



AGRICULTURE IN THE FTA

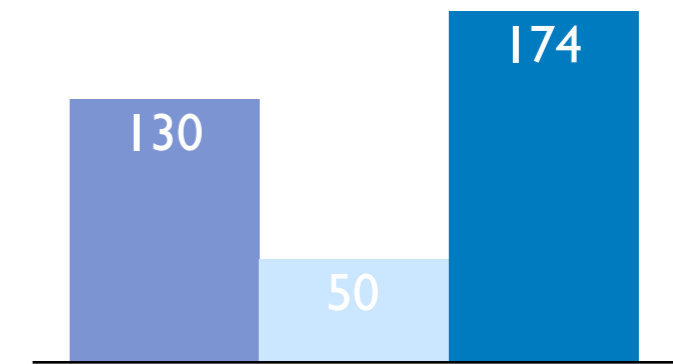
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A short tour ...

1. A big country
2. High demand for food
3. Still poor ... but rapid income growth

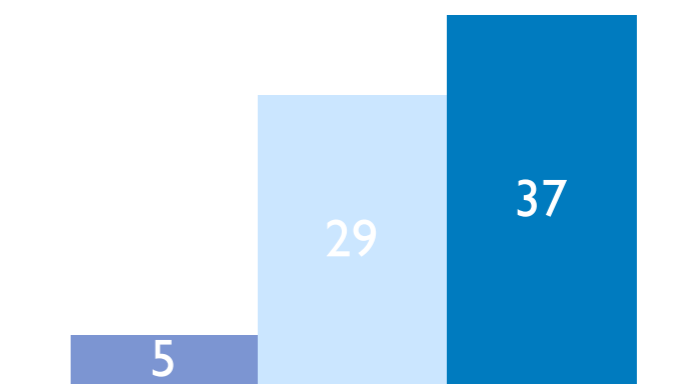
■ China ■ Australia ■ USA



millions of hectares



Mouths per hectare



Income per capita (ppp)

