Under-utilised Seafood to Asia

a guide for Australian seafood exporters

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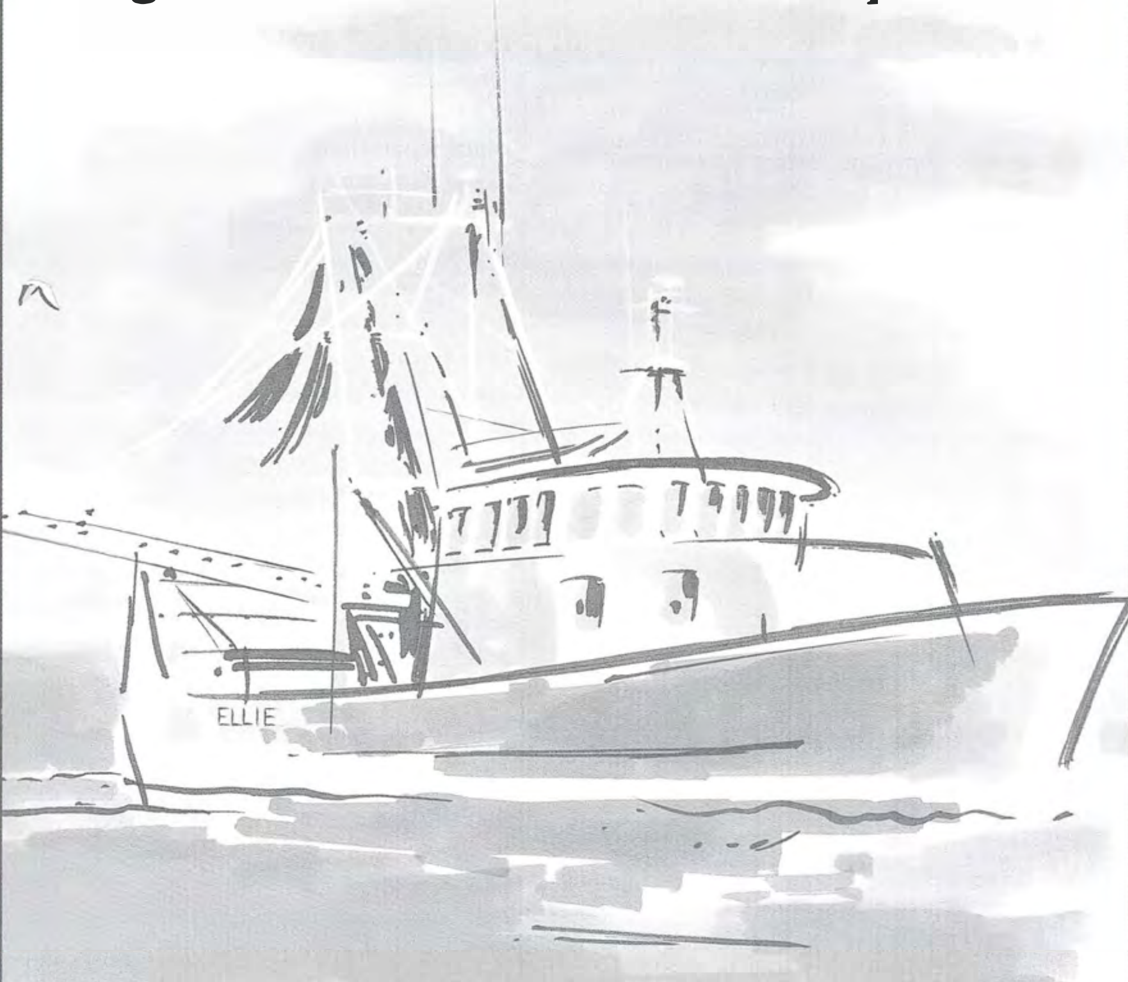

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Foreword

The Australian coastline is home to about 4500 species of finfish and tens of thousands of other seafood species. About 1000 marine and freshwater seafood species are currently caught for domestic and international consumption. Commercial fishing focuses on the species for which an established market exists. However, as part of every major fishing operation, a variety of species are caught that are of lesser value than the target species. Other under-utilised species have the potential to be caught in significant volumes but are not targeted due to the absence of attractive markets. The aim of the 'Hooking into Asian Seafood Markets' project was to add value to these species by investigating the demand for them in selected Asian seafood markets, and identifying characteristics of these markets. It is important to recognise that many of the less popular seafood species in Australia are perceived in a much more favourable light in some Asian nations.

