



PARLIAMENT OF AUSTRALIA

# **Final report: Inquiry into the understanding and utilisation of benefits under free trade agreements**

**Joint Standing Committee on Trade and Investment Growth**

February 2025

CANBERRA

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# Foreword

Australia is a highly successful trading nation with a strong commitment to open international trade. Over the past several decades we have built an impressive framework of 18 free trade agreements (FTAs) with 30 partner economies, fostering liberalised trade flows and deeper trading relationships as well as closer diplomatic ties.

Australia's FTAs work to reduce barriers to trade and are essential in providing access to export markets to sell Australian goods and services, as well as enabling access to imported goods and services at lower cost for both producers and consumers.

Many Australian businesses and industries have been highly successful on the back of trade and open access to international markets. Increased trade and investment flows have brought enormous benefits including increased economic growth and jobs creation, improved productivity, reduced cost of living, greater economic resilience, and higher living standards for Australians. For some sectors, such as agriculture, trade underpins the viability of many businesses as well as the livelihoods of communities and individuals in which those businesses are located.

While Australia has been incredibly effective in reaping the benefits of trade, there remains considerable untapped potential for further gains from both expansion and new participation by more Australian businesses. Importantly, as well as focussing on additional opportunities we must remain cognisant of the need to take active steps to maintain the current advantages it receives from trade.

Throughout the inquiry the Committee explored the level of understanding and uptake of the benefits offered by trade and FTAs. In doing so, it sought to understand the challenges that Australian businesses face in accessing the benefits of trade and how they can be encouraged and supported to participate further. In this regard, the Committee has made thirteen recommendations that it believes will contribute to reducing barriers to participation and better equipping Australian businesses to engage with trade opportunities. Greater participation in trade will bring increased benefits to these businesses, local communities, and individuals, as well as contributing to our national economy.

The Committee was drawn to evidence that outlined the challenges faced by small and medium sized enterprises, First Nations businesses, and diaspora communities in benefitting from trade. These groups have potential for greater engagement in a wide range of trade activities and are where the gains from trade can have the most significant impact. For the potential of these groups to be realised, it is essential to provide support specific to their distinct characteristics and the opportunities available. Australia's large and varied diaspora communities hold valuable strengths that can be better harnessed to capitalise on trade opportunities, both for diaspora-led businesses and for the wider Australian business sector. One way to do this is for trade facilitation efforts to seek to engage with these communities where they are, which is often in non-English languages and in non-English media.

As well as focussing on making use of our trade agreements and government engaging with business in a top-down manner, it is essential that we listen to and learn from Australian businesses that have found their own pathways to success. In my own electorate, I am aware of highly successful Australian businesses that are, incredibly, exporting pasta to Italy and olive oil to Greece. And this has been achieved without a trade agreement in place. The experiences of businesses such as these can surely provide valuable insights to inform both government and other businesses.

Through the inquiry a consistent theme emerged around the quality and availability of data and information about trade. Broadly, it was suggested that while we are well-aware of the high-level benefits of trade to Australia, we have limited understanding about the views of the wider community about trade, the distribution of the benefits of trade, and how and to what extent different participants in the economy engage with trade and FTAs. Such data is essential to understanding how businesses can be supported to increase participation in trade and how the benefits of trade can be maximised for the greatest number of Australians.

There is a view that the consensus around open international trade is beginning to weaken and that there is resurgence in protectionist sentiment around the globe. Amid increasing uncertainty, it is timely to reiterate the significant benefits that accrue to Australia from its position as a leading nation in trade and strong advocate for the global rules-based trading system. There can be no doubt that a reversal of the decades long progress toward liberalisation of global markets would pose a significant risk to Australia's ongoing economic prosperity and the livelihoods of all Australians.

On behalf of my Committee colleagues, I would like to thank all those who took part in the inquiry process by providing written submissions and giving evidence at public hearings.

I would also like to thank my Committee colleagues and the Secretariat staff for their work on this inquiry.

**Mr Steve Georganas MP**

**Chair**



# Terms of reference

The Joint Standing Committee on Trade and Investment Growth shall inquire into and report on 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:

- a) What level of understanding is present of the social and economic benefits provided by FTAs;
- b) The uptake of economic benefits to Australian businesses created by FTAs across Australia;
- c) To what extent regional, diaspora and First Nations communities take advantage of trade opportunities including the benefits created by FTAs;
- d) What difficulties are faced by Australian businesses, workers and communities in accessing the benefits created by FTAs, including non-tariff trade barriers;
- e) How the Australian Government monitors and measures utilisation of FTAs;
- f) How the Australian Government works with stakeholders, including States and Territories Governments, to promote trade including the benefits created by FTAs.





# Members

## ***Chair***

Mr Steve Georganas MP Adelaide, SA

## ***Deputy Chair***

Hon Scott Buchholz MP Wright, QLD

## ***Members***

Senator the Hon Matthew Canavan QLD

Senator the Hon Richard Colbeck TAS

Senator Dorinda Cox WA

Hon Dr David Gillespie MP Lyne, NSW

Ms Tania Lawrence MP Hasluck, WA

Mr Jerome Laxale MP Bennelong, NSW

Senator Helen Polley TAS

Senator Jess Walsh VIC



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# Abbreviations

AADA	Australian Automotive Dealers Association
A-A-NZFTA	ASEAN-Australia-New-Zealand Free Trade Agreement
ABARES	Australian Bureau of Agricultural and Resource Economics
ABF	Australian Border Force
ABIE	Australian Business in Europe
ABS	Australian Bureau of Statistics
ACBC	Australia China Business Council
ACCI	Australian Chamber of Commerce and Industry
ADA	Australian Distillers Association
ADIC	Australian Dairy Industry Council
A-EUFTA	Australia-European Union Free Trade Agreement
AGW	Australian Grape & Wine
AI	artificial intelligence
Ai Group	Australian Industry Group
A-ICECA	Australia-India Comprehensive Economic Cooperation Agreement
A-IECTA	Australia-India Economic Cooperation and Trade Agreement
AIIA	Australian Information Industry Association
AMIC	Australian Meat Industry Council
AOL	Australian Organic Limited
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
A-UKFTA	Australia-United Kingdom Free Trade Agreement

A-USFTA	Australia-United States Free Trade Agreement
BCEC	Bankwest Curtin Economic Centre
BCSDA	Business Council for Sustainable Development Australia
CAA	Cellular Agriculture Australia
CEO	Chief Executive Officer
ChAFTA	China-Australia Free Trade Agreement
CoO	certificate of origin
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
DAFF	Department of Agriculture, Fisheries and Forestry
DFAT	Department of Foreign Affairs and Trade
DHA	Department of Home Affairs
ECBC	Eastwood Chinese Business Collective
ESG	environmental, social and governance
EU	European Union
Food SA	Food South Australia
FTA	free trade agreement
GDP	gross domestic product
GI	geographical indication
Go8	Group of Eight Australia
GTA	Grain Trade Australia
HS Code	Harmonized System Code
i2i DG	I2i Development Global
I-ACEPA	Indonesia-Australia Comprehensive Economic Partnership Agreement
IEC	International Electrotechnical Commission
IP	intellectual property
IPEF	Indo-Pacific Economic Framework

ISO	International Organization for Standardization
J-AEPA	Japan-Australia Economic Partnership Agreement
K-AFTA	Korea-Australia Free Trade Agreement
Korea	Republic of Korea
KOTRA	Korea Trade-Investment Promotion Agency
MFN	most favoured nation
MNP	Movement of Natural Persons
NFF	National Farmer's Federation
NIAA	National Indigenous Australians Agency
NSW	New South Wales
NT	Northern Territory
NTB	non-tariff barrier
NTDITT	Northern Territory Department of Industry, Tourism and Trade
NTM	non-trade measure
NZ	New Zealand
OEM	original equipment manufacturers
RCEP	Regional Comprehensive Economic Partnership Agreement
RMAC	Red Meat Advisory Council
RoO	rules of origin
S-AFTA	Singapore-Australia Free Trade Agreement
S-AGEA	Singapore-Australia Green Economy Agreement
SCA	Spirits & Cocktails Australia
SME	small and medium sized enterprise
SPS	sanitary and phytosanitary
STC	Specific Trade Concerns
TBT	technical barriers to trade

TIQ	Trade and Investment Queensland
UK	United Kingdom
US	United States
VoKAB	Voice of Korean Australian Businesses
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

# List of recommendations

## Recommendation 1

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- 3.118** The Committee recommends that the Australian Government, in collaboration with stakeholders, explore options for more information and data to be made publicly available on the uptake and utilisation of Australia’s free trade agreements.

## Recommendation 2

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- 3.119** The Committee recommends that the Australian Government continue to support and collaborate with industry bodies in efforts to build awareness and capacity for Australian businesses to engage with international trade and free trade agreements.

## Recommendation 3

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- 3.120** The Committee recommends that the Australian Government develop an overarching strategy for building awareness and capacity for Australian businesses to engage with international trade and free trade agreements.

## Recommendation 4

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- 3.121** The Committee recommends that the Australian Government support research to better understand the Australian community’s attitude toward trade and their perception of the economic and social benefits, including across different demographics and geographic locations.

## Recommendation 5

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- 4.142** The Committee recommends that the Australian Government continue to resource the Department of Foreign Affairs and Trade, and other relevant departments and agencies, to work proactively with industry to identify and resolve non-tariff barriers to trade.

## **Recommendation 6**

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**4.143** The Committee recommends that the Australian Government prioritise increased efforts to broaden and diversify trade relationships to mitigate the against future shocks in existing trade relationships. This should include:

## **Recommendation 7**

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**4.144** The Committee recommends that the Australian Government accelerate initiatives to improve consistency and streamline requirements involved in accessing benefits under free trade agreements, particularly relating to rules of origin and certificates of origin.

## **Recommendation 8**

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**4.145** The Committee recommends that the Australian Government give greater consideration to standards harmonisation during free trade agreement negotiations and continue to proactively engage in advocating for standards harmonisation at the multilateral level.

## **Recommendation 9**

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**5.138** The Committee recommends that the Australian Government support research and other initiatives to capture data to better understand how and to what extent certain groups such as small and medium sized enterprises, First Nations businesses, and diaspora communities engage with and benefit from trade and free trade agreements.

## **Recommendation 10**

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**5.139** The Committee recommends that the Australian Government develop a long-term strategy for enhanced targeted education and outreach programs among certain groups such as small and medium sized enterprises, First Nations, and diaspora communities to build awareness and capacity to engage with and benefit from trade.

## **Recommendation 11**

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**5.140** The Committee recommends that the Australian Government prioritise and expedite efforts to address barriers and challenges to the export of native foods and botanicals.

## **Recommendation 12**

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**5.141 The Committee recommends that the Department of Foreign Affairs and Trade as well as Austrade provide awareness and capacity building communications material and engagement activities in non-English languages to more effectively engage with the Australian diaspora communities of key trading partners.**

## **Recommendation 13**

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**5.142 The Committee recommends that the Department of Foreign Affairs and Trade as well as Austrade promote engagement activities and trade facilitation initiatives in non-English media and social media, where appropriate, to more effectively engage with the Australian diaspora communities of key trading partners.**





# 1. Introduction

## Overview

- 1.1 It is widely recognised that Australia receives enormous economic and social benefits from trade and that the system of open international trade has underpinned the success of many industries and businesses. Australia has an extensive architecture of free trade agreements (FTAs) that provide advantages to Australian businesses and consumers through increased access to both imports and export markets.
- 1.2 The Committee heard about the current level of understanding and uptake of the benefits of trade and FTAs. While uptake is high, there is scope for greater awareness and capacity building to increase access to the benefits of trade for more Australian businesses. Robust measurement of FTA utilisation is considered important to provide insight on current participation and to identify areas for improvement. Fostering an appreciation for the value of trade within the wider community was identified as being important for Australia, particularly in the context of rising global protectionist sentiment.
- 1.3 Several major challenges and barriers were identified that are broadly affecting the ability of Australian businesses to maintain and expand their participation in trade. Non-tariff barriers (NTBs) that limit the benefits of FTAs being realised by restricting market access, reducing competitiveness, and increasing costs should be regularly identified and addressed. Complexity and costs associated with FTAs prevent businesses from accessing trade opportunities, particularly those related to overlapping agreements and rules of origin (RoO) which could be reduced through streamlined processes and increased use of digitisation.
- 1.4 In addition, FTAs that are not fit for purpose mean that Australian businesses can face declining advantages or miss out on emerging opportunities and therefore regular efforts should be made to ensure FTAs maintain existing and reflect new trade opportunities. Changes in the global environment resulting from geopolitical tensions, rising protectionist sentiment, supply chain disruptions and trade restrictions pose a risk to the benefits Australia receives from trade and must be monitored and mitigated where possible through diversification, maintaining strong bilateral ties, and continuing to promote the global-rules based approach to trade.
- 1.5 The Committee were informed that small and medium sized enterprises (SMEs), First Nations, and diaspora communities have considerable potential to engage further in trade, bringing increased economic and social benefits. However, these groups face particular issues and challenges in accessing trade opportunities. Greater participation and improved access to the benefits of trade for these groups could be encouraged through more targeted and tailored outreach and engagement activities.

- 1.6 Better quality data and information on how various participants in the economy engage with trade and FTAs is considered important to understand the scope for greater uptake and what types of support may be effective. Further, SMEs would most benefit from initiatives to reduce the costs and complexity associated with trade, First Nations trade could be encouraged by supporting areas where First Nations businesses and communities have unique products or advantages, and the strengths of Australia's large diaspora communities could be better leveraged in trade by offering consultation and engagement activities in non-English languages and media.

## About this inquiry

### Objectives and scope

- 1.7 On 15 May 2024, the Joint Standing Committee on Trade and Investment Growth (the Committee), adopted the inquiry following a referral from Senator the Hon Don Farrell, Minister for Trade and Tourism (the Minister).
- 1.8 The Committee published an interim report for the inquiry on 5 December 2024 titled *Interim report: Inquiry into the understanding and utilisation of benefits under free trade agreements* (Interim Report). The Interim Report provided an update on the inquiry's progress and outlined the significant matters identified by the Committee in conducting the inquiry.
- 1.9 The Committee's final report builds on the matters identified in the Interim Report to provide a substantive examination of the evidence and makes recommendations for improving Australia's understanding of and access to the benefits offered by trade and FTAs.
- 1.10 This report uses the term free trade agreement or FTA for ease and to match the terminology of the inquiry terms of reference. The Committee notes that some stakeholders are of the view that these agreements are better referred to by other terms such as preferential trade agreements.<sup>1</sup>
- 1.11 The Committee previously undertook an *Inquiry into the Australian Government's approach to negotiating trade and investment agreements*.<sup>2</sup> For that inquiry, the Committee published an interim report on 6 February 2024 and a final report on 1 May 2024. That inquiry extensively considered process and content in the development and negotiation of FTAs. There was some overlap between topics covered in evidence for the former and current inquiry, and where relevant some

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<sup>1</sup> See: Professor Richard Pomfrey, Private capacity, Submission 3; Productivity Commission, Submission 10; Dr Wei Li, Private capacity, Submission 22; Australian Chamber of Commerce and Industry, Submission 35.

<sup>2</sup> See: Joint Standing Committee on Trade and Investment Growth, *The Australian Government's approach to negotiating trade and investment agreements*, Inquiry page, accessed 13 December 2024: [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Joint/Joint\\_Standing\\_Committee\\_on\\_Trade\\_and\\_Investment\\_Growth/Approachtotrade](https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Joint_Standing_Committee_on_Trade_and_Investment_Growth/Approachtotrade).

evidence obtained during the former inquiry has been used to inform this report, particularly in Chapter 5.

- 1.12 The Committee is aware of recent developments in the global trading system following the inauguration of the new United States (US) Administration on 20 January 2025. As the new US Administration took office after the evidence gathering phase for the inquiry, the Committee is unable to make observations in this report on the impact of US policies globally or on the bilateral trade relationship between Australia and the US. This could be considered in a future inquiry.

## **Conduct of the inquiry**

- 1.13 On 17 May 2024 the Committee issued a media release to announce the inquiry and call for submissions. The Committee invited submissions from a range of stakeholders with an interest in maximising the benefits available from trade and FTAs by 21 June 2024 (later extended to 12 July 2024). This included federal and state government departments and agencies, industry groups and peak bodies, think tanks, community organisations, academics, unions, and the public.
- 1.14 The Committee received 35 submissions and an additional 9 supplementary submissions. The full list of submissions and additional information presented to the inquiry is available in Appendices A and B.
- 1.15 The Committee held five days of public hearings:
- 23 August 2024 in Canberra, ACT
  - 8 October 2024 in Canberra, ACT
  - 29 October 2024 in Sydney, NSW
  - 12 November 2024 in Melbourne, VIC
  - 22 November 2024 in Canberra, ACT
- 1.16 A list of witnesses who attended these public hearings is available in Appendix C. Transcripts for all public hearings can be found on the Committee's website.

## **Acknowledgments**

- 1.17 The Committee would like to thank everyone who provided written submissions and gave evidence at public hearings.
- 1.18 The Committee acknowledges the strong track record of the Department of Foreign Affairs and Trade (DFAT), Austrade, and the Department of Agriculture, Fisheries and Forestry (DAFF) over many years in promoting and building awareness of the opportunities offered by trade and FTAs. It also recognises the considerable work that many industry bodies and bilateral business councils and chambers of commerce do in this area to encourage participation in trade amongst their members.

## Report structure

1.19 This report is structured into five chapters, including this introduction:

- Chapter 2 highlights the enormous benefits of trade to Australia and how open international trade and FTAs have underpinned the success of many Australian industries and businesses. It also outlines Australia's extensive FTA architecture and describes how FTAs provide benefits to Australian businesses and consumers.
- Chapter 3 considers the level of understanding and uptake of the benefits of trade and FTAs. It covers the awareness of and capacity to access the benefits of trade and FTAs amongst Australian businesses, how the utilisation and uptake of FTAs is monitored and measured, and the wider community's level of appreciation of the importance of trade to Australia.
- Chapter 4 identifies major barriers and challenges that impact on the ability of businesses to realise the full benefits of trade and FTAs. These include a range of NTBs, complexity and costs, FTAs that are not fit for purpose, and the changing global trade environment. It also touches on the need to mitigate their impact to ensure that Australia can continue to benefit strongly from international trade.
- Chapter 5 examines issues and challenges that particularly impact on the ability of SMEs, First Nations, and diaspora communities to engage with and benefit from trade. It also discusses how to encourage participation in and improve access to the benefits of trade amongst these groups, including through more targeted and tailored outreach and engagement activities as well as better quality data.



## 2. Australia's trade and FTA landscape

### Overview

- 2.1 Throughout the inquiry, the Committee received evidence highlighting the benefits of international trade to Australia and outlining how trade and free trade agreements (FTAs) have underpinned the success of many industries, businesses, and communities across Australia.
- 2.2 Australia now has an extensive network of 18 FTAs with 30 partner economies. FTAs offer Australian businesses greater market access for exports, primarily through reduced tariffs. They also provide both businesses and consumers access to a higher range of imported goods and services at lower prices. FTAs also play a role in opening dialogue and strengthening diplomatic ties between trading partners.

### Importance of trade to Australia

- 2.3 Australia is a trading nation with a long-standing commitment to open trade.<sup>1</sup> As a member of the World Trade Organization (WTO), Australia has strongly committed to open international trade, supported by bilateral, regional, and multilateral FTAs, as driver of the economy and foundation for prosperity.<sup>2</sup>
- 2.4 Submitters widely recognised that Australia's best interests are served by an open and rules-based global trading system that supports the movement of goods, services, and investment.<sup>3</sup>
- 2.5 Key benefits of trade for Australia were described as increased productivity and economic growth, increased profitability for businesses, job creation, higher living standards, access to a greater range of goods and services at lower prices, higher disposable incomes, reduced cost of living, and increased government revenue.<sup>4</sup>

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<sup>1</sup> Department of Foreign Affairs and Trade, Submission 34, p. 2.

<sup>2</sup> Productivity Commission, Submission 10, p. 4; Bankwest Curtin Economics Centre, Submission 16, p. 3; Department of Foreign Affairs and Trade, Submission 34, pp. 2–4.

<sup>3</sup> See, for example: Red Meat Advisory Council, Submission 12, p. 4; Australian Grape & Wine, Submission 9, p. 7; Australia China Business Council, Submission 32, p. 5; Department of Foreign Affairs and Trade, Submission 34, p. 4; Australian Chamber of Commerce and Industry, Submission 35, p. 1.

<sup>4</sup> Productivity Commission, Submission 10, pp. 3 and 5, citations omitted; Bankwest Curtin Economics Centre, Submission 16, p. 3; Department of Agriculture, Fisheries and Forestry, Submission 28, p. 3; Department of

- 2.6 Submitters widely supported the view that Australia has a strong reliance on international trade and fostering close relationships with trading partners.<sup>5</sup> To illustrate this, GrainGrowers submitted that international trade is equivalent to 45 per cent of Australia's gross domestic product (GDP) and responsible for one in five jobs.<sup>6</sup> The Department of Foreign Affairs and Trade (DFAT) outlined that 31 per cent of Australia economic output is supported by trade-related activity and 25 per cent of Australian jobs are connected to trade.<sup>7</sup> AUSVEG stated that around one-third of GDP and 3 million jobs supported by trade-related activities.<sup>8</sup>
- 2.7 Australia's two-way trade reached \$1.2 trillion in 2023, with export value reaching \$673 billion consisting of \$560 billion in goods exports and \$113 billion in services exports.<sup>9</sup>
- 2.8 Bankwest Curtin Economic Centre (BCEC) noted that strong relationships with key trading partners have facilitated export-led growth and brought significant benefits to the agriculture, minerals, energy, education, tourism, and health sectors.<sup>10</sup>
- 2.9 Australia's top five goods exports in 2023 were: iron ore (\$136.1 billion), coal (\$102.6 billion), natural gas (\$74.2 billion), gold (\$28.4 billion) and crude minerals (\$18.9 billion).<sup>11</sup> Top services exports in 2023 were: education-related travel services (\$47.8 billion); personal travel services (\$18.7 billion); charges for the use of intellectual property (\$7.9 billion); professional services (e.g. management consulting, legal and accounting services) (\$7.5 billion); technical and other business services (e.g. architectural, engineering and scientific services) (\$5.3 billion).<sup>12</sup>
- 2.10 Australia's largest trading partner is China, with whom Australia has an established FTA known as the China-Australia FTA (ChAFTA).<sup>13</sup> Total two-way trade with China was \$326.9 billion or around 25 per cent of total in 2023, equating to that of Australia's next four largest trading partners combined in Japan, the United States (US), Republic of Korea (Korea), and India combined.<sup>14</sup> In 2023 China purchased

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Foreign Affairs and Trade, Submission 34, p. 2; Australian Chamber of Commerce and Industry, Submission 35, p. 1.

<sup>5</sup> See, for example: GrainGrowers, Submission 4, p. 1; National Farmer's Federation, Submission 8, pp. 1–2; Productivity Commission, Submission 10, p. 3; Red Meat Advisory Council, Submission 12, p. 4; Department of Agriculture, Fisheries and Forestry, Submission 28, p. 3; Department of Foreign Affairs and Trade, Submission 34, p. 1.

<sup>6</sup> GrainGrowers, Submission 4, p. 2.

<sup>7</sup> Department of Foreign Affairs and Trade, Submission 34, p. 2.

<sup>8</sup> AUSVEG, Submission 15, p. 5.

<sup>9</sup> Department of Foreign Affairs and Trade, Submission 34, p. 2, citation omitted.

<sup>10</sup> Bankwest Curtin Economics Centre, Submission 16, p. 3.

<sup>11</sup> Department of Foreign Affairs and Trade, Submission 34, p. 3.

<sup>12</sup> Department of Foreign Affairs and Trade, Submission 34, p. 3.

<sup>13</sup> Department of Foreign Affairs and Trade, Submission 34, p. 4.

<sup>14</sup> Department of Foreign Affairs and Trade, Submission 34, p. 3.

32.5 per cent of Australia's total global exports, totalling \$219 billion.<sup>15</sup> China is Australia's top export market for agriculture, resources and services.<sup>16</sup>

- 2.11 The Australian agriculture sector has been a major beneficiary of increased trade flows and relies on open international trade environment to ensure ongoing profitability and sustainable growth.<sup>17</sup> The agriculture sector is heavily export-oriented with greater than 70 per cent of Australia's agricultural production sold into overseas markets.<sup>18</sup> In 2022 Australia's agricultural exports reached \$78 billion, increasing five-fold in twenty-five years.<sup>19</sup>
- 2.12 Some submitters noted the importance of open investment flows in addition to goods and services.<sup>20</sup> DFAT advised that foreign investment has played a significant role in Australia's economic success by underpinning the expansion of the mining and agriculture sectors, as well as the development of key infrastructure such as roads, rail, and ports.<sup>21</sup> It added that investment outflows from Australia provide households and businesses with the opportunity to diversify their savings and investment.<sup>22</sup>
- 2.13 The Australian Chamber of Commerce and Industry (ACCI) submitted that the: 'Free flow of investment both in and out of Australia provides access to new capital for domestic businesses, income generating opportunities overseas and cutting-edge business practices.'<sup>23</sup>

## Role of free trade agreements

- 2.14 FTAs are treaties between two or more countries primarily aimed at reducing or eliminating trade barriers, such as tariffs and quotas, to encourage stronger trade and investment flows.<sup>24</sup>
- 2.15 An important feature of FTAs is that they provide a legal framework within which international trade and investment can take place with confidence.<sup>25</sup> Agreements

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<sup>15</sup> Department of Foreign Affairs and Trade, *Doing business with China*, accessed 24 January 2025: <https://www.dfat.gov.au/trade/agreements/in-force/chafta/doing-business-with-china/doing-business-with-china>.

<sup>16</sup> Department of Foreign Affairs and Trade, *Doing business with China*, accessed 24 January 2025: <https://www.dfat.gov.au/trade/agreements/in-force/chafta/doing-business-with-china/doing-business-with-china>.

<sup>17</sup> National Farmer's Federation, Submission 8, p. 2; Department of Agriculture, Fisheries and Forestry, Submission 28, pp. 4 and 6.

<sup>18</sup> National Farmer's Federation, Submission 8, p. 1; Department of Agriculture, Fisheries and Forestry, Submission 28, pp. 4 and 6.

<sup>19</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 6.

<sup>20</sup> See, for example: Red Meat Advisory Council, Submission 12, p. 10; AUSVEG, Submission 15, p. 5; Productivity Commission, Submission 10, p. 3; Dr Wei Li, Submission 22, p. 2; Department of Foreign Affairs and Trade, Submission 34, p. 4; Australian Chamber of Commerce and Industry, Submission 35, p. 1.

<sup>21</sup> Department of Foreign Affairs and Trade, Submission 34, p. 4.

<sup>22</sup> Department of Foreign Affairs and Trade, Submission 34, p. 4.

<sup>23</sup> Australian Chamber of Commerce and Industry, Submission 35, p. 1.

<sup>24</sup> Department of Foreign Affairs and Trade, *About free trade agreements*, accessed 24 January 2025: <https://www.dfat.gov.au/trade/about-ftas/about-free-trade-agreements>.

<sup>25</sup> Professor Richard Pomfret, Submission 3, p. 1.

supplement and improve upon the WTO charter, allowing like-minded nations to agree on rules beyond WTO commitments.<sup>26</sup>

2.16 The Productivity Commission outlined how FTAs benefit businesses and consumers:

Lowering trade barriers and other means of economic integration supports the Australian economy by expanding our access to foreign markets, lowering our import costs (including the cost of intermediate goods), enhancing firm productivity through competitive pressures, and leading to a more efficient allocation of resources to sectors in which Australia has a comparative advantage.<sup>27</sup>

2.17 DFAT similarly explained that FTAs reduce barriers to trade by providing greater access to overseas markets for exports through tariff reduction, increasing access to overseas service markets and investment opportunities, expediting the movement and clearance of goods, supporting the movement of skilled workers, and by acting as avenue to address non-tariff barriers (NTBs) to trade.<sup>28</sup>

2.18 DAFF explained that: '... FTAs have provided new and commercially meaningful market access to the Australian agricultural sector, supported Australia's trade diversification agenda and enhanced the competitiveness of our exports through preferential tariff and quota outcomes.'<sup>29</sup>

2.19 AUSVEG described that FTAs provide preferential access to foreign markets which enables businesses to expand beyond domestic borders, in turn allowing businesses to: '... scale up production, achieve economies of scale, de-risk exposure to the domestic market, and enhance competitiveness globally.'<sup>30</sup>

2.20 Both BCEC and DFAT outlined the benefits FTAs provide to Australian consumers through increased disposable income and imports providing a greater range goods and services at lower prices, which reduces the cost of living for households and improves living standards.<sup>31</sup> BCEC also emphasised that FTAs enable businesses to access lower cost inputs and technologies resulting in improved productivity and reduced cost of production to the benefit of both businesses and consumers<sup>32</sup>

2.21 The Productivity Commission noted that trade agreements have evolved from a focus on increasing trade in goods through tariff reduction to more comprehensive agreements that aim to liberalise trade in services and foreign investment, as well as increasingly covering broader issues such as intellectual property.<sup>33</sup>

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<sup>26</sup> Professor Richard Pomfret, Submission 3, p. 1.

<sup>27</sup> Productivity Commission, Submission 10, p. 5.

<sup>28</sup> Department of Foreign Affairs and Trade, Submission 34, p. 4.

<sup>29</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 6.

<sup>30</sup> AUSVEG, Submission 15, p. 5.

<sup>31</sup> Bankwest Curtin Economics Centre, Submission 16, p. 5; Department of Foreign Affairs and Trade, Submission 34, p. 3.

<sup>32</sup> Bankwest Curtin Economics Centre, Submission 16, p. 5.

<sup>33</sup> Productivity Commission, Submission 10, p. 3.

- 2.22 Group of Eight Australia (Go8) explained that while the primary objective of FTAs is economic, they are: ‘... also increasingly important in signalling our values and strategic alignment, boosting innovation and outlining aspirations for longer term relationship development.’<sup>34</sup>
- 2.23 Australia currently has 18 FTAs in force with 30 partner economies, as listed in Table 2.1 below.<sup>35</sup> The Department of Home Affairs (DHA) submitted that following the entry into force of the Australia-United Kingdom FTA (A-UKFTA), around 75 per cent of two-way trade was estimated to be covered by Australia’s network of FTAs.<sup>36</sup>

**Table 2.1 Australia’s in force free trade agreements<sup>37</sup>**

Free trade agreement	Date entered into force
Australia-United Kingdom Free Trade Agreement (A-UKFTA)	31 May 2023
Australia-India Economic Cooperation and Trade Agreement (A-IECTA)	29 December 2022
Regional Comprehensive Economic Partnership (RCEP)	1 January 2022
Pacific Agreement on Closer Economic Relations Plus (PACER Plus)	13 December 2020
Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA)	5 July 2020
Peru-Australia Free Trade Agreement (P-AFTA)	11 February 2020
Australia-Hong Kong Free Trade Agreement (A-HKFTA) and associated Investment Agreement (IA)	17 January 2020
Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP)	30 December 2018
China-Australia Free Trade Agreement (ChAFTA)	20 December 2015
Japan-Australia Economic Partnership Agreement (J-AEPA)	15 January 2015
Korea-Australia Free Trade Agreement (K-AFTA)	12 December 2014
Malaysia-Australia Free Trade Agreement (M-AFTA)	1 January 2013
ASEAN-Australia-New Zealand FTA (A-A-NZFTA)	1 January 2010
Australia-Chile Free Trade Agreement (A-CLFTA)	6 March 2009
Thailand-Australia Free Trade Agreement (T-AFTA)	1 January 2005
Australia-United States Free Trade Agreement (A-USFTA)	1 January 2005
Singapore-Australia Free Trade Agreement (S-AFTA)	28 July 2003

<sup>34</sup> Group of Eight Australia, Submission 19, p. 1.

<sup>35</sup> Department of Foreign Affairs and Trade, Submission 34, p. 4; Productivity Commission, Submission 10, p. 3; Bankwest Curtin Economic Centre, Submission 16, p. 10; Australian Chamber of Commerce and Industry, Submission 35, p. 10.

<sup>36</sup> Department of Home Affairs, Submission 6, p. 3.

<sup>37</sup> Department of Foreign Affairs and Trade, Submission 34, p. 13.



- 2.24 Australia currently has two FTAs under negotiation. They are:
- Australia-European Union Free Trade Agreement (negotiations began 18 June 2018)
  - Australia-India Comprehensive Economic Cooperation Agreement (negotiations began May 2011, suspended 2016, resumed 2023).<sup>38</sup>
- 2.25 Australia has three FTAs that are signed but not yet in force. They are:
- Second Protocol to upgrade the ASEAN-Australia-New Zealand FTA (date of signature 21 August 2023)
  - United Kingdom Accension protocol to the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (date of signature 16 July 2023)
  - Australia-United Arab Emirates Comprehensive Economic Partnership Agreement (date of signature 6 November 2024).<sup>39</sup>

## Economic benefits of free trade agreements

- 2.26 A large number of submitters emphasised the positive impact of FTAs on Australia's GDP and outlined the economic benefits that have flowed to many industries.<sup>40</sup>
- 2.27 DFAT explained that the increase in Australia's network of FTAs has had a strong impact on export growth.<sup>41</sup> Total goods exports have more than doubled since 2014 when the proportion of exports covered by FTAs was 18 per cent, compared to 78 per cent by 2023.<sup>42</sup> It cited estimates that Australia receives a 12.6 per cent increase in exports annually from an FTA.<sup>43</sup>
- 2.28 Ms Jo Grainger, Acting Assistant Secretary, Trade and International Division, Department of Agriculture, Fisheries and Forestry (DAFF) told the Committee about the benefits of FTAs for the agriculture sector:

Australia's FTAs now cover more than 80 per cent of Australia's agricultural exports, and they have provided new and commercially meaningful market access for our agriculture and food sectors, and they've obviously supported new market diversification opportunities.<sup>44</sup>

<sup>38</sup> Department of Foreign Affairs and Trade, Submission 34, p. 13.

<sup>39</sup> Department of Foreign Affairs and Trade, Submission 34, p. 13; Department of Foreign Affairs and Trade, *Australia-UAE Comprehensive Economic Partnership Agreement (CEPA)*, accessed 20 February 2025: <https://www.dfat.gov.au/trade/agreements/not-yet-in-force/australia-uae-comprehensive-economic-partnership-agreement-cepa>.

<sup>40</sup> See, for example: Productivity Commission, Submission 10, p. 3; Red Meat Advisory Council, Submission 12, pp. 6–7; AUSVEG, Submission 15, p. 5; Bankwest Curtin Economics Centre, Submission 16, p.11; Australian Dairy Industry Council, Submission 21, p. 2; Department of Foreign Affairs and Trade, Submission 34, p. 4–5.

<sup>41</sup> Department of Foreign Affairs and Trade, Submission 34, p. 5.

<sup>42</sup> Department of Foreign Affairs and Trade, Submission 34, p. 5, citation omitted.

<sup>43</sup> Department of Foreign Affairs and Trade, Submission 34, p. 5, citation omitted.

<sup>44</sup> Ms Jo Grainger, First Assistant Secretary, Trade and International Division, Department of Agriculture, Fisheries and Forestry, *Committee Hansard*, Canberra, 23 August 2024, p. 12.

