

Required Report: Required - Public Distribution

Date: December 13, 2023

Report Number: AS2023-0024

Report Name: Exporter Guide

Country: Australia

Post: Canberra

Report Category: Exporter Guide

Prepared By: Renee Pizzuta

Approved By: Gerald Smith

Report Highlights:

Australia is a prosperous and industrialized nation with a stable economy. The country's strong economy underpins 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 Australian consumers regard as high quality and of good value. The United States accounted for US\$1.3 billion or 10 percent of Australia's total food and agriculture-related imports in 2022.

Market Fact Sheet: Australia

Executive Summary

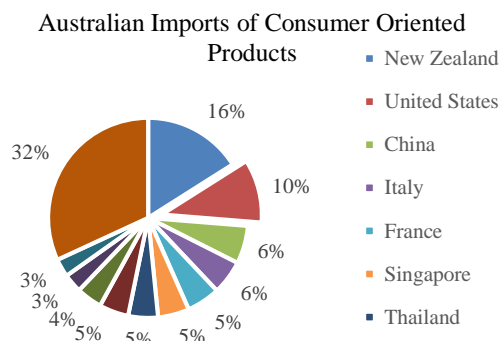
Australia has proven to be an appealing and profitable market for U.S. companies for many years. Australia's strong economy underpins its open and transparent trade and investment environment, and strong trade and economic links with emerging economies, particularly in Asia.

Australia is the world's 12th largest economy. Australia has one of the highest levels of per capita GDP in the world and is ranked second for median wealth per adult, according to UBS's 2022 Global Wealth Report. Prior to the onset of COVID-19, the Australian economy recorded 29 years of consecutive economic growth. Economic growth is forecast to slow in 2023 amid rising interest rates and the higher cost of living. GDP growth in 2022 was around four percent, and the Reserve Bank of Australia estimates that GDP will grow by 2.25 percent in 2023 and one percent in 2024.

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

In 2022, Australia imported \$12.8 billion worth of consumer-oriented products with the United States' market share at 10 percent of the total imports (\$1.3 billion). Australia sources 16 percent of its food from New Zealand.



Source: Australian Bureau of Statistics

Food Processing Industry

Australia's food processing industry is the largest manufacturing sector in the country. Over 16,000 enterprises and 272,000 employees make up the industry. Large companies mainly generate the sector's revenue. The food manufacturing turnover for 2021-2022 was US\$ 87 billion.

Food Retail Industry

Supermarket and grocery expenditures continue to account for the bulk of food retailing purchases with a share of 60.7 percent. The United States accounted for US\$1.7 billion (8 percent) of Australia's total-food related imports in 2022. The market remains an excellent opportunity for U.S. exporters. For more information, please see the [Retail Foods](#) report.

Quick Facts CY 2022

Total Imports of Consumer Oriented Products - \$12.8 billion

Australia's Top Consumer-Oriented Growth Products

- | | |
|-------------------------|------------------------|
| 1) Dairy Products | 6) Processed Fruit |
| 2) Distilled Spirits | 7) Coffee |
| 3) Bakery Goods | 8) Condiments |
| 4) Processed Vegetables | 9) Chewing Gum & Candy |
| 5) Dog & Cat Food | 10) Wine |

Food Industry by Channels (\$ billion)

Food Exports	\$53.2
Food Exports to the U.S.	\$3.9
Food Imports	\$20.8
Food Imports from the U.S.	\$1.7
Total Food Retailing	\$164.8
Food Manufacturing Turnover (July/June 2020/2021; latest available data)	\$87

Top Australian Food Retailers

- | | |
|-----------------------|------------------------------------|
| 1) Woolworths | 4) Metcash/IGA |
| 2) Coles (Wesfarmers) | 5) Costco |
| 3) Aldi | 6) Australian United Retailers Ltd |

Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
<ul style="list-style-type: none"> 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. Australian labeling and advertising laws are different from the United States, which may require some changes to food labels.
Opportunities	Threats
<ul style="list-style-type: none"> The U.S./Australia Free Trade Agreement enables many U.S. products to enter Australia tariff free. Australian consumers are experimental and desire new and innovative products. 	<ul style="list-style-type: none"> Most categories have substantial market leaders. Country of origin labeling is compulsory, and many Australian-made products bear the "Australian Made" logo.

Data Sources: Trade Data Monitor; Australian Bureau of Statistics; Euromonitor; IBISWorld; Trading Economics
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, 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 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.

