

# GTA TRADE & MARKET ACCESS STRATEGY

PROACTIVE MANAGEMENT OF MARKET ACCESS

PREPARED FOR: GTA BOARD

**COMMERCIAL-IN-CONFIDENCE**  
**Version 1.1 – August 2019**

# Grain Trade Australia Trade and Market Access Committee

## Trade and market access strategy - Proactive Management of Market Access

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## Executive Summary

### 1. About GTA Trade and Market Access

GTA's vision is to promote an efficient, equitable and open commercial grain industry in Australia.

As a trade exposed sector, the grains industry and GTA members, are dependent on open and fair access to export markets. While the grains industry is less impacted by tariffs and quotas than some other industries, it is increasingly facing technical and phytosanitary barriers that are increasing the difficulty and cost of doing business. While the costs/benefits of technical barriers are sometimes less tangible, they can create potentially significant economic and compliance impacts for Australian growers, exporters and the supply chain.

As such GTA continues to increase its activity in the area of trade and market access and this updated Trade and Market Access (TMA) assists to guide investment in these activities.

The GTA Trade and Market Access Committee (TMAC) is a technical committee to support the trade and market access activity. GTA is uniquely placed to address these issues as it operates across the supply chain. GTA acknowledges the work of other parties in relation to trade and market access and works closely with GGL, GIMAF and other stakeholders.

GTA also leverages global linkages through its involvement in the International Grain Trade Coalition (IGTC) to support trade and market activities and provides the Australian industry with increased participation in negotiations and advocacy relating to global Government conventions and organisations. This includes initiatives of groups such as the WTO, FAO, UN, IPPC, etc.

GTA's trade and market access strategy seeks to develop domestic and global policies and approaches to position the industry to take advantage of trade opportunities, minimise impacts and constraints to trade, and enable trade to continue in an efficient and equitable manner. The continued shift to a global free trade agenda and active negotiations around preferential trade agreements has opened up further opportunities for trade development for agricultural products.

GTA's trade and market access strategy is built around four pillars, namely:

1. **Policy** – getting the policy settings right
2. **Advocacy** – in domestic and global forums
3. **Support** – technical and operational support
4. **Communication** – creating a collaborative and shared commitment to TMA activities

**Figure 1 – Summary of GTA Trade and Market Access Strategy**

<b>Vision</b>			
An effective and well-resourced capacity for proactive management of trade and market access for the grains industry			
<b>Mission</b>			
GTA provides leadership to the Australian grains Industry and coordinate activities to maximise the position of the Australian grains industry in relation to TMA activities and optimize outcomes for the industry			
<b>Four pillars underpinning the TMA Strategy</b>			
<u>Policy</u>	<u>Advocacy</u>	<u>Support</u>	<u>Communication</u>
<ul style="list-style-type: none"> <li>▪ Ensuring the policy settings are supportive of the grains industry trade</li> </ul>	<ul style="list-style-type: none"> <li>▪ Proactively promoting the grains industry’s priorities and positions in domestic and global forums</li> </ul>	<ul style="list-style-type: none"> <li>▪ Providing technical and operational support to the industry to address trade issues as they arise and assist to implement appropriate policies to maintain and enhance future trade</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ensuring industry has transparent and open mechanisms for providing input into and receiving feedback on TMA priorities</li> <li>▪ Creating a collaborative and shared commitment to TMA activities</li> </ul>
<b>Key Strategies</b>			
<ul style="list-style-type: none"> <li>▪ Identify and communicate industry’s position</li> <li>▪ Advise Government on the impact of trade barriers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Monitor, articulate and address technical trade barriers</li> <li>▪ Engage with and influence trade negotiations, regional initiatives and other market access initiatives</li> <li>▪ Communicate the value of grain trade and the importance of market access</li> <li>▪ Build relationships with Government, cross sector representatives and global grain partners</li> </ul>	<ul style="list-style-type: none"> <li>▪ Provide informed analysis and support to Government and other initiatives</li> </ul>	<ul style="list-style-type: none"> <li>▪ Foster strong engagement with Government and industry in Australia and globally</li> </ul>
<b>Outcomes</b>			
<ol style="list-style-type: none"> <li>1. GTA well-respected and sought out by Government and Industry domestically and globally for advice on TMA issues</li> <li>2. GTA is recognised and respected for proactive engagement, self-regulatory approaches and technical input</li> <li>3. Reduced impact of trade barriers/more open and facilitative trade environment for Industry and GTA Members</li> </ol>			

## 2. Background

Market access is critical for the Australian grains industry. With more than 75% of production exported, the grains industry provides jobs and economic growth to regional communities as a direct result of international market opportunities.

The objectives of trade and market access have shifted. Today it is not so much about trade reform as making trade easier and avoiding disruptions/costly barriers to trade.