- 2.29 BCEC investigated the effects of FTAs on Australia's overall trade creation and diversion, with findings demonstrating a net increase in overall trade flows due to FTA implementation compared to the scenario with no FTA in place.<sup>45</sup> In relation to specific bilateral trading relationships, BCEC estimated the following increases in Australia's export values after FTA implementation: China by \$275.4 billion, Japan by \$99.1 billion, Korea by \$40.7 billion, and Thailand by \$57 billion.<sup>46</sup>
- 2.30 As an example of the impact of FTAs, DFAT highlighted that bilateral goods trade with China increased by 149 per cent between when ChAFTA commenced in 2015 and 2023.<sup>47</sup> Significant increases were also seen in trade with Korea and Japan following FTA implementation.<sup>48</sup>
- 2.31 BCEC's research demonstrated an increase in household disposable income and lower consumer prices directly as a result of trade with China through ChAFTA.<sup>49</sup> Dr Daniel Kiely, Senior Research Fellow, BCEC explained to the Committee:
- Taking [ChAFTA], as a case study, BCEC estimated that trade with China elevated the average Australian household disposable income by \$2,600 in 2022-23 alone.
- ...without trade with China, BCEC estimated that Australians would experience a 4.2 per cent rise in expenses if the same imported goods were to be sourced from countries outside of Australia's primary trading partners.<sup>50</sup>

## Jobs and Employment

- 2.32 Submitters outlined that FTAs have a positive impact on employment and jobs creation.<sup>51</sup> For example, DFAT highlighted that one in four Australian jobs are connected to trade and that jobs associated with export activity are paid 9.6 per cent more than the national average.<sup>52</sup>
- 2.33 BCEC explained that the implementation of large FTAs like ChAFTA assist in supporting productive and high wage jobs.<sup>53</sup> It added that the number of Australian jobs related to trade with China was estimated at just under 600,000 in 2022-23.<sup>54</sup>

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<sup>45</sup> Bankwest Curtin Economics Centre, Submission 16, p. 11.

<sup>46</sup> Bankwest Curtin Economics Centre, Submission 16, p. 11.

<sup>47</sup> Department of Foreign Affairs and Trade, Submission 34, p. 5.

<sup>48</sup> Department of Foreign Affairs and Trade, Submission 34, p. 5.

<sup>49</sup> Bankwest Curtin Economics Centre, Submission 16, p. 4.

<sup>50</sup> Dr Daniel Kiely, Senior Research Fellow, Bankwest Curtin Economics Centre, *Committee Hansard*, Canberra, 8 October 2024, p. 1.

<sup>51</sup> See, for example: Business Council for Sustainable Development Australia, p. 6; Bankwest Curtin Economics Centre, Submission 16, p. 5; Australian Dairy Industry Council, Submission 21, p. 6; Department of Agriculture, Fisheries and Forestry, Submission 28, p. 3; Department of Foreign Affairs and Trade, Submission 34, p. 2.

<sup>52</sup> Department of Foreign Affairs and Trade, Submission 34, p. 2, citation omitted.

<sup>53</sup> Bankwest Curtin Economics Centre, Submission 16, p. 5.

<sup>54</sup> Dr Daniel Kiely, Senior Research Fellow, Bankwest Curtin Economics Centre, *Committee Hansard*, Canberra, 8 October 2024, p. 1.

2.34 Submitters noted that FTAs directly increase employment in the agricultural industry by boosting export opportunities.<sup>55</sup> DAFF cited research estimating that exports generated an additional 40,360 jobs in the agriculture sector in 2020-21.<sup>56</sup>

### **Regional and rural communities**

2.35 The Committee received evidence that FTAs have a significant positive impact on the regional and rural communities.<sup>57</sup>

2.36 DFAT noted that Australia's largest exports by value include commodities and agricultural produce sourced from regional Australia.<sup>58</sup>

2.37 DAFF also observed that as agricultural businesses are primarily located in regional and rural communities, they support local economies and provide significant employment.<sup>59</sup> With over 300,000 people employed in the agriculture sector and the majority of Australia's agricultural produce exported, many jobs in the sector are reliant on trade and the outcomes achieved for the sector through FTAs.<sup>60</sup>

2.38 Likewise, the National Farmer's Federation (NFF) submitted that agriculture cultivates the 'economic prosperity of Australian regions', and thus FTAs that facilitate export opportunities and job creation provide large benefits to regional communities.<sup>61</sup>

2.39 AUSVEG described the benefits provided by FTAs as significant pillars of some regional economies.<sup>62</sup> It added that 'engaging in export markets also promotes job creation, rural development and supports regional economic growth. The increased demand for labour in growing, harvesting, processing, and logistics can boost employment opportunities in agricultural communities.'<sup>63</sup>

2.40 The Committee heard that regional communities benefit from trade agreements that include labour mobility provisions that assist to address critical skill shortages in regional areas, further bolstering economic and social development.<sup>64</sup>

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<sup>55</sup> See, for example: AUSVEG, Submission 15, p. 6; Australian Dairy Industry Council, Submission 21, p. 6; Department of Agriculture, Fisheries and Forestry, Submission 28, p. 14.

<sup>56</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 14.

<sup>57</sup> See, for example: National Farmer's Federation, Submission 8, p. 3; Red Meat Advisory Council, Submission 12, p. 8; AUSVEG, Submission 15, pp. 5–6; Department of Agriculture, Fisheries and Forestry, Submission 28, p. 14; Department of Foreign Affairs and Trade, Submission 34, p. 3.

<sup>58</sup> Department of Foreign Affairs and Trade, Submission 34, p. 3.

<sup>59</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 14.

<sup>60</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 14.

<sup>61</sup> National Farmer's Federation, Submission 8, p. 3.

<sup>62</sup> AUSVEG, Submission 15, p. 5.

<sup>63</sup> AUSVEG, Submission 15, p. 6.

<sup>64</sup> Red Meat Advisory Council, Submission 12, p. 8.

## Benefits to specific industries

### Grains

- 2.41 FTAs have benefitted the Australian grain industry by establishing lower than average tariffs allowing increased access to global markets. Both GrainGrowers and Grain Trade Australia (GTA) both submitted that 65-75 per cent of Australian grain is exported every year.<sup>65</sup>
- 2.42 In a global environment where trade protectionism is rising, grain industry representatives gave evidence that they saw FTAs as the key mechanism for removing trade barriers.<sup>66</sup> Trade barriers referred to include tariffs, quotas, embargoes and voluntary export restraints.<sup>67</sup>
- 2.43 According to GTA, bilateral trade agreements are an effective trade policy tool for the grain industry as they: provide a trade framework, improve market access, minimise the impact of non-trade measures (NTMs), and advance tariff reductions.<sup>68</sup>
- 2.44 GTA also gave evidence that the grain industry remains confident FTAs will continue to boost opportunities and support growth, declaring that it: ‘... strongly supports the establishment of [FTAs], as they present a unique opportunity to deepen and strengthen trade and economic ties with our trading partners and their countries.’<sup>69</sup>

### Meat

- 2.45 FTAs have provided considerable benefits to the red meat industry.<sup>70</sup> These benefits include but are not limited increased market access, reduction in NTBs, improving trade efficiency, advancing industry growth, greater market diversification and cultivating trade relationships.<sup>71</sup>
- 2.46 Mrs Susan Wakeford, Chief Executive Officer (CEO), Red Meat Advisory Council (RMAC) told the Committee:

Australia's prosperity, specifically of the red meat industry, is highly dependent on international trade, as you would understand. Access to overseas markets is critical not only for our export of produce and underpinning domestic industries but also for sourcing our inputs, technology and capital equipment that we

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<sup>65</sup> GrainGrowers, Submission 4, p. 1; Grain Trade, Submission 13, p. 1.

<sup>66</sup> GrainGrowers, Submission 4, p. 2.

<sup>67</sup> GrainGrowers, Submission 4, p. 2.

<sup>68</sup> Grain Trade Australia, Submission 13, p. 3.

<sup>69</sup> Mr Tim Ross, Projects & Operations Manager, Grain Trade Australia, *Committee Hansard*, Melbourne, 12 November 2024, p. 1.

<sup>70</sup> Red Meat Advisory Council, Submission 12, pp. 6–8; Department of Agriculture, Fisheries and Forestry, Submission 28, p. 5.

<sup>71</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 5.

require. These trade transfers are really paramount for business efficiencies across our sectors.<sup>72</sup>

2.47 Industry representatives explained that FTAs benefit the red meat industry by resolving market access issues and other barriers to trade. RMAC submitted that FTA negotiations have improved trade flows and reduced NTBs which have been beneficial.<sup>73</sup> Mr Sam Munsie, General Manager, Trade and Technical Affairs, Australian Meat Industry Council (AMIC) noted: ‘... the reason we’re able to export 70 to 80 per cent of our meat production in Australia is that we have a lot of those markets open to facilitate that trade.’<sup>74</sup>

2.48 Ms Jo Grainger, DAFF noted that:

... the [A-UKFTA], which entered into force on 31 May 2023, has already seen significant increases in beef exports to the UK [United Kingdom]. They increased 414 per cent from a low base. We are up from \$11.2 million to \$57.4 million over 11 months. Our sheep meat and goat exports increased to \$111 million in the same period.<sup>75</sup>

2.49 Industry representatives noted that FTAs firmly establish trading relationships with key supply chain partners. The terms of the FTA then dramatically reduce costs associated with conducting business and lower the administrative burden that would be required if no FTA existed.<sup>76</sup>

2.50 In terms of the value of these benefits, RMAC indicated that the FTAs with China, Korea and Japan combined generated an additional \$1 billion in revenue per annum over 20 years for the red meat industry.<sup>77</sup>

2.51 RMAC noted in their hearing that while FTA agreements are important to livestock trade in Australia, many other mechanisms facilitate success in the industry:

... whilst the activities of Austrade and DFAT in a trade negotiation sense are important, they’re not the be-all and end-all—in fact, they’re not even the majority—of the negotiations that take place at a government-to-government level. Then there are a whole range of other negotiations that take place between businesses on a commercial scale to make the trade happen. I think it’s worth bearing in mind that trade agreements only form a very small part of the successful trading relationship to another country.<sup>78</sup>

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<sup>72</sup> Mrs Susan Wakeford, Chief Executive Officer, Red Meat Advisory Council, *Committee Hansard*, Canberra, 22 November 2024, p. 25.

<sup>73</sup> Red Meat Advisory Council, Submission 12, p. 8.

<sup>74</sup> Mr Sam Munsie, General Manager Trade and Technical Affairs, Australian Meat Industry Council, *Committee Hansard*, Canberra, 22 November 2024, p. 27.

<sup>75</sup> Ms Jo Grainger, First Assistant Secretary, Trade and International Division, Department of Agriculture, Fisheries and Forestry, *Committee Hansard*, Canberra, 23 August 2024, p. 12.

<sup>76</sup> Red Meat Advisory Council, Submission 12, p. 6.

<sup>77</sup> Red Meat Advisory Council, Submission 12, p. 8.

<sup>78</sup> Mrs Katie Davies, Treasurer, Goat Industry Council of Australia, *Committee Hansard*, 22 November 2024, p. 28.

## **Dairy**

- 2.52 The Australian Dairy Industry Council (ADIC) noted that dairy is the third largest Australian rural industry with 30 per cent of Australian milk production, equating to \$3.7 billion, exported in 2023.<sup>79</sup>
- 2.53 Milk production in Australia far surpasses the domestic consumption with ‘surplus product destined for export markets.’<sup>80</sup> Therefore, FTAs and the market access they provide are essential to the dairy industry.
- 2.54 Australian dairy industry representatives agreed that FTAs play a crucial role in enhancing global competitiveness, providing market diversification and resilience against ‘economic volatility’.<sup>81</sup>
- 2.55 Specifically, ADIC noted significant benefits from both ChAFTA and the ASEAN-Australia-New-Zealand FTA (A-A-NZFTA). The industry peak body notes that in leveraging off geographical proximity, established trade relations and tariff advantages, the growing demand for dairy products in Asian markets can be met by Australia’s production.<sup>82</sup> FTAs are essential to ensuring that this market access can be maintained and expanded.<sup>83</sup>
- 2.56 Graphs provided by ADIC show that since entering major FTAs, like ChAFTA, dairy exports have increased in both volume and value. Tariff reductions provided by FTAs channel export focus towards key FTA-supported export markets as these are more profitable and have higher demand for Australian products.<sup>84</sup>
- 2.57 ADIC noted: that: ‘Between 35 per cent and 40 per cent of our total exports go to the Chinese market. We’ve seen enormous growth in that market, and that has really escalated since that ChAFTA agreement...’<sup>85</sup>
- 2.58 As a major employer in the agricultural industry, ADIC notes that an increase in export opportunities provided by FTAs boosts employment in Australia. This ‘secures the livelihoods of thousands of Australians, particularly in regional areas.’<sup>86</sup>

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<sup>79</sup> Australian Dairy Industry Council, Submission 21, pp. 2–4.

<sup>80</sup> Mr Ben Bennett, President, Australian Dairy Farmers, *Committee Hansard*, Melbourne, 12 November 2024, p. 15.

<sup>81</sup> Australian Dairy Industry Council, Submission 21, p. 2.

<sup>82</sup> Australian Dairy Industry Council, Submission 21, p. 2.

<sup>83</sup> Australian Dairy Industry Council, Submission 21, p. 2.

<sup>84</sup> Australian Dairy Industry Council, Submission 21, p. 2.

<sup>85</sup> Mr Charles McElhone, General Manager, Sustainable Dairy, Dairy Australia, *Committee Hansard*, Melbourne, 12 November 2024, p. 16.

<sup>86</sup> Australian Dairy Industry Council, Submission 21, p. 6

## **Fruits and Vegetables**

- 2.59 Similar to other industries, the Committee heard that fruit and vegetable industry benefits from trade liberalisation and increased market access.
- 2.60 AUSVEG outlined several benefits associated of diversifying vegetable production into export markets through FTAs such as:
- Increasing industry resilience
  - Reducing exposure to the domestic market
  - Creating a dynamic tension that helps support better domestic pricing
  - Reaching a larger customer base
  - Reducing demand on domestic demand fluctuations
  - Mitigating risks associated with local market saturation
  - Promoting domestic job creation and rural development.<sup>87</sup>
- 2.61 AUSVEG also submitted that for complete benefits FTAs need to be partnered with a successful technical export market access pathway in can be achieved through close collaboration with DFAT and DAFF.<sup>88</sup>

## **Organics**

- 2.62 Australian Organic Limited noted that the benefits of FTAs were limited in the organics industry due to a lack of equivalency recognition with key trading partners.
- 2.63 Australian Organic Limited (AOL) explained that major trading partners like the US and Korea will not consider an equivalency agreement for organics until Australia implement a legal framework to monitor and define organic products:
- ... when we look at the current [FTAs] where the national standard, which is our export standard, is recognised by some countries, Singapore is the only country that recognises the national standard as being suitable for importing country requirements...<sup>89</sup>
- 2.64 Ms Josefine Petterson, Operations and Technical Manager, AOL outlined that This makes exporting Australian organic products complex and expensive: ‘... When we look at the other [FTAs], the [US] requires a direct recertification requirement on operators... The same happens for China. This is a lengthy and arduous cost... between \$10,000 and \$30,000...’<sup>90</sup>

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<sup>87</sup> AUSVEG, Submission 15, pp. 6–7.

<sup>88</sup> AUSVEG, Submission 15, p. 8.

<sup>89</sup> Ms Josefine Petterson, Operations and Technical Manager, Australian Organic Limited, *Committee Hansard*, Canberra, 22 November 2024, p. 36.

<sup>90</sup> Ms Josefine Petterson, Operations and Technical Manager, Australian Organic Limited, *Committee Hansard*, Canberra, 22 November 2024, p. 36.

2.65 The organics industry emphasised that a base FTA agreement doesn't mean that organic produce can be traded and that the organic industry does not experience the same open market access opportunities that FTAs afford other industries. Ms Petterson, AOL noted that:

... all different countries have different statuses of organic regulatory systems. The more advanced ones—like the EU [European Union], the US, Canada, China, and Korea—have established regulatory systems where there are importing country requirements. You need to recertify to their standards and/or there needs to be a government-to-government equivalency in place.<sup>91</sup>

### **Alcoholic beverages**

2.66 The alcoholic beverage industry in Australia is diverse and the inquiry heard that perspectives on FTAs varies across the industry.

2.67 Australian Grape & Wine (AGW) submitted that the sector relies on Australian Government efforts to establish FTAs with a broad range of trading partners.<sup>92</sup> The removal and reduction of tariff measures afforded to the industry by FTAs has had a positive impact on exports from the sector.<sup>93</sup>

2.68 AGW advised that 60 per cent of the Australian wine sector's production is exported each year.<sup>94</sup> AGW highlighted that following the implementation of ChAFTA, Australian wine exports rose from \$370 million in December 2015 to a peak of \$1.2 billion in 2019.<sup>95</sup> Market diversification supports the growth of Australian wine.<sup>96</sup>

2.69 However, Spirits & Cocktails Australia (SCA) submitted that the benefits of trade agreements are not as widely experienced in their sector. Currently, only 17 per cent of spirits manufacturers export according to the Spirits Industry Survey.<sup>97</sup> SCA contended that with the 'correct policy settings and investment by government and industry', the spirits sector can experience the same success as achieved by the Australian wine industry.<sup>98</sup>

2.70 Mr Dan Hamilton, Chair, SCA and Managing Director, Diageo Australia stated:

... Aussie wine is about a \$2½ billion export business. We've seen how Aussie wine has created a very significant position on the world stage. We see the

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<sup>91</sup> Ms Josefine Petterson, Operations and Technical Manager, Australian Organic Limited, *Committee Hansard*, Canberra, 22 November 2024, pp. 36–37.

<sup>92</sup> Australian Grape & Wine, Submission 9, p. 4.

<sup>93</sup> Australian Grape & Wine, Submission 9, p. 4.

<sup>94</sup> Australian Grape & Wine, Submission 9, p. 4.

<sup>95</sup> Australian Grape & Wine, Submission 9, p. 4.

<sup>96</sup> Australian Grape & Wine, Submission 9, p. 4.

<sup>97</sup> Spirits & Cocktails, Submission 33, p. 9.

<sup>98</sup> Spirits & Cocktails, Submission 33, p. 9.

opportunity for spirits to absolutely follow in those footsteps, with the right support. That's kind of an industry perspective.<sup>99</sup>

## **Vehicles**

- 2.71 The Australian Automotive Dealer Association (AADA) submitted that FTAs have provided the automotive industry with social and economic benefits by providing consumers with access to cheaper vehicles.<sup>100</sup>
- 2.72 The AADA's submission highlighted that cars sourced from countries with existing FTAs with Australia are experiencing a steady increase in new vehicle sales. Conversely, new vehicle sales from non-FTA countries have decreased from 2017 to 2023.<sup>101</sup> Existing FTAs mean cars are imported tariff-free and can therefore be more competitively priced than cars imported from countries without an FTA in place.<sup>102</sup>

## **Role of Australian Government departments and agencies**

- 2.73 Australian Government departments and agencies work closely together to negotiate, implement, and educate about Australia's trade and investment agreements. Each department and agency involved has a distinct role and responsibilities in the process. This section briefly outlines the evidence received from Australian Government departments and agencies about their roles in Australia's FTAs.
- 2.74 The consultation, outreach, and engagement activities undertaken by government to build awareness and capacity to access FTAs are discussed in Chapter 3.

## **Department of Foreign Affairs and Trade**

- 2.75 DFAT leads the negotiation and implementation of Australia's FTAs. It works closely across government to develop negotiating positions, promote understanding of FTAs, and address barriers to trade.<sup>103</sup> DFAT has over 120 offices around the world and in each state and territory that play an important role in promoting Australia's trade interests and connecting Australians with trade and investment opportunities.<sup>104</sup>
- 2.76 DFAT manages formal consultation processes on FTA negotiation, implementation, and trade policy. It aims to consult openly with interested businesses, peak bodies,

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<sup>99</sup> Mr Dan Hamilton, Chair, Spirits & Cocktails Australia and Managing Director, Diageo Australia, *Committee Hansard*, Canberra, 22 November 2024, p. 45

<sup>100</sup> Australian Automotive Dealer Association, Submission 7, p. 6.

<sup>101</sup> Australian Automotive Dealer Association, Submission 7, p. 7.

<sup>102</sup> Australian Automotive Dealer Association, Submission 7, p. 7.

<sup>103</sup> Department of Foreign Affairs and Trade, Submission 34, p. 2.

<sup>104</sup> Department of Foreign Affairs and Trade, Submission 34, p. 2.

First Nations groups, labour unions, civil society, and the public as well as holding targeted consultation through a range of established forums.<sup>105</sup>

- 2.77 DFAT also plays a major role in building awareness of FTAs through its consultation processes, providing information and communications material, hosting digital tools and services, and undertaking ongoing stakeholder engagement activities both in Australia and abroad.<sup>106</sup> It also measures the use of Australia's FTAs through data exchange on preference utilisation with trading partners.<sup>107</sup>

## Department of Agriculture, Fisheries and Forestry

- 2.78 DAFF is heavily involved in the FTA negotiation process. With a focus on the agriculture sector DAFF aims to improve market access, protect the integrity of Australia's biosecurity system, and enhance opportunities for stakeholders to make meaningful contributions to FTA negotiations.<sup>108</sup> Further, as the competent authority for agriculture and agrifood trade, DAFF has the important role of negotiating the technical arrangements for the new market access gained through FTAs.<sup>109</sup>

- 2.79 During the FTA negotiation process DAFF works closely with DFAT from the development of a mandate through to the final stage of negotiations to ensure that stakeholders understand objectives, opportunities, and priorities, and that their interests are reflected.<sup>110</sup> This includes regular consultation with a broad group of participants as well as close consultation on specific issues with key stakeholders.<sup>111</sup>

- 2.80 Ms Jo Grainger, DAFF explained to the Committee that:

... [DAFF] provide the systems and the support. We have the technical capability in plant, animal and food safety to do those technical negotiations. We come up with stringent conditions for bringing food into Australia and allow signing off on the export of our fantastic product outside of Australia. We have that twin role of enabling and unlocking trade opportunity because we are holding the border, if you like, in terms of that competent authority role to support exports and to control imports. In terms of how we work with industry, we... work very closely with peak industry bodies, [and] with the research and development corporations who have marketing roles.<sup>112</sup>

- 2.81 DAFF also often works with Austrade once an agreement is in force to educate industry groups, businesses, farmers, and the public about key benefits and

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<sup>105</sup> Department of Foreign Affairs and Trade, Submission 34, pp. 8–9.

<sup>106</sup> Department of Foreign Affairs and Trade, Submission 34, pp. 8–9.

<sup>107</sup> Department of Foreign Affairs and Trade, Submission 34, p. 7.

<sup>108</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 3.

<sup>109</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 3.

<sup>110</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 4.

<sup>111</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 4.

<sup>112</sup> Ms Jo Grainger, First Assistant Secretary, Trade and International Division, Department of Agriculture, Fisheries and Forestry, *Committee Hansard*, Canberra, 23 August 2024, p. 13.

opportunities arising from an FTA.<sup>113</sup> Further, DAFF has a role in monitoring and measuring FTA outcomes through engagement with stakeholders and tracking trade data, as well as managing export quotas under FTAs.<sup>114</sup>

## Austrade

- 2.82 Austrade connects Australian exporters to global opportunities by sharing knowledge and advice with the aim of increasing ease, efficiency, and outcomes.<sup>115</sup> Other key aspects of its role are promoting Australia as a foreign investment destination, highlighting Australia as a provider of high-quality education services, and leading policy, programs, and statistics for Australian tourism and the visitor economy.<sup>116</sup>
- 2.83 Austrade participates in and contributes to the development of FTAs, including by sharing valuable data and insights collected from stakeholders across a wide range of sectors and markets with DFAT to inform FTA negotiations.<sup>117</sup>
- 2.84 Once FTAs are in force: ‘...Austrade plays an important role in informing Australian businesses of the provisions contained in the agreements and supporting export ready businesses in entering and growing their presence in those markets.’<sup>118</sup> Austrade promotes FTAs and trade opportunities through targeted outreach and engagement activities, digital services and tools, and through media and digital communications channels.<sup>119</sup>

## Department of Home Affairs and the Australian Border Force

- 2.85 The DHA and Australian Border Force (ABF) are involved in FTAs from the development of the initial mandate through to implementation.<sup>120</sup> DHA has responsibility for the Movement of Natural Persons (MNP) under FTAs, for example relating to waivers of labour market testing, skills exchange provisions, and access to the Working Holiday Maker program.<sup>121</sup>
- 2.86 As Australia’s customs service, the ABF is responsible for the movement of goods aspects of FTA negotiations. However, it is not responsible for the level of tariffs or the rules of origin (RoO) which are developed between the Department of Industry, Science and Resources, DAFF, and DFAT.<sup>122</sup> It also has a role in supporting Australian businesses to understand and comply with the requirements for accessing preferential rates of customs duty under FTAs.<sup>123</sup> The ABF is one of the few agencies

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<sup>113</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 4.

<sup>114</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 18.

<sup>115</sup> Austrade, Submission 29, p. 1.

<sup>116</sup> Austrade, Submission 29, p. 1.

<sup>117</sup> Austrade, Submission 29, p. 1.

<sup>118</sup> Austrade, Submission 29, p. 1.

<sup>119</sup> Austrade, Submission 29, p. 2.

<sup>120</sup> Department of Home Affairs, Submission 6, p. 3.

<sup>121</sup> Department of Home Affairs, Submission 6, pp. 3 and 7.

<sup>122</sup> Department of Home Affairs, Submission 6, p. 3.

<sup>123</sup> Department of Home Affairs, Submission 6, p. 4.

that is required to make legislative changes to implement FTAs once they are agreed.<sup>124</sup>

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<sup>124</sup> Department of Home Affairs, Submission 6, p. 3.

## Committee comment

- 2.87 The Committee recognises that Australia is a nation based on trade with the open international trading system having a strong positive impact on the economy through higher gross domestic product (GDP), greater job opportunities, and increased average household disposable income. An extensive network of bilateral, regional, and multilateral free trade agreements (FTAs) has established strong ties with trading partners and greatly reduced barriers to trade across many markets leading to significant growth in the benefits of trade for Australia.
- 2.88 The Committee notes that the success of many Australian industries and businesses is underpinned by the benefits received from open trade and FTAs. Australia's FTAs have opened export markets access, improved efficiency and reduced input costs, and facilitated investment inflows. For the benefits of trade to continue, it is essential that Australia continually seek to reduce trade barriers, maintain current market access, seek new market opportunities, and preserve relationships with trading partners.
- 2.89 The Committee acknowledges the vital roles of Australian Government departments and agencies such as Department of Foreign Affairs and Trade (DFAT), the Department of Agriculture, Fisheries and Forestry (DAFF), Austrade, and the Department of Home Affairs (DHA) in negotiating, implementing, and promoting FTAs and advancing Australia's trade interests.





## 3. Understanding and uptake of the benefits of trade and FTAs

### Overview

- 3.1 The Committee received a breadth of evidence considering the understanding and uptake of the benefits of trade and free trade agreements (FTAs). Business awareness of the opportunities and benefits offered by trade and FTAs was identified as being high in industries that have historically been well-engaged in trade. However, the level of awareness, and capacity to take advantage of the opportunities provided, were noted to vary considerably across different industries and by business size.
- 3.2 It was broadly identified that the uptake and utilisation of Australia's FTAs is high. Measurement of FTA uptake or utilisation was considered important to provide insight about current and potential users, as well as to signal areas for improvement. Some submitters were of the view that information on the level of usage of specific FTAs and for the attribution of gains to specific FTAs is limited or not available.
- 3.3 Efforts to improve awareness of the benefits of trade and how to access them are required to fully take advantage of trade opportunities. Both government and industry stakeholders outlined an extensive range of activities currently undertaken to build awareness and capacity. Ideas for improvement in activities and approach were put forward, including an emphasis on greater government-industry collaboration.
- 3.4 Some stakeholders discussed the level of appreciation of the value of trade to Australia within the wider community, including why it matters to Australia as a trading nation. Further, it was observed that there is a need to understand and communicate how the benefits of trade accrue to all Australians, including across geographic locations and demographics.
- 3.5 Broader challenges and barriers to accessing the benefits of trade and FTAs are outlined in Chapter 4, and issues relevant to the ability of small and medium sized enterprises (SMEs), First Nations communities, and diaspora communities to engage in trade are discussed in Chapter 5.

## Business awareness of the opportunities and benefits offered by trade and FTAs

- 3.6 As detailed in Chapter 2, the success of many Australian industries and businesses is strongly linked to open international trade supported by FTAs. As such, many stakeholders identified a high-level of awareness of the opportunities and benefits of trade and FTAs amongst businesses within those industries.<sup>1</sup>
- 3.7 For example, the Red Meat Advisory Council (RMAC) advised that Australian red meat businesses have actively capitalised on the economic benefits generated by FTAs over the last two decades and that this has: ‘... resulted in a very high level of FTA literacy amongst those in the sector.’<sup>2</sup>
- 3.8 Similarly, the National Farmer’s Federation (NFF) described that due to a long-term exposure to international trade and a reliance on an open trade environment for ongoing profitability, Australian farmers are very aware of the economic benefits provided by FTAs.<sup>3</sup> Mr Christopher Young, General Manager, Economics and Trade at the NFF elaborated in telling the Committee that:
- Regarding our sector's understanding of the benefits of FTAs, it's undoubtedly very high. From producers on the ground, who recognise that their spot and forward contract prices are so often underpinned by international market access, to industry bodies like the one I work for, who dedicate time and resources to trade, it's importance is lost on very few.<sup>4</sup>
- 3.9 The Department of Agriculture, Fisheries and Forestry (DAFF) also commented that due to the export-oriented nature of the Australian agriculture sector: ‘... industry bodies and companies have a well-developed understanding of the economic benefits provided by FTAs and their ability to increase exports and provide new and commercially meaningful access to diversified markets.’<sup>5</sup>
- 3.10 GrainGrowers and the NFF both noted that trade-exposed industries have become even more acutely aware of the importance of trade in recent years as a result of rising protectionist sentiment and trade disputes, as well as the impact of the COVID-19 pandemic on global supply chains.<sup>6</sup>
- 3.11 Despite the high-level of familiarity with the benefits offered by trade and FTAs across some industries, the Committee also received evidence that awareness of the

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<sup>1</sup> See, for example: Canegrowers, Submission 2, p. 4; GrainGrowers, Submission 4, p. 2; National Farmer’s Federation, Submission 8, p. 2; Red Meat Advisory Council, Submission 12, pp. 5–7; Business Council of Sustainable Development Australia, Submission 17, p. 7; Australian Dairy Industry Council, Submission 21, pp. 4–6; Department of Agriculture, Fisheries and Forestry, Submission 28, pp. 4–5.

<sup>2</sup> Red Meat Advisory Council, Submission 12, p. 7.

<sup>3</sup> National Farmer’s Federation, Submission 8, p. 2.

<sup>4</sup> Mr Christopher Young, General Manager, Economics and Trade, National Farmer’s Federation, *Committee Hansard*, Canberra, 22 November 2024, p. 8.

<sup>5</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, pp. 4–5.

<sup>6</sup> GrainGrowers, Submission 4, p. 2; National Farmer’s Federation, Submission 8, p. 2.

benefits of FTAs and the capacity to access them varies considerably amongst Australian businesses and communities.<sup>7</sup>

- 3.12 Trade and Investment Queensland (TIQ) cited research that indicated there is lack of awareness about FTAs and their potential to increase revenue for businesses.<sup>8</sup> It added that, with regard to the three most used FTAs, businesses in agriculture, manufacturing, and consumer goods were more likely to receive benefits while the advantages for the mining and services sectors were fewer.<sup>9</sup>
- 3.13 The Australian Dairy Industry Council (ADIC) indicated that even within an industry that is highly engaged in international trade such as the dairy industry: ‘... businesses may not be aware of the FTAs in place or understand how to leverage them due to a lack of information and expertise...’<sup>10</sup>
- 3.14 AUSVEG described that the benefits of FTAs are sometimes not able to be realised due to lack of capacity or resources for exporters to promote a product in-market.<sup>11</sup>
- 3.15 Food South Australia (Food SA) noted that suppliers in the industry vary in understanding according to the size of the business, resources available, and the time that owners are able to allocate outside of producing and selling their products.<sup>12</sup>
- 3.16 The Australia China Business Council (ACBC) observed that there are differing degrees of understanding of the benefits of the China-Australia FTA (ChAFTA), with their larger corporate members having a strong understanding of the benefits and regulatory requirements in comparison to smaller businesses.<sup>13</sup>
- 3.17 The Australian Industry Group (Ai Group) specified that an underappreciated area in which businesses lack knowledge is dispute resolution provisions in FTAs, including their rights and the steps to take to enforce them, which reduces the effectiveness of the provisions to provide security to businesses engaging in international trade.<sup>14</sup>

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<sup>7</sup> See, for example: Australian Industry Group, Submission 11, p. 2; AUSVEG, Submission 15, p. 9; Business Council of Sustainable Development Australia, Submission 17, p. 7; Australian Information Industry Association, Submission 18, p. 7; Dr Wei Li, Submission 22, p. 2; Trade and Investment Queensland, Submission 24, p. 3; Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 8; Australia China Business Council, Submission 32, p. 3.

<sup>8</sup> Trade and Investment Queensland, Submission 24, p. 3, citation omitted.

<sup>9</sup> Trade and Investment Queensland, Submission 24, p. 3.

<sup>10</sup> Australian Dairy Industry Council, Submission 21, p. 9.

<sup>11</sup> AUSVEG, Submission 15, p. 9.

<sup>12</sup> Food South Australia, Submission 31, p. 3.

<sup>13</sup> Australia China Business Council, Submission 32, p. 3.

<sup>14</sup> Australian Industry Group, Submission 11, p. 4.

## Measuring uptake and utilisation of FTAs

- 3.18 Submitters discussed the level of FTA uptake or utilisation, how utilisation is measured, and the value of having a robust measurement of utilisation with a view to determining whether Australia is accessing the full benefits offered by its FTAs. In raising FTA uptake or utilisation some submitters had a narrow concept relating to the specific use of FTAs, while others took a broader definition relating to potential export and import opportunities.
- 3.19 The Productivity Commission described business uptake of FTAs as high with an aggregate utilisation rate of 94 per cent in 2021-22.<sup>15</sup> It termed utilisation as the percentage of times the agreement is used to reduce a tariff on an imported product that is eligible for a concession. Conceptually the utilisation rate is the ratio of the value of imports that used the preference relative to the total value of imports that qualify for the preference.<sup>16</sup>
- 3.20 The Department of Foreign Affairs and Trade (DFAT) outlined that it monitors the utilisation of Australia's FTAs through the exchange of data on preference utilisation with trading partners.<sup>17</sup> It explained that:

Preference utilisation measures the total percentage of usage under one or several FTAs the value of goods for which a preference was claimed, over what might be eligible to be claimed. The residual is the value of goods for which preference was available but not claimed. Businesses in many cases have several options for preferences. The total utilisation figure reflects usage under all available preferences.<sup>18</sup>

- 3.21 Utilisation figures for select FTAs provided by DFAT are outlined in table 3.1 below.<sup>19</sup>

**Table 3.1 Free trade agreement utilisation (per cent)**

Market/FTA	Exports	Imports <sup>20</sup>
Chile	95.7	95.7
Japan	96	96
New Zealand	97.7	97.4
United Kingdom <sup>21</sup>	72.3	49.4
United States	46	78.3

<sup>15</sup> Productivity Commission, Submission 10, p. 6.

<sup>16</sup> Productivity Commission, Submission 10, p. 6.

<sup>17</sup> Department of Foreign Affairs and Trade, Submission 34, p. 7.

