

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Australia

Exporter Guide

2018 Exporter Guide

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Report Highlights:

Australia is a prosperous and industrialized nation with a stable economy. Underpinning Australia's strong economy is its open and transparent trade and investment environment, and trade and economic links with emerging economies, particularly in Asia. The U.S. - Australia Free Trade Agreement provides some advantages for U.S. products, which are well regarded as high quality with good value. The United States accounted for US\$1.1 billion or 12 percent of Australia's total food related imports in 2017. Australia's economy continues to expand and the market presents an excellent opportunity for U.S. exporters.

Post: Canberra

Market Fact Sheet: Australia

Executive Summary

Australia has proven to be an appealing and profitable market for U.S. companies for many years. Underpinning Australia's strong economy is its open and transparent trade and investment environment, and strong trade and economic links with emerging economies, particularly in Asia.

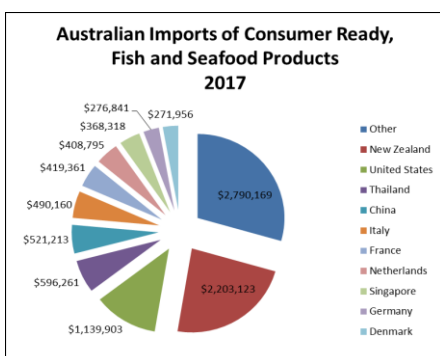
Australia is the world's 14th largest economy, with nominal GDP estimated to be US\$1.2 trillion in 2017. Australia has one of the highest levels of per capita GDP in the world and is ranked second for average wealth per adult. The Australian economy has enjoyed 26 years of consecutive economic growth and is forecast to see annual real GDP growth of 3 percent in 2018, up from around 2.5 percent in 2016/17. The unemployment rate fell to around 5.4 percent in 2017 and the labor force participation rate rose to close to all-time highs.

The United States is by far the largest supplier of foreign capital to Australia. U.S. investments have risen strongly over recent years to an estimated \$860 billion, up from \$130 billion in 2013. Investment in Australia is facilitated in part by its stable macroeconomic management and ease of doing business (it is ranked 15th internationally in the World Bank's 2016 'Doing Business' index).

The U.S. - Australia Free Trade Agreement provides advantages for U.S. products as tariff rates for many U.S. food products exported to Australia are zero.

Imports of Consumer Oriented Products

The value of Australian consumer oriented, fish, and seafood imports totaled US\$9.5 billion in 2017. The U.S. accounted for US\$1.1 billion or 12% of total imports. The majority of Australia's imports in these sectors are sourced from New Zealand and the United States is the second largest supplier.



Source: Global Trade Atlas

Food Processing Industry

Food, beverage, and grocery manufacturing accounts for almost one third of the country's manufacturing sector. In 2015-16 turnover totaled US\$92.35 billion, of which food and beverage processing accounted for US\$75.63 billion, fresh produce US\$4.65 billion; and grocery (non-food) US\$12.29 billion. For more information, please see the [Food Processing Ingredients](#) report.

Retail Food Industry

The value of food and liquor retailing in Australia grew by 6% in 2017 to US\$116.7 billion. Supermarket and grocery expenditures continue to account for the bulk of food retailing purchases with a share of 69%. For more information, please see the [Retail Foods](#) report.

Food Service Industry

The Australian foodservice industry is valued at \$41 billion. By far the largest proportion of the Australia's food industry is the commercial foodservice sector, which consist of more than 70,000 outlets. An ageing population is fueling faster growth in the institutional foodservice sector. For more information, please see the [Food Service](#) report.

Quick Facts CY 2017

Total Imports of Consumer Oriented Products – \$9.5 billion
U.S. Share (12%) – \$1.1 billion

Food Industry by Channels (\$ billion)

Imports - Consumer Oriented, Fish & Seafood Total	\$9.5
Imports – US Share	\$1.1
Exports – Consumer Oriented, Fish & Seafood Total	\$17.5
Exports – to the US	\$2.6
Total Food Retailing	\$116.7
Food Manufacturing Turnover	\$75.6

