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Trade Tensions Serve Up New Challenges for Australian Food and Fibre

Tariffs on soybeans and steaks might feel like a world away, but the latest U.S.-China trade moves are likely to ripple through Australia's food and agriculture export landscape.

This week, U.S. President Donald Trump raised tariffs on Chinese imports from 54 percent to 145 percent, intensifying the conflict that began with the "Liberation Day" tariff package announced on 3 April.

In response, China lifted its retaliatory tariffs on U.S. agricultural goods from 34 percent to 84 percent.

According to Michael Whitehead, Executive Director of Food, Beverage and Agribusiness (FBA) Insights at ANZ, while Australian consumers are unlikely to notice immediate changes at the checkout, the effects for food, FBA companies could be significant.

"These moves are forcing rapid shifts in global trade patterns – and while they present opportunities for Australia in some markets, they'll also bring increased competition and pricing pressure elsewhere.

"Consumers however, may see price reductions on Chinese food products, including noodles, sauces, tinned goods, teas, and spices, if these imports continue to enter the local market," he said.

China's new tariffs target major U.S. agri exports such as soybeans, pork and cotton, making them significantly less competitive.

Australia may benefit from increased demand in China for beef, sorghum, cotton and niche processed goods – especially given Australia's tariff-free status under the China-Australia Free Trade Agreement (CHAFTA).

However, the U.S. is expected to redirect its surplus supply into Japan, Southeast Asia and other Australian export destinations.

This could put pressure on prices for oilseeds, grains, pork and cotton, adding challenges to Australian exporters.

The tariff escalation could also strain supply chains and push up input costs.

"With the Australian dollar weakening and fertiliser prices rising, margin management will be critical.

"Currency shifts and oversupply are reshaping the game – and every exporter needs to stay sharp," he said.

In the U.S., tariffs on Chinese foods and agri goods may raise grocery and fast food prices – especially for pork, seafood and processed items – during the busy grilling season.

Chinese consumers may also see higher prices on soy-based products and U.S. cotton goods.

In contrast, Australian beef and dairy exports could gain favour in China, at least while current tariffs hold.

"Trade policy can change fast – and this isn't just about farms and freight. It's about how Australia competes in a reshuffled global market," Mr Whitehead concluded.

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