

High-end, niche exports drive Australia

Proximity to fish-hungry Asian markets buoys seafood producers.

BY JASON HOLLAND

While much of the western world sets about navigating the treacherous tides of recession, the Australian economy remains buoyant.

Australia has enjoyed a record 17 consecutive years of economic growth, with an annualized average of 3.5 percent, largely as a result of rising mineral exports and high commodity prices, both substantially fueled by the rapid expansion of Chinese capitalism.

But while these industries continue to boom, economists are warning that the country is not immune to the recessions in the United States, Japan, New Zealand and large parts of Europe – some of Australia's leading trading partners.

So far, the downturns overseas have had little or no effect on Australia's seafood businesses, and while they still could over time, it is wise to take a step back and look at the country's attributes and prevailing trends before consigning it to the ever-growing list of potential strugglers.

Many but few

The country has a species diversity unmatched anywhere else on the planet – 3,500 marine species of the 4,000 known throughout all of the world's waters can be found in and around Australia.

But one of the greatest myths in world food is that it has a bountiful supply of seafood. The fact is it doesn't.

And while its fishing grounds are the world's second largest in area – after Russia – ranging across all five oceanic zones from tropical to arctic, in terms of production volume it comes in at around number 80.

By way of reference, New Zealand, its closest neighbor, catches almost as much of one species of fish – 200,000 tons of hoki – as Australia produces

from all of its wild and aquaculture fisheries combined.

The latest fisheries statistics indicate that for 2005-2006, the volume of Australia fisheries production fell 13 percent to 241,000 tons, representative of the ongoing decline in production evident each year since 1999.

But the demand for and consumption of seafood in Australia is at a marked contrast to these production statistics. Australians' per capita consumption now stands at around 23 kilograms, a dramatic increase from the 8.5 kilograms consumed annually just 10 years ago.

To serve this hungry market, the country has become a net importer of seafood, bringing in nearly 80 percent of the products it consumes, typically lower-value skinless boneless fish, such as calamari, octopus and farmed shrimp. Its exports predominantly comprise high-value species such as live rock lobster, abalone, kingfish, shrimp and tuna.

Australian producers acknowledge they will never cater to mass markets. They recognize their calling is to provide high-end, niche products – an avenue pursued by several pioneers, including Spencer Gulf Prawns, Clean Seas' yellowtail and Southern Waters Marine Products' southern rock lobster.

'Power proximity'

Leading Australian economist Tim Harcourt suggests that as well as the superior quality of its seafood exports, the country's "power proximity" plays a vital role.

"You could say it's being in the right place at the right time," he says. "Being so close to rich Asian markets, like Japan, Hong Kong and Singapore has certainly contributed to our success."

Harcourt suggests that economies beyond the G3 of Europe, the United States and Japan still look in good shape. "Everyone gets caught up in these downturns but we are better placed than most," he says.

Another concern had been the



HOT EXPORT: Nearly 100 percent of Southern Waters Marine Products' southern bluefin tuna goes overseas, mostly to Japan.

growing value of the Australian dollar, which had been getting ever closer to parity with that of the U.S. dollar. In early September, the dollar dropped to around \$0.80, much to the relief of exporters. However, it is still high compared with its long-term average.

Australia's biggest problem is probably on the supply side, said Harcourt, particularly in terms of finding enough skilled labor, and suitable enough transport and infrastructure to move its products. "There's no problem with demand, but too few ships call in Australia to get our exports out. They prefer to make port in Hong Kong or Korea instead."

One company that places enormous emphasis on exports is Southern Waters Marine Products (SWMP). Based in Port Lincoln, family-owned SWMP produces 90 tons of live southern rock lobster, 90 percent of which is exported into southern China, while 99 percent of its southern bluefin tuna goes overseas, mostly to Japan.

"To run a seafood business in Australia with the high costs of supply, labour and production along with our low population has been very challenging for the last 20 years. This company has never had an abundant supply or a low-purchase-price environment," said SWMP Founder and Managing



THE PLACE TO BE: Widely thought of as the bastion of all that is good with Australian seafood, Sydney Fish Market (SFM) launched its first value-added Market Pride range in August.

Director Stephen Moriarty. "Our environment has decreed that we market our produce to tiger economies or highly developed countries. We follow the markets with a high GNP who can afford our production and export costs."

The latest product for Moriarty's firm is its Mori Tuna brand, comprising fresh and frozen bluefin loins and portions.

He explains: "We offer our customers a color proposition of 10 days stability for fresh tuna and frozen tuna portions that are frozen and can be held in restaurant freezers at -18C. Many people don't understand the real attributes of frozen fish

– frozen and handled properly on the day of capture is far safer and stable than fresh that may be ten days old."

In fact, it is SWMP's frozen bluefin tuna – supplied in off-harvest time – that is receiving the most noteworthy praise. "It has taken some chefs a leap of faith to use our frozen after our fresh season."

The true believers know – as the Japanese do – frozen is more reliable and consistent in taste and texture than fresh, which peaks in flesh consistency on day three."

Retail revolution

Australia's domestic retail sector has been dominated by two



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large competitors, Woolworth's and Coles.

However, producers are placing greater emphasis on adding value to existing products and creating new and innovative ways to deliver seafood to consumers.

First out of the blocks and widely thought of as the bastion of all that is good with Australian seafood, Sydney Fish Market (SFM) launched its first value-added Market Pride range in August.

SFM's David Sandrussi said the market recognized an opportunity to expand on its established role of providing whole fresh fish through its auc-

tion to its traditional buyer base.

"The brand is sought after by consumers and, therefore, provides SFM's buyers and suppliers with a point of difference from all other fresh seafood through our long-term trading partners, the independent seafood retailer with whom the consumers still see as more knowledgeable in seafood than supermarket seafood retailers."

Its new line comprises silver warehou and Atlantic salmon fish cakes; sea mullet chermoula fish cakes; Mediterranean morwong fish cakes; Australian seafood medley (a mix of Australian seafood); Szechuan pepper and salt squid; seafood

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chowder New England style; and prawn bisque. All the products produced within the Market Pride range utilize only Australian seafood.

Market Pride products are currently being sold through Sydney, the central coast, Newcastle, Blue Mountains, Wollongong, Canberra and Eden, but Sandrussi said enquiries are pouring in from Melbourne, Brisbane and New

Zealand markets, confirming the producers' and marketers' popular claims that despite its resource constraints, the Australian seafood scene is one of the most exciting opportunities in the world at this moment in time.

SWMP's Moriarty said he thinks that "aware seafood eaters" will eat seafood come what may.

"Seafood is your gift to your

body and your health. We have battled through many tough business scenes.

The SARS virus in China knocked us around for a few years but we survived. We are therefore unlikely to chase sales with lower pricing to counter the hard economic times experienced by some buyers. We are more likely to concentrate on our point of difference and promote it."

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From September 16th to 19th 2009, Vigo will once again play host to the World Fishing Exhibition Vigo 2009. The WFE has been the most important exhibition of fishing technology in the world for more than 40 years and brings together companies which are strongly committed to improving efficiency whilst also adding value to the fishing industry.

The Aquaculture industry will also be well represented at VIGO'09, occupying more than 3000 sq. mtrs of new products and the latest innovations. The various forums running parallel to the exhibition, such as the Fifth International Fisheries Ministers Conference and the World Summit on Sustainability, will be the framework which will bring together fishery ministers, research scientists and key representatives of international organisations from the industry.

800 companies from 80 countries are expected to exhibit whilst over 70.000 professionals from 115 countries are expected to visit and will see the new technology and products on display at VIGO'09.