



Growing
Australia's
food &
beverage
exports

Efic

Finance for
Australian
Exporters

Australia's food industry has an excellent reputation internationally, thanks to its 'clean and green' approach, strong regulatory framework and ongoing focus on sustainability.

This gives Australian food and beverage producers an edge over their international competitors, especially in those markets where consumers are happy to pay a premium for quality fresh and packaged food.

As a result, exporting continues to present a significant growth opportunity for Australian food and beverage producers, especially in Asia.

Our geographic proximity, the rising affluence of its population and free trade agreements provide an environment where Australian food and beverage can grow internationally and achieve export success.

Understanding how your food and beverage business can take advantage of these opportunities is key to developing your export strategy.

In this eBook you will get an understanding of:

- Australia's food and beverage export industry
- Our key export markets
- Where the new opportunities are
- The different paths to market
- What you need to consider before exporting
- How to access finance for your export contracts
- The support that's available for your business.

Growing Australia's food & beverage exports

Key insights – Australia's food industry

Australia's total food exports

\$40.8b

food and agribusiness exports in 2016

14%

of total Australian exports

6.1%

annual growth of agriculture and food exports over last 10 years

60%

of all our agricultural and food exports goes to Asia

Our main food exports



Meat

\$13.0b



Wheat

\$5.8b



Alcoholic beverages

\$2.4b



Vegetables

\$1.9b



Fruit and nuts

\$1.8b

Our key food markets



China

\$5.3 billion



Japan

\$5.0 billion



United States

\$4.6 billion



Republic of Korea

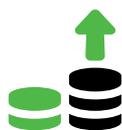
\$2.3 billion

Growth opportunities for food and beverage exporters



Global population growth

2.4 billion more people by 2050 means 60-70% more food needed



Rising incomes in developing countries

1 billion people expected to move out of poverty



Free trade agreements

Increased access and reduced tariffs across key export markets



Keep supply coming

Leverage Australia's reputation through creating efficient food supply chains

Australia's key food markets

China

1.3b

population

\$93b

total exports to China

\$5.3b

food exports to China

China is Australia's largest export market, with our reputation for food safety, quality and freshness being the key attraction for Chinese consumers.

As the 6th largest supplier of food to China, Australia's exports of \$5.3 billion rose by 40 per cent from the previous year, with online sales of fresh produce also increasing by 80 per cent.

Key export opportunities



Dairy products



Seafood



Fresh fruit



Beef



Milk powders



Baby food



Alcoholic beverages



Fruit juice

Free trade agreement

The free trade agreement between Australia and China, [ChAFTA](#), has been in force since December 2015, ensuring that over 96 per cent of exports to China are either duty-free or have preferential access.

Within the food sector, ChAFTA provides Australian producers with a significant advantage over our major competitors, like the United States, Canada and the European Union.

Japan

127m

population

\$39b

total exports to Japan

\$5b

food exports to Japan

As the third largest global economy, Japan's consumers have high disposable incomes and a willingness to pay for high quality and sustainable food products.

This ensures that everyone involved in Japan's food supply chain – food manufacturers, wholesalers, restaurant chains and supermarkets – are all interested in Australia's safe and price-competitive food and beverage exports.

Key export opportunities



Processed food



Wine



Yoghurt



Health food



Seafood



Fresh fruit



Fresh vegetables



Grains and pulses

Free trade agreement

The free trade agreement between Australia and Japan, [JAPEA](#), has been in force since January 2015, and has been described as the most liberalising agreement that Japan has completed.

JAPEA provides Australian food and beverage exporters with reduced tariffs and greater market access, ensuring a more level playing field when competing with both local and overseas firms.

United States

323m

population

\$21b

total exports to the US

\$4.6b

food exports to the US

As the 4th largest exporter of food products to the United States, Australia's food and beverage sector has an excellent reputation for quality among US consumers, especially when it comes to packaged food, organic products, speciality cheeses and confectionary.

Among the US trade sector, Australia is also recognised as a reliable and safe supplier of beef, and a leader in research and development around agribusiness, and food and animal science.

Key export opportunities



Beef



Meat (excl beef)



Wine



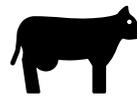
Vegetables



Food processing



Agri technology



Animal science



Aquaculture

Free trade agreement

The Australia-United States Free Trade Agreement, [AUSFTA](#), has been in place since 2005 and effectively eliminates almost all tariffs for Australian exports into the United States.

To benefit from tariff elimination under AUSFTA, your product must be considered an 'originating' good to be eligible.

South Korea

51m

population

\$20b

total exports to South Korea

\$2.3b

food exports to South Korea

South Korea is Australia's third largest export market, given its dependence on imported goods, with local consumers regarding Australia as a source of clean, high quality food products and ingredients.

