



SUBMISSION IN RESPONSE TO THE AGRICULTURAL EXPORTS TO SOUTHEAST ASIAN MARKETS



1. INTRODUCTION

GrainGrowers welcomes the opportunity to provide a submission into the Inquiry into Australian agriculture in Southeast Asian Markets.

GrainGrowers is a national organisation working to enhance the profitability and sustainability of Australian grain farmers. We achieve this through our focus areas of policy and advocacy, grower engagement, thought leadership and active investment in future focused activities for all growers. Australian growers are at the heart of all that we do and the focus of our work.

Southeast Asia is a crucial destination for Australian grain exports.

While the region has long been a valued trading partner, increasing economic development presents significant opportunity for future trade growth and market diversification.

To better understand the changing needs of these markets, over the last two years GrainGrowers has led grower delegations to Vietnam and Indonesia.

With 2024 marking the 50th Anniversary of Australia's dialogue partnership with ASEAN, now is an important opportunity to consider how we want to shape the next 50 years of our relationship.

Recognising the strategic importance of ASEAN for Australia, it is an important our relationship is a mutually beneficial partnership.

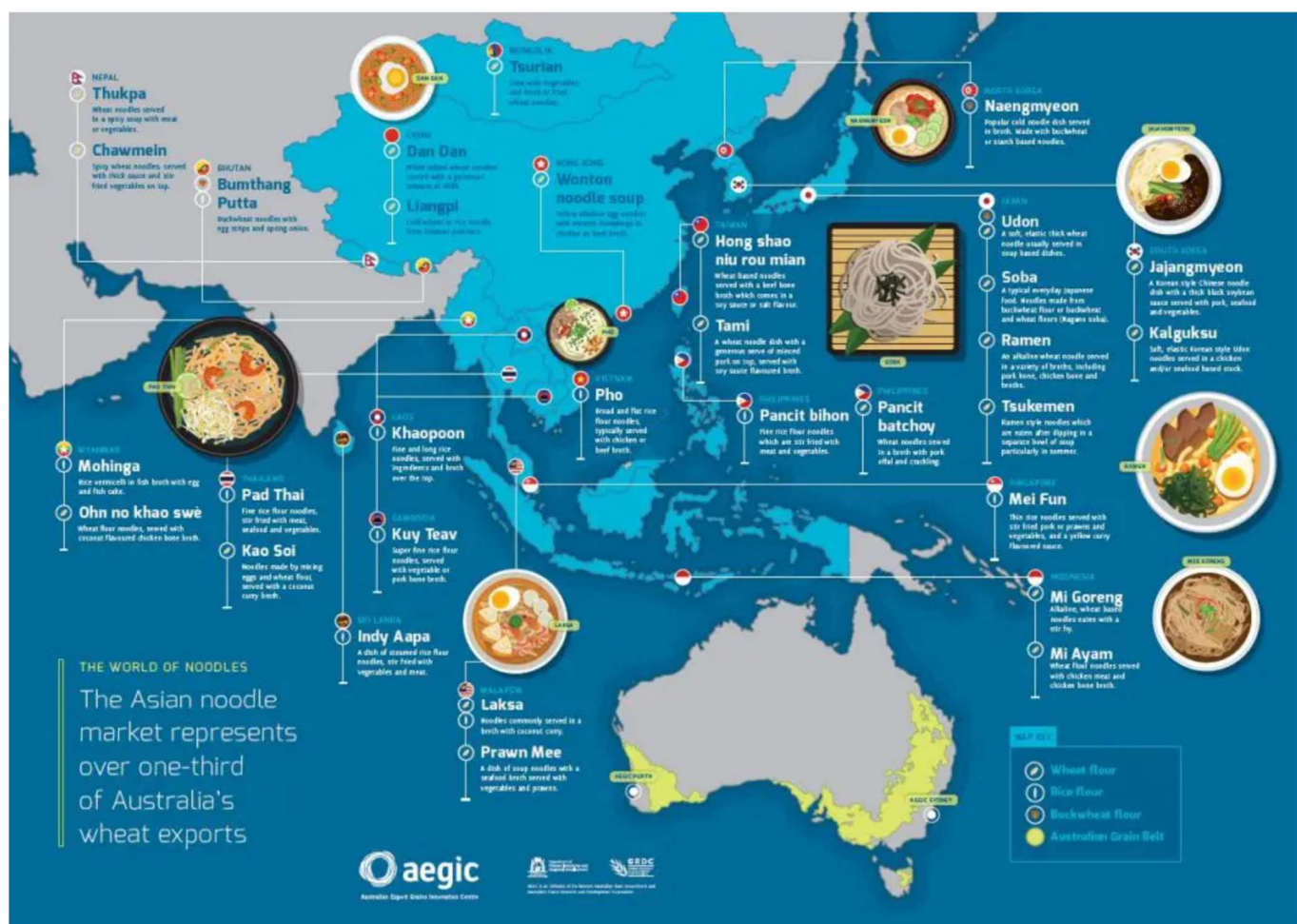
Whilst the *Invested: Australia's Southeast Asia Economic Strategy to 2040* (Moore) report identifies some important actions to strengthen Australia's overall relationship, additional targeted actions are required to support Australia's grain industry.

