

Inquiry into Australian Agriculture in Southeast Asian Markets

Submission from the Australian Department of Agriculture, Fisheries and Forestry

June 2024



© Commonwealth of Australia 2024

Ownership of intellectual property rights

Unless otherwise noted, copyright (and any other intellectual property rights) in this publication is owned by the Commonwealth of Australia (referred to as the Commonwealth).

Creative Commons licence

All material in this publication is licensed under a [Creative Commons Attribution 4.0 International Licence](https://creativecommons.org/licenses/by/4.0/) except content supplied by third parties, logos and the Commonwealth Coat of Arms.



Cataloguing data

This publication (and any material sourced from it) should be attributed as: DAFF 2024, *Submission: Inquiry into Australian Agriculture in Southeast Asian markets*, Department of Agriculture, Fisheries and Forestry, Canberra.

Department of Agriculture, Fisheries and Forestry
GPO Box 858 Canberra ACT 2601
Telephone 1800 900 090
Web agriculture.gov.au

Disclaimer

The Australian Government acting through the Department of Agriculture, Fisheries and Forestry has exercised due care and skill in preparing and compiling the information and data in this publication. Notwithstanding, the Department of Agriculture, Fisheries and Forestry, its employees and advisers disclaim all liability, including liability for negligence and for any loss, damage, injury, expense or cost incurred by any person as a result of accessing, using or relying on any of the information or data in this publication to the maximum extent permitted by law.

Acknowledgement of Country

We acknowledge the Traditional Custodians of Australia and their continuing connection to land and sea, waters, environment and community. We pay our respects to the Traditional Custodians of the lands we live and work on, their culture, and their Elders past and present.

Table of Contents

Executive Summary	1
1 Introduction.....	3
1.1 Australia is Southeast Asia’s longstanding food security partner	5
1.2 Relationship beyond trade	7
2 Australian government support for agriculture in Southeast Asia	8
2.1 Technical market access	8
2.2 Export systems reform	11
2.3 Participation in regional and multilateral fora	12
3 Building partnerships and capabilities	14
3.1 Biosecurity	14
3.2 Traceability	18
3.3 Government-industry partnerships.....	18
3.4 Sustainability.....	20
4 Emerging opportunities and challenges	21
4.1 Prospects for growth and influence	22
4.2 Halal trade	24
4.3 Emerging biosecurity risks in the region	25
4.4 Climate change and sustainability	26
5 Conclusion	26
6 References	28

Executive Summary

Food security is critical to Southeast Asia and is an integral component of ensuring national and regional security. Australia has a reputation as a trusted and reliable supplier of a range of agriculture produce that continues to feed an expanding market of millions of people in the region, and there is an opportunity for Australian exports to continue to meet nutritional demands. Despite this, notable challenges persist. Although trade liberalisation has increased, non-tariff measures (NTMs) are proliferating alongside the region's expanding economies and interconnected supply chains. Inconsistent enforcement of regulations concerning food safety, animal health, and trade criteria adds to the challenge, further compounded by a surge in bilateral and multilateral trade agreements. This landscape, coupled with domestic policies focusing on diversification, heightens competition for Australian exporters.

Emerging issues in the region such as pest and disease management, climate variability, and modernisation of domestic agriculture policies amplify the demand for Australian expertise in areas like climate adaptation, sustainability, and biosecurity. The Department of Agriculture Fisheries and Forestry (DAFF) has a lead role in partnering with regional governments in addressing these issues.

DAFF teams, including the Agriculture Counsellor network, technical plant and animal health experts and supporting teams are responsible for addressing these growing challenges and enhancing Australia's agricultural interests in Southeast Asia. Technical assessments of import requests for agriculture products from Southeast Asia are also conducted by DAFF and are critical to advancing the export ambitions of our trading partners. These are roles which no other Australian Government agency can deliver.

This submission outlines that the work the department's specialised workforce undertakes is unique and generates substantial returns for a wide variety of stakeholders. However, to execute on the recommendations outlined in *Invested: Australia's Southeast Economic Strategy to 2040* and fulfil these demands into the future, increased and sustained resourcing is required to not only fund projects for the long-term, but to enable DAFF to pivot and respond in an agile manner to changing circumstances and shifting priorities of our partners in Southeast Asia.

Recommendations

- Bolster DAFF's technical capacity and the Agriculture Counsellor network to speed up two-way market access negotiations, address trade barriers and to support the expansion of Australian agriculture, fisheries, and forestry exports to the region, underwriting food security in Southeast Asia.
- Anticipate a surge in demand for Australian produce and technical expertise as regional governments seek collaboration and cooperation to address pressing challenges such as food insecurity, supply chain disruptions, climate change, and agricultural sustainability.

- Recognise DAFF's pivotal role in advancing technical capacities in biosecurity, sustainability, and standard setting, which are increasingly sought after by trading partners throughout the region. Strengthen DAFF's involvement in these areas to further enhance Australia's standing as a leader in agricultural practices.
- With the emergence of new bilateral and multilateral agreements and strategies focusing on diversifying supplies, Australian businesses will face intensified competition. To navigate this landscape effectively, it is crucial for both government and industry to strengthen ties with regional counterparts.

1 Introduction

DAFF welcomes the opportunity to provide this submission to the House Standing Committee on Agriculture in response to its Inquiry into Australian agriculture in Southeast Asian Markets.

Scope

This submission primarily centres on Australia's agriculture trade and investment relationship with Southeast Asian markets and examines the breadth of contributions by DAFF in advancing agricultural interests within the region in the context of *Invested: Australia's Southeast Asia Economic Strategy to 2040* (Moore 2023). The submission further emphasises the need for sustained investment in DAFF's capacity to continue and step up its engagement in trade advocacy, technical market access and capacity building initiatives to maintain and grow Australia's agriculture, fisheries, and forestry interests across the region. While highlighting the efforts of DAFF, it acknowledges the collaborative contributions of various stakeholders including other government agencies, research institutions, and industry partners that continue to shape and strengthen Australia's relationship with countries in Southeast Asia.

Role of DAFF

DAFF is the Australian government authority (competent authority) responsible for certifying Australian food and agricultural goods for export. The department provides export certification and declarations in line with Australia's export legislation and importing country requirements. This oversight helps maintain the quality, safety, and integrity of Australian products, enhancing their access to international markets. Moreover, by facilitating trade through market access negotiations, resolving trade barriers, and ensuring compliance with import/export requirements, DAFF actively supports Australia's export-oriented industries, contributing to the country's economic growth.

Trade is not a one-way exercise, and Australian consumers seek a range of agriculture and food products from our Southeast Asian trading partners. Trading partners want meaningful market access to Australia, particularly in areas where they have a competitive advantage, including tropical fruit, aquaculture, rice, nuts and spices, coffee and cocoa, amongst others. They are looking for rapid risk assessments and support to meet Australia's high biosecurity standards.

DAFF is the lead Commonwealth agency for international negotiations on agriculture related non-tariff measures (NTMs), sanitary and phytosanitary (SPS) measures and technical barriers to trade (TBT) for agriculture products. Although tariffs have been significantly liberalised across Southeast Asia there has been an increase in NTMs which have the potential to become trade-distorting non-tariff barriers (NTBs), increasing costs and reducing

or preventing access to markets. It is the responsibility of DAFF, as the lead agency, to collaborate with industry and ensure minimal impact on Australian agriculture.

As Southeast Asia strengthens its food safety, animal, and plant health systems, demand will continue to increase for new technical market access arrangements. Through strategic negotiations and advocacy efforts, Australia can safeguard its export interests and ensure fair market access for its agricultural products in Southeast Asia. By promoting regulations that uphold rules-based and science-backed international standards, Australia can strengthen its reputation as a reliable supplier of safe and sustainable agricultural goods, fostering greater trust and confidence among consumers in the region.

Increased agricultural trade can also help to improve regional food security outcomes through the supplementation and stabilisation of local food systems and ensuring a diverse range of nutrition for individuals. International trade also mitigates failures of local food systems as the result of natural disasters, climate change, pest and disease incursions or other causes of disruptions to supply chains.

DAFF has a network of specialised agriculture trade and policy experts posted as Agriculture Counsellors and locally engaged staff covering the Southeast Asia region. The Agriculture Counsellors are based in DFAT missions in Indonesia (two positions), Malaysia (currently vacant), Thailand and Vietnam. The positions in Kuala Lumpur and Hanoi were established in 2016 and funded for four years under the Agricultural Competitiveness White Paper in response to increasingly complex trading environment and opportunities for Australian agriculture. The role of the DAFF agriculture counsellor network is to:

- explore and develop new market openings for Australian farmers and exporters
- maintain existing market access
- improve technical market access
- provide market intelligence
- manage sensitive policy issues
- represent Australia at meetings and negotiations
- resolve issues when Australian agricultural goods arrive at their foreign destination.

