

SUSTAINING A GROWING WORLD

Australia's trade outlook - Agriculture

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Managing Director

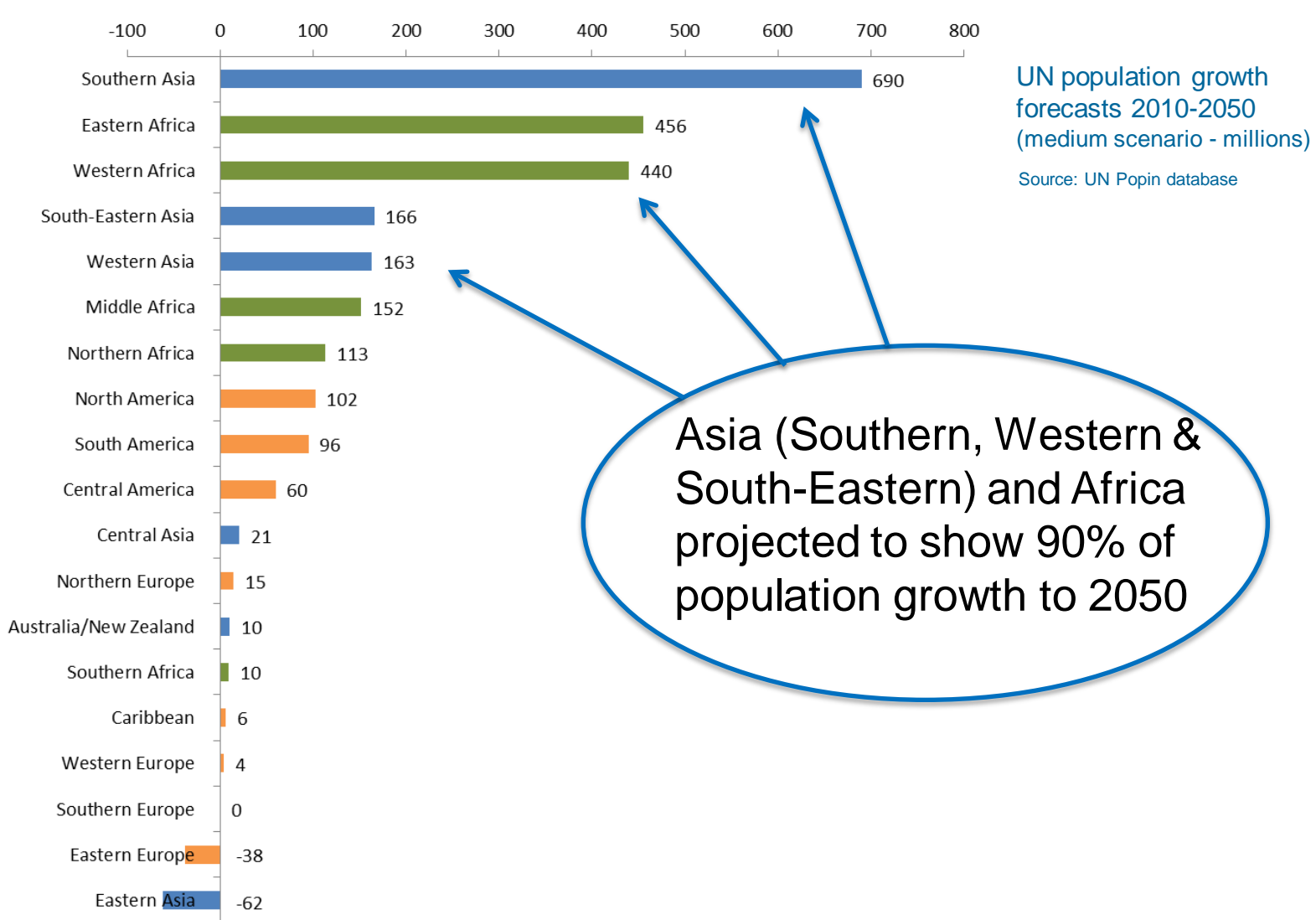
Agrium Asia Pacific

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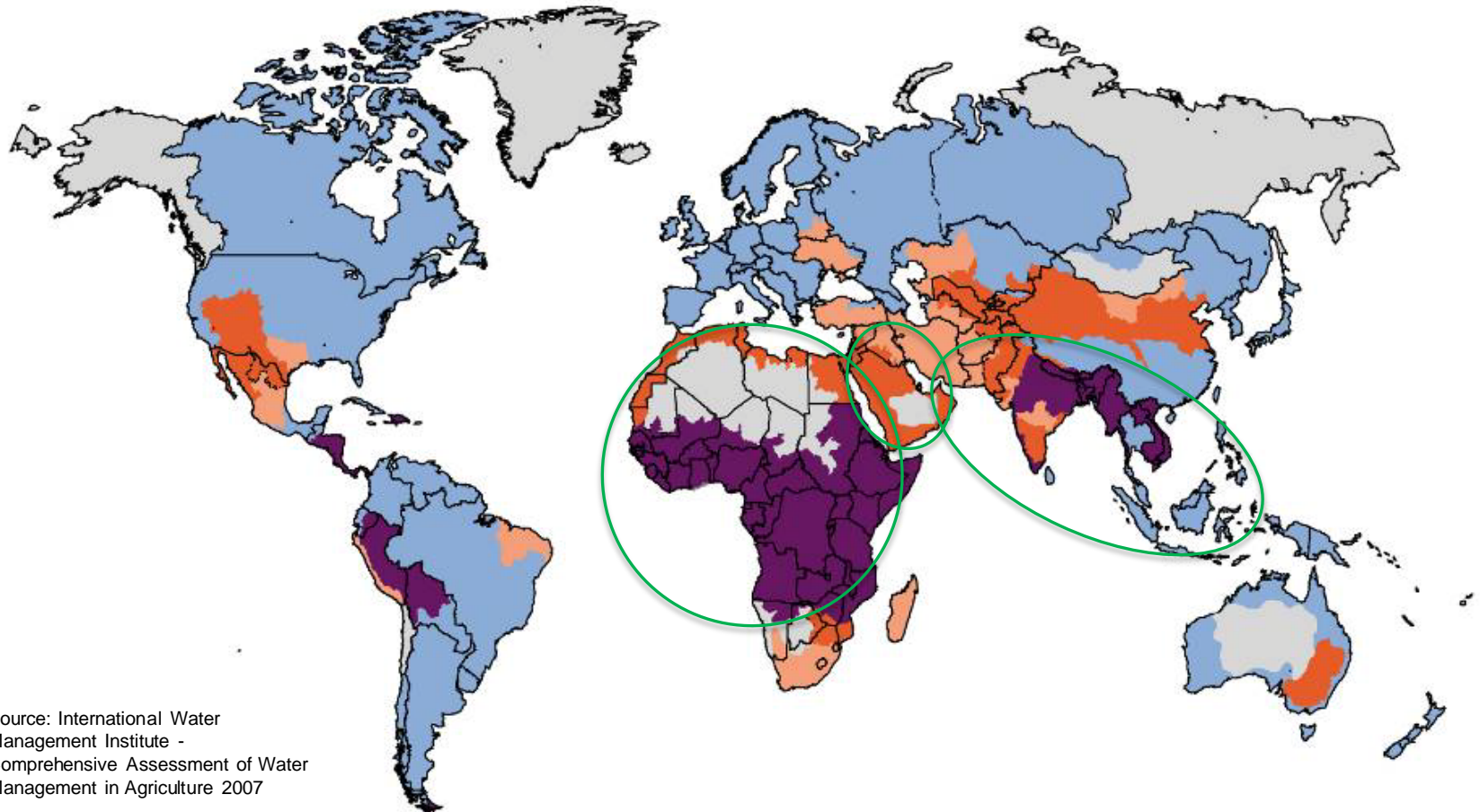
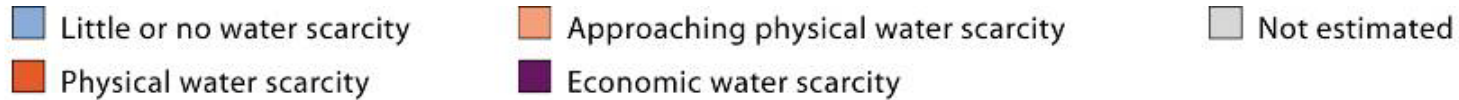
