

# ASEAN-Australia Business Summit 2018

CEO Forum consultation paper

## Agri-food supply chain logistics



This paper seeks your input to inform and prioritise discussion at the Agri-food supply chain logistics roundtable at the ASEAN-Australia Business Summit CEO Forum in March 2018. CEOs will recommend actions to Australian and ASEAN Leaders to improve the trade and investment environment for the agriculture, food and related logistics sector and identify areas for closer collaboration.

Please send your responses to [BusinessSummit@pmc.gov.au](mailto:BusinessSummit@pmc.gov.au) by 10 January 2018.

Australia and the ASEAN region are natural partners for cooperation on agriculture and food production and the range of value-adding activities across the agri-food sector and the supply chain supporting it<sup>i</sup>. Agri-food trade has accelerated since entry into force of the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) in 2010.

ASEAN collectively has a population of over 630 million people, with an increasing appetite for the clean, green and premium food for which Australia is recognised. Over 2014-16, Australia's agriculture and fisheries exports to ASEAN countries exceeded an annual average of \$9 billion, accounting for 21 per cent of Australia's global agricultural exports<sup>ii</sup>. ASEAN's growing position as a global food production hub presents an opportunity for greater two-way investment and further integration of Australian and ASEAN products in global value chains.

### Top agricultural exports to ASEAN (2016)

- Wheat A\$2.25 billion
- Live animals A\$1.09 billion
- Sugar, molasses, honey A\$767 million
- Beef A\$730 million
- Cotton A\$514 million

Source: DFAT Trade & Investment Statistics

The potential for partnership goes deeper than the agricultural goods trade. Under the *ASEAN Economic Community (AEC) Blueprint 2025*<sup>iii</sup>, member countries committed to a vision for a competitive, inclusive, resilient and sustainable sector, through:

- strengthening cooperation and capacity for sustainable production
- enhancing agricultural productivity, and
- increasing investment in agricultural science and technology.

This vision highlights the important role the agriculture sector plays in achieving food security, food safety and better nutrition.

As the Australian agri-food sector works to boost its own competitiveness and productivity through increased innovation and collaboration, it is well-placed to invest and work with ASEAN partners to achieve this vision. Under the *Agricultural Competitiveness White Paper* the Australian Government is investing in efficient infrastructure and research development and working with agribusinesses to grow international trade and access premium agricultural markets. The Australian Government's *Australian Trusted Trader* program will facilitate market access and the commitment to introduce a Single Window for International Trade will make it easier for Australian businesses to participate in international trade with modernised processes for the import and export of goods.

## Opportunities for collaboration

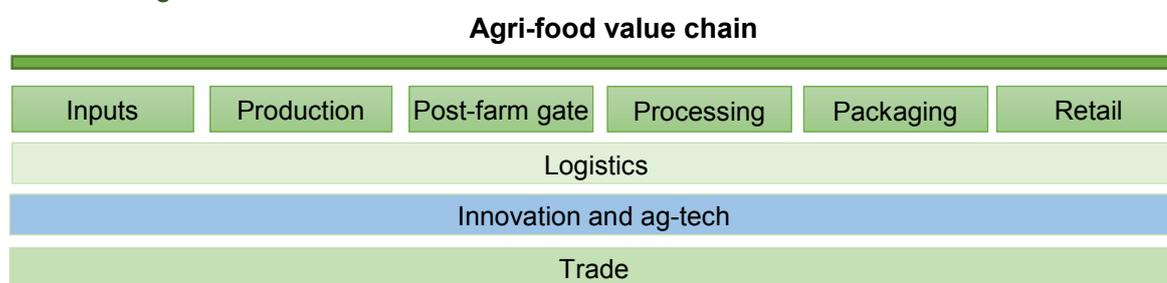
While agri-food trade and investment volumes between ASEAN and Australia are growing, there is significant scope to build on comparative advantages for increased collaboration, shared value and returns.

Australia has expansive abilities in agricultural technology to improve productivity across the value chain, from inputs (e.g. seeds and animal breeding, fertilisers), water and energy-efficient production, food safety standards and supply chain integrity.

ASEAN economies have expertise in sub-tropical production methods, competitive labour and knowhow to market and supply products to Southeast Asian consumers and globally.

**Questions:** Where do you see opportunities in the agri-food value chain to increase collaboration between Australia and ASEAN?