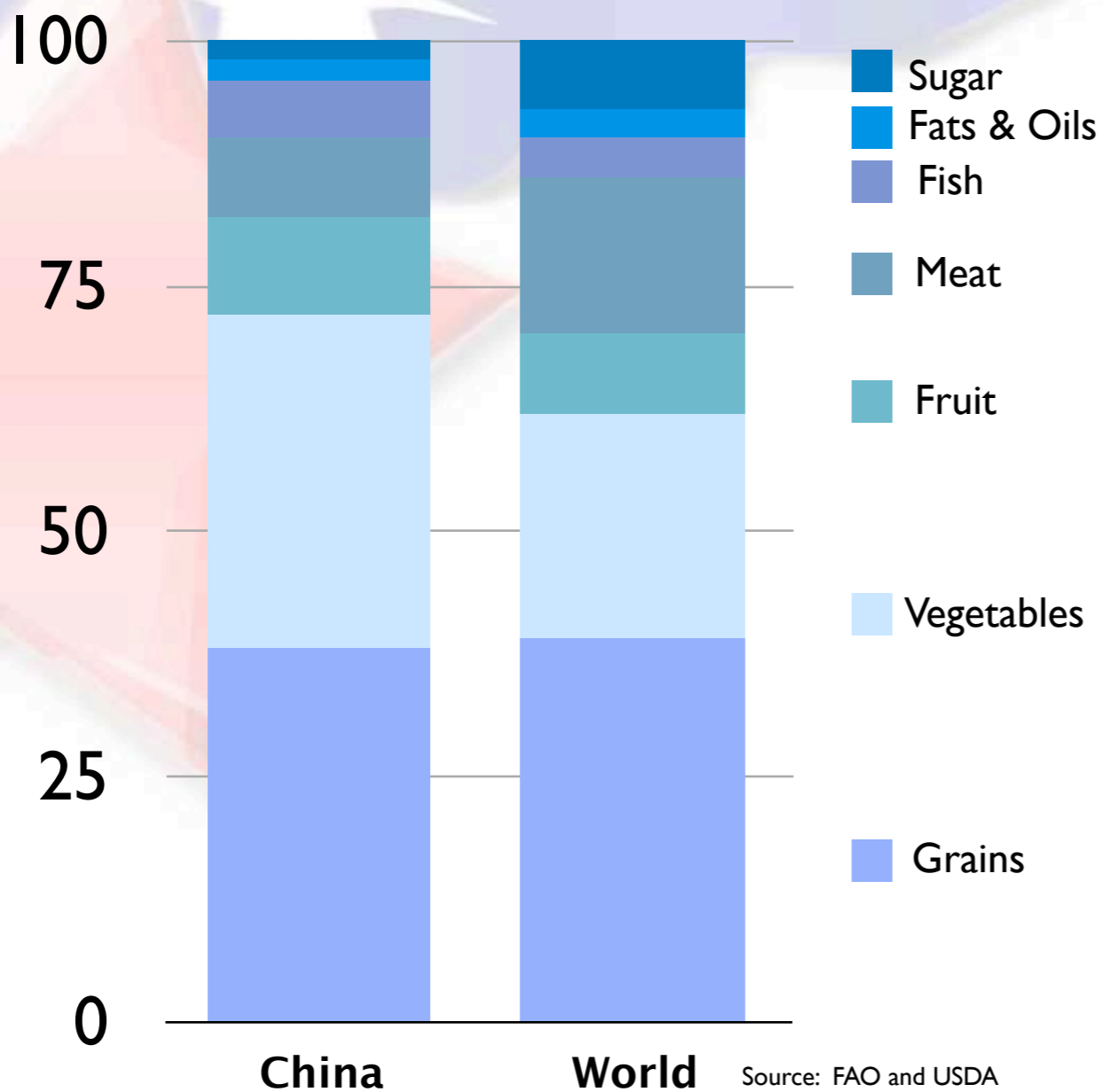
Not hungry

Source: FAO and USDA

	% Share of world production	Share of global production / share of global population
Pork	47	2.2
Vegetables and melons	42	2.0
Eggs	41	2.0
Tobacco	35	1.7
Rice	34	1.6
Rapeseed	28	1.3
Corn	21	1.0
Cotton	20	1.0
Wheat	19	0.9
Poultry	19	0.9
Fruit	15	0.7
Soybeans	9	0.4
Beef and veal	9	0.4
Sugar cane	6	0.3
Milk	2	0.1