DAFF also ensures imports from trading partners protect Australia's favourable biosecurity status and positively contribute to bilateral relationships to promote safe two-way trade. In addition, DAFF invests in projects aimed at enhancing technical capabilities and fostering cooperation in the Southeast Asia region to address shared challenges such as the emergence of pests and diseases, disruptions in the supply chain, food insecurity, sustainability and the impacts of climate change. Some of this work is aimed at lifting the technical and regulatory systems to enable our trading partners to meet Australia's high biosecurity standards and export their produce to Australia. Whilst DAFF looks to re-prioritise funding for these initiatives through internal sources, it is not always feasible due to conflicting demands on specialist resources. In those circumstances, DAFF seeks to

explore external time limited funding options from budget measures or Official Development Assistance funding through various DFAT initiatives. However, the irregular nature of this funding can pose difficulties in addressing the priorities and expectations of trading partners and fostering effective cooperation. Australia's proximity to the region and established trade networks present opportunities for expanded agricultural trade and investment. Furthermore, with its leading agricultural practices, extensive expertise in sustainable farming, and innovative technologies, Australia can play a crucial role in supporting agricultural development in Southeast Asia. Collaborative efforts in knowledge sharing, capacity building and research partnerships can facilitate the adoption of best practices and technologies, thereby enhancing productivity, sustainability, and resilience in Southeast Asian agriculture. With sustained engagement, Australia stands to benefit from significant opportunities for boosting agricultural trade and collaboration with Southeast Asia.

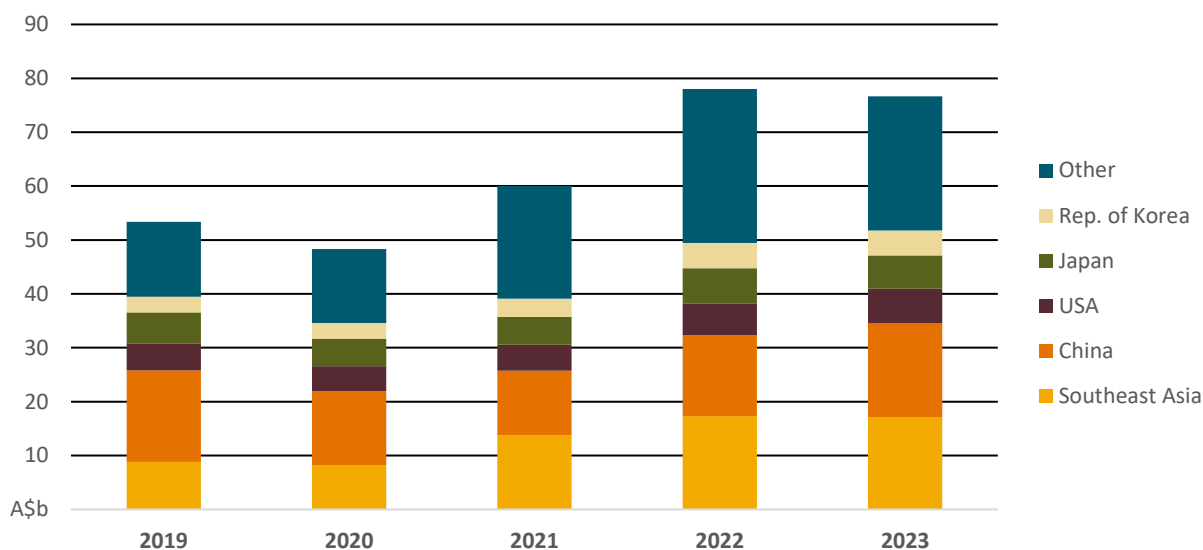
Investment in DAFF to continue to address barriers to agriculture trade, deliver on existing initiatives and expand to address emerging demands is critical. Boosting DAFF's resourcing to help enhance its advocacy efforts and undertake technical market access negotiations to deliver two-way new and improved market access for the agriculture sector will be key to maintaining and expanding trade in Southeast Asia. It will help keep pace with increasing demand for its expertise in capacity building initiatives to help support building an efficient, more resilient agriculture sector in the region. It will also help to progress identified cooperation initiatives (Moore 2023) and build Australia's credibility as a core long-term innovation partner.

1.1 Australia is Southeast Asia's longstanding food security partner

Food security is critical for our key trading partners in Southeast Asia. Australia has a reputation as a trusted and reliable supplier of a range of agriculture produce that continues to feed millions of people in the region, providing a pillar of regional security more broadly. In 2023, approximately 22% of Australia's agricultural exports were destined for Southeast Asia making it our second largest agriculture trading bloc.

The region's demand for Australian produce, including red meat, dairy, grains, live cattle, seafood, and a range of horticultural products aligns well with the strengths of Australian agriculture and its reputation as a reliable supplier. Australia's agriculture exports to the region have doubled over the last 5 years, growing 18 per cent year on year since 2019 reaching \$17.1 billion in 2023 (Figure 1).

Figure 1: Australian agricultural, fisheries and forestry exports, 2019 to 2023, AUD billion

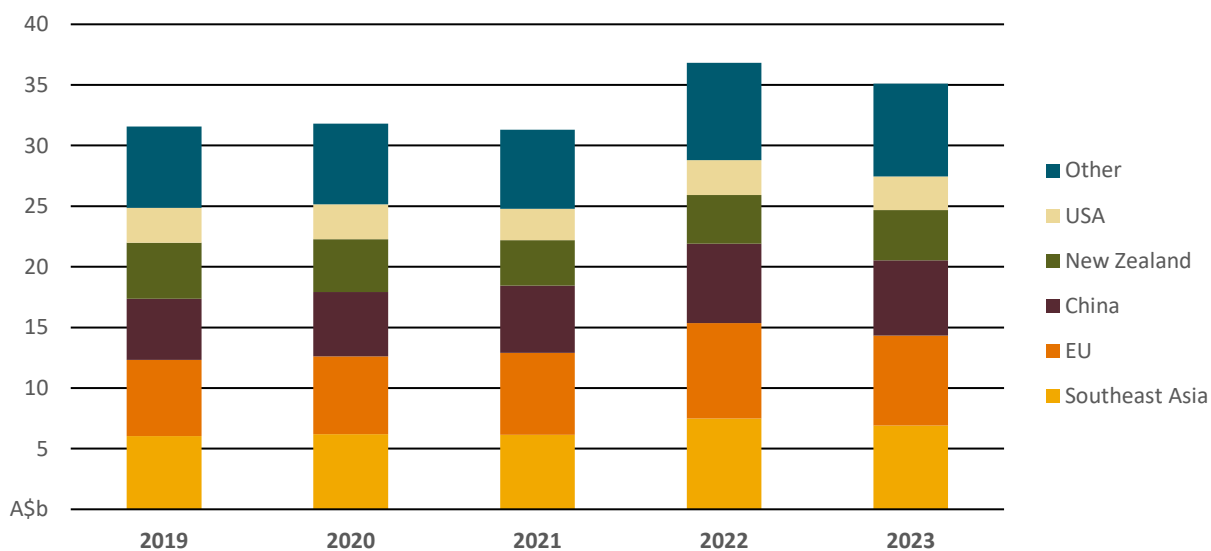


Southeast Asia includes Brunei Darussalam, Cambodia, Indonesia, Lao People’s Democratic Republic, Malaysia Myanmar, Philippines, Singapore, Thailand, Timor Leste and Viet Nam Source: Australian Bureau of Statistics (ABS) Catalogue 9920.0.

Australia also sources one-fifth of its agriculture imports from Southeast Asia, highlighting the significance of the relationship and growing opportunities for two-way trade and investment (

Figure 2). In 2023, Southeast Asia was Australia’s second largest import market behind the EU.