<sup>18</sup> Department of Foreign Affairs and Trade, Submission 34, p. 7.

<sup>19</sup> Department of Foreign Affairs and Trade, Submission 34, p. 7.

<sup>20</sup> The Department of Foreign Affairs and Trade noted that it estimates FTA utilisation figures for imports from country import clearance data.

<sup>21</sup> Includes data for June to December 2023 only.

- 3.22 DFAT advised that key factors influencing FTA utilisation include the margin of preference available, specific rules of origin, and the level of integration into business processes.<sup>22</sup> It added that utilisation is generally lower where a margin of preference is small such as for the United States (US) where average tariff rates offered to all members of the World Trade Organization (WTO) are 1.5 per cent (at the time of the submission) and that it often takes businesses time to start to take advantage of newer FTAs such as the Australia-United Kingdom FTA (A-UKFTA).<sup>23</sup>
- 3.23 The Productivity Commission made the point that in general increasing the utilisation rate would maximise the benefit received from FTAs, however in some cases the benefits of accessing the concession available may be outweighed by the costs involved.<sup>24</sup> It also noted that the FTAs with the lowest utilisation rates are those with comparatively smaller trade values.<sup>25</sup>
- 3.24 DAFF stated that it monitors and measures the utilisation of FTAs through the collection of trade data and quota utilisation rates.<sup>26</sup> It also advised that it manages 63 export quotas across several countries under which exports receive reduced tariff rate arrangements for certain products at specific volumes and that usage data for these is published online.<sup>27</sup>
- 3.25 RMAC outlined that in the red meat industry uptake of improved market access arising from FTAs is high, as indicated by consultation with members, which is confirmed by DFAT statistics on the use of tariff preferences, DAFF export data, and Australian Bureau of Statistics (ABS) data on the increase in value from export returns.<sup>28</sup>
- 3.26 The Bankwest Curtin Economic Centre (BCEC) outlined its work examining variations in trade flows between countries to estimate the change in trade value due to FTAs, taking into account external factors that influence trade flows.<sup>29</sup> It found a net increase in trade flows due to the implementation of an FTA including increases in Australian exports to China by \$275.4 billion, Japan by \$99.1 billion and Korea by \$40.7 billion compared to if there had been no FTA in place.<sup>30</sup>
- 3.27 The Committee received evidence suggesting that data and information available on the uptake and utilisation of FTAs is limited.<sup>31</sup> For example, the Business Council for Sustainable Development Australia (BCSDA) identified that: 'Currently, there is limited comprehensive data on the utilization of FTAs by Australian businesses.

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<sup>22</sup> Department of Foreign Affairs and Trade, Submission 34, p. 8.

<sup>23</sup> Department of Foreign Affairs and Trade, Submission 34, p. 8.

<sup>24</sup> Productivity Commission, Submission 10, p. 6.

<sup>25</sup> Productivity Commission, Submission 10, p. 6.

<sup>26</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, pp. 18–19.

<sup>27</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, pp. 18–19.

<sup>28</sup> Red Meat Advisory Council, Submission 12, p. 8.

<sup>29</sup> Bankwest Curtin Economics Centre, Submission 16, pp. 10–11.

<sup>30</sup> Bankwest Curtin Economics Centre, Submission 16, p. 11.

<sup>31</sup> See, for example: Business Council for Sustainable Development Australia, Submission 17, p. 8; Australian Information Industry Association, Submission 18, p. 2; Australian Dairy Industry Council, Submission 21, p. 11; Trade and Investment Queensland, Submission 24, pp. 4–5; Food South Australia, Submission 31, p. 5.

Existing monitoring mechanisms do not adequately capture the breadth of FTA benefits across different sectors and communities.<sup>32</sup>

- 3.28 TIQ noted that their ability to monitor and measure the FTA utilisation is limited to tracking the movement over time of ABS data such as monthly Queensland export volumes and values at a commodity level.<sup>33</sup> Analysis of this data can then provide insights into exports that may have resulted from the uptake of FTAs. For example, exports in agriculture, minerals, and education from Queensland to China increased following the commencement of ChAFTA.<sup>34</sup> It also suggested that there are data gaps for trade and investment at the state and territory level.<sup>35</sup>
- 3.29 The Australian Information Industry Association (AIIA) commented that it is unclear which elements of economic or export growth can be attributed to specific FTAs and that it is not aware of any data that links FTAs and corresponding exports or inflows of capital investment into Australian technology industries.<sup>36</sup> It added that it may be necessary for the Australian Government to track the benefits seen by Australian businesses attributable to FTAs to determine their effectiveness.<sup>37</sup>
- 3.30 The Northern Territory Department of Industry, Tourism and Trade (NTDITT) observed that there are significant challenges in measuring FTA utilisation because trade and investment flows are affected by a wide range of factors outside FTAs, making it difficult to isolate the direct impact of an FTA on trade growth.<sup>38</sup>
- 3.31 Food SA mentioned that some of its members have participated in government-led surveys but are broadly unaware of how FTA utilisation is monitored.<sup>39</sup>
- 3.32 Several submitters reflected on why robust measurement of FTA uptake and utilisation is important and made suggestions for how it could be improved. In doing so, most broadly made a connection between robust measurement and understanding whether an FTA is operating as intended, where support may be required, and if maximum benefit is being received.<sup>40</sup> For example, AUSVEG stated that: ‘... ongoing focus is needed on tracking and measuring utilisation and uptake of these agreements, to ensure the full benefits are being realised.’<sup>41</sup>

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<sup>32</sup> Business Council for Sustainable Development Australia, Submission 17, p. 8.

<sup>33</sup> Trade and Investment Queensland, Submission 24, pp. 4–5.

<sup>34</sup> Trade and Investment Queensland, Submission 24, pp. 4–5.

<sup>35</sup> Trade and Investment Queensland, Submission 24, p. 5.

<sup>36</sup> Australian Information Industry Association, Submission 18, p. 2.

<sup>37</sup> Australian Information Industry Association, Submission 18, p. 2.

<sup>38</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 8.

<sup>39</sup> Food South Australia, Submission 31, p. 5.

<sup>40</sup> See, for example: National Farmer’s Federation, Submission 8, p. 4; AUSVEG, Submission 15, p. 6; Bankwest Curtin Economics Centre, Submission 16, p. 10; Business Council for Sustainable Development Australia, Submission 17, p. 8; Australian Information Industry Association, Submission 18, p. 2; Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 8.

<sup>41</sup> AUSVEG, Submission 15, p. 6.

- 3.33 BCEC described DFAT and Austrade’s measures of FTA utilisation as helping to understand which sectors and regions are benefiting and identifying areas that require additional support.<sup>42</sup>
- 3.34 The NFF outlined that: ‘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.’<sup>43</sup> It elaborated that it values aggregated commodity specific agriculture, fisheries and forestry export data in providing insights into how the industry is utilising FTAs, and into what opportunities may not be being fully captured under existing FTAs.<sup>44</sup> It also added that it strongly supports adequate resourcing of the Australian Bureau of Agricultural and Resource Economics (ABARES) and the ABS to undertake value statistics and data monitoring by tariff line to ensure tariff preferences are being used.<sup>45</sup>
- 3.35 ADIC suggested that current FTA utilisation data provided by the Australian Government is limited and stated that:
- ... the Australian dairy industry would greatly benefit from comprehensive reporting from the government regarding the utilisation of FTAs, particularly in markets where multiple FTAs are concurrently in effect. This type of reporting would offer clear insights into which FTAs are actively utilised by exporters. Such transparency is essential for verifying whether the barriers [to trade] are influencing exporters to prioritise certain FTAs over others.<sup>46</sup>
- 3.36 BCEC outlined that obtaining detailed firm level data, such as through longitudinal surveys, would provide useful insights into the uptake of opportunities offered by FTAs, including by characteristics such as business size, industry and ownership structure.<sup>47</sup> Such data would also inform measures to support businesses to increase engagement with trade and FTAs.<sup>48</sup>
- 3.37 BCSDA recommended the development of a centralised FTA utilisation dashboard to aggregate data from multiple sources, provide real-time insights, and highlight areas where utilisation is low.<sup>49</sup> It added that a dedicated section within DFAT could be established to collect, analyse and report data on FTA usage to provide accurate and actionable insights, similar to South Korea's FTA Utilization Support Centre.<sup>50</sup>
- 3.38 Ai Group suggested that: ‘It is crucial for Australia’s FTA policy to include a well-organised research program that examines the utilisation, impact, and administration of FTAs.’<sup>51</sup>

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<sup>42</sup> Bankwest Curtin Economics Centre, Submission 16, p. 10.

<sup>43</sup> National Farmer’s Federation, Submission 8, p. 4.

<sup>44</sup> National Farmer’s Federation, Submission 8, p. 4.

<sup>45</sup> National Farmer’s Federation, Submission 8, p. 4.

<sup>46</sup> Australian Dairy Industry Council, Submission 21, p. 11.

<sup>47</sup> Bankwest Curtin Economics Centre, Submission 16, p. 11.

<sup>48</sup> Bankwest Curtin Economics Centre, Submission 16, p. 11.

<sup>49</sup> Business Council for Sustainable Development Australia, Submission 17, p. 8.

<sup>50</sup> Business Council for Sustainable Development Australia, Submission 17, p. 8.

<sup>51</sup> Australian Industry Group, Submission 11, p. 7.

## Raising awareness and building capacity

- 3.39 Submitters broadly identified the need to raise awareness of the opportunities afforded by FTAs, and to build capacity if the benefits on offer are to be fully realised by Australian businesses.<sup>52</sup> It was widely recognised that there is a crucial role for both government and industry bodies, including in collaboration.<sup>53</sup>
- 3.40 The Committee received evidence outlining a wide range of current activities undertaken by both government and industry bodies as well as proposals for new and enhanced activities or approaches.

## Government-led activities

### Consultation, outreach and engagement

- 3.41 DFAT advised that it raises awareness of the benefits of trade and investment through its extensive range of formal consultation processes that include regular engagement with individual businesses, peak bodies, First Nations groups, labour unions and civil society groups.<sup>54</sup> Some of these consultations include the Ministerial Council on Trade and Investment, the Trade 2040 Taskforce, and the Peak Bodies Deep Dive Series.<sup>55</sup>
- 3.42 DFAT also detailed that it builds awareness of Australian products in overseas markets through one-on-one meetings and seminars, as well as both hosting and attending a range of other outreach events.<sup>56</sup> Domestically, it highlighted that it has been delivering FTA information sessions in rural, regional and metropolitan locations since 2015 and that the current Trade Diversification Regional Engagement Program has facilitated engagement with over 170 business since 2021.<sup>57</sup>
- 3.43 The NFF and RMAC both praised DFAT's stakeholder consultation processes as well as their outreach and engagement activities.<sup>58</sup>

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<sup>52</sup> See, for example: Canegrowers, Submission 2, p. 3; National Farmer's Federation, Submission 8, pp. 4–5; Australian Industry Group, Submission 11, pp. 4 and 7.; Business Council for Sustainable Development Australia, Submission 17, pp. 6 and 10; Northern Territory Department of Industry, Tourism and Trade, Submission 27, pp. 3 and 7–8.

<sup>53</sup> See, for example: Canegrowers, Submission 2, p. 3; National Farmer's Federation, Submission 8, pp. 4–5; Australian Industry Group, Submission 11, pp. 7–8; AUSVEG, Submission 15, p. 9; Business Council for Sustainable Development Australia, Submission 17, p. 10; Food South Australia, Submission 31, p. 3; Australian Chamber of Commerce and Industry, Submission 35, p. 7.

<sup>54</sup> Department of Foreign Affairs and Trade, Submission 34, p. 8.

<sup>55</sup> Department of Foreign Affairs and Trade, Submission 34, p. 8.

<sup>56</sup> Department of Foreign Affairs and Trade, Submission 34, p. 9.

<sup>57</sup> Department of Foreign Affairs and Trade, Submission 34, p. 9.

<sup>58</sup> National Farmer's Federation, Submission 8, p. 4; Red Meat Advisory Council, Submission 12, p. 9.

- 3.44 DAFF submitted that once an FTA is signed it holds roundtables, trade shows and roadshows, often with Austrade, to inform industry groups, farmers, and the public about the key outcomes and benefits of the agreement.<sup>59</sup>
- 3.45 Austrade explained that it delivers targeted outreach activities in collaboration with industry bodies, business chambers, partner country governments, and state and territory governments to build business understanding of opportunities and improved market access resulting from FTAs.<sup>60</sup> Recent examples in relation to the A-UKFTA and Australia-India Economic Cooperation and Trade Agreement (A-IECTA) include:
- Webinars in collaboration with the United Kingdom (UK) Government and Fintech Australia.
  - Webinars in collaboration with leading industry bodies in the agriculture sector in both the UK and Australia.
  - Information sessions conducted with state and territory government agencies, to increase their awareness of the benefits of the A-UKFTA.
  - Briefings to SMEs delivered in partnership with the Australia-UK Chamber of Commerce and DFAT.
  - Delivering the ‘Taste the Wonders of Australia’ gala in New Delhi, in partnership with state governments and industry bodies.<sup>61</sup>
- 3.46 Through the Australian Business in Europe (ABIE) submission, the Australia-UK Chamber of Commerce drew attention to a number of events and activities undertaken with support from the Australian Government to help promote the opportunities and benefits of the A-UKFTA in the UK.<sup>62</sup> It specifically mentioned that the partnership with the Australian Government and in-person engagement with the business community were key elements in the success of the events.<sup>63</sup>
- 3.47 Austrade also highlighted its participation in international events to showcase Australian products. For example, ProWine Mumbai 2023 where Austrade, in partnership with South Australia, Victoria, New South Wales and Western Australia governments, as well as Wine Australia, facilitated the largest Australian wine delegation to India, comprising 24 Australian wineries with over 75 labels.<sup>64</sup>
- 3.48 DAFF noted that states and territories also undertake extensive engagement activities to promote awareness and encourage businesses to take advantage of FTAs.<sup>65</sup> Illustrative of this point, TIQ outlined a broad range of activities that it undertakes to promote the benefits of trade and FTAs for Queensland businesses. These include networking events, tailored advice to export-ready businesses on market entry and overcoming barriers, workshops and seminars on export

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<sup>59</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, pp. 4 and 19.

<sup>60</sup> Austrade, Submission 29, p. 2.

<sup>61</sup> Austrade, Submission 29, p. 2.

<sup>62</sup> Australian Business in Europe, Submission 25, pp. 7–10.

<sup>63</sup> Australian Business in Europe, Submission 25, pp. 9–10.

<sup>64</sup> Austrade, Submission 29, p. 2.

<sup>65</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 19.

opportunities and challenges, sharing insights on the competitiveness of Queensland products in certain markets based on comparative tariffs, and delivering market insight sessions for specific countries such as India.<sup>66</sup>

3.49 TIQ also explained that it: ‘... leads trade missions to and from FTA partner countries, helping Queensland businesses establish contacts and explore market opportunities firsthand.’<sup>67</sup> For example, in April 2024 TIQ and Avocados Australia delivered a Queensland Avocado Trade Mission to facilitate engagement between importers from India with Hass avocado growers and distributors across the state.<sup>68</sup>

3.50 DAFF emphasised the role of its agriculture counsellor network in promoting Australian agricultural interests abroad:

[The role of the agriculture counsellor network] includes liaising with other departments, Australian agencies in the market, industry stakeholders, international counterparts and Australian farmers and exporters to explore and develop new market openings, improve technical market access, provide on-the-ground market intelligence and resolve issues when Australian agricultural goods arrive at their foreign destination.

A recent example of the on-the-ground role of the counsellor network was the work of the DAFF agriculture counsellors in New Delhi to facilitate the Australian cotton and wool industries’ engagement at Bharat Tex, India’s largest textile trade show supported by the Indian government. This demonstrated the value of the Indian market to stakeholders and advanced industry to industry connections to increase exports, including highlighting preferential access negotiated under A-IECTA.<sup>69</sup>

3.51 The NFF and AUSVEG offered support for the agriculture counsellor network as an initiative to promote Australia’s trade opportunities and realise the benefits of FTAs.<sup>70</sup>

3.52 DFAT cited the important roles played by its state and territory-based officials as well as its extensive overseas-based network in connecting with stakeholders, building awareness of trade opportunities, and promoting Australia’s trade interests abroad.<sup>71</sup>

3.53 On a similar note, RMAC outlined the essential contribution of trade officials across Australia’s Embassies, High Commissions, and Consulates in communicating the outcomes of FTAs in export markets, which often involves capacity building to ensure trading partners and their stakeholders are aware of new import procedures and are readily able to access the benefits of FTAs.<sup>72</sup>

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<sup>66</sup> Trade and Investment Queensland, Submission 24, p. 5.

<sup>67</sup> Trade and Investment Queensland, Submission 24, p. 6.

<sup>68</sup> Trade and Investment Queensland, Submission 24, p. 6.

<sup>69</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 19.

<sup>70</sup> National Farmer’s Federation, Submission 8, p. 4.

<sup>71</sup> Department of Foreign Affairs and Trade, Submission 34, pp. 2 and 9.

<sup>72</sup> Red Meat Advisory Council, Submission 12, p. 9.

- 3.54 DFAT drew attention to Australian Government support for the establishment of councils to underpin bilateral and regional relations, such as the recently commenced Centre for Australia–India Relations which focuses on facilitating greater collaboration with India, including through programs and activities to support Australian business engagement in the Indian market.<sup>73</sup>
- 3.55 DFAT also nominated *Invested: Australia's Southeast Asia Economic Strategy to 2040* as a key program to strengthen Australia's trade and investment relationship with Southeast Asia and listed some of its initiatives including a Southeast Asia Investment Finance Facility, an Australia-Southeast Asia Business Exchange, Business Champions, Investment Deal Teams, an ASEAN-Australia Centre, and a Placements and Internships Pilot Program for Young Professionals.<sup>74</sup>

### Digital communications and services

- 3.56 DFAT outlined that its website provides a range of explanatory material that summarises FTA outcomes and guides to obtaining preferential tariffs.<sup>75</sup> Both the NFF and RMAC commended DFAT's work in distilling the complex legal text contained in FTAs into a digestible format.<sup>76</sup>
- 3.57** DFAT highlighted its FTA Portal and described some of its functions:
- The FTA Portal is a free online platform, that provides information about Australia's 18 in-force FTAs. The portal provides a Harmonized System (HS) Code and tariff rate finder, combined with information on rules of origin and documentation requirements. It also describes services commitments relevant to Australian exporters and provides selected high-level market data. The Portal compares agreements where there is more than one FTA in place for a particular market, simplifying the process of choosing which FTA offers the greatest benefit for any given export to that market.<sup>77</sup>
- 3.58 Several submitters identified the FTA Portal as a highly useful resource for increasing understanding and supporting businesses to access the benefits of FTAs.<sup>78</sup> The ACBC recognised the value of the FTA Portal and suggested that increased efforts should be made to promote it as a resource.<sup>79</sup>
- 3.59 Austrade showcased its Go Global Toolkit digital service that promotes the benefits of FTAs and supports uptake by: '...making it faster and easier for existing and aspirational exporters right across Australia to access key information to make more

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<sup>73</sup> Department of Foreign Affairs and Trade, Submission 34, p. 9.

<sup>74</sup> Department of Foreign Affairs and Trade, Submission 34, p. 11.

<sup>75</sup> Department of Foreign Affairs and Trade, Submission 34, p. 8

<sup>76</sup> National Farmer's Federation, Submission 8, p. 5; Red Meat Advisory Council, Submission 12, p. 8.

<sup>77</sup> Department of Foreign Affairs and Trade, Submission 34, p. 8.

<sup>78</sup> National Farmer's Federation, Submission 8, p. 5; Australian Industry Group, Submission 11, p. 7; Red Meat Advisory Council, Submission 12, p. 8; Food South Australia, Submission 31, p. 5; Australia China Business Council, Submission 32, p. 3.

<sup>79</sup> Australia China Business Council, Submission 32, p. 3.

informed decisions about suitable international export markets.<sup>180</sup> It added that the Go Global Toolkit includes a range of FTA guides, including specific guides on Rules of Origin and freight and shipping requirements; Market Search and Market Explorer Tools providing streamlined access to overviews of the benefits of potential overseas markets; and a Tariff Finder Tool to help identify the most favoured nation rate and preferential tariff rates under FTAs.<sup>81</sup>

- 3.60 Austrade made the point that as a digital tool the Go Global Toolkit is accessible to a wide range of stakeholders and stated that since March 2021 it has helped over 320,000 users to better understand the benefits of FTAs and how to access them.<sup>82</sup>
- 3.61 The Department of Home Affairs (DHA) outlined the Australian Border Force's (ABF) ongoing efforts to support Australian importers to meet the obligations required to claim preferential rates of customers duty.<sup>83</sup> It elaborated that information available for each FTA on the website may include FTA guides, how to claim preferential rates, documentation requirements, and circumstances for refunds of customs duty.<sup>84</sup> DHA noted that each FTA is a negotiated outcome that contains different requirements and that detailed FTA guides aim to provide specific information to assist importers in utilising each FTA once in force.<sup>85</sup>
- 3.62 The ABF also has an online tool that assists businesses to identify and make informed decisions about FTAs and other preferential arrangements that are applicable to goods of a particular country.<sup>86</sup>
- 3.63 Austrade submitted that it uses a range of media and digital channels such as its website, specific interest newsletters, social media, and traditional media to promote the positive benefits of FTAs and highlight case studies of Australian export success stories.<sup>87</sup> It also produces 'marketing toolkits' designed for government and industry stakeholders to share that depict key wins for Australian businesses through FTAs, allowing partners to select relevant case studies to promote to their business stakeholders, highlighting the potential benefits of trade and FTAs.<sup>88</sup>
- 3.64 Austrade explained the case studies: '... provide real-world examples of how FTAs have delivered the removal of trade obstacles and help enhance the audience's strategic thinking and approach to new market entry.'<sup>89</sup> Several other submitters commented on the value of case studies or success stories in demonstrating tangible benefits of trade and in encouraging others to explore opportunities.<sup>90</sup>

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<sup>80</sup> Austrade, Submission 29, p. 2.

<sup>81</sup> Austrade, Submission 29, p. 3.

<sup>82</sup> Austrade, Submission 29, p. 3.

<sup>83</sup> Department of Home Affairs, Submission 6, pp. 4–5.

<sup>84</sup> Department of Home Affairs, Submission 6, p. 4.

<sup>85</sup> Department of Home Affairs, Submission 6, pp. 4–5.

<sup>86</sup> Department of Home Affairs, Submission 6, p. 4.

<sup>87</sup> Austrade, Submission 29, p. 3.

<sup>88</sup> Austrade, Submission 29, pp. 3–4.

<sup>89</sup> Austrade, Submission 29, p. 3.

<sup>90</sup> Business Council for Sustainable Development Australia, Submission 17, p. 7; Dr Wei Li, Submission 22, p. 3; Trade and Investment Queensland, Submission 24, p. 6.

- 3.65 DFAT also noted that it also raises awareness of the benefits of trade through publications such as *Business Envoy*, and through online communications tools and advocacy.<sup>91</sup>
- 3.66 Similarly, TIQ explained that it uses its website and social media to promote export success stories and share examples of businesses taking advantage of FTAs, such as showcasing the doubling of avocado exports to India.<sup>92</sup>

### Industry-led activities

- 3.67 The NFF submitted that it assesses each FTA on its net benefit, and that: ‘... where an FTA is commercially meaningful for agriculture, fisheries and forestry, we will support and assist members to understand the benefits available.’<sup>93</sup>
- 3.68 Mr Warren Males, Consultant, Canegrowers, told the Committee about the organisation’s efforts to raise awareness and build capacity in the industry:
- On the level of understanding the social and economic benefits presented by FTAs, Canegrowers actively works to ensure that our members, the wider industry and the broader community are well informed about the benefits and the implications of these agreements for the Australian sugar industry. We do this through advocacy and negotiation, through public statements... We educate and collaborate with our industry and local communities.<sup>94</sup>
- 3.69 Food SA described that stakeholders such as the relevant state government agencies and industry bodies hold a comprehensive understanding of the benefits of FTAs and have a responsibility to educate their members or constituents about FTA opportunities and implications.<sup>95</sup> It also outlined an FTA Market Entry Project it previously ran with assistance from Austrade and suggested that the Australian Government should provide additional resources for similar programs aimed at building understanding of the benefits of FTAs and the practicalities of accessing them.<sup>96</sup>
- 3.70 The ADIC described some of its efforts to assist members to understand and benefit from FTA opportunities: ‘To assist the Australian dairy industry in navigating trade agreements for Australia’s top 10 export markets, Dairy Australia regularly publishes a Trade Agreement Comparison guide, which provides dairy product exporters with information on how Australia’s tariffs compare to other suppliers in key dairy export markets.’<sup>97</sup>

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<sup>91</sup> Department of Foreign Affairs and Trade, Submission 34, p. 8.

<sup>92</sup> Trade and Investment Queensland, Submission 24, p. 6.

<sup>93</sup> National Farmer’s Federation, Submission 8, p. 4.

<sup>94</sup> Mr Warren Males, Consultant, Canegrowers, *Committee Hansard*, 22 November 2024, Canberra, p. 15.

<sup>95</sup> Food South Australia, Submission 31, p. 3.

<sup>96</sup> Food South Australia, Submission 31, p. 3.

<sup>97</sup> Australian Dairy Industry Council, Submission 21, p. 9.

- 3.71 Similarly, AUSVEG advised that it takes considerable time to build industry capability to be able to take advantage of vegetable export opportunities.<sup>98</sup> It explained that it undertakes a range of capacity building initiatives including: ‘...an online e-learning training program for aspiring exporters to understand the unique aspects of exporting prescribed fresh vegetables to international markets. One module of this online training program focuses on FTAs, how they benefit exporters and how exporters can best utilise these arrangements.’<sup>99</sup>
- 3.72 DAFF noted that some industry bodies in the agriculture sector have an on-the-ground presence in key overseas markets to help promote Australian exporters and gather insights into consumer preferences and trends.<sup>100</sup>
- 3.73 The ACBC informed that it holds industry specific roundtables to improve awareness of ChAFTA and previously held a ChAFTA training program that: ‘... saw hundreds of businesses in Australia and China trained in the technical and practical elements of the agreement.’<sup>101</sup> It has also supported research examining the benefits of ChAFTA for the Australian economy.<sup>102</sup> The role of bilateral business councils and chambers of commerce is discussed further in Chapter 5.

### **Government and industry collaboration**

- 3.74 Submitters and witnesses widely acknowledged the key roles that both government and industry play in increasing uptake through efforts to build awareness and capacity to engage with trade and FTAs. In doing so, some emphasised the importance of government and industry work together, and the need for stronger collaboration.<sup>103</sup> For example, Ai Group observed that: ‘The collaboration between industry associations and the Australian Government, is crucial in assisting businesses [to] understand and utilise Australia’s FTAs.’<sup>104</sup>
- 3.75 Likewise, the NTDITT reflected that: ‘Government and industry collaboration is essential to ensure that businesses are well-informed and equipped to navigate the complexities of international trade.’<sup>105</sup>
- 3.76 Food SA described the part of their role as the bridge between government and businesses.<sup>106</sup>

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<sup>98</sup> AUSVEG, Submission 15, p. 9.

<sup>99</sup> AUSVEG, Submission 15, p. 9.

<sup>100</sup> Department of Foreign Affairs and Trade, Submission 28, p. 4.

<sup>101</sup> Australia China Business Council, Submission 32, p. 3.

<sup>102</sup> Australia China Business Council, Submission 32, p. 2.

<sup>103</sup> See, for example: National Farmer’s Federation, Submission 8, p. 5; Australian Industry Group, Submission 11, pp. 7–8; Business Council for Sustainable Development Australia, Submission 17, p. 7; Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 3; Australian Chamber of Commerce and Industry, Submission 35, p. 7; Food South Australia, Submission 31, p. 6; Australian Chamber of Commerce and Industry, Submission 35, p. 7.

<sup>104</sup> Australian Industry Group, Submission 11, p. 7.

<sup>105</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 3.

<sup>106</sup> Food South Australia, Submission 31, p. 3.

3.77 The NFF specified that government efforts could be enhanced by partnering with industry groups to play a greater role: ‘... 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... 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.’<sup>107</sup>

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<sup>107</sup> National Farmer’s Federation, Submission 8, p. 5.

3.78 The Australian Chamber of Commerce and Industry (ACCI) made a similar point:

The Australian Government should continue to collaborate with industry representatives such as ACCI and its members across the full agreement lifecycle, from ensuring that commercially-meaningful outcomes are achieved during the negotiation phase, to the development of simple resources to educate businesses and drive agreement utilisation, and to inform the government's monitoring, troubleshooting and upgrade processes. In providing services to exporters, the Australian Government should seek a collaborative approach with private sector representative bodies to improve the reach of initiatives, align efforts to where they can best be delivered and reduce risks that Government actions "crowd out" private sector led initiatives.<sup>108</sup>

3.79 The BCSDA responded that there is room for improvement in coordination and outreach efforts between the Australian Government, state and territory governments, and industry bodies, to ensure comprehensive engagement in the promotion of FTAs.<sup>109</sup> Consequently, it advocated for: '... the establishment of a National Trade Promotion Council, bringing together representatives from federal, state, and territory governments, industry bodies, and key business stakeholders. This council could coordinate trade promotion activities, share best practices, and ensure a unified approach to leveraging FTAs.'<sup>110</sup>

## Areas for improvement

3.80 The Committee received suggestions for new and enhanced activities to raise awareness and build capacity amongst Australian businesses to capitalise on the benefits offered by trade and FTAs.<sup>111</sup>

3.81 The NTDITT observed the need for enhanced support from the Australian Government, including funding for education and outreach to expand the reach of workshops, seminars, and online resources to assist businesses to better understand and leverage FTAs effectively.<sup>112</sup> It elaborated:

There is a need for more targeted education and outreach programs to raise awareness among Northern Territory [NT] businesses, particularly [SMEs], about the specific opportunities and advantages provided by [FTAs]. While the understanding of the social and economic benefits provided by [FTAs] is present in the [NT], there is a clear need for ongoing efforts to enhance this understanding and support the utilisation of these benefits.<sup>113</sup>

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<sup>108</sup> Australian Chamber of Commerce and Industry, Submission 35, p. 7.

<sup>109</sup> Business Council for Sustainable Development Australia, Submission 17, p. 7.

<sup>110</sup> Business Council for Sustainable Development Australia, Submission 17, p. 7.

<sup>111</sup> See, for example: Australian Industry Group, Submission 11, p. 2; Business Council for Sustainable Development Australia, Submission 17, p. 7; Australian Information Industry Association, Submission 18, p. 7; Northern Territory Department of Industry, Tourism and Trade, Submission 27, pp. 3–4 and 7–8; Food South Australia, Submission 31, p. 3.

<sup>112</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, pp. 3–4 and 7–8.

<sup>113</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 3.

- 3.82 Similarly, the BCSDA recommended that to increase engagement and bridge knowledge gaps the government should implement targeted educational campaigns and outreach programs, as well as tailored resources focusing on the specific benefits of FTAs for different sectors.<sup>114</sup>
- 3.83 The NTDITT made several further recommendations to improve awareness and capacity around FTAs in the NT and more broadly:
- Develop comprehensive programs that guide businesses through the process of utilising FTAs and include practical tools, case studies, and success stories to demonstrate the tangible benefits of FTAs.<sup>115</sup>
  - Expand capacity-building initiatives such as low-cost micro-credential courses for industry associations, trade interlocutors, and freight forwarders to provide training on FTA provisions, compliance requirements, and market entry strategies.<sup>116</sup>
  - Enhance support for targeted trade missions that consider the needs and opportunities of different regions and specific sectors where the NT has a competitive advantage.<sup>117</sup>
  - Increase staffing levels of Austrade and DFAT in the NT from the current one and two representatives to provide greater resources to focus on trade and investment support for NT businesses.<sup>118</sup>
- 3.84 The AIIA suggest that the government could overcome a lack of FTA awareness and information to support uptake in the industry by conducting targeted briefing and roundtables with its members.<sup>119</sup>
- 3.85 Ai Group suggested that the government should develop a long-term, comprehensive strategy for educating businesses about FTAs.<sup>120</sup>

## Appreciation of the importance of trade

- 3.86 As outlined in Chapter 2, the benefits of trade for Australia are significant and broadly accepted. As described above, there is a high-level of understanding of FTAs and appreciation of the benefits of trade within industries that participate in international trade as well as within the regions and communities where those are located.<sup>121</sup>

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<sup>114</sup> Business Council for Sustainable Development Australia, Submission 17, p. 7.

<sup>115</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 9.

<sup>116</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, pp. 9–10.

<sup>117</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 9.

<sup>118</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 4.

<sup>119</sup> Australian Information Industry Association, Submission 18, p. 7.

<sup>120</sup> Australian Industry Group, Submission 11, p. 2.

<sup>121</sup> See, for example: GrainGrowers, Submission 4, p. 2; Australian Automotive Dealer Association, Submission 7, p. 6; National Farmer's Federation, Submission 8, p. 2; Red Meat Advisory Council, Submission 12, p. 5; Australian Dairy Industry Council, Submission 21, p. 6; Department of Agriculture, Fisheries and Forestry, Submission 28, pp. 4–5; Mr Tim Ross, Projects & Operations Manager, Grain Trade Australia, *Committee Hansard*, 12 November 2024, Melbourne, p. 7; Mr Warren Males, Consultant, Canegrowers, *Committee Hansard*, 22 November 2024, Canberra, p. 15.

3.87 Several submitters reflected on the level of understanding and appreciation of the economic and social benefits of trade to Australia amongst the public, with some also observing why it matters and why it may be increasingly important.<sup>122</sup>

3.88 DFAT referred to the *Lowy Institute Poll 2024 Report* which found that Australians hold strong support for the contribution of open trade to Australia with 80 per cent saying that it is good for their standard of living, 77 per cent that it is good for the economy, 76 per cent that it is good for businesses, and 71 per cent that it is good for creating jobs.<sup>123</sup>

3.89 Mr Christopher Young, NFF suggested that the public appreciate the importance of trade:

In terms of the community aspect... Australians are fairly well-versed in the importance of international trade... from a production side they probably recognise the importance of industries like ourselves—commodity sectors. Similarly, they're exposed to [FTAs] on the purchasing side, and that's probably where the general community have their largest exposure—on the goods and services that they purchase, which are ultimately coming to us via trade arrangements.<sup>124</sup>

3.90 On the other hand, some indicated that amongst the public the significance of trade and FTAs to trade-exposed sectors, regional communities, and the national economy may not be fully understood or appreciated.<sup>125</sup> For example, Ms Annabel Mactier, Policy Manager, Trade and Supplychains at GrainGrowers stated that:

In regional areas there's definitely a very strong understanding of the importance and how farmers and the broader regional communities have benefited from [FTAs]. I think that is very widely understood, but there is a need for a greater understanding of the importance for Australia. We're not a niche industry; we're incredibly important to Australia's economy.<sup>126</sup>

3.91 Likewise, Mr Warren Males, Consultant at Canegrowers told the Committee that:

... the benefits of trade for our industry are indisputable, and they're very significant... But the understanding of that across the wider community is, I think, more limited. In the wider community—that being outside of agricultural

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<sup>122</sup> See, for example: Canegrowers, Submission 2, pp. 3–4; Professor Richard Pomfret, Submission 3, p. 1; Bankwest Curtin Economics Centre, Submission 16, p. 3; Australia China Business Council, Submission 32, p. 2; Department of Foreign Affairs and Trade, Submission 34, p. 4.

