

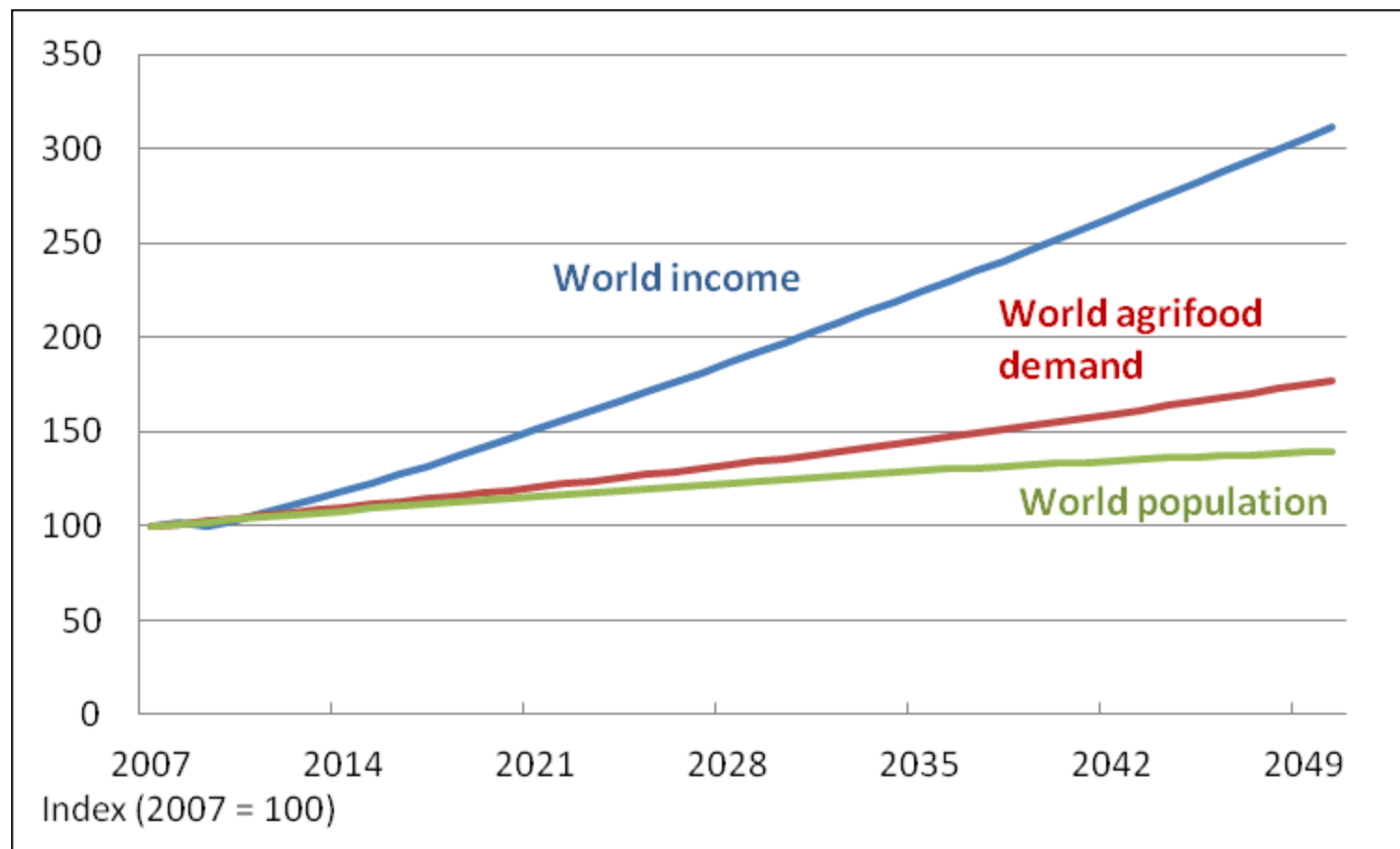


TRADE INTO CHINA: MARKET ACCESS CHALLENGES

Rob Williams, Technical Counsel

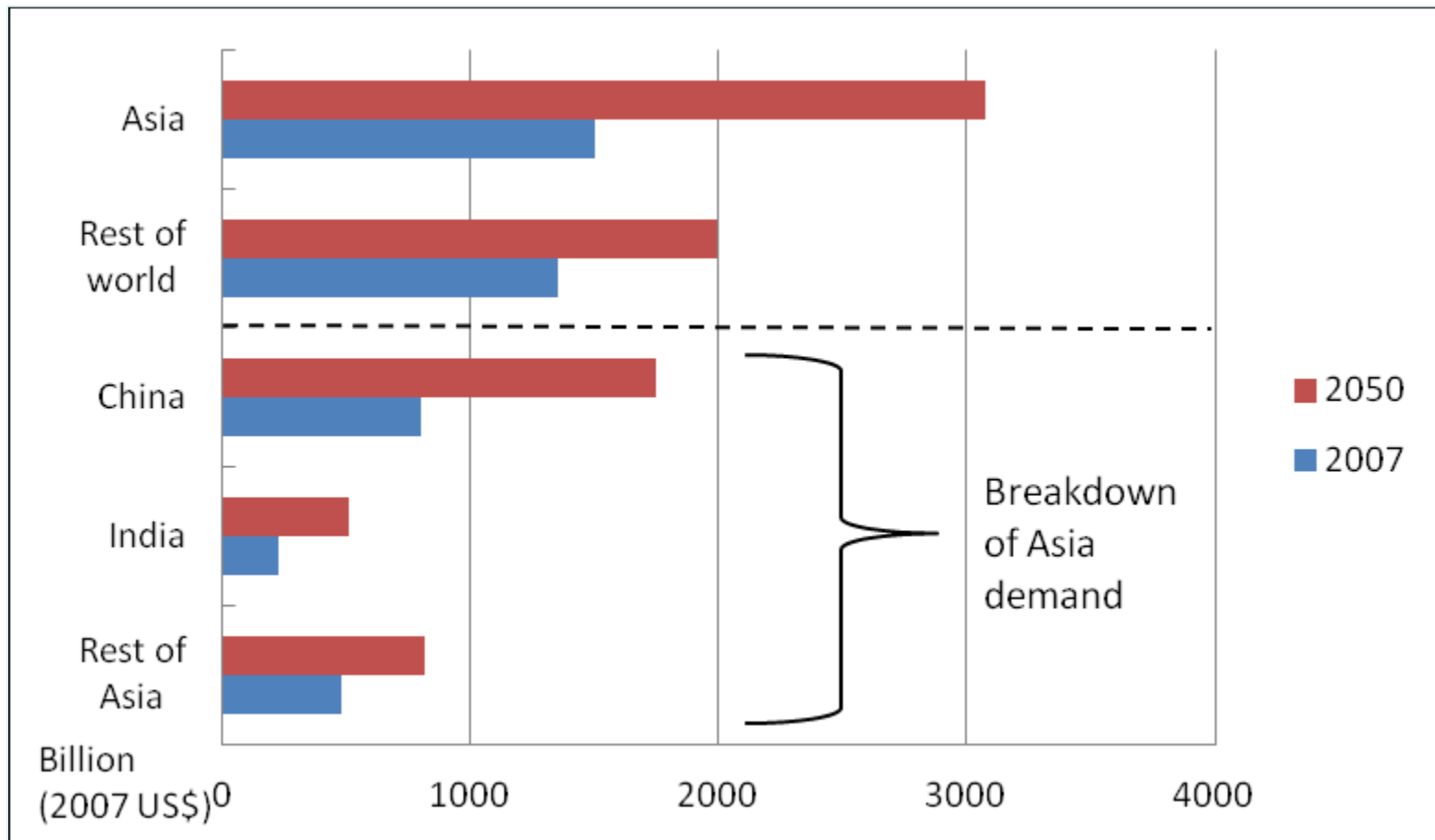
20 October 2016

World agrifood demand, population and income



Source: UN/FAO

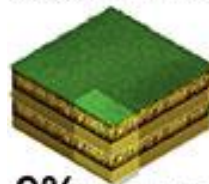
World agrifood demand by region



Source: ABARES

AGRICULTURE MODERNIZES

AN EXAMPLE OF INTENSIVE DEVELOPMENT



9% of the world's arable land



About **6.5%** of its fresh water



China feeds nearly **20%** of the world's population

CHINA'S REFORM AND PROGRESS IN THE RURAL SECTOR

1978

At the beginning of the opening-up in 1978, China started rural reform by applying a household responsibility system nationwide.



1980s