Figure 2: Australian agricultural, fisheries and forestry imports, 2019 to 2023, AUD billion



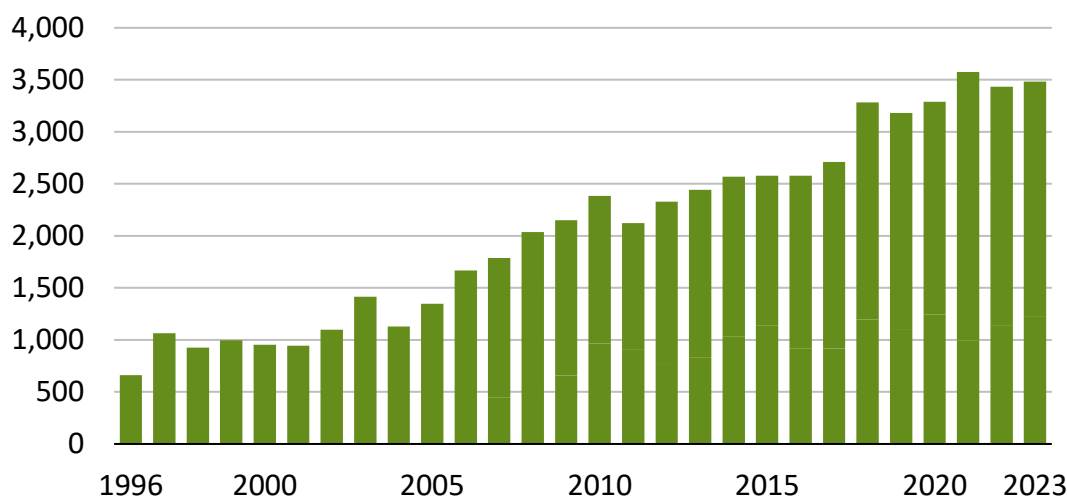
Southeast Asia includes Brunei Darussalam, Cambodia, Indonesia, Lao People’s Democratic Republic, Malaysia Myanmar, Philippines, Singapore, Thailand, Timor Leste and Viet Nam Source: Australian Bureau of Statistics (ABS) Catalogue 9920.0

Australia’s trade with Southeast Asian countries is complementary and benefits respective economies. For Southeast Asia, Australia is a valued research partner and an important supplier of raw commodities that support food and fibre processing sectors. Australia’s agricultural, fisheries, and forestry products play a crucial role as inputs for Southeast Asia’s

downstream industries, including processed timber, food processing, fibre manufacturing, beverage production, animal feed, and livestock sectors.

However, despite growing trade between Australia and Southeast Asia, NTMs, TBTs and SPS notifications are on the rise both globally and in the region. This has the potential to impact trade in the future by reducing or preventing access to markets in the region.

Figure 3: Number of NTM notifications to WTO



Source: WTO 2023

In the 3 years from 2016-2019, the total number of NTMs in ASEAN member states increased by approximately 15% (Doan & Rosenow 2019). The proliferation of NTMs in Southeast Asia stems from a confluence of factors including regulatory reforms aimed at enhancing food safety, consumer protection, domestic policies to support local industries and a result of an increasingly connected global value chain. These factors collectively contribute to the increasing complexity of trade regulations in the region, posing challenges for businesses and policymakers alike. DAFF plays a crucial role in navigating the complexities of NTMs. DAFF officials collaborate with industry bodies and exporters to gather insights into the practical implications of NTMs and lead trade negotiations related to agriculture with governments to promote the reduction or removal of NTMs. By aligning standards and regulations, DAFF aims to minimise trade disruptions and reduce compliance costs for Australian exporters.

1.2 Relationship beyond trade

Agriculture policies in Southeast Asia are diverse and evolving, reflecting the region’s unique socioeconomic and environmental challenges. Extreme weather events, pest and disease outbreaks and cost of living pressures resulting from recent supply shocks have prompted governments across Southeast Asia to prioritise policies recognising the importance of modernising the agriculture sector, implementing sustainable agricultural practices to mitigate environmental degradation, conserving natural resources, and adapting to climate

change. Governments in the region are focused on smallholder support through establishing policies that will attract greater investment in agricultural research and technology, trade digitisation, smart farming practices, artificial intelligence-enabled practices to improve productivity and competitiveness (ASEAN 2023a). These areas have become the subject of collaboration between Australia and Southeast Asia, facilitating the exchange of information, technical expertise and capacity building in the region.

DAFF, in collaboration with other government agencies and industry stakeholders, continues to lead various bilateral and multilateral capacity-building initiatives which provide invaluable expertise in (SPS) standards setting, biosecurity management, traceability, and sustainability.

Such efforts have significantly contributed to enhancing productivity and resilience in Southeast Asia while strengthening relationships between government and industry sectors. Through these programs, DAFF's in-house technical experts, including veterinarians, plant scientists, and policy specialists, alongside its network of agriculture counsellors, have cultivated deep and valuable connections with key decision-makers in the region.

2 Australian Government Support for Agriculture in Southeast Asia

The regulatory landscape for imports into Southeast Asia is increasingly complex, requiring exporters to stay informed about evolving requirements and invest resources in compliance efforts. Existing and emerging import requirements into Southeast Asian markets, include those that relate to halal, environmental, social and governance standards (Moore 2023). Non-tariff barriers are also on the rise, growing in both quantity and intricacy as regional economies and supply chains develop. Australian exporters are increasingly facing greater competition in a region where governments are addressing pressures related to the cost of living and increasing food prices. This section highlights how DAFF's leadership role in technical market access negotiations, export systems reform and participation in multilateral fora help advance Australia's export interests.

2.1 Technical Market Access

Australian agriculture producers and exporters note that their greatest challenge is gaining new and improved access to markets in the region. This requires DAFF to be actively engaged in trade negotiations with foreign governments to secure the market access that generates the greatest returns for industry.

Market access successes are the culmination of years of work and collaboration across DAFF technical specialists (veterinarians, plant and animal scientists and overseas based

Agriculture Counsellors) and industry. Once achieved, they require ongoing maintenance to ensure SPS and biosecurity requirements of trading partners are being met, a role which no other Government agency can undertake.

In facilitating trade with the region, DAFF sets import policies and requirements to manage biosecurity risks in accordance with Australia's Appropriate Level of Protection and international SPS obligations. DAFF officials also pursue Australia's interests in the region through multilateral and regional food safety and trade related forums as well as lead technical trade modernisation initiatives and collaborative projects to grow closer ties in markets. It is through this important work, that Australia can:

- ensure international standard-setting and implementation reflects risk and science-based assessments.
- protect existing access, while capitalising on opportunities to expand, modernise and diversify trade in Australian food and agricultural products.
- Assist two-way trade in agriculture products by ensuring that the competent authority in exporting countries can provide ongoing assurance that their exporters can meet Australia's high biosecurity standards.
- capitalise on free trade agreements and industry-driven market access priorities by removing barriers to trade or identifying ways to satisfy importing country requirements.

DAFF's Agriculture Counsellor network plays an essential role by supporting the work of our technical market access negotiators through offering market insights and establishing vital connections with key decision-makers in foreign governments. The network aids Australian agriculture industry in navigating local regulations, assists DAFF technical officers in resolving detained shipments at overseas ports, pinpoints market opportunities, and bolsters bilateral and multilateral agricultural relationships.

Key recent market access achievements in Southeast Asia

- Improved access for processed plant products including nuts, as well as restored access for grain exports to the Philippines (2022). Trade in grains to Philippines was worth \$1.4b in 2023.
- Improved listing approval processes for Australian poultry meat exports to Singapore (2022). The current value of poultry meat exports to Singapore is \$2.7m.
- Improved market access for Australian red meat export establishments to Malaysia (2022-2023) with a potential additional export value of \$60m.
- Provision of extensive in-country support for whole of government advocacy and negotiations in resolving suspension of live cattle trade to Indonesia and Malaysia

(2023). Live cattle trade to these two markets alone was worth \$434m in 2023 with exports to Indonesia contributing approximately 96% of the trade.

- Implemented electronic certificate exchange for edible meat products to Singapore (2023), supporting an export market worth \$319m.
- Opened a new market in Thailand for Avocados (2023), estimated worth \$10m.
- New access for live Eastern rock lobsters to Viet Nam, which expands existing access for Tropical, Western, and Southern Rock Lobster (2023). In 2023, Australia exported \$120m worth of rock lobsters to Vietnam.
- New access for honey to Viet Nam (2024). Existing honey trade to Vietnam was \$1.7m in 2023.

These examples provide evidence of the value of the work of DAFF and the value of the Counsellor network. However, for each Agriculture Counsellor deployed overseas, a commensurate number of technical staff are required to undertake technical and related assessments. Agriculture counsellors alone do not deliver or maintain market access. They are important representatives of the department in market but without sufficient capacity for technical negotiation and trade cooperation activities in the department, the opportunities they generate and relationships they develop are not able to be prosecuted. Sustainable funding for the counsellor network to ensure adequate and ongoing coverage in key Southeast Asian markets, along with a suitable expansion of DAFF technical officials to support the existing network, is critical to capitalise on the growth opportunities in a highly contested region.

