



News Release

Grain growers embrace new marketing era

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In the first year of deregulated grain marketing, growers have embraced the competitive era and entrusted newly accredited grain traders and exporters to market the majority of the 2008/2009 winter crop.

Robert Green, President of AGEA, says the declaration from AWB Ltd that it bought 25% of the harvest, means new entrants are marketing the majority of the crop.

"This level of competitive activity in year-one cannot be under-played; it is enormously significant given the rapidity and depth of change in the Australian wheat export industry.

"It is an acknowledgement that most growers appreciate grain exporters' responsiveness and capacity to maximise returns.

Mr Green suggested that the grains industry could do well to continue looking forward, rather than into the past.

"Clearly, another government regulated national grain marketing system is out of step.

"And linking price fluctuations to deregulation is a long shot. The fact is that markets go up and down all the time; regulated pooling masked price movements and provided averaged end-prices."

He says under the system as it is now operating in Australia, the daily local price reflects the daily global price; and growers, brokers, buyers and exporters are able to use all the tools in the market to manage price risks. Growers are sending their grain to who offers the best price and service.

"It's a far more effective and efficient system than tipping wheat into a pit at the silo and handing over the responsibility to someone else."

Mr Green adds that the definition of 'market' is changing. "We are dealing with customers now, not countries; and there are increased opportunities for exporters to supply specific grain parcels alongside bulk commodity deals.

"Product differentiation provides opportunities for everyone in the value chain, and the competitive deregulated system can best deliver this need, while also servicing large volume customers."

He adds that while the first-year transition hasn't been completely flawless, the points in the supply chain that require attention have been exposed.

"As an industry we will continue to work on overcoming the supply chain shortfalls and increase efficiencies," he said.

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