



# GRAIN TRADE AUSTRALIA

## *In the wake of the China AD/CVD Tariffs*

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*GRDC Crop Update – Bendigo Feb 2021*



**INDUSTRY DRIVEN & MANAGED**

GRAIN TRADING STANDARDS ~ TRADE RULES & CONTRACTS ~ TRADE & MARKET ACCESS ~ TRAINING & DEVELOPMENT ~ DISPUTE RESOLUTION

# GTA Core Task – Facilitation of Trade

## Grain Trading Standards



Reflect Requirements & capabilities in:

1. Regulation
2. Production Sector
3. Supply Chain
4. Consumptive Sector

## Trade Rules & Contracts



Ensure confidence in commercial dealings by providing legal rigour

## Dispute Resolution Services



Underpins Contractual Arrangements

## Trade & Market Access



Engaging with Policy makers to ensure fair & equitable trade and access to domestic & global markets

## Industry Stewardship & Capability



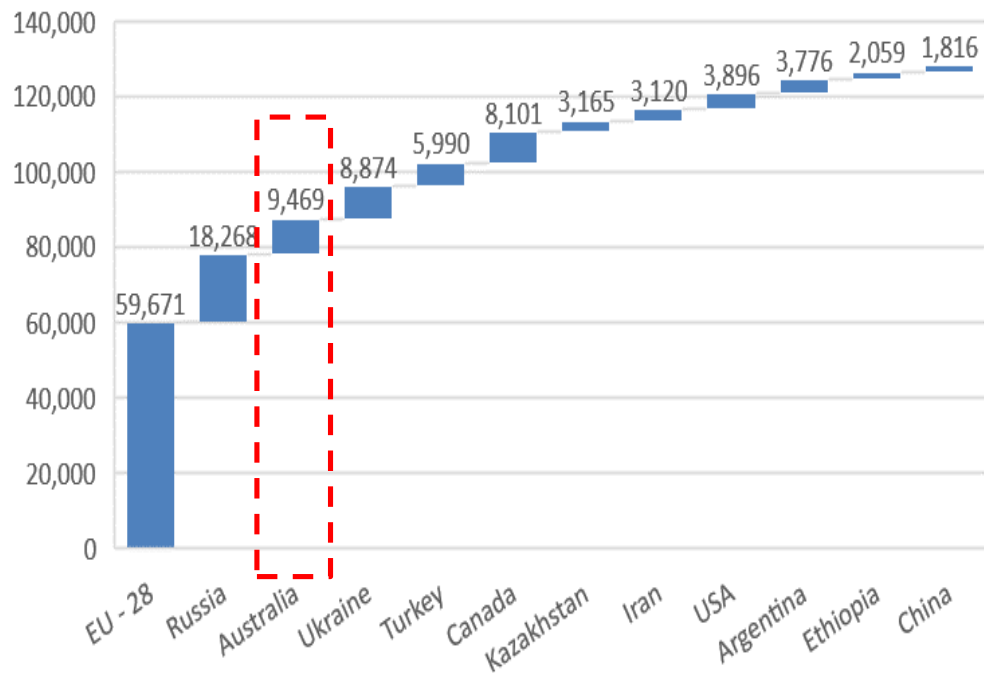
Leadership and Codes of Practice  
Increase Industry capacity by providing training & development programs