In addition to filling existing vacancies in the region, funding to support time-limited short-term counsellor deployments would allow for greater flexibility and agility to pivot in response to changing market conditions and market access priorities. The funding of temporary short-term missions in the past has allowed for more targeted advocacy, closer engagement with industry and can be particularly useful to support a Counsellor or Minister-Counsellor already in market to manage competing priorities and progress market access opportunities. Increased capacity for the Counsellor network, for both short-term and long-term postings, could deliver economic opportunities and technical market access outcomes in Southeast Asia through increased in-country and engagement. Potential locations include new positions in Singapore, the Philippines, filling the vacancy in Malaysia and additional positions in Vietnam and Indonesia. Investing in the counsellor network, for both short term counsellors and expanding the network would signal an enhanced commitment to Australia's presence in the region and new opportunities for Australian exporters.

2.2 Export Systems Reform

Streamlining and modernising trade systems have been a successful form of government support for industry and improve resourcing for these systems can help improve Australia's agriculture position in Southeast Asia. Enhanced efficiencies through streamlining trade systems have made it easier for producers to export to Southeast Asia, ensure compliance with the importing country requirements and build secure, safeguarded trade between Australia and its trading partners. DAFF has embarked on a comprehensive agenda aimed at reforming export systems to assist industry get products destined for export to market faster and more efficiently while enhancing participants' engagement in the process. The overarching objectives of this agenda include:

- implementing modern and inter-connected digital services.
- streamlining regulation and improving service delivery for exports.
- facilitating better access to overseas markets.

These reforms encompass a range of improvements tailored to address both general export challenges and specific commodity-related issues and sustainable ongoing funding is required to guarantee the continuation of these beneficial reforms in the future.

Case Study 1

The Export Service is a digital platform to get agricultural goods to international markets quicker. It was designed and built by DAFF in response to the challenges faced by Australian export businesses in navigating complex regulatory procedures and bureaucratic bottlenecks. This platform is funded under the digital services project entitled **Taking Farmers to Markets** (TFTM). This service is currently available for use by registered establishments with enhanced functionalities under further development.

Benefits for stakeholders arising from the digital reforms include expedited and cost-effective export processes, the opportunity for pre-clearance of goods, extended windows for risk management, mitigation of food fraud, and improved traceability of agricultural products throughout their export journey and beyond.

Electronic certification (e-Cert) is an example of agricultural trade reform. The traditional paper-based certificate process could typically take 6-15 days to be delivered to importing market competent authorities. E-Cert delivery times range from one minute to four hours. Using an e-cert trading system also provides the mutual benefit of safeguarding trade, enhancing traceability and reducing instances of fraud. However, implementing e-Cert systems requires extensive negotiations and close collaboration among multiple technical teams within DAFF and their overseas counterparts.

2.3 Participation in regional and multilateral fora

Challenges confronting the Australian agriculture sector, such as climate change, food insecurity, and supply chain disruptions, are inherently global in nature and affect countries in Southeast Asia. Australia engages closely with Southeast Asian nations through various multilateral fora on a range of capacity-building, knowledge-sharing and development activities relating to technical agriculture matters, food security, sustainability, fisheries, and forestry issues. This engagement has positive impacts for Australian agriculture by enhancing relationships, trade facilitation outcomes, reducing non-tariff barriers to trade, achieving alignment and harmonisation of regulatory approaches, and expanding the application of cost-effective and innovative regulatory practices. DAFF also is focusing on enhancing efforts on sustainable agriculture in regional trade agreements, while ensuring two-way trade continues to flow. Through these activities, Australia continues to build on its reputation as a trusted and credible regional partner and contribute to regional food security and economic and social stability.

Participation in multilateral and regional fora by Australia presents an opportunity to influence and set global norms, fostering regional alignment. This, in turn, benefits Australian exporters and importers by enhancing accessibility, predictability, and uniformity in rule application and standards across the region, while also cutting compliance costs.

DAFF hosts and chairs the **Codex Committee on Food Import and Export Inspection and Certification Systems (CCFICS)** which plays a vital role in aligning procedures to protect the health of consumers and promote fair practices in international trade. The work of CCFICS is crucial in assisting our efforts to modernise Australia's food safety systems and support a profitable and resilient agriculture sector. Through CCFICS, Australia provides leadership in international food standard development. This is important because many countries use these international standards as the basis for their own food standards. CCFICS also fosters avenues for cooperation with Southeast Asian countries. For example, Australia worked closely with Singapore as chair and co-chair of the working group to create the Principles and Guidelines on the Use of Remote Audit and Inspection in Regulatory Frameworks (CXG 102-2023). Since its development, DAFF has engaged with ASEAN countries to advocate for their acceptance of this standard, which has the potential to reduce the number of costly in-person audits of food production establishments.

Case Study 2

Australian representation and leadership in regional standards setting and capacity development through the **Asia Pacific Plant Protection Commission (APPPC)** provides a valuable opportunity for regional standard setting and collaboration on plant biosecurity efforts across the Indo-Pacific. Through APPPC, DAFF has led the development of regional and international phytosanitary standards, such as commodity standards to harmonise phytosanitary measures; led the implementation of regional capacity development

programs such as the Asia-Pacific plant surveillance management program and provided technical input into recent pest response and management initiatives, such as regional Fall Armyworm and Fusarium TR4 programs.

The **ASEAN Regional Diagnostic Network Project (ARDN)** led by DAFF, was established in 2011 to support an ASEAN-wide, cooperative system for delivering plant pest and disease diagnostic services. This project focused on developing skills and improving regional infrastructure of ASEAN countries to enable reliable identification of plant pests and diseases through regional networking of diagnostic capacity, adopting new diagnostic techniques and developing diagnostic resources.

Through the ARDN, DAFF has delivered a series of capacity building initiatives to strengthen diagnostic capabilities and regional infrastructure in plant protection agencies in ASEAN Member States including working with partners to convene technical workshops and webinars, mentoring visits, surveys, and specialist training covering a wide range of plant pests.

The ARDN project has benefited all parties through fostering collaborative partnerships and enhanced regional diagnostic capability. By working together, Australia and its regional partners have helped ensure the early detection and international reporting of high priority transboundary pests and diseases of biosecurity concern. Credible pest and disease information informs bilateral negotiations and import risk assessments to deliver market access outcomes that support safe two-way trade in plants and plant products.

DAFF has also been working with Food Standards Australia and New Zealand (FSANZ) over the past three years to deliver a series of projects aimed at facilitating the **harmonisation of Maximum Residue Limits (MRLs) across ASEAN Australia New Zealand FTA (AANZFTA)** members. MRLs are the highest level of a pesticide residue that is legally tolerated in or on food or feed when pesticides are correctly (Codex 2024). The DAFF-funded, FSANZ-delivered project aimed to remove the impact of MRLs acting as a non-tariff barrier to AANZFTA trade. The initiative has been well supported by ASEAN members and is moving into the final stage of development where specific ASEAN products and chemistries will be recognised to establish import MRLs for those product imports into Australia. ASEAN will then apply the same system to establish import MRLs for several Australian products and chemistries thereby removing specific barriers to trade in those commodities. This example also demonstrates effective strategic partnership between Australia and Southeast Asian nations to the mutual benefit of producers across the region.

Many of the department's initiatives in the multilateral space are funded through non-ongoing measures like the Global Agriculture Leadership initiative (GALI) which is funded to EOFY 2025, or via ad-hoc DFAT funding, where internal reprioritisation of resources was not possible.

3 Building partnerships and capabilities

Australia and the region will need to build secure agrifood supply chains that are resilient to biosecurity and climate change risks (Moore 2023). This is a core issue at the heart of many Southeast Asian countries' food security concerns. DAFF is actively engaged in forming crucial partnerships and initiatives throughout Southeast Asia. These efforts are aimed at fostering stronger relationships, tackling regional issues such as biosecurity and climate change, and enhancing technical market access.

In the long run, DAFF's capacity-building projects and sustained involvement in the region contribute to establishing credibility and trust, positioning Australia as a genuine partner in trade and innovation. Such initiatives also play a significant role in advancing trade outcomes. This section underscores the initiatives led by DAFF in Southeast Asia, focusing on enhancing resilience and capabilities concerning biosecurity, traceability, government-industry partnerships, and sustainability. The aim is to forge partnerships and enhance capabilities, recognising the mutual benefits that arise from increased regional proficiency in these areas.