Top Australian Food Retailers

- 1) Woolworths
- 2) Coles (Wesfarmers)
- 3) Aldi
- 4) Metcash/IGA

GDP/Population

Population – 24.9 million
 GDP (\$ trillion) – \$1.3
 GDP per capita – \$50,000

Sources: Global Trade Atlas; Australian Bureau of Statistics

Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
<ul style="list-style-type: none"> • U.S. culture well accepted and similar to Australia • No language barriers • U.S. products have excellent image and acceptance. • Northern hemisphere seasonal advantage for fresh foods, e.g. fruit and vegetables. 	<ul style="list-style-type: none"> • Australia has strict quarantine requirements for fresh products. Import permits are required for fresh produce and some products are prohibited. • Australia is a significant producer of a similar variety of agricultural products. • Australian labeling and advertising laws are different from the U.S., which may require some changes to food labels.
Opportunities	Threats
<ul style="list-style-type: none"> • The U.S./Australia Free Trade Agreement means that U.S. products enter Australia tariff free. • Australian consumers are experimental and desire new and innovative products. • Opportunity to trial innovative products and capture/gain market share. • Opportunity to enter into private label arrangements as major players expand their private label offerings. 	<ul style="list-style-type: none"> • "Buy Australian" campaign is significant. • A focus on fresh food presentation by the major supermarket chains provides advantages to local producers. • Most categories have substantial market leaders. • Country of origin labeling is compulsory and many Australian made products bear the "Australian Made" logo.

Data Sources: Global Trade Atlas; Australian Bureau of Statistics; Euromonitor; IBISWorld

Contact: FAS Canberra, Australia; AgCanberra@fas.usda.gov

Section I: Market Overview

Americans and Australians have a warm relationship that spans the history of both nations. They share a common heritage, culture, language, and have supported each other in every major international crisis of the past century.

Australia is a prosperous, politically and economically stable, industrialized nation. It enjoys an enormous natural resource base of agriculture and minerals; a highly developed human resource base; modern legal and financial systems; and a physical and service infrastructure to support complex businesses and industries. Its state-of-the-art transportation and telecommunications systems (both internal and international) also support a well-developed and economically diversified market.

Underpinning Australia's strong economy is its open and transparent trade and investment environment, and its trade and economic links with emerging economies, particularly in Asia.

Australia is the world's 14th largest economy, with nominal GDP estimated to be US\$1.2 trillion in 2017, accounting for 1.6 percent of the global economy. Australia has one of the highest levels of per capita GDP in the world (at around US\$50,000) and is ranked second for average wealth per adult. The Australian economy has enjoyed 26 years of consecutive economic growth and is forecast to see annual real GDP growth of 3 percent in 2018, up from around 2.5 percent in 2016/17. The unemployment rate is 5.4 percent and the labor force participation rate has remained steady at close to all-time highs.

The U.S. is by far the largest supplier of foreign capital to Australia. U.S. investment in Australia in 2017 totaled nearly U.S. \$634 billion (A\$897) billion. Investment in Australia is facilitated in part by its stable macroeconomic management and ease of doing business (it is ranked 14th internationally in the World Bank's '[Doing Business](#)' index). Further analysis of the economic relationship between the United States and Australia is available at: <https://www.ussc.edu.au/analysis/indispensable-economic-partners-the-us-australia-investment-relationship>.

Australia has a well-established and sophisticated financial sector supported by strong regulations. These regulations contributed to the financial sector's strength throughout the global financial crisis, helping the economy avoid a recession over that period.

Australia has proven to be an appealing and profitable market for U.S. companies for many years. Apart from a very strict quarantine regime, it offers few barriers to entry, a familiar legal and corporate framework, and a sophisticated – yet straightforward business culture. While it is important to understand and appreciate Australia's cultural differences, the long and successful history of U.S. firms in Australia suggests that other U.S. companies will also find this market to be rewarding and attractive. Information on 'Doing Business in Australia,' including importing is available at: <http://www.corrs.com.au/thinking/insights/doing-business-in-australia/>.

Australia is one of the most urbanized societies in the industrialized world, even though its land mass is the size of the continental United States. Of its 25 million people, more than 85 percent live in the large urban areas of Sydney, Melbourne, Adelaide, Brisbane, Perth, and in smaller cities and towns within 100 miles of the ocean. The center of the continent is flat, dry, mineral rich, and largely unpopulated, while

the coastal areas are wet, mountainous, and densely forested. The interior plains are rich and fertile, supporting great varieties of agriculture.

