The COVID-19 pandemic quickly generated significant concern about impacts on agricultural exports, particularly through supply chain disruptions and changing consumer demand in importing countries. Trade data indicates that exports have generally continued to leave the country as would otherwise have been expected. Seafood exports are an exception, experiencing a significant decline in February. This was on the back of shifting demand and logistics issues. Exports of skins and hides have also fallen significantly. The Australian Government continues to work with industry to address supply chain concerns.

**Keeping exports moving is important for agriculture**

Australia typically exports about 70% of its agricultural output in years with good or average seasonal conditions. In 2018–19, those exports were worth more than $48 billion, accounting for 13% of Australia’s overall merchandise export earnings (Agricultural commodities: March quarter 2020).

Some parts of the sector are more reliant on exports than others. However, even where exports play a more minor role, keeping products moving is an important part of maintaining the value of agricultural production. Most agricultural product is exported by sea.

**FIGURE 1** Share of agricultural production exported, 3-year average, 2014–15 to 2016–17

70% of agricultural production is exported
Trade expected to continue for most products

There has been some concern regarding export supply chains, particularly for those parts of the sector heavily reliant on air freight and with peak export periods either underway or approaching. More recently, concerns have emerged about changing demand for some high value agricultural products as a result of changes to consumption and falling incomes.

Because agricultural exports principally relate to food, trade is expected to continue with the main impact being softer prices rather than significantly reduced consumption (ABARES 2020).

Products such as wool, skins and hides are at risk because they are consumer products which are more impacted by economic downturn. For example, the purchase of new cars made in China which include leather seats made from Australian skins and hides (ABARES 2019).

So how are exports tracking?

Official trade data indicates that most agricultural exports have continued to leave Australia and reach consumers in international markets. Export levels have been on par with what would have otherwise been expected during early 2020 (Table 1, and Figures 2–5). Where results are down on 5-year average levels, it is generally attributable to reasons other than COVID-19, such as the effect of drought on domestic production.

Seafood exports is a significant exception, experiencing a significant decline in exports in February 2020. This was due to an unfortunate alignment of the spreading pandemic and peak export periods for some species. However, not all reduced export revenue will be lost. There is some potential for catch-up exports in 2020–21. There has also been a significant decline in the export of skins and hides since the start of 2020. This likely relates to the global economic contraction. Declining live animal exports is also a watch point as the pandemic continues to evolve.

### TABLE 1
Analysis of exports from early 2020

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Export status</th>
<th>Comments</th>
</tr>
</thead>
</table>
| Meat and live animals    | •            | • Average exports around $1.2 billion per month.  
• January and February up 52% and 44% on 5-year average (Figure 2). Much of this would relate to strong prices in recent years.  
• Includes live animals where there is concern about falling demand in Indonesia and Vietnam. Not yet seen in official export data but there are indications for March in trade insights. Price for live cattle ex-Darwin to Indonesia was down 26% on last week. |
| Grains                   | •            | • Average exports around $622 million per month. Peak period December to May.  
• January and February down on 5-year average (Figure 3).  
• Includes wheat, rice and barley, where main effect continues to be the drought.  
• Domestic production expected to recover subject to continued improvement in seasonal conditions. |
| Industrial crops         | •            | • Average exports around $491 million per month.  
• January and February exports tracking around/lower than 5-year average.  
• Includes wine, where exports are concentrated on China. February wine export figures were down 7% compared with 2019.  
• Domestic production also impacted by past summer conditions including extreme heat and smoke taint. |
| Other crops and crop products | •            | • Average exports around $352 million per month.  
• January and February exports tracking slightly above 5-year average.  
• Includes processed crop products and some summer crops which would still be seeing effect of drought.  
• Production expected to recover subject to seasonal conditions. |
| Dairy products           | •            | • Average exports around $283 million per month.  
• January and February up 4% and 22% on 5-year average.  
• February 2020 in line with 2019 exports.  
• Indications are exports tracking well in March. |
TABLE 1 Analysis of exports from early 2020

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Export status</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wool</td>
<td></td>
<td>• Average exports around $309 million per month. Largely related to domestic production, with time needed to rebuild flocks post-drought. Exports also reflect demand and prices in world markets.</td>
</tr>
<tr>
<td>Horticulture</td>
<td></td>
<td>• Average exports around $236 million per month. Mostly between March and Sept, and July and August. Exports tracking above 5-year average, and in line with 2019—during which exports were at record levels with rising demand from China (Figure 4). May see some impact, but not showing at this stage.</td>
</tr>
<tr>
<td>Other livestock and livestock products</td>
<td></td>
<td>• Average exports around $241 million per month. Includes skins and hides (average exports around $66 million per month), where there has been a significant fall in January and February (30–40% below 5-year average). Likely related to impact of global contraction.</td>
</tr>
<tr>
<td>Seafood</td>
<td></td>
<td>• Average exports around $120 million per month. Peak over summer, and July/August. January up 13% on 5-year average, but down 72% in February (Figure 5). Associated with falls in export of lobster and abalone. Early indications are that seafood trade has not fallen further in March but remain at low levels.</td>
</tr>
<tr>
<td>Oilseeds</td>
<td></td>
<td>• Average exports around $122 million per month. January to April strongest. January and February down on 5-year average. Reflects subdued production of Australian canola due to drought. Production expected to increase in response to strong export prices and improved seasonal conditions.</td>
</tr>
<tr>
<td>Pulses</td>
<td></td>
<td>• Average exports around $150 million per month. January and February down on 5-year average. Reflects production effects of drought.</td>
</tr>
</tbody>
</table>

Note: exports may still be down on average, but due to other factors. Green = Exports proceeding as expected. Orange = Signs of impact on exports as a result of COVID-19.

Source: ABS data and early trade insights for March 2020

FIGURE 2 Exports of meat and live animals

Source: ABS

FIGURE 3 Exports of grains

Source: ABS
Prices again softening
Both export and domestic prices have continued to soften on the back of the continued contraction in global incomes and shifts in demand towards cheaper product. This week saw falls in prices for most major commodities except lamb, continuing the flat-to-falling trend since the beginning of March.