Asian seafood consumers have vastly different expectations, taste preferences and cooking techniques from those here in Australia. For this and many other reasons, Asia presents an attractive market for seafood exports. Australia is close to a large population base of consumers with a diet rich in seafood, and some of the species consumed in Asia are similar to those found in Australian waters. The challenge for exporters is to match our capability to supply under-utilised Australian seafood products with the specific requirements of the various Asian seafood markets.

The Fisheries Research and Development Corporation and the Department of Primary Industries, Queensland initiated this project to take up that challenge. This export guide reports on the experiences of the research team during their endeavours to develop new markets for Australian under-utilised seafood in Asia. It was an enormous undertaking, and I commend the team for producing an honest, 'no holds barred' account of the challenges involved in developing such markets.

Researching and gaining access to overseas markets require commitment, determination and careful planning. In my experience, obtaining reliable in-market information can be expensive and time-consuming. This guide provides much of the essential background information that potential exporters will need to establish an export strategy to Asia. The guide will prove to be an extremely useful reference tool for anyone initiating such a strategy or for those who are looking to expand their seafood export portfolio. It is a unique publication as it provides specific, detailed information on seven individual Asian seafood markets and discusses the species that present good, moderate or limited export opportunities. This information, presented in a simple and practical format, will prove invaluable to anyone with an interest in Asia as a seafood export market. The guide should be read in conjunction with *Asian Events and Culture — a guide for Australian seafood exporters,* another initiative of the Fisheries Research and Development Corporation and the Department of Primary Industries, Queensland. This guide is designed to help seafood operators capture export opportunities associated with key social and cultural events in selected Asian countries.

In the long term, the identification and adoption of these opportunities have real potential to develop new export markets. They will also encourage more efficient use of fisheries products and generate new sources of income for the fishing and seafood industries. My congratulations go to the Rural Market Development team of the Department of Primary Industries, Queensland for the high-quality output of their research, and to the Fisheries Research and Development Corporation for its direction and financial support throughout the course of the project.

Nigel Scullion
Chairman
Australian Seafood Industry Council

Endorsements

This guide has been endorsed by the following seafood companies, industry associations and government agencies.

Australian Seafood Industry Council

ocean fresh fisheries

SILCO
Specialist of Fine Foods Worldwide

Wood Fisheries Pty. Ltd.

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Australian Institute of Export

SOUTHLAND FISH SUPPLIES
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SEAFOODS

~ BEVANS ~

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Introduction

Introduction

Why was this guide developed?

The 'Hooking into Asian Seafood Markets' project was established by the Fisheries Research and Development Corporation and the Department of Primary Industries, Queensland, to identify and facilitate the development of markets for Australian under-utilised seafood species, and to help industry operators to better understand the key opportunities and challenges that exporters need to consider in relation to exporting under-utilised seafood species to overseas markets.

Over a hundred Australian under-utilised species were initially identified by the Australian seafood industry. These species were then assessed against two criteria; volume of supply and potential interest in overseas markets. Given the unpredictable supply of under-utilised species, supply capabilities were discussed with seafood industry associations, seafood exporters and fishers. Potential market interest was ascertained from prior market research.

Twenty-six species were initially selected. Further market research was undertaken in selected export markets to further determine export potential. The final prioritisation of eight species for the export guide was based on those that had the most market potential and also those that most widely represented the types of species families that were known and demanded in Asia. The eight species also represent fisheries resources around Australia from both warm and more temperate waters.

Who should use this guide?

This guide is designed to help Australian seafood operators better understand the requirements of the Asian marketplace, and can be used as a handbook for undertaking export development in Asian countries. It is aimed at those fishers and processors who want to export for the first time or who are interested in learning more about exporting. Fishers, who are currently catching or have the potential to catch under-utilised seafood species and are interested in exporting them, will also benefit from this guide. However, there is also valuable information for exporters seeking to export new products or targeting new markets.

The term 'exporter' is used in its widest context in this guide to include any person or organisation involved in or intending to get involved in exporting.

What is in the export guide?

The export guide contains eight major sections.

- An export advice section that summarises the key findings and lessons learnt from the project and also incorporates some information and tips from Australian seafood exporters on their exporting experiences.

- A guide to exporting section which identifies steps and processes involved in exporting, and is directed at fishers and processors who want to export for the first time or who are relatively inexperienced in exporting. There is also valuable information for exporters who are seeking to export new products or who are targeting new markets.

