



AUSTRALIAN
**FOOD &
GROCERY**
COUNCIL

INTERNATIONAL TRADE REPORT

NON-TARIFF BARRIERS FACING
AUSTRALIA'S AGRI-FOOD EXPORTS

Sustaining Australia

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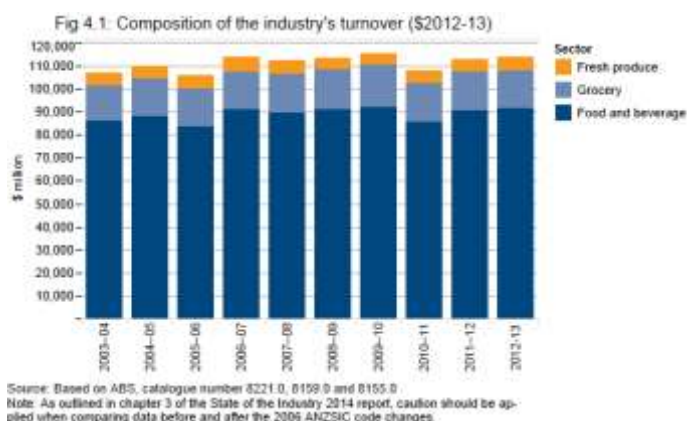
Auspex Strategic Advisory was engaged by the Australian Food and Grocery Council (AFGC) to assist in the preparation of a report detailing anecdotal industry information on non-tariff barriers facing Australian agrifood exports. The information contained in this report has been compiled from information supplied by AFGC, publicly available information and industry consultations facilitated by AFGC. These information sources are believed to be reliable.

Every effort has been made to ensure the information presented and the conclusions reached are realistic and not misleading. However, Auspex Strategic Advisory makes no warranty as to the accuracy of the information contained in this report and will not accept responsibility or liability for any loss incurred by any person or entity relying on the information in this report.

PREFACE

The Australian Food and Grocery Council (AFGC) is the leading national organisation representing Australia's food, drink and grocery manufacturing industry.

The membership of AFGC comprises more than 190 companies, subsidiaries and associates which constitutes in the order of 80 per cent of the gross dollar value of the processed food, beverage and grocery products sectors.



Australia's food and grocery manufacturing industry takes raw materials and farm products and turns them into foods and other products that every Australian uses every day. With an annual turnover in the 2013-14 financial year of \$118 billion, Australia's food and grocery manufacturing industry makes a substantial contribution to the Australian economy and is vital to the nation's future prosperity. It adds over \$32 billion to the value of the products it transforms.

Manufacturing of food, beverages and groceries in the fast moving consumer goods sector is Australia's largest manufacturing industry. The diverse and sustainable industry is made up of over 26,651 businesses and represents 30 per cent of total manufacturing turnover – by itself, the sector accounts for almost one third of the total manufacturing industry in Australia.

The food and grocery sector accounts for over \$61.7 billion of the nation's international trade in 2014-15. These businesses range from some of the largest globally significant multinational companies to small and medium enterprises.

The food and grocery manufacturing sector employs more than 322,900 Australians, paying around \$16.1 billion a year in salaries and wages.

Many food manufacturing plants are located outside the metropolitan regions. The industry makes a large contribution to rural and regional Australia economies, with over 40% of the total persons employed being in rural and regional Australia. It is essential for the economic and social development of Australia, and particularly rural and regional Australia, that the magnitude, significance and contribution of this industry is recognised and factored into the Government's economic, industrial and trade policies.

The contribution of the food and grocery sector to the economic and social well-being of Australia cannot be overstated. Australians and our political leaders overwhelmingly want a local, value-adding food and grocery manufacturing sector.

KEY INSIGHTS

- Non-tariff barriers have a significant impact on Australian agri-food exporters.
- Reflecting the increasing demand and growth of Australian agri-food exports; priority regions for addressing non-tariff barriers are in Asia, followed by the Middle East, Europe and North America.
- Non-tariff barriers can be difficult to identify and address due to the varying range of products and markets affected, the nature of the restrictions, timeframes involved and potential sensitivities.
- The general trend across the sector is that non-tariff barriers have been increasing over the past decade, with two key elements:
 - growth markets, particularly in Asia, have been increasing the range, level of sophistication and coordination of non-tariff barriers; and
 - for established markets, particularly in Europe and North America, there has been an observed push to entrench their domestic approaches to food regulation and standards into international trade.
- Priority non-tariff barrier themes identified for the agri-food sector are:
 - 1) Product Registration and Certification;
 - 2) Quarantine and Health Protocols, and associated Certification and Compliance;
 - 3) Labelling Requirements; and
 - 4) Changing Customs Requirements in Foreign Markets
- Tariff outcomes from Australia's recently concluded free trade agreements (FTAs) are broadly welcomed by industry. Due to the nature of non-tariff barriers however, there is limited scope to address specific non-tariff barriers through FTAs.
- While tariff reductions have been achieved under Australia's recent North Asian FTAs, non-tariff barriers continue to impede food exports.
- To maximise the tariff benefits achieved through trade negotiations, a renewed focus should be given to addressing the non-tariff barriers that remain. This would best position Australian industry to capitalise on outcomes from bilateral and regional free trade agreements.
- Initiatives to develop, streamline and harmonise international and regional standards that facilitate global food trade are supported by industry. Such regulatory convergence can reduce export compliance costs.
- There is a critical need to refocus government and industry resources to pragmatically and strategically address priority non-tariff barriers across the agri-food export sector.

