

Policy Position for Horticulture on Trade

Background

Australian horticultural exports, covering primary and processed horticultural goods, generate some \$1 billion per annum. The maintenance and expansion of export trade is essential for the Horticulture industry's future. However global trade remains far from open, and is constrained and distorted by a range of barriers. In this environment, horticultural industries seek further access to export markets through a free and fair world trading system.

The Horticulture industry pursues a trade access and development policy which:

- ❖ Supports a position that world trade reform - through both multilateral negotiations such as the Doha Round and bilateral negotiations such as Free Trade Agreements (FTAs) - be pursued in such a way as to produce trade-generating outcomes.
- ❖ Supports a smooth functioning of the quarantine access process in place under the WTO's Sanitary and Phytosanitary (SPS) Agreement, and the reform of sanitary and phytosanitary barriers which are based on poor science or non-scientific policy considerations.
- ❖ Supports the commitment of adequate resources to the achievement of the above by the government agencies involved, and in full consultation and coordination with the Horticulture industry.
- ❖ Supports the effective pursuit of all channels to achieve improved trade outcomes. Ultimately, improved trade liberalisation and the movement to freer trade is a package over time, involving the Doha Round, FTAs, and other channels (such as SPS access as governed by WTO arrangements).

Issues

The Doha Round

Doha is the latest round of multilateral negotiations by WTO member countries seeking further trade liberalisation across major issues affecting international trade. The Round is significant for horticulture as the outcomes will be particularly important for markets such as the EU, Japan, Korea and Taiwan or certain developing countries where Free Trade Agreement (FTA) negotiations are not currently in progress or envisaged by Australia. The Doha Round outcomes are also of particular importance with respect to the negotiation of reductions in or removal of domestic subsidies and export supports, as FTAs are unable to address these matters on a bilateral basis.

FTAs

The Horticulture industry supports world trade reform through multi- and bilateral negotiations based on the standards set by the GATT and more recently the WTO. Free trade agreements (FTAs) are a primary means of bilateral trade liberalisation. FTAs recently concluded and currently under negotiation cover the major global markets for Australian horticulture.

FTAs focus on those areas which can be negotiated bilaterally rather than multilaterally. As they target free trade, they will invariably achieve superior outcomes than multilateral negotiations such as the Doha Round. However they are limited to the trade and related arrangements negotiable between the parties. Therefore they do not address the full range of inequalities in global trade, particularly those which can only be handled at the multilateral level such as under the Doha Round.

Ultimately improved trade liberalisation and the movement to freer trade is a package over time involving multilateral negotiations such as the Doha Round, FTAs, and other channels such as phytosanitary access as governed by WTO arrangements.

Our Position

The Doha Round

Horticulture supports the general principles of the 'Cairns Group'. The Horticulture industry's position is that during negotiation of the Doha Round government agencies should:

- ❖ Consult with the Horticulture industry at all stages of the negotiations.
- ❖ Generate and expand trade in horticultural commodities.
- ❖ Cover all horticultural commodities.
- ❖ Recognise the importance of horticulture to Australia's agricultural economy.
- ❖ Require real trade-generating outcomes for the industry.
- ❖ Not utilise horticultural products as 'bargaining chips' or candidates for one-way concessions.
- ❖ Recognise any special circumstances of anticipated Doha Round outcomes to the Horticulture industry.
- ❖ Target the following specific outcomes:
 - Maintain a high level of ambition for Doha Round outcomes in line with the promise of the Doha Mandate of substantial improvements in market access, reductions of, with a view to phasing out of, all forms of export subsidies, and substantial reductions in trade distorting domestic support;
 - Pursue market access as the most important of the three pillars and seek the maximum possible tariff reductions, allowing improvements in market access which generate substantial additional trade. The World Bank identifies that market access accounts for 93% of the potential gains from trade liberalisation²;
 - Where appropriate, negotiate so that cuts in bound tariff rates bite into applied tariffs so that trade generating outcomes are achievable;
 - Acknowledge that the special status of least developed and developing countries requires concessional outcomes in comparison with developed countries. However such concessional outcomes for these groups of countries need to be measured and embody a recognition by these countries that they also need to participate in trade liberalization;

- Negotiate so that introduction by the Round of any categories of Sensitive and Special Products will be strictly limited to prevent dissipation of gains in market access, and that Special Safeguards will be eliminated for developed countries;
- Negotiate so that tariff quotas where applied or created provide greater access. In quota tariffs should be abolished and appropriate quota administration arrangements put in place. Volumes under quotas should be based on a percentage of domestic consumption, for example 10%, and not on historical import volumes;
- Seek that export subsidies shall be eliminated in as short a period as possible. Export credits should be limited to 180 days or less with terms on a normal commercial risk basis;
- Seek real reductions in domestic support, that is which effectively and substantially cut support, not just lower support entitlements. Trade distorting domestic support should be removed;
- Oppose any extension of arrangements to cover so called geographical indications in respect of horticultural produce. The proposed register for geographical indications will create uncertainty in both domestic and international markets. Implementation of measures in relation to geographical indications will create serious problems in customs and administration.

FTAs

The Horticulture industry's position is that negotiation of FTAs by government agencies should:

- ❖ Consult with the Horticulture industry at all stages of the negotiations.
- ❖ Generate and expand trade in horticultural commodities.
- ❖ Cover all horticultural commodities.
- ❖ Target the least trade restrictive outcomes for horticulture, for example:
 - Result in zero tariffs, either at the time the FTA comes into effect or at as early a date as possible;
 - Achieve tariff outcomes at least as favourable as we offer;
 - Achieve tariff outcomes at least as favourable as those achieved by competitors into our markets;
 - Eliminate 'behind the borders' barriers to trade;
 - Eliminate other trade distorting programs and activities.
- ❖ Support and accelerate, but not negotiate, the science-based sanitary and phytosanitary (SPS) system, to facilitate scientifically and commercially sound SPS protocols.
- ❖ Recognise the importance of horticulture to Australia's agricultural economy by not utilising horticultural products as 'bargaining chips'.

Recognise any special circumstances of anticipated free trade outcomes to the Horticulture industry.

Industry Structure and Process for Trade Negotiations

The industry body with primary responsibility for working with the government agencies in the negotiation of FTAs is the **Horticultural Market Access Committee (HMAC)**. HMAC seeks to:

- ❖ Liaise with Horticultural industries through their associations on their requirements for trade outcomes and on progress in trade negotiations;
- ❖ Develop negotiating positions and supporting material in advance of the appropriate negotiation rounds.
- ❖ Develop both primary and fall back positions;
- ❖ Receive industry mandates to make decisions on the ground where necessary.

Primary contact point for the Doha Round is the Horticultural Market Access Coordinator, Stephen Winter on tel: 03.98320787 or market.access@horticulture.com.au.