

Member Update

UPDATE 09 of 2018 • 09 May 2018

TOPIC: Non Tariff Measures (NTM) – Ground breaking report released to Industry

DISTRIBUTION: GTA Members – primary contact list. Please circulate to all appropriate internal parties.

1. Purpose

The purpose of this member update is to inform Members of the industry's progress in Trade and Market Access activities and the ground-breaking work on Non-Tariff Measures that has been released to industry.

2. Background

The results of the first comprehensive survey of non-tariff measures (NTM) which affect the Australian grains industry have been released to the industry and GTA Members.

GTA, Grain Industry Market Access Forum (GIMAF) and Grain Growers Limited (GGL) formed an Industry Working Group (IWG) to identify, prioritise and quantify the impact of NTMs on the Australian Grains Industry. The project established an Industry Working Group and an executive Project Steering Committee. This project has been supported by funding from the Department of Agriculture and Water Resources (DAWR) and Grains Research and Development Corporation (GRDC).

The project methodology involved interviewing Australian grain exporters and industry organisation representatives to identify impediments, risks and NTMs they experienced as grain exporters. The results from the interviews were collated, classified according to UNCTAD¹ NTM classification and then ranked and prioritised by the IWG.

Members should note, this report is a landmark report, in that for the first time, the grains industry now has first-hand data of NTMs and methodology to assess their impact. This will enable industry, in conjunction with government and organisations such as International Grain Trade Coalition (IGTC) to develop plans and strategies to address or mitigate these NTMs where possible and practical. While NTMs can comprise legitimate trade policy tools as well as trade barriers, they can restrict trade and adversely impact exporters. It should also be noted that, in case of some NTMs, solutions may be very long term and/or very difficult to address.

The report will be utilised by GTA, GIMAF and GGL, on behalf of the industry, to communicate the impact of NTMs to government and other stakeholders for the purpose of improving market access for Australian grains exports and delivering improved farm-gate returns for Australian grain growers.

3. Report Summary

Market access is critical for the Australian grains industry. More than 75 per cent of national grain, oilseed and pulse production is exported. Export revenue reached record highs in 2016/17 at \$14.6 billion. The grains sector contributed 30 percent of total Australian farm sector exports in 2016/17, the largest contribution of any agriculture industry.

¹ United Nations Conference on Trade and Development

Continued, improved and new access to overseas markets is essential for the future success of the industry and grower profitability.

Free Trade Agreements (FTAs) and World Trade Organisation (WTO) reforms have delivered progressive reductions in tariff rates across a range of export markets over time, resulting in the expansion of export market opportunities. While tariffs and quotas are still important in some markets, in general they are less restrictive and harmful for the grains sector than emerging and growing NTMs that affect trade.

The impacts of NTMs can be broad and include higher operational and commercial risk for the industry, risk of trade bans or restrictions and increased costs of compliance.

NTMs have been found to affect virtually all grains, although the greatest number overall are for larger volume crops, wheat, barley and canola. Smaller crops show fewer NTMs, however, the impact can still be significant if the NTM represents a challenging restriction in a key market, placing a significant portion of trade for that commodity at risk.

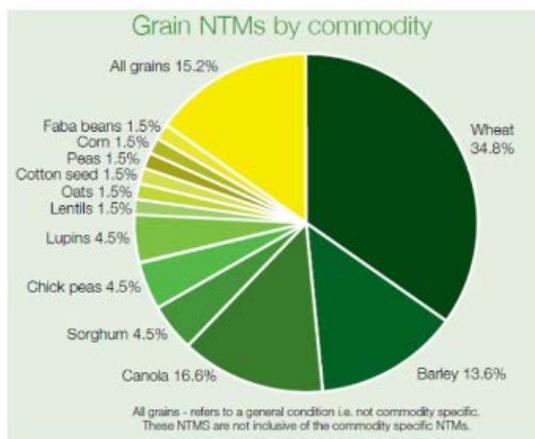
Many of the NTMs identified were Sanitary and Phytosanitary (SPS) measures and, in particular, Maximum Residue Limits (MRLs). Industry is facing challenges due to MRLs, in a number of markets, which is limiting export opportunities and increasing risk for exporters and potentially harming Australian grain farmers.

