

Trade Assessments Panel

Assessment and prioritisation process

Horticulture
Innovation
Australia

Section A: Purpose

This paper describes the process for the Australian horticultural sector to make export market access or market improvement requests, and for Horticulture Innovation Australia (Hort Innovation) to assess and manage those requests. Hort Innovation is responsible for providing advice to the Department of Agriculture and Water Resources (the Department) on sectoral priorities for market access and market improvement. The Department considers this advice in determining which market access priorities it negotiates on behalf of the Australian horticultural sector. Hort Innovation develops this advice through the Trade Assessments Panel (TAP) of the Trade Unit. The TAP will evaluate requests and provide advice to the Department in the form of a list in order of ranked priority for the horticultural industry as a whole.

Market access and market improvement requests from Australia to another country are made and negotiated by the Department as Australia's National Plant Protection Organisation (NPPO) directly with the NPPO of that country. Opportunities for bilateral market access negotiations are limited and negotiations can be highly resource intensive for both countries, taking up to a decade or even more to conclude. Effort needs to be prioritised to well-developed requests that have a high probability of leading to sustainable trade.

Market access requests originate from businesses and industry bodies that aspire to export a given commodity to a particular country. Other government jurisdictions (States and Territories) often work closely with industries to develop market access capacity and requests. Requests include access to new markets and improving access to existing agreements and protocols. In some circumstances this may also include regaining access where markets are suspended or lost.

The Department requires this prioritisation advice to place emphasis on evidence based, export ready, broadly supported proposals stemming from agreed industry Export Strategies where available. Hort Innovation and industry have developed a transparent, objective and consistent prioritisation process that will deliver effective advice for the Department's consideration. The process is a part of the strategic approach to developing Australia's horticultural exports that will be set out in Hort Innovation's Trade Strategy.

Section B: The request process

Eligibility

To be eligible for consideration by the TAP, a request for market access or market improvement must fulfill the following criteria and as applied by the Department:

- A clear market access issue or opportunity is identified
- The Department is the appropriate body to address the issue
- The request can feasibly be resolved within a finite timeframe
- Industry has prioritised the request within its Export Strategy.
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Additional criteria for qualification, which should be addressed in a Business Case and are tested further in the prioritisation stage, are:

- Broadly supported: industry body, state and territories, commodity community
- Inclusive: available to the majority of the commodity community
- Export ready: technical issues addressed, industry commitment and capacity to export
- Clearly defined: clear objectives for being able to meet proposed import conditions
- Technically competent and complete: clear technical position to support preferred pathway
- Verifiable: evidence-based analysis.

The applicant is responsible for developing their request and engaging with others within their commodity community to provide as much accurate information as possible to assist the assessment process. Hort Innovation and the Department do not develop proposals on the applicant's behalf, although Hort Innovation RD&E funding may be sought for a project.

Any commercially sensitive information submitted as part of an application will be held in confidence by Hort Innovation subject to its standard privacy policy. All commercially sensitive information should be clearly marked as such.

Stakeholders should note that market access priorities and related information is sensitive in the trade environment and will generally not be published.

Request submission

All requests should be submitted through the online form on the Hort Innovation website at www.horticulture.com.au/trade/trade-and-market-access. Applicants are advised to develop their requests fully before lodging them via the form and addressing the form questions, having regard to the evaluation table at Section C. The business case and other evidence supporting the request must be appended to the form. Submission of the form will initiate the prioritisation process and submission of the request to the TAP.

Hort Innovation will acknowledge receipt of an application. Applicants will be advised by the Trade Unit of the date that the TAP will consider the application as part of the formal prioritisation process. Updates, feedback and outcomes will be provided as appropriate.

If the Department receives a request outside the TAP process, the scope of which is beyond normal business, it will refer the request to Hort Innovation's TAP for prioritisation.

How market access requests are assessed

Requests will be triaged initially by the Trade Unit for completeness and eligibility, and either progressed, or returned to the applicant with advice. The Trade Unit may engage with the applicant to identify any additional information required to progress the request, including the need for any additional R&D. The applicant should ensure all necessary information is supplied to enable an objective assessment by the TAP.

Applications to be progressed will be assigned as follows:

- Normal business, progressed with the Department – no application required
- Through the prioritisation process (see Section C) – a formal application addressing the criterion must be submitted
- Urgent – issues which require immediate attention (see below ‘urgent applications’) – a formal application may be required.