Since the reform and opening-up, China's grain output has expanded from more than 300 million metric tons to more than 600 million tons, thus meeting people's basic needs for food.



Now

There are **870,000** family farms in China, each working on an average land area of 13 hectares, and there are more than 1.1 million farmer cooperatives. They have become important driving forces in modernizing agriculture.

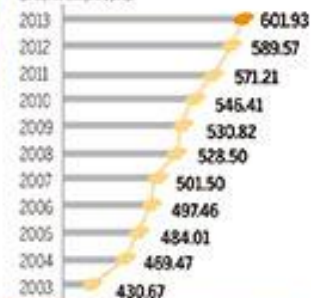


2015

China has lifted hundreds of millions of people out of poverty during the past decades, thus achieving its United Nations Millennium Development Goals target to halve its proportion of hungry by the end of 2015.

ANNUAL FOOD PRODUCTION

Unit: million tons



Source: Ministry of Agriculture, PRC

Challenges for the Middle Kingdom

Environmental

- Water
- Arable Land
- and the air!!

Food Security

- Most populous nation
- Self sufficiency
- Food safety

General Freedoms

- Incomes and education levels increase
- Internet, technology and the media





Australia China Agricultural Relationship

Regular bilateral mechanisms

- **Australia-China FTA concluded and tariff reductions commenced**
- **Australia China Agricultural Cooperation Agreement (ACACA)**
- **Sanitary and Phytosanitary (SPS) High Level Dialogue**
- **China Red Meat Industry Working Group (MoUs with CIQA and CMA)**
- **Technical market access negotiations, through SPS HLD and working level contacts.**
- **Australia's image of “clean and green”!!**



