

# Chapter 3

## Non-tariff Measures in Australia

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### 1. Introduction

Australia has made good progress in reducing trade restrictions and trade-distorting measures affecting goods, particularly since the late 1980s. With respect to tariffs, Australia reduced its most-favoured nation tariff from 4.4% in 2000 to an average of 3.5% in 2005. Many countries have replaced tariffs with non-tariff measures (NTMs) to control the flow of international trade. In many developed countries, consumers increasingly demand safer products (World Trade Organization [WTO], 2012).<sup>1</sup>

The NTM data in Australia collected in 2016 revealed that 241 NTMs had been implemented in 2000, which contrasts sharply with the 1,842 NTMs recorded in 2017. Each NTM requirement can be counted as an independent legal requirement irrespective of the number of products that they each affect. Of all the NTMs imposed, 63.1% are technical barriers to trade (TBTs) and 25.6% are export-related measures (United Nations Conference on Trade and Development [UNCTAD] Integrated Trade Intelligence Portal, 2017). The exact impacts of NTMs on trade flows are often not well understood. Unlike tariffs, data on NTMs are not merely numbers, and relevant information is often hidden in legal and regulatory documents (UNCTAD, 2013). Collecting data on NTMs is a matter of collecting information embedded in the regulations.

Australia, however, has been making progress in improving transparency of its NTMs. The [centralised regulation source](#) has significantly improved the accessibility of information. The user-friendly web portal makes it easy to identify acts that are in force, as well as all related or associated implementing regulations. The website also provides a consolidated version of the regulations, a feature that makes it easy to analyse them and is helpful for traders.

NTM data collection began in the 1990s with UNCTAD's Trade Analysis Information System database (Nicita and Gourdon, 2013). However, data were not consistently updated until a new approach to collection was initiated following the Multi-Agency Support Team discussions in 2006–2012. NTM data collection is led by UNCTAD and often implemented in collaboration with other agencies, such as the World Bank. UNCTAD collaborated with the Economic Research Institute of ASEAN and East Asia in 2014 to focus on collecting NTM data from Association of Southeast Asian Nations (ASEAN) members (later expanded to ASEAN+6 members, which include Australia).

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<sup>1</sup> Whilst consumer and societal interests are frequently cited as the reasons for the use of NTMs, however, some NTMs can conceal old-fashioned producer-based protectionism.

This chapter presents the results of NTM data collection in Australia and highlights several important findings, including the government agencies responsible for issuing NTM-related regulation and the types of NTMs imposed, amongst others. The chapter then recommends policy.

## 2. Summary of Non-tariff Measures and Main Findings

### 2.1 Comprehensiveness of Australia's Non-tariff Measure Regulations

Table 3.1 depicts the comprehensiveness of NTM data collection. Comprehensive NTM data collection ensures that all regulations affecting trade directly or indirectly are included in the data set.

Information on NTMs has been collected from 504 NTM-related regulations (or legal texts) from 12 government agencies. There are 1,897 coded NTMs (or independent legal requirements within a legal text), affecting 6,184 Harmonized System categories at the national tariff level, accounting for 100% of all tariff lines.

**Table 3.1. Comprehensiveness of Non-tariff Measures in Australia**

Number	Comprehensiveness	Number
1	Total NTM-related regulations (acts, ordinances, etc.)	504
2	Total NTMs reported to the World Trade Organization	-
3	Total number of coded NTMs (each legal requirement)	1,897
4	Total affected products (Harmonized System lines, national tariff lines)	
	(i) Total number of affected products	6,184
	(ii) Affected products as a share of total products	100%
5	Total number of issuing institutions	12

NTM = non-tariff measure.

Source: Authors, based on the NTM database.

According to the Ministry of Foreign Affairs of Japan (2018), the implementation of NTMs in Australia, including import licensing procedures, is fully consistent with the WTO Agreement. Standards and technical regulations are implemented in accordance with international obligations.

