MARKET STUDY SERIES

A BRIEF FOR CANADIAN MANAGERS

CANADIAN TRADE COMMISSIONER SERVICE – AUSTRALIA
EXTERNAL AFFAIRS AND
INTERNATIONAL TRADE CANADA

SCOPE OF REPORT

This report is designed to alert the Canadian fish processor and exporter to the opportunities offered by the Australian market. After looking at the Australian industry itself, the gaps in that industry are identified and the opportunities for the overseas supplier are exposed. Also treated are market access, restrictions, health requirements and packaging and labelling.

All this adds up to an attractive market for the long-term overseas supplier.

AUSTRALIA

A Market for Fish

and

Fish Food Products

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I. AUSTRALIA IN BRIEF

Australia, the Island Continent, is approximately the same size as Continental U.S.A. but has a population of only 16 million. One-third of the land mass is tropical with the balance in the temperate zones. In general the interior is dry and arid with large deserts the dominant feature, while the coastline is relatively fertile. Therefore, the population is concentrated around the coastline particularly the southeast and to a lesser extent the southwest. The three major cities are found along the southeast fringe, with Sydney (3.7 million) and Melbourne (3.0 million) the largest and therefore the major commercial and financial centres.

The two major cities are separated by 800kms. Regular flights connect Sydney to Melbourne in one hour, to Brisbane in 70 minutes, to Adelaide in 90 minutes and to Perth in three and a quarter hours. Australia does not pose any cultural or commercial problems for the Canadian businessman.

The best time to visit Australia is in fact most of the year, but the period from early December through the end of January should be avoided at all costs if your visit is primarily of a business nature. The Summer, Christmas and New Year all combine to make this period the most popular and common holiday season.

Suitable clothing is very light from November through March, and medium weight April through October. A suit and tie is expected on formal business calls.

The 14-hour time difference between Sydney and Toronto (17 hours in the case of Vancouver) and the long trip (17 to 22 hours) makes it essential to take at the very least a 24-hour rest to counter jet-lag.

Australia uses the metric system of weights and measures, and standard electricity supply is 240 volts 50 hertz.

Canada-Australia trade has a long history with shipments of lumber from B.C. dating back to the 1850's. Canadian exports to Australia passed the $1 billion mark during the 1989-90 financial year.

II. AUSTRALIA'S FISHERIES INDUSTRY

A. General Considerations

Although Australia is the Island Continent and is surrounded by vast oceans, owing to its narrow continental shelf the country's fish resources are not as abundant as might be expected. With few exceptions, no specie is found in numbers or consistency of catch to warrant a viable processing industry. The one true exception is Orange Roughy (Hoplostethus Atlanticus) which is now caught in sufficient numbers to allow some exports to North America. In the main, however, the Australian fish catch ends up on the floors of the wet fish auction markets located in the main population centres.

b. Exports

Australia has traditionally exported in value more fish and fish products than she imports, thanks mainly to such high-value resources as crayfish or rock lobster (Jasus Novaehollandiae and Panulirus Cygnus), exports of which earned $180 million in fiscal year 1988-89 (1 July-30 June). Other export earners include prawns - $189 million, and abalone - $128 million. In fiscal year 1988-89 Australia earned $564 million from exports, and paid $413 million for imports, of fish and fish products ($726 million vs $406 million in 1987-88). In 1988-89 the value of fisheries production was estimated at $875 million, down from $909 million the previous year. Value by category in the same year was finfish $248 million, lobster $252 million, prawns $246 million, and molluscs $154 million.

c. Consumption

The apparent per capita consumption of fish foods in Australia is 17.3kg, and compares with 86.6kg for red meats and 20.0kg for poultry. Of the fish and fish food products consumed locally, 52 per cent are imported.

