

# NTMs impacting Australian Horticulture

Market access is critical for the Australian horticulture industry. Australian growers export approximately \$2.92 billion worth of horticultural commodities annually, accounting for about 25% of Australia's total production. Although there has been a general decrease over the last ten years in tariffs that restrict trade, there has also been a steady emergence of 'non-tariff measures' (NTMs), that can directly impact export markets. NTMs can lead to benefits from both an import and export perspective, however export markets often experience a decrease in activity as compliance costs rise and exporting becomes less profitable<sup>1</sup>.

To facilitate collaboration between industry and government in addressing NTMs that are unfair or overly costly barriers to trade, RMCG were engaged to identify and understand the impact of NTMs applied to specific commodities and more broadly across the horticulture industry.

<sup>1</sup> Cadot, O., Gourdon, J., van Tongeren, F. (2018) 'Estimating Ad Valorem Equivalents of Non-Tariff Measures – Combining price-based and quantity-based approaches' OECD



**Australian Government**  
**Department of Agriculture,**  
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**RMCG**

**Hort**  
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## Introduction

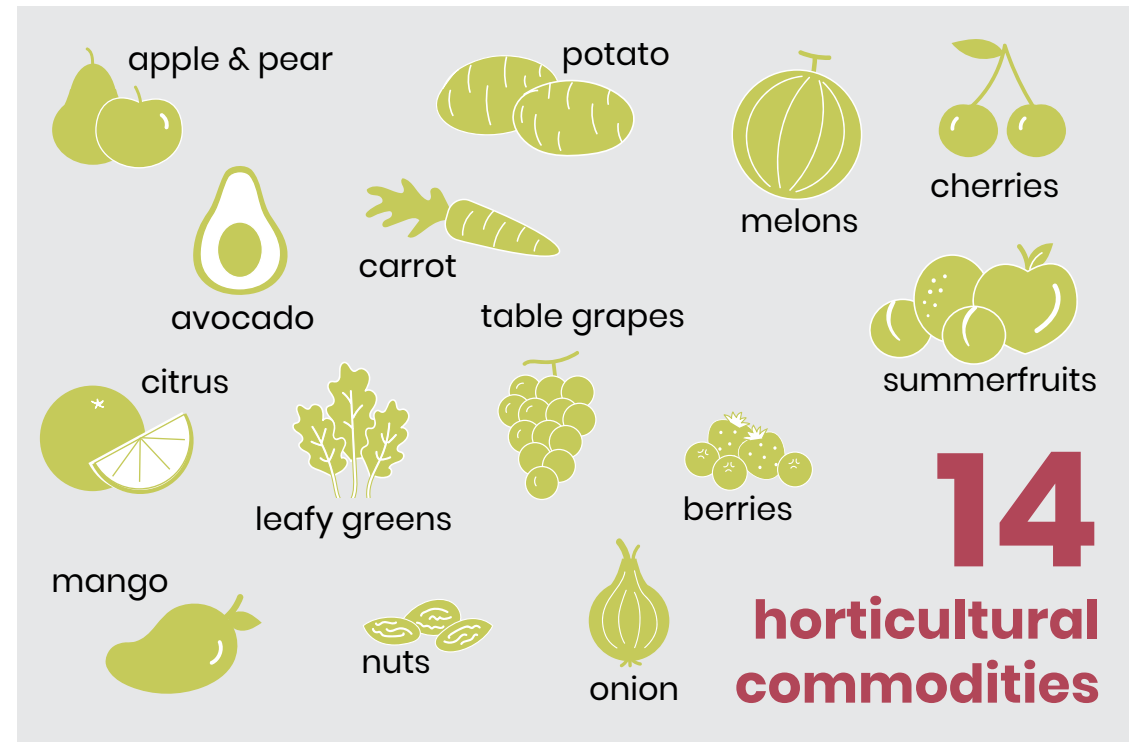
Non-tariff measures (NTMs) are requirements that countries apply to traded goods separate to ordinary customs tariffs. They are applied to ensure imported products are safe and healthy for consumers and protect countries from harmful pests and diseases that imported goods could introduce.

For Australian producers and exporters, NTMs are a normal part of doing business however NTMs can have an economic impact on trade by reducing access to markets and competitiveness. To facilitate collaboration between industry and government in addressing NTMs that are unfair or overly costly barriers to trade, RMCG were engaged to:

- Identify NTMs applied to a range of Australian horticulture products and classify these according to the United Nations Conference on Trade and Development (UNCTAD) International Classification of Non-Tariff Measures (2019) system
- Understand the impact of these NTMs on specific commodities and more broadly across the horticulture industry.