*Industry driven and managed  
“Self-Regulatory Framework”*

# Our Place in the Barley World

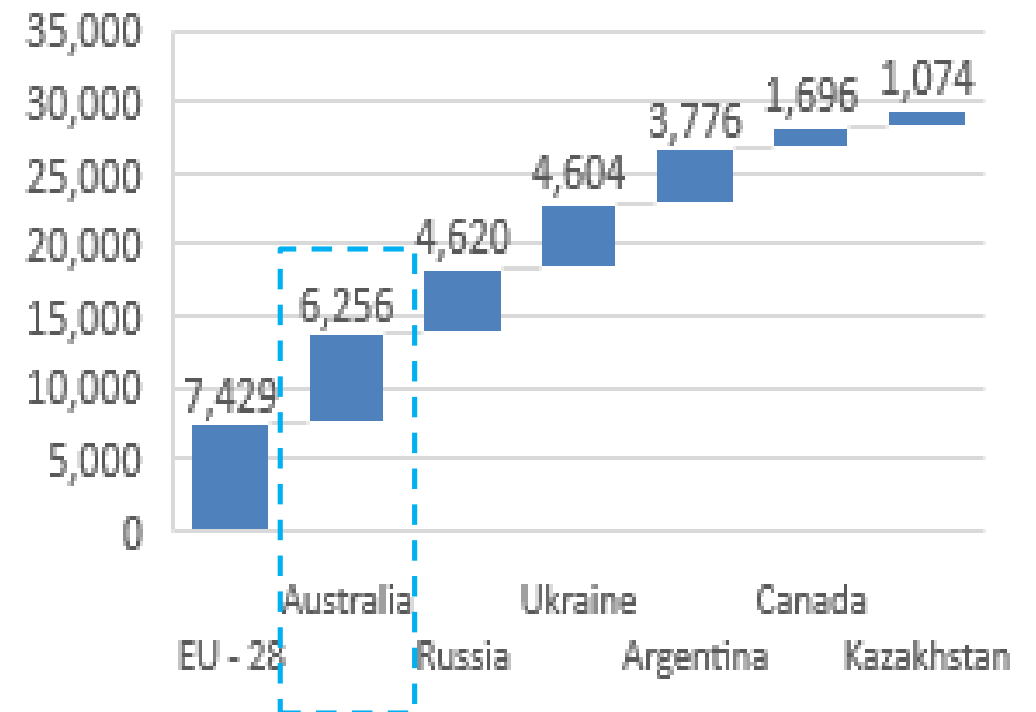
## Production

*Production (kt) of Barley in the main producing countries (5yr)*



## Exports

*Export (kt) of Barley from the main exporting countries*

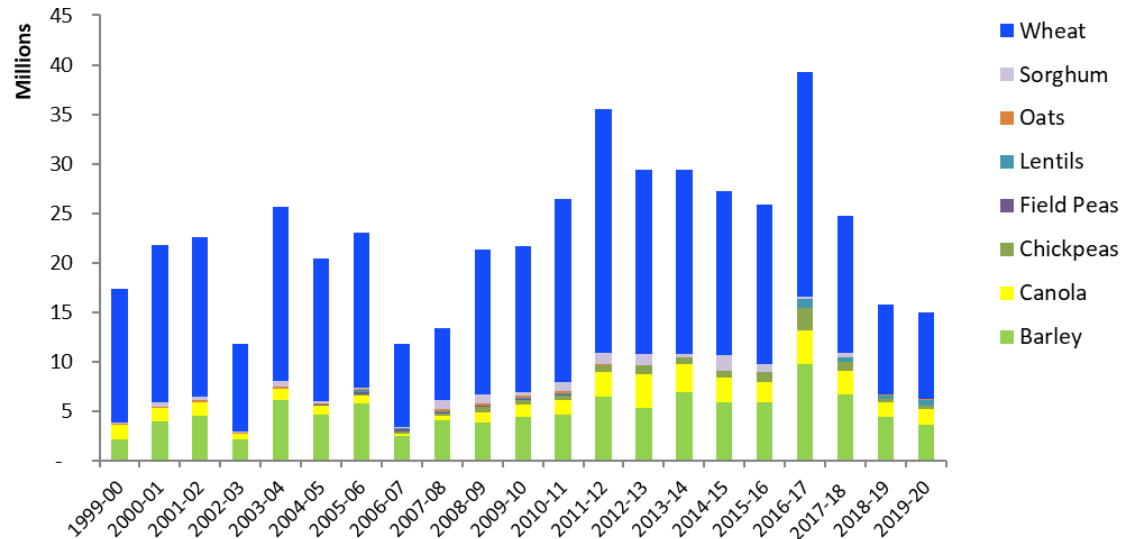


Source: USDA

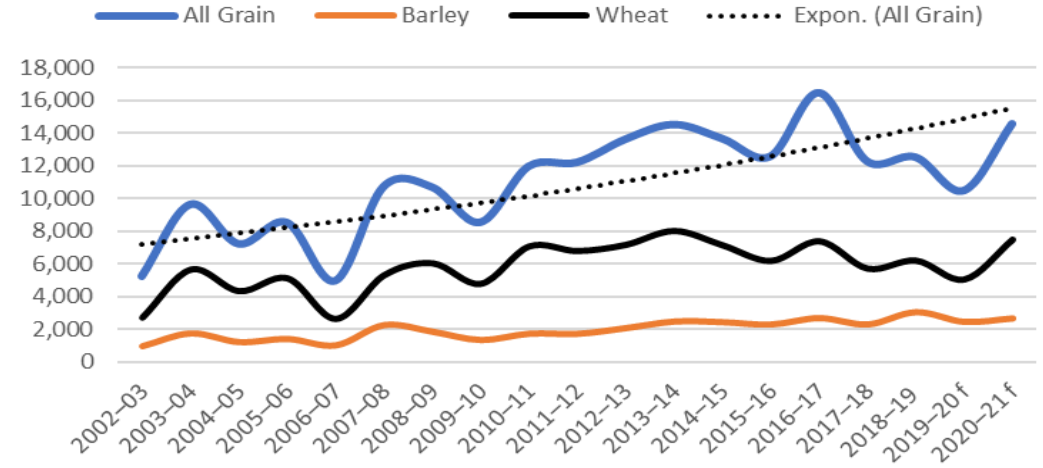


# Barley in the Australian Grain Profile

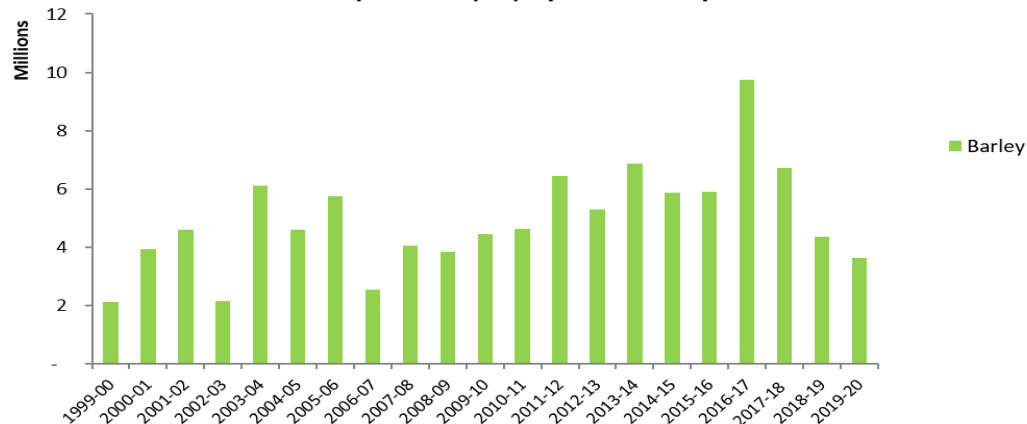
Australian Exports to (All) by Commodity



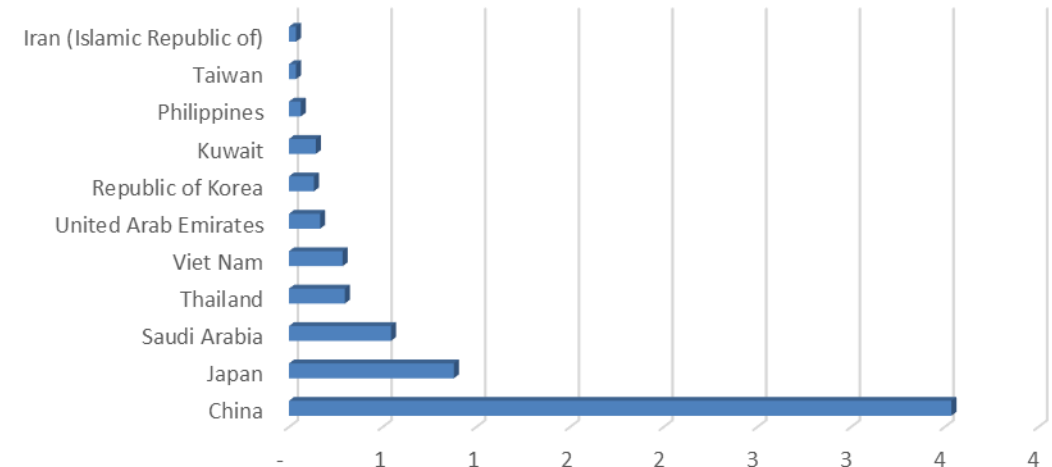
Australian Grain Industry Value (\$A million)



