



ACBC Australia-China Agribusiness Summit 2022

Climate Change Collaboration

Hybrid Summit Friday 6 May 2022 | The Langham Melbourne

Friday 6 May 2022 – The Australia China Business Council was proud to host the annual **Australia-China Agribusiness Summit** on the topic of **Climate Change Collaboration** in Melbourne with event partner Coles and event supporters Agriculture Victoria and The Langham Melbourne.

Capitalising on the momentum of the [ACBC Green Channel](#) and recent [high-level decarbonisation dialogues](#) held by the ACBC, this year's Summit gave voice to shared challenges and opportunities surrounding climate change and identified real avenues for collaboration between Australia and China in the agriculture and food sector.

Involving high-level guests from DFAT, Austrade, Global Victoria, the Chinese Consulate, Chinese Chamber of Foodstuffs, ACBC's vast network of member companies and more, the Summit was a powerful reminder that cross-border people-to-people engagement between industry and enterprise is the foundation of our bilateral engagement with China.

Over four distinct sessions including plenary, speakers provided critical updates and shared advice contributing to a re-aligning of Australia-China business interests on the path to net-zero:

- Minister for Agriculture, **The Hon. Mary-Anne Thomas MP** & China's Consul General to Melbourne **Mr Long Zhou**, reinforced the shared vision for a greener trade and investment relationship.
- Elders Managing Director & CEO, **Mark Allison**, as Chair of Agribusiness Australia, reinforced the sector's ongoing commitment to working with nature to feed the people of the planet.
- Meat & Livestock Australia are also on a journey to sustainability and Managing Director **Jason Strong** shared their CN30 agenda.
- Eyes were opened to the advanced state of China's Agri sector when **Mr Yaoming Yuan** from Bright Dairy & Food Co shared their extensive zero carbon initiatives.
- China Policy's **Philippa Jones** highlighted the key driver of China's Green agenda is through elements of China's current 5-year plan.
- Deputy Secretary General of the China Meat Association **Ms Michelle Hu** further reinforced the collaborative theme by sharing their extensive global commitments to a net zero future through China's massive reforestation program in Brazil. Demonstrating an encyclopaedic knowledge of Australia's



industry, Ms Hu highlighted key opportunities for collaboration with Australia on carbon neutral reporting and producer quality control protocols.

- ACBC National Board Member and Westpac Agribusiness Manager **Laura Mattiazzi** facilitated a dynamic session with **Ms Hu, Michael Toby** (Costa Group), **Helen Dornom** (Dairy Australia) and **Kirsten Gray** (Treasury Wine Estates). Speakers all shared the diverse ways in which their companies are working to achieve the common sustainability goal.
- **Mdm Yu Lu**, Vice President of the China Chamber of Foodstuffs and Native Produce (CFNA) provided granular detail on the bilateral import & export relationship, as well as key insights into China's domestic agriculture sector focus. Mdm Lu emphasised the opportunity for closer collaboration on decarbonisation initiatives across food production, distribution and global trade.
- Closing out the panel sessions, Dairy Australia's **Sarah Xu** shared insights into dairy industry commitments to net zero, and facilitated an informative AgriTech session with KPMG's **Ben van Delden** and UQ's **Professor Ben Hayes**.

Climate change will continue to present an unprecedented and unsolved challenge to food and agricultural production. Meaningful collaboration to fight this common challenge will form a unique platform for engagement between Australian and Chinese partners.

In summarising the day, Coles' **Dr Will Mulholland** reinforced the sentiment of all in the room, and the many joining online from across Australia and China, that today's Green Channel Agribusiness Summit was the first step in a long journey towards closer cross-border collaboration and a greener food future.

The ACBC is committed to ensuring that the debate and discussions around our relationship with China are increasingly sophisticated and nuanced and targeted towards common grounds for collaboration.

Look out for our Green Channel themed content and events and join us as we highlight the opportunities from our shared journey towards a Net Zero economy – faster, together.



Read detailed takeaways below:

Sustainability is the #1 Australian issue with agfood leaders. Australia can be a leader in sustainable agfood supply and technology (and many domestic customers expect sustainability)

- The two main issues today are #1 Sustainability and #2 Labour
 - Companies are just getting on with leading the sustainability change...they would prefer a clearer 2030 Government plan on sustainability (but are not holding breath)
 - JBS-Australia has 1,300 job vacancies today, and many large companies are in the same situation
- Coles believes that its Top 5 Global Retail Sustainability Rating will help it grow domestically and globally - Will Mulholland (Coles Exports)

China highlights that Sustainability is very high priority. China is asking for respectful help of food imports and technology

- China has firm 2030 and 2060 plans for sustainability and 5-year roadmaps
- China is using 7% of global arable land to try and feed 20% of global population so there is little wriggle room for seasonal cycles and mistakes
- Chinese agfood supply is going to be restricted by: Soil Degradation; water scarcity; heavy metal pollution; and meeting targets for lowering emissions (8% of Chinese emissions are agfood related) – Philippa Jones

Now is the right time to engage with Chinese business and political leaders. They will have long memories of their supporters in a time of need