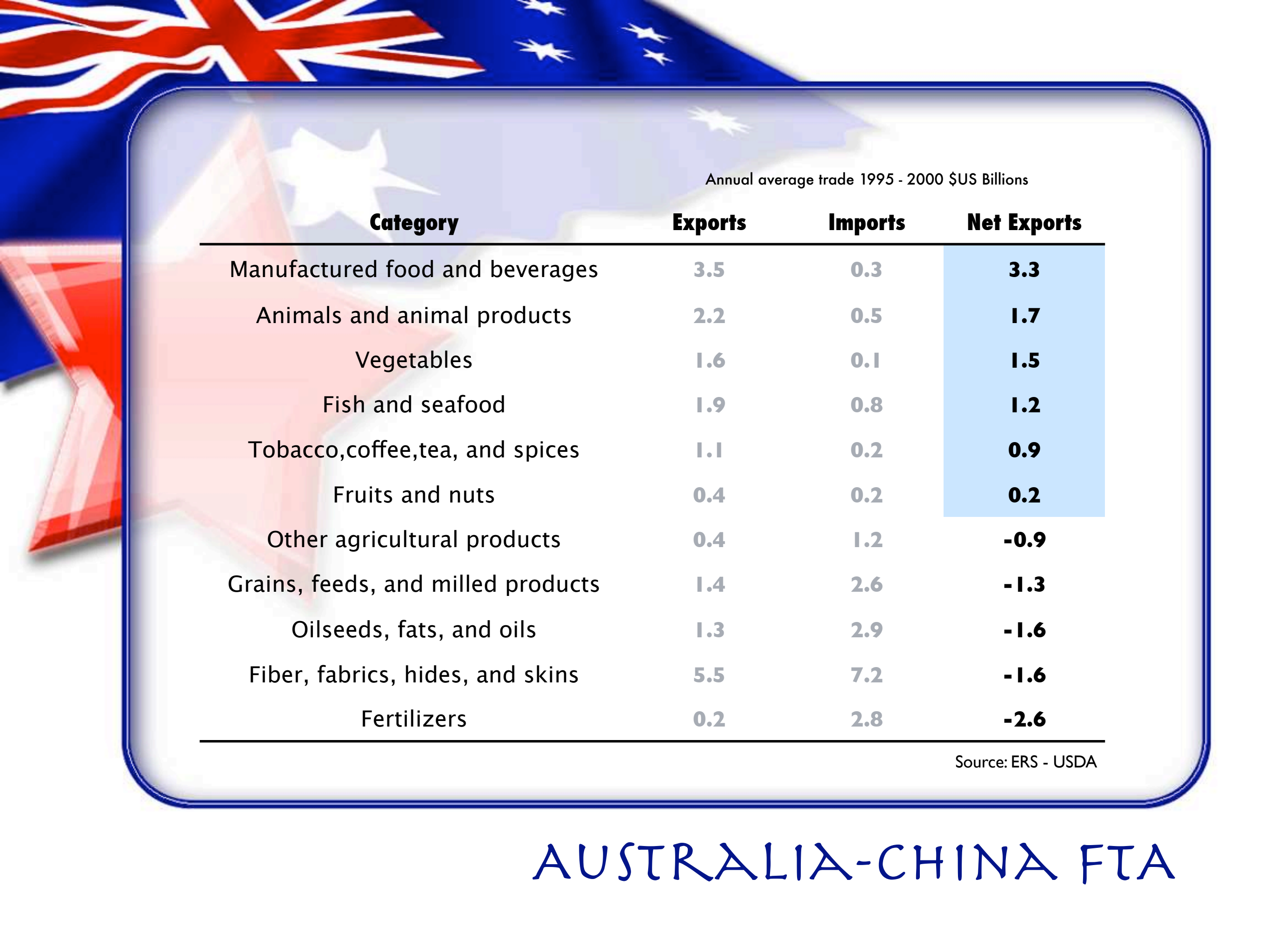
AUSTRALIA-CHINA FTA

Consumption shares by food category



China's consumption profile is likely to continue to change in a direction that opens up opportunities for Australia. More sugar, more livestock products and ingredients for processed foods.

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Annual average trade 1995 - 2000 \$US Billions

Category	Exports	Imports	Net Exports
Manufactured food and beverages	3.5	0.3	3.3
Animals and animal products	2.2	0.5	1.7
Vegetables	1.6	0.1	1.5
Fish and seafood	1.9	0.8	1.2
Tobacco, coffee, tea, and spices	1.1	0.2	0.9
Fruits and nuts	0.4	0.2	0.2
Other agricultural products	0.4	1.2	-0.9
Grains, feeds, and milled products	1.4	2.6	-1.3
Oilseeds, fats, and oils	1.3	2.9	-1.6
Fiber, fabrics, hides, and skins	5.5	7.2	-1.6
Fertilizers	0.2	2.8	-2.6

