INTERNATIONAL OPPORTUNITIES AND TRENDS

Australia’s grains, pulses and oilseeds industries are among the most productive and efficient across the Australian agriculture sector, with $11.3 billion of exports in 2014-15, representing 26% of total agricultural exports.

Within this very large and efficient export trade, there are a range of emerging opportunities and challenges as customer needs, competitor pressures and regulatory requirements all change at an increasing rate.

Austrade is focused in these particular areas of emerging opportunity not fully addressed by the commodity trading system.

These include:

- “Voice of the industry” engagement by representatives of the Australian grains industry overseas
- Emerging commercial opportunities for non-commodity and containerised grains, oils and pulses
- Growing Australian feed grain and fodder seed exports directly to the dairy, livestock and aquaculture industries, building on Austrade’s strong networks with these industries overseas
- Building Australia’s role as a contributor to regional food security, through research and services, and new investment in production in Australia.

SUMMARY OF EVENTS

October 2016
- Inbound grains buyer delegation from Indonesia, Philippines, Thailand and Vietnam to Victoria and Western Australia

November 2016
- MENA Connections Seminar Series, various locations across Australia
- Inbound grains buyer delegation from South Korea to New South Wales and Queensland

March 2017
- Canola oil trade delegation with the Australian Oilseeds Federation to Taiwan
- Expo ANTAD & Alimentaria, Mexico

April 2017
- DAWN Food and Agri Expo Conference, Pakistan
- Grains, pulses and oilseeds trade delegation to South Korea
- Trade delegation to Taiwan including participation in AEGIC’s Australian Wheat Seminar
- 3rd annual Australian Pavilion at Dairy Exhibition China, Nanjing

2017, timing to be confirmed
- Wheat miller training in Myanmar with AEGIC
- Australia Business Week in India
KEY MARKETS

Japan

Current export focus
Wheat, barley, feed grains

Future growth opportunities targeted by Austrade
Wheat gluten, milled corn products, oilseeds including canola and maize, pulses, oats, chia and quinoa, cotton seed, non-GMO products

Japan is key market for Australian grains and Japan is keen to strengthen relations with Australia’s peak representative bodies including Grain Producers Australia (GPA) and Grain Growers Limited (GrainGrowers) and with support of other groups such as AEGIC.

Australia is well positioned to take advantage of gains made under the Japan-Australia Economic Partnership Agreement (JAEPa) which provides for secure access to the “simultaneous buy and sell” process for wheat varieties Australian Hard and Australian Premium White, and is currently the only country with duty-free access to the wheat and barley for animal feed market, unfettered by quotas. The benefits of JAEPa will continue over the next five to ten years, as Australia secured elimination of the 21.3 per cent tariff on wheat gluten and milled corn products and tariff elimination for some canola and other vegetable oils.

Japan’s sophisticated food manufacturing sector presents excellent opportunities for Australian exporters of specialty grains and niche products. Japanese industry and individual consumers has a strong preference for non-GMO products which may create additional openings for Australian products.

Opportunities are also emerging from the restructure of the Japanese agribusiness sector, including increased demand for Australian cotton seed.

Australian grain and pulse exporters are invited to engage directly with the Austrade Japan agribusiness team, with well-connected personnel located in all regional areas of Japan.

Activities
Edible oils producers and exporters are invited to join the edible oils delegation to Taiwan in March 2017.
Wheat producers and exporters are invited to join the wheat grower’s delegation to Taiwan in April 2017, for a commercial trade mission featuring AEGIC’s Australian Wheat Seminar in Taipei.

South Korea

Current export focus
Bulk markets including wheat and malting barley

Future growth opportunities targeted by Austrade
Oats, lentils, chick peas, adzuki beans, buckwheat, mung beans, non-GMO soybeans and corn.

A range of market dynamics are working together to rapidly diversify consumption away from rice, and to grow the scale of newer imports into the market, complementing existing strong trade of wheat for noodle manufacturing. Key changes include regulatory and commercial changes of the tender import system; consumer take-up of new foods and food ingredients reinforced by social media; and tariff and quota improvements under the Korea-Australia Free Trade Agreement.

There is opportunity across both bulk markets like wheat and malting barley, and “specialty” categories undergoing rapid growth that are used in snack food manufacturing. Australia has the opportunity to be the major or second supplier to Korea across many of these emerging categories.

Activities
To build this engagement further Austrade invites Australian grains companies to engage directly with our team in Seoul, or to participate in the Korean grains buyer delegation to Australia visiting New South Wales and Queensland in November 2016, or the fourth Australian grains mission to Korea in April 2017.

Taiwan

Current export focus
Wheat, canola

Future growth opportunities targeted by Austrade
Bulk food oils
Austrade works with AEGIC in Taiwan to improve understanding of Australian grains capability and Taiwanese customer needs; and with the Australian Oilseeds Federation to grow edible oil exports.

Building on a long-term initiative to establish Australia’s reputation as a supplier of safe, high quality oils following a domestic food safety scandal in 2014 and 2015, canola oil buyers are seeking Australian suppliers to help them satisfy growing demand in the market.

Austrade also supports wheat producers and exporters to build new relationships or strengthen existing ties with Taiwanese customers and manufacturers of noodles and snack foods for Southeast Asia and China.