- “The three-legged stool of Politics-People-Business is broken. People-Business need to keep the relationship going in the short term” – Mark Allison – Elders
- China is critical to Australian resource exports (US\$100bn/annum) and very important to agfood exports (US\$10bn/annum)
- <https://tradingeconomics.com/australia/exports/china>
- Victoria is maintaining trade and dialogue with China - [-Victoria House opens local agriculture sector to China](#)

None of the Chinese or Australian political leaders or business leaders shied away from the political disagreements or the major agfood challenges inside China

- Over the last 20 years the number of Chinese farmers has halved from 700m to 350m <https://factsanddetails.com/china/> (2013 article 700m to 425m. 350m in 2021 – Ref: China Policy Group, Based in Australia, Philippa Jones).
 - China is now trying to reverse this trend by promoting living and working in the countryside
- April’s Chinese 2022 update to five-year plan did not include the usual section on food imports
 - Philippa highlighted that food imports are still growing, but politicisation of “self-sustainability” is getting in the road of reality



- China Consul - General to Victoria, Mr Long Zhou, spoke and focussed on relationships/trade and sharing of sustainability technology as ways of repairing the political disagreements

ASX Company Specific action items

- Coles - Exports \$0.5bn/annum of food vs \$26bn/annum domestically
 - 50% of exports are “Coles” red meat, and majority of the rest are Coles’ home brands (some, like coffee, have to be a non-Coles related name for traction)
 - Coles sees more significant growth into China with the more prominent branding of sustainably grown eg: red meat
 - Meat & Livestock Association has an achievable aim of 0% emissions by 2030, and already has 57% reduction since 2005
- Elders – Showed the significant progress of farmers and domestic customers towards a common goal of significant emission reduction by 2030
 - Some customers want change to made today, but that is not economically feasible. Your food would be imported from countries with a lower sustainability rating!
 - Elders has maintained its small Shanghai office, and assists Chinese farmers, manufacturers and customers
 - An example of success - importing of Chinese crop chemicals are at same standard as Australian made chemicals. (Elders has assisted via 100% owned Titan.)

If Australian companies can engage with their Chinese counterparts, and improve mutual understanding of sustainable paths and global best practice, then there are a myriad of benefits:

- Overtime, there will be a more level playing field for sustainability metrics – eg: 1t of Carbon Dioxide Abatement has a common cost. Respect of “sustainable” brands from China and Australia
- In the transition, Australian companies may be able to benefit financially from providing premium foods and sustainability related technologies
- Chinese companies also have a lot to show Australia – eg: Bright Animal Husbandry’s Mr Yaoming Yuan has several 5k and 10k dairy cow barn farms, and is leading the way with sustainable practices



Read takeaways from specific speakers below:

The Hon. Mary-Anne Thomas MP – Minister for Agriculture and Minister for Regional Development

- Vic House in Shanghai to display Victorian produce to Chinese buyers, mostly cheese, wine, beef, seafood.
- 'We are living with it right now' – climate change is the biggest challenge in agriculture.
- Victorian Government has set targets for a net zero economy by 2050 in line with Paris Agreement – one of the first jurisdictions in the world to enact this through the Climate Change Act 2017.
- Agriculture as 4th leading emitter of greenhouse gases in Victoria.
- Outlined Victorian government's investment and work in agricultural sustainability e.g. \$20 million in foundational sustainability work to support farmers; smart farm in Gippsland (Ellinbank) on track to be world's first carbon-neutral dairy farm by 2026

Mark Allison – Managing Director & Chief Executive Officer, Elders

- Acknowledging that agribusiness is often misunderstood by those in the metropolitan world, Mark focused on the question of how Australian agribusiness industry can meet community expectations while remaining commercially viable.
- Mark contextualised where agribusiness fits in with other industries, in terms of environmental and social risk → increasing environmental and social standards are not an impediment, but a precondition to growth.
- (Community) influences in agribusiness – multi-faceted and interrelated factors across supply and influence chances; there are real and swift consequences for poor behaviour.
- Mark outlined the journey of building community trust in the agribusiness sector from the 1970s until now, emphasising that commitment to stakeholders and to improving practice is in the DNA of agribusiness.
- Coupling sustainability with profitability and productivity.
- Mark Allison hosted a meeting of 30 Australian agribusiness leaders last week as part of [Agribusiness Australia](#).
 - The two main issues today are #1 Sustainability and #2 Labour.
 - Companies are just getting on with leading the sustainability change they would prefer a clearer 2030 Government plan on sustainability.
 - JBS-Australia has 1,300 job vacancies today, and many large companies are in the same situation.

Jason Strong – Managing Director, Meat & Livestock Australia

- In 2021, China was Australia's most valuable red meat and livestock export market globally, with total value share of 20% = AUD3.1 bn.



- Australian meat and livestock industry aims to be carbon neutral by 2030.
- Aus GHG emissions from red meat industry have fallen 57%
 - Mostly due to change in land clearing (LULUCF).
 - Increased productivity/efficiency.
- Most challenging component to get to CN 2030:
 - Emissions avoidance and carbon capture, both hard to solve and hard to implement on industry-wide basis.
- Multiple benefits including increased profitability + animal productivity
- Stages of progress – current position, climate neutral position, carbon neutral position – exceeding targets.
- Accelerating investments by partnering with industry.

