



21 June 2024

Committee Secretary  
Joint Standing Committee on Trade and Investment Growth  
PO Box 6021  
Parliament House  
Canberra ACT 2600

**Re: Inquiry into the understanding and utilisation of benefits under Free Trade Agreements**

GrainGrowers welcomes the opportunity to provide a submission to the Joint Standing Committee on Trade and Investment Growth's Inquiry into the understanding and utilisation of benefits under Free Trade Agreements.

GrainGrowers is a national organisation working to enhance the profitability and sustainability of Australian grain farmers. We achieve this through our focus areas of policy and advocacy, grower engagement, thought leadership and active investment in future focused activities for all growers. Australian growers are at the heart of all that we do and the focus of our work.

As an island nation, international trade is vital for the Australian economy, equivalent to 45% of Australian GDP and directly responsible for one in five Australian jobs.

With World Trade Organisation negotiations in a state of deadlock, Australia has pursued bilateral and regional trade agreements to further its interests, resulting in 18 FTAs with 30 economies.

As an export-orientated industry, effective trade agreements are especially critical for the Australian grain industry. Approximately 65-75% of the grain produced in Australia is exported each year. In 2021-22, Australia exported a record of 65.7 million tonnes of grains, oilseeds and pulses, and wheat alone was Australia's sixth largest export.

Australian growers are some of the least subsidised in the world and are therefore impacted by global trade distortions such as high tariffs, subsidies and nontariff measures (NTMs), which reduce the competitiveness and limit access for Australian grain, impacting grower profitability. The trade exposed nature of our industry, and the need to compete in global markets has driven productivity and efficiencies within the Australian grain industry.

As we enter a period of increased political and economic uncertainty and upheaval, many governments are increasingly turning to trade barriers. Capturing the ongoing benefits of trade liberalisation will require Australia's trade negotiations to continue to focus on traditional

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barriers, such as tariffs and tariff-rate quotas, along with broader technical market access issues and multilateral engagement.

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

As producers of a globally traded commodity, Australian grain growers are acutely aware of the benefits of trade agreements.

Indeed, improving trade and market access is regularly identified as a key concern for growers in GrainGrowers' Annual Policy Survey.

Australian growers rely on a free and open trading environment to 'level the playing field' and ensure ongoing profitability.

While growers typically do not export grain themselves, growers can often see the direct impact of trade restrictions in the prices they receive. For instance, the recent suspension of the chickpeas tariff into India, has had important implications for Australia, as the world's largest chickpea exporter. As a result, Australian domestic chickpea prices for growers have increased by nearly \$100 per tonne reaching record prices.

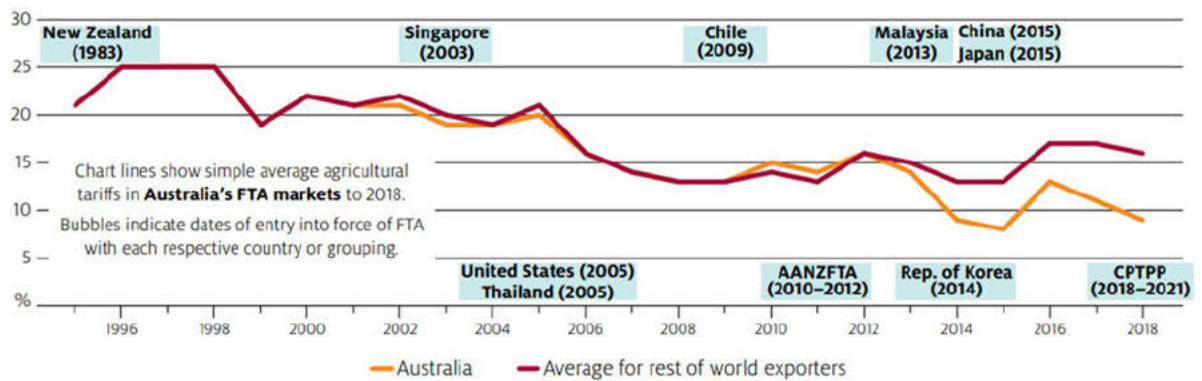
With increasing global trade protectionism and negotiations at the World Trade Organization in a state of deadlock, free trade agreements are widely understood by Australian grain growers to be the key mechanism for removing trade barriers.

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

Australian grain growers have benefited significantly from favourable market access conditions created by FTAs.

FTAs typically reduce tariffs and expand quotas, allowing increased volumes of grain to be exported and affording access to new markets. This can result in increased demand for Australian grain and growers receiving higher prices.

Over the last two decades, as a result of Australia's efforts in international negotiations, we have had the additional benefit of signing FTAs before many other nations, resulting in lower average agricultural tariffs than many key competitors.