Activities
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China

Current export focus
Feed grains including barley and sorghum and malting barley

Future growth opportunities targeted by Austrade
Feed and malting grains, oats, technology and services

The China market is increasingly important for the Australian grains industry, despite limited access for bulk grains for human consumption. Opportunities are primarily focused in feed grains such as barley and sorghum; malting barley, as well as sweet barley and sorghum used in the production of baijiu, a distilled spirit. Products such as oats are also gaining increasing prominence as breakfast foods, and the lowering of tariffs for packaged foods under the China-Australia Free Trade Agreement is enabling increased direct exports of consumer-packaged grains, from a low base.

Austrade is working together with GTA and AEGIC to educate new and existing Chinese processors and end users about Australian grains capability, and to introduce them to the industry in Australia. Austrade is also exploring opportunities to broaden the links between the Chinese and Australian grains industries in areas such as R&D, technology, supply chain management and further investment into increased production in Australia, to support further export growth.

Austrade has also developed particularly strong links to the dairy production industry in China, which provides an alternative market entry strategy for Australian feed grain suppliers. We would welcome grains suppliers to contact us to progress interest in engaging directly with the dairy, livestock or aquaculture industries in China.

ASEAN

Current export focus
Wheat for human consumption, feed grains

Future growth opportunities targeted by Austrade
Diversification from wheat into oats, barley, technology and services in some markets

Demand for wheat in the ASEAN region will continue to grow to meet changing consumer tastes with opportunities arising to meet demand for processed foods and protein production. Each market in the region has unique opportunities and challenges.

Australia holds a very strong position supplying wheat to Myanmar, but as the market liberalises there is renewed need to proactively defend current market share and ensure Australia remains well-positioned against international competitors.

Austrade invites grain growers to contact us to engage with buyers from key ASEAN markets including Indonesia, Philippines, Thailand and Vietnam during an inbound grains buyer delegation visiting Victoria and Western Australia in October 2016.

Austrade is also working with AEGIC to providing technical assistance to key Philippine and Malaysian milling companies to increase their knowledge and utilisation of Australian milling wheat.

In 2017 Austrade and AEGIC will build on existing relationship recognition of Australian grains by delivering education and training programs to millers, to profile Australian technical capability and gain insight on end user needs.
Middle East and North Africa (MENA)

Current export focus
Wheat, barley, pulses and feed grain

Future growth opportunities targeted by Austrade
Changing trading environment, new growth potential in Egypt and Iran, technology and services

The sustained demand for wheat, barley, pulses and feed grain to Middle East markets is based on the need to secure stable food sources despite limited domestic production capacity. Australian companies are established in large-scale tenders for commodity and bulk products across grain and the Australian brand is well known in the region as representing high quality, safe and reliable product.

Saudi Arabia’s demand for, and reliance on, imported grain and barley is likely to be driven by major national issues including privatisation, water conservation, population growth and dietary changes.

From 2016, a change in Saudi Government policy, will see a cessation in domestic wheat production and lucerne hay (alfalfa) and implementation of a system of supplying the majority of all food wheat through Government-run, transparent and efficient international tenders. The privatisation of industries such as flour milling and changes to government subsidy programs for feed barley are creating both new risks and opportunities, including increasing international competition for Australian exporters. Austrade welcomes Australian grains suppliers to engage directly with our in-market team to take advantage of the changing trading environment.

New diversification opportunities are also apparent, including the end of sanctions in Iran, the re-emergence of Egypt as a major trading partner, and the increasing importance of grains other than wheat in local diets.

Austrade is well-positioned to assist, including placing a Trade Commissioner in Tehran. For much of the last decade, Egypt was Australia’s largest single market for wheat, and Iran (prior to sanctions) had close relationships with Australian grain companies.

Activities
You are invited to participate in the MENA Connections Seminars in November 2016, taking place regional New South Wales and Victoria, Melbourne, Sydney, Canberra, Adelaide and Perth, with Austrade’s Senior Trade Commissioners from Dubai, Riyadh and newly appointed Trade Commissioner to Tehran exploring future macro-themes including opportunities and challenges in the region.

Austrade also works with AEGIC to scope long term industry opportunities particularly focused on technical innovation for the region.

South Asia

Current export focus
Pulses

Future growth opportunities targeted by Austrade
Maintain strength in pulses. Diversify into oats, barley, canola, feed grain, forage seeds, technology and services

South Asian demand for pulses from Australia is well established, based on a strong reputation for product quality and consistency, nutritional benefits and high safety standards. There are diversification opportunities as changing food habits change drive demand oats, barley and canola.

Population growth and demographic changes in South Asia are leading to Government initiatives focused on enhancing the productivity and efficiency of domestic agricultural sector to meet basic food requirements and underpin domestic employment. This is creating opportunities for products that assure nutritional benefits; and systems and services that improve food safety and efficiency across agricultural commodity and food supply chains. Austrade invites companies with relevant expertise across products, technical services, training and R&D to contact us to explore opportunities for engagement.

Austrade is strongly engaged in dairy and livestock industry development initiatives in Pakistan and India, which are creating opportunities for feed grains, and forage seeds like Rhodes Grass, Alfaalfa and Rye grass.

CONTACT US
• To talk to Austrade about grains opportunities or the support available from Austrade, call 13 28 78 or email the Food & Agribusiness team in Australia
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• More information on export markets, trade initiatives and events, and the Export Markets Development Grant scheme is available on Austrade’s website
www.austrade.gov.au/export
www.austrade.gov.au/events