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Cereal Grains: analysis and commentary

**2002 Australian Agribusiness Congress – Cereal Grain Section
Sydney, 12 November 2002**

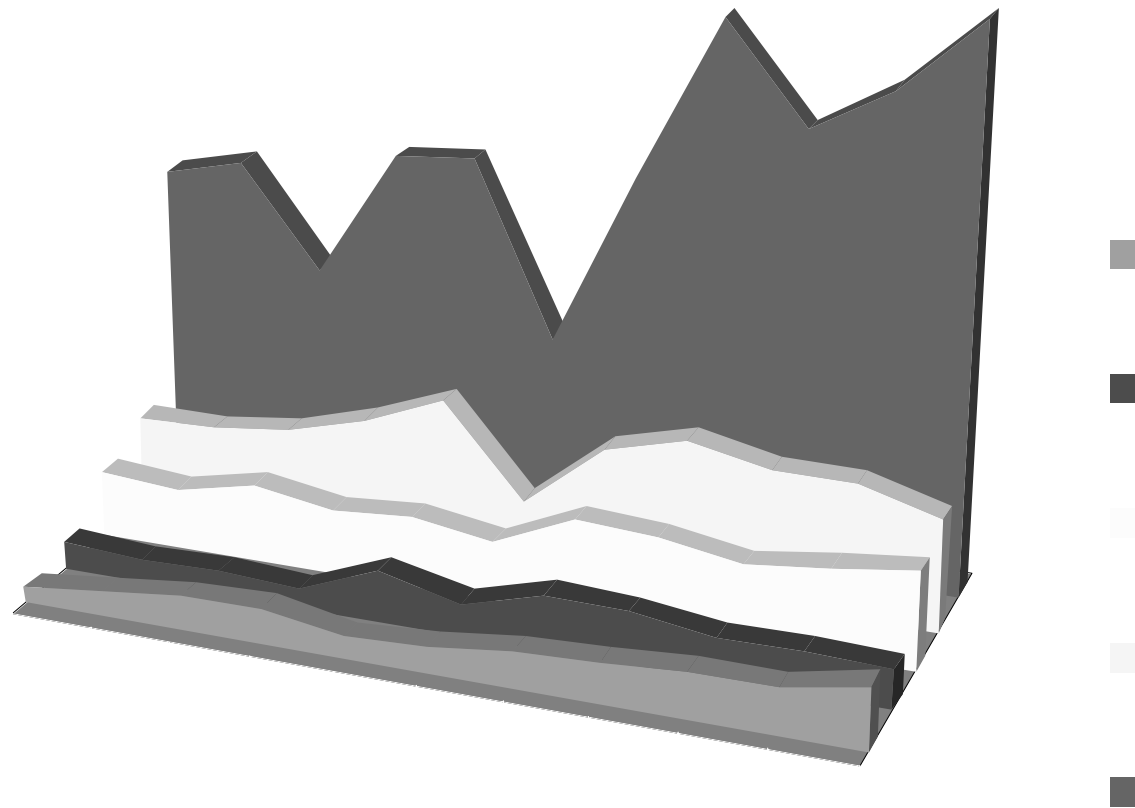
Presentation

- the Australian grains industry
- production, value and export
- positioning for the future
- a role for R&D

The Australian Grains Industry

- small producer
- major exporter
- quality products
- part of Australian agrifood industry
- high technology sector

Crop Production in Australia



Australian production and value 2001-02

	Million tonne	\$m
Wheat	24.0	5,774
Rice	1.3	278
Maize	0.5	94
Barley	7.5	1,547
Sorghum	1.8	320
Total cereal grains	36.8	8,324

World Data – 2001-02

	World Mt	Australia Mt	Aust. Exports (%)
Wheat	578	24.0	16
Rice	393	1.3	4
Maize	609	0.5	0.1
Barley	136	7.5	21

Production (Mt)

