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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\$1.2 billion or 12 percent of Australia's total food related imports in 2018. Australia's economy continues to expand and the market presents an excellent opportunity for U.S. exporters.

Market Fact Sheet: Australia

Executive Summary

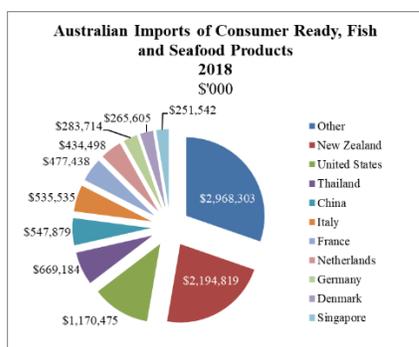
Australia has proven to be an appealing and profitable market for U.S. companies for many years. Underpinning Australia's strong economy is its open and transparent trade and investment environment, and strong trade and economic links with emerging economies, particularly in Asia.

Australia is the world's 13th largest economy, with nominal GDP estimated to be US\$1.3 trillion in 2018. Australia has one of the highest levels of per capita GDP in the world and is now ranked first for median wealth per adult according to Credit Suisse's 2018 Global Wealth Report. The Australian economy has enjoyed 28 years of consecutive economic growth and is expected to realize average annual real GDP growth of 2.8 percent between 2019 and 2023 – the highest forecast among major advanced economies. The unemployment rate is 5.3 percent and the labor force participation rate rose to an all-time high of 65.7 percent in April 2018 and is currently 66.2 percent.

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 \$9.8 billion in 2018. The U.S. accounted for US\$1.2 billion or 12 percent of total imports. New Zealand is the largest supplier and the United States is the second largest.



Source: Trade Data Monitor

Food Processing Industry

Australia's food, beverage, and grocery sectors account for over one-third of the country's total manufacturing sector. In 2018 turnover totaled US\$124 billion. The industry is comprised of over 36,000 enterprises. The largest number of companies are in the fresh produce sector, followed by food and beverage manufacturing and grocery (non-food) manufacturing. For more information, please see the [Food Processing Ingredients](#) report.

Retail Food Industry

The value of food and liquor retailing in Australia grew by three percent in 2018 to US\$119.7 billion. Supermarket and grocery expenditures continue to account for the bulk of food retailing purchases with a share of 68 percent. For more information, please see the [Retail Food Industry](#) report.

Hotel Restaurant and Institutional Industry

The Australian consumer foodservice industry is valued at US\$44 billion. By far the largest proportion of the Australia's foodservice industry is the consumer foodservice sector, which consists of more than 71,000 outlets. There are approximately 20,000 outlets in the institutional foodservice sector. For more information, please see the [Food Service - Hotel Restaurant and Institutional Industry](#) report.

Quick Facts CY 2018

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

Food Industry by Channels (\$ billion)

Imports - Consumer Oriented, Fish & Seafood Total	\$9.8
Imports – US Share	\$1.2
Exports – Consumer Oriented, Fish & Seafood Total	\$18.9
Exports – to the US	\$2.6
Total Food Retailing	\$124.0
Food Manufacturing Turnover	\$92.5

GDP/Population

Population – 25.5 million
 GDP (\$ trillion) – \$1.3
 GDP per capita – \$56,000

Top Food Service Distributors: Metcash Ltd; Bidfood Australia; PFD Food Services

Sources: Trade Data Monitor; 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 similar 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 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. Ageing population presents opportunities in the institutional foodservice sector. 	<ul style="list-style-type: none"> 'Buy Australian' campaign is significant. A focus on fresh local food by many restaurants and cafés provides advantages to local producers and suppliers.

Data Sources: Trade Data Monitor; 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 13th largest economy with a GDP of US\$1.4 trillion and the tenth highest per-capita income of US\$56,000. The economy has recorded 28 years of annual growth and is forecasted to expand by 2.75 percent in 2018-19. Australia has an AAA international credit rating with a well-developed, deep and sophisticated financial market, regulated in accordance with international norms. Government net debt is just under 20 percent of GDP and is expected to decline in coming years as the government budget comes back into surplus. The unemployment rate is 5.3 percent while inflation is below two percent.

The Australia-U.S. Free Trade Agreement (AUSFTA) came into effect in 2005 and 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/>.

