

31 May 2024

Role of Australian Agriculture in Southeast Asian Markets Submission

Standing Committee on Agriculture

Port of Melbourne



Port of Melbourne acknowledges the Bunurong, Wadawurrung and Wurundjeri Peoples of the Kulin Nation as the Traditional Custodians of the land and waters on which our business operates.

We recognise and value their unique cultural heritage, customs, spiritual beliefs and relationship with the land. We pay our respects to their Elders past, present and emerging, and to all Aboriginal and Torres Strait Islander peoples across the communities in which we work.

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EXECUTIVE SUMMARY

Port of Melbourne Operations Pty Ltd is pleased to submit to the Standing Committee on Agriculture's Inquiry into Australian Agriculture in Southeast Asian Markets.

Port of Melbourne is Australia's largest container and general cargo port, handling more than one-third of the nation's container trade.

Port of Melbourne is responsible for the strategic planning, development, and management of the port under a 50-year lease with the Victorian Government, which commenced in 2016. Port of Melbourne is crucial in linking Victoria's and Australia's supply chains, significantly impacting the agricultural sector.

As part of Port of Melbourne's stewardship obligations entrusted by the Victorian Government, it is our responsibility to maintain the Port's role as Victoria's freight capital.

Port of Melbourne supports the Federal Government's recognition of Southeast Asia as a key market for boosting Australia's agricultural and trade sectors. The Southeast Asia Economic Strategy 2040, developed and released by the Australian Department of Foreign Affairs and Trade (DFAT) in 2023, highlights the need for collaboration between industry and government. The Federal Government's recent allocation of \$505.9 million in the 2024-25 Federal Budget reinforces this commitment and serves as an important mechanism to improve strategic partnerships with the region.

As a principal export enabler for the agricultural sector, Port of Melbourne believes significant opportunities exist to enhance agricultural trade between Australia and the Southeast Asia region. We have been working closely with Border Force, DFAT, Department of Agriculture, Fisheries and Forestry (DAFF) as well as state and federal governments on mechanisms to improve our trade processes and diversify relationships across different regions. We look forward to further opportunities to consolidate on these opportunities.

Port of Melbourne is also pleased with the recent appointment of Ms. Naila Mazzucco as the new Southeast Asia Commissioner by the Victorian Government. We look forward to collaborating closely with Ms. Mazzucco, and the Victorian and Commonwealth Governments, to foster closer economic ties with the region.

We are eager to continue our engagement with both the committee and the Federal Government to explore these opportunities further.

BACKGROUND

Australia's Southeast Asia Strategy 2040

Australia's Southeast Asia Economic Strategy to 2040 represents the importance of the region and broader possibilities that can be harnessed relating to agriculture, decarbonisation and exports. Agriculture, fisheries and forestry represent Australia's second biggest export sector, worth \$17.6 billion in 2022¹. This sector is expected to grow substantially by 2040, aligning with projections that see Southeast Asia becoming the world's fourth-largest economy by 2040.

The Federal Government's budget funding allocation of \$505.9 million² to deepen engagement with Southeast Asia and further implement the Southeast Asia Economic Strategy is welcomed and will play a critical role in realising the actions and subsequent benefits it outlines.

Port of Melbourne plays an essential role in facilitating agricultural exports from Victoria, New South Wales, and South Australia to the Southeast Asian market. Our involvement not only supports the national economic strategy for trade and economic growth, but also enhances the agricultural export capabilities crucial for tapping into this burgeoning economic region.

Engagement with Southeast Asia

From the 15th to 19th of April 2024, Port of Melbourne, CMA CGM, ANL and HAMR Energy participated in Austrade's inaugural Australia Southeast Asia Business Exchange mission to Singapore and Malaysia.

Led by the Hon Tim Ayres, Assistant Minister for Trade & Manufacturing, the Maritime Decarbonisation Mission offered a valuable forum to engage with key stakeholders in one of our vital trade regions as well as advance Australia's position as a leader in both trade and decarbonisation initiatives.

Decarbonisation of the maritime sector is a significant opportunity for Port of Melbourne and the Australian Government and alongside the export possibilities to harness agricultural produce to our trade partners, there lies significant opportunities for engagement and partnership with agricultural leaders, federal and state departments and trade facilitators like Port of Melbourne.

Agricultural Exports & Trade

Port of Melbourne is a key facilitator for Victorian and Australian businesses, playing an important role exporting products to global markets. During the 2021-22 financial year, more than 50 per cent of the value of international exports from the port was derived from agricultural and food products³, illustrating the port's significant contribution supporting the sector.