Trade agreements are still important as inclusive trade agreements give Australian grain producers and exporters better access to markets where they would otherwise face high barriers. Trade agreements provide the basis for removal of tariff barriers and other trade reforms. However, with slow progress on multilateral trade negotiations, increasingly agreements are moving towards bilateral or regional agreements. For the grains industry, the focus within these is increasingly on technical trade barriers or non-tariff measures (NTMs).

Australia's grain industry is trade exposed and thus, ensuring competitive market access is essential for its continued prosperity. Continued and improved market access is an essential part of the industry's platform that enables it to continue providing a high quality supply of grains, oilseeds and pulses to international customers. With a relatively small domestic market, the export market is critically important to the industry's operating environment and policies affecting trade impact significantly on the industry's export revenues.

The GTA Trade and Market Access Strategy is focused on improved market access outcomes for the grains industry encompassing new access opportunities, improved access arrangements and maintaining existing market access.

The GTA Trade and Market Access Strategy outlines the priorities for the industry, but also focuses on how the industry and government can best engage for future market access success. Effective cooperation and coordination between and among government and industry is critical to achieving, maintaining and improving market access.

The GTA Trade and Market Access Committee (TMAC) has a responsibility to be responsive to the commercial practicalities of growers and exporters and the market access negotiating environment. This will ensure that trade activities deliver value to the industry.

The Australian grains sector is relatively small in terms of international comparisons. Australia's success in international markets will be determined by the sector's ability to work together and leverage opportunities for the benefit for all in the supply chain. A whole-of-industry approach in export markets will maximise the scope for success against competitors with greater scale and resources.

GTA TMAC plays a key role in supporting the grains sector to realise export priorities through helping communicate R&D and market support priorities for market access. GTA has a key role as a connector and enabler promoting and supporting greater interaction between industry, government and foreign markets. The Australian Government maintains a central role on many of the global issues involving grain trade (WTO, DAWR, FTAs, Codex etc.) and requires support, expertise and perspective from industry to help guide its position.

The GTA's Trade and Market Access Strategy recognises that trade situations can change quickly and sometimes with devastating results when industry and government are not adequately prepared. Thus, a key objective of this strategy is ensuring that the industry has in place systems and tools that will enable it to react quickly to any changing market conditions. A supporting document that GTA maintains is the Industry Response Framework.

GTA responds to market access issues and crises as they occur in addition to ongoing work to eliminate market/ trade barriers generally. This work is focused in both our domestic and international markets.

Governments are successfully negotiating down many of the traditional tariff barriers that have limited trade in the past. This is a positive development for the Australian grains industry which is export dependent. However, these tariff barriers are increasingly being replaced by technical barriers, in particular for grains, sanitary and phytosanitary measures.

Management of trade and market access issues is critical to doing export trade business, and the impact of not effectively managing this function are seen as:

1. Higher operational and commercial risk for exporters
2. Risk of trade ban or trade restriction
3. Increased costs (compliance, administration, production)
4. Loss of important markets and potential for lower prices to growers

GTA works proactively with industry stakeholders and Australian Government to counter the growth of non-tariff measures by supporting international standards that are based on sound science and ensuring that international trade is based on these standards. Both industry and governments must work together to build and strengthen science-based trade.

## 2.1 Key groups involved in Trade and Market Access activities

Trade and Market Access functions encompass a range of activities covering market and industry analysis, policy development, information provision, operational activities and advocacy.

In the Australian grains industry, there are currently a number of organisations involved in trade and market access. This ensures a broad and diverse cross supply chain perspective is considered and requires a coordinated approach to minimize duplication. It is important and generally accepted that the industry ensures cohesive messaging wherever possible on important trade issues. This accepts the natural reality that cohesive messages or positions may not always be practical or realistic, given at times different inherent positions particularly with the production sector.

Key groups involved in market access are:

- Grain Trade Australia (GTA) which tends to have a broader focus on strategic issues impacting its broad membership base. This includes the above activities as well as biotechnology policy and range of other areas where global and domestic initiatives impact on facilitation of trade
- National Working Party on Grain Protection provides support in relation to MRL and other technical issues
- Grains Industry Market Access Forum (GIMAF) was formed in 2011 to provide an industry solution to address trade and market access activities. GIMAF has a strong focus on operational activities, in particular, SPS occurrences, and market access prioritisation processes
- GrainGrowers Limited (GGL) which tends to focus primarily on strategic trade policy, including bilateral, plurilateral and multilateral agreements/ negotiations<sup>1</sup>

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Bilateral – agreement between two countries, Plurilateral - agreement between more than two countries, but not multiple countries, Multilateral – agreement between many countries

- Grain Producers Australia (GPA) is the grains industry signatory to the Emergency Plant Pest Response Deed (EPPRD) and administers the Grains Farm Biosecurity Program

## 2.2 Industry and Government working together

The Australian Government implements an integrated trade policy program with the goal of improving existing market access, creating new and more open markets for exports. GTA with its breadth of membership, meaning cross sector representation, in conjunction with industry stakeholders, works alongside the Government in pursuit of this goal.

