



Media Release

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New report highlights opportunity for agricultural exports to double by 2050

- agriculture the next sector to significantly benefit from Asia-led growth -
- additional \$710 billion in Australian agri-exports to 2050 with renewed focus -

Australia and New Zealand could more than double agricultural exports increasing revenue by A\$710 billion and NZ\$550 billion respectively by 2050 if targeted actions are taken according to a major *ANZ insight* report released today.

'Greener Pastures: The Global Soft Commodity Opportunity for Australia and New Zealand', a study from Port Jackson Partners commissioned by ANZ, quantifies the size of the opportunity open to Australia and New Zealand agriculture as a result of the shift in global economic growth to Asia.

'Greener Pastures' Key Findings

- Rising incomes and changing diets in developing countries means the world will demand at least 60 per cent more agricultural output by 2050 compared to 2005–07.
- Australia and New Zealand could stand to gain an additional A\$710 billion and NZ\$550 billion respectively in agricultural exports between now and 2050. This could increase further to A\$1.7 trillion and NZ\$1.3 trillion respectively with favourable conditions and targeted actions.
- A\$1 trillion and NZ\$340 billion in additional capital needed to drive production growth and support farm turnover in Australia and New Zealand respectively.
- Intense competition for the opportunity including from new agricultural players such as including Brazil, Malaysia and Indonesia.
- Agricultural industries in Australia have lost momentum while New Zealand is heavily reliant on its dominant dairy industry.
- Targeted action by policy makers, industry participants and investors are needed to focus on the growth of volume and value based on building competitive strengths in both Australia and New Zealand.

Commenting on the release of the report, ANZ Deputy CEO Graham Hodges said: "ANZ believes that Australia and New Zealand have the resources and the geographic proximity to benefit strongly from Asia's growing population and expanding middle class.

"This report shows that the size of the prize is significant. Agricultural exports in Australia and New Zealand have the potential to increase by A\$710 billion and NZ\$550 billion respectively to 2050. With favourable conditions and targeted actions the opportunity could be significantly higher," he said.

While the potential for agriculture is clear, one of the report's conclusions is that becoming a food bowl for Asia will not happen of its own accord. It indicates that in recent years Australian agriculture has increasingly moved into a cycle of low productivity growth and lower profitability, while in New Zealand major success stories are limited outside dairy.

According to the report, future success will require a systematic focus by policy makers, industry participants and investors to focus on the growth of volume and value based on building competitive strengths in both Australia and New Zealand.

Recommendations set out in the 'Greener Pastures' report include steps to rejuvenate agriculture by:

- Selectively reinvigorating industries with high potential that have lost momentum, for example Australian grains and oilseeds.
- Sustaining and strengthening high growth industries, for example dairy in New Zealand.
- Fostering new agricultural industries around high growth opportunities, for example new varieties of soy, safflower and bio-fuels in Australia.
- Strengthening the quality and impact of extension services to increase yields and attract further investment into the sector.

Port Jackson Partners also highlighted a number of growth limiting hurdles which need to be addressed in both Australia and New Zealand. These include increased focus on R&D, closing farm performance gaps, access to key markets, capital needs including the role of foreign investment, attracting skilled labour, accessing land and water, and improving supply chains.

Mr Hodges added: "Recent developments including the Australian Government's National Food Plan Green Paper are welcome contributions to the public discussion on the future of agriculture and we hope that the Australia in the Asian Century White Paper will also actively explore this opportunity.

"ANZ's aim with the 'Greener Pastures' report is to make a significant contribution to the discussion which Australia and New Zealand need to have in order to reinvigorate one of our most important sectors and to maximise what is a very real long term opportunity.

"With relatively few large corporations in the agricultural sector and a fragmented structure dominated by either smaller companies or family run businesses, that discussion is naturally more challenging than in sectors led by larger, international corporations such as mining and energy.

"Industry bodies are playing an active role in advancing this discussion and as Australia and New Zealand have demonstrated in the past, success in agriculture is not impossible. For example, the dairy sector in New Zealand highlights the advantages of having all stakeholders in an industry working together to innovate, adapt to changing markets and drive growth across the industry.

"The danger we face is that we are not alone in seeking to exploit the global soft commodity opportunity. Other countries like Brazil are also actively competing for the opportunity and if we are serious about wanting to develop vibrant, globally competitive agricultural industries, we will need all stakeholders to work together to deliver on the opportunity," Mr Hodges said.

'Greener Pastures: The Global Soft Commodity Opportunity for Australia and New Zealand' and an interview with Graham Hodges and the report's author Angus Taylor are available at www.anz.com/insight

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