



AUSTRALIAN
**FOOD &
GROCERY**
COUNCIL

Food and Grocery Export Growth Strategy

2023



About AFGC

The Australian Food and Grocery Council (AFGC) is the leading national organisation representing Australia's food, beverage, and grocery manufacturing sector.

With an annual turnover in the 2021-22 financial year of \$144 billion, Australia's food and grocery manufacturing sector makes a substantial contribution to the Australian economy and is vital to the nation's future prosperity.

The diverse and sustainable industry is made up of over 17,000 businesses ranging from some of the largest globally significant multinational companies to small and medium enterprises. Each of these businesses contributed to an industry-wide \$3.2 billion capital investment in 2021-22.

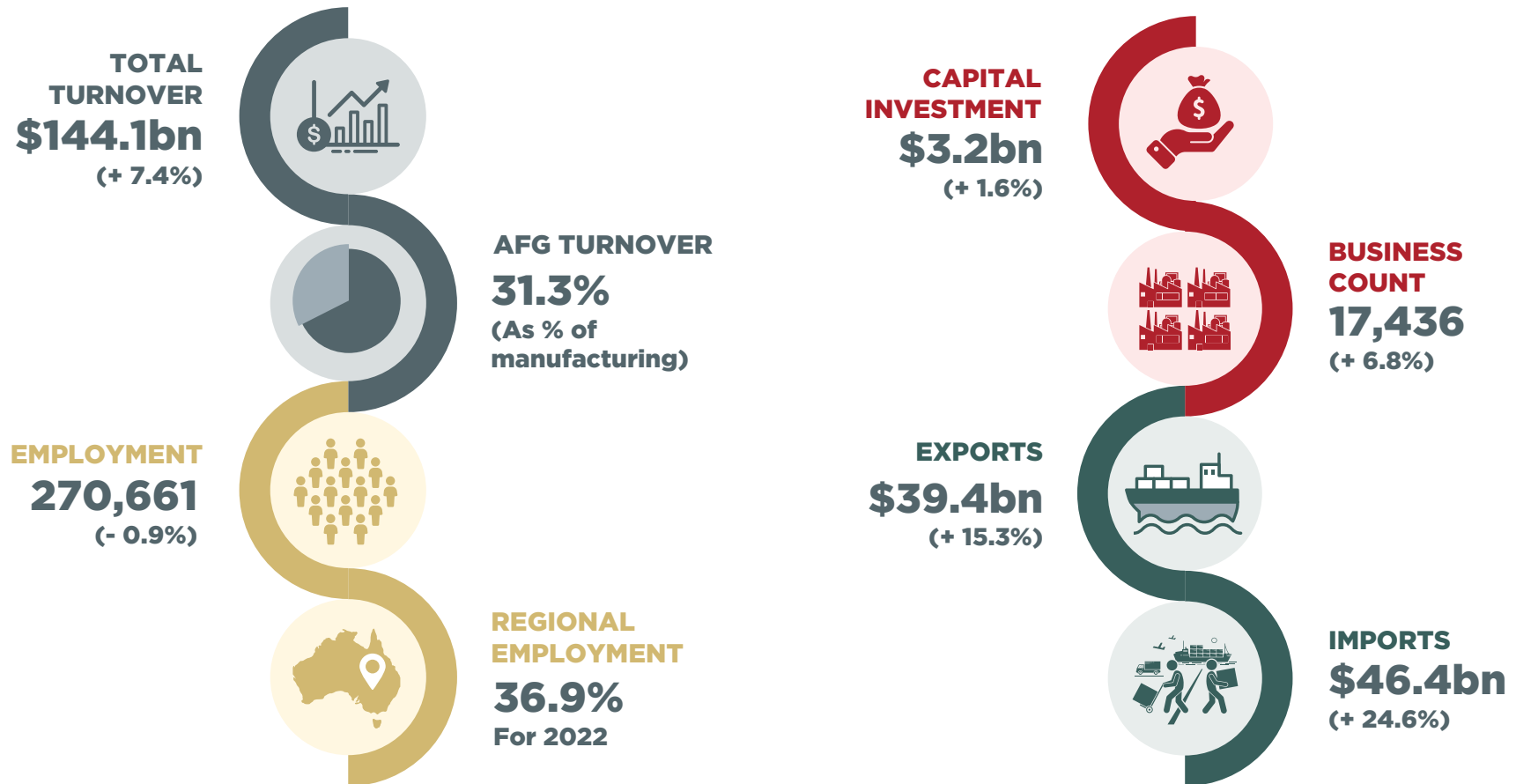
Food, beverage, and grocery manufacturing together form Australia's largest manufacturing sector, representing over 32 percent of total manufacturing turnover in Australia. The industry makes a large contribution to rural and regional Australian economies, with almost 40 percent of its 271,000 employees being in rural and regional Australia.

It is essential to the economic and social development of Australia, and particularly rural and regional Australia, that the magnitude, significance, and contribution of this industry is recognised and factored into the Government's economic, industrial, and trade policies.

The industry has a clear view, outlined in Sustaining Australia: **Food and Grocery Manufacturing 2030**, of its role in the post-COVID-19 recovery through an expansion of domestic manufacturing, jobs growth, higher exports, and enhancing the sovereign capability of the entire sector.

State of Industry

2021-22



The figures on this page exclude the fresh food sector and are based on 2021-22 ABS data.

1: This is total number of employees, head count basis and does not include seasonal employees.

2: Gross fixed capital formation for food, beverage and tobacco manufacturing subsector is taken as indicator of capital investment.

Disclaimer and acknowledgement

Disclaimer

The AFGC is not, by means of this publication, rendering business, financial, investment, trade, legal, tax, or other professional advice. Professional advice should be sought independently, including advice on regulatory requirements for exporting to and selling food and groceries. Exporters should always reference source documents directly to ensure access to the most timely and relevant information. The AFGC will not be held responsible for loss or damages sustained by any person or entity relying on the information in this publication.

Acknowledgment

The AFGC acknowledges the professional expertise and support provided by the **Australian Centre for International Trade and Investment** in developing the document.

The logo for the Australian Centre for International Trade and Investment (ACITI). It features the letters 'ACITI' in a large, bold, sans-serif font. The 'A' and 'C' are orange, while the 'I', 'T', and 'I' are black. To the right of the letters, the full name 'Australian Centre for International Trade and Investment.' is written in a smaller, black, sans-serif font, with 'and' in red.

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Executive summary

The Sustaining Australia Food and Grocery Manufacturing 2030 report released in 2020 laid down the vision to double the size of the sector by 2030. The report set a target of \$112 billion for food and grocery exports by 2030 and recommended developing an export growth strategy.

This Export Growth Strategy sets out a framework to achieve the target by identifying growth pillars, action plans, and policy recommendations.

Food and grocery exports at \$43 billion (2022-23) make up nearly one-third of the total turnover for the sector and contributes significantly to the overall growth of the sector. While China and US are dominant export destinations, the sector exports are concentrated with the top five industries contributing to over 76 percent of the total exports and top 15 markets making up 85 percent of the total. The meat processing industry has led the Australian food and grocery sector exports for over a decade with a contribution of 43 percent to the total.

Opportunity exists to recover and grow exports by leveraging on resilient demand from top trading partners led by rising middle-income populations and urbanization. Consumer mega trends like health and wellness, sustainability, personalisation, and convenience offer the opportunity to export innovative products to meet future demand. However, the industry must increase competitiveness, address barriers to export, and manage risks.

Through a coordinated strategy that addresses barriers and supports investment in innovation, capability, and export development, the sector can increase its share in the existing and new markets to meet the target.

Growth in Australian food and grocery exports will help with the expansion of domestic manufacturing resulting in more jobs and enhanced the sovereign capability to meet food security.



Framework and recommendations to grow exports





Background

Why an Export Growth Strategy?

Background

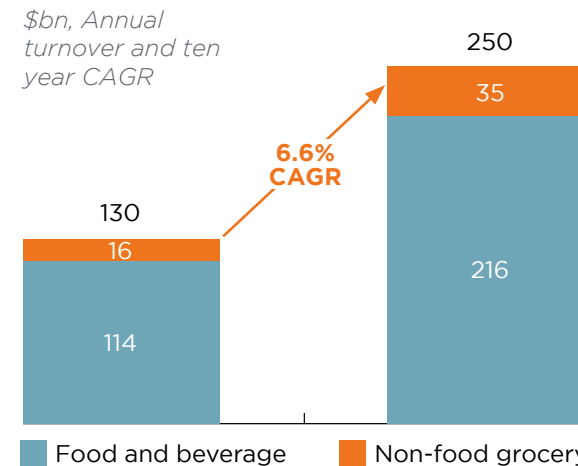
The Sustaining Australia Food and Grocery Manufacturing 2030 report released in 2020 laid down the vision to double the size of the sector by 2030. The report identified policies and made recommendations to accelerate the sector’s innovation and investment to develop new, high-value-added products and a modern and competitive sector.

To meet the high growth target of a turnover of \$250 billion by 2030, an export growth rate of 10 percent per annum was estimated at the time, resulting in an export value of \$112 billion in 2030.

The report recommended developing an **export growth strategy** identifying opportunities and export-enabling strategies.

Building on the Sustaining Australia Food and Grocery Manufacturing 2030 report, this Export Growth Strategy identifies the opportunities and policy recommendations required to deliver the export growth needed to double the size of the Australian food and grocery by 2030.

High Growth scenario: sector turnover



Source: Sustaining Australia Food and Grocery Manufacturing 2030

High Growth scenario: A \$250bn sector in 2030

\$bn	2020 estimate	2030 estimate	CAGR
Turnover			
Food and Beverage	114	216	6.6%
Non-Food Grocery	16	35	7.7%
Total Sector Turnover	130	250	6.8%
Exports			
Food and Beverage	33	92	10.7%
Non-Food Grocery	8	20	10.0%
Total Sector Exports	41	112	10.6%
Imports			
Food and Beverage	21	32	4.2%
Non-Food Grocery	19	26	3.1%
Total Sector Imports	40	58	3.7%

Source: Sustaining Australia Food and Grocery Manufacturing 2030

Impediments to progress

Since the release of the Sustaining Australia Food and Grocery Manufacturing 2030 report, the global pandemic, geopolitics, and supply chain challenges severely impacted the ability of the Australian food and grocery sector to grow exports.



GLOBAL

- » COVID-19 pandemic and related restrictions
- » Russia invades Ukraine: Feb 2022
- » Australia - China relationship trade tension
- » China lockdown till 2022
- » Slowdown in global economic growth
- » High costs and inflation
- » Israel/Hamas conflict and potential escalation in the Middle East.



SUPPLY CHAINS

- » Disruptions due to domestic border closure (2020-22)
- » International freight – cost and availability issues
- » Acute container and pallet shortages
- » Shortages of critical inputs (e.g. Ad-blue, imported raw and packaging material)
- » High energy/fuel costs
- » Move from Just in Time to Just in Case supply planning
- » Increase in inventory holdings



LABOUR

- » Labour shortages - farm labour, skill gaps, low migration.
- » International borders closed – from February 2020 to 1 November 2021

Developing a comprehensive Export Growth Strategy

A comprehensive export growth strategy is needed to identify opportunity markets, growth pillars, and action plans.



Objective

This Export Growth Strategy sets out to achieve the 2030 goal by:

- » identifying the growth pillars required to deliver on the target
- » establishing action plans to increase exports to priority markets
- » developing a framework and policy recommendations to deliver long-term export growth for the sector

Methodology

The export strategy was developed in discussion with the AFGC International Trade Advisory Committee and involved:

- » analysis of current export statistics from the Australian Bureau of Statistics (ABS) and international trade data sources.
 - » analysis of the current trade environment
 - » identification of emerging trends, risks, and challenges impacting future growth
 - » assessment of opportunities, growth pillars, action plans, and recommendations in consultation with key stakeholders.
- 



Current exports

Key points



Food and grocery exports make up nearly one-third of the total turnover for the sector and contribute significantly to the overall growth of the sector.