- Five case studies. These recount the experience gained and lessons learnt in seeking to establish new export markets for the under-utilised species concerned. They focus on Australian salmon, sea mullet, spotted mackerel, ocean jacket and ribbonfish.
- A market interest section which identifies the potential market opportunities in Asia for each of the eight under-utilised species discussed in the guide. The project team undertook in-market research in China, Hong Kong, Japan, Singapore, South Korea, Taiwan and Thailand.
- Seven country analyses. These present an overview of the selected Asian countries and have been developed in order to give the reader an insight into each country's seafood market. They provide valuable information about seafood consumption trends and preferences; market segment opportunities; competition; market entry restrictions; distribution networks; and other areas of interest to potential exporters.
- Eight species profiles that provide background information on each of the species discussed, including flesh characteristics, how and where caught, supply potential and useful additional comments.
- Tips for doing business in Asia. Australian seafood exporters conducting business in Asia need to understand the Asian cultures and ensure that they do not apply their own Australian value system when communicating and negotiating with people from Asia. This section provides valuable information about Asian cultures and business practices.
- A list of key contacts is included to help potential exporters identify points of contact both in the overseas market and domestically. A useful website page has also been compiled to assist seafood exporters in finding information. The page covers the following topics: market research statistics, marketing, policy, law and general fisheries.

How to use this guide?

For ease of reference each section contains all relevant information and therefore, a cover to cover reader will find certain information presented on more than one occasion.

Information in regard to the industry, species and markets is constantly changing. While significant care has been taken in the collation of information, it is important to check the most recent available information regarding the species and country of interest before making commercial decisions.

Export

Advice

Export Advice

The following export advice is aimed at providing useful general information to Australian seafood exporters. It is based on information provided by experienced Australian exporters, and on findings from the case studies and overseas market research undertaken as part of the project. The objective is to provide some insights into the lessons learnt and the experience gained from exporting to Asia.

- Australian seafood exporters must be committed to developing export markets for their products and not use export markets simply as an alternative when prices are low or the product is unsuccessful in the domestic market. They also need to recognise that success for a product in the domestic market by no means ensures success in international markets.
- Exporting successfully requires planning, research and financial and attitudinal commitments. Working with existing exporters can help to develop skills in exporting. Forming alliances with other enterprises and presenting the group as a single trading entity in the international marketplace can ensure a stronger in-market presence with consistent supply and a variety of products.
- Communicating and working with other members of the supply chain will result in more cost effective and efficient business processes, better customer service and a higher-quality end product.
- Patience is essential when establishing export markets, as developing business relationships can take years. The first contact may not work out. Therefore it is good to have some other contacts as back-up. These contacts may work out much better than the initial one.
- Building business relationships is very important in Asia, and these relationships must be formed before sales can be expected. This requires ongoing maintenance and monitoring, which will require regular trips to visit the potential buyer and reciprocal visits by them.
- If exporters have already caught the seafood before finding a market or negotiating a price, often importers will try to bargain a lower price as they recognise the urgency to make a sale because of the perishable nature of the product. Therefore it is highly desirable to find a buyer and negotiate a price for the product prior to catching it.
- For several Australian under-utilised species unpredictable supply and short seasons are key limitations to developing export markets. Niche markets may therefore offer the best opportunity for these species.
- Details of the current fisheries management system need to be obtained to ensure there is sufficient availability of supply of the target species. There may be restrictions on the export of certain species under the provisions of the *Wildlife Protection (Regulation of Exports and Imports) Act 1982* (to be replaced by the *Environment Protection and Biodiversity Conservation Act* 1999 in 2002).
- A reliable and independent inspector/agent based in-market can check incoming seafood consignments and provide valuable information to exporters on the quality and condition of product and packaging upon arrival. This feedback will enable improvements to be implemented and also help minimise disputes.

- Taking a photograph of the packed container before departure and placing it in an envelope, taped to the inside of the container door, can demonstrate the condition of the product prior to departure. Keep a copy of the photograph to validate insurance claims should anything go wrong while the consignment is in transit.

Container ship being loaded in Hong Kong harbour

- The transportation period is the time when an exporter is most vulnerable to things going wrong. Freight forwarders often take limited or no responsibility for damage occurring in transit.
- It is important to use a cold chain freight forwarder in-market to ensure that refrigerated seafood is kept at the required temperature until its reaches it final destination.
- The temperature of goods in refrigerated containers can increase above the required temperature whilst in transit, leaving the product in an unacceptable condition for the buyer. One way to reduce this kind of risk is to use temperature loggers as a form of insurance. Placing a temperature logger in a sealed container to be opened only by the buyer provides a proven record of the temperature of the container throughout the entire journey.