The society is increasingly multi-cultural, with the traditional Anglo-Celtic majority joined by immigrants from Southern and Eastern Europe, the Middle East, Latin America, and Asia. This population mix is influencing cultural diversity and resulting in vibrant restaurant and food processing industries.

The U.S. - Australia Free Trade Agreement provides some advantages for U.S. products. For example, tariff rates for all U.S. food products exported to Australia dropped to zero upon implementation of the agreement in January 2005. Australia also has free trade agreements in place with many other countries and regions. Details of these agreements and negotiations are available on the Australian Department of Foreign Affairs and Trade website at: <http://www.dfat.gov.au/fta/>.

Advantages	Challenges
<ul style="list-style-type: none"> • U.S. culture well accepted and similar to Australia. • No language barriers. • U.S. products have excellent image and acceptance. • Northern hemisphere seasonal advantage for fresh foods, e.g. fruit and vegetables. • The U.S./Australia Free Trade Agreement enables a majority of U.S. products to enter Australia tariff free. • Australian consumers constantly seeking new tastes and cuisines. • Strong dining out culture provides opportunities to supply the consumer foodservice sector with new products. 	<ul style="list-style-type: none"> • Australia has strict quarantine requirements for fresh products. Import permits are required for fresh produce and some products are prohibited. • Australia is a significant producer of a similar variety of agricultural products. • Australian labeling and advertising laws are different from the U.S., which may require some changes to food labels. • “Buy Australian” campaign is significant. • A focus on purchasing fresh local food by many restaurants and cafés provides advantages to local producers and suppliers.

Section II: Exporter Business Tips

As educated, affluent consumers, Australians are willing to try new products. The population has absorbed a growing number of newly arrived immigrants from all over the world who bring with them diverse dietary tastes. In addition, foreign travel is relatively common, especially by the generation now entering the work force, and these consumers have broadened their culinary horizons. Australian demographics are similar to those in the United States, with a large number of two-income families and the consequent need for more processed and consumer-ready foods. Australian consumers are oriented toward the same factors that many U.S. consumers seek – freshness, wholesomeness and healthy lifestyles. To a large extent, they are prepared to pay extra for them.

Given Australia's large agricultural base, market prospects for U.S. food products are best in areas drawing on innovative products, economies of scale, and the U.S. position as a counter-seasonal supplier of fresh product. The United States faces competition in this market from New Zealand, European and Canadian suppliers, as well as from specialty suppliers in Asian countries. Domestic production is also well established and growing in product lines. Foreign investment in the Australian food sector is substantial, with many large multinational companies participating.

Generally, doing business in Australia is straightforward for U.S. exporters when compared with other foreign markets. Culture, language, and business practices are remarkably common. Subtle cultural differences do exist however, that can either invigorate or undermine a business relationship. In their dealings, both Americans and Australians are wise to take the time and effort to confirm that their perceptions about roles and expectations are consistent with those of their counterparts. Depending on the product or service to be exported, Australian agents/distributors expect support from their U.S. suppliers, including training, advertising, and promotion. Timely delivery of goods is expected and is rarely a problem, as major U.S. freight forwarders have offices in Australia. Air and sea freight are commonly used.

The Australian market requires that companies be price competitive, expect lower profit margins, and anticipate sales of smaller quantities. In addition to Australian domestic supply, products from all over the world are represented in this market, where sellers and end-users alike are searching for something new. It is important for U.S. companies to adapt their pricing to the local market, which is active and highly competitive. To structure their prices competitively, suppliers must consider all the cost elements that imported products have to bear. The key factors are: freight rates; handling charges; a Goods and Services Tax (GST); marketing costs, such as advertising and trade promotion; and agent or distributor commissions. U.S. exporters should note that sea freight rates from the United States to Australia are high when compared with those from within Asia, and even from Europe.

The cost of living is generally higher in Australia, and this is coupled with higher wages. Australian wholesalers and retailers traditionally have sought the highest markup the market would absorb, rather than thinking of volume buying or selling. Suppliers need to be able to deliver quality products or services at attractive prices. To compete successfully, exporters should consider granting maximum wholesale discounts, keeping in mind that what may seem to be a small transaction to the U.S. exporter appears as a major order to an Australian buyer.

