New 'no rules' trading environment unsettles Australian ag exports

NEW research shows uncertainty from ongoing bilateral trade wars between China and the United States have set the global trading environment back decades and undermined Australian agricultural exports.

A comprehensive AgriFutures Australia-funded report gives policy makers, industry peak bodies and primary producers a roadmap as to how a less predictable trading environment may impact export markets.

AgriFutures Australia Managing Director, John Harvey said the ITS Global analysis, *Bilateral trade wars, understanding the implications for Australian agriculture*, gives the industry a firm footing for policy creation.

"This robust analysis gives Australian exporters the knowledge they need to take a leadership role in attempting to restore stability for agricultural commodities in the current global trading environment," said John. "The findings show that unilateral moves by the Trump Administration to renegotiate existing trade agreements have threatened World Trade Organisation (WTO) principles of a rules-based trading system, creating uncertainty for Australian agriculture."

Risks and opportunities

The report identified a wide range of risks and opportunities for Australia's agricultural interests arising from the current trade wars, finding some Australian products are likely to fare better than others.

AgriFutures Australia Senior Manager, Business Development, Jen Medway agreed that while some industries will prosper and others may feel the pressure from these trade wars, understanding the potential impact is fundamental to creating stability in an unsettled trade environment.

Asia takes the lion's share of Australia's agricultural exports. Seven of the 10 top export destinations by value are Asian nations. China leads the way, and in 2017 purchased 20 per cent of exports of Australian priority products identified for this study, valued at more than US$5 billion.

Wheat and other industries

Trade policy actions are projected to have an overall positive impact on Australia's wheat exports, particularly to China. US access is currently restricted. But settlement of the broader trade dispute between the US and China could re-open or expand this market for US exports.

"Australia's dairy industry is another industry that could potentially benefit from trade opportunities with China on the back of additional tariffs imposed on US dairy products," Jen says.

"On the flip side, a prospective US–Japan free trade agreement (FTA) could negatively impact the dairy industry as US producers disadvantaged in the Chinese market could gain improved access to Japan.

"For the Australian wool industry, the bilateral trade wars may not have a noticeable impact, despite China implementing retaliatory tariffs on some US wool products. The relatively small size of the US wool export market to Asia will buffer any significant uncertainty for Australian wool exporters as a result of the increased tariffs," said Jen.

This is similar for Australian sheep and goat meat exports, primarily lamb, where the aftermath of the trade wars are expected to be minimal. These products have not been the focus of additional tariff actions, but a US-United Kingdom FTA (following the UK's exit from the European Union) would have a negative impact on some Australian markets.

"The UK is a leading sheepmeat exporter and the US is Australia's most important market, any improvement in access for UK product into the US would be damaging to Australia's export interests," said Jen.

Another area we may see increased competition is in Australia's fresh, chilled and frozen beef exports due to risks identified in Australia's two biggest beef export markets – Japan and the US.

"The US is increasingly eager to expand their export reach of beef products into Japan, with the US having very limited access to China and the EU due to a ban on hormone growth promotants. With the US and Japan edging closer to negotiating a bilateral FTA, Australian beef exports to Japan may suffer," said Jen.

Understanding the impacts

John Harvey acknowledges the importance of the report findings, noting they are critical to putting rigour around our understanding of the top line impacts for agriculture products as a result of the trade wars.

"It will inform Australian industry input on how best to ameliorate the detrimental side effects of current and possible future trade measures," John said.

John added that the take-away message from the research is that trade wars breed uncertainty. Uncertainty is bad for business and leaves agricultural producers, traders and buyers struggling to manage a shifting policy landscape.

"The longer this period of uncertainty lasts, the more commercial decisions will need to be made by Australia's agricultural stakeholders facing the prospect of sudden and unpredictable policy changes at the global level," John said. ■

Spray water quality is critical

AT A GLANCE...

- Poor water quality can adversely affect many products. Always consult product labels about water quality requirements.
- Water testing should be done on a regular basis when using bore water, water from streams and rivers, reticulated (piped) water sourced from ground water, water stored in unlined dams and concrete tanks.
- Water tests should analyse: pH, total hardness (including a measure of bi-carbonate levels) and total dissolved salts or salinity.