Australian food and grocery total exports was \$42.8 billion in 2022-23, recording 5 year compounded annual growth rate (CAGR)* of 4.5%.



The growth in exports has been predominantly driven by the Food Product manufacturing sub-sector with an export trade value of \$33.6 billion, or a growth rate of 5.3%.



Top five industries contribute to over 76% of the total exports with Meat Processing industry dominating the Australian food and grocery sector exports for over a decade with a contribution of 43% to the total.



China and USA are the dominant export destinations and Thailand and Republic of Korea recording the highest growth rate among top 15 destinations.



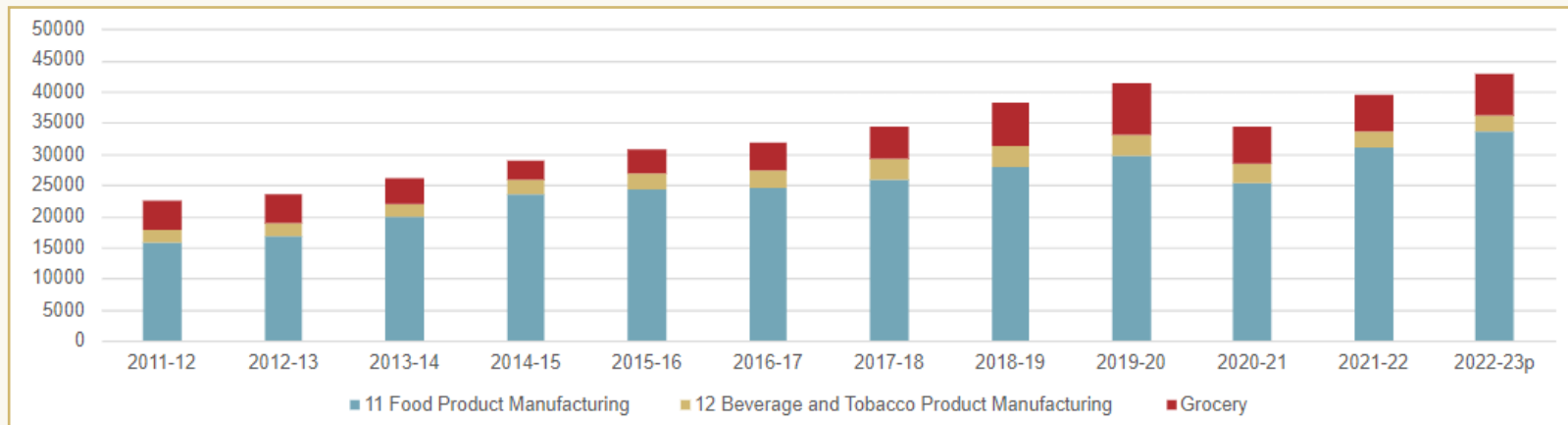
Victoria is the largest exporter followed by NSW and Queensland.

** unless specified all growth rates in the document are in 5-Year CAGR terms*

The sector exported \$42.8 billion of goods in 2022-23, with a 5-year CAGR of 4.5 percent

Food product manufacturing is the largest subsector with exports of \$33.6 billion (5.3% growth rate), followed by the Grocery subsector at \$6.7 billion (5.2% growth rate)

Food, beverage and grocery export (\$m)



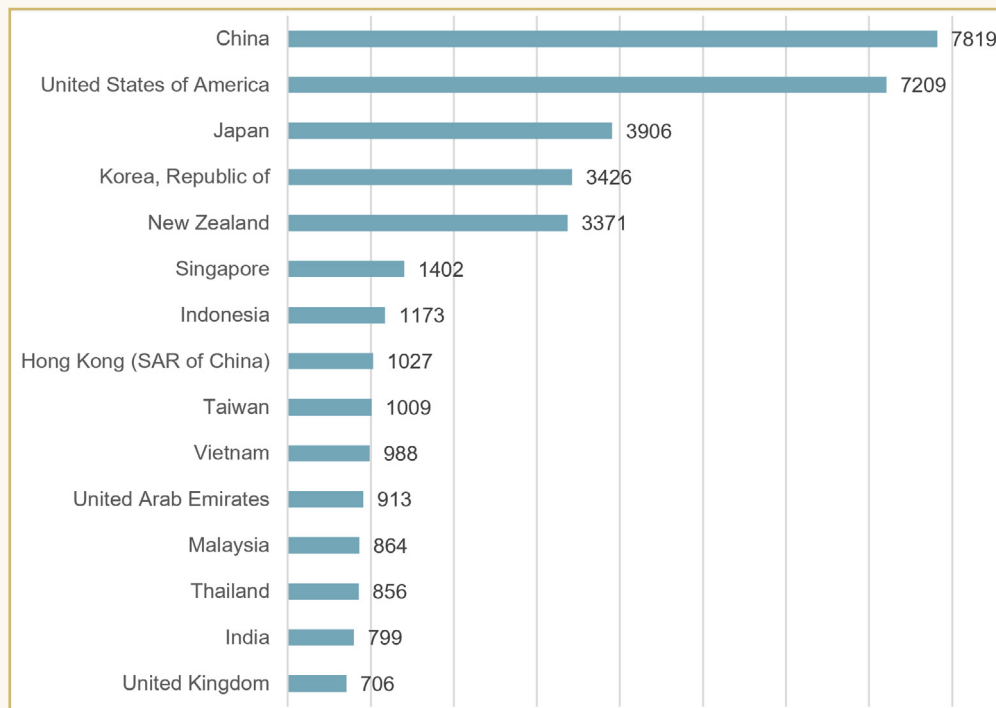
\$ million	2020-21	2021-22	2022-23p
Food	25,440	30,990	33,619
Beverage	2,970	2,679	2,586
Grocery	5,809	5,777	6,658
Total	34,219	39,445	42,862

	YOY	5 YR	10 YR
Food	8.5%	5.3%	5.4%
Beverage	-3.5%	-4.4%	2.0%
Grocery	15.2%	5.2%	5.1%
Total	8.7%	4.5%	5.1%

Source: ABS

The sector exported to over 200 markets with **China** and the **USA** being the dominant export markets

Top 15 export destinations (\$m), 2022-23



The top 15 markets make up around **83 percent** of total exports, recording an average growth rate of 4.7 percent.

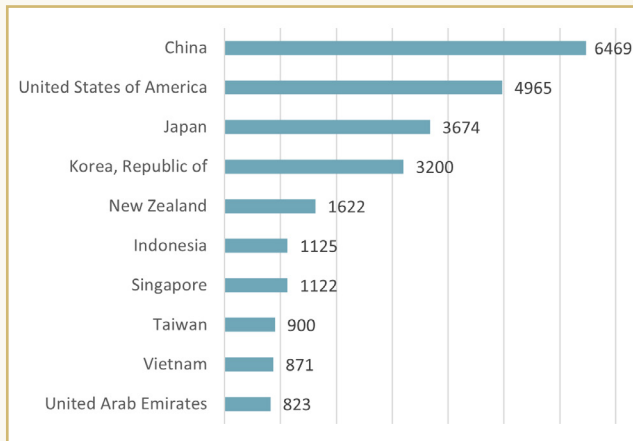
Country	Share of total	Growth rate
China	18.2%	2.1%
United States of America	16.8%	8.6%
Japan	9.1%	0.0%
Korea, Republic of	8.0%	10.5%
New Zealand	7.9%	9.2%
Singapore	3.3%	4.7%
Indonesia	2.7%	6.7%
Hong Kong (SAR of China)	2.4%	-6.7%
Taiwan	2.4%	7.0%
Vietnam	2.3%	6.8%
United Arab Emirates	2.1%	7.9%
Malaysia	2.0%	4.0%
Thailand	2.0%	11.7%
India	1.9%	0.1%
United Kingdom	1.6%	-2.8%
Sub Total	82.7%	4.7%

Source: ABS

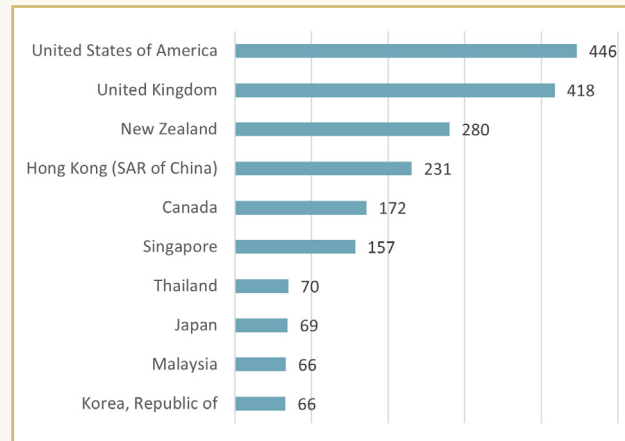
Exports by country by subsector

China was the largest market for food product manufacturing exports, while the **USA** was the leading destination for beverage and grocery products.

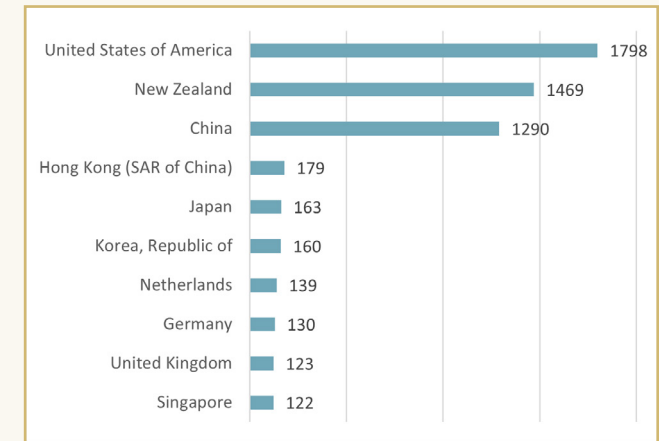
Food product manufacturing exports by market (\$m)



Beverage product manufacturing exports by market (\$m)



Grocery exports by market (\$m)



Exports to 170 countries in 2022-23

- » **China** was the largest destination with 19 percent of total exports.
- » Top 10 destinations make up 74 percent of the total.

Exports to 129 countries in 2022-23

- » The **USA** was the largest destination with 17 percent of total exports.
- » Top 10 destinations make up 76 percent of the total.

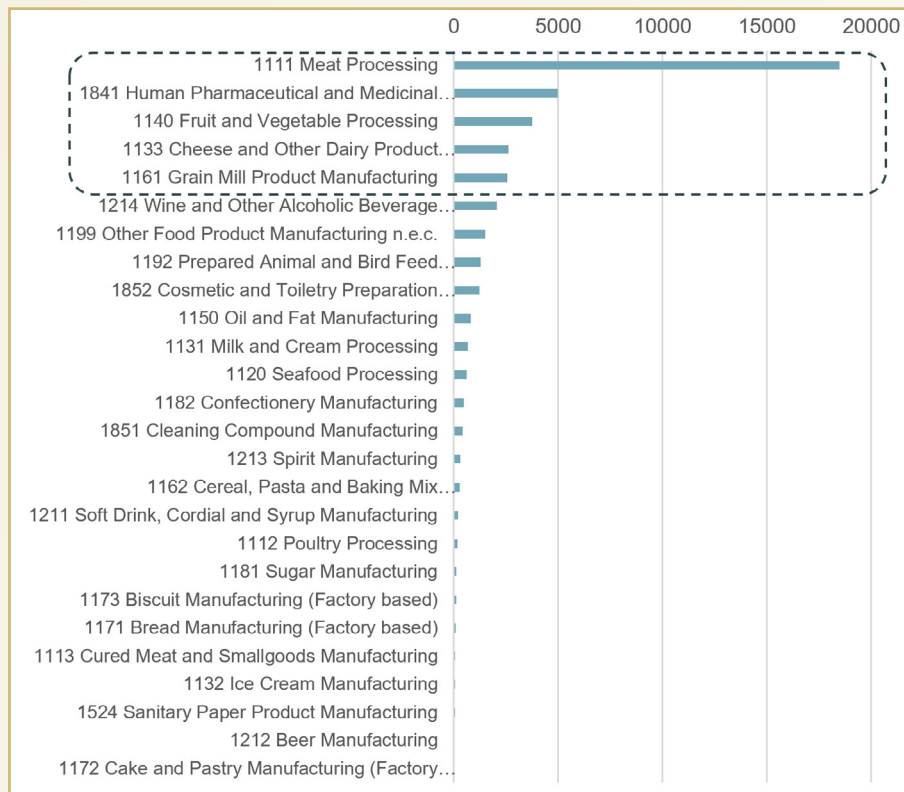
Exports to 129 countries in 2022-23

- » The **USA** was the largest destination with 27 percent of total exports.
- » Top 3 destinations make up 68 percent of the total.
- » Top 10 destinations make up 84 percent of total.