Food exports from Australia play a vital role in supplementing South Korea's domestic supplies of food and raw materials for food processing purposes.

Key export opportunities



Beef



Sugar



Wheat



Wine



Corn



Dairy



Barley



Oil seed

Free trade agreement

The opportunities for Australian food exports have been strengthened since the Korea-Australia Free Trade Agreement, [KAFTA](#), came into force in December 2014.

Tariffs on nearly all of Australia's exports were eliminated, helping to improve market access, increase protection for investors and safeguard Australia's competitive position in this important export market.

New export markets

In business, timing is everything. Here are three overseas markets undergoing structural changes that will provide opportunities for Australian food and beverage producers.

The Middle East

As the Middle East looks to diversify its economy away from oil, significant government investment in other industries makes this export market worth considering.

Why the Middle East?



Expansion of supermarkets, with growing demand for Western fresh and packaged food



Government health strategy means increasing demand for natural and health food categories



Young professionals seeking premium, 'ready to eat' meals made from quality produce

The United Kingdom

While there are tariffs currently attached to Australian products, Brexit changes all that, opening the door for easier trade conditions.

Why the United Kingdom?



The potential for improved trade conditions via a free trade agreement post-Brexit



A growing market in which over half of the UK's food is already imported



Greater awareness about healthy eating is driving demand for health food, including 'gluten free' options

Brazil

While Brazil can be a complex market in which to do business, its demographics and growth outlook offers many export opportunities for Australian companies.

Why Brazil?



A large population with a sizable agricultural industry



Per capital income has doubled in 10 years to reach upper-middle-income status



Ongoing partnership between Australia and Brazil around agriculture and bio-security

Choosing the right path to market

Exporting is an excellent way for Australian food and beverage producers to grow their business, with several ways to access new international markets.



Build strong relationships

It's important that you spend time establishing relationships with those in your potential supply chain – from manufacturers and distributors, industry associations and representative organisations, right down to your end customer.

This will help you to take advantage of all new export opportunities that arise, as well as understand the risks that you need to manage, and know all of the costs and commissions that you'll need to pay.

[Austrade](#) has a range of resources and programs to help Australian food and beverage producers succeed overseas.

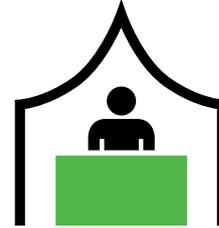


Increase your presence online

As demand for Australian food and beverages continues to grow, so does online sales, which is why having a strong online presence is vital when looking to export.

While online penetration in Asia is still relatively low, for example, this will continue to grow rapidly, allowing online sales platforms like Alibaba and JD.com to reach an enormous number of potential customers.

Being active on social media should also form a key part of your online strategy. Your presence on Facebook, Instagram, Pinterest and YouTube can be complemented by popular company-specific channels, like WeChat in China or Kakaotalk in South Korea.



Attend trade shows

Showcasing your food and beverage products at international trade shows and outbound missions can help your business build its brand and connect it with new market opportunities.

[FIAL](#), a food industry-led initiative, can help you make business connections through having a presence at the right trade shows.

FIAL also has a range of programs that will help you select the trade shows that will deliver the most value for your business.



Join food directories

The [Australian Food Catalogue](#) is an online guide that showcases 'export ready' Australian food and beverage producers to international buyers.

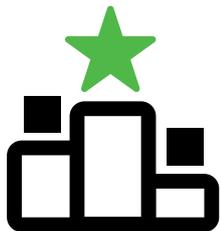
This eCatalogue allows buyers to understand Australia's supply capability across different food and beverage categories, and then create connections with you. Simply complete the Australian Food Catalogue registration form to find how it could help your business attract new buyers.

The [Australian Food and Agribusiness Directory](#) brings together food and beverage business across the value chain in one central location.

This directory will help you to connect with other businesses and find the right partners to help grow your export business.

The process of exporting

Regulatory requirements, logistics, licensing, branding – all will be different in every country that you target, and so need to be considered before you start exporting.



Product positioning

Overseas markets are very competitive. Your product's positioning in Australia may not translate into overseas markets.

Look closely at your successful competitors and focus on what differentiates your product from theirs.

The [FIAL](#) website has a workshop that will help you position your brand and products and provide a personalised export plan for your business.



Labelling requirements

Every country has their own labelling requirements for food and beverage products.

Australia also has labelling guidelines for exported products, especially around 'country of origin' and 'Australian made' claims.

[Business.gov.au](#) has detailed information around product labelling requirements.



Certification

Before you start exporting, you'll need to understand the certifications required for each market that you wish to target.

Having the wrong certification can be expensive, so be sure to review each country's certification and permit requirements individually.

The [FIAL](#) website has a range of workshops that will help get you and your business 'export ready'.



Protecting your IP/brand

While exporting offers increased exposure for your business and your brand, it does expose you to increased risks.

