



Australia China Business Council
澳大利亚中国工商业委员会



AUSTRALIA CHINA
**FOOD &
AGRIBUSINESS
SUMMIT**



Summit Report

2 November 2016
Sofitel Sydney Wentworth



Welcome Letter

The 2016 Australia China Food and Agribusiness Summit was undoubtedly one of the highlights of the Australia China Business Council NSW (ACBC) calendar year. With over 300 people in attendance, the Summit brought together a broad range of senior stakeholders from across the Agribusiness sector including Australian and Chinese businesses, government and media.

Building on both the 2014 ACBC Food Summit and the 2016 Australia Week in China, this year's summit further highlighted the importance of ongoing collaboration and networking in building stronger food sector links between Australia and China in trade, business and science. It is through conferences like this that we are able to share valuable information and understand both the opportunities and challenges that we collectively face when trying to do business in Australia and China.

As this Summit Report and audio recordings highlight, there is an incredible wealth of information available to help your business succeed – and it is ACBC's aim to help make this content available to you and your respective organisations.

It has been a great privilege to lead the ACBC NSW Agribusiness Sub-Committee and I would like to thank the 2015/16 ACBC NSW Agribusiness Sub-Committee for their support. The committee's tireless energy was critical in bringing this event to fruition and without their support this event could not have taken place.

I would also like to take this opportunity to thank our event sponsors, Alibaba Group, KPMG, King & Wood Mallesons, Powerful Points and China Unicom. Without their generous support, this event would not have been possible.

Finally, I would like to thank the attendees who made the commitment to attend on the day. It is incredibly encouraging to witness the volume of interest and engagement in the Australia-China agribusiness and food sector relationship.

As I retire from the ACBC NSW Executive Committee, I have every reason to be optimistic about a long term and mutually beneficial future together.

I wish you all the best and look forward to seeing you at ACBC events in the New Year.

Yours Sincerely,

Doug Ferguson

ACBC NSW Vice President

ACBC Agribusiness Sub-Committee Chair

Acknowledgements

We would like to acknowledge the hard work and support of the ACBC NSW Agri-Business Sub-Committee who made this Summit possible:

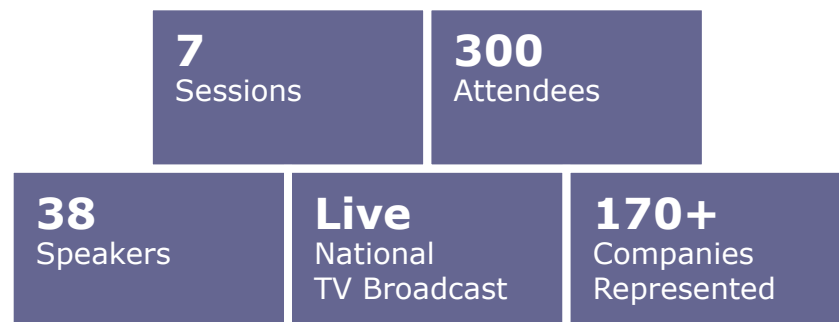
- **Doug Ferguson**, KPMG
- **Scott Bouvier**, King & Wood Mallesons
- **Meredith Paynter**, King & Wood Mallesons
- **Ben Matigian**, NAB
- **Sarah Tritsch**, Star Jasmine
- **Alistair Nicholas**, Powell Tate
- **Georgia Twomey**, Rabobank
- **Anthony Latimer**, Norton Rose Fulbright
- **Bob Mac Smith**, MSM Milling
- **René Muller**, ShineWing

Summit Overview

The Australia China Business Council presented the Australia China Food and Agribusiness Summit in conjunction with event partners KPMG, King & Wood Mallesons, Alibaba Group, China Unicom and PowerfulPoints.

The full day summit held on 2 November 2016 explored the latest developments in Australia China food and agribusiness with a specific focus on themes, trends, opportunities and challenges across AgTech and innovation cross-border trade and e-commerce as well as investment.

This report provides a high level overview on some of the key takeaways and highlights from the summit.



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Welcome Remarks



CHINA CHAMBER OF
COMMERCE AUSTRALIA
REPRESENTATIVE (CCCA)

Dr Zhang Lei

CFO, YanCoal Australia

Dr Zhang Lei welcomed guests to the Food and Agribusiness Summit. Dr Zhang highlighted CCCA's commitment to supporting and promoting the development of Australia-China economy and trade relationships. He stressed the role that the 289 member companies of CCCA will play in facilitating business development along the supply chain to source Australian quality products for delivery to Chinese consumers.



