



Australian Government

Department of Agriculture
and Water Resources

China Market Access:

A Government Perspective



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China Agriculture and Food Trade

- China is Australia's top market for our agriculture, food, fisheries and forestry exports
 - Valued at \$13.25 billion in CY2017 – a **26.3 per cent increase** in exports over CY2016 (\$13.6 billion in FY2017-18 - a 14.2 per cent increase from \$11.91 billion in FY2016–17)
- Top commodity exports include:
 - Wool exports – worth \$3.0 billion in 2017
 - Barley exports – worth over \$1.4 billion in 2017
 - Beef exports – worth \$1 billion in FY2017–18
 - Wine exports - worth \$982.7 million in FY2017–18
 - Dairy product exports worth \$1.13 billion in FY2017–18.



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China-Australia Free Trade Agreement (ChAFTA)

- The China-Australia Free Trade Agreement (ChAFTA) came into force (EIF) on 20 December 2015.
- Since EIF there have been four tariff cuts under ChAFTA which have supported strong export growth
 - Next tariff cut on 1 January 2019
- From 1 January 2019 all tariffs on seafood, wine and most horticultural products will be completely eliminated
 - A range of tariffs on were eliminated on entry into force



ChAFTA: Supporting Growth in China Exports

- ChAFTA has contributed to significant growth in exports over the last 12 months:
 - **Beef** exports totalled \$1 billion in FY2017–18—a **34.5 per cent increase** from \$746.6 million in FY2016–17.
 - **Wine** exports were worth \$982.7 million in FY2017–18—a **65.1 per cent increase** from \$595.3 million in FY2016–17.
 - **Dairy** product exports totalled \$1.13 billion in **FY2017–18—a 38 per cent increase** from \$818.8 million in FY2016–17.
 - **Navel orange** exports totalled \$87.2 million in **FY2017–18—a 57.5 per cent increase** from \$55.4 million in FY2016–17.



Trade is More than Tariffs: Technical Market Access

- Free Trade Agreements do not address all-international trade barriers.
- Technical Market Access requirements can significantly influence the uptake of ChAFTA opportunities.
- The Government recognises this and is committed to supporting businesses get the most out of FTAs by addressing Non-Tariff Measures.
- Significant resources have been allocated to address-technical market access and other Non-Tariff Measures impacting trade.



Trade is More than Tariffs: Technical Market Access

- Establishing and expanding and maintaining existing market access through technical negotiations is key to taking full advantage of ChAFTA
- Negotiating technical market access requirements is complex and takes time to negotiate and implement
- Despite this, the department has made significant progress with improving and safeguarding access for Australian agricultural commodities into the Chinese market. For example, the signing of 11 new market access protocols on 9 November 2017, including:
 - Expansion of summer fruit access into China to include peaches, plums and apricots (in addition to nectarines secured in 2016)
 - Improved export conditions for table grapes, cherries, and citrus
 - New access for slaughter sheep and goats, and improved conditions for the export of beef, sheep and goat semen.



Trade is More than Tariffs: Be Export Ready

- Establishing and maintaining market access is also complex for industry and requires due diligence and vigilance
- Before requesting the Australian Government to establish new market access industry must position themselves to take up opportunities
 - Be export ready
 - Understand the market and access requirements
 - Have a strong business case – opportunities with a whole of industry focus will likely be prioritised
 - Ensure your product can be produced in compliance with Chinese requirements
- Complying with Chinese import requirements is essential for both industry and government to maintain market access.



Understanding China Trade: China Regulatory Environment

- China provides enormous opportunities
- It is also a difficult and challenging market, with constant regulatory changes and strict import requirements
- A changing regulatory environment:
 - New Food Safety Law – food safety is core government concern
 - Food fraud is a key concern – traceability is central
 - Biosecurity regulatory requirements – essential to access
 - E-commerce Law changes – a continuing evolution
- Recent China government restructure – focus on streamlining



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Understanding China Trade: China Regulatory Environment: Government Restructure

- The most extensive Chinese government restructure in 50 years
 - China announced roles & responsibilities of restructured ministries and agencies in late September 2018
 - Significant changes in the biosecurity and food safety regulatory agencies
 - Former AQSIQ and some functions of CNCA now subsumed into the General Administration of China Customs (GACC)
 - State Administration of Market Regulation (SAMR) absorbed domestic functions CNCA and former CFDA
 - The Ministry of Agriculture has now become the Ministry of Agriculture and Rural Affairs (MARA).