INTRODUCTION

EXPORT OVERVIEW

International trade is critical to both the day to day operations and the future of the entire agri-food sector. More than 60 per cent of Australia's agri-food production is exported and production is particularly reliant on the importation of key ingredients.

Australia's exports of processed food and beverage products have recorded more than 28 per cent growth from 2013-14 to 2014-15¹. The Australian agri-food sector is at a turning point with the opportunity to meet a share of the growing food demand in Asia.

The Australian Food and Grocery Council (AFGC) consistently receives feedback that Australia's trade agreements are providing commercial advantage to Australian exporters of agri-food products. While there are many suggestions for improvements, Australia's trade agreements are vital in providing exporters with an advantage in market, or catching up on foreign competitors who have the advantage of an earlier negotiated agreement.

In 2013-14, the AFGC undertook a research project² looking at Australian export opportunities for snacks, beverages, condiments and baked goods into China, Malaysia and Thailand. Through this project, foreign retailers, importers and other market players made it clear that tariff reductions under Australia's trade agreements were key to the competitiveness of Australia's processed food exports into key markets.

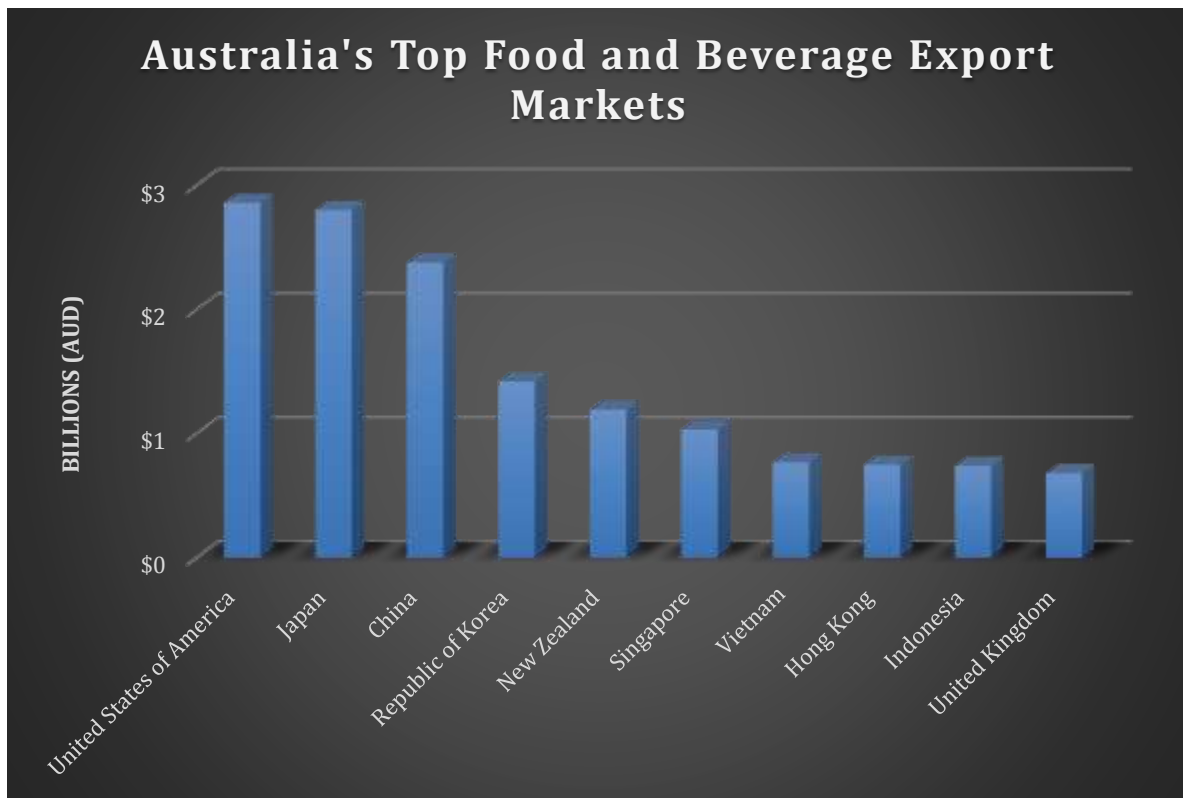
VALUE OF EXPORTS AND MARKETS

Australian food and beverage exports increased to \$25.7 billion in 2014-15, with the sector running a trade surplus of \$10.4 billion. Nine of Australia's top ten food and beverage export markets are located in the Asia-Pacific region and account for 68 per cent of Australia's total exports. Australia has negotiated trade agreements with eight of the top 10 export food and beverage markets, with the China bilateral deal being the ninth agreement.³

