



Australian Government
 Fisheries Research and
 Development Corporation

IMPORTED SEAFOOD IN AUSTRALIA

Supply and Demand

Many exotic species such as Asian whitefish and Chilean king crab (legs) add diversity to the seafood menu and increase sales revenue for businesses without any noticeable impact on Australian producers.

Strong direct price competition between imports and the equivalent domestic product was noted in some species at times, typically frozen cooked farmed Black Tiger Prawns, New Zealand fresh fish generally and Asian fresh Barramundi fillets.

The very large fillet size and the heavy unbranded packs of wild Australian Barramundi fillets are market impediments that coupled with a higher price make them totally different to the branded multi size-grade imports with various packaging options. This competition between domestic and imported Barramundi fillets however was assessed as being less than the indirect competition coming from farmed Atlantic Salmon.

Australian fishers have come to recognise that New Zealand product helps fill the gap when Australian supplies are low and thereby maintains supply and prices at levels suitable for producers, marketers and consumers.

The report has shown: Given global population growth and the increasing affluence in the countries producing much of Australia's imports, sourcing sufficient seafood from overseas to meet Australian demand is becoming an increasingly difficult challenge. Higher priced imports are inevitable.

Australian seafood production volume is not growing strongly and prices are already too high for some consumers while many find the price a barrier to increased consumption (Ruello & Associates 2005; FRDC 2010). Furthermore much of the Australian seafood industry has invested little in making seafood more enjoyable and 'top of mind' to strengthen demand.

Seafood retailers and restaurateurs compete for a share of the public's discretionary spending dollar against other foods, and many goods and services. Therefore Australian seafood producers should look on importers as allies, (rather than adversaries, as some do) and collaborate in a mutually beneficial quest to maintain demand for the seafood category overall regardless of the foods' national origin.

Introduction

Australia is surrounded by tropical and by temperate seas but these waters are not particularly bountiful and imported seafood has long played a significant role in Australian seafood trade and consumption.

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A John West tuna snack pack produced in Thailand for Australian sale. The convenience, quality and value of canned tuna gives it universal appeal.



Top: Basa fillets in an Australian supermarket retail pack
 Bottom: Imported Barramundi fillets on retail sale.

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IMPORTS AT A GLANCE

Detailed analysis of fisheries statistics, various reports and trade information from around the country, revealed that:

- » The 193,000 tonnes of seafood imported in financial year 2008/9, some 250 species/products from aquaculture and wildcatch fisheries, had a landed cost of \$1.3 billion and an estimated final sales value of \$4.5 billion.
- » The business activities transacted in getting this seafood, imported by approximately 80 businesses, from the landing port to the consumer's plate added \$3.2 billion (4.5 minus 1.3 billion) to the Australian economy.
- » Almost all the imported seafood was used by the retail and the food service sector with little volume utilised for food manufacturing; utilisation of imported edible fisheries products as bait is negligible.
- » These imported goods provided 72% of the fish and shellfish flesh consumed in Australia and underpinned more than two thirds of Australia's employment in the seafood post-harvest sector ie. seafood processing, wholesaling and retailing.
- » Canned fish, frozen fillets, frozen whole and processed prawns and frozen squid products were the major imported items, in that order.
- » The four most important sources were Thailand, New Zealand, Vietnam and China. Thailand alone accounted for 30% of the imported volume in 2008/9 and contributed 21% of the total Australian and imported seafood flesh consumed in that year.
- » Thailand was the principal source of canned tuna, frozen prawns and various highly transformed prawn products. New Zealand was the predominant source of fresh and frozen fish and fillets, and green mussel products.
- » Vietnam was the supplier of basa fillet and a large volume of highly processed prawns. China was also a major prawn supplier and the largest overseas source of squid.

Quality and Nutritional Importance of Imports

The overall quality, packing, size grading and branding of imported seafood is good, so much so that the prices of imports are increasingly as high as or surpassing those of the equivalent Australian product. Some Sydney seafood businesses readily pay more for imported Asian or New Zealand seafood than the Australian produce because of better seafood quality or size grading.

Some Australian fishers and fish farmers ship their raw seafood to China, Thailand or elsewhere for processing and then re-import the processed product for sale in Australia to take advantage of the lower cost reliable processing expertise available overseas.

Thailand has become a global hub for tuna canning and now packs more than two thirds of the canned tuna seen in supermarkets around the world, including most of the leading brands, like John West and Sirena in Australia.

The perception of some fishers and farmers of 'cheap inferior Asian imports', generated by exaggerated negative media or misleading publicity in the past, is not a reality. Imports, like Australian produce, are safe overall.

A comprehensive review of AQIS's imported seafood testing protocols by CSIRO (Moir, 2009) indicated that imported seafood does not pose any greater food safety risk than locally produced food.

Basa fillets and vannamei prawns have gained remarkable acceptance globally because they provide enjoyable affordable nutritious seafood, particularly for low budget shoppers.

The importance of imports to the nutritional and financial wellbeing of about 30% of Australian households with insufficient disposable income to buy fresh Australian seafood (FRDC 2010) has not been widely recognised by Australian fishers or farmers, especially those critical of cheaper imports.

Economic Importance of Imports

While the majority of Australians may prefer to buy Australian produce the limited fisheries resources and the associated high prices of most Australian seafood keeps the local produce beyond the reach of many consumers. The post-harvest sector of the seafood industry is reliant on imports for its viability because of this limited supply and higher prices of Australian seafood.

Imports typically make up more than half of the seafood range in the major supermarket chains; the cooked whole vannamei prawns and basa fillets form the cornerstones of supermarkets' 'Deli' seafood sections today. Independent fishmongers by contrast focus more on Australian produce and sell a lower proportion of imported seafood than the supermarket outlets.

Basa and vannamei prawns, along with Australian aquaculture produce like farmed Atlantic Salmon, have enabled the supermarket sector to substantially increase its seafood sales figures and become an increasingly powerful force in Australian seafood retailing.



Basa filleting line in a Vietnamese factory. This catfish species has gone from zero to hero status in fish sales globally in just a decade.

Country of Origin labelling differentiates imported seafood from Australian produce in retail outlets and many consumers knowingly buy imported seafood because it represents good value for money.

Imported seafood mostly generates relatively greater financial returns for wholesalers, retailers and food service businesses than Australian produce does because the sellers typically constrain the selling price and profit margin on the (costlier) Australian goods to make them more affordable for consumers.

Basa fillet is the most commonly and widely eaten import, about 13,000 tonnes in 2008/9, and its very low cost and relatively high profit margin is critically important to the profitability of low price eateries and catering operations.

Government agencies have not recognised the economic or nutritional contribution of the import sector to Australia because they traditionally have a strong local and/or export focus and typically see imports only as a negative on the trade balance sheet.

Imports: Competition or Complement?

The market interaction between imports and domestic seafood is typically complex and changing, often because of changes in the value of the Australian dollar and the variable nature of global seafood supply and demand.

Basa fillet is operating in a low price market segment on its own with no white skinless boneless fillet near its price and so it is only providing indirect competition to Australian fish.

Some imports such as scallops and squid are complementary to equivalent Australian goods because they fill supply gaps in the Australian off season and particularly in 'bad years' when catches are extraordinarily low. Imported scallops help keep all scallops 'on the menu' and imported squid provides raw material for squid processors in Australia.