



30th May 2024

The Committee Secretary
House of Representatives Standing Committee on Agriculture
PO Box 6021
Parliament House
Canberra ACT 2600

Via: *Uploaded to the Government Portal*

Dear Secretary,

Thank for the opportunity to make a submission to the House of Representatives Standing Committee on Agriculture (Standing Committee) inquiry into the role of Australian agriculture in Southeast Asia (SEA) markets and specifically the Terms of Reference for your inquiry.

1. About Grain Trade Australia

[Grain Trade Australia](#) (GTA) is a national member industry association and is the focal point for the commercial grain industry within Australia.

GTA has over 285 organisations as members (see attachment 1.). Their businesses range from regional family businesses to large national and international trading/storage and handling companies who are involved in grain trading activities, grain storage, grain marketing advisory services, processing grain for human consumption and stock feed milling. [GTA Members](#) are substantial employers, from the farm gate through to end point consumption, and notably in rural and regional Australia.

GTA's core focus is to 'facilitate trade' in the Australian grain industry. Its products and services, including the [Australia Grain Industry Code of Practice](#), provides a self-regulatory framework across the grain industry to facilitate and promote the trade of grain within the Australian grain value chain.

GTA plays an important stewardship role, with industry specific training and development programs as well as convening several important grain industry networking events. This stewardship activity focuses on **building skills, confidence and understanding of the quality assurance systems and process** in the Australian grain supply chain, notably:

- *Australian Grains Industry Conference (AGIC)* – Australia,
- *AGIC – Asia* events,
- *AGIC – Asia* regional government/industry *Roundtables* sessions,
- The *Australian Grain Storage and Protection Conference* in association with the National Working Party on Grain Protection.

Australia's grain¹ is exported by GTA members. A full list of GTA Members is annexed to this submission.

2. Summary/Recommendations:

The key position and recommendations of this Submission for the Standing Committee to consider are summarised below:

¹ "Grain" includes cereals, pulses, oilseeds and grain/oilseed-based products (e.g. meal & oils)

Table 1 – Summary of GTA Positions

Position	Recommendation
“Practical” Government Programs	<ul style="list-style-type: none"> Government strategies must target industry/Government co-designed and implemented “front line” programs. Government to focus on practical outcomes for importing economies and their consumers as well as Australian producers.
Funding Programs for improved outcomes	<ul style="list-style-type: none"> GTA and its members support additional Government funding to assist in multi-level engagement with SEA countries (i.e. at both regional and bi-lateral government, industry and customer levels) to develop and improve capability and regulatory coherence through joint programs.
Growth focus, Compliment vs Compete	<ul style="list-style-type: none"> Australian grains are critical to SEA regional food security and subsequent political stability necessary for investment and growth. Government and industry to position Australia as a mutually beneficial trade partner, to compliment – vs compete - with local production to meet increased food demand. Australian grains, particularly wheat, barley and sorghum, offer a consistent source of feed grain for stockfeed manufacturing (value-adding) sectors in several SEA countries. Promotion of Australian grain supports SEA regional and sovereign goals of food security and an increase in the value-added sectors.
Focus on a Strategic Partnership Approach	<ul style="list-style-type: none"> GTA supports an industry/Government strategic partnership approach to build capability and strengthen trade relationships.
ESG & Sustainable value chain	<ul style="list-style-type: none"> Promote Australian sustainability and the grain value chain’s strong credentials in Environment, Social and Governance (ESG) in food safety, traceability, sustainability, environment, people & safety, nutritional quality and system integrity.
Risk based / Market-Orientated Approach	<ul style="list-style-type: none"> Focus on addressing distorting trade barriers, both in terms of tariffs, political interference, and Non-Tariff Measures (NTMs). Begin a process of addressing SEA domestic politically focused barriers to trade that are increasing costs and risks to trade, impacting consumers and producers, value adding opportunities, and simultaneously increasing sovereign food security risks. More timely release of Australian Bureau of Statistics (ABS) market information to improve market efficiency and trade facilitation.

