

National
Farmers
Federation

The role of Australian agriculture in Southeast Asia

May 2024



The National Farmers' Federation (NFF) is the voice of Australian farmers.

The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain.

Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

The NFF represents Australian agriculture on national and foreign policy issues including workplace relations, trade and natural resource management. Our members complement this work through the delivery of direct 'grass roots' member services as well as state-based policy and commodity-specific interests.

NFF Member Organisations



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Introduction

Australian agriculture has strong links to Southeast Asia both in terms of bilateral trade and cooperation in the international rules-based trading system.

Over recent decades, the agriculture industry has greatly capitalised on the growing Southeast Asian market, both in terms of meeting overall demand and changing consumer preferences for sustainably grown products. Over the last 5 years, Australian agricultural exports to Southeast Asia have almost doubled, reaching \$17.2 billion in 2023.¹ Currently, around 23 per cent of all Australian agricultural exports are sent to the region. This also greatly contributes to a more food secure region, a point that policymaker must remain cognisant of.

Australian agriculture is a significantly trade-exposed industry, and farmers are now acutely aware of the risks of an over reliance on a single trading partner. Given this challenge, expanding and diversifying our trading partners, particularly within our immediate region, will be critical to mitigating that risk and ensuring farmers have stable and predictable markets to sell their product.

This submission outline's some of the key initiatives that the industry would like to see to deepen both economic and cultural ties. This includes a strong in-country presence representing the agriculture sector, facilitating industry engagement, investing in capacity building exercises and growing people to people links. All of which will be critical to ensuring Australia meets its 2040 Southeast Asia vision.

The NFF is committed to working with the government on the important role of agriculture in Southeast Asia, and thanks the Standing Committee on Agriculture for the opportunity to make a submission.

¹ <https://www.agriculture.gov.au/about/news/asean-summit-agri-food#:~:text=ASEAN%E2%80%94with%20a%20consumer%20market,reaching%20%2417.2%20billion%20in%202023.>

Opportunities for Australian Agriculture in Southeast Asia

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

The opportunities for Australian agriculture within Southeast Asia are enormous, and proper consideration and planning by government in partnership with industry will be key to ensuring we capitalise on this opportunity collectively. Maintaining and improving market access and supporting industry to build market opportunities within the region should be a key focus moving forward.

Australia's trade and market access

The ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) provides the basis of commercially meaningful market access across Southeast Asia for a range of agricultural goods. The NFF also acknowledges the signing of the Second Protocol to Amend the AANZFTA, which once ratified, will simplify and streamline existing trade systems, and seek to harmonise the arrangement with other regional trade agreements that Australia is a party to, including the Comprehensive and Progressive Transpacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP).

This regional agreement compliments the market access gains achieved in the bilateral Free Trade Agreement's (FTAs) Australia has now signed with Singapore, Thailand, Malaysia and Indonesia. Whilst these existing FTAs provide excellent coverage of agricultural products, there remain some non-tariff barriers, nuisance tariffs and duties on agricultural goods that if addressed, could further benefit our agricultural exports to the region.

The NFF supports the regular review of FTAs and RTAs to improve existing arrangements where opportunities exist. Particularly where direct competing countries may have negotiated FTAs more recently, with advantageous market access arrangements achieved.

The government should consider the following initiatives to improve market access opportunities with Southeast Asia:

- Review, and where necessary, re-negotiate existing bilateral agreements to ensure that Australian agricultural products have the most favourable and, at a minimum, competitive access rights.
- Beyond tariff reductions, actively work with trading partners and domestic industry to resolve non-tariff barriers that have a tangible impact on market access.

Supporting industry engagement in the region

Increased support for industry-led international engagement activities within Southeast Asia would improve Australia's negotiation efforts and outcomes for agriculture within the region.