Source: ERS - USDA

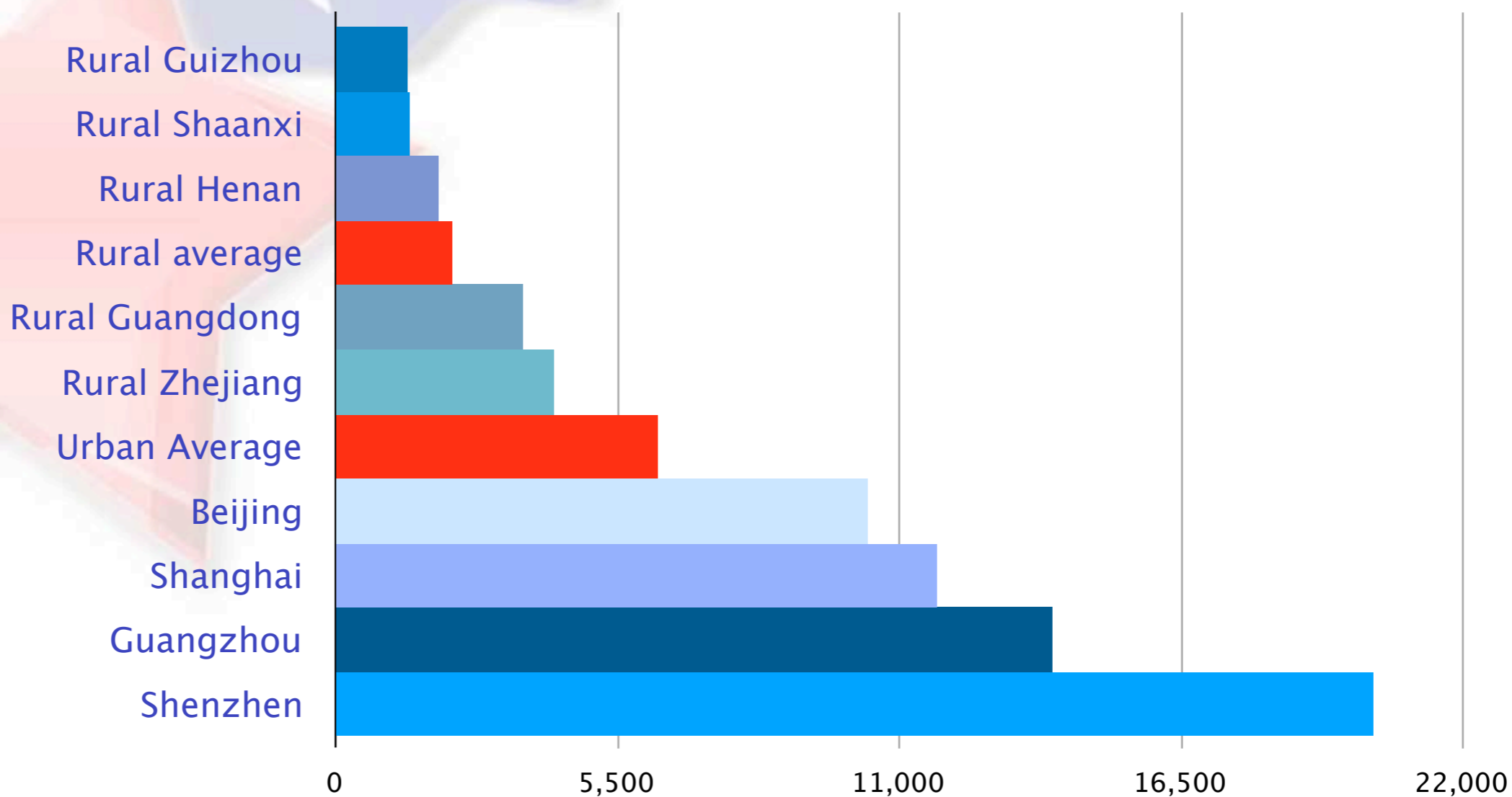
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Taxing and subsidizing

- A typical progression
- Agriculture still plays a big role in income distribution
- China's cap on production supports a courageous decision

Annual per-capita incomes (yuan)