- It is essential to take out product insurance when exporting. Make sure that you are fully aware of what your insurance covers and know the time period that you are covered for after the product reaches its final destination. In case something goes wrong, ensure that someone representing the company is on site immediately to inspect the product, validate its condition and determine responsibility for any mishap, e.g. freight forwarder, buyer, supplier.

- Arrange for the buyer to pick up the product shortly after arrival, as demurrage charges (prices charged for containers sitting at the wharf) apply at most international wharfs. Additionally, refrigerated products in containers sitting at the dock for a long time are at risk of thawing out.

- Supermarkets, restaurants, hotels and processors are the market segments that offer the most potential for Australia's under-utilised species. 'Wet' markets offer only limited opportunities in most countries as it is difficult for these species to compete on price and quality in this segment.

- Development of export markets for under-utilised species will strengthen the domestic price for these species. The benefits of developing and committing to an export market are evident from the experience of the pork industry, which has been able to substantially improve returns to producers by establishing both a domestic and export market for its product.

- It is easier to identify market opportunities if a good knowledge of the under-utilised species' characteristics (such as flesh colour and oil content) is established and matched with markets that have a demand for those particular attributes. For example, due to spotted mackerel's high oil content it was identified as having market opportunities in Japan, where this quality is highly regarded.

- It is important to obtain an understanding of how the species is cooked and used by the end user as this will have a direct impact on the quality and form in which the product is required.

- Changes to current catching and processing methods are required for many of the under-utilised species to gain access to Asian markets. See, for example, the case studies on Australian salmon (which needs to be properly bled), ocean jacket (which needs to be trapped not trawled to meet the standards of the sashimi market) and ribbonfish (which needs to be protected from scale damage). Changes to catching and processing methods will need to be carefully assessed to ensure that returns justify any additional costs.

- Red, yellow, pink and gold are auspicious colours in Asia. White often symbolises death. This should be kept in mind when producing packaging and labels for products.

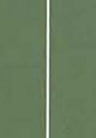
- Seafood products imported into China are required to go through a holder of an import licence.

- Australian seafood exporters to Japan are often required to export to a general trading house (*Sogo Shosha*), which will arrange for the product to be sold through a wholesale market or direct to a retailer.

- Labelling does not appear to be an issue when exporting to China as Chinese importers re-label and re-brand many products as 'product of China'.

- Most Asian countries impose tariffs on imported seafood. It is therefore important to keep up to date with the ever-changing tariff rates as these will affect the price of the product in the market.
- In Thailand there is a 60% tariff on imports that are air freighted. Product that is sea freighted direct to processors does not incur any tariff.
- Hong Kong is one of the world's freest economies. It has no import duties or restrictions on the import of seafood. Hong Kong has no foreign exchange controls.
- In Singapore, most importers are unable to import large volumes of seafood because they do not have much wholesale storage space available. Therefore, exporters may need to be responsive to requests for small orders on the understanding that such orders may be obtained on a more regular basis.

A Guide to Exporting



Introduction to A Guide to Exporting

This guide to exporting identifies activities that need be considered when planning to export. It discusses the major issues in exporting and provides references to organisations and agencies that support the development of export markets.

For the purposes of this guide, an exporter is any person, whether they be a trader, fisher, processor or export agent, who is currently exporting or looking to export.

The guide will help Australian producers of under-utilised seafood to determine whether they have the capacity and ability to export.

Successful exporting requires a high level of motivation; a good understanding of the market, the product and the supply chain; and a strong commitment to building and maintaining business relationships.

It is important to note that the steps in this guide are intended only as an indication of the activities that an exporter needs to consider and undertake. Many of the suggested activities can occur at the same time or in a different order depending on the exporter's experience, the product, and the targeted market. Some activities will need be repeated many times before an export market is developed.

The guide to exporting has been divided into five key sections, each involving a series of steps:

- ***Know your business:*** this is an analysis of the exporters' and the exporting enterprises' capacity and capability to export, and of the factors that influence the selection of an export product.
- ***Know your market:*** this section focuses on investigating export market potential for the selected product and the development of a market strategy.
- ***Develop and cost your export channels:*** this section highlights the importance of understanding the logistics and requirements involved in exporting.
- ***Build your export relationships:*** this section emphasises the significance of building strong relationships and outlines some key activities that need to be undertaken.
- ***Maintain and grow your export business:*** this final section reiterates the need to continue the momentum and the commitment to the exporting process.

