

Submission to the Australian Government's Inquiry into the Role of Australian Agriculture in Southeast Asian Markets

The Queensland Department of Agriculture and Fisheries

Introduction

On 29 February 2024 the House Standing Committee on Agriculture commenced an inquiry into the role of Australian agriculture in Southeast Asian Markets, in the context of the recommendations in *Invested: Australia's Southeast Asia Economic Strategy to 2040*¹, focusing on:

- 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.
- b. Opportunities to build and strengthen partnerships in Southeast Asia to build capability in the region, including in animal and plant biosecurity, adapting to a changing climate, improving agriculture sustainability and agriculture technology and innovation.
- 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.
- d. Mechanisms for government and industry to leverage identified opportunities for Australian agriculture, and to address key priorities in the Southeast Asia region.
- e. How Australian agriculture can support Southeast Asia's food security [towards 2040].

The Committee Chair, the Honourable Meryl Swanson MP, invited the Queensland Government to make a submission. The Queensland Department of Agriculture and Fisheries (DAF) has prepared this response with input from key agencies.

Support industry to leverage partnership opportunities

The Queensland Government acknowledges the importance of national collaborative programs and projects in supporting Australia's agricultural trade and investment with Southeast Asian markets.

The Agribusiness Expansion Initiative (ABEI), in particular the Agricultural Trade and Market Access Cooperation (ATMAC) funding program managed by the Department of Agriculture, Fisheries and Forestry, has been a significant catalyst supporting state governments and industry organisations to work collaboratively with producers, growers, exporters, and their wider value chains to diversify international export markets.

¹ <https://www.dfat.gov.au/sites/default/files/invested-southeast-asia-economic-strategy-2040.pdf>

ATMAC has enabled state governments to further leverage and support industry collaborations funded under their own programs. For example, DAF's \$8.3 million Serviced Supply Chains II project has supported avocado and persimmon growers and exporters funded under ATMAC projects to manage supply chain risks and deliver more consistent high-quality horticulture produce to Malaysia, Singapore, and Thailand.

Given the growth in Queensland and Australian exports to Southeast Asian markets, in particular Vietnam and Indonesia, a specific focus within the ATMAC program on Southeast Asia could boost export growth to these emerging markets.

The Fresh and Secure Trade Alliance (FASTA) program is another example of a significant and diverse collaboration across states and territories supported by the Australian Government that will have long-term benefits for horticulture exports to Southeast Asian markets.

FASTA is a \$130 million 8-year national research initiative, delivered through the federal Horticulture Research and Development Corporation, Hort Innovation, and led by DAF. Other key partners are the Department of Primary Industries and Regional Development (WA); the Queensland University of Technology, the Department of Energy, Environment and Climate Action (VIC), the Western Sydney University, the Department of Tourism, Industry and Trade (NT), the Australian Blueberry Growers' Association, James Cook University, the Department of Primary Industries and Regions (SA), and Green Skin Avocados, with levy funding from the avocado and strawberry industries.

Insect pests are a major challenge for Australia's horticultural producers as they impact production and international trade. FASTA will boost Australian biosecurity initiatives and solidify Australia's reputation as a responsible trading partner in Southeast Asia.

The FASTA program is focused on two areas:

- Delivering robust and timely datasets to underpin market access negotiations: State and Territory governments will work together to standardise their approach to collecting phytosanitary and pest and disease management data. This data demonstrates that Australia's produce is pest-free while also ensuring the impact of phytosanitary treatments on fruit quality will be minimised. These datasets will be used to open new export markets for Australian produce and improve conditions to existing ones.
- Increasing understanding about fruit fly and other key pests: A multi-discipline, multi-organisational research team of over 70 scientists from across Australia will be assembled to test new technologies for tracking and trapping pests and reducing pest pressure. This will increase Australia's research capabilities in pest management and facilitate world-class research.

Many national partnership programs supporting industry/government trade and market development collaborations involve state jurisdictions. To expand these initiatives into true international partnerships, programs could consider the inclusion of more Southeast Asian partners.

Strengthen partnerships to build capability

Adapting to climate change

According to the National Inventory Report for 2022², Agriculture is responsible for 15 per cent of Australia's emissions and contributes 57 per cent of Australia's total methane emissions and

² <https://www.dcceew.gov.au/climate-change/publications/national-inventory-report-2022>

74 per cent of nitrous oxide emissions. Approximately 71 per cent of agriculture's emissions in 2021-22 came from enteric fermentation from livestock.

