

FINANCIAL REVIEW

SE Property
HD **China** FTA welcomed but some doubts remain
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Dairy industry has broadly welcomed the **China** Australia Free Trade Agreement with qualifications about future investment, concerns about currency manipulation and questions about monitoring implementation.

Major producers and rural organisations claim it will create better trade conditions for competing in **China** against major exporting rivals, such as New Zealand. It is also anticipated the changes will flow on to related products, such as **cheese**, **milk** powder and packaged **milk**.

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"We hope to see it come into force quickly," said Noel Campbell, chair of the Australian **Dairy** Industry Council, which co-ordinates industry policy and represents local and international policy.

Last year, Australia exported more than 109,000 tonnes of **dairy** product worth about \$461 **million** to **China**, 16 per cent of total Australian **dairy** exports by value.

Major producers, such as Devondale Murray Goulburn, whose exports last year accounted for just over half of revenues, said it has to review the detail.

"**China** is already the world's largest **dairy** import market," said managing director Gary Helou. Last year's imports of 2.2 **million** tonnes were an increase of more than 40 per cent on the previous year. Concerns over **Chinese** buying local farms

"It is important that Australia has competitive access to the **China** market," he added. A lot of farmers, particularly in the Gippsland region of south-east Victoria, are more cautious in their outlook.

While welcoming the prospect of increased exports, they are concerned about **Chinese** investors buying up local farms and then exporting **milk** products directly to be processed in **China** and then **sold** back to Australia.

Many are concerned about the inactivity of the Foreign Investment Review **Board** in monitoring the build-up of major stakes, often through Australian-based proxies.

There are also concerns about entering long-term trading relationships with a country that currency experts claim deliberately suppresses the value of its currency to boost exports.

The Victorian Farmers Federation is confident it will boost local processing.

"The Victorian processing sector has committed more than \$1 **billion** to upgrade processing capacity and this deal will help us realise our potential," added president Tyrn Jones.

More than 90 per cent of **China's** Australian **dairy** imports come from Victoria.

CO mryglb : Murray Goulburn Co-operative Company Limited

IN i4131 : Non-frozen Dairy Products | i010010502 : Dairy Cattle Farming | ireest : Real Estate | i0 : Agriculture | i01001 : Farming | i0100105 : Cattle Farming | i41 : Food/Beverages/Tobacco | i413 : Dairy Products | icnp : Consumer Goods | icre : Real Estate/Construction | ifood : Food Products | ilsfarm : Livestock Farming

NS c312 : External Markets | e512 : Physical Trade | gcurry : Personal Investments in Currency | ccat : Corporate/Industrial News | c31 : Marketing/Markets | e51 : Trade/External Payments | ecat : Economic News | gcat : Political/General News | gpersf : Personal Finance | gpersi : Personal Investments | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News Filter

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