III. AUSTRALIA'S IMPORTS OF FISH PRODUCTS

a. General

Australia's bill for imported fish products in 1988-89 stood at $413 million, of which the major categories were Hake fillets and Hake blocks $46.7 million (down from $53.8 million in 1987-88), "other" fillets $40.8 million ($42.9 in 1987-88), canned salmon $71.8 million ($48.2 in 1987-88), canned sardines $14.2 million, prawns $96.6 million, and canned or processed other crustaceans and molluscs $62.0 million.

b Specific Products

"Other" fillets include Deepsea Perch, Teraki (Bream), John Dory, Smooth Dory and Hoki (Grenadier) from New Zealand, Ling from New Zealand and Chile, Nile Perch (Uganda), Turbot (Greenland, Iceland and Canada), Cod (Scandanavia), Whiting (U.K.) and Pollock (Alaska).

Major suppliers to the Australian market in the 1988-89 fiscal year were, in order:

Thailand	$68.0 million
New Zealand	$62.2 million
Canada	$48.1 million
Malaysia	$30.9 million
U.S.A.	$30.3 million
Korea	$20.8 million
Japan	$17.3 million

c. Canada as Supplier

The feature of Canadian sales to Australia is canned salmon and Canada's fluctuating position as a supplier is highlighted by shipments of that product - from second in 1986-87, to fourth in 1987-88 and back to third in 1988-89. Canned salmon sales in those periods were, in order, $33.5 million, $18.2 million and $35.4 million.

In addition to canned salmon, Canada supplies a broad range of product which brings total imports of fish products from Canada to a value of $48.1 million (thus canned salmon constitutes 75.4 per cent of the total). Of the balance, notable items include canned sardines $3.0 million, frozen fish $2.7 million, and smoked fish (mostly smoked salmon) $4.1 million. Under the category of frozen fillets (hake and "other"), for which Australia paid out $58.0 million, Canada supplied a mere $554.000, or less than one per cent!

Opportunities do exist for Canada to export more fish and fish food products to Australia but efforts down the years have seen no significant change from the predominance of canned salmon. This might be put down to a number of reasons, including Canada's apparent inability to compete with traditional suppliers of the staple requirement, namely, a white, relatively bland fillet. Efforts to market Canadian hake in Australia have produced few results since the Canadian product, with soft, wet flesh is quite unsuited to its major use in Australia, namely, the convenience and fast food, particularly the fish-and-chip, market.

d. Opportunities

Opportunities to increase market share exist, particularly in the following areas (figures are Australian imports during 1988-89):

Frozen fillets (excl hake)	$40.8 million
Smoked fillets	$10.7 million
Canned crustacea and molluscs	$46.6 million
Canned herrings	$ 3.9 million

Canned sardines	\$13.9 million
Fish preparations (paste, caviars, etc)	\$13.2 million

The attached tables provide statistical detail of Australia's fish and fish food imports.

To be more specific, Canadian suppliers should look to Australia as an attractive market for filleted fish of the species listed earlier in this article that have been traditionally imported to satisfy the requirements of the Australian market.

Thus, potential should exist, provided price is right and presentation is acceptable, for Canadian Halibut, Turbot, Plaice, Redfish, Cod and even Dogfish. Also currently in demand are Scallops and Squid Tubes.

e. <u>Main end-use</u>

Of imported fillets approximately 85 per cent are used by the catering and institutional market, while the balance finds its way to the supermarket and fish retail trade or is used in value-added processing, e.g. convenience meals. As stated earlier, the greater part of the Australian catch ends up on the floor of the central fish auction markets for the retail and catering trade.

IV. IMPORT REGULATIONS AND REQUIREMENTS

a. <u>Access and Restrictions</u>

Market access is basically unresticted with the exception of fresh

salmonids, which are import banned. Salmon and trout flesh must heat smoked under prescribed conditions in plants approved by the Australian quarantine authorities (details may be obtained from your local office of the Department of Fisheries and Oceans).

[As an observation, Australia has established, on the island state of Tasmania, a viable Atlantic salmon industry which is presently suffering from an over-supply or limited-demand situation, whichever comes first. The producers are presently selling at between $12-14 per kg (down from $20.00 twelve months ago) for which the consumer is paying $18-20 per kg.]

