

# Webinar: Food and Beverage Opportunities in North East Asia

17 February 2011



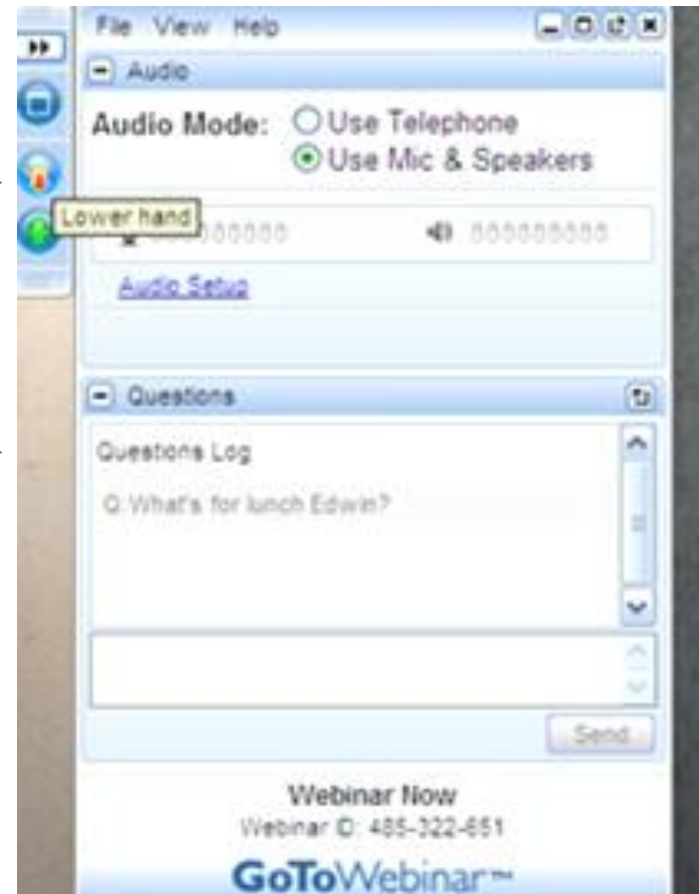
Australian Government  
Australian Trade Commission



# Ask a question

Raise hand

Type question



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# Agenda

- Introductions
- Food and Beverage Opportunities in North East Asia
  - ✓ Hong Kong & Macau
  - ✓ China
  - ✓ Taiwan
  - ✓ Korea
  - ✓ Japan
- Q&A

# Introductions



Austrade Hong Kong: Phil Ingram



Frances Cheung



Austrade Seoul: Myunghwa Lee Myungjin Kim



NEA Food Team Leader: Julie-Anne Nichols



Austrade China - Guangzhou: Yuling Zhang



Austrade Japan - Osaka: Takehiro Yoshimoto



Austrade Taiwan - Taipei: Duli Chang



Austrade Sydney : Rodney Commerford  
Australia **Unlimited**

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# Hong Kong

Webinar: Food and Beverage  
Opportunities in North East Asia

# Snapshot of the Market

- Area: 1,100 sq km (1/2 ACT)
- Density: 6,364 per sq km
- Population: 7.1 million  
530,000 expatriates  
50,000 Australians  
34 million visitors p.a.
- GDP per capita: US\$31,799
- Official languages: Chinese & English
- Economic growth rate: 5% (predicted 2011)
- Total Australian exports of goods and services to Hong Kong in 09-10 : A\$4.8 billion



# Market Overview

- No import duties (except liquors, tobacco, hydrocarbon oil and methyl alcohol)
- 99% dependent on imported food – mainly from China, Thailand, USA, Japan and Australia
- HK imports of beef & seafood : Australia is ranked No. 1
- HK imports of dairy & wine : Australia is ranked No. 2
- Sophisticated consumer market
  - ✓ Highly internationalised
  - ✓ High disposable income
  - ✓ Open to new products
- Looking for clean, safe and healthy food
- Re-exports to China and Macau



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# Major Trends

- Supermarkets buy directly from exporters, via local import agents, and through consolidators
- Expansion of high-end supermarkets, restaurants & bakery shops
- The trend for healthy lifestyle is driving the demand for organic & natural food and health food products
- High percentage of population that is 'dining out' is contributing to more product demand for food services



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# Current/Emerging Opportunities

- Travel retail packaged products for Asian/Chinese tourists
- Convenience, organic, healthy and functional foods
- Quality and safe baby food, special dietary or aged care food items
- Because of concerns for food safety, switch from Chinese to countries with good food safety and traceability
- Wine (packaged with point of difference when compared to other similar offers)
- New & Innovative!

