Deloitte Access Economics

Market opportunities for Queensland agribusiness from FTAs with China, Japan and South Korea

Queensland Production

Deloitte.

Scope

Australia recently signed Free Trade Agreements (FTAs) with China (June 2015), Japan (July 2014) and South Korea (April 2014). These agreements substantially reduce or remove tariffs on a range of Australian food and agribusiness export products including beef, grains, horticulture, seafood and processed foods, which together represent a large share of Queensland's total agricultural production and exports.

This document provides an overview of stage 1 of a two stage project. The overarching objective of the whole project is to identify where there are the strongest opportunities arising from the FTAs and what barriers exist to realising these opportunities. Principally, the focus of identifying opportunities has been on the four broad agribusiness sectors of beef, grains, horticulture and seafood/aquaculture, including both unprocessed and processed products.

The purpose of Stage 1 is to take a 'data view' on opportunities from the three FTAs and undertake consultations with Queensland agribusiness stakeholders on opportunities and barriers. Stage 2 will investigate, in more detail, the specific opportunities identified and focus on in-market consultations in China, Japan and South Korea which are expected to lead to the generation of trade and investment leads.

Contents

This document presents an overview of Queensland's agricultural and seafood/aquaculture production by value for the three years 2011-12 to 2013-14. This provides a baseline understanding of the agricultural commodities in which Queensland is strongest and which commodities are growing or declining.

Snapshot of production

Table 1.1 shows that the total value of Queensland agriculture has been above $10 billion for the three years presented and has been growing over this time. Cattle and calves is the largest sector by value across all three years, representing 37% of the total value in 2013-14. This is followed by broadacre crops, fruit, nuts and vegetables. Poultry, eggs and pigs are also significant contributors to the total production value of Queensland agriculture.

The sectors which are relatively small by comparison to NSW and Victoria are milk, wool, sheep and lambs.

Table 1.1: Value of Queensland's total agricultural and seafood/aquaculture production

Commodity	Value of production ($m), current dollars		
	2011-12	**2012-13**	**2013-14**
Broadacre crops	3,060	2,979	2,715
Fruit and nuts	940	1,136	1,064
Vegetables for human consumption	920	1,041	970
Nurseries, cut flowers, cultivated turf	315	314	293
Hay and silage	88	114	119
Total value of crops	**5,323**	**5,584**	**5,160**
Cattle and calves	3,450	3,461	3,890
Poultry	430	461	494
Pigs	212	216	262
Sheep and lambs	59	39	61
Other	28	26	31
Total value of livestock slaughtered	**4,178**	**4,203**	**4,738**
Milk	260	245	231
Eggs	159	168	190
Wool	115	100	80
Total value of livestock products	**534**	**514**	**502**
Seafood/aquaculture	268	277	280
Total value of agricultural production	**10,303**	**10,577**	**10,679**

Source: *ABS 7503.0 – Value of Agricultural Commodities Produced, Australia, 2011-12*; *ABS 7503.0 – Value of Agricultural Commodities Produced, Australia, 2012-13*; *ABS 7503.0 – Value of Agricultural Commodities Produced, Australia, 2013-14; ABARES Australian fisheries and aquaculture statistics 2014. Note: Totals may differ from the sum of individual items due to rounding.*

Broadacre crops

Table 1.2 provides a further breakdown of broadacre crops. Overall, the value of broadacre has declined over the three years presented. The table shows that the non-cereal crops of sugar cane and cotton dominate with almost 70% of the total value in 2013-14. The cereal crops of wheat and sorghum make up the bulk of the cereals sub-category and 22% of the total broadacre value in 2013-14.

Table 1.2: Value of Queensland broadacre crop production

Commodity	Value of production ($m), current dollars		
	2011-12	**2012-13**	**2013-14**
Sugar cane	1,080	1,072	1,165
Cotton	981	677	698
Pulses	137	195	118
Peanuts	20	16	16
Other oilseeds	16	15	7
Canola	1	0	0
Other non-cereal crops	36	14	11
Total value of non-cereal crops	**2,271**	**1,990**	**2,014**
Wheat	413	512	339
Sorghum	279	360	261
Maize	51	51	44
Barley	40	47	50
Oats	4	3	1
Rice	0	-	np
Other cereal crops for grain or seed	4	16	6
Total value of cereal crops	**789**	**989**	**701**
Total value of broadacre crops	**3,060**	**2,979**	**2,715**

Source: *ABS 7503.0 – Value of Agricultural Commodities Produced, Australia, 2011-12*; *ABS 7503.0 – Value of Agricultural Commodities Produced, Australia, 2012-13*; ABS *7503.0 – Value of Agricultural Commodities Produced, Australia, 2013-14. Note: Totals may differ from the sum of individual items due to rounding.*

np = not available for publication but included in totals

Fruits and nuts

Table 1.3 provides a further breakdown of fruit and nut production. The table shows that the top five products were collectively worth over $700m in 2013-14 – 67% of the total value of fruit and nuts produced. Macadamia is the only nut of any significant value.

Table 1.3: Value of Queensland fruit and nut production

Commodity	Value of production ($m), current dollars		
	2011-12	**2012-13**	**2013-14**
Bananas	415	457	323
Avocadoes	77	112	139
Strawberries	81	72	103
Mandarins	71	78	78
Mangoes	50	53	69
Macadamias	53	54	58
Grapes	18	51	56
Apples	33	45	30
Oranges	4	3	5
Nectarines	3	3	3
Peaches	2	2	3
Pears	0	1	1
Cherries	0	0	0
Other orchard fruit and nuts	52	48	52
All other fruit	83	158	144
Total	**940**	**1,136**	**1,064**

Source: *ABS 7503.0 – Value of Agricultural Commodities Produced, Australia, 2011-12*; *ABS 7503.0 – Value of Agricultural Commodities Produced, Australia, 2012-13*; ABS *7503.0 – Value of Agricultural Commodities Produced, Australia, 2013-14. Note: Totals may differ from the sum of individual items due to rounding.*

Note: The value of Queensland pineapple production for 2013-14 was $56.97 million, data was not available for the 2011-12 or 2012-13 periods.