Source: Ministry of
Agriculture, PRC

The Working Environment

Political Context

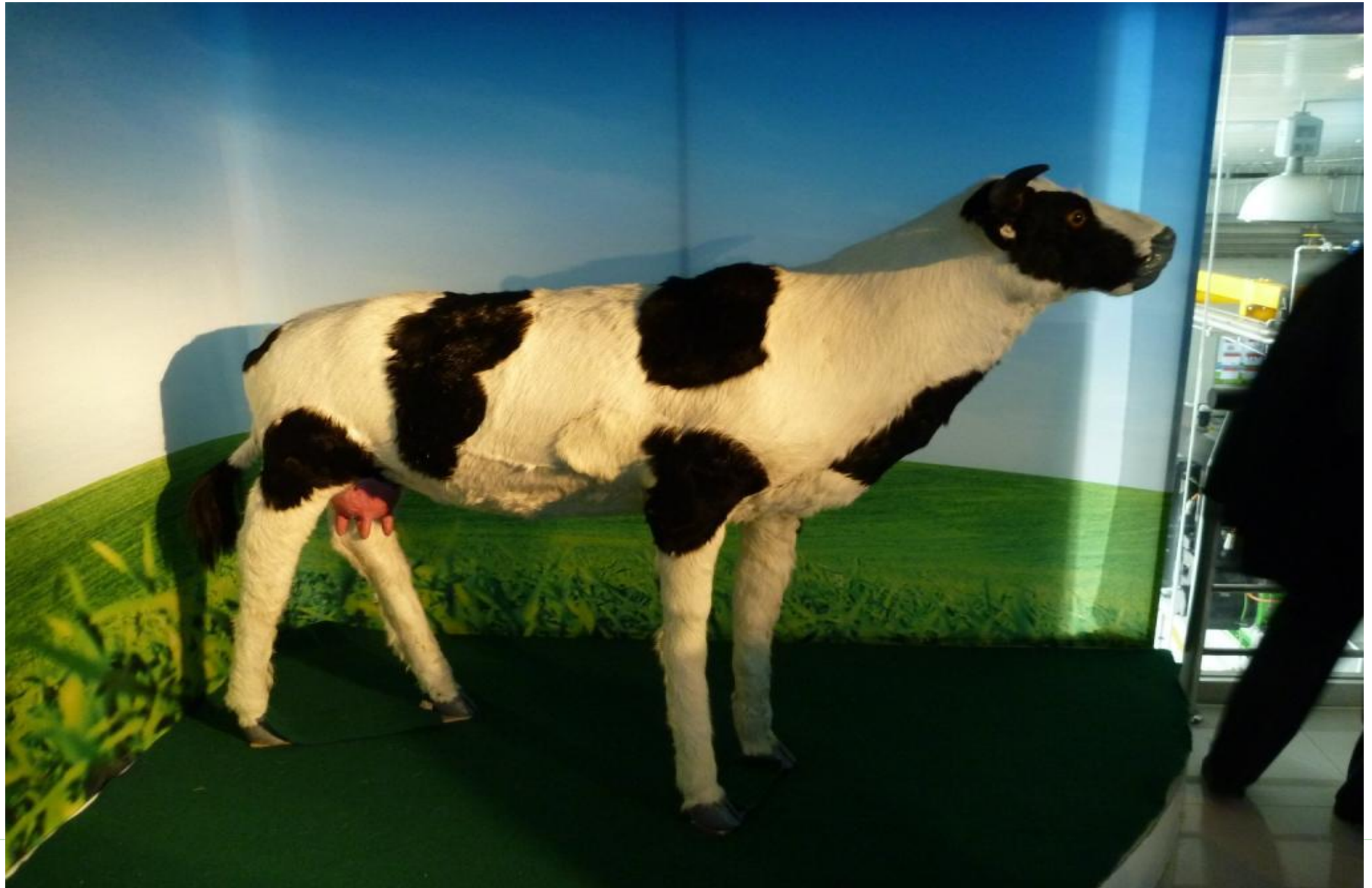
- **Authoritarian government vs democracy**
- **Social stability and the challenges**
- **Big brother is watching – suspicion of foreigners**