### 2.2 Government Agencies Issuing Non-tariff Measures

As in many other countries, NTM regulations in Australia are distributed amongst government agencies. In the Commonwealth, Food Standards of Australia and New Zealand is responsible for mandatory food standards in both countries. The Therapeutic Goods Administration, under Australia's Department of Health, is responsible for developing standards for pharmaceuticals and therapeutic goods. The Department of Infrastructure, Transport, Cities and Regional Development (DITRDC) is responsible for developing national standards for vehicle safety and emission requirements. The Consumer Affairs Division of the Department of the Treasury develops mandatory Commonwealth safety and information standards for selected consumer

products. According to the 1992 Commonwealth/State Agreement on Mutual Recognition, a product that conforms with the requirements of at least one state or territory (i.e., is legally saleable) can be sold throughout Australia.

Australia has a centralised information source for regulations. Information on [regulations](#) related to NTMs in Australia is publicly available. The 2016 collection of NTM data identified 504 NTM-related regulations and 1,897 coded NTMs. The regulations originated from 12 agencies. DITRDC issued the highest number of regulations (23.6%), followed by the Department of Health (22.2%), Department of Agriculture (16%), Department of Treasury (12.1%), Department of Communication and the Arts (9.5%), and Department of Environment and Energy (8.5%) (Table 3.2).

**Table 3.2. Non-tariff Measure-related Regulations, by Regulatory Agency**

No.	Regulatory Agency	NTM-related Regulations (number)	%
1	Department of Agriculture	81	16.07
2	Department of Home Affairs	8	1.59
3	Department of Communications and the Arts	48	9.52
4	Department of Health	112	22.22
5	Department of Treasury	61	12.10
6	Department of Foreign Affairs and Trade	19	3.77
7	Attorney-General's Department	2	0.40
8	Standards Australia/Standards New Zealand Committee	8	1.59
9	Department of Defence	2	0.40
10	Department of Environment and Energy	43	8.53
11	Department of Infrastructure, Transport, Cities and Regional Development	119	23.61
12	Industry, Innovation and Science	1	0.20
	Total	504	100.00

NTM = non-tariff measure.

Source: Authors, based on the NTM database.

Aligned with the Australia's commitment to strictly impose NTMs for protection and safety, more than 50% of the total number of NTMs are issued by the Department of Agriculture, Water, and the Environment (DAWE) (formerly the Ministry of Agriculture) and the Department of Health. DAWE holds a key role in issuing policies that ensure safety, competitiveness, and sustainability for live products and is responsible for issuing human, animal, and environmental protection regulations. The Department of Health pursues health safety and issues more than 15% of total measures.

With the merging of two departments into DITRDC, it is now the second-most important agency responsible for issuing NTMs. It issues more than 20% of measures, which reflects Australia's strong focus on improving the quality and safety of transport products. Australia has the highest coverage ratio for transport products amongst the six countries.

Import-related measures account for more than 75% of a total of 1,897 NTMs (Table 3.3). Technical measures are the most-used form of NTMs, with quantity control and price control measures a far second. Technical measures spread across chapters A, B, and C, and some in P, in total account for 93% of import NTMs or 70% of total NTMs. The most common NTMs are TBTs for imports, which account for 52% of the total, followed by export measures (22%) and sanitary and phytosanitary (SPS) measures for imports (16%).

**Table 3.3. Non-tariff Measures, by Issuing Institution, in Australia**

No.	Issuing Institution	NTMs (number)	NTMs (% of total)
1	Department of Agriculture, Water and the Environment	673	35.48
2	Department of Home Affairs	135	7.12
3	Department of Infrastructure, Transport, Regional Development, and Communications	399	21.03
4	Department of Health	308	16.23
5	Department of Treasury	157	8.28
6	Department of Foreign Affairs and Trade	42	2.21
7	Attorney-General's Department	20	1.05
8	Standards Australia	6	0.32
9	Department of Defence	6	0.32
10	Department of Environment and Energy	150	7.91
11	Department of Industry, Innovation and Science	1	0.05
	Total	1,897	100

NTM = non-tariff measure.