Agents/distributors are key components in developing exports of U.S. consumer-ready foods to Australia. It is recommended that exporters enter the market through a distributor, importer, agent or broker who has a good understanding of the Australian market and targets specific food categories or merchandise managers at major wholesalers and major supermarket chains. Specialist distributors or wholesalers may also be approached.

After sales services, such as cooperative advertising, is an important aspect of successfully entering the market. Innovative packaging has an advantage and is becoming increasingly important to consumers.

A large number of the major Australian importers visit the United States at least once a year to see what is available and placing orders if the items are appealing.

Trade Shows

There is one major food and beverage show in Australia, Fine Food Australia, which is held every September alternating between the cities of Sydney and Melbourne. Fine Food is on the list of USDA endorsed shows. Admission to Fine Food is "trade only" and is restricted to persons in the food, drink, equipment, and hotel and supermarket trades.

Fine Food is an international exhibition for the food, drink, and equipment industries and is the largest food industry event in the Australasian region. It enjoys the support of major industry organizations and is the only event that allows companies to reach the retail, food service, and hospitality industries at one venue. As well as exhibitors from Australia, regular exhibitors include groups from Asia, the Pacific, Europe, and the Americas. Buyers from all over Australia and the Asia Pacific region also attend the show.

Major buyers and importers from Australia and the Oceania region attend. Due to Australia's large geographic size and the high cost of internal airfares and transport, exhibiting at Fine Food is the most cost-effective way for U.S. companies to meet potential partners and customers for consumer-oriented food products in Australia.

CONTACT:

Ms. Minnie Constan, Event Director
Diversified Communications Australia Pty Ltd

Email: finefood@divcom.net.au

Web: <http://www.finefoodaustralia.com.au/>

Fine Food Australia, 2019 – Sydney

Sydney Convention & Exhibition Centre, September 9-12, 2019

Fine Food Australia 2020 – Melbourne

Melbourne Convention & Exhibition Centre, September 7-10, 2020

This information is provided for informational purposes only. No endorsement should be implied unless specifically stated. Terms and conditions of participation are the responsibility of the activity organizer. Please contact the organizer directly for further information.

Section III: Import Food Standards and Regulations/Import Procedures

- Australia has strict food standards and labeling requirements that are set out in the [Australia New Zealand Food Standards Code](#). If U.S. products can meet these standards, they may have good market potential in Australia.
- The Food and Agriculture Import Regulations and Standards (FAIRS) Country Report for Australia contains detailed information on Australia's food standards, labeling requirements, import regulations, etc. This report can be viewed/downloaded at the following Internet site: <http://gain.fas.usda.gov/Pages/Default.aspx> or requested from the FAS/Canberra office (AgCanberra@fas.usda.gov).
- Exporters should also work very closely with their importers/distributors to ensure that all requirements are met *before* any product is shipped.
- Australia also has very strict sanitary and phytosanitary standards, which are an impediment to the import of many fresh food products.
- The Australian Department of Agriculture and Water Resources (DAWR) maintains an online database, called BICON, which includes import conditions for all agricultural products coming into Australia. U.S. exporters should utilize this database to ensure that they are going to be able to meet all the relevant quarantine conditions. The database is available at: <http://www.agriculture.gov.au/import/online-services/bicon>.
- Food safety and plant and animal health import regulations can be found on the DAWR Internet site at: <http://www.agriculture.gov.au/import> or through links in the FAIRS report mentioned above.

Section IV: Market Sector Structure & Trends

Market Sector Structure

Retail Food Sector

The value of Australian consumer oriented (i.e., snack foods, breakfast cereals, meat and poultry, dairy, eggs and products, fresh fruit and vegetables, processed fruit and vegetables, fruit and vegetable juices, nuts, wine, beer, nursery products, pet food, etc.), fish, and seafood imports totaled US\$9.5 billion in 2017. The U.S. accounted for US\$1.1 billion or 12% of Australia's total consumer food related imports. The majority of Australia's imports in these sectors are sourced from New Zealand – the United States is the second largest supplier.