A comprehensive list of key state, federal and overseas contacts has also been incorporated to assist exporters.

A Guide to Exporting

Know your business

- Examine reasons for exporting
- Evaluate skills and ability
- Ascertain supply capacity
- Decide on target export species

Know your market

- Undertake market research
- Develop a market strategy

Develop and cost your export channels

- Determine transport logistics
- Meet export requirements
- Organise finance and insurance

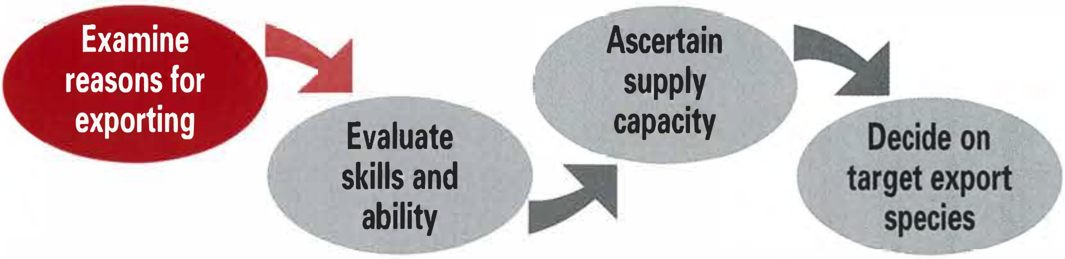
Build your export relationships

- Start communicating with potential buyers
- Forward samples and obtain feedback
- Visit the overseas market

Maintain and grow your export business

- Negotiate and finalise trial shipment
- Develop export sustainability
- Maintain and expand export relationships

Know your business



- This step examines the exporter's reasons for exporting.
- Why export? Potential exporters should be very clear on their motivations and aims. It may be useful to list the reasons for exporting and the perceived benefits, and balance this against the risks and challenges involved in exporting.
- Common reasons for exporting include:
  - — low domestic prices;
  - — diversifying risk and dependence on the domestic market;
  - — finding a market for the extra supply that cannot be sold domestically;
  - — taking advantage of greater demand overseas for under-utilised species.
- Whatever the reason for exporting, commitment, patience and persistence are essential attributes for a potential exporter. It sometimes takes a few years to get a sale and during that time there is a lot of hard work identifying buyers, sending samples, negotiating and building relationships.
- Discussing reasons for exporting with a number of people (including those listed in the 'Information sources' below) may assist in making decisions.
- Often companies consider exporting as a result of a perceived interest in their product, such as a trade enquiry. However, to obtain the benefits of exporting there must be a long-term commitment and therefore a high degree of motivation on the part of the potential exporter.
- Australian seafood exporters must believe in their products, be committed to developing export markets for them, and not use export markets simply as an alternative for when prices are low or the product is unsuccessful in the domestic market.
- Success of a product in the domestic market by no means ensures success in international markets.
- Exporters need to be aware that there is a higher degree of risk involved in exporting than in trading on the domestic market. This risk can be related to payment terms, entering into legally binding contracts, language barriers or currency fluctuations, to name just a few.

Information sources

• Accountant/financial adviser • Bank manager (international department) • Other exporters

Know your business

- Once exporters know they want to export and why, it is critical to ensure that they have (or have access to) the skills, systems and processes that will allow them to succeed.
- Two key areas need to be considered: the exporter's ability and skills to manage exporting, and the enterprise's capability to deliver.
- Why evaluate skills and abilities? Because the business could be jeopardised if exporting is undertaken without the necessary skills and abilities.
- If the exporter does not have these skills, the options are to either undergo training, or employ staff who have them.
- Some areas where skills and knowledge will be required are understanding cultural differences, marketing products internationally, understanding and preparing export documentation, negotiating with potential overseas buyers, and understanding export payment procedures that could impact on an enterprise's cash flow.
- Sound business and financial practices need to be implemented to ensure that the organisation has the ability to export. These practices could relate to financial management, quality assurance and/or general administration. The enterprise needs to consider the appropriateness of the equipment and facilities of the relevant port, and its proximity.
- If the organisation is not capable of exporting because of shortcomings in these areas, the options are to either acquire necessary capabilities by adopting and implementing the necessary systems and practices, or to use an export agent for the exporting process.
- Does the organisation have the financial systems in place to expand the business beyond domestic supply?
- It is essential to discuss these issues with a financial adviser or accountant and bank manager. Government agencies and the Australian Institute of Export often conduct training courses in the above areas.

