



back

Chinese trade prize bigger than Australians realise

Trade
Most Chinese consumers will pay a premium for Australian products, but only if we can get them on to shop shelves.



Andrew Robb

As we watch and wait to see whether the newly ensconced United States President will go through with his threat to pull the trigger on what will be an almighty and irreparable trade war with China, something incredible is quietly unfolding between China and Australia and every Australian stands to benefit.

When I was trade minister, the macroeconomic consequences for Australia were the driving concerns when negotiating any trade deal with another country and more importantly, how can we help our companies compete on a world stage when often our costs and volume were too much and too little respectively. And then there is the politics ... never far behind.

The Chinese Australia Free Trade Agreement (CHAFTA) was a tough one to wrestle. Australians, as a mob, really don't understand China and, during the last federal election and the NSW election, their fears were heightened by the unions whose hysterical and racist "reds under the beds" campaign sought to undermine the deal. The Chinese are coming ... lock up your farms and hide your utility assets!

Quite what we are afraid of, I have never understood. Foreign Direct Investment helped propel China as it re-opened to the world. If we only realised what we all can gain from China, even the most hardline nationalist among us would reconsider their myopic anti-Sino views.

For this reason, I do expect Donald Trump to calm his anti-Chinese rhetoric when he realises the harm he is about to inflict on his

own farming communities. China is reliant upon US soybeans and therefore American farmers are reliant upon Chinese consumers. Such is part of the mutual co-dependence between China and the US.

It was not lost on me that the only company the Australian media focused on when I ended my ministerial career to launch a private one, was Chinese. It's fine, apparently, to be engaged by the Americans or the Brits but no good will come of a former trade minister being connected to the Middle Kingdom. But I have never been one to run from a fight and I am now witnessing something extraordinary to emerge from that complex and controversial CHAFTA deal – something that will have long-term economic benefits for even the smallest of dairies and the most boutique of Australian wineries.

CHAFTA was able to lower tariff barriers for Australian exporters to have a competitive chance of reaching the Chinese consumer, but it could only go so far. It needed a strong network of companies both in Australia and in China to pull that product through the myriad of local taxes and technical barriers and onto the supermarket shelves.

I was fortunate to be invited to the inaugural bilateral meeting in Beijing of the Australia Sino One Hundred Years Food Safety Partnership (ASA100), an initiative established by my friend, philanthropist and beef producer, Andrew Forrest, to rebuild Australia's ageing agricultural sector.

Around a table – rather ironically at the American Club in Beijing – sat more than a dozen of China's most powerful business leaders. They were brought together with one aim: to ensure Chinese consumers can reach for Australian food products over other countries.

Why do they care? Well they know we have a clear proposition to offer the Chinese consumer and that is of "Safe Australia", a "Clean, Green Australia" and they know their consumers are prepared to pay a premium for it.

I'm not saying it's easy doing business with the "New China". It's tough, but we can excel if we market ourselves strongly with a unified "Brand Australia" and we deliver on what we promise. The massive growth in financially able consumers in China is without precedent in the history of the world and we need to take advantage of it now.

It's no accident that the humble box of Weetbix is flying off the Chinese

supermarket shelf for \$40 to \$50 ... and that a carton of milk can fetch the farmer \$15 when they are struggling to make \$1 a carton back here. But China will not wait for us.

It recognises what Australia has to offer and is not heeding the political discourse that Trump is threatening. It is getting on with business and, right now, that business is Brand Australia.

The question is – are we ready for them?

Andrew Robb is a former minister for trade. He attended the meeting as a guest of ASA100 China.