Source: ABS

The top 5 industries make up over 76 percent of total exports

Exports (\$m) by industry, 2022-23



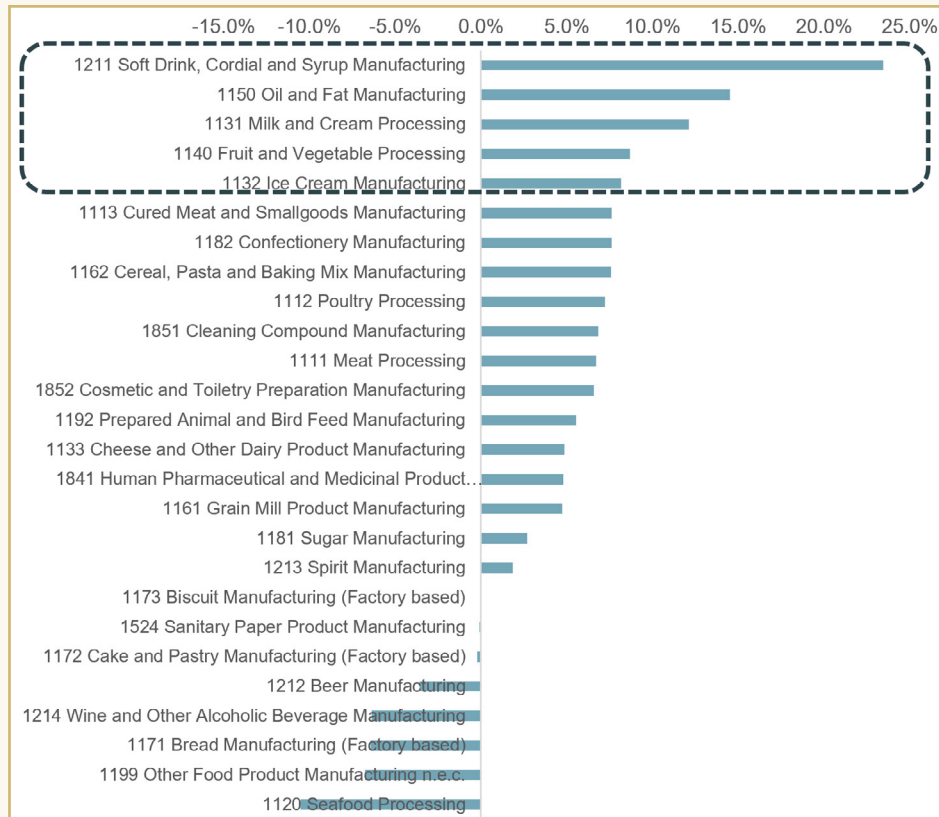
Top 5 Industries by value	Value (\$bn)	Share	Growth Rate	Markets		
				1	2	3
Meat Processing	18.5	43%	6.7%	USA	China	South Korea
Human Pharmaceutical and Medicinal Product Manufacturing	5.0	12%	4.8%	USA	China	NZ
Fruit and Vegetable Processing	3.8	9%	8.7%	India	Bangladesh	Pakistan
Cheese and Other Dairy Product Manufacturing	2.6	6%	4.9%	China	Japan	Indonesia
Grain Mill Product Manufacturing	2.6	6%	4.7%	USA	China	Vietnam
Subtotal	32.3	76%	6.3%			

Meat processing is the dominant exporter contributing **43 percent** to total exports, whereas the **fruit and vegetable processing** industry recorded the highest growth rate among top 5 industries.

Source: ABS

High growth rates recorded in other industries

Export growth by industry, 2022-23



Top 5 Industries by value	Value (\$bn)	Share	Growth Rate	Markets		
				1	2	3
1211 Soft Drink, Cordial and Syrup Manufacturing	0.20	0.5%	23.4%	NZ	USA	China
1150 Oil and Fat Manufacturing	0.82	1.9%	14.5%	NZ	USA	China
1131 Milk and Cream Processing	0.66	1.5%	12.1%	China	Malaysia	Singapore
1140 Fruit and Vegetable Processing	3.76	8.8%	8.7%	India	Bangladesh	Pakistan
1132 Ice Cream Manufacturing	0.04	0.1%	8.2%	NZ	Korea	PNG
Subtotal	5.49	12.8%	10.5%			

The top 5 high growth industries contributed **13 percent** to total exports and grew at an average rate of **10.5 percent**.

Soft Drinks, Cordial, and Syrup industry recorded the highest growth rate of **23.4 percent**.

Source: ABS

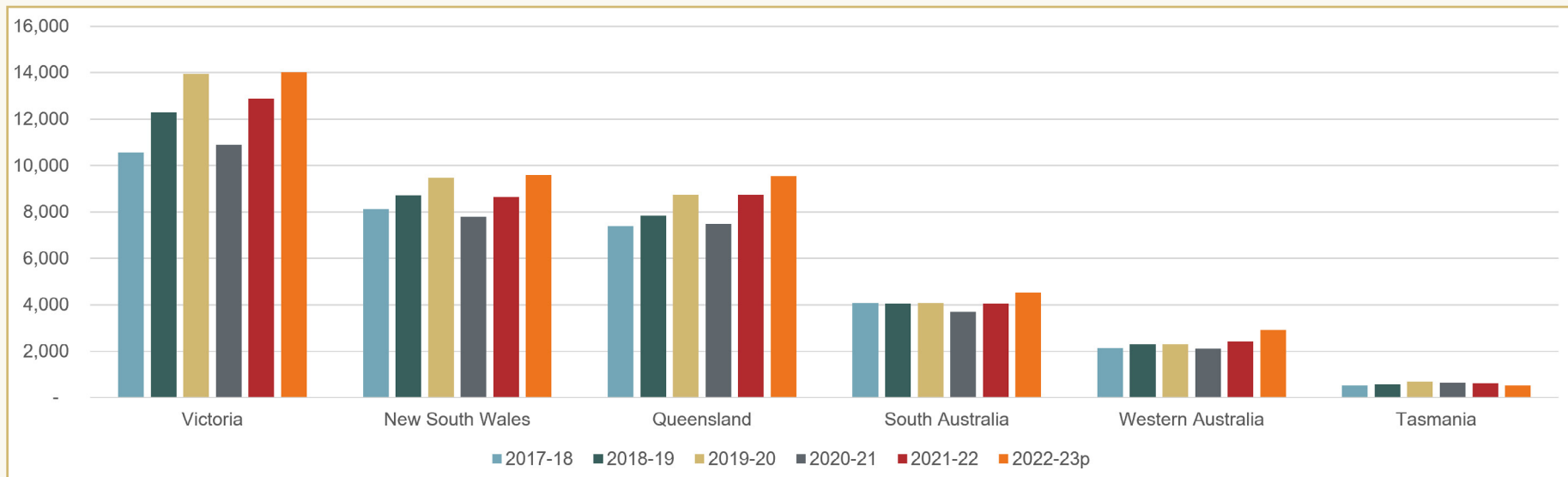
Exports by state

Victoria is the largest exporter comprising 33% of total exports.

Victoria, Queensland, and NSW together make up 77% of the total exports.

Western Australia recorded highest growth rate at 6.4% in the period 2022-23.

Exports by state (\$m), 2022-23



See [Appendix](#) for the state snapshots.

Source: ABS



Opportunities and challenges



Key points



Australia has the potential to rapidly grow its presence in the international food and grocery markets.



Rise in the middle-income population and urbanization to result in increased demand for high quality, premium value-added products.



Innovation to meet consumer preferences for healthy, sustainable, convenient food that is personalised to their requirements.



Australia has low share of total imports of the markets, indicating potential to increase market penetration.

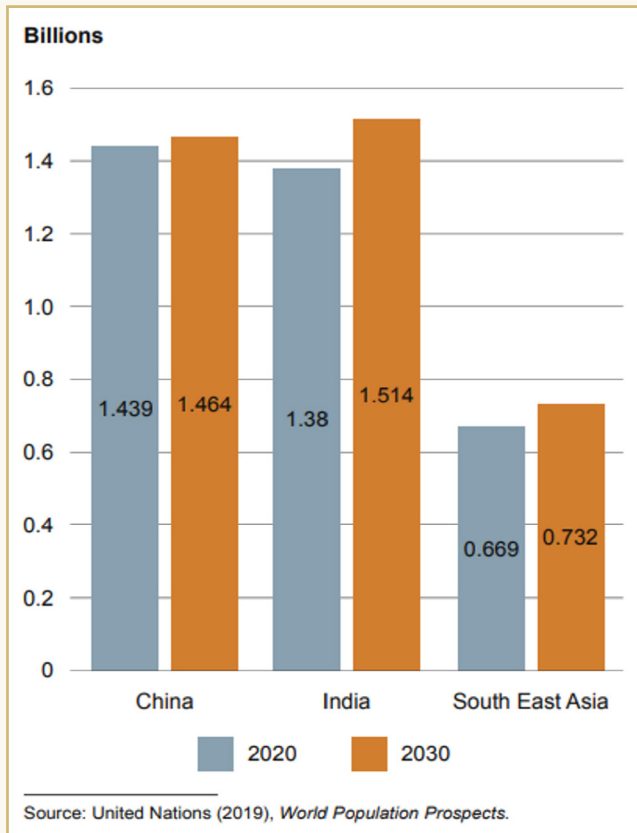


Upgrades/review of the existing trade agreements, new technical market access and negotiating trade agreements present opportunities to grow in new markets.

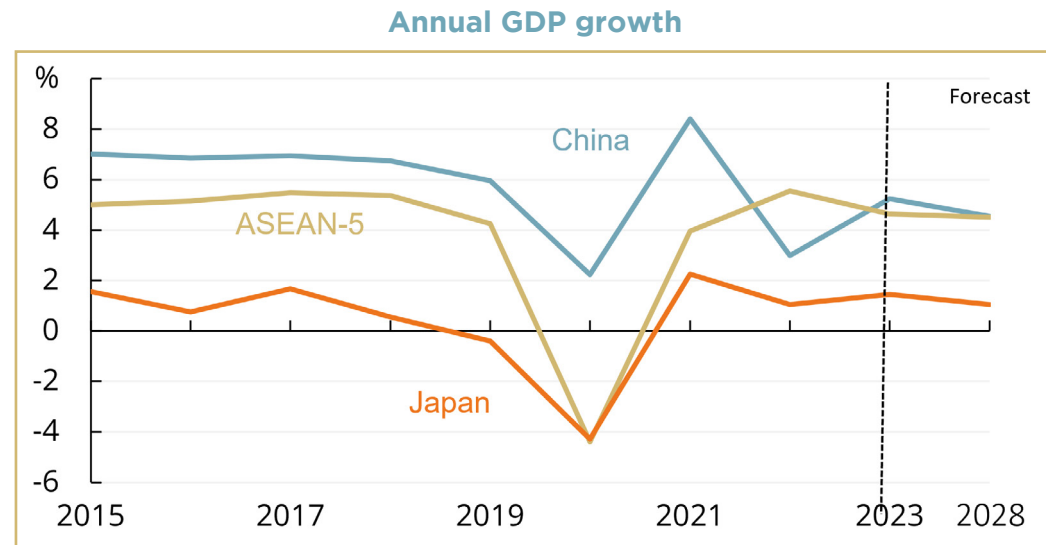


However, industry must address barriers to export and manage risks such as threat of weakening global rules-based order and developments in international forums/ bodies.