Australian Exports to (All) by Commodity

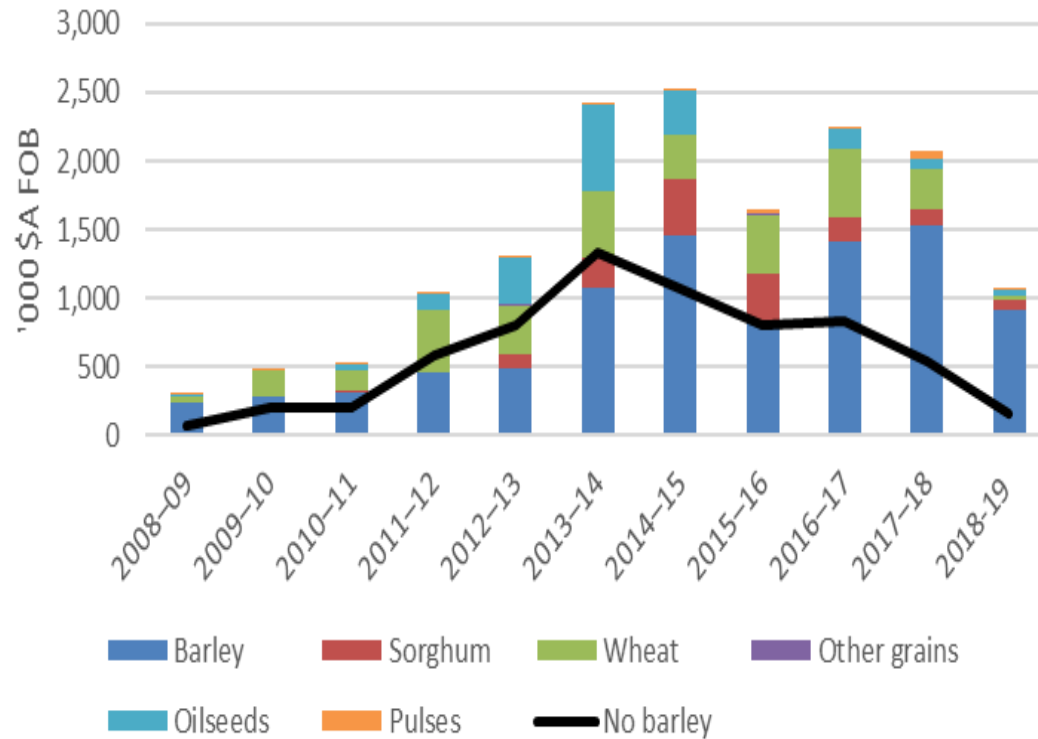


Top 10 Importers (5Yr)-Barley

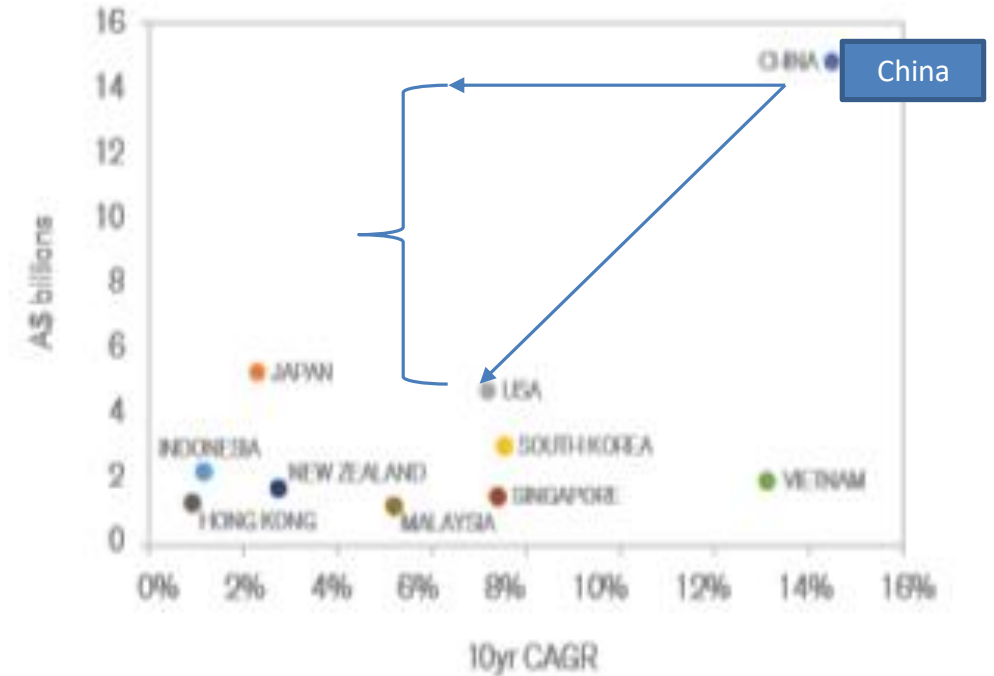


# Mind the Gap – the lost value

## Grain Exports to China (\$A-FOB)



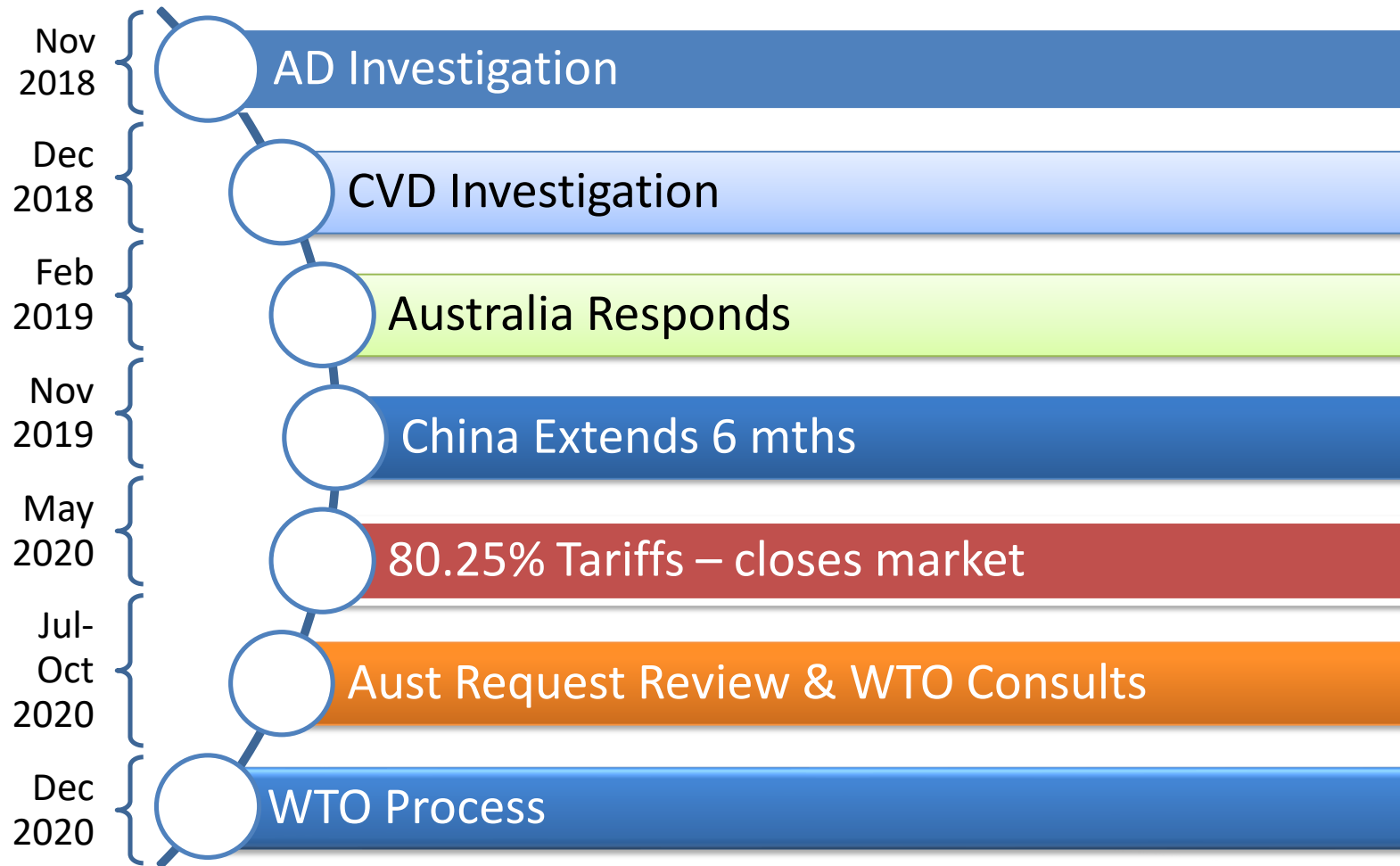
## Growth of top 10 Australian export markets



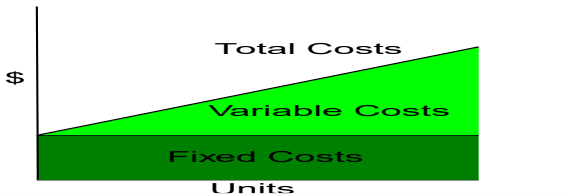

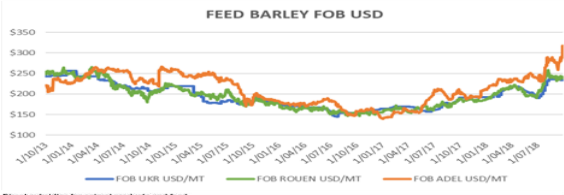

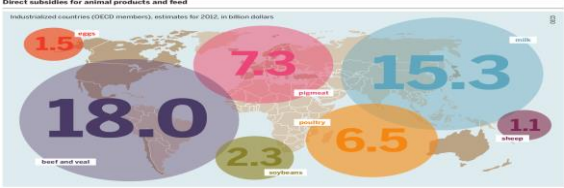



» China was the largest growth market for Australian agricultural exports in 2019/20 and over the past 10 years.

Source: Ruralbank

# Barley Timeline



# China's Complaints

Complaints	Reality
 <p>A diagram showing the relationship between costs and units. The y-axis is labeled '\$' and the x-axis is labeled 'Units'. A green triangle represents 'Total Costs', which is composed of a green rectangle at the bottom labeled 'Fixed Costs' and a green triangle on top labeled 'Variable Costs'.</p>	<p>1. Australia sells below own cost of production</p> <p></p> <p>You tell me! Industry data</p>
 <p>A line graph titled 'FEED BARLEY FOB USD' showing price trends from 1/10/13 to 1/07/18. The y-axis ranges from \$100 to \$350. Three lines are plotted: FOB UKR USD/MT (blue), FOB ROUEN USD/MT (green), and FOB ADEL USD/MT (orange). The prices generally fluctuate between \$200 and \$300.</p>	<p>2. Australia sells below global prices</p> <p></p> <p>Global market v competitive Data shows Aust generally prem</p>
 <p>A world map showing direct subsidies for animal products and feed in billion dollars for 2012. The values are: USA (18.0), China (7.3), EU (15.3), India (6.5), Australia (1.1), and others (2.3, 1.5, 1.1).</p>	<p>3. Aust Subsidies to barley industry/producers</p> <p></p> <p>You tell me!</p>
 <p>A close-up photograph of golden wheat stalks, slightly blurred, suggesting a field of grain.</p>	<p>4. Damages local (CN) industry</p> <p></p> <ul style="list-style-type: none"> <li>Local CN barley prod struggles</li> <li>Local quality &amp;</li> <li>MSP for other crops,</li> <li>CN barley COP above global price</li> </ul>

