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Australia continues to lose market share in global agricultural markets

The 'Review of Australian Agriculture's Trade Performance 2016' recently released by the Australian Farm Institute highlights that Australian agriculture is continuing to lose market share in global agricultural markets, and in particular in the booming markets of Asia.

The review reports that over the period from 1996 to 2014, the value of global agricultural trade has grown at an average compound annual growth rate (CAGR) of 7% per annum. Over the same period, the value of agricultural imports by nations in the Central and South Asia, ASEAN, and Africa and the Middle East regions have grown at a rate in excess of 14% per annum.

Yet the value of Australian agricultural exports, over the same period, has only increased by an average of 5.2% per annum, meaning Australian agriculture is continuing to lose market share.

'On a region by region basis, the data shows that Australian agriculture is holding market share in the North Asia and Oceania regions, but underperforming in some of the fastest growing markets including the ASEAN, Africa and Middle East, and Central and South Asian regions,' said Mick Keogh, Executive Director of the Australian Farm Institute.

The review highlights that the main reason that Australian agriculture has lost market share is the limitations that apply to land and water availability in Australia, which prevent any major expansion in output occurring. In fact, it is likely that despite growing global opportunities, the value of Australian agricultural exports will be reduced in coming years due to the anticipated reduction in the size of the national cattle herd and sheep flock, and a reduction in dairy output caused by speculated decreasing global prices.

The review reinforces the fact that Australian agriculture cannot realistically hope to increase production volumes in the short term, and nor is Australian agriculture cost competitive with the emerging agricultural exporting nations of Eastern Europe, Asia and South America.

'The results emphasise the need for Australian agriculture to increase the focus on increasing the value of agricultural exports, as well as the volume,' said Mr Keogh. 'Increased value can be generated by focusing on quality, biosecurity and safety, with Australia already having world-leading systems in place to address these requirements.'

'The two main avenues available to increase volume are a lift in agricultural productivity, and the expansion of agriculture in northern Australia. Governments and the agricultural sector should redouble efforts to pursue both objectives. Neither of these will deliver immediate results, but will be essential to improve the long-term wealth that the sector generates for the Australian economy,' said Mr Keogh.

The 'Review of Australian Agriculture's Trade Performance 2016' is available online at the Australian Farm Institute website www.farminstitute.org.au or by phoning (02) 9690 1388.

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