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India and Indian Ocean Branch
Department of Foreign Affairs and Trade

Via Email: India75@dfat.gov.au

Re Shaping the Centre for Australia-India Relations Submission

1.0 About GTA

Grain Trade Australia (GTA) is the focal point for the commercial grains industry within Australia. It facilitates trade and works to provide an efficient, equitable and open trading environment by providing leadership, advocacy and commercial services to the Australian grain value chain.

GTA members are responsible for over 95% of all grain storage and freight movements made each year in Australia. Over 95% of the grain contracts executed in Australia each year refer to GTA grain standards and/or trade rules.

GTA members are drawn from all sectors of the grain value chain from production to domestic end users and exporters. GTA members are involved in grain trading activities, grain storage, grain for human consumption and stock feed milling.

GTA welcomes the opportunity to make this submission in relation to the Centre for Australia-India Relations and seeks consideration of the AGIC India Initiative as an important opportunity for the Australian grains industry to build closer relationships and better dialogue with India. DFAT is seeking input on a range of questions including how the Centre can promote practical cooperation with India, bilateral events that would enhance policy dialogue and support the bilateral relationship. GTA suggests that AGIC India Initiative is aligned with these objectives and would support the grains industry to diversify its markets.

2.0 Introduction

In April 2022 Australia and India signed an interim Australia-India Economic Cooperation and Trade Agreement (AI-ECTA). While this is a positive move, it falls short in terms of capitalising on the mutual opportunities for growth and food security. A mutually beneficial agreement for Australian grain growers and the Indian industry has real potential. This is recognised in the Joint Statement on a Comprehensive Strategic Partnership between Republic of India and Australia in 2020 which noted “agriculture is an important pillar of the Australian and Indian economies with shared challenges and climactic conditions. Recognising the long history of collaboration in agricultural research, education, development and capacity building, it was jointly decided to continue building on our mutually beneficial agriculture relationship including through exploring the development of a **partnership on grains management and logistics** to reduce post-harvest losses, rationalise costs and ensure farmer income is not affected by supply chain disruptions (particularly in light of the COVID-19 pandemic).”

This recognised the considerable opportunity to expand the trade and investment partnership with India, with grain being a high priority area of opportunity. Elevating the relationship through targeted activities under a Grains Partnership and the AGIC India Initiative will position the Australian grain industry as a long-term preferred trading partner. India is seeking to improve and modernise its grain supply chain, and to grow its food manufacturing sector and increased value-added production for domestic use and exports. These are solid foundations for a partnership with the Australian grain industry which will deliver expanded trade opportunities for the grains sector, with the potential for more consistent and transparent trading and SPS conditions.

Currently the Australian market value of grain exports to India is around \$550million, down from a previous high of \$1.8 billion. Trade in grains with India is currently underdeveloped, largely due to the tariffs, domestic price supports, subsidies on crop inputs (such as fertiliser, chemicals) and other protectionist measures that India applies to imports.

Despite the limited gains for the grains industry in the interim AI-ECTA, GTA believes there is much to be optimistic about the relationship and continued collaboration between the Australian and Indian grains industries. While recognising that it will take time to identify those opportunities of mutual benefit and build enhanced trust and cooperation between our two industries, GTA suggests that the AGIC India Initiative could be a key pillar in assisting to build that relationship and understanding.

GTA is currently undertaking a project, funded by DAWE ATMAC program, to develop a framework for a Strategic Grains Partnership between India and Australia. GTA sees this as a critical opportunity for implementation and progression of improved relationship and trade facilitation between India and Australia's grain industries. The AGIC India Initiative would be complementary to the Partnership activity.

India has emerged as a key strategic focus for the grains industry as it seeks to diversify markets, and through the Government's support for a Grains Partnership as part of the Australia-India Comprehensive Strategic Partnership. Given the long term nature of the nature of the relationship building required, the Centre for Australia-India Relations (the Centre), announced by the Government in March 22, will be an important opportunity for a continued focus on building relationships and two-way dialogue.

The grains industry has an established platform for development of a two-way dialogue in market – AGIC¹ Asia – and we believe that an AGIC India initiative would be very valuable in delivering similar outcomes.

AGIC Asia objectives mirror those of the Centre in terms of engaging across the business/industry community to develop a stronger understanding of the areas of mutual benefit and to gain the latest insights on the Australian and Indian markets.