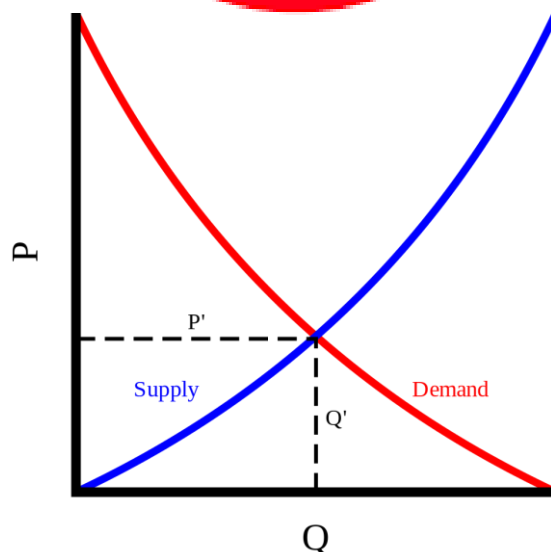
# WTO Dispute Resolution

- ✧ Remove the Politics from the Trade
- ✧ Formal Dispute Resolution Framework
- ✧ Instils a Process Parties must consult and engage
- ✧ Time Frame – up to 2-3 years





# Now What....?



## Strategies to look at...

- ↗ Current barley markets
- ↗ Domestic market
- ↗ New market opportunities
- ↗ Alternative crop opportunities
- ↗ Technical Services
- ↗ Improving value chain efficiency
- ↗ Technical Market Access
- ↗ Tariffs
- ↗ NTMs
- ↗ India

