



Australia is a burgeoning and unique player in the international seafood market, and provides an interesting case study in how to “premium-ize” seafood and win in the Asian market. In 2016, Australia’s seafood production brought in a total of A\$3.03 billion, up 21% since 2011, driven by both wild catch (A\$1.75 billion, up 24%) and aquaculture (A\$1.31 billion, up 17%).¹

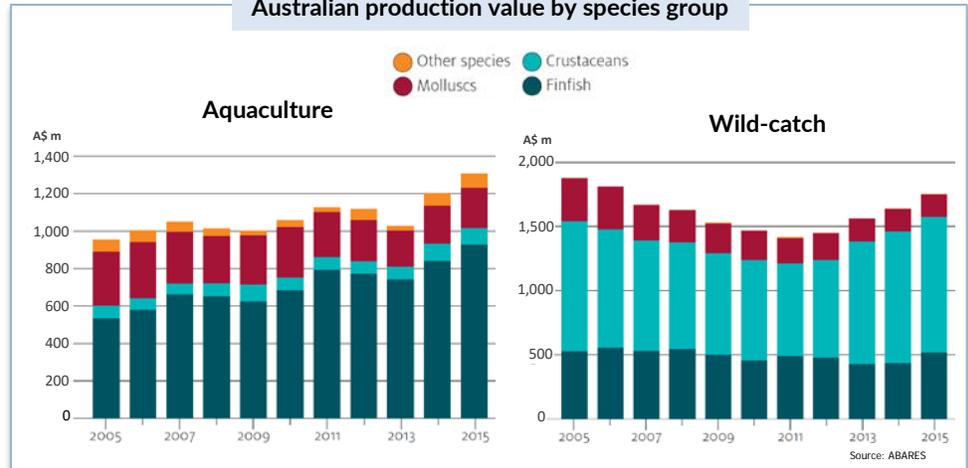
Australia is a low-volume but high-value seafood producer. It has to be. Australia’s wild-seafood production is limited by waters with naturally low productivity and by stringent catch limits, whereas aquaculture has been restricted by the small number of available licenses (though this is changing). Moreover, Australia has comparatively high operational costs to factor in, so driving price-per-kilo is its key growth lever.

Producers from Down Under drive up export value through a variety of strategies. (1) The choice of species is the main value driver — Atlantic Salmon, rock lobster, Southern Bluefin Tuna, abalone, oysters, and pearls top Australia’s export list.¹ (2) Handling and format: A large percentage of Australian seafood is sold live, fresh, or frozen at ultra-low temperatures. (3) Australia wins at trust marketing by focusing on sustainability, its pristine environment, and country-of-origin labeling.

Australia benefits from its proximity to fast-growing Asian markets, with exports increasingly shifting to China. High levels of per-capita seafood consumption, a growing middle-class demand for high-quality seafood, and favorable trade agreements (import tariffs will reach 0% by 2019) make China an attractive market for Australian suppliers. Chinese consumers trust and value the food safety, quality, and sustainability of Australian seafood, as well as its perceived status.

The “mass-luxury” conundrum: To continue value growth in key fisheries, Australian producers face an exquisite challenge of growing volume and production intensity while increasing value or maintaining price premiums that stem from the products’ exclusivity, high quality, and environmental sustainability. Tackling the sustainability challenges that come with volume growth is a delicate act that requires marketing and innovation.

Australian production value by species group



Opportunity Areas for Investors

Underutilized species – diamonds in the rough

Opportunities for new value growth abound in underutilized species: Australian Salmon, sardines, mackerel, among others. There are almost 25,000 tonnes of seafood that could be caught if there were markets, and another 59,000 tonnes of processing waste that could be utilized. To unlock this growth opportunity, innovative product development, new supply chains, and persuasive marketing are needed to create new markets for these species and waste products, either in Asia or domestically.

Salmon – cashing in on pristine conditions

Farmed Tasmanian Atlantic Salmon, worth A\$718 million in 2016, is the main growth driver in Australia, though this growth now derives from volume not price.¹ In Asian markets, Tasmanian Atlantic Salmon is perceived as higher quality and achieves a premium over Norwegian Farmed Salmon, due to Tasmania’s clean and green reputation and great year-round conditions. In order to sustain these advantages, further production intensification requires innovation in better disease control, effluent management, and production of non-wild sources or plant-based fish feeds.

Rock Lobster – freshness above all

Rock Lobster creates Australia’s most valuable wild-catch market, worth A\$695 million,¹ which is growing entirely through price increases (up 131% in real terms, 2016 vs 2006) while volume remains relatively static. Key markets are China, Hong Kong, and Japan, where these crustaceans are sold mainly in live and fresh form, and fetch a price premium worth the airfreight. Moreover, the Western Australia Rock Lobster fishery is Marine Stewardship Council-certified, which is increasingly valued by Asian consumers.

Aquaculture – scaling production of high-value species

Australia has pioneered the development of tuna ranching since the 1990s and is a global leader in this field. Innovators continue to work toward full life-cycle ranching, which would improve sustainability. Australia is also now paving the path for new high-value species to be farmed at scale, and creating new technologies to optimize efficiency in production through feed and feed systems, improving immunity, and optimizing farming systems. New species being farmed successfully include the high-omega-3 Cobia, Queensland Giant Grouper, and Yellowtail Kingfish.

Source:
1. ABARES, Australian fisheries and aquaculture statistics 2016.