Australia's trade outlook - agriculture

- **The world context**
- The Australian context – opportunities and challenges

World population growth



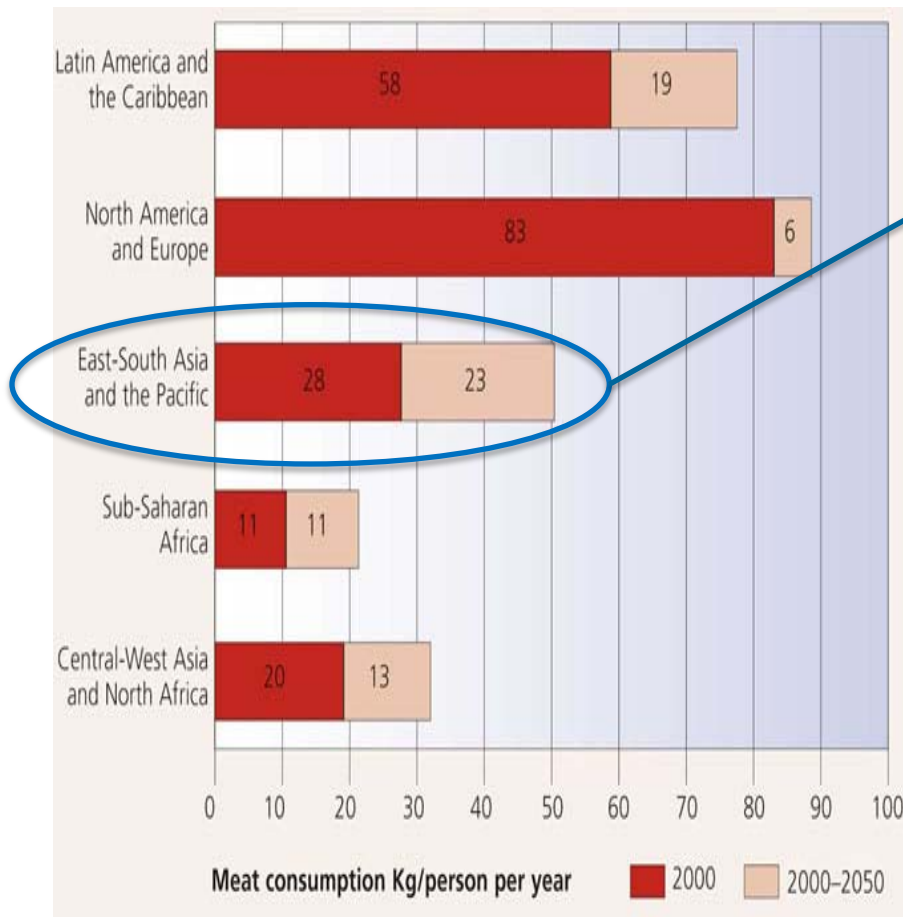
World water: a major challenge



Source: International Water Management Institute - Comprehensive Assessment of Water Management in Agriculture 2007