## Country (vH-H-M-L)

Vietnam  
Philippines  
Indonesia  
Japan  
Thailand

India  
South Korea  
East Africa

Saudi Arabia

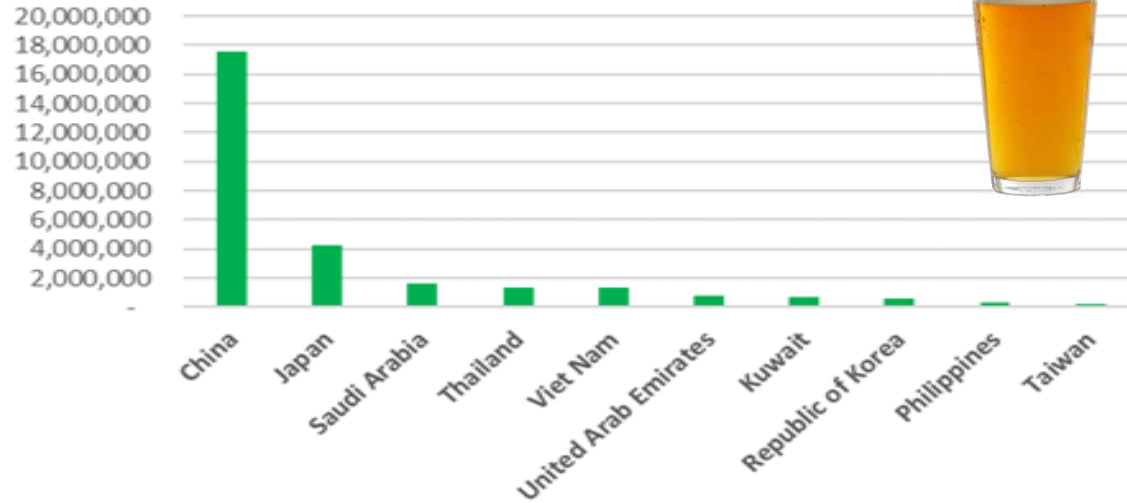
Other Middle East

South Africa

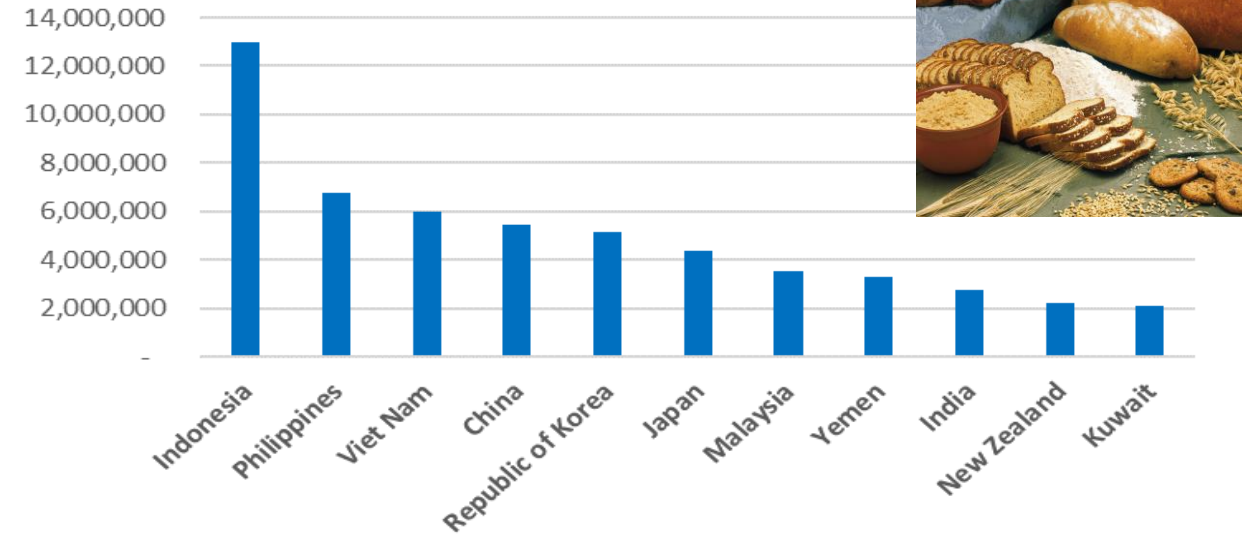
Brazil  
Other  
China  
Columbia

# Building Demand

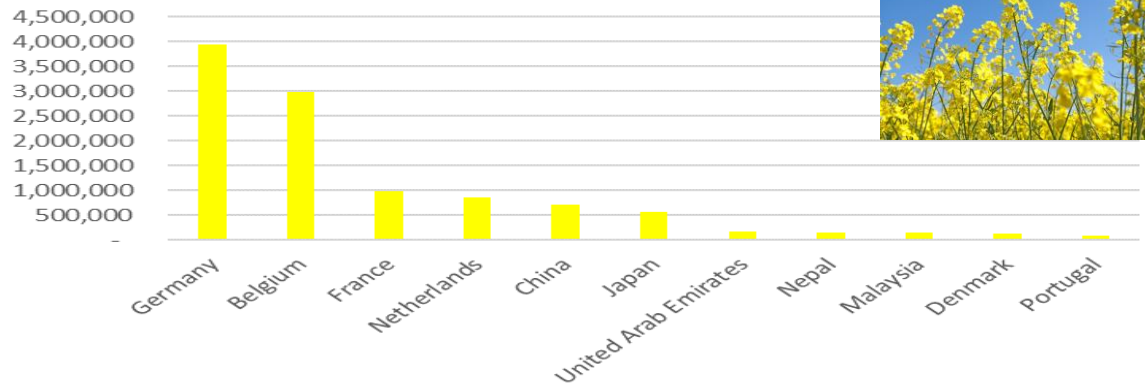
## Top 10 Barley Export Markets



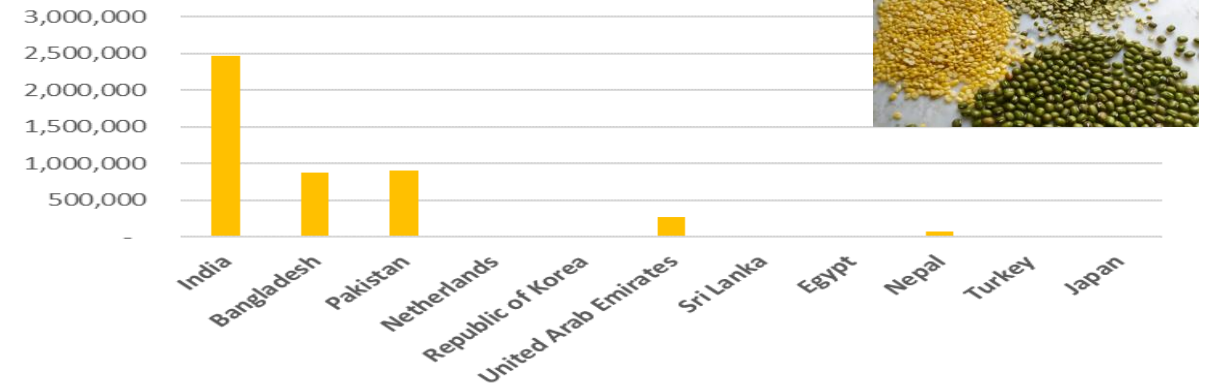
