



Department of
**AGRICULTURE
FISHERIES &
FORESTRY -
AUSTRALIA**



5 March 2002

Mr John Cosgrove
Presiding Commissioner
Productivity Commission
Locked Bag 2
Collins Street East PO
Melbourne VIC 8003

By Fax: 03 9653 2302

Dear Mr Cosgrove

CITRUS GROWING AND PROCESSING: POSITION PAPER

Further to discussions you and your staff had with representatives of Plant Biosecurity on 25 February, I am writing to you to provide additional information on the process for horticulture export market access and the role of Biosecurity Australia (BA). In addition I wish to take this opportunity to comment on Draft Recommendations 7.3 and 7.4 of the *Position Paper*.

BA is the Australian government agency responsible, inter alia, for the technical market access relationships that relate to quarantine requirements for exports of Australian plants and plant products, including horticultural commodities. There is a spectrum of complexity with quarantine market access matters, from those markets that do not impose any quarantine conditions on fruit and vegetable imports (eg Hong Kong, Singapore) through to markets that have very rigorous pre-approval requirements before quarantine conditions are established and trade can commence (eg, Japan, New Zealand, United States, Korea).

BA provides advice on plant quarantine requirements, or applicable quarantine access processes, for the candidate commodity-by-market combinations proposed by industry to the Horticulture Industries Market Access Committee (HMAC), chaired by Horticulture Australia Limited (HAL). Other government agencies such as the Food Group of (the Department of) Agriculture, Fisheries and Forestry - Australia and the Department of Foreign Affairs and Trade, also provide input to HMAC.

Edmund Barton Building
Barton ACT
GPO Box 858
Canberra ACT 2601
ph +61 2 6272 3933
fax +61 2 6272 5161
www.affa.gov.au

ABN 24 113 085 695

You would be aware that HAL recently commissioned a review of HMAC and I trust that you will be seeking general advice from HAL on the process for horticulture export market access. From BA's perspective, HMAC arrangements have been a useful vehicle to obtain a "whole of issue" perspective on the value of a particular market access aspiration and to coordinated industry guidance on priorities for fruit and vegetable quarantine market access. Historically, access had been sought for products nominated by disparate groups or government bodies, often without much commercial pick up of the opportunities obtained by BA, as non-quarantine matters precluded interest in a given trade.

However, the value of the HMAC arrangements has altered somewhat in recent years, due to a marked increase in the number of market access proposals that have been agreed by HMAC. BA is hopeful that the current HMAC review will address forthcoming management challenges for HMAC's handling of horticulture export market access arrangements. This would help to address a range of misunderstandings in some quarters, in particular that agreement to a commodity proposal by HMAC implies automatic agreement by a prospective importing country, when in reality "the clock merely starts" with the nomination of a priority by HMAC.

Many market access proposals for fruits and vegetables require a range of pre-submission activities on the part of Biosecurity Australia, including the coordination of pest and disease lists (in liaison with State and Territory departments responsible for agriculture). Subsequently, where quarantine pests for a country are known, or on consideration of pest lists, quarantine pests have been nominated by National Plant Protection Organisations (NPPO's), extensive access submissions must be prepared, incorporating risk management options (eg disinfestation research data, pest free area submissions etc.). Many of these activities are undertaken at a pace that is ultimately determined by funding and staffing resources within industry, State and Territory departments, research organisations and BA, as relevant. In this sense, BA is as much a client of the relevant "information providers" as industry is and must be cognisant of their constraints also.

It is important to note that BA's technical discussions with its counterpart NPPO's are not *negotiations*. The term 'negotiation' implies a process of incremental exchange in positions, including the use of trade offs, such as those that may be employed in discussions on tariffs or quotas. It is neither possible nor feasible to conduct a technical quarantine relationship in this way. In addition, any attempt to do so would breach our obligations under the WTO's Agreement on the Application of Sanitary and Phytosanitary Measures (the SPS Agreement), which requires governments to scientifically justify their quarantine measures through the use of transparent risk analysis, using internationally developed standards wherever available and appropriate. Therefore, suggestions to the Commission that BA is a "weak negotiator" represent fundamental misunderstandings of the business we are in.