Reducing emissions across Australian agriculture is a significant challenge given the diversity of agricultural products produced, the unique challenges presented by environmental conditions and the need for new technology to drive emissions down.

Australian Government support for Cooperative Research Centres ensures that significant issues impacting our international trade such as agricultural emission reduction can be addressed. The recently formed Zero Net Emissions Agricultural Cooperative Research Centre (ZNE-Ag CRC) is a significant national initiative brokered by the University of Queensland and DAF, and involves a consortium of 73 partners across industry, education and government.

Queensland's agriculture industry will play a large role in achieving the State's 2050 net zero emissions target, with the pathway set out in the Queensland Low Emissions Agriculture Roadmap 2022-2032 (The Roadmap) released in 2023. Through this Roadmap, the Queensland Government and industry partners have committed to create the best conditions for a sustainable agribusiness future across five focus pathways:

- Livestock emissions
- Cropping and horticulture emissions
- On-farm energy opportunities
- Carbon farming and landscape management
- Regions and supply chains.

The Roadmap identifies the strategic research, capacity building, technology, and market developments needed to assist Queensland's agriculture sector to transition to low emissions production and supply chains. It also recognises the importance of the Queensland and Australian governments proactively working with international market partners, including those in Southeast Asia, on the development of practical low emissions trade policies.

Delivering the Roadmap in partnership with industry, all levels of government and rural communities will fast track the sector's transition and assist our trading partners in Southeast Asia to decarbonise their own supply chains and leverage Australian opportunities for investment and innovation.

The Queensland Government supports fostering collaborative partnerships between Australia and Southeast Asian organisations to boost climate-smart agricultural policies and programs in the Asia-Pacific region. One current example is the *Australia-Vietnam Blueprint for Climate-Smart Agriculture: Advancing Climate-Smart Shrimp and Rice Industries in Vietnam*³. DAF supported a Vietnamese aquaculture delegation to Australia in May 2024 to foster collaborative partnerships between Australia and Vietnamese organisations and boost climate-smart agriculture between the two countries.

Queensland's approach to sustainability extends beyond emissions reduction to also deliver Environmental and Social Governance (ESG) credentials and natural capital outcomes in the production of food and fibre in a socially and environmentally sustainable manner.

Part of Queensland's approach to emissions reduction considers mitigation in hard-to-abate sectors including supply chain transport and the use of agricultural inputs. An important aspect of this is encapsulated in the Queensland Sustainable Fuels Strategy⁴, which is scheduled for consultation in 2024.

³ <https://www.beanstalkagtech.com/climatesmartag>

⁴ <https://www.energyandclimate.qld.gov.au/community-engagement/sustainable-liquid-fuels-strategy-options-and-opportunities-paper>

Queensland's agriculture will be both a driver and a beneficiary of the strategy as feedstocks from agriculture contribute to sustainable liquid fuels where electrification is yet to be a viable option. Increasing use of lower emission liquid fuels in place of mineral fuels will not only help Queensland meet its emission reduction goals but will result in more environmentally sustainable food and fibre products for our customers both domestic and abroad.

While Queensland has suitable feedstocks for a sustainable liquid fuel and bio-commodity sector, the industry is in its infancy. This provides significant opportunity for early movers looking to invest in the state with Southeast Asian customers ideally geographically located to benefit from manufacturing facilities in both the supply and demand sides.

Although not specifically focused on Southeast Asian markets, Queensland's emissions reduction and land restoration policies will proactively help exporters to demonstrate their ESG credentials.

AgTech

Under the *Queensland AgTech Roadmap 2023-2028*⁵, the State is focused on developing the capacity of industry to collaborate and develop the innovation eco-system to be more competitive.

Emerging technologies will underpin the security of Queensland's food supply chains and agricultural jobs. The development of the Queensland AgTech Roadmap is a key initiative identified in the *Queensland Government's Advance Queensland - Innovation for a Future Economy 2022-2032 Roadmap*⁶ and *Our Thriving Digital Future Action Plan*⁷. Both will ensure agribusinesses and communities remain innovative at the forefront of the digital revolution.

For example, protected cropping systems make the best use of inputs, improve food quality and minimise waste. DAF worked with industry to establish the *Australian protected cropping RD&E strategy 2021-2030*⁸ that will focus on waste minimisation and climate resilient cropping systems. DAF is also delivering a significant program using advanced breeding technologies to develop agricultural products adapted to changes, such as from climate, pest, and diseases.

