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## Australia

### Exporter Guide

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**Report Highlights:**

Australia is a prosperous, politically and economically stable, industrialized nation. Underpinning Australia's strong economy is its open and transparent trade and investment environment, business-friendly regulatory approach, and its trade and economic links with the Asian emerging economies. The U.S. - Australia Free Trade Agreement has provided some advantages for U.S. products, including offering a zero tariff rate for all U.S. food product imports entering Australia. U.S. products are well regarded for their quality and value. In 2015, Australia imported over US\$1.5 billion of U.S. food and agricultural products, representing 10 percent of Australia's total agricultural imports. Consumer oriented products accounted for over 75 percent of U.S. total agricultural exports last year.

**Post:**

Canberra

### Section I: Market Overview

Americans and Australians have a warm relationship that spans the history of both nations. They share a common heritage, culture and 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 business and industry. Its state-of-the-art transportation and telecommunications systems (both internal and international) support a well-developed, economically diversified market.

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

Australia is the world's 12th largest economy. With nominal GDP estimated to be US\$1.2 trillion in 2015, accounting for 1.7 per cent of the global economy, Australia has one of the highest levels of per capita GDP in the world. With a population of 24 million, Australia is the only country to wholly occupy a whole continent, with the mainland covering 7.7 million square kilometers. Notably, the Australian economy has enjoyed 25 years of consecutive economic growth and is forecast to have an annual real GDP growth of 3 per cent in 2017 and 2018, up from 2.5 per cent in 2015/16. . Australia has low inflation and is ranked 13th internationally in the World Bank's 2016 'Doing Business' index.

With U.S. FDI in accounting for 27 per cent of the total FDI stock in 2014, U.S. foreign direct investment totaled \$180.3 billion , up from \$169.9 billion in 2013.

Australia is a major exporter of resources, energy, food, and goods and services exports accounted for over 20% of GDP in 2014. Australia's major export markets are China, Japan, Korea, the United States and India. Its major sources of imports are China, the United States, Japan, Singapore and Germany. Terms of trade have come off historic highs, with prices for exports of iron ore and coal moderating as production increases after a minerals investment boom. Energy and mineral exports will nevertheless continue to expand as large projects in northern Australia (such as Gorgon) increase supplies of gas to Asia.

Australia has a well-established and sophisticated financial sector regulated in accordance with international standards. Between 2010 and June 2015, Australia's financial markets expanded with total annual turnover (over-the-counter and exchange traded) rising 32 per cent to A\$135 trillion. In terms of global turnover, Australia's foreign exchange market is the seventh largest in the world, and the Australian dollar/U.S. dollar currency pairing is the fourth-most traded globally (BIS, Triennial Central Bank Survey, 2013). Four of Australia's leading banks are currently ranked in the top 12 in terms of world financial security and AA rankings. Australia is home to the third largest liquid stock market in the Asian region and is the ninth largest in the world with total capitalization value of over US\$900 billion. The Australian dollar was trading at about US\$0.76 in September 2016. Australia's A\$1.6 trillion superannuation system is the third largest in the world and is a major driver behind Australia's globally significant funds management industry. This pool of assets is expected to grow to A\$9.5 trillion system by 2035.

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. A publication 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 almost 24 million people, more than 85 percent live in the large urban areas of Sydney, Melbourne, Adelaide, Brisbane and 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, who are all making their cultural influences felt more vibrantly, including in the restaurant and food processing industries.

The U.S. - Australia Free Trade Agreement has provided 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 New Zealand, Singapore, Thailand, Chile, ASEAN (with New Zealand), Malaysia, Japan, and Korea. Australia concluded negotiations with China in November 2014 and that agreement will enter into force when domestic processes have been completed. Australia is also in the process of negotiating bilateral FTAs with India and Indonesia and is also involved in negotiations in the Trans-Pacific Partnership, the Gulf Cooperation Council, the Regional Comprehensive Economic Partnership Agreement, and the Pacific Trade and Economic Agreement (PACER Plus). 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
U.S. culture well accepted and similar to Australia	Strict quarantine regulations with regard to fresh produce, meat and dairy products
No language barriers to overcome	Australia is a significant producer of a wide variety of agricultural products.
U.S. products have excellent image and acceptance.	'Buy Australian' campaign is significant.
The U.S. and Australia have a free trade agreement that removes import tariffs.	Australian labeling & advertising laws are different from the U.S. This may require some changes to food labels.
Australian consumers are experimental and desire new and innovative products. This presents an opportunity to trial such products and capture/gain market share.	Need to produce innovative food products to break into highly competitive retail food sector as most categories have substantial market leaders.