The Australian grains industry works closely with both the Department of Foreign Affairs and Trade (DFAT) and the Department of Agriculture (DoA). The grains industry is best positioned to identify and prioritise market access issues for its sector. With priority issues identified, the government is instrumental in working toward solutions.

The GTA TMAC creates a unified platform for representing the trade related interests of grain exporters. The TMAC seeks to increase industry credibility in the eyes of government by demonstrating internal cohesion and a commitment to professional government relations. Importantly the TMAC is made up of significant commercial players and industry organisations, assuring information provided by the TMAC to Government is informed by ‘on the ground’ experience and market understanding.

GTA’s trade advocacy activities involve the provision of assistance and support on a range of trade-related issues. As a major exporting industry, changes in access to overseas markets affect the profitability of all parties in the value chain. Complex international markets require an ongoing effort to maintain existing rights of access to markets, and where possible, to secure improvements to export conditions.

Maintenance of favourable market access conditions and securing trade reform are commonly undertaken at a government-to-government level. GTA with its broad membership bases, assists the Government through provision of advice, prioritisation and supporting in market and/or inwards activities

## 2.3 Building an effective market access capability

The table below identifies the key elements of an effective market access capability. The industry has improved the way it manages market access and the relationship with Government, however, still tends to under invest in trade and market access activities.

Criteria	Implications is not achieved	Status
Credibility	Can lead to loss of markets and reputation (with Government and markets) if the industry is not seen as credible or misunderstandings occur.	GTA/industry has built credibility with the Government, but requires continued effort. GTA has good credibility with markets and international groups through alliance with IGTC.
Unity / Organised engagement	The industry's working relationship with Government can at times be challenged by a divergent position on some key trade issues. Wherever possible, it is important for the industry to have a set of agreed priorities that can be communicated to Government. Being closest to market opportunities and challenges, best positions GTA to identify and prioritize market access issues.	GTA, GGL, GIMAF and NWPGP have developed an "executive" Working Group on TMA issues to ensure collaborative and close communication and understanding of issues and respective activities.
Mutual commitment/ Coordinated cooperation	Aligned commitment of industry and Government is critical to successful market access efforts. Government and industry have crucial roles in addressing market access issues as a variety of expertise, knowledge and competencies are required.	The Government and industry have developed a coordinated strategy around NTMs which is benefitting the industry. Grains position in cross commodity activity has improved and requires ongoing vigilance and engagement.
Capacity	Industry capacity will be enhanced through building improved relationships with Government and markets and developing processes to retain and transfer expertise to ensure continuity. An effective incident response plan important to ensure the industry is adequately prepared in times of trade disruptions occurring. Increased investment in monitoring activities is required to ensure the industry is aware of emerging issues.	Industry has developed reasonable capacity in Australia, but has limited capability and resources in-markets compared to other commodity groups and competitors where such activities are largely funded by government. The market access database and related strategy provides the tools for monitoring and addressing market access issues. However, the industry needs to consider further refinement of a suitable model to deliver greater investment in capacity. The recent China AD/CVD issue has highlighted that industry is capable of co-ordinating response to critical and time sensitive issues.
Evidence	The industry's position will be strengthened with substantiation of impact of NTMs and/or substantiation of industry action to support negotiated protocols but requires evidence from market non-compliances in a timely manner.	The Grains NTM project and creation of the market access database has assisted the industry to demonstrate the impact on NTMs and other market access issues.
Communication	Political engagement on an ad hoc basis can lead to inconsistent messaging to Government. Effective communication to stakeholders is critical to ensure views are aligned.	Consistent messaging is important. Communication of TMA issues back to industry can be improved. Currently effective communication relies largely on industry goodwill and collaboration to share knowledge, data and information on market access issues.
Funding	Effective trade and market access advocacy requires commitment on an ongoing basis with potential increased intensity of activity if urgent issues arise or aligned with Government policy activities such as FTA negotiations etc	Market access requires a significant and ongoing investment. Industry and GTA may need to consider more funding or re-alignment of funds.

### 3. GTA Trade & Market Access Strategy

The GTA TMA Strategy is aimed at building the industry's capability and involvement in trade and market access, working in partnership with the Government where:

- GTA is proactive and has a strong influence on the priorities, efforts and resources of the grain value chain; and
- DA/DFAT bring together the policy intelligence, technical expertise and commitment from across Government.

The GTA TMA Strategy outlines the priorities it foresees for the industry, but also focuses on how the industry and government can best engage for future market access success. Effective cooperation and coordination between and among government and industry is critical to achieving, maintaining and improving market access.

The GTA Trade and Market Access Committee (TMAC) has a responsibility to be responsive to the commercial practicalities of growers and exporters and the market access negotiating environment. GTA TMAC plays a key role in supporting the grains sector to realise export priorities through helping communicate R&D and market support priorities for market access. GTA has a key role as a connector and enabler promoting and supporting greater interaction between industry, government and foreign markets.