Trust, knowledge, and understanding must be fostered over time, through consistent and repeated engagement with our international counterparts. Increased information sharing of Australian farming systems will contribute to a greater awareness and understanding of

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our industry and products, particularly regarding sustainability practices. This greater understanding may also drive the consumer preference toward more sustainably produced agriculture products than those from competing exporting countries.

In country delegations with agriculture industry representatives have proven highly effective in developing industry to industry relations and allaying cross-cultural misconceptions. Industry requires support to continue to expand this activity across the breadth of our agricultural export supply chains. Further, improved access and engagement in both formal and ad hoc forums will assist industry to address and mitigate future non-tariff barriers.

Agriculture Counsellor Network

The NFF is also strongly supportive of the Department of Agriculture, Fisheries and Forestry's (DAFF) agriculture counsellor network provide a critical role in facilitating Australian agriculture exports. These functions include a technical aspect including exploring new market access opportunities, providing market intelligence, resolving detained consignments. There is also an important strategic element that involves the promotion of Australian agriculture sustainability credentials, our unique productions methods and the importance of maintain a rules-based trading system.

Within the region, there are currently agriculture counsellors based in Indonesia, Thailand, and Vietnam. We understand that there is currently no agriculture counsellor permanently resourced for Malaysia, this is an important market which could better utilised with a permanent in country presence representing the needs of the industry. Within the region, such active technical matters including Indonesia's current implementation of halal labelling requirements, and at a strategic level, supporting the Cairns Group Farm Leaders and other industry-led initiatives are examples of the important and relevant aspects of their work.

The NFF is strongly encourages increased resourcing of the program to expand the geographic footprint in Southeast Asia, and to ensure that resourcing appropriately matches governments ambition for the region. The NFF would be strongly concerned by any possible reduction to the resourcing of this program or the potential for the government to move to a cost recovery model to fund the agriculture counsellor network. If this were to occur, it could compromise the integrity and access to this important resource.

Special Representative of Australian Agriculture

The NFF would also highlight the importance of the Special Representative for Australian Agriculture (SRAA). The NFF advocated for the establishment of the SRAA position in 2021 and have long supported the role and its importance as a part of DAFF's Global Agriculture Leadership Initiative. This program seeks to actively engage in international dialogues that set the norms, standards, and rules around trade and increasingly sustainability.

The NFF note the work of the SRAA already within the Southeast Asia region, for example, in 2022 the SRAA visited Japan and Singapore to share and discuss the work the Australia is doing on sustainability, and specifically, presenting the industry-led initiative of the Australian Agriculture Sustainability Framework (AASF). In almost all markets across the globe, sustainability is an increasingly prevalent issues, and Australia's leadership in this space has been embraced.

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The SRAA is an important tool in agriculture's soft diplomacy toolkit. Ensuring that the SRAA is actively involved in growing Australia's influence and cooperation across Southeast Asia will be incredibly important moving forward. To do so, the SRAA program must be extended beyond its current funding period, and further resourced to the level where adequate policy and technical support is provided to the SRAA.

Australian Trade and Market Access Grants

The Agricultural Trade and Market Access Cooperation (ATMAC) program was a strong example of a means to empower industry to facilitate progress and proactively ensure market access and economic outcomes. This grant program aimed to expand and diversify trade in Australia's agricultural, fisheries and forestry sectors into emerging export markets with high-growth potential. There were a range of grant recipients under the program, from research and development organisations, industry representative organisation and others, and several examples of successful joint collaborative projects. There were also examples of this project specifically benefiting Australian agriculture's trade outcomes into the Southeast Asian region. For example, Dairy Australia's project, "Reduction of Technical Barriers to Trade for Australian Dairy in Southeast Asia" and AEXCO's "Diversification of the Australian export fodder industry into new markets in South-East Asia and the Middle East". Therefore, industry was extremely disappointed when the government decided to cease funding to for this important and valuable program.