¹ AFGC *State of the Industry Report 2015*

² Available at: <http://www.afgc.org.au/our-expertise/sustainability-and-trade/afgc-market-insights-china-malaysia-and-thailand/>

³ 'AFGC *State of the Industry Report 2014*'



Source: Based on ABS Customised Report⁴

PROJECT OVERVIEW

This report provides an assessment of industry perspectives on non-tariff barriers (NTBs) impacting on Australian exports across the agri-food supply chain. It seeks to paint an anecdotal picture of the export landscape and non-tariff impediments facing Australian exporters.

It is acknowledged there are a number of industry assessments and reports that have analysed technical barriers to trade and non-tariff measures for some key Australian agri-food export sectors.

In compiling this report, industry consultations were undertaken through an online survey and detailed interviews. 56 industry stakeholders involved in exporting agri-food products from Australia provided input to inform this analysis. These stakeholders represented a broad range of export interests across the agri-food sector as detailed below.

⁴ Adapted from 'AFGC State of the Industry Report 2014'



The survey was distributed through the AFGC membership, peak industry and export organisations⁵ to a broad base of Australian exporters. Given there are sensitivities concerning some NTBs in key markets for Australian exports, all industry input was collected on a non-attributable reporting basis.

These consultations provided detailed anecdotal evidence on NTBs facing Australian agri-food exporters, including information on: the range and type of NTBs; priority focus areas and markets/ regions; trends; drivers and perceived motivations; level of impact; and the relationship between NTBs and the Australian Government's trade policy agenda, including trade negotiations and international standards setting activities.

⁵ The following organisations were consulted on the project: Australian Chamber of Commerce and Industry; Australian Industry Group; Export Council of Australia; National Farmers' Federation; Australian Dairy Products Federation; Australian Dairy Farmers; Dairy Australia; Australian Meat Industry Council; Australian Meat Processing Corporation; Meat and Livestock Australia; Rural Industries Research and Development Corporation; and Austrade.

NON-TARIFF BARRIERS

WHAT ARE NON TARIFF BARRIERS?

In order to access overseas markets and sell to international customers, Australian agri-food exporters face a wide range of market entry requirements. Some of these import requirements can have the effect of restricting trade flows and impact on the commercial viability and competitiveness of Australian agri-food exports.

Food and agricultural products are the most heavily protected goods in international trade. Australian exports can face significant tariff and quota restrictions in valuable export markets. Tariffs are government duties levied at the border on imported goods and quotas and tariff quotas impose quantitative restrictions on import trade volumes at specified rates of duty. Tariffs and quotas are a key focus of liberalisation efforts in international agriculture trade negotiations – in the World Trade Organization (WTO) and bilateral/regional preferential trade agreements⁶.

For the purpose of this report, non-tariff barriers (NTBs)⁷ are considered to be all government measures that affect trade in agri-food products other than formal tariffs and quotas. This definition encompasses a wide range of measures. NTBs do not include the commercial requirements of importers or customers that are over and above those of importing government requirements.

The issue of quotas and tariff quotas, particularly quota administration, was raised in industry consultations as a barrier of concern for some products and markets. Quota arrangements often indicate those agriculture and food products that are considered by importing countries to be most 'sensitive' to import competition. Such barriers can only effectively be addressed through formal trade negotiations, with multilateral negotiations providing the best prospect for genuine reform. As such, for practical purposes quotas and tariff quota barriers are not considered as NTBs in this report.

LEGITIMATE VS PROTECTIONIST?

Through the consultations, it was clear that Australian industry acknowledges the critical importance of quarantine and food safety measures for global agri-food trade flows.

Under WTO disciplines, members are obligated to implement measures that are the least trade restrictive method of achieving a desired policy goal.

NTBs can be characterised along a continuum, from measures that are considered to be legitimate, to those viewed to be unnecessarily trade restrictive and protectionist. NTBs

⁶ e.g. bilateral FTAs and regional deals such as the Trans-Pacific Partnership (TPP) or the Regional Comprehensive Economic Partnership (RCEP)

⁷ Also variously described as 'non-tariff measures' or 'behind the border' issues

have the potential to distort international trade whether the intent and trade impacts of such measures are protectionist or not.⁸

It is important to note, that the way in which any particular measure can be perceived along this continuum is a matter of perspective and judgement. And further, that industry and government's perspectives can reasonably differ as to what measures are considered least trade restrictive to achieve a legitimate risk management or policy objective. This was particularly evident in views expressed by industry as to which end of the continuum they assessed was driving a measure and therefore whether it was ultimately considered to be either legitimate, or an unwanted 'barrier' to trade.

