



20th January 2020

Ms Suzanne Veletta
Principal Research Officer
Economics and Industry Standing Committee
Legislative Assembly of Western Australia
Parliament House
4 Harvest Tce
West Perth WA 6005

Dear Ms Veletta

Inquiry into WA's economic relationship with India

The Pastoralists and Graziers Association of WA (PGA) is a non-profit industry organisation established in 1907, which represents primary producers in both the pastoral and agricultural regions of Western Australia.

The PGA welcomes the opportunity to provide a submission to the Economics and Industry Standing Committee into Western Australia's Economic Relationship with India.

Farmer members of the PGA grow wool, cereal grains, pulses, oilseeds, sheepmeat, beef and live animals for export.

Western Australia's agricultural industries are highly export orientated;

- Almost 100% of wool is exported,
- 94% of cereal grains are exported,
- 89% of oilseeds are exported,
- 80% of sheepmeat is exported,
- 35% of beef is exported,
- 29% of sheep were exported live, and 26% of cattle.

Although not in the top 10 industry sectors for gross value added, after mining, agriculture is the state's second biggest commodity exporter.

Consequently access to overseas markets is critical to the prosperity of the WA primary production sector, and by extension, the state economy.

However, India's principal imports are crude oil, precious stones, machinery, chemicals, fertilisers, plastics and iron and steel.

The PGA also notes that the Commonwealth Government's response to An India Economic Strategy to 2035 (the Varghese report) appears to focus on agri-business services rather than agricultural commodities.

In its 2017 report into Indian Grain Market Opportunities for Australia, Grain Growers Ltd pointed out that India's grain and food industry is subject to a high degree of policy intervention, with partly-opposing objectives of maintaining farmer incomes, food security and affordable grain supplies to low-income households.

This is achieved through minimum producer support prices, input subsidies, public distribution systems, import tariffs, changing import conditions and other technical barriers to trade that distort the market in the Indian agricultural commodity sector.

There is also an element of unpredictability in Indian agricultural commodity production that is caused by 'low' monsoons and poor seasonal conditions.

Whilst the PGA understands the policy difficulties around India's desire to protect employment in its agricultural sector, a truly beneficial economic relationship with India must include WA's primary production sector.

Despite this, it does appear that India will experience increasing rates of demand growth for agricultural commodities that is driven by population and changing diets. Until this expresses itself completely, there may be near term opportunities to supply WA oilseeds to satisfy Indian demand for vegetable oils, and barley for malting and feed grain.

Further, India is Western Australia's second major wool market at 8%, behind mainland China (83%). It would appear there is scope to grow this market, with the added advantage of reducing the risks arising from the loss or closure of a principal market.

Although Australia and India have been negotiating a Comprehensive Economic Cooperation Agreement since 2011, the last round of negotiations was held in September 2015.

Consequently, the PGA encourages the Economics and Industry Standing Committee to recommend to the Western Australian Government that it urge the Commonwealth Government to resume negotiations to reduce barriers to trade with India that would allow Western Australian agricultural commodities access to the Indian domestic market place.

In conclusion, the PGA notes that market development is almost entirely the result of persistence.

Yours Faithfully



Ian Randles

Policy Officer – Grains; Livestock