Day-to-Day

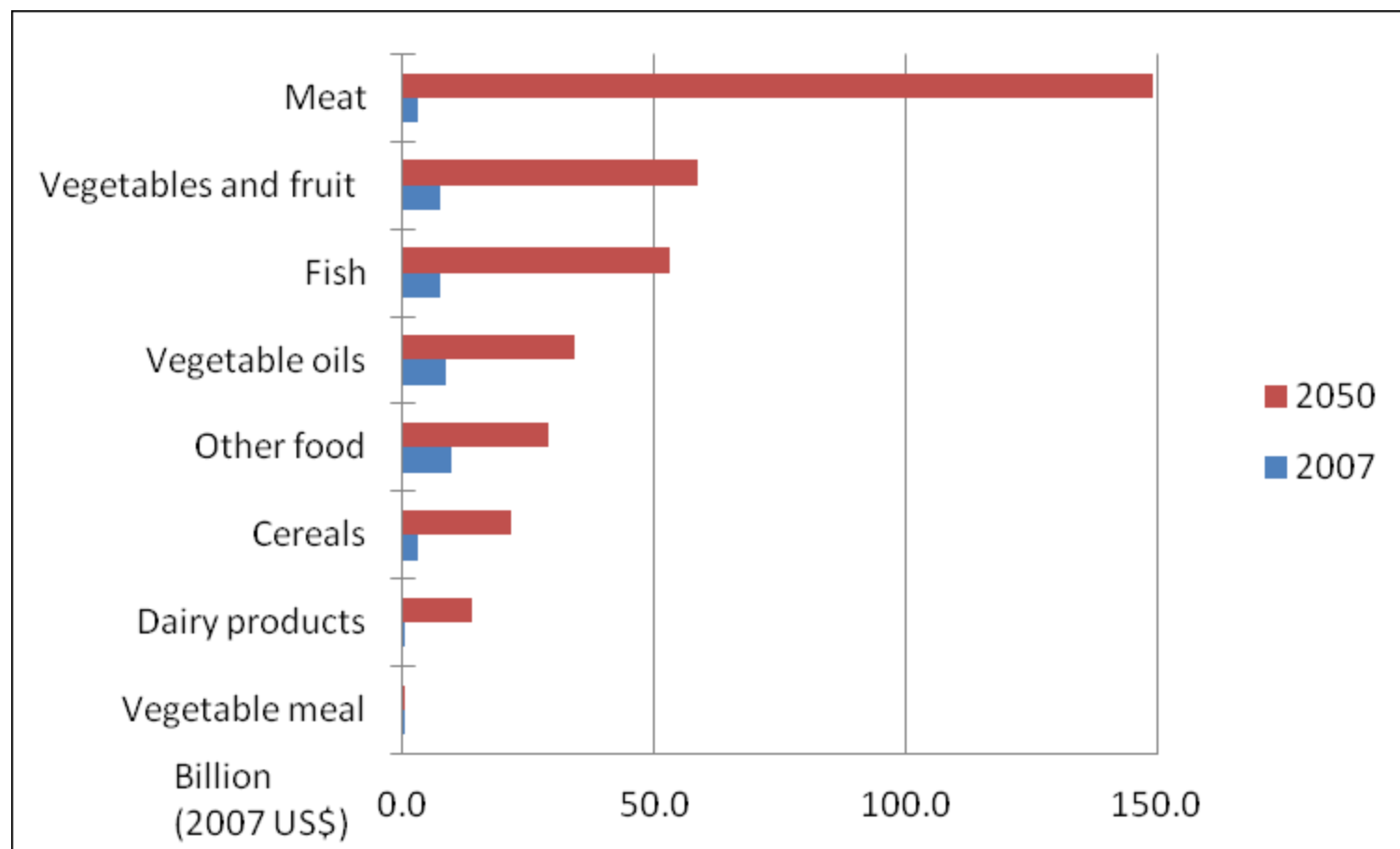
- **Government departments are under-resourced**
- **Everybody wants access to China**
- **Attitude is everything**

Cultural challenges

- **Different views on life**
- **Diversity of Chinese culture – it is not one market**



China's imports by commodity grouping



The Context for Food Imports

Official Policy Settings of China

- **Food security = self sufficiency**
- **Food safety and increasing regulatory burden**
- **Urbanisation drive and agricultural modernisation**