Some trade commentators consider that since the Global Financial Crisis (GFC) more unconventional forms of protection such as non-tariff barriers have become an important feature of the trade policy response to the crisis globally.⁹ Such responses are being increasingly used to regulate international trade and have substantial impacts on trade flows.¹⁰

The consultations revealed that at times industry considers there are measures implemented that constitute an unnecessary restriction of trade. While this is certainly true for our exports into foreign markets, importantly, this view was also voiced regarding food imports into Australia. Some industry stakeholders said that Australian import requirements could change frequently with little notice or rationale and expressed a view that "we can be just as bad" as some other countries in terms of NTBs. This point was emphasised by companies who had complex global supply-chains. Modern global food supply chains may see goods cross borders a number of times in the process by which raw materials are transformed into processed food products.

Tariff barriers still matter to Australian agri-food exporters. However, with trade liberalisation and finalisation of preferential trade agreements, tariffs in key Australian markets are generally declining. While tariffs may be declining, and importantly are transparent and predictable, non-tariff barriers on the other hand are increasing, and can be unpredictable in their application and compliance costs.

⁸ 2012 UNCTAD, *'Non-Tariff Measures for Trade: Economic and Policy Issues for Developing Countries'*

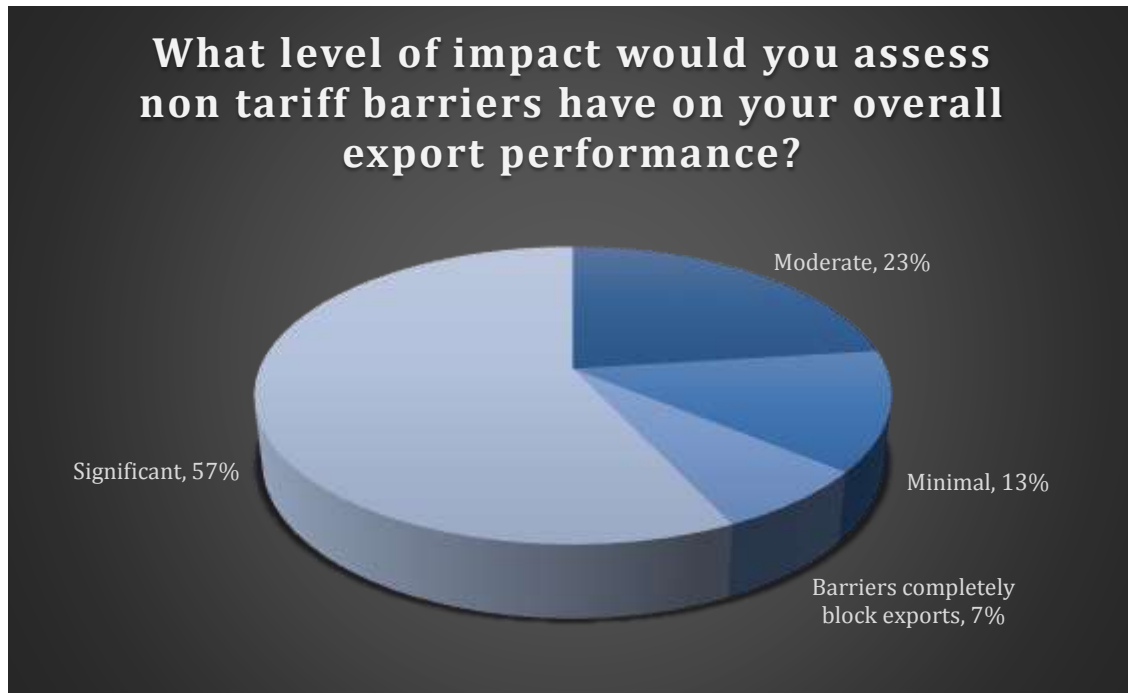
⁹ 2010 Evenett & Wermelinger, *'A snapshot of contemporary protectionism: How important are the murkier forms of trade discrimination?'*, Asia-Pacific Research and Training Network on Trade, Working Paper Series No. 83

¹⁰ 2011 Henn & McDonald, *'Protectionist Responses to the Crisis: Damage Observed in Product-level Trade'*, IMF Working Paper (WP11/139)

WHAT IMPACT DO NTBS HAVE ON AUSTRALIAN AGRI-FOOD EXPORTERS?

Non-tariff barriers have significant impacts on Australian agri-food exporters.