It is important to seek out new and innovative Australian and Southeast Asian technologies that can support the development of both Australian and Southeast Asian agriculture. Greater international cross-fertilisation of ideas as well as skill and technology exchanges between Australian and Southeast Asian technology companies will build that capacity.

Biosecurity

Australia has a very strong biosecurity system in place which has prevented emergency animal diseases (EADs) such as Foot and Mouth Disease (FMD) and Lumpy Skin Disease (LSD) from entering Australia from countries where these diseases are present.

Queensland contributes to national strategies, plans, and working groups to support enhanced EAD response capacity and capability. This includes:

- AUSVETPLAN which contains the nationally agreed approach for responding to EAD incidents in Australia.
- National LSD Action Plan which sets out national priorities for actions to strengthen Australia's preparedness for an incursion. Many activities are being extended to support other EADs. The plan is being implemented through ongoing collaboration between industry and government parties. Objectives encompass international engagement; border

⁵ <https://www.daf.qld.gov.au/news-media/campaigns/agtech/about/strategy/roadmap>

⁶ <https://advance.qld.gov.au/innovation-future-economy>

⁷ <https://www.qld.gov.au/about/how-government-works/strategies-and-initiatives/digital-economy-strategy/action-plan>

⁸ <https://protectedcropping.net.au/wp-content/uploads/Australian-Protected-Cropping-Strategy-2021-2030.pdf>

- security and trade; diagnostic capability and capacity; surveillance; preparedness and response; awareness and communications; research and innovation and recovery.
- Emergency Animal Disease Response Agreement (EADRA) 5-year review.

Following the detection of LSD and FMD in Indonesia, the Queensland Government invested funds to increase EAD preparedness and ensure that Queensland's livestock industries continue to be protected against and prepared for serious biosecurity threats. This work builds on many years of awareness and preparedness activities across all levels of government and industry.

The Queensland Government recognises the important work of the Australian Government in the continued in-country biosecurity surveillance and vaccination programs i.e. LSD and FMD in Indonesia.

DAF and industry have led FMD and LSD emergency response exercises to rigorously test systems and processes and boost biosecurity preparedness.

The following activities have also furthered EAD preparedness in the livestock industry:

- The Queensland Government has invested in a collaborative project with the University of Queensland (UQ) to develop a prototype single-dose microencapsulated sub-unit vaccine for LSD.
- The New South Wales and Queensland Governments and the Commonwealth, through Meat and Livestock Australia, have invested in a project to support research into mRNA vaccines for livestock, including LSD.
- DAF is investigating in-field point-of-care tests for LSD, working in collaboration with the Commonwealth Scientific and Industrial Research Organisation (CSIRO).
- The Queensland Government has developed online African swine fever training modules.
- Queensland has developed an online rabies awareness training course, funded by DAFF.
- The Northern Australia Coordination Network (NACN) is a recent initiative which brings together the Queensland, Northern Territory, Western Australian, and Australian Governments, in partnership with key agricultural industries and local communities, to improve Australia's surveillance and preparedness coordination in the north.

Opportunities and challenges including enhanced market intelligence

The Queensland Government recognises the Association of Southeast Asian Nations (ASEAN) as a key trading bloc. In 2022-23, Australia's two-way trade with ASEAN nations amounted to approximately \$185 billion – greater than our two-way trade with Japan, the United States or the EU⁹. Two-way investment with ASEAN in 2022 was valued at \$289.7 billion¹⁰.

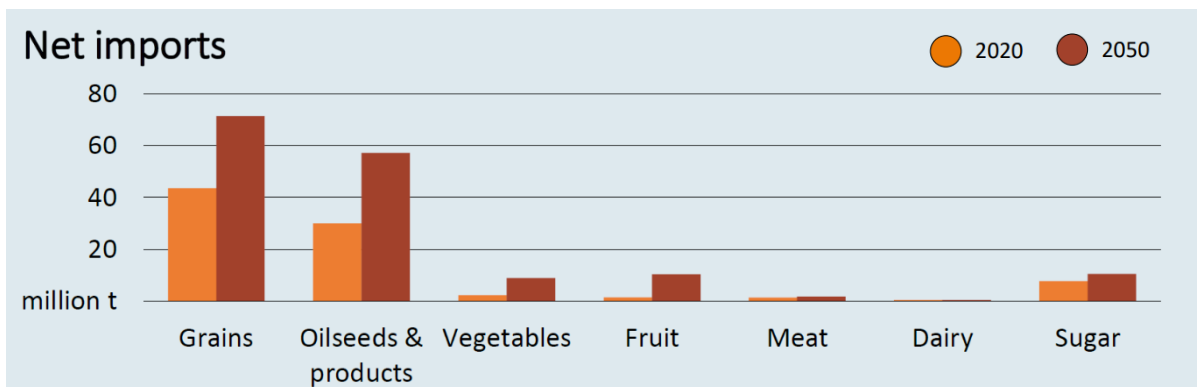
ABARES identifies in *What Asia Wants – Long-term agrifood demand in Asia: 2023 Revision*¹¹ four pillars of demand growth - population growth, urbanisation, rising incomes, and changing demographics, which will drive consumption and imports higher across most agrifood categories.