## Section II: Exporter Business Tips

- Agents/distributors are key components in developing exports of U.S. consumer-ready foods to Australia.
- Australia is a sophisticated market that is interested in new-to-market food products.
- An increasingly multicultural society creates opportunities for ethnic food products.
- 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 to place orders if the items are appealing.
- 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 this office ([AgCanberra@fas.usda.gov](mailto:AgCanberra@fas.usda.gov)). We recommend that U.S. exporters use this report extensively if planning to enter the Australian market.
- Exporters should also work very closely with their importers/distributors to ensure that all requirements are met *before* any product is shipped.
- The Australian Department of Agriculture and Water Resources (DAWR) maintains an online database, called BICON, of the import conditions for all agricultural products coming into Australia. U.S. exporters should make use of 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>.
- The Food Standards Code is developed and updated by Food Standards Australia New Zealand (FSANZ). The Code applies to both Australia and New Zealand. More information, and a copy of the Code, is available on the FSANZ web site at the following address: <http://www.foodstandards.gov.au/>. The FAIRS report mentioned above gives comprehensive guidance on how to use the Food Standards Code and other food related legislation.
- Food safety and plant and animal health import regulations can be found on the DAFF Internet site at: <http://www.agriculture.gov.au/import> or through links in the FAIRS report mentioned above.

### Trade Shows

There is one major food show in Australia, Fine Food Australia, which is held each year in September alternating between the cities of Sydney and Melbourne. Major buyers and importers from all over the country and region attend. Due to Australia's large geographic size and the high cost of internal airfares and transport, we believe that attending and/or 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.

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. Fine Food is on the list of USDA endorsed shows.

Admission to Fine Food and the Supermarket and Hotel shows is "trade only" and is restricted to persons in the food, drink, equipment, and hotel and supermarket trades.

#### **CONTACT:**

Ms. Minnie Constan, Event Director  
Fine Food Expos

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AUSTRALIA

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***Fine Food Australia, 2017 – Sydney***  
Sydney Convention & Exhibition Centre, September 11-14, 2017

***Fine Food Australia 2018 – Melbourne***  
Melbourne Convention & Exhibition Centre, September 10-13, 2018

*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: Market Structure & Trends

### Trends

- **Positive nutrition:** The drive to make food and beverages healthier continues to gain momentum in Australia. Recent research found that 61% of Australian consumers are tired of being 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 both 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 therefore 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 carbon footprint of transportation. Increasingly, consumers expect that packaging will also be recyclable. A recent study found that 50% of Australians think food and drink products are over-packaged and 69% 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, resealable packaging, and clear on-pack communication.
- A recent report on food consumption, habits, attitudes and trends determined **Australia's top five food priorities in 2016** as: eating more fresh fruit and vegetables; smaller portion sizes; reducing sugar intake from food; 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 health snacks are a priority.

## Market Structure

- Australia has well-educated, affluent consumers, willing to try new products.
- Consumer-oriented foods and ingredients for further processing continue to dominate the import market for foodstuffs.
- Tariffs on imported foods have been reduced to zero under the U.S./Australia Free Trade Agreement.
- Very strict sanitary and phytosanitary standards are an impediment to the import of many fresh products.
- 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 (see also Section II above on FAIRS Report).
- While Australia is a major producer/exporter of both tropical and temperate zone agricultural products, it is also a large importer of further processed and consumer-ready products.
- 'Healthy', 'clean', 'green' and 'organic' and 'natural' are very important selling points amongst a growing segment of the market.
- Some of the U.S. success in this market has been providing off-season fresh fruit (such as table grapes, cherries, peaches, nectarines and plums) to Australian consumers. Success, however, is very much tied to good consumer promotion efforts and being able to meet quarantine requirements.
- U.S. products are well regarded as good quality and value for money in this market. The U.S. is the number two supplier (after New Zealand) of imported 'consumer oriented' food products.
- It is estimated that over 85 percent of the products on Australian supermarket shelves are imported, made from imported ingredients or produced locally by foreign owned companies.
- The United Kingdom and other EU countries are important competitors in the value added import market in Australia. Strong historic ties and foods that match the tastes of the majority of the population are helpful in maintaining this position.
- With the Australian population becoming more multi-cultural, imports are rising from other countries such as Greece, Italy and Spain, as well as Southeast Asian countries.
- The Treaty of Closer Economic Cooperation with New Zealand makes that country a strong player in the imported food market.
- The high degree of urbanization, the high ratio of females in the workforce and the relative prosperity of Australia, makes food consumption a very competitive field.
- Fast foods and "take-away" foods are also very popular. It is estimated that 50% of Australians aged 18-34 years old eat a meal 'on-the-go' at least once a week.
- The restaurant sector has also benefited from this demographic trend, as away-from-home consumption continues to grow.
- Australians are active international travelers and are exposed to new cuisines when traveling.
- Australian food manufacturers have been consolidating, which has led to greater competition by brands for shelf space in supermarkets.
- Two chains still dominate Australian grocery sales - Woolworths and Coles.
- Both these companies are national in scope and are also organized along state lines. They have recently been involved in a campaign to acquire smaller independent chains to maintain their market shares.
- In recent years, these food-retailing giants have increasingly become their own importers, bypassing more traditional importers.
- Metcash is a supplier/distributor to independent chains and is the third largest player in the packaged grocery market.
- Aldi, the German-owned supermarket chain, have made strong inroads into the Australian market in recent years and now have a 12% share of the market.
- In 2009, Costco opened their first store in Melbourne, Australia. Since that time, Costco has expanded quickly and it now has seven stores: two in Melbourne (Victoria), two in Sydney (NSW), one store in each of Canberra (ACT), Brisbane (Queensland), and Adelaide (South Australia). Costco Australia has plans to add additional stores in Melbourne, Sydney and Brisbane within the next two years.