Source: Authors, based on the new NTM database.

### 2.3 Types of Non-tariff Measures Imposed by Australia

Australia has well-developed regulations, including those related to NTMs. The justifications for imposing them on imports are protection of human health, hygiene and sanitation standards, protection of animal and plant life, environmental conservation, and essential security, in compliance with domestic laws and policies (including revenue objectives) and international commitments (Ministry of Foreign Affairs of Japan, 2018) in accordance with the WTO Agreement.

Australia has 1,897 NTMs (Table 3.4), of which more than 75% are import related and the rest export related. Import NTMs are mostly technical measures, referring to technical regulations and procedures for assessing conformity with technical regulations and standards. They include measures covered by the Sanitary and Phytosanitary Agreement (chapter A), such as restricted use of certain substances in foods and feeds and their contact materials, and TBTs (chapter B) such as product quality or performance requirements. Technical measures (chapters A, B, and C, and some in P) account for 93% of import NTMs or 70% of total NTMs, leaving only 7% for non-technical measures, such as customs inspection, processing, and servicing fees.

**Table 3.4: Non-tariff Measures, by Type, in Australia**

Code	NTMs by Type (chapter)	NTMs (number)	NTMs (% of total number)
A	Sanitary and phytosanitary measures	292	15.39
B	Technical barriers to trade	1,035	54.56
C	Pre-shipment inspection and other formalities	6	0.32
D	Contingent trade-protective measures	0	0
E	Non-automatic licensing, quotas, prohibitions and quantity control measures other than for sanitary and phytosanitary measures or technical barrier to trade reasons	18	0.95
F	Price control measures including additional taxes and charges	77	4.06
G	Finance measures	0	0
H	Measures affecting competition	0	0
I	Trade-related investment measures	0	0
J	Distribution restrictions	0	0
K	Restrictions on post-sale services	0	0
L	Subsidies (excluding export subsidies under P7)	0	0
M	Government procurement restrictions	0	0
N	Intellectual property	1	0.05
O	Rules of origin	0	0
P	Export-related measures	468	24.67
Total coded NTMs		1,897	100

NTM = non-tariff measure.

Source: Authors, based on the NTM database.

The most common type of NTM is TBTs, accounting for 55% of the total, followed by export measures (25%), and SPS measures (15%) (Table 3.4). The non-technical measures consist of price control measures, including additional taxes and charges (4%), and non-automatic licensing, quotas, prohibitions, and quantity control measures other than for SPS or TBT reasons (1%).

There are 78 different types of NTMs, based on the most disaggregated level of the Multi-Agency Support Team 2012 Classification. With respect to imports, the most common types of NTMs are product standard requirements for TBT reasons (B7), testing (B82), and labelling requirements (B31). There are 288 occurrences of product standard requirements, 213 occurrences of testing requirements, and 163 occurrences of labelling requirements. With respect to exports, the most common types of NTMs are licensing or permit requirements to export (P13) (131 occurrences), export technical measures not elsewhere specified (P69) (125 occurrences), and export taxes and charges (P5) (107 occurrences) (Table 3.5).