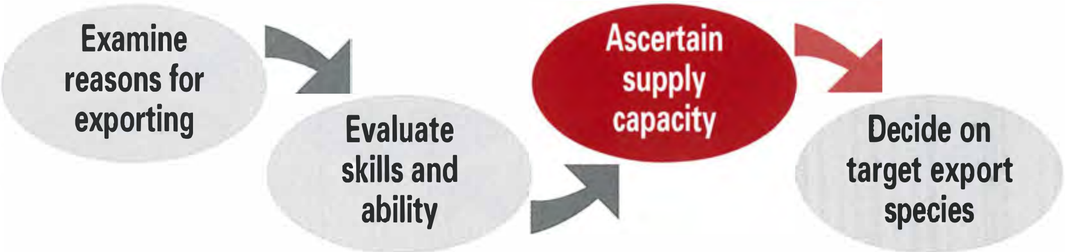
Information sources

- *Accountant/financial adviser*
- *Bank manager*

Training and Skills Development

- *Australian Institute of Export* . . . . ***www.aiex.com.au***
- *State and Federal Government agencies* . . . . ***See 'Key contacts' (p. 125-132)***

Know your business



- The organisation's supply capability is a key issue that needs to be considered. The case studies undertaken as part of this project show that a key reason for failure of Queensland enterprises in export markets is the lack of a consistent supply of high-quality product.
- Since most Australian under-utilised seafood species are available in only small volumes, the following options could be considered as part of an export strategy.
  - Arrange supply from other seafood producers.
  - Form an alliance with other seafood producers to ensure long-term continuity of supply.
  - Form an alliance with seafood sellers (retail, food service) to ensure long-term continuity of demand.
  - Target a niche opportunity in the international market that requires only a relatively small volume of supply.
- Alliances can be informal or formal. There are government and private experts in this area who can help develop these alliances. The legal and financial implications of how the alliance will operate need to be explored; advice can be obtained from solicitors and financial advisers/accountants.

Information sources

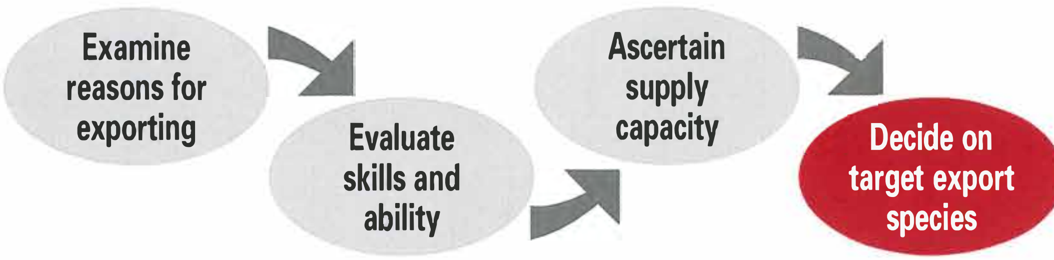
Statistics

- *Australian Bureau of Statistics (ABS)* . . . . ***www.abs.gov.au***
- *Australian Bureau of Agriculture & Research Economics (ABARE)* . . . . ***www.abare.gov.au***

Establishment of Alliances

- *State Government agencies* . . . . ***See 'Key contacts' (p. 125-132)***
- *Department of Industry, Science and Resources (DISR)* . . . . ***www.valuechains.isr.gov.au***

Know your business



- This step provides some guidelines to help decide on which species to export. The following criteria can help in making decisions about which species to export.

Table 1: Criteria to Select Target Species

Criterion	Steps
Ensure that adequate supply of the species is available	■ Obtain information on the supply volumes for the species. If supply is erratic or difficult to obtain, the species should not be considered further. ■ Obtain information on seasonality of supply (by month and region if available) and catching methods. ■ Obtain details of the fisheries management system, and information on whether quotas exist for the species and whether resources are increasing or decreasing. ■ Ensure that there are no restrictions on export of the species under the provisions of the *Wildlife Protection (Regulation of Exports and Imports) Act 1982* (to be replaced by the *Environment Protection and Biodiversity Conservation Act 1999* in 2002). ■ Seafood exports from Australia require an export permit, so check with the Australian Quarantine and Inspection Service (AQIS) about any restrictions or requirements relating to export of the species.
Ascertain interest for the species in international markets	■ Potential market opportunities for the species that have been short-listed need to be investigated (markets that are aware of the targeted species or have similar species offer potential opportunities). ■ This information could be obtained through preliminary research: — Review seafood magazines and books for articles on species and products sold in Asian markets. — Search the Internet for information on Asian auctions or wholesale markets and seafood company product lists. — Interview exporters, industry representatives and government agencies. — Meet overseas delegations to obtain market information and contacts. — Obtain details of imports, exports, production, competitors and consumption trends for the targeted or similar species in the overseas market. ■ Quarantine or other trade barriers that could prevent you from exporting these species to particular countries need to be investigated with AQIS and/or Department of Foreign Affairs and Trade (DFAT).

