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Australia to take China to World Trade Organisation for barley tariff dispute

Grain Producers Australia chairman Mr Andrew Weidemann AM is looking to the future for the Australian grains industry and calls on government to work with industry on a plan to diversify Australian agricultural commodity export markets.

With the announcement from Trade Minister Mr Simon Birmingham regarding taking China's decision to impose anti-dumping and countervailing duties of 80.5% against Australian barley to the World Trade Organisation this week.

"A WTO dispute isn't a quick fix that will restore trade overnight – it is a process that may take a number of years," said Mr Weidemann.

While pursuing a resolution under the WTO, growers will make decisions regarding their on-farm rotations, including barley, which will reflect current global demand and trends.

Mr Weidemann said, "The action to instigate a WTO action against China won't help with rebuilding the relationship – we need bilateral discussions."

Grain Producers Australia remains committed to diversification of Australian markets for our grain and other agricultural commodity markets. To provide growers with confidence in the future, the Australian government needs to support alternative market development through trade and education, market intelligence and removal of non-tariff trade barriers include phytosanitary issues and quotas.

"The reliance on a single market for a significant portion, more than 65% in the 2017/2018 season, of our barley was unsustainable and has been a wakeup call," said Mr Weidemann.

The tariffs are expected to cost the Australian barley industry \$2.5 billion over the next five years. The tariffs, imposed on 19 May 2020, will likely be removed in May 2025 if a resolution to the dispute is not agreed to.

The move to a WTO dispute reflects Australia's support for a rules-based trading system and maintaining the integrity of the existing trading partnerships throughout the world.

Grain Producers Australia have remained long standard advocates for industry to undertake a dispute with full awareness of the process, risks, adverse reactions and costs associated with the WTO dispute. Following several discussions with industry, DFAT and DAWE, including the Trade and Agriculture Ministers, the government have decided to pursue action under the WTO.

The WTO dispute is a long-running process, which we expect to take a number of years where China may not be a customer of Australia.

GPA remains hopeful for a diplomatic resolution to restore trade between Australia and China.

Background

- November 2018 – China initiated anti-dumping investigation into Australian barley
- December 2018 – China initiated a countervailing duties investigation into the Australian barley
- February 2019 – GPA responded to the investigations with cost of production information and insights on the Australian grains production process, disputing the dumping and subsidy claims
- May 2020 – China imposes 80.5% duties against Australian barley imports to China

Grain Producers Australia position

With the support of our state farming organisation members, GPA has called for caution in the approach to the trading relationship with China due to the escalating political tensions and concern for other Australian exports to China to be halted as an adverse reaction.

In discussions with the Australian Government, GPA has called for more insight on the costs, adverse consequences and likelihood of success in pursuing action. With these discussions, GPA remained unconvinced that the success would lead to better outcomes for Australian farmers. GPA would prefer to invest in alternative market development for the future of the industry.

GPA rejects the claims regarding subsidisation and dumping of Australian grain. Australian farmers cost of production and government support measures have been reviewed independently and does not offer any evidence of support to the claims against the Australian barley industry and farmers.

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