## Top 10 Wheat Export Markets



## Top 10 Canola Export Markets



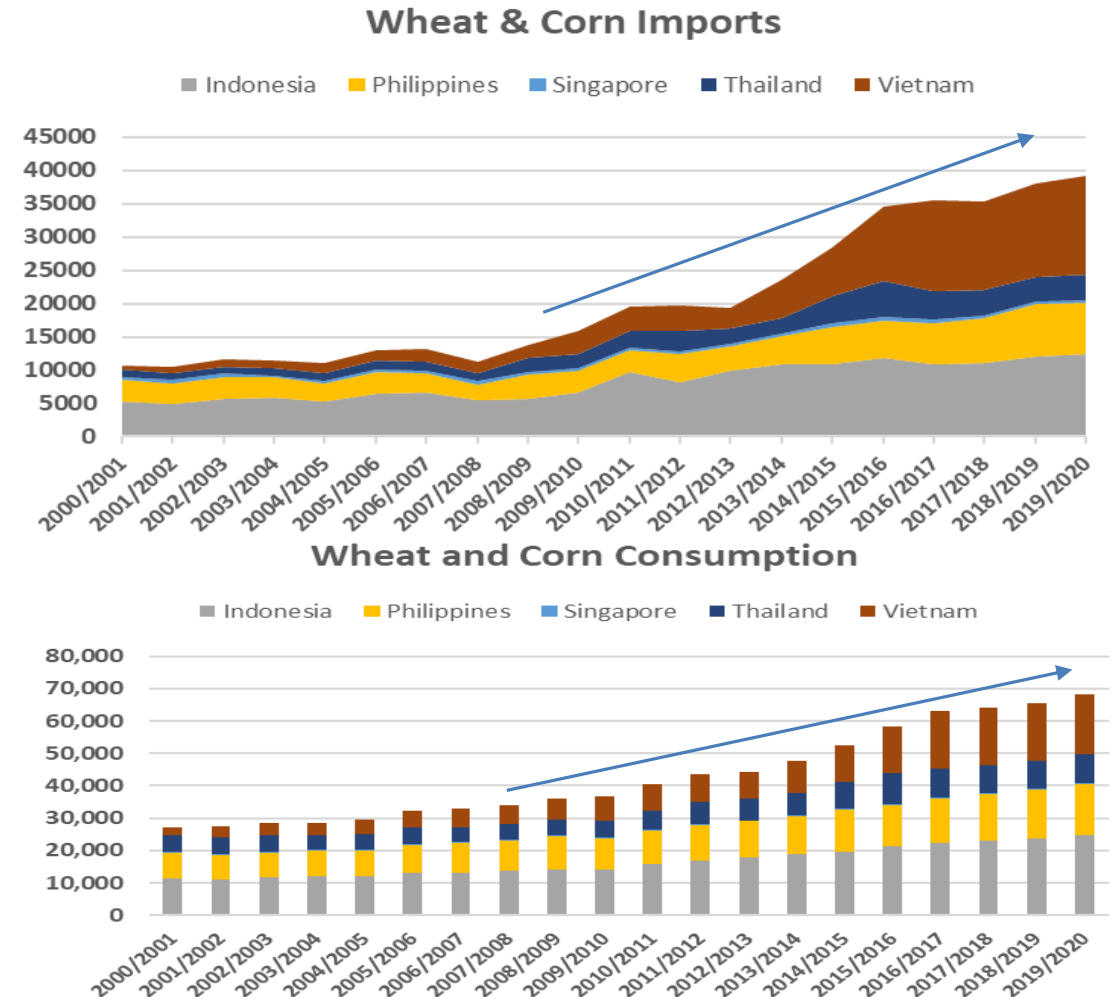
## Top 10 Pulse Export Markets



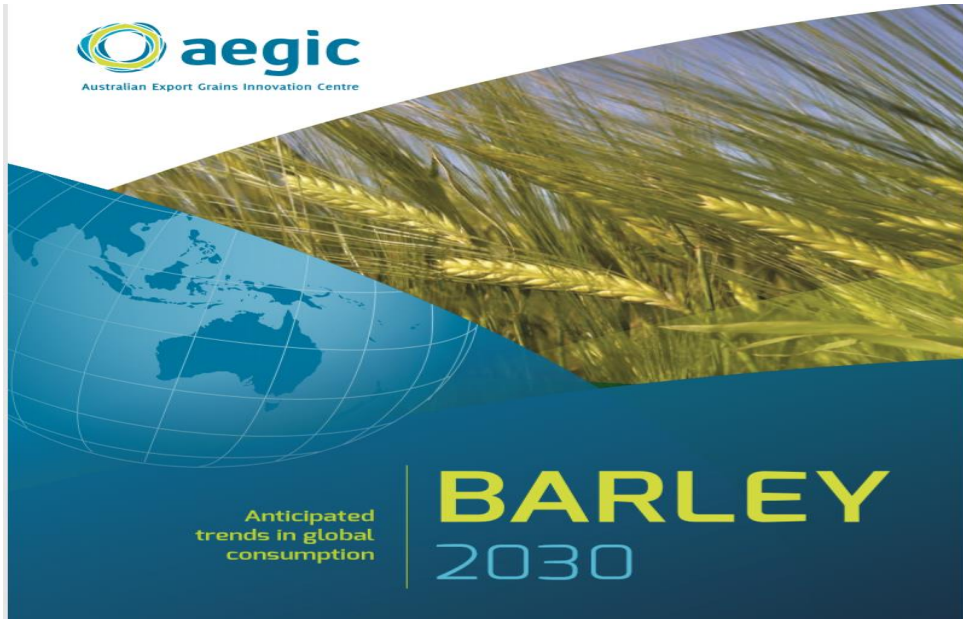
# SEA Opportunity - Building Demand

## South East Asian Demand

- ⌘ Growing Production, but
- ⌘ Massive Imports (40mmt!)
- ⌘ Growth 6 x in corn, 2.5 x wheat
- ⌘ **Feed doesn't = failure**
- ⌘ Policy & Market Access Challenges
- ⌘ Technical Engagement