- All these supermarket chains have central warehouses for each state of operation and have sub-warehouses depending on the concentration of stores in an area.
- The domestic food-processing sector in Australia is large and more sophisticated than the population base of 24+ million would indicate.
- Many Australian companies export processed products to Southeast Asia. In addition, several multinational companies use manufacturing/processing facilities in Australia as a spearhead in penetrating the Southeast Asian market. This is a trend that will continue to expand in the near term.
- In 2015 Australia imported over US\$1.5 billion in total agricultural products from the United States. The U.S. is the second largest supplier of these products supplying 10% of total imports.
- Consumer oriented products account for over 75% of all U.S. agricultural product exports to Australia.
- The U.S. is the 2nd largest supplier of consumer-oriented food products to the Australian market after New Zealand, accounting for 13% of total imports of these products.
- Imports of consumer oriented products from the U.S. were valued at \$1.2 billion in 2015.
- Australia ranks as the 10th largest export market for U.S. consumer-oriented products (by value).

## Section IV: Best High-Value Product Prospects

### 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 the processed segment. Prospects are excellent for organic and natural ingredients as well as consumer-ready processed foods and beverages. The whole **health foods** category increased in value by over 5% after an increase of 14% in 2014 and is valued at A\$411 million. **Nutritional snacks** accounts for the largest share (20%) of the health foods category rising in value by more than 10% over the previous year. The **nuts** category grew by 23% in 2015 as healthy snacking continues to grow.
- In the **cold beverages** category, **non-sweetened waters and still water** both showed double-digit growth in 2015. **Functional waters** grew by 54% in value and **coconut water** grew by over 77% in both value & volume in 2015 after huge growth in 2014.

## Section V: Key Contacts & Other Information

### *Key Contacts*

#### **Agricultural Counselor**

U.S. Embassy  
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Yarralumla, ACT 2600  
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Tel: +61-2-6214-5854  
Fax: +61-2-6273-1656  
E-mail: [AgCanberra@fas.usda.gov](mailto:AgCanberra@fas.usda.gov)

#### **Food Standards Australia New Zealand**

P.O. Box 7186  
Canberra BC, ACT 2610  
Australia

Tel: +61-2-6271-2222  
Fax: +61-2-6271-2278  
E-mail: [info@foodstandards.gov.au](mailto: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**

PO Box 7622  
Melbourne, VIC 3004  
Australia

Tel: +61-8-8394 0008  
E-mail: [info@fbia.org.au](mailto: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>.

## Appendix: Statistics

**Table A: Key Trade & Demographic Information**

Agricultural Imports from All Countries (\$m/% US market share)	2015	\$11,211	12%
Consumer Food Imports from All Countries (\$m/% US market share)	2015	\$8,559	13%
Edible Fishery Imports from All Countries (\$m/% US market share)	2015	\$1,327	3%
Total Population (millions)/Annual Growth Rate (%)	2015	24	1.4%
Urban Population (millions)/Annual Growth Rate (%) <sup>1/</sup>	2015	17	1.6%
Number of Major Metropolitan Areas <sup>2/</sup>	2015	5	
Per Capita Gross Domestic Product (US\$)	2016	\$51,151	
Unemployment Rate (%)	2016	5.7%	
Per Capita Food Expenditure (US\$)	2016	\$5,049	
Percent of Female Population Employed (%)	2016	56%	
Exchange Rate (Average for Calendar Year)	2015	US\$1.00 = A\$1.34	