Dry bulk commodities, predominantly agricultural products like wheat, canola, and barley, accounted for 13 per cent of the total trade throughput in 2021-22, contributing \$363 million to the Australian GDP⁴.

Notably, grains emerged as the largest container export, while red meat was the fifth largest, highlighting

¹ [Pg. 11, Southeast Economic Strategy to 2040, DFAT](#)

² [Pg. 106, Budget Paper No.2, The Treasury](#)

³ [Pg. 12, Economic Contribution of the Port of Melbourne](#)

⁴ [Pg. 12 and Pg. 24, Economic Contribution of the Port of Melbourne](#)

diverse strengths in Australia’s export portfolio. In October 2023, red meat exports reached a monthly record with nearly 5,000 shipping containers⁵, underlining the growing demand of our agricultural sector.

Looking ahead, container trade at Port of Melbourne is projected to increase at a compound annual growth rate of 2.8 per cent from the financial year 2023 to 2053⁶. Southeast Asia, a key destination for our exports, plays a substantial role in this growth, presenting significant opportunities for the agricultural sector to expand further into these vibrant markets.

In 2022-23 alone, dry bulk trade grew by 1.3 per cent to 5.5 million revenue tonnes, this was entirely attributable to the export sector which grew by 9.1 per cent⁷. This growth does not include the vast quantities of agricultural products already processed and packaged, which continue to pass through the port.

Significant export destinations within Southeast Asia include:

- Indonesia, the largest importer of pulp and wastepaper, accounting for 45 per cent of all such exports from Port of Melbourne.
- Malaysia, the leading importer of rubber at 47 per cent and a major buyer of wheat.
- Vietnam, a significant importer of both cotton and malt, demonstrating diverse trade connections.

These figures highlight the importance of Port of Melbourne not only as a major export hub, but also as a key player in tapping into the growth potential of Southeast Asian markets. As these regions continue to experience significant increases in population and income, the opportunities for expanding Australian agricultural exports are substantial. Port of Melbourne is committed to supporting this growth, leveraging our infrastructure and strategic position to enhance Australia’s trade relationships within Southeast Asia.

SUMMARY OF RECOMMENDATIONS

RECOMMENDATION 1	Provide resources for an Australian Agriculture Partnership to lead cooperation in support of trade and development in the region.
RECOMMENDATION 2	Continue to expand Australia’s Southeast Asia Business Exchange Missions and engage thoroughly with industry bodies across regions.
RECOMMENDATION 3	Establish ministerial engagement through ASEAN and continue utilising the Simplified Trade System to enhance export conditions for agriculture and improve Australia's trade capabilities.
RECOMMENDATION 4	Partner with industry, Southeast Asian stakeholders, and government agencies to effectively forecast future constraints to food security in the region, deepen ties, and mitigate risks.

⁵ [Victorian red meat exports hit all-time high - Port of Melbourne](#)

⁶ [Pg. 2, Trade Forecasts – Port of Melbourne](#)

⁷ [Trade Performance | Trade Statistics | Port of Melbourne](#)

Port of Melbourne Submission Response

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

Recommendation 1

Provide resources for an Australian Agriculture Partnership to lead cooperation in support of trade and development in the region.

Context

Port of Melbourne supports the strategy's recommendation to establish the Australian Agriculture Partnership to bring together public, private, and non-governmental organisations to enhance collaboration and trade in the agricultural sector.

This partnership would operate similarly to the successful Australian Water Partnership, facilitating engagement and innovation across diverse sectors. The Southeast Asia Strategy 2040 underscores the importance of efforts to stimulate trade demand and leverage Australia's comparative advantages in agricultural product emissions intensity.

Data from DAFF shows this comparative advantage exists in grains, sheep and cattle⁸. As global markets increasingly focus on reducing scope 3 emissions, the demand for sustainably produced agriculture is expected to rise, along with its market value.

Port of Melbourne recognises the substantial benefits of strengthening connections between the agricultural sector, government bodies, and key trade gateways such as Port of Melbourne to boost the supply chain. This partnership would not only build upon existing relationships but also spur innovation and collaboration across the export supply chain. Supporting these initiatives is essential, as they enhance trade capabilities and ensure that governmental collaboration is effectively aligned with industry needs.

Additionally, the Agriculture Partnership could promote Australia's sustainable agriculture practices in the region, including the use of Green Shipping Corridors with trade partners across Southeast Asia. Implementing these corridors would facilitate the trading of sustainable agricultural goods, encourage more efficient transportation methods, reduce carbon emissions, and aid in decarbonising multiple sectors through enhanced trade facilitation.