Vegetables

Table 1.4 provides a further breakdown of vegetable production, while Table 1.5 provides a further breakdown of the 'other' vegetables category. The tables show that tomatoes were the biggest commodity in 2013-14, followed by melons, beans, sweet potatoes, mushrooms, capsicum, sweet corn and potatoes.

Table 1.4: Value of Queensland vegetable production

Commodity	Value of production ($m), current dollars		
	2011-12	2012-13	2013-14
Tomatoes	163	218	134
Melons	59	70	78
Capsicum	55	59	59
Potatoes	43	72	43
Lettuce	38	70	39
Mushrooms	37	20	60
Carrots	22	27	18
Onions	27	21	18
Other	476	486	521
Total	**920**	**1,041**	**970**

Source: *ABS 7503.0 – Value of Agricultural Commodities Produced, Australia, 2011-12; ABS 7503.0 – Value of Agricultural Commodities Produced, Australia, 2012-13*; ABS *7503.0 – Value of Agricultural Commodities Produced, Australia, 2013-14. Note: Totals may differ from the sum of individual items due to rounding.*

Table 1.5: Value of Queensland 'other' vegetable production

Commodity	Value of production ($m), current dollars
	2013-14
Beans (including runner & French)	71
Sweet potatoes	68
Sweet corn	47
Zucchini and button squash	39
Spring onions and shallots	33
Pumpkin	32
Broccoli	21
Broccolini	21
Chillies	19
Asian vegetables	17
Spinach - baby	13
Cauliflowers	10
Celery	10
Eggplant	8
Cucumbers	8
Cabbages	6
Parsley	3
Beetroot	2
Silverbeet	2
Peas - fresh	2
Parsnips	2
Leek	1
Brussel sprouts	1
Peas - processing	0
Swedes	-
All other vegetables	85
Total value of 'other' vegetables	**521**

Note: The vegetables included in this table are those for which annual data are not available for 2011-12 through to 2013-14.

Seafood and aquaculture

Table 1.6 provides a further breakdown of seafood and aquaculture production. Wild-caught products make up around 70% of the value of Queensland seafood. Across both the wild-caught and aquaculture sectors, prawns are the most valuable species group. In the wild-caught sector, coral trout are the most valuable fish species – with production worth $27.5 million in 2013-14. This was only slightly more than the most valuable fish species in the aquaculture sector, barramundi (with production worth $25.1 million in 2013-14).

Table 1.6: Value of Queensland seafood and aquaculture production

Commodity	Value of production ($m), current dollars		
	2011-12	**2012-13**	**2013-14**
Wild-caught			
Coral trout	23.7	24.6	27.5
Barramundi	13.8	9.4	7.5
Mullet	4.3	5.1	4.2
Other	30.4	28.1	25.2
Total fish	**72.2**	**67.1**	**64.3**
Prawns	59.7	68.4	70.1
Crab	31.3	29.7	30.0
Rock lobster and bug	15.6	17.8	20.2
Total crustaceans	**106.6**	**115.9**	**120.3**
Scallop	6.1	11.7	5.4
Squid	0.8	0.7	0.7
Total molluscs	6.9	12.3	6.1
Total wild-caught	**185.7**	**195.3**	**190.7**
Aquaculture			
Barramundi	21.3	19.7	25.1
Silver perch	0.9	1.1	1.1
Barcoo grunter	0.4	na	na
Aquarium fish	0.5	0.7	0.7
Total fish	**23.0**	**21.5**	**26.9**
Prawns	56.8	56.6	59.0
Redclaw	0.8	0.7	0.7
Total crustaceans	**57.6**	**57.6**	**59.7**
Oyster	0.5	0.5	0.5
Total molluscs	**0.5**	**0.5**	**0.5**
Other	1.4	2.5	2.0
Total aquaculture	**82.5**	**81.8**	**89.1**
Total production	268.2	277.1	279.8

Source: ABARES *Australian fisheries and aquaculture statistics* 2014. *Note: Totals may differ from the sum of individual items due to rounding.*

na = not available

First round processing

Table 1.7 below shows the value of first stage processing for selected food and fibre commodities shown in the above tables. The table shows that 80% of the gross value of food and fibre processing in Queensland is within the meat and sugar industry.

Table 1.7: Gross value of production – first round processing of food and fibre primary industries

Commodity	Value of production ($m), current dollars	
	2011-12	2012-13
Meat processing	1,603	1,617
Sugar processing	672	607
Fruit and vegetables processing	189	204
Milk and cream processing	137	129
Flour mill and feed processing	67	88
Seafood processing	66	65
Cotton ginning	112	77
Total value	**2,846**	**2,787**

Source: Queensland Government, 2014, Queensland AgTrends 2014-15; taken from ABS data. Note: Totals may differ from the sum of individual items due to rounding.

General use restriction

This report is prepared solely for the Department of Agriculture and Fisheries and Trade and Investment Queensland by Deloitte Access Economics (DAE). This report is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The report has been prepared for the purpose of identifying the opportunities for Queensland agribusiness from the Free Trade Agreements with China, Japan and South Korea. You should not refer to or use our name or the advice for any other purpose.