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# Challenges and Issues

- Strong A\$ (HK\$ is pegged with US\$)
- Retail duopoly
- Open market – quality products are often competing on price
- AQIS certification is required for imports of
  - meat, seafood, dairy, egg products etc.
- New nutrition labelling law for pre-packaged foods :
  - Energy plus 7 core nutrients: (i) protein; (ii) carbohydrates; (iii) total fat; (iv) saturated fatty acids; (v) trans fatty acids; (vi) sodium; and (vii) sugars
- Proposed regulatory framework for pesticide residues in food

# Major Activities/Events in 2011

Event	Date
HOFEX	11~14 March
Asian Seafood Expo	6~8 September
Asia Fruit Logistica	7~9 September
Hong Kong International Wine & Spirit Fair	3~5 November
Australian Food Fairs with Supermarkets	
• Jusco	11-16 February
• Wellcome	11~31 March
• Park N' Shop	20 May~9 June



# HOFEX – 11~14 May 2011

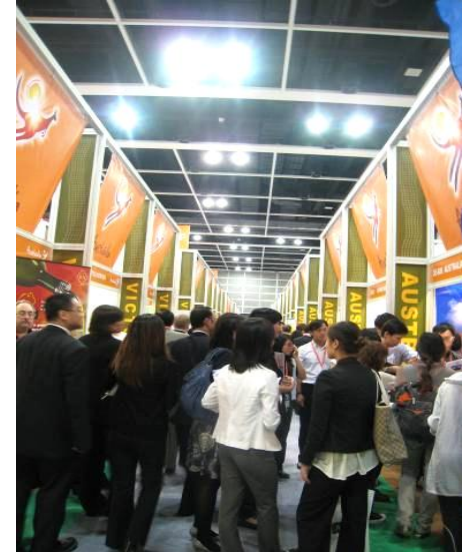


- Why Exhibit?
  - ✓ Meet all the Asian Buyers in 4 days
  - ✓ Best platform to launch new products
  - ✓ Maximise exposure & resources to get the products in front of target buyers
  - ✓ Most valuable 1<sup>st</sup> market research about the Asia region
  - ✓ Meet regional distributors biennially
- Exhibition fact in 2009
  - ✓ **Over 1,800** exhibitors from 48 countries & regions
  - ✓ **32,479** visitors from 95 countries  
(of which 8,699 are international visitors)
  - ✓ **41** National Pavilions
- Australian Pavilions in 2009
  - ✓ **Over 100** Exhibitors
- Visit [www.austrade.gov.au/Hofex2011](http://www.austrade.gov.au/Hofex2011) or [www.hofex.com](http://www.hofex.com)



# HOFEX - *Australian Pavilion*

- **Austrade value-added assistance and network**
  - ✓ Strong Australian branding
  - ✓ Austrade international marketing campaign
  - ✓ Listing in Australian exhibitor directory
  - ✓ International buyer delegations
  - ✓ Australian seminar & networking function - connect you with regional buyers
  - ✓ Assistance and facilitation of on-site meetings during the exhibition
  - ✓ Austrader networks: overcome language barriers
  - ✓ Post-show follow up (fee service may apply)



# HOFEX – Australian Pavilion (Hall 3D&E)



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# HOFEX – Australian Pavilion Contacts

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# Macau – Asia's Las Vegas

- 500,000 people in 29.5 sq km
- 23 million tourists – primarily from
- China
- Gaming and tourism dependent market
  - ✓ 70% of government revenue from gaming taxes
- Import dependent, still rely on transshipments from Hong Kong
- Air direct shipment is now possible