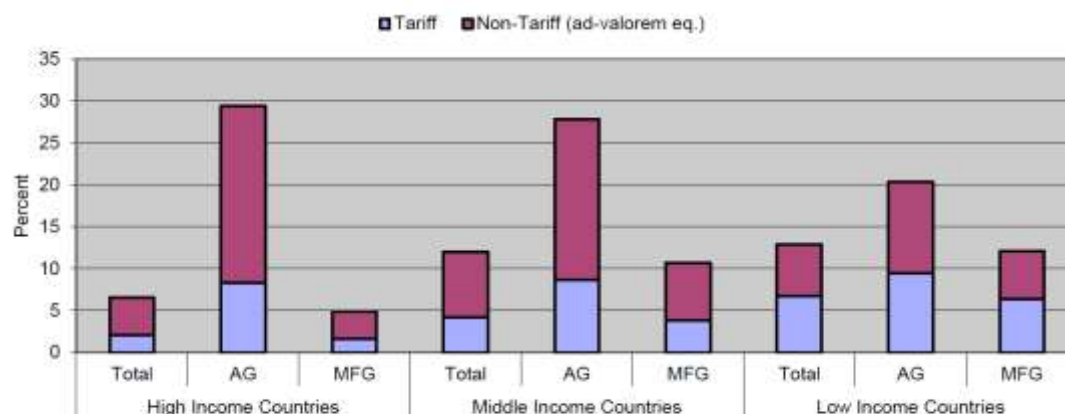
As shown in the chart below, survey results indicated that 65% of industry respondents considered that NTBs had either a significant impact on their export performance or blocked exports completely.



Analysis completed for G20 Trade Ministers in 2014, concluded “although non-tariff measures should not have protectionist intent, they nevertheless can have an impact on trade costs that is of much larger magnitude than tariffs”.¹¹ As detailed in the chart below, the impact of non-tariff barriers globally exceeds tariffs on agriculture products across high, middle and low income countries. Noting agriculture products include processed food in the WTO.

¹¹ OECD, WTO and World Bank Group (2014) “Global Value Chains: Challenges, Opportunities and Implications for Policy, Report prepared for submission to the G20 Trade Ministers Meeting Sydney, Australia, 19 July 2014

AVERAGE LEVEL OF RESTRICTIVENESS IMPOSED ON IMPORTS¹²



Source: UNCTAD (2013), based on UNCTAD TRAINS/WITS database.

It is difficult to quantify and characterise the industry impacts of NTBs. Detailed industry analysis undertaken for the Australian red meat and dairy export industries have estimated the industry impact of technical barriers to trade at around \$1.25 billion¹³ and \$1.57 billion¹⁴ respectively. Companies consulted in the preparation of this report cited examples whereby the estimated commercial impact of a single NTB in a single market could run into the tens of millions of dollars for one exporter alone.

The commercial costs for business to respond to NTBs can vary significantly, depending on the type of action required to successfully address importing country requirements.

Industry consultations raised the following examples of costs in addressing NTBs:

- changing import protocols (e.g. establishment registration requirements, industry management plans, export approvals);
- port clearance delays/ rejections (e.g. demurrage/ storage and re-export costs, loss of customer confidence);
- increased compliance costs of supplying product (e.g. engaging technical experts or additional staff resources);
- product testing (e.g. pre-departure and border sample testing rates);
- packaging and labelling (e.g. over labelling and repacking in-market);
- quota administration (e.g. fill rate transparency, quota reallocation, product on the water);
- establishment listing (e.g. long timeframes for audit, approval and listing); and

¹² Adapted from OECD, WTO and World Bank Group (2014) "Global Value Chains: Challenges, Opportunities and Implications for Policy, Report prepared for submission to the G20 Trade Ministers Meeting Sydney, Australia, 19 July 2014

¹³ 2013 Harris et al, 'Comparative evaluation of technical barriers to trade for Australian red meat'

¹⁴ 2014 Harris & Shaw, 'Comparative evaluation of technical barriers to trade for Australian dairy products'