Rising middle class population and resilient demand outlook across major trading partners



Global growth is expected to remain around 3% over the next 5 years.



Note: Real GDP growth weighted using IMF 2022 purchasing power parity valuation of country GDP. ASEAN-5 includes Indonesia, Malaysia, Philippines, Singapore, and Thailand.

Source: ABARES; IMF.

With population growth, rise in income, and urbanisation there is greater demand for more value-added, processed food and beverage products. The packaged food market is expected to reach USD3,699.75 billion in 2027 at a CAGR of 5.9%.^

^ Source: Report Linker: Packaged food global market report 2023.

Innovation opportunity for cross-cutting and emerging trends

Industry stakeholders identified cross-cutting and emerging mega trends in the export markets. Consumers will increasingly prioritise 'cleaner', sustainable and ethically sourced foods along with health and food safety credentials. New technologies will assist in product development, enhance consumer engagement, and improve the viability of personalization of products. Concerns of food security/supply will drive Government and retailer/ buyer strategies as new channels to consumers emerge.



SUSTAINABILITY

- » #1 consumer trend
- » Implications on packaging materials, ingredients, supply chain strategies and labelling
- » Evolving regulations and requirements
- » Product stewardship, circular economy and carbon tariffs impacting business models
- » Declarations: ESG, Scope 3



HEALTH AND NUTRITION

- » Consumer preferences for functional and preventative health products
- » Dietary guidelines emphasizing plant-based diets
- » Regulatory developments for sugar, salt, trans fat, and health star ratings.
- » Implications for product development, claims, labelling, certifications



FUTURE FOODS

- » Personalised to individual's needs
- » Traceable from source to shelf
- » Plant based or alternate protein sources
- » Rise in halal, organic, vegan food
- » Grown in indoor farms (resource efficient)
- » Designed for smart kitchen appliances



FOOD SECURITY

- » Rising population, supply chain disruptions and climate risks leading to food security concerns
- » Retailers/buyers seeking diversified sourcing strategies
- » Government's priority: support for domestic manufacturers



TECHNOLOGY ADOPTION

- » Increase in adoption of new technologies (E.g Artificial intelligence, blockchain, Virtual reality etc) will lead to new ways of doing business.
- » Implications on consumer engagement, marketing and advertising and product development.



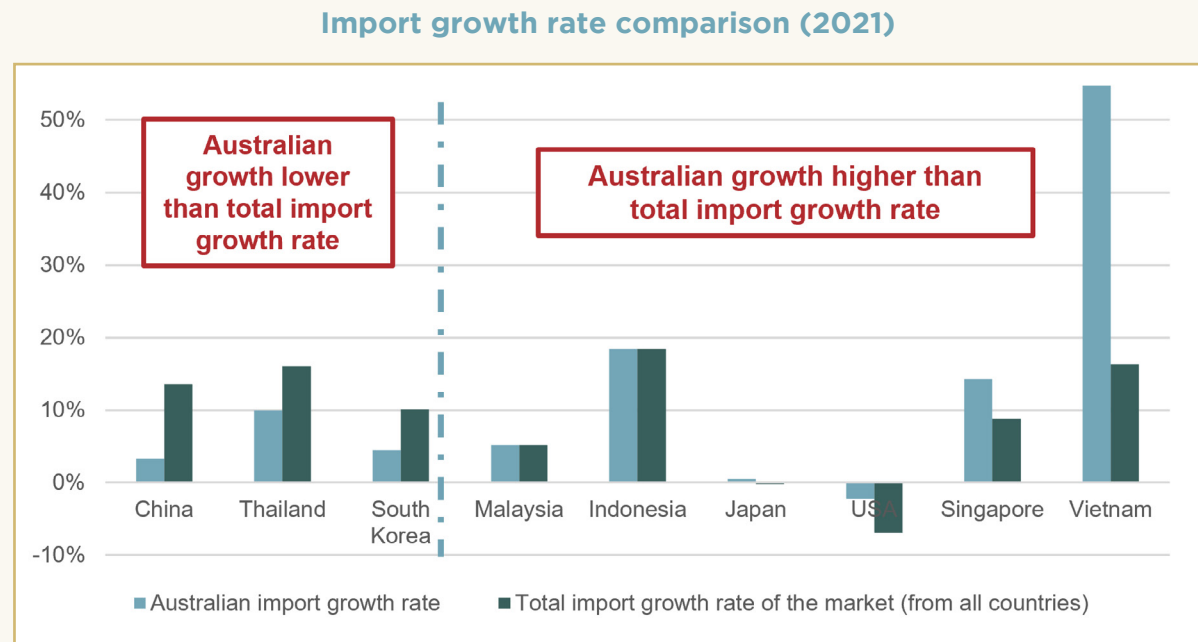
NEW CHANNELS TO CONSUMER

- » E-commerce and omni channel strategies
- » Developments in cross border e-commerce
- » Live commerce

Opportunity exists to grow share in current markets

Australia recorded low share of imports and low rate of growth compared to total imports growth in key markets. This highlights potential to recover and grow share in the existing markets.

	Australia's share of imports (2021)	Australia's import ranking (2021)
USA	0.6%	38
Malaysia	2.6%	10
Vietnam	2.7%	10
China	4.8%	7
South Korea	6.0%	4
Singapore	7.0%	6
Japan	7.2%	4
Indonesia	9.3%	3



Note: Analysis based HS codes (04, 15 to 21, 2201,2202, 2206, 2209, 2309 and 2501).

Source: Import data from each country sources from the National Agriculture Market Intelligence Hub

Potential to grow through new and improved market access

Australia's in-force trade agreements cover approximately 70 percent of Australia's two-way trade. Upgrades/review of the existing trade agreements, new technical market access and new trade agreements present opportunities to grow.

Trade Agreements	Economies/Agreements	Notes
In Force - 14 bilateral and 4 regional agreements	Brunei, Burma, Cambodia, Canada, Chile, China, Cook Islands, Hong Kong, India, Indonesia, Japan, Kiribati, Laos, Malaysia, Mexico, New Zealand, Niue, Peru, Samoa, Singapore, Solomon Islands, South Korea, Thailand, The Philippines, Thailand, Tuvalu, Tonga, United Kingdom, United States, Vanuatu, and Vietnam	<p>The recently concluded UK Free Trade Agreement (FTA) will create new market growth opportunities for exporters in the future.</p> <p>Review/ upgrades to the existing trade agreements required to enhance access to the markets.</p>
Under negotiation	<p>Australia-European Union FTA</p> <p>Australia-India Comprehensive Economic Cooperation Agreement (CECA)</p>	<p>EU:- 15 rounds of negotiations completed; EU seeking protection for the 175 foodstuff geographical indications in Australia.(*)</p> <p>India is predicted to become the third-largest economy by 2030. CECA negotiations must build on the market access gains secured through ECTA. (*)</p>
Suspended and under re-consideration	<p>Australia-Gulf Cooperation Council (GCC) FTA</p> <p>Australia-United Arab Emirates Comprehensive Economic Partnership Agreement (CEPA)</p>	<p>4 rounds of negotiations between Australia and the GCC were held before pausing negotiations in 2009. Should negotiations with the GCC and UAE resume, it should aim to remove tariffs on food and grocery products (*). GCC is a major importer of food and beverage products.</p>
Technical market access agreements		<p>New technical market access negotiations required to deliver new and enhanced access to the markets.</p>

Southeast Asia strategy to 2040



The Government recently launched [Invested: Australia's Southeast Asia Economic Strategy to 2040](#) report proposing recommendations to boost economic engagement between Australia and Southeast Asia.

Government's efforts to improve economic ties will enhance trade and investment in the food and agriculture sector.

RAISE AWARENESS

- 25. Pursue a targeted, sustained and modern 'whole-of-nation' agricultural trade and investment advocacy effort to drive growth.
- 26. Promote Australia's environmental, social and governance credentials along the agrifood supply chain.

REMOVE BLOCKAGES

- 27. Advocate for the establishment of ongoing ministerial and senior officials-level engagement on agriculture through ASEAN mechanisms to provide additional forums to reduce barriers to trade.
- 28. Deepen engagement with Cairns Group Farm Leaders in the region (Indonesia, Malaysia, Vietnam, Thailand and the Philippines).
- 29. Expand resources for technical expertise and frameworks to support Australian export businesses to comply with new and existing import requirements (for example, environmental sustainability and halal) in Southeast Asian countries.

BUILD CAPACITY

- 30. Develop and deepen cooperation on sustainable agrifood systems through existing mechanisms and development programs.
- 31. Expand training programs to support regional farmers on world's best agriculture practices (including water, soil, and broader environment and sustainability practices).

DEEPEN INVESTMENTS

- 33. Establish an Australian Agriculture Partnership to bring together public and private sector expertise to support agricultural trade cooperation and development in Southeast Asia.

However, industry must manage risks and address challenges to export



GEOPOLITICAL RISKS

- » Geopolitics increasingly a driver of trade policy and global world order



HIGH INPUT COSTS

- » Disruptions to food and energy supply are still a risk



CONSUMER DEMAND/ HIGH INFLATION

- » High inflation environment impacting consumer preferences and shopping behavior



RISE IN SUBSIDIES AND SUPPORT PROGRAMS FOR F&B PRODUCTION

- » Impact on reducing the competitiveness of Australian food and grocery exports.



ECONOMIC SLOWDOWN

- » Geopolitics and extended conflicts could increase energy costs further and upend economic growth
- » China's economic slowdown and its impact on global growth



SUPPLY CHAIN COSTS AND SERVICE LEVELS

- » Strained existing infrastructure impacting service levels
- » Capacity constraints
- » Container availability
- » Future cold chain



DOMESTIC BARRIERS TO TRADE

- » Excessive or duplicative regulatory export requirements, paperwork and costs
- » Inadequate or difficult to access information on export requirements
- » Inadequate or inefficient domestic licensing and or export certification services.



INCREASING NONTARIFF BARRIERS

- » Increased requirements for product and facility registrations
- » New certification requirement: Vegan, organic and halal
- » Quarantine and Health Protocols,
- » New labelling requirements

Weakening global rules-based order presents a threat

Geostrategic tensions between China and other economies are undermining global trade rules. National security, climate change policies and ‘value-based’ priorities are further weakening an already shaky “rules-based order”. International organisations are proving ineffective in addressing global market uncertainty and fragmentation.

Organisation	Weaknesses
World Trade Organisation (WTO)	<ul style="list-style-type: none"> » National security measures and climate change measures weakening trade rules » Impaired dispute settlement processes » No current capacity to negotiate new or improved rules
G20	<ul style="list-style-type: none"> » No authority to negotiate binding agreements » Economic cooperation increasingly impaired by geostrategic issues
Organisation for Economic Cooperation and Development (OECD)	<ul style="list-style-type: none"> » Limited to 38 mostly developed economies - does not include China or India » No authority to negotiate binding agreements, potential to influence domestic policies
Asia-Pacific Economic Cooperation	<ul style="list-style-type: none"> » No binding commitments » Progress very slow
Economic bodies of the United Nations	<ul style="list-style-type: none"> » Obscure committees difficult to identify and little known » Work highly technical and poorly communicated to policy makers and industry

Industry needs to maintain a watching brief on developments through international bodies and forums

Outside of 'trade agreements', nations are also developing a range of agreements through international bodies that have a potential to impact the food and grocery trade.

