



Australian Farm Biodiversity Scheme York Forum

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Changing Customer Requirements

- Australia has a reputation as a Clean and Green Producer, with high standards of testing and compliance with customers import requirements.
- The world is changing very quickly driven by both Governments and Consumers, who want much more transparency on how the food that they buy is produced.
- This risk will eventually get passed down the supply chain, so Producers will have more scrutiny particularly around Chemical use.
- This is a risk, but also an opportunity. Customers will pay a premium for traceability and compliance with their tougher Phytosanitary Requirements.



Changing Risk Profile

- Historically Growers in WA would get tested as the Grain enters the network. When sales were made quality would be 'final at load port'. Contractually customers had little recourse once.
- Increasingly customers are trying to pass quality risk back to sellers with more contracts involved testing at discharge port.
- If customers find chemicals/quality they deem as non compliant with the contract they will potentially reject the cargo/ban the port/ban the origin. Any of these have massive financial implications.
- The more the Marketers/Traders perceive the as a risk the less they will participate in this trade flow and the ones that do will discount the Growers up front for the execution risk.



Recent Market Examples

- Malaysia/Nestle – Wheat for Baby Food, Full Tractability. The big Asian mills will buy Australian Wheat specifically for this market.
- Korean Market – The Korean Government recently imposed a long and complex new list of Phytosanitary Requirements on Korea Flour Mills. The Mills were expected to work through this with their suppliers.
- Canola Europe – Sustainability Requirements
- China Barley and Wheat -More stringent import requirements/MRL's
- China Milk – Melanin (To Increase Protein) Scandal – This created huge demand for the Australian and New Zealand Milk and Baby Formula



Questions?

Biodiversity = Extra Risk or Opportunity