Table 3.5. Types of Non-tariff Measures Imposed by Australia

No.	Type of NTM	Total	No.	Type of NTM	Total	No.	Type of NTM	Total
1	A11	1	28	B11	24	52	C3	4
2	A14	25	29	B14	79	53	C9	2
3	A15	1	30	B15	7	54	E112	6
4	A19	5	31	B19	8	55	E231	1
5	A21	10	32	B21	16	56	E321	1
6	A22	32	33	B22	14	57	E322	8
7	A31	21	34	B31	163	58	E329	2
8	A32	2	35	B32	39	59	F3	1
9	A33	15	36	B33	33	60	F31	1
10	A41	1	37	B41	7	61	F39	2
11	A51	6	38	B42	4	62	F4	1
12	A59	20	39	B49	6	63	F61	15
13	A61	6	40	B6	9	64	F65	1
14	A62	4	41	B7	288	65	F69	1
15	A63	31	42	B81	33	66	F72	6
16	A69	25	43	B82	213	67	F73	46
17	A81	2	44	B83	18	68	F79	3
18	A82	7	45	B84	30	69	N	1
19	A83	30	46	B85	29	70	P11	21
20	A84	6	47	B851	1	71	P12	15
21	A85	6	48	B852	1	72	P13	131
22	A851	5	49	B859	3	73	P14	13
23	A852	1	50	B89	7	74	P5	107
24	A859	2	51	B9	3	75	P61	22
25	A86	1				76	P62	32
26	A89	23				77	P69	125
27	A9	4				78	P9	2
Total					1,897			

NTM = non-tariff measure.

Source: Authors, based on the NTM database.

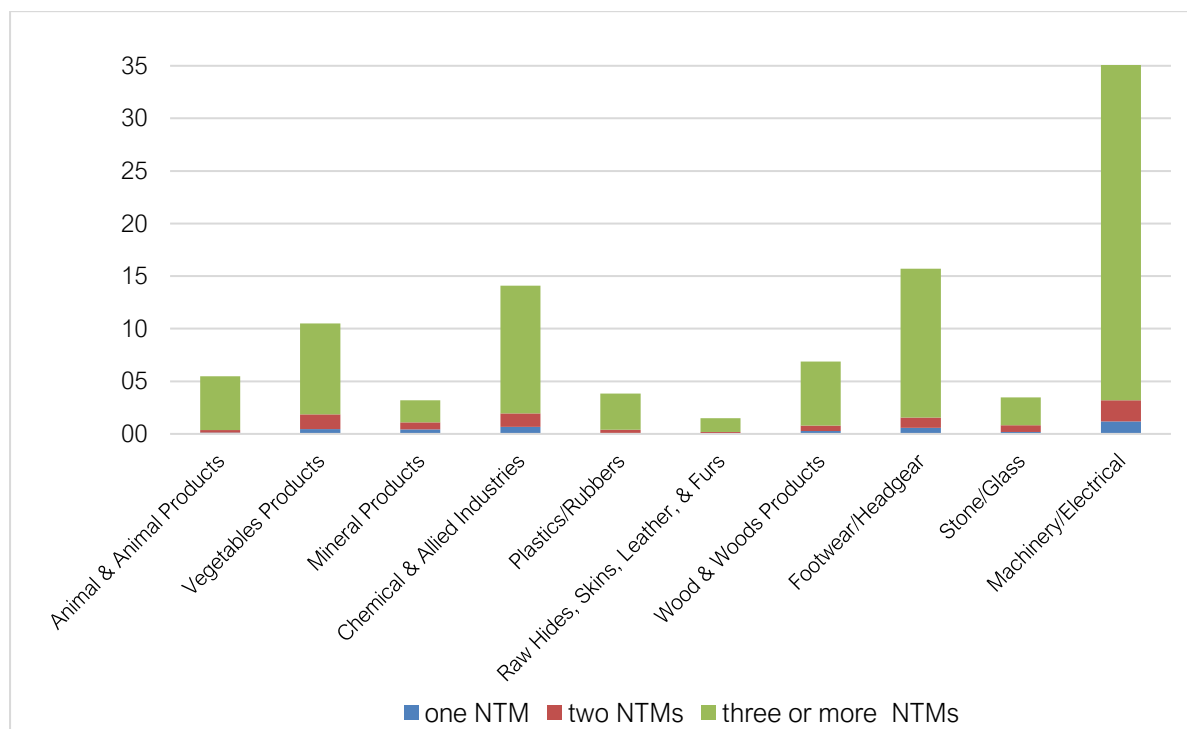
### 3. Tariff Lines Covered by Non-tariff Measures and Multiple Non-tariff Measures