GRAIN growers and spray operators are being encouraged to test water quality before using it for the application of herbicides and pesticides. The advice comes in the wake of a research project by the SOS Macquarie Valley group that investigated the water quality of 180 bores and assessed its suitability for use with farm chemicals.

The project found the water quality varied significantly with 78 per cent of samples more alkaline than desired and 80 per cent recording higher than ideal levels of bicarbonate concentrate, when used to apply pesticides and herbicides.

While the samples for this research project were taken from a relatively small geographic area west of the Newell Highway and north and east of the Bogan River in central western NSW, the issue of water quality is relevant across all farming areas.

GRDC Crop Protection Officer – North Vicki Green said the quality of water used with pesticides and herbicides had a significant bearing on their effectiveness in the paddock.

"Testing your water for parameters, such as, pH, hardness, bicarbonates and salinity can identify any quality issues and allow you to make amendments to get the best outcome when you use it with farm chemicals," she said. "It is important you test all water sources that you are using for chemical application, including deep and shallow bores and dams.

"Understanding your water quality and knowing what you can do to make it more suitable for spraying can significantly improve your spray results, with both herbicides and pesticides."

Poor water quality: 25 per cent less effective spraying

SOS Macquarie Valley chairman Tony McAlary said his group was motivated to analyse bore water quality throughout the region to better inform growers and spray operators' decision-making and ultimately improve spray results in the paddock.

"We felt poor water quality could be reducing our spray effectiveness by as much as 25 per cent, but we needed accurate testing to provide a better understanding of water quality and the impact it could be having on spray mixes," he said.

"We also wanted to be able to inform growers and their advisers about what they could do to amend or adjust water quality."

Tony said the research was also considered imperative after an SOS Macquarie Valley agronomist workshop survey revealed just 43 per cent of advisers 'sometimes' offered advice about water quality ahead of spraying.

"We felt this was an area worthy of research and potentially delivering information back to growers that could help them get a better result from their spray applications, by understanding the impact water quality was having on chemical efficacy when used with common farm pesticides and herbicides," Tony said.

Growers and spray operators are being encouraged to test on-farm water quality to ensure its effectiveness as a carrier for herbicides and pesticides and maximise chemical efficacy in the paddock. (PHOTO: GRDC)

Testing bore water quality

In partnership with the NSW Environment Protection Authority, SOS Macquarie Valley engaged Pat Hulme from Sustainable Soils Management in Warren to test 180 bore water samples for pH, hardness, bicarbonate concentrate and salinity, as part of a wider campaign to increase awareness about off-target spray drift.

The research found most of the bore water sampled was alkaline, with elevated bicarbonate concentration and moderately saline.

Pat said in the majority of samples water quality could be 'managed or amended' to ensure it was suitable for use with most farm chemicals. For example, ammonium sulfate (known as AMS) can assist with water hardness, whereas alkaline waters can be acidified with a range of products, such as Li-700.

Unfortunately, highly saline water was generally unsuitable for spraying, unless it was diluted with clean rain water. Dirty water or water with suspended solids could also adversely affect products such as Spray.Seed and glyphosate so it should be filtered or settled prior to use.

"Our research showed water samples from bores in the Great Artesian Basin aquifer had consistent properties, but water chemistry from shallower bores was significantly more variable," Pat said.

"Bore water also had the advantage over surface water of being free of sediment and organic compounds. It is more important to test the quality of water from each bore used than to repeatedly test water from a single bore, as bore water quality changes slowly."

Vicki Green said accurate water testing could improve the efficacy of chemical application on-farm. "Most water can be amended to use for spraying, but the important thing is to test to understand what you are dealing with."

For more information about water quality and or how to collect a water sample, where to get it tested and how to treat it when using different products go to GRDC's recently updated fact sheet on Water Quality for Spraying Operations at *https://bit.ly/2vpFwaa*