Recommendation 25 of the Moore report, implores government to "Pursue a targeted, sustained and modern 'whole-of-nation' agricultural trade and investment advocacy effort to drive growth."² Given this, and the government's commitment to trade diversification as a key pillar of Trade 2040, the NFF would encourage the government to reinstate this program and look for opportunities for whole-of-industry approaches, including with industry associations, research institutions and exporting businesses.

Cairns Group Farm Leaders

The Cairns Group Farm Leaders (CGFL) is a coalition of agricultural exporting countries. The CGFL continues to seek equitable and enforceable rules-based trading system in agriculture and continues to work in the multilateral space, particularly in the WTO on issues such as:

- improving markets access to enable more open, effective and equitable access for all products.
- reducing trade and production distorting domestic support.
- ensuring unilateral environmental measures are not designed or utilised for trade protection.

The National Farmers' Federation is the permanent Chair of the CGFL and works closely with the Department of Foreign Affairs and Trade, the permanent Chair of the Cairns Group, the government level equivalent coalition. The CGFL membership includes Latin

² <https://www.dfat.gov.au/sites/default/files/invited-southeast-asia-economic-strategy-2040.pdf>

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American, Canadian, South African and Southeast Asian nations including Australia and New Zealand.

Recommendation 28 of the Moore report suggests government seek to “deepen engagement with the Cairns Group Farm Leaders in the region (Indonesia, Malaysia, Vietnam, Thailand and the Philippines).³ Historically, engagement with these members has been challenging, however the strategic value of a coordinated and active CGFL must not be understated. Government assistance to drive engagement with Southeast Asian CGFL members and increase the presence in key markets and regional forums will allow this industry-led initiative to continue strategic cooperation in multilateral forums such as the WTO and strengthen the rules-based trading system that we desperately rely on.

Summary

Some of the key initiatives that the government should support to drive agriculture’s opportunities within the region are:

- Review, and where necessary, re-negotiate existing bilateral agreements to ensure that Australian agricultural products have the most favourable and, at a minimum, competitive access rights.
- Beyond tariff reductions, actively work with trading partners and domestic industry to resolve non-tariff barriers that have a tangible impact on market access.
- increase resourcing for the agriculture counsellor network to increase the in-country representation of the agriculture sector.
- continue support for Special Representative for Australian Agriculture through the Global Agriculture Leadership Initiative.
- renew funding the Agricultural Trade and Market Access Cooperation program, or a similar program, to enable the Australian agricultural and processed food sectors to promote their interests overseas.
- sufficiently resource agriculture’s presence in international forums and support bilateral opportunities to build mutual understanding, appreciation, and communication channels. For example, and as noted in the Moore review, the Cairns Group Farm Leaders.

³ <https://www.dfat.gov.au/sites/default/files/invested-southeast-asia-economic-strategy-2040.pdf>

Building the Southeast Asia's agricultural capability

- 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.**

Southeast Asia has an economically dynamic and culturally rich agricultural sector. Identifying opportunities where Australia can assist in developing the region's domestic capabilities should also be explored.

Australia's cutting-edge technologies and production methods are highly attractive to our developing country partners seeking to modernise and increase the productivity of their agricultural systems. Opportunities exist to utilise these as a means to facilitate cooperation in other areas outside of direct market access negotiations. The NFF is open to exploring opportunities to facilitate appropriate technology transfer and knowledge sharing arrangements where benefits for the Australian agriculture industry exist.

Labour mobility

Opportunities to drive knowledge sharing and further cultural ties exist in labour mobility programs. The NFF were strong supporters of the Australian Agriculture Visa (AAV). The program sought to enable workers from ASEAN nations who were willing and able to work on Australian farms to do so where the correct system were in place. There was great interest in the program officially — in the form of a bilateral agreement — expressed from Vietnam and we understand a number of other nations were very interested. The program would provide many benefits domestically and to partner countries. It would grant Australian farmers access to existing international labour pools, at a reasonable administrative and financial cost. With strong safeguard in place, it would assist smaller growers — for whom the Pacific Australia Labour Mobility (PALM) scheme is prohibitive — with workers as and when they're needed. But it would have strong benefits for sending nations. It would allow travellers who want to work on farms to come to Australia and go to the work as and when they're needed. They would earn Australian dollars to send home to support and assist their families, communities, and local economies. But, in addition to those remittances, it would have a strong cultural exchange component and would allow workers the opportunity to experience the production and business management systems which are the norm on Australian farms.