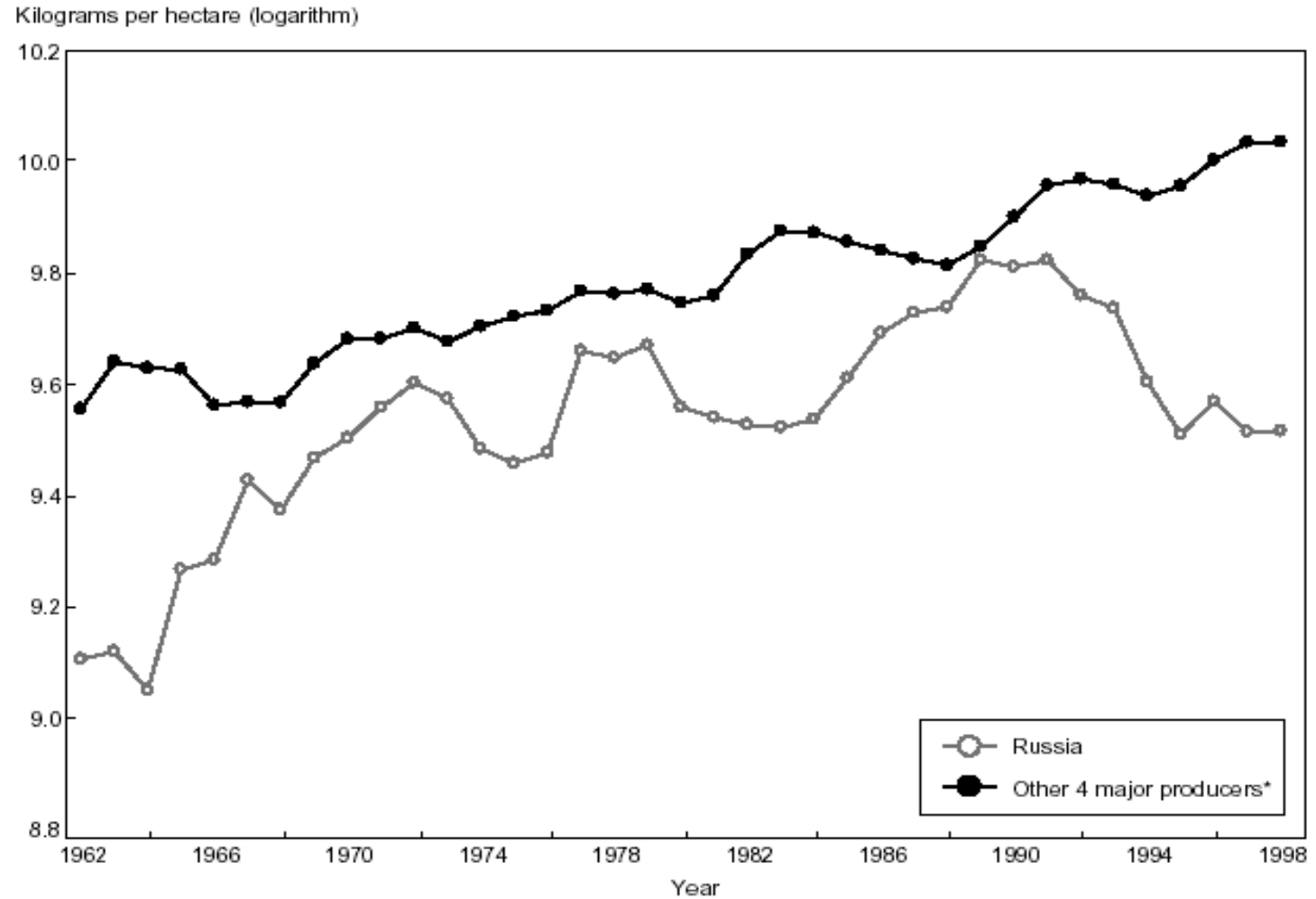
Wheat

- Australian wheat exports to grow 8% by 2012
- not enough to sustain current market share (16%)
- biggest demand: acceptable quality, cheap wheat
- top end of market: premium, differentiated product

Challenges to exporters

- USA, Canada, Argentina, Australia established exporters
- USA and Canada targeting Australia's white wheat markets
- all are challenged by new players: India, Pakistan, FIS countries

Comparison of Russian yield trends with other major wheat producers



*The other four main producers are Canada, United States, Argentina, and Australia.
Source: Trueblood and Arnade (2001).

(from Osborne, S. and Trueblood, M.A. 2002)

Rice

- staple food but losing ground to wheat in affluent Asian countries
- Australian exports to Japan, Korea
- niche markets, for example, basmati and jasmine rice types
- larger range of value added products: breakfast cereals; instant rice convenience products; health foods

Maize

- by 2020, demand in developing countries will surpass demand for both wheat and rice
- 80% of world maize is fed to livestock
- value added maize for specific end uses promising: oil modification; extractable starch content; protein quality
- demand for high quality food maize is increasing in countries like South Africa, Mexico and USA