More wealth, more meat, more grain

Projected growth kg/person, 2000 to 2050



Area of highest GDP growth:
Wealth increases, meat
consumption increases

But, meat demand requires
more stockfeed

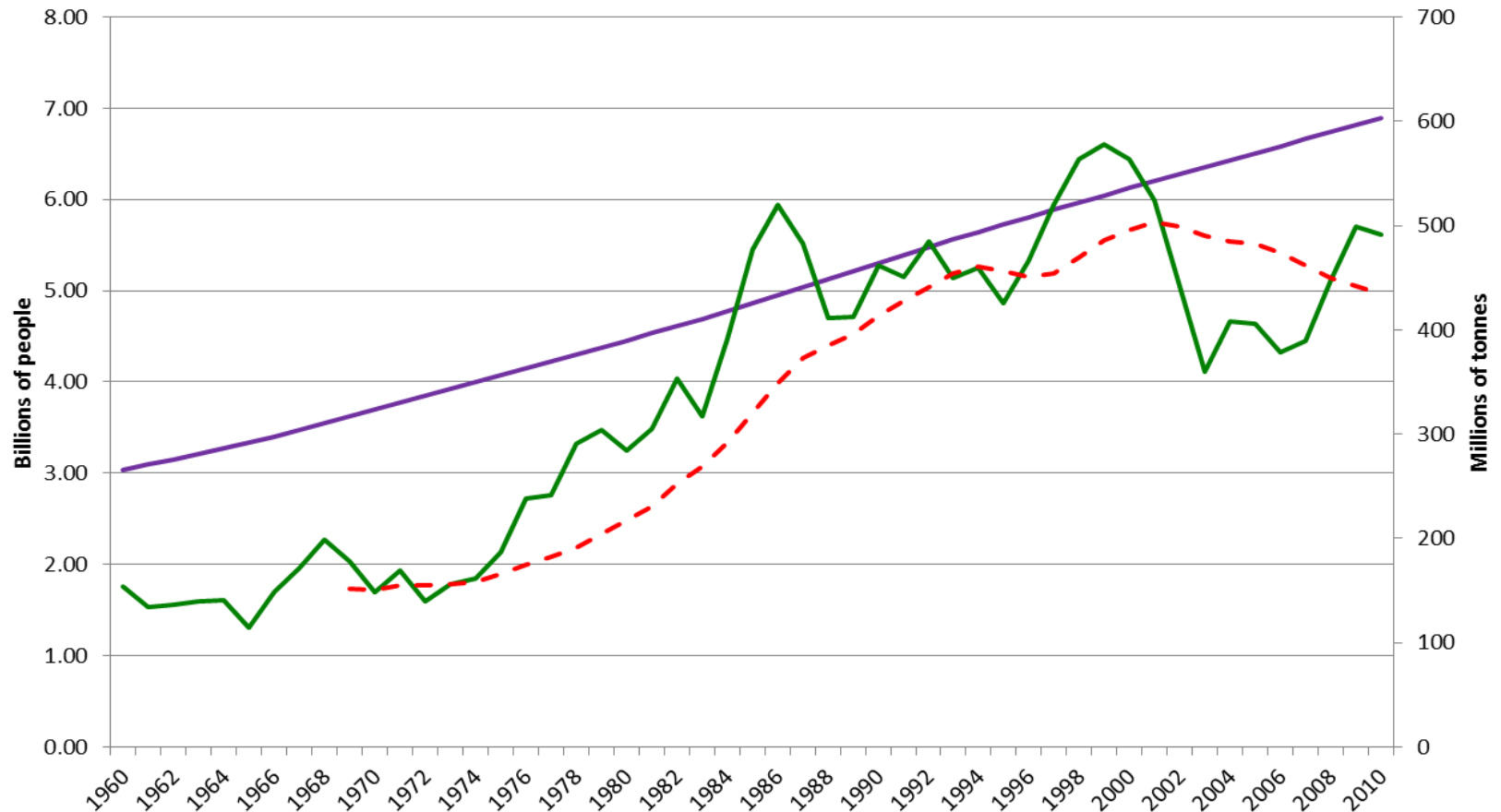
Typical feed conversion ratio
for 1kg of meat:

- Beef ~10kg grain
- Pork ~5kg grain
- Chicken ~2kg grain

Source: International Food Policy Research Institute

Population up; Grains?