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

Australia has one of the highest levels of per capita GDP in the world and is ranked second for median wealth per adult according to UBS's 2022 Global Wealth Report.

According to the Reserve Bank of Australia (RBA), GDP growth is forecast to remain subdued going into 2024, with GDP per capita declining. The RBA expects growth will increase gradually. Inflation is forecast to decline to about 3 ¼ percent by the end of 2024 and be back in the 2-3 percent target range by late 2025.

The labor market is very tight, with many employers needing help finding workers. The unemployment rate is 3.6 percent, the lowest rate in almost 50 years.

[Australian Bureau of Statics](#) states Australia's population was 26.4 million as of March 2023, up 563,200 (2.2%) from the previous year. Of that increase, 108,800 was from annual natural increase (births minus deaths), and 454,400 was from overseas migration. 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 26 million people, more than 85 percent live in the large urban areas of Sydney, Melbourne, Adelaide, Brisbane, and Perth and smaller cities and towns within 50 kilometers of the coast. 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.

Australia has an internationally competitive agricultural sector that exports around 70 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.

Apart from a stringent 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. 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 influences cultural diversity and results in vibrant restaurant and food processing industries.

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 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: <https://www.dfat.gov.au/trade/agreements/trade-agreements>.

Latest Trends

Affordable Nutrition: With the rising cost of food and beverages, consumers are looking for simple, nutritious, and affordable goods. Price and value for money were the driving forces for consumers in 2023 while still seeking new experiences and ensuring personal well-being.

Sustainability: Consumers have become increasingly conscious about what eat, where it comes from, and what the impact on the environment is. This trend has led to greater interest in transparency, health, sustainability, and waste.

Advantages	Challenges
U.S. culture well accepted and similar to Australia.	Australia has strict quarantine requirements for fresh products. Import permits are required for fresh produce and some products are prohibited
No language barriers.	Australia is a significant producer of a similar variety of agricultural products.
U.S. products have excellent image and acceptance.	Australian labeling and advertising laws are different from the United States which may require some changes to food labels.
Northern hemisphere seasonal advantage for fresh foods, e.g., fruit and vegetables.	“Buy Australian” campaign is significant.
The U.S./Australia Free Trade Agreement enables most U.S. products to enter Australia tariff free.	A focus on purchasing fresh local food by many restaurants and cafés provides advantages to local producers and suppliers.
Australian consumers constantly seeking new tastes and cuisines	
Strong dining out culture provides opportunities to supply the consumer foodservice sector with new products.	

Section II. Exporter Business Tips

Australians are educated, affluent consumers willing to try new products. With such a diverse population of origins from all over the world, there is a wide range of dietary tastes and preferences. In addition, foreign travel is relatively common, and these consumers have broadened their culinary horizons. Australian demographics are similar to 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, Australian consumers are prepared to pay extra for quality. 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 products. The United States faces competition in this market from New Zealand, European, and Canadian suppliers, and 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 compared to 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, 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 search 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 prices competitively, suppliers must consider all the cost elements imported products must bear. The key factors are freight rates, handling charges; 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 compared to those from within Asia and Europe.

The cost of living is generally higher in Australia, 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 must be able to deliver quality products or services at attractive prices. To compete successfully, exporters should consider granting maximum wholesale discounts, considering 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. FAS Canberra recommends that exporters enter the market through a distributor, importer, agent, or broker who understand 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.

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.

Exporters should also work 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, Fisheries and Forestry (DAFF) maintains an online database, [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.

Food safety and plant and animal health import regulations can be found on the DAFF site at: <https://www.agriculture.gov.au/biosecurity-trade/import> or through links in the FAIRS report mentioned above.

Section IV. Market Sector Structure & Trends

Retail Food Sector

Health, well-being, and the environment remain key purchasing factors for Australian consumers. Portion sizes are increasingly important as consumers want quality over quantity and expect packaging to be informative and environmentally responsible. The value of Australian consumer-oriented, fish and seafood imports totaled US\$14.5 billion in 2022. The United States accounted for US\$1.4 billion or 10 percent of Australia's total food-related imports. Most of Australia's imports in these sectors are sourced from New Zealand, and the United States is the second largest supplier. For more information, please see the latest [Retail Food Sector](#) report.

Food Processing Ingredients Sector

Australia's food processing industry is the largest manufacturing sector in the country. The sector accounts for one-third of the country's total manufacturing industry. Meanwhile, the sector has over 16,000 enterprises and over 272,000 employees. The sector's revenue is mainly generated by large companies. The food manufacturing turnover for 2021-2022 was US\$ 87 billion. For more information, please see the latest [Food Processing Ingredients Sector](#) report.