Normal business requests

Many requests are operational or exploratory in nature and can be dealt with quickly and efficiently as part of operational activity (‘business as usual’ / BAU). It is important to put a process around the management of business-as-usual requests to ensure consistency with prioritisation policies, to minimise duplication and to ensure appropriate resources are deployed to resolve the matter. Hort Innovation and the Department regularly discuss market access aspirations and issues with commodity sectors. Requests / issues of this nature which do not impact on existing priorities in the market or across markets should be channeled through Hort Innovation, and they will generally be forwarded to the Department, for progressing at its discretion outside of the prioritisation process.

Urgent requests

Urgent requests, such as those addressing a market closure, might impact existing requests already under active management, and hence still require prioritisation. Applicants must follow the standard prioritisation process and must demonstrate that the proposal is urgent. Urgent requests need to satisfy the following:

- Existing trade of significant value to a specified market is at risk; and
- A sudden and unexpected change in either of the:
 - a) Importing regulations of the target country; or
 - b) Phyto-sanitary aspects of Australian production of the commodity resulting in an inability to meet importing conditions/regulations (e.g. pest or disease incursion).

The Department may progress urgent issues on its own initiative for a number of reasons including the impact on broader Australian interests. In doing so, the Department will engage with the affected commodity group(s) and consult with the TAP on its actions. Where the Department deems a potentially significant issue not sufficiently urgent to warrant immediate activity, the Department may refer the matter to the TAP for advice on its priority. Urgent applications can be considered via teleconference.

Pools

Eligible requests will be placed in a country specific ‘pool’. Each request will be evaluated by the TAP using the Evaluation process and then prioritised within its pool based on its score (see below).

A separate ‘pool’ will also exist for multi-industry issues, such as recognition of pest-free areas of production, or acceptance of mixed-commodity consignments. However, commodities will be expected to prioritise the recognition of such issues through the application and/or within their industry Export Strategy for submission as applications to country specific pools.

Adoption by the department

Once a negotiating window opens with a foreign market, the Department will assess eligible, prioritised applications within the pool and select the next application for negotiation. The Department may consult the TAP to confirm the continued merit and currency of the identified priority. The Department may be able to initiate some work (e.g. side line discussions at a bilateral meeting) prior to their formal selection from the pool in consultation with the TAP.

Upon selection from the pool as the next negotiating priority by the Department, work will continue on this request until either export commences or it is ascertained that the target market will not accept the request – refer also to Section C regarding annual review of progress. It should be noted that selection of a negotiating priority remains at the Department's discretion and the timing and progress of specific proposals is strongly influenced by the engagement or otherwise of trading partners.

The TAP in conjunction with the Department will review all active market access requests at each meeting to establish their rate of progress and identify whether additional information is required or a different approach is necessary. Elevating new requests from the pool will be considered when current priorities for specific commodities or countries are approaching resolution or alternate opportunities to advance priorities become available. Any high priority request that is not adopted by the Department within a year will either be assessed to determine its ongoing merit or the Department will be requested to consider additional resourcing to progress the application where appropriate.

The Trade Assessments Panel

The TAP comprises a panel of five experts including:

- One Chairperson nominated by Hort Innovation, and;
- Four independent experts appointed through a public application process.

The Hort Innovation Trade Unit, the Department of Agriculture and Water Resources and the Department of Foreign Affairs and Trade will attend as observers to provide advice as required.

The TAP will meet three times annually to assess market access requests, or more if required, due to work volume or urgent matters. If the TAP is asked to assess an urgent request at any other time, it will ensure at least three of the five panelists have previously been involved in making assessments.

The Terms of Reference for the TAP are available on the Hort Innovation website. TAP panelists must:

- Have read the application and made any relevant enquires to understand the application and its impact in advance of the prioritisation meeting
- Use the evaluation table (Section C) to assess and prioritise requests
- Strive for consensus when evaluating the priority of requests
- Give fair consideration to all requests
- Consider all factors that may impact on the proposal, its likelihood of success, or its ability to generate the expected returns.

Once the TAP has concluded its assessment and formulated its recommendations, Hort Innovation's Trade Unit will formally advise the Department. The final decision to accept any advice made by the TAP rests with the Department, which will assess the recommendation against national interest considerations and its broader approach to international engagement.