United Nations Environment Assembly (UNEA-5) agreement to end plastic pollution

- » Under negotiation
- » An international legally binding agreement by 2024 to end plastic pollution, including in the marine environment.

World Trade Organisation - Joint statement on electronic commerce

- » Under negotiation
- » Australia, Japan, and Singapore, are co-conveners
- » Relates to digital features of trade such as paperless trading, consumer protection, Artificial intelligence, digital identities and cross-border data flows

Food and Agriculture Organisation Codex Alimentarius

- » Introduces new food standards, codes and guidelines through its various committees
- » FSANZ currently leads the Australian delegation to the committees on Food Additives, Contaminants in Food, Food Hygiene, Nutrition and Foods for Special Dietary Uses and the Task Force on Antimicrobial resistance

World Customs Organisation

- » An independent intergovernmental body to enhance the effectiveness and efficiency of Customs administrations through streamlined and harmonised customs procedures.

International Maritime Organisation

- » United Nations specialised agency with responsibility for the safety and security of shipping and the prevention of marine and atmospheric pollution by ships
- » Introduces new conventions from time to time.
- » In Australia, the Chain of Responsibility (CoR) legislation was introduced in 2015 imposing obligations on all parties in the supply chain to ensure the weights of sea freight containers and their contents being transported are accurately stated.

United Nations Global Compact

- » Voluntary initiative to implement sustainability principals to support SDG
- » Work on the key pillars food and agriculture: (1) Sustainable Food Systems; (2) Rural Poverty; (3) Loss and Waste of Food; (4) Access to Adequate Food and Healthy Diets; and (5) Ending Malnutrition.

Asia-Pacific Economic Cooperation (APEC)

- » APEC Action Plan for Reducing Food Loss and Waste
- » Progress in structural reforms discussions



Export strategy roadmap



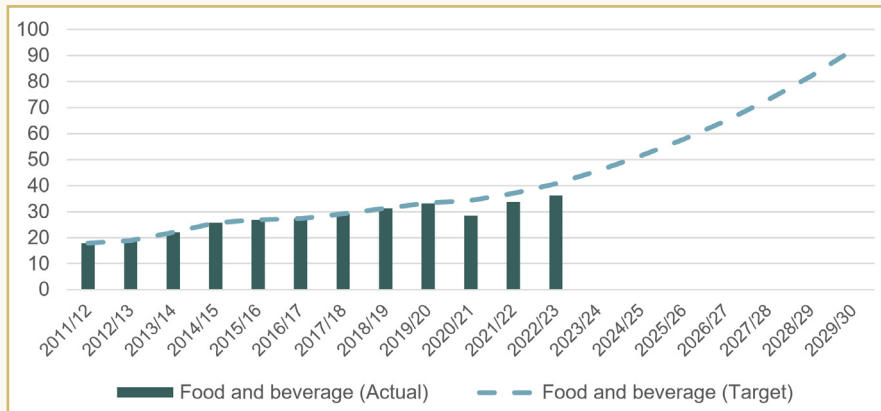
Key points

- » **An aggressive growth is required to deliver \$112 billion export turnover.**
- » **Four growth pillars to deliver growth:**
 - » **Recover and sustain growth addressing competitiveness and barriers to export**
 - » **Increase share in existing markets through targeted business development and export growth programs**
 - » **Develop new markets through new and improved market access**
 - » **Meet evolving consumer preferences through innovation**
- » **Export growth strategy includes policy recommendations for each growth pillar addressing barriers to growth and supporting enablers to realise the opportunity.**
- » **Strategy for each market developed and action plans identified.**

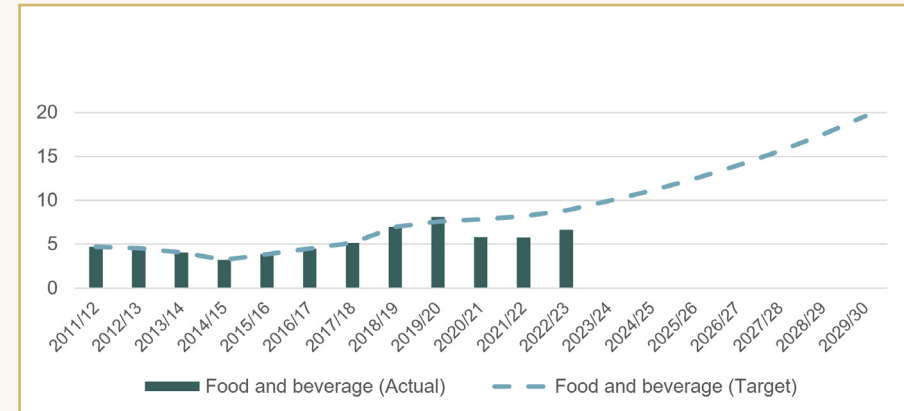
Pathway to meet export growth target

An aggressive growth plan that identifies the growth pillars, addresses the barriers and establishes action plans to deliver \$112 billion export turnover is required.

Food and beverage exports (Actual vs Target)
\$bn



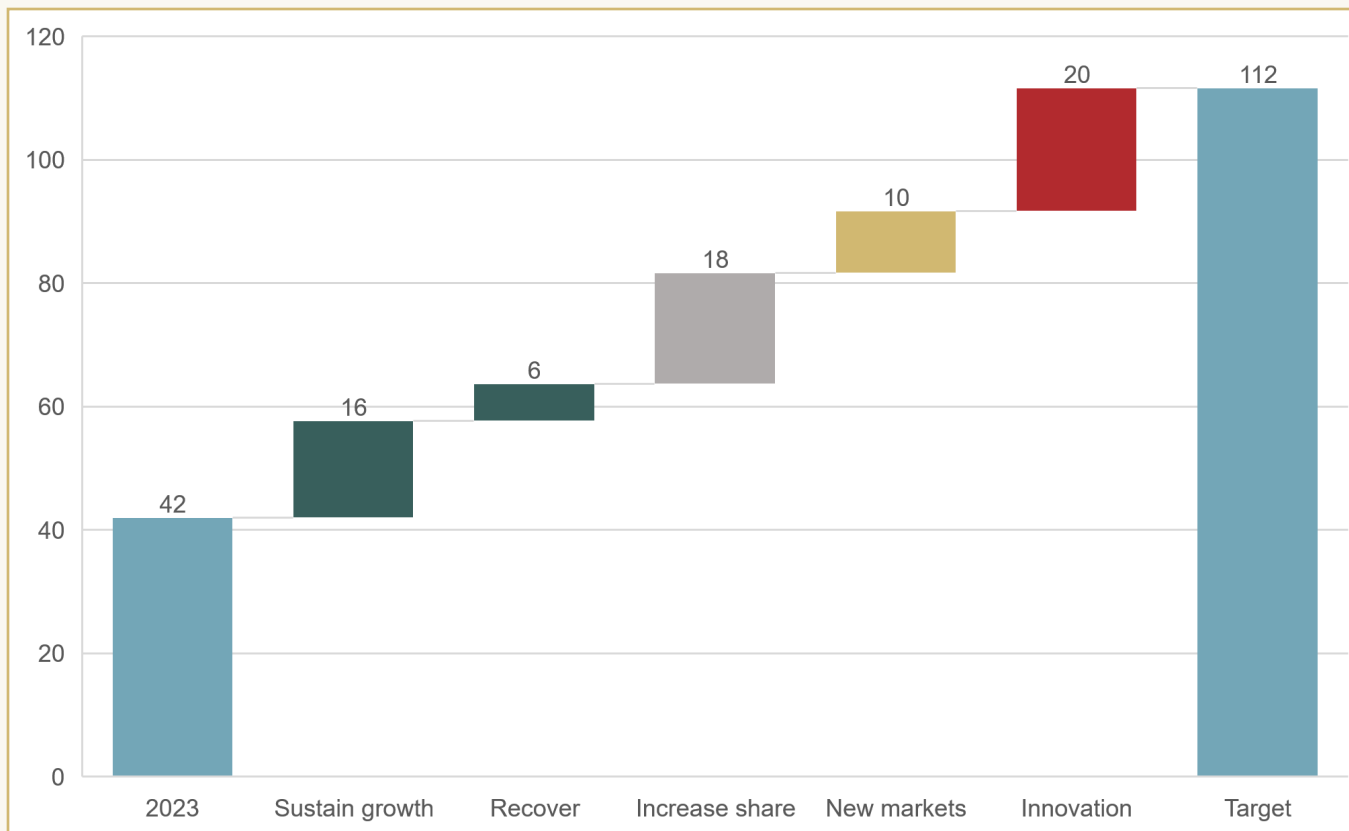
Grocery exports (Actual vs Target)
\$bn



Exports (\$bn)	2023 Actual	Target
Food and beverage	\$36	\$29
Grocery	\$7	\$20
Total	\$43	\$112

Export growth can be achieved through a comprehensive strategy

Pathway to target (\$bn)



Growth Pillars

Pillar 1

Recover and sustain growth addressing competitiveness and barriers to export

Pillar 2

Increase share in existing markets through targeted business development and export growth programs

Pillar 3

Develop new markets through new and improved market access

Pillar 4

Meet evolving consumer preferences through innovation

Pillar 1: Recover and sustain growth addressing competitiveness and barriers to export

Rationale

- » Rising middle income population, urbanisation and resilient demand in top trading partners.
- » Approximately one third of the global packaged foods market estimated to be in the Asia-Pacific region by 2025 with India, the Middle East, Africa and Taiwan together contributing 16 percent of the increase in market growth in value terms.*

Recommendations

Develop strategic industry policy

1. Establish Government-Industry taskforce to bring together stakeholders to form a coordinated whole of Government approach to achieve growth ambition. (Sus Aus -1). The taskforce can act as steering group to review progress and provide recommendations.

Address barriers to export

2. Adopt the recommendations from the AFGC's report "Non-Tariff Measures Impacting Australian Processed Food Industry Exports.
3. Simplify trade and compliance costs, particularly duplication across different levels of government.
4. Collaborate with trading partners on trade rules and standards harmonization. (SEA-2040)

Improve competitiveness

5. Commission a study into Australian food and grocery domestic and international supply chains to identify opportunities for cost reduction, improved access and greater efficiency. The study to also map the state of digitalisation and identify gaps and barriers.
6. Review port charges and practices and consider solutions to address cost and efficiency.
7. Increase supply chain infrastructure investment to diversify port access, address supply chain inefficiencies and build capacity to meet future demand.

Pillar 2: Increase market share in existing markets through targeted business development and export growth programs

Rationale

- » Australia holds low market share of imports in top trading partners.
- » Lower import growth rates compared to total imports in the market.

Recommendations

Develop targeted export growth programs

1. Undertake a full assessment of category opportunity by market
2. Develop coordinated and targeted export growth programs with Austrade and State and Territories for trade missions, trade shows, and in market promotions.
3. Promote Australia's health, food safety, and sustainability credentials along the agrifood supply chain.
4. Commission a study into the food and grocery sector's contribution to Australian and global food security particularly in allied countries (Japan, South Korea, Taiwan, Southeast Asia)
5. Strengthen support to SMEs through provision of business development grants and services.

Improve market intelligence and regulatory understanding

6. Expand resources with technical expertise to support Australian businesses comply with new and existing import requirements (for example, environmental sustainability and halal) in countries.
7. Develop structured program to enhance understanding of export market and support Austrade's Trade Information Service/ Market Search Tool with sector's regulatory and commercial information.
8. Support the development of resources to help establish an understanding of current and future regulatory requirements for compliance.

People-people engagement

8. Develop programs to facilitate people-people connections to build relationships and provide an avenue for communications with stakeholders in the market, including importers, distributors and retailers.