All fish entering Australia is subject to quarantine inspection for mercury content. For practical purposes, this inspection is confined to species of the shark family. The limit on mercury content is .5 PPM.

b. <u>Duty</u>

With the exception of canned tuna, skipjack and bonito (13 per cent of FOB value), all fish products enter Australia duty free.

c. <u>Importers and Terms of Trade</u>

All imported product is brought in by prime importers who sell to distributors and to major retail chain groups (a list of major prime importers is attached).

While letter of credit terms are acceptable, long-term suppliers normally provide, and are expected to provide, such terms as sight draft or 30 to 60-day bank draft.

Quotations, unless otherwise stipulated, should be in Canadian dollars C&F Australian port, basis (20ft) container shipment.

d. Packing and Labelling

Fillets are required shatter-pack interleaved in either five or 10 kilogram boxes. In general, importers will provide details of their particular packaging requirements.

Canned product, because it is for direct retail sale, must confirm to specified requirements. Normal canned salmon sizes are 105, 210, 220, and 450 grams; sardines very through 42, 100, up to 125 grams.

Without exception, the importer will specify packing and size requirements in detail. The same applies to labelling, and where necessary artwork also will be provided.

Attached is a list of regulatory bodies that may be contacted for specific details of health, packing and labelling requirements.

CONCLUSION

Australia is a sophisticated and price-conscious market for fish products and therefore presentation, consistent quality, and continuity of supply are of paramount importance. It can be expected that Australian importers will not even acknowledge an offer that is by international standards not reasonable. The market, however, is a reliable one and one that generally pays as specified.

AUSTRALIAN IMPORTS

Table 1: Canned Fish

Country	1987/88 Tonnes	1987/88 $'000	1988/89 Tonnes	1988/89 $'000
Herrings	839	3013	1239	3861
Salmon	5985	48232	7897	71762
Sardines	3300	14213	3463	13939
Tuna	4228	13141	7022	22059
Anchovy	298	3157	456	4175
Other	1451	4288	1164	3582
TOTAL	16100	86045	21240	119377

AUSTRALIAN IMPORTS

Table 2: Canned Herring

Country	1987/88 Tonnes	1987/88 $'000	1988/89 Tonnes	1988/89 $'000
Canada	139	592	174	657
Germany F.R.	317	1279	523	1682
Netherlands	127	411	228	626
Korea Rep.	70	121	9	15
United Kingdom	63	167	10	30
Other Countries	123	442	295	851
TOTAL	839	3013	1239	3861

Table 3: Canned Salmon

Country	1987/88 Tonnes	1987/88 $'000	1988/89 Tonnes	1988/89 $'000
Canada	1923	18589	3459	35370
New Zealand	403	1105	730	2773
Korea Rep.	680	5069	430	3469
Thailand	163	766	620	3733
U.S.A.	2826	22960	2631	26260
Other Countries	-11	-256	27	157
TOTAL	5985	48232	7897	71762

Table 4: Canned Sardines

Country	1987/88 Tonnes	1987/88 $'000	1988/89 Tonnes	1988/89 $'000
Canada	485	2416	659	2981
Japan	44	167	39	99
Norway	692	5972	489	4310
Portugal	80	235	217	641
Korea Rep.	157	352	138	289
Spain	36	130	64	216
Thailand	1112	2286	875	1799
United Kingdom	235	1382	381	2143
Yugoslavia	151	310	404	722
Other Countries	308	964	198	740
TOTAL	3300	14213	3463	13939