3.1 Biosecurity

DAFF leads Australia's efforts to enhance partnerships and capabilities in Southeast Asia to tackle new and emerging biosecurity risks in the region. DAFF is the lead Australian government agency on this engagement as it relates to animal and plant health. These partnerships support open and trusted relationships with our Southeast Asian trading partners which are essential in addressing biosecurity challenges. Both DAFF and industry recognize the critical role of biosecurity in preserving Australia's reputation with Southeast Asian nations as a producer of safe, high-quality agricultural goods.

Biosecurity partnerships that extend beyond Australia's borders yield mutual benefits and minimise the risk of biosecurity incursions and subsequent disruptions to trade. As the relationship between Australia and Southeast Asia deepens, it is imperative that a proactive approach to biosecurity is taken. For example, it is estimated that a large multi-state foot-and-mouth disease outbreak in Australia could have a direct economic impact of \$80 billion over 10 years (ABARES 2022a). Similarly, we have seen our trading partners experience significant economic and social impacts when they experience animal and plant disease outbreaks. Due to the scale of the potential impact a biosecurity incursion could have on Australia's economic and food security, Australia has invested heavily overseas to build the biosecurity capacity of countries in Southeast Asia, to support their resilience, and as a frontline of defence for Australia. These initiatives have played a key role in strengthening bilateral relationships, particularly between DAFF officers and their counterparts. They have

also helped advance disease prevention and emergency response planning in the region and facilitated the implementation of disease control programs including the provision of vaccines, improving information systems, and enhancing laboratory capacity.

Building partnerships and biosecurity capabilities can also occur over the course of typical market access negotiations. For example, Southeast Asian countries are major producers of fish and other fisheries products, with seafood and crustaceans included in the top three commodities of Australia's agricultural imports from Southeast Asia in 2022.

DAFF continues to receive reciprocal requests for new or improved market access for aquatic animal products from Southeast Asian countries to expand trade into Australia. As resources allow, DAFF collaborates closely with these nations to evaluate regulatory and assurance systems to ensure Australia's biosecurity requirements are met to enable the trade in these products remain safe. Timely progression builds on our trade relationships and partnerships in the region and in turn helps ensure our export market access priorities are progressed. Conversely, delays in progressing these requests can quickly become an irritant in the relationship.

DAFF also works with our Southeast Asian trading partners to improve their testing capability for aquatic diseases and to improve their on-farm biosecurity which helps ensure they can meet Australia's biosecurity requirements and facilitate trade. Progressing these key interests of our trading partners is resource-intensive and takes time for DAFF to ensure the biosecurity risk is appropriately managed.

Case Study 3 – Biosecurity partnerships and capability building

Animal Biosecurity Partnership with Indonesia

The Australian Government and the Indonesian Government have a long history of bilateral partnerships on animal health and biosecurity cooperation. Recent support to Indonesia has focused on building capacity to respond to several animal diseases spreading throughout the region, particularly FMD, lumpy skin disease (LSD) and rabies. FMD was first reported in Indonesia in May 2022, LSD was first reported in March 2022, and rabies has spread east, being reported in May 2023 in West Timor for the first time. These diseases are not present in Australia and, should there be an incursion, would have a significant effect on animal health, market access and, in the case of rabies, human health. As a result, DAFF has led several programs to build disease response capability including:

- Strengthening quality assurance practices for FMD and LSD in Indonesian government laboratories to build reliable laboratory capability for these diseases.

- Assisting FMD and LSD response through funding a project with the Food and Agriculture Organization of the United Nations (FAO) and seconding a technical expert to FAO-Jakarta to assist in implementation of the project.
- Enhancing the biosecurity capacity in Indonesia's feedlot sector and supporting development of partnerships between Australia and Indonesian industry bodies.
- Vaccination programs for cattle in feedlots and neighbouring areas in Indonesia and strengthening of partnerships between Australia and Indonesian industry bodies.
- Provision of over one million doses of LSD vaccines.
- Funding the World Organisation for Animal Health to deliver a comprehensive rabies control program in Bali in partnership with the local, provincial, and national government.
- Technical assistance for rabies control in West Timor.

World Organisation for Animal Health (WOAH) Transboundary Animal Disease Project

With the recent rapid spread of exotic animal diseases such as African swine fever, LSD, rabies and FMD throughout Southeast Asia, multilateral support is also important to reduce the risks to Australia by preventing infection at source. The project '**Enhanced capacity of countries in South-East Asia to detect, control and prevent the spread of priority transboundary animal disease**' is an example of DAFF's approach to multilateral engagement in the region. This project, funded by DAFF and implemented by the WOAH through their sub-regional office in Bangkok, seeks to reduce the risks associated with transboundary animal diseases to improve animal health in South-East Asia and Australia by strengthening the capabilities of veterinary services in target countries and improving regional coordination. It commenced in 2019 and focused on six countries: Brunei, Indonesia, Malaysia, the Philippines, Papua New Guinea, and Timor Leste. The project undertakes an all-hazards approach to improve the surveillance, risk analysis, biosecurity, emergency preparedness and disease prevention and control of transboundary animal diseases. Phase I of the project was a retrospective analysis of activities implemented in the target countries by WOAH and other organisations. This provided insight into the effectiveness of approaches and gaps to be addressed.

Using Phase I as a platform, Phase II involves a range of technical capacity development activities implemented individually or jointly with the veterinary services in target countries. Notable activities completed under Phase II of this project include training on safe and effective carcass disposal in Malaysia, the development and trialling of an Emergency Preparedness and Response competencies framework focussing on an after-action review of the response to African swine fever, and training staff to conduct dog

population estimates in Indonesia which is critical for effective rabies vaccination campaigns. This phase will conclude in April 2025 and mark the end of the project.

Indonesia- Australia Red Meat and Cattle Partnership

The Indonesia-Australia Partnership on Food Security in the Red Meat and Cattle Sector (RMCP), has made up a significant part of DAFF's cooperation in Indonesia over the past decade. The RMCP is a unique, 10-year, \$60 million partnership between Indonesian Government, Australian Government and industry focused on supporting food security in the red meat and cattle trade between the two countries. The bulk of the partnership was funded under the DFAT development program for Indonesia. Through the RMCP, over 30 projects were delivered, and 3,800 Indonesians trained, with differing areas of focus dependant on the needs of government and industry of the day. This flexibility to adapt projects and funding as needed was one of the key achievements of the RMCP, including most recently with the pivot to biosecurity-focused projects to support response to outbreaks of exotic animal diseases in Indonesia.

With funding for the RMCP ending in June 2024, there will be a reduction in Australia's agricultural cooperation with Indonesia.

Quarantine Regulators Meeting (QRM) / Australian Fumigation Accreditation Scheme (AFAS)

DAFF's establishment of the **QRM** initiative in 2008 has evolved into a significant mechanism for fostering partnerships and enhancing capabilities in Southeast Asia and beyond. Originally conceived to connect global regulatory agencies responsible for biosecurity and border management, the QRM now engages representatives from over 40 agencies worldwide.

Another cooperation project, AFAS is an example of a capability management system that enables the registration and compliance management of fumigation providers and participating countries to facilitate effective methyl bromide fumigations on Australian-bound consignments. Under AFAS, DAFF provides ongoing capacity building assistance to overseas industry to conduct effective treatments and ensure compliance with Australian import conditions. The value of initiatives like AFAS extends beyond immediate biosecurity risk reduction, empowering regional partners with ongoing capabilities. With seven of the twelve participating countries located in Southeast Asia, AFAS underscores the tangible benefits derived by regional partners from such collaborative schemes.

A number of these valuable programs have been funded through ad-hoc funding sources, like one-off transfers from DFAT or via non-ongoing budget measures where internal reprioritisation of resources was not possible. Moving forward, DAFF's ability to progress these initiatives will be aligned to available resourcing.

3.2 Traceability

Agricultural traceability represents another opportunity to strengthen partnerships and build capabilities across the region. The ability to trace food through the agri-food supply chain is an emerging requirement in Southeast Asia and around the world reflecting rising consumer awareness about food safety and the need to comply with international standards for trade. Increasing investments are being made in traceability solutions with the global food traceability market expected to grow from US\$20.04 billion in 2023 to US\$45.29 billion by 2031 (IAA 2024). This represents a significant opportunity for Australia to collaborate and cooperate with partners and industry through the sharing of technical expertise and contribute to Australian Government key priorities in the region.

