



**Joint Statement from Grains Industry Market Access Forum, Australian Grain Exporters Council, GrainGrowers, Grain Producers Australia and Grain Trade Australia**

19th May 2020

**For Immediate Release**

**Australia's barley industry responds to China's tariff measures**

The Australian barley industry has expressed its deep disappointment with the announcement by the People's Republic of China to place punitive tariffs on Australian barley exports to China. This follows an anti-dumping and countervailing subsidy investigations initiated by China in November 2018.

The People's Republic of China has imposed a dumping margin of up to 73.6% and a subsidy margin of up to 6.9% on all barley imported from Australia, effective from 19th May 2020, in response to its investigations.

These tariffs will disrupt and, most likely halt exports by artificially increasing the price of Australian barley imported to China until the situation is resolved. It is estimated this dispute could cost Australian grain industry and notably rural and regional economies at least \$A500 million per annum.

For a number of years China has been Australia's largest barley export market and Australia is the largest supplier of barley to China. This imposed duty makes Australian barley less competitive into the Chinese market and has placed significant downward pressure on barley values offered to Australian growers.

China initiated anti-dumping and countervailing subsidy investigations regarding Australian barley exports in November and December 2018. The World Trade Organisation (WTO) definition of dumping is when exports are sold at a price lower than the exporting country's domestic market, and/or lower than production costs which results in 'injury' to the importing country's domestic production.

Australian exporters, industry bodies and government provided extensive submissions to China's Ministry of Commerce (MOFCOM) as part of the investigations. These submissions included information regarding every aspect of Australia's barley industry, covering farm to consumer, data around export and domestic sales programs, company ownership and operational structures.

The organisations making this statement and their members; the Grains Industry Market Access Forum, Australian Grain Exporters Council, GrainGrowers, Grain Producers Australia and Grain Trade Australia fully respect China's right to conduct these investigations and have cooperated fully. However, we do not believe the outcomes announced by China has have been adequately substantiated. We are confident that the information provided by Australian grain industry and Government evidenced that:

- The claim of dumping, causing injury to China's domestic barley industry was unsubstantiated;

- The Australian grain industry operates in an open, commercial and competitive global market;
- The notion of dumping is not consistent with the commercial realities of the Australian grain industry, where export sales are made at values above the purchase price offered to growers, which is in turn above their cost of production; and
- Australian farmers do not receive countervailing subsidies as claimed.

Consequently, we are deeply disappointed that China has chosen to apply tariffs against the Australian barley industry. The duties will disrupt the Australian barley market, cause ongoing market uncertainty and have a significant impact on participants in the Australian barley industry, including growers and grain exporters. We are also concerned the disruption will have an adverse impact on Chinese customers and industries that rely on Australian supply.

We call on the Australian Government to support Australia’s farmers and exporters by engaging deeply with China in a respectful and meaningful way to resolve the issue and to concurrently and immediately pursue the WTO Dispute Settlement process to the fullest extent possible.

The Australian barley industry’s relationship with China began in the 1960s. We very much hope a timely and amical resolution can be agreed including the removal of duties to enable trade to be re-established, for the benefit of industries in both countries.

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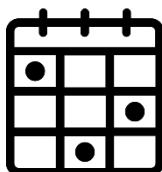
## Fact sheet



### Overview

Australian grain growers should be aware of significant uncertainty and disruption in the market for Australian barley as the Chinese Ministry of Commerce (MOFCOM) has imposed 80 % import tariff/duties on all barley imported from Australia.

In recent years China has been Australia’s largest export market for malting and feed barley.



### Key dates

19 November 2018 – China initiates anti-dumping investigation into Australian barley

21 December 2018 – China announces countervailing investigation against Australian barley imports

11 & 25 February 2019 – Response provided by Australian exporters and grains industry bodies

18<sup>th</sup> November 2019 – China announced an extension of the AD investigation (allowed under WTO Rules) to the 19<sup>th</sup> May 2020.

19<sup>th</sup> May 200 – China imposes duties of 80 % on all barley imported from Australia



### Impact on barley prices

China is Australia's largest barley export market and Australia is the largest supplier of barley to China.

This imposed duty makes Australian barley less competitive into the Chinese market and is likely to have an impact on barley prices for Australian growers.