The United States is the most significant investor in Australia, accounting for 27 percent (or A\$939 billion) of Australia's total foreign investment stock as of December 2018. The United States is also Australia's largest destination for investment abroad, accounting for 28 percent (or \$718 billion) of Australia's total overseas investment stock as of December 2018. Investment in Australia is facilitated in part by its stable macroeconomic management and ease of doing business (it is ranked 18th 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 an internationally competitive agricultural sector that exports over 60 percent of its output. The Australian manufacturing sector has recently experienced some rebalancing in terms of sectors, products, technologies and supply chains in response to long-term local and global shifts. Manufacturing has been expanding since 2016 with recent growth most evident in food, beverages and groceries manufacturing and sectors connected to their supply chain (e.g. specialist food processing equipment and packaging) and in locally manufactured building materials. Australia has a large services

sector (over 70 percent of GDP) and its four largest banks were ranked in the world’s top 55 banks in 2019. Its stock market is one of the largest in the Asia-Pacific region and ranks in the world’s top 16, with a market capitalization of US\$1.9 trillion in 2018. In terms of global turnover, Australia’s foreign exchange market is the eighth largest in the world, and the Australian dollar is the fifth most traded currency in the worldwide foreign exchange market. Australia has six universities in the world’s top 100 and hosts the fourth highest number of international students.

Australia has proven to be an appealing and profitable market for U.S. companies for many years. Key U.S. exports to Australia include pork for further processing, fresh fruits, distilled spirits, cheese and grocery products. In fact, over 80 percent of U.S. agricultural exports to Australia are consumer oriented, one of the highest percentages in the world.

Apart from a very strict quarantine regime, Australia 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: <https://corrs.com.au/insights/doing-business-in-australia-2019>.

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.

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 United States 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 2020 – Melbourne

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

Fine Food Australia 2021 – Sydney

Sydney International Convention Centre, Darling Harbour, September 6-9, 2021

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: <https://gain.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 United States accounted for US\$1.1 billion or 12 percent of Australia's total consumer food related imports. New Zealand is the largest supplier, with the United States the second largest.

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Food Service Sector

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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, and Forest Product Imports

Australian Imports	Total Imports			Imports from the U.S.			U.S Market Share		
	2016 \$m	2017 \$m	2018 \$m	2016 \$m	2017 \$m	2018 \$m	2016 %	2017 %	2018 %
CONSUMER-ORIENTED PRODUCTS TOTAL	8,787	9,176	9,444	1,023	1,142	1,155	12	12	12
Beef & Beef Products	52	53	53	1	1	1	2	3	0
Pork & Pork Products	458	521	499	160	188	200	35	36	40
Poultry & Poultry Products	49	44	46	1	1	1	2	2	1
Meat Products NESOI	58	56	68	20	23	24	36	41	36
Egg & Egg Products	13	10	11	1	2	1	5	17	13
Dairy Products	1,102	1,364	1,372	106	177	159	10	13	12
Fresh Fruit	270	276	261	113	118	120	42	43	46
Processed Fruit	464	485	477	48	49	54	10	10	11
Fresh Vegetables	71	68	55	2	2	1	3	2	2
Processed Vegetables	598	641	646	68	68	55	11	11	9
Fruit & Vegetable Juices	160	171	147	5	6	4	3	4	2
Tree Nuts	341	385	348	56	103	101	16	27	29
Chocolate & Cocoa Products	682	729	685	63	59	53	9	8	8
Snack Foods NESOI	346	374	397	20	18	18	6	5	5
Food Preparations and Miscellaneous Beverages	2,013	1,807	2,084	200	166	203	10	9	10
Condiments and Sauces	353	382	411	44	47	47	12	12	11
Wine & Beer	909	931	963	19	17	14	2	2	1
Non-Alcoholic Beverages (excl juices, coffee, tea)	33	34	34	5	7	6	15	22	17
Dog & Cat Food	232	232	267	82	80	85	35	35	32
Other Processed Food/Food Preparations	583	613	620	9	10	8	2	2	1
OTHER RELATED PRODUCTS									
Distilled Spirits	501	542	593	107	117	107	21	22	18
Forest Products	1,555	1,692	1,939	92	115	122	6	7	6
Fish Products	1,377	1,495	1,503	40	39	52	3	3	3

Source: Trade Data Monitor

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
Moonah Place
Yarralumla, ACT 2600
Australia

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.

Attachments:

No Attachments