DAFF is leveraging traceability efforts to advance the mutual interests of both Australia and Southeast Asian nations through a specific **National Agricultural Traceability Grant Program – “Building trust in Australian agricultural traceability and credentials in Southeast Asia.”** The \$4 million grant round aims to foster collaborative agricultural traceability projects within the Southeast Asia region, aiding in the execution of implementation activities. Its primary goals include demonstrating Australian agricultural traceability and credentials within Southeast Asian markets and enhancing regional traceability capabilities.

3.3 Government-industry partnerships

Partnerships between government and industry are essential for the success of agricultural exports and act as a mechanism to leverage the opportunities available for Australian agriculture in Southeast Asia. DAFF works closely with peak industry and trade bodies to target partnerships and trade priorities in Southeast Asian countries which supports more resilient and expanded market access outcomes. Government-industry partnerships are essential for encouraging innovation, promoting economic development, managing risks, and ensuring that policies and regulations are effective and responsive to the needs of businesses and communities. Alignment between government and industry allows for the effective leveraging of resources and helps to foster a conducive business environment and the building of lasting partnerships in the region. The Agriculture Trade and Market Access Cooperation (ATMAC) grants were an example of effective government-industry partnerships in Southeast Asia.

The ATMAC program was established to break down technical barriers to trade for Australian agricultural exports and support industry resilience through diversification of key commodities to secure new and improved access to premium markets. The program provided thirty-eight grants totalling \$26.5 million for projects to support diversification and expansion of export markets across Australia’s agriculture and food exports, including in Southeast Asia. Grant recipients included:

1. Australian Grape and Wine received three ATMAC grants totalling \$3.3 million to support the delivery of an investment roadmap and activities targeted to increase market access and growth opportunities in key export markets including Viet Nam, Indonesia, Malaysia, and Thailand.
2. Grains Australia Limited received \$1.5 million to support market diversification activities including through a series of technical seminars and workshops in non-traditional markets including Southeast Asia.
3. The Australian Cotton Shippers Association in partnership with Cotton Australia received three ATMAC grants totalling \$3 million, which has enabled the cotton industry to boost key relationships across Indonesian supply chains, including an in-market visit, and to promote further relationship-building activities in Vietnam and Thailand.

These initiatives alongside those conducted by other grant recipients, have provided opportunities for industry to engage with Southeast Asian trading partners to identify and capitalise on commercial opportunities in the region and build lasting commercial partnerships. They allowed industries the opportunity to establish a greater presence in the region and to explore commercial opportunities that would have otherwise not been possible.

Case Study 4 – the Agri-Business Expansion Initiative (ABEI)

ABEI was another example of DAFF working in partnership between government and industry. In close collaboration with industry, DAFF and Austrade, delivered on boosting in-country engagement activities, accelerating work on technical market access and delivering market intelligence to exporters. The approach combined technical and trade cooperation capability alongside additional overseas deployments in the form of short-term Agriculture Counsellors and delivered \$824 million in new and improved commercial outcomes and export opportunities. This proved particularly effective as it not only produced more market access for Australian industry but allowed DAFF to progress the interests of trading partners. Similar results in Southeast Asia, in line with the recommendations of the Moore Report, will require a comparable approach of long-term investment to increase DAFF's organisational flexibility to respond to changing market conditions and market access priorities.

ABEI and ATMAC yielded valuable results for Australian agriculture in Southeast Asia. Similar programs in the future would help achieve sustainable growth and resilience for our agricultural export industries.

3.4 Sustainability

Australia has prioritised sustainability as a cornerstone for nurturing and enhancing partnerships and capabilities in Southeast Asia. Sustainability is critical to the future of agriculture because it aims to minimise negative impacts on the environment, ensures social responsibility and helps to mitigate the effects of climate change. Governments and enterprises worldwide face the challenge of curbing emissions and addressing environmental risks whilst sustaining production.

Australia has taken on a leadership role in addressing sustainability challenges in the region and has sought to share its knowledge and expertise to strengthen partnerships and bolster regional capabilities. In addition to the focus on agricultural sustainability through regional and multilateral fora, the case studies in fisheries, forestry and soils below serve as examples of Australia's efforts to enhance regional responses to shared sustainability challenges.

Case Study 5 – IUU Fishing and Illegal logging

Combating illegal, unreported, and unregulated fishing and promoting sustainable fisheries

A prominent challenge in Southeast Asia includes the threat of Illegal, Unreported and Unregulated Fishing (IUU Fishing). IUU fishing is a global problem that causes social and environmental harm, results in lost revenue for coastal states, threatens the livelihoods of coastal communities and undermines the ability to sustainably manage fish stocks. This directly impacts Australia's national security, the security of the region, and is an issue for which DAFF is the competent authority.

Australia engages bilaterally with countries in Southeast Asia on this issue as well as through the Regional Plan of Action to Promote Responsible Fisheries including Combating IUU Fishing (RPOA-IUU). Delivered using the RPOA-IUU framework, the Australian Government's *Combating IUU Fishing and Promoting Sustainable Fisheries in Southeast Asia Program (2022 to 2026)* supports RPOA-IUU countries to enhance fisheries monitoring, control, and surveillance capacity, strengthen regional coordination, and promote gender inclusivity in fisheries management. The program has strengthened collaboration and partnership building on IUU fishing in Southeast Asia, demonstrates Australia's leadership role in sustainable fishing and contributes to Australia's national security and the security of the region. The program is managed by DAFF and funded by the Department of Foreign Affairs and Trade with technical support provided by the Australian Fisheries Management Authority and the CSIRO.

Illegal logging and sustainable forestry

Illegal logging, unsustainable forest management and associated trade are global problems, with significant social, environmental, and economic impacts.

The APEC Experts Group on Illegal Logging and Associated Trade (EGILAT) is a key regional forum working to enhance the efforts of member economies to take concrete steps to address illegal logging, promote trade in legally harvested forest products, and support capacity building activities.

DAFF officials also engage with their Southeast Asian counterparts through the International Tropical Timber Organization (ITTO), United National Forum on Forests (UNFF), and the FAO Asia-Pacific Forestry Commission (APFC) to establish global and regional policy around forest management and forestry trade.

DAFF collaborates with Southeast Asian timber supply nations to jointly endorse Country Specific Guidelines (CSG), detailing legal frameworks and control measures for timber trade. These guidelines aid Australian importers in sourcing timber, ensuring compliance with anti-illegal logging laws. Endorsed by Indonesia, Malaysia, and Thailand, these CSGs support sustainable and legal timber trade, streamlining the process.

These case studies in fisheries and forestry demonstrate Australia's regional leadership role in sustainability efforts to minimise environmental impacts and mitigating the movement of illegally sourced products to Australia and the region more broadly.

4. Emerging Opportunities and Challenges

Southeast Asia is a dynamic region where Australian agriculture faces evolving opportunities and challenges. While there are opportunities for the expansion of Australian agricultural trade with Southeast Asia, including potential in meeting our trading partners' food security concerns, across the food and beverage sector and halal trade there are also notable challenges. DAFF and industry need to remain agile in addressing these challenges, as it will demand increasing time and resources to sustain Australian agriculture's presence and growth in Southeast Asia.

4.1 Prospects for growth and influence

Australian agriculture and food producers will continue to find opportunities amidst the challenges in Southeast Asia, particularly due to complementary agriculture seasons, climates, production profiles and geography.

The coming decade is poised to see a significant surge in the global demand for food and agricultural products, fuelled by population growth, demographic changes, and rising income levels. Recognising this challenge for our regional neighbours is important, particularly to understand their domestic challenges which will drive their policy positions and approach to imports and exports.

Over the next ten years, approximately 140 million new consumers are expected to emerge in the region, driving consumption to reach \$4 trillion. Among the sectors poised to benefit the most from this growth is the Food and Beverage (F&B) industry. By 2030, F&B spending is projected to account for 30% of consumption in the region, with figures potentially reaching as high as 40% in countries like the Philippines and Viet Nam (WEF 2020).

