



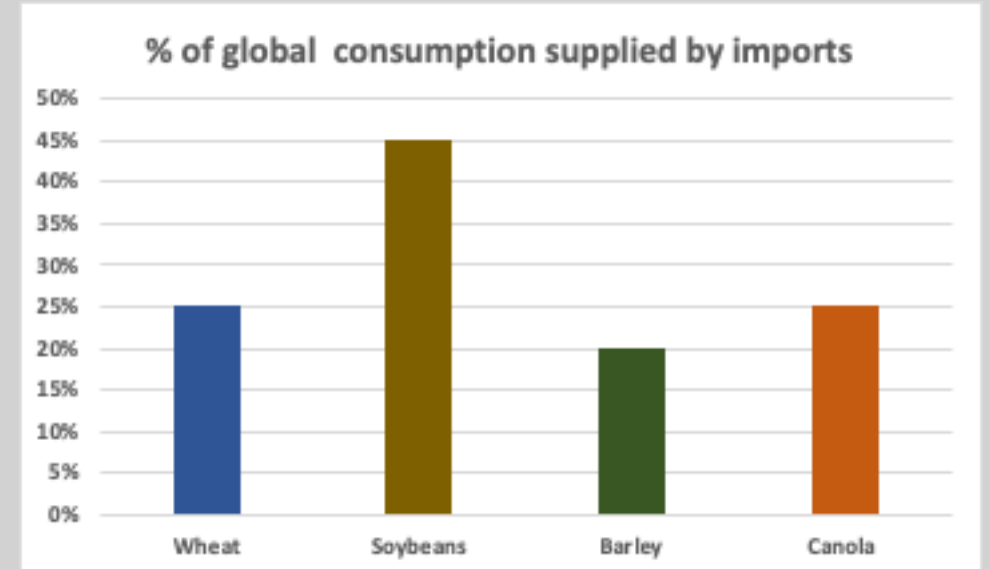
# The Global Trade Framework

*How the global grain industry collaborates to facilitate trade*

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# Trade is important for the grains industry

- Trade plays a key role in:
  - food security
  - meeting global food and feed demand
  - food systems resilience
- Global food demand expected to increase by up to 50% from by 2050 (up from 2012/13)
- Much of this increased demand will be met by imports
- Grain trade has increased since 2000
- Import penetration will continue to grow



# Global trade framework – rules based system

- The rules-based trading system is:
  - built from a shared commitment to free and open markets
  - underpinned by three principles:
    - non-discrimination, transparency and reciprocity
- These principles are:
  - reflected in trade agreements and country level policies
  - provide predictability
  - give a voice to all nations, big or small, rich or poor
- The rules-based approach has delivered progressively lower trade barriers, enabling economic growth
- Delivered through the World Trade Organisation (WTO)



WORLD TRADE  
ORGANIZATION

- Sets the global rules of trade to ensure that trade flows as smoothly, predictably and freely as possible
- It does this by:
  - Administering trade agreements
  - Acting as a forum for trade negotiations
  - Settling trade disputes
  - Reviewing national trade policies
  - Building the trade capacity of developing economies
  - Cooperating with other international organisations

# Global trade framework – supporting conventions/institutions

- WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement)
- Codex Alimentarius Commission - Food safety standards
- Convention on Biological Diversity (CBD)
  - international treaty which aims to establish a legislative framework to the issues of protection and exploitation of biodiversity
- The Cartagena Protocol on Biosafety to the Convention on Biodiversity
  - international agreement fitting into the framework of the Convention on Biological Diversity
  - legal framework for the use of biotechnologies and/or their products, offering the introduction of the precautionary principle
- International Plant Protection Convention (IPPC)
  - global standard setting organisation for plant health
  - intergovernmental treaty aiming to protecting the world's plant resources from the spread and introduction of pests and promoting safe trade
  - International Standards for Phytosanitary Measures (ISPMs) are its main tool to achieve its goals



