

GRAINMatters



EDITION 53, February 2021

UPCOMING EVENTS

- 25 Feb - Understanding Grain Markets Workshop
- 3 March - AGIC Asia 2021 Conference
- 11 March - Grain Finance & Risk Management Workshop
- 17 March - Trade Rules & Contracts Workshop

COVID-19

GTA have established a COVID-19 page on our website, as information source for Members.

In response to member demand, GTA has set up COVID-19 Safety Guidelines.

[Access COVID-19 page here](#)

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CONTAINER SUPPLY CHAIN ISSUES

The global container supply chain is currently being stretched by Covid-19 related dynamics, just as demand has been split for food grade containers returns with the 2021 harvest. The increase in market demand has created supply imbalances and supply chain congestion which has destabilised the efficient management of loaded and empty containers. Issues being experienced in the grain container supply chain by GTA Members supply chain include:

- Frequent rolled/delayed shipments requiring variations to contracts and associated risk.
- Congestion in Empty Container Parks.
- Inability to access empty containers or delayed access to empty containers.
- Reported high level of empty container rejections by AOs due to phytosanitary issues.
- Late access to containers having severe impacts on grain packers / fumigators and especially if regionally located.
- Trade ex- China is reverting to 20ft boxes on account of demand and shortage of 40ft boxes leading to abnormal SnD of 20ft containers.
- Anecdotal reports of higher incidence of empty containers being exported to meet demand for empty containers in export hotspots and difficulty in acquiring space on vessels for Australian grain exports.

It's not just us! Issues are not just Australian related with issues also [reported in the US](#).

Unfortunately, this market related congestion and supply chain issues are being further exacerbated by planned industrial action by the Maritime Union of Australia (MUA) with workers undertaking a series of stoppages and bans as they demand a new workplace agreement. The target of current stoppages is the Victoria International Container Terminal (VICT) located in Melbourne. VICT has provide a [Media Release](#).