# The Answer is more than barley



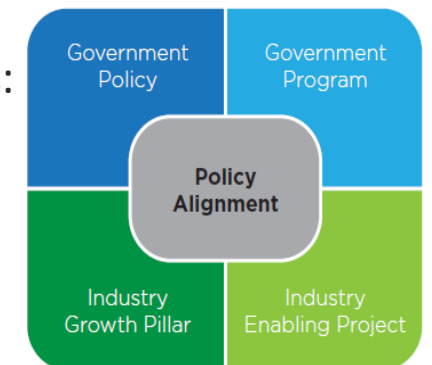
Desktop analysis looks at:

- underlying economic factors,
- demand,
- competition,
- consumer preferences and
- product quality parameters



There are 4 key growth pillars:

- ✧ Skills & Capability
- ✧ Quality & Market Access
- ✧ Technology
- ✧ Transport & logistics





# Supply Chain – impacts every tonne

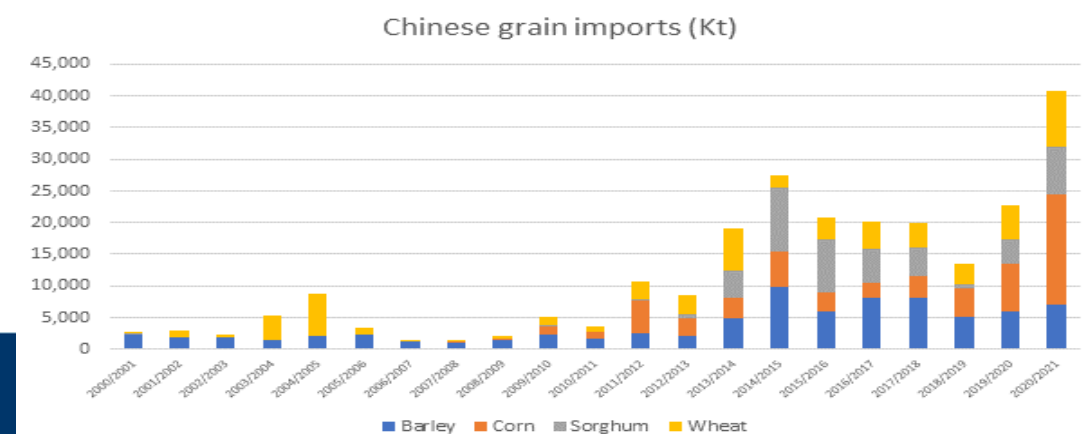
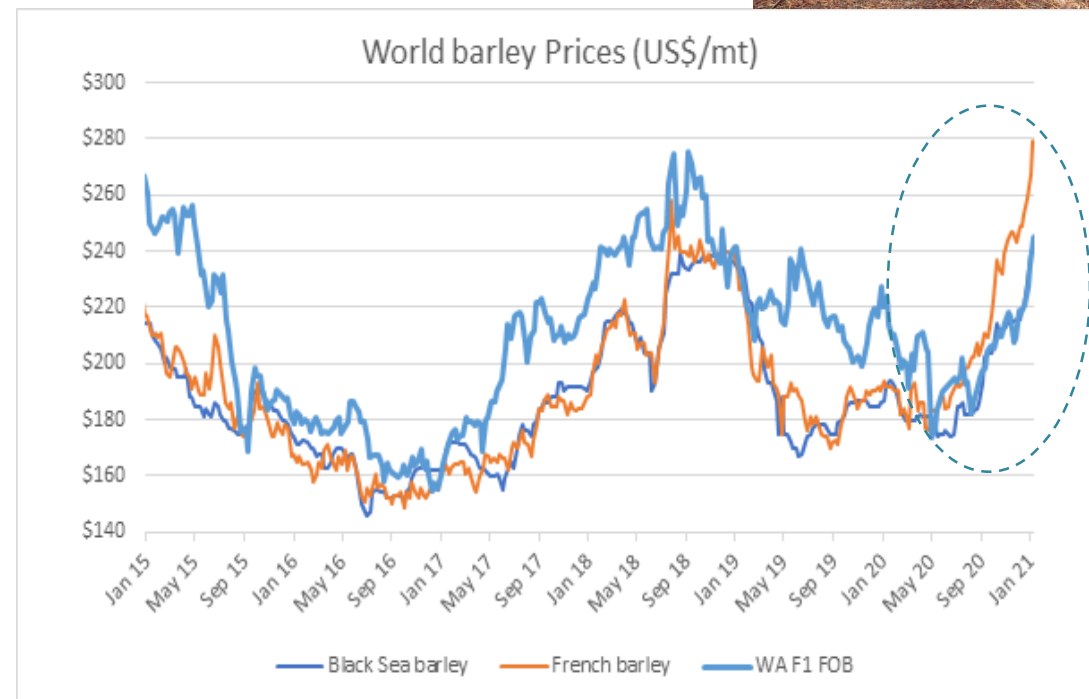




