

Joint Standing Committee on Trade and Investment Growth

**on the approach adopted by the
Australian Government when
negotiating trade and investment
agreements with trading partners**



1. INTRODUCTION

CropLife Australia (CropLife) is the national peak industry organisation representing the plant science (registered agricultural chemical and plant biotechnology innovation) sector in Australia. CropLife represents the innovators, developers, manufacturers, formulators and suppliers of crop protection products (organic, synthetic and biologically based pesticides) and crop biotechnology seed innovations. CropLife's membership is made up of both large and small, patent holding and generic, Australian and international companies and accordingly, CropLife only advocates for policy positions that deliver whole of industry and national benefit. Our focus is, however, specifically on an Australian farming and environmental sector that is internationally competitive through globally leading productivity and sustainability. Both of which are achieved through access to world-class technological innovation and products of the plant science sector.

The plant science industry contributes to the nation's agricultural productivity, environmental sustainability and food security through innovation in plant breeding and pesticides that protect crops against pests, weeds and diseases. More than \$31 billion of the value of Australia's agricultural production is directly attributable to the responsible use of crop protection products (CPPs), while the plant science industry itself directly employs thousands of people across the country.¹ CropLife Australia is a member of CropLife Asia and part of the CropLife International Federation of 91 CropLife national associations globally.

CropLife welcomes the opportunity to make a submission to the Joint Standing Committee on Trade and Investment Growth's inquiry into the approach adopted by the Australian Government when negotiating trade and investment agreements with trading partners. It is important that, when negotiating and entering into Free Trade Agreements (FTA), the Australian Government progresses the National Interest through ensuring that not only do FTA's not introduce restrictive provisions that hamper Australian agriculture, but more so, they should ensure that there is recognition of Australia's science-based regulation of Agricultural inputs and products through the Australian Pesticides and Veterinary Medicines Authority (APVMA) and Office of the Gene Technology Regulator (OGTR).

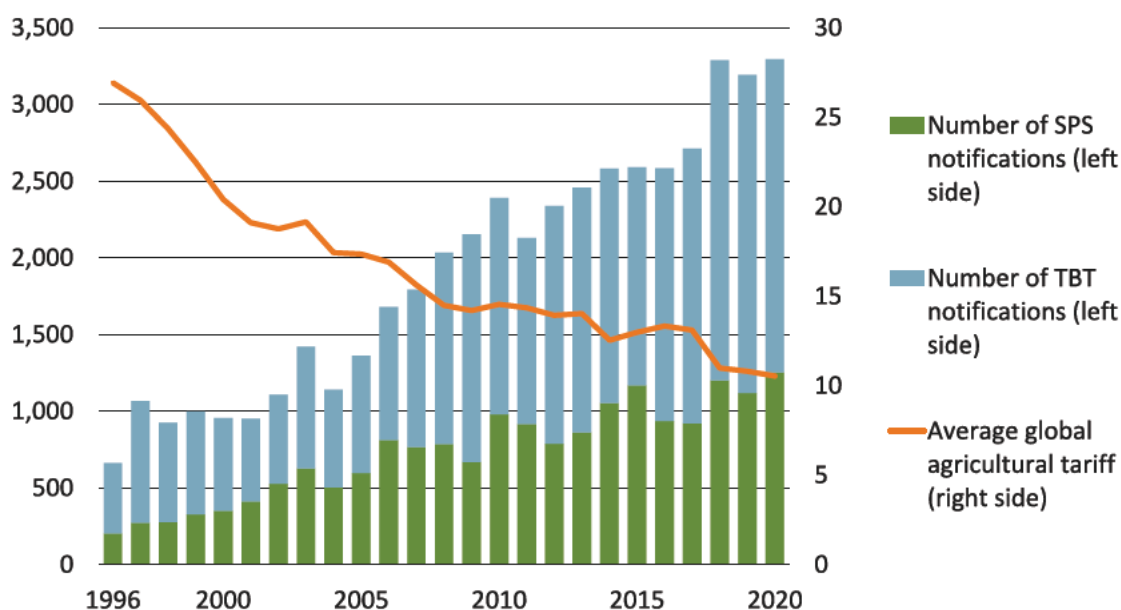
¹ <https://www.croplife.org.au/wp-content/uploads/2023/08/CropLife-economic-contribution-final-draft-report-Deloitte-Aug-2023.pdf>