The GTA TMAC is a Technical Committee of GTA, representative and inclusive of industry and appointed by the GTA Board. The TMAC makes recommendations to the GTA Board on domestic and international developments that may impact the technical and operational activities of Australia's commercial grain trading entities. The Committee also, as relevant, assists GTA to act as an advocate for the grain industry; and support GTA education and training activities. Refer Attachment x for Terms of Reference.

#### 3.1 Objectives

The GTA TMA seeks to develop a more proactive approach to identifying and implementing market access activities. The objectives of the TMA strategy are to:

- a) Provide policy advice and recommendations on the grain industry's activities associated with trade and market access, with a focus on removing technical and economic barriers to trade
- b) Provide a mechanism/forum for the discussion and development of market access policies, priorities and strategies for the benefit of the Australian grains industry
- c) Ensure two-way engagement and understanding between government and the Australian grains industry on trade and market access issues
- d) Identify threats to, and opportunities for, Australia's international trade in grains and provide advice on the appropriate strategic responses
- e) Communicate the grains industry positions, provide commercially relevant advice to the Government on trade issues as they arise, and ensure the industry is informed of TMA activities and progress
- f) Participate in international forums including APEC, Codex, IPPC etc – either directly or via IGTC
- g) Promote alignment between market development priorities, research and market access initiatives
- h) Support incident management through providing technical expertise, identifying research gaps, bringing together groups together to resolve and respond to the issues to minimise the impacts on market and managing stakeholder communication

### 3.2 The Strategy

The GTA's TMA strategy recognises that trade situations can be time sensitive and change quickly and sometimes with devastating results when industry and government are not prepared. Thus, a key objective of this strategy is ensuring that the industry has in place systems and tools that will enable it to react quickly to any changing market conditions.

The GTA's TMA strategy recognises that relationships are critical to achieving results and is focused on building strong relationships with growers, exporters, industry bodies, Australian and foreign governments and other Australian agricultural exporting sectors.

The GTA TMA strategy is structured around four major components:

1. **Policy** – ensuring the policy settings are supportive of the grains industry trade
2. **Advocacy** – actively promoting the grains industry's priorities and positions in domestic and global forums
3. **Support** – providing operational support to the industry to address trade issues as they arise and assist to implement appropriate policies to maintain and enhance future trade
4. **Communication** – ensuring industry has transparent and open mechanisms for providing input into and receiving feedback on TMA priorities

Outcome	Activities
<b>Pillar 1 - Policy</b>	
Identify policy positions and solutions with evidentiary support that enhance grains industry market access	1.1 Identify and communicate industry's position in relation to trade reform, agreements and market access issues/ priorities for maintenance, improvement and new access 1.2 Advise Government on the impact of trade barriers, including non-tariff trade measures
<b>Pillar 2 - Advocacy</b>	
Advocate the value and trade and market access priorities of the grains industry	2.1 Ensure Government understands the value of grain trade and the importance of market access 2.2 Promote the grains industry position in cross commodity forums 2.3 Promote free trade and the removal of tariff and non-tariff measures for grains 2.4 Provide industry perspective and input into the consideration of trade issues 2.5 Build relationships with regulators in key export markets and provide a response capability in the event of adverse developments 2.6 Work with DAWR, TMAD, DFAT and others, and globally IGTC, to identify and eliminate trade barriers 2.7 Develop technical/scientific advice for trade negotiations, input into other agreements e.g Codex, IPPC, Biosafety Protocol 2.8 Share information with like-minded overseas organisations to promote a harmonised approach to trade activities
<b>Pillar 3 - Support</b>	
Provide technical support and advice to assist industry and Government market access negotiations and positions	3.1 Provide informed analysis and support to the Government 3.2 Develop technical submissions to protect/ enhance the market access of Australian grain in domestic and international markets 3.3 Identify and manage NTM issues including developing solutions for current and future trade issues 3.4 Address short-term trade disruptions (crisis management) as they occur 3.5 Hold an annual Grain Market Access Forum to discuss the major trade and market access issues 3.6 Develop and invest in market research and databases to increase the industry's capability and capacity 3.7 Participate in IGTC outreach activities, Government activities/ Roundtables, etc
<b>Pillar 4 - Communication</b>	
Communicate and collaborate with industry on market access issues	4.1 Develop mechanisms for industry input into and feedback on trade and market access priorities 4.2 Identify and communicate Trade and Market Access priorities

### 3.3 Market access priority areas

The grains industry has identified market issues across a number of key areas as identified below. GTA has developed and maintains a database that captures all market access issues and tracks activity against these.

