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Committee Secretariat
Joint Standing Committee on Trade and Investment Growth
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Sent via [website](#)

Free Trade Agreement between Australia and the United Kingdom of Great Britain and Northern Ireland (AUKFTA)

Thank you for the opportunity to provide input to the Joint Standing Committee's Inquiry into the FTA between Australia and the United Kingdom of Great Britain and Northern Ireland signed in London on 16 December 2021 and in Adelaide on 17 December 2021.

Queensland Cane Growers Organisation Ltd (CANEGROWERS) is a not-for-profit public company with the sole purpose of promoting and protecting the interests of sugarcane growers since inception in 1925.

Representing over 70per cent of Australia's sugarcane growers, CANEGROWERS is the peak body for the sugarcane industry. With 13 district offices in Queensland, our strong regional presence ensures that services and advocacy are provided in local communities as well as at the highest levels of industry and government decision-making.

CANEGROWERS strongly supports trade agreements that improve the sugar industry's trade environment by improving market access through the removal of tariff, increased quota access during transition periods and the enforcement of trade rules. We welcome the AUKFTA because it opens the possibility of renewing an historical commercial relationship that ended in 1973, when the UK joined the (then Common Market) European Union. At that time, with Tate & Lyle Sugars Thames refinery was a major buyer of Australian raw sugar, one-third of Australian raw sugar exports were destined for Europe, principally the United Kingdom, one-third was sold to markets in East Asia and the remaining one-third was sold to North America (Canada and the USA).

Our sugar export market focus subsequently shifted to the Asia-Pacific. Once the AUKFTA enters into force, the initial duty-free access of 80,000 tonne, increasing by 20,000 tonnes annually for eight years until open access is achieved, will enable meaningful trading partnership with a longstanding commercial ally.

Historically, the UK sugar market has been more open to trade than the rest of the EU. This is primarily because the UK food manufacturing sector has not favoured beet sugar production over cane sugar production. With sugar beet grown in 19 EU member countries, the Common Agricultural Policy (CAP) includes a Europe-wide sugar policy that favours beet sugar production over refined raw cane sugar production. The UK has consistently argued for a more balanced sugar regime that puts cane sugar and beet sugar on an equal footing.

Working closely with our UK colleagues in Tate & Lyle Sugars, we see real opportunity to diversify the markets for Australian sugar exports following the agreement's entry into force.

Australia is the third largest exporter of raw cane sugar globally and the UK has a significant raw cane sugar import requirement. Therefore, the AUKFTA provides opportunity to reset a sugar trading relationship.

The Australian sugar industry has the full support of and is working closely with Tate and Lyle Sugar, the UK's sole buyer of raw sugar, in restoring access to the UK for Australian raw sugar. Already our exporters and Tate & Lyle Sugars have commenced exploring the commercial opportunities the FTA will bring. Tate & Lyle want access to a reliable supply of high quality, sustainably produced Australian raw sugar to run its refinery competitively. This agreement is a substantial outcome for the Australian sugar industry.

With 85 per cent of Australia's raw sugar exported, securing access to a wide range of markets is vitally important. The value of market diversity must not be understated. It provides export options and increases the competition amongst importers seeking cane sugar which is produced to the highest environmental and ethical standards. This enables Australia to extract the full premium value of our sugar in all markets.

The AUKFTA adds to the suite of bilateral (Malaysia, Japan, Korea, Indonesia and Peru) and regional (ASEAN-Australia-New Zealand FTA (AANZFTA) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)) trade agreements Australia has entered. Each has either improved the Australia sugar industry's market access arrangements for sugar or prevented a deterioration in the terms of trade for Australian sugar in those markets.

Sugar's inclusion in the AUKFTA sets an important precedent for sugar to be included in a future deal with the European Union and, at an appropriate time, for Australia's constructive re-engagement with the USA on sugar.

Removing trade barriers provides a greater range of potential destinations for Australian sugar exports. This reduces counterparty and other risks that might be associated with an over reliance on any one market. It also increases international competition amongst refiners for Australian sugar which, in turn, increases the value of Australian sugar.

CANEGROWERS thanks the Australian government for concluding such a comprehensive agreement, an agreement that is clearly in Australia's national interest.

We encourage the Committee to recommend its expeditious entry into force.

Regards



Dan Galligan
Chief Executive Officer