World population/end stocks of wheat, corn, rice, soybeans
1960-2010

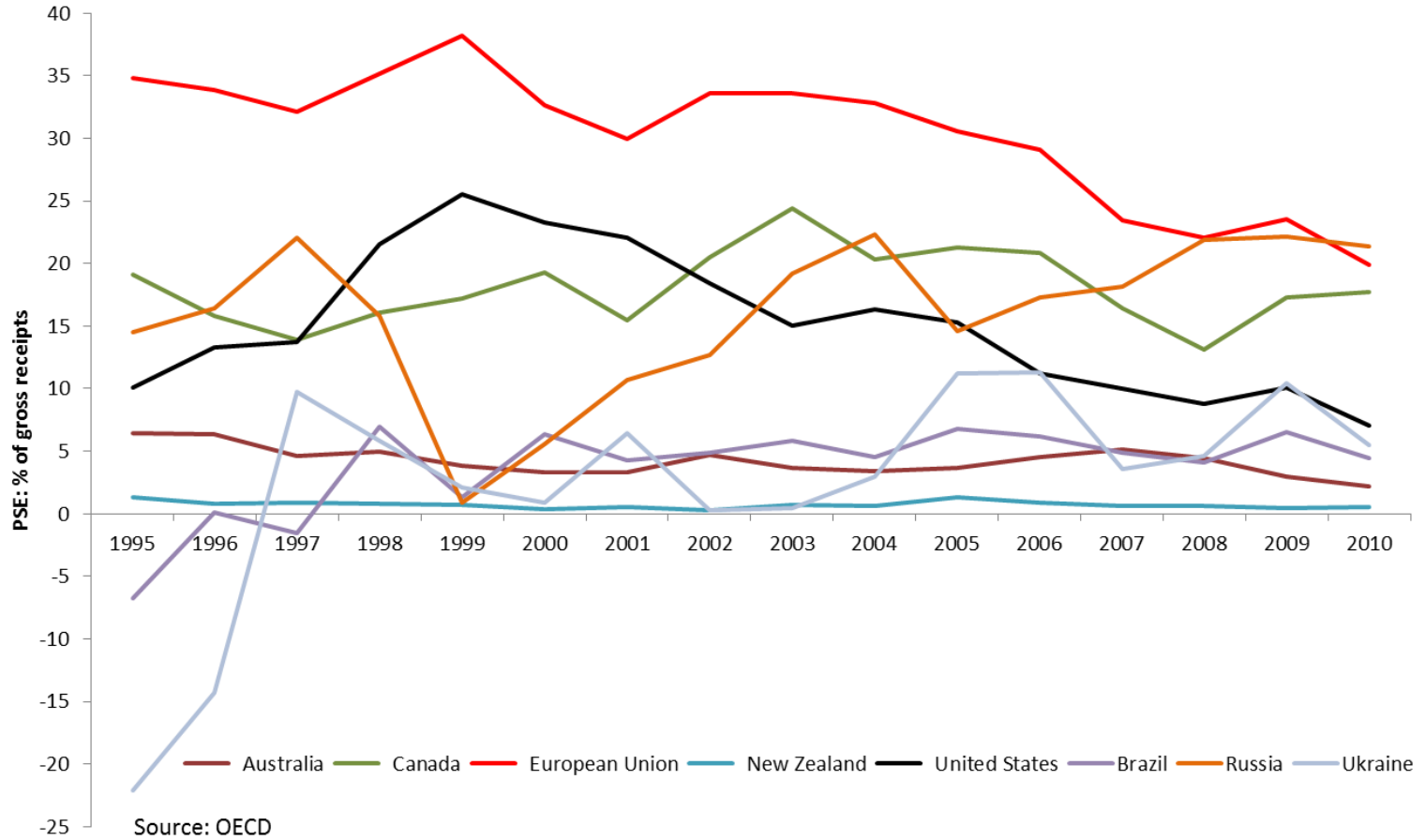


Source: USDA

- Population
- Total end stocks: wheat, corn, rice & soybeans
- - - 10 per. Mov. Avg. (Total end stocks: wheat, corn, rice & soybeans)

Subsidy picture is improving

OECD estimates of Producer Support
% of gross receipts 1995-2010

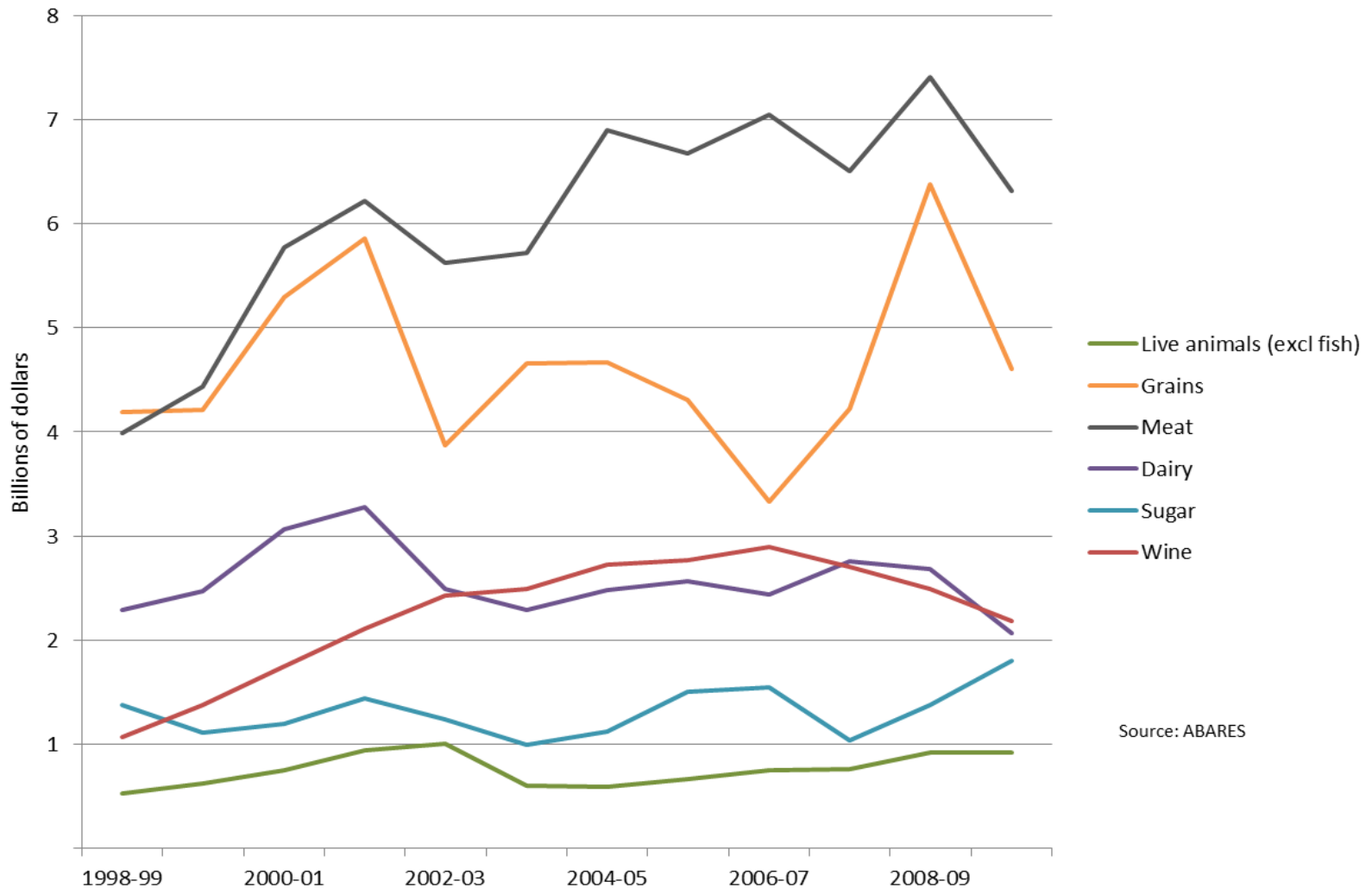


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- The world context
- **The Australian context – opportunities and challenges**