The value of food and liquor retailing in Australia grew by 6% in 2017 totaling US\$116.7 billion. Supermarket and grocery expenditures continue to account for the bulk of food retailing purchases with a share of 69%.

See the [Retail Food Sector](#) report for details.

Food Processing Ingredients Sector

Australia's food, beverage, and grocery sectors account for almost one third of the country's total manufacturing sector. In 2015-16, turnover totaled US\$92.35 billion (A\$127 billion), of which food and beverage processing accounted for US\$75.63 billion (A\$104 billion), fresh produce US\$4.65 billion (A\$6.4 billion); and grocery US\$12.29 billion (A\$16.9 billion).

The industry is comprised of 30,750 enterprises (2016-17). The largest number of companies are in the fresh produce sector (20,670), followed by food and beverage manufacturing (8,530) and grocery (non-food) manufacturing (1,550).

See the [Food Processing Ingredients](#) report for full details.

Food Service Sector

The Australian foodservice industry is valued at A\$57 billion (US\$41 billion). By far the largest proportion of the Australia's food industry is the commercial foodservice sector, which consist of more than 70,000 outlets. There are approximately 20,000 outlets in the institutional sector. An ageing population is fueling faster growth in the institutional foodservice sector (5%) compared to the commercial foodservice sector (3.5%).

Australia's multicultural population is fueling increased demand for an ever-expanding menu of ethnic foods and specialty ingredients while at the same time asking for simpler and healthier choices.

Dining out is a way of life for most Australians and it is estimated that more than one-third of Australian households' total food and non-alcoholic beverage budget is spent on eating outside of the home. Almost two-thirds of Australians eat out at least once per month for breakfast, brunch, lunch or dinner. Casual dining (i.e., fast food outlets) is the most popular style of dining with fine dining outlets accounting for only 2-3% of the industry total.

Consumers are increasingly concerned about health issues associated with poor diets, excess weight, and obesity. This awareness is likely to result in a decline in demand for fried, greasy and other unhealthy foods or drinks, which have traditionally been sold by fast food establishments.

See the [Food Service](#) report for more detailed information on this sector.

Market Trends

- **Positive nutrition:** The drive to make food and beverages healthier continues to gain momentum in Australia. Australian consumers do not want to be told what not to eat and are instead looking for more constructive guidance to assist their food and beverage purchases. This encompasses a movement from food avoidance (such as products with reduced fat and sugar) to positive nutrition and the inclusion of healthy food and ingredients.
- **Healthy indulgence:** Australians aren't really interested in strict diet plans, but there is a huge spike in people trying to control their portion sizes. They don't want to cut out certain food groups or flavors, but they are willing to control the amount they eat. Therefore, the quality over quantity mentality is an important consideration for marketers. Claim terms such as "portioned indulgence" or "treat size" convey the message that sensory benefits have not been foregone for the sake of health.
- Demand for **healthy food** is being boosted by demographic shifts. An aging population and rising birth rates have had a positive impact on the development of the health and wellness market since 2005. Middle-aged or elderly consumers and parents with young children tend to be better informed about health and dietary matters than other groups, and thus represent a key target for health and wellness manufacturers.
- **Packaging:** Packaging has grown in importance in recent years and innovative packaging is a valuable selling point in the Australian market. It is often the packaging that conveys convenience to the consumer, and snazzy packaging attracts the attention of consumers. Packaging ensures that offerings conform to market trends by communicating unique selling points and offering freshness and convenience. By being lightweight, packaging can reduce the product's carbon footprint. Increasingly, consumers expect that packaging will also be recyclable. Studies have found that half of Australians think food and drink products are over-packaged and three quarters of them would consider boycotting a product if it didn't meet their environmental criteria.
- **Freshness** is an important area of concern for packaged food sales. Foodservice players and consumers appreciate the peace of mind from knowing the offerings are in good condition. This can be achieved with single-serve pack sizes, re-sealable packaging, and clear on-pack communication.
- **Australia's top food priorities** are: eating more fresh fruit and vegetables; smaller portion sizes; reducing sugar intake; eating healthier snacks; and cutting down on fat.
- **Snacking still popular** – two-thirds of respondents to a recent survey indicated that they eat between meals and that healthy snacks are a priority.