**China**

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# Snapshot of the Market

- Area: 9,600,000 square kilometres
- Population: 1.3 billion
- Per capita GDP of US\$4,400 (as of 2010)
- Official language : Mandarin
- Economic growth rate (in 2010): 10.1%
- Major cities: Beijing, Shanghai , Guangzhou
- China is Australia's largest merchandise export marketing, valued at \$46.5 billion in 2009-2010



Beijing  
Population: 20 million



Shanghai  
Population: 23 million



Guangzhou  
Population: 11 million

# Market Overview

- China is currently Asia's 2nd largest F&B market
  - ✓ Overall food consumption will grow by 58.21% to 2013,
  - ✓ Per-capita food consumption will reach US\$243, an increase of 109% on estimated 2008 levels (BMI)
- The market is becoming more sophisticated
  - ✓ Additional focus on health and wellness, convenience and premium products
  - ✓ Increasing consciousness of food safety and product origin
  - ✓ Increasing interest on value-added, high quality and premium products
- Increasing interest in western style food & lifestyle
- Increasing interest from major retailers in imported products
- Emerging second tier city markets with penetration of modern distribution channels
- Australia is the second largest bottled wine export country to China
- China is Australia's number one wine growth market and the fifth largest market by value overall.

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# Challenges and Issues

- Growing number of sanitary and phytosanitary (SPS) barriers and technical barriers to trade (TBT)
- Chinese label regulation for imported retail-pack food / consumer products
- Limited or no market access for some F&B products eg some fresh produce, game meats, etc
- Lack of reliable and consistent logistic handling facilities
- IP protection (trademark/logo registration and protection)
- Shelf life issue for packaged food
- Increasing competition from other countries
- Strong AUD

# What are local importers interested in?

- Dairy products (cheese, UHT milk, infant formula)
- Meat (Beef/Lamb/Kangaroo)
- Seafood (live, frozen, chilled)
- Fresh fruit (citrus, orange, mandarin, grape fruit, mango)
- Gift-pack food (chocolates, cookies, candies, snacks, etc)
- Fruit juice and drinks
- Honey
- Breakfast cereals
- Olive oil
- Coffee
- Food ingredients
- Organic food products

**Australian F&B products enjoy overall good country image in China market**



# Major Activities/Events in China in 2011

Event	Date
China International Wine & Spirits Exhibition in Beijing	17~19 April
SIAL China in Shanghai	18~20 May
Guangdong International Wine Spirits Expo in Guangzhou	26~28 June
Food Hotel China (FHC) in Shanghai	16~18 November
Australian Food Fairs with Supermarkets	
• AEON - Jusco stores in South China	25 March~7 April
• Ginkgo Huidu Department Store in Kunming	28 May~6 June
Austrade Proposed Buyer Missions to Hong Kong and Australia	



# Snapshot of the Market

- Area: 36,000 square kilometres
- Population: 23 million
- Per capita GDP of US\$19,155 (as of 2010)
- Official language : Mandarin
- Economic growth rate (predicted 2011): 5.3%
- Major cities: Taipei (5 million) & Kaohsiung (1.51 million)
- Total Australian export to Taiwan in 09-10 : A\$6,853 million





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# Market Overview

- Heavily reliant on imports due to limited natural resources and large affluent population.
- One of the highest per capita food spends in the region.
- Australia is the second largest supplier of agri & food products after the US. Major items include meat, seafood, grain and dairy products.
- An excellent testing ground for innovative but often expensive, new product launches.
- Potential gateway into China as major food manufacturers & retailers such as Uni-President, Ding Shin Group (Master Kong) Want Want, and RT-Mart have invested in China heavily.

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# Major Trends

- Chinese taste with strong international influence-following Western and Japanese consumption/lifestyle trends
- Consumers are willing to try new products but could be price sensitive and less loyalty.
- Due to busy lifestyle and health conscious, there are strong preference for convenient, healthy and hygienic products.
- Well-established modern hypermarkets/supermarkets retail outlets looking for products differentiate from competitors.
- Convenience stores become a growing force.