Having your brands, products and designs copied will reduce their value and undermine your ability to compete effectively.

You'll need to strike a balance between protecting your assets and managing your IP costs.

FIAL's workshop, [IP Protection & International Brand Building](#), can help you with this.

"My business has become a logistics business."

Carolyn Creswell, Carman's Kitchen

"Some of the challenges we have faced [include] understanding the colour on labels in some markets. Some of our Australian labels that have white on them don't work in China. We've now redesigned some of our labels."

Peter McDonald, Capilano Honey

For more information on how you can protect your IP when exporting, download the Efic and IP Australia eBook - [Protecting your IP overseas](#).

Exporting fresh fruit and vegetables

Your business structure will impact the way you get your product to market. It will also determine who accepts the risks and responsibilities throughout the export process.

If you're exporting fresh food or commodities there will be different requirements depending on the country importing your goods.

The Department of Agriculture and Water Resources has developed an online Manual of Importing Country Requirements (MICO_R). [MICO_R](#) provides country specific information including what documentation you need to provide.

Different business structures



Individual producer

Growers can establish their own export operations and develop relationships with logistics providers, importers, distributors and retailers in overseas markets.



Online

Growers can sell their products through online channels. There are a range of business models; some platforms may take ownership of the product and also act as exporter, others only list the product and growers have to sell directly to end consumers.



Large exporter/brand

Growers can work with large exporters who will trade their product and export it under their own brand.



Trader/consolidator

Growers can work with traders who will trade their product, consolidate it with other products and export it through their networks.

Steps to consider when exporting your fresh fruit and vegetables

- 1 PREMISES** must meet export requirements Register: *
 - production site
 - packing shed
 - treatment facilities
 - export facilities
- 2 PRODUCT** must meet market-specific protocol requirements including:
 - inspection
 - treatment, certification
 - labelling
 - packaging
- 3 SECURING FTA BENEFITS** where relevant, including tariff reductions claimed by the importer
- 4 FINDING CUSTOMERS/IMPORTERS** in market Understanding market dynamics and marketplace competition
- 5 MAINTAINING CUSTOMER/IMPORTER RELATIONSHIPS** (including international travel)
- 6 RESPONSIBILITY FOR BRAND/MARKETING MATERIAL** including point-of-sale material, media and PR activities
- 7 MANAGING FOREIGN CURRENCY TRANSACTIONS AND RISK**
- 8 RESPONSIBILITY FOR LOGISTICS SUPPLY CHAIN** including preparation, freight movement and associated documentation (both domestically and in-market) - check INCO-terms for more information
- 9 ABILITY TO MEET REQUIRED VOLUME, QUALITY STANDARDS AND PRODUCT RANGE REQUIREMENTS** throughout the season/year

*depending on the protocol requirements

The information on this page is from Austrade's Fresh Fruit and Vegetable Export Requirements website. [Visit the website for more information.](#)

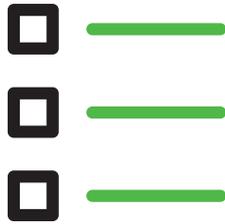
Financing an export contract

We know that food and beverage producers face many ongoing challenges.

Financing issues, fluctuating prices, varied payment terms and seasonal changes – not to mention the significant lag between production and payment.

And financing becomes even more important when exporting and your focus moves to competing against global companies for supply contracts.

While many exporters find it difficult to access the finance they need, help is available from a range of sources.

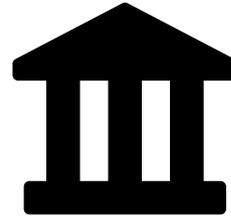


Start by considering your options

When an export contract comes in, think carefully about how you could finance it.

Could you fund it without taking on too much debt or putting further strain on your cashflow?

Would your new client or suppliers be able to help, through upfront payments or better invoicing terms?



Speak to your bank

Your business banker can assess your new export contract and advise you on your best course of action. Your bank may be able to offer you a secure loan or commercial bill facility to help you with financing your new export contract.



Think about alternative sources of funding

If your bank is unable to help, you still have options. There are federal and state grants that could help with advertising and business development costs.

The [Export Market Development Grant](#), administered by Austrade, is one financial assistance program for exporters that is worth looking into.



Financial support from Efic

At Efic, we can help Australian food and beverage exporters receive the finance they need, when their bank may be unable to.

So whether you need a cashflow boost to produce your product, package it for sale, or transport your consignment overseas, you've got [options with Efic](#).

How Efic can help...

As Australia's export credit agency, we have a proven track record in helping Australian food and beverage producers take advantage of new export opportunities through our range of tailored financial solutions.