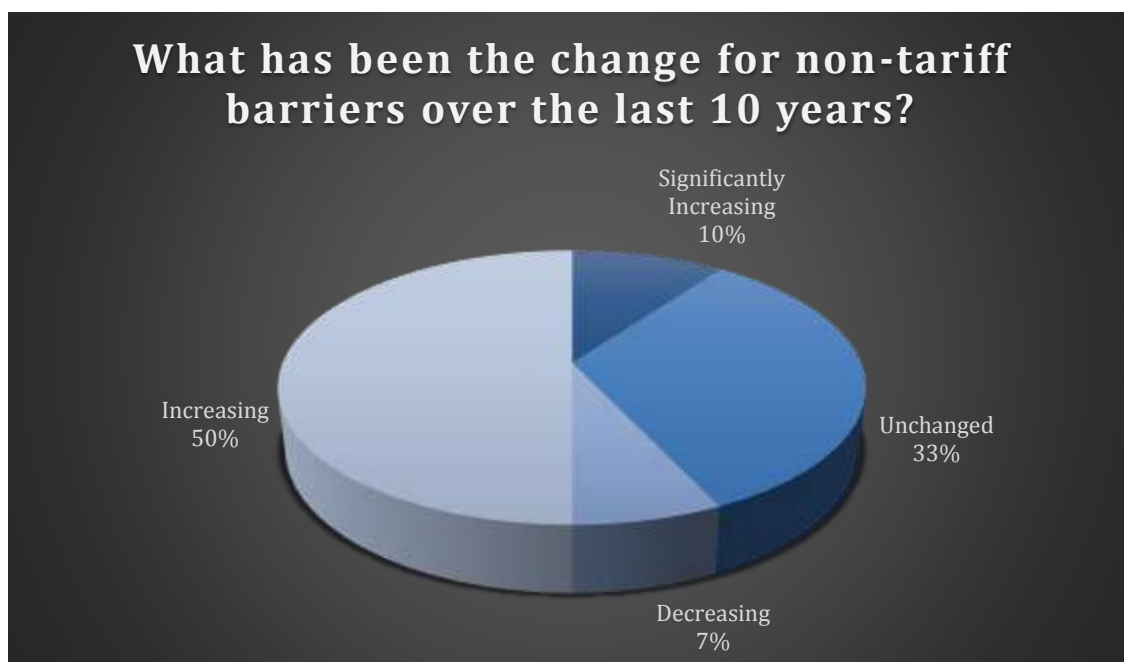
- regulatory/ bureaucratic processes with significant time delays (e.g. annual renewals of product registration/ certification or product compositional/ ingredients lists);

There was an opinion expressed that negative industry experiences of opaque and inconsistently applied NTBs in some markets can have the effect of jaundicing internal company attitudes towards exporting. This perspective was more pronounced for Australian small to medium sized exporters.

In some instances, only those exporters with the appropriate scale, resources, and experience may be in a position to commercially comply with requirements of an NTB. Because of this, some NTBs may also effectively ease competitive pressure from smaller exporters who may not have the resources to meet changing import market requirements.

NON-TARIFF BARRIER TRENDS

The majority of industry stakeholders considered that NTBs had been increasing internationally. As detailed in chart below, 60% of industry respondents considered the trend over the last decade has been for NTBs to either be increasing or significantly increasing. Approximately one third or 33% of respondents considered that NTBs had remained unchanged and 7% of respondents thought they had been decreasing over this period.



Industry perspectives of the increasing NTB trend had two distinct elements. The first related to the observation that in growth markets, particularly in Asia, NTBs were increasing in terms of the range, level of sophistication and coordination. And the second, that for more mature markets, particularly in Europe and North America, industry had observed a push by some countries to entrench their domestic approaches to food regulation and standards into international trade; either through bilateral or multilateral channels/ avenues.

There was also concern expressed by stakeholders that while the incidence and impact of NTBs has been increasing, government resourcing and levels of professional capacity to address such technical barriers were declining at the same time.

WHAT ARE THE AUSTRALIAN AGRI-FOOD SECTORS PRIORITY NTB THEMES?

Industry stakeholders were asked to rank their priority NTB themes based on the impact on their export business. The top priority themes are presented in ranked order in the table below. The full list of the 16 priority ranked themes is provided at Annex 1.

Priority non-tariff barrier themes ranked by business impact:

1. Product Registration and Certification
2. Quarantine and Health Protocols, and associated Certification and Compliance
3. Labelling Requirements
4. Changing Customs Requirements in Foreign Markets

Within these top priority ranked NTB themes, there were some common challenges identified across the agri-food sector. Examples of these common challenges are detailed in the table below:

1. Product Registration and Certification	
example common challenges	<ul style="list-style-type: none"> • circumstances whereby import countries product registration and certification requirements involve long and often variable timeframes for approval processes. This also includes common challenges associated with duplication of administrative functions by regulatory agencies.
2. Quarantine and Health Protocols and associated Certification and Compliance	
examples of common challenges	<ul style="list-style-type: none"> • where no formal quarantine protocol exists on a product for which there is genuine Australian trade potential and market demand. In some instances, on product where there are long-standing bilateral technical market access requests from Australia. • import country acceptance of electronic certification systems. This is an area where electronic certification once recognised could address import country objectives regarding document legalisation/ verification and anti-fraud activities. • import country requirements for a “positive list” approach to approving processing facilities which are eligible to export product. This includes the

	processes, requirements and timeframes for listing of approved export establishments affecting a range of animal and plant products. Such NTBs limit the number of eligible Australian facilities with market access rights.
3. Labelling Requirements	
examples of common challenge	<ul style="list-style-type: none"> • duplicative and unnecessary importing country labelling requirements that apply to both retail and bulk/ wholesale products. • where minor or trivial changes to product composition require automatic regulatory re-assessment to satisfy product labelling requirements.
4. Changing Customs Requirements in Foreign Markets	
example of common challenge	<ul style="list-style-type: none"> • inconsistent interpretation and application of central government import requirements at a local level. This was expressed as an issue with markets in which import requirements tended to be unclear and could be applied inconsistently between ports-of-entry within the same country.