What Asia Wants focuses on commodity/primary products net import growth 2020-2050. Queensland and Australia have export capacity in the commodities listed below.

⁹ DAFT: Australia's direction of goods & services trade. <https://www.dfat.gov.au/trade/trade-and-investment-data-information-and-publications/trade-statistics/trade-time-series-data>

¹⁰ ABS International Investment Position, Australia. <https://www.abs.gov.au/statistics/economy/international-trade/international-investment-position-australia-supplementary-statistics>

¹¹ <https://www.agriculture.gov.au/abares/research-topics/trade/value-chain-opportunities/what-asia-wants-2023>



New opportunities for trade can be identified and supported through skill and knowledge exchanges. The Food and Agriculture Organisation identified aquaculture as a key industry to drive food production increases in Southeast Asia, particularly in Vietnam and Indonesia.

Queensland is ideally positioned to influence and support aquaculture expertise required for greater sustainable development in Southeast Asia. Tropical and sub-tropical horticulture is another key focus for regional industry development and trade. This is due to Queensland's proximity to Southeast Asia, similarity in tropical agriculture and aquaculture and suitable space at scale. These advantages, coupled with the world class expertise located at numerous universities and organisations, can support the transfer of expertise via higher education and commercialisation.

There is scope, opportunity, and industry interest in growing exports of niche tropical horticulture and aquaculture commodities from Queensland to Southeast Asian markets (e.g. Shepard avocados, prawns, lobsters, oysters, coral). Challenges around federal export/import requirements and definitions of seafood to avoid fraud will need to be resolved. Labelling and species identification need to be agreed between countries to ensure consistency, transparency, and biosecurity. For example, Southeast Asian countries generally farm different prawn/shrimp species that are not allowed in Australia due to biosecurity/disease concerns.

Opportunities for future high-value niche exports can be enhanced by effective airfreight services e.g. Singapore Airlines flying widebody planes from Cairns as of March 2024.

Market Intelligence

Understanding trends in consumer attitudes and changing market demographics is important for Australian agrifood exporters to take advantage of emerging opportunities in Southeast Asia.

Industry organisations benefitted through ATMAC funding from being able to undertake and profile market intelligence that specifically focused on their commodity exports to target markets. Industry-specific market intelligence is superior to generic market intelligence. Supporting national industry/organisations to undertake both market intelligence work and cultural and business awareness programs is a key strategy moving forward.

Leverage opportunities and address key priorities in Southeast Asia

It is essential to continue to actively promote and encourage Australian agrifood exporters to reduce market concentration exposure to a single market, as was the case with China until 2020. There is a need to continue to diversify their choice of export markets to de-risk and leverage opportunities in Southeast Asian markets. Funding programs, such as ATMAC, provided a mechanism for government to develop strategic partnerships with industry, and expand trade diversification and sector growth.

The Australian Government could also support an increased promotion and uptake of Australia-ASEAN Council Grants. Very few agriculture or food projects have been funded in recent rounds.

Investment

Investment into and from Southeast Asia is relatively small in comparison to investment capital volumes to Europe and North America. The Queensland Government supports ongoing efforts to increase the foreign direct investment capital flows between Australia and Southeast Asia to develop agri-food trade.

Managed by Export Finance Australia, the Southeast Asia Investment Financing Facility provides loans, guarantees, equity, and insurance for projects that could boost Australian trade and investment in Southeast Asia, particularly in support of the region's clean energy transition and infrastructure development. Monitoring progress and outcomes from the facility will assist in continuing to boost investment that aligns with our priorities.