3. Australia’s Southeast Asia Economic Strategy to 2040

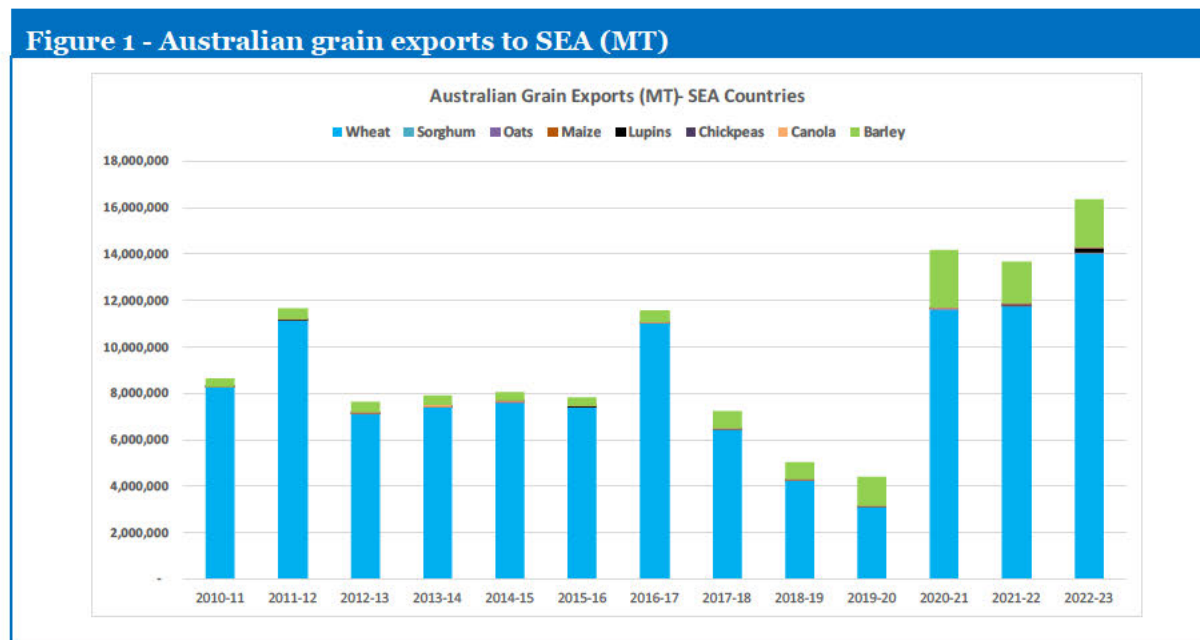
GTA is broadly **supportive of the principles and recommendations** contained in the report by Mr Nicholas Moore AO on *Australia’s Southeast Asia Economic Strategy to 2040*. The approach to raise awareness, remove blockages, build capability, and deepen investments and partnerships is an approach that allows for pragmatic applications and has been successfully utilised by the grain sector and other industries over time.

We support the Report’s recognition of the importance of agriculture and food to the SEA strategy. Australia’s agricultural sector and exports are critical to the food and nutritional security of the SEA region, and in turn critically important and directly linked to political stability within the region. **Political stability is a fundamental necessity for economic growth and investment.**

The Report notes that in 2022 agriculture and food contributed A\$17.5 billion or 23.6% of Australian exports to the SEA region. The **grain sector contributed A\$ 6.6 billion or 38% of Australia’s**

agricultural exports to the SEA region, and 9% of total Australian exports to SEA². The next largest agricultural commodity to SEA is cotton which was 22% lower than the grain sector with 16% of agricultural exports to SEA.

Figure 1 shows Australian grain exports to the SEA region by commodity. Since 2010/11 Australia has exported an average of approximately 9.5 million metric tonnes (MT) of grain per annum to SEA, with a minimum of 4 MT and a maximum of over 16 MT. Wheat is the dominant commodity accounting for 90% of exports, followed by barley (9%).



Source: ABS

We present these statistics to highlight that the grain sector has long standing trade relationships and significant market access into the SEA region. However, there remains **opportunity for leverage and growth** and improved market access for exporters, with appropriate and proportionate funding from government working with industry expertise. For example, the dominant export market for Australian barley is China, which means there is significant diversification opportunity for barley and feed grains in general in SEA.

In our view, Government strategies should be targeting “front line” programs with industry involvement in the design and program application focussed on practical outcomes for importing economies and their consumers as well as Australian producers. We highlight this in contrast to a **common tendency for many Government programs to increase spending, resources** (including internally orientated bureaucracy and consultancy) **for Government departments and agencies** rather than delivery of “front line” programs.