Industry perspectives were also sought on priority markets and regions for addressing NTBs. Reflecting the growing demand and expansion of Australian agri-food exports, Asia, and particularly China, is a key focus area for addressing NTBs followed by the Middle East, Europe and North America.

FREE TRADE AGREEMENTS

Tariff outcomes from recently concluded free trade agreements (FTAs) are broadly welcomed by industry. A number of industry stakeholders expressed eagerness at the prospect of enhancing trade volumes or new trade flows following the phase-out of tariffs under Australia's recently concluded North Asian FTAs (Korea, Japan and China).

However, NTBs can dilute the market access gains achieved through such tariff reductions and potentially erode the competitiveness of Australian exports. Indeed, some experienced exporters voiced a concern in regard to NTBs and the tariff 'trifecta' of Australia's recently concluded North Asian FTAs. This was expressed as a need for watchfulness to monitor tariffs as they are phased-down to ensure they are not replaced by new NTBs - particularly for sensitive agri-food products.

NTBs need to be addressed to fully realise the benefits available under FTAs and take advantage of Australia's hard won market access gains. In some instances, favourable tariff outcomes have been secured through FTA negotiations, but markets remain inaccessible due to the existence of an NTB that prohibits Australian product. This is most apparent in relation to technical market access barriers such as animal and plant health (quarantine) protocols.

There is limited scope to address specific NTBs in FTA negotiations. The treatment of NTBs in Australia's FTAs has largely been confined to affirming WTO commitments and encouraging transparency and regulatory cooperation through formal consultative mechanisms established under such agreements. These mechanisms are established under formal FTA committee structures (e.g. TBT or SPS Committees). In many cases, existing bilateral meetings and routine formal discussions on technical market access issues (food safety, quarantine, plant and animal health), effectively are re-branded as bilateral consultative mechanisms under new FTA arrangements.

Of note, Australia's recently concluded North Asian FTAs with Japan, Korea and China, include specific mechanisms to review and address non-tariff barriers on a case-by-case basis. While an increased focus on NTBs in Australia's FTAs is welcome and provides another avenue to raise Australian industry concerns, the effectiveness of these arrangements in addressing NTBs remains to be seen. There was little awareness among industry stakeholders of such FTA consultative forums on NTBs.

In order to capitalise on outcomes from bilateral and regional free trade agreements (FTAs) there is merit in re-focussing Australian government and industry efforts to pragmatically and strategically address priority non-tariff barriers (NTBs) across the agri-food export sector.

INTERNATIONAL STANDARDS

WORLD TRADE ORGANIZATION

The broad range of measures that constitute non-tariff barriers are subject to international trade rules under WTO Agreements, notably, the Sanitary and Phytosanitary Measures (SPS) Agreement and the Technical Barriers to Trade (TBT) Agreement.

However, both agreements also recognise member countries' rights to adopt the standards they consider appropriate — for example, for human, animal or plant life or health, for the protection of the environment or to meet other consumer interests.

WTO members have recourse to the WTO dispute settlement procedure should they consider that the specific measures of another member of concern are inconsistent with WTO rules.

NTB measures come under the purview of the WTO SPS and TBT Committees. The SPS Committee considers measures relating to food safety, animal and plant health. The TBT Committee considers regulations, standards, testing and certification procedures. The SPS and TBT agreements require that regulations and measures are non-discriminatory, do not create unnecessary obstacles to trade and encourage members to apply international

standards¹⁵. Both the SPS and TBT Committees provide an opportunity for Australia to share information, clarify and discuss concerns about specific NTB measures and their implementation.

International food regulatory cooperation, including mutual recognition and harmonisation initiatives, can help mitigate compliance costs that arise as a result of unnecessarily restrictive measures.

International and regional food standards setting and harmonisation initiatives are generally supported by industry. Such initiatives provide the opportunity to establish credible standards and regulatory practices to facilitate trade and have the potential to reduce industry compliance costs. Noting, that standards development processes operate over medium to longer-term timeframes (see the example of Codex procedures below).

REGIONAL HARMONISATION & STANDARDS DEVELOPMENT

Rising standards of living and increasing consumer demand for quality agri-food products in the Asia-Pacific region are accompanied by increasing consumer expectations of the quality and safety of imported food.