Draft Recommendation 7.3

BA provides advice on the status of quarantine access discussions with other countries through a number of mechanisms, ranging from direct response to queries from interested parties, though to the publication of "Highlights from Biosecurity Australia's current work program" in BA News. Importantly, each HMAC meeting is provided with a detailed update of quarantine market initiatives under way. This forum is often provided with anticipated completion dates, where it is sensible to do so, being careful not to provide misleading advice to industry or to inadvertently precipitate unreasonable expectations on timelines.

That said however, experience shows such information can date very quickly and can be impacted on by a raft of external factors, rendering its use as a performance measure unreliable and potentially misleading. Importantly also, such estimates are not comparable between issues, rendering documents internally inconsistent and often requiring secondary documentation to assist in interpretation.

HMAC members, representing peak industry sectors and/or regional bodies have the responsibility of disseminating the information provided onto their respective constituencies. Any additional communication initiatives might also require complementary mechanisms to centralize responses (ie perhaps to the HMAC Secretariat), and importantly, encourage consensus.

An additional concern is that wider public dissemination of detailed technical access discussions by BA might only be appropriate if it could be restricted to the Australian domestic environment. Consideration needs to be given to the possible ramifications of such information going into the international arena (such as through the internet), vis-à-vis the sensitivities of overseas NPPO's and their own domestic circumstances, particularly in Asian regions.

On the issue of bilateral technical quarantine meetings with our counterpart agencies, these are in principle held annually or biennially, but more often than not on an as needs basis. They are frequently arranged at very short notice, particularly due to the dynamic nature of our counterpart's commitments and availability of their senior staff. Hence a consolidated forward program is not generally generated due to intrinsic doubt over its utility in practice.

Nevertheless, BA would welcome discussion/ advice as to how such a document would be useful in practice, in order to be able to construct one in a format appropriate to the need.

Draft Recommendation 7.4

The recommendation implies that it is only BA's resourcing regime that dictates progress with horticultural commodity market access generally, and for the citrus industry in particular, which is overly simplistic. Resources devoted to our market access aspirations come from many quarters - industry, other government agencies, overseas authorities - and all parties' circumstances have an impact on the complexity and timing to finalisation of any particular access proposal.

It is not clear that there are examples of citrus industry market access aspirations being delayed by insufficient resources on BA's part alone. As stated above, BA is a client of the relevant "information providers" and must be cognisant of the resource constraints experienced by others.

Therefore, as a theoretical exercise, I would like to make the following comments on options provided by the *Position Paper*, on mechanisms to supplement BA's resources in this area.

Current funding is by direct government budgetary allocation and this would be the most appropriate avenue for addition funds, should a need for this be demonstrated by rigorous analysis. A levy on industry would be discriminatory (in the sense that inequities could arise in BA's treatment of different industries/ markets) and impose additional administrative costs on BA, which could be counterproductive.

Of greater concern however, would be the implications of instituting levy arrangements for BA's standing in the eyes of our overseas counterpart agencies. Particular sensitivities may arise for North Asian authorities, who might perceive such arrangements as compromising BA's integrity as an independent government technical agency.

Other issues

I would like to comment on two other matters contained in the *Position Paper*. The first is that BA believes the comparison of resources devoted to import risk analysis (IRA) work and technical export market access activities to be erroneous. Production of IRA's is the sole responsibility of each country undertaking assessment of import proposals, utilizing information obtained by the prospective exporting party and other sources. For this reason, Australia's IRA work program, as is the reverse case for our counterpart agencies overseas, is and will continue to be inherently more resource intensive than our export market access work. The relevant point is whether the resources that are allocated for market access are appropriate and sufficient.

Second, and finally, I would like to thank the Commission for its sensible analysis to date of the matters brought to it that are relevant to BA. I note that specific examples of technical market access successes are currently being reviewed by Commission staff with BA's assistance and would encourage on-going involvement of BA's staff in the Commissions work to progress the *Position Paper*. Through use of these examples, it will become apparent that many of the markets that the *Position Paper* refers to as important to the citrus industry, have been obtained through the work of Biosecurity Australia and its predecessors. This point is not clear from the current Paper.

I have asked Chris Hood, Senior Manager, Plant Biosecurity, to present to the 20 March 2002 public hearing on the *Position Paper* in Melbourne. Please do not hesitate to contact Chris should further information be required.

Yours sincerely

Brian Stynes
General Manager
Plant Biosecurity
Biosecurity Australia

cc. Mr John Watts, Agriculture and Food Branch, Office of Trade Negotiations, DFAT
Mr Peter Hancock, Food Group, AFFA.