Pillar 3: Develop new markets through new and improved market access

Rationale

- » Trade agreements under negotiations and technical market access negotiations present opportunity to grow in new markets.
- » Top 3 export destinations make up 68 percent of the total exports for grocery category. Opportunity to expand to other trading partners.

Recommendations

Addressing tariff barriers

1. Support efforts to strengthen the rules based multilateral trading system and development of comprehensive, high-quality, mutually beneficial bilateral and plurilateral trade agreements
2. Prioritise outcomes for the Australian food and grocery sector in the free trade agreements under negotiations and in future reviews or upgrades to the existing trade agreements. Tariff and non tariff barriers in India and EU are sever deterrents to growth in the markets.

New and improved technical market access

3. Identify and mitigate technical barriers to trade.
4. Build technical research and analytical capabilities to support resolution of technical market access issues in international forums.
5. Evaluate viability of treaty level agreements with key trading partners to support new and improved market access.
6. Maintain engagement and influence within international bodies/forums to ensure the sector's interests are protected and/or improved.

Pillar 4: Innovate to meet future consumer demand

Rationale

Consumers will increasingly prioritise cleaner, sustainable and ethically sourced foods along with health and food safety credentials.

Recommendations

Incentives for R&D Investment

1. Initiate a study to understand barriers to R&D investment in the Australian food, beverage and grocery market with the view of improving understanding for factors business investment.
2. Incentivise businesses to increase R&D by offering an additional 10 percent premium for partnering in research and scientific activities to deliver commercial products

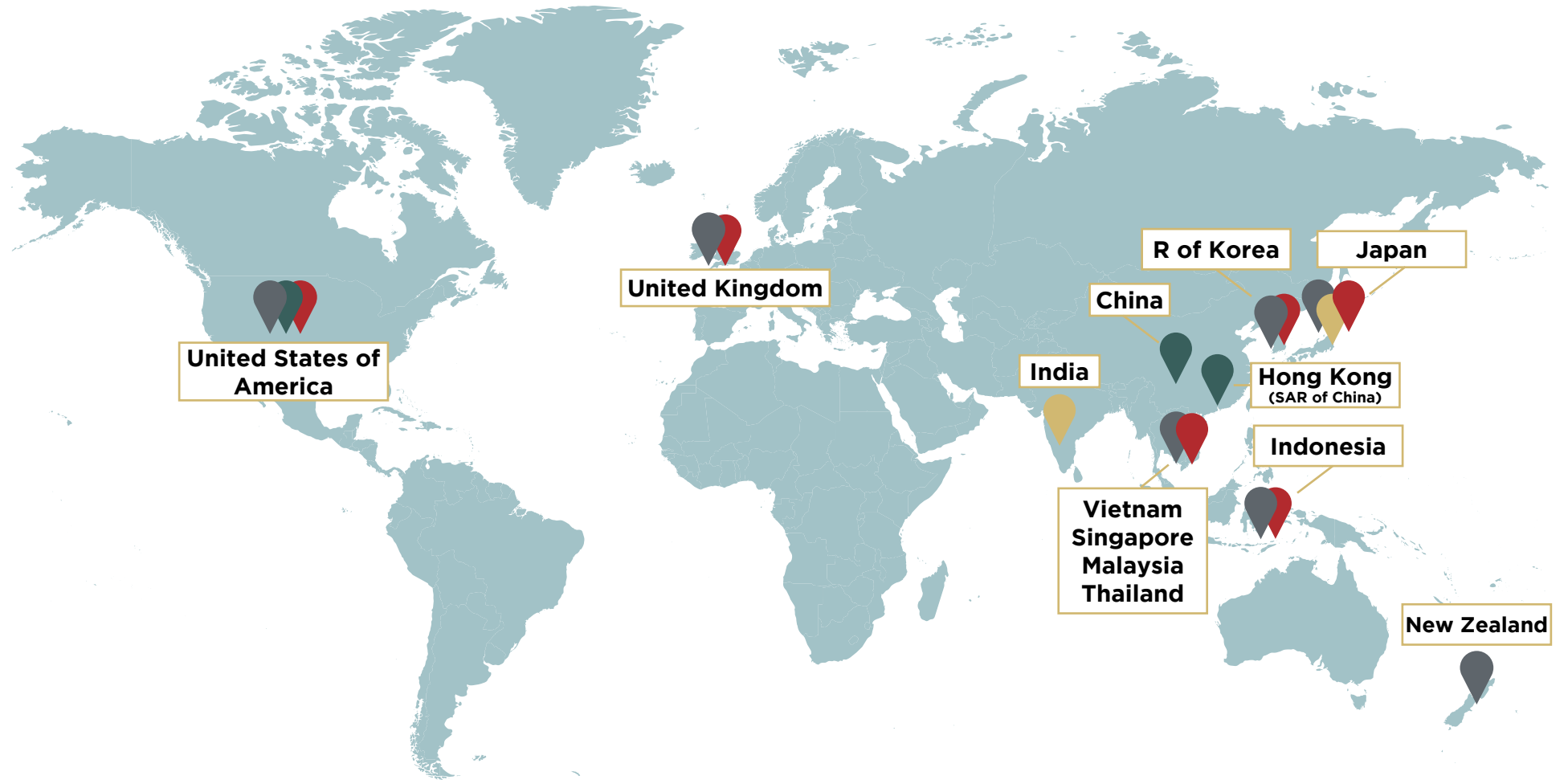
Build capability



3. Initiate a comprehensive skills audit and map priority technical and advanced skills required to support export growth.
4. Develop capacity building programs for the sector to lead on innovation, new technology adoption, digitalization and sustainability.
5. Undertake research and publish resources (consumer, category , retailer trends etc.) to help SMEs innovate and develop products for the opportunity.



Technology adoption

6. Expand the current agriculture traceability scheme to incorporate the entire food system, for packaged food, beverage and grocery products.
7. Attract and facilitate investment in leading edge technology for innovation.

Growth pillars mapped by market



-  Recover and sustain growth addressing competitiveness and barriers to export.
-  Increase share in existing markets through targeted business development and export growth programs.

-  Develop new markets through new and improved market access.
-  Meet evolving consumer preferences through innovation

7.2 Action Plans - core markets

	Strategy	Comment	Action
China	<ul style="list-style-type: none"> » Recover and sustain 	<ul style="list-style-type: none"> » Important market » Manage market risks » Monitor developments » Focus on regulatory compliance 	<ul style="list-style-type: none"> » Develop programs to enhance regulatory and compliance understanding. » Close monitoring of market developments via Department of Foreign Affairs and Trade (DFAT), Austrade and State & Territories (S&T) trade agencies » Build end-end supply chain track and traceability solutions. » Continue technical market access negotiations for new market access
USA	<ul style="list-style-type: none"> » Recover » Increase share » Innovation 	<ul style="list-style-type: none"> » Mature and competitive market » Fragmented 	<ul style="list-style-type: none"> » Enhance market understanding for differentiation and innovation » Prepare for upcoming traceability requirements (Food Safety Modernisation Act) » Scope and embed market development program with Austrade and S&T trade agencies for trade missions, promotion events and exhibitions. » Promote Australia's health, food safety and sustainability credentials along the agrifood supply chain.
Republic of Korea	<ul style="list-style-type: none"> » Engage and grow innovation 	<ul style="list-style-type: none"> » Mature retail » Competitive » Monitor regulations 	<ul style="list-style-type: none"> » Enhance market understanding for differentiation and innovation » Scope and embed market development program with Austrade and S&T trade agencies for trade missions, promotion events and exhibitions. » Develop programs to enhance regulatory and compliance understanding. » Develop programs to facilitate people-people connections to build relationships. » Promote Australia's health, food safety and sustainability credentials along the agrifood supply chain.
Japan	<ul style="list-style-type: none"> » Engage and grow Innovation » New market access 	<ul style="list-style-type: none"> » Improve market access » Non-Tariff barriers inhibiting growth » Mature retail 	<ul style="list-style-type: none"> » Engage in Japan-Australia Economic Partnership Agreement review to improve market access » Enhance market understanding for differentiation and innovation » Address non-tariff barriers to trade - ongoing engagement » Scope and embed market development program with Austrade and S&T trade agencies for trade missions, promotion events and exhibition. (including Osaka 2025)
New Zealand	<ul style="list-style-type: none"> » Recover and sustain 	<ul style="list-style-type: none"> » Local competition 	<ul style="list-style-type: none"> » Understand implications of the EU Geographical indication protection » Training programs for NZ food and grocery code of conduct

Action Plans - growth markets

Common action items for growth markets:

- » Engage on and support work to progress Recommendations 25 to 33 of Federal Government's Southeast Asia Economic Strategy (where relevant)
- » Scope and embed market development program with Austrade and S&T trade agencies for trade missions, promotion events and exhibitions

	Strategy	Comment	Action
Singapore	» Engage and grow innovation	<ul style="list-style-type: none"> » Mature retail » Limited domestic competition » New health and sustainability regulations 	<ul style="list-style-type: none"> » Monitor regulatory requirements to meet import country requirements » Promote Australia's health, food safety and sustainability credentials along the agrifood supply chain.
Vietnam	» Engage and grow innovation	<ul style="list-style-type: none"> » Growth market » Understand consumer trends » Relationship building 	<ul style="list-style-type: none"> » Enhance market understanding for growth, including regulatory and compliance requirements » Develop programs to facilitate people-people connections to build relationships
Thailand	» Engage and grow innovation	<ul style="list-style-type: none"> » Growth market » Opportunity to increase share » Local competition » New import regulations 	<ul style="list-style-type: none"> » Enhance market understanding for growth, including regulatory and compliance requirements » Develop programs to facilitate people-people connections to build relationships
Malaysia	» Engage and grow innovation	<ul style="list-style-type: none"> » Growth market » Halal laws 	<ul style="list-style-type: none"> » Develop programs to facilitate people-people connections to build relationships » Promote Australia's health, food safety and sustainability credentials along the agrifood supply chain.
Hong Kong	» Recover and sustain	<ul style="list-style-type: none"> » Slow economic recovery 	<ul style="list-style-type: none"> » Build on China Action Plan
Indonesia	» Engage and grow innovation	<ul style="list-style-type: none"> » Growth market » High Aus market share » Local competition » New import regulations/ NTBs 	<ul style="list-style-type: none"> » Address nontariff barriers to trade (see Page 44 for details) » Prepare for new Halal Laws for market access » Develop programs to facilitate people-people connections to build relationships » Promote Australia's health, food safety and sustainability credentials along the agrifood supply chain.

7.4 Action Plans - emerging markets

Common action items for emerging markets:

- » Enhance market understanding for growth, innovation and market access
- » Scope and embed market development program with Austrade and S&T trade agencies for trade missions, promotion events and exhibitions
- » Develop programs to facilitate people-people connections

	Strategy	Comment	Action
India	<ul style="list-style-type: none"> » Improve access 	<ul style="list-style-type: none"> » Large market size » Erratic regulatory environment » Tariffs and non- tariff barrier 	<ul style="list-style-type: none"> » Seek outcomes for the Australian food and grocery sector from CECA negotiations » Explore viability of treaty level agreements to support new/improved market access. » Australia India Institute grant for deep-dive project on opportunities and barriers to food and grocery trade with India /building food and grocery sector commercial ties
Pacific countries	<ul style="list-style-type: none"> » Engage and grow 	<ul style="list-style-type: none"> » Lucrative and stable market 	<ul style="list-style-type: none"> » Engage DFAT Pacific Division to understand Official Development Assistance priorities and Australian food and grocery sector assistance.
Taiwan	<ul style="list-style-type: none"> » Selective 	<ul style="list-style-type: none"> » Potential to grow » Manage risk » New regulations 	<ul style="list-style-type: none"> » Selective growth
United Arab Emirates (UAE)	<ul style="list-style-type: none"> » Selective opportunity 	<ul style="list-style-type: none"> » Improve market access. » Large importer. » Tariffs and non-tariff barrier 	<ul style="list-style-type: none"> » Seek outcomes for the Australian food and grocery sector from Gulf Cooperation council (GCC)/UAE trade negotiations.
United Kingdom	<ul style="list-style-type: none"> » Engage and grow 	<ul style="list-style-type: none"> » Mature and competitive market » Non-tariff barriers 	<ul style="list-style-type: none"> » Build AUS-UK free trade agreement adoption.