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# Current/Emerging Opportunities

- Organic products – bulk or retail package
- Healthy Food – packaged healthy foods, such as low sugar, low salt & low fat products, non-GMO
- Dairy products – full cream milk powder, infant formula milk powder, cream cheese, butter
- Bakery Ingredients
- Grains – hulled oats, instant organic oatmeal, instant organic flake, sorghum
- Other high quality package foods

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# Taiwan Wine Market

- The wine market was around US\$90 million in 2009. Australia accounts (2009) for about 9.2% of the import wine market after France (55.46%) and the USA (9.78%), and followed by Chile (8.7%).
- The average price per litre of wines export to Taiwan was US\$6.48 per litre, which is the first time higher than average price (US\$5.27).
- The local taste preferences are very sophisticated and are strongly influenced by local French wine appreciators.
- Good opportunities for ultra Premium/iconic wines (FOB A\$150+) while low price and medium price wines are too competitive.
- Food retailers such as RT-Mart and Costco are looking direct import opportunities.

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# Challenges and Issues

- International & local competition
- Strict import requirements – labelling, colouring and additives
- Non-Trade barrier – strict quarantine inspections
- High duties remain on some items
- Best quality, best price!

# Major Activities/Events in 2011

Event	Date
Taiwan Bakery Show	18~21 March
Dairy Australia Seminar	31 March & 1 April
Taste of Australia Promotion at Jasons	8~28 April
Taiwanese Buyers' Mission to HOFEX	11~14 May
Buyers' Mission to Sydney Fine Food Show	5~8 September
Buyers' Mission to Fruit Logistica	7~9 September

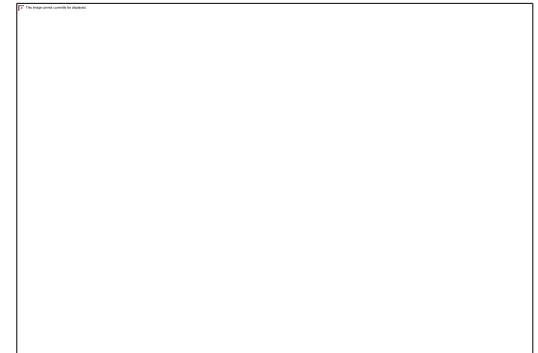
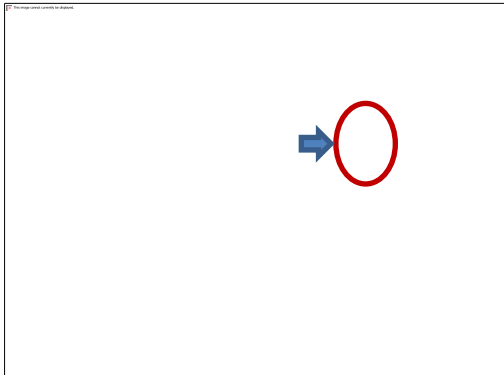


**Korea**

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# Snapshot of the Market

- Area: 99,000 square kilometres
- Population: 48.9 million
- Per capita GDP of US\$20,165 (in 2010)
- Official language : Korean
- Economic growth rate (in 2010): 6.1%
- Major cities: Seoul and Busan





# Market Overview

- South Korea is the world's 12th largest economy and Australia's 4th largest export market.
- Australia is the third biggest supplying country to Korea in terms of its agriculture and food related products followed by China and USA.
- Korea expects 4.5% GDP growth rate in 2011
- The final stage of the bilateral FTA discussion between Korea and Australia
- A favourable business environment in Year 2011 with the 'Australia-Korea Year of Friendship'
  
