

Supplementary Submission to Submission 20 from the Department of Agriculture, Fisheries and Forestry

Inquiry into Australian Agriculture in Southeast Asian Markets

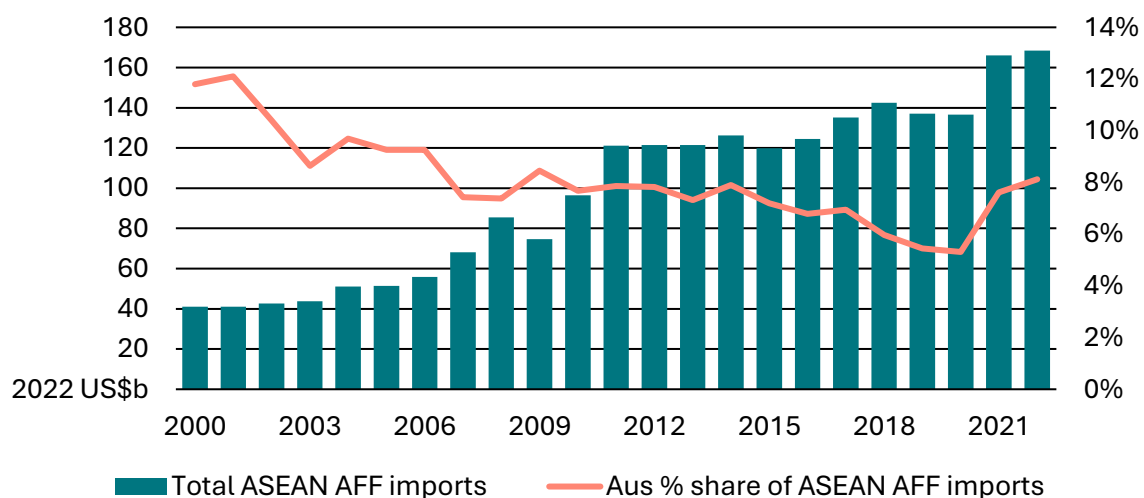
Australia’s Free Trade Agreements (FTA) now cover more than 80% of Australia’s agriculture exports. The Department of Agriculture, Fisheries and Forestry (DAFF) plays a key role in ensuring agricultural, fisheries and forestry stakeholders realise and use the commercial benefits arising from FTAs.

Once preferential tariff outcomes are established under FTAs, there is no guarantee Australian businesses can immediately export their produce to trading partners. Exporters may face technical market access restrictions and difficulty meeting trading partner regulations such as Sanitary and Phytosanitary Measures (SPS) as well as other Non-Tariff Measures (NTMs).

NTMs are increasing in number and complexity. These can prevent access to markets and/or impose unreasonable costs on Australian exporters particularly if SPS measures are not science-based. Adjustments to these measures requires negotiations that are led by technical specialists (with animal, plant, and food safety expertise) within DAFF.

Australia’s competitive advantages relative to other agricultural exporting countries is also declining. Microeconomic reforms beginning in the 1970s and 1980s (e.g. reduction in tariffs, removal of subsidies and unwinding of statutory marketing arrangements) enabled Australian agricultural producers to take advantage of improvements in the trade environment in the 1990s through the creation of the World Trade Organization (WTO). Australia has specialised in the export of raw commodities (e.g., wheat, beef, canola, cotton, and lamb) and the value of our agricultural exports has increased by 44% over the past two decades. Australia was also an early mover on FTAs with 14 agreements concluded over the past 20 years. However, these gains through FTAs are being eroded as other countries negotiate their own agreements with Australia’s trading partners.

Australia's share of ASEAN's agriculture, fisheries, and forestry imports



Source: UN Comtrade 2024. Note: Data for Laos and Myanmar is not available between 2000-2009.

The figure above demonstrates that ASEAN's imports of AFF products have increased from 2000 to 2022. However, Australia's proportion of this market share has declined. There is a substantial potential for Australian AFF exports to increase its market share in this region if there is further investment in the Agriculture Counsellor Network, technical negotiation capacity as well as biosecurity and food safety capacity building.

Investment in DAFF's Agriculture Counsellor Network

Sustained funding is critical to maintaining our presence in key markets, particularly in Southeast Asia. This network provides essential support for unlocking market access opportunities, resolving regulatory issues, and advancing Australia's agricultural interests.

DAFF's overseas based Agriculture Counsellor Network is incredibly important and has delivered significant support to industry in opening export markets and in maintaining and restoring existing markets. Their contribution particularly in gathering market intelligence, monitoring domestic policy and regulatory settings and the significant networks they build with overseas government and competent authorities gives Australia an incredible competitive edge over our competitors.

Ongoing, and growing funding (commensurate with inflation), to maintain our existing footprint of 22 Counsellors in key markets that includes five committed positions in Southeast Asia (2 Indonesia, 1 Vietnam, 1 Malaysia and 1 Thailand) is required. In addition, further funding would allow us to increase our presence in Southeast Asia which will help strengthen our advocacy, deepen networks with key government decision makers and help maintain our strong market presence in the region – consistent with the Government's Southeast Asia Economic Strategy 2040 (Moore Report).

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.

Investment in DAFF's technical negotiation capacity

Strengthening technical capacity is crucial for addressing complex technical barriers, such as biosecurity and food safety standards. This will ensure Australia can effectively navigate and resolve non-tariff measures, protecting our existing markets and advancing new opportunities.

DAFF plays a central and unique role in addressing these regulatory and restrictive measures with counterpart regulatory agencies through a range of consultative mechanisms such as committees established under FTAs. These negotiations are often technically complex, require specific capabilities within DAFF, such as food safety specialists, plant and animal scientists, veterinarians, and the like to conduct assessments of science and risk.

As an example, despite tariffs having been reduced under the Thailand-Australia Free Trade Agreement (TAFTA) when it entered into force on 1 January 2005, the first shipment of Hass

avocados only arrived in Thailand in September 2023 following agreement on technical import conditions. These negotiations were progressed by DAFF through technical discussions at annual meetings of the Expert Group on SPS established under TAFTA. Exports of \$3.5 million of avocado have now been exported to Thailand since technical market access was negotiated.

Investment to support biosecurity and food safety capacity building

Strengthening institutional relationships will support Australia’s strategic interests and improve market access. It will also help build resilience and foster long-term collaboration in an increasingly competitive environment.

Agriculture and food are also a strategic asset in terms of our public diplomacy and forging people-to-people links. Agricultural and biosecurity technical collaboration and capacity building initiatives plays a critical role in strengthening our political and institutional relationships and our unique work buys us influence, leverage and market access through building credibility, trust and generating shared benefits, as well as promoting Australia’s world-class biosecurity systems and expertise.

Most of our capacity building initiatives in the region are reactive and reliant on external ad-hoc funding sources that may not be readily available. We are also limited in our ability to redirect our specialist resources to these activities without compromising on core market access functions. Having an ongoing dedicated funding source will allow us to plan long term and develop much-needed strategic partnerships critical to building resilience in the region. This is important to deepen our relationship in an increasingly contested environment.