Section V: Agricultural and Food Imports

Consumer Food & Edible Fishery Product Imports

Australian Imports	Total Imports			Imports from the U.S.			U.S. Market Share		
	2015	2016	2017	2015	2016	2017	2015	2016	2017
	\$m	\$m	\$m	\$m	\$m	\$m	%	%	%
CONSUMER-ORIENTED PRODUCTS TOTAL	8,626	8,787	9,176	1,086	1,023	1,142	13	12	12
Beef & Beef Products	46	52	53	2	1	1	5	2	3
Pork & Pork Products	496	458	521	158	160	188	32	35	36
Poultry & Poultry Products	52	49	44	2	1	1	3	2	2
Meat Products NESOI	66	58	56	21	20	23	32	36	41
Egg & Egg Products	11	13	10	2	1	2	14	5	17
Dairy Products (excl. cheese)	485	657	809	47	39	57	10	6	7
Fresh Fruit	248	270	276	123	113	118	50	42	43
Processed Fruit	450	464	485	52	48	49	11	10	10
Fresh Vegetables	60	71	68	2	2	2	3	3	2
Processed Vegetables	577	598	641	67	68	68	12	11	11
Fruit & Vegetable Juices	168	160	171	11	5	6	7	3	4
Tree Nuts	367	341	385	56	56	103	15	16	27
Chocolate & Cocoa Products	717	682	728	61	63	59	9	9	8
Snack Foods NESOI	357	346	374	18	20	18	5	6	5
Breakfast Cereals	114	110	123	6	6	5	5	5	4
Condiments and Sauces	340	353	382	45	44	47	13	12	12
Cheese	441	445	554	75	67	119	17	15	22
Wine & Beer	915	909	931	22	19	17	2	2	2
Non-Alcoholic Beverages (excl. juices, coffee, tea)	39	33	34	5	5	7	13	15	22
Dog & Cat Food	218	232	232	80	82	80	37	35	35
Other Processed Food/Food Preparations	1,205	1,223	922	160	148	113	13	12	12
OTHER RELATED PRODUCTS									
Distilled Spirits	498	501	542	118	107	117	24	21	22
Forest Products	1,581	1,555	1,393	109	99	113	7	6	8
Fish Products	1,283	1,335	1,448	15	19	15	1	1	1

Source: Global Trade Atlas

Best Product Prospects

The **organic, healthy, and natural products** market in Australia continues to grow rapidly. Although Australia is a large producer of organic raw products, it does not have the manufacturing capacity to satisfy demand for processed foodstuffs. Prospects are excellent for organic and natural ingredients as well as consumer-ready processed foods and beverages. It should be noted, however, that fresh organic fruits and vegetables are not good prospects for this market due to mandatory import treatment requirements. Australian consumers are adopting a back-to-basics mindset, focusing on simple ingredients and fewer artificial or processed foods. The top 10 ingredients being avoided by Australian

consumers are: antibiotics/hormones in animal products; MSG; artificial preservatives; artificial flavors; artificial sweeteners; foods with BPA packaging; artificial colors; sugar; GM foods; and, sodium. These ingredients are being avoided primarily because of their perceived impact on health, rather than actual medical conditions.

The types of **products consumers are demanding include**: all natural; no artificial colors; low sugar/sugar free; no artificial flavors; and low fat/fat free. U.S. exporters who are able to incorporate ingredients and preparation methods that improve the nutritional profile of products will be strongly positioned to succeed in this market.

It should be noted that although consumers are trying to eat healthier, they have not completely ruled out buying confectionery products.

Section VI: Key Contacts & Other Information

Key Contacts

FAS/Canberra

U.S. Embassy

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Tel: +61-2-6214-5854

Email: AgCanberra@fas.usda.gov

Food Standards Australia New Zealand

Email: info@foodstandards.gov.au

Web: <http://www.foodstandards.gov.au/>

Department of Agriculture & Water Resources – Importing Food

Web: <http://www.agriculture.gov.au/import/goods/food>

Food & Beverage Importers Association

Email: info@fbia.org.au

Web: <http://www.fbia.org.au>

Other Information

The home page for the Foreign Agricultural Service is located at: <http://www.fas.usda.gov>.

The [U.S. Country Commercial Guide – Australia](#) provides additional information on doing business in Australia.