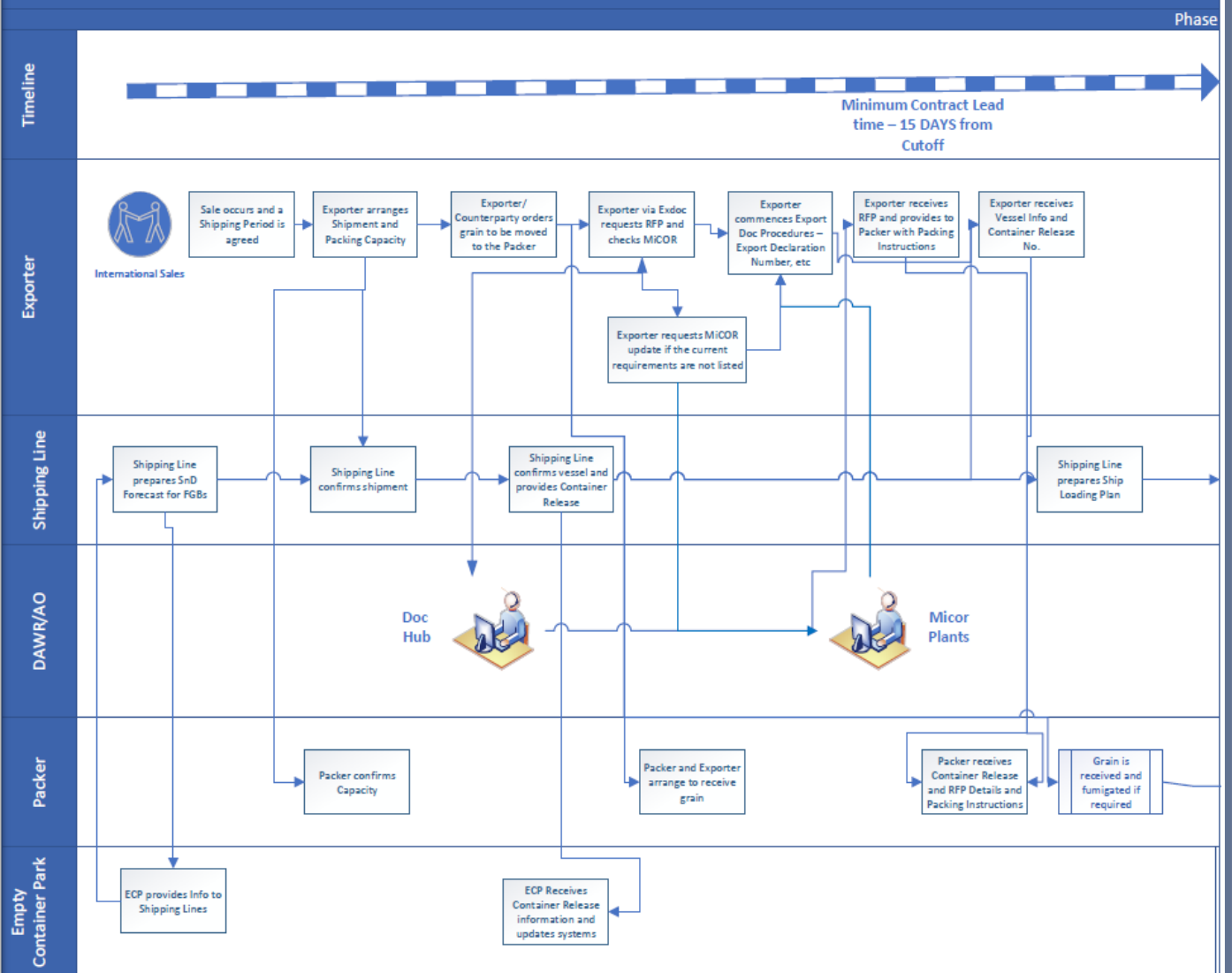
The increase in risk is reportedly resulting in some exporters decreasing exposure to the container market. The additional risk in the grain container supply chain compared to the bulk vessel supply chain is due to the **greater inherent complexity and shorter timeframes**. The container supply chain has many more participants and service companies involved in the process of packing grain in containers and delivering the container to a shipping terminal.

Peak demand periods can **further shorten the time** allowed to receive empty containers from the Empty Container Parks, pack the grain and complete the export documentation. This can lead to issues with loaded containers being at the shipping terminal or even **loaded to a vessel and sailing prior to the necessary export documentation being finalised. This creates risk as well as delaying processing of payments through the financial institutions.**