2. AUSTRALIAN GRAIN EXPORTS TO SOUTHEAST ASIA

Southeast Asia is an important destination for Australian grain exports with significant opportunity for further growth.

As noted in the Moore Report, wheat is Australia’s largest agriculture export to Southeast Asia, exporting over \$6.3 billion in 2022.

Most wheat exports are used for noodles. Local flour millers across Southeast Asia prefer to buy Australian wheat for noodles due Australian wheat’s unique combination of excellent noodle texture and colour attributes.



Source: <https://www.aegic.org.au/the-world-of-noodles/>

Increased urbanisation and a growing middle class also present significant opportunity for Australian soft wheats as the market for baked goods increases.

AEGIC has identified that over the next decade, “there is no market segment anywhere else in Indonesia, or even further afield in neighbouring Asian markets, that offers the same opportunity as Indonesia’s bread and baked goods market.”

While currently this segment is largely dominated by North American wheat, as noted in Dr Siem Doo Siah’s presentation at the Australian Grain Industry Conference earlier this year in Jakarta, AEGIC has begun working with growers, breeders and other industry stakeholders to support a potential new Australian soft wheat industry.

Australia has also exported large volumes of barley to Southeast Asia, especially to Vietnam. Since 2018-19, exports of Australian barley to ASEAN grew by more than 324% to reach A\$590.8m. Growth was especially strong to Vietnam, for use in beer production and food processing.

Increasing meat consumption in Southeast Asia has also resulted in sustained growth in the demand for feed grains and protein meals. Australian wheat, barley, sorghum, canola meal and lupins are all well placed to meet the nutritional requirements of Southeast Asian feed systems, however significant work is required to build awareness around the potential use of alternative feed grains to fully realise these opportunities.

3. THE ROLE AUSTRALIAN GRAIN CAN PLAY IN SUPPORTING SOUTHEAST

Australian grain can play a critical role in supporting Southeast Asia's food security.

Despite rapid economic growth over the last two decades, malnutrition remains a persistent issue throughout Southeast Asia. It is estimated approximately 45% of children to have at least one micronutrient deficiency, with over a quarter experiencing growth stunting.



GrainGrowers met with Prof Dr Nunung Nuryartono, the Indonesian Deputy for Coordination of Social Welfare at the Coordinating Ministry for Human Development and Culture while in Indonesia earlier this year

High quality Australian grain can provide a safe and nutritious food source through products such as flours fortified with vitamins and nutrients, pulses and legumes as an affordable source of protein and even oat noodles rich in beta glucan.

In Indonesia, for example, Australian wheat is being used in a national flour fortification program, which has been employed as a cost-effective strategy for addressing micronutrient malnutrition at scale. As part of the mandatory requirements which were strengthened in 2023, wheat flour is fortified with the five essential micronutrients of vitamin B1, vitamin B2, zinc, folic acid and iron. A recent study conducted by Nutrition International found that over the next decade flour fortification could prevent 45 million cases of iron deficiency anaemia and zinc deficiency and reduce the national rate of birth defects associated with folate deficiency by 25%.

Furthermore, Australian wheat exports are typically used to manufacture noodles in Southeast Asia, offering a cost-effective solution for individuals and families on limited budgets to access filling and nourishing hot meals. Strengthening food reserves to assist emergency preparedness and response has been identified as a key priority in the 2023 ASEAN Leaders' Declaration on Strengthening Food Security and Nutrition in Response to Crisis. A key advantage of instant noodles is their extended shelf life and simple cooking requirement, making them especially suitable to food stockpiles and to be used emergency situations, such as natural disasters. For instance,

the World Instant Noodle Association, in cooperation with its member company PT Nissan Foods Indonesia, donated 100,000 servings of instant noodles following an earthquake in Java, Indonesia in December 2022.