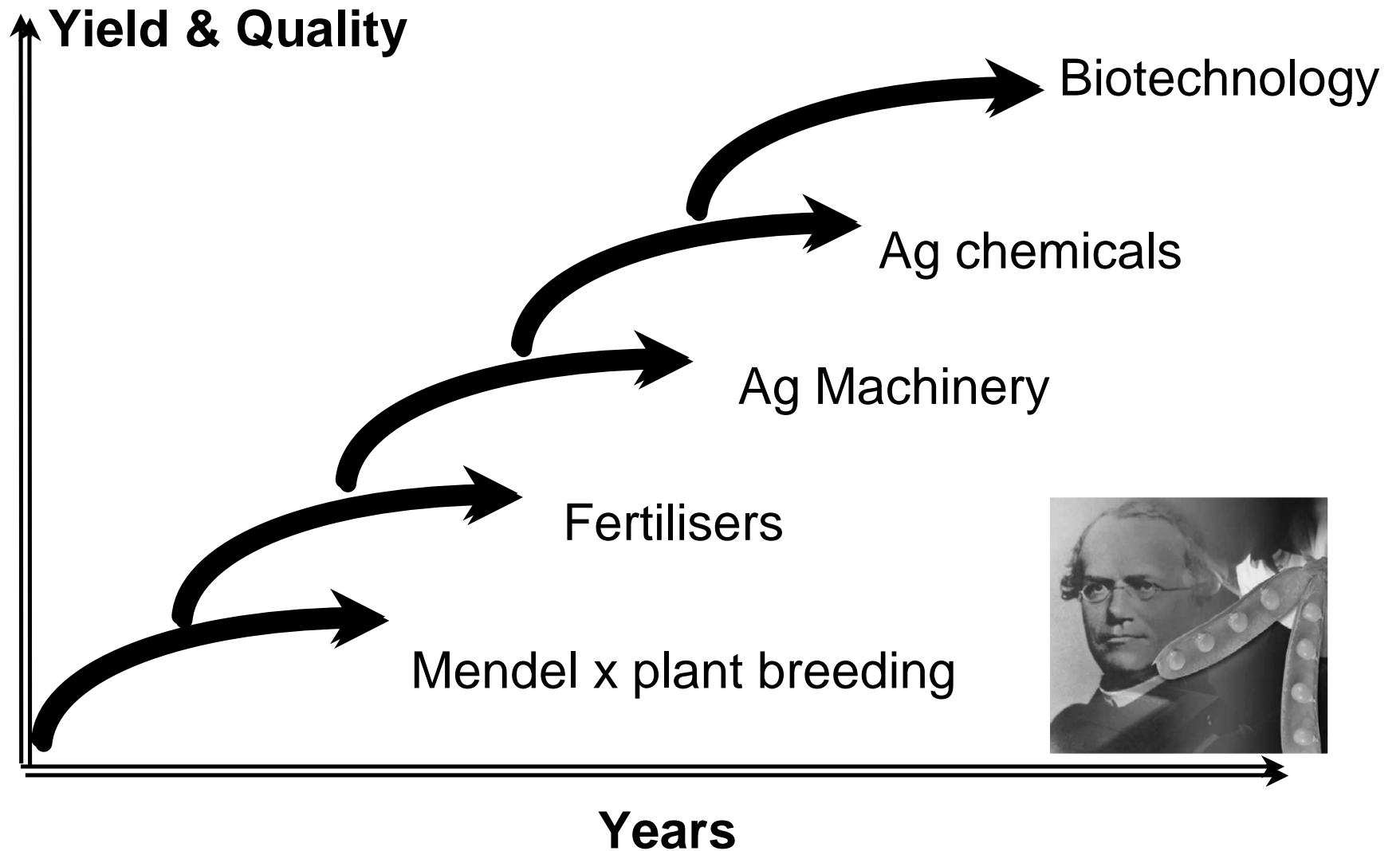
Barley

- about 70% used for animal feed, remainder mostly for malt
- major importers are Middle East and far East
- Australia supplies some 58% of Chinese malting barley market
- Philippines, Vietnam, Thailand and Korea also important

