



21 June 2024

Committee Secretary
Joint Standing Committee on Trade and Investment Growth
PO Box 6100
Parliament House
Canberra ACT 2600

Via email: jsctig@aph.gov.au

Dear Chair and Committee Members,

RE: Submission to the inquiry into the understanding and utilisation of benefits available to Australian industry and communities from trade, including under Free Trade Agreements (FTAs) entered into by the Australian Government.

The National Farmers' Federation (NFF) would like to thank the Joint Standing Committee on Trade and Investment Growth for the opportunity to share the views of the agriculture industry to the inquiry into the understanding and utilisation of benefits available to Australian industry and communities from trade, including under Free Trade Agreements (FTAs) entered into by the Australian Government (the inquiry).

The NFF was established in 1979 as the national peak body representing farmers and, more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and length of the supply chain. Operating as a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

This submission will briefly respond to the terms of reference below, as provided by the committee.

- a) What level of understanding is present of the social and economic benefits provided by FTAs;

As a trade-exposed industry, the success of Australian agriculture is directly linked to maintaining and improving our market access opportunities. In 2022-23 agriculture, fisheries and forestry exports comprised \$83 billion, with more than 70% of total production exported.¹ FTAs are vitally important to Australian agriculture. Our sector has significantly benefitted from commercially meaningful market access arrangements that allow us to compete in global markets. The need to ensure a robust process for achieving commercially meaningful market access in FTAs has never been more important.

¹ <https://www.agriculture.gov.au/abares/products/insights/snapshot-of-australian-agriculture#around-72-of-agricultural-production-is-exported>

More than 80% of Australia's agriculture, fisheries and forestry exports are sent to countries that have signed FTAs with Australia.² Australia's agricultural sector is unique; in contrast to almost all OECD countries, Australia provides incredibly little in the way of subsidies and domestic support. The industry relies on a free and open trading environment to ensure ongoing profitability and sustainable growth.

Due to the long-term exposure to international trade, Australian farmers are very aware of the benefits provided by FTAs. These benefits have been experienced over an extended period of time as international agricultural trade liberalised following the conclusion of the Uruguay Round in 1994 in the World Trade Organization at the multilateral level. Furthermore, over the past two decades, the signing of a multitude of regional and bilateral FTAs have provided favourable market access conditions for Australian agriculture, fisheries and forestry produce.

Conversely, the general awareness and understanding regarding the importance of free trade has been made acutely clear due to the multiple recent disruptions to trade. This includes the trade disputes with China, Covid-19 impact on international supply chains, and domestically the decision to phase-out the live sheep export. These disruptions have caused significant pain to many Australian farmers across several commodities. Farmers now more than ever are aware of the risks of an overreliance on a single trading partner, and the impact that protectionism can have directly on their business. Given this challenge, expanding and diversifying our trading partners, particularly within our immediate region, will be critical to mitigating this risk and ensuring farmers have stable and predictable markets to sell their produce.

FTAs are the basis for strong economic bilateral relationships that provide mutual benefits for communities on both sides of the agreement. FTAs are also an important tool in navigating our bilateral relationships and provide an additional framework to secure our international trade from the multiple and increasingly volatile geopolitical headwinds.

b) The uptake of economic benefits to Australian businesses created by FTAs across Australia;

Australian farmers have taken advantage of favourable market access conditions, evidenced by the large proportion of the total farm gate value that is exported (approximately 70%). For agriculture, fisheries and forestry, FTAs result in a reduction in tariffs and expanded quotas, whereby farmers receive higher prices for their goods, increase volumes of goods exported, and open new markets available for products that would not otherwise be desired by domestic consumers.

² <https://www.agriculture.gov.au/abares/products/insights/free-trade-agreements-analysis#australias-ftas-have-broadened-our-markets>

Farmers are not often the direct exporters of their goods and are typically led by larger exporting companies' market indications. However, ensuring farmers understanding and awareness of opportunities presented by FTAs can be an important factor in driving business confidence and long-term investment decisions that align with the strategic opportunities Australia's FTAs present.

The uptake of the benefits of FTAs is also impacted by the type of produce, with highly perishable and unprocessed goods currently more challenging to trade compared to less perishable, processed goods. The capacity to export provides an important outside option to market participants, particularly in a domestic environment with limited bargaining power.³

c) To what extent regional, diaspora and First Nations communities take advantage of trade opportunities including the benefits created by FTAs

Agriculture is the bedrock of the economic prosperity of Australian regions. The benefits of agriculture, fisheries and forestry exports, facilitated by the range of FTAs in place, strongly advantage regional communities. Whilst some agriculture occurs in urban and peri-urban areas, the benefits for agriculture are largely shared across regional, rural and remote Australia. The benefits include job creation on farms and in communities, and more profitable and financially sustainable Australian agriculture industry. As previously noted, this is in large part due to the international export opportunities that have opened up in the past decades. Moreover, the supply chain that supports the global trade of agriculture, fisheries and forestry products is another major employer in regional communities.

d) What difficulties are faced by Australian businesses, workers and communities in accessing the benefits created by FTAs, including non-tariff trade barriers;

Non-tariff barriers (NTBs) represent major impediments to Australian farmers realising the market access opportunities of FTAs. Some estimates suggest that NTBs are more trade restrictive than tariffs, and in recent years, as tariff rates have largely been in decline, the rate of NTBs has been steadily increasing.⁴ Common NTBs include overly burdensome administrative processes, animal and plant health requirements not based on science or evidence, and non-transparent or inconsistently applied standards to packaging and labelling.