And while almost 2 years have passed since the (then) new Labor government scrapped the program, the NFF remains steadfast in the necessity of expanded migration settings to supplement the domestic workforce in agriculture. The conditions that initiated the calls for a dedicated AAV still exist. The AAV was issued in the context of the UK-AUS free-trade agreement, which removed the requirement for UK backpackers to work 88 days on-farm to renew their visa. This change will — which will be felt from about July 2025 — result in a 20% - 25% reduction in the available seasonal workforce. A comprehensive solution which is purpose built and responsive to the needs of industry is sorely required in its place. Such an arrangement would not displace the need for or utilisation of PALM, as both migration streams would provide solutions to different types of labour demand from industry. And it is important to note that the AAV was not focused solely on lower skilled workers. It also featured a very important (to the ag sector) skilled and semi-skilled component. It would be about more than seasonal fruit pickers and packers. It would allow piggery attendants, chicken breeders, dairy farm technicians, diesel mechanics, etc,

etc, to travel to Australia and provide valuable support to our agricultural sector while gaining exposure to our farming systems.

Capability building

Where Australia already plays a vital role in the capability building of agriculture within Southeast Asia is through the work of the Australian Centre for International Agricultural Research (ACIAR). ACIAR research has been incredibly successful in the region and as highlighted in the Moore Report, “ACIAR-supported research helped deliver A\$14.7 billion of additional value realised in Indonesia, A\$11.5 billion in Vietnam, A\$4.8 billion in the Philippines and A\$1.7 billion in Thailand.”⁴

DAFF may also play a pivotal role in the capability building. For example, by bolstering the biosecurity capability and capacity during Indonesia’s foot and mouth disease outbreak in 2022. Opportunities for government-to-government cooperation and information sharing should continue to be investigated. DAFF may also investigate opportunities to build synergies in its Traceability Strategy, and as noted in the Moore report there is scope for collaboration on modernisation and digitalisation of the agrifood sector.⁵

Summary

- Explore opportunities to facilitate appropriate technology transfer potentially in negotiations for further market access.
- Reinstate the Australian Agriculture Visa, ensuring sufficient labour availability for Australian agriculture whilst increasing knowledge transfer and remittances through Southeast Asia.
- Continue to fund the important work of the ACIAR and the DAFF to build capability throughout the region.

Identifying new and emerging opportunities

- 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.**

Australia must position itself to be at the forefront of new and emerging opportunities as well as responding to impending challenges. As mentioned above, increased presence of both government and industry will play an important role in developing sound market intelligence and ensuring our exporters are competitively positioned to realise these opportunities.

Southeast Asia represents a growing market for Australian agriculture both in terms of population growth and demographic shifts, as wages and subsequent disposable incomes rise, there will be greater consumption of meat, seafood, eggs, dairy products and

⁴ <https://www.dfat.gov.au/sites/default/files/invested-southeast-asia-economic-strategy-2040.pdf>

⁵ <https://www.dfat.gov.au/sites/default/files/invested-southeast-asia-economic-strategy-2040.pdf>

manufactured foods. There is also an expected change in consumer preferences, moving toward sustainably sourced produce drive demand for our products. Recommendation 26 of the Moore report highlights the importance of promoting Australia environmental social and governance credentials along the agrifood supply chain.⁶

Leveraging identified opportunities

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

Implementing this could involve the promotion of the Australian Agriculture Sustainability Framework. The AASF is a joint initiative led by the National Farmers' Federation and supported by the Australian Government. Development commenced in 2020 and is ongoing, with Australian Farm Institute and CSIRO as primary delivery partners. It is aligned with global initiatives such as the United Nations Sustainable Development Goals. The AASF provides international trading partners with confidence that Australia takes agricultural sustainability seriously and it provides clarity about how our agricultural production aligns with international climate and sustainability initiatives. This program should be leveraged to meet the emerging opportunity within Southeast Asia, promoting the credentials of Australian agriculture to markets across the region.

