

Trade menu needs quality produce at the top

Asian markets hold the key to Australia becoming a food superpower

ROWAN CALLICK
ASIA-PACIFIC EDITOR



STUART McEVOY

Visy executive chairman Anthony Pratt addresses the forum

FOOD is finally on the menu. Australians have been grappling for the past couple of years, since the mining boom appeared to have reached a peak, for a new big cause for economic hope.

We have endured the rhetoric about a two-speed economy without really getting a handle on what the other speed comprised.

Government ministers have talked about a “patchwork economy”, which sounded attractive in a homespun, quilting kind of way, but failed really to strike a chord.

The country has almost since its modern founding held out farming as an important archetype, something to do with “the real Australia”. But in truth, far fewer Australians visit the outback than they do Bali or Nadi.

In recent years, we have begun to approach food in a more excited way from the consumption end. TV cooking shows are attracting larger numbers of viewers than more traditional sports.

And this may not be such a bad place to start building Australia’s big new economic arm.

Anthony Pratt, the executive chairman of packaging giant Visy, held out the vision, at the Global Food Forum in Melbourne on Thursday, that the country can become a food superpower, just as it is already undoubtedly a mining superpower.

Rebecca Dee-Bradbury, the president of Kraft Foods in Australia and New Zealand, who travels frequently in Asia, added that the way to make this happen is to start not from what we are already producing, but from the consumers we need to target: what do they want to eat?

Watching the Asian equivalents of *My Kitchen Rules* — and they are now proliferating — is a

place to start, together with more scientific surveys and, above all, personal connections.

Boston Consulting Group’s global chairman Hans-Paul Burkner said during a recent visit here that Australia requires “a massive mindset change. You need to look at the world map in a different way. Rather than see yourselves on the margins of the US or Europe, see yourselves as in the middle of where six billion people are making their aspirations come true.”

One of the aspirations more or less all of those six billion people have in common is to eat well — which mostly involves eating better. More protein, higher quality.

We have rightly been lamenting the loss of large chunks of our manufacturing sector. But here’s an opportunity for us to restore some of that strength.

We have many smart designers, engineers and tradespeople making cars. But it is hard to make the case that this is an area of outstanding comparative advantage.

We face many challenges to realise our ultimate goal of becoming the core supplier of food to Asia’s surging middle classes. For instance, too much of the water that falls, 86 drops in every 100, evaporates, former governor-general Michael Jeffery pointed out at the forum, and we need massive infrastructure injections to improve our access to remote regions. But any Asian who has visited Australia envies us our wide brown land and is impressed — if they go to the countryside — by the focus of our farmers.

Victorian Premier Denis Napthine said dairy production in Victoria has doubled in the past 30 years, with less land and about the same sized herd.

The Asian consumers are not



looking for sheer volume or weight of produce from Australia, but for quality, for premium products to which value has been added. The Kiwis — who received considerable acknowledgement at the forum — have also shown the value of organising along market-focused lines.

Angus Taylor, director of Port Jackson Partners, commended the “brutal, honest and fact-based debate” that led to the creation in New Zealand of Fonterra, the world-leading dairy giant. “We are not having that quality of debate yet here.”

Trade Minister Craig Emerson acknowledged, also at the forum, the smart work of the Kiwis in getting an agriculture-focused free trade agreement signed with China five years ago, since when their exports, led by dairy, have tripled.

He revealed that in recent talks in China he had been told that consumers there want to buy food that is supermarket-shelf-ready, including meat, which has been exported in the past in bulk.

Emerson is now chasing — the opposition’s Julie Bishop compares him with Don Quixote — a quick turnaround agriculture-

focused FTA with China, as talks for the long-touted “truly comprehensive” deal stretch into their ninth year.

That’s quite a turnaround. The Chinese appear to have been taken somewhat by surprise too. Hence their reciprocal focus: on getting all their investment plans worth less than \$1 billion approved automatically.

Such challenges will test how valuable and serious are the slew of agreements signed by Julia Gillard and Premier Li Keqiang at the culmination of her recent visit to China, setting up regular top-level meetings.

Will Australia or China manage to make progress on the economic issues that each has decided matter most?

Emerson’s immediate response was that “the community would not accept it and, frankly, nor would the Coalition”. He’s right on that, as things stand.

And better access to Chinese markets for our food products has also long been held by Beijing’s trade negotiators as the toughest challenge for them, given the strength of the vested agricultural interests there and the anxiety of the government about farmer protests.

But if we are to put flesh on the China relationship — and, looking broader afield in Asia, to gain better access to Japanese and South Korean markets, too — then we need to find ways to meet each other’s core expectations — through bargaining as well as through domestic education, building mandates for change and for “concessions” that usually mean opening doors wider.

The precarious global economic state is placing the world on the threshold of tilting back into protectionism. This would be the kiss of death for our hopes of becoming a new food superpower.

While bilateral and regional FTAs are not ideal and add to the complexities facing exporters, they are the only act left in town.

They at least keep alive the vital work of pushing open new doors and creating new economic possibilities.

Positioning food firmly at the top of our menu places many other priorities there as well — including educating agricultural scientists and opening up the tropical north — but it’s all predicated on building better links with Asian markets.