Due to the wide range of horticultural commodities exported from Australia and the number of importing countries it was necessary to define the scope of commodities and markets to be assessed by the project based on relevance and importance to Australia.

These included 14 horticultural commodities and 13 international markets.

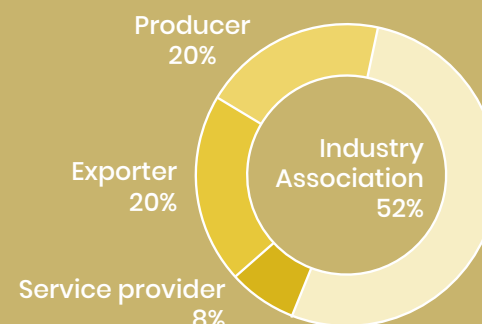


## Approach

To inform the review data was collated via desktop research, analysis of trade and NTM data sources and industry consultation. Based on the review, a database was established which classified (according to the UNCTAD definitions) relevant NTMs, and the reason for the classification. The database, in conjunction with industry consultation, was used to develop an overarching report identifying the NTMs placed on Australian horticultural product across thirteen key export markets. Relevant data and information from the main report was drawn to produce fourteen individual commodity reports.



## Type of stakeholder



## Defining NTMs

To facilitate a universal language for understanding and disseminating information on what and how NTMs are being implemented around the world, the World Trade Organisation developed an international NTM classification system, the United Nations Conference of Trade and Development International Classification of Non-Tariff Measures (developed in 2008 and revised in 2019).

The classification separates NTMs into two high level categories – technical and non-technical measures. These are broken down further into 16 total chapters (A to P), which reflect the requirements of the importing country concerning its imports, with the exception of measures imposed on exports by the exporting country (chapter P).

For Australian horticulture exporters, Technical barriers to trade (TBT) and Sanitary and Phytosanitary (SPS) measures account for 92% of the NTMs faced by Australian agriculture<sup>2</sup>. These include NTMs in Chapters A (Sanitary and Phytosanitary measures), B (Technical Barriers to Trade) and C (Pre-shipment and other). These measures generally target food safety and quality assurance. The non-technical NTM chapters of relative importance to Australian horticulture are E and F.

## UNCTAD – International Classification of Non-Tariff Measures (2019) by chapter

|         |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IMPORTS | Technical measures     | <p><b>A</b> Sanitary and phytosanitary measures</p> <p><b>B</b> Technical barriers to trade</p> <p><b>C</b> Pre-shipment inspection and other formalities</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|         | Non-technical measures | <p><b>D</b> Contingent trade-protective measures</p> <p><b>E</b> Non-automatic import licensing, quotas, prohibitions, quantity-control measures and other restrictions not including sanitary and phytosanitary measures or measures relating to technical barriers to trade</p> <p><b>F</b> Price-control measures, including additional taxes and charges</p> <p><b>G</b> Finance measures</p> <p><b>H</b> Measures affecting competition</p> <p><b>I</b> Trade-related investment measures</p> <p><b>J</b> Distribution restrictions</p> <p><b>K</b> Restrictions on post-sales services</p> <p><b>L</b> Subsidies and other forms of support</p> <p><b>M</b> Government procurement restrictions</p> <p><b>N</b> Intellectual property</p> <p><b>O</b> Rules of origin</p> |
| Exports |                        | <p><b>P</b> Export-related measures</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

<sup>2</sup> <https://www.agriculture.gov.au/abares/research-topics/trade/non-tariff-measures>

