

Inquiry into Diversifying Australia's Trade and Investment Profile
Submission 14 - Supplementary Submission
Joint Standing Committee on Trade and Investment Growth
Answers to questions on notice
Agriculture, Water and the Environment Portfolio

Committee: Joint Standing Committee on Trade and Investment Growth
Inquiry: Inquiry into Diversifying Australia's Trade and Investment Profile
Question No: 1
Hearing Date: 14 July 2020
Division/Agency: Department of Agriculture, Water and the Environment
Topic: Exports to Japan
Hansard Page: 6
Question Date: 14 July 2020
Question Type: Spoken

Senator Dr Mulino asked:

Dr MULINO: My understanding is that in the nineties we were concentrated on agricultural exports to Japan—obviously a lot more so than today. As you alluded to, over the next decade or two, demand-side changes with the rise of the middle class in China led to a much greater concentration of exports to China. Have you done any high-level macroeconomic modelling of scenarios going out 10 or 20 years on how much the rise of the middle class in economies like India, Indonesia and Vietnam might, through demand-side mechanisms, lead to demand-side pressures towards diversification? Without putting precise numbers on it, do you think that is going to be a material source of diversification pressures over the next 10 to 20 years as our suppliers respond to those changes?

Mr Hazlehurst: I will make a very brief observation and then invite Mr Greenville to address that issue because I'm quite confident that ABARES has done some work on this. You're right to point to Japan as an example. In the early 1990s Japan had roughly the same share of value—27 per cent I think in 1992-93—that China does now. You can see from that these adjustments do occur over time in response to the different market conditions. In fact, they occur best when government facilitates and provides information and lets business get on with it rather than government trying to intervene and interfere, by and large, because, generally speaking, commercial interests will factor these things in in the most efficient way. Let me just let Mr Greenville go specifically to your points.

CHAIR: Before he does, could you take on notice, given that history with Japan, which I did notice from your submission as well, if there were any significant disputes regarding our exports to Japan, as there have been in recent times with China. That would be interesting to note. You can take it on notice because of the lack of time we've got.

Mr Greenville: Maybe it would be best, just to be sure, that we provide details of those studies. We've done a couple of fairly detailed studies of what Asia wants, so what Indonesia wants and what India wants, which looked out to 2050. We looked at essentially the questions as were pointed out. I'll answer that briefly. Most of our recent growth in export returns has really been about prices rather than production. As we go forward, shifting in markets and so forth would cause a bit of a natural, so to speak, change in our trading relationships or the percentages that go to different markets. I'll provide the details of those studies. Some of them were quite long, but we have some short snappy pieces as well.

Dr MULINO: Thanks.

Answer:

The department is not aware of any significant disputes regarding Australian exports to Japan around the period of 1992-93 when exports to Japan accounted for the largest proportion of the value of Australia's agricultural trade.