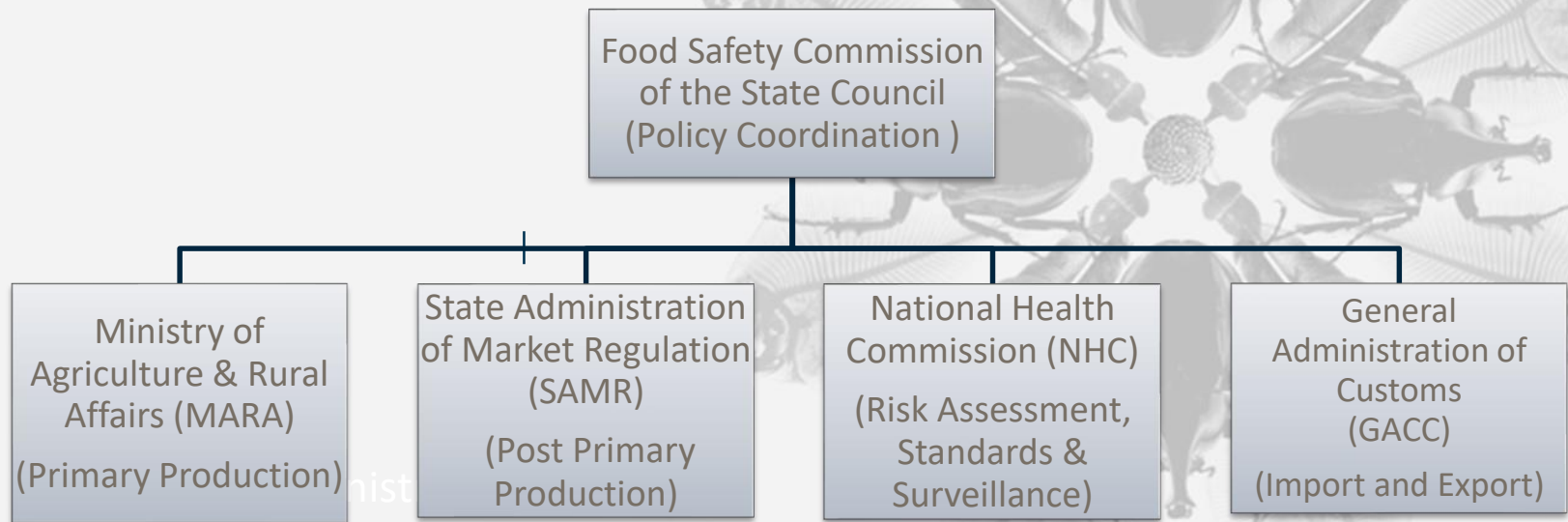


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Understanding China Trade: Government Regulatory Environment

Roles of Government Food Authorities in China



Understanding China Trade: China Regulatory Environment - Food Safety

- China's focus on food safety is driven by high profile food safety incidents which has increased the Chinese consumer's awareness of how their food is produced.
- Regulatory changes have resulted in new food safety requirements changing the conditions of trade for imported products into China, including those of Australian origin.
- Navigating these changes can be difficult and time-consuming for industry and government, but Australia is well placed given our high food safety standards and global reputation for quality safe products
- The need for compliance with Chinese requirements cannot be underestimated
 - The Australian Government continues to work closely with exporters to ensure that Chinese requirements are met.



Understanding China Trade: Australia's Food Safety Regulatory Environment

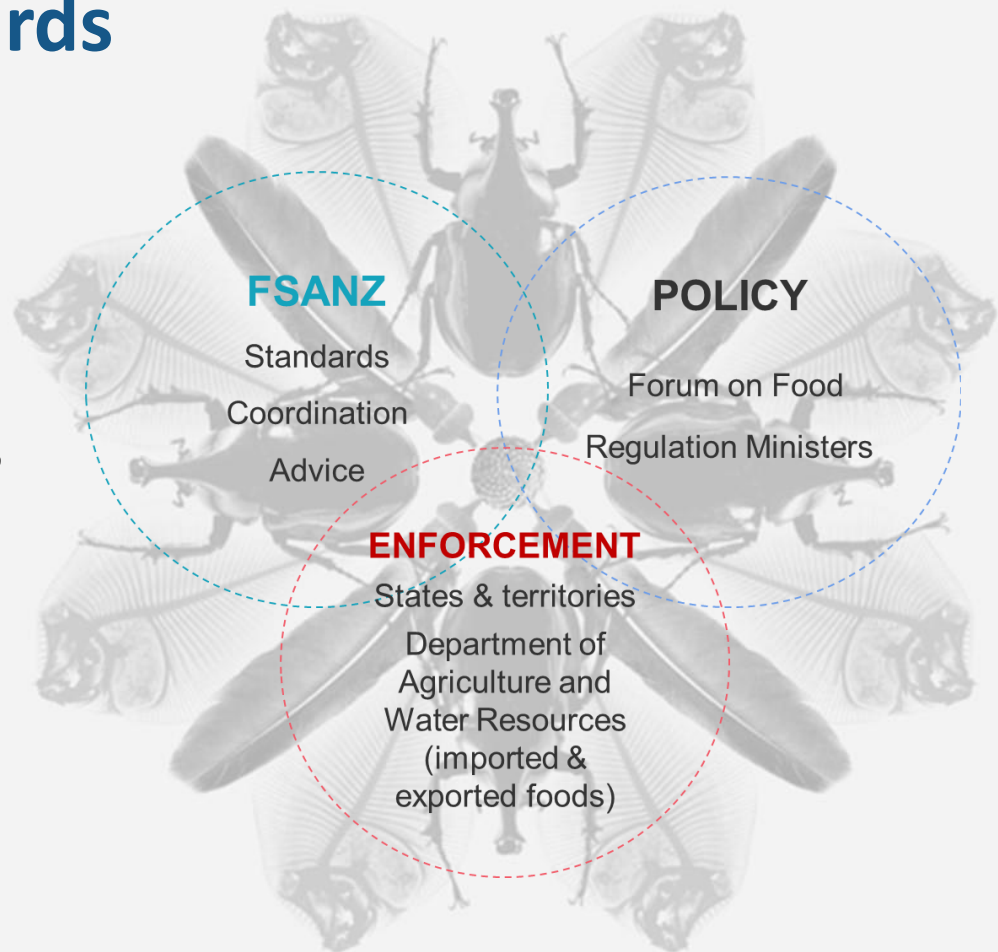
Under the Australian Constitution:

- State and territory governments are responsible for public health and food safety within their jurisdiction
- The Australian government is responsible for export and import controls of food commodities.

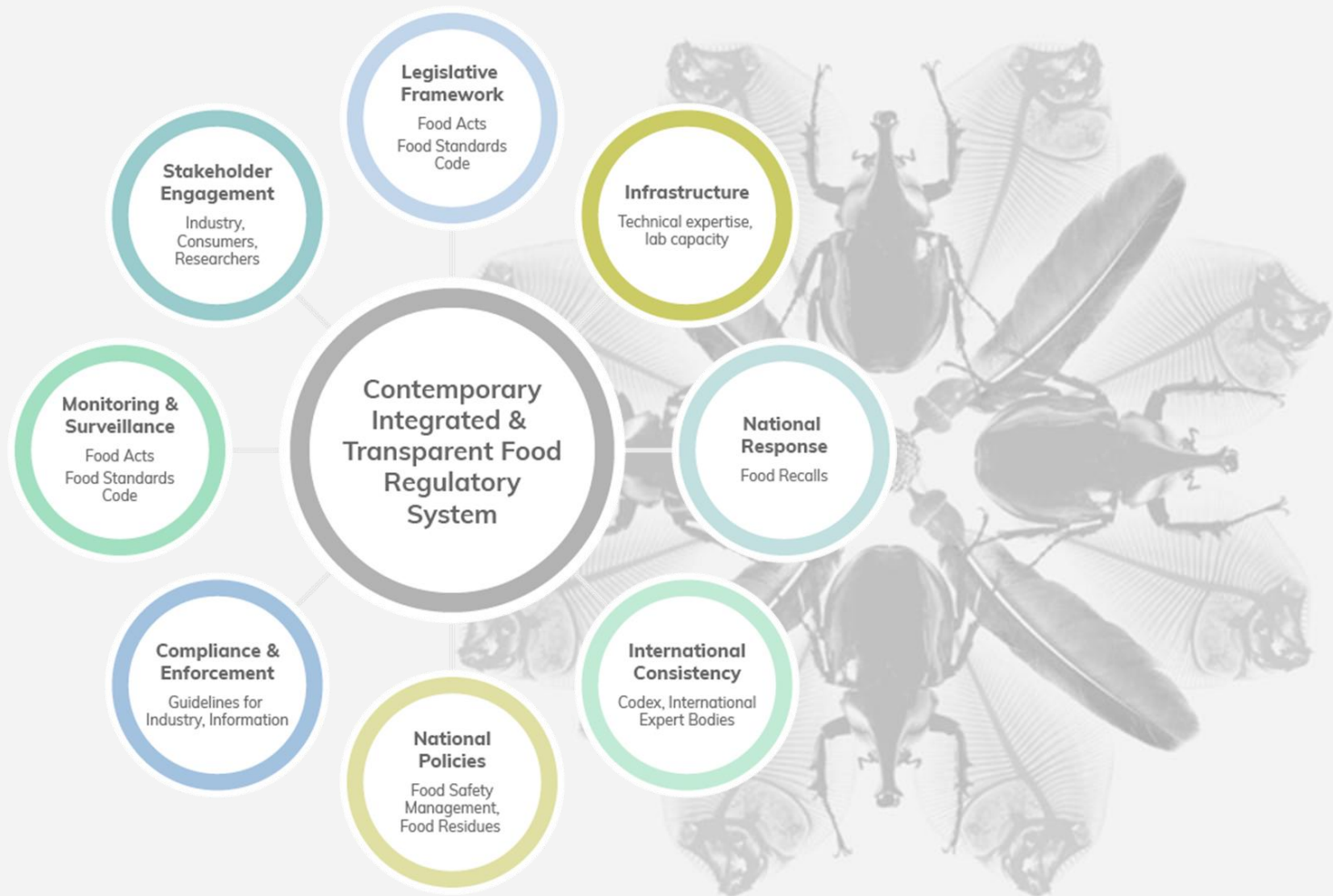


Understanding China Trade: Australia's Food Safety Regulatory Environment – Key legislation and standards

