

SE Economy
HD **Australia: Time ripe for Australia's Asian agricultural renaissance**
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Section: Economy - Australia's agriculture sector is beefing up for a new trade paradigm as urgent calls for Foreign Direct Investment (FDI) coincide with a renewed vision for the role Australia's vast, and under-utilized food resources can play in the "Asian Century."

The latest data from the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES), has begun to reveal that potential, with agricultural exports to **China** alone, doubling in just five years to 7.3 **billion** Australian dollars in 2013.

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The ABARES report, released last week, shows a surge driven largely by the rising demand of high-value products -- beef, lamb and **dairy** -- from a rapidly expanding middle class.

The tide is rising and Australia will need to reboot its approach to agricultural FDI, a sensitive issue, highlighted by the furor last year of the perceived mishandling of the Cubbie Station sale by the then government of Labor Treasurer Wayne Swan, who found himself a lightning rod for opposition to "selling the farm" to foreign buyers.

However, the prevailing winds of public opinion are already changing.

Dan Tehan is the federal member for Wannon and his father ran Merino sheep and Hereford cattle.

Tehan believes that FDI can revive Australia's rural economy.

"Not only has Cubbie Station been sustained by the investment of foreign capital, but it is still being managed by Australians. The share that remains controlled by Australian management continues to operate the farm and employ the domestic workforce," he said.

The member for Wannon said Australian farms need capital and foreign investors to help foster growth. "There is a simple reason why Australia needs foreign investment: we simply don't have enough capital domestically. IMF figures show that in 2013, Australia's capital flow was 28.4 percent of GDP. Our national savings were only 25.1 percent.

Speaking at an ABARES conference in Canberra, Joyce urged Australia to produce high-quality products and continue to innovate, or risk losing the race to become the "food bowl of Asia " before its even begun.

He also warned against complacency that Australia holds an advantage because of its close economic and geographic relation to **China**.

"It's not right that we think because we are here we are going to prevail.

"We have to be here with the best product, the right prices, it has got to be quality or it won't sell." Joyce said.

The state that holds the lion's share of historic trade with **China**, Western Australia (WA), last week announced that strengthening trade and investment ties between **China** and WA as the focus of an agribusiness conference in Perth in April.

The state Agriculture and Food Minister Ken Baston told Xinhua that Asia's economic rise also required the development of new forms of supply chains, relationships and **business** models. "WA has an

export-based agriculture and food sector with about 80 percent of produce **sold** to international markets," Baston said. "**China** is an important long-term trading partner for the state's agriculture and food sector and it was the most valuable in 2012-13. To capitalize on this growing appetite for food, investment in the WA agricultural industry is vital to enhance our production logistics and value-adding capabilities along the various supply chains," he said.

According to a report by the Economist Intelligence Unit, released Friday, Australia could easily boost its food security role in Asia.

The report provides an outlook to 2030 that sees real per-capita food consumption skyrocketing by 79 percent for developing countries and more than doubling in **China** and South Asia.

The potential spike in food consumption encourages Australia to fill the market gap.

"The report suggests that if Australia is to capitalize on this opportunity, the country should consider changes in the nation's political and global approach toward agriculture," the DuPont commissioned report stated.

A Sydney-based BRIC expert with close ties to Australia's out-reaching agricultural sector, David Thomas, described those policy changes as essential.

"The key for Australia is to service the premium market in **China** with high quality, safe and sustainable food products which attracts a premium price," Thomas said.

"Australia's cost structures are too high to succeed in Asia's mass market but the fast growing premium market, where Australia has a strong reputation for safety and quality, is a huge opportunity for Australian food exporters." "Instead of being the food bowl of Asia, let's be the delicatessen of Asia," Thomas said. - PNA

CO aubare : Australian Bureau of Agricultural and Resource Economics and Sciences

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RE austr : Australia | china : China | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRIC Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia

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