Industry leadership is important in pursuing and capturing commercial opportunities. As recommended in *Invested: Australia's Southeast Asia Economic Strategy to 2040* appointing business champions to facilitate greater commercial links between Australia and ASEAN will help to ensure that government and the private sector work in tandem to boost two-way trade and investment.

How Australian agriculture can support Southeast Asia's food security

Australia is an important and consistent net exporter of crops and livestock products globally; according to the Food and Agriculture Organisation of the United Nations, Australia exported the third largest quantity of food after Brazil and Argentina in 2022¹².

Queensland is a food secure state and plays an important role in supporting food security across Australia, Asia, and the Pacific. Queensland's food production system is world class and resilient, adept at managing disruptions to maintain the supply of premium-valued, high-quality food. Queensland is a net exporter, exporting to over 130 destinations globally and supporting the food security of Asia and Pacific trading partners.

It is important to recognise that complex interdependencies exist across the global food system and significant international collaboration is required to address food insecurity issues.

The Australian Government assists Queensland to deal with international neighbours through trade and market development and diplomacy, and when threats emerge, or new risk pathways are identified from a biosecurity perspective. The Queensland Government also invests in major prevention and preparedness activities.

DAF's work on the Australian Centre for International Agricultural Research (ACIAR) projects is an important mechanism for collaborating on projects that contribute to Southeast Asia's food security and biosecurity. Current projects include:

- ACIAR HORT/2015/042 Development of area-wide management approaches for fruit flies in mango for Indonesia, Australia and the Asia-Pacific
- ACIAR HORT/2018/192 An Integrated Management Response to the spread of Fusarium wilt of bananas in Southeast Asia
- ACIAR FST/2020/123 Building an effective forest biosecurity network in Southeast Asia
- ACIAR SLAM/2018/145 Crop health and nutrient management of shallot-chilli-rice cropping systems in coastal Indonesia.

¹² <https://openknowledge.fao.org/server/api/core/bitstreams/b32f9ee9-a721-4e2a-95f9-e60922b3e546/content>

Geopolitical disruptions, climate change, and structural changes will continue to place pressure on the resilience of food systems in the future. Queensland has a range of plans and strategies to address these challenges and ensure secure food supply chains.

In 2023-24, DAF managed Research, Development and Extension (RD&E) investments of over \$145 million, ensuring consumers have access to safe, affordable, and nutritious products.

Given the need for agricultural research and development in Southeast Asian economies to drive improvements in agricultural production, support for regional RD&E partnerships, involving Australian research institutions is an imperative for food security in the region.

Climate change poses challenges to food production and security but also presents opportunities for Queensland to revolutionise our agricultural sectors. The Queensland Government is committed to assisting producers to improve their resilience to drought and climate risks while seeking additional income streams from carbon and other environmental markets. For example, the Queensland Government co-funds with the Australian Government the Farm Business Resilience Program and the Regional Drought Resilience Planning Program. The Drought and Climate Adaptation Program delivers projects to improve drought resilience and preparedness of primary producers to manage climate variability and adapt to climate change.

Summary

National collaborative trade development initiatives, such as ATMAC and FASTA, are critical to support the growth and development of Australian agricultural exports to Southeast Asian markets. A specific focus within ATMAC on Southeast Asian markets could assist in boosting exports to these markets. Expanding trade development programs to include international industry partners from within Southeast Asia would broaden existing collaborative arrangements into true partnerships.

There are opportunities to work with our Southeast Asian trading partners to develop policies and programs, including research and development and skills exchange programs, that support greater international cross-fertilisation of ideas and innovation in climate-smart agriculture, AgTech, renewable energy and biosecurity emergency preparedness. Sharing knowledge and expertise can assist in developing trade relationships and business-level trust.

Supporting industry organisations to undertake market intelligence research and develop cultural awareness and export training specifically focussed on Southeast Asian markets is important.

As identified in *Invested: Australia's Southeast Asia Economic Strategy to 2040* the establishment of new investment deal teams, blending private sector and Australian Government capabilities can support two-way investment priorities. New business and industry champions can also serve to facilitate greater commercial and industry links between Australia and Southeast Asia.

Australia is a consistent net exporter of food and plays an important role in supporting global food security. Continuing to build strong research relationships and facilitate skill and knowledge exchanges with Southeast Asian countries will contribute to improved food security and resilience across the sector.

Greater collaboration between Australia and Southeast Asian nations around priority infrastructure investments that benefit the modernisation of agricultural industries will support those countries still struggling with food security and develop our multilateral trade relationships.