<sup>123</sup> Department of Foreign Affairs and Trade, Submission 34, p. 4. See also: Lowy Institute Poll 2024 Report, available at: <https://poll.lowyinstitute.org/report/2024/>.

<sup>124</sup> Mr Christopher Young, General Manager, Economics and Trade, National Farmer's Federation, *Committee Hansard*, Canberra, 22 November 2024, p. 8.

<sup>125</sup> See, for example: Mr Tim Ross, Projects & Operations Manager, Grain Trade Australia, *Committee Hansard*, 12 November 2024, Melbourne, p. 7; Ms Annabel Mactier, Policy Manager, Trade and Supplychains, GrainGrowers, *Committee Hansard*, 12 November 2024, Melbourne, p. 13; Mr Warren Males, Consultant, Canegrowers, *Committee Hansard*, 22 November 2024, Canberra, p. 15.

<sup>126</sup> Ms Annabel Mactier, Policy Manager, Trade and Supplychains, GrainGrowers, *Committee Hansard*, 12 November 2024, Melbourne, p. 13.

communities and outside of the mining communities—the knowledge of the benefits of trade is perhaps not as great as we would like to see it.<sup>127</sup>

3.92 Professor Richard Pomfret commented that the public has a limited understanding of FTAs and linked it to how they are covered by the media: ‘Among the Australian public, the level of understanding of these agreements is low, largely because media present them in terms of market access and largely about avoiding tariffs, without asking why two economies with zero tariffs almost across the board – [For example,] Australia and Singapore – would sign an FTA.’<sup>128</sup>

3.93 The Australian Automotive Dealers Association (AADA) made the point that understanding the benefits of FTAs is not a factor in consumer purchasing decisions:

While car dealers have a good understanding of the benefits derived from FTAs due to their contractual agreements with OEMs [original equipment manufacturers], consumers typically don’t consider country names and subsequent tariffs or taxes that may apply when making purchasing decisions. Instead, purchasing decisions are informed by factors such as vehicle price, brand reputation, performance, technology, safety, and environmental features. Due to the nature of customs duties and tariffs being indirect taxes, consumers are often unaware of their application on a purchase that they make.<sup>129</sup>

## Why appreciation of the importance of trade matters

3.94 Several stakeholders explained why it is important for the Australian public to have a strong appreciation for the benefits of trade, often drawing a link to safeguarding Australia against rising geopolitical tensions and protectionist sentiment.<sup>130</sup>

3.95 BCEC observed the need for a strong understanding of the benefits of trade in the context of a changing international environment: ‘With increasing geo-political tensions and an increase in protectionist behaviour by some nations..., it is important that all members of the Australian community understand the impact that FTAs, and trade more broadly, have on their lives and the interdependence of our connected economies.’<sup>131</sup>

3.96 Mr Christopher Young, NFF explained to the Committee that:

...the global trading framework, which these FTAs exist within, is under pressure. The geopolitical, institutional and monetary stability which have served our sector very well is being challenged. While... the understanding of the benefits of FTAs

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<sup>127</sup> Mr Warren Males, Consultant, Canegrowers, *Committee Hansard*, 22 November 2024, Canberra, p. 15.

<sup>128</sup> Professor Richard Pomfret, Submission 3, p. 1.

<sup>129</sup> Australian Automotive Dealers Association, Submission 7, p. 6.

<sup>130</sup> See, for example: Bankwest Curtin Economics Centre, Submission 16, p. 3; Australia China Business Council, Submission 32, p. 2; Mr Christopher Young, General Manager, Economics and Trade, National Farmer’s Federation, *Committee Hansard*, Canberra, 22 November 2024, p. 8.

<sup>131</sup> Bankwest Curtin Economics Centre, Submission 16, p. 3. See also: Australia China Business Council, Submission 32, p. 2.

is high within our sector, it is imperative that we all, particularly against these global challenges, continue to promote their benefits to the broader community and fend off any creeping protectionist tendencies.<sup>132</sup>

- 3.97 GrainGrowers noted that following a period of trade liberalisation, the COVID-19 pandemic and the Russian invasion of Ukraine have contributed to substantial increases in protectionism, particularly for grain.<sup>133</sup> More recently, it observed that in the 2024 US election both presidential candidates had policies advocating forms of trade restrictions in response to public sentiment, reflecting a broader shift away from seeing the benefits of trade.<sup>134</sup>
- 3.98 In relation to rising protectionism and a shift away from the global consensus on the benefits of trade, Mr Zachary Whale, General Manager, Policy and Advocacy at GrainGrowers said that: 'For Australia that doesn't work. Our economy cannot survive without healthy exports. I think that is a good message that we should all try to get across to the broader public.'<sup>135</sup> Ms Annabel Mactier, GrainGrowers added that: 'Strategically, there's importance for all of us—the government and industry as well—to be promoting the benefits and communicating that. Otherwise, we could see a rise in anti-trade sentiment because of a lack of understanding of the benefits not just for big business but for individual farmers...'<sup>136</sup>
- 3.99 Mr Christopher Young, NFF explained the need to be aware of how the message about the importance and benefits of trade can be simplified: '... trade arrangements can be technical in nature and we probably don't do ourselves any favours by repeating them in a technical way. We can make sure that we communicate, simply and clearly, why trade is so very important for the country.'<sup>137</sup>
- 3.100 Both the BCEC and the ACBC referred to research conducted by BCEC and commissioned by the ACBC that ChAFTA elevated the average Australian household disposable income by \$2,600 in 2022-23.<sup>138</sup>
- 3.101 Dr Daniel Kiely, Senior Research Fellow, BCEC, explained the value of their research in contributing to increased recognition of the benefits of trade and FTAs:

The likes of the reports that we do and the demonstration of the impacts that this has at, say, the household level is really important. I think it's important for

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<sup>132</sup> Mr Christopher Young, General Manager, Economics and Trade, National Farmer's Federation, *Committee Hansard*, Canberra, 22 November 2024, p. 8.

<sup>133</sup> Ms Annabel Mactier, Policy Manager, Trade and Supplychains at GrainGrowers, *Committee Hansard*, 12 November 2024, Melbourne, p. 13.

<sup>134</sup> Ms Annabel Mactier, Policy Manager, Trade and Supplychains at GrainGrowers, *Committee Hansard*, 12 November 2024, Melbourne, p. 14.

<sup>135</sup> Mr Zachary Whale, General Manager, Policy and Advocacy, GrainGrowers, *Committee Hansard*, 12 November 2024, Melbourne, p. 14.

<sup>136</sup> Ms Annabel Mactier, Policy Manager, Trade and Supplychains at GrainGrowers, *Committee Hansard*, 12 November 2024, Melbourne, p. 14.

<sup>137</sup> Mr Christopher Young, General Manager, Economics and Trade, National Farmer's Federation, *Committee Hansard*, Canberra, 22 November 2024, p. 9.

<sup>138</sup> Bankwest Curtin Economics Centre, Submission 16, p. 4; Australia China Business Council, Submission 32, p. 3.

households to understand how trade impacts and benefits them and how it can inform the media and public debates around this.<sup>139</sup>

3.102 Referring to the same research, Mr Patrick Mayoh, NSW President of ACBC told the Committee that:

... a message we're trying to get out is the benefits of trade with China are helping Australian households in very material ways... in a general sense, people understand that free trade is helping them, but in a more granular sense they don't. So they don't understand what kinds of products and in what material ways it's helping their bottom line, so that's what we're trying to do.<sup>140</sup>

3.103 The Productivity Commission submitted that it is unaware of studies on the public or businesses' understanding of the social and economic benefits provided by trade and FTAs.<sup>141</sup> In response to being asked whether such information would be useful, Prof Alex Robson, Deputy Chair of the Productivity Commission told the Committee that:

Certainly, there is a broad view in Australia about the benefits and costs of trade with the rest of the world, and that view and counterviews play out in the public debate. But it might be worth having a formal survey or study and updating it regularly around the public's and businesses' view of these kinds of things; how that would be designed and who would do it are all questions for government. But I think it would be beneficial. It's always good to have more information rather than less when you're making government decisions.<sup>142</sup>

3.104 Several stakeholders mentioned the value of case studies and recognition programs highlighting success at the business and industry level to demonstrate and build awareness of the benefits of trade and FTAs.<sup>143</sup> Ms Annabel Mactier, GrainGrowers nominated the substantial gains to the Australian industry and communities from the temporary removal of the tariff on chickpeas in India (which saw prices for growers rise nearly \$100 per tonne to record highs) as an example of the type of success stories that should be communicated to demonstrate the benefits of trade.<sup>144</sup>

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<sup>139</sup> Dr Daniel Kiely, Senior Research Fellow, Bankwest Curtin Economics Centre, *Committee Hansard*, 8 October 2024, Canberra, p. 4.

<sup>140</sup> Mr Patrick Mayoh, NSW President, Australia China Business Council, *Committee Hansard*, 29 October 2024, Sydney, p.p. 24–25.

<sup>141</sup> Productivity Commission, Submission 10, p. 4.

<sup>142</sup> Professor Alex Robson, Deputy Chair, Productivity Commission, *Committee Hansard*, 23 August 2024, Canberra, p. 2.

<sup>143</sup> See, for example: Business Council for Sustainable Development Australia, Submission 17, p. 7; Austrade, Submission 29, p. 3; Dr Daniel Kiely, Senior Research Fellow, Bankwest Curtin Economics Centre, *Committee Hansard*, 8 October 2024, Canberra, p. 4; Ms Louise McGrath, Head of Industry Development and Policy, Australian Industry Group, *Committee Hansard*, Sydney, 29 October 2024, pp. 3–4.

<sup>144</sup> GrainGrowers, Submission 4, p. 2; Ms Annabel Mactier, Policy Manager, Trade and Supplychains at GrainGrowers, *Committee Hansard*, 12 November 2024, Melbourne, p. 14.

## Distribution of the benefits of trade

- 3.105 Several submitters suggested that while it is well established that trade and FTAs are beneficial in aggregate, there are gaps in the understanding of how these benefits are allocated across different parts of the economy and society.<sup>145</sup>
- 3.106 Building on its findings of the benefits of ChAFTA to the average Australian household, the BCEC observed that while it is clear that trade contributes to overall economic growth and job creation in Australia much less known about how benefits differ across jurisdictions and between households.<sup>146</sup> It explained that in its research the increase in household income as a result of ChAFTA differs significantly across states and territories, indicating a difference in how the benefits generated by trade are allocated across geographic locations.<sup>147</sup>
- 3.107 The BCEC elaborated that given Australia's ongoing reliance on open global trade:
- It is crucial to precisely quantify the benefits of FTAs to households and individuals residing across the various states and territories as these benefits depend on the trade intensities of local jurisdictions and the local area socio-economic characteristics. This ensures that the social and economic benefits of FTAs are appreciated by the broader community and draws broader support to policies that aim to maximise the benefits.<sup>148</sup>
- 3.108 As a result, BCEC concluded that: 'A survey of representative households and individuals across demographic groups about their perceptions of the impact of FTAs on their personal financial conditions would be informative to enhance the understandings on heterogeneous impacts of FTAs.'<sup>149</sup>
- 3.109 The NTDITT also commented on the uneven distribution of benefits from trade: 'While [FTAs] can bring overall economic growth, the benefits are not evenly distributed across all regions and communities. Many rural and remote regions are not experiencing the same level of economic uplift, leading to disparities.'<sup>150</sup>

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<sup>145</sup> Bankwest Curtin Economics Centre, Submission 16, p. 3; Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 7.

<sup>146</sup> Bankwest Curtin Economics Centre, Submission 16, p. 3. See also: Australia China Business Council, Submission 32, p. 2.

<sup>147</sup> Bankwest Curtin Economics Centre, Submission 16, p. 3.

<sup>148</sup> Bankwest Curtin Economics Centre, Submission 16, p. 4.

<sup>149</sup> Bankwest Curtin Economics Centre, Submission 16, p. 11.

<sup>150</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 7.

## Committee comment

- 3.110 The individuals, businesses, and industry groups across sectors that have long-relied on open trade for their ongoing success are undoubtedly well-aware of the benefits offered by trade and free trade agreements (FTAs). These sectors make vast economic and social contributions to Australia through trade and have led the way in securing Australia's position as a highly successful trading nation.
- 3.111 While the benefits received through trade by Australian businesses are significant and the level of engagement with FTAs is generally considered to be high; evidence indicates that there are areas where awareness of the benefits of FTAs or the ability to capitalise on them remains low. This means that Australian businesses are not making the most of the opportunities available and that Australia is not fully realising the benefits offered by trade.
- 3.112 The Committee is of the view that having a clear measure of the level of uptake or utilisation of FTAs is essential to understanding where opportunities might be, whether opportunities are being capitalised on, whether agreements are working effectively, and where support efforts may need to be focussed. To this end, evidence suggests that some stakeholders do not consider the current level of information available on uptake and utilisation to be sufficient. Further, it appears that some stakeholders differ in their views on what demonstrates uptake or utilisation of an FTA and on what type of information would be useful.
- 3.113 The Committee acknowledges and commends the work of the Department of Foreign Affairs and Trade (DFAT), and Austrade, for their wide-ranging efforts to promote trade opportunities for Australian businesses. Likewise, industry bodies and other similar organisations undertake many activities to better equip their members to take advantage of international trade. The Committee agrees that there is an important role for industry bodies, supported by and in collaboration with government.
- 3.114 Digital tools and services that can encourage and simplify engagement in trade for businesses are essential as they are able to reach the widest possible audience. Although some submitters referred to existing tools and services favourably, many appear to not be well-aware of them and more should be done to promote their use. At the same time, there is considerable value in direct outreach activities and support programs, including targeted and tailored to specific locations, industries, and business types. These activities should be continued and expanded, in partnership with state and territory governments and industry groups where appropriate.
- 3.115 The Committee considers that the public largely appreciates that trade and FTAs make a positive contribution to Australia. However, much of the public may not have an in depth understanding of how the economic and social benefits of trade accrue to the national economy, businesses, and individuals. This is more likely to be the case outside of the regions and communities that receive the largest and most observable benefits from trade. Although all individuals as consumers directly benefit from trade through access to a wider range of goods and services at lower prices, these benefits are generally not visible or actively considered in consumer decisions.

- 3.116 The Committee recognises that a global rise in protectionist sentiment poses a significant challenge for Australia as a trading nation. It is essential that all Australians are encouraged to understand and appreciate the importance of trade to ensure that Australia is not left vulnerable to a domestic shift in attitudes against open trade. This would no doubt have negative effects for Australia.
- 3.117 Research such as that submitted by Bankwest Curtin Economic Centre (BCEC) is crucial to demonstrate how open trade directly benefits all Australians, as well as to show how benefits may be unevenly distributed and how this may influence attitudes towards trade across sections of the community. Further research into the attitude of Australians towards the benefits of open trade, including across demographics and geographic locations would be valuable for government, policy makers, and others to proactively respond to changes over time.

## Recommendations

### Recommendation 1

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- 3.118 The Committee recommends that the Australian Government, in collaboration with stakeholders, explore options for more information and data to be made publicly available on the uptake and utilisation of Australia's free trade agreements.**

### Recommendation 2

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- 3.119 The Committee recommends that the Australian Government continue to support and collaborate with industry bodies in efforts to build awareness and capacity for Australian businesses to engage with international trade and free trade agreements.**

### Recommendation 3


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- 3.120 The Committee recommends that the Australian Government develop an overarching strategy for building awareness and capacity for Australian businesses to engage with international trade and free trade agreements.**

### Recommendation 4

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- 3.121 The Committee recommends that the Australian Government support research to better understand the Australian community's attitude toward trade and their perception of the economic and social benefits, including across different demographics and geographic locations.**



## 4. Barriers and challenges to accessing the benefits of trade and FTAs

### Overview

- 4.1 The Committee received evidence identifying several major barriers and challenges that have a significant impact on the ability of Australian businesses to access the benefits of trade and free trade agreements (FTAs). These include a range of non-tariff barriers (NTBs), complexity and administration costs, FTAs that are not fit for purpose or up to date, and the impact of a changing global trade environment. An ongoing focus on addressing or mitigating the impact of these key barriers and challenges is important to ensuring that Australia can maintain and increase the benefits received from international trade and its FTAs.
- 4.2 NTBs can prevent the potential benefits achieved through FTAs being realised by restricting market access, reducing competitiveness, and increasing costs. NTBs must be regularly identified and addressed through FTAs, collaboration with trading partners, and through other dedicated mechanisms. Complexity and costs associated with FTAs can be significant and prevent businesses from accessing trade opportunities, particularly those associated with overlapping agreements and rules of origin (RoO). Efforts to reduce administrative complexity and costs, including through streamlined processes and increased use of digitalisation would be highly beneficial.
- 4.3 FTAs that are not fit for purpose can mean that Australian businesses face declining market advantages or miss out on new markets or trade opportunities from emerging areas of the economy. Regular efforts should be made to ensure FTAs maintain market access relative to competitors and reflect current opportunities for Australian businesses. The global trade environment has changed in recent years with geopolitical tensions, rising protectionist sentiment, supply chain disruptions and trade restrictions impacting on international trade. Australia must monitor these developments, and seek to mitigate their impact through diversification, maintaining strong bilateral ties, and continuing to promote the global-rules based trading system.
- 4.4 This chapter considers broader challenges and barriers to accessing the benefits of trade and FTAs. The level of understanding and awareness of the benefits of trade including how it impacts on the ability of Australian businesses to access those benefits are discussed in Chapter 3. Issues and challenges relevant to the ability of small and medium sized enterprises (SMEs), First Nations, and diaspora communities to engage in trade are discussed in Chapter 5.

## Non-tariff barriers to trade

- 4.5 Most submitters to the inquiry raised the significant impact of NTBs in preventing greater uptake of FTAs and benefits from trade.<sup>1</sup> Submitters varied in referring to NTBs, with some using the term interchangeably with non-tariff measures (NTMs) and technical barriers to trade (TBTs) while others made a distinction between them.
- 4.6 NTBs were similarly defined by the Department of Foreign Affairs and Trade (DFAT) as policy measures other than tariffs ‘that unjustifiably restrict trade’ and by the Department of Agriculture, Fisheries and Forestry (DAFF) as measures that ‘are more excessive than necessary to meet legitimate objectives.’<sup>2</sup>
- 4.7 NTBs were commonly identified as having the effect of distorting trade, limiting market access, reducing competitiveness, increasing transaction costs and risks, and ultimately preventing Australian exporters from fully benefitting from FTAs.<sup>3</sup>
- 4.8 The Red Meat Advisory Council (RMAC) reflected that: ‘NTBs imposed by trading partners create challenges, and in some cases, the complete inability for exporters to access certain markets... despite having a trade liberalising FTA in place.’<sup>4</sup> It further explained that common NTBs relate to stringent sanitary and phytosanitary (SPS) standards, technical regulations, and customs procedures.<sup>5</sup>
- 4.9 Similarly, the National Farmer’s Federation (NFF) described key NTBs in the agriculture sector as overly burdensome administrative processes, undue animal and plant health requirements, and non-transparent or inconsistently applied standards.<sup>6</sup>
- 4.10 AUSVEG designated NTBs as including a range of regulatory and administrative measures such as stringent phytosanitary regulations, import quotas, labelling requirements, and standards that differ from international norms.<sup>7</sup> Specifically, it elaborated that: ‘Phytosanitary regulations, which aim to prevent the spread of pests and diseases, often vary significantly between countries and can be particularly

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<sup>1</sup> See, for example: Standards Australia, Submission 1, pp. 1–2; National Farmer’s Federation, Submission 8, pp. 3–4; Australian Grape & Wine, Submission 9, p. 5; Australian Industry Group, Submission 11, pp. 3–4; Grain Trade Australia, Submission 13, p. 3; Red Meat Advisory Council, Submission 12, p. 9; Business Council for Sustainable Development Australia, Submission 17, p. 6; AUSVEG, Submission 15, p. 7; Australian Information Industry Association, Submission 18, p. 4; Australian Dairy Industry Council, Submission 21, p. 9; Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 7; Department of Agriculture, Fisheries and Forestry, Submission 28, p. 17; Spirits & Cocktails Australia, Submission 33, pp. 24–25; Department of Foreign Affairs and Trade, Submission 34, pp. 9–10; Australian Chamber of Commerce and Industry, Submission 35, p. 5.

<sup>2</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 17; Department of Foreign Affairs and Trade, Submission 34, p. 9.

<sup>3</sup> GrainGrowers, Submission 4, p. 1; National Farmer’s Federation, Submission 8, p. 3; Grain Trade Australia, Submission 13, p. 3; Department of Agriculture, Fisheries and Forestry, Submission 28, p. 17; Department of Foreign Affairs and Trade, Submission 34, p. 10.

<sup>4</sup> Red Meat Advisory Council, Submission 12, p. 9.

<sup>5</sup> Red Meat Advisory Council, Submission 12, p. 9.

<sup>6</sup> National Farmer’s Federation, Submission 8, p. 3.

<sup>7</sup> AUSVEG, Submission 15, p. 7.

stringent. Compliance with these standards can be costly and time-consuming for Australian producers.<sup>8</sup>

- 4.11 The Australian Dairy Industry Council (ADIC) described NTBs as burdensome export establishment regulations and prescriptive food safety standards that can pose significant obstacles to trade despite the removal of tariffs.<sup>9</sup>
- 4.12 The Northern Territory Department of Industry, Tourism and Trade (NTDITT) highlighted the impact of divergent regulatory standards and technical requirements between countries such as product standards, safety regulations, and certification processes.<sup>10</sup> It also noted that complex and lengthy customs procedures that delay the movement of goods lead to increased costs and reduced competitiveness.<sup>11</sup>
- 4.13 The Australian Industry Group (Ai Group) referred to NTBs as hidden obstacles within the trading landscape that cover a wide range of issues from protection of domestic industries to public safety.<sup>12</sup>
- 4.14 The Australian Information Industry Association (AIIA) suggested NTBs such as quotas, licensing requirements, and technical standards that impede market entry prevent greater trade in digital products and services.<sup>13</sup>
- 4.15 Spirits & Cocktails Australia (SCA) explained that it is both foreign compliance and regulatory requirements being in addition to domestic requirements as well as the variance between them that can result in significant risks and compliance costs for Australian spirits producers seeking to export.<sup>14</sup>
- 4.16 Several detailed examples provided in submissions to illustrate the impact of NTBs are contained below in Box 4.1.

#### **Box 4.1 Examples of non-tariff barriers to trade**

- ADIC: The Australia-United Kingdom FTA (A-UKFTA) nominally provided Australian exporters immediate access to a duty-free quota of 24,000 metric tonnes of cheese and the gradual elimination of dairy tariffs over five years. However, there have been few exports under the agreement due to the United Kingdom's (UK) alignment with European Union (EU) standards for dairy imports which requires rigorous testing for every tanker of dairy received at processing facilities. This is often challenging or impractical for exporters to meet, particularly for producers relying on purchasing ingredients from other processors to manufacture products.<sup>15</sup>

<sup>8</sup> AUSVEG, Submission 15, p. 7.

<sup>9</sup> Australian Dairy Industry Council, Submission 21, p. 9.

<sup>10</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 7.

<sup>11</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 7.

<sup>12</sup> Australian Industry Group, Submission 11, p. 3.

<sup>13</sup> Australian Information Industry Association, Submission 18, p. 4.

<sup>14</sup> Spirits & Cocktails Australia Submission 33, pp. 24–25.

<sup>15</sup> Australian Dairy Industry Council, Submission 21, p. 9.

- AUSVEG: The Indonesia Australia – Comprehensive Economic Partnership Agreement (IA-CEPA) signalled a new era of closer economic engagement between the countries, including greater opportunities for Australia’s fresh vegetable exporters such as minimum Tariff Rate Quotas for carrots and potatoes. However, the benefits have not been realised by the industry due to a range of non-tariff factors such as excessive customs valuations on arrival which have effectively led to a cessation of the trade in these products.<sup>16</sup>
- SCA: Thailand’s National Alcohol Beverage Control Committee has proposed to review labelling rules including to introduce graphic health warning labels and statements on alcoholic beverages. These labelling requirements could result in significant compliance costs for Australian alcohol exports to Thailand. The industry is concerned that such requirements would be trade-restrictive and work against greater international alignment of labelling provisions. It has requested the Australian Government support efforts to minimise the impact of new labelling requirements including by raising the issue directly with the Government of Thailand and through international forums such as the World Trade Organisation (WTO) Committee on Technical Barriers to Trade (TBT).<sup>17</sup>

- 4.17 Barriers and challenges to greater trade in native foods and botanicals such as classification and quarantine requirements are discussed under the First Nations heading in Chapter 5.
- 4.18 The NFF, SCA, and Australian Grape & Wine (AGW) all contended that while tariff reduction remains important, NTBs can often have a greater impact on the ability of businesses to utilise FTAs and benefit from trade.<sup>18</sup>
- 4.19 Though the effect of NTBs is widely considered to be large, few submitters provided quantified measures of their impact. Of those that did, Standards Australia cited research estimating that NTBs reduce global trade by over 3 per cent<sup>19</sup> and RMAC referred to research it had undertaken that assessed the value of the adverse impact of NTBs on the red meat industry at around \$4.3 billion per annum.<sup>20</sup>
- 4.20 It was observed that the presence and impact of NTBs has been increasing over time, with some also noting that this has occurred at the same time as tariffs have decreased.<sup>21</sup>

<sup>16</sup> AUSVEG, Submission 15, p. 7.

<sup>17</sup> Spirits & Cocktails Australia, Submission 33, pp. 24–25.

<sup>18</sup> National Farmer’s Federation, Submission 8, p. 3; Australian Grape & Wine, Submission 9, p. 5; Spirits & Cocktails Australia, Submission 33, p. 24.

<sup>19</sup> Standards Australia, Submission 1, p. 2, citation omitted.

<sup>20</sup> Red Meat Advisory Council, Submission 12, p. 9.

<sup>21</sup> National Farmer’s Federation, Submission 8, p. 3, citation omitted; Dr Wei Li, Submission 22, p. 3; Department of Agriculture, Fisheries and Forestry, Submission 28, pp. 17–18.

- 4.21 Dr Wei Li attributed the rise in NTBs to factors such as increasing geopolitical tensions, the adoption of more protectionist policies, as well as growing concerns in areas such as national security, public health, and environmental protection.<sup>22</sup>
- 4.22 DAFF observed that FTAs are progressively expanding beyond requirements related to biosecurity and food safety to include areas such as animal welfare, pesticide use, sustainability, carbon emissions, traceability and geographical indications which can increasingly result in barriers to trade.<sup>23</sup> It added that these changes have led governments, notably the EU, to increasingly place restrictions on imports that do not meet European standards.<sup>24</sup>
- 4.23 DAFF acknowledged that many of the requirements in areas such as sustainability and the environment have legitimate policy objectives, however it also noted that: ‘... they are sometimes imposed to be intentionally more trade restrictive than necessary to achieve their objectives.’<sup>25</sup>
- 4.24 DFAT made the point that: ‘All trading nations have the right to set regulations to ensure the health, safety and wellbeing of their citizens, and to protect animal and plant life. These rights are enshrined in the rules of the [WTO] and other international bodies.’<sup>26</sup>
- 4.25 The Australian Chamber of Commerce and Industry (ACCI) drew attention to research indicating that those exporting products into Australia face comparatively more NTBs than in other countries on average and made the point that reducing NTBs for both exports and imports will assist in maximising the benefits of trade.<sup>27</sup>

## Divergent regulations and standards

- 4.26 Several submitters specifically raised the issue of divergent regulations and standards as a significant barrier to greater trade.<sup>28</sup> DFAT explained that even when FTAs reduce or remove tariffs, differing standards and conformance procedures can impose high costs and can make export markets undesirable or even inaccessible.<sup>29</sup>
- 4.27 Standards Australia also outlined that differing standards in importing markets can have a substantial cost impact and reduce opportunities for Australian exporters.<sup>30</sup> It submitted that: ‘... more attention needs to be placed on the effect of standards in

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<sup>22</sup> Dr Wei Li, Submission 22, p. 3.

<sup>23</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 18.

<sup>24</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 18.

<sup>25</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 18.

<sup>26</sup> Department of Foreign Affairs and Trade, Submission 34, pp. 9–10.

<sup>27</sup> Australian Chamber of Commerce and Industry, Submission 35, p. 5, citation omitted.

<sup>28</sup> See, for example: Standards Australia, Submission 1, p. 1; Australian Grape & Wine, Submission 9, pp. 5–6; Australian Industry Group, Submission 11, pp. 2–4; Business Council for Sustainable Development Australia, Submission 17, p. 8; Australian Information Industry Association, Submission 18, pp. 4–5; Department of Foreign Affairs and Trade, Submission 34, pp. 9–10.

<sup>29</sup> Department of Foreign Affairs and Trade, Submission 34, pp. 9–10.

<sup>30</sup> Standards Australia, Submission 1, pp. 1–2.

international trade, as well as their role in facilitating a level playing field for Australian business in international markets.<sup>31</sup>

- 4.28 AGW indicated that wine is a highly regulated product globally and that varying regulations relating to testing, certification, and labelling that diverge from Australia's standards increase compliance costs and make exporting less viable.<sup>32</sup>
- 4.29 Ai Group described that technical standards, most often related to quality and safety, can differ greatly between nations which requires exporters to make costly adjustments to their products.<sup>33</sup> Ai Group also drew attention to a number of areas of divergence between Australia and New Zealand (NZ) that create additional costs and complexities for businesses.<sup>34</sup> Some of these included areas such as different standards (e.g. toilet pans for the disabled have different size requirements), absence of shared standards (e.g. sizes of pallets differ between Australia and NZ), and different certification systems (e.g. gas appliance certification systems differentiate between products sold in Australia, NZ and Australia/NZ).<sup>35</sup>
- 4.30 Standards Australia noted that the economic impact of divergent standards across markets can be difficult to determine because its often not easily measured and quantified.<sup>36</sup>
- 4.31 In contrast to divergent standards, Standards Australia emphasised that when standards are harmonised, for example with internationally agreed standards such as under the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC), they are easier to meet and costs can be lower.<sup>37</sup>

### **Improving standards harmonisation**

- 4.32 Standards Australia suggested that Australia should focus on a systemic approach that involves the pursuit of standards harmonisation during FTA negotiations.<sup>38</sup> Doing so would encourage deeper economic integration between Australia and key trading partners and would enable quick resolution of barriers arising from technical regulations incorporating divergent product standards.<sup>39</sup> It added that the focus on standards harmonisation upfront would be more effective in the long-run than the current ad hoc approach to managing and addressing barriers to trade.<sup>40</sup>
- 4.33 Standards Australia further highlighted the role of FTAs in standards harmonisation: 'Our FTAs are a key opportunity to pursue our open and collaborate approach to standards harmonisation, by negotiating substantial provisions enshrining these

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<sup>31</sup> Standards Australia, Submission 1, pp. 1–2.

<sup>32</sup> Australian Grape & Wine, Submission 9, pp. 5–6.

<sup>33</sup> Australian Industry Group, Submission 11, pp. 3–4.

<sup>34</sup> Australian Industry Group, Submission 11, pp. 3–4.

<sup>35</sup> Australian Industry Group, Submission 11, pp. 3–4

<sup>36</sup> Standards Australia, Submission 1, p. 1.

<sup>37</sup> Standards Australia, Submission 1, p. 2.

<sup>38</sup> Standards Australia, Submission 1, p. 2.

<sup>39</sup> Standards Australia, Submission 1, p. 2.

<sup>40</sup> Standards Australia, Submission 1, p. 2.

approaches in the agreements and by putting focus on standards harmonisation and cooperation in implementation agendas.<sup>41</sup>

- 4.34 Ai Group recommended a focus on enhancing regulatory coherence and suggested that a concerted effort to unify standards and simplify regulatory requirements can facilitate easier integration of global markets and ensure NTBs do not outweigh the advantages of trade.<sup>42</sup>
- 4.35 The Business Council for Sustainable Development Australia (BCSDA) suggested that the Australian Government should prioritise both bilateral and multilateral efforts to harmonise standards.<sup>43</sup>
- 4.36 Standards Australia also emphasised that: ‘Australia needs to play a proactive role in advocating for cooperative global approaches on standards issues, under the umbrella of the ISO and IEC.’<sup>44</sup> It added that this is important because some countries, such as China and the EU, are pursuing adoption of their own standards including in emerging areas such as green technology, digital trade, critical minerals, quantum computing, and artificial intelligence (AI).<sup>45</sup> Attempts to impose certain standards in markets rather than cooperating to establish more widely shared standards can lock out new market entrants, or advantage regional or country specific suppliers of products to the detriment of Australian businesses.<sup>46</sup>
- 4.37 DFAT also indicated that some countries are advocating for the adoption of their national or regional standards in other markets.<sup>47</sup>
- 4.38 The AIIA focussed on the need to establish internationally agreed digital standards or mutual recognition agreements to reduce barriers to digital trade.<sup>48</sup> It elaborated that:
- ... Government can support domestic capabilities in a technology-driven economy through regulatory dialogue and diplomacy to harmonise regulations and standards with important trading partners for successful digital exports and/or joint innovation. Equalisation of standards is important for an open, accessible and secure digital environment and is necessary to ensure privacy, interoperability and efficiency.<sup>49</sup>
- 4.39 Standards Australia noted that Australia’s engagement in such proactive efforts for cooperation at the international level will require ongoing effort from DFAT and greater support from the Australian Government.<sup>50</sup> It also advocated for greater funding and resources to be allocated to promote standards harmonisation with

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<sup>41</sup> Standards Australia, Submission 1, p. 3.

<sup>42</sup> Australian Industry Group, Submission 11, p. 6.

<sup>43</sup> Business Council for Sustainable Development Australia, Submission 17, p. 8.

<sup>44</sup> Standards Australia, Submission 1, p. 2.

<sup>45</sup> Standards Australia, Submission 1, p. 3.

<sup>46</sup> Standards Australia, Submission 1, p. 3.

<sup>47</sup> Department of Foreign Affairs and Trade, Submission 34, pp. 9–10.

<sup>48</sup> Australian Information Industry Association, Submission 18, p. 5.

<sup>49</sup> Australian Information Industry Association, Submission 18, p. 5.

<sup>50</sup> Standards Australia, Submission 1, p. 3.

trading partners at the implementation stage once FTAs are in force, which would be of benefit to Australian exporters.<sup>51</sup>

- 4.40 DFAT advised that its NTB Strategy: ‘... seeks to align standards and conformance procedures with trading partners and to ensure Australia’s influence in international standards setting.’<sup>52</sup> It also noted that it uses both specific international standards and conformance bodies as well as other forums such as the Asia-Pacific Economic Cooperation (APEC) to promote international and regional harmonisation.<sup>53</sup>

## Addressing non-tariff barriers

- 4.41 Given their significant impact, many stakeholders raised the importance of addressing NTBs to increase access to benefits of FTAs and trade.<sup>54</sup> For example, the NFF stated that: ‘The reduction in prohibitive NTBs is central to the ability of farmers to realise the opportunities presented by FTAs.’<sup>55</sup>
- 4.42 DAFF outlined that addressing the impact of NTBs is crucial to ensuring that trade volumes are maintained and continue to grow, especially as the initial competitive advantages held by many Australian exporters declines over time (discussed further below).<sup>56</sup>
- 4.43 DFAT advised that it leads a whole-of-government NTB Strategy that is focussed on ensuring trade facilitative provisions in FTAs and utilising multilateral forums to prevent and resolve NTBs.<sup>57</sup>
- 4.44 Standards Australia contended that Australia has been highly successful in achieving tariff reductions to encourage exporters but much less effective in addressing NTBs.<sup>58</sup>

## Within free trade agreements

- 4.45 Some submitters referred to FTAs being an important and effective mechanism through which to address NTBs, at least in some cases.<sup>59</sup> For example, AUSVEG advocated for a greater focus on addressing NTBs in FTAs: ‘In the review of existing, and negotiation of new, FTAs, further consideration must also be given to reducing

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<sup>51</sup> Standards Australia, Submission 1, p. 3.

