



Submission on

**Australia in the Asian Century
Indonesia**

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About Growcom

Growcom is the peak representative body for the fruit and vegetable growing industry in Queensland, providing a range of advocacy, research and industry development services. We are the only organisation in Australia to deliver services across the entire horticulture industry to businesses and organisations of all commodities, sizes and regions, as well as to associated industries in the supply chain. We are constantly in contact with growers and other horticultural business operators. As a result, we are well aware of the outlook, expectations and practical needs of our industry.

The organisation was established in 1923 as a statutory body to represent and provide services to the fruit and vegetable growing industry. As a voluntary organisation since 2003, Growcom now has grower members throughout the state and works alongside other industry organisations, local producer associations and corporate members. To provide services and networks to growers, Growcom has about thirty staff located in Brisbane, Bundaberg, Townsville, Toowoomba and Tully. We are a member of a number of state and national industry organisations and use these networks to promote our members' interests and to work on issues of common interest.

Introduction

Growcom welcomes the opportunity to make a submission to the Australia in the Asian Century Indonesia Country Strategy. We certainly do not think we are experts on Indonesia, however there is the opportunity to build on existing links with Indonesia and incorporate lessons learnt into a more strategic approach. The Queensland horticulture industry is well positioned to supply the Indonesian market as many of our commodities are counter-seasonal and therefore do not compete with Indonesian product. This is important as the Queensland horticulture industry cannot compete with other producing nations on price so either has to provide high value niche products or access clear market windows. In addition, Indonesia has been very explicit in its desire to manage trade to minimise impacts on their local growers. There is a significant opportunity for industry to develop mutually beneficial ties with our Indonesian counterparts rather than just approaching Indonesia as a one-way export destination.

We would also like to note that all of the countries identified as priorities are important to the Queensland horticulture industry but we do not have the capacity to develop multiple responses. We consider that many of the strategies outlined below would have broader application. We would expect that as part of the implementation of the National Food Plan there will be other opportunities to explore options for the Australian horticulture industry in Asia.

Questions

1. *What are your priorities and objectives in these countries?*

The overarching priority is negotiated market access for a suite of horticultural commodities underpinned by mutual understanding to enable Queensland producers to maximise their opportunities in this market. This will require:

- Market access negotiations progressed for a suite of horticultural commodities and continuation of the work being done to overcome trade barriers to horticulture. This includes ensuring biosecurity protocols are reasonable and realistic.
- A window mapping exercise to establish the best times to access the Indonesian market for a range of commodities. This should also consider other countries currently supplying the Indonesian market.
- Research into opportunities for high value commodities.
- Agricultural research and development extension into Indonesia
- Increased expertise within DAFF regarding trade issues with Indonesia and a dedicated go to person to assist with trouble shooting.
- Exploration of the “sister sector” concept to build mutual understanding between the horticulture industries in the two countries.
- Agricultural exchanges between growers and workers from both countries to increase cultural understanding.
- A feasibility study of a ‘pacific worker” style program for Indonesian farm workers.
- Increased emphasis on teaching Indonesian language to increase the pool of people able to facilitate market opportunities.

2. What are the opportunities to deepen our engagement across the board?

It is probably fair to say that the Queensland horticulture industry as a whole has limited engagement with Indonesia. Unlike other Asian nationals such as South Koreans, very few Indonesians work on horticultural enterprises or even travel to horticultural production areas as far as we are aware. In addition, whilst there are no figures to support this, based on the overall pattern of Australian visitation to Indonesia it can be assumed that with the exception of Bali, there is limited travel by our growers to Indonesia.

Comments from growers who currently access the Indonesian market suggest that there is a significant cultural “gulf” that could be significantly improved by greater interaction. As outlined above, specific programs that encourage Indonesian workers to work on Australian farms could be explored. We understand that an additional 1000 “backpacker” visas have been issued to Indonesia but uptake has been limited. A comment was made at the Brisbane consultation forum that this style of travel is not popular with Indonesians and perhaps a more structured program enabling groups to come out together might work better. For that reason, a ‘pacific labour’ style program could be explored which would have the dual benefit of providing labour to horticulture regions in key seasons and provide a level of cultural exchange.

The concept of ‘sister cities” has been widely adopted and is considered quite successful. There was a suggestion made at the Brisbane consultation forum about expanding this concept to “sister sectors” and focusing on certain commodities such as citrus that could

mutually benefit from a closer relationship and understanding of how to do business with each other. Growcom strongly endorses exploring this concept further.