Address non-tariff barriers in top markets

Country	Top three most prevalent NTMs
China	Product registration, labelling, testing/standards
EU	Domestic protection, certification
India	Labelling, certification, transparency
Indonesia	Product registration, certification, labelling
Japan	Product registration, testing/standards, certification
Korea	Product registration, certification, labelling
Malaysia	Certification, labelling, product registration
Philippines	Product registration, labelling, testing
Singapore	Certification, testing/standards, labelling
Thailand	Product registration, certification, labelling
UAE	Labelling, product registration, testing
USA	Facility registration, certification, product registration
Vietnam	Product registration, labelling, certification

Priority cross-cutting NTMs	
Product registration	<ul style="list-style-type: none"> » Inconsistency across countries - lengthy and complex process » Lack of clarity on requirements » High level of detail required re: product formulation and processing flow » Data security
Certification (halal and organic)	<ul style="list-style-type: none"> » Inconsistency across countries - no one regulatory body » Lack of transparency on requirements » Inspection can extend to suppliers » Lack of mutual recognition of standards
Labelling	<ul style="list-style-type: none"> » Inconsistency across markets » Health claims (lack of mutual recognition)
Testing	<ul style="list-style-type: none"> » Lack of mutual recognition - methodologies, laboratories » Requirements can be extensive (not risk or science-based) » Testing can extend up the supply chain » Mandatory testing/certificate of analysis for every shipment
Documentation	<ul style="list-style-type: none"> » Original documents required/non-acceptance of electronic documentation

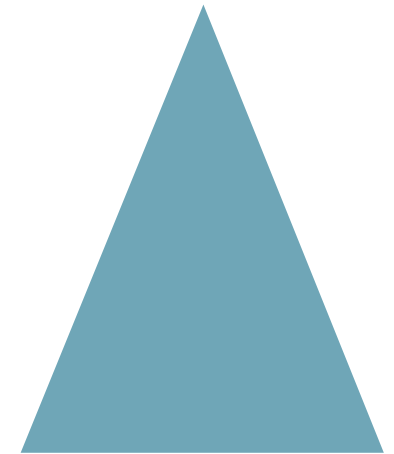
Conclusion

- » Australian food and grocery manufacturing is a vitally important sector for the economy and plays a significant role in supplying high-quality food and grocery products to Australians.
- » An opportunity exists to expand the sector by growing exports of high-quality, healthy premium value-added food and grocery products to the consumers.
- » The high growth won't happen organically and requires supportive policy settings and action plans to address barriers, increase competitiveness and accelerate innovation.
- » The AFGC recommends the following framework to deliver on the export growth.





Appendix



Index list

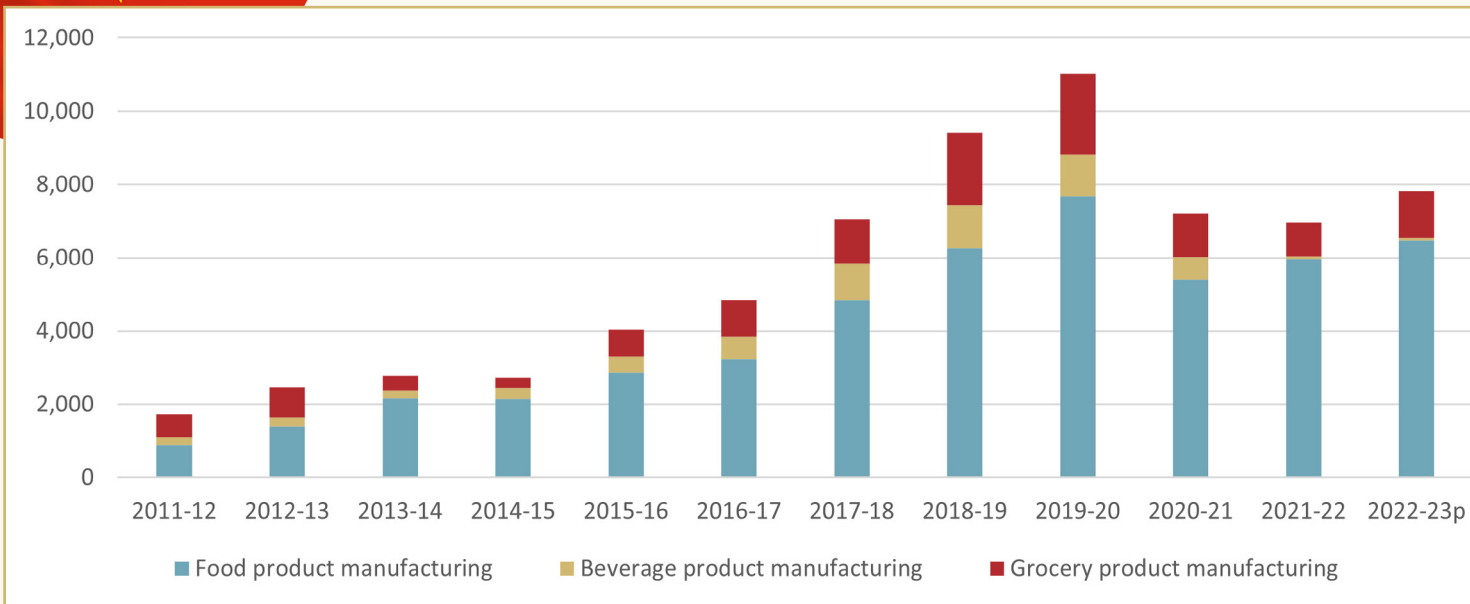
- » 1: Data sheets
 - » [Country snapshots](#)
 - » [State snapshots](#)
- » [2. Useful resources](#)



China snapshot

Total exports (\$m)

Growth rates



Rate	
Year on year	12.4%
3-year CAGR	-10.8%
5-year CAGR	2.1%
10-year CAGR	10.9%

Top 5 industries 2022-23	Value (\$m)	Share of total	Growth rate
1111 Meat Processing	3,713	47%	15%
1841 Human Pharmaceutical and Medicinal Product Manufacturing	1,122	14%	2%
1133 Cheese and Other Dairy Product Manufacturing	854	11%	16%
1199 Other Food Product Manufacturing n.e.c	574	7%	-12%
1140 Fruit and Vegetable Processing	387	5%	29%
<i>Subtotal</i>	<i>6,650</i>	<i>85%</i>	
Total exports to market	7,819		2.1%

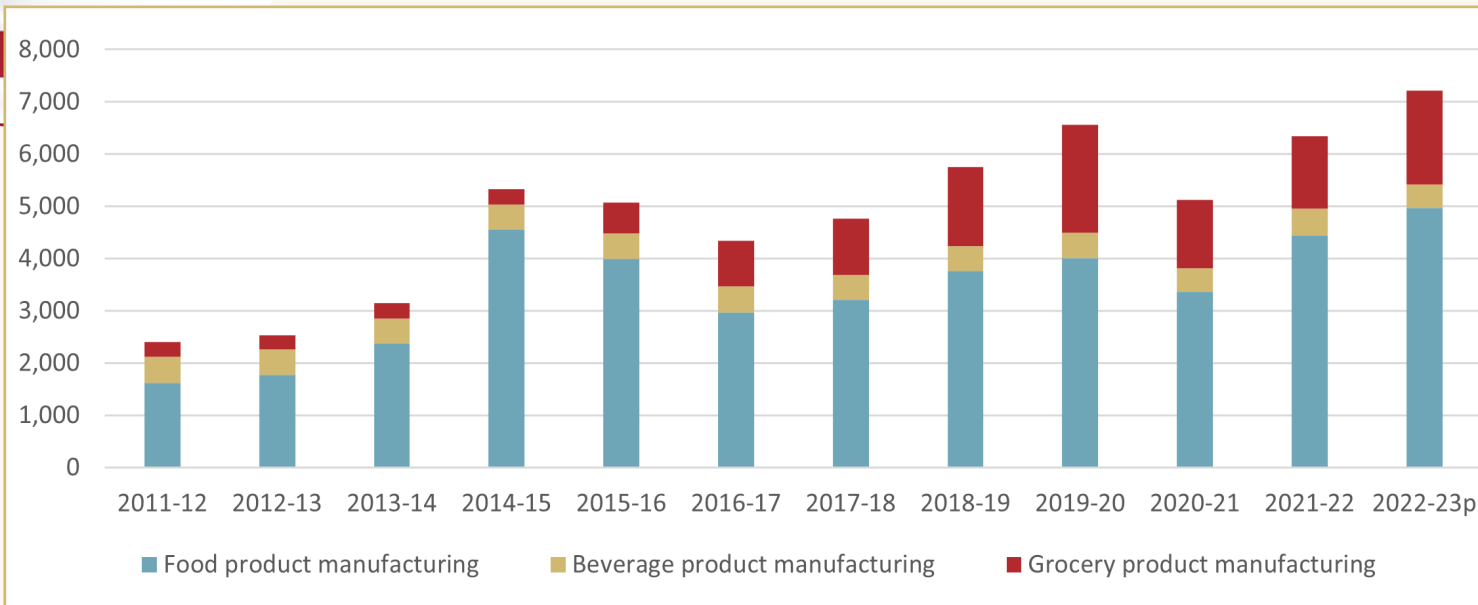
Top 5 industries by growth rate 2022-23	Value (\$m)	Share of total	Growth rate
1150 Oil and Fat Manufacturing	79	1%	46%
1211 Soft Drink, Cordial and Syrup Manufacturing	26	0%	38%
1140 Fruit and Vegetable Processing	387	5%	29%
1162 Cereal, Pasta and Baking Mix Manufacturing	63	1%	24%
1131 Milk and Cream Processing	315	4%	23%
1182 Confectionery Manufacturing	16	0%	17%

Source: ABS

USA market

Total exports (\$m)