- Major products exporting to Korea

<b>Beef</b>	<b>US\$611 million</b>	<b>Stockfeed</b>	<b>18 million</b>
<b>Sugar</b>	<b>379 million</b>	<b>Barley</b>	<b>13 million</b>
<b>Wheat</b>	<b>338 million</b>	<b>Wine</b>	<b>11 million</b>
<b>Malt</b>	<b>44 million</b>	<b>Lamb</b>	<b>11 million</b>
<b>Cheese</b>	<b>34 million</b>	<b>Pet Food</b>	<b>8 million</b>
<b>Other dairy</b>	<b>27 million</b>	<b>Potatoes</b>	<b>2 million</b>
		<b>Pork</b>	<b>1 million</b>

Source: Korea Trade Information Service in 2009

# Major Trends

- Consumer's concern on origin of country and food safety
  - ✓ Preference on Australia as a country supplying clean and safe products
  - ✓ Quarantine and food inspection became reinforced
- Natural and health oriented food consumption trend
  - ✓ Increased demand on organic foods, natural & non GMO foods
  - ✓ Less usage of food additives, sugar & salt
  - ✓ Ongoing interest for the functional foods
- Direct purchasing trend of large retailers for imported products to reduce a middle margin
  - ✓ Emart & Samsung Tesco are interested in importing more products from Australia
  - ✓ Increased dependence on hypermarkets as a leading channel in retail sector
- The outbreak of Food-and-Mouth Disease in Korea
  - ✓ A total of 3million livestock were culled
  - ✓ The price increase of beef and pork in major hypermarkets & the shortage of fresh milk supply
  - ✓ Enquiries on importation of live dairy cattle, a breeding pig, beef, pork, UHT milk and dairy products

# Current/Emerging Opportunities

- Natural and organic products, Non GMO foods
- Convenient foods , Meal replacement snack/food
- Food ingredients : starch, wheat flour, soy grits/powder, beef bone extract, new functional ingredients, juice concentrate
- Bakery ingredients
- Dairy products : butter blend, cheese, milk powder, frozen cream
- Oil & fat : canola oil, sunflower oil, beef tallow
- Confectionary reducing fat and sugar
- Kids and baby snack/drinks
- Fruit juice based drinks
- Cereal, jam, beef jerky, dried/frozen fruits, nuts, frozen soup, frozen dough, sauces
- Fresh produce : oranges, cherries, asparagus
- Health foods



# Korea Wine Market

- Wine import in Korea Dec. 2010
  - ✓ Total : USD113M, Aussi : 7M, MS of 5.4%
  - ✓ 32% down since 2008 (from \$166M to \$113)
  - ✓ Retail wine market will grow \$956M by 2013 (datamonitor)
- Korea wine market has experienced 2 big falls in every 10 years and followed by rapid growth
- Anticipate min 10% growth this year
- Still wine sales : 95.2%, Sparking wine sales : 1%
- Hypermarket: 10,000 ~25,000 KRW (A\$10~25) accounts for 75% of off-trade sales
- On-premises
- For convenient stores, cheaper and sweet wines are the best selling ones
- Wine gift – considered as good substitute of meat, fruits and seafood gift for the gift seasons
- Korean large Jaebol's (conglomerates) takes wine business seriously – LG, SK, Maelil, Lotte, Shinsegae etc
- Many small players – strong in niche market (on –premises)
- Australia positioned well – medium to premium image
- Average price – A\$6.3) /litre

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# Opportunities & Challenges

- FTA between with Australia – expect FTA agreement within this year -> eliminate 15% customs duty on wine
- + signals of wine market growth since 2008 GFC
- Importers look for boutique wines with good international recognition
- Importers now recognise GI other than Barossa & McLaren Vale (diversifying regions & style)
- Strong Australian dollar
- Strong marketing activities by competitors (Italian, France)

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# Seoul Food and Hotel Korea 2011

- **Date** 26-29 April 2011
- **Location** Kintex in Seoul, Korea
- **Website** [www.seoulfood.or.kr](http://www.seoulfood.or.kr)
- **Application Deadline** 28 February 2011
  
- The Australian pavilion, a single largest Austrade Seoul event comprising food, beverage and wine sector with new brand Australia logo “*Australia Unlimited*”.
- Austrade Seoul’s value added services to Australian exhibitors
  - ✓ Australian food safety seminar, retail tour, on-site assistance with business matching, networking dinner
- Assistance program from state governments for exhibitors : VIC, NSW, SA
- Expected exhibitors : 30 companies