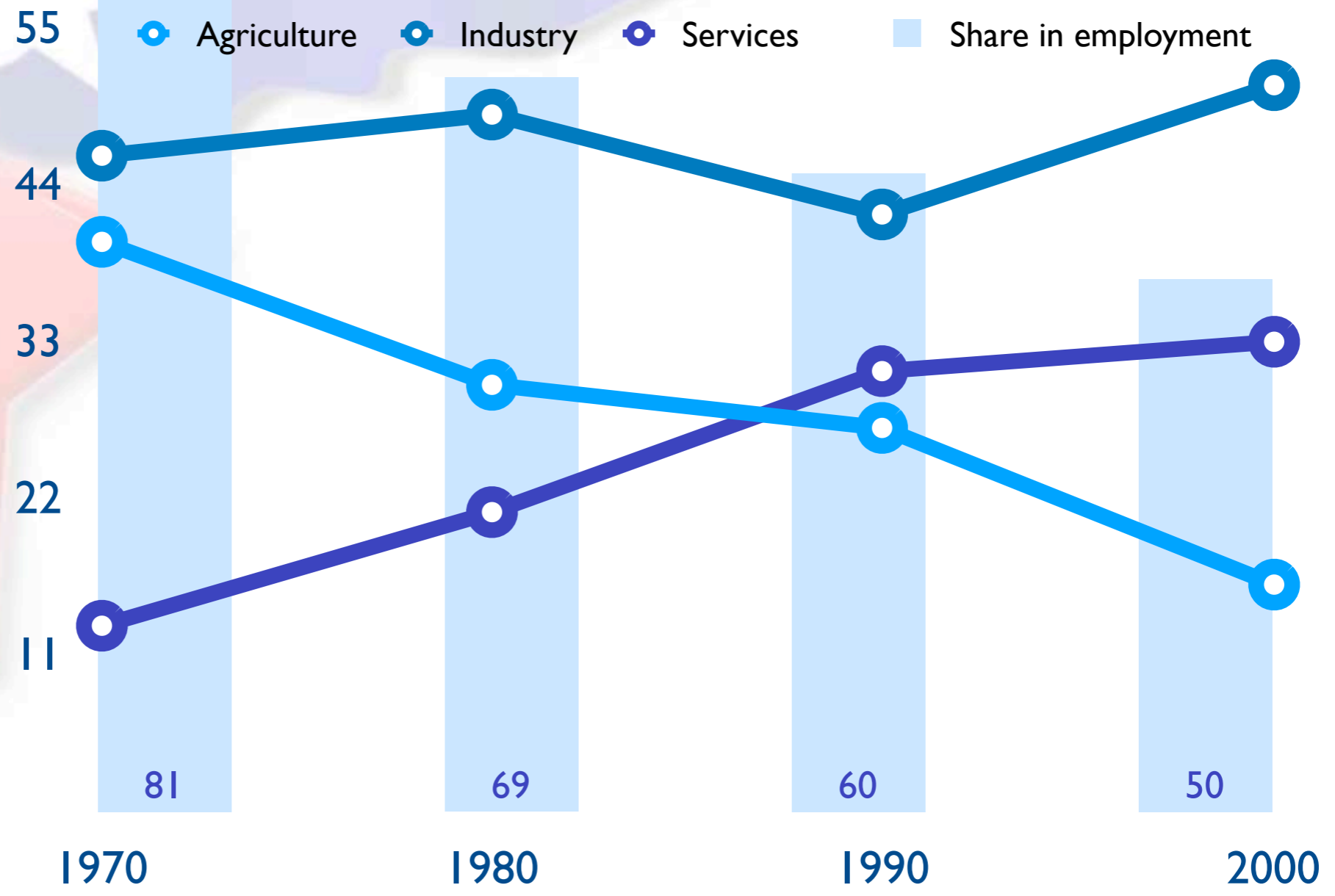
selected rural and provincial averages, 2000



Source: China and Guangdong statistical yearbooks, compiled by USDA

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Share of output & employment



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'Strategic' commodities

	Quota volume m tonnes 2004	Share allocated to SOEs	In-quota tariff %	Out of quota tariff %
Rice	5.32	50	1	65
Wheat	9.64	90	1	65
Maize	7.20	60	1	65
Cotton	0.89	33	1	40
Wool	0.37		1	38
Edible oils	6.81	10	9	68.3
Sugar	1.95		20	50