Growth rates



Rate	
Year on year	13.8%
3-year CAGR	3.2%
5-year CAGR	8.6%
10-year CAGR	8.6%

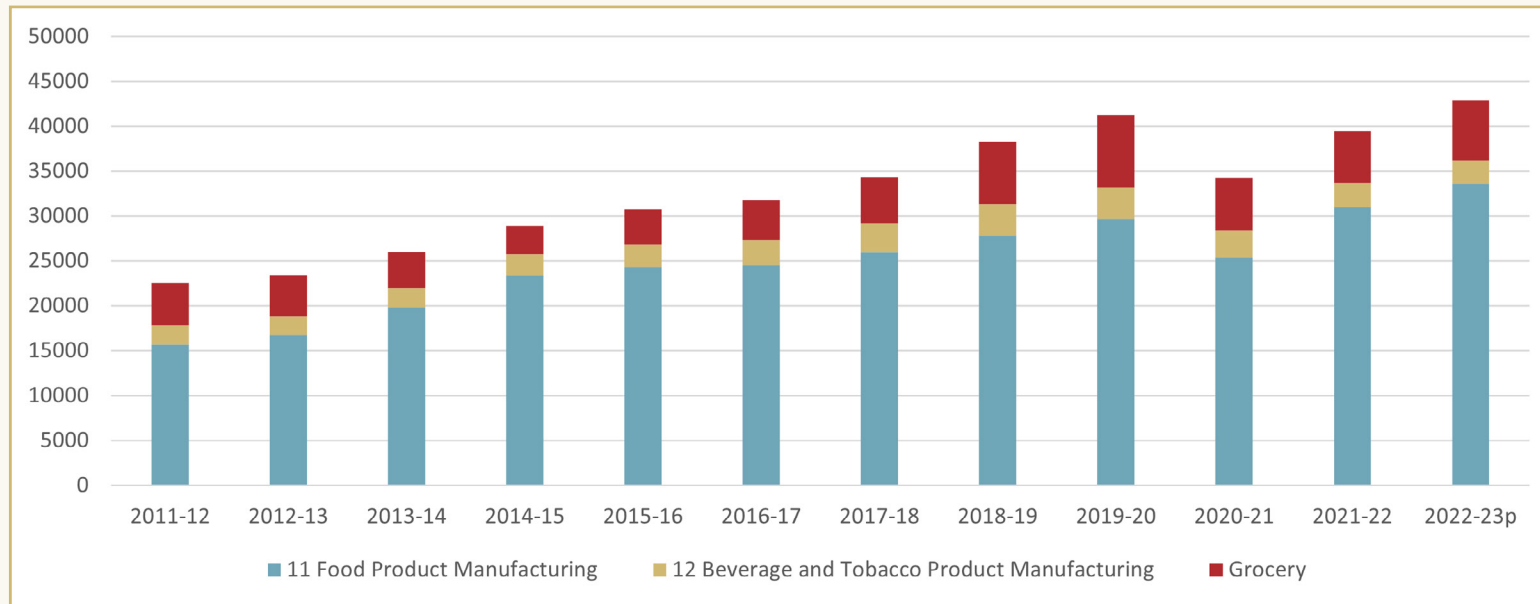
Top 5 industries 2022-23	Value (\$m)	Share of total	Growth rate
1111 Meat Processing	4,001	56%	15%
1841 Human Pharmaceutical and Medicinal Product Manufacturing	1,661	23%	2%
1161 Grain Mill Product Manufacturing	540	7%	16%
1214 Wine and Other Alcoholic Beverage Manufacturing	387	5%	-12%
1150 Oil and Fat Manufacturing	108	2%	29%
<i>Subtotal</i>	6,698	93%	
Total exports to market	7,209		

Top 5 industries by growth rate 2022-23	Value (\$m)	Share of total	Growth rate
1150 Oil and Fat Manufacturing	79	1%	46%
1211 Soft Drink, Cordial and Syrup Manufacturing	26	0%	38%
1140 Fruit and Vegetable Processing	387	5%	29%
1162 Cereal, Pasta and Baking Mix Manufacturing	63	1%	24%
1131 Milk and Cream Processing	315	4%	23%
1182 Confectionery Manufacturing	16	0%	17%

Source: ABS

State snapshots: Victoria

Victoria: Food, beverage and grocery exports (\$m)



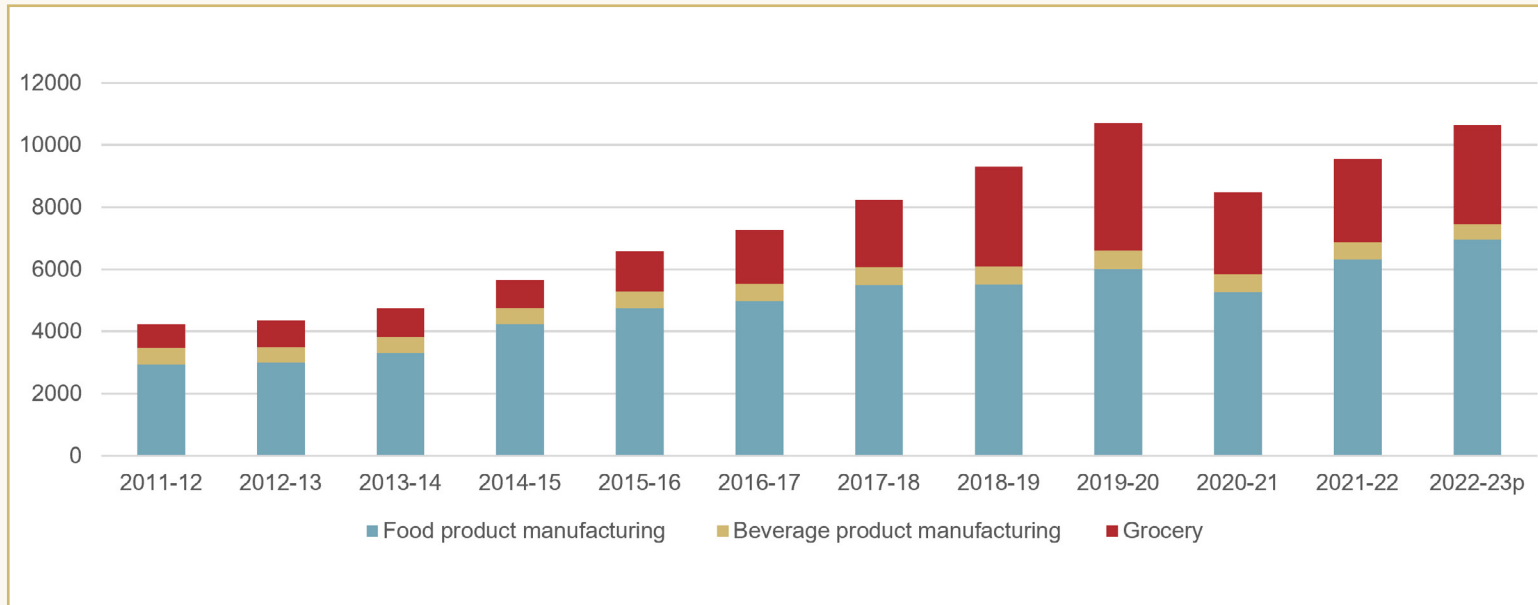
Top 5 industries 2022-23	Value (\$bn)	Share of total	Growth Rate
1111 Meat Processing	4.8	34%	8%
1841 Human Pharmaceutical and Medicinal Product Manufacturing	2.5	18%	7%
1133 Cheese and Other Dairy Product Manufacturing	2.0	14%	3%
1140 Fruit and Vegetable Processing	1.1	8%	17%
1161 Grain Mill Product Manufacturing	0.5	4%	-3%
Subtotal	10.9	78%	67%

Top 5 Destinations 2022-23	Value (\$bn)	Share of total	Growth rate
United States of America	3.0	22%	11%
China	2.3	16%	2%
Japan	1.2	8%	3%
New Zealand	0.9	6%	7%
Singapore	0.7	5%	14%
Subtotal	8.0	57%	6%

Source: ABS

State snapshots: NSW

NSW: Food, beverage and grocery exports (\$m)



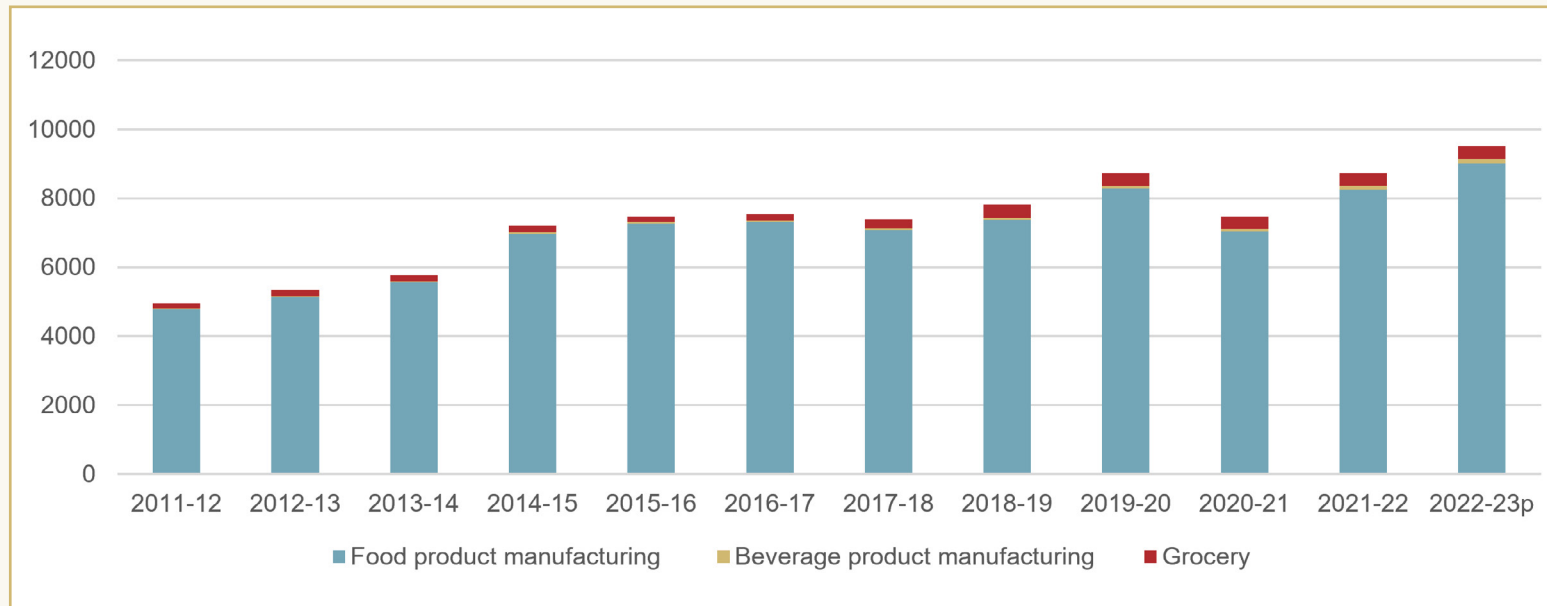
Top 5 industries 2022-23	Value (\$bn)	Share of total	Growth rate
1111 Meat Processing	3.6	37.8%	7.7%
1841 Human Pharmaceutical and Medicinal Product Manufacturing	1.6	17.1%	1.1%
1161 Grain Mill Product Manufacturing	1.0	10.1%	4.7%
1199 Other Food Product Manufacturing n.e.c	0.8	8.2%	-4.1%
1214 Wine and Other Alcoholic Beverage Manufacturing	0.4	4.3%	-4.3%
Subtotal	7.4	77.5%	

Top 5 Destinations 2022-23	Value (\$bn)	Share of total	Growth rate
China	3.0	31.7%	4.7%
United States of America	1.5	15.7%	7.5%
New Zealand	1.4	14.2%	9.4%
Japan	0.6	6.0%	-4.5%
Korea, Republic of	0.5	5.4%	3.7%
Subtotal	7.0	73.1%	5.0%

Source: ABS

State snapshots: Queensland

Queensland: Food, beverage and grocery exports (\$m)



Top 5 industries 2022-23	Value (\$bn)	Share of total	Growth rate
1111 Meat Processing	7.7	80.4%	7.3%
1140 Fruit and Vegetable Processing	0.8	7.9%	-4.4%
1841 Human Pharmaceutical and Medicinal Product Manufacturing	0.3	3.1%	10.4%
1199 Other Food Product Manufacturing n.e.c	0.2	2.3%	-5.8%
1211 Soft Drink, Cordial and Syrup Manufacturing	0.1	1.2%	25.6%
Subtotal	9.0	94.9%	

Top 5 Destinations 2022-23	Value (\$bn)	Share of total	Growth rate
Korea, Republic of	1.7	18.1%	11.2%
United States of America	1.6	17.1%	10.2%
Japan	1.6	16.8%	-0.1%
China	1.3	13.8%	11.7%
Indonesia	0.4	3.8%	10.9%
Subtotal	6.6	69.7%	7.6%

Source: ABS

Useful resources

Members can access useful resources for from the AFGC website:

- » [China](#)
- » [Indonesia](#)
- » [South Korea](#)
- » [Gulf Region](#)
- » [ASEAN](#)