Australian food exports: mixed results

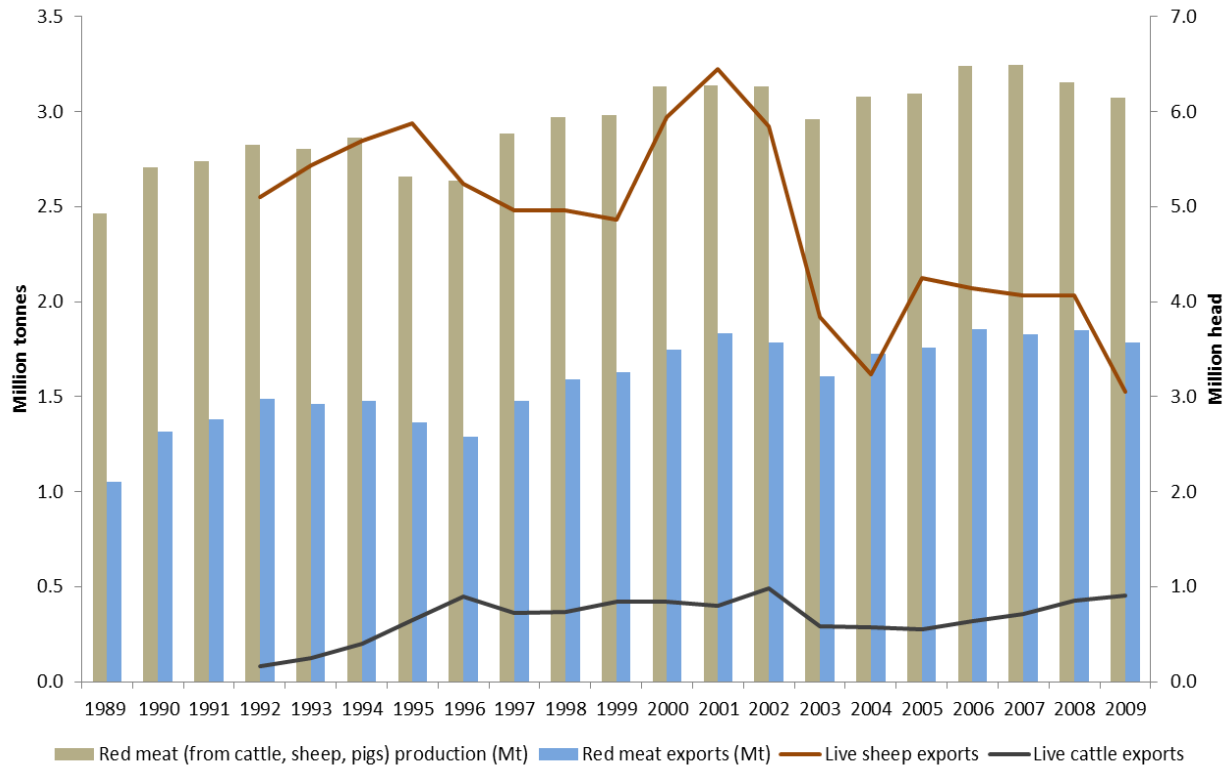
Value of key Australian food exports
1998-2010 (\$billion)



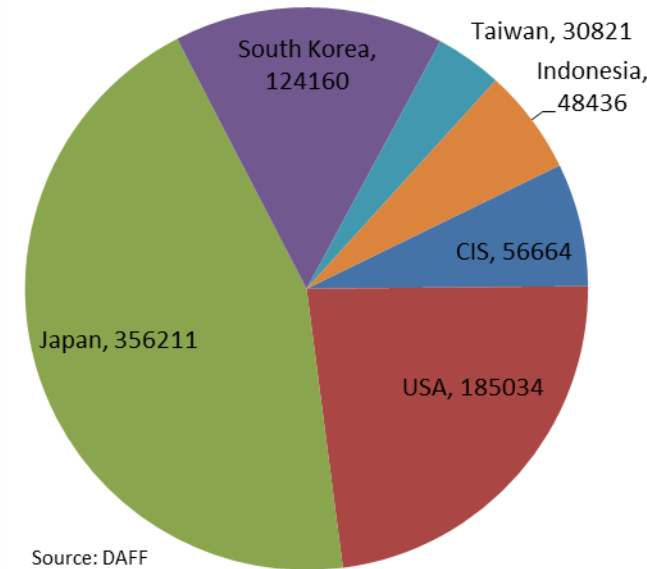
Red meat, cattle exports growing

Australian meat & livestock production/exports 1989-2009

Source: ABARES



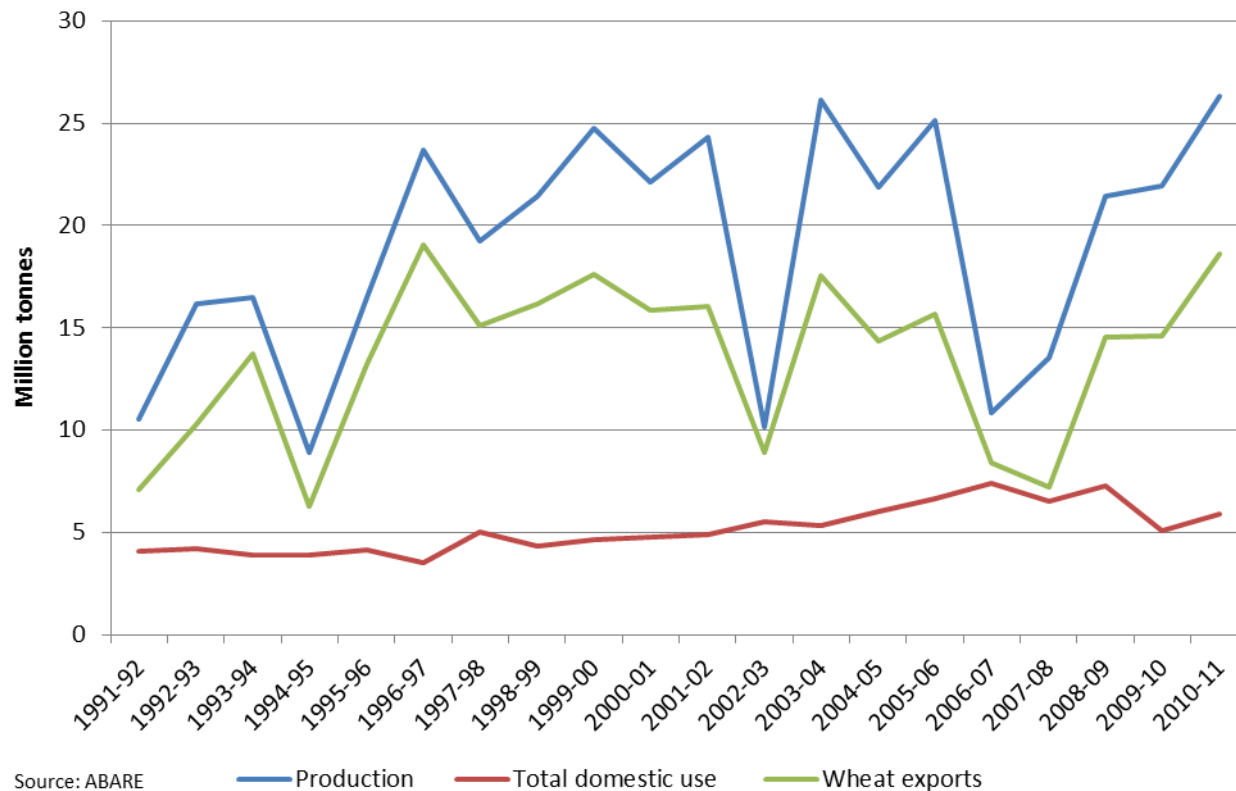
Major Australian beef & veal exports 2010 (tonnes)