Programs which feature increases in Government agency resources and administration can be problematic in terms of sustaining longer term durable outcomes for industry. Changes and rotation over time to Government staff, agency strategies and mandates can impact the continuity of engagement and building durable business and trade relationships. Whereas programs jointly designed and implemented by industry and Government are more likely to adapt and live through staff and program changes and lead to stronger, more durable business relationships and outcomes

4. Specific concerns House Standing Committee Terms of Reference:

In response to the specific proposed inquiry Terms of Reference we offer the following comments:

² Trade statistical pivot tables | Australian Government Department of Foreign Affairs and Trade (dfat.gov.au)

a) *How the Australian Government can support agriculture and food industries in leveraging partnership opportunities within the region. This includes new and improved market access, streamlining trade systems, and supporting industry to identify and build market opportunities in the region*

- The grain industry has a long-established history of trade and economic relationship with its customers throughout the South East Asia (SEA) region. To support this trading relationship GTA has developed a Trade and Market Access Strategy, which includes the following Strategic framework focusing on policy, advocacy, support and communications.

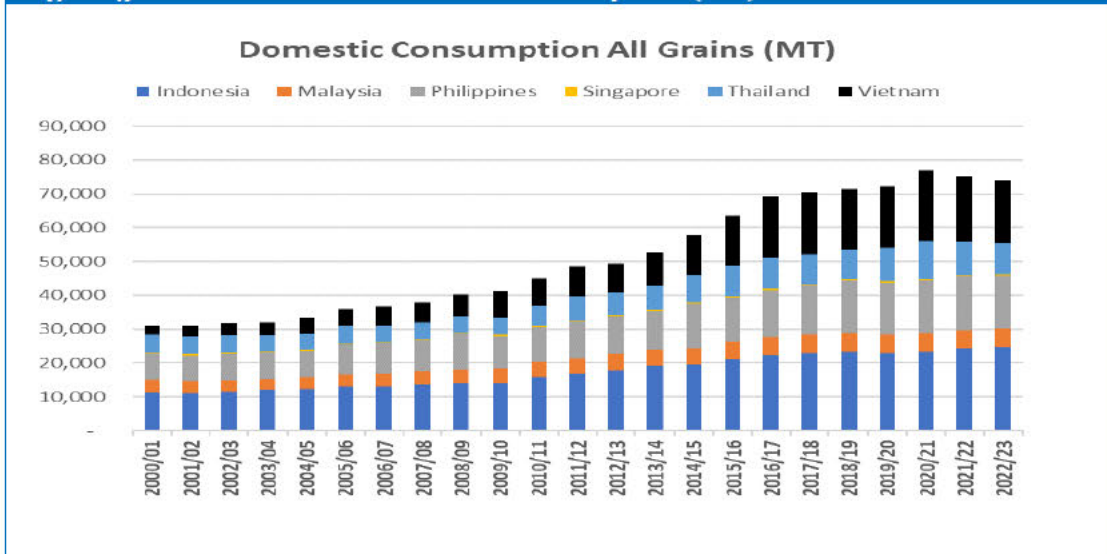
Figure 2 – GTA Trade and Market Access Strategic Framework



- Further details on the GTA Trade and Market Access Strategy can be found [here](#) and in the [GTA Annual Report](#).
- We note in the Moore Report into *Australia's Southeast Asia Economics Strategy to 2040* there is **enormous scope to strengthen economic engagement** and to leverage existing partnerships between SEA and Australia. The economic and demographic growth, including rising incomes, increase in demand for protein and flour-based products in SEA countries has seen a dramatic increase in domestic demand for all grain (food and feed) reaching 77 MT in 2020/21 ³.