Issue	Context	Current activity (Jun19)
<b>Elimination of tariffs</b>	This is an ongoing priority addressed through WTO activities and free trade agreements.	<ul style="list-style-type: none"> <li>▪ GTA has engagement with WTO processes through:               <ul style="list-style-type: none"> <li>– Direct dialogue with DFAT and participation in DFAT activities</li> <li>– Indirectly through IGTC</li> </ul> </li> <li>▪ Input into policy via growers (NFF/GGL)</li> </ul>
<b>FTAs (tariffs &amp; technical barriers)</b>	Free Trade Agreement are an opportunity to promote elimination of tariffs/quotas and adoption of disciplines relating to non tariff measures	<ul style="list-style-type: none"> <li>▪ Current FTA's that GTA is providing input to are Indonesia (this is expected to be ratified shortly and focus is now on implementation of grains related elements), India, RCEP and EU</li> <li>▪ Review and updating of disciplines relation to MRLs, standards and testing and innovation.</li> <li>▪ GTA also contributes to reviews of existing FTA's.</li> </ul>
<b>Predictable and science based SPS regulations</b>	Plant protection (sanitary & phytosanitary) i.e. SPS measures around concerns such as plant diseases, weed seeds and pests are a high priority issue for the grains industry. GTA works with GIMAF and DoA Biosecurity to address these issues as they arise. GTA also works with DoA on regional and bilateral initiatives to create an improved operating environment.	<ul style="list-style-type: none"> <li>▪ Areas of focus for industry are:               <ul style="list-style-type: none"> <li>– Increased transparency and harmonisation through recognition of sampling and testing methods/ Equivalence of systems and processes / Common language &amp; terminology</li> <li>– Testing/sampling methods based on recognised science</li> <li>– Recognise 'free from' or risk based systems approach to certain pests or diseases of quarantine concern</li> <li>– Adoption of international best regulatory and technical practices (eg CODEX)</li> <li>– Use of risk and science based assessments</li> </ul> </li> <li>▪ The industry has identified several SPS based NTMs which are managed via the market access database.</li> <li>▪ GTA also working with the Government through regional initiatives such as APEC, ASEAN,</li> </ul>
<b>Food safety regulations, in particular, Maximum Residue Limits (MRLs)</b>	MRLs are becoming an increasing risk in the market. Aligning MRL levels in key markets is a major focus. The NWPGP is the lead agency domestically on all chemical issues and GTA works with IGTC on these issues globally.	<ul style="list-style-type: none"> <li>▪ Areas of focus for industry are scientific base for forming MRLs, harmonisation/synchronisation of MRLs, adoption of IGTC policy principles on MRLs where appropriate, and harmonization with Codex standard.</li> <li>▪ Refer the GTA Chemical Strategy for detailed actions.</li> </ul>
<b>Harmonised international methodology</b>	Standards and testing methodologies can cause market access issues where these are not harmonised or consistent	<ul style="list-style-type: none"> <li>▪ GTA works with the Government, through regional initiatives such as APEC and IGTC to address lack of harmonisation in relation to regulatory approaches, frameworks, and regulations (e.g. inconsistent terminology, product testing, and product labelling,</li> </ul>

Issue	Context	Current activity (Jun19)
		inconsistent or no MRLs, inconsistent sampling and testing procedures) and promote a principle and system based approach to improve alignment and harmonisation
<b>Biotech &amp; new innovation regulations</b>	Regulation of biotech products or new plant breeding innovations should be based in science and not restrict market access. Zero tolerance policies and asynchronous authorisations are increasing compliance risk and costs	<ul style="list-style-type: none"> <li>▪ Maintain the Market Choice Framework for GM Crops and implementation of related policies and response plans.</li> <li>▪ Key priorities are synchronous approval of biotech traits, joint recognition of risk assessments for new technologies and harmonised regulatory approaches to new innovations including low level presence policies</li> <li>▪ GTA primarily works on these issues through IGTC. Current activities are largely focused around the Cartagena Biosafety Protocol, LLP policy and plant breeding innovation including information sharing with the seed/technology sector.</li> </ul>
<b>Increase in regulatory rules and burden</b> <b>Lack of transparency and predictability of changes in market access rules and regulations</b>	Key issues are: <ul style="list-style-type: none"> <li>– a lack of transparency around conditions and criteria of import permits</li> <li>– different documentation needed across regions/markets</li> <li>– inconsistent certification requirements</li> <li>– differences in definitions, methodologies and recognition of certifying bodies</li> <li>– adoption of consumer driven regulations that are not based on science.</li> </ul>	<ul style="list-style-type: none"> <li>▪ E-documentation a key focus for clearer visibility of quality assurance processes through the supply chain. Adoption of digital processes (e.g. e-phyto) will assist to streamline processes and improve data validation</li> <li>▪ GTA works with the Government, through regional initiatives such as APEC, ASEAN and with IGTC on these issues</li> </ul>
<b>Sustainability</b>	Lack of alignment of environment, social and agriculture goals, in particular, in ways of demonstrating compliance and associated costs for certification. Sustainability standards imposed by customers can become market access barriers when they are not coordinated or are not informed by industry best practices	<ul style="list-style-type: none"> <li>▪ International methodology to define sustainability is an emerging issue</li> <li>▪ GTA is a member of the Steering Committee for the Grains Sustainability Framework project</li> </ul>
<b>Capacity Building</b>	Developing solutions to many NTMS will require capacity building with trade partners to promote international best practice	<ul style="list-style-type: none"> <li>▪ Work with the Government to identify international best practice, develop capacity building activities, consultation with stakeholders, and alignment with international and trading partner regulation.</li> </ul>

### 3.4 Measuring success

A coordinated and strategic effort by the grains industry and the Australian Government to maintain and improve market access through the GTA Trade and Market Access Strategy will result in improved access to markets.