Mr Yaoming Yuan – General Manager and Executive Director, Bright Animal Husbandry 光明牧业

- Bright Animal Husbandry is a wholly owned subsidiary of Bright Food Group.
- Bright is the third-largest dairy company in China.
- 25 large-scale dairy farms across six provinces, over 100,000 head of cattle.
- Conducted carbon footprint audit with National Dairy Cattle Technology System at Shenxing Dairy Farm, Shanghai.
- How to reduce emissions?
 - Nutrition
 - Feed additives
 - Better feed mix
 - Improve quality
 - Increase feed intake
 - Fat additive
 - Discontinue inefficient production, increase milk prod per cow to reduce GHG emissions intensity
- Ammonia monitoring and emissions reduction
 - Goal: evaluate relationship between manure management and climate
 - Vary manure frequency to monitor ammonia emissions
 - Test group had manure scraped 8 times daily, control group only scraped 5 times daily
 - In Summer, increased scraping reduced NH₃ emissions by 33%, and in autumn by 15%
 - Therefore, increasing the scraping frequency of manure may reduce ammonia emissions
- Manure treatment
 - Resource reapplication: upon collection, separate liquid from solid. Solid is processed into organic fertiliser or bedding material. Liquid processed into biogas or reapplied to land
- Research into reducing methane emissions
 - Use high quality silage
 - Apply feed additives, regulate fermentation, promote stable environment for microecology to improve utilisation rate of nitrogen and reduce methane emissions



- Better allocate TMR daily feed, herd grouping, increase milk production per cow to 12 tonnes, thus reducing emissions by 8-15%

Michelle Hu – Deputy Secretary General, China Meat Association

- Australia ranks as the fifth largest source of beef imports, making up 7% of imports.
- Brazil is source for 36% of imported beef in China.
- Deforestation-free green trade for meat
 - In 2017, CMA and WWF signed Chinese Sustainable Meat Declaration
 - In 2019, a research report and action plan was proposed, to
 - Identify meat products from Amazon area and Cerrado Savannah
 - Encourage Chinese meat importers to purchase products that are produced without deforestation
 - *Specifications for Meat Industry Green Trade* implemented as the industry standard in May 2021.

Philippa Jones – Managing Director, China Policy

- Philippa commenced with an environmental stocktake in Chinese agriculture, drawing attention to main degradation issues including:
 - Water scarcity – falling water table leading to critical loss, underground water depletion in the north
 - Soil degradation – black soil in the northeast
 - Nonpoint source pollution – heavy metal pollution of farmland in the south
 - GHG emissions - agriculture accounts for ~8% of GHG emissions in China
- Rural China is now seen as the next growth driver/engine, a welcome change from overall depopulation and less attention from the government, however there is a significant gap of resource and talent.
- Philippa provided a breakdown of China's 5-year plan for green agricultural development which includes curtailing chemical input, improving land management, promoting recycling of agricultural waste (such as animal manure and plastic film) and reducing energy intensity along the food industry chain
- She spoke to recent developments and patterns in Chinese agriculture, including tumultuous weather events and the use of drones in farming
- Philippa contextualised China's agriculture industry with the paramount issue of food security and systemic problems in the sector
- Geopolitical tensions affecting exports
- Falling rural investment: slowing economy and impacts of COVID-19
- Domination of sector by small farmers resulting in a resource and talent gap
- Lack of effective eco-compensation programs
- Politburo is doubling down on 'zero covid' policy – massive impact on agriculture, affecting planting, logistics, etc. → effects still to be seen



- Main takeaway: food security imperatives and a highly fragmented sector indicate that incremental change is the likely path to green agricultural development

Panel with

Ben Van Delden – Partner & Head of AgriFood Tech and Circular Economy Advisory, KPMG

Prof. Ben Hayes – Director - Centre for Animal Science, University of Queensland

Moderated by Sarah Xu – International Market Manager, Dairy Australia

- Opportunities in circular economy:
 - Need to explore innovation to extract value from materials/waste.
 - For instance, salt can be recovered from sea water and put into lick blocks that are needed to feed stock.
 - Could use salt water to grow asparagopsis seaweed to feed to cows as additive to reduce methane emissions.
 - Biorefining techniques to convert grass/weeds into proteins for poultry/pig feeds.
 - Netherlands government is paying farmers to destock to reduce nitrogen emissions.
 - Business case for funding will be proposed in September 2022.
- Reducing methane in cattle in grazing settings.
 - Seaweed feeds can reduce methane emissions by 90%
 - Works in dairy, feedlots. But doesn't work as well when cows are rangeland grazing. So they want to address this issue with grazing cattle.
 - Working on biopolymers to put into stomach of cows to knock out the organisms that produce methane.
 - Also work on genetics of animals themselves. There are lots of variation between cattle in terms of methane emissions, and some of this is driven by genes. Goal is to produce tech to predict methane emissions based on gene sequencing. Then we can start breeding low-methane cows!
 - Also researching tests to profile microorganisms in cow gut to predict methane emissions