Figure 3.1 shows the frequency of NTMs across product groups. Machinery and mechanical appliances are the most heavily covered, accounting for more than 35% of total tariff lines, followed by footwear/headgear (15.5%) and chemical and allied industries (14.1%). Vegetable products account for a high proportion of NTMs (10.5% of 6,184 total tariff lines). Based on Trademap (2018a) data, the total import bill in 2018 was US\$227.6 billion, of which more than a quarter was machinery (including computers) and electrical products and equipment. Transportation ranked second (14.6%) and mineral products/fuels third (13.9%). The abundance of NTMs imposed on machinery and electrical products indicate that they might have significant impacts.

Figure 3.1 is dominated by green bars, which represent implementation of three or more NTMs, by far the most common frequency in industries and accounting for 85.1% of all 6,184 tariff lines, leaving 5.6% tariff lines subject to just one NTM (blue bars) and 9.3% to two NTMs (red). Some

product groups such as machinery/electrical, animals and animal products, and textile products have an overwhelming number of tariff lines affected by three or more NTMs.

**Figure 3.1. Incidence of Non-tariff Measures, by Product, as a Percentage of Total Tariff Lines in Australia (%)**



NTM = non-tariff measure.

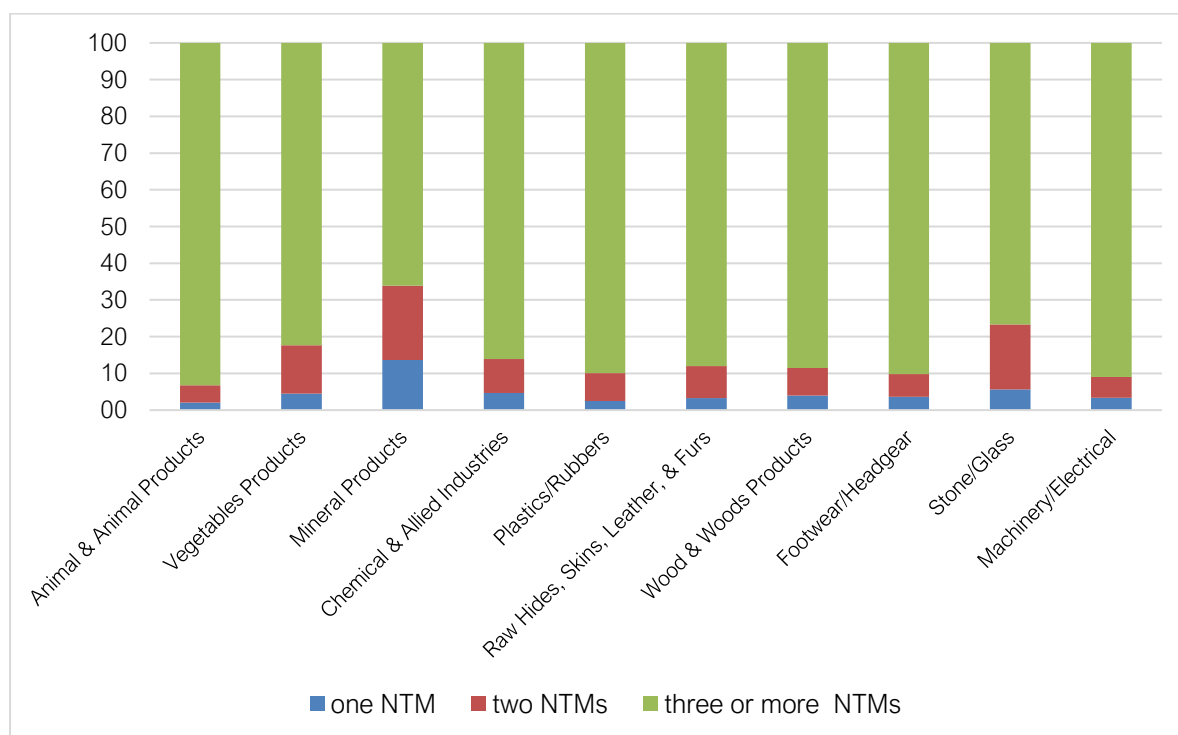
Note: As the figures reflect the percentage of total tariff lines, the percentage of each category also reflects the number of tariff lines in the category, instead of merely the number of products affected by NTMs.