Source: DAFF

Australian wheat: growing but volatile

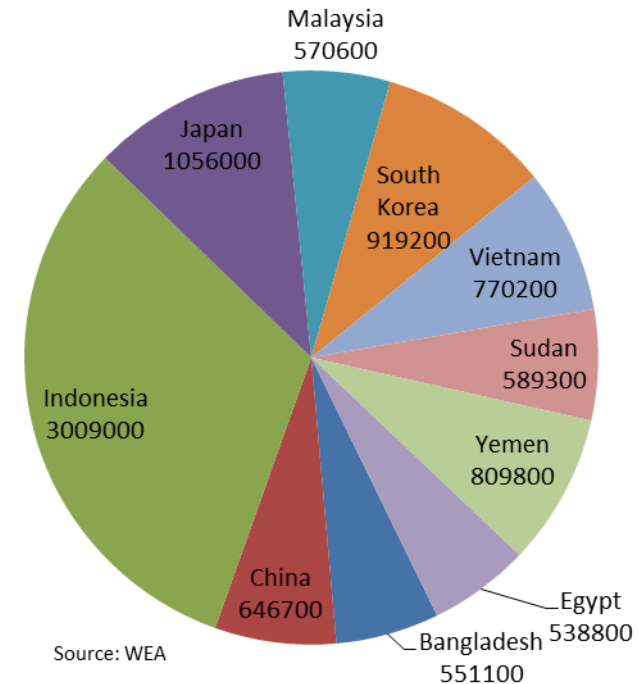
**Australian Wheat Supply and Disposal
1991-2011**



Source: ABARE

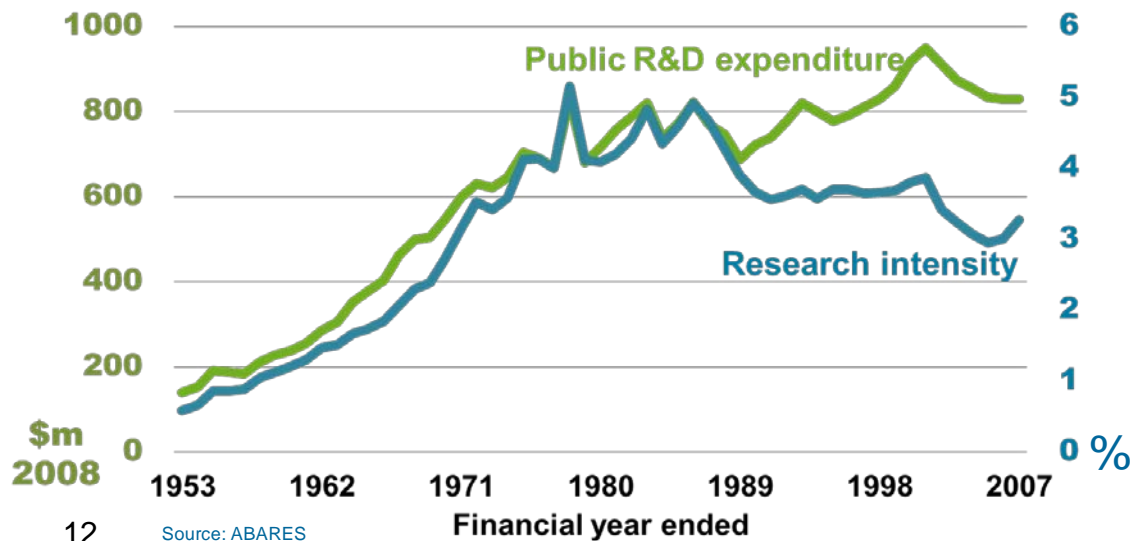
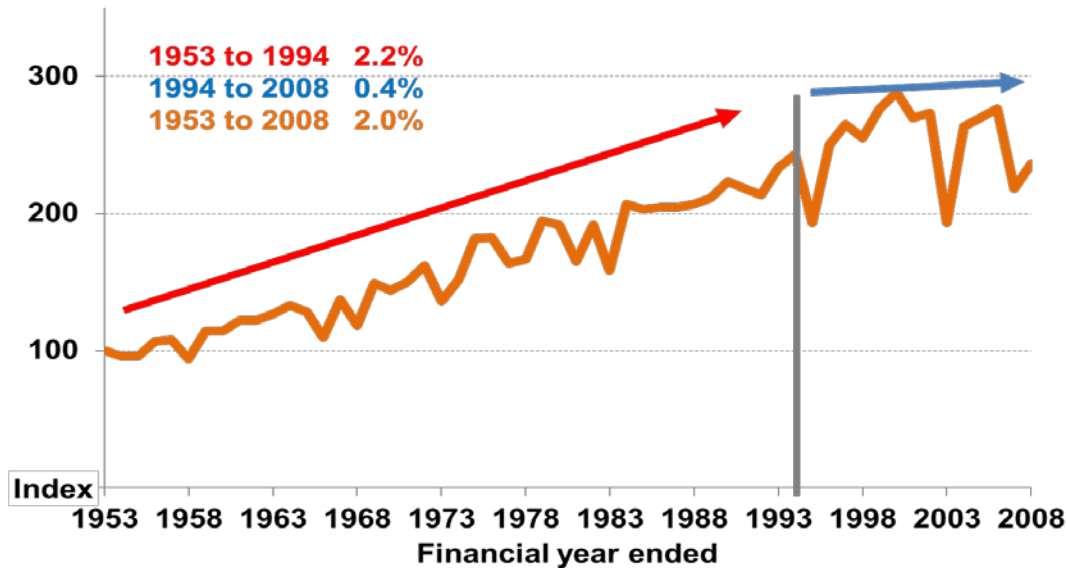
— Production — Total domestic use — Wheat exports