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# Seoul Food and Hotel Korea 2011

- **Contact person in Seoul**

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**Japan**

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# Market Overview

**Population – 127,433,000**

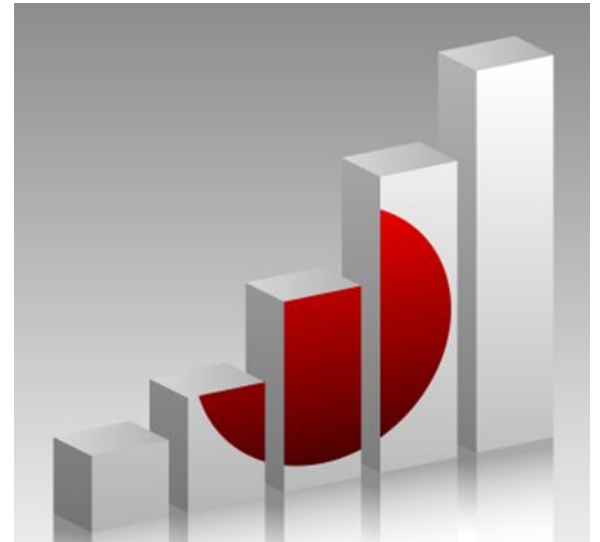
**Land Area – 374,444 sq.km**

**Currency – Japanese Yen**

- Japan continues to be Australia's No 1, and largest international market for food
- Australia's food export to Japan A\$5.8 billion (FY08-09)  
(20.5% of the total A\$28 billion)
- Export-driven economy
- Restarted EPA discussion with Australia
- Ageing population
- 4 recessions since 1992
- Backed by 127 million wealthy consumers  
& USD7-8 trillion of savings
- Accountability in politics and in business

# Major Trends

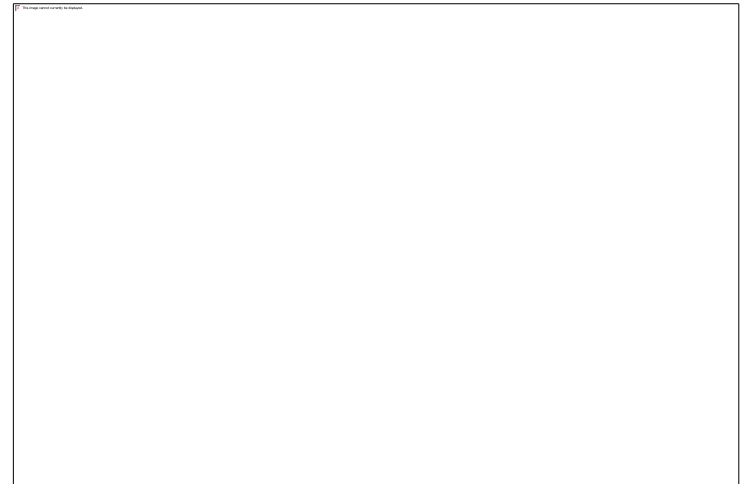
- Most of sub-sectors are mature
- Increasing demand for safe and traceable product
- Increased demand for Healthy, Natural, Functional, and Organic Products
- A growing demand for convenient and easy-to-prepare food products
- Rapid development of hypermarkets and discount stores
- Reduction of third party wholesalers – removal of the middleman, more direct importation
- Increased direct purchasing by retailers



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# Challenges and Issues

- Food self-sufficiency rate 40%
- Majority of consumers are price sensitive
- Exhausting competition
  - ✓ Expansion to international market
  - ✓ Expansion of scale (M&As)



# Major Activities/Events in 2011

Event	Date
Food Ingredients to Japan Project (launching) – IFIA International Food Ingredients to Japan	May
Taste of Tomorrow Japan Workshop/Forum	April
Australia Fairs at Hotels & Supermarkets	25 March to 15 April



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# Q & A Session

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**Thank You!**

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