<sup>1/</sup> Those living in capital cities

<sup>2/</sup> Centers with population over 1,000,000

Sources: Global Trade Atlas; Australian Bureau of Statistic; Reserve Bank of Australia; Department of Foreign Affairs & Trade

**Table B: Consumer Food & Edible Fishery Product Imports**

<b>Australian Imports</b> (Millions of U.S. Dollars)	<b>Imports from the World</b>			<b>Imports from the U.S.</b>			<b>U.S Market Share</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>CONSUMER-ORIENTED AGRICULTURAL TOTAL</b>	8,633	9,078	8,559	1,058	1,187	1,122	12	13	13
Snack Foods (Excl. Nuts)	814	843	835	56	64	79	7	8	9
Breakfast Cereals & Pancake Mix	90	109	110	5	6	5	6	6	5
Red Meats, Fresh/Chilled/Frozen	471	511	465	142	154	133	30	30	29
Red Meats, Prepared/Preserved	139	145	146	22	22	31	16	15	37
Dairy Products (Excl. Cheese)	339	353	299	55	64	31	16	18	20
Cheese	397	474	441	52	87	75	13	18	17
Eggs & Products	13	16	11	2	3	2	19	21	13
Fresh Fruit	275	336	271	139	155	126	51	46	47
Fresh Vegetables	66	67	60	5	5	2	8	7	3
Processed Fruit & Vegetables	1,080	1,144	1,059	133	148	150	12	13	14
Fruit & Vegetable Juices	171	173	168	16	12	11	10	7	7
Tree Nuts	259	298	324	19	17	31	7	6	9
Wine & Beer	940	934	871	20	25	22	2	3	3
Nursery Products & Cut Flowers	76	85	83	0	0	0	1	0	0
Pet Foods (Dog & Cat Food)	232	238	218	92	83	80	40	35	37
Other Consumer-Oriented Products	3,270	3,351	3,196	299	340	344	9	10	11
<b>FISH &amp; SEAFOOD PRODUCTS</b>	1,539	1,618	1,327	54	47	41	4	3	3
Salmon	115	128	96	38	33	26	33	25	27
Crustaceans	462	549	404	5	5	4	1	1	1
Groundfish & Flatfish	23	23	22	1	0	1	4	1	4
Molluscs	149	138	123	4	3	3	3	2	2
Other Fishery Products	789	781	682	6	6	8	1	1	1
<b>AGRICULTURAL PRODUCTS TOTAL</b>	11,282	11,923	11,211	1,346	1,381	1,317	12	12	12
<b>AGRICULTURAL, FISH &amp; FORESTRY TOTAL</b>	14,585	15,322	14,241	1,515	1,537	1,471	10	10	10

Source: Global Trade Atlas

**Table C: Top 15 Suppliers of Consumer Foods & Edible Fishery Products**

**Australia - Top 15 Suppliers**

<b>CONSUMER-ORIENTED AGRICULTURAL IMPORTS</b>			
(\$000)	<b>2013</b>	<b>2014</b>	<b>2015</b>
New Zealand	1,926,647	1,987,873	1,741,602
United States	1,058,007	1,187,131	1,122,056
Singapore	677,309	626,999	551,029
China	535,135	523,861	508,472
Italy	441,377	486,654	441,380
Thailand	344,663	369,350	379,211
France	382,443	389,337	356,385
Netherlands	303,642	337,584	322,347
Germany	253,325	288,244	269,712
Denmark	247,179	281,406	258,019
United Kingdom	214,230	224,574	205,962
Mexico	167,299	162,542	200,246
Vietnam	139,313	170,550	190,185
Switzerland	168,689	165,559	150,776
Canada	146,935	138,591	129,843
Other	1,626,509	1,737,923	1,732,023
World	8,632,703	9,078,177	8,559,251

<b>FISH &amp; SEAFOOD PRODUCTS IMPORTS</b>			
(\$000)	<b>2013</b>	<b>2014</b>	<b>2015</b>
Thailand	392,361	370,607	317,185
China	248,331	293,104	207,561
Vietnam	176,132	222,385	174,623
New Zealand	205,652	175,353	146,149
Indonesia	60,271	68,833	71,861
Malaysia	88,438	86,028	71,861
Norway	33,087	58,348	47,349
Taiwan	46,313	45,212	44,991
United States	54,174	47,368	41,327
Denmark	38,100	52,140	35,789
South Africa	36,535	25,790	19,913
Japan	20,321	11,436	14,104
Canada	13,336	15,985	13,940
Poland	10,919	17,755	13,392
Myanmar	13,986	14,557	12,516
Other	100,701	112,945	94,599
World	1,538,658	1,617,846	1,327,158

Source: Global Trade Atlas