<sup>52</sup> Department of Foreign Affairs and Trade, Submission 34, pp. 9–10.

<sup>53</sup> Department of Foreign Affairs and Trade, Submission 34, pp. 9–10.

<sup>54</sup> See, for example: National Farmer’s Federation, Submission 8, p. 4; Red Meat Advisory Council, Submission 12, p. 9; AUSVEG, Submission 15, p. 7; Business Council for Sustainable Development Australia, Submission 17, p. 6; Department of Agriculture, Fisheries and Forestry, Submission 28, pp. 14 and 15.

<sup>55</sup> National Farmer’s Federation, Submission 8, p. 4.

<sup>56</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, pp. 14 and 15.

<sup>57</sup> Department of Foreign Affairs and Trade, Submission 34, p. 10.

<sup>58</sup> Standards Australia, Submission 1, p. 2.

<sup>59</sup> See, for example: Productivity Commission, Submission 10, p. 6; Red Meat Advisory Council, Submission 12, p. 6; Grain Trade Australia, Submission 13, p. 3; AUSVEG, Submission 15, p. 7; Department of Agriculture, Fisheries and Forestry, Submission 28, p. 18; Spirits & Cocktails Australia, Submission 33, p. 24; Department of Foreign Affairs and Trade, Submission 34, p. 10.

[NTBs] in tandem with tariff relief, to ensure the full benefits can be realised by the Australian vegetable industry.<sup>60</sup>

- 4.46 The NFF advised that it has taken a strong position on NTBs linked to market access that would result in an inability to utilise trading volumes offered under the agreements and that it supports the Australian Government taking a strong position on NTBs in FTA negotiations.<sup>61</sup>
- 4.47 DAFF explained that in response to FTA provisions that may result in requirements that act as barriers to trade it: ‘... seeks to use FTAs to minimise the risk of [NTBs] limiting our ability to trade freely.’<sup>62</sup> It also underscored the importance of establishing mechanisms in FTAs to provide avenues to raise and cooperate to resolve NTBs.<sup>63</sup> For example, the Indonesia-Australia Comprehensive Economic Partnership Agreement (I-ACEPA), includes provisions that enable both nations to nominate barriers for review and seek to find alternatives.<sup>64</sup> Another example is the A-UKFTA that established the Committee on Sanitary and Phytosanitary Measures and the Joint Working Group on Animal Welfare.<sup>65</sup>
- 4.48 Likewise, DFAT highlighted the importance of ensuring trade facilitative language in FTAs to assist in reducing NTBs: ‘This includes supporting the negotiation of chapter text and implementation of TBTs, [SPS] and other chapters that promote trade facilitative approaches to the regulation of international goods trade.’<sup>66</sup> For example, the Singapore-Australia Green Economy Agreement (S-AGEA) contains annexes on identifying and addressing NTBs and standards collaboration, and the Indo-Pacific Economic Framework (IPEF) includes provisions around the use of interoperable standards and reduction of NTBs.<sup>67</sup>

### Other channels and forums

- 4.49 DFAT noted that while FTAs can assist in discouraging barriers to trade, addressing an NTB often requires several channels.<sup>68</sup> As follows, submitters discussed a range of other mechanisms that are important for addressing NTBs.<sup>69</sup>
- 4.50 Joint government and industry efforts were identified as being essential to identify and resolve NTBs.<sup>70</sup> For example, ACCI advocated for continued focus on resolving

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<sup>60</sup> AUSVEG, Submission 15, p. 7.

<sup>61</sup> National Farmer’s Federation, Submission 8, pp. 3–4.

<sup>62</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 18.

<sup>63</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, pp. 14, 15–16.

<sup>64</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 17.

<sup>65</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, pp. 15–16, 18.

<sup>66</sup> Department of Foreign Affairs and Trade, Submission 34, p. 10.

<sup>67</sup> Department of Foreign Affairs and Trade, Submission 34, p. 10.

<sup>68</sup> Department of Foreign Affairs and Trade, Submission 34, pp. 9–10.

<sup>69</sup> See, for example: National Farmer’s Federation, Submission 8, p. 4; Red Meat Advisory Council, Submission 12, p. 9; Grain Trade Australia, Submission 13, p. 3; Department of Agriculture, Fisheries and Forestry, Submission 28, pp. 3 and 18; Department of Foreign Affairs and Trade, Submission 34, p. 10; Australian Chamber of Commerce and Industry, Submission 35, p. 5.

<sup>70</sup> Red Meat Advisory Council, Submission 12, p. 9; Grain Trade Australia, Submission 13, p. 3; Australian Chamber of Commerce and Industry, Submission 35, p. 5.

NTBs and stated that: 'Close engagement between industry and government is needed to ensure that barriers that risk impeding Australian businesses from capitalising on trade opportunities abroad are removed and contested, particularly where they risk nullifying the commercial opportunities opened up through Australia's network of trade agreements.'<sup>71</sup>

- 4.51 RMAC advised that it closely engages with DAFF and DFAT on NTBs including providing detailed evidence of the impact on trade and advocating for their removal or reduction.<sup>72</sup> It elaborated on the establishment of the Market Access Prioritisation Tool (MAPT) framework, a collaborative approach to prioritising and alleviating NTBs between industry, DAFF, and DFAT that involves structured consultations through a MAPT Working Group and regular feedback sessions.<sup>73</sup>
- 4.52 The NFF outlined that NTBs require continual addressing at a government-to-government level and that the Australian Government should actively seek reform to address NTBs through FTA review mechanisms to ensure the full benefits of FTAs can be realised.<sup>74</sup>
- 4.53 DFAT emphasised the importance of multilateral forums and ongoing engagement as an avenue to address NTBs.<sup>75</sup> It explained that Australia's ongoing engagement with the WTO increases information sharing on technical regulations, standards, and conformity procedures under TBT and SPS Agreements which improves understanding of the regulatory environment of FTA partners and assists in identifying and communicating concerns about potential NTBs.<sup>76</sup>
- 4.54 DFAT added that WTO Committees are an important mechanism to escalate concerns about NTBs and to coordinate multilateral efforts to build pressure to remove them.<sup>77</sup> In the WTO TBT and SPS Committees, Australia raises NTBs as Specific Trade Concerns (STC) when it considers measures to be unnecessarily trade restrictive. Recent examples include Indonesia's halal regulations, China's cosmetics regulation, and the requirement by India for health certificates with each imported food consignment.<sup>78</sup>
- 4.55 DAFF drew attention to its role in assisting to mitigate the risk of NTBs arising from areas such as sustainability measures being included in FTAs by undertaking initiatives, including in collaboration with industry stakeholders, to demonstrate the sustainability credentials of food and fibre production in Australia.<sup>79</sup> This includes supporting traceability verification and assurance on sustainably produced products and animal welfare.<sup>80</sup>

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<sup>71</sup> Australian Chamber of Commerce and Industry, Submission 35, p. 5.

<sup>72</sup> Red Meat Advisory Council, Submission 12, p. 9.

<sup>73</sup> Red Meat Advisory Council, Submission 12, p. 9.

<sup>74</sup> National Farmer's Federation, Submission 8, p. 4.

<sup>75</sup> Department of Foreign Affairs and Trade, Submission 34, p. 10.

<sup>76</sup> Department of Foreign Affairs and Trade, Submission 34, p. 10.

<sup>77</sup> Department of Foreign Affairs and Trade, Submission 34, p. 10.

<sup>78</sup> Department of Foreign Affairs and Trade, Submission 34, p. 10.

<sup>79</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, pp. 3 and 18.

<sup>80</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 3.

- 4.56 It was also suggested that there is a need to actively educate and raise awareness of known NTBs amongst exporters and potential exporters so that they can make better informed decisions, as well as understand the processes for identifying and addressing them.<sup>81</sup>

## Complexity and costs

- 4.57 Stakeholders commonly identified complexity and associated administrative costs as a significant barrier to greater utilisation and effectiveness of FTAs, particularly for SMEs.<sup>82</sup>
- 4.58 BCSDA noted the complexity and administrative burden associated with FTAs and observed that the uptake of FTAs is higher amongst businesses that are able to allocate dedicated resources to navigating engagement with international trade.<sup>83</sup>
- 4.59 ACCI declared that while some businesses may be able to absorb administrative burdens, for others it will limit their use of FTAs or deter their engagement with international trade entirely.<sup>84</sup>
- 4.60 ADIC elaborated on the complexities and costs faced when engaging with FTAs: ‘To qualify for FTA benefits, businesses must often provide extensive documentation proving that their goods meet the necessary criteria, which can be cumbersome and costly, particularly as different FTAs have different rules and certification requirements even for the same trading partner.’<sup>85</sup>
- 4.61 The Productivity Commission explained that when businesses apply for preferential and concessional treatment under FTAs, they incur compliance costs which prevent them from accessing the full benefits of FTAs.<sup>86</sup> It added that where administrative costs of engaging with FTAs are not prohibitive but lead to increased costs for business, the costs are ultimately passed onto consumers.<sup>87</sup> The Productivity Commission also highlighted previous research that estimated compliance costs to be between \$0.7-\$2.2 billion in 2019-20.<sup>88</sup>

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<sup>81</sup> National Farmer’s Federation, Submission 8, p. 4; Dr Wei Li, Submission 22, pp. 3 and 4.

<sup>82</sup> See, for example: Productivity Commission, Submission 10, p. 9; Business Council for Sustainable Development Australia, Submission 17, p. 7; Australian Dairy Industry Council, Submission 21, p. 8; Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 7; Australian Chamber of Commerce and Industry, Submission 35, pp. 1 and 4.

<sup>83</sup> Business Council for Sustainable Development Australia, Submission 17, p. 7.

<sup>84</sup> Australian Chamber of Commerce and Industry, Submission 25, p. 4.

<sup>85</sup> Australian Dairy Industry Council, Submission 21, p. 8.

<sup>86</sup> Productivity Commission, Submission 10, p. 9.

<sup>87</sup> Productivity Commission, Submission 10, p. 9.

<sup>88</sup> Productivity Commission, Submission 10, p. 9, citation omitted.

## Overlapping free trade agreements

- 4.62 Several submitters nominated the overlap between Australia's FTAs as a source of additional complexity and a barrier to greater uptake.<sup>89</sup> For example, ADIC noted that the administrative burden associated with FTAs: '...is exacerbated by the complex network of overlapping and intersecting FTAs among countries particularly in the Asia-Pacific region...'<sup>90</sup>
- 4.63 ACCI submitted that while FTAs are effective in enhancing trade, the cumulative expansion of a network of complex agreements adds to the complexity of their use for businesses.<sup>91</sup> To illustrate, ACCI referred to the case of Singapore for which Australian businesses have the option to utilise the Singapore-Australia FTA (S-AFTA), the ASEAN-Australia-NZ FTA (A-A-NZFTA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Regional Comprehensive Economic Partnership Agreement (RCEP).<sup>92</sup> It added that overlapping agreements that often contain divergent requirements make it more difficult for businesses to be aware of opportunities available and to understand the relative merits of each agreement for a particular product or transaction.<sup>93</sup> Overlap ultimately imposes significant compliance and administrative costs on Australian businesses.<sup>94</sup>
- 4.64 Ai Group made a similar point using Malaysia as an example, emphasising the added difficulties in determining how multiple FTAs connect and in assessing eligibility for preferential treatment when goods transit through multiple countries in the value chain.<sup>95</sup>
- 4.65 ACCI recommended that the Australia Government focus on harmonisation and rationalisation across overlapping agreements where possible.<sup>96</sup>
- 4.66 Ai Group focussed on the need for clear and comprehensive direction and assistance for businesses to navigate the complexities of overlapping FTAs.<sup>97</sup>

## Rules of origin

- 4.67 A significant number of submitters specified RoO arrangements as a major contributor to the complexity and costs of engaging with FTAs.<sup>98</sup> ACCI explained that

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<sup>89</sup> Prof Richard Pomfret, Submission 3, p. 1; Australian Industry Group, Submission 11, pp. 5–6; Australian Dairy Industry Council, Submission 21, p. 8; Australian Chamber of Commerce and Industry, Submission 35, p. 4.

<sup>90</sup> Australian Dairy Industry Council, Submission 21, p. 8.

<sup>91</sup> Australian Chamber of Commerce and Industry, Submission 25, p. 1.

<sup>92</sup> Australian Chamber of Commerce and Industry, Submission 35, p. 4.

<sup>93</sup> Australian Chamber of Commerce and Industry, Submission 35, p. 4.

<sup>94</sup> Australian Chamber of Commerce and Industry, Submission 35, p. 9.

<sup>95</sup> Australian Industry Group, Submission 11, pp. 5–6.

<sup>96</sup> Australian Chamber of Commerce and Industry, Submission 25, p. 4.

<sup>97</sup> Australian Industry Group, Submission 11, pp. 5–6.

<sup>98</sup> See, for example: Productivity Commission, Submission 10, p. 9; Australian Industry Group, Submission 11, pp. 2 and 4–6; Australian Dairy Industry Council, Submission 21, p. 8; Northern Territory Department of

the purpose of RoO are to: ‘... assist governments in determining the eligibility of products for access to the preferential tariff concessions negotiated between governments through demonstrating that the products have sufficient connection to the territories that are parties to the agreement.’<sup>99</sup>

- 4.68 Similarly, Ai Group outlined that RoO evaluate whether enough value has been generated in FTA partner markets to qualify for preferential tariff treatment. It added that the primary objective of RoO are to address trade deflection, where products from countries outside agreements are routed through an FTA partner to receive beneficial tariff treatment.<sup>100</sup>
- 4.69 DFAT advised that exporters may need a certificate of origin (CoO) to access preferential tariff rates and explained that CoOs: ‘... ensure that only goods that ‘originate’ in the countries party to an FTA obtain preferential tariff treatment. This prevents exporters from other countries gaining the benefits of the FTA by simply transshipping goods through one of the FTA parties.’<sup>101</sup> Ai Group described CoO as documentation issued by an authority in the exporting country that verifies the origin of a product determine if it eligible for preferential treatment under an FTA.<sup>102</sup>
- 4.70 While the intent of RoO were widely acknowledged, submitters remarked on the significant complexity and costs incurred by Australian importers to demonstrate that goods are compliant with RoO.<sup>103</sup> It was noted that businesses that engage in trade in multiple markets across multiple FTAs face an additional challenges.<sup>104</sup> For example, ADIC described RoO as adding a layer of complexity and noted that different FTAs have varying definitions for the conditions under which a product is considered to be produced within the FTA region and therefore eligible for preferential treatment.<sup>105</sup>
- 4.71 On a similar note, the NTDITT reflected that there are multiple sets of RoO that have minor but potentially significant differences.<sup>106</sup>
- 4.72 Ai Group indicated that: ‘A product that is eligible in for one FTA may, may not be eligible in another territory due [to] the unique criteria and standards of each agreement.’<sup>107</sup>
- 4.73 ACCI underscored the impact of varying requirements for RoO on businesses:

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Industry, Tourism and Trade, Submission 27, p. 7; Department of Foreign Affairs and Trade, Submission 34, p. 7; Australian Chamber of Commerce and Industry, Submission 35, p. 4.

<sup>99</sup> Australian Chamber of Commerce and Industry, Submission 35, p. 4.

<sup>100</sup> Australian Industry Group, Submission 11, p. 5.

<sup>101</sup> Department of Foreign Affairs and Trade, Submission 34, p. 7.

<sup>102</sup> Australian Industry Group, Submission 11, p. 5.

<sup>103</sup> Productivity Commission, Submission 10, p. 9; Australian Industry Group, Submission 11, pp. 4–5; Australian Dairy Industry Council, Submission 21, p. 8; Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 4; Australian Chamber of Commerce and Industry, Submission 35, p. 4.

<sup>104</sup> Australian Industry Group, Submission 11, pp. 4–5; Australian Dairy Industry Council, Submission 21, p. 8; Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 4; Australian Chamber of Commerce and Industry, Submission 35, p. 4.

<sup>105</sup> Australian Dairy Industry Council, Submission 21, p. 8.

<sup>106</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 4.

<sup>107</sup> Australian Industry Group, Submission 11, p. 5.

... the proliferation of inconsistent and unharmonized [RoO], terminology, documentary requirements, compliance requirements and processes in each agreement further add to the challenges for traders. In addition to the administrative costs imposed on businesses in seeking to understand and meet those requirements, traders face administrative costs or liability in the event of non-compliance or where the validity of their origin claims is called into question.<sup>108</sup>

- 4.74 According to Ai Group, importers have expressed concerns about administrative costs and delays related to obtaining CoOs or Origin Declarations.<sup>109</sup> It concluded that these obstacles: ‘... play a significant role in the choice to forgo FTA preferences, which result in increased expenses for products brought in from FTA partners, weakening the basic intent of these agreements.’<sup>110</sup>
- 4.75 DFAT advised that it provides information to assist with understanding RoO via its FTA Portal and Austrade noted that a RoO Guide is available through its Go Global Toolkit digital service.<sup>111</sup>
- 4.76 The Department of Home Affairs (DHA) explained that it provides advice on application at no charge that enables those importing goods into Australia to seek a binding ruling as to whether their goods meet the RoO of an agreement.<sup>112</sup>
- 4.77 ACCI advised that, where permitted, it supports businesses to meet requirements by providing third party CoO that facilitate trade and provide support to traders in event that they confront challenges in crossing borders.<sup>113</sup>
- 4.78 DFAT explained that modern RoO in regional FTAs provide for cumulation, which is: ‘... the ability for value-adding activities along a supply chain to take place across several countries while still qualifying for preferential tariff treatment.’<sup>114</sup>
- 4.79 Ai Group also made the point that Australian exports miss out when buyers do not request a CoO or Origin Declaration, forgoing savings that could be passed onto consumers and reducing the competitiveness of Australian products in overseas markets.<sup>115</sup>

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<sup>108</sup> Australian Chamber of Commerce and Industry, Submission 35, p. 4. See also: Australian Industry Group, Submission 11, pp. 4–5.

<sup>109</sup> Australian Industry Group, Submission 11, p. 5.

<sup>110</sup> Australian Industry Group, Submission 11, p. 5.

<sup>111</sup> Department of Foreign Affairs and Trade, Submission 34, p. 8; Austrade, Submission 29, p. 2.

<sup>112</sup> Department of Home Affairs, Submission 6, p. 6.

<sup>113</sup> Australian Chamber of Commerce and Industry, Submission 35, p. 4.

<sup>114</sup> Department of Foreign Affairs and Trade, Submission 34, pp. 6–7.

<sup>115</sup> Australian Industry Group, Submission 11, p. 5.

## Streamlining and digitisation

- 4.80 Several submitters focussed on the need to reduce the complexity and costs of participating in international trade through efforts to streamline administration and increased digitisation.<sup>116</sup>
- 4.81 Professor Richard Pomfret submitted that simplification of international trade will ensure continued benefits and that while the benefits of reduced complexity are difficult to measure, they are greater than specific market access benefits.<sup>117</sup>
- 4.82 Ai Group emphasised the need for standardisation of RoO between FTAs and that businesses would benefit from clear and consistent rules.<sup>118</sup> Further, there are large efficiencies to be gained for business and government through simplified CoO application and automation, particularly for low risk or low value shipments.<sup>119</sup> It also suggested the development of additional training and resources on RoO for each FTA to assist business understanding.<sup>120</sup>
- 4.83 BCSDA suggested the Australian Government should prioritise efforts to simplify customs procedures and referred to the EU's Single Window Environment for Customs, which streamlines customs processes across member states as informative.<sup>121</sup>
- 4.84 The NTDITT also mentioned the need for the Australian Government to enhance support for streamlining customs procedures to reduce the burden on business.<sup>122</sup>
- 4.85 DHA outlined its Australian Trusted Trade program, a partnership with accredited Australian businesses to streamline trade by reducing administration at the border, improving export market certainty, and expediting the flow of cargo in and out of Australia.<sup>123</sup> It further explained that the program includes the Origin Waiver Benefit that removes the requirement for importers to obtain a CoO or DoO under 13 FTAs making it easier to claim preferential rates of customs duty, as well as the Origin Advance Ruling that removes the requirement for a CoO under the China-Australia FTA (ChAFTA) by enabling importers to request a single advance ruling that refers to goods classified under multiple tariff classifications and consignments.<sup>124</sup>
- 4.86 The NTDITT and AIIA both emphasised the benefits of enhanced digitisation of trade related documentation.<sup>125</sup> The AIIA detailed that digital or paperless trade can reduce

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<sup>116</sup> See, for example: Prof Richard Pomfret, Submission 3, p. 1; Australian Industry Group, Submission 11, pp. 6–7; Business Council for Sustainable Development Australia, Submission 17, p. 7; Northern Territory Department of Industry, Tourism and Trade, Submission 27, pp. 7–8.

<sup>117</sup> Professor Richard Pomfret, Submission 3, p. 1.

<sup>118</sup> Australian Industry Group, Submission 11, pp. 6–7.

<sup>119</sup> Australian Industry Group, Submission 11, pp. 6–7.

<sup>120</sup> Australian Industry Group, Submission 11, pp. 6–7.

<sup>121</sup> Business Council for Sustainable Development Australia, Submission 17, p. 7.

<sup>122</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 7.

<sup>123</sup> Department of Home Affairs, Submission 6, p. 6.

<sup>124</sup> Department of Home Affairs, Submission 6, p. 6.

<sup>125</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 8.

costs, streamline customs procedures, and reduce barriers to digital goods and services trade.<sup>126</sup> It noted that online tools and platforms can help overcome barriers and described paperless trade as including acceptance of secure cross-border electronic signatures, e-certificates, e-payments, and e-invoicing.<sup>127</sup>

- 4.87 DHA provided information on its Digital Verification Platform that: ‘... is designed to enable trade through high integrity verifiable digital documents between international parties who may not have an existing trust relationship.’<sup>128</sup> The concept involves exploring and trialling converting CoO into verifiable credentials to support authenticating CoOs to ensure appropriate application of preferential tariff rates.<sup>129</sup>

## Fit for purpose and up to date free trade agreements

- 4.88 The Committee received considerable evidence that broadly referred to the need to ensure that Australia’s FTAs remain fit for purpose and up to date if Australia is to maintain and expand the benefits received from trade.<sup>130</sup> This included maintaining relative market positions, establishing new FTAs, and expanding the coverage of existing FTAs including accounting for emerging products and technologies.
- 4.89 It was suggested that the assessment of whether FTAs are fit for purpose and up to date should be a key focus of regular FTA review processes.<sup>131</sup> For example, the NTDITT stated that review mechanisms within FTAs should be utilised to assess their effectiveness and make necessary enhancements to ensure they remain relevant and beneficial in a changing global trade environment.<sup>132</sup> Likewise, AUSVEG considered that: ‘FTAs entered into years ago must be the focus of ongoing review and, where applicable, updating, to ensure they remain fit for purpose.’<sup>133</sup>

## Maintaining market position relative to competitors

- 4.90 The Committee heard that the benefits received from FTAs have declined over time as the advantages afforded to Australian exporters reduce relative to competitor nations.<sup>134</sup> As explained by the ADIC:

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<sup>126</sup> Australian Information Industry Association, Submission 18, p. 3.

<sup>127</sup> Australian Information Industry Association, Submission 18, p. 3.

<sup>128</sup> Department of Home Affairs, Submission 6, p. 6.

<sup>129</sup> Department of Home Affairs, Submission 6, p. 6.

<sup>130</sup> See, for example: Standards Australia, Submission 1, p. 3; AUSVEG, Submission 15, p. 6; Australian Dairy Industry Council, Submission 21, p. 3; Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 9; Department of Agriculture, Fisheries and Forestry, Submission 28, p. 3.

<sup>131</sup> Standards Australia, Submission 1, p. 3; AUSVEG, Submission 15, p. 6; Australian Dairy Industry Council, Submission 21, p. 3; Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 9.

<sup>132</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 9.

<sup>133</sup> AUSVEG, Submission 15, p. 6.

<sup>134</sup> Canegrowers, Submission 2, pp. 2 and 5; GrainGrowers, Submission 4, pp. 2–3; Australian Grape & Wine, Submission 9, p. 5; Australian Dairy Industry Council, Submission 21, pp. 7–8; Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 9; Department of Agriculture, Fisheries and Forestry, Submission 28, pp. 14 and 15.

Over time, as other countries negotiate their own FTAs with the same trading partners, the competitive landscape can shift, potentially eroding the advantages previously gained. For instance, agreements like J-AEPA [Japan-Australia Economic Partnership Agreement] and the K-AFTA [Korea-Australia FTA] have demonstrated how competitors can negotiate similar or better terms, leveling the playing field for all participants or potentially putting Australia at a disadvantage.<sup>135</sup>

- 4.91 DAFF similarly explained that Australia benefitted greatly as an early mover in establishing many FTAs that resulted in agricultural exporters facing low tariffs compared to many competitors.<sup>136</sup> However, as other countries have increasingly signed FTAs with those buying Australia's agricultural exports, the initial competitive advantage has gradually decreased for certain products in some markets.<sup>137</sup>
- 4.92 GrainGrowers also noted that the grain industry benefitted significantly from signing FTAs with trading partners before other nations, resulting in lower tariffs for Australian exports than for many key competitors.<sup>138</sup>
- 4.93 Several detailed examples provided in submissions to illustrate declining market advantages for Australia exports over time are contained below in Box 4.2.

#### **Box 4.2 Examples of declining advantage for Australian exports**

- DAFF: Australian beef exports to Japan enjoyed tariffs below the most favoured nation (MFN) rate when J-AEPA began in 2015, which provided a competitive advantage against countries such as Canada and the United States (US). However, with the CPTPP and the US-Japan Trade Agreement entering into force the comparative advantage for Australian exports has since disappeared.<sup>139</sup>
- GrainGrowers: Australian grain exports to Vietnam benefitted from a significant tariff advantage following Vietnam's ascension to A-A-NZFTA. However, Australia's comparative advantage has diminished with Vietnam joining the CPTPP in 2019 and establishing the EU-Vietnam FTA in 2022, which together have provided Canada and the EU with the same tariff free market access as Australian exporters.<sup>140</sup>
- ADIC: In 2015 J-AEPA was the first trade agreement entered into by Japan with a major dairy exporting country. Since then, Japan has entered the CPTPP, which includes NZ as a member, as well as the EU-Japan Economic Partnership Agreement and the US-Japan Trade Agreement. These

<sup>135</sup> Australian Dairy Industry Council, Submission 21, p. 8.

<sup>136</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 13.

<sup>137</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 13.

<sup>138</sup> GrainGrowers, Submission 4, p. 2.

<sup>139</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 13.

<sup>140</sup> GrainGrowers, Submission 4, p. 3. See also: Department of Agriculture, Fisheries and Forestry, Submission 28, p. 13.

agreements provide NZ and the US the same benefits as Australia, while the EU enjoys better tariff and quota advantages than Australia.<sup>141</sup>

- ADIC: While Australia currently maintains tariff advantages for dairy exports over the US and EU in most Southeast Asian markets, both have reached FTAs with Singapore and the EU-Vietnam FTA has recently begun which have reduced Australia's comparative advantage in those markets. Further, as both countries share a common FTA across Southeast Asia through A-A-NZFTA, Australia does not hold any distinct advantage over NZ.<sup>142</sup>

- 4.94 ADIC emphasised that it is critical to recognise that the uptake of economic benefits stemming from FTAs needs to be considered alongside the competitive advantage they afford Australian exporters compared to rival exporting countries.<sup>143</sup>
- 4.95 The NTDITT stated that to maintain the competitiveness of Australian exporters, it is crucial to continuously evaluate and enhance FTAs including by: '... monitoring third-country agreements that may offer better market access terms to competitors and negotiating adjustments to Australian agreements to match or exceed these terms.'<sup>144</sup>
- 4.96 Canegrowers similarly expressed that it is important for Australia to be competing on at least an equal footing to key competitors as the terms of Australia's market access affects the profitability of both cane growers and sugar mills.<sup>145</sup> Subsequently, Canegrowers emphasised that ongoing effort is needed to: 'Ensure market access gains are not eroded by third country agreements providing market access to competitors on better terms than are available to Australian exporters.'<sup>146</sup>
- 4.97 AGW suggested that seeking MFN treatment to ensure Australian exporters receive at least the same benefits as competitors should be a priority for new and updated FTAs.<sup>147</sup> It elaborated on the benefits of the approach:
- Australia included MFN clauses for wine in the Australia-India Economic Cooperation and Trade Agreement (A-IECTA), ensuring our wine cannot be undercut in that market. This provides valuable future security and certainty regarding market prospects. We recommend that, where complete tariff removal is not possible, MFN clauses for wine be included as much as possible in future Australian FTA negotiations.<sup>148</sup>
- 4.98 The Productivity Commission submitted that its previous research has shown that Australia can be worse off when tariffs are reduced between Australia and the entrant to a regional agreement, because the acceding country is a competitor in Australia's

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<sup>141</sup> Australian Dairy Industry Council, Submission 21, p. 8.

<sup>142</sup> Australian Dairy Industry Council, Submission 21, p. 8.

<sup>143</sup> Australian Dairy Industry Council, Submission 21, p. 8.

<sup>144</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 9

<sup>145</sup> Canegrowers, Submission 2, p. 2.

<sup>146</sup> Canegrowers, Submission 2, p. 5.

<sup>147</sup> Australian Grape & Wine, Submission 9, p. 5.

<sup>148</sup> Australian Grape & Wine, Submission 9, p. 5.

key export markets.<sup>149</sup> For example, when the US and all members of the CPTPP reduce their tariffs bilaterally, they compete directly with Australian exports of wheat and beef.<sup>150</sup>

- 4.99 DAFF reflected that as the initial competitive advantage declines Australia must pursue the economic viability and competitiveness of its agriculture sector through the maintenance of open international markets, reducing NTBs and improving technical market access, negotiating new and updated FTAs, enhancing trade facilitation efforts, and responding to social concerns by improving sustainability and emissions credentials.<sup>151</sup>

## Free trade agreement coverage

### Products and emerging areas

- 4.100 Submitters drew attention to a diverse range of products and emerging areas that may not be adequately covered by Australia's existing FTAs and that could be sources of additional benefit from trade for Australia.
- 4.101 Canegrowers suggested that market access provisions for Australian raw sugar should be revisited under both the Australia-US FTA (A-USFTA) and ChAFTA, with both having excluded new market access opportunities.<sup>152</sup> It added that both the US and China are significant global sugar importers and that there is excess demand to be met without effecting domestic producers.<sup>153</sup>
- 4.102 The Australia China Business Council (ACBC) reflected that after 10-years of ChAFTA, there are new areas of trade that are not addressed in the agreement that should now be considered.<sup>154</sup> It nominated areas such as the growth in services exports for Australia, the green energy transition, and the economic activity arising from the digital transformation.<sup>155</sup>
- 4.103 The AIIA emphasised that: 'It is essential that older FTAs are updated to reflect the importance and growth in tech industries, E-commerce and digital trade.'<sup>156</sup> It highlighted S-AFTA and the A-UKFTA as effectively addressing digital trade, as well as the Australia-Singapore Digital Economy Agreement (A-SDEA) which establishes digital trade rules and provides for collaboration on the digital economy.<sup>157</sup>
- 4.104 Cellular Agriculture Australia (CAA) explained the concept of cellular agriculture:

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<sup>149</sup> Productivity Commission, Submission 10, p. 6.

<sup>150</sup> Productivity Commission, Submission 10, p. 6.

<sup>151</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, pp. 3; 14 and 15.

<sup>152</sup> Canegrowers, Submission 2, p. 5.

<sup>153</sup> Canegrowers, Submission 2, p. 5.

<sup>154</sup> Australia China Business Council, Submission 32, p. 5.

<sup>155</sup> Australia China Business Council, Submission 32, p. 5.

<sup>156</sup> Australian Information Industry Association, Submission 18, p. 2.

<sup>157</sup> Australian Information Industry Association, Submission 18, p. 2.

Cellular agriculture uses cells and innovative technologies to produce new ingredients, food and agricultural products... The technologies used include precision fermentation, cell cultivation, gas fermentation and molecular farming. The most common food and ingredients being created are meat, seafood, dairy proteins and fats, which are typically derived from animals.<sup>158</sup>

- 4.105 CAA outlined the strong potential for the cellular agriculture industry and advised that as a predominantly pre-commercial industry the absence of institutional arrangements to support trade mean that it is effectively excluded from Australia's FTAs.<sup>159</sup> It added that it aims to have cellular agriculture products incorporated into existing FTAs through scheduled review processes.<sup>160</sup>
- 4.106 Following the inclusion of an innovation chapter in the A-UKFTA, Group of Eight Australia (Go8) recommended an innovation chapter be standard in all new and updated FTAs to recognise the centrality of research to innovation in emerging technologies that will drive future competitiveness in the global economy.<sup>161</sup> Go8 added that such chapters can provide opportunities to develop strategic alliances and collaboration, strengthen workforce skills and cultural ties, provide links for commercialisation, and reduce administrative burden through shared intellectual property (IP) and data sharing.<sup>162</sup>

### **New free trade agreements**

- 4.107 Several stakeholders contended that Australia would benefit from new FTAs covering additional markets. ADIC specifically stated that the absence of an FTA with Taiwan is a significant gap in Australia's FTA framework and that: '... the Australian dairy industry asks the Australian Government to continue to explore and pursue avenues to complete a bilateral [FTA] with Taiwan. Such an agreement could significantly improve Australia's competitive advantage in the growing Taiwanese market.'<sup>163</sup> It noted that NZ has obtained substantial benefits from its agreement, including that since 2021 99.6 per cent of goods exported from NZ to Taiwan are tariff free.<sup>164</sup>
- 4.108 AUSVEG also advised that not all key export destinations are covered by FTAs and that vegetable exports can be subject to high import duties which reduces their competitiveness.<sup>165</sup> To illustrate this it reflected on the impact of the stalled negotiations for the proposed Australia-EU FTA (A-EUFTA):

Australia was unable to finalise an FTA with the [EU] which now puts the Australian vegetable industry at a considerable disadvantage against key rival

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<sup>158</sup> Cellular Agriculture Australia, Submission 30, p. 2.

<sup>159</sup> Cellular Agriculture Australia, Submission 30, p. 4.

<sup>160</sup> Cellular Agriculture Australia, Submission 30, p. 3.

<sup>161</sup> Group of Eight Australia, Submission 19, p. 2.

<sup>162</sup> Group of Eight Australia, Submission 19, p. 2. See also: Australian Information Industry Association, Submission 18, p. 4.

<sup>163</sup> Australian Dairy Industry Council, Submission 21, p. 8.

<sup>164</sup> Australian Dairy Industry Council, Submission 21, p. 8.

<sup>165</sup> AUSVEG, Submission 15, p. 6.

[NZ], a major vegetable producing country, which successfully negotiated an FTA with the EU, which came into force on the 1st May 2024.

[NZ] onion producers will now have a significant commercial advantage over Australian growers with their tariff dropping from 9.65% to zero.