The outcome of the prioritisation process will be documented by Hort Innovation and provided to the Department, the applicant and interested parties at Hort Innovation's discretion, noting the importance of maintaining a level of confidentiality given the bilateral commercial nature of access requests. Details will include TAP decisions, a brief analysis of the proposal, any reservations and scoring of each request. In cases where there are particular political or commercial sensitivities, the information presented will be generic and will not identify applicants or sensitive details of the work.

Section C: Evaluation

Evaluating requests

Eligible requests are considered by the TAP against the criteria in Section B using the evaluation table in Section C to quantify the merit of proposals. The evaluation uses four categories that are aligned to the principles of broadly supported, evidence-based and export ready proposals:

- Economic – assesses anticipated economic value
- Technical – evaluates the request against the technical market requirements
- Market – evaluates capacity to establish a strong, sustainable supply and the prospects for commercial growth/development
- Industry – assesses industry commitment and ability to sustain trade.

Each category asks questions relevant to the criteria, generating a score that is converted to a percentage. Criteria have different weightings to provide a level playing field for all sectors. The score will determine the priority of each request within its pool, as follows:

- High priority: >80%. Held in pool to progress as soon as resources allow
- Medium: >=80%. Held in pool to progress as resources allow. Must be promoted or terminated within three years
- Low: >50–60%. Must be promoted or terminated within three years
- Terminate: <50% or STOP criteria breached.

The process has twelve STOP criteria wherein prioritisation will be terminated, although these are likely to have been eliminated during initial eligibility assessment. Requests may be resubmitted to a future panel meeting if the issue can be addressed. Some low scores will indicate that sustainable trade will not be possible which will be a factor in the assessment. The TAP, in consultation with the Department, may modify the assessment criteria from time-to-time, with updated documentation made available on Hort Innovation's website. The TAP will also review the progress of current negotiations at each meeting, and the contents of all three bands for continued merit annually.

Evaluation table

CRITERION	POINTS	VERBAL SCALE	ELIGIBLE	SCORE
CATEGORY 1. Economic – evidence for a significant, sustainable economic return from the trade, once established				
1.1. Credibility and robustness of the supply/demand analysis and business plan within the industry's export strategy	3	Economic case is backed by strong data and sound analysis		
	2	Data are strong but analysis is incomplete or unsound		
	1	Case is superficially sound but requires better evidence		
	0	No confidence in case	The request does not qualify for prioritisation - STOP	
1.2. Contribution (\$) of established trade to the Australian economy – the size of the market, and the potential for Australia to secure a part of that - net returns relative to current horticultural exports (\$1.5B for all crops)	3	New annual exports worth over 5% of total horticultural production (\$75M)		
	2	2-5% (\$30M-\$75M)		
	1	0.3-2% (\$5M-\$30M)		
	0	less than 0.3% (<\$5M)		
1.3. Contribution (% of production) to the commodity	3	New exports over 10% of production		
	2	5-10% of production		
	1	1-5% of production		
	0	less than 1% of production		
1.4. Accessibility of the market across the industry - proportion of producers	3	Over 50% of producers could access the market		
	2	30-50% of producers		
	1	10-30% of producers		
	0	Below 10% of producers		
1.5. Alternatives for market expansion by the industry	3	The industry has no other existing export markets and this is its only opportunity		
	2	The industry has no other existing export markets and this is one of several opportunities		
	1	The industry has existing export markets that could be expanded		
	0	The industry could expand substantially in the domestic market		

