

INDUSTRY UPDATES

HD Deal set to boost food cooperation

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Agreement addresses **China's** rising demand for meat and **dairy** products.

Chinese consumers may be licking their lips at the prospect of more high-quality food being available on supermarket shelves following an unprecedented agreement signed by agriculture tycoons from **China** and Australia on Monday.

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The agreement has been joined by about 50 enterprises from each country. It will boost investment in Australian agriculture, including livestock, to meet soaring **Chinese** demand for high-quality and safe lamb, mutton, beef and **dairy** products, Liu Yonghao, chairman of New Hope **Group**, a leading global agribusiness, said in Canberra.

Liu and Andrew Forrest, chairman of FMG/Minderoo **Group**, signed the Executive Agreement on Agricultural and Food Safety 100 Year Partnership of **Chinese** and Australian Enterprises, also known as ASA 100, in the presence of President Xi Jinping and Australian Prime Minister Tony Abbott.

The food **sold** to **China** will be of the highest quality and "marked under one **brand** and under one logo", said Forrest, who co-chaired the ASA 100 framework with Liu.

"We'll defend the logo and **brand** in **China**. If someone wants to take that **brand** and put it on cheaper, low-quality food, we will defend ourselves from that," he said.

Liu said ensuring food safety is a priority for **China**, and **Chinese** enterprises hope to bring the experience of one of the world's leading food producers to **China**.

Besides New Hope **Group**, other industry heavyweights, including a leading producer of beverages, Wahaha, also joined the initiative, Liu said.

ASA 100 members will also include federal, state and territorial ministers and major food producers and distributors from each country. They will meet annually, Xinhua News Agency cited The Australian newspaper as saying.

Liu said such initiatives result from the highly complementary economies of **China** and Australia. According to Forrest, while **China's** demand for high-quality meat and **dairy** products exceeds supplies, Australia produces "too much food for too limited a market".

"I want to multiply, absolutely multiply, the amount of food Australia produces for the people of **China**. The only way to do that is to get the industries in both countries talking to each other, cooperating and becoming good friends. That's what I said the ASA 100 is achieving," Forrest said.

China has seen a surge of imported food in recent years because of recurring food scandals and demand from the growing middle class. But Forrest said earlier that he was struck by the lack of Australian food in **China's** large supermarkets, especially when compared against New Zealand's **dairy** products, which are readily available in **China**.

The market for baby formula in **China** is booming, with revenue likely to hit 191 **billion** yuan (\$31 **billion**) by 2017, more than double last year's. Meat consumption per person is projected to double in **China** by 2020.

Zhang Haisen, an expert on international agricultural cooperation at the University of International **Business** and Economics, said the agricultural initiative has unprecedented scale and will be an

ongoing benefit to **China**, whose domestic production has been limited by fodder and food safety concerns.

Chinese agricultural trade will gradually be replaced by cooperation on investment, technology and livestock breeding, said Zhang, adding that Australia could revive its husbandry industry, which is sluggish due to low prices in the global market, by tapping **China**'s vast market.

IN i0 : Agriculture

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