CHINA CERTIFICATION &
INSPECTION CORPORATION
REPRESENTATIVE (CCIC)

Al Liang

Vice Marketing Manager,
CCIC Australia

Mr Al Liang added that CCIC is working on building better traceability solutions for Australian exports into China. These solutions will stand to ensure that both countries reap the benefits of the FTA; with export tariffs due to reduced in totality over the next 3–9 years. Mr Liang spoke of the need to facilitate the ease of product movement, ensure regulatory compliance to maintain food safety and the need to adhere to product marketing requirements.



Innovation and AgTech



Session Summary

Innovation is a priority for Australian agriculture with new technologies playing an increasingly important role in helping to drive farm productivity. The adoption of 'AgTech', such as drone technology, precision farming, variable rate application technology, online markets, software improvements and the 'Internet of Things' is helping to shape food and fibre production.

Australian farmers are known for being leaders in their industry globally, with high rates of technology adoption. This session sought to demonstrate how production efficiencies are being achieved with AgTech and the opportunities for Australian innovators to develop solutions for the Chinese market.



**Click here
for Audio Link**

The session included:

- **Scott Bouvier**
Partner, King & Wood Mallesons (Moderator)
- **Dr Robert Fitch**
Associate Professor, UTS
- **Sean O'Reilly**
General Manager, Lawson Grains
- **Mark Blum**
General Manager Cisco
- **Sarah Tritsch**
Principal Star Jasmine

Key Takeaways

- The use of robots will not change the way farms operate, instead automation is helping to drive farm productivity and efficiencies through data capture and analysis
- Data will help improve farm decision-making, while also reducing labour costs and input requirements
- To get maximum value from our supply chain AgTech innovators and early adopters need to demonstrate how to best use technology to maximise the strength of Australian brands
- Data will be a key factor in ensuring product quality and differentiation through improved traceability, provenance and biosecurity
- While there is a significant cost in adopting the latest technology, the motivation should come from the ability of AgTech to drive down costs of doing business. By way of example; almost 100% of farmers are using assisted steering technologies which are resulting in considerable savings
- To ensure Australian startups are well positioned to take advantage of Chinese demand for Australian AgTech, innovators need a good understanding of the end user.

SESSION I

Innovation and AgTech



Cross Border Trade and E-commerce

Session Summary

The session on cross border trade and e-Commerce highlighted the nature of China's e-commerce platforms as well as the importance of maintaining traditional export methods.

ChAFTA has helped to significantly reduce tariffs on Australian food and beverage exports, presenting an attractive opportunity for high quality, clean green products to be sold to China. In addition to the FTA, growing middle class incomes in China and the growth of e-commerce are driving opportunities for Australian agribusiness.



**Click here
for Audio Link**

The session included:

- **David Landers**
General Manager, East Asian Growth Markets, Austrade (Moderator)
- **Chuan Ma**
Director, Mzeco
- **Livia Wang**
Director, AccessCN
- **Peter Verry**
Managing Director, Peloris

Key Takeaways

- Establish flag ship stores, work with a local business partner and be prepared to encounter diverse barriers, costs and risks
- You need to offer a product of superior quality and value at the right price for consumers to take notice
- Brands that are successful and well known in Australia are more likely to succeed in the Chinese market
- The business environment in China is quite unstructured, and this presents complications to businesses seeking to expand into China
- The traditional Business to Business to Customer (B2B2C) model results in high transaction costs and subsequent price increases. E-commerce breaks this structure down with the end consumers now purchasing directly from points within the supply chain
- The biggest headwind is brand recognition; ensuring your product is known and consumed in the Australian market first is key. Flooding the market with unknown brands and poor pricing is detrimental to one's strategy
- When considering fresh products and perishables, understanding processes and bottleneck possibilities is important in order to ensure your products arrive in good condition
- Stringent traceability through serialized products and real time data reporting from producer to consumer will assist in meeting Chinese standards in food safety.

Cross Border Trade and E-commerce



The Hon Andrew Robb AO



Session Summary

Mr Robb used his keynote address to encourage exporters to take advantage of ChAFTA. Highlighting the enormous changes in agriculture over the last 20–30 years (floating exchange rates, reduced tariffs, and a challenging lending environment) Australian farmers have become more sustainable, revolutionizing the way they farm. Consequently their clean, green produce is highly sought after in China.

Mr Robb explained that the ChAFTA is not only about doing business into China, but that importing goods and services is making the cost of doing business for Australians cheaper. Mr Robb encouraged Australia to make use of its geographic advantage with Asian markets, but that to do so Australians need to engage effectively by putting in the time and effort to understand other cultures and ways of doing business.

Finally, Mr Robb touched on the need for foreign investment, highlighting that capital should not be confused with 'taking of property and place'. Rather, foreign investment can be such that both parties stand to benefit and it will be important for Australia to manage some of its instinctive reaction to foreign investment. Investment will improve Australian supply lines into Asian markets; with increasing produce prices only encouraging farmers to keep producing clean and green products.