What are the comparative advantages of Australian and ASEAN economies at different stages in the value chain?



In addition to sharing value, there are opportunities for Australian and ASEAN firms to work with each other and with governments to overcome shared challenges in the agri-food sector to improve the trade and investment environment.

For instance, attracting and retaining skilled agricultural workers is a challenge in many economies due to increasing urbanisation. Climate change threatens the availability of water for agriculture. Infrastructure deficits, logistical issues and differences in food safety standards impede the movement of sensitive agri-food goods between markets. There is a need to also analyse issues with a gender lens if solutions are to be equitable, sustainable and optimise overall outcomes.

There are opportunities for Australian and ASEAN companies to collaborate on supply chain logistics, investing in infrastructure and technology that supports better storage, transport and distribution of food to reduce food insecurity and waste.<sup>iv</sup>

**Questions:** What do you see as the top three challenges to the agri-food sector in your economy? What expertise can your economy share to overcome challenges elsewhere in the region?

How can economies collaborate to address gender inequalities, improve outcomes for women and improve overall agricultural productivity and sustainability?

## Best practice reform

ASEAN economies are working towards a more integrated and cohesive regional economy, through improvements to the trade and investment environment, competition and consumer policy and regulatory practices. Australian firms have a limited understanding of the AEC<sup>v</sup> but see opportunities in improved market access and staff mobility. At the same time, Australian firms continue to perceive significant challenges to operating in ASEAN, including corruption and barriers to ownership and

investment. Challenges to doing business in Australia include strict biosecurity and immigration restrictions and regulations around investment in agribusiness, which may contribute to higher costs. Australia's performance in the World Bank's Trading Across Borders index is below several ASEAN nations.<sup>vi</sup>

**Questions:** What are the most significant regulatory barriers to improving the trade and investment environment in the agri-food sector?

In your view, what has been the most effective ASEAN Economic Community reform?

#### About the ASEAN-Australia Business Summit CEO Forum

On 17-18 March 2018, the Prime Minister of Australia will host ASEAN Leaders in Sydney for the ASEAN-Australia Special Summit. A Business Summit and Counter-Terrorism Conference will report to Leaders on advancing business cooperation and combating the threat of terrorism.

On 17 March, the Business Summit CEO Forum will bring together senior figures of leading Southeast Asian and Australian companies. Participants will discuss areas for closer collaboration and economic integration in areas including agri-food supply chains, energy, skills, digital transformation, infrastructure, tourism destination development and aviation. Recommendations will be reported directly to Leaders during their Summit the following day.

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<sup>i</sup> This discussion paper draws on a roundtable discussion held by the Australia-ASEAN Council in Toowoomba in August 2017, attended by ASEAN Ambassadors and High Commissioners in Australia.

<sup>ii</sup> Department of Foreign Affairs and Trade, Trade and Investment Statistics, <http://dfat.gov.au/about-us/publications/Pages/trade-statistical-pivot-tables.aspx> (8/11/2017)

<sup>iii</sup> ASEAN Economic Community (AEC) Blueprint 2025 [www.asean.org/storage/images/2015/.../aec-page/AEC-Blueprint-2025-FINAL.pdf](http://www.asean.org/storage/images/2015/.../aec-page/AEC-Blueprint-2025-FINAL.pdf)

<sup>iv</sup> 37<sup>th</sup> Meeting of ASEAN Ministers of Agriculture and Forestry, 10 September 2015, Makati City, Philippines, <http://asean.org/joint-press-statement-thirty-seventh-meeting-of-the-asean-ministers-on-agriculture-and-forestry-37th-amaf-10-september-2015-makati-city-philippines/>

See also: Sarina Locke, ABC News 'Investment needed in Asian food supply chain to take more fresh Australian meat, dairy and produce' (14/12/2016), <http://www.abc.net.au/news/rural/2016-12-14/lack-of-supply-chains-investment-asia-stalls-food-exports/8119328>

<sup>v</sup> Australian Business in ASEAN Survey 2017 [https://issuu.com/access-asia/docs/australian\\_business\\_in\\_asean\\_survey\\_462312876f5b66](https://issuu.com/access-asia/docs/australian_business_in_asean_survey_462312876f5b66)

<sup>vi</sup> World Bank *Ease of Doing Business*, <http://www.doingbusiness.org/data/exploreeconomies/australia#trading-across-borders>