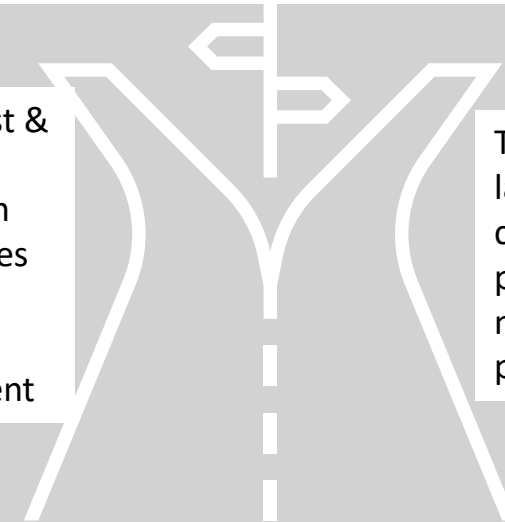
# Global trade framework – at a crossroads

- Global rules have not kept pace with realities of last two decades:
  - Article 20 - limited progress with advancing multilateral negotiations
  - Rise in bilateral and regional trade agreements
  - Greater participation in trade of emerging and developing economies
  - Technology advancements - new forms of trade, rise of global supply chains and digital trade
  - 2020/21 COVID (export restrictions, new and not always transparent support to agriculture, SPS)
- International supply chains disruption
- Trade barriers are rising - past 4-5 years has seen fastest escalation in protectionist measures
- The rules-based trading system is being challenged

The rules-based trading order & spirit of multilateralism more generally, has reached a fork in the road

Restoration of trust & confidence in the multilateral system  
Update agreed rules to deal with challenges of the current environment

Trade fracas of the last few years could see a prolonged era of nationalism and protectionism



# Global trade framework – broadening landscape

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- Sustainability
  - 2015 SDG agenda
  - New EU trade strategy to put “sustainability at the heart of trade policy”
- Climate change/targets
  - UNFCCC Paris Agreement
  - Trade implications of Environmentally Friendly Food Systems
  - Agreement on Climate Change, Trade and Sustainability (New Zealand et al)
- MC12 Declaration on SPS
  - Address evolving nature of global agricultural landscape, population growth, climate change and technological innovation

# Global grain trade – IGTC global coordination to facilitate trade

- GTA long standing member of IGTC
- Active participation
- Focus on facilitation of trade & efficient movement of grain
  - Issues based
  - Principled, science and risk based approach
  - Global perspective
  - Consensus driven policy positions
- Recognised by international forums
  - WTO
  - IPPC
  - CBP
  - IGC

Active IGTC Teams	Key objective
International Standard on Phytosanitary Measures (ISPM) on the International Movement of Grain	Develop policy regarding the drafting process of the Grain Standard. Issues around FM. Aust Govt leading
Global Low Level Presence (LLP) initiative	Address all matters related to LLP, including Global Low-Level Initiative (GLI), definitions
Cartagena Protocol on Biodiversity	Policy development for upcoming COP/MOP meetings
E-Documentation for grain trading	Assess potential introduction of e-Phyto's on a global basis via a dedicated IT hub
New Plant Breeding Techniques (NPBTs)	Prepare IGTC policy to enhance science based approach to regulation of NPBTs
Maximum Residue Levels (MRLs)	New working group to develop strategy
Non-IGTC International Issues:	
APEC Standards Harmonisation	Australia leading (GMc advisor)

# Continuous improvement of the trading relationship

- **WTO reform**

- Australia actively supports the rules based global trading system, with priorities:
  - Updating the WTO rulebook
  - Maintaining an effective dispute settlement system
  - Addressing institutional challenges

- **Modernising grain systems and supply chains**

- **Relationships & diplomacy**

- A central component for Government agenda
- Build substantive and enduring connections between governments and industries
- Trade Association cooperation

- **Economic Partnership Agreements/FTAs**

- Government investment
- Industry Forums

- **Improve understanding and harmonisation**

- Improving product understanding, applications & utilisation
- Quality assurance systems
- Sampling and testing methodology and processes
- Collaborative R&D
- Capacity building

- **Regional Trade Enhancement**

- APEC & ASEAN Regional Grain Trade Forums



# Summary

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- Global grain trade is important and growing
- Rules based trade framework has been effective in lowering trade barriers
- While the Australian Government has aggressively pursued FTAs (% of trade covered tripled in last 5 years), it is committed to multilateral efforts
- A strong partnership between Government and industry is more important than ever, given the increasingly complex and difficult international environment
- Need to align trade policy on current/future issues, countering unfair practices, and improving/ future fitting trade rules e.g. climate change, sustainability, digital
- The global grain industry has effective processes for coordinating activities and has built a reputation and recognition that sees it at the international global trade framework table