

THE STANDARD

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HD AUSTRALIA'S Free Trade Agreement (FTA) with China gave
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AUSTRALIA'S Free Trade Agreement (FTA) with China gave further impetus to Murray Goulburn's (MG) plans to grow its trade with China, its managing director Gary Helou says.

MG already exports more than \$200 million worth of infant nutrition, milk powder, cheese and drinking milk to China and Hong Kong and was investing in its manufacturing plants to further service those markets, Mr Helou said.

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In May, MG announced a \$19 million upgrade of its Koroit dairy factory for infant formula and growing-up milk powders for China and south-east Asian markets.

Mr Helou said China was already the world's largest dairy import market, last year importing 2.2 million tonnes, an increase of over 40 per cent on the previous year.

"China is at the beginning of its explosion," Mr Helou said.

Speaking earlier this month on the theme of "Look North, Go North" at this month's Australian Farm Institute round table dinner in Melbourne, Mr Helou said Australia's track record so far of creating a footprint in Asian markets had been very unimpressive.

The last decade in the dairy industry had been "a lost decade", he said.

Mr Helou said Australian food companies needed to invest more in time and people to understand the cultures of the overseas market they wanted to supply.

"Until we, Australian companies, get over there and have our own people anchored in great bases like Singapore, China and Jakarta, living with them understanding how they eat, what they want, we are not going to go very far," he said.

Mr Helou said the big European food companies had been making a footprint in Asia for decades.

As an example he used French dairy firm Danone, whose single most profitable line was not yoghurt or baby food but water.

"It is a product called Aqua, sold in 250ml cups, sold for less than 20 cents each," he said.

"And the last number I read, it accounts for a third of their profits it's sold in Indonesia."

Mr Helou said he struggled to think of one Australian food company, or even a foreign-owned company based in Australia other than Coke in Indonesia that had taken investments into those markets and established plants, distribution and alliances. But he said MG had an ambitious plan to break into new markets which frightened some people.

He said innovation was at the forefront of MG's vision and was all about customising food for Asian consumers.

"Many of our manufacturing assets aren't capable of producing the products that Asia wants.

"We don't have the capability," Mr Helou said.

"But we are redrawing our manufacturing footprint and investing in operational excellence.

"Everything we sell into Asia will be made in this country as a finished good, which is great news for manufacturing in this country.

MG's capital investment plan, which is about \$500 million, was critical to the company's success, he said. "We don't have any other option.

"We have to invest because we have not invested in manufacturing and we are obsolete."

Despite the progress to be made, Mr Helou was confident about MG's future.

"Our manifesto and we don't apologise for it is we love dairy foods," he said.

"We are absolutely ambitious. We make no apologies."

He said his mindset might upset people, particularly incumbent competitors.

"It (also) might upset some of the regional media, who confuse growth with debt, who confuse growth with going forward, who are focused on the farm, which is a good thing, but you can't do it at the expense of the market," Mr Helou said.

"We want to be held accountable by the farmers.

"We want to be held accountable to how we are progressing their product and connecting to the value chain."

CO mryglb : Murray Goulburn Co-operative Company Limited

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

NS e512 : Physical Trade | e51 : Trade/External Payments | ecat : Economic News

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

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