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### **AM - Australian wheat export arrangements holding up global free trade**

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**AM - Tuesday, 30 January , 2007 08:04:00**

**Reporter: Michael Rowland**

TONY EASTLEY: The Bush administration says Australia is holding up the possibility of a global free trade agreement, all because of its insistence on its wheat export arrangements.

AWB's (Australian Wheat Board) future was one of the topics discussed during a meeting in Washington overnight between Trade Minister Warren Truss and his US counterpart, Mike Johanns.

Mr Johanns says single-desk monopolies like AWB distort world trade. Mr Truss has told the US its generous farm subsidies are equally unhelpful.

Washington Correspondent Michael Rowland reports.

MICHAEL ROWLAND: It was all smiles and handshakes ahead of a potentially tense meeting on niggling trade disputes.

MIKE JOHANNNS: Hi everybody, how you doing? It's good to see you, you're back.

WARREN TRUSS: Yes, it's good to see you.

MIKE JOHANNNS: How are you doing?

WARREN TRUSS: Very good.

MIKE JOHANNNS: Welcome.

WARREN TRUSS: Thank you very much. Great to be here.

MIKE JOHANNNS: Yeah.

MICHAEL ROWLAND: Greetings and photographs over, Warren Truss and Mike Johanns got down to the more serious task of discussing the thorny trade issues that are irritating the

otherwise solid US-Australia relationship. And key among these issues is AWB.

Late last year the US Agriculture Department, angered over the findings of the Cole Commission, suspended AWB from America's lucrative export subsidy program.

Now the US is stepping up pressure on the Australian Government to end AWB's export monopoly.

Agriculture Secretary, Mike Johanns, made it clear during his meeting with Mr Truss that AWB's single-desk had to go.

MIKE JOHANNNS: Single-desk monopolies are trade distorting in and of themselves. And so, we've always maintained the position that they just need to go away. And so, that's going to continue to be our position.

My view is that some point, in order for the Doha Round to be successful, everybody is going to have to figure out what they can give on, what they can put on the table, and I think single-desk monopolies are a part of that discussion.

MICHAEL ROWLAND: Mr Truss maintains AWB is not the bogeyman the US is making it out to be.

WARREN TRUSS: The Australian Government has always maintained that the AWB does not provide trade-distorting benefits to Australian wheat farmers, that's a point of long-standing difference between Australia and the US.

Our AWB is different from the Canadian board; its powers are different and where it operates is significantly different.

MICHAEL ROWLAND: And Mr Truss fired a return salvo, telling Mr Johanns the US was in no position to criticise other countries for distorting the world trade market.

If the US was really serious about creating a level playing field, Mr Truss pointed out, it would cut the \$25-billion in subsidies it pays American farmers each and every year.

WARREN TRUSS: You have many of the world's most advanced and efficient farmers. I've got no doubt that they've got a capacity to compete effectively in world markets without taxpayer support.

Australian farmers have to do it in much more difficult climatic conditions, and I am sure that anything Australian farmers can do, American farmers can do just as well.

MICHAEL ROWLAND: It's a challenge American farmers, now so well accustomed to generous taxpayer support, are unlikely to accept. Nor it appears will the increasingly protectionist US Congress.

In Washington this is Michael Rowland reporting for *AM*.

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