There are current initiatives for food regulatory harmonisation in the Asia-Pacific region that generally align with Australian agri-food export interests. These include industry and government-led initiatives within Association of South East Asian Nations (ASEAN) and the Asia-Pacific Economic Cooperation organisation (APEC). Specifically, the ASEAN Food and Beverage Alliance and the APEC Food Safety Cooperation Forum; both of which have relevance and interest to Australia. Of note, while there is an ASEAN harmonisation agenda, there are also significant differences in the stage of development and robustness of food regulatory systems within the ASEAN membership. In this sense, there is considered to be some merit in also exploring alignment of regulatory outcomes as a step towards accelerating the harmonisation of food standards across ASEAN.

To be truly trade facilitative, efforts to establish regional or international benchmarks will also need to reflect the realities of a changing global marketplace. International institutions will similarly need to respond inclusively to the shifting centre of gravity and focus towards Asia.

¹⁵ 'Understanding the WTO Agreement on Sanitary and Phytosanitary Measures', WTO [website] (1998) https://www.wto.org/english/tratop_e/sps_e/spsund_e.htm. accessed 24 June 2015.

Australian voices and perspectives could assist in facilitating reasoned and balanced outcomes through multilateral organisations and regional initiatives – be they forums exclusive to government or industry-led. At a minimum, it would seem prudent to maintain an effective capacity to monitor areas of Australian interest and engage where necessary in international standards setting processes. Ensuring access to such capacity would both mitigate against other countries agendas that could disadvantage Australian agri-food products and also drive credible international standards development that genuinely facilitates trade in agri-food products.

Balanced and sustained levels of resourcing are required to effectively engage and influence international food standards. This includes a commitment to maintaining access to the right knowledge, experience and capabilities on the part of key industry and government experts to engage effectively and consistently over the often long-timeframes inherent in the processes of international standard setting bodies. An example is given below examining the Codex Alimentarius Commission's eight-step process for food standards development¹⁶:

The Codex Alimentarius Commission (Codex): is an international standards setting body established within the United Nations system. It coordinates the development and endorsement of standards for international food trade. The Codex eight-step process to initiate or revise a food standard can take many years to progress to adoption. As Codex is a United Nations body, decision-making requires consensus (the absence of a formal objection) to be achieved among 184 member countries. This can result in situations whereby consensus cannot be reached late in the Codex step procedure and draft standards then need to be returned to an earlier step for reconsideration.

NEXT STEPS – WHERE TO FROM HERE?

The importance of NTBs for Australian exporters has also been highlighted in industry submissions to the Australian Government's White Paper on Agriculture Competitiveness process.

A refocussed and coordinated strategy to address priority NTBs across the agri-food sectors would be particularly timely given Australia's recently negotiated North Asian FTAs and the focus afforded the issue in the Agriculture Competitiveness White Paper. It is suggested that further efforts be made to maximise benefits achieved through trade negotiations by addressing the non-tariff barriers that remain. Acknowledging, that this is an area where increased efforts will be best progressed through effective collaboration and partnerships between Australian governments and industry.

¹⁶ 'The Codex System: the Codex Alimentarius Commission and how it works', FAO [website] (2003) <http://www.fao.org/docrep/008/y7867e/y7867e05.htm>, accessed 17 June 2015.

Part of this process would usefully include a review of current and past approaches to addressing NTBs (e.g. what has worked and what hasn't? what has changed? what are competitor countries doing?).

Key in such a recasting of effort, would be insight into the political and domestic drivers behind non-tariff barriers. Similarly, an understanding of the negotiating environment in which Australia could best pursue a focussed NTB reform agenda will be required. A pragmatic understanding and assessment of the opportunities for success in addressing different NTBs and the constraints inherent in various different approaches will also be important.

In-country market intelligence and effective professional government and industry networks can be vital to understanding the realities and drivers of various non-tariff barriers and practical 'rules of the road' faced by Australian exporters in key markets. This could include information received via trade contacts or local importer/ distributor relationships. Such industry market intelligence is also important for awareness of shifts in regulatory attitudes or port practices or changes to third country protocols that impact on the market for products of Australian interest. For example, circumstances in which a trading partner may be requesting more onerous technical market access requirements on a product from Australia than those asked of a competitor country with a similar pest and disease risk profiles.

ANNEX 1

Priority ranked non-tariff barrier themes	
Tier 1	<ol style="list-style-type: none"> 1. Product Registration and Certification 2. Quarantine and Health Protocols, and associated Certification and Compliance 3. Labelling Requirements 4. Changing Customs Requirements in Foreign Markets
Tier 2	<ol style="list-style-type: none"> 5. Quota Administration and Import Permit Issues 6. Shelf Life/Expiry Date/Product Age Conditions 7. Compositional Standards 8. Inspection Processes
Tier 3	<ol style="list-style-type: none"> 9. Packaging Requirements 10. Export Certification 11. Requirement for Integrated Establishments 12. Maximum Residue Limit (MRL)/ Maximum Permitted Concentration (MPC)
Tier 4	<ol style="list-style-type: none"> 13. Sample Testing 14. Establishment Listing 15. Port of Entry Requirements 16. Pre Departure Product Testing



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