Key performance indicators (KPI's) should be based on maintaining and improving access arrangements into current markets; mitigating operational and commercial risk; and supporting development of access arrangements into new markets, based on agreed target market priorities.

Successful outcomes include:

- Australian government negotiators awareness and acknowledgement of the grain industry's priorities
- Success in maintaining access against specific non-tariff measures threats / Improvement in access is incorporated as an integral component of any FTA negotiation
- Evidence of improved access arrangements in current markets
- Grain sales success in targeted new markets
- Favourable market access conditions are maintained in developed markets and improvements secured in developing export markets
- Markets/customers value Australian grains and oilseeds compared to competitors based on perceptions of food safety, integrity and quality
- Information, analysis and forecasts available to the industry for decision making
- Awareness by industry stakeholders of issues and activities

## 4 Tools Impacting Market Access

### 4.1 WTO (Trade Reform)

Agricultural producers have been focused on achieving a multilateral outcome on trade through the WTO negotiations. Australia has been at the forefront of this with its involvement through the Cairns Group.

While negotiations continue, the perception is that the focus has shifted somewhat from this as a meaningful tool to achieve real outcomes. Trade negotiations have changed significantly since the Uruguay Round and the WTO has sought to identify alternative ways to deliver outcomes. The 2015 WTO Ministerial Conference produced mixed results. While the end to agricultural subsidies was a positive outcome, the lack of agreement to continue the Doha Round has meant led to a rethink on how to achieve trade liberalisation post-Doha.

Historically the focus was on the US and EU in terms of the level of domestic support provided to their producers. However, over the past decade there has been significant reduction in domestic support in these nations, while nations such as China have steadily increased their provision of domestic support. (Figure 2)

A similar story is evident through assessment of the “nominal rate of assistance to farmers”. This shows that nations such as China and Indonesia have significantly increased rates of assistance while the EU has substantially reduced. (Figure 3)

While progress with multi-lateral agreements has been slow, the WTO dispute settlement system is increasingly being used actively by members. The system provides members a means of prosecuting specific interests without affecting bilateral relationships.

GTA has engagement with WTO processes through:

- Direct dialogue with DFAT and participation in DFAT activities
- Indirectly through IGTC
- Input into policy via growers (NFF/GGL)

Figure 2: Level of domestic support (%) by country, 2005 & 2015

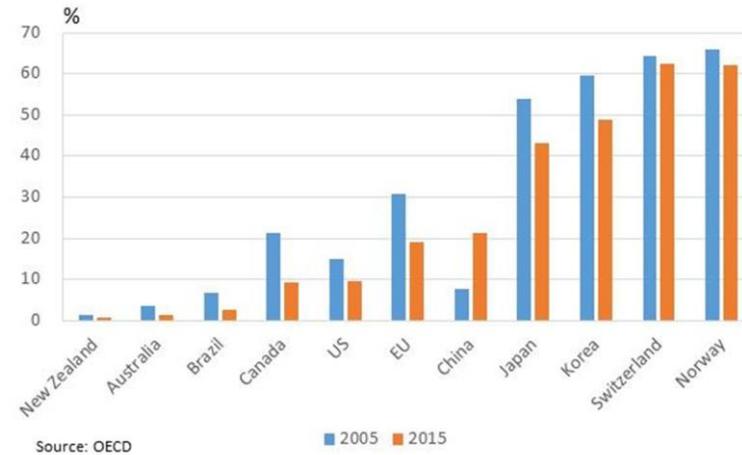
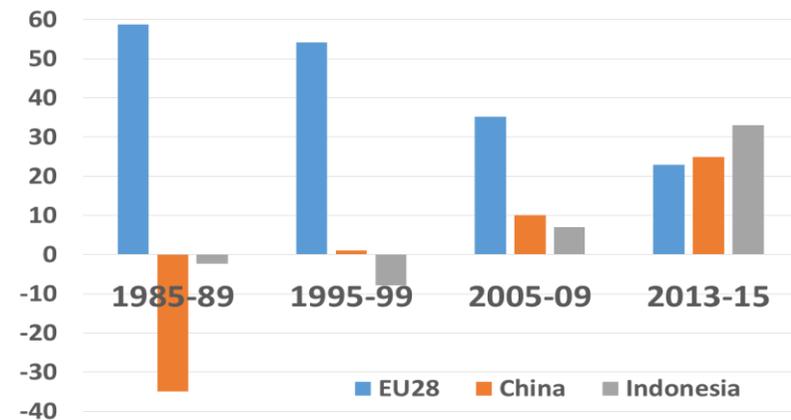


Figure 3: Nominal rate of assistance to farmers (%)



## 4.2 Free Trade Agreements

The Australian Government has aggressively pursued Free Trade Agreements (FTAs) on both a bilateral and regional basis. These can be important tools for achieving trade reform and improved access for Australian products.

