



# Alpine Valleys

## agribusiness forum

*'Australian Alpine Valleys - Where the Best Grows to Perfection'*

### North East Farmer March 2010

#### Exports Be Dammed

Recently seen for the first time in Australia, imported fruit and vegetables worth \$826 million came into the country, exceeding our export of the same by \$77 million. This is of great cause for concern for all forms of Agribusiness, particularly those competing in highly labour intensive markets where product can be churned out cheaper overseas.

It is understandable that in a drought we might struggle to feed ourselves but there is still plenty of food available and we have not seen fruit and vegetables become too expensive for the customer to afford. I believe there are instances of vegetable growers ploughing in crops that were either unsaleable or uneconomical to harvest. Trends indicate that the consumer is buying more frozen and tinned produce that can be stored and used as required, which has made it easy for imports to find a market niche. The big mover in countries supplying produce to Australia is China, up from \$46.3 million in 2004 – 2005 to \$110 in 2008- 2009.

In trying to understand trends in Agriculture and where the strength of our production system lays you need to research where we have a competitive advantage; whether it is scale, climatic, seasonal or the intellectual property to own the production and distribution of a product. These might include scale in land eg. cropping and broad acre farming which a large percentage of our competitors do not have. Dairy and any industry with mechanisation (almonds) or our climate which could be useful for us to remain competitive in the global market place; sadly we struggle to compete with developing countries in products that have high labour inputs and all the while the exchange rate also continues to work against us.

Globalisation has meant large changes in the industries in which Australia competes. Given many of the agricultural commodities are traded centrally it is a generally a pretty transparent market place. There is no doubt that Australia's strength in minerals will not follow through to all types of food products. Farmers need to be aware of this when making long term funding commitments when they evaluate strategically where our competitive advantage lays and what is going to work long term.

As many of our wealthy trading countries have both subsidies and border controls, our market is generally Asia, where they are able to produce various types of horticultural products at a cheaper rate than us. We need to understand their market better and see what they need or aspire to need and focus our efforts in that direction. These might not be crops or livestock enterprises as we currently produce but the new crops might become mainstream as our traditional forms of agriculture lose market share.