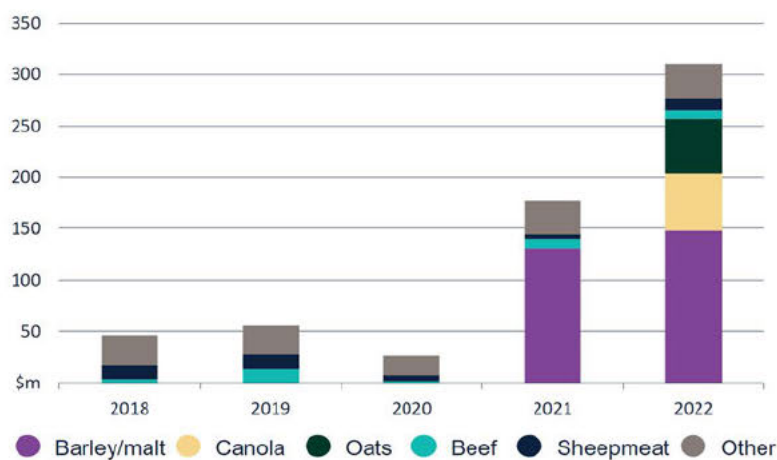


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For example, historically, Australian grain exports benefited from a tariff advantage following Vietnam's accession to the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA). Indeed, Australia has been Vietnam's largest wheat supplier for 20 years, supplying on average 1.5 million tonnes annually.

However, it is important to note that this competitive advantage was recently diminished, with Vietnam joining to Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and signing the EU-Vietnam Trade Agreement, providing Canadian and the EU with the same tariff-free access as Australian wheat.

FTAs can encourage risk mitigation through market diversification. The resilience of Australian growers in the face of duties applied by China on Australian barley is a key example of the value of increasing market access through free trade agreements. While losing access to Australian barley's biggest market for 3 years undoubtedly impacted Australian barley prices, Australia's long-term investment into market expansion and diversification served the industry well. Australia joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in 2018 allowed trade to nimbly pivot to new markets such as Mexico. The elimination of Mexican tariffs on barley (originally 115 per cent) allowed it to become another vital trading option for Australian barley and canola.





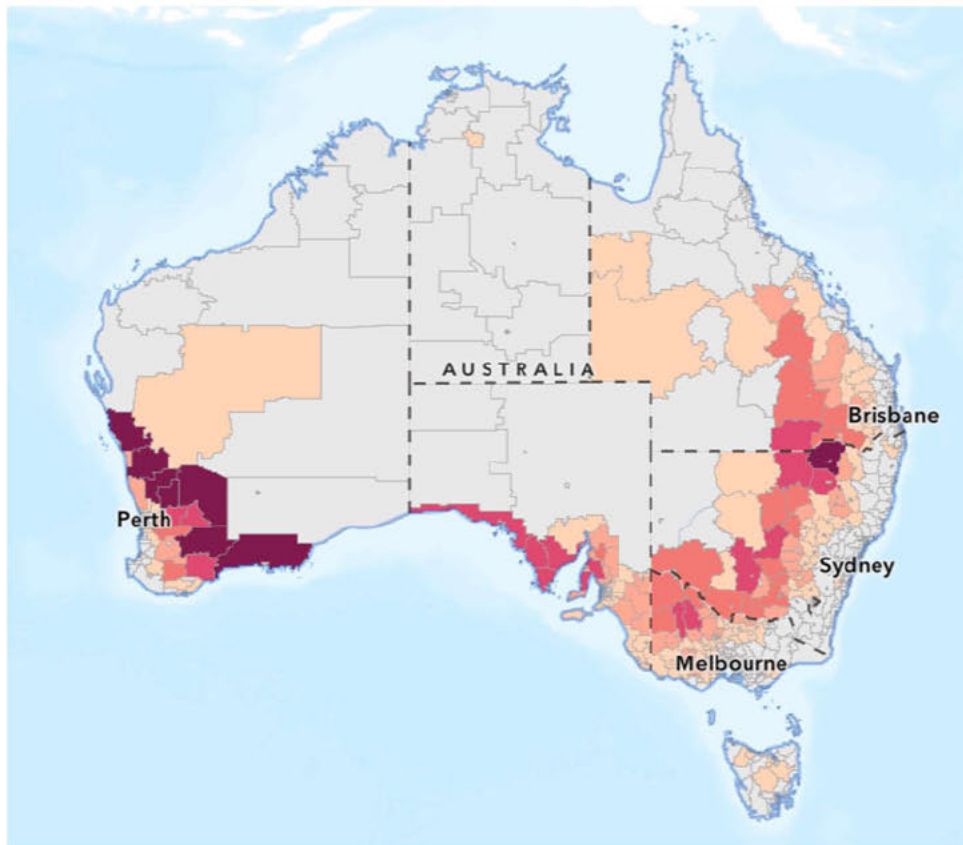
Source: <https://www.austrade.gov.au/en/news-and-analysis/analysis/mexican-government-suspends-tariffs-on-agricultural-and-fishery-products.html>

Even after Australia resumed barley exports to China, Mexico has remained the third largest market for barley in 2023-24, demonstrating the value of FTAs for expanding opportunities for the grain industry.