The NFF and our broader membership have taken a strong position on certain trade agreements based on the non-tariff barriers and conditionality requirements linked to market access, which would have resulted in an inability

³ <https://www.accc.gov.au/inquiries-and-consultations/finalised-inquiries/perishable-agricultural-goods-inquiry-2020#:~:text=The%20inquiry%20examined%20trading%20practices,efficient%20operation%20of%20these%20markets.>

⁴ <https://www.agriculture.gov.au/abares/research-topics/trade/non-tariff-measures>

to utilise the trading volumes offered. The NFF is supportive of the Australian Government taking a strong position on NTBs in trade negotiations.

NTBs require continual addressing at a government-to-government level, where review mechanisms are in place in existing agreements, the Australian Government should actively engage and seek continued reform to ensure the benefits of FTAs are utilised. The reduction in prohibitive NTBs is central to the ability of farmers to realise the opportunities presented by FTAs.

The government should seek to actively educate industry and raise awareness of the many non-tariff barriers that now impact agriculture, fisheries and forestry trade, and the processes required to get these resolved. Industry itself plays a role by reporting NTBs to both the Department of Agriculture, Fisheries and Forestry (DAFF) the Department of Foreign Affairs (DFAT), and the NFF is strongly supportive of the DFAT-led NTB Strategy to address this. Nonetheless, in some instances across many economies, these are quite difficult to address in the context of post-FTA signing, and in active negotiations.

In addition, FTAs set the framework for trade flows to occur, business-to-business links are required to develop and establish trade flows to capture the benefits of FTAs. To this point, the NFF continues to emphasise our strong support of programs that build our capacity to access these opportunities. For example, the DAFF's Agriculture Counsellor Network, Austrade, and other recently announced initiatives in the Federal Budget to promote Australia's trade and investment opportunities, re-establish connections in important markets, and continue to push the trade diversification agenda.

e) How the Australian Government monitors and measures utilisation of FTAs;

Monitoring and evaluating how FTAs are used is important for both government and industry to understand its effectiveness and where our utilisation can be improved. The NFF finds both aggregated and commodity specific agriculture, fisheries and forestry export data important to understand how the industry is utilising the FTAs, and what opportunities are not being fully captured under existing FTAs. The NFF strongly supports the proper resourcing of ABARES and the ABS for value statistics and data monitoring by tariff line to ensure tariff preferences are being used.

f) How the Australian Government works with stakeholders, including States and Territories Governments, to promote trade including the benefits created by FTAs.

The promotion of FTAs is naturally at its peak during, or shortly after signing an FTA. The negotiation of these agreements is incredibly time and resource intensive, it is imperative that the promotion of the FTAs occur on ratification and beyond, and direct activities undertaken to ensure the benefits of the FTA are understood.

While the benefits of FTAs are never shared equally, the NFF assess each FTA on its net benefit to the industry, and where an FTA is commercially meaningful for agriculture fisheries and forestry, we will support and assist members to understand the benefits available.

FTAs are inherently complicated, and government should continue to play a central role in activities to raise the awareness and understanding of Australian businesses of how to utilise the benefits of FTAs. Examples of initiatives from DFAT include FTA chapter summaries distil complex legal text into digestible outcomes, the FTA portal and DFAT's general willingness to engage in industry forums as additional and highly beneficial outreach activities.

However, the work of government could be amplified by partnering with industry organisations that are better positioned to communicate to the specific groups they represent. Industry representative bodies such as the NFF, with support from government, could play an increased role in this space. To this point, the NFF would encourage government to continue to support the work of the NFF in the World Farmers Organisation, and as recommended by the Nicholas Moore report "Invested: Australia's Southeast Economic Strategy to 2040"⁵ to support the Cairns Group Farm Leaders to ensure industry can engage internationally.

We look forward to continuing to work with the Australian Government to develop further market access opportunities for Australian agriculture, fisheries and forestry, and ensure that our farmers can capitalise on this.

Should you seek any further information, the contact for this matter is Mr Chris Young, General Manager (Trade & Economics) via e-mail: _____ or phone (02) 6269 5666.

Regards,

CHARLES THOMAS
A/g Chief Executive Officer

⁵ <https://www.dfat.gov.au/southeastasiaeconomicstrategy>