Information sources

Seafood Production Statistics
- *Australian Bureau of Statistics (ABS)* . . . . ***www.abs.gov.au***
- *Australian Bureau of Agriculture & Research Economics (ABARE)* . . . . . ***www.abare.gov.au***
- *Environment Australia* . . . . ***www.ea.gov.au***

Quarantine Requirements
- *AQIS* . . . . ***www.aqis.gov.au***
- *Seafood Services Australia* . . . . ***www.ssaust.com***

Market Research
- *Austrade* . . . . ***www.austrade.gov.au***
- *State and Federal Government agencies* . . . . . ***See 'Key contacts' (p. 125-132)***
- *DFAT* . . . . ***www.dfat.gov.au***

Know your market

- Potential exporters can use market research to identify the best options and opportunities for the target species.
- The preliminary market research undertaken to determine the target species may have revealed opportunities in several markets. Detailed market research in overseas countries will assist in prioritising which markets to target.
- Detailed research should provide the following information:
  - ***Market segment***
    Information on cultural, legal, political and commercial issues to consider in the targeted country;
  - ***Market profile***
    Detailed information on market segments currently using similar products such as restaurants, retailers, wet markets and supermarkets;
  - ***Potential buyers***
    Who is currently supplying them? What kind of product do they want? In what form do they want it?;
  - ***Key competitors***
    Information on the local and international suppliers of the targeted or similar species, including competitive prices in the market segments where possible;
  - ***Import restrictions***
    Information on quotas, quarantine, permits and tariffs. This information is very important because it will determine accessibility to a particular market;
  - ***Requirements***
    Information on labelling and packaging requirements;
  - ***Analyses***
    Analysis of the distribution channels and key market entry points;

— ***Preferences***

Information on the preferred product form and preferred product attributes in the market.

- Austrade, State Government offices overseas and market research consultants are among the organisations that could undertake detailed in-market research. This research will mainly involve interviews with major firms involved in the seafood industry including importers, seafood market authorities, processors, distributors, retail outlets, restaurants and other food service enterprises.
- A visit to the market by the exporter would be beneficial, but is not essential at this stage.
- The research will provide information on the market prices of the same or similar species in the marketplace, the relative attractiveness of the market segments and the most viable market entry point.
- Now that detailed market research has been done it is essential for the exporter to re-evaluate the viability of exporting the selected species.

Information sources

Market Research and Market Visits

- *Austrade* . . . . ***www.austrade.gov.au***
- *State and Federal Government agencies* . . . . ***See 'Key contacts' (p. 125-132)***
- *DFAT* . . . . ***www.dfat.gov.au***
- *AQIS* . . . . ***www.aqis.gov.au***
- *Market research consultants* . . . . ***www.yellowpages.com.au***

Know your market

- Once the export markets have been prioritised, a marketing strategy needs to be prepared. A consultant could be engaged to do this if the exporter does not have the necessary skills, but it is important for the exporter to be closely involved in the development of the strategy. The exporter will need to make commercial decisions affecting the business.
- The market strategy will vary depending on the particular product and market; however the following key elements need to be included:
  - ***Market segment***

    Select the segment (e.g. restaurant, food service, supermarket, wet market) that offers the most market interest for the target species.
  - ***Product form***

    Examine the enterprise's capacity to supply the product form that the market is demanding at a competitive price. Processing and packaging equipment and quality assurance systems are some factors to consider.
  - ***Distribution***

    A decision needs to be made as to whether the enterprise itself is going to do the exporting or will use an export agent. If the first option is selected a decision needs to be made whether to target distributors/wholesalers or supply direct to retail buyers.
  - ***Market visit***

    Market visits are highly recommended. It is very important that the exporter gain first-hand knowledge of the targeted export market. While several market visits might be necessary, it is highly recommended that at least one such visit occurs during the negotiation phase with the buyers.