³ USDA PSD

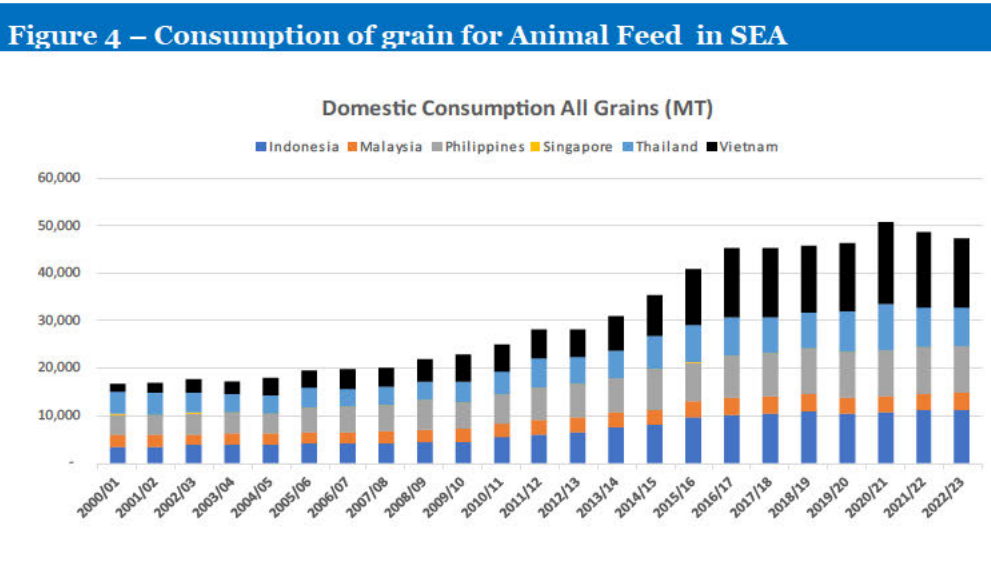
Figure 3 – SEA All Grain Domestic Consumption (MT)



Source: USDA PSD

- GTA and its members **support additional Government funding** to assist in multi-level engagement with SEA countries (i.e. at both regional and bi-lateral government, industry, and customer levels) to develop and **improve capability and regulatory coherence** through joint programs focussing on:
 - understanding of respective regulatory systems,
 - quality assurance processes,
 - sampling and analysis harmonisation.
- Such funding should focus on:
 - technical exchanges,
 - networking, and
 - engagement.
- Any work to be undertaken on policy and capacity building should focus on a **rigorous scientific, evidence risk-based approach** as opposed to a “hazard based” approach that can sometimes influence policy, regulatory decision making and application in some countries.
- Market opportunities are also best progressed through **joint programs**. We are strong supporters of the development of **programs focussed on the SEA feed grain market** (largely focused on the feed milling sector), noting:
 - These markets are substantial, around **48-50 million metric tonnes**, with significant growth potential as population, incomes and demand for protein increase across SEA.
 - Since 2001/01 domestic consumption of **feed grains in SEA has grown over 180%**⁴

⁴ Calculated from USDA PSD data.



Source: USDA PSD

- However, due to political sensitivity in relation to the large number of small domestic corn producers, these markets, in most SEA countries tend to be protected with **restrictions on imports of feed grains** (including wheat, barley, corn and canola meal) to **support domestic corn producers**. For example, while Australian feed grains have a tariff advantage against international competitors under FTA arrangements, Thailand has at times implemented a regulation that requires a grain importer to purchase 2 tonnes of domestic corn production for every 1 tonne of imported feed grain. This inhibits economic feasibility and logistical efficiencies of both local and importing supply chains.
- These types of restrictions inhibit policy objectives in several SEA countries of growth and development of value-added economic activity, through the growth and promotion of domestic manufacturing industries, including developing export markets for the value-added products (such as poultry products and packaged foods).
- Australian grains, particularly wheat, barley, and sorghum, offer a consistent source of feed grain for stockfeed manufacturing sectors in several SEA countries, thereby supporting regional and sovereign goals **of food security and increase in value-adding sectors**. Such **imports would be complementary – not competitive to local corn production**.
- Another example is provided by the International Market Analysis Research and Consulting (IMARC) Group in its Indonesian Animal Feed Market Report stated:

‘The Indonesia animal feed market size reached US\$ 8.3 Billion in 2023. Looking forward, IMARC Group expects the market to reach US\$ 12.2 Billion by 2032, exhibiting a growth rate (CAGR) of 4.32% during 2024-2032. The rising demand for meat and dairy products, the growing affluence and changing dietary preferences, the increasing meat consumption, the research and development in the field of animal nutrition, the escalating awareness of the importance of animal welfare and health, and the expansion of livestock farming are some of the factors propelling the market’.
- While noting the **political sensitivities in relation to domestic market support** provided to corn producers in several SEA countries, we believe given the growth potential and increased demand **this issue needs to be addressed** in the medium to longer term by the Australian Government **in the context of mutually beneficial policy objectives**. Our competitors are known to be active in this sector providing significant resources (often with significant own government funding) for market penetration including quality and technical advice to SEA domestic processors.
- These restrictive policy actions on the import of feed grain result in market access restrictions and trade barriers that not only constrain growth opportunities and future value for