2. NATIONAL INTEREST OF AN FTA

CropLife agrees with the National Farmers' Federation's recent observation that, where agricultural trade is an area within the negotiation of an FTA, it is essential that the outcome offers more than technical access. Australian negotiators must continue to hold the line to ensure a fair and commercially meaningful deal with the EU². Rather, the negotiation of an FTA must result in commercially meaningful outcomes for farm businesses.

Essentially, this means that there is little benefit in entering into Free Trade Agreements if they do not provide farmers with genuine, unfettered access to the trading partner's market. FTAs should proactively deal not only with tariff measures, but increasingly with non-tariff measures, particularly unscientific Non-tariff Trade Measure (NTM) barriers that are being applied under the guise of sustainability.

NTMs on the rise as tariffs have fallen



Department of Agriculture, Fisheries and Forestry

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² <https://nff.org.au/media-release/statement-on-eu-free-trade-negotiations/>

³ Presentation data courtesy of Dr. Jared Greenville, ABARES. 27 February 2023, NFF International Trade Engagement Conference

This has particular impact when considering the contribution of CPPs (and, increasingly, genetically modified (GM) and genetically engineered (GE) plants and crop) to our ability to produce agricultural commodities. For instance, CropLife Australia holds concerns over the implication of the European Union's (EU) 'Farm to Fork' Initiative, which among other things, seeks to illegitimately regulate the use of crop protection products in the jurisdictions of its trading partners. This is to be implemented through the use of "mirror clauses", whereby the EU will incorporate the assessment of environmental aspects when setting import tolerances (MRL) for pesticide substances no longer approved in the EU.

The policy not only undermines the international Codex Alimentarius (Codex), one of the most important elements of the rules-based order for the trade of food and agricultural produce, but also undermines the ability of trading partners to maintain an increase food production and deliver measurable sustainability outcomes in a way that is suitable for their own production environment. This erodes the ability of the world to deliver global food security, reduce the greenhouse gas emissions associated with global food production and protect the world's unique environments.

These NTM approaches circumvent World Trade Organization (WTO) rules and global trade agreements, introducing arbitrary criteria that are incompatible with the agreed upon international standards and guidelines. Furthermore, it ignores the fact that Australia has a world-recognised and respected independent, science-based, technically proficient Regulator for these products in the APVMA. Unlike Europe, where science-based decisions of their expert regulators are often ignored and overruled for falsely premised political agendas, the Australian regulatory system is one of integrity and evidence-based decision making. This is already leading to decisions in Europe that are having seriously negative impacts on agricultural productivity and indeed leading to worse environmental sustainability outcomes for farming, despite the false rhetoric of EU officials.

The Australian horticulture industry in particular is in a strong position to grow significantly into the future. Increased demand for fresh vegetables, fruits, and particularly nuts into domestic and international markets will drive growth. To increase productivity and profitability, a shift from a labour intensive to a highly automated and technological advanced sector will be critical. Although issues such as availability of water, arable land and the right to farm will inhibit growth if not managed, the benefits of strong biosecurity regimes and access to Asian markets will drive growth into the future.

The Australian approach could benefit from the experience of third-party nations.

Canadian agri-food exporters (Canadian Agri-Food Trade Alliance, CAFTA) comment upon free trade with the European Union following the signing of the Canada-EU Economic and Trade Agreement (CETA). They noted that “after 5 years of provisional implementation, significant non-tariff barriers remain in place that are severely restricting or threatening to jeopardize the market access CETA promised our sector.”⁴.