GTA requests that the Centre consider the inclusion of an AGIC India Initiative based on the very successful AGIC Asia platform as part of its activities. This would align with Centre's area of activity in promoting policy dialogue, building linkages and deepening cultural and business connections and understanding.

AGIC India Initiative

The India-Australia relationship is important for many reasons, with this reflected in the support by both the Australian and Indian Government for the Strategic Grains Partnership. This is an opportunity to deepen and strengthen trade and economic ties with India. India is a very significant market for Australia's pulse industry and has the potential to be a much more significant market for range of cereal grains, pulses and oilseeds, and products. There is potential to significantly grow the grain trade to India, but to also contribute positively to India's grain and food sector. The proximity, population and growing purchasing power of India's consumers will create new opportunities for Australian agricultural exports, particularly grains.

However, we recognise that relationships need to be mutually beneficial and there are significant opportunities for the Australian grains industry to assist India in enhancing on farm environmental and biodiversity practices; grain storage and logistics; and in helping improve the capacity and capability of the transformation sector utilising Australian grain ingredients.

Building on the successful platform of AGIC Asia, the AGIC India Initiative would include hosting annually in India a:

- AGIC India event; and
- Industry/Government Roundtable.

In addition, it could also include hosting an inwards mission of key Indian grain industry participants to the Australian Grains Industry Conference which is held Melbourne in July each year.

The objectives of the AGIC India Initiative would include to:

- Build engagement pathways between the Australian and Indian grains industries in order to build understanding of each other's opportunities and challenges
- Enable increased trade facilitation, market access and promotion by building networks and removing barriers for Australian grain.
- Promote the value of Australian grain across a range of end users in India to encourage greater use and support the Indian transformation sectors and build their value-added export capability
- Support the Australian industry to capture maximum value from the interim and final AI-EFTA
- Promote and share information around the quality and supply chain assurance practices of the Australian grain industry
- Build capability and market intelligence to help inform policy development and market access issues for improved trade facilitation for Australian grain
- Share technical information, knowledge, experience and technologies through a two-way dialogue with customers, end users and related parties to support India's transition to an open trading economy

¹ Australian Grains Industry Conference. AGIC Asia has been held every year since 2015 across Asian markets including China, Singapore, Indonesia, Vietnam, Thailand and Hong Kong.

AGIC India would showcase the Australian grain industry and share technical and market information. This will build on the AGIC approach that is already in place and has a strong track record in building relationships and trust with key markets for Australian grain.

The Roundtable discussions would be held in conjunction with the AGIC India program and assist the Australian industry to build strong relationships with the Indian Industry, Government Agencies and Regulators. The Roundtables would present information around the Australian grain industry capability and capacity and specifically address Australian quality assurance systems, supply chain processes and procedures and practices to manage phytosanitary and other issues of quarantine concern.

Benefits/outcomes that would be supported by the AGIC India Initiative include:

- Support for India's grain industry to assist their priorities related to food security, improved and modernised grain supply chain, and growth of grain processing sector and value-added exports
- Increased trade of Australian grains to India, and an improved trading environment including increased transparency, lower tariffs and removal of NTMs

Conclusion

GTA believes the AI-ECTA offers the opportunity for significant potential benefits for both countries, notably in the agricultural and grain sectors. While the interim agreement is a positive step forward, there is a need for broader coverage and meaningful outcomes in a further agreement in order to deliver benefits for both countries.

India's current policy approach and settings in the grain sector result in distorted supply, lead to uncertainty and risk (including sudden implementation of trade inhibiting barriers) for the grain trade and growers. As part of a credible trade agreement, both countries need to commit to an objective science and risk-based approach to trade and biosecurity, and to develop an agreed framework, including regular formal high-level (Ministerial) dialogue to facilitate this.

We believe there are real opportunities for the Australian Government to support a collaborative approach to improving skills, capability and understanding of our respective grain industries in support of growth in trade. The Centre provides the framework and opportunity to assist in delivering this. Building relationships and trust will require a committed effort and investment over a period of time. The Centre is well positioned to assist the grains industry in enabling a continued focus on building relationships and establishing a strong two-way dialogue.

GTA requests that the Centre consider the inclusion of an AGIC India Initiative based on the very successful AGIC Asia platform as part of its activities. This would align with Centre's area of activity in promoting policy dialogue, building linkages and deepening cultural and business connections and understanding.

We thank you for the opportunity to make this submission.

Please do not hesitate to contact GTA should you have any queries or should we be able to be of assistance.

Yours faithfully,



Pat O'Shannassy
CEO, Grain Trade Australia