# Market Conditions

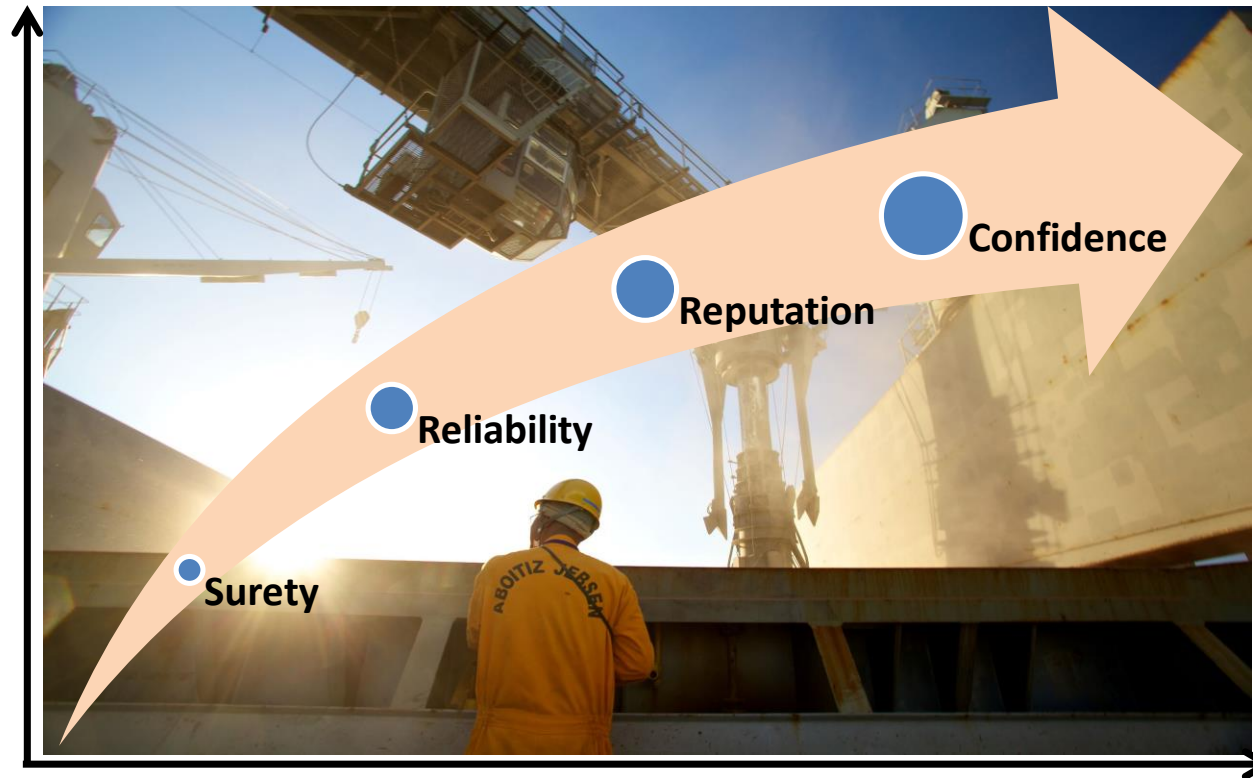
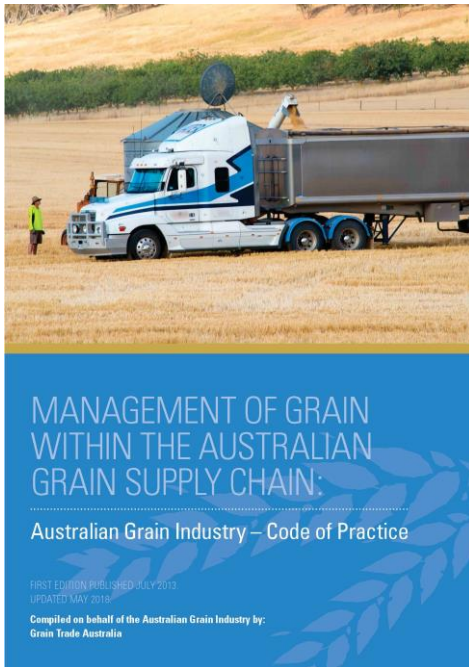


- Reshuffling Supply/Demand Deck Chairs
- China buys French, Canadian, Arg at USD~30 premium
- China feed grain deficits/low inventory raising the tide
- Australia cheap origin..
  - Saudi demand
  - Is Aussie barley to Mexico a good thing?
- Buying Domestic Demand
  - White meat, dairy



# NO CONFIDENCE, NO VALUE

Customer  
Value



*Tonnes Transacted*



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