Australian growers, but also work to the detriment of the SEA countries. This negative impact is felt in terms of:

- Higher costs for consumers,
 - Constrained growth; and
 - Restricting job growth in value-add industries such as poultry.
- This raises challenges for our SEA trade partners, including generating investment to meet future **increases in food security risks and increased demand driven by population and consumer income growth**. GTA believes it is in the longer-term interests of Australia and its trade partners in SEA to focus on and strive to address this issue.
 - The grain sector has a long history of working collegiately with the Australian Government. Working together we can develop long term strategies to address these issues with our trade partners by highlighting the **beneficial impacts for both parties** through expanded growth in value adding industries such as feed milling (animal and aqua).
 - Messaging to our trade partners is critical and it is important to explain **Australian feed grain exports are not seeking to displace domestic corn production** in the importing country, but rather participate and assist in the forecast growth in demand and value adding production. As the demand for meat and dairy products rises in SEA, there is a parallel increase in the need for cereal-based animal and aqua feed to sustain the growing industries.
 - An essential focus for trade strategies and engagement is to recognise and clearly communicate that **successful and sustainable trade with SEA needs to be mutually beneficial**.

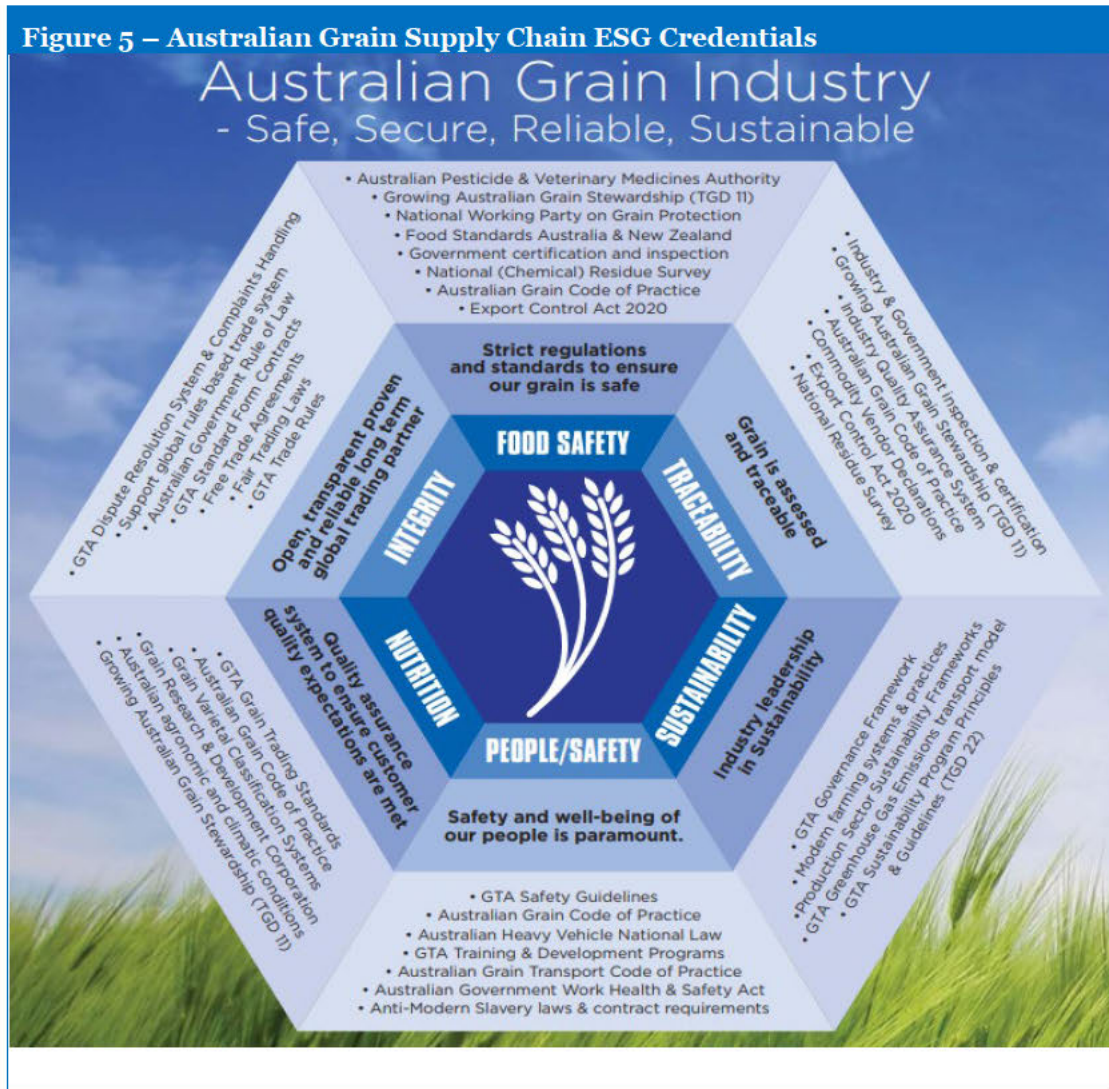
b) *Opportunities to build and strengthen partnerships in Southeast Asia to build capability in the region, including in the area of animal and plant biosecurity, adapting to a changing climate, improving agriculture sustainability and agriculture technology and innovation.*

