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**Media Release
May 7, 2013**

China to spark Australian dairy export growth – visiting industry expert in Victoria

Chinese demand for New Zealand dairy products has well and truly “kicked”, however there is not enough Kiwi supply to satisfy ‘the dragon’s’ increasing consumption needs, providing opportunities for Australian dairy exports, according to a Rabobank dairy expert touring regional Victoria this week.

Visiting from Christchurch, Rabobank director of Dairy Research New Zealand and Asia, Hayley Moynihan is presenting to local farmers on the Sino-NZ dairy trade relationship, highlighting where the Australian industry can gain increased international market share. Ms Moynihan is speaking in Colac, Warrnambool, Traralgon, Echuca and Shepparton.

Ms Moynihan says Chinese demand for dairy products has sharply increased with prices skyrocketing by more than 50 per cent over the past two months.

“This price spike has been driven in large part by the New Zealand drought limiting production potential for export, however this event shows how tight global markets are right now,” she says.

“When there is no buffer for a supply shock, markets respond with high prices. This is a ‘here and now’ story.”

Although dairy commodity prices have eased slightly since the peak in the recent spike, Ms Moynihan expects the market will remain at elevated levels until more product is delivered around spring this year.

Ms Moynihan notes that while the currency is strong in both Australia and New Zealand, partially eroding returns on dairy commodities exported, market forces have prevailed.

Regarding the free trade agreement (FTA) between New Zealand and China, Ms Moynihan says that while the arrangement allows a specified volume of New Zealand product into China tariff-free, tariffs still apply on exports above this level.

“In reality, the FTA isn’t dictating overall competitiveness for New Zealand, as the tariff-free volumes only represent around one fifth of the volume that China is importing – Australia is in a great position to make up some of that extra supply, even without a tariff-free provision,” she says.

“The Chinese dairy market has grown so much and Rabobank expects that consumption will continue to expand.”

Rabobank regional manager for Gippsland Scott Price is accompanying Ms Moynihan on the tour across parts of Victoria.



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Mr Price said it's been a tough few years for the local dairy industry experiencing unfavourable seasonal conditions and tight margins, however looking to the long-term, prospects of what has been taking place on the global stage looked positive.

"We need to keep an eye on these global signals so we can try to gauge what's coming, particularly with the nature of how dairy commodities work with regard to forward selling," Mr Price said.

"Overall, it's great that our clients are able to hear Hayley Moynihan's global perspectives and her local views from New Zealand.

"Farmers certainly appreciate these opportunities and we are glad to be able to provide this additional value and research. Being an agricultural bank with a specialist team of research analysts working on up-to-date trends in ag markets, this information can be used to help farmers make sound decisions for their businesses."

Ms Moynihan joined Rabobank in 2001 and is a part of the bank's Food and Agribusiness Research & Advisory division where she contributes to the analysis of global dairy markets. She is a highly respected commentator on New Zealand's agricultural sector and a sought-after speaker at international conferences. In 2012, Ms Moynihan was recognised by *Primary* magazine as one of the top 10 women in agribusiness in New Zealand.

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