Co-operative Progress on NTMs – Impacts & ASEAN Case Study

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Secretary – International Grain Trade Coalition
## GTA Core Task – Facilitation of Trade

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<th>Grain Trading Standards</th>
<th>Trade Rules &amp; Contracts</th>
<th>Dispute Resolution Services</th>
<th>Trade &amp; Market Access</th>
<th>Industry Stewardship &amp; Capability</th>
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<tr>
<td>Reflect Requirements &amp; capabilities in: 1. Regulation 2. Production Sector 3. Supply Chain 4. Consumptive Sector</td>
<td>Ensure confidence in commercial dealings by providing legal rigour</td>
<td>Underpins Contractual Arrangements</td>
<td>Engaging with Policy makers to ensure fair &amp; equitable trade and access to domestic &amp; global markets</td>
<td>Leadership and Codes of Practice Increase Industry capacity by providing training &amp; development programs</td>
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**Industry driven and managed “Self Regulatory Framework”**
Demand for Food - Security and safety

**Asian Economic Growth**

GDP based on Purchasing Power Parity Valuation (Current International Dollar Billion)\(^1\)

1. An international dollar has the same purchasing power over GDP as the U.S. dollar has in the United States.

*Sources: International Monetary Fund, World Economic Outlook, October 2012; Austrade*
The ASEAN-Australia NTM Business Working Group on Agriculture and Food was formed in March 2019.

- It includes members from both Australian and ASEAN businesses.

Focus:

a) across commodities (grains, meat dairy, proc)

b) regional and multi-lateral perspective

c) mutual benefit between importers and exporters

It has identified the top cross-cutting NTMs.

Presented to AANZFTA Joint Committee on Trade in Goods in Melbourne May 2019
Non-Tariff Measures in Agriculture & Food

- NTMs = Non-Tariff Trade Measure
- Often imposed by government agencies to protect consumers, the environment and producers by ensuring biosecurity, integrity and food safety standards.
- In most cases, such measures are legitimate. However, where NTMs act as barriers to trade they can restrict the trade of goods and add costs to producers, exporters and consumers.

Grain NTMs by UNCTAD and grains industry classification

- NEW ACCESS
  - New access 37.5%
  - Permit 12.5%
  - Testing procedures, notifications 12.5%
- TBT
  - B 14.8%
  - E 11.1%
  - G 1.9%
  - F 5.6%
- SPS
  - M 5.6%
  - A 61.1%
- MRL
  - Traceability 9.1%
  - PESTS & DISEASE
    - Disease, pests, weeds 33.3%
    - Fumigation 15.2%
    - FM 6.1%
Non-Tariff Measure => non-Tariff Barrier

A NTM becomes a NTB when:
- When not based on risk or science.
- Used to protect domestic production.
- When NTMs are imposed by different countries, with different standards.
- When standards are based on old science and not regularly reviewed.

Basic Categories (ASEAN Group)
1. Labelling
2. Compositional issues – including Maximum Residue Limits (MRLs)
3. Certification
4. Analytical (sampling / testing)
Impacts of non-Tariff Barriers

- Risk, uncertainty and cost to commercial trade
- Differing importer requirements cause cost and trade disruptions for exporters.
- A number of international institutions establish specific guidelines to try and reduce trade barriers in these areas.

These include:
- WTO Agreements (principles based),
- Codex Alimentarius Commission (Advisory Standards based),
- APEC (Regulatory coherence)
- Systems recognition in bi-lateral agreements
Systems approach?

- Principle and system-based approach to improve alignment and harmonisation
- Reference rather than re-invent where possible
  - FTAs generally do not deal with technical issues, preferring to leave these to committees that can address SPS and TBT issues on a case-by-case basis.
  - This approach fails to recognise that by improving regulatory systems and linkages will minimise these issues arising.