AUSTRALIAN IMPORTS

Table 5: Fresh, Chilled, Frozen Fillets

Country	1987/88		1988/89	
	Tonnes	$'000	Tonnes	$'000
Argentina	6843	17160	1208	2326
Canada	113	599	128	554
China	16	77	13	56
Chile	3029	9648	2680	7509
Denmark	27	165	45	138
Germany F.R.	18	83	0	0
Fiji	6	26	3	9
Hong Kong	56	279	64	216
Iceland	16	20	70	264
Indonesia	29	176	92	472
India	2	13	0	1
Italy	64	240	0	0
Japan	483	2028	139	557
Kenya	153	607	248	698
Malaysia	3	8	19	55
Netherlands	335	1853	341	1585
Norway	57	310	35	186
New Zealand	3335	16542	3919	18900
Philippines	0	3	1	2
Papua N.G.	83	711	41	362
Poland	636	1752	41	362
Portugal	85	266	16	29
Korea Rep.	481	1706	95	408
South Africa	18	62	0	0
Seychelles Rep.	2	13	0	0
Singapore	1348	4475	693	1849
Solomon Islands	0	0	5	41
Spain	1818	6524	830	2633
Taiwan	786	1886	491	1763
Thailand	490	2396	527	2466
United Kingdom	821	4037	1125	5872
Uruguay	4730	14379	749	1914
U.S.A.	22	97	11	62
Vietnam S.R.	941	4036	873	3243
Other Countries	1382	5585	1656	3152
TOTAL	28230	97762	16028	59456

AUSTRALIAN IMPPORTS

Table 6: Frozen Hake Fillets

Country	1987/88 Tonnes	1987/88 $'000	1988/89 Tonnes	1988/89 $'000
Argentina	6297	15322	892	1675
Chile	2618	8149	2026	5102
S. Korea	234	545	0	0
Portugal	84	258	0	0
Japan	379	1474	77	285
Singapore	124	437	28	92
Spain	1803	6469	783	2492
Uruguay	4591	12913	715	1862
Other Countries	1927	7223	1495	5419
TOTAL	18057	53791	6015	16927

AUSTRALIAN IMPORTS

Table 7: Other Frozen Fillets (excl Hake)

Country	1987/88		1988/89	
	Tonnes	$'000	Tonnes	$'000
Argentina	546	1839	317	650
Canada	103	559	110	445
Chile	35	127	64	199
China	14	71	12	55
Denmark	3	23	0	0
Hong Kong	44	198	64	216
Iceland	16	20	70	264
Japan	94	465	41	143
Netherlands	316	1751	1241	1585
S. Korea	238	1112	95	408
Norway	57	310	32	172
New Zealand	3035	14993	3153	15833
Papua New Guinea	80	691	39	348
Singapore	1224	4038	655	1738
Taiwan	507	1794	456	1653
Thailand	463	2323	519	2434
United Kingdom	1675	2596	1062	5656
Uruguay	123	429	18	24
Vietnam	941	4036	832	3098
Other Countries	1112	4416	1682	6009
TOTAL	9710	42995	9563	40927

ATTACHMENT 1

1. Useful Publication:

"Australian Fisheries" published monthly by the Australian Fisheries Service. Subscription: A$40.00 payable to the Australian Government Publishing Service, Canberra, ACT 2601, Australia.

2. Regulatory Bodies:

A. For packaging and labelling requirements:
Business and Consumer Affairs
PO Box 118
Belmore NSW 2192
Fax (02) 758 2691

B. For health requirements:
Health Department of NSW
PO Box 380
North Ryde NSW 2113
Fax (02) 888 7210

3. Canadian Trade Offices in Australia:

Canadian Consulate General
Level 8, AMP Centre
50 Bridge Street
Sydney NSW 2000
Fax: (02) 223 4230

Canadian Consulate
Level 6
1 Collins Street
Melbourne VIC 3000
Fax: (03) 650 5939

IMPORTERS OF FRESH-FROZEN FISH & FISH FOODS

Craig Mostyn & Co Pty Ltd
G.P.O. Box 5295
SYDNEY NSW 2001
Tel: (02) 957 4755
Fax: (02) 957 6864

Clive Smith & Co Pty Ltd
P.O. Box 195
GORDON. N.S.W. 2072
Tel: (02) 44 1945
Fax: (02) 44 1975

I & J Foods Pty Ltd
P.O. Box 42
ROSEBERY NSW 2018
Tel: (02) 662 6255
Fax: (02) 663 4587

Kailis & France Pty ltd
P.O. Box 280
MT. HAWTHORN WA 6016
Tel: (09) 444 9000
Fax: (09) 444 9235

Marine Food Distributors Pty Ltd
5 Wattle Crescent
PYRMONT NSW 2009
Tel: (02) 660 4444
Fax: (02) 660 1292

