

# Australia-EU FTA

## Positive trade key to agriculture's growth

**Free trade agreements are vitally important to Australian agriculture. More than 80% of Australia's farm exports go to countries which have signed FTAs with Australia. The European Union remains one of the few unrealised opportunities with respect to new FTAs.**

The success of Australian agriculture is heavily linked to international trade. More than 70% of our farm production is exported. Unfortunately, recent multilateral efforts to lower barriers to trade have struggled to make an impact. As a result, free trade agreements (FTAs) have become the main tool for driving trade liberalisation.

The NFF is calling on the Federal Government to strike a deal with the EU that provides Australia's farm commodities with tariff-free and quota-free access to the EU market.

### The issue

The Australia-EU trading relationship is Australia's second largest, and the EU is Australia's second largest destination for goods exports. However, a trade deficit of about \$38 billion exists and the EU's barriers to agricultural imports are notoriously prohibitive.

The average EU tariff on agricultural imports is 14.2%. This is much higher than the average tariff on non-agricultural products, which is just 4.2%. The EU also maintains 142 tariff-rate quotas (TRQs) for agricultural products - a major frustration for Australia's exporters.

Dairy faces the highest average tariff, at 32.3%. Sugar and meat are not far behind, at 27% and 19% respectively. By some estimates, the EU's agricultural imports would be \$31 billion (AUD) higher if these tariffs were eliminated. The opportunity here for Australian farmers is significant.

In addition to these direct barriers to trade, the EU also maintains a complicated and sizeable system of indirect barriers to trade, called the Common Agricultural Policy

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### Key points

- Free trade agreements enable more exports, which drive the growth of the industry.
- The European Union's barriers to agricultural imports are notoriously prohibitive.
- The Common Agricultural Policy places European farmers at a significant advantage.
- The NFF is opposed to the EU imposing its system of Geographical Indications (GIs) on Australian farmers and consumers.



(CAP). Under the CAP, EU governments transfer a total of \$85 billion (USD) to their farmers each year. These domestic subsidies distort the markets for agricultural goods, placing EU farmers at an unfair advantage.

## The solution

The NFF considers the only viable solution is for the Federal Government to strike a deal with the EU which provides Australia's farm commodities with tariff-free and quota-free access to the EU market. It is the only way to overcome the direct barriers and offset the effect of the EU's domestic support schemes.

This deal must include mechanisms which allow non-tariff barriers to be identified and addressed as a matter of urgency. The trade facilitation measures should be optimised, drawing inspiration from the temporary measures introduced by governments in many countries to deal with COVID-19, which have proven more efficient than traditional measures.

### The challenge with geographic indicators

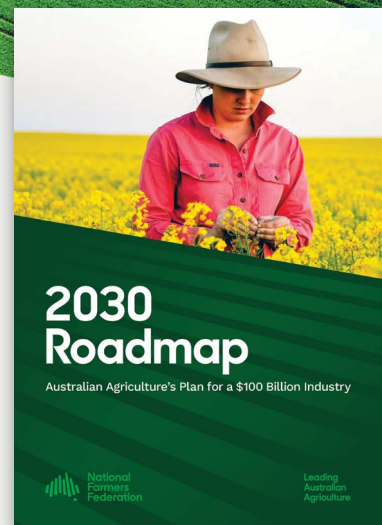
The NFF is opposed to the Government agreeing to the EU's demands for Australia to implement its system of protections for Geographical Indications (GIs). A GI exists where the name of a food or beverage links that product to a region. The EU has published a list of 172 foods and 236 beverages that it is seeking to protect as GIs in Australia. If the Federal Government conceded these demands, Australian farmers would no longer be able to produce Parmigiano Reggiano, Feta or Scotch Beef.

This proposal would create confusion in the supermarkets, as customers struggle to identify the products they have come to know by these names. Australia's existing certification trademark system already allows businesses to protect their brands. The EU's proposal would duplicate this system and make Australian consumers and farmers worse-off.



## Farmer focus

James Henderson, a cattle producer from South Australia, exports beef to the EU. As a young farmer, James is seeking to grow his business by expanding his export profile. His ability to do this is constrained by Australia's small country-specific quota for beef exports (just 7,150 tonnes per year for high-quality beef) coupled with prohibitive out-of-tariff quotas. A fair and effective Australia-EU FTA has the potential to expand market access for Australian beef and improve the profitability and productivity fortunes of farmers like James.



**The NFF has a goal for agriculture to be a \$100 billion industry by 2030. The 2030 Roadmap is a plan developed by the NFF to guide the sector to this goal.**

### Roadmap Aspiration 1.3

Australian has world-leading market access and the capacity to maximise the economic benefits.

## NFF policy development process

**The NFF's position on policy issues of national importance to agriculture are developed by NFF Committee and Taskforces. Representatives of NFF's members engage in a democratic, evidenced-based process to arrive at positions that will advance Australian agriculture.**