Establishing commercially meaningful access to the EU for Australian growers via a matching of the tariff elimination afforded to [NZ] producers, has been identified as an urgent priority for our industry in the establishment of any FTA.<sup>166</sup>

- 4.109 Several submitters noted the potential benefits of an A-EUFTA but also expressed support for the Australian Government in not finalising the agreement given the EU's position in areas such as Australian beef, sheep meat, and sugar exports as well as geographical indications related to wine and dairy products.<sup>167</sup>
- 4.110 ADIC emphasised the potential risk to the Australian dairy industry arising from the A-EUFTA in its current form and stated that it: '... underscores the need for careful, strategic negotiation to protect national interests while seeking beneficial trade opportunities.'<sup>168</sup>
- 4.111 As outlined by DFAT, in addition to the 18 FTAs currently in force, Australia has two FTAs under negotiation in the A-EUFTA and the Australia-India Comprehensive Economic Cooperation Agreement (A-ICECA).<sup>169</sup> There are also two FTAs signed but not yet in force in the Second Protocol to upgrade A-A-NZFTA and the UK Accession Protocol to the CPTPP.<sup>170</sup>
- 4.112 Some submitters acknowledged the strong benefits of bilateral and regional FTAs, particularly as trade liberalisation at the multilateral level has been increasingly difficult to achieve.<sup>171</sup> However, it was emphasised that Australia's interests are best served by a multilateral approach that promotes a globally open trade, centred on the WTO and other international fora.<sup>172</sup>
- 4.113 The Productivity Commission advised that based on modelling it has undertaken there may be limited benefit provided by further tariff reductions through FTAs and that: '... unilateral reduction of tariffs increased Australia's economic output the most and is the most effective way to progress trade liberalisation in the absence of multilateral trade liberalisation.'<sup>173</sup>

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<sup>166</sup> AUSVEG, Submission 15, pp. 6–7.

<sup>167</sup> Canegrowers, Submission 2, p. 3; Prof Richard Pomfret, Submission 3, p. 2; Australian Dairy Industry Council, Submission 21, p. 7.

<sup>168</sup> Australian Dairy Industry Council, Submission 21, p. 7.

<sup>169</sup> Department of Foreign Affairs and Trade, Submission 34, p. 13.

<sup>170</sup> Department of Foreign Affairs and Trade, Submission 34, p. 13.

<sup>171</sup> Red Meat Advisory Council, Submission 12, p. 4; Department of Agriculture, Fisheries and Forestry, Submission 28, p. 6; Australian Chamber of Commerce and Industry, Submission 35, p. 2.

<sup>172</sup> Australian Grape & Wine, Submission 9, p. 7; Red Meat Advisory Council, Submission 12, p. 4; Grain Trade Australia, Submission 13, p. 3; Australia China Business Council, Submission 32, p. 5; Department of Foreign Affairs and Trade, Submission 34, p. 4.

<sup>173</sup> Productivity Commission, Submission 10, p. 6.

## Changing global trade environment

- 4.114 The Committee received evidence that identified rising geopolitical tensions, protectionist sentiment, supply chain disruptions, and trade restrictions as factors contributing to a significantly changing global trade environment. Further, that these developments pose a significant challenge to the interconnected global economy and specifically for Australia in accessing the benefits of trade and FTAs.<sup>174</sup>
- 4.115 DAFF stated that: ‘... some countries are increasingly turning towards protectionist economic policies, undermining the institutions and rules that govern international agricultural trade.’<sup>175</sup>
- 4.116 It was observed that global supply chains are facing significant challenges with ongoing impacts from COVID-19, conflict in Europe and the Middle East, and adverse climatic conditions as key contributing factors.<sup>176</sup>
- 4.117 Significant increases in freight costs and logistical challenges globally were also mentioned as factors affecting the competitiveness of Australian exports in international markets.<sup>177</sup>
- 4.118 Trade and Investment Queensland (TIQ) denoted that another factor affecting the global economy is the rising preference for domestic brands amongst Chinese consumers due to growing nationalism and a weakening Chinese economy.<sup>178</sup>
- 4.119 Some mentioned that it is important for Australia to strengthen its support and advocacy for the rules-based trading-system and multilateral approach to international trade in the face of growing challenges.<sup>179</sup>

## Chinese trade restrictions on Australian exports

- 4.120 Some submitters specifically raised the tariffs and trade restrictions imposed by China on a range of Australian exports such as barley, wine, lobster, and beef.<sup>180</sup>

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<sup>174</sup> See, for example: GrainGrowers, Submission 4, p. 2; Red Meat Advisory Council, Submission 12, p. 9; Bankwest Curtin Economics Centre, Submission 16, p. 3; Dr Wei Li, Submission 22, p. 3; Australian Business in Europe, Submission 25, p. 2; Department of Agriculture, Fisheries and Forestry, Submission 28, p. 3; Australia China Business Council, Submission 32, p. 2.

<sup>175</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 3.

<sup>176</sup> National Farmer’s Federation, Submission 8, p. 2; Australian Grape & Wine, Submission 9, p. 4; Department of Agriculture, Fisheries and Forestry, Submission 28, p. 3; Australia China Business Council, Submission 32, p. 5.

<sup>177</sup> Trade and Investment Queensland, Submission 24, p. 4; Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 7.

<sup>178</sup> Trade and Investment Queensland, Submission 24, p. 4.

<sup>179</sup> Australian Grape & Wine, Submission 9, p. 7; Red Meat Advisory Council, Submission 12, p. 4; Grain Trade Australia, Submission 13, p. 3; Australia China Business Council, Submission 32, p. 5; Department of Foreign Affairs and Trade, Submission 34, p. 4.

<sup>180</sup> Canegrowers, Submission 2, p. 5; National Farmer’s Federation, Submission 8, p. 2; Australian Grape & Wine, Submission 9, p. 7; Bankwest Curtin Economics Centre, Submission 16, p. 8; Australia China Business Council, Submission 32, pp. 4–5.

4.121 The ACBC described the recent trade situation with China:

Between April 2020 – March 2024, a number of Australian industries (wine, lobster, barley, coal and others) faced trade barriers to China due to the deterioration in bilateral relations, leading in some cases, to specific increased tariffs directed by the Chinese Government and, in other cases administrative policies that impacted the exporters' ability to access the China market.<sup>181</sup>

4.122 The ACBC outlined that the ban on live lobster exports to China resulted in a total loss of \$420m per annum in total loss to lobster fishers, with \$1.7b total lost revenue since 2020. This has had significant impact on coastal fishing communities from Western Australia to Tasmania.<sup>182</sup> ACBC added that two Australian abattoirs and the live lobster trade still face restrictions.<sup>183</sup>

4.123 AGW outlined that in recent years there have been: '... profound and immediate impacts of broader geopolitical influences on trade. These influences have the potential to undermine the utilisation and benefits of Australia's FTAs across all industries. For example, China's imposition of anti-dumping duties on Australian bottled wine... completely nullified the positive benefits of ChAFTA.'<sup>184</sup>

4.124 Canegrowers described the detrimental impact of 'unofficial' sanctions on Australia sugar exports to China, which had grown significantly since ChAFTA began in 2015.<sup>185</sup>

4.125 The Bankwest Curtin Economics Centre (BCEC) advised that some sectors such as barley were able to pivot to alternative markets when facing trade restrictions whilst others such as wine and lobster faced difficulties in doing so.<sup>186</sup>

## Market diversification

4.126 The need for increased market access and diversification in export markets was presented as a key component in mitigating risk against the challenges arising from a changing global trade environment.<sup>187</sup> Several submitters made the point that export market diversification has been underpinned by Australia's FTAs, and that greater diversification will be supported by new and upgraded FTAs, as discussed earlier in this chapter.<sup>188</sup>

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<sup>181</sup> Australia China Business Council, Submission 32, pp. 4–5.

<sup>182</sup> Australia China Business Council, Submission 32, pp. 4–5.

<sup>183</sup> Australia China Business Council, Submission 32, pp. 4–5.

<sup>184</sup> Australian Grape & Wine, Submission 9, p. 7.

<sup>185</sup> Canegrowers, Submission 2, p. 5.

<sup>186</sup> Bankwest Curtin Economics Centre, Submission 16, p. 8.

<sup>187</sup> See, for example: Canegrowers, Submission 2, pp. 5–6; National Farmer's Federation, Submission 8, p. 2; Australian Grape & Wine, Submission 9, p. 4; Bankwest Curtin Economics Centre, Submission 16, p. 8; Department of Agriculture, Fisheries and Forestry, Submission 28, p. 3; Department of Foreign Affairs and Trade, Submission 34, p. 6.

<sup>188</sup> See, for example: Canegrowers, Submission 2, p. 4; National Farmer's Federation, Submission 8, p. 2; Australian Grape & Wine, Submission 9, p. 4; Red Meat Advisory Council, Submission 12, p. 7; Australian

4.127 RMAC submitted that the enhanced level of market access provided by Australia's FTAs over the last two decades has enabled strong diversification in red meat export markets which has assisted to cushion the industry from the negative impact of market and political disruptions.<sup>189</sup>

4.128 In relation to global trade environment challenges and NTBs, DAFF stated that Australian farmers and industry groups are cognisant of developments in overseas markets and are supportive of new or upgraded FTAs to facilitate continued diversity in export markets.<sup>190</sup>

4.129 Canegrowers elaborated on the advantages of market diversification:

With many economic, strategic and geopolitical uncertainties impacting the world economy and commodity markets, uncertainties about future disruptions to trade remain. In this environment, 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 sustainability standards. This enables Australia to extract the full premium value of our sugar in all markets.<sup>191</sup>

4.130 The NFF also outlined the need to continue focussing on growing export market options: '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.'<sup>192</sup>

4.131 In response to adverse impacts of external factors on the wine export industry, AGW advised that: 'Efforts have been concentrated on resourcing and promoting top markets to maximise their potential and further capitalise on Australia's strong market position. However, this reliance on a small number of key markets increases vulnerability to adverse trade impacts. For these reasons, a broad range of meaningful and effective FTAs is vital for the sector's future success.'<sup>193</sup>

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Dairy Industry Council, Submission 21, p. 2; Trade and Investment Queensland, Submission 22, p. 2; Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 3.

<sup>189</sup> Red Meat Advisory Council, Submission 12, p. 7.

<sup>190</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 3.

<sup>191</sup> Canegrowers, Submission 2, pp. 5–6.

<sup>192</sup> National Farmer's Federation, Submission 8, p. 2.

<sup>193</sup> Australian Grape & Wine, Submission 9, p. 4.

## Committee comment

- 4.132 The Committee agrees that the barriers and challenges identified are major impediments on the ability of Australian businesses to maintain and expand the benefits received from trade and free trade agreements (FTAs). Australia has had remarkable success in negotiating substantial FTAs, however work does not end when an agreement is signed. Significant and ongoing work is required to make the potential benefits of an agreement a reality. Being cognisant of, and actively working to address these challenges, is essential for ongoing the success of many Australian businesses, industries, the national economy and the livelihoods of Australians.
- 4.133 The Committee recognises non-tariff barriers (NTBs) that prevent access to expected trade opportunities are especially challenging for businesses. While many NTBs are in place to achieve legitimate policy goals, some are imposed to achieve domestic economic and social policy goals that may be designed to restrict trade. The Committee agrees that divergent regulations and standards can be a sizable obstacle to the uptake of trade opportunities and that greater standards harmonisation can reduce costs and improve access to export markets.
- 4.134 The increase in NTBs across the global trading landscape is of significant concern for Australia. It appears that in some cases NTBs are undermining the favourable outcomes achieved through FTAs, which often take considerable resources to negotiate and implement over many years. The Department of Foreign Affairs and Trade (DFAT) and the other agencies involved, are well-aware of the significance of NTBs and are working to address them proactively through FTAs, collaboratively with trading partners, and through multilateral forums. However, an ongoing focus on addressing or mitigating the impact of NTBs is essential to ensuring that Australia can continue to realise the benefits of trade. As well as consideration up front in the development of new agreements, addressing NTBs should be a key focus in the review and update of FTAs.
- 4.135 The Committee also recognises that Australia imposes NTBs on other countries and that these should be identified and removed where appropriate to provide greater access to the benefits of trade on the import side.
- 4.136 The Committee agrees that participating in international trade can be complex and can incur substantial costs, sometimes to the point that it may discourage businesses from taking up trade opportunities. Differences in requirements between agreements is inevitable to some extent as each agreement is negotiated at a point in time, often with many parties. Government should provide support for businesses to make informed decisions when faced with choices between FTAs and should proactively seek to harmonise requirements between agreements where possible. Improving consistency between requirements around rules of origin (RoO) and certificates of origin (CoO) would provide particular benefit. While these have a valid intent, in many cases they may be unnecessarily adding to costs and even causing businesses to forgo trade opportunities.

- 4.137 The Committee is encouraged by some of the initiatives referred to in evidence that are aimed at decreasing administrative burden through digitisation and streamlined processes. These types of initiatives that can lead to reduced complexity, lower costs, and efficiencies should be prioritised.
- 4.138 The Committee agrees that it is essential for Australia's FTAs to be fit for purpose and up to date. Regular reviews should evaluate whether FTAs are operating as intended and ensure that Australia is receiving the expected benefit. The Committee is concerned by the examples of Australia's relative decline in market access over time. Where possible, proactive measures should be taken with trading partners to rectify this, and Australia should seek to have at least equal access to that of export competitors. It is also important for FTAs to be updated to revisit the coverage of certain products and services over time, and to include new and emerging areas of economic activity where Australia may have an advantage. The Australian Government should also continue to examine the potential for new bilateral FTAs, provided that they maintain Australia's interests and result in genuine net benefit.
- 4.139 The Committee acknowledges that several factors have combined in recent years to bring considerable changes to the global trade environment and that this poses a significant challenge to Australia as a trading nation. Since the conclusion of the evidence gathering phase of the inquiry, uncertainty in the global economy has grown further with the imposition of tariffs on some countries by the new United States (US) Administration and the potential for retaliation. The Australian Government must continue to monitor these developments for their impact on Australia and seek to mitigate them where possible. It must also continue to strongly emphasise the benefits of global rules-based trading system and multilateral approach to international trade.
- 4.140 In relation to trade restrictions, the Committee notes that having an FTA in place fostering mutually beneficially trade outcomes is not enough on its own to preserve trade flows and that maintaining diplomatic relationships is critical. However, it is essential that the Australian Government continues to push back against unfair and unjustified trade restrictions imposed on Australia and uses mechanisms under the global trade architecture to defend its interests where appropriate.
- 4.141 The Committee agrees that diversification of Australia's exports is important for reducing the impact of both long-term and more acute changes in the global trade environment. Diversity across products and markets is important at the national level, for export markets within industries, and within bilateral trading relationships. That is, the number of markets should be expanded as well as the depth of trade with existing trading partners.

# Recommendations

## Recommendation 5

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**4.142** The Committee recommends that the Australian Government continue to resource the Department of Foreign Affairs and Trade, and other relevant departments and agencies, to work proactively with industry to identify and resolve non-tariff barriers to trade.

## Recommendation 6

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**4.143** The Committee recommends that the Australian Government prioritise increased efforts to broaden and diversify trade relationships to mitigate the against future shocks in existing trade relationships. This should include:

- Working to develop bilateral, regional, and multilateral agreements with new trading partners; and
- Broadening existing relationships to cover additional goods and services, including emerging areas of economic activity.

## Recommendation 7

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**4.144** The Committee recommends that the Australian Government accelerate initiatives to improve consistency and streamline requirements involved in accessing benefits under free trade agreements, particularly relating to rules of origin and certificates of origin.

## Recommendation 8

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**4.145** The Committee recommends that the Australian Government give greater consideration to standards harmonisation during free trade agreement negotiations and continue to proactively engage in advocating for standards harmonisation at the multilateral level.





## 5. SMEs, First Nations and diaspora communities

### Overview

- 5.1 The Committee received evidence outlining issues and challenges that particularly impact the ability of small and medium sized enterprises (SMEs), First Nations, and diaspora communities to engage with and benefit from trade. It is suggested that these groups are underrepresented in trade and have considerable scope to engage further, bringing greater economic and social benefits.
- 5.2 Given that SMEs are more acutely affected by limited awareness, and the costs and complexity associated with trade, actions taken to address these challenges will greatly improve their ability to take up trade opportunities. First Nations trade could be encouraged by supporting areas where First Nations businesses and communities have unique products or advantages such as tourism, native bush foods and botanicals, and art and cultural products. Australia's large diaspora communities have considerable strengths that can be better leveraged to engage further in trade opportunities and support Australia's trade interests, which could be encouraged by offering consultation and engagement activities in non-English languages and media.
- 5.3 Targeted education and outreach were identified as having an important role in overcoming awareness and capacity challenges encountered by SMEs, First Nations, and diaspora communities. Building on current activities, outreach and engagement providing tailored information and advice could support greater access to the benefits of trade. Across these groups, submitters identified that there is insufficient data and information available to provide a clear picture of how they currently engage with trade and free trade agreements (FTAs). This is considered important to understand the scope for greater uptake of trade opportunities and what types of support may be effective.
- 5.4 It should be noted that there is a large degree of overlap between the SMEs and First Nations or diaspora community groups, that is, most First Nations and diaspora community led businesses are also SMEs. This chapter covers evidence relevant to issues and challenges affecting the ability of SMEs, First Nations, and diaspora communities to engage in trade. Chapter 3 considers the level of understanding and awareness of the benefits of trade including how it impacts on the ability of Australian businesses to access those benefits. Chapter 4 outlines broader challenges and barriers to accessing and maximising the benefits of trade and FTAs. The issues outlined in Chapters 3 and 4 also broadly apply to SMEs, First Nations, and diaspora communities and their engagement with trade.

## Small and medium sized enterprises

- 5.5 Using Australian Bureau of Statistics (ABS) data, the Australian Small Business and Family Enterprise Ombudsman estimates that small (0-19 employees) and medium (20-199 employees) sized enterprises comprise 99.8 per cent of all businesses in Australia (June 2024).<sup>1</sup> It highlights their contribution to the Australian economy by estimating that combined, SMEs employ over 8 million people or 67 per cent of the private sector workforce and contribute almost \$1 trillion or 56 per cent to gross domestic product (GDP) (2022-23).<sup>2</sup>
- 5.6 The Department of Foreign Affairs and Trade (DFAT) cited that of 56,000 businesses that exported goods 89 per cent were SMEs, however large businesses accounted for 96 per cent of exports by value (2019-20).<sup>3</sup> Of 124,500 businesses that imported goods 93 per cent were SMEs, but large businesses accounted for 86 per cent of imports by value (2020-21).<sup>4</sup>
- 5.7 Submitters widely identified that trade and FTAs can bring substantial benefits for SMEs.<sup>5</sup> For example, the Bankwest Curtin Economics Centre (BCEC) outlined that accessing international markets through FTAs offers large growth opportunities to SMEs (particularly start-ups) through exporting products and services overseas, or attracting foreign investment.<sup>6</sup>

## Challenges faced by SMEs in engaging with trade and FTAs

- 5.8 Despite the potential benefits, SMEs were considered to lag behind larger businesses in their engagement with trade and FTAs. Submitters identified two main challenges by SMEs: limited awareness of how agreements can facilitate expansion into international markets, and the complexity and administrative costs associated with trade and FTAs.<sup>7</sup>

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<sup>1</sup> Australian Small Business and Family Enterprise Ombudsman, *Number of Small Business in Australia*, accessed 15 January 2025: <https://www.asbfeo.gov.au/small-business-data-portal/number-small-businesses-australia>.

<sup>2</sup> Australian Small Business and Family Enterprise Ombudsman, *Contribution to Australian Employment*, accessed 15 January 2025: <https://www.asbfeo.gov.au/small-business-data-portal/contribution-australian-employment>; Australian Small Business and Family Enterprise Ombudsman, *Contribution to Australian Gross Domestic Product*, accessed 15 January 2025: <https://www.asbfeo.gov.au/small-business-data-portal/contribution-australian-gross-domestic-product>.

<sup>3</sup> Department of Foreign Affairs and Trade, Submission 34, p. 2, citation omitted.

<sup>4</sup> Department of Foreign Affairs and Trade, Submission 34, p. 2, citation omitted.

<sup>5</sup> See, for example: Bankwest Curtin Economics Centre, Submission 16, pp. 6 and 7; Northern Territory Department of Industry, Tourism and Trade, Submission 27, pp. 3 and 7.

<sup>6</sup> Bankwest Curtin Economics Centre, Submission 16, pp. 6 and 7.

<sup>7</sup> See, for example: Bankwest Curtin Economics Centre, Submission 16, p. 7; Australian Industry Group, Submission 11, p. 4; Business Council for Sustainable Development Australia, Submission 17, p. 10; Australian Information Industry Association, Submission 18, p. 3; Australian Dairy Industry Council, Submission 21, p. 8; Dr Wei Li, Submission 22, p. 3; Trade and Investment Queensland, Submission 24, p. 3; Australian Business in Europe, Submission 25, pp. 3–4; Northern Territory Department of Industry, Tourism and Trade, Submission 27, pp. 3 and 7; Australia China Business Council, Submission 32, p. 3.

- 5.9 Many submitters made the point that the complexity and administrative costs that apply broadly are more acutely faced by SMEs.<sup>8</sup> For example, the Northern Territory Department of Industry, Tourism and Trade (NTDITT) noted that navigating the regulatory requirements of FTAs incurs administrative and financial costs that are disproportionately burdensome for smaller businesses.<sup>9</sup>
- 5.10 Similarly, the Business Council for Sustainable Development Australia (BCSDA) stated that many SMEs: ‘... struggle with the complexity and administrative burden associated with FTAs’ and that ‘...uptake is higher among businesses with dedicated resources to navigate international trade regulations.’<sup>10</sup>
- 5.11 The Australian Dairy Industry Council (ADIC) also commented that the administrative complexity and burden associated with FTAs: ‘... is especially challenging for [SMEs] that may lack the resources to manage these requirements effectively.’<sup>11</sup>
- 5.12 The Australian Industry Group (Ai Group) outlined areas where SMEs face particular complexities and often lack awareness:
- A significant proportion of SMEs have a limited understanding of how to assess their products in accordance with rules of origin [RoO], how to navigate the procedures for entering service markets, and how to utilise other trade-related provisions available in FTAs, including long-term certificates of origin [CoO], advance rulings, and methods for resolving disputes.<sup>12</sup>
- 5.13 Ai Group also outlined that SMEs on the export side are often not aware that their goods can receive preferential tariffs under FTAs, particularly if relevant documentation is handled by service providers or importers.<sup>13</sup>
- 5.14 NTDITT similarly identified that many SMEs rely on customers brokers, freight forwarders or importers and are not directly aware of the benefits of individual FTAs, limiting their ability to make informed decisions and leverage opportunities.<sup>14</sup>
- 5.15 Mr Richard Basil-Jones, Chief Executive Officer (CEO) of the Australia-United Kingdom Chamber of Commerce reflected that in relation to the Australia-United Kingdom FTA (A-UKFTA), SMEs were generally aware of the removal of tariffs under the agreement but had limited awareness or understanding of the benefits of other provisions relating to mobility, recognition of qualifications, First Nations, government procurement, and e-commerce.<sup>15</sup>

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<sup>8</sup> See, for example: Business Council for Sustainable Development Australia, Submission 17, p. 7; Australian Dairy Industry Council, Submission 21, p. 8; Northern Territory Department of Industry, Tourism and Trade, Submission 27, pp. 3 and 7.

<sup>9</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, pp. 3 and 7.

<sup>10</sup> Business Council for Sustainable Development Australia, Submission 17, p. 7.

<sup>11</sup> Australian Dairy Industry Council, Submission 21, p. 8.

<sup>12</sup> Australian Industry Group, Submission 11, p. 4.

<sup>13</sup> Australian Industry Group, Submission 11, p. 4.

<sup>14</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, pp. 7 and 8.

<sup>15</sup> Mr Richard Basil-Jones, Chief Executive Officer, Australia-UK Chamber of Commerce, *Committee Hansard*, Canberra, 22 November 2024, p. 4.

- 5.16 Dr Wei Li advised that in many Asian countries SMEs often operate with strong emphasis on social and informal networks, which means that understanding and meeting the complex rules and regulations required to engage in international trade can be particularly challenging.<sup>16</sup>
- 5.17 BCEC advised that SMEs often take on significant risk when expanding to access international markets, particularly through exposure to supply chain disruptions, trade disputes, changes to bilateral agreements, geopolitical tensions, and slowdowns in sales.<sup>17</sup> It added that unlike SMEs, large businesses generally have the capacity and scale to balance their exposure to these risks and often have a greater ability to react to the impact of changes in the international trade environment on their business.<sup>18</sup>
- 5.18 There are particular challenges for business based in regional and remote areas. In evidence to the Committee's inquiry on negotiating FTAs, Mrs Sarah Whelan, CEO, Karratha & Districts Chamber of Commerce & Industry, identified the lack of knowledge about how to engage with export opportunities, logistical challenges, and the absence of dedicated funding as the main barriers to entry to international markets:

A lot of people are unsure of how to go about it and how to enter those markets. They do have products and services that are available, but making those connections with the international market is challenging because of where to start. The other one would be the logistics. We have a lot of ports up here, but a lot of them are privately owned, so it is understanding the logistics because we are quite remote... And also access to financial resources... A lot of our funding and bits and pieces around here are really specific to the area rather than thinking on a global scale.<sup>19</sup>

## Improving SME access to the benefits of trade

### Targeted education and outreach

- 5.19 A number of stakeholders put forward the need for targeted education and outreach to build awareness and capacity amongst SMEs to enable them to better access the benefits of trade and FTAs.<sup>20</sup> For example, the NTDITT observed: 'There is a need for more targeted education and outreach programs to raise awareness among

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<sup>16</sup> Dr Wei Li, *Committee Hansard*, Sydney, 29 October 2024, pp. 20–21.

<sup>17</sup> Bankwest Curtin Economics Centre, Submission 16, pp. 6 and 9.

<sup>18</sup> Bankwest Curtin Economics Centre, Submission 16, pp. 6 and 9.

<sup>19</sup> Mrs Sarah Whelan, Chief Executive Officer, Karratha & Districts Chamber of Commerce & Industry, *Committee Hansard*, Inquiry into the Australian Government's approach to negotiating trade and investment agreements, 14 March 2024, Canberra, p. 7.

<sup>20</sup> See, for example: Australian Industry Group, Submission 11, p. 7; Australian Information Industry Association, Submission 18, p. 2; Business Council for Sustainable Development Australia, Submission 17, pp. 3 and 9; Australian Information Industry Association, Submission 18, p. 2; Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 3.

Northern Territory [NT] businesses, particularly [SMEs], about the specific opportunities and advantages provided by [FTAs].<sup>21</sup>

- 5.20 Similarly, the BCSDA advocated for targeted education programs and resources to support SMEs to better understand the benefits offered by FTAs and how to meet the regulatory requirements to access new markets.<sup>22</sup> It further suggested that Austrade's existing programs could be expanded to include more tailored modules.<sup>23</sup>
- 5.21 The Australian Information Industry Association (AIIA) also commented on the need for government efforts aimed at increasing engagement with trade to focus on SMEs: 'Greater awareness and education about the benefits of FTAs, particularly focussed on the SME portion of the market, may be needed to maximise benefits to Australian industries.'<sup>24</sup>
- 5.22 The Eastwood Chinese Business Collective (ECBC) and the Voice of Korean Australian Businesses (VoKAB) both told the Committee that there is significant potential for greater trade amongst their respective diaspora community led SMEs.<sup>25</sup> However, these businesses often don't have the resources to understand and utilise FTAs and would benefit from greater targeted outreach and engagement from Austrade.<sup>26</sup>
- 5.23 The BCSDA recommended the establishment of a dedicated FTA advisory service within Austrade, aimed specifically at SMEs that would provide tailored advice, training, and resources to help businesses understand and utilise FTAs effectively.<sup>27</sup> It pointed to the United Kingdom's (UK) Export Support Service as a program that has successfully provided similar advice to SMEs to increase uptake of FTAs.<sup>28</sup>
- 5.24 Ai Group suggested the Australian Government should increase resources to assist SMEs to build capacity to navigate the complexities of FTAs, including to improve understanding of RoO and CoO.<sup>29</sup> It concluded that: '... the government must develop a long-term, effective plan for educating SMEs about the contents of FTAs and how to use them.'<sup>30</sup>
- 5.25 Mr Chris Barnes, Head of International Affairs at the Australian Chamber of Commerce and Industry (ACCI) noted that a key role of their organisation is to assist

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<sup>21</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 3.

<sup>22</sup> Business Council for Sustainable Development Australia, Submission 17, pp. 3 and 9.

<sup>23</sup> Business Council for Sustainable Development Australia, Submission 17, p. 7.

<sup>24</sup> Australian Information Industry Association, Submission 18, p. 2.

<sup>25</sup> Mr John Few, President, Eastwood Chinese Business Collective, *Committee Hansard*, Sydney, 29 October 2024, pp. 24–25; Mr Sung Ho (Steve) Choi, Vice President, Voice of Korean Australian Businesses, *Committee Hansard*, Canberra, 22 November 2024, pp. 19 and 23.

<sup>26</sup> Mr John Few, President, Eastwood Chinese Business Collective, *Committee Hansard*, Sydney, 29 October 2024, pp. 24–25; Mr Sung Ho (Steve) Choi, Vice President, Voice of Korean Australian Businesses, *Committee Hansard*, Canberra, 22 November 2024, pp. 19 and 23.

<sup>27</sup> Business Council for Sustainable Development Australia, Submission 17, p. 7.

<sup>28</sup> Business Council for Sustainable Development Australia, Submission 17, pp. 7 and 8.

<sup>29</sup> Australian Industry Group, Submission 11, p. 7.

<sup>30</sup> Australian Industry Group, Submission 11, p. 7.

companies from very small business to large corporates to engage in new export opportunities and take advantage of FTAs.<sup>31</sup>

- 5.26 Mr Jay Meek, General Manager, Trade Branch, Trade and Investment Group, Austrade, outlined Austrade's approach to education and outreach and described activities targeted at SMEs in relation to the Australia-India Economic Cooperation and Trade Agreement (A-IECTA):

We knew what provisions were in that [FTA], and we started building awareness campaigns and promotional material for SME businesses and running sessions with them about what those benefits look like. That involved a roadshow right across Australia, bringing business together to hear about it. There were webinars that they could join from their phone, where they could hear about those opportunities. We then take it a step further, where we go in market and take delegations.<sup>32</sup>

- 5.27 Mr Jay Meek, Austrade also advised that the suite of digital services and tools developed in recent years to provide information on FTAs, such as the Go Global Toolkit, provides a much greater level of accessibility to a wider audience and is of particular benefit to SMEs.<sup>33</sup>

- 5.28 Similarly, the AIIA considered that online tools and digital platforms can help overcome the costs and barriers to the trade in digital goods and services that disproportionately affect SMEs.<sup>34</sup>

- 5.29 Dr Sabine Pittrof, Chair, German Australian Business Council, told the Committee that to better engage with SMEs Austrade needs to be equipped to do more of its current work rather than needing to take a different approach:

I think Austrade will need more funding to do that... at least over here, we're not seeing them in a position to take on any more than they do at the moment. In general, I think it would be great if there could be a lot of information outreach. There could be seminars, there could be in-person events and there could be newsletters distributed, for instance. But all of that needs a little bit of funding. It might not have to be a lot, but it does need the money to back this up. My view is that it's not a matter of Austrade or the states not doing what they should be doing. I think, in fact, they do... They're doing what they can, but they have limited resources both in terms of staff and in terms of funding.<sup>35</sup>

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<sup>31</sup> Mr Chris Barnes, Head of International Affairs, Australian Chamber of Commerce and Industry, *Committee Hansard*, Canberra, 22 November 2024, pp. 31–32.

<sup>32</sup> Mr Jay Meek, General Manager, Trade Branch, Trade and Investment Group, Austrade, *Committee Hansard*, Canberra, 23 August 2024, pp. 7–8.

<sup>33</sup> Mr Jay Meek, General Manager, Trade Branch, Trade and Investment Group, Austrade, *Committee Hansard*, Canberra, 23 August 2024, pp. 5 and 10.

<sup>34</sup> Australian Information Industry Association, Submission 18, p. 3.

<sup>35</sup> Dr Sabine Pittrof, Chair, German Australian Business Council, *Committee Hansard*, Canberra, 22 November 2024, p. 5.

5.30 Several stakeholders discussed the role of international chambers of commerce and business councils in assisting SMEs to better understand and engage in trade opportunities.<sup>36</sup> For example, Mr Patrick Mayoh, NSW President, Australia China Business Council (ACBC) noted the differing levels of understanding amongst its members of the benefits of the China-Australia FTA (ChAFTA):

Some of our larger members who have a presence in China have an outstanding knowledge... At the other end of the spectrum, [SMEs], are the ones that I think need our help. They're looking to export to China, but have no idea how to do it, who are the relevant authorities, what are the benefits under ChAFTA. I think there is a role... for us at ACBC to help them navigate that process, even if it is pointing them in the direction of existing tools like the FTA portal.<sup>37</sup>

5.31 Austrade mentioned that it has undertaken activities to promote the benefits and opportunities contained in recent agreements such as the A-UKFTA by directly engaging with SMEs in partnership with the Australia-UK Chamber of Commerce.<sup>38</sup>

### Other programs and strategies

5.32 Several suggestions beyond education and outreach were made to increase the capacity for SMEs to take advantage of the benefits of trade and FTAs.

5.33 BCEC suggested that greater uptake of trade and FTAs could be encouraged by exploring strategies that support SMEs to mitigate the initial risk of engaging in international trade.<sup>39</sup> Dr Daniel Kiely, Senior Research Fellow at BCEC told the Committee that this could be achieved through promotion and expansion of existing initiatives such as those offered through the Small Business Development Corporation.<sup>40</sup>

5.34 The AIIA advocated that in recognition of the role of SMEs in driving innovation and the difficulties faced in accessing global supply lines, FTAs should include specific commitments to increase SME engagement in trade, such as those contained in the A-UKFTA.<sup>41</sup>

5.35 The BCEC emphasised that: '... the full extent to which FTAs affect businesses based on business size needs to be better understood.'<sup>42</sup> It later added that better information and data are required to track and enhance our: '... understanding if

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<sup>36</sup> See, for example: Mr Patrick Mayoh, NSW President, Australia China Business Council, *Committee Hansard*, 29 October 2024, p. 23; Dr Robert Harrison, Incoming Chair, German Australian Business Council, *Committee Hansard*, Canberra, 22 November 2024, p. 5.

<sup>37</sup> Mr Patrick Mayoh, NSW President, Australia China Business Council, *Committee Hansard*, 29 October 2024, p. 23

<sup>38</sup> Austrade, Submission 29, p. 2.

<sup>39</sup> Bankwest Curtin Economics Centre, Submission 16, p. 9.

<sup>40</sup> Dr Daniel Kiely, Senior Research Fellow, Bankwest Curtin Economics Centre, *Committee Hansard*, Canberra, 8 October 2024, p. 4.

<sup>41</sup> Australian Information Industry Association, Submission 18, p. 3.

<sup>42</sup> Bankwest Curtin Economics Centre, Submission 16, p. 7.