- GTA supports a focus on these areas as they are all supportive of enhancing existing trade (including through reduced risk to exporters i.e. GTA members) and the opportunity outlined above to support SEA food security and increases in demand through improved market access for feed grain exports to SEA.

GTA supports a **strategic partnership approach to build capability and strengthen trade relationships**. GTA has successfully engaged this approach in other markets and regions. Australia's grain industry has significant knowledge and experience that can be shared and exchanged with partners in SEA. An important area to focus will be:

- to **improve the knowledge and understanding of respective regulatory systems, and**
 - to improve regulatory harmonisation between economies, particularly in the areas of biosecurity and plant biotechnology.
- The Australian grain sector is recognised as an industry that is focussed and has a very positive story on sustainability and strong credentials on Environment, Social and Governance (ESG) aspects of the value chain.
 - GTA has developed a communication tool titled [Australia's grain supply chain and its Environmental, Social and Governance \(ESG\) credentials](#). This seeks to illustrate the Australian grain supply chain credentials with respect to:
 - Food Safety,
 - Traceability,
 - Sustainability,

- People & Safety,
- Food and nutrition quality, and
- Integrity.
- This is represented diagrammatically in Figure 5 below:



Source: GTA

- The anticipated increase in demand for feed grains in SEA is driven by increasing population and the rising middle class shift to higher consumption of animal and aqua protein. **Formulation of feed rations, improving efficiency, and animal wellbeing** are all tenants of a modernising and growing feed grain sector.
- In SEA there is a growing awareness of the environment and a shift towards sustainable and eco-friendly food supply chain. This creates a tangible opportunity for the Australian agricultural sector to work with our trade partners and governments to enhance existing trade and develop a sustainable feed grain trade.

c) *Identifying new and emerging opportunities and challenges in the region for the Australian agriculture industry, including enhanced market intelligence for exporters to support them to navigate markets and realise opportunities.*

- The Australian grain sector and the Government has a long history of trade and trade relationships in SEA as demonstrated by the annual export income of A\$6.6b in 2022. GTA has highlighted the opportunity for the **export of Australian grains** into the extremely large SEA feed sector to help the region meet increases in demand and stabilise regional food security.
- We would be supportive of efforts to **enhance market intelligence for exporters**, provided such intelligence is as a “primary” source, rather than information sourced from commercial information providers. In terms of priorities for the overall SEA strategy, in our view governments financial resources should be prioritised towards more **industry orientated and “front line” resources and programs**.
- One area where Government does provide “primary” information for the grain industry is the **Australian Bureau of Statistics (ABS) export data**. This data is important for the grain industry in monitoring grain exports from Australia. Currently this data is released 3 months after the fact. In GTA’s view, more **timely release of this data, would assist grain exporters**, consumers and growers in navigating markets, improved understanding of demand, and management of market and logistical risks. In short, **more timely release of this ABS data** will lead to a more efficient domestic and export grain market. This timing of this information is even more critical given the marked increase in the monthly Australian export supply chain capacity since deregulation of wheat marketing (as indicated in Table 2).