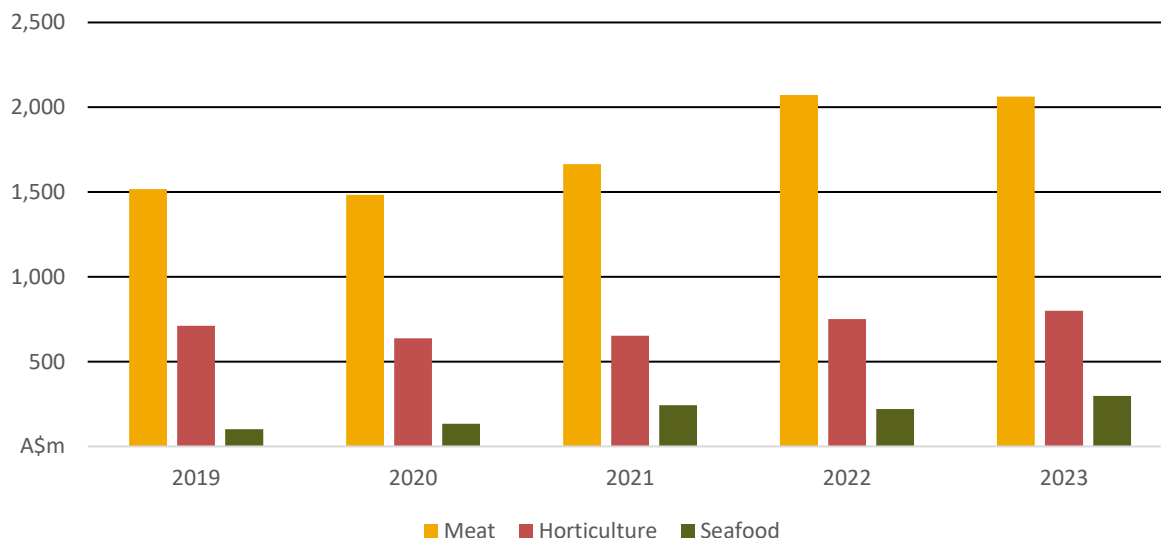
As incomes rise and urbanisation accelerates, food preferences are expected to evolve towards more diverse diets, with increased consumption of meat, seafood, eggs, dairy products, fruits, and vegetables (ABARES 2023). Between 2011 and 2021, total GDP in Southeast Asia increased by 43%, while total global GDP increased by 30% (DAFF 2023).

Several Southeast Asian countries are diversifying into downstream food manufacturing and value-adding sectors, including halal products, which will increase demand for high quality, safe and sustainably produced inputs (Moore 2023). Agricultural products from Australia are particularly sought after, with some reaching consumers directly while others enter longer supply chains for use in manufacturing other products.

The region's fibre processing industries are growing. This has increased demand for inputs, such as cotton. Between 2021 and 2023, Australian exports of cotton to Southeast Asia nearly doubled to \$2.5 billion. Australia's largest market for cotton is Viet Nam, accounting for 37 per cent of Australia's total cotton exports in 2023. Australian barley exports to Southeast Asia, used in food processing, beer production, and as specialty animal feed, have reached a record \$662 million in 2023, up by \$100 million compared to 2021.

An increasingly wealthy and urbanised middle class in Southeast Asian countries are consuming a wider variety of higher value agricultural products, including meat, seafood, and horticulture produce which is reflected in increased exports from Australia (Figure 4).

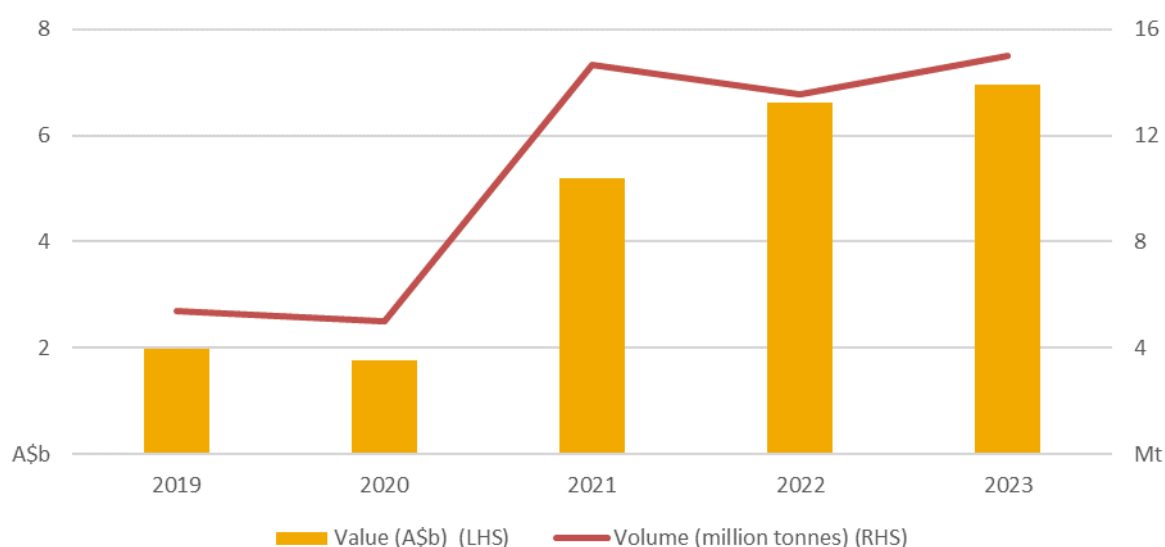
Figure 4: Australia exports to Southeast Asia for meat, horticulture, and seafood, 2019 to 2023, AUD million



Southeast Asia includes Brunei Darussalam, Cambodia, Indonesia, Lao People’s Democratic Republic, Malaysia Myanmar, Philippines, Singapore, Thailand, Timor Leste and Viet Nam Source: Australian Bureau of Statistics (ABS) Catalogue 9920.0

Australia has been an important supplier of grains to the region. Traditionally, milling wheat and malt barley were key grain commodities exported to Southeast Asia, however, the animal feed market presents a significant opportunity for growth (Grain Growers 2022). Exports of grain (wheat, barley, oats, rice, and other bulk grains) reached 15 million tonnes in 2023, valued at around \$6.9 billion (Figure 5). Exports increased sharply across all Southeast Asian markets. Overall, around 36 per cent of Australia’s total grain exports were to Southeast Asian markets in terms of value, or around 37 per cent in terms of volume.

Figure 5: Australia exports of grains to Southeast Asia, 2019 to 2023, AUD billion



Southeast Asia includes Brunei Darussalam, Cambodia, Indonesia, Lao People’s Democratic Republic, Malaysia Myanmar, Philippines, Singapore, Thailand, Timor Leste and Viet Nam Source: Australian Bureau of Statistics (ABS) Catalogue 9920.0

While growth prospects remain, Australian exporters will encounter increased competition due to the proliferation of free trade agreements in Southeast Asia. These agreements create opportunities for other countries to strengthen their trade ties with Southeast Asian nations, leading to heightened competition for market access and share. Understandably, our Southeast Asian neighbours are seeking to insulate themselves against future supply shocks by expanding their sourcing options, however this means Australian exporters will continue to find themselves competing with a broader range of suppliers.

In emerging markets, such as those experiencing rapid economic growth or transitioning towards greater industrialisation, continued engagement is crucial. DAFF acknowledges the efforts of various industry organisations who have worked with government to bolster Australia's presence in key markets, however a step up in these engagements from industry in partnership with government will need to occur to remain competitive.

The DAFF Agriculture Counsellor network also conducts essential complementary work in market to not only secure growth prospects but to strengthen the national position through gathering market intelligence and countering the influence competitors have in these markets. These markets often present significant opportunities for Australian industries to establish themselves as key suppliers. Similarly, in mature markets, maintaining a strong presence and nurturing existing relationships is essential. Ongoing investment to facilitate a joined-up effort between government and industry in undertaking targeted outreach activities can help Australian exporters differentiate their products, showcase their quality, and stay abreast of evolving consumer preferences and regulatory requirements.

4.2 Halal trade

Australia is the fourth-largest exporter of Halal food and beverages to Organisation of Islamic Cooperation (OIC) countries. Notably, Indonesia, Malaysia, and Brunei Darussalam in Southeast Asia constitute significant markets for Australian halal products. However, these nations are now diversifying their economies, aiming to establish industries that enhance the value of their products, thereby creating a demand for Australia's produce. Southeast Asia is also home to a burgeoning population of approximately 240 million Muslims. The global halal food market, valued at over US\$2.4 trillion in 2023, is projected to reach US\$5.8 trillion by 2032 (IMARC Group 2023) indicating the substantial growth prospects for Australian exports in the halal sector including for raw and processed commodities.

For decades, DAFF's technical market access officials and industry stakeholders have collaborated closely to secure vital market access for our red meat and dairy sectors across Southeast Asia and beyond. Australia maintains a robust market share for halal-regulated produce in Southeast Asia, owing to its renowned reputation for high-quality and safe production systems and halal certification. Supported by stringent biosecurity measures and regulatory frameworks, Australia is well-positioned to meet the increasing demand for halal

products in these regions. Additionally, the stability of our commercial systems serves to bolster our competitive standing, making us a partner of choice in the region.