Major Australian wheat exports 2009/10 (tonnes)



Source: WEA

Broadacre productivity stalling

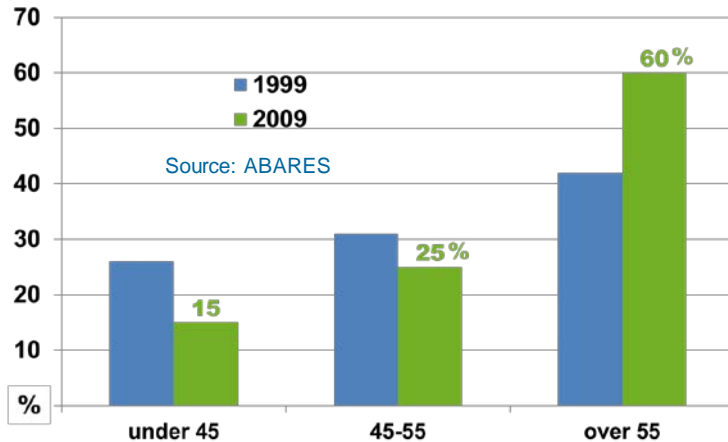


Source: ABARES

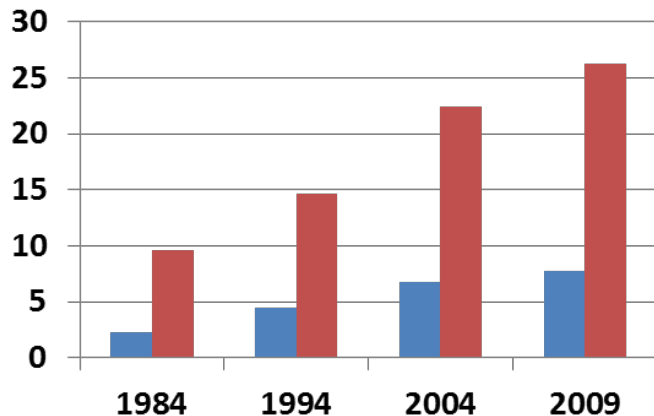
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Demographic challenge

Farmers are aging



Degree holders (%)



Source: Melb Uni

■ agric ■ community

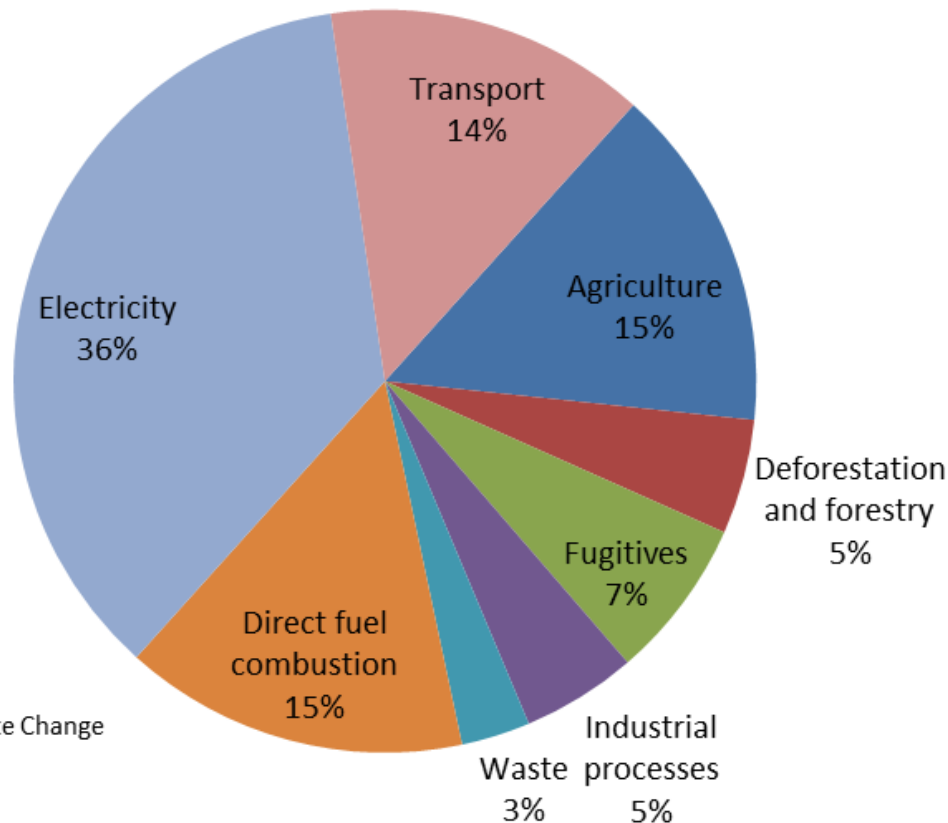
Human capital: agriculture needs more young, enthusiastic, well-trained people to drive productivity



But: competing employment opportunities

Agriculture and carbon emissions

National Greenhouse Gas Inventory 2009



Source: Dept Climate Change & Energy Efficiency

- Mitigation of emissions?
- Carbon sink – “carbon farming”
- Can agriculture stay out of a trading scheme?

