

DEPSEC Talking Points – AGSOC 2023 – China verbal update

- Welcome all.
- Thank you to the Secretary for that introduction. It certainly emphasises the complexity of the relationship and the need for careful consideration as we move forward.

Bilateral update

- Colleagues, I'd like to make a few remarks primarily from an agricultural trade and policy perspective.
- Before I do, let me just reinforce that the objective of stabilising the relationship with China is very much a whole-of-government effort. This process will take time, and our collective approach must be calm and considered.
- There is no denying that China is our largest trading partner and will remain so for the foreseeable future – this economic complementarity has been a keystone of the relationship, as I know you are keenly aware of at the state level.
- However, a critical part of stabilising is establishing a pathway toward the timely and full resumption of trade. DAFF is working closely with DFAT to that effect.
 - DAFF is actively and constantly seeking opportunities to resume technical market access discussions with China to help resolve trade impediments with our commodities, consistent of course with our national interest.
 - The department, including our officers in Beijing, continue to pursue resolution of China's technical concerns, and has submitted extensive dossiers to support the resolution of these issues.
- We also continue to raise these issues through our Post in Beijing, the local Embassy here in Canberra, and through WTO channels.
- Following several high-profile ministerial meetings, include between our leaders, we have experienced a renewed level of Chinese interest to engage at an officials' level. However, except for the removal of a single COVID-related suspension, China has not taken any tangible steps to remove the larger of the trade blockages. This is despite the fact we have seen:
 - Some establishment suspensions have lifted (barley, dairy) but not others such as meat. In addition, the punitive tariffs on some commodities remain, like barley, so trade is still not viable for our exporters;
 - Visits and meetings by Australia-based Chinese officials at various establishments across the country; and
 - The removal of COVID-19 testing of imported products, yet not all suspended establishments have been reinstated.
- We know that you hear from local exporters, and we understand their frustration. Our clear and consistent position is that the resumption of normal trade across the board would be in Australia's and China's interests.

- Our collective public narrative matters. s 33(a)(iii)
 - s 33(a)(iii)
- s 33(a)(iii)
- DFAT will be providing a similar briefing on China and messaging to the State and Territory trade offices very soon.

Operational environment update

- I would like to touch on some operational aspects of doing business in China.
- s 33(a)(iii)
 - s 33(a)(iii)
- Many of you will be aware of the work our officers, both in China and Australia, are undertaking to maintain trade, especially with China's CIFER (China Import Food Enterprise Registration) system for imported food.
 - The department has assigned extensive resources to ensure trade has continued while we all navigate China's implementation of this system.
 - We know the rollout of CIFER has been complex and technically challenging. The department has worked closely with food industries advising them of the requirements for registration and obtaining advice and assistance from Chinese authorities where possible to help with the application submission and approval process.
 - There has thus far been no disruption to trade and China has been engaging with the department to resolve issues as they arise but it will remain a challenging space.
- When the bilateral relationship stabilises with Beijing, and of course we all hope this will be sooner rather than later, we need to learn from this experience. Agri-business leaders, producers and exporters will need to continue to weigh up the risk of the China market as they do for all markets.
 - China will remain an important trading partner and we recognise it will remain an ongoing lucrative market. We will continue to support and encourage businesses to engage with China, after the risks of doing so have been appropriately considered.
 - s 33(a)(iii)

- **s 33(a)(iii)** if exporters choose to continue business with China, they should focus on strict compliance with China's technical requirements and be very mindful of the potential consequences of non-compliance.

Trade diversification

- The Government will continue to support trade diversification efforts as opportunities for Australian businesses open in other markets.
 - We are aware that this is not a simple, cost-free process – new markets take time and cost money.
- The Government will continue to support business to expand and diversify export markets through a number of ways:
 - We can keep global markets open and trade functioning by working with industry to help mitigate the impact of freight disruptions, rising protectionism, new non-tariff barriers and reduced labour availability.
 - Maintaining a competitive edge for Australian exports is vital for Australia. We are mitigating the impact of these changes through working with industry to provide Australian producers and exporters with a diverse range of export opportunities.
 - Our extensive counsellor network is working to promote Australia's agricultural interests. They work in key trade markets to explore and develop new market openings for Australian exporters, provide market intelligence, manage sensitive policy concerns, and resolve issues when Australian agricultural goods arrive at their foreign destination.
 - Our Counsellors work closely with State and Territory representatives, Austrade and DFAT in market.
 - And finally, I'm sure you already know that our Special Representative for Australian Agriculture Ms Su McCluskey will continue to advocate Australian interests on the world stage. Ms McCluskey has been incredibly effective in promoting the importance of the rules-based system for agricultural trade and Australia's sustainability credentials.
- So, colleagues, I thank you for making the time to meet with us today. My key message is to continue information sharing and coordination which will be crucial in ensuring our portfolios are best positioned to support industry. Thank you for your efforts to date in that regard.