Source: Authors, based on the new NTM database.

The imposition of NTMs is characterised by the simultaneous application of many different measures to the same product (Table 3.6) and, therefore, creates overlapping NTMs (Figure 3.2). The calculation is carried out on each tariff line, which includes import and export NTMs. For example, in the animals and animal products group, almost 93.2% of tariff lines are affected by three or more NTMs. Only 2.1% of animals and animal products tariff lines are subject to one NTM and 4.7% to two NTMs. Of the machinery/electrical product tariff lines, 91% are subject to three or more NTMs, leaving only 9% subject to one or two NTMs. The same can be seen with footwear/headgear, where 90.2% of tariff lines are subject to three or more NTMs.



Figure 3.2. Multiple Non-tariff Measures, by Product Group, in Australia (%)



NTM = non-tariff measure.

Source: Authors, based on the NTM database.

Table 3.6 expands the data behind Figure 3.1 to give the number of tariff lines subject to one, two, and three or more NTMs, organised by product group. Of the 6,184 tariff lines, machinery/electrical products, animal and animal products, and textiles are the most regulated sectors. In machinery/electrical products, for example, 98% of the 930 tariff lines are subject to three or more NTMs. The least regulated sector is mineral products.

**Table 3.6. Number of Tariff Lines Subject to Multiple Non-tariff Measures, by Product Group, in Australia**

	Product	One NTM	Two NTMs	3 or more NTMs	Products with One NTM (%)	Products with Two NTMs (%)	Products with 3 or more NTMs (%)
01–05	Animals and animal products	7	16	316	2	5	93
06–15	Vegetable products	16	66	281	4	18	77
16–24	Foodstuffs	13	20	254	5	7	89
25–27	Mineral products	27	40	131	14	20	66
28–38	Chemical and allied industries	41	80	751	5	9	86
39–40	Plastics/rubbers	6	18	214	3	8	90
41–43	Raw hides, skins, leather, and furs	3	8	81	3	9	88
44–49	Wood and wood products	17	32	377	4	8	88
50–63	Textiles	28	54	829	3	6	91
64–67	Footwear/headgear	7	6	47	12	10	78
68–71	Stone/glass	12	38	164	6	18	77
72–83	Metals	35	54	494	6	9	85
84–85	Machinery/electrical	5	18	930	1	2	98
86–89	Transportation	10	14	214	4	6	90
90–99	Miscellaneous	23	38	349	6	9	85
	Total tariff lines	250	502	5,432	4	8	88

NTM = non-tariff measure.

Source: Authors, based on the NTM database.

Food products are subject to many NTMs, with 89% of tariff lines subject to three or more. Australia is a big producer – and exporter – of agricultural goods and, whilst many of the NTMs doubtless exist for SPS and food safety reasons, they also tend to serve the interests of domestic producers. In 2018, Australia was the world's third-largest exporter of meat and edible meat offal products (Trademap, 2018) and the ninth-largest cereal exporter in the world. In 2017, agriculture exports totalled \$37.0 billion, about 11.3% of total exports of goods and services. Beef is the largest export, accounting for 14.7% of total agriculture exports from the country (Table 3.7). Other types of meat, including lamb (6.07%), are also in high demand in the export market.

