Western Australia has a long history of breeding and supplying high quality noodle wheat to Japan and Korea. Noodles are a vital staple food in both Japanese and Korean diets. However, noodle wheat production in WA faces several challenges.

The Grain Industry Association of WA (GIWA) Inc. commissioned the Australian Export Grains Innovation Centre (AEGIC) to report on those challenges and outline the current state of the noodle industry. The report will inform industry discussion about what actions are required to meet those challenges.

### The Report’s key points

- Japan and Korea annually import about 1,700,000 tonnes of wheat [Australian Noodle (ANW) and Australian Premium White (APW) varieties] from Australia for noodle production (about 20 percent of the WA wheat crop). The ANW component of the blend changes year-to-year depending on supply; however on average, ANW makes up about half of the Australian Standard White (ASW) blend.

- Japan imports wheat via a weekly tender held by the Ministry of Agriculture Forestry and Fisheries (MAFF); whereas Korea imports privately, with mills often forming blocks to buy directly from traders.

- In addition to providing a valuable, stable market for WA wheat, the noodle wheat trade with Japan and Korea creates a range of knock-on effects for growers, such as the potential freight economies of scale it provides to other crops being exported to these countries.

- The Japanese market is on a path to partial deregulation, as evidenced by the recent approval granted for the import of APW and Australian Hard (AH). The relatively large existing noodle wheat trade flow into Japan puts WA growers in an enviable position with regards to capturing this potential new hard wheat market, via combination cargo and blending opportunities.

- To-date the most commonly grown ANW variety is Calingiri. However its yield often lags behind that of the main wheat variety Mace. Other high-yielding wheat and barley varieties also compete against Calingiri.

- Importantly, Calingiri attracts no End Point Royalty (EPR), which means that there is an unsustainable lack of EPR-funded reinvestment back into noodle wheat breeding.
The Report’s key points (continued)

- From a noodle quality perspective, Calingiri is acceptable, although not preferred. However the MAFF weekly tender lacks a viable mechanism for incentivising growers to adopt high quality varieties. This is problematic inasmuch as the higher quality varieties are also those which attract the EPRs needed to maintain a viable noodle wheat breeding program.

- The price premium for ANW over APW has been insufficiently rewarding for most noodle wheat growers in recent years. As a result, ANW production has recently made up a declining share of wheat plantings in WA.

- Within the broader downtrend of noodle wheat plantings, the supply of noodle wheat has seen large swings in production from year-to-year. These large swings then lead to price volatility. At the low point of the price curve, noodle wheat becomes comparatively uneconomic for growers to produce. At the high point, noodle wheat becomes uneconomic for flour mills to buy, forcing them to blend in alternative origin wheat and ultimately reducing demand for the ASW blend.

- The WA noodle wheat industry faces some challenges, including:
  i. How to create a sustainable noodle wheat breeding model which rewards plant breeders for improving the yield and quality of new ANW varieties?
  ii. How to achieve this while operating under an importation system which remains based on lowest-price tender bids?
  iii. How to temper both production and price volatility, ensuring both remain within an economically viable range?