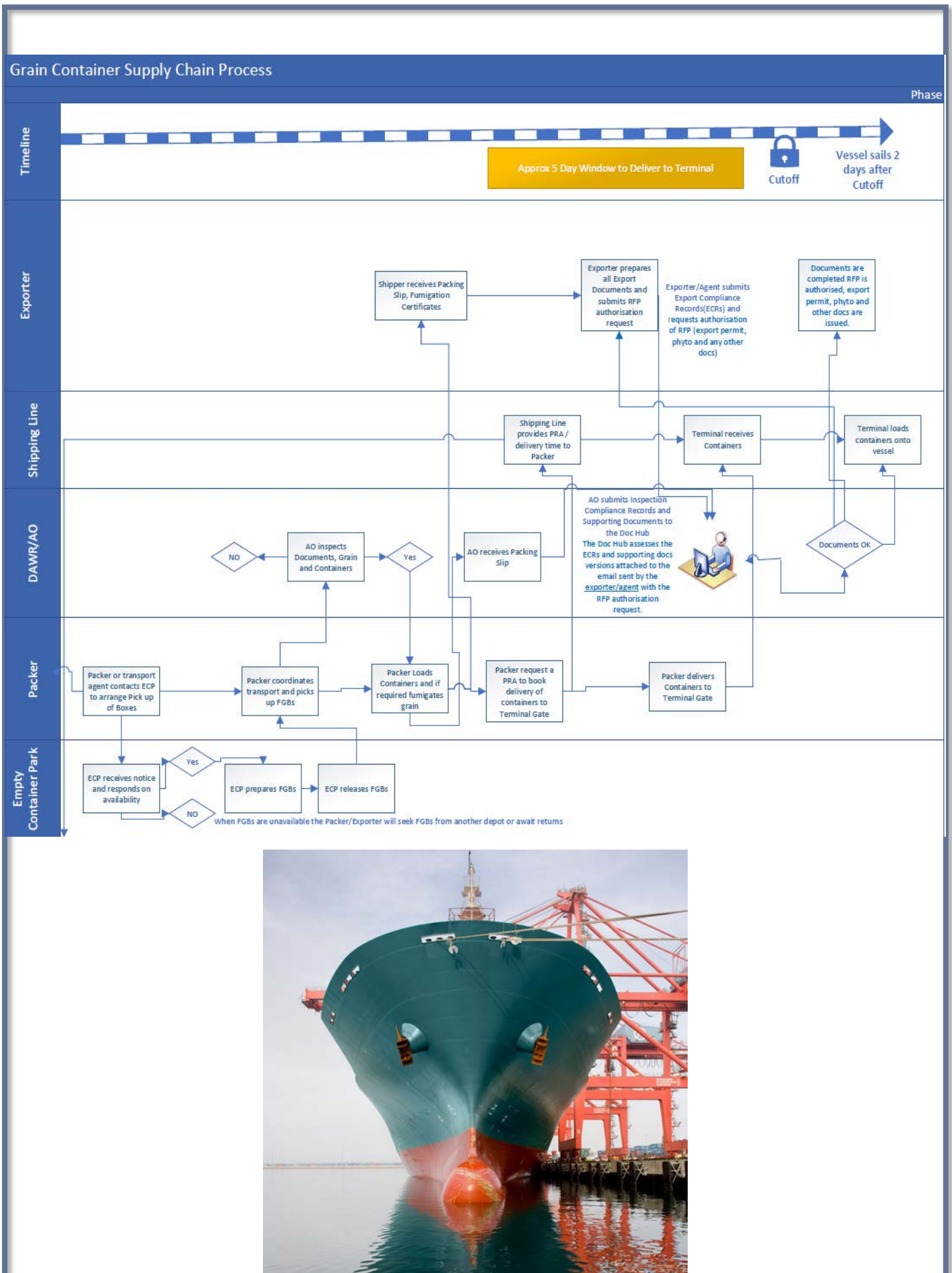
The GTA Container Working group mapped out this complexity - the diagram below.

CONTAINER SUPPLY CHAIN PROCESS

Grain Container Supply Chain Process



CONTAINER SUPPLY CHAIN PROCESS CONT.



Container Working Group

With an anticipated peak container export program an **Industry Working Group (IWG)** facilitated by GTA was re-formed in 2020 to focus on **improvements in performance in the supply chain** and to focus on ensuring the correct government export documentation is provided. This group works with the Department of Agriculture, Water & the Environment (DAWE) to progress a list of issues for discussion between industry and government.

Prior reviews indicated several system enhancements to the government systems PEMS and NEXDOCS would alleviate some of the documentation issues.

Planned upgrades to **PEMS & NEXDOC have been severely delayed**. These enhancements included real time verification of data inputted by exporters and Authorised Officers. Without these enhancements' errors are not highlighted and are not realised until processing by government leading to rejection of the documentation process.

Given the current issues facing the import and export trade in containers within Australia the IWG is currently challenged with numerous issues and shortened timeframes on account of volatility within the supply chain.

This is leading to delays in the processing of export documentation with the queue extending to a 10-day processing delay.

GTA has been in constant communication with DAWE seeking support for industry and working with them to minimise disruption.

