

MEDIA RELEASE – FOR IMMEDIATE RELEASE**09 April 2018**

Australian Grain Industry strengthens ties with Asia

Australian grain industry representatives recently conducted a successful round of high level talks in Beijing with key Industry participants and Government agencies and officials. The meetings followed the 2018 Australian Grains Industry Conference - AGIC Asia series, with events in Bangkok and Shanghai in late March.

The AGIC China Roundtable talks were timely as a series of significant changes to China's political administration had recently been released. Mr Pat O'Shannassy, CEO of host organisation, Grain Trade Australia (GTA) said "The Australian industry delegates were able to obtain a direct and timely understanding of the policy changes and implications for doing business in China".

The Roundtable meetings involved direct dialogue with Chinese Government Agencies and industry participants, looking at further alignment of the commercial, technical and regulatory trade environments for the grain trade between Australia and China.

"Gaining a closer understanding of the policy settings influencing the grains sector in China and the potential trade implications in the near-term future and beyond is very important to Australia's ongoing access to this market. We noted some policy shifts that may be more positive to the import environment. Strong support for Australian grains was very evident from both government and industry representatives" Mr O'Shannassy said.

AGIC Asia also returned to Shanghai for another very successful industry event. This was the fourth AGIC Asia conference to be held in China, demonstrating the importance of this market to Australia's industry.



"The Chinese market is a major market for a range of Australian grains, oilseeds and pulses. Providing information and a clear and consistent message about the Australian industry, its quality and reliability is very important for all sectors of our Industry and particularly for Australian grain growers," Mr O'Shannassy said.

Local Keynote speaker Professor Li Dongsen from Golden Grain International gave delegates an excellent presentation on noodles and highlighted the strong position Australian wheat has in this important and growing segment.



"Professor Dongsen was able to articulate, in Mandarin, the value from Australian wheat due to its excellent milling quality, resulting in high milling yield, excellent noodle colour and stability and, most importantly, noodles that taste good" explained Mr O'Shannassy.

"China is an extremely important and significant market for the Australian Grain Industry", Mr O'Shannassy said, "with exports valued at around \$A2.9 billion per year". In 2016/17 China accounted for 9% of Australia's wheat exports, but critically 70% of Australia's barley exports. Australian exports also

include sorghum, canola and pulses. Mr O'Shannassy noted, "Australian grains and oilseeds are used in a variety of products in China including malt barley for beer production; wheat flour production for various products including noodles, dumplings and steamed buns; sorghum for both feed and alcohol production; canola crushing for the retail vegetable oil market and as raw materials in various stock feed diets"

"With the economic growth resulting in a rapidly growing middle class and changing dietary preferences, large population and proximity of China, it is an extremely important market to the future growth and success of the Australian Grains Industry", Mr O'Shannassy said.

As part of the Asian conference series AGIC held its inaugural conference event in Thailand which was well attended by flour and feed millers. The meeting heard from William Syers, Senior Marketing Manager-Milling Wheat with Bunge, who told delegates that the "purchasing power of Asia's middle class will surpass the rest of the world combined by 2030". The conference reinforced the strong position that Australian wheat holds in Thailand and highlighted opportunities for further growth highlighted by Mr Syers.

"Thailand is an important market for Australian milling wheat with Australia supplying around 35-40% of Thailand's requirements annually. The market continues to show growth, with demand driven by baking and noodle production", said Mr O'Shannassy. "The Australian industry values the strong relationship with its Thai customers, and we know that we cannot be complacent with increasing competition from lower quality, but cost competitive origins. It is important to continue to work with Thai customers to ensure that we have the quality profiles to meet the requirements of the traditional instant noodle markets and the growing bread, biscuit and cake market segments".

It was noted the large and rapidly expanding livestock and poultry sectors present future opportunities for wheat in Thailand. However some local trade policy measures have meant that market access can be challenging "It is important that our industry has dialogue with both our Australian Government and the Thai Government to work towards ensuring constraints on industry and growth are minimized for both Thai and Australian industries" said Mr O'Shannassy. The AGIC conference was attended by a number of Thai Government officials from six separate departments.

Delegates also heard about opportunities for grain from the growth in global petfood markets. Mr Mark Torrens, Commodities & Risk Manager, Mars Petcare, a major player in the petfood sector, highlighted the rapid growth and trends towards premiumisation and health in this rapidly growing sector.



"In China alone, the petcare sector was worth \$21.2b in 2017 almost 10% higher than 2016 with growth expected to come from both consumer segments entering the prepared food market, as well as from consumers trading up to premium prepared food". Mr Torrens told the audience that grain represented 40-70% of the volume of pet food rations and thus, were well positioned to benefit from this growth.

Mr O'Shannassy commented that the AGIC Asia conferences are important to maintaining and growing Australia's markets with key trading partners and provide the opportunity to reinforce the higher quality and reliability of

Australia grains and oilseeds and demonstrate the value this delivers to the local industry.

GTA hosts the AGIC Asia Conference series together with Australian Oilseeds Federation and Pulse Australia and appreciates the support of its partners AEGIC and HFW and the many grain value chain parties that participated in AGIC Asia 2018.

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About GTA

Grain Trade Australia is a national trade organisation and has over 270 member organisations ranging from regional family businesses to large national and international trading/storage and handling companies. The role of GTA is to provide a framework across Industry to facilitate and promote the trade of Australian grain. GTA plays its part in the value chain by providing core products of Trading Standards, Contracts, Trade Rules, Arbitration and Dispute Resolution, Professional Development and advocacy for Market Access.

GTA's grain trading standards and contracts are used across the Australian grain industry. GTA Members operate within all sectors of the grain industry in Australia, as well as related commercial activities such as banking, communications, grain advisory services and professional services.

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Photos attached:

- Pat O'Shannassy addresses the AGIC Asia Conference in Shanghai
- Conference Delegates AGIC Asia Shanghai
- Professor Li Dongsen from Golden Grain International, presenting keynote address on using Australian wheat for Asian Noodles, AGIC Asia Conference in Shanghai