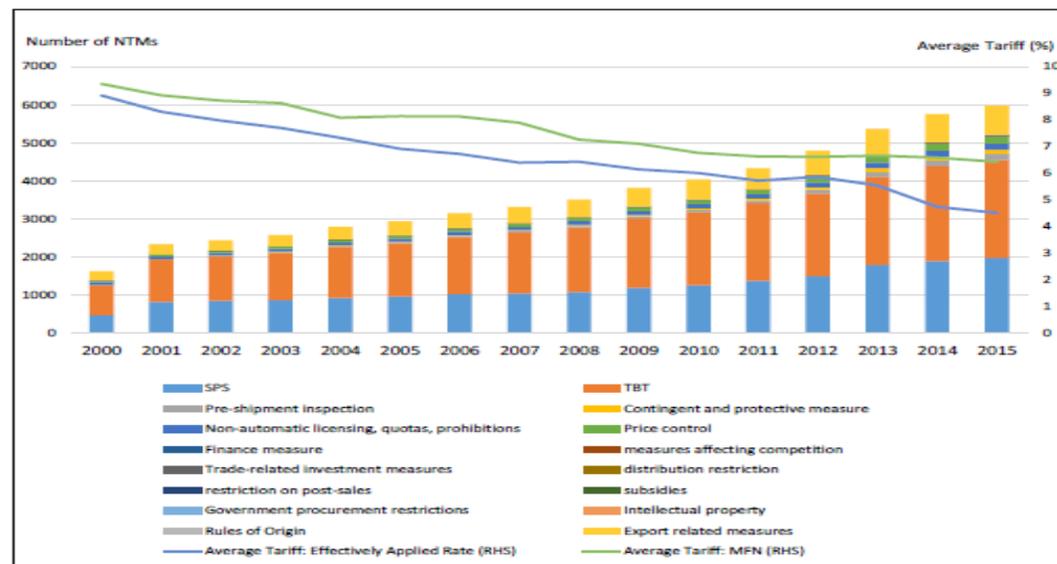
There have been several bilateral Free Trade Agreements recently concluded that have delivered gains for the grains industry e.g. Korea, Japan, China and Indonesia<sup>2</sup>; as well as regional trade agreements such as TPP-11. These agreements have both directly benefited the grains industry and progressively play an important role in establishing a framework for tackling non-tariff measures. Other Free Trade Agreement discussions currently underway of relevance to the grains industry are India, EU and RECEP, and prospectively with the UK post Brexit.

Free Trade Agreements can address key issues of concern for Australia's grain industry including:

- Elimination of tariffs that impact on Australia's grain exports making them more expensive for importers
- Ensuring sanitary and phytosanitary (SPS) regulations are predictable and science based
- Ensuring that biotech/ innovation regulations that are based in science and do not restrict market access
- Utilising international methodology to harmonise and define processes such as standards, testing and sustainability methodologies to avoid this being used as a market access barrier

Tariffs are the key focus of Free Trade Agreements, being the primary tool of limiting market access by taxing exports and making them more expensive for importers. As agricultural tariffs are reduced there has been a tendency in some markets to utilise non-tariff measures as a means of limiting imports (Figure 3). This supported the creation of the WTO SPS Agreement. Increasing technical barriers may also result from the growing global awareness of potential hazards to plant, animal and human health which can motivate governments to put into place restrictions whether concerns are real or perceived.

Figure 4: Increasing NTMs Despite Falling Tariffs



Source: ERIA: Non-Tariff Measures in ASEAN, April 2016

<sup>2</sup> Still to be ratified

### 4.3 Non-Tariff Measures

For the grains industry, focus has shifted to NTMs and in particular, sanitary and phytosanitary (SPS) measures. Policies are often based on zero tolerance or reduced limits and are increasingly influenced by emerging environmental and sustainability requirements to meet societal expectations.

NTMs are 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.

A NTM becomes a trade barrier when they are not based on risk or science, are used to protect domestic production, or when imposed by different countries, with different standards.