**Click here
for Audio Link**

KEYNOTE SPEAKER

The Hon Andrew Robb AO



Investment

Session Summary

This session on investment explored the trends, data and facts of Chinese investment in Australia, highlighting that perception is often different to reality. This session had a focus on the practical steps that companies can take to ensure successful investment outcomes.

The second half of the investment session explored the sale of Moxey Farms. This included a panel discussion with Quentin Moxey, and buy and sell side advisors Greg Quinn (PWC) and Ben Matigian (NAB).



**Click here
for Audio Link**

The session included:

- **Meredith Paynter**
Partner, KWM (Moderator)
- **Doug Ferguson**
Partner & Head of Asia
and International Markets, KPMG
- **Alistair Nicholas**
Executive Vice President, Powell Tate
- **David Watson**
Senior Investment Specialist,
Agribusiness and Food, Austrade

Key Takeaways

- During 2007–2016 total investment in Australia was 'lumpy', with only 65 completed transactions between China and Australia, and only 6 deals valued over \$500m
- Australia needs to 'market' our highly technical and innovative production systems, our multiple FTAs, our biosecurity, and rich agricultural history. Highlighting these aspects will help to drive capital investment opportunities from overseas
- Review processes in investment are not unusual, and investors shouldn't be troubled by these: both the US and Canada have similar processes to register and review investment
- Investment is a natural extension of trade, and will play an important role in increasing Australia's capacity to export efficiently with better, vertically-integrated businesses
- Although the sale of large-scale primary production properties attracts media attention, investment in these properties is actually quite limited
- Chinese investors are now looking to invest in fully-integrated supply chain opportunities, demonstrating they understand the importance of the experienced staff to help manage these assets
- Inbound investors should conduct due diligence to understand Australia's social and political fabric, take advice from experienced professionals and engage in on-the-ground partnerships
- It is important that investors contribute to the local community and communicate their business intentions to ensure local communities don't feel left out.

Investment



CLOSING

Remark



Sessions

Meat and Livestock

The Meat and Livestock breakout session explored the risks and realities of meat exports to China, with a particular focus on the Beef industry. With the signing of ChAFTA and growing demand for premium products, the Chinese market presents an enormous opportunity for producers. Nevertheless, although beef imports increased 75% YoY in 2016, Australia's retaliative share declined in large part due to increasing competition from South America. This session explored how Australia is best placed to respond to these realities

AgTech

Australia's leadership in agriculture positions it to be an AgTech leader, developing innovative solutions to a range of sector challenges both domestically and in overseas markets. This session will showcase some leading innovative Australian AgTech companies including:

- **Justin Webb**
AgriWebb
- **Andrew Lorking**
Director, Endure Agri Solutions
- **Matthew Pryor**
CTO at Observant
- **David Edwards**
Founder at Automed
- **Sarah Nolet**
Head of Strategy & Communications at Full Profile

Premium Food and Beverage

The premium food and beverage breakout session took a deeper dive on the specific challenges of ecommerce and cross border trade from the perspective of premium food and beverage products. This session explored some of the practical elements of exporting Premium Food and Beverage products to the Chinese market with a range of panelists including representatives from Alibaba, FIAL, Efic and the Australian Business Solutions Group.

Sessions





You want to sell to China?

So does the rest of the world

China does offer a huge opportunity – and it's for that reason the whole world wants to serve that market. That means you will be competing with the rest of the world, selling to what are now very sophisticated buyers who are the focus of the very best in the world.

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James Hudson

DIRECTOR OF CORPORATE AFFAIRS AND
MARKETING, AUSTRALIA & NEW ZEALAND

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Since then, Alibaba Group has grown to operate leading online and mobile marketplaces in retail and wholesale trade, as well as cloud computing and other services. Alibaba Group provides technology and services to enable consumers, merchants, and other participants to conduct commerce in our ecosystem.



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King & Wood Mallesons (KWM) is a global law firm, with over 2,700 lawyers across more than 30 international offices.

KWM has the leading Food & Agribusiness team across Australia and in China. Our team has a successful track record advising businesses and investors on their investments and trade related issues. KWM offers first ranking advisory and transactional capabilities, strong relationships with Australian and Chinese regulators and extensive cross-border experience.

As a full service law firm, we have experience across all aspects of the food and agribusiness sector including: mergers & acquisitions including private equity and joint ventures, foreign investment approval, trade, commercial agreements, funding and trade finance, property ownership and usage issues, infrastructure access, commodities trading, intellectual property, competition and tax.

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China Unicom (Australia) is fully owned by China Unicom Global in HongKong.

Newly established Australian operations in 2015 aiming to provide reliable and high quality international telecommunications network for both China companies here in Australia as well as local Australian companies who would like to reach out the Asia Pacific.



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