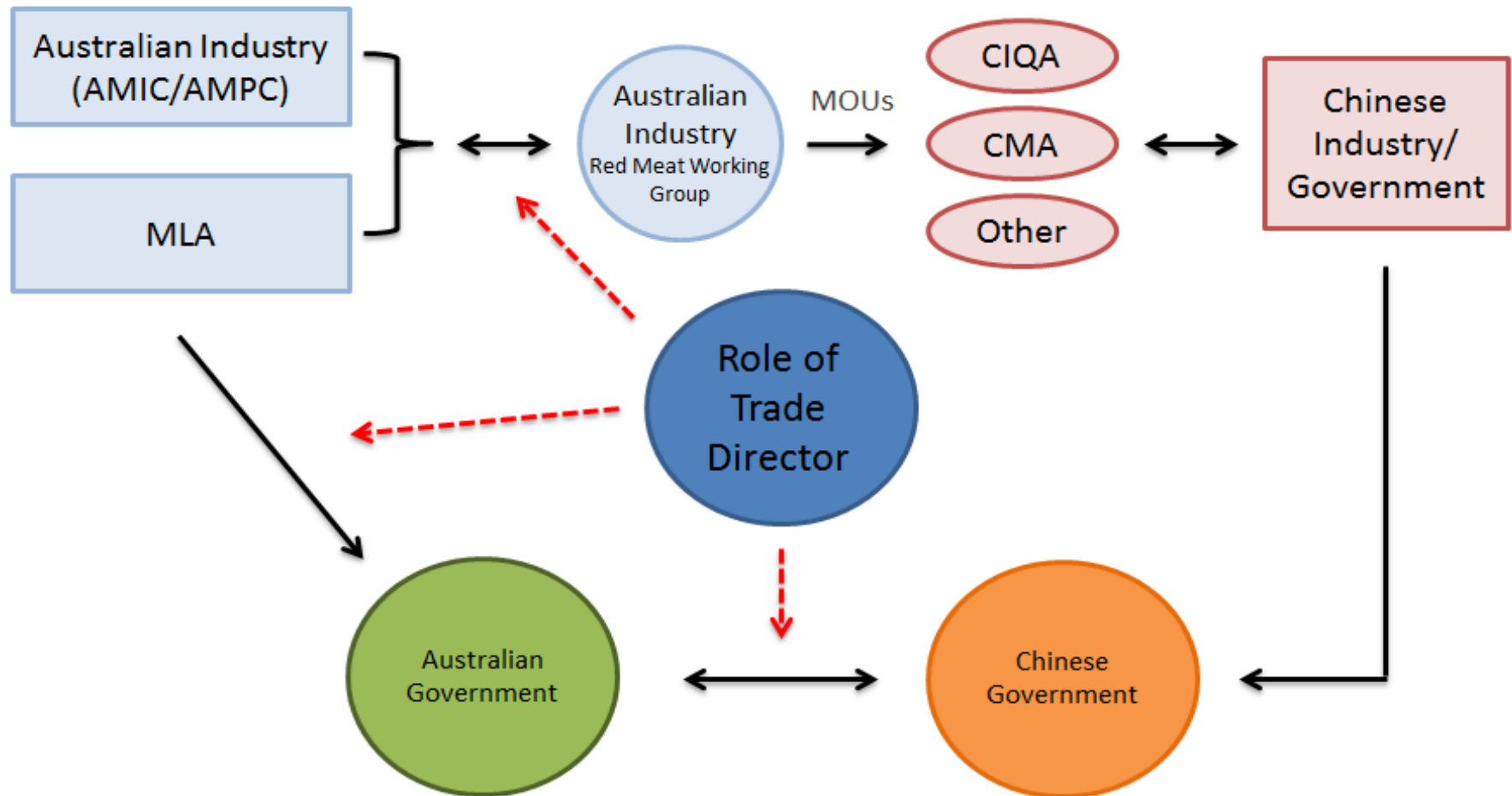
“Chinese people should keep their ‘rice bowls’ in their own hands”- Government quote in 2014

- **Largest food producer and consumer in the world**
- **Net importer of food since 2004**
- **Animal products: increasing consumption**
- **Building intensive industries e.g. beef**
- **Ever discerning Chinese consumers want safety and quality (concerned about substitution/fraud).**





China Strategic Focus for Meat Industry



Current Priorities

The Industry Market Access Advisory Committee (IMAAC) has been established and priorities are:

- China chilled meat (\$50M cost to industry)
- China (and others) establishment listing restrictions (> \$150M)
- China tripe trade restrictions (\$13M)
- Other priorities include blood products and edible tallow.
- Three most important factors are food safety, food safety and food safety.



Australian Market Access Challenges

Challenges:

- **We don't have anything to offer**
- **Chinese view we already have favourable access**
- **Protectionist mindset**
- **Current food safety environment in China is difficult**

Key Strategies:

- **Team Australia approach**
- **Cooperation through regular contact, both formal and informal**
- **“Clean and green” but not a threat - partnership**
- **Patience, patience and patience**

What China wants:

- **Cooperation and assistance – not challenging the system**
- **Travel to Australia**
- **Reciprocity**
- **Investment**



ANY QUESTIONS?

