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Australia’s Manufacturing Crisis: From Peanuts to Paper, Industry Faces Collapse

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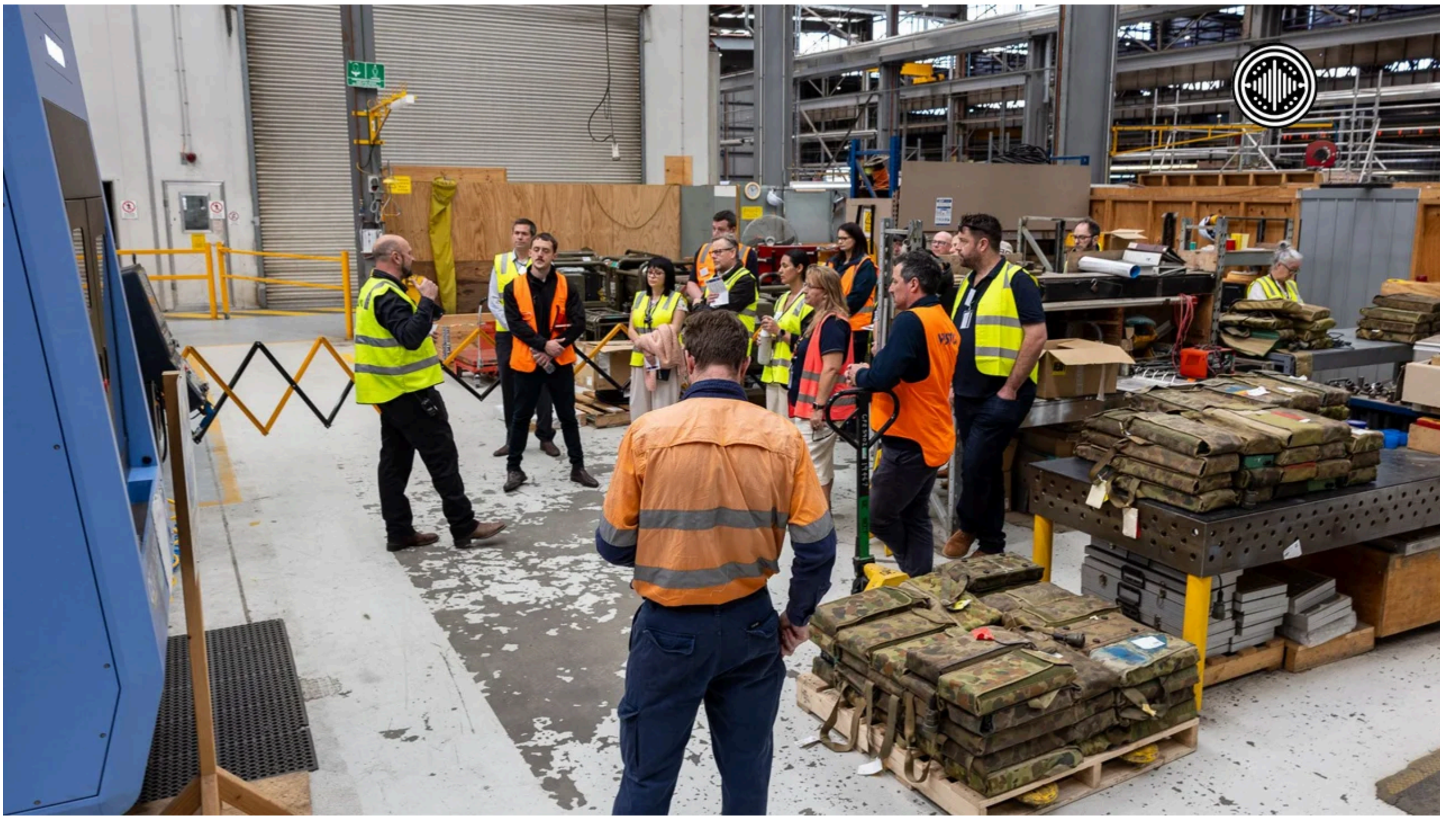

Australia’s manufacturing sector, from peanut processing to paper production, is in a dire crisis, crippled by soaring energy costs, regulatory burdens, and global competition, threatening nearly 900,000 jobs. This article explores the root causes, recent closures, and the urgent need for policy reform to revive an industry vital to the economy.

The Australian Industry Group (Ai Group) warns that manufacturing, contributing 12% of exports and 8% of capital investment, faces collapse without bold action (*Australian Manufacturing*, 2025). Energy costs have skyrocketed, with east coast gas prices doubling to $12 per gigajoule, forcing closures like Oceania Glass's 169-year-old Victorian plant and Qenos, Australia's sole plastics manufacturer (*MacroBusiness*, 2025). "We're losing our industrial base to uncompetitive energy prices," said Ai Group's Innes Willox, noting 61% of trades roles are hard to fill, exacerbating skills shortages (*Australian Manufacturing*, 2025). Bega Group's closure of peanut plants in Kingaroy and Tolga by December 2026, despite outsourcing to Crumptons, signals a shrinking domestic food processing sector (*ABC News*, 2025).

Global trade dynamics compound the issue. US tariffs of up to 60% on Australian exports, like the $11.5 billion in manufactured goods, threaten advanced manufacturers (*Australian Manufacturing*, 2025). China's state-backed dominance in industries like plastics forces local firms to compete with artificially low prices, a point raised by Julie Harrison of Harrison Manufacturing (*Australian Manufacturing Forum*, 2024). Meanwhile, Opal's Maryvale mill ceased Reflex paper production, citing halved demand and lost accreditation, leaving 200 jobs at risk (*The Guardian*, 2023).

The Labor government's $22.7 billion Future Made in Australia (FMiA) plan lacks clarity, with critics like Sandy Plunkett arguing it fails to address regulatory complexity or provide a clear path for investors (*Australian Manufacturing Forum*, 2024). Manufacturers need streamlined approvals and competitive energy policies, like Western Australia's gas reservation scheme, to survive. Without decisive reform, Australia risks becoming a nation that "can't even bag potatoes," as one X post lamented (*X Post*, 2025). The sector's decline demands urgent action to restore its role as an economic powerhouse.