Sustained productivity growth



Multiple waves of agricultural technology

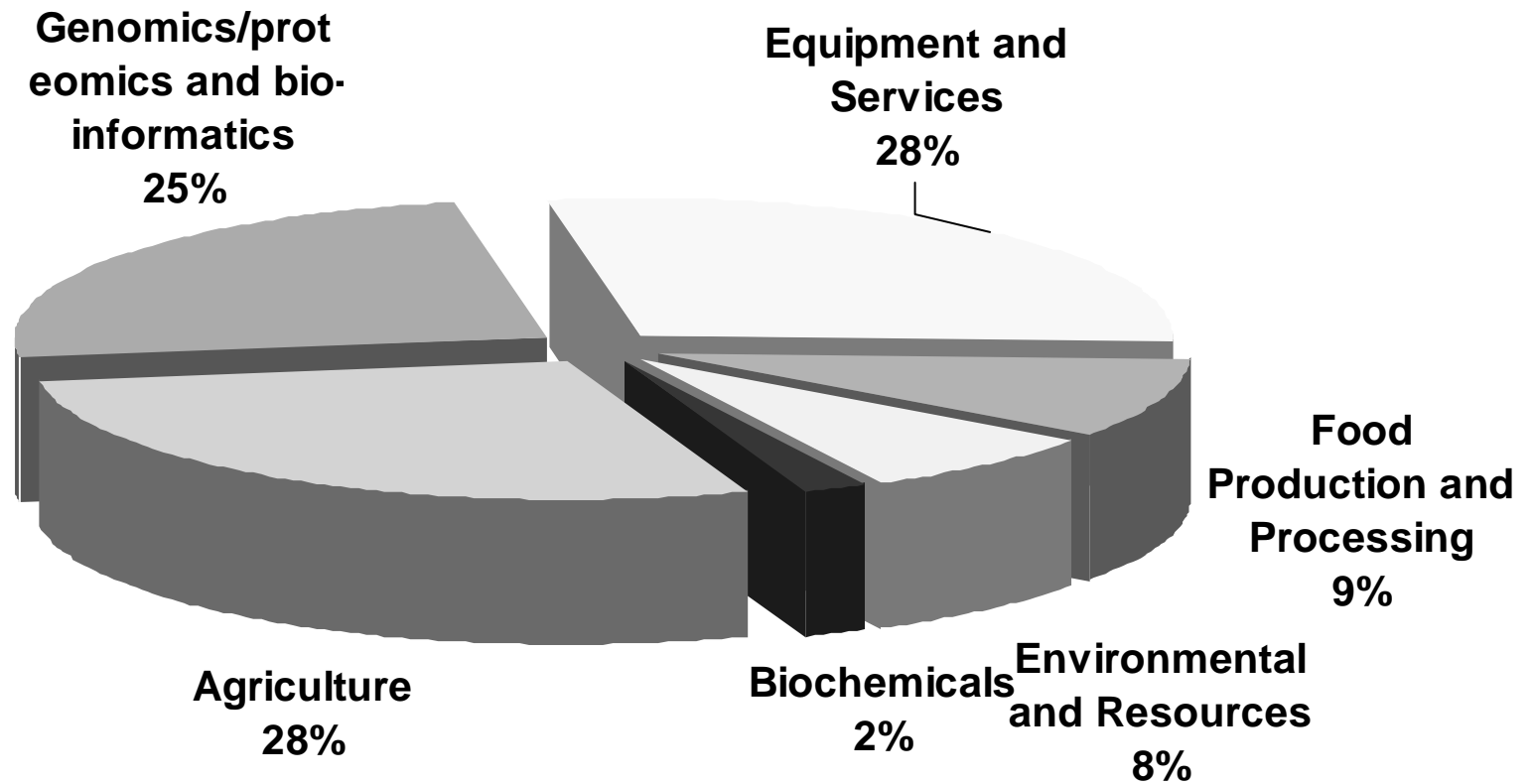


Positioning for the future

- A “high tech” industry
- A value chain approach: producer to consumer
- New grain products:
 - ❖ health and nutrition; nutraceuticals
 - ❖ biotransformation; non-food products
 - ❖ bioremediation
- Environmental responsibility

Adding value: new technologies

Australia's billion dollar biotechnology marketplace



A value chain approach

- A consumer agenda
 - ❖ good value
 - ❖ tasty and healthy
 - ❖ identity preservation
 - ❖ traceability
 - ❖ on-farm as well as off-farm quality management

A new approach to the environment

- Responsible stewardship of natural resources
 - ❖ Major national priority
 - ❖ Managing dryland salinity
 - ❖ New approaches to cultivation

The GRDC: delivering benefit

- R&D investment \$110m per annum
- Current pattern of investment provides Benefit-Cost Ratio of 6.6 to 1
- Majority of investments are in the right areas
- Opportunity to further increase returns on investment

Future role for R&D

- “Driving Innovation”
- Science, technology and adoption
- Links to private and public sector
- Global partners
- Addressing a new agenda
 - ❖ “People, Planet, Profit”