Members of the CAFTA organisation, comprising major ag exporters from beef to sugar, including canola and others, have expressed that while the agreement was comprehensive and has a chapter on SPS, it failed to deliver benefits as it did not address or provide solutions for the numerous EU non-tariff barriers. This situation faced by a major agricultural exporting nation with similar agricultural practices and comparable regulatory regimes indicates that negotiating and signing an agreement is not enough; rather it needs to directly address issues producers are facing when producing and exporting food and other agricultural commodities. If not, the agreement is not going to deliver meaningful benefits for the sector.

Regarding the issue of the use of CPPs, **CropLife recommends** that language to address Maximum Residue Limits (MRL) issues be negotiated upfront. As demonstrated by recent actions taken unilaterally by the EU, the respect and adherence to import tolerances or Codex MRLs for active ingredients that are deauthorised in trading nations based on local hazard and environmental concerns will continue to be abandoned. The setting of MRLs must, as dictated by long-standing WTO agreement, be set through assessments of dietary risks alone, and must not consider any prior hazard classification, environmental, or non-dietary risks of concern. This approach, which circumvents WTO rules and global trade agreements, introduces arbitrary criteria that are incompatible with the agreed upon international standards and guidelines. It is a foundation of good agricultural practice that environmental risks should be assessed by independent, science-based chemical regulators of exporting countries based on the crops, pests and environmental conditions found in those nations.

The provision on agricultural trade within the Indo-Pacific Economic Framework⁵ provide a good basis for provisions around free trade, including where this includes genuine sustainability implications.

⁴ <https://cafta.org/front-page-news/canadas-agri-food-exporters-mark-5-years-of-free-trade-with-the-european-union/>

⁵ IPEF Pillar 1 Ministerial Text (Trade Pillar). FOR PUBLIC RELEASE (1).pdf (ustr.gov)

Advancing food security and sustainable agricultural practices, including promoting the use of appropriate technologies to improve climate-smart, sustainable production practices that are context-appropriate and evidence-based; increase productivity while optimizing land, water, and fuel use; and help contribute to climate change mitigation and adaptation, food security, and resiliency. Further, in a manner consistent with World Trade Organization (WTO) Agreements, we will seek to: enhance food and agricultural supply chain resilience and connectivity; avoid unjustified measures that restrict food and agricultural imports; improve transparency of regulatory processes and procedures; advance science- and risk-based decision-making to protect human, animal, and plant life or health; improve processes and promote cooperation regarding regulatory and administrative requirements; avoid unjustified prohibitions or restrictions on food and agricultural exports; and promote the use of digital tools and other relevant means or arrangements to reduce compliance costs in international food supply chains.

Australia's entry into a comprehensive FTA with any nation or region must be contingent upon it being in our national interest. Consistent with Australia's support for the rules-based order, any Free Trade Agreement must conform with the well-established and objective processes that have been developed as part of the global liberalisation of trade in agricultural commodities.

3. CONCLUSION

CropLife and its members are committed to supporting all farming systems in Australia by providing farmers access to the innovations, technologies, tools and products they need to ensure sustainable and profitable farming practices. Australia is fortunate to have established world-leading independent regulatory agencies, including Food Standards Australia New Zealand, the Australian Pesticides and Veterinary Medicines Authority, and the Office of the Gene Technology Regulator. It must be an imperative for Free Trade Agreements to include recognition of Australia's robust, rigorous science-based regulation and the importance of this to growing our agricultural production and export earnings. As specified above, these agreements must, by definition, include acceptance of produce with residues that are in compliance with established international agreements, namely Codex Alimentarius.

CropLife commends the Australian Government for its prior demonstrated commitment to the rules-based order that underpins global trade. This is most recently exemplified when the Australian Government pre-emptively raised its concerns with these regulations to the World Trade Organization at the March 2022 Sanitary and Phytosanitary meeting (STC 534). This concern has been supported by the Australian agricultural sector and a larger group of similar nations, ensuring these rules are fit for the challenges of today and tomorrow demonstrates Australia's leadership on ensuring an effective global trade system. Trust is required to collaboratively tackle the world's moral imperatives of limiting the impact of climate change and feeding a growing population. This can only be built and sustained through the objective and evidence-based frameworks that underpin global trade.