- Cost & duplication
  - Failure to deal with these at the systems level leads to expensive and resource-intensive approaches with limited success.
Cross-cutting NTMs

1. Lack of transparency on product and facility registration.

There is a lack of transparency in how to register some agricultural and food products and the facilities used to process agri-food products.
Cross-cutting NTMs

2. Inconsistent rules and regulations.

- Lack of harmonisation of:
  - regulatory approaches,
  - frameworks, and
  - regulations (e.g. inconsistent terminology, product testing, and product labelling for packaged foods, inconsistent or no MRLs, inconsistent sampling and testing procedures)

- Impact: companies need to deal with:
  - different rules,
  - regulations and
  - regulatory bodies

- often within the same country, as well as across ASEAN.
Cross-cutting NTMs

3. Inconsistent certification requirements

- Differences in definitions, methodologies and recognition of certifying bodies can make it difficult, examples:
  - Import Permits – differences within country and between countries
  - Certificate of Origin (COO) – lack of transparency and consistency across regions and overtime.
Prevention is better than cure

The Working Group also identified future NTMs that may increase in significance in light of dynamic industry trends and community interest in food production systems, including:

- the sustainability of food production,
- processing,
- packaging and distribution,
- the traceability of food,
- animal welfare,
- major food supply disruptions and
- novel foods.

Government agencies should be mindful of the current barriers to trade, but also future policy and regulatory actions which may give rise to unintended impediments to international trade opportunities.
Potential solutions for the cross-cutting NTMs

Technology
- Adoption of digital processes (eg e-phyto)
- Streamline processing & improve data validation
- ASEAN Trade Repository Portal (for AANZFTA)

Harmonise
- Identification of opportunities to harmonise rules and regulations.
- Common language & terminology

Current
- Review of existing measures to see if still based on up-to-date science and are fit-for-purpose.

Best Practice
- Adoption of international best regulatory and technical practices (eg CODEX)
- Risk and science based assessments
Identification of opportunities to harmonise rules and regulations

Within Australia and ASEAN, there are already some similarities in the rules and regulations for product testing and product labelling. Highlighting these similarities can assist agri-food businesses in navigating markets, while government agencies focus on harmonising differing standards.

Examples

– the use of Codex labelling guidelines which are followed by Australia and six out of the ten ASEAN countries.
– mutual recognition of sampling and testing processes.
– For instance, ASEAN member states have been harmonising and establishing their own MRLs for pesticides taking into consideration Codex MRLs.
Adoption of international best regulatory and technical practices

Avoid duplication of efforts in achieving harmonisation,
- existing guidelines and best practices can be implemented.

Capacity Building
- International best practice
- capacity building workshops, consultation with stakeholders, and
- alignment with international and trading partner regulation.

Current
- Review existing standards and science to ensure they are still relevant.
Impacts for ASEAN

Increase value, reduce risk
- unnecessary barriers to trade can be reduced and/or removed to deliver:
  - increased value
  - higher quality agri-food to processors & consumers
  - more efficiency and with more certainty and lower risk.

Economic growth
- grow the trade in agri-food between ASEAN and Australia, and within ASEAN, and generate further economic activity in terms of jobs, suppliers, and retailers.

Consumer benefits
- Consumers will benefit from choice, confidence in product integrity and safety.
Further Co-operative thinking

Similar concept has been floated for APEC region, but grain focused.

Dialogue amongst grain consumers, importers and exporters in APEC region have identified some common NTMs impeding trade.

Further information today
IGTC overarching objective is to achieve a market and regulatory environment supportive of trade that avoids disruptions in the international trade of grain, oilseeds, pulses and derived products

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<th>Active IGTC Teams</th>
<th>Key objective</th>
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<tr>
<td>Maximum Residue Levels (MRLs)</td>
<td>Trade Enabling Solutions for MRL Related Matters / Support for Enhancing Codex MRL Development</td>
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<td>Plant Breeding Innovation</td>
<td>Prepare IGTC policy to enhance science based approach to regulation of NPBTs</td>
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<td>Global Low Level Presence (LLP) initiative</td>
<td>Address all matters related to LLP, including Global Low-Level Initiative (GLI), definitions</td>
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<td>International Standard on Phytosanitary Measures on the International Movement of Grain</td>
<td>Develop policy regarding the drafting process of the Grain Standard</td>
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<td>E-Documentation for grain trading</td>
<td>Assess potential introduction of e-Phytos on a global basis via a dedicated IT hub</td>
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<td>Cartagena Protocol on Biodiversity</td>
<td>Policy development for upcoming COP/MOP meetings</td>
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Thank you!!!

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