However, our ability to expand trade in halal products hinges on adeptly navigating importing country regulatory changes around halal and the development of country specific halal regulations and standards. As an example, the recent implementation of the Halal Law in Indonesia mandates the requirements for new certification for most exported goods and related services. The legislation broadens the scope of products necessitating halal certification, demanding Australian exporters comply to sustain or augment their presence in the Indonesian market. The shifting complexity around halal regulations requires DAFF to retain the flexibility to respond to changing regional requirements and conduct the technical work necessary to maintain market access. This also involves the capability to maintain close relationships with counterpart agencies, including through the Agriculture Counsellor network, to advocate for Australian industry and ensure up to date understanding of requirements.

DAFF's capacity to uphold and nurture robust partnerships with trading counterparts in Southeast Asia is paramount in effectively managing regulatory issues such as this in the region. This entails bolstering our ability to gather timely market intelligence and comprehensively understand in-market dynamics. Such insights will empower proactive advocacy efforts, enabling collaborative engagement with our trading partners to ensure that regulatory frameworks remain transparent, risk-appropriate, and supportive of seamless trade practices.

4.3 Emerging biosecurity risks in the region

The evolving geopolitical landscape and recent conflicts have resulted in shifts in trade routes, prompting the emergence of new trade corridors. This transition has precipitated a surge in the volume, velocity, and variety of products traversing the region. However, this increase in activity poses a heightened risk of exacerbating the spread of pests and diseases, particularly when not through poorly regulated channels, with the burden on national borders likely to exceed the resources available for intervention (Hulme 2021). These emerging risks will be acutely felt by Southeast Asian countries.

To address this challenge, DAFF has been actively collaborating with our regional partners through both bilateral and multilateral initiatives (as highlighted in section 3.1). These efforts aim to manage existing threats while acknowledging the escalating scale and complexity of the situation. Sustained, ongoing endeavours are imperative to maintain an advantageous position and support resilience within the region. Consistent with our National Biosecurity Strategy 2022-2032, DAFF has been actively involved in working with our regional partners to address emerging biosecurity threats in the region, however, these efforts will require ongoing investment to mitigate emerging risks and protect our domestic industries, environment, and export interests.

4.4 Climate change and sustainability

The impacts of extreme weather events, climate change and environmental degradation on food security in Southeast Asia is driving the need for sustainable agricultural solutions. In the region, agriculture is a significant source of not only food security but economic security. Eight out of the ten countries in ASEAN are dependent on agriculture and its production, with significant employment and livelihoods involved directly or indirectly in the sectors. In some countries, like Myanmar and Lao PDR, the sector accounts for more than 40% of GDP (ASEAN 2023b). However, agriculture operates in an increasingly unpredictable natural environment, and it has been calculated that between 2008 and 2018, Southeast Asia experienced agricultural production losses of US\$21 billion due to extreme weather events (ADB 2021). As a result, governments across Southeast Asia are emphasising the importance of modernising the agriculture sector through sustainable practices, conserving natural resources, and building climate resilience.

This shift towards modernisation represents an opportunity for Australian government and industry as they are renowned for advanced agricultural technology, research, and innovation. This expertise can be leveraged to build partnerships, enhance productivity, sustainability, and efficiency in Southeast Asian agriculture, paving the way for increased partnership and cooperation opportunities in the region. Increased involvement in sustainable agriculture will also allow for the promotion of Australia's credentials in these areas, contributing to the enhanced reputation of Australia's national brand and increased exposure to both importers and consumers of Australian products.

5 Conclusion

Agriculture is critical for food security, social stability, and supporting the ongoing economic growth in Southeast Asia. There is a key opportunity for Australia to strengthen its broader strategic influence by increasing its role in supporting the region's agriculture and food security priorities (Moore 2023).

Food security will continue to remain a significant priority for Southeast Asian governments who view it as essential for national security. While Australia already plays a vital role in contributing to the region's food security needs and developments in the region provide significant additional opportunities for trade expansion and growth, it is not without its challenges.

Non-tariff barriers are increasingly prevalent, multiplying in number and complexity alongside the expansion of regional economies and supply chains. Stringent regulations on food safety, animal health, and administrative and technical trade criteria are being inconsistently enforced in various markets. Moreover, unfavourable audit outcomes from

importing countries can significantly affect market access and the perceived reliability of export processes.

The region is also experiencing a surge in bilateral and multilateral trade agreements. Coupled with domestic policies aimed at diversification, this trend is poised to intensify competition for Australian exporters.

The emergence of pest and disease management, climate variability and domestic policies will increase demand for Australian expertise in capacity building in areas of climate adaptation, sustainability biosecurity and negotiating the terms of trade for a growing list of commodities.

The number and nature of markets in Southeast Asia requires appropriate resourcing, both onshore and offshore, to effectively realise the opportunities on offer and engage effectively in what is an increasingly competitive region. Achieving growth in Australian agriculture, fisheries, and forestry exports to the region and facilitating reciprocal import requests where biosecurity conditions can be met requires persistent and consistent efforts.

A sustainable long-term investment from the government is imperative to enhance the capabilities of DAFF to work with government counterparts and industry stakeholders in effectively engaging with Southeast Asian governments. This commitment is crucial for building and strengthening partnerships with governments and industry in the region through knowledge sharing and capacity building in area of biosecurity, agriculture sustainability and climate change adaptation. In addition to capacity building and partnership development, proactive advocacy efforts are essential for promoting regulatory adjustments that align with international standards and facilitate trade. This involves engaging in diplomatic channels, participating in multilateral forums, and providing technical assistance to support regulatory reform initiatives in Southeast Asia.

As identified throughout this submission, a significant step up in trade cooperation, technical market access negotiations and in-country engagement will be required through to 2040 to give effect to the recommendations identified in *Invested: Australia's Southeast Asia Economic Strategy to 2040*. This includes increased investment in DAFF's technical workforce, sustainable funding for the Agriculture Counsellor network (with representation in all key Southeast Asian markets), resources so DAFF can retain flexibility and agility when required respond to surges in demand for cooperation and for the unique services the department provides. This funding is necessary to service Australia's national interests, both at home and overseas, including contributing to the security of the region more broadly.

6 References

- ABARES 2022, [Direct economic impacts of a foot-and-mouth disease incursion in Australia, an update of a ABARES 2013 estimate](#), accessed 5 May 2024.
- ABARES 2023, [What Asia Wants – long-term agrifood demand in Asia: 2023 revision](#), Australian Bureau of Agricultural and Resources Economics and Sciences, Canberra, accessed 3 May 2024.
- ADB 2021, [Asian Development Bank Outlook 2021 Update Transforming Agriculture in Asia](#), Asian Development Bank, accessed 1 May 2024.
- ASEAN 2023a, [ASEAN Leaders’ declaration on strengthening food security and nutrition in response to crises](#), Association of South East Asian Nations, accessed 2 May 2024.
- ASEAN 2023b, [ASEAN Regional Guidelines for Sustainable Agriculture in ASEAN](#), Association of South East Asian Nations, accessed 1 May 2024.
- Codex 2024, [Maximum residue limits \(MRLS\)](#), Food and Agriculture Organisation of the United Nations, accessed 5 June 2024.
- DAFF 2023, [Growing demand for agricultural produce in South-East Asia](#), Department of Agriculture, Fisheries and Forestry, accessed 2 May 2024.
- Doan HTT & Rosenow S (eds.) 2019, [Non-tariff measures in ASEAN – an update, Economic Research Institute for ASEAN and East Asia](#), Jakarta, accessed 3 June 2024.
- Grain Growers 2022, [Submission to the Southeast Asian Economic Strategy to 2040](#), accessed 16 May 2024.
- Hulme PE 2021, ‘Unwelcome exchange: international trade as a direct and indirect driver of biological invasions worldwide’, [One Earth](#), Vol. 4, No. 5, accessed 13 May 2024.
- IAA 2024, [Food Traceability Market Size, Share & Trends Analysis Report by Products](#), InsightAce Analytic, accessed 10 May 2024.
- IMARC Group 2023, [Halal food market research report](#), International Market Analysis Research and Consulting Group, accessed 4 May 2024.
- Moore N 2023, [Invested: Australia’s Southeast Asia Economic Strategy to 2040](#), Department of Foreign Affairs and Trade, Canberra, accessed 1 May 2024.
- WEF 2020, [Future of Consumption in Fast-Growth Consumer Markets](#), World Economic Forum, accessed 3 May 2024.
- WTO 2023, [EPing SPS & TBT Platform, World Trade Organization](#), Geneva, accessed 3 June 2024.