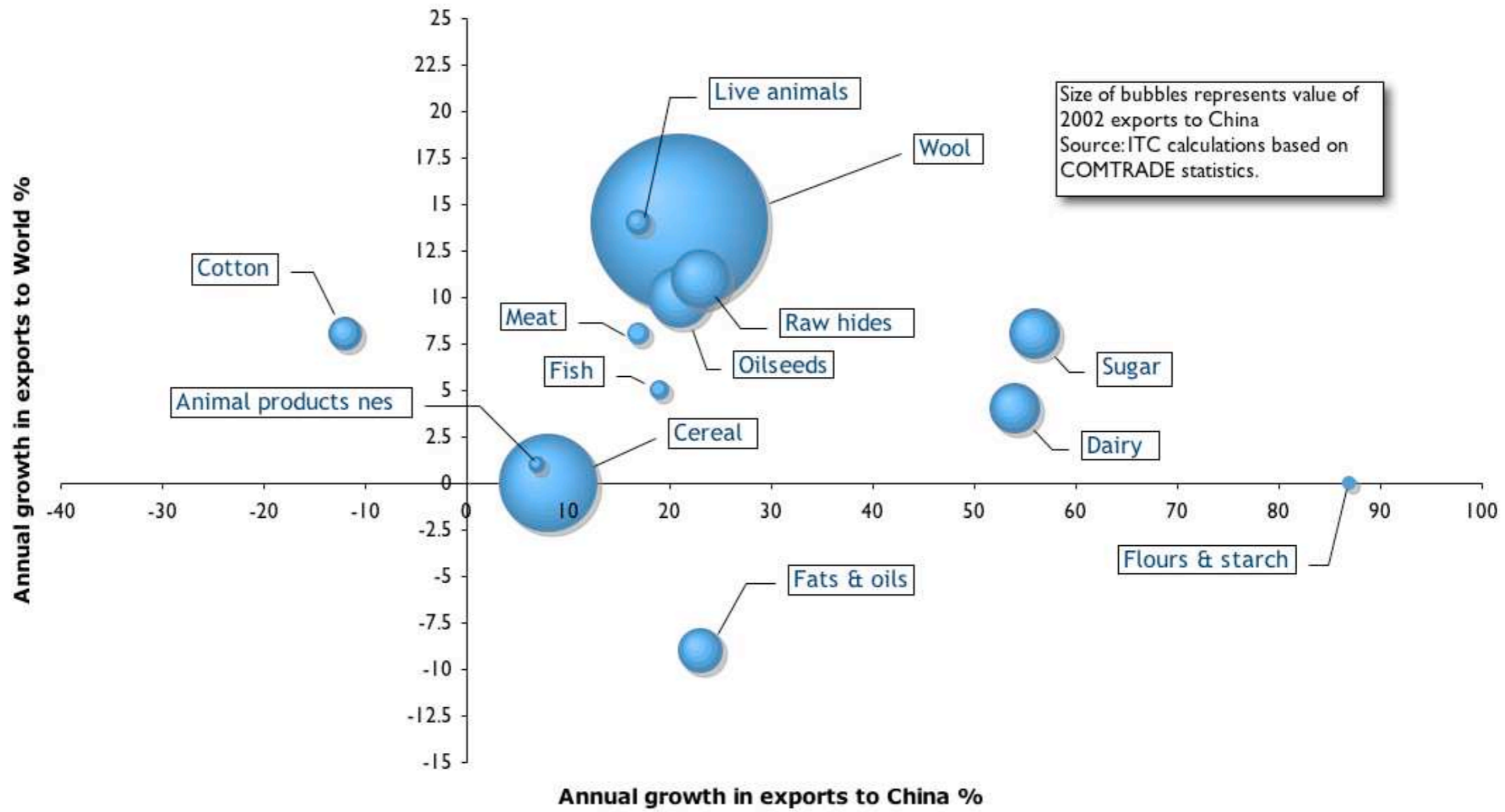
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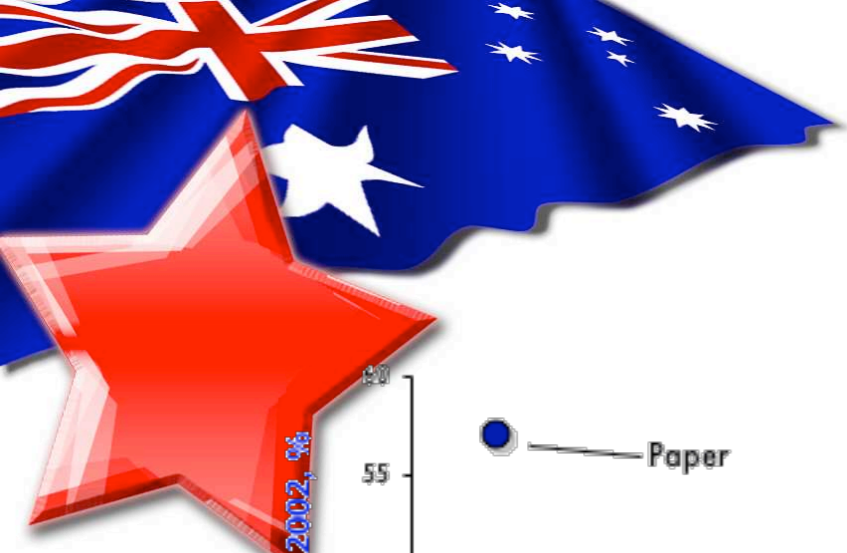