### 2020 harvest and longer term

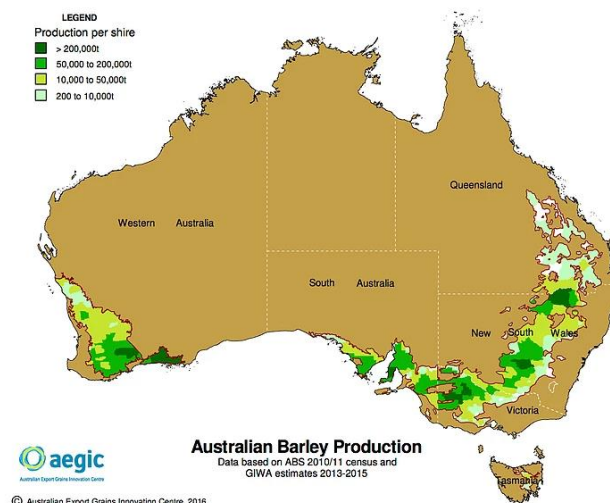
MOFCOMs actions and tariffs may have significant impact on market opportunities for Australian barley.

Australian barley growers are encouraged to be aware of these issues in coming months as they move through the growing season and start marketing their barley for 2020/21 and potentially beyond.



## Fact sheet for media

### Australian barley producing regions



### Key facts

- China has been Australia's largest export market for malting barley for decades and in more recent years, Australia's feed barley.

- Australia’s research and malting barley breeding has been developed in cooperation with China’s malting and brewing industry.
- Tariffs imposed as part of an anti-dumping and countervailing subsidy investigation make Australian barley less competitive in China.

**Figure1: Volume of Australian exports of barley by destination (000 tonnes)**

	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017-18 s	2018-19
China	1,686	1,712	3,711	4,560	2,610	5,934	5,748	2508
Japan	1,075	952	810	496	679	1,206	1,184	746
Sth Korea	232	215	257	234	179	169	215	115
Philippines	89	89	32	17	41	86	75	101
Taiwan	34	48	40	31	39	55	38	27
Thailand	167	178	169	177	138	100	254	386
Vietnam	186	174	176	184	176	284	287	393
Kuwait	332	141	134	44	304	366	0	46
Saudi Arabia	1,892	1,148	1,272	-	773	794	-	66
UAE	311	155	145	143	361	304	54	60
Other	564	354	378	321	196	239	143	237
World	6,568	5,165	7,124	6,208	5,498	9,537	7,997	4683

Source: ABARES ACS 2019, Table 4. <https://www.agriculture.gov.au/abares/research-topics/agricultural-commodities/agricultural-commodities-trade-data#2019>

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**About GIMAF:** Grains Industry Market Access Forum (GIMAF) represents the whole supply chain in the task of identifying, prioritising and actively responding to market access issues that impact the Australian grains, fodder and seeds industries. GIMAF works closely with the Australian Government and its agencies to develop responses to market access issues that impact current trade arrangements and strategic plans to develop new market access opportunities for the Australian grains industry.

**About AGECE:** The Australian Grain Exporters Council (AGECE) is a Council of Grain Trade Australia (GTA). It is formed of GTA members with significant involvement in the export market. It monitors local and international grain environments and policies and develops appropriate responses for the Australian grain industry where required.

**About GrainGrowers:**

GrainGrowers is a national grain representative organisation. We have grower members across Australia. We work to build a more efficient, sustainable and profitable grain production sector. Our key pillars are policy and research, alongside leadership and events designed to build on the knowledge and capability of our growers. Our growers are at the heart of all that we do and the focus of our work.

**About Grain Producers Australia:** Grain Producers Australia (GPA) represents Australia's broadacre, grain, pulse and oilseed producers at the national level. GPA works in partnership with its Policy Council – comprised of Agforce Grains, Grain Producers SA, NSW Farmers Association, Victorian Farmers' Federation Grains Group, Tasmanian Farmers and Graziers Association, WA Farmers, WA Grains Group – to foster a strong, innovative, profitable, globally competitive and environmentally sustainable Australian grains industry.

**About GTA:** Grain Trade Australia (GTA) is the focal point for the commercial grains industry within Australia. GTA members are responsible for over 95% of all grain storage and freight movements made each year in Australia. Over 95% of the grain contracts executed in Australia each year refer to GTA grain standards and/or trade rules.