The focus on the issue has provided results with:

- additional staff and increased overtime to process export permits;
- extensions of the validity period from the current 28 days to 56 days for a period (up to the 28th March 2020);
- making changes to the system of obtaining a GMO EX188 certificate

Summary message from the GTA CEO:

- Market forces are throwing up challenges in the container market creating challenge for supply chain participants.
- Whilst there is an inability to move the market a collaborative approach to the issues and any inefficient practices can deliver benefits.
- GTA is providing a focal point for industry and interaction with government/s to focus on minimising issues and creating efficiency where practical and possible.

GUIDANCE NOTE—PROOF OF CONTRACT

- GTA has recently published [GTA Member Update 34 of 20 - Contract Guidance Note](#) to assist industry participants to better understand the issues and complexities that can arise when there is a dispute relating to the existence of a contract.
- The information in the Guidance Note has been developed from learnings from GTA Arbitrations and is important for all GTA Members involved in contracting. The Guidance Note outlines good business practices that may assist you in the event you are ever involved in a dispute or arbitration.

Key Points

1. **Evidence** -In any form of dispute resolution, the parties must prove their case by producing and relying on evidence
2. **Actions** - What did the offeree *do* to indicate acceptance of the offer?
3. **Jurisdiction** - The GTA Dispute Resolution Rules and the *Commercial Arbitration Act* expressly provide that an arbitrator has the power to rule on her/his own jurisdiction.
4. **Checklist** -use a Checklist, so that once a contract is concluded orally, recap the oral agreement, which will specifically include express reference to GTA Trade and Dispute Resolution Rules.
5. **Silence** is not acquiescence (acceptance)

Disclaimer: The Guidance Note has been produced for general information purposes only and should not be construed by any person as legal advice or personal financial advice. All parties should seek and consult their own legal and financial advice, in accordance with their own personal and/or commercial circumstances.

GOVERNMENT RESPONSE ON THE WHEAT PORT ACCESS CODE REVIEW

The Federal Government; response to the review of the Wheat Port Access Code has been [released](#).

In summary the response is:

- The Government supports retaining the Code and reviewing it again in 2022;
- The Government supports (or supports in principle) a number of technical amendments to the Code;
- The Government does not support expansion of the Code to all export grains; and
- The Government supports in principle **the recommendation that GTA establish/confirm industry standards in relation to freight differentials and other costs arising from site swaps**, but expects the industry to work together on how best to give effect to this recommendation (ie the Government will not appoint a specific agency (the Department or the ACCC) to conduct the work, but instead expects the industry to review itself).

The Government response also included the following excerpts on its recommendation:

Recommendation 12 That Grain Trade Australia take the lead in engaging with open-access up-country storage operators and third-party exporters to establish and/or confirm industry standards and expectations in relation to the reconciliation of freight differentials and other costs arising from site swaps.

The Australian Government expects the grain industry to work together to determine how best to give effect to this recommendation.

GTA will engage with stakeholders including commercial storage operators in considering this recommendation and how best for industry to continue to review the issues raised through the Port Code Review and to develop some initial principles and guidance on these issues that support and facilitate trade.

In doing so, GTA will be able draw upon its consultative processes including technical based committees, expert Industry Working Group model, industry submission process and ultimately GTA Board approval.

MODERNISING THE GRAIN SUPPLY CHAIN

GTA's primary purpose is to facilitate trade.

GTA works to proactively engage with governments and industry stakeholders and groups seeking alignment of objectives to break down barriers and to create value recognising that value is both generated and lost as grain moves through what is a very complex and competitive value chain.

Focus on the supply chain and investment in industry is critical for our industry to remain competitive into the future and to capture the benefits and to deliver economic growth for Australia.

Improving the efficiency of the grain supply chain adds value to EVERY tonne of grain that moves through the chain.

To support its members, GTA has recently released a comprehensive strategy document to drive the industry forward from the worst drought in living memory, through the COVID-19 Pandemic through to 2030. This innovative growth and investment strategy document for the Australian grain supply chain is aimed at leveraging aligned strategic policy and commercial objectives between government and industry.