SMEs have the information, knowledge, and skills required to maximise the full potential of trade and the benefits of existing and new FTAs.<sup>43</sup>

- 5.36 An example of an approach used in other countries to better support SME engagement in trade is the Korea Trade-Investment Promotion Agency (KOTRA). KOTRA is the national organisation responsible for promoting trade and investment under the Ministry of Trade, Industry and Energy. KOTRA operates 131 overseas offices in 85 countries, and: ‘... helps foreign companies, organizations, and governments explore business opportunities and forge partnerships with Korea.’<sup>44</sup>

## First Nations

- 5.37 The First Nations business sector is growing and is expected to continue to grow.<sup>45</sup> The National Indigenous Australians Agency (NIAA) referred to recent estimates showing that First Nations businesses contribute more than \$16 billion to the Australian economy and employ 116,795 people.<sup>46</sup>
- 5.38 The NIAA highlighted that many First Nations entrepreneurs have established successful businesses and that First Nations peoples are pursuing business opportunities as a vehicle for economic self-determination.<sup>47</sup> It added that: ‘A strong, diverse and self-supporting First Nations economy is key to empowering First Nations peoples, and placing First Nations business owners, their families and communities in control of their economic future.’<sup>48</sup>
- 5.39 Mr Darren Godwell, CEO, i2i Development Global (i2i DG) told the Committee as part of its inquiry on negotiating FTAs about the potential for First Nations businesses to engage with international trade:
- We believe that [there] is a very strong case to be made that, in that very fast-growing sector of the Australian economy—Indigenous businesses—there are significant opportunities for those Indigenous companies to extend their services and product into overseas markets. We believe that there is an opportunity for those businesses to secure greater exports into new markets.<sup>49</sup>
- 5.40 The NIAA explained that trade and FTAs can play a role in advancing economic and social outcomes for First Nations Australians and can provide new opportunities and

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<sup>43</sup> Bankwest Curtin Economics Centre, Submission 16, p. 9.

<sup>44</sup> Korea Trade-Investment Promotion Agency, accessed 16 February 2024, <https://www.kotra.or.kr/english/index.do>.

<sup>45</sup> National Indigenous Australians Agency, Submission 26, p. 2, citation omitted.

<sup>46</sup> National Indigenous Australians Agency, Submission 26, p. 2, citation omitted.

<sup>47</sup> National Indigenous Australians Agency, Submission 26, p. 2.

<sup>48</sup> National Indigenous Australians Agency, Submission 26, p. 2.

<sup>49</sup> Mr Darren Godwell, Chief Executive Officer, i2i Development Global, *Committee Hansard*, Inquiry into the Australian Government's approach to negotiating trade and investment agreements, 14 March 2024, Canberra, p. 1.

revenue streams for First Nations exporters as well as promote investment into First Nations enterprises.<sup>50</sup>

- 5.41 DFAT's website elaborates on the potential benefits of participation in international trade for First Nations businesses and communities:

An inclusive First Nations trade and investment agenda has the potential to deliver economic growth and economic prosperity for First Nations businesses and their communities.

... In addition, First Nations exporting businesses are role models and multipliers – they are more likely to train and employ Indigenous staff and channel profits back into their communities. The value of Indigenous trade is felt back along the supply chain and into communities on-country where jobs and wealth are created. In turn, this has the potential to contribute to a broad range of Closing the Gap targets and support improved family and community wellbeing.<sup>51</sup>

## Challenges faced by First Nations in engaging with trade and FTAs

- 5.42 Despite their being considerable opportunities and benefits, submitters raised specific challenges faced by First Nations businesses and communities in engaging with trade and FTAs. For example, the BCSDA broadly linked First Nations communities' limited access to the benefits of trade and FTAs to a lack of information, resources, and access to international networks.<sup>52</sup>
- 5.43 Nagula Jarndu Designs is a not-for-profit First Nations entity based in Broome, Western Australia, that primarily produces textiles with a focus on social enterprise through art.<sup>53</sup> It told the Committee about its difficult experience in exploring trade opportunities with little access to direct assistance from government or bodies such as chambers of commerce.<sup>54</sup>
- 5.44 Nagula Jarndu Designs emphasised that while it has an interest in engaging with international markets, it must also do so in a way that remains committed to its purpose and role in the community.<sup>55</sup> Ms Eunice Yu, Manager, Nagula Jarndu Designs explained to the Committee:

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<sup>50</sup> National Indigenous Australians Agency, Submission 26, p. 2.

<sup>51</sup> Department of Foreign Affairs and Trade, *First Nations Trade and Investment*, accessed 14 January 2025: <https://www.dfat.gov.au/trade-and-investment/first-nations-trade>.

<sup>52</sup> Business Council for Sustainable Development Australia, Submission 17, p. 7.

<sup>53</sup> Ms Eunice Yu, Manager, and Ms Lynette Yu-Mackay, Chairperson, Nagula Jarndu Designs, Yawuru Jarndu Aboriginal Corporation, *Committee Hansard*, Inquiry into the Australian Government's approach to negotiating trade and investment agreements, 14 March 2024, p. 10.

<sup>54</sup> Ms Eunice Yu, Manager, Nagula Jarndu Designs, Yawuru Jarndu Aboriginal Corporation, *Committee Hansard*, Inquiry into the Australian Government's approach to negotiating trade and investment agreements, 14 March 2024, p. 10.

<sup>55</sup> Ms Eunice Yu, Manager, Nagula Jarndu Designs, Yawuru Jarndu Aboriginal Corporation, *Committee Hansard*, Inquiry into the Australian Government's approach to negotiating trade and investment agreements, 14 March 2024, p. 12.

We see ourselves as a social enterprise rather than a business directly. So, understanding the different interpretations about how people operate within First Nations economies... There's a lot that has to be accommodated in terms of bringing people along the journey.

[...]

The lens we look through is as a collective. Our business structure may need to change in terms of having a different form of governance for the actual business side of it. We don't know what that looks like. That is what we're dealing with at the moment, seeing how naturally we've grown so much.... We're just doing what we love to do. That's how we see it. Of course, all of the financial side of things have to work as well.<sup>56</sup>

- 5.45 Challenges in attracting investment to support international expansion was also raised by Mr Darren Godwell, i2i DG who told the Committee that First Nations businesses appear to be underrepresented in inflows of foreign direct investment.<sup>57</sup> He elaborated that:

Indigenous interests currently extend across over 50 per cent of the continent of Australia. Significant investment opportunities around critical minerals, rare earths, base metals, mining activities on base metals, agriculture and some Indigenous botanicals would go directly to those Indigenous land interests. Being able to access foreign direct investment, like everybody else in the Australian economy, would bring those valuable capital resources to expanding those economic opportunities. A key part of lifting the value of export earnings derived from Indigenous products and then from Indigenous businesses goes to the extent of the support we extend to those Indigenous export businesses.<sup>58</sup>

## Improving First Nations access to the benefits of trade

- 5.46 The Committee received evidence that made proposals to improve First Nations access to the benefits trade through building engagement, awareness, and capacity as well as providing greater support through FTAs and to First Nations led sectors.

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<sup>56</sup> Ms Eunice Yu, Manager, Nagula Jarndu Designs, Yawuru Jarndu Aboriginal Corporation, *Committee Hansard*, Inquiry into the Australian Government's approach to negotiating trade and investment agreements, 14 March 2024, pp. 12–13.

<sup>57</sup> Mr Darren Godwell, Chief Executive Officer, i2i Development Global, *Committee Hansard*, Inquiry into the Australian Government's approach to negotiating trade and investment agreements, 14 March 2024, Canberra, p. 1.

<sup>58</sup> Mr Darren Godwell, Chief Executive Officer, i2i Development Global, *Committee Hansard*, Inquiry into the Australian Government's approach to negotiating trade and investment agreements, 14 March 2024, Canberra, p. 1.

## Consultation, representation and engagement

- 5.47 DFAT advised that it connects with First Nations groups as part of its consultation and engagement processes in the development of FTAs as well as in activities to raise awareness of the benefits and opportunities of FTAs once they are in force.<sup>59</sup>
- 5.48 The Department of Agriculture, Fisheries and Forestry (DAFF) also stated that the Government is working to ensure that First Nations groups are better involved in consultation processes as Australia increasingly seeks to improve trade outcomes for First Nations people, including recognising their cultural and leadership role in agriculture.<sup>60</sup>
- 5.49 Both the NIAA and DFAT highlighted the establishment of the pilot First Nations Trade and Investment Advisory Group.<sup>61</sup> The NIAA explained that it: ‘... will support a more streamlined and coordinated engagement with First Nations representatives, and will intersect with work underway by the Ministerial Council on Trade and Investment that is exploring how Australian governments can work together to improve the trade and investment outcomes of First Nations enterprises.’<sup>62</sup>
- 5.50 The NIAA, DFAT and DAFF all drew attention to the appointment in April 2023 of Australia’s inaugural Ambassador for First Nations Peoples, Mr Justin Mohamed, to lead the Office for First Nations International Engagement within DFAT. The office which will work in partnership with First Nations and across government in areas including trade and investment, intellectual property and exports, climate change, human rights, tourism and development.<sup>63</sup>
- 5.51 Mr Darren Godwell, i2i DG proposed that there would be considerable value in a First Nations peak body focused on trade and investment matters, particularly export opportunities for First Nations businesses.<sup>64</sup> He also emphasised that while such a body should ultimately be sustained by those who it represents, there is a role for government to support it in a similar way to that provided to industry and business peak bodies.<sup>65</sup>

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<sup>59</sup> Department of Foreign Affairs and Trade, Submission 34, p. 8.

<sup>60</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 5.

<sup>61</sup> National Indigenous Australians Agency, Submission 26, p. 3; Department of Foreign Affairs and Trade, Submission 34, p. 8.

<sup>62</sup> National Indigenous Australians Agency, Submission 26, p. 3.

<sup>63</sup> National Indigenous Australians Agency, Submission 26, p. 3; Department of Agriculture, Fisheries and Forestry, Submission 28, p. 15; Department of Foreign Affairs and Trade, First Nations Trade and Investment, accessed 14 January 2025: <https://www.dfat.gov.au/trade-and-investment/first-nations-trade>.

<sup>64</sup> Mr Darren Godwell, Chief Executive Officer, i2i Development Global, *Committee Hansard*, Inquiry into the Australian Government’s approach to negotiating trade and investment agreements, 14 March 2024, Canberra, p. 5.

<sup>65</sup> Mr Darren Godwell, Chief Executive Officer, i2i Development Global, *Committee Hansard*, Inquiry into the Australian Government’s approach to negotiating trade and investment agreements, 14 March 2024, Canberra, p. 5.

## Targeted education and outreach

- 5.52 The BCSDA recommended the implementation of community-specific trade facilitation programs to address their specific needs.<sup>66</sup> It noted that this could include the expansion of existing initiatives to provide greater support and resources to First Nations businesses.<sup>67</sup> It also highlighted Canada's Indigenous Export Strategy that offers targeted support to Indigenous businesses, helping them navigate international markets and leverage trade agreements.<sup>68</sup>
- 5.53 I2i DG suggested that First Nations interests are underrepresented in resources allocated to implementation measures once FTAs are in force and drew a link to the lack of specific clauses advancing First Nations interests in agreements.<sup>69</sup>
- 5.54 DAFF advised that it is supporting an Export Readiness Pilot for First Nations Agriculture with the aim: '... to uplift the export readiness of First Nations' businesses by using digital and paper-based traceability systems to meet export requirements and consumer demands.'<sup>70</sup>

## FTA provisions

- 5.55 Including specific provisions FTAs can play a role in increasing First Nations trade opportunities and benefits.<sup>71</sup> The A-UKFTA was cited as an agreement that promotes the commercial interests of First Nations producers.<sup>72</sup> It includes provisions that provide for royalty payments to be made for the resale of art products, which although not specific to First Nations artists is likely to bring particular benefits to that community.<sup>73</sup>
- 5.56 The Canada-United States-Mexico Agreement was also referred to as an example of an agreement that includes Indigenous specific clauses, including preferential treatment for predominantly Indigenous industries such as outlining a process for handcrafted Indigenous textile and apparel goods to be considered duty-free.<sup>74</sup>
- 5.57 The Productivity Commission pointed out that FTA provisions specific to products that originate from certain communities, such as First Nations communities, can bring considerable benefits to those communities.<sup>75</sup> However, it cautioned that while such

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<sup>66</sup> Business Council for Sustainable Development Australia, Submission 17, p. 7.

<sup>67</sup> Business Council for Sustainable Development Australia, Submission 17, p. 7.

<sup>68</sup> Business Council for Sustainable Development Australia, Submission 17, pp. 7–8.

<sup>69</sup> Mr Darren Godwell, Chief Executive Officer, i2i Development Global, *Committee Hansard*, Inquiry into the Australian Government's approach to negotiating trade and investment agreements, 14 March 2024, Canberra, p. 2.

<sup>70</sup> Department of Agriculture, Fisheries and Forestry, Submission 28, p. 15.

<sup>71</sup> See, for example: Productivity Commission, Submission 10, p. 8; Department of Agriculture, Fisheries and Forestry, Submission 28, pp. 3 and 15.

<sup>72</sup> Productivity Commission, Submission 10, p. 8; Department of Agriculture, Fisheries and Forestry, Submission 28, p. 15.

<sup>73</sup> Productivity Commission, Submission 10, pp. 3 and 8.

<sup>74</sup> Productivity Commission, Submission 10, pp. 3, 8–9.

<sup>75</sup> Productivity Commission, Submission 10, pp. 3 and 8.

provisions can create benefits, it is important to carefully assess the associated transaction costs and market distortions that they may create.<sup>76</sup>

- 5.58 The NIAA emphasised that First Nations communities should not be disadvantaged by FTAs, and therefore it is important to ensure that governments retain the ability to protect intellectual and cultural property as well as efforts to promote economic inclusion through domestic measures like the Australian Government's Indigenous Procurement Policy.<sup>77</sup>

### **Tourism sector**

- 5.59 Tourism is a key sector through which First Nations Australians engage with the international economy, and which provides significant benefits to First Nations communities.<sup>78</sup> The NIAA observed that tourism allows: '... practitioners to financially benefit from the unique skills, knowledges and heritage of the world's oldest continuous cultures. More importantly it provides an avenue for First Nations Australians to share, maintain and pass on important cultural practices and traditions.'<sup>79</sup>
- 5.60 Australia's national visitor economy strategy, THRIVE 2030, includes the aim to leverage First Nations cultures as a competitive advantage for Australian travel experiences by embedding First Nations cultures into Australia's brand positioning and developing First Nations tourism opportunities.<sup>80</sup> Support through THRIVE 2030 has provided First Nations tourism opportunities through grants for operators to expand tourism services, a program to deliver tailored mentoring to tourism businesses, and co-investments with state and territory governments who identify and co-design tourism projects with First Nations communities.<sup>81</sup>
- 5.61 The NIAA also advised that it is working with Austrade, Tourism Australia, state and territory governments, and First Nations representatives to codesign a First Nations Visitor Economy partnership to support greater participation in the visitor economy.<sup>82</sup>
- 5.62 Spirits & Cocktails Australia (SCA) drew a link between increased use of native foods and botanicals in Australian spirits products (see below) and increased demand for natural and cultural tourism.<sup>83</sup> This would bring greater benefits to First Nations business and communities.<sup>84</sup>

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<sup>76</sup> Productivity Commission, Submission 10, pp. 3 and 8.

<sup>77</sup> National Indigenous Australians Agency, Submission 26, pp. 4 and 6.

<sup>78</sup> National Indigenous Australians Agency, Submission 26, p. 4; Department of Foreign Affairs and Trade, Submission 34, p. 2.

<sup>79</sup> National Indigenous Australians Agency, Submission 26, p. 4.

<sup>80</sup> National Indigenous Australians Agency, Submission 26, p. 4.

<sup>81</sup> National Indigenous Australians Agency, Submission 26, p. 4.

<sup>82</sup> National Indigenous Australians Agency, Submission 26, p. 4.

<sup>83</sup> Spirits & Cocktails Australia, Submission 33, p. 7.

<sup>84</sup> Spirits & Cocktails Australia, Submission 33, p. 7.

## Native foods and botanicals

- 5.63 The native foods and botanicals industry was recognised as having significant potential to continue to expand through international trade and bring greater benefits to First Nations communities.<sup>85</sup>
- 5.64 The NTDITT explained that native foods or bushfoods are integral to First Nations cultural identity and connection to country and that traditionally an estimated 10,000 native species have been used for food, fibre, shelter, and ceremonial purposes.<sup>86</sup>
- 5.65 SCA outlined that increasing trends towards new products, authenticity, premiumisation, and products that can demonstrate ESG (environmental, social, and governance) benefits provides opportunities for uniquely Australian flavours, and in particular for native and indigenous ingredients in Australian spirits.<sup>87</sup> It added that: ‘The potential growth in the promotion of indigenous produce in Australian spirits presents a significant opportunity to develop First Nations businesses.’<sup>88</sup>
- 5.66 The NTDITT also identified opportunities to harvest, produce and export native foods for the high value cosmetic and nutraceutical markets.<sup>89</sup>
- 5.67 SCA cited New South Wales (NSW) Government research that found that growth in the native foods and botanicals industry is limited by marketing, insufficient production methods and technology, and the inability to develop business models that scale whilst maintaining First Nations knowledge, culture and control.<sup>90</sup>
- 5.68 The NTDITT also underscored the importance of expanding the industry ‘while respecting and maintaining cultural identity and connections’ as well as supporting greater influence and involvement from First Nations communities.<sup>91</sup>
- 5.69 Several submitters identified challenges in exporting native foods and botanicals through receiving country regulations and requirements.<sup>92</sup> For example, Trade and Investment Queensland (TIQ) referred to difficulties faced by exporters of First Nations food products to the UK, where they are being required to provide evidence of safe consumption of the product for 25 years or to go through a full authorisation process as a new food. It added that the issue is currently being worked through by the Australian, UK and European Union (EU) governments.<sup>93</sup>

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<sup>85</sup> See, for example: Northern Territory Department of Industry, Tourism and Trade, Submission 27, pp. 5–7; Spirits & Cocktails Australia, Submission 33, pp. 6–7; Mr Darren Godwell, Chief Executive Officer, i2i Development Global, *Committee Hansard*, Inquiry into the Australian Government’s approach to negotiating trade and investment agreements, 14 March 2024, Canberra, p. 3.

<sup>86</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 5.

<sup>87</sup> Spirits & Cocktails Australia, Submission 33, p. 6.

<sup>88</sup> Spirits & Cocktails Australia, Submission 33, p. 7.

<sup>89</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 5.

<sup>90</sup> Spirits & Cocktails Australia, Submission 33, p. 7, citation omitted.

<sup>91</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 5.

<sup>92</sup> Trade and Investment Queensland, Submission 24, p. 4; Northern Territory Department of Industry, Tourism and Trade, Submission 27, pp. 5–6; Spirits & Cocktails Australia, *Committee Hansard*, Canberra, 22 November 2024, pp. 42–43.

<sup>93</sup> Trade and Investment Queensland, Submission 24, p. 4.

5.70 Ms Sandra North, Member, Australian Distillers Association (ADA) shared firsthand experience of the benefits of Australian spirits with First Nations ingredients as well as the difficulties faced in exporting, using the example of gin produced by Seven Seasons that contains ants harvested from Larrakia Country in the NT.<sup>94</sup> Ms North told the Committee that:

In the restaurant trade, chefs order perhaps 100 grams of green ants. But, in distilling, we order hundreds of kilos of green ants every year. As with the other native bush foods that we use, we buy in bulk... Many distilleries in Australia now use native bush foods in their spirits. We're value-adding to that product.

[...]

When we tried to get this through to the [United States], they told me that these ants are an insect and a biosecurity risk. I tried explaining that they are sterilised in 40 per cent alcohol... In the UK, I was asked to register this as a food item, as they wouldn't recognise it as a beverage because of the ants. In China, I can't get a definitive answer from customs whether they're going to let this product in or not, as with some of the other native bush foods.<sup>95</sup>

5.71 The NTDITT advised that native foods face several challenges related to Harmonized System Codes (HS Codes), which are used internationally for the classification of traded products.<sup>96</sup> These include a lack of specific codes for classification and inconsistent classification between countries which can lead to reduced market access, delays in customs clearance, higher tariffs, stricter quarantine requirements, and difficulty in tracking trade volumes and values.<sup>97</sup> It added that it is vital these challenges are addressed by better recognition of native foods within the system, education and training for customers officials, and collaboration between the industry and government to ensure accurate classification.<sup>98</sup>

5.72 Ms Sandra North, ADA also referred to HS Codes as being a barrier: '... because there's no HS code for these ingredients, there's no understanding of them and there are no specifications.'<sup>99</sup>

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<sup>94</sup> Ms Sandra North, Member, Australian Distillers Association, *Committee Hansard*, Canberra, 22 November 2024, pp. 42–43.

<sup>95</sup> Ms Sandra North, Member, Australian Distillers Association, *Committee Hansard*, Canberra, 22 November 2024, pp. 42–43.

<sup>96</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 5.

<sup>97</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 6.

<sup>98</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 6.

<sup>99</sup> Ms Sandra North, Member, Australian Distillers Association, *Committee Hansard*, Canberra, 22 November 2024, pp. 42–43.

## Intellectual property and geographical indications

- 5.73 Some stakeholders discussed the notion of ‘geographical indications’ (GIs) and how their introduction could bring additional economic and social benefits to First Nations communities.<sup>100</sup> The NTDITT recommended developing a legislative framework to recognise GIs and explained how they could bring additional benefits:

[GIs] can be a powerful tool for protecting the intellectual property and authenticity of Aboriginal flora and fauna in Australia.

... GI's can protect the traditional knowledge and cultural heritage of Aboriginal communities preventing unauthorised use of their flora and fauna. GI's can add value to Aboriginal products, helping to create premium markets and providing economic benefits to Aboriginal communities through sustainable and culturally appropriate commercialisation. This ensures that consumers receive authentic products, enhancing trust and recognition in the market.<sup>101</sup>

- 5.74 I2i DG outlined the case for recognising knowledge in Indigenous plants and botanicals in Australia as the basis for GIs:

They are not growing Kakadu plum in Spain. Yet we see multinational cosmetics companies selling skin care products in the EU that openly market Kakadu plum as the active ingredient. There is no way for us to contest it, and those companies are not asked to prove the authenticity or the supply chain of that Kakadu plum in their product. Obviously, if they were—as they do with many of their own ingredients in their own products—we would capture more of that wholesale market for Kakadu plum production in Australian markets, particularly in northern Australia.<sup>102</sup>

- 5.75 I2i DG made a connection with the inclination for consumers being increasingly willing to pay a premium for products that can demonstrate provenance and authenticity:

... by Australia securing Indigenous botanicals and naming them by species and by usage, by upholding similar standards to those that have been developed over many decades in the EU, we would, in effect, capture the export values of those wholesale markets immediately for Australian businesses and producers, primary producers in regional and remote parts of Australia.<sup>103</sup>

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<sup>100</sup> Australian Business in Europe, Submission 25, p. 5; Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 7; Mr Darren Godwell, Chief Executive Officer, i2i Development Global, *Committee Hansard*, Inquiry into the Australian Government's approach to negotiating trade and investment agreements, 14 March 2024, Canberra, p. 3.

<sup>101</sup> Northern Territory Department of Industry, Tourism and Trade, Submission 27, p. 7.

<sup>102</sup> Mr Darren Godwell, Chief Executive Officer, i2i Development Global, *Committee Hansard*, Inquiry into the Australian Government's approach to negotiating trade and investment agreements, 14 March 2024, Canberra, p. 3.

<sup>103</sup> Mr Darren Godwell, Chief Executive Officer, i2i Development Global, *Committee Hansard*, Inquiry into the Australian Government's approach to negotiating trade and investment agreements, 14 March 2024, Canberra, p. 3.

- 5.76 The NIAA advised that in 2024, after 24 years of deliberation, the World Intellectual Property Organization (WIPO) agreed by consensus, to conclude the Treaty on Intellectual Property, Genetic Resources and Associated Traditional Knowledge at a Diplomatic Conference in Geneva.<sup>104</sup> It elaborated that:

The treaty provides First Nations Australians with a clearer pathway to benefit from the use of genetic resources and traditional knowledges that have existed and evolved for tens of thousands of years. Key to the treaty is the core transparency requirement that requires disclosure of the use of genetic resources such as medicinal plants and agricultural crops, and associated traditional knowledges when seeking a patent. This recognition aligns with the Australian Government's commitment to introduce new stand-alone legislation to protect First Nations traditional knowledges and cultural expressions, including to address the harm caused by fake art, merchandise and souvenirs.<sup>105</sup>

## Research and data

- 5.77 Several stakeholders identified the absence of research and data to provide insight into how and to what extent First Nations businesses and communities engage in international trade.<sup>106</sup> For example, the Productivity Commission stated that there are knowledge gaps in understanding engagement with trade and FTAs amongst different communities and that it supports the need for future research into how First Nations communities benefit from FTAs.<sup>107</sup>
- 5.78 BCEC made a similar point, noting that it is not aware of data to the level that would indicate how certain communities, such as First Nations communities, are engaging with international trade.<sup>108</sup> It added that better quality data to be able to track down to that level of engagement with international trade would be beneficial.<sup>109</sup>
- 5.79 DFAT explained that FTA utilisation on the export side is measured through customs data obtained from trading partners, and that this data does not contain information that identifies or provides insight into the level of First Nations participation in trade and use of FTAs.<sup>110</sup>

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<sup>104</sup> National Indigenous Australians Agency, Submission 26, p. 5.

<sup>105</sup> National Indigenous Australians Agency, Submission 26, p. 5.

<sup>106</sup> Productivity Commission, Submission 10, p. 8; Mr Darren Godwell, Chief Executive Officer, i2i Development Global, *Committee Hansard*, Inquiry into the Australian Government's approach to negotiating trade and investment agreements, 14 March 2024, Canberra, p. 5; Dr Daniel Kiely, Senior Research Fellow, Bankwest Curtin Economics Centre, *Committee Hansard*, 8 October 2024, Canberra, p. 2.

<sup>107</sup> Productivity Commission, Submission 10, p. 8.

<sup>108</sup> Dr Daniel Kiely, Senior Research Fellow, Bankwest Curtin Economics Centre, *Committee Hansard*, 8 October 2024, Canberra, p. 2.

<sup>109</sup> Dr Daniel Kiely, Senior Research Fellow, Bankwest Curtin Economics Centre, *Committee Hansard*, 8 October 2024, Canberra, p. 2.

<sup>110</sup> Mr Ashely Brosnan, A/g Assistant Secretary, Trade and Investment Economics Branch, International Economics and Energy Transition Division, Department of Foreign Affairs and Trade, *Committee Hansard*, 23 August 2024, Canberra, pp. 27–28.

- 5.80 Mr Darren Godwell of i2i DG told the Committee that it is not known to what extent First Nations businesses are engaged in trade and suggested that this is because the relevant data is not being captured.<sup>111</sup> He added that: 'In the absence of good quality data, we'll probably make poorer decisions, and we'll make decisions on assumptions rather than on data.'<sup>112</sup> Mr Godwell also emphasised the importance of understanding the extent to which First Nations businesses access existing support for Australian businesses to expand into new markets and the need to set targets around their participation.<sup>113</sup>
- 5.81 As mentioned above, a key element for First Nations business growth and expansion into international market is increased access to foreign direct investment. Mr Darren Godwell, i2i DG explained that there is insufficient data on the value of foreign direct investment flowing to First Nations businesses or interests and that this is something that needs to be addressed.<sup>114</sup>

## Diaspora communities

- 5.82 Australia is a diverse and multicultural nation with many large diaspora communities. ABS data shows that 30.7 per cent of Australia's population, or 8.18 million people, were born overseas (as at June 2023).<sup>115</sup>
- 5.83 As seen in Table 5.1, the most common countries of birth within the Australian population other than Australia are England, India, China and New Zealand (NZ). While the number of Australians born in England and NZ has historically been high, the number born in Asian countries has increased the most in recent years. Between 2013 and 2023 the countries of birth with the highest increases were India (467,000), China (223,000), Nepal (144,000), and the Philippines (143,000).<sup>116</sup>

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<sup>111</sup> Mr Darren Godwell, Chief Executive Officer, i2i Development Global, *Committee Hansard*, Inquiry into the Australian Government's approach to negotiating trade and investment agreements, 14 March 2024, Canberra, p. 5.

<sup>112</sup> Mr Darren Godwell, Chief Executive Officer, i2i Development Global, *Committee Hansard*, Inquiry into the Australian Government's approach to negotiating trade and investment agreements, 14 March 2024, Canberra, p. 5.

<sup>113</sup> Mr Darren Godwell, Chief Executive Officer, i2i Development Global, *Committee Hansard*, Inquiry into the Australian Government's approach to negotiating trade and investment agreements, 14 March 2024, Canberra, pp. 2–3.

<sup>114</sup> Mr Darren Godwell, Chief Executive Officer, i2i Development Global, *Committee Hansard*, Inquiry into the Australian Government's approach to negotiating trade and investment agreements, 14 March 2024, Canberra, p. 1.

<sup>115</sup> Australian Bureau of Statistics (June 2023), *Australia's Population by Country of Birth*, accessed 12 December 2024: <https://www.abs.gov.au/statistics/people/population/australias-population-country-birth/latest-release>.

<sup>116</sup> Australian Bureau of Statistics (June 2023), *Australia's Population by Country of Birth*, accessed 12 December 2024: <https://www.abs.gov.au/statistics/people/population/australias-population-country-birth/latest-release>.

**Table 5.1 Top 10 countries of birth for Australia's estimated resident population**

Country of birth	Number of people ('000)	Proportion of total population (%)
England	961.57	3.6
India	845.80	3.2
China*	655.76	2.5
New Zealand	598.09	2.2
Philippines	361.86	1.4
Vietnam	298.96	1.1
South Africa	214.79	0.8
Malaysia	180.47	0.7
Nepal	179.05	0.7
Italy	158.99	0.6
Total overseas-born	6408.74	30.7
Total Australian-born	16719.39	69.3
Total population	23128.13	100

\*Excludes Hong Kong, Macau and Taiwan.

Source: Australian Bureau of Statistics, Australia's Population by Country of Birth, June 2023.

- 5.84 In addition to first generation migrants born overseas, the Australian population consists of many more descendants of migrants that retain close personal, cultural and economic ties to their countries of origin. The 2021 Census recorded that 48.2 per cent of Australians have at least one parent born overseas.<sup>117</sup>
- 5.85 Notably, while new arrivals from some countries that have traditionally been a source of migrants to Australia are slowing, such as Italy, the number of second-generation migrants and those reporting Italian ancestry has continued to grow.<sup>118</sup>

<sup>117</sup> Australian Bureau of Statistics (27 June 2022), *2021 Census: Nearly half of Australians have a parent born overseas*, accessed 7 January 2025: <https://www.abs.gov.au/media-centre/media-releases/2021-census-nearly-half-australians-have-parent-born-overseas>.

<sup>118</sup> Australian Bureau of Statistics (20 September 2022), *Cultural diversity of Australia*, accessed 7 January 2025: <https://www.abs.gov.au/articles/cultural-diversity-australia>.

## Contribution and strengths of Australian diaspora communities

- 5.86 Submitters and witnesses drew the Committee’s attention to the significant role that diaspora communities play in Australia’s trade, as well as their broader economic and social contributions.<sup>119</sup> In doing so, many also identified the potential for diaspora communities to have greater engagement in trade, bringing increased benefits to those communities, Australian businesses, and the nation.<sup>120</sup>
- 5.87 It was commonly observed that diaspora communities possess highly valuable knowledge, skills, and networks that can facilitate greater engagement in international trade and that these communities and their strengths are an underutilised resource.<sup>121</sup>
- 5.88 Mr Sung Ho (Steve) Choi, Vice President, VoKAB reflected on the strengths of Korean-Australians and the contribution of the community:
- Their dual cultural proficiency and linguistic fluency positions them as ideal trade and investment intermediaries, capable of bridging gaps between the two. This community has driven innovation and growth across diverse industries, including food export, education, technology and cultural goods. These contributions reflect and enrich the multicultural fabric of Australia.<sup>122</sup>
- 5.89 Dr Wei Li advised that understanding both the cultural and institutional differences between Australia and Asian countries is a unique advantage for the Asian diaspora that is not held by many Australian businesses.<sup>123</sup> Some of the important institutional differences that can be significant challenges for companies when they expand internationally are the operation of the government, the legal system and law enforcement, and industry standards<sup>124</sup>
- 5.90 Dr Wei Li, explained how many members of the Asian-Australian diaspora have been able to leverage their knowledge, skills, and networks related to their country of origin to succeed both building products and services in the Australian market as well as taking products to the global market.<sup>125</sup>

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<sup>119</sup> See, for example: Professor Richard Pomfret, Submission 3, p. 2; Voice of Korean Australia Businesses, Submission 14, pp. 1–2; Business Council for Sustainable Development Australia, Submission 17, p. 7; Dr Wei Li, Submission 22, pp. 1–4; Mr Jay Meek, General Manager, Trade Branch, Trade and Investment Group, Austrade, *Committee Hansard*, 23 August 2024, Canberra, pp. 6–7.

<sup>120</sup> See, for example: Professor Richard Pomfret, Submission 3, p. 2; Eastwood Chinese Business Collective, Submission 5, p. 1; Voice of Korean Australia Businesses, Submission 14, pp. 1–2; Business Council for Sustainable Development Australia, Submission 17, p. 7; Dr Wei Li, Submission 22, pp. 1–4.

<sup>121</sup> See, for example: Eastwood Chinese Business Collective, Submission 5, p. 1; Voice of Korean Australia Businesses, Submission 14, pp. 1–2; p. 7; Dr Wei Li, Submission 22, pp. 1–4.

<sup>122</sup> Mr Sung Ho (Steve) Choi, Vice President, Voice of Korean Australian Businesses, *Committee Hansard*, Canberra, 22 November 2024, p. 17.

<sup>123</sup> Dr Wei Li, Private capacity, *Committee Hansard*, Sydney, 29 October 2024, pp. 17–18.

<sup>124</sup> Dr Wei Li, Private capacity, *Committee Hansard*, Sydney, 29 October 2024, pp. 17–18.

<sup>125</sup> Dr Wei Li, Private capacity, *Committee Hansard*, Sydney, 29 October 2024, pp. 16–17.

5.91 Dr Wei Li also told the Committee that in contrast to the traditional notion of a community-based business or shop, the contemporary Asian-Australian diaspora led businesses is increasingly providing products and services into larger, mainstream markets.<sup>126</sup> This is led by a new generation that are young, entrepreneurial, well-educated, adept at digital and social media, and often have corporate experience before starting their own businesses.<sup>127</sup> The new generation of Asian diaspora businesspeople believe that they can use their strengths to leverage the advantages from the Asian market and are highly ambitious:

For a lot of these companies, even when they've started as quite small, their aim is quite high. They want to become a global business and they want to become a global leader in a certain area. They don't just constrain themselves within the Australian boundary. Really, when they're small, they're already looking quite high.<sup>128</sup>

5.92 Despite their significant strengths and growing contributions, submitters were of the view that diaspora communities have potential to make even greater contributions to Australia's trade.<sup>129</sup> However, diaspora communities face challenges in accessing the opportunities offered by trade and FTAs.<sup>130</sup>

5.93 VoKAB commented that despite the success of the Korea-Australia FTA (K-AFTA): '... many Korean-Australian businesses lack the knowledge and resources to navigate its complexities and capitalise on its benefits. This translates to lost opportunities for growth, job creation, and economic prosperity for both Australia and Korea.'<sup>131</sup> Mr Sung Ho (Steve) Choi, VoKAB elaborated by telling the Committee that the benefits of trade are not equally accessible, especially for SMEs led by Korean Australian entrepreneurs:

By empowering this community, we can tap into its members' unique ability to act as cultural and economic bridges, fostering stronger ties between the two countries. Addressing these systemic barriers and unlocking this potential will drive innovation, bolster the economy and reflect the strength of Australia's multicultural society.<sup>132</sup>

5.94 Dr Wei Li submitted that fragmentation of information is a major issue and that there is a need for better understanding, particularly among diaspora communities, of how FTAs can be utilised to support products and services to expand into new markets.<sup>133</sup>

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<sup>126</sup> Dr Wei Li, Private capacity, *Committee Hansard*, Sydney, 29 October 2024, pp. 16–17.

