

# THE STANDARD

SE ON THE LAND  
HD **THE weakness in commodity prices has exposed Australia's**  
WC 432 words  
PD 4 December 2014  
SN The Warrnambool Standard  
SC FWARST  
PG 24  
LA English  
CY Copyright 2014 Fairfax Media Publications Pty Limited. . Not available for re-distribution.  
LP

THE weakness in commodity prices has exposed Australia's vulnerability to global factors beyond its control.

It also highlights the lack of a fallback option when **oil**, **iron ore** and **coal** prices suddenly go into freefall.

TD

The debate about the demise of Australia's manufacturing industry has gone quiet this year with **business** and government focused on a strategy to bolster areas where the country has natural advantages such as food and agribusiness, **mining** technology and **oil** and gas.

Food manufacturing continues to struggle despite growing demand for Australian products such as beef and **dairy** from **China**'s growing middle classes.

The \$1.45 **billion sale** of small goods giant Primo Smallgoods to Brazilian food giant JBS last month highlights the growing appetite offshore firms have for niche food and beverage producers. But their willingness to sell up is also a reflection of the challenges manufacturers face tapping into this demand on their own.

Paul Lederer, the founder of Primo, who is best known for owning the Western Sydney Wanderers football team, says he is increasingly concerned about where Australia's manufacturing industry is heading.

"It is diminishing. I personally feel it is not a good trend. America, Germany, Japan, and **China** have a massive manufacturing base but in Australia we are losing a lot of that. We talk about tax reform, industrial relations and all that.

"But I think it's no more than a talkfest," says Lederer, who **sold** his family's remaining 30 per cent **stake** in Primo to JBS last month. Lederer says Australian **business** has become too introverted.

"They (JBS) can see the potential. We don't look at the world as a market here enough. We should look at the world as one market a bit more optimistically.

"A lot of our assets are being **sold** but at the end of the day the people are employed here, the money stays here. The world is a global place."

Affinity acquired a 70 per cent **stake** in Primo in 2011 and helped to fund the **company**'s \$240 **million** high-care food processing plant. It also acquired New Zealand's largest bacon and ham producer, Beehive.

Investment bankers are tipping a surge in the amount of foreign capital, particularly from **China**, which will be directed at Australian food companies. Australia's free trade agreement with **China** is expected to help bolster the number of takeovers in an industry which is yet to reach its full potential.

IN i22 : Primary Metals | i221 : Iron/Steel/Ferroalloys | ibasicm : Basic Materials/Resources

**RE** austr : Australia | victor : Victoria (Australia) | apacz : Asia Pacific | ausnz : Australia/Oceania  
**PUB** Fairfax Media Management Pty Limited  
**AN** Document FWARST0020141203eac400014