Agricultural trade outlook: flourishing?

Yes...but we must “work smarter” to realise our potential

- Proximity to growing population, increasing demand for food/protein
- Water shortage/climate variability
 - Reduce volatility of production, increase water use efficiency
- Arable land; competing land/water use – sensible regulation
- Productivity decline – investment required
- Skilled labour availability – migration flexibility
- Reduce costs/business risks
 - Transaction & supply chain costs
 - Transition to low carbon economy
 - Liberalisation of export markets – reduction in trade distortions



Asia Pacific

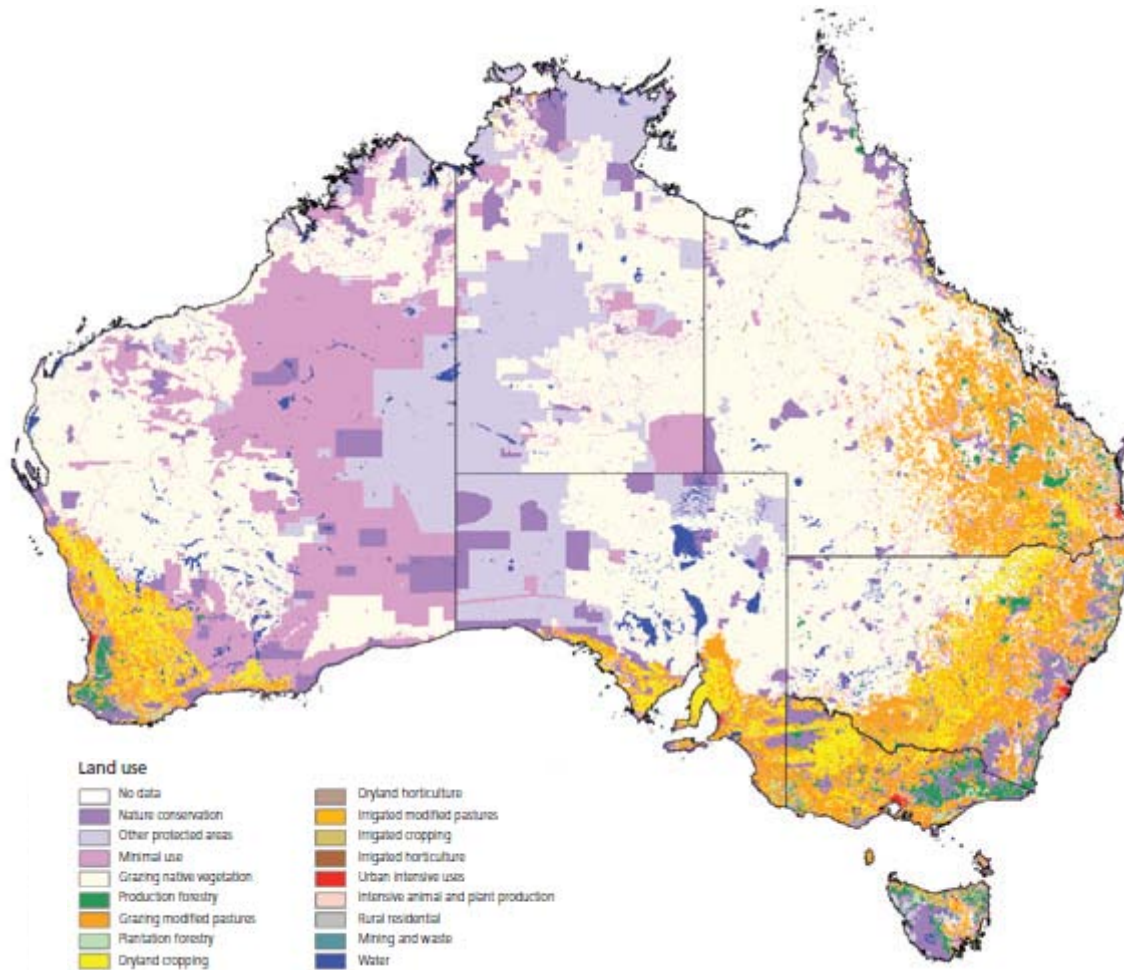
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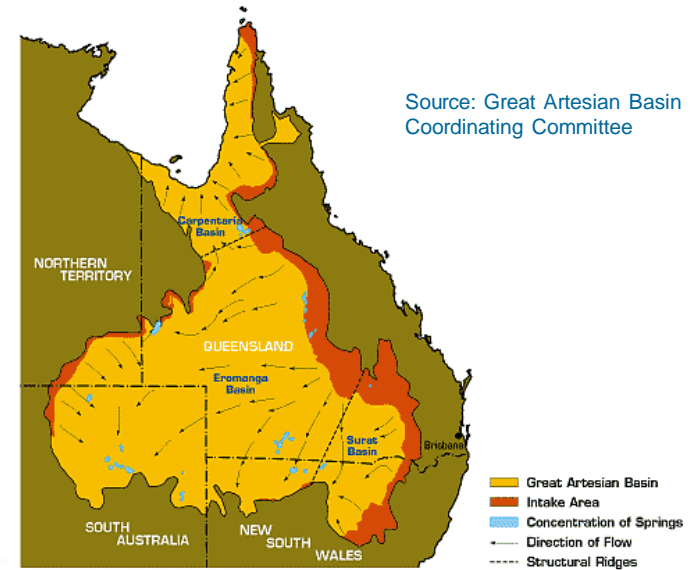
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Competing land/water use challenge



Source: ABARES



Current Australian debates:

- Farming vs mining
- Coal seam gas
- Urban expansion