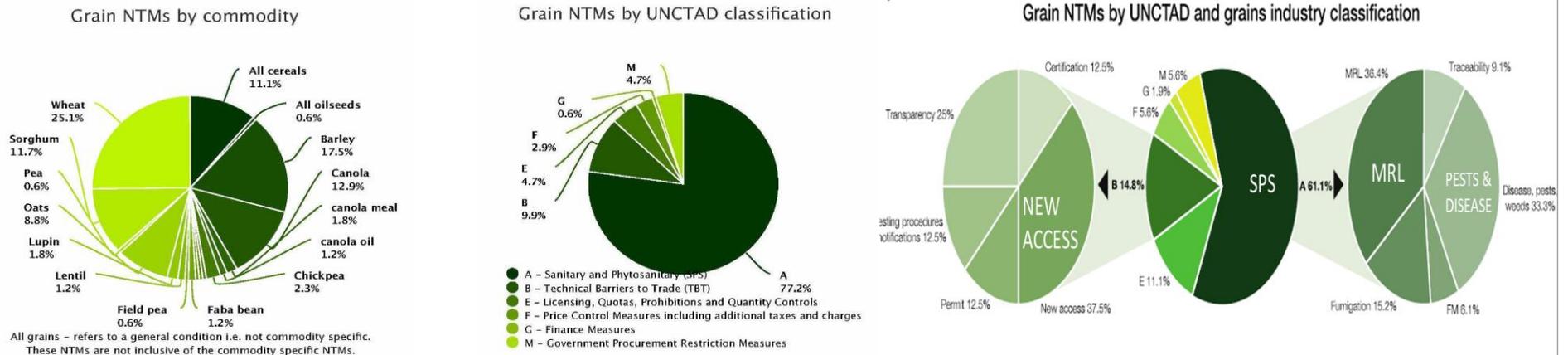
These technical barriers to trade are technical regulations and standards which can result in:

- Higher operational and commercial risk for exporters
- Increased costs (compliance, administration, and production)
- Risk of trade ban or trade restriction which could be in the form of quotas, embargoes, sanctions, levies and other restrictions

DA works with Australia’s trading partners and other government agencies, its overseas counsellors and DFAT’s diplomatic network and through the WTO TBT Committee to resolve NTM issues.

The grains industry has established a market access database to identify, track and respond to NTMs. This database is jointly managed by an Industry Working Group (IWG) comprising GTA, GIMAF, GGL and NWPGP. Currently there are over 100 NTMs identified (refer Figure 5).

Figure 5: Grains NTMs by commodity and classification



#### 4.4 International forums

A number of international institutions establish specific guidelines to try and reduce trade barriers/NTMs. These include:

- WTO Agreements (principles based)
- Codex Alimentarius Commission (advisory standards based)
- IPPC (standards)
- APEC (regulatory coherence)
- Systems recognition in bilateral/regional trade agreements

GTA actively participates in IGTC as a reputable and cost-effective means of helping develop global grain trade solutions including:

1. Encouraging forward-looking policies in FTAs to minimise non-tariff measures:
  - Science based regulatory systems
  - Acknowledge “zero” risk does not exist
  - Commercially acceptable solutions
  - Risk mitigation methods
2. Developing international initiatives:
  - Standardisation and adoption of internationally recognised standard methodologies and testing
  - Promotion of low-level presence policies
  - Mutual recognition of risk assessments
3. Participating in international forums/projects such as Codex, IPPC, BSP, World Bank, FAO, etc

GTA is a long standing and active member of the International Grain Trade Coalition (IGTC). The overarching objective of the IGTC 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. IGTC has several policy/working groups to address those areas impacting on market access and facilitation of trade. These include:

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

## Attachment I: Defining NTMs

'Non-tariff measures' (NTMs) is a general term that describes government regulatory tools and policy measures, other than customs tariffs, that have the potential to affect the international trade in goods. These measures vary widely in their nature and impact. The World Trade Organisation (WTO) has developed a common, global NTM classification system to facilitate the collection and dissemination of information on NTMs applied by individual countries. This system is the UNCTAD International Classification of Non-Tariff Measures.

Many governments apply NTMs to achieve legitimate policy objectives such as the protection of consumers, animals, plants and the environment, however, even such legitimate measures can have adverse trade consequences. Where NTMs act to distort trade and/or favour domestic industries at the expense of international competition, these measures represent barriers to trade for Australian exporters.

UNCTAD International Classification of Non-Tariff Measures (2015)	
<b>Technical Measures</b>	<ul style="list-style-type: none"> <li>A. Sanitary and Phytosanitary (SPS)</li> <li>B. Technical Barriers to Trade (TBT)</li> <li>C. Pre-Shipment and other</li> </ul>
<b>Non-Technical Measures</b>	<ul style="list-style-type: none"> <li>A. Contingent Trade Protective Measures</li> <li>B. Licensing, Quotas, Prohibitions and Quantity Controls</li> <li>C. Price Control Measures</li> <li>D. Finance Measures</li> <li>E. Measures Affecting Competition</li> <li>F. Trade Related Investment Measures</li> <li>G. Distribution Restrictions</li> <li>H. Restriction on post-sales services</li> <li>I. Subsidies (Excluding Export Subsidies)</li> <li>J. Government Procurement Restriction Measures</li> <li>K. Intellectual Property Measures and rights</li> <li>L. Rules of Origin</li> </ul>
<b>Export Related Measures</b>	<ul style="list-style-type: none"> <li>P. Export Related Measures</li> </ul>

## **Attachment II: GTA Trade & Market Access Committee Terms of Reference**