This strategy emerged from issues and opportunities raised through GTA's Technical committees and was approved by the GTA Board in 2020.

The strategy identified four key "Strategic Growth Pillars" to develop and grow industry, through strategic efficiency gains in the value chain. The Strategic Growth Pillars are:

- Skills & Capability
- Quality & Market Access
- Technology
- Transport & Logistics

The outcome of the strategy will be a more sustainable, efficient and globally competitive Australian grain supply chain, improving value for all supply chain participants.



Modernising the Grain Supply Chain Summit

To raise awareness of this strategy GTA wishes to engage with industry participants and government to seek alignment and to build support through the **Modernising the Supply Chain Summit** scheduled for **21 April 2021**.

This virtual Summit will discuss strategy enabling projects with an objective to:

- modernise components of the grain industry;
- increase capability; and
- reduce the risk of reputational damage of the grain industry and its participants.

Remember improving the efficiency of the grain supply chain is not just about accessing and growing 1 or 2 markets or commodities, it adds value to EVERY tonne of grain that moves through the chain. This will deliver benefits to industry, GTA Members and of course deliver value to growers.

Watch the [video](#) and visit the [GTA website](#) for more details on the upcoming Modernising Grain Supply Chain Summit.

BUILDING DIVERSIFIED AND SUSTAINABLE MARKETS

GTA, through the Trade & Market Access Technical Committee is developing an all of industry proposal for the Government in response to the impact on the grain industry of China imposing tariffs on Australian barley imports and increasing use of non-tariff measures to restrict market access for Australian grain.

The proposal presents a strategy to Industry and Government that provides a platform for the grain industry to capture opportunities and **develop a sustainable and diversified market portfolio**.

Approach to developing a Diversified Market Roadmap for the Australian grain industry.



This strategy will assist the industry to redefine how to add and capture value **with a focus on shifting market focus**, reassessment of country risk, new models and focus on innovation and modernising value chains.

The proposed **Beyond China Strategy** is a whole-of-industry approach (in partnership with Government) and strategy to help the Australian grain industry respond to loss of the China market, deliver lost value back to industry, diversify away from areas of market concentration and enhance competitiveness to continue to support regional economic and jobs growth, export growth and value adding activities.

The outcome of this project will be to develop a market diversification (demand growth in existing markets and new market access) strategy for the Australian grain industry utilising case studies to demonstrate the tangible outcomes and benefits.



BUILDING DIVERSIFIED AND SUSTINABLE MARKETS CONT.

Specific outputs of the project will include:

- Market diversification roadmap that brings together existing and new strategic activities;
- Strategic partnership approach for India;
- Opportunity assessment and plan for unlocking value across new or expanded markets and products, including value added products; and
- Prioritisation of technical market access issues – cross grain industry and commodity specific.

TRADE & MARKET ACCESS

Trade & Market Access is an important activity for GTA and its members, as highlighted in the current [GTA Strategic Directions Document](#) and [GTA Annual Report](#). The Trade & Market Access strategy revolves around four pillars – Policy, Advocacy, Support and Communication.

GTA undertakes a number of activities to support marketing both domestically and for export of Australian grain. These activities are targeted to advance independent, fact-based dialogue and advocacy for members and industry. These efforts support Federal and State Government efforts to ensure that trade is not impacted by technical barriers that may arise in forums such as the World Trade Organisation/Food and Agriculture Organisation, International Plant Protection Convention and Codex Alimentarius Commission etc or via Australian Commonwealth, State or Territory based legislative actions.

GTA makes [submissions](#) to Governments on issues and policies (including trade and market access), impacting industry and GTA members.

GTA; Trade & Market Access initiatives will be driven by the [GTA Board](#) and [Trade & Market Access Technical Committee](#).

GTA has recently updated [Trade & Market Access page](#) and we invite you to visit it and use for your future reference on Trade & Market Access queries or questions.