Poulos Bros (Wholesale) Pty Ltd
21-29 Banks Street
PYRMONT NSW 2009
Tel: (02) 692 8411
Fax: (02) 692 9934

Seven Seas Sales Pty Ltd
P.O. Box 494
PORT MELBOURNE VIC 3207
Tel: (03) 646 3635
Fax: (03) 646 1936

Prestige Fisheries Pty Ltd
26 Parsons Street
Rozelle NSW 2039
Tel (02) 555 7271
Fax (02) 555 7274

Catalano Seafoods Pty Ltd
1345 Albany Highway
Cannington, WA 6107
Tel (09) 451 9711
Fax (09) 351 8824

Edgell Div. of Petersville]
10-12 Clarke Street
CROWS NEST NSW 2065
Tel: (02) 436 8943
Fax: (02) 437 4126

Europa Epic-Cure Pty Ltd
17 Kellett Street
KINGS CROSS NSW 2011
Tel: (02) 358 6266
Fax: (02) 358 4510

Interfrost Pty Ltd
P.O. Box 416
NEWPORT NSW 2106
Tel: (02) 997 7533
Fax: (02) 997 7405

P. Manettas & Co Pty Ltd
P.O. Box 36
ROZELLE NSW 2039
Tel: (02) 818 2222
Fax: (02) 810 7174

Marine Product
Marketing Pty Ltd
Level 16, 207 Kent St
SYDNEY NSW 2000
Tel: (02) 251 4310
Fax: (02) 251 4141

Planet Fisheries Pty Ltd
Maribyrnong Street
FOOTSCRAY VIC 3011
Tel: (03) 68 4355
Fax: (03) 687 7647

Trend Seafoods Pty Ltd
246-256 Stewart St
East Brunswick, VIC 3057
Tel: (03) 380 1899
Fax: (03) 380 2130

Turcourt Pty Ltd
Suite 2, 4th Floor
275 Alfred Street
North Sydney NSW 2060
Tel: (02) 955 5281
Fax: (02) 957 4238

23/05/90

AUSTRALIA

Area	7,682,300km²
STATES	**POPULATION**
New South Wales	5,544,000
of which Sydney	3,392,000
Victoria	4,165,000
of which Melbourne	2,917,000
Queensland	2,593,000
of which Brisbane	1,157,000
South Australia	1,373,000
of which Adelaide	987,000
Western Australia	1,441,000
of which Perth	1,001,000
Tasmania	446,000
of which Hobart	178,000
Northern Territory	148,000
of which Darwin	68,000
Australian Capital Territory	265,000
of which Canberra	265,000
Total Population:	*approx 16,000,000*

Canadian Exports to Australia		
Visible	*850 million CAD*	
Services	*175 million CAD*	
Australian Exports to Canada		
Visible	*550 million CAD*	
Services	*60 million CAD*	
Australian Investment in Canada	*1.5 billion CAD (1988)*	
Canadian Investment in Australia	*3.3 billion*	

	Exports (billion CAD)	Imports
Food & live animals	*8.1*	*1.4*
Crude materials	*9.0*	*1.1*
Chemicals	*0.5*	*3.0*
Mineral fuels	*8.0*	*2.0*
Manufactured goods	*3.3*	*5.7*
Machinery	*1.7*	*15.2*
Total	*33.0*	*35.0*

Imports/Exports	**To**	**From**
Asean	*7%*	*5%*
China	*5%*	*5%*
EEC	*14%*	*24%*
Japan	*28%*	*24%*
USA	*10%*	*21%*
Canada	*1.5%*	*2%*

Climate	*Tropical (39%) and Temperate (61%)*
Languages	*English*
Weights & Measure	*Metric*
Electrical Power	*220V 3 Phase 50Hz*
Average Earnings (1987)	*CAD400 per week*
Principal Crops	*Wheat, Barley, Oats, Grain, Sorghum, Sugar cane*
Motor Vehicles	*9 million*
GDP (1988)	*CAD240 billion*