- Australia New Zealand Food Standards Code
- *Imported Food Control Act 1992*
- *Export Control Act 1982* and subordinates



Understanding China Trade: Australia's Food Safety Regulatory Environment



Understanding China Trade: Australia's Food Safety Regulatory Environment – Exports

- Inspection and certification of prescribed and non-prescribed goods.
- Domestic standards
- Importing country requirements



Understanding China Trade: Australia's Food Safety Regulatory Environment

- For prescribed goods Australian export establishments:
 - have documented food safety programs
 - be export registered
 - be subject to government inspection and auditing; and
 - obtain export permits and, when required by importing countries, export certificates for prescribed goods leaving Australia.
- For goods where specific export requirements are not prescribed in Australian export legislation:
 - Many of these products can usually be exported without direct oversight by the Department of Agriculture and Water Resources.
 - Export requirements reflect those of the importing country (i.e. food safety, animal health and certification requirement may apply)
 - It is the responsibility of the exporter/producers to determine these requirements prior to export.



Understanding China Trade: Australia's Food Safety Regulatory Environment

The Role of Business

- Although there are strict government food safety controls, the primary responsibility for ensuring food safety rests with the food business.
- Australian food business must take proactive measures to ensure food is produced in accordance with Australian food safety regulations and, where exported, comply with importing country requirements.



Understanding China Trade: China Regulatory Environment - Biosecurity

- Under the Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures, China can establish science-based measures to address the risk of proposed imports to animal, plant and human health
- As a regulated SPS market, technical market access needs to be negotiated which generally occurs on an individual commodity basis across the animal and plant sectors
- Negotiations on commodity-specific protocols are technically complex and can be lengthy
- Agreed protocols establish the import conditions that must be met in order to export to China



Understanding Trade: Australia's Regulatory Environment: Biosecurity

- The department has an obligation to certify that Australian exports meet the conditions and requirements of the importing country and conducts its certification activities under the *Export Control Act 1982* and associated legislation
- The registration of export establishments along with audit, verification and inspection are central to the department's regulatory regime. Specified export activities including the issuance of certification are undertaken on a cost-recovered basis.
- Under negotiated protocols, these can include measures such as –
 - prescribed sanitary and phytosanitary treatments
 - managing specific pests and diseases
 - production, storage and handling requirements including packing and labelling



Understanding China Trade: China Regulatory Environment - E-Commerce

- China's new E-Commerce law comes into effect 1 January 2019
 - Focus on regulating Chinese domestic market rather than international trade
 - The Law focuses on consumers' privacy/rights, the obligations and responsibilities of e-commerce platforms, and a shared responsibility with merchants for sales of substandard and counterfeit products
 - Australian agriculture and food exports must still meet biosecurity and food safety requirements
- China's revision to e-commerce regulations (later reversed) previously caused market disruptions in 2016
 - The most recent changes have not impacted exports.



Understanding China Trade: What assistance is out there?

- Information available to support industry awareness of China market requirements
 - Manual of Importing Country Requirements (MICO R) – guidance on known biosecurity and food safety requirements of importing countries
 - Non- tariff measures web page – understanding legitimate market requirements
 - Austrade – commercial support for doing business
 - Department of Foreign Affairs and Trade Free Trade Agreement portal - ChAFTA tariff information
 - Industry Associations - information resources and market access prioritisation
- AFGC China Market regulatory Guide is a valuable information resource for industry
 - DAWR supported/funded this project to assist industry awareness



Understanding China Trade: What can the Australian Government do to help?

- The Department of Agriculture and Water Resources provides advice and assistance to existing and potential exporters on the following:
 - Technical market access support – establishing, maintaining and improving market access and assisting with distress consignments
 - Guidance on importing country requirements (MICO R) and Australian export legislation requirements
 - Guidance on how establishments can become export registered and provision of export documentation
 - Ongoing technical assistance and policy advice through the Department of Agriculture and Water Resources' network of overseas Agriculture Counsellors
 - Three positions in Beijing



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Supporting Australian Exports

The department is committed to continuing to work with industry, across government, including state/territory governments, and our international counterparts to minimise the impact of technical market access issues on Australian export industries and ensure our food production sectors remain competitive globally .

Thank you.



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