WELCOME NEW MEMBERS

We would like to extend a very warm welcome to the following new members who have recently joined Grain Trade Australia:

- Advantage Grain
- Direct Grain
- ETG Commodities
- TT Club

We are pleased that these businesses have chosen to become part of GTA and contribute to GTA's mission to "facilitate trade". We are always on the look out for new members, please contact

admin@graintrade.org.au for any new membership ideas.

EXPELLED MEMBERS

Members should also note that the following company is no longer a GTA Member:

- *Unique Grain Management*

GTA received complaints from two parties against Unique Grain Management (UGM) under the *Australian Grain Industry Code of Practice*. The complaints related to conduct under *TGD No4 – Operating Guidelines for Pool Operators*.

GTA managed the complaints in accordance with *TGD No 1 - Complaints Handling Guidelines*. This led to the GTA Board forming a Board Committee, as a Tribunal under the *Guidelines* to review the complaints.

The Tribunal reviewed the complaint and made a decision in December 2020. Members were advised of the outcome via [Member Update No. 35 of 2020](#).

The Tribunal's full Determination can be found on GTA website [here](#).

UPCOMING EVENTS AND TRAINING WORKSHOPS

GTA TRAINING & DEVELOPMENT WORKSHOPS

Currently delivered via Zoom Webinars

- 25 February 2021** Understanding Grain Markets
- 11 March 2021** Grain Finance & Risk Management
- 17 March 2021** Trade Rules & Contracts
- 18 March 2021** Dispute Resolution & Arbitration



[REGISTER HERE](#)

[Find entire Semester 1 workshop schedule here](#)

A banner for the AGIC Asia 2021 Live event. The background is a light-colored wooden surface with several stalks of wheat and a loaf of golden-brown bread. The text is overlaid on the left side. At the top left, it says "3 March 2021". Below that, in a green box, is "The Australian Grains Industry Conference". Underneath that, in large green letters, is "Asia 2021". To the right of "Asia 2021" is a green graphic of wheat stalks. Below the wheat stalks is the word "Live" in large orange letters, with a stylized orange Wi-Fi symbol above the 'i'. At the bottom left, it says "Proudly hosted by" followed by the Grain Trade Australia logo and the text "GRAIN TRADE AUSTRALIA".

AGIC Asia 2021

2021 Australian Grain Industry Conference Asia showcases the Australian grain value chain to marketers, processors, consumers and regulators across Asia.

This year we are using a virtual conferencing platform, making it more accessible to a wider audience in Australia and across Asia. AGIC Asia Live is a great opportunity to virtually network with old and new friends and industry colleagues to learn about the value proposition and safety of Australian grain. Establish contacts with Australian exporters and Asia's key flour and feed mill processors, consumers and value chain service providers.

Tickets are complimentary (registration is required)

[REGISTER HERE](#)

[The AGIC Asia program and details are available on the AGIC website, prior to the conference.](#)

UPCOMING EVENTS—SNAPSHOT - LOCK IN THE DATES

[AGIC Asia](#)

3 March 2021

[Virtual Conference](#)



[Modernizing Supply chain Conference 21 April 2021](#)

21 April 2021

Virtual Conference (details are coming soon)



[Australian Grain Storage & Protection Conference](#)

1-2 June 2021

Rydges Melbourne

AUSTRALIAN GRAIN STORAGE & PROTECTION CONFERENCE

MEETING MARKET REQUIREMENTS

BROUGHT TO YOU BY THE NATIONAL WORKING PARTY ON GRAIN PROTECTION (NWGP)



01-02 JUNE 2021

RYDGES MELBOURNE

186 EXHIBITION ST, MELBOURNE, VIC 3000



[AGIC Australia 28-29 July 2021](#)

28 - 29 July 2021

Crown Promenade, Melbourne

The Australian Grains Industry Conference

2021



- For further information contact Finance and Administration Manager, Julia O’Keeffe:
julia.okeeffe@graintrade.org.au