Importantly, despite the popularity of wheat-based food items noodles and breads in many Southeast Asian cultures, wheat is only grown in small volumes in the region (mainly in Myanmar and Thailand) and therefore Australian wheat imports are supplementing Southeast Asian food security.

Australia's contribution to food security in the region, however, must go beyond simply exporting agricultural produce if we are to have a true partnership.

One of the key commitments in the *2023 ASEAN Leaders Declaration on Strengthening Food Security and Nutrition in Response to Crises* is:

“accelerat[ing] digital transformation, adoption of innovative technologies and practices through technical cooperation and appropriate transfer programs on mutually agreed terms to increase productivity and resilience in agri-food production, support technical upskilling, improve farmers' income, address challenges of climate change, reduce Greenhouse Gas emission, reduce food loss and waste, ensure food safety and meet consumer needs.”

In addition to grain exports, Australia must continue share our knowledge and expertise in agricultural production and grain handling to reduce crop loss.

Crop loss especially continues to have a detrimental impact on Southeast Asian food security. In Thailand, for example, an estimated 19% of cereal grain is lost, mainly through wastage occurring during handling and storage. McKinsey has estimated that reducing these losses in Southeast Asia by 40% is equivalent to gaining the food output from 1.8 million hectares of land, which is roughly 22% of Malaysia's agricultural land.

4. MECHANISMS FOR GOVERNMENT AND INDUSTRY TO LEVERAGE IDENTIFIED

Agricultural counsellor network

Ensuring appropriate funding for the Agriculture Counsellor network is vital for building and strengthening agricultural trade in Southeast Asia. Within the region there are currently agriculture counsellors based in Hanoi, Jakarta and Bangkok.

Agriculture Counsellors work in conjunction with biosecurity, exports and trade and market access teams to maintain and improve market access for Australian agricultural exports.

They are important to the success of the industry through maintaining vital trade relationships, resolving on-the-ground trade issues and generally, reducing the risks that come with our trade exposure. These roles are especially important given the increasing signs of trade protectionism across the region surrounding food insecurity to expand market access and address non-tariff barriers restricting trade. It is vital that future agricultural counsellor resourcing reflect the government's ambition for the region.

Joint industry- government programs and engagement

Similarly, ensuring a focus on collaborative programs and engagement between industry and government is crucial for fostering closer long-term relationships with key markets.

Jointly designed and implemented programs by industry and government are more likely to endure through changes in staff and program structures. For instance, the Agricultural Trade and Market Access (ATMAC) Program provided grants to agricultural industry organizations to design and lead projects tailored to the specific needs and priorities of their commodities. This approach strengthened in-country relationships and ensured the longevity of benefits even after the formal conclusion of the grants.

Australian Centre for International Agricultural Research (ACIAR)

GrainGrowers supports increased funding for the Australian Centre for International Agricultural Research (ACIAR), including the ASEAN-CGIAR Innovate for Food and Nutrition Security Regional Program to build agricultural capacity in Southeast Asia.

The Moore Report highlights that ACIAR's efforts have generated substantial additional value: \$14.7 billion in Indonesia, AUD 11.5 billion in Vietnam, AUD 4.8 billion in the Philippines, and AUD 1.7 billion in Thailand. In addition to bolstering food security and transferring Australian agronomic knowledge and expertise, ACIAR's analyses reveal significant reciprocal benefits to Australia with approximately AUD 3.7 billion in benefits have accrued to various sectors, including crops, forestry, horticulture, and agribusiness.

5. CONCLUSION

The Moore Report underscores the vital importance of Australia's engagement with Southeast Asia for its future prosperity and security. As we celebrate the 50th anniversary of our partnership with ASEAN, it is imperative to reiterate our dedication to fostering a cooperative and sustainable relationship.

While the region has long been a valued trading partner for the Australian grain industry, increasing economic development presents significant opportunity for future trade growth and market diversification as well as further support Southeast Asian food security.


To capitalise on these opportunities, it is vital to build on the recommendations of the Moore Report with targeted agriculture specific initiatives such as long-term funding for the Agricultural Counsellor Network, joint industry-government programs, and boosting agricultural capabilities through the Australian Centre for International Agricultural Research (ACIAR).


Through a partnership approach, Australia can not only strengthen its own economy but also contribute substantially to the prosperity and well-being of the entire region.



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 1800 620 519


 enquiry@graingrowers.com.au

 www.graingrowers.com.au

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