Technical Barriers to Trade (TBTs) such as restrictive import permits and certification requirements are affecting the grains industry, while emerging NTMs include regulation of biotechnology and innovative plant breeding products.

35% of NTMs result in either no, or very restricted market access for Australian grains, while nearly 50% result in either increased compliance costs or compliance risks.

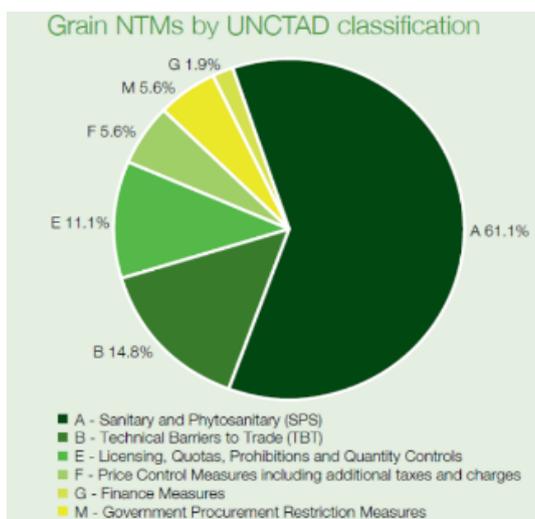
The grains industry is looking forward to continuing to work with the Australian government on opportunities to practically address many of the NTMs identified.

- The NTM Grains Summary report is available [here](#). GTA Members are encouraged to read and familiarise themselves with this report.



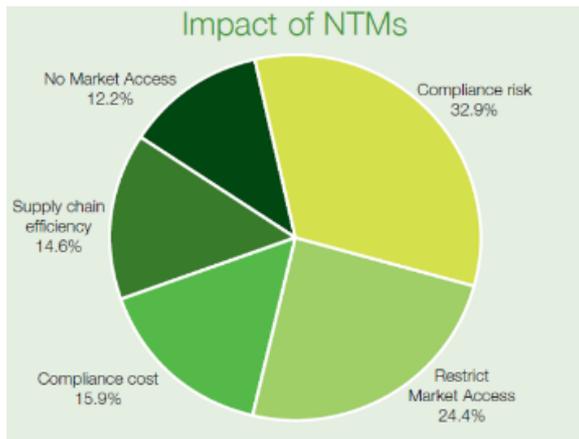
The Report found 54 separate NTMs across 15 individual markets.

NTMs have been found to affect virtually all grains, although the greatest number are for wheat, barley and canola.



More than 61% of the NTMs were SPS issues such as MRLs.

Diverging and tightening MRLs in a number of markets which is limiting export opportunities and hurting Australian grain farmers.



The impacts of NTMs are broad.

The Report found that 35 per cent of the NTMs result in either nil/restricted market access for Australian grains, while nearly 50 per cent result in either increased compliance costs or compliance risks.

4. Next Steps and Future initiatives

GTA, GIMAF and GGL have agreed to continue to participate in the Project Steering Committee and to support the IWG to ensure continued focus and work to address the NTMs. This work will include:

- a) Ongoing maintenance of an industry wide database to capture industry wide trade and market access barriers. This database will be available to industry via the GTA website. For further information and access to this database contact admin@graintrade.org.au or the contacts listed below.
- b) Updating and prioritising the industry database. This will include regular interviews with industry participants on NTMs encountered in their business and a process to prioritise the impact of the NTMs on industry.
- c) Communicating the priorities to Government, highlighting the importance of the grains industry to trade and the broader agricultural sector and the impact of the NTMs.
- d) Developing strategies to address and mitigate the impact of the NTMs in the context of their broader priority.
- e) Providing industry with ongoing updates on the issue and impact of NTMs on the Australian Grains industry.

5. Further Details

The NTM summary report can be found [here](#).

For further information on the NTM project and the impact on the Australian Grains industry please contact:

GTA – admin@graintrade.org.au

GIMAF – administration@gimaf.com.au

GGL – luke.mathews@graingrowers.com.au

Further information on the grains industry market access database will be available on the GTA website.

For GTA Member Information.

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