Impact of non-tariff measures on the Australian Grains Industry

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Grains NTM Project
NTMs: new market access challenge

- Increasing influence of domestic support policies in key importing countries
- NTMs increasing in number & complexity
- NTMs a trade policy tool, but also aimed at other outcomes e.g. protection of human, animal and plant life
- NTMs with these (legitimate/least trade restrictive) objectives can still be harmful to trade

Australia actively seeking FTA’s with trading partners to improve competitiveness - opportunity to address NTMs
Australia’s grain trade
trade exposed, shift to Asia, changing risk profile
Grains industry value and export footprint

- One of Australian agriculture’s most important sectors
- Exports account for more than 70% of production
- Grains industry has a broad global footprint
- Focus has shifted to Asia
- Wheat and coarse grain exports to:
  - Asia >80% today, up from 68% 2010/11
  - Middle East <10% down from 17% in 2010/11
Importance of China & India increasing

**Australian Exports to China (mt)**

- Wheat
- Barley
- Sorghum
- Canola

**Australian Exports to India (mt)**

- Wheat
- Chick peas
- Lentils
Non-tariff measures

definition, impact, emerging challenges
Understanding NTMs impacting grains

- Grains NTM project
- Objective:
  - Improve transparency of non-tariff measures
  - Identify industry’s perception of NTMs and impacts
- Achieved through identification and classification of NTM
- Survey to gather perception of exporters to identify:
  - NTMs and related trade obstacles perceived as burdensome
  - Sectors/commodities impacted
  - Reasons making NTMs burdensome

Study identified over 50 NTMs across more than 15 countries
NTMs identified for the grains industry by commodity

Grain NTMs by commodity

- Wheat 34.8%
- Barley 13.6%
- Canola 16.6%
- Faba beans 1.5%
- Corn 1.5%
- Peas 1.5%
- Cotton seed 1.5%
- Oats 1.5%
- Lentils 1.5%
- Lupins 4.5%
- Chick peas 4.5%
- Sorghum 4.5%
NTMs identified for the grains industry by UNCTAD

Grain NTMs by UNCTAD classification

- A (61.1%) - Sanitary and Phytosanitary (SPS)
- B (14.8%) - Technical Barriers to Trade (TBT)
- E (11.1%) - Licensing, Quotas, Prohibitions and Quantity Controls
- F (5.6%) - Price Control Measures including additional taxes and charges
- G (1.9%) - Finance Measures
- M (5.6%) - Government Procurement Restriction Measures
NTMs identified for the grains industry by type

Grain NTMs by UNCTAD and grains industry classification

- New access 37.5%
- Fumigation 15.2%
- MRL 36.4%
- Traceability 9.1%
- Disease, pests, weeds 33.3%
- FM 6.1%
- Permit 12.5%
- Testing procedures & notifications 12.5%
- Certification 12.5%
- M 6.6%
- B 14.8%
- A 61.1%
- E 11.1%
- G 1.9%
- F 5.6%
NTMs identified for the grains industry by impact

Impact of NTMs

- Compliance risk: 32.9%
- Restrict Market Access: 24.4%
- Compliance cost: 15.9%
- Supply chain efficiency: 14.6%
- No Market Access: 12.2%
Emerging global challenges

- **Food safety**
  - Diverging and tightening maximum residue limits

- **Biotechnology**
  - Policies often based on zero tolerance or reduced limits
  - Regulation of biotech products or new innovations not based on science

- **Sustainability**
  - Emerging environmental and sustainability requirements to meet societal expectations
  - Alignment of environment, social and agriculture goals
  - Misalignment in ways of demonstrating compliance
  - Associated costs for certification
Developing solutions

*Industry and Government working together*
Trade & market access requires multi-faceted approach

Industry involved at multiple levels - policy, advocacy & support

**Policy**
- WTO
- FTAs/ Regional agreements
- International protocols, agreements, conventions
- Market access priorities

**Advocacy**
- Globally (IGTC)
- Domestic (DAWR, TMAD, DFAT)
- Partnership approach with Government to identifying & managing issues

**Support**
- Support negotiators/ Government responses & solutions
- Outreach activities
Industry/Government response to NTMs

Encourage forward-looking policies in FTAs to minimise non-tariff measures

Use FTAs to reduce the trade distorting impact of non-tariff measures by:

- Recognition of equivalency in technical regulations
- Safety and biosecurity not quality
- Consistent notification and reporting approaches
- Harmonisation of standards, sampling, testing, thresholds
- Dispute resolution
- Electronic certification exchange
Developing solutions

Need for a united approach in identifying, prioritising and developing solutions to address NTMs

- **Transparency**
  - markets / impacts / industry perceptions

- **Communication**
  - intra industry / with Government / markets

- **Quantification and prioritisation**
  - trade opportunity / costs / industry impact

- **Benefits for Australia and trade partners**
  - Lower cost / security supply / lower risk / innovation
Industry actions and issue management

Next steps for the Grains NTM Project Group

1. Continue to capture and prioritise NTMs
2. Quantify impact of NTMs
3. Ongoing work plan & advocacy
4. Commonality with other commodities (where possible)
5. Review & updating

Never Give Up!

Grain Trade Australia
GIMAF
Grain Growers
Thank you

Questions