Australia should further investigate opportunities to lead discussions on sustainability an environment within ASEAN. The Global Forum for Farm Policy and Innovation is a new initiative which could build collaboration of farm policy development in Southeast Asia. This could be an important mechanism to leverage new opportunities and address some of the Southeast Asian region's key priorities of sustainability and environmental leadership from countries with well-established sustainable farming practices such as Australia.

Previously discussed opportunities such as increasing the presence of the SRAA and the Agriculture Counsellor network within could be further important mechanisms available to leverage. Furthermore, deepening cultural ties through the Cairns Group Farm Leaders and working with government to reinvigorate Southeast Asian engagement in this space.

The NFF would also encourage that agriculture be strongly featured in recent Federal Budget announcements including the Mekong-Australia Partnership, which received \$229.6 million over four years from 2024-25 and the \$4.8 million over four years from 2023-24 to establish two additional 'Landing Pads' in Jakarta and Ho Chi Minh City through the Austrade Landing Pads program to support Australian technology exports and startups to expand in the region.⁷

Industry would welcome further discussions about greater involvement in the region, through strategic partnerships and collaboration with government and industry counterparts.

⁶ <https://www.dfat.gov.au/sites/default/files/invested-southeast-asia-economic-strategy-2040.pdf>

⁷ https://budget.gov.au/content/bp2/download/bp2_2024-25.pdf

Summary

- Support for the promotion of the Australian Agriculture Sustainability Framework across Southeast Asia, including leveraging existing resources such as the Agriculture Counsellor network and the SRAA.
- Investigate opportunities for industry to increase direct engagement industry counterparts via the Cairns Group Farm Leaders.
- Utilise the Global Forum for Farm Policy and Innovation as a tool to build agriculture ties within the region.
- Ensure recent federal budget announcements for the region include an agriculture focus.

Food security in Southeast Asia

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

Australian agriculture's current contribution to food security in Southeast Asia cannot be understated. As many countries are net food importing, and Australia is well positioned to meet the growing demand for supplementary food requirements due to our geographic proximity, cultural ties and supported by robust free trade agreements. During Covid-19, food insecurity was felt even more acutely within the region, with Australia continuing to fulfil its commitment to supplying high quality food to the regions during this time.

Australia's contribution to food security in the region can and does go beyond our exporting of Australian agricultural produce. As mentioned above, where the Australian Government can provide support for biosecurity systems in other countries, they will greatly contribute to domestic food security outcomes with our Southeast Asian neighbours.

The government's must consider the impact of the live export phase out in the context of food security. The Government's ban on live cattle export in 2011 was a major blow to the food security of Indonesia, and undermined Australia's reputation as a stable and consistent provider of food and fibre. As the Government now seeks to phase out the live sheep export, concern from our trading partners across the globe regarding our commitment to this trade builds.

It is for these reasons that we implore the government to consider ensuring that domestic policy settings are being designed and implemented with the utmost consideration given to the impact on agriculture ability to produce food. We understand that Australia is not food insecure, however, many of the countries in our region as net food importers do rely on our produce. The government has already made policy decisions that limit our ability to positively contribute to trading partners food security. This lens should be placed on all policy, such as biosecurity, live export, industrial relations, and environmental. By ensuring that the domestic policy settings a favourable to agriculture production, the government will in turn be supporting the food security of the region. By the same token, settings that negatively impact farmers ability to produce food, therefore reduce our ability to export to our neighbours in Southeast Asia.



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