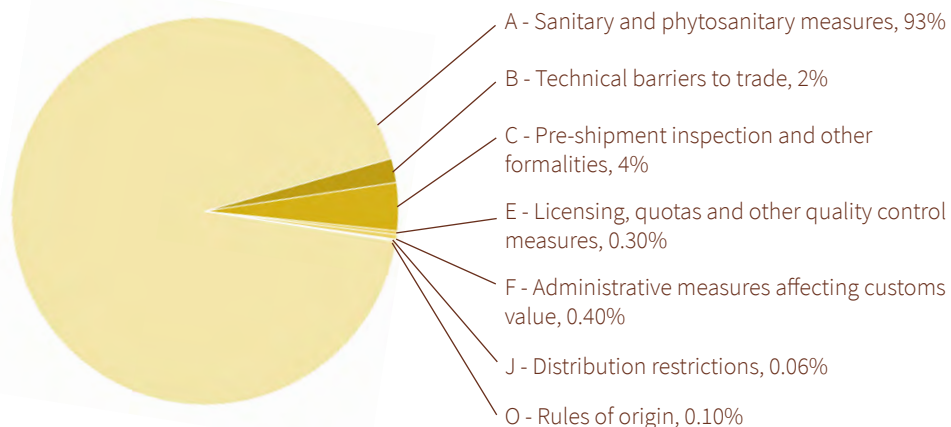
## NTMs by classification

The majority of these NTMs relate to sanitary (human and animal health) and phytosanitary (plant health) (SPS) measures and are due to the number (959) of quarantine pests of concern, most of which are insects.

Typical SPS measures include:

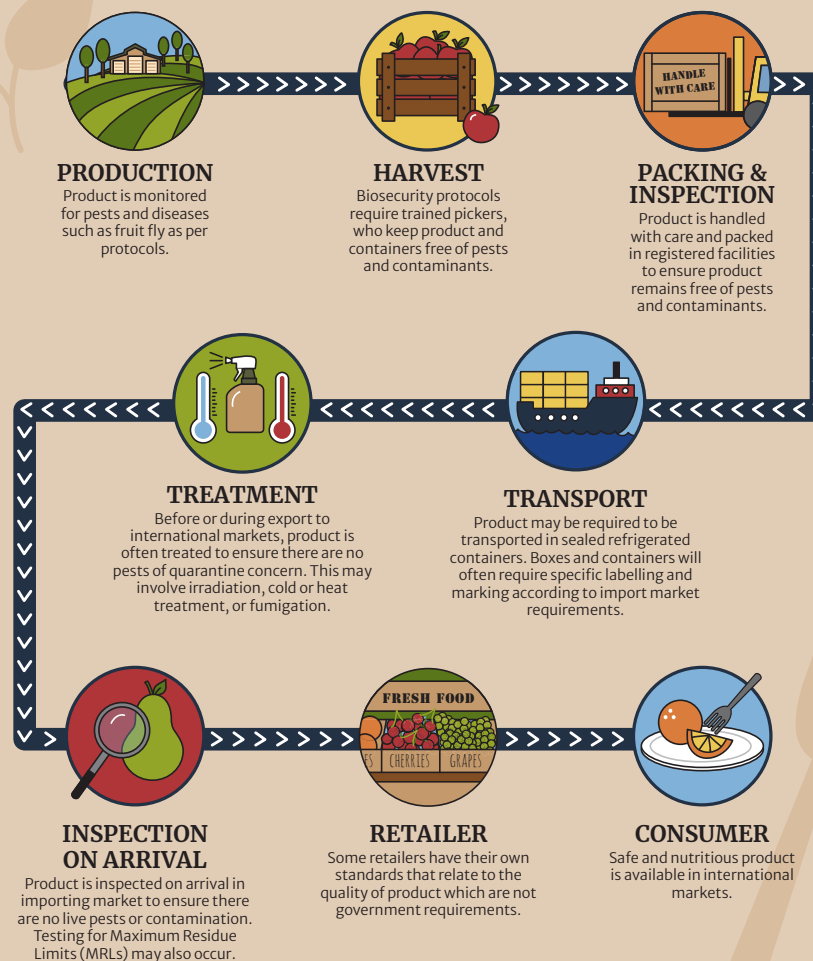
- A systems approach (such as application of IPM approach in orchards)
- Traceability requirements (record keeping and registration of producers and packhouses)
- Treatment for elimination (irradiation, fumigation and cold/heat treatment)
- Conformity assessment (such as inspection requirements and phytosanitary certificates).

## Number and type of technical (A, B, C) and non-technical (E, F, J, O) measures applied to Australian horticulture



Countries that have significant numbers of quarantine pests commonly develop a protocol to enable trade of horticultural product to continue under strict conditions (application of NTMs) despite the presence of these pests in the exporting country (Australia).

## WHERE NTMS (NON-TARIFF MEASURES) ARE APPLIED IN THE EXPORT OF AUSTRALIAN HORTICULTURAL PRODUCT TO PROTOCOL MARKETS



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## Reports

Copies of the full report and the individual commodity reports are available upon request from Anthony Baker (Hort Innovation) at [Anthony.Baker@horticulture.com.au](mailto:Anthony.Baker@horticulture.com.au) or Dr Kristen Stirling (RMCG) at [kristens@rmcg.com.au](mailto:kristens@rmcg.com.au).

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