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FACT SHEET: The Economic Impacts of Non-Tariff Measures on Australian Grain Exports

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The shift from tariffs to technical barriers

While Free Trade Agreements (FTAs) have been highly effective in reducing border taxes, they have been replaced by a rising tide of non-tariff measures (NTMs). As traditional trade barriers fall, new and often complex regulatory hurdles are taking their place, creating increased risk and uncertainty for Australian exporters.

There are more than 200 individual NTM classifications globally. This study groups them into three major categories:

- Technical barriers to trade (TBTs).
- Sanitary and phytosanitary (SPS) measures.
- Maximum residue limits (MRLs).

The report estimates the impacts of these NTM categories on wheat, barley, pulses, oilseeds, sorghum and other grain products. It also assesses the potential benefits of reducing NTMs, and offers insights to help inform Australia's approach to international trade negotiations.

The opportunity: turning compliance into competitive advantage

Not all NTMs are created equal. While many add unnecessary costs, others serve as a "seal of approval." Australia's world-class safety and quality standards allow us to meet strict requirements that our competitors cannot.

The research identifies that reducing trade-distorting measures could provide mutual benefits for Australian exporters and regional partners. Major ASEAN importers could realise lower costs and enhanced supply security, strengthening regional trade relationships.

- **The goal:** The industry could further distinguish between 'strategic' rules that signal quality and 'inefficient' rules that are merely duplicative or costly.
- **The value:** This approach would allow us to leverage our current high-bar standards as a strategic competitive advantage and a 'seal of approval' rather than just a compliance cost.

Our approach: targeted reform and technical engagement

Australia could consider prioritising the removal of NTMs that provide no demonstrated value. This would require a two-pronged approach:

- **Increased engagement:** Collaborating with government to streamline administrative requirements would enhance operational efficiency.
- **Strategic retention:** Supporting measures that protect our market share and validate our premium standing in the global market.



KEY FINDINGS



Existing NTMs:

- Are equivalent to an average ad valorem tariff of **20.4%** on Australian grains - around four times the **4.7%** average tariff rate applied by Australia's top ten grain-importing destinations.
- Result in an estimated **A\$4.6 billion** in forgone export revenue for the grain industry each year.



Different types of NTMs have diverse effects:

- TBTs and MRLs generate effects equivalent to tariffs of **20.3%** and **71.5%**, respectively, on Australian grain exports.
- Australian standards act as a 'quality signal.' While global measures typically restrict trade, Australia's provide a **19.0%** quality premium (vs **9.9%** globally), offering a comparative advantage based on safety and reliability.



NTMs have:

- Negative impacts on wheat (**22.3%**), barley (**4.9%**), oilseeds (**21.0%**) and pulses (**0.04%**).
- Current NTMs on sorghum and oats (**-2.1%** and **-0.3%**) analysed in this study were found to facilitate trade and favour Australian exports.



A simulated substantial reduction in NTMs impact has the potential to:

- significantly increase Australian grain production and exports
- increase real GDP
- improve national welfare
- create additional jobs across the grains supply chain.



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STRATEGIC RECOMMENDATIONS

Potential actions for industry and government consideration.



Prioritise reductions in inefficient, costly, duplicative NTMs

Australia could consider prioritising the removal of NTMs that provide no demonstrated value. This would require a two-pronged approach focusing on regulatory barriers that offer the largest economic dividends and are practical to address. This effort could be complemented by utilising Australia's existing compliance and quality assurance systems to strengthen market positioning and maintain a competitive advantage.



Foster enhanced industry representation

Regular technical advisory channels would allow for greater alignment between rulemakers and the sector. This collaborative approach would help ensure that emerging international standards are practical, flexible, and grounded in science.



Continuous improvement of domestic systems

Australia could consider prioritising at-home regulatory improvements to ensure they remain feasible and reflect the daily realities of the grains industry. A commitment to streamlining current paperwork and compliance hurdles would help the sector adapt to global rules while avoiding unnecessary new costs and remaining competitive against markets pursuing their own domestic reforms and improvements.



Strengthen international negotiations through market-specific strategies

Diplomatic and technical efforts could concentrate on key growth markets. Moving toward market-specific, tailored engagement would ensure that bilateral interests and local production nuances are respected.



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