<sup>127</sup> Dr Wei Li, Private capacity, *Committee Hansard*, Sydney, 29 October 2024, pp. 16–17.

<sup>128</sup> Dr Wei Li, Private capacity, *Committee Hansard*, Sydney, 29 October 2024, pp. 16–17.

<sup>129</sup> See, for example: Voice of Korean Australia Businesses, Submission 14, p. 2; Dr Wei Li, Submission 22, pp. 3–4; Business Council for Sustainable Development Australia, Submission 17, p. 7.

<sup>130</sup> See, for example: Voice of Korean Australia Businesses, Submission 14, p. 2; Dr Wei Li, Submission 22, pp. 3–4; Business Council for Sustainable Development Australia, Submission 17, p. 7.

<sup>131</sup> Voice of Korean Australia Businesses, Submission 14, p. 2.

<sup>132</sup> Mr Sung Ho (Steve) Choi, Vice President, Voice of Korean Australian Businesses, *Committee Hansard*, Canberra, 22 November 2024, pp. 17–18.

<sup>133</sup> Dr Wei Li, Submission 22, pp. 3–4.

## Increasing engagement with and leveraging diaspora communities

- 5.95 Stakeholders made a range of suggestions for how the Australian Government can better engage with and leverage diaspora communities to increase the benefits of trade and FTAs.<sup>134</sup>

### Stakeholder engagement and consultation

- 5.96 DFAT outlined its extensive stakeholder engagement and consultation architecture for FTA negotiations as well as for promotion and awareness building activities once an FTA is in force.<sup>135</sup> These are discussed in greater detail in Chapter 3.

- 5.97 Mr Ravi Kewalram, First Assistant Secretary, Free Trade Agreements and Stakeholder Engagement Division, DFAT told the Committee that DFAT's approach is to offer open invitations and engage with all interested stakeholders.<sup>136</sup> Mr Kewalram explained that international business councils and chambers of commerce, which include members of diaspora communities, are generally participants in the Department's stakeholder engagement and consultation processes:

As part of that, in developing the agenda or mandate or the objectives for an FTA, through the negotiations and in the implementation and the promotion of the FTA, we work with a range of stakeholders which includes very directly relevant chambers of commerce, for example, and which are focused on the bilateral trading relationship.

[...]

In the actual FTA negotiations, there are a lot of interactions with diaspora communities, which are often very active members, for example, of those chambers of commerce. Following the conclusion of an FTA, we also then work with Austrade and other colleagues in engaging those chambers of commerce or briefing various groupings of diaspora communities to talk about the FTA that might be of most interest to them and that community.<sup>137</sup>

- 5.98 Beyond direct engagement with bilateral business councils and chambers of commerce as well as diaspora community organisations in FTA consultation processes, DFAT also supports and engages with a range of councils, foundations

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<sup>134</sup> See, for example: Voice of Korean Australia Businesses, Submission 14, p. 2; Business Council for Sustainable Development Australia, Submission 17, p. 7; Mr Jay Meek, General Manager, Trade Branch, Trade and Investment Group, Austrade, *Committee Hansard*, 23 August 2024, Canberra, pp. 6–7; Mr Patrick Mayoh, NSW President, Australia China Business Council, *Committee Hansard*, Sydney, 29 October 2024, p. 27; Mr John Few, President, Eastwood Chinese Business Collective, *Committee Hansard*, Sydney, 29 October 2024, p. 25.

<sup>135</sup> Mr Ravi Kewalram, First Assistant Secretary, Free Trade Agreement and Stakeholder Engagement Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 23 August 2024, pp. 23–24.

<sup>136</sup> Mr Ravi Kewalram, First Assistant Secretary, Free Trade Agreement and Stakeholder Engagement Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 23 August 2024, pp. 23–24.

<sup>137</sup> Mr Ravi Kewalram, First Assistant Secretary, Free Trade Agreements and Stakeholder Engagement Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 23 August 2024, p. 23.

and institutes who also work with diaspora communities. For example, the Council for Australia-India Relations.<sup>138</sup>

- 5.99 DFAT acknowledged that despite its extensive stakeholder engagement and consultation activities, there may still be groups that have an interest but are not aware, and that it is always looking for ways to improve its approach to make sure that it can get information to anyone who might have an interest.<sup>139</sup>

### Non-English language and media

- 5.100 The Committee heard from submitters and witnesses about the potential to better connect with diaspora communities in Australia by using non-English languages and non-English language media platforms.<sup>140</sup>

- 5.101 Austrade advised that it undertakes extensive advertising and promotional activities in foreign languages and foreign language media when promoting trade and investment opportunities within Australia overseas.<sup>141</sup> However, both DFAT and Austrade explained that promotional and awareness building material about trade and FTAs produced for a domestic audience are published in English and disseminated through English language media or social media platforms.<sup>142</sup>

- 5.102 Mrs Jessica Hamilton, General Manager, Simplified Trade, Communications and Marketing Branch, Policy and Programs Group at Austrade told the Committee that:

To date in Australia we have been advertising and promoting in English. We do a lot of translations when we are promoting Australia internationally, which is a core part of our 'business as usual'... At this point in time, for our domestic engagement today, we haven't offered translated content. But we do want to make sure that our content is accessible and usable, and that our digital services are inclusive. Our engagement with the Australian business community in terms of taking advantage of the trade [and] investment opportunities that are available across South-East Asia, is definitely something we are working on at the moment and will be considering.<sup>143</sup>

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<sup>138</sup> Mr Ravi Kewalram, First Assistant Secretary, Free Trade Agreement and Stakeholder Engagement Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 23 August 2024, p. 23.

<sup>139</sup> Mr Ravi Kewalram, First Assistant Secretary, Free Trade Agreement and Stakeholder Engagement Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 23 August 2024, p. 24.

<sup>140</sup> See, for example: Mr Patrick Mayoh, NSW President, Australia China Business Council, *Committee Hansard*, Sydney, 29 October 2024, p. 27; Mr John Few, President, Eastwood Chinese Business Collective, *Committee Hansard*, Sydney, 29 October 2024, p. 25; Ms Julianne Lee, Vice President, Voice of Korean Australian Businesses, *Committee Hansard*, Canberra, 22 November 2024, pp. 18 and 20.

<sup>141</sup> Mrs Jessica Hamilton, General Manager, Simplified Trade, Communications and Marketing Branch, Policy and Programs Group, Austrade, *Committee Hansard*, Canberra, 23 August 2024, p. 11.

<sup>142</sup> Department of Foreign Affairs and Trade, Submission 34.1, p. 1; Mrs Jessica Hamilton, General Manager, Simplified Trade, Communications and Marketing Branch, Policy and Programs Group, Austrade, *Committee Hansard*, Canberra, 23 August 2024, p. 11; Mr Ravi Kewalram, First Assistant Secretary, Free Trade Agreements and Stakeholder Engagement Division, Department of Foreign Affairs and Trade, *Committee Hansard*, Canberra, 23 August 2024, pp. 23–24.

<sup>143</sup> Mrs Jessica Hamilton, General Manager, Simplified Trade, Communications and Marketing Branch, Policy and Programs Group, Austrade, *Committee Hansard*, Canberra, 23 August 2024, p. 11.

- 5.103 VoKAB noted that while migrants may have an interest as well as relevant knowledge and expertise their language skills may still be minimal. Ms Julianne Lee said that: 'It's very important to remember that there are newcomers for different languages, and maybe they're not confident yet but they do have the skills to help them to explore those markets.'<sup>144</sup> Mr Sung Ho (Steve) Choi added that it is important to provide targeted, summarised information about FTAs: '... if you give a summary of what's in there, especially, and take out all those bits with coalmining, cars, electric trains—this is something that can benefit small businesses... to understand and see what kind of benefit you can take out of this agreement. If you tell them, they start thinking, 'Okay, this is what I can do.' In that regard, the language is pretty important to promote them to start thinking about it—easy access.'<sup>145</sup>
- 5.104 The ECBC also observed that English is a second language for many people in diaspora led businesses in Australia, particularly in SMEs, and that communicating with people and businesses through published material and workshops would be beneficial to increase understanding of trade and FTA opportunities.<sup>146</sup>
- 5.105 Both VoKAB and the ACBC identified an opportunity to engage with respective diaspora communities in their languages through digital and social media.<sup>147</sup> Mr Patrick Mayo, NSW President, ACBC told the Committee:
- I listen to SBS radio... and they regularly have advertisements. Very often it's Australian health insurance providers. It would be great to hear... [for example] an advertisement from Austrade in Chinese on SBS Mandarin radio...
- In digital media, I know there are sensitivities around certain applications, but Xiaohongshu, for example—'little red book'—is hugely popular in the Chinese community. In all my engagements at least with the Chinese Australian communities handing over a business card is not done anymore; it's all through WeChat. We do deals over WeChat... So it's all through the Chinese language media.<sup>148</sup>
- 5.106 Similarly, Ms Julianne Lee, VoKAB, stated that VoKAB proposes: '... using multilingual social channels and broadcasters like SBS Korea to provide updates on K-AFTA. These platforms could help SMEs stay informed about trade opportunities and policy changes, bridging language and information gaps.'<sup>149</sup>

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<sup>144</sup> Ms Julianne Lee, Vice President, Voice of Korean Australian Businesses, *Committee Hansard*, Canberra, 22 November 2024, p. 20.

<sup>145</sup> Mr Sung Ho (Steve) Choi, Vice President, Voice of Korean Australian Businesses, *Committee Hansard*, Canberra, 22 November 2024, pp. 20–21.

<sup>146</sup> Mr John Few, President, Eastwood Chinese Business Collective, *Committee Hansard*, Sydney, 29 October 2024, p. 25.

<sup>147</sup> Mr Patrick Mayo, NSW President, Australia China Business Council, *Committee Hansard*, Sydney, 29 October 2024, p. 27; Ms Julianne Lee, Vice President, Voice of Korean Australian Businesses, *Committee Hansard*, Canberra, 22 November 2024, p. 18.

<sup>148</sup> Mr Patrick Mayo, NSW President, Australia China Business Council, *Committee Hansard*, Sydney, 29 October 2024, p. 27.

<sup>149</sup> Ms Julianne Lee, Vice President, Voice of Korean Australian Businesses, *Committee Hansard*, Canberra, 22 November 2024, p. 18.

- 5.107 Dr Wei Li advised that Asian-Australian businesses have a higher level of use and engagement with social media for business and marketing purposes.<sup>150</sup>
- 5.108 The ECBC suggested that while organisations such as theirs can provide some assistance to SMEs that are seeking to invest in import/export activities, there is value in simplified information and information in non-English languages being provided directly by government because it provides a sense of support and safety.<sup>151</sup>

### Chambers of commerce and business councils

- 5.109 The role of bilateral chambers of commerce and business councils was raised, including their potential to play a greater role in engaging diaspora communities.<sup>152</sup>
- 5.110 ACCI noted the importance of international business chambers that are dedicated to growing bilateral trade and investment relationships.<sup>153</sup> It explained that: ‘While not solely comprised of members of the diaspora in those particular trade partners, such groups do provide a valuable focal point for those – such as members of diaspora groups – with a pre-existing interest in those particular markets.’<sup>154</sup>
- 5.111 Mr Jay Meek, Austrade outlined to the Committee its work to collaborate with and better utilise international chambers and business councils:

As part of the strategy to strengthen two-way trade between Australia and South-East Asian countries we have an extensive outreach program starting with those chambers of commerce to leverage what they're doing with their membership in particular, and there's obviously a strong diaspora component to that... One of the reasons why we are trying to strengthen that relationship is to drive more value into those chambers, so that they can get more members to come in and hear that information.<sup>155</sup>

- 5.112 The ACBC noted that it has extensive membership and that international chambers could be used more by government as an avenue to disseminate messages and information from Austrade and DFAT.<sup>156</sup>
- 5.113 VoKAB noted that organisations such as theirs are well-placed to work with government on utilising opportunities under existing trade agreements and trade

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<sup>150</sup> Dr Wei Li, private capacity, *Committee Hansard*, 29 October 2024, Sydney, pp. 16–17.

<sup>151</sup> Ms Ashley Deng, Member, Eastwood Chinese Business Collective, *Committee Hansard*, Sydney, 29 October 2024, p. 26.

<sup>152</sup> See, for example: Business Council for Sustainable Development Australia, Submission 17, p. 7; Australian Chamber of Commerce and Industry, Submission 35, p. 8; Mr Jay Meek, General Manager, Trade Branch, Trade and Investment Group, Austrade, *Committee Hansard*, 23 August 2024, Canberra, p. 10; Mr Patrick Mayoh, NSW President, Australia China Business Council, *Committee Hansard*, Sydney, 29 October 2024, p. 27.

<sup>153</sup> Australian Chamber of Commerce and Industry, Submission 35, p. 8.

<sup>154</sup> Australian Chamber of Commerce and Industry, Submission 35, p. 8.

<sup>155</sup> Mr Jay Meek, General Manager, Trade Branch, Trade and Investment Group, Austrade, *Committee Hansard*, 23 August 2024, Canberra, p. 10.

<sup>156</sup> Mr Patrick Mayoh, NSW President, Australia China Business Council, *Committee Hansard*, Sydney, 29 October 2024, p. 27.

policy development to ensure that diaspora views are heard and expertise in leveraged.<sup>157</sup>

- 5.114 The BCSDA suggested that: ‘... partnerships with diaspora business councils can help leverage the cultural and linguistic advantages of diaspora communities to access new markets, as seen in the success of Indian-Australian businesses in the information technology sector through the Australia-India Comprehensive Economic Cooperation Agreement (A-ICECA).’<sup>158</sup>
- 5.115 Austrade noted that international business chambers and councils are primarily driven and funded by members and that they differ in terms of size, scale and capability. However, supporting them to increase their value will allow them to increase their capability and be more sustainable.<sup>159</sup>

### Targeted actions, strategies and programs

- 5.116 Austrade informed the Committee about its plans to build on its engagement with diaspora communities in Australia:

There are about a million diaspora here, in Australia, who have origins in South-East Asia, and we're looking at how we activate and listen to that community and guide other businesses, and that's a key piece of what we do. I would say that, through the years of engagement that we've had with many businesses and helping them to go overseas, a lot of them are actually from the diaspora.<sup>160</sup>

- 5.117 DFAT and Austrade both acknowledged that there is more work to be done to map, engage with and activate Australia's Southeast Asian diaspora communities and that doing so is a key part of *Australia's Southeast Asia Economic Strategy to 2040*.<sup>161</sup>
- 5.118 Some submitters indicated a need for more awareness and capacity building activities targeted at specific communities and bilateral relationships.<sup>162</sup> For example, VoKAB were of the view that the potential of the Australia-Korea trade relationship is not being maximised because it is underrepresented in trade facilitation efforts, dedicated strategies and programs, and tailored resources.<sup>163</sup> As a result many Australian-Korean businesses remain unaware of the specific benefits that K-AFTA offers.<sup>164</sup>

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<sup>157</sup> Voice of Korean Australia Businesses, Submission 14, p. 2.

<sup>158</sup> Business Council for Sustainable Development Australia, Submission 17, p. 7.

<sup>159</sup> Mr Jay Meek, General Manager, Trade Branch, Trade and Investment Group, Austrade, *Committee Hansard*, 23 August 2024, Canberra, p. 10.

<sup>160</sup> Mr Jay Meek, General Manager, Trade Branch, Trade and Investment Group, Austrade, *Committee Hansard*, 23 August 2024, Canberra, pp. 6–7.

<sup>161</sup> Department of Foreign Affairs and Trade, Submission 34, p. 9; Mr Jay Meek, General Manager, Trade Branch, Trade and Investment Group, Austrade, *Committee Hansard*, 23 August 2024, Canberra, pp. 6–7.

<sup>162</sup> See, for example: Voice of Korean Australia Businesses, Submission 14, p. 2; Business Council for Sustainable Development Australia, Submission 17, p. 7.

<sup>163</sup> Mr Sung Ho (Steve) Choi, Vice President, Voice of Korean Australian Businesses, *Committee Hansard*, Canberra, 22 November 2024, pp. 17–18.

<sup>164</sup> Mr Sung Ho (Steve) Choi, Vice President, Voice of Korean Australian Businesses, *Committee Hansard*, Canberra, 22 November 2024, pp. 17–18.

- 5.119 Several stakeholders mentioned the use of webinars to promote and build awareness of trade opportunities, including in non-English languages, as a useful mechanism to engage with diaspora communities.<sup>165</sup>
- 5.120 Dr Wei Li suggested that the Australia Government could encourage greater engagement of diaspora communities in trade opportunities by supporting collaboration, including through existing funding and initiatives: ‘Enhanced support for cross-collaboration between diaspora communities and mainstream Australian business sectors could facilitate a more cohesive integration, leveraging the unique capabilities and international networks that these communities bring to the table.’<sup>166</sup>
- 5.121 Ms Julianne Lee, VoKAB, proposed the creation of a Korean-Australia business exchange modelled on the successful Australia Southeast Asia Business Exchange.<sup>167</sup> Such an exchange would provide a structured framework to strengthen the trade relationship by leveraging the networks and expertise of Korean-Australians to bridge cultural and business gaps, unlock new market opportunities, prioritise high-growth areas beyond commodities, and increase participation of SMEs.<sup>168</sup>
- 5.122 Case studies were identified as valuable for highlighting the success of diaspora led businesses engaged in international trade to build awareness, demonstrate potential, and provide inspiration to others in the community.<sup>169</sup> Dr Wei Li told the Committee about the benefits of case studies:
- By publicly acknowledging and promoting their success stories and economic contributions, there is potential not only to enhance their visibility but also to attract further investment and interest, thereby strengthening Australia’s overall trade position. This approach could also serve to mitigate any negative perceptions or biases associated with geopolitical issues, showcasing the positive impacts of these communities on the national economy.<sup>170</sup>
- 5.123 Some drew attention to the need for greater research to better understand and support diaspora communities to engage in trade.<sup>171</sup> For example, BCEC commented that more research and better-quality data tracking how diaspora communities

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<sup>165</sup> See, for example: Ms Ashley Deng, Member, Eastwood Chinese Business Collective, *Committee Hansard*, Sydney, 29 October 2024, p. 26; Mr Patrick Mayoh, NSW President, Australia China Business Council, *Committee Hansard*, Sydney, 29 October 2024, pp. 27 and 28.

<sup>166</sup> Dr Wei Li, Submission 22, p. 4.

<sup>167</sup> Ms Julianne Lee, Vice President, Voice of Korean Australian Businesses, *Committee Hansard*, Canberra, 22 November 2024, p. 18.

<sup>168</sup> Ms Julianne Lee, Vice President, Voice of Korean Australian Businesses, *Committee Hansard*, Canberra, 22 November 2024, p. 18.

<sup>169</sup> Dr Wei Li, Submission 22, pp. 2–3.

<sup>170</sup> Dr Wei Li, Submission 22, pp. 2–3.

<sup>171</sup> Dr Daniel Kiely, Senior Research Fellow, Bankwest Curtin Economics Centre, *Committee Hansard*, 8 November 2024, Canberra, p. 2; Mr Young (Patrick) Cha, President, Voice of Korean Australian Businesses, *Committee Hansard*, Canberra, 22 November 2024, pp. 22–23.

engage with international markets would be beneficial in understanding how they could be better supported.<sup>172</sup>

- 5.124 VoKAB also pointed to the importance of quality and in-depth research, in relation to the Australia-Korea trade relationship, into what diaspora communities and businesses need and how governments can better support them.<sup>173</sup> It recommended establishing a dedicated research team to identify high-potential sectors and emerging market trends within the FTA framework.<sup>174</sup>
- 5.125 BCEC and Group of Eight Australia (Go8) underscored the value of Australia's international education sector in creating connections and opportunities for trade.<sup>175</sup> BCEC explained that: '... international education plays a really important role there as well, where we build that soft diplomacy and also those business-to-business links when international students, say, return home or even stay here to work. They have those connections which are really important.'<sup>176</sup> Go8 made a similar point in relation to the provisions around student and research mobility in the A-UKFTA, explaining that it: '... recognises the importance of the movement of people – or the sharing of experience and building of expertise and cultural know-how – as a fundamental pillar of innovation, and a driver of long-term, sustainable relationships.'<sup>177</sup>

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<sup>172</sup> Dr Daniel Kiely, Senior Research Fellow, Bankwest Curtin Economics Centre, *Committee Hansard*, 8 November 2024, Canberra, p. 2.

<sup>173</sup> Mr Young (Patrick) Cha, President, Voice of Korean Australian Businesses, *Committee Hansard*, Canberra, 22 November 2024, pp. 22–23.

<sup>174</sup> Voice of Korean Australian Businesses, Submission 14, p. 2.

<sup>175</sup> Group of Eight Australia, Submission 19, p. 2; Dr Daniel Kiely, Senior Research Fellow, Bankwest Curtin Economics Centre, *Committee Hansard*, 8 November 2024, Canberra, p. 2.

<sup>176</sup> Dr Daniel Kiely, Senior Research Fellow, Bankwest Curtin Economics Centre, *Committee Hansard*, 8 November 2024, Canberra, p. 2.

<sup>177</sup> Group of Eight Australia, Submission 19, p. 2.

## Committee comment

- 5.126 The evidence received strongly suggests that there are significant research and data gaps in understanding how and to what extent small and medium sized enterprises (SMEs), First Nations, and diaspora communities engage in international trade. The Committee is of the view that this information is essential if these groups are to be encouraged to realise their significant potential to engage further in and gain greater benefits from trade. Any policies, programs, and activities designed to increase engagement with trade amongst these businesses and communities must be informed by high quality data and information about the current level of uptake, how they participate, and what would be most effective to support greater uptake.
- 5.127 There is consistent evidence that many businesses, in particular SMEs, First Nations, and diaspora communities, are not aware of the opportunities international trade provides, nor how to access them. There is a need for targeted education and outreach programs to build awareness and capacity amongst these groups. While the relevant government agencies are actively engaging with these groups and doing great work in this area these efforts must be continued and expanded. To be most effective, targeted activities must provide specific, tailored advice, training and resources across business ownership types and demographics, geographic locations, sectors, and import/export markets. The Committee believes that these efforts would benefit from a long-term strategy to identify and prioritise target areas and the type of information they require to significantly uplift the capacity of these groups to participate in and benefit from trade and free trade agreements (FTAs). As discussed in Chapter 3, both government at all levels and industry bodies have a role to play. As indicated previously, current digital tools and services as well as digital communications such as webinars are important for improving engagement with a wider audience but more needs to be done to make these tools and activities known.
- 5.128 SMEs make an enormous contribution to the Australian economy. While many participate in international trade, there is undoubtedly potential for SMEs to engage more with trade and bring greater benefits to those businesses and the Australia economy. SMEs face the same challenges as larger business in accessing the benefits of trade as outlined in the Chapters 3 and 4 of this report, often to a greater degree. They also face specific and unique challenges in engaging with trade and FTAs. Given the number and diversity of SMEs in the economy, it is difficult to find uniform approaches to improving SME access to the benefits of trade. However, any wider efforts to reduce the complexity and administrative costs involved in both being aware of the potential benefits and accessing them would in general disproportionately benefit SMEs.
- 5.129 The Committee recognises the growing First Nations business sector's significant contribution to the Australian economy and their positive impact on First Nations communities. For many of these businesses, and business that will emerge in the future, there are opportunities for growth through participation in international trade whether that be offering unique products to overseas markets or attracting foreign investment into domestic businesses. There is no doubt that capitalising on this potential will bring greater benefits to First Nations businesses and communities.

- 5.130 The Committee welcomes the Australian Government's substantive efforts to increase consultation, engagement, and representation of First Nations interests and perspectives across Australia's trade agenda. First Nations businesses face challenges in engaging with trade, particularly lack of information and resources to understand how trade and FTAs can apply to them. As for SMEs, greater resources must be allocated to targeted outreach and engagement programs to support the needs of First Nations businesses.
- 5.131 The Committee recognises that the ability to attract capital investment into First Nations businesses is essential to their ability to scale up to engage in international trade. The Committee believes that more work needs to be done to identify and understand the level of foreign investment flowing to First Nations businesses and to investigate how it can be supported to increase.
- 5.132 The Committee agrees that areas where First Nations businesses and communities hold unique products and services, or other advantages such as tourism and native foods and botanicals should be encouraged to grow and benefit from increased international engagement. The Committee was particularly interested in the immense economic, social, and cultural benefits of the native foods and botanicals industry and were concerned about some of the barriers that were raised. The Australian Government should prioritise addressing issues related to the export of First Nations foods and botanicals regulations and requirements, including greater recognition and consistency in the application of classifications.
- 5.133 The Committee acknowledges the invaluable contribution of diaspora communities to the social fabric and economic strength of Australia. While many already do so, the Committee is of the view that there is considerable underutilised potential amongst diaspora communities to use their knowledge, skills, and connections to their country of origin to engage further in international trade. These valuable strengths can be harnessed to facilitate greater trade by both diaspora community led businesses and the wider Australian business community. Greater engagement of diaspora community members in international trade would bring additional benefits to those communities, businesses, and the Australian economy as well as strengthening diplomatic and cultural ties. The Committee was pleased to hear about the essential work underway to map and activate Australia's Southeast Asian diaspora communities.
- 5.134 The Committee acknowledges the Department of Foreign Affairs and Trade's (DFAT) extensive and open approach to stakeholder consultation and engagement matters on trade. However, there are at least some members amongst diaspora communities that are not well-aware of the department's activities and continued efforts should be made to reach as many interested stakeholders as possible.
- 5.135 Government engagement with SMEs, who are generally focussed on building and running their businesses, is notoriously difficult even when factors such as language are not in play. Given the potential for greater participation of diaspora communities in trade it is important that they are considered a key target audience for government outreach and engagement activities. Many of these community members speak non-English languages as their first language and utilise non-English language media.

Many, particularly in the younger Asia diaspora cohort, are highly engaged with digital and social media platforms. To reach this audience the Australian Government should be undertaking priority outreach and engagement activities to build awareness of trade opportunities in languages other than English not just overseas but also domestically. In addition, the Australian Government where appropriate, should also undertake trade promotion and engagement activities, as well as communications about international trade and business opportunities in non-English language traditional media as well as through digital and social media platforms.

- 5.136 The Committee is of the view that bilateral chambers of commerce and business councils play an important role in strengthening bilateral trade relationships and could be supported to do more to engage with diaspora communities, particularly at the SME level, to improve their awareness and capacity to benefit from trade and FTAs. Support could be for both self-directed initiatives and in collaboration with or on behalf of government to disseminate key information and messages. The Committee also believes that there is value in encouraging greater collaboration between diaspora community business leaders, as well as bilateral chambers of commerce and business councils, and the wider Australian business community.
- 5.137 Such engagement should not only be top-down information from government to business about opportunities but should genuinely seek to engage with and learn lessons from businesses that are already successful in trade. The Committee is aware, anecdotally, of examples of success stories by Australian companies, including those led by members of diaspora communities, that are engaging in trade, including in markets where there is no FTA place.

## Recommendations

### Recommendation 9

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- 5.138 The Committee recommends that the Australian Government support research and other initiatives to capture data to better understand how and to what extent certain groups such as small and medium sized enterprises, First Nations businesses, and diaspora communities engage with and benefit from trade and free trade agreements.**

### Recommendation 10

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- 5.139 The Committee recommends that the Australian Government develop a long-term strategy for enhanced targeted education and outreach programs among certain groups such as small and medium sized enterprises, First Nations, and diaspora communities to build awareness and capacity to engage with and benefit from trade.**

## **Recommendation 11**

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**5.140 The Committee recommends that the Australian Government prioritise and expedite efforts to address barriers and challenges to the export of native foods and botanicals.**

## **Recommendation 12**

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**5.141 The Committee recommends that the Department of Foreign Affairs and Trade as well as Austrade provide awareness and capacity building communications material and engagement activities in non-English languages to more effectively engage with the Australian diaspora communities of key trading partners.**

## **Recommendation 13**

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**5.142 The Committee recommends that the Department of Foreign Affairs and Trade as well as Austrade promote engagement activities and trade facilitation initiatives in non-English media and social media, where appropriate, to more effectively engage with the Australian diaspora communities of key trading partners.**



# A. Submissions

- 1 Standards Australia
- 2 CANEGROWERS
- 3 Professor Richard Pomfret
- 4 GrainGrowers Limited
- 5 Eastwood Chinese Business Collective
- 6 Department of Home Affairs
  - 6.1 Supplementary to submission 6
  - 6.2 Supplementary to submission 6
  - 6.3 Supplementary to submission 6
  - 6.4 Supplementary to submission 6
- 7 Australian Automotive Dealer Association
- 8 National Farmers' Federation
- 9 Australian Grape and Wine Inc
- 10 Productivity Commission
- 11 Australian Industry Group
- 12 Red Meat Advisory Council
- 13 Grain Trade Australia
- 14 Voice of Korean-Australian Businesses
- 15 AUSVEG
- 16 Bankwest Curtin Economics Centre
  - 16.1 Supplementary to submission 16
- 17 Business Council for Sustainable Development Australia
- 18 Australian Information Industry Association

- 19** Group of Eight
- 20** Australian Organic Limited
- 21** Australian Dairy Industry Council
- 22** Dr Wei Li
- 23** APRA AMCOS
- 24** Trade and Investment Queensland
- 25** Australian Business in Europe
- Attachment 1
- 26** National Indigenous Australians Agency
- 27** Northern Territory Government Department of Industry, Tourism and Trade
- 28** Department of Agriculture, Fisheries and Forestry
- 28.1 Supplementary to submission 28
- 29** Austrade
- 29.1 Supplementary to submission 29
- 30** Cellular Agriculture Australia
- 31** Food South Australia
- 32** Australia China Business Council
- 33** Spirits & Cocktails Australia
- 34** Department of Foreign Affairs and Trade
- 34.1 Supplementary to submission 34
  - 34.2 Supplementary to submission 34
- 35** Australian Chamber of Commerce and Industry



## B. Exhibits

- 1 Department of Foreign Affairs and Trade, *Business Envoy*, (August 2024)
- 2 Department of Foreign Affairs and Trade, Australian Trade and Investment Commission (Austrade), Supply Nation, *First Nations Businesses Succeeding Internationally*, (August 2024)
- 3 Australian Chamber of Commerce and Industry, *2024 National Trade Survey*
- 4 Spirits & Cocktails Australia, *Tax on Alcohol Comparisons*
- 5 GrainGrowers et al, *Grains Non-Tariff Measures Project*, (December 2021)
- 6 Australian Export Grains Innovation Centre (AEGIC), *Improving Australia's Containerised Grain Exports*





## C. Hearings and witnesses

### Friday 23 August 2024 - Canberra

#### *Productivity Commission (by videoconference)*

- Professor Alex Robson, Deputy Chair

#### *Austrade (by videoconference)*

- Mrs Jessica Hamilton, General Manager – Simplified Trade, Communications and Marketing
- Mr Jay Meek, General Manager – Trade

#### *Department of Agriculture, Fisheries and Forestry*

- Ms Jo Grainger, First Assistant Secretary, Trade and International Division
- Mr Brett Hughes, Acting Assistant Secretary, Trade and International Division

#### *Department of Home Affairs*

- Ms Tharani Vithanage, First Assistant Secretary, Strategy and Policy Division, Australian Border Force
- Ms Kimberlee Clydesdale, Assistant Secretary, Customs and Trade Policy Branch, Australian Border Force
- Dr Patrick Bryson, Acting Assistant Secretary, Skilled Visas Branch, Immigration Programs Division

#### *Department of Foreign Affairs and Trade*

- Mr Ravi Kewalram, First Assistant Secretary, Free Trade Agreements and Stakeholder Engagement Division
- Mr Richard Emerson-Elliott, Assistant Secretary, Free Trade Agreements Implementation and Inclusive Trade Branch, Free Trade Agreements and Stakeholder Engagement Division
- Mr Ashley Brosnan, Acting Assistant Secretary, Trade and Investment Economics Branch
- Mr Simon Clayton, Assistant Secretary, Agriculture and Non-tariff Barriers Branch

## **Tuesday 8 October 2024 - Canberra**

*Bankwest Curtin Economics Centre (by videoconference)*

- Dr Abebe Hailemariam, Senior Research Fellow
- Dr Daniel Kiely, Senior Research Fellow
- Dr Panagiotis (Panos) Sotirakopoulos, Research Fellow

## **Tuesday 29 October 2024 - Sydney**

*Australian Industry Group (by videoconference)*

- Ms Louise McGrath, Head of Industry Development and Policy
- Ms Hnin Nwe Oo, Economic Policy Analyst

*Australian Information Industry Association*

- Ms Siew Lee Seow, General Manager, Policy and Media

*Standards Australia*

- Mr Adam Stingemore, Chief Development Officer

*Private Capacity*

- Dr Wei Li

*Eastwood Chinese Business Collective*

- Mr John Few, President
- Ms Ashley Deng, Member
- Ms Duoyi Liu, Member

*Australia China Business Council*

- Mr Patrick Mayoh, Chief Executive Officer (NSW)

## **Tuesday 12 November 2024 - Melbourne**

*Grain Trade Australia*

- Mr Timothy Ross, Operations and Projects Manager

*GrainGrowers Limited*

- Ms Annabel Mactier, Policy Manager, Trade and Supply Chains
- Mr Zachary Whale, General Manager of Policy and Advocacy

*Australian Dairy Industry Council & Dairy Australia*

- Mr Ben Bennett, President, Australian Dairy Farmers
- Mr Charles McElhone, General Manager – Sustainable Dairy, Dairy Australia
- Mr John Williams, President, Australian Dairy Products Federation and Deputy Chair, Australian Dairy Industry Council

## **Friday 22 November 2024 - Canberra**

*Australian Business in Europe (by videoconference)*

- Mr Richard Basil-Jones, Chief Executive Officer, Australia-United Kingdom Chamber of Commerce
- Dr Robert Harrison, Incoming Chair, German Australian Business Council
- Mr Theotime Amoore Pinon, Board Member, Australia-France Business Association
- Dr Sabine Pittrof, Chair, German Australian Business Council
- Mr Dick Porter AM, Chair, Australia-United Kingdom Chamber of Commerce

*National Farmers' Federation*

- Mr Christopher Young, General Manager, Economics and Trade

*CANEGROWERS (by videoconference)*

- Mr Warren Males, Consultant

*Voice of Korean-Australian Businesses*

- Mr Young (Patrick) Cha, President
- Mr Sung Ho (Steve) Choi, Vice President
- Ms Julianne Lee, Vice President

*Red Meat Advisory Council (by videoconference)*

- Mr Scott Kompo-Harms, Deputy Chief Executive Officer, Australian Livestock Exporters' Council
- Mr Sam Munsie, General Manager, Trade & Technical Affairs, Australian Meat Industry Council
- Mrs Susan Wakeford, Chief Executive Officer
- Mrs Katie Davies, Vice President and Secretary, Goat Industry Council of Australia
- Ms Bonnie Skinner, Chief Executive Officer, Sheep Producers Australia

*Australian Chamber of Commerce and Industry*

- Mr Chris Barnes, Head of International Affairs
- Mr Lachlan Smith, Deputy Director Trade and International Affairs

*Australian Organic Limited*

- Ms Jackie Brian, Chief Executive Officer
- Ms Josefine Pettersson, Operations and Technical Manager [by video link]

*Spirits & Cocktails Australia*

- Mr Greg Holland, Chief Executive
- Mr Dan Hamilton, Chair, Spirits & Cocktails Australia; and Managing Director, Diageo Australia
- Ms Sandra North, Member, Australian Distillers Association
- Mr David Vitale, Vice President, Australian Distillers Association