



**Rabobank**

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## ***Getting Australian agriculture on the global market access ‘VIP’ list***

Priority must be given to policy and regulatory settings that improve market access for Australian exporters, with a heightened focus on the negotiation of Free Trade Agreements and building business-to-business and government-to-government working relationships, according to a new report by global agribusiness specialist Rabobank.

Further leveraging Australia’s world class production and supply chain systems is also of utmost importance, the report says.

Releasing the research report, **Competitive Challenges – Getting Australia on the global market access ‘VIP’ list** – Rabobank animal proteins analyst Matt Costello says improving market access is critical for the future growth and success of Australian agriculture, given the importance and reliance on exports across all sectors.

“Since being elected in 2013, the Australian government has made improving market access a major priority and after negotiating the Free Trade Agreement with Japan and Korea, China is now the focus, and with future trade growth expected to come from Asia and the Middle East, urgency should be placed on improving access to these markets too,” Mr Costello says.

“Improving market access through FTA’s is only one half of the equation though – political and regulatory risks remain in the form of technical trade barriers (TTB), which are often high for agriculture and can be difficult to resolve. Technical trade barriers are also less transparent than tariff barriers and can have a greater impact on trade flows.”

The successful negotiation of FTA’s with emerging markets should be a “stepping stone” to building and improving relationships in order to prevent and address TTB’s as having strong relationships on the ground in the market, is vital, Mr Costello stresses.

“There is clearly a need for greater collaboration between all facets of agriculture, domestically within industries, cross-sectorally, and with the government,” he says.

“A coordinated and strategic approach to formal negotiations as well as breaking down TTB’s are critical for the advancement of Australian agriculture.”

### **Australia turns its attention to feeding the dragon**

If Australia cannot negotiate a complete reduction in tariffs like New Zealand has with China, Australia’s FTA with the Chinese will not be considered a success, Rabobank’s report warns.

“As China is Australia’s largest agricultural export market, it is imperative an agreement is reached quickly, tariffs are completely phased out, and more resources are invested to smooth the developing trade and limit the impact of TTB’s,” Mr Costello says.



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“As it stands, China is close to removing all tariffs on most of New Zealand’s key commodities, particularly ones that directly compete with Australia which will make New Zealand’s exports more competitive relative to ours – the Australian government needs to act now to protect our position, particularly when it comes to the dairy, beef and sheep industries.”

### **Trade deals only half the story**

While it is difficult to quantify just how costly non-tariff barriers are, they are often more complex and less transparent and therefore quite difficult overcome, Mr Costello says.

Examples of TTB’s include product and processing certification, bio-security requirements, quarantine protocols, labelling and inspection requirements, and import licensing requirements.

“Two trends that are clear with the gradual reduction in trade barriers over time and the likelihood of further reductions in the future, the use of TTB’s is increasing particularly in emerging markets,” Mr Costello says.

“It is vital that Australian has resources invested on the ground, with strong relationships in the market to prevent and overcome delays as soon as possible.”

Despite these challenges, the Rabobank report highlights that among these trade barriers there are opportunities for Australia to share its knowledge, expertise and product that overseas importers and indeed consumers demand.

“By leveraging our first-class reputation for food safety, supply chain management and market knowledge, Australian exporter have the ability to gain access into markets – particularly emerging markets where a collaborative and strong relationship and expertise is required,” Mr Costello says.

“A continuing commitment to supply chain integrity and product quality remains the key differentiator supporting trade and global market access for Australian food and agricultural products which can give us the upper hand on our competitors such as Brazil, the US and India, who have experienced challenges with disease status and traceability concerns.”

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