A dedicated agricultural exchange program with bursaries available for growers from both countries may also have some benefit. Some of these bursaries could cover Indonesian language lessons. This program could operate in tandem with joint Research and Development projects.

3. How is the pace and shape of political, economic and social change in these countries affecting your engagement?

This question is outside our expertise.

4. How can we support stronger social and cultural links with these countries?

As outlined in our response to question 2, Growcom is interested in exploring a number of options to enhance social and cultural exchange with the objective of increasing our growers' understanding of how to do business in Indonesia. We are open to other ideas coming from those who already have greater links in this area.

5. What more can Australia do to connect productively in trade and investment, innovation, research and development?

We urge the Australian government to continue negotiations to improve access for Australian horticultural products particularly in light of the Indonesian government's recently articulated commitment to protecting the interests of their local growers and the new quota system. In addition, while we support the right of all countries to effectively manage their biosecurity risk, there needs to be greater scrutiny of biosecurity protocols to ensure they are not compromising the saleability of horticultural products with no real biosecurity outcome

That said, a comprehensive assessment of market access windows would not only identify the best times from a commercial perspective for Australian producers to access the Indonesian market but may also allay Indonesia's concerns about potential impacts on local growers. We see this as a clear priority and should form part of the "What Asia Wants" study being undertaken as part of the National Food Plan.

The paucity of Indonesian speakers within Australia is of concern to many and we see addressing this issue as a clear step in enabling all industries to better access the Indonesian market.

Growers have also indicated that there is no clearly defined 'go to' person within the Australian government to assist with issues around accessing the Indonesian market. This was particularly evident when problems arose over quotas for citrus producers. This issue will be discussed more fully in our response to the next question.

6. What lessons can be learnt from our past experience in developing relations with these countries?

The recent experience of a Queensland citrus grower provides a number of useful lessons for improving our ability to effectively access the Indonesian market. The citrus grower in question had been successfully supplying mandarins to Indonesia for a number of years and was, in fact, obtaining 50% of their annual income from this. The window of opportunity for these growers is only three weeks as cheaper South American imports then come on to the market. The Indonesian government recently introduced a quota system for Australian citrus and even more concerningly took so long to issue these quotas that there was a real risk that the “window of opportunity” would be missed. We do not think there was any intent by the Indonesian government to block these imports but a combination of poor communication at all levels and delays in operationalising a new process which nearly resulted in a significant loss for this grower.

In terms of lessons learnt, the grower had significant frustration at not being able to find the correct person within the Australian government to progress the issue and there was a major time lag in getting any action. In fact the grower stated that at least initially most assistance was received from the Indonesian High Commission. The grower did say that they were satisfied with the actions of the Australian government officials once the ball was rolling but the whole process took too long. This highlights the need for a dedicated and easy to access “go to” person with a good command of the language and a sound understanding of the cultural nuances that need to be worked through.

At a more overarching level, the problem should perhaps have been anticipated by the Australian government and negotiations to resolve such issues started long before the situation became critical. We hope processes like the development and implementation of the country strategies will help reduce the likelihood of situations like these arising and reaching crisis point.

At an industry level, improved understanding of the business environment and the cultural parameters within which it operates may assist us in anticipating and preventing these situations. Options to achieve this are outlined above.

The research into ‘market windows’ suggested above may also help those negotiating on trade issues understand the time critical nature of the horticulture industry. It will allow those factors to be brought more explicitly to the table along with the understanding that we are not in direct competition with Indonesian growers in many instances.

What are the key barriers, challenges and risks in progressing our relations with these countries?

It is fairly clear that a lack of mutual understanding of how to do business successfully in this market is a barrier. This is potentially the result of limited opportunities to interact with Indonesian people and understand their cultural perspective. Of potentially more concern is the overall issue that the cost of production of all our horticultural commodities is among the highest in the world, resulting in high prices within the Asian market.

The protectionist stance of the Indonesian government does present some issues in terms of market access but for many commodities this may be less of an issue if we can work outside their growing seasons. The imposition of unrealistic and unworkable “biosecurity” protocols also needs to be worked through.

There is a vital need for Australia to maintain a scientifically defensible biosecurity risk assessment process, not only to ensure that our pest and disease status is not compromised but to ensure that we are able to trade effectively. This process needs to be transparent and supported by industry and not a closed shop hidden inside DAFF.

We must also be aware of potential food security implications if our growers can no longer be profitable in the domestic market. That said, mutually beneficial bilateral trade in horticultural products taking advantage of our counter-seasonal status, can be expected to provide lasting benefits to both countries.