



By PAT O'SHANNASSY,  
chief executive officer,  
Grain Trade Australia

## Emergence from adversity

I am happy to report the 2020-21 season Australian winter-based grain crop is generally very favourable as compared to the recent drought ravaged seasons.

Given the total rainfall between February and April was above average in most cropping regions in the eastern states and South Australia, and with the three month seasonal outlook (June to August) above average in most cropping regions we are expecting increased activity for the shipping industry from grain exports in 2021 than in prior years.

ABARES supports this forecast, as its winter crop production is forecast to increase by 53 per cent in 2020-21 to 44.5 million tonnes. This forecast is 11 per cent above the ten-year average to 2019-20.

Normally an export-oriented business, this is great news for Australia, as over 70 per cent of Australian grain production is exported annually, with the Asian region accounting for over 50 per cent of these exports. This return to a more normal season will be important to Australia's economic growth, especially to rural and regional economies.

One thing these favourable conditions are anticipated to reverse is the recent trend where bulk shipments of grain, instead of loading, have been discharging at the major ports all along the east coast. This has been occurring from late 2017 and will continue until the new

crop is harvested and the east coast supply is replenished. These shipments have been required to meet domestic demand for human consumption, such as flour milling and malt production, and for animal feed. Reversing the supply chain into eastern Australian ports and back up the supply chain has certainly had its challenges.

The number of vessels arriving on the east coast of Australia during this period has been quite amazing. The Australian Crop Forecasters,' James Maxwell, said the bulk of the imported shipments have been from South Australia and Western Australia, with 349 bulk vessel interstate movements recorded and 16 cargoes imported from Canada up until the end of July 2020, for a total tonnage discharged of 7.6 million tonnes.

Drought has not been the only challenge facing the industry, with the geopolitical landscape creating a very bumpy ride for industry and especially barley growers. The industry is deep disappointment with the announcement by the People's Republic of China to place punitive tariffs on Australian barley exports to China. This follows an anti-dumping and countervailing subsidy investigation initiated by China in November 2018.

The World Trade Organisation (WTO) definition of dumping is when exports are sold at a price lower than the exporting



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country's domestic market, and/or lower than production costs, which results in 'injury' to the importing country's domestic production.

These punitive tariffs impose a dumping margin of up to 73.6 per cent and a subsidy margin of up to 6.9 per cent on all barley imported from Australia, effective from 19 May 2020. The industry is deeply disappointed these tariffs will disrupt and, most likely halt exports by artificially increasing the price of Australian barley imported to China, until the situation is resolved. It is estimated this dispute could cost the Australian grain industry and notably rural and regional economies at least \$A500 million per annum.

For several years China has been Australia's largest barley export market and Australia is the largest supplier of barley to China. This imposed duty makes Australian barley less competitive into the Chinese market and has placed significant downward pressure on barley values offered to Australian growers. Grain Trade Australia (GTA) has called on the Australian Government to support Australia's farmers and exporters by engaging deeply with China in a respectful and meaningful way, to resolve the issue and to concurrently and immediately pursue the WTO Dispute Settlement process to the fullest extent possible.

On a positive note, GTA would like to acknowledge the collaborate industry and government approach that has resulted in the signing and commencement of the Free Trade Agreement (FTA) with Indonesia. This is of great benefit to trade between our two countries and will support sales of Australian feed grain into Indonesia. The FTA is the Indonesia Australian – Comprehensive Economic Partnership Agreement (IA-CEPA).

The IA-CEPA creates a framework for Australia and Indonesia to unlock the

vast potential of economic cooperation between business, communities and individuals. It will reduce non-tariff barriers to trade, simplify paperwork and will allow 99 per cent of Australia's goods to enter Indonesia duty free, or with significantly improved preferential arrangements. It includes the introduction of volume quotas on the export of Feed grain to Indonesia.

I wish to loudly acknowledge and applaud all supply chain participants and especially those involved in the shipping industry for the expedient and practical steps taken to ensure COVID-19 has not impacted the grain supply chain. It has been outstanding to see the collegiate approach to managing issues and overcoming hurdles. In fact, there are some unanticipated flow on benefits from the adversity with the crisis leading to the speeding up of positive change. This is evident in shipping related trade support functions with electronic trading and shipping documents becoming more readily used during the COVID-19 period.

Positive change is a goal for GTA and assists GTA's primary focus to facilitate trade. One approach GTA takes is to proactively work with governments and other industry associations and groups to achieve its objectives. Working with other like-minded industry associations towards common objectives is a great way to break down barriers and to create value. One example of this is a joint project currently underway involving Shipping Australia Limited, the Department of Agriculture,

Water and the Environment (DAWE) and GTA to review and improve the Standards for Food Quality Shipping Containers. This is an important resource for the industry and the refreshed and updated version will be well received.

The review of the Standards for Food Quality Shipping Containers is part of a larger project and focus aimed at improving the process and administration of exporting grain in containers. In the past the grain container supply chain has had its issues, with the slow and inaccurate transfer of data associated with export consignments. Working with DAWE, GTA and an industry working group has and continues to remove bottlenecks and improve processes.

Similar projects that may be of interest to Shipping Australia readers is the development of a Mobile Bulk Loading Guideline and the assessment of the use of body cameras to audit vessel inspections. Both these projects are joint DAWE and industry projects, with GTA providing industry facilitation.

The use of mobile bulk vessel loading conveyors is a relatively recent occurrence in the industry, with vessels now having loaded in Victoria and in South Australia. Being able to more closely manage the timing of vessel loading when you may have a dozen exporters all wanting to use the same export terminals, is driving the use of hiring public berths and using mobile equipment to load bulk grain cargoes. ▲





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