Food Service Sector

The Australian consumer foodservice industry is valued at A\$56 (US\$40) billion. Australia's commercial foodservice sector is a competitive market, and with an ageing population, the institutional foodservice sector (aged care, hospitals, etc.) continues to grow. 2022 saw the start of the post-pandemic recovery for the hospitality industry in Australia. The eating-out culture significantly rebounded with most COVID-19

restrictions ending. Foodservice players, including pubs and full-service restaurants, returned to full strength. However, other factors like staff shortages and inflation hit the foodservice industry with new challenges in 2022, which strained industry growth. For more information, please see the latest [Food Service - Hotel Restaurant and Institutional Industry](#) report.

Market Trends

Redefining Value: Consumers are searching for affordable goods that are in line with their beliefs. Throughout 2022 and 2023, price and value for money have been on the top of consumer’s priorities. Australian consumers are choosing lower-price items such as private label, reducing luxury spending, and cooking at home more often.

Sustainability & Packaging: Australian consumers have become more conscious about what they eat and where it is coming from. The health of the planet has become a worldwide concern. Packaging has grown in importance in recent years, and innovative packaging is a valuable selling point in the Australian market. 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 would consider boycotting a product if it didn’t meet their environmental criteria. The [Australian Packaging Covenant](#) is a national regulatory framework that sets out how governments and businesses across Australia share the responsibility for managing the environmental impacts of packaging.

Positive nutrition: The drive to make food and beverages healthier continues to gain momentum in Australia. Australian consumers want to avoid being told what not to eat and instead look 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: There has been a spike in people trying to control their portion sizes. They don’t want to cut out certain food groups or flavors but are willing to control their food intake. Therefore, the quality over quantity mentality is an important consideration for marketers. Claim terms such as “portioned indulgence” or “treat size” convey that sensory benefits have not been foregone for health.

Section V. Agricultural and Food Imports

Key U.S. Agricultural Products to Australia (\$M USD)

Product Category	2018	2019	2020	2021	2022	% Change 2021-2022
Dairy Products	153.0	148.0	170.4	161.7	216.0	+33.5
Distilled Spirits	121.0	102.8	114.6	101.7	141.5	+39.1
Pork and Pork Products	227.0	301.8	253.1	195.4	133.1	-31.9
Dog and Cat Food	86.0	87.7	84.2	93.4	127.7	+36.7
Food Preparations	130.0	106.2	105.8	121.2	114.8	-5.3
Fresh Fruit	106.0	98.8	95.3	88.2	89.4	+1.4
Forrest Products	123.0	101.2	82.4	108.5	78.4	-2.7
Condiments and Sauces	44.0	42.4	40.9	43.0	58.4	+35.8

Dextrins, Peptones and Proteins	51.0	54.0	54.7	52.5	54.8	+4.1
Tree Nuts	91.0	92.3	72.9	56.0	51.3	-8.3
Processed Fruit	67.0	55.3	52.4	55.9	48.0	+14.1
Bakery Goods, Cereals and Pasta	42.0	45.4	46.2	42.3	47.4	+12.1
Chocolate and Cocoa Products	47.0	40.0	37.0	39.9	43.2	+8.3
Processed Vegetables	62.0	60.1	47.0	50.0	42.0	-16.0
Non-Alcoholic Beverages (excluding Juices)	35.0	33.8	44.7	32.8	39.7	+21
Seafood Products	59.0	44.1	44.0	32.1	38.1	+18.7

Source: GATS/FAS

Trade statistics can be obtained at the publicly available USDA/FAS Global Agricultural Trade System ([GATS](#)).

Products Present in the Market with have Good Sales Potential

- **Dairy Products:** cheese, whey, ice cream
- **Distilled Spirits:** whisky, vodka, gin
- **Fresh Fruit:** grapes, oranges, kiwi fruit
- **Processed Products:** snack foods, bread, pastry, mixes and doughs

Products Not Present because they Face Significant Barriers

- Fresh Apples
- Cooked Turkey
- Beef and beef products
- Fresh/frozen poultry

Section VI. Key Contacts & Other Information

Office of Agricultural Affairs

U.S. Embassy
Canberra, 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/>

Food & Beverage Importers Association

Email: info@fbia.org.au

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

Attachments:

No Attachments