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

Favourable market access conditions for the grain industry directly benefits regional communities.

Grain is predominantly cultivated along the major cropping belts, spanning the southwest of Western Australia, the coastal regions of South Australia, and in the inland areas of Victoria, New South Wales, and southern Queensland.



Source: Australian Agriculture: Broadacre Crops, 2022-23, by SA2 (2021)

The grain industry is a major economic contributor to regional Australia, often providing employment and generating economic activity in areas of high disadvantage. Australian grain farms alone directly employ over 34,000 people, with many thousands more employed along the value chain including transport, storage and processing.

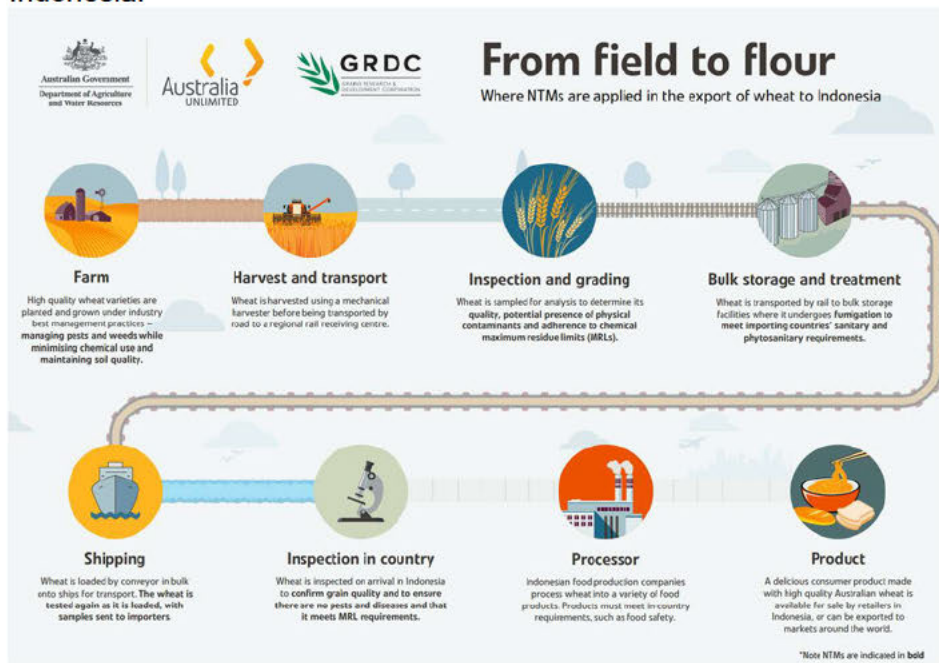
Supporting increased grain exports can support job creation on farms and in regional communities, and a more profitable and financially sustainable Australian agriculture industry.

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

Despite the proliferation of FTAs, non-tariff measure (NTM) trade barriers continue to create significant barriers to trade for the Australian grain industry.

Grains Australia's *Grains Non-Tariff Measures Project* found that as of 2021, there were 90 total NTM barriers in 17 different markets, with impact of these barriers ranging from limiting the size of the market's relative value, to completely restricting market access.

GRDC and the then Department of Agriculture and Water Resources developed the below graphic to demonstrate how NTMs are applied in the export of wheat to Indonesia.



<https://www.agriculture.gov.au/sites/default/files/sitecollectiondocuments/market-access-trade/ntm-infographics/Wheat.pdf>

NTMs require continual dialogue at a government-to-government level, and the Australian Government should actively engage and seek continued reform to ensure the benefits of FTAs are utilised.

Ensuring sufficient funding for the Agricultural Counsellors Network is a key strategy in addressing NTMs by maintaining vital trade relationships, resolving on-the-ground trade issues and generally, reducing the risks that come with our trade exposure. The

Agricultural Counsellors provide invaluable insights to industry as well as being an active conduit for maintaining relationships for Australian agriculture.

GrainGrowers would welcome the opportunity to discuss these issues further. Should we be able to provide further assistance or if there are any enquiries relating to our submission, please contact Annabel Mactier, Policy Manager, Trade and Supply Chains at

Yours sincerely,

**Shona Gawel**  
**Chief Executive Officer**