What does your business need?	How Efic can help...	What our clients say...
We need finance to pay for production costs.	Export Working Capital Guarantee We provide a guarantee to your bank if your company doesn't have the assets that your bank requires as security to approve further working capital.	"Efic's support enabled us to deliver on an important contract that otherwise would have been very difficult." Saydul Ruman, Sole Director, Agri Direct Australia
We need additional plant and equipment to support an increase in export orders.	Export Contract Loan Where we provide a loan to support a specific export contract, or multiple export contracts with different buyers.	"Efic's Export Contract Loan has been very important for us, as it's helped us to fulfil the growing demand from Singapore, while our expansion project was underway." Torben Sorensen, Founder and Managing Director, GD Pork
We need a quick cashflow boost for a new export contract.	Small Business Export Loan An unsecured loan of up to \$350,000 with an easy online application designed for small business exporters with a turnover of up to \$10 million.	"The loan has meant that I've paid all the duties and fees – so it made it possible to ship my order." Nigel Ludlow, Founder, Evoi Wines

Oz Varieties

According to Roger Horak, Founder of Oz Varieties, blueberries are the next big ticket when it comes to fruit production and innovation.

“The European blueberry market alone has increased year on year by a minimum of 15 per cent since 2011 and is projected to increase by 95 per cent by 2020, currently the EU market is worth EUR\$392m. This is projected to grow to EUR\$765m by 2020*,” said Roger.

Historically Roger’s business, United Exports, has focused on the commercialisation of the Oz Peach breeding program which focuses on low-chill varieties of peaches and nectarines, and earned a global reputation for excellence in early season stone-fruit varietal selection. With an established stone-fruit business in place, Roger started looking at opportunities for growth.

The blueberry story started in 2006 when Roger met Dave Mazzardis, who had bred the Oz Peach varieties and had already been working on his blueberry genetics. Roger invested in a blueberry breeding program with Dave who focused on developing new varieties of blueberries that would thrive in new low chill environments around the world.

“Our blueberry varieties are now licensed around the world including in Chile, Peru, Morocco, Mexico, Australia, Europe and the US.

Our main challenge has been how to increase our income stream from our fruit production to further invest in developing new blueberry varieties that will continue to bring royalty income to Australia,” explained Roger.

The business started looking at the latest machinery available that would substantially increase blueberry production output at their packing facility, enabling it to better meet the burgeoning demand for blueberries in its key markets and fund its plant breeding program.

“These highly technical machines automate the process of sorting and packing blueberries. This automation will improve volume, reduce wastage, and increase efficiency by automatically segregating blueberries by quality, weight, colour, and size (which is currently done by hand).”

Having found the machines, the business needed asset finance to purchase them. With their asset finance contact unable to provide the support needed, Oz Varieties contacted Efic.

“The team at Efic were fantastic. This type of solution needed thinking outside the box, Efic was able to do that and provide a loan to help us finance two new sorting and packing machines for our production facility,” said Roger.

Efic was able to provide Oz Varieties with a A\$1.1 million loan to support the purchase of the new packing machines.

“We’ve now taken our production efficiency from 70-80 per cent to as high as 98-99 per cent. There have been massive improvements that these machines have made.”

“There’s an extra 30 per cent of fruit that we are now earning income on. Every year that 30 per cent will make massive impact on funding our plant breeding program and increasing royalty returns to Australia,” said Roger.

“Without Efic our business growth would have been severely impacted. Efic’s help means we had the ability to improve our efficiencies and make the business that much more commercial. It’s been fantastic. We’re definitely planning to further our relationship,” said Roger.

*according to Euromonitor 2017



The support that is available

Getting the right advice about exporting is crucial to growing your business internationally. Here are some resources that will help to set your food and beverage business up for export success.



Austrade

For information on current export opportunities, key export markets and help accessing the right people in these markets.

austrade.gov.au



FIAL

An industry-led initiative to fuel growth throughout the food and agribusiness industry.

fial.com.au



Export Council of Australia

Provides education and assistance to help Australian companies succeed overseas.

export.org.au



Efic

Efic is the Australian Government's export credit agency and supports Australian businesses with export finance solutions to help them go global.

www.efic.gov.au



Australian Government
Department of Agriculture

Department of Agriculture and Water Resources

Around two-thirds of Australia's agricultural products are exported. The Department of Agriculture and Water Resources provides export controls and assistance on exporting goods from Australia.

www.agriculture.gov.au/export



Australian Food & Grocery Council

Represents the manufacturers and suppliers behind Australia's food, beverage and grocery brands.

afgc.org.au

There are lots of different things to consider when looking to growing your food and beverage business.

Working closely with experts will help you set your business up for success.

If you would like further information or to have a discussion about funding solutions for your food and beverage business, please call Efic on 1800 093 724 or send us an enquiry via our website and we will come back to you soon.

The logo for Efic, featuring the word "Efic" in a white serif font centered within a dark blue square.

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