AUSTRALIA'S
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TRADE WITH CHINA
AND
PROSPECTS

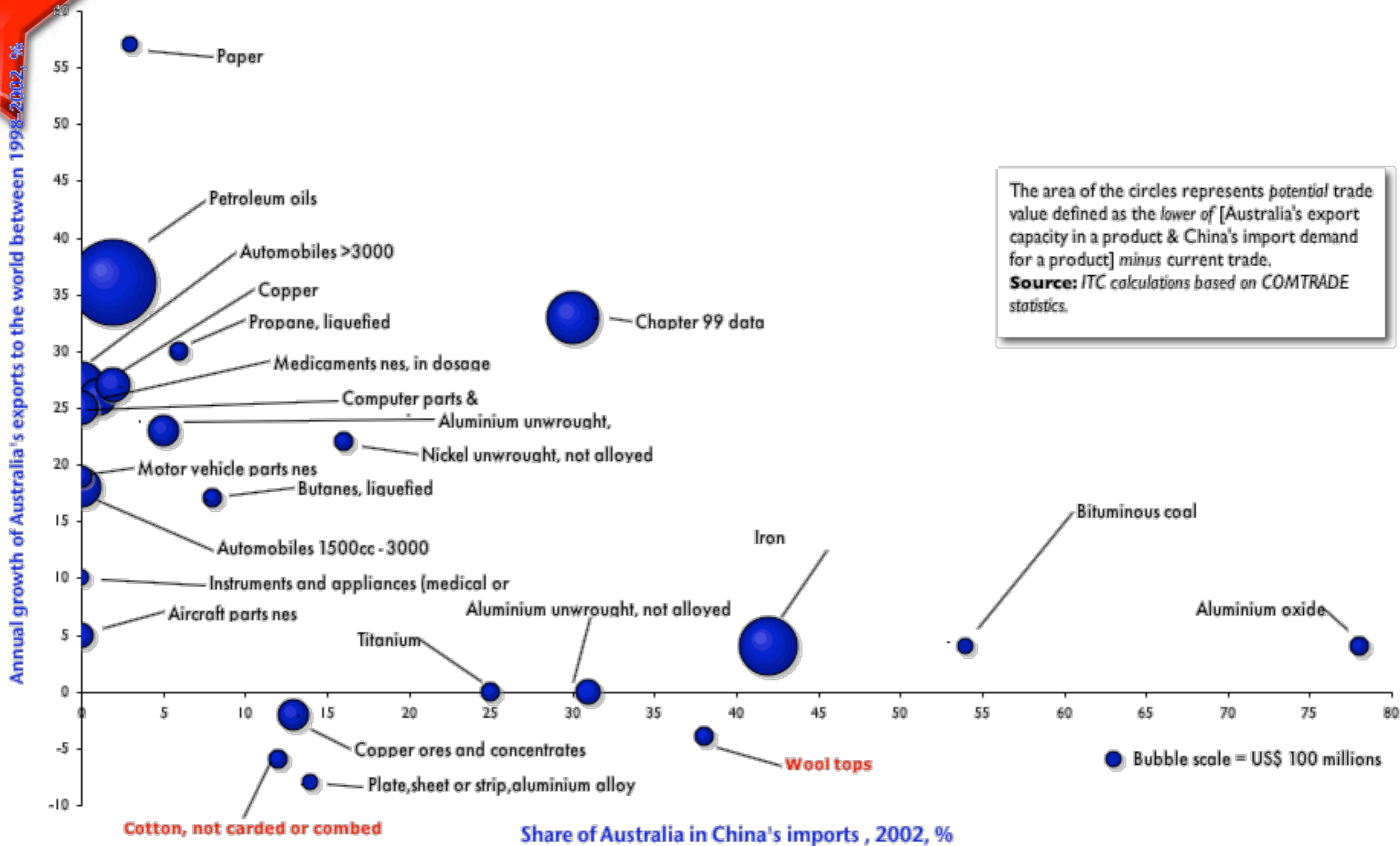


Performance of Australian agricultural exports 1998 - 2002





Potential trade between China and Australia in 2002



Good prospects

- Good opportunities, modest border barriers
- Not a fully *marketized* sector
- SPS and standards need attention, on **both** sides
- Will China allow trade agreements to drive commercial policy?
- A touchstone for future regional agreements?



THANK YOU

FOR YOUR ATTENTION

Presentation available at

www.petergallagher.com.au