**Table 3.7. Australia's Top 10 Agricultural Exports, by Value, 2017**  
(US\$ million)

Major Agriculture Export Products	Share of Total Exports (%)
Beef	14.70
Wheat and maslin	12.07
Lamb	6.07
Legume, dried	5.46
Barley	5.29
Wine	5.27
Sugarcane and sucrose	4.19
Rape and colza seed	3.24
Fuel wood	2.94
Bovine	2.37

Source: Center for International Development (2017), ATLAS.

<https://atlas.cid.harvard.edu/explore?country=14&product=undefined&year=2017&productClass=HS&target=Product&partner=undefined&startYear=undefined> (Accessed 10 April 2020).

Whilst its simple average applied tariff on agriculture is only 1.2% (WTO, 2019), and 'Australia's support to agricultural producers continues to be amongst the lowest in the OECD [Organisation for Economic Co-operation and Development], estimated [at] around 2% of gross farm receipts for the period 2016-18, with total support to agriculture (TSE) representing around 0.2% of GDP' (OECD, 2020), Australia has many NTMs that can protect domestic producers. NTMs also apply for SPS reasons, as food products are the source of numerous foodborne illnesses (due to pathogens, toxins, and chemicals). All food products must be unadulterated (not bear or contain any poisonous or deleterious substances), be fit for consumption, and not be contaminated or decaying, to be allowed for consumption (Jouanjean, Maur, and Shepherd, 2012).

How does Australia compare with other countries in terms of NTMs? This study shows that it uses NTMs in much the same way as other developed countries, but that it is a heavier user of NTMs than other countries in the region. The Indonesian Trade Analysis and Development Agency (2019) compared the incidence of NTMs in Australia with its main Free Trade Agreement (FTA) partners using frequency and coverage ratio indicators. The agency found an average frequency index value of 75.5%, which indicates that 75.5% of national tariff lines are affected by NTMs. These NTMs affect 75.1% of these countries' total trade. The data suggest that the United States, Thailand, Pakistan, Malaysia, and Japan have moderate frequency and coverage ratios that are lower than the average, whilst Viet Nam, Singapore, the Philippines, the Republic of Korea, the European Union, and Australia have frequency ratio values that are greater than the average. Australia has the highest frequency and coverage ratio indicators. It is common for countries to apply multiple NTMs to the same product.

### 3. Policy Recommendations

Access to information on NTM-related regulations in Australia has been significantly improved by a centralised, user-friendly regulation web portal. It allows users to easily identify acts and legislative instruments that are in force and no longer in force and provides a consolidated version

of regulations, helping traders and other users. NTM-related regulations are the responsibility of 12 government agencies. The Department of Agriculture is responsible for issuing the largest share. The 1,897 coded NTMs stem from 504 NTM-related regulations, of which 75% are import measures and 25% are export measures.

Cases of multiple NTMs are common in Australia. About 88% of the 6,184 tariff lines are subject to three or more NTMs. Only 4% are subject to a single NTM and 8% to two NTMs. Machinery/electrical, animals and animal products, and textiles are the most highly regulated product groups.

Some policy recommendations are as follows:

- (i) Regularly review existing policies and regulations to identify those that negatively impact customers and do not achieve the government's objectives. Such a review is also important for improving market access, particularly for developing countries. For example, more than 57% of Australia's imports of animal and animal products during 2012–2018 came from WTO high-income members, whilst developing countries contributed about 20%, least-developed countries 0.7%, and low- and middle-income members about 21%. The ubiquity of NTMs in this sector, then, could have significant consequences for poorer countries that export to Australia.
- (ii) Increase the amount of NTM information available to traders, as such mechanisms are lacking for NTMs other than SPS measures. Comprehensive information on SPS measures in Australia can be accessed online at the Australian Government's Biosecurity import conditions database (<https://bicon.agriculture.gov.au/BiconWeb4.0>), but such a source does not exist for other types of NTMs.

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