CRITERION	POINTS	VERBAL SCALE	ELIGIBLE	SCORE
CATEGORY 2. Technical – capacity for the technical barriers to trade (phyto-sanitary) being overcome				
2.1. Clarity of the request, in terms of the commodity and its traded form, pests of concern, preferred measures	1	The request clearly states all required information		
	0	The request lacks key information or is ambiguous	The request does not qualify for prioritisation - STOP	
2.2. Anticipated effort and time required to negotiate market access, including willingness of the market to engage	3	Expected to be simple to reach agreement		
	2	Negotiations will require limited resources for up to 3 years		
	1	Negotiations will require substantial effort over a protracted period (3-10 years)		
	0	Agreement is unlikely to be achievable within 10 years	The request does not qualify for prioritisation - STOP	
2.3. Capacity to satisfy the market's phyto-sanitary data requirements	3	Full data sets are held that are known to meet the market's requirements		
	2	Full data sets are held but the market's acceptance of them is uncertain		
	0	Market acceptance of the data is unlikely		
	0	Data are clearly insufficient	The request does not qualify for prioritisation - STOP	
2.4. Is the trade subject to international standards that would facilitate the negotiation?	3	The international framework is well-established and is accepted by the market in similar protocols		
	2	There are clear precedents in other markets but not in the target market		
	1	There are only limited precedents internationally or in the market		
	0	There are no precedents for the proposal		
2.5. Feasibility of the market to provide market access, e.g. legislative change, cultural barriers	3	The market NPPO can form and implement an agreement simply		
	2	The acceptance and implementation process is drawn out, but clear		
	1	Acceptance and implementation face substantial barriers and uncertainty but is possible		
	0	There is minimal likelihood of agreement and/or implementation	The request does not qualify for prioritisation - STOP	

CRITERION	POINTS	VERBAL SCALE	ELIGIBLE	SCORE
2.6. Capacity of the industry and supply chain to implement the measures and satisfy the expected protocol	2	The new trade will fit readily into existing systems and supply chains		
	1	Significant work is required to establish protocols and supply chains		
	0	Major work and cost will be required for the industry and the supply chain, that threatens viability		
	0	Major concerns exist for the viability of implementing the measures or establishing the supply chain	The request does not qualify for prioritisation - STOP	
2.7. Viability of the measures for the market, e.g. quality, shelf life, cost of compliance	3	Quality not affected and cost within budget		
	2	Quality requires high care to avoid significant losses		
	1	Even with high care, losses will be regular and substantial against the benefit		
	0	Quality losses and costs of compliance make viable trade unlikely		
2.8. Potential for replication of the market access in other markets	1	Achieving access will enhance chance of access for requests for this and other commodities in this and other markets		
	0	This request will not create a precedent		
CATEGORY 3. Market – feasibility to establish sustainable trade, in regard to production, supply chain, marketing				
3.1. Evidence for interest in the market in Australia's product, which has a competitive advantage	3	The market has made clear requests for the commodity, consistent with the business plan		
	2	The market is demonstrably receptive to the commodity, but substantial marketing work is needed.		
	1	The market has substantial competition, but significant market share is achievable		
	0	Significant market share is unlikely to be achievable.	The request does not qualify for prioritisation - STOP	

CRITERION	POINTS	VERBAL SCALE	ELIGIBLE	SCORE
3.2. Capacity of the industry to meet the demand, in terms of available production	3	Industry has full capacity to supply the commodity of the required quality and quantity		
	2	Industry has well-founded plans to expand to meet new demand in all years		
	1	Industry could meet new demand in most years		
	0	New demand is unlikely to be met in most years	The request does not qualify for prioritisation - STOP	
3.3. Experience in the industry with exporting under similar parameters	3	Significant existing exports with similar parameters		
	2	Significant existing exports with different parameters, but adaptation is achievable		
	1	Limited existing export experience, but strong plans for establishment		
	0	Limited existing export experience, and inadequate evidence of capability	The request does not qualify for prioritisation - STOP	
CATEGORY 4. Industry - support for the request				
4.1. Priority for the industry, as expressed in its Export Strategy Plan	2	The request is the first priority in the Plan		
	1	The request is a high priority, but not the first		
	0	The industry has not developed an ESP	The request does not qualify for prioritisation - STOP	
4.2. The extent of support in the industry	2	The industry has consulted widely and is fully supportive		
	1	The industry has consulted widely and has strong support but some opposition		
	0	The industry is significantly divided on prioritisation of this request		
	0	The request has limited support and strong opposition across the industry	The request does not qualify for prioritisation - STOP	

CRITERION	POINTS	VERBAL SCALE	ELIGIBLE	SCORE
4.3. Evidence in the business plan for commitment to a sustainable trade	3	The business plan has very strong commitment from numerous industry actors, at all points of the supply chain		
	2	The business plan is very strong but extensive commitment still needs to be secured		
	1	Weakness of commitment in some areas creates concerns for sustainability		
	0	Lack of commitment makes sustainable trade unlikely	The request does not qualify for prioritisation - STOP	
TOTAL SCORE			_____/50	
PERCENTAGE			_____%	