Table 2 – Monthly Capacity Growth 2008 to 2024 (million metric tonnes)			
	2008	2024	% Growth
Peak Monthly Exports	3mmt	5.8mmt	93%
Average Monthly Exports	1.8mmt	4.3mmt	139%
Domestic Demand	14mmt	17.7mmt	26%

d) *Mechanisms for government and industry to leverage identified opportunities for Australian agriculture, and to address key priorities in the Southeast Asia region.*

- As discussed, market opportunities are best progressed through joint industry and Government programs. GTA and its members support additional Government funding to assist in multi-level engagement with SEA countries supporting technical exchanges, networking, and engagement.
- As noted above, GTA is convenor of several stewardship events in both Australia and SEA that aim to develop and strengthen trade relationships. Further engagement by government to support these events would be beneficial for both SEA and Australian industry.
- In addition, support for technical programs including training, capability building and technical exchange, and importantly regular and **formal joint government and industry dialogues on both a bilateral and multilateral basis would be effective in improving mutual understanding between economies and thereby strengthen trade.**

e) *How Australian agriculture can support Southeast Asia's food security [towards 2040].*

- Given the close proximity to SEA and complimentary grain products there is inherent potential to increase trade into SEA to meet increasing growth and demand. Notable in Figure 3, in recent years of record Australian grain production, Australian **exports of grain to SEA increased significantly, notability into Vietnam and Philippines.** Exports to Indonesian feed market remains relatively low (versus its consumptive demand) and remains a potentially important market.
- **Feed grain imports into Indonesia are being restricted due to previously discussed political sensitivities around local corn producers.**
- It is important to position Australian agriculture as complimentary, not competitive, to the SEA food system as well as constructive to its food security. **Trade is and must remain a critical component of food security.** However, it is important this is **positioned as mutually beneficial** with an emphasis on developing and **demonstrating long term value** to the importing economy value chain and its consumers.
- A more reflective **market-based trade** of grain between Australia and SEA is a key element in supporting SEA's food security goals. This means addressing trade barriers, both in terms of tariffs, **political interference and Non-Tariff Measures (NTMs).**
- There are risks and barriers to food security goals and trade through political disruptions and policy that distort trade and increase risks and costs for industry and the consumer. These trade barriers include tariff policies and NTMs.
- While it is recognised some NTMs serve legitimate purposes (such as protecting human, animal and plant health and the environment), many NTMs can act as trade barriers. **Illegitimate NTMs, result in higher costs for consumers, higher risk to trade, and lower returns to producers.**
- NTMs have long been used by governments as policy and trade regulatory tools and have the scope to significantly increase the costs and risks of trade and impact on trade opportunities. These restrictive trade measures, including some NTMs and other policies can be detrimental to trade facilitation and can generate barriers that will increase the likelihood of **food insecurity.**
- Previous work undertaken by the Australian grain industry has identified the importance of NTMs in relation to market access and in particular chemical maximum residue limits (MRLs) and documentation. As a principle, Australia should encourage economies to adopt a scientific risk-based approach to chemical regulations and MRLs, and as a guideline **encourage adoption of exporting country MRLs or CODEX MRLs**, where an importing country does not have its own scientific risk-based MRLs in place.
- GTA has been a strong advocate, including working with DAFF in ASEAN and APEC forums, in seeking to **minimise the impact and disruption NTMs have** on both the Australian industry, and importantly on the importing economy. Working with industry, regional multi-lateral alliances and DAFF, GTA facilitated the production of a report on the impact NTMs have on the Australian grain industry.

Figure 6 – Australian Grain Industry NTM Report



Source: GTA

- The NTM report is available [here](#).
- An ongoing focus on trade facilitation through the reduction of NTMs would be welcomed by all trade participants and would support food security in SEA.

5. Conclusion

SEA is on a fast track to growth providing the Australian grain industry opportunities and expanded markets especially in feed grains.

This growth story of SEA, coupled with changes in dietary preferences (increase in protein demand and cereal-based products) are aligned to an increase in focus on:

- consumer preferences,
- food safety and
- incorporation of technology in the production systems, supply chains, processing, and the consumer “experience”.

These will drive efficiencies and increase in demand for Australia’s agricultural products and necessitate investment (both government and private) to support and ensure opportunities are realised and trade efficiency and with-it regional food security is improved.

We look forward to continued engagement and input to assist the inquiry understand the role of Australian agriculture in Southeast Asian markets and progressing the *SEA Economic Strategy to 2040*.

Please do not hesitate to contact GTA at any stage on this and other grain industry matters.

Yours faithfully,

Pat O’Shannassy
Chief Executive Officer