

20th September 2023

The Committee Secretariat
The Joint Standing Committee on Trade & Investment
PO Box 6021
Parliament House
Canberra ACT 2600

Via Email: jsctig@aph.gov.au

Re: Inquiry into the Australian Government's approach to negotiating Trade & Investment Agreements

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. A list of GTA member is attached as an addendum to this submission.

GTA welcomes the opportunity to make this submission to the Inquiry into the Australian Government's approach to negotiating Trade & Investment Agreements.

2.0 Introduction

The Australian grain industry¹ is a major economic contributor in regional Australia and to export revenue, with annual value of production in 2022/23 forecast (excluding rice) to be a record \$30.7 billion at the farm gate and \$28.3 billion of exports², meaning the grain industry is the highest value industry in the agriculture sector, contributing more than 33% of Australia's agricultural gross value of production annually.

The industry achieved record summer and winter production in 2022/23 of 71.7 million tonnes (mmt) following two prior large crops with 68.0 mmt in 2021/22, and 59.9 mmt in 2020/21.

Trade and an efficient supply chain is vital for the Australian grain industry and regional communities, with the Australian grain industry being highly export oriented e.g., 65 -75% of grain is exported.

3.0 Trade Opportunities

Maintaining and improving existing markets in addition to opening new export market opportunities for Australian grains and products and reducing distortions in global markets are key priorities for the

¹ Grains include wheat, coarse grains, oilseeds, oilseed meals and pulses

² Source: ABARES, 2023

grain industry. In GTA's view successful bilateral agreements with importing countries has potential to provide a significant increase in export value to the Australian grain industry.

Trade of Australian grain in the global export markets is challenging, largely due to the tariffs, and increasingly non-tariff measures including technical barriers to trade, domestic price supports, subsidies on crop inputs (such as fertiliser, chemicals) and other protectionist measures that importing countries may apply.

GTA supports comprehensive and high-quality trade agreements with importing countries that provide improved market access outcomes for grain and grain products. However, for market access opportunities to be profitable for growers and lower risk for exporters, there needs to be a focus on comprehensive reform of both tariff and non-tariff barriers to trade. Non-tariff barriers remain a significant impediment and any trade agreement must include a focus on the development and implementation of a systematic approach to addressing these barriers.

Existing and future trade agreements will support a new wave of prosperity in grain trade and investment between Australia and importing countries. Several existing markets for Australian grain are opportunistic due to a range of domestic support and tariff policies and the negotiation of trade agreements may allow more diversity, certainty, lower risk and consequently growth in Australia's grain trade with these countries. Trade agreements will potentially boost opportunities for the Australian grain industry and support growth, development and trade opportunities for other sectors. Given the industry's significance and broad footprint, this provides significant benefit not only to Australia's economy, but importantly to rural and regional Australia.

4.0 Government & Industry Process

Historically GTA and the Department of Agriculture, Fisheries and Forestry (DAFF) and the Department of Foreign Affairs and Trade (DFAT) have enjoyed an excellent working relationship and share the common goals of supporting and facilitating trade. GTA has been an active contributor to Government trade discussions and the development of multiple Free Trade Agreements including recently ChAFTA IA-CEPA, A-UKFTA, EU FTA and AI-ECTA. During the development phase of these trade agreements GTA was able to engage and provide input into priorities for the grain sector.

GTA, in 2017, with funding support from the then Department of Agriculture, Water & Environment (DAWE), worked with the grains industry to undertake a major study to identify commercially significant non-tariff barriers or measures (NTMs) for the grains industry. This report was pivotal in establishing a baseline for NTMs impacting the grains industry and the industry continues to work closely with DAFF and DFAT to identify and address NTMs. The forementioned NTM report is still relevant today and is available on the GTA website or by contacting GTA.

The world has a wide range of non-tariff barriers or measures (NTMs) that hinder and distort trade. The impact of these NTMs include no/restricted market access, distorted supply/demand balances, and increased uncertainty, risk and compliance costs. It needs to be recognised these NTMs have broad impact across the value chain, impacting not only producers and exporters in origin countries, but also importers, consumers, and value-adding/processing industries in destination countries.

The Government should consider negotiating collaborative processes, such as strategic partnerships and agreements for technical exchange, collaboration, and capacity growth, into the bi-lateral agreements. These can assist to strengthen relationships, common understandings to assist in addressing NTMs, as a "bi-product" of the FTA. This will add additional value to industry from these bi-lateral trade negotiations.

GTA has also recently completed a project, funded by DAFF's 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. GTA is working closely with DAFF and DFAT regarding the CECA negotiations in relation to a full Australia India FTA.

5.0 FTA Implementation

GTA, whilst supportive of Trade Agreements and Government's role, believes the opportunity associated with comprehensive trade agreement between trade partners can be weakened when the implementation and the operations of these agreements is not closely managed by Government in partnership with industry. Effective oversight and management of the trade agreements is critical to ensure the identified significant potential benefits for both countries are realised.

By way of example as part of the IA-CEPA agreement, GTA and the grain industry had established a well-constructed and considered implementation and extension plan for grain including engagement and training programs with Indonesian grain industry counterparts. However, as part of the IA-CEPA, the planning and implementation process was allocated to an independent consultant Katalis and the grain industry design plan became largely redundant and funds were consumed by consultants and bureaucratic processes rather than being spent on "front line" programs.

Similarly the IA-CEPA implementation has been frustrated through the inability for Australian feed grain to trade into Indonesia due mainly to internal Indonesian political policy. These are examples that whilst trade agreements are beneficial, some of the benefits are not realised when the implementation phase is not managed appropriately and in particular when the strong collaborative and cooperative working relationship between industry and Government that formed as part of the negotiations is not maintained in implementation. It is recommended that the Government and industry partnership approach should include both negotiation and implementation of trade agreements.

6.0 Conclusion

In terms of meaningful market access outcomes, we encourage the Australian Government to continue to proactively progress Free Trade Agreements and seek tariff-free market access for Australian grain. All trade agreements once executed must be implemented with due care and effort and this is best performed through a Government and industry partnership approach to ensure the benefits of the agreements are realised.

We believe there are realistic opportunities for the Australian Government and the grain industry through this collaborative approach to support and grow trade in Australian grain.

We encourage the inclusion of collaborative arrangements or strategic partnerships to strengthen trade relationships and assist in addressing NTMs as additional value to be derived from FTAs.

We thank you for the opportunity to make this submission. We request that you keep us updated on developments and progress in this important inquiry.

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