

Joint Statement from:

**Grains Industry Market Access Forum
Australian Grain Exporters Council
GrainGrowers
Grain Producers Australia
Grain Trade Australia**

Industry Update: Uncertainty continues from China anti-dumping investigation against Australian Barley

20 March 2019

Key Messages:

- **China's anti-dumping investigation against the Australian barley industry is continuing and the potential outcomes remain uncertain.**
- **Australian growers should be aware of this market risk as they approach the autumn planting period. Growers are encouraged to seek advice from their independent market advisors or consultants in relation to their grain marketing and crop rotation options.**

The People's Republic of China initiated an anti-dumping investigation regarding Australian barley in late 2018. The World Trade Organisation definition of injurious dumping is when exports are sold at a price lower than the exporting country's domestic market, and/or lower than production costs which results in 'injury' to the importing country's domestic production.

Although the Australian grain industry is confident that dumping has not occurred, the likely outcome of this anti-dumping investigation is unknown at this point in time. Possible outcomes could include the imposition of provisional import measures such as securities or cash deposits on Australian barley exports to China. These measures have a similar impact as tariffs in that they artificially increase the price of Australian barley in China. Australian growers should be aware of this market risk as they approach the autumn planting period.

China is Australia's largest barley export market and Australia is the largest supplier of barley to China. This investigation has created uncertainty within the Australian grain market, that has resulted in downward pressure on Australian barley prices.

The organisations making this statement; the Grains Industry Market Access Forum, Australian Grain Exporters Council, GrainGrowers, Grain Producers Australia and Grain Trade Australia fully respect China's right to conduct these investigations.



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Australian exporters, industry bodies and government provided extensive responses to China's Ministry of Commerce (MOFCOM) as part of the investigation. We are confident that the information provided confirms that:

- The claim of dumping, causing injury to China's domestic barley industry is unsubstantiated;
- The Australian grain industry operates in an open, commercial and competitive global market; and
- The notion of dumping is not consistent with the commercial realities of the Australian grain industry.

The outcome of this investigation process remains uncertain, and several potential scenarios exist. The outlook is difficult to predict.

Australian grain growers should be aware of the potential risk of the imposition of provisional measures on barley exports to China as they approach the autumn planting period, which may have a consequential impact on prices.

Growers should also be aware of the broad range of factors that may impact barley prices over the coming season. While the issues surrounding the China export market are uncertain, other factors would include issues such as global weather and plantings for grain crops in other countries.

Growers are encouraged to consider their specific circumstances and to seek advice from their independent market advisors or consultants in relation to their grain marketing and crop rotation options.

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About GIMAF

Grains Industry Market Access Forum (GIMAF) represents the whole supply chain in the task of identifying, prioritising and actively responding to market access issues that impact the Australian grains, fodder and seeds industries. GIMAF works closely with the Australian Government and its agencies to develop responses to market access issues that impact current trade arrangements and strategic plans to develop new market access opportunities for the Australian grains industry.



About AGECE

The Australian Grain Exporters Council (AGECE) is a Council of Grain Trade Australia (GTA). It is formed of GTA members with significant involvement in the export market. It monitors local and international grain environments and policies and develops appropriate responses for the Australian grain industry where required



About Grain Growers

Grain Growers is a national grain representative organisation. We have around 17,000 grower members across Australia. We work to build a more efficient, sustainable and profitable grain production sector. Our key pillars are policy and research, alongside leadership and events designed to build on the knowledge and capability of our growers. Our growers are at the heart of all that we do and the focus of our work.



About Grain Producers Australia

Grain Producers Australia (GPA) represents Australia's broadacre, grain, pulse and oilseed producers at the national level. GPA works in partnership with its Policy Council – comprised of Agforce Grains, Grain Producers SA, NSW Farmers Association, Victorian Farmers' Federation Grains Group, Tasmanian Farmers and Graziers Association, WA Farmers, WA Grains Group – to foster a strong, innovative, profitable, globally competitive and environmentally sustainable Australian grains industry.



About GTA

Grain Trade Australia (GTA) is the focal point for the commercial grains industry within Australia. 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.

FACT SHEET

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OVERVIEW

Australian grain growers should be aware of uncertainty and disruption in the market for Australian barley if the Chinese Ministry of Commerce (MOFCOM) imposes provisional import tariff/duties on barley imported from Australia.

China is Australia's largest export market for malting and feed barley.



KEY DATES

November 2018 – China initiates anti-dumping investigation into Australian barley

December 2018 – China announces 'countervailing' investigation against Australian barley imports

January and February 2019 – Response provided by Australian exporters and grains industry bodies

March 2019 and ongoing – Australian industry awaiting the outcome of the anti-dumping investigation



2018 HARVEST IMPACT

Australia's export barley availability from the 2018 crop was severely limited due to drought in eastern Australia.



2019 HARVEST AND LONGER TERM

MOFCOM's investigations and potential to apply provisional measures may have impacts on market opportunities for Australian barley.

Australian growers considering planting barley for the 2019 season are encouraged to be aware of these issues in coming months as they move closer to finalising their cropping plans for the year.

Investigations are likely to take 12 months, provisional measures can be in place for four months, and if duties are applied at the conclusion of the investigation these can remain in place for 12 months or more.



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MEDIA FACT SHEET

KEY FACTS

- China has been Australia's largest export market for malting barley for decades and in more recent years, Australia's feed barley.
- Australia's research and malting barley breeding has been developed in cooperation with China's malting and brewing industry.
- If provisional measures are imposed as part of an anti-dumping investigation Australian barley may become uncompetitive in China.

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AUSTRALIAN BARLEY PRODUCING REGIONS

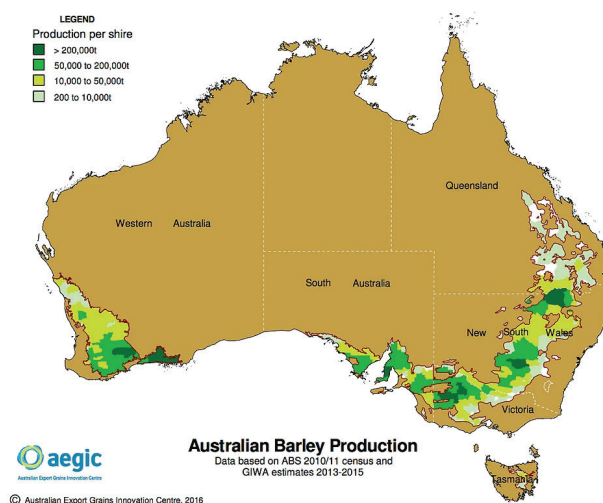


Figure 1: VOLUME OF AUSTRALIAN BARLEY EXPORTS BY DESTINATION ('000 TONNES)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18 s
China	1,686	1,712	3,711	4,560	2,610	5,934	5,748
Japan	1,075	952	810	496	679	1,206	1,184
Sth Korea	232	215	257	234	179	169	215
Philippines	89	89	32	17	41	86	75
Taiwan	34	48	40	31	39	55	38
Thailand	167	178	169	177	138	100	254
Vietnam	186	174	176	184	176	284	287
Kuwait	332	141	134	44	304	366	0
Saudi Arabia	1,892	1,148	1,272	-	773	794	-
UAE	311	155	145	143	361	304	54
Other	564	354	378	321	196	239	143
World	6,568	5,165	7,124	6,208	5,498	9,537	7,997

Source: ABARES ACS Dec 2018, Table 4.8 www.agriculture.gov.au/abares/research-topics/agricultural-commodities/agricultural-commodities-trade-data#2017