

THE STANDARD

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HD A FREE-trade agreement with China that includes the
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A FREE-trade agreement with China that includes the dairy sector is needed to stop \$30 million a year bleeding from the Australian industry.

Australia's national dairy lobby group, Australian Dairy Farmers (ADF), says this is how much the lack of a free- trade agreement is costing the dairy industry annually.

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"This is money that could be going back to farmers," ADF president Noel Campbell said.

ADF has highlighted the figures as it pushes the federal government to secure a decent deal for the dairy sector in its negotiations with China.

Australia is seeking a free- trade agreement to match the deal struck between China and New Zealand in 2008.

Since it came into effect, New Zealand's dairy exports have risen to 37 per cent of global market share, while Australia's exports represent just 7 per cent. New Zealand's agreement is winding down most tariffs to zero by 2018.

"Our target is for an agreement to match the one with New Zealand," Mr Campbell said.

"We want to come into the agreement where New Zealand is now. We don't want to start from where they did in 2008 because that would mean another 10 years of being at a trading disadvantage."

The dairy industry was bitterly disappointed with the result negotiated with Japan earlier this year. The agreement delivered good results for several agricultural sectors but achieved almost nothing for the dairy industry.

The deal with China is seen as far more important. It is the world's fastest-growing dairy market and processors have identified it as the main target for high-value export growth.

Meanwhile, Fonterra has positioned itself to capture a substantial slice of China's growing market for infant nutritional powder.

The giant co-operative has stitched up a \$550 million deal with the Chinese company Beingmate, which controls 10 per cent of China's infant nutritional market.

Fonterra has agreed to buy a 20 per cent stake in Beingmate, then set up a joint venture under which Beingmate will buy 51 per cent of Fonterra's Darnum nutritionals plant in Gippsland.

It will ensure Fonterra's supply chain into the Chinese market, while giving Beingmate security of supply.

Fonterra Australia chief executive Judith Swales said the plant could be upgraded to produce 100,000 tonnes annually.

Fonterra is already well established in **China** and does \$5 **billion** worth of **business** there annually.

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RE austr : Australia | china : China | victor : Victoria (Australia) | apacz : Asia Pacific | asiaz : Asia |
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