⁸ [Snapshot of Australian Agriculture 2024 - DAFF](#)

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

Recommendation 2

Continue to expand Australia's Southeast Asia Business Exchange Missions and engage thoroughly with industry bodies across regions.

Context

Port of Melbourne recommends expanding the business exchange framework to enhance agricultural exports through partnerships in Southeast Asia.

This framework should leverage the insights and networks gained from recent business exchange missions (such as Port of Melbourne's recent trip to Singapore and Malaysia) to drive improvements in export processes and expand market access.

From 15 to 19 April 2024, Port of Melbourne, along with CMA CGM & ANL and HAMR Energy, participated in Austrade's inaugural Australia Southeast Asia Business Exchange mission to Singapore and Malaysia. This mission, led by the Hon Tim Ayres, Assistant Minister for Trade & Manufacturing, provided a valuable opportunity to engage with key stakeholders and advance Australia's leadership in trade and decarbonisation initiatives.

The mission proved highly successful in building relationships, fostering further collaboration, and advocating for Australian industry. It has established a model that can be replicated to promote and support the agriculture, animal and plant biosecurity, climate resilience and agricultural sustainability and innovation. Active industry presence in Southeast Asia is essential, as increased interaction leads to more opportunities and higher trust.

Port of Melbourne believe there needs to be a comprehensive review of all trade association engagements across both Australia and Southeast Asia so industry and government can most efficiently and effectively facilitate trade opportunities. Such organisations would include Australian embassies in the region and Business chambers of commerce representing Southeast Asian countries based in Australia.

Industry Question C: Identifying new and emerging opportunities and challenges in the region for the Australian agriculture industry, including enhanced market intelligence for exporters to support them to navigate markets and realise opportunities.

Recommendation 3

Establish ministerial engagement through ASEAN and continue utilising the Simplified Trade System to enhance export conditions for agriculture and improve Australia's trade capabilities.

Context

ASEAN

Port of Melbourne supports the strategy's recommendation to enhance market intelligence and support mechanisms for Australian exporters by focusing on key aspects of the Southeast Asia Economic Strategy 2040. Specifically, this would include:

- Strengthening ongoing ministerial and senior officials-level engagement on agriculture through ASEAN mechanisms (as outlined in Recommendation 27 of the strategy).
- Expanding resources to provide technical expertise and develop frameworks that assist exporters in meeting both new and existing import requirements, such as environmental sustainability and halal certifications (Refer to Recommendation 29).

Implementing these measures would significantly reduce barriers and costs associated with exporting by equipping businesses with the necessary knowledge and tools to effectively navigate diverse import regulations. Enhanced engagement through ASEAN would also help harmonise these requirements, benefiting both ASEAN members and the Australian agricultural sector by simplifying trade processes.

By utilising the ASEAN network as a platform for gathering and disseminating market intelligence would also not only lower trade barriers but enhance decision-making capabilities for exporters. This could minimise risks associated with trade delays or disruptions and bolster the confidence of agricultural producers, ensuring more reliable export operations through export hubs like Port of Melbourne.

Simplified Trade System

Port of Melbourne supports and is engaged with the Simplified Trade Taskforce and their efforts to implement a Simplified Trade System. This system represents a significant opportunity to enhance export conditions for the agricultural sector and facilitate ease of access to key markets in Southeast Asia. Digitisation and improvement of cross-border controls would not only reduce the compliance burden but also facilitate more productive and efficient movement of goods in and out of ports such as Port of Melbourne. Through the Simplified Trade Taskforce, Border Force and DFAT, Port of Melbourne has been working to enhance trade capabilities through our nation's ports and across Australia.

Question E: How Australian agriculture can support Southeast Asia's food security [towards 2040].

Recommendation 4

Partner with industry, Southeast Asian stakeholders, and government agencies to effectively forecast future constraints to food security in the region, deepen ties, and mitigate risks.

Context

Port of Melbourne recommends the establishment of a dedicated taskforce within the Australian Department of Agriculture, Fisheries, and Forestry to work closely with industry leaders, including Port of Melbourne, to streamline and enhance agricultural export processes. This taskforce would focus on identifying and implementing innovative logistics solutions that reduce lead times and costs, thereby increasing the competitiveness of Australian agricultural exports in Southeast Asian markets. This would directly contribute to the resilience of Australia's supply chains and promote sustainable growth in agricultural exports.

For more information

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