

Wool Trade Policy Project

Approximately 98% of Australia's wool is exported, with around 95% of this exported in its raw (unprocessed) form and of this, around 80% is exported to a single market. Such export market concentration leaves the Australian wool industry exposed to significant trade risk. While we have very well established and mutually beneficial existing trade relations within the global wool supply chain, it is incumbent on the Australian Government to support and invest in market diversification and expansion opportunities, both domestically and internationally in order to retain the prosperity of the Australian wool industry and retain the associated economic benefits, particularly in rural areas.

In recent years, through the highly successful Agricultural Trade and Market Access Cooperation (ATMAC) program, WoolProducers has been investigating market expansion and diversification as a means to mitigate such trade risks. This work has been undertaken in 2 phases of work, titled 'Ensuring a sustainable Australian Wool Industry through market diversification and risk mitigation'. This first phase of this work identified that diversification of trade of 50% of Australia's wool production could deliver up to \$1.1 billion in trade risk mitigation.

WoolProducers were also successful in securing a Wool Industry Representative for 12 months under the AusHub project being led by the Australian Chamber of commerce in Vietnam. This industry representative has enabled the Australian wool industry to engage the services of an in-country resource to identify opportunities and barriers to establish bilateral trade and investment opportunities.

The ATMAC and AusHub programmes have allowed the Australian wool industry to identify and built momentum on a number of trade expansion and diversification opportunities to enable de-risking measures to help grow and safeguard the Australian wool industry, particularly in relation to Vietnam, India and Bangladesh. This work must be supported and sustained by trade policy activities in the near-term years to ensure that the opportunities identified materialise into tangible actions that deliver the identified de-risking outcomes. Trade policy development is not currently undertaken in any consistent manner within the Australian wool industry, urgent government investment is required to ensure that this de-risking potential can be realised and the significant momentum that has been achieved over the past 24-months is not lost.

The outcomes of these initiatives are consistent with a number of existing Government programs including the Agri-Business Expansion Initiative (including the ATMAC program) and the Export Market Development Grants. Along with support objectives under trade agreements including the Australia-Vietnam Enhanced Economic Engagement Strategy (EEES), Southeast Asia Economic Strategy to 2040 and the Australia-India Economic Cooperation and Trade Agreement (ECTA).

In order for this to occur WoolProducers are requesting the establishment of a 3-year Wool Trade Policy program to support the Australian wool industry's endeavours, including implementing and building on the work initiated under the ATMAC and AusHub initiatives.

This three-year program would consist of a 0.6 FTE based in Vietnam and 1 FTE based in India to cover both India and Bangladesh, along with appropriate travel and associated costs.

These in-country resources would be managed by a domestically based Trade Policy Manager to coordinate within industry, both domestically and internationally to manage the interdependence issues, barriers and opportunities within the current and evolving supply chain. The Trade Policy Manager would also coordinate collaboration with government agencies, such as DAFF, DFAT and Austrade.

This Trade Policy Program could be considered as a pilot project that could be replicated in other industries.

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This proposed program would complement and leverage existing industry investment conducted by the wool industries Research and Development Corporation, Australian Wool Innovation (AWI) in these emerging markets of Vietnam, India and Bangladesh. The work currently undertaken by AWI is focused on demand creation through marketing and education, which would be underpinned and enhanced by robust trade policy.

WoolProducers Australia would manage this project.