    Attending and/or exhibiting in seafood trade fairs in the target country is a way to obtain product feedback and continue market and industry research. These events provide excellent opportunities to meet potential buyers and other sellers. It also provides an opportunity to assess the competition in terms of price, quality, packaging and promotion and to get a 'feel' for the market.
  - ***Promotion***

    A campaign may be necessary to promote your product to the consumers in the overseas market. In-store promotion, including product tastings and distribution of brochures, is one option that could be considered.

A business brochure is a useful tool to support business negotiations in Asia. The key components of such a brochure are as follows:

- business name
- trading name
- address
- contact details
- management details
- photo of fishing boat or processing shed, as appropriate
- background to the enterprise, including history in the industry
- types of licence and fishing locations
- species generally targeted, and volumes and months when caught, and form/s available
- facilities available, such as for freezing and processing
- map indicating location and access to air and sea transport
- quality assurance systems in place

A species brochure is a useful marketing and promotional tool that can be used to increase consumer awareness and enhance consumers' knowledge and use of the product. The key components of such a brochure are as follows:

- volumes available
- seasonality
- attributes
  - category/habitat
  - oil content
  - flesh colour
  - size
  - yield
- photo of whole fish and fillet
- recipes
- catching method
- fisheries management plans
- industry-approved quality management systems
- common consumption methods in Australia for the species

Information sources

- *Austrade* . . . . ***www.austrade.gov.au***
- *State and Federal Government agencies* . . . . ***See 'Key contacts' (p. 125-132)***
- *DFAT* . . . . ***www.dfat.gov.au***
- *AQIS* . . . . ***www.aqis.gov.au***
- *Market research consultants* . . . . ***www.yellowpages.com.au***
- *Market consultants and graphic designers* . . . . ***www.yellowpages.com.au***

Develop and cost your export channels

- This step examines the logistics involved in transporting seafood overseas.
- It is possible for exporters to arrange for the shipping of the product (direct export), however, most choose to use a freight forwarder or shipping agent (indirect export). Even those who intend to export themselves should engage a freight forwarder or shipping agent for the first few shipments. The forwarder/agent has an important role in exporting by advising and organising freight logistics. Services and advice that a forwarder/agent will provide include:
  - advice on choice of airline or shipping line;
  - information on departure dates and the duration of the flight or voyage. This is important because of the perishable nature of seafood products;
  - arranging transport to and from the airport or seaport and ensuring that the cool chain is maintained for perishable products;
  - securing space for the product on the vessel or aircraft;
  - preparing documentation (export permits, export packing lists, airway bills, customs manifests and invoices);
  - consolidation of freight;
  - loading of air freight and sea freight containers;
  - arranging destination customs clearances and delivery arrangements;
  - acting as a point of contact in case of emergency.
- It is important for the exporter to gain some understanding of the entire costs of the logistics chain. This will be vital information when it comes to pricing products.
- Containers used by airlines and shipping lines carry fixed weight loads. Ensure that the amount or tonnage that you want to export is discussed. For example a 20-foot container will hold about 12–17 tonnes net (depending on product and packing) and costs are substantially reduced when the space in a container is maximised. The freight forwarder or shipping agent can assist with mixed loads. It should be noted that freight forwarders might need up to six weeks notice to ensure that space is available.

Information sources

- *Freight forwarders/shipping agents* . . . . ***www.yellowpages.com.au***
- *Seafood Services Australia* . . . . ***www.ssaust.com***

Develop and cost your export channels

- Within Australia there are several requirements that exporters of under-utilised seafood need to comply with. This step examines how to meet those requirements.
- There are also quarantine and tariff restrictions applied by the importing countries. It is important to obtain information on these restrictions to determine accessibility to the market and the costs involved.
- AQIS provides certification ensuring that all Australian seafood exports meet international standards, including fitness for human consumption, wholesomeness and truth in labelling. This is in line with Australia's commitments under international treaties and other obligations.
- AQIS is also responsible for certifying the requirements of the importing country. The import permit from that country will define the required procedures.
- A number of computerised systems exist to facilitate documentation, such as EXDOC. EXDOC is an electronic replica of the paper-based documentation system, which will be compulsory after 31 December 2001. EXDOC clears the shipment through Australian Customs and also generates a health certificate for the overseas country.
- All shipments of live or processed fish exceeding 10kg require an AQIS export permit for clearance by the Australian Customs Service
- All fish must be produced and stored at an establishment registered for export with AQIS. All land-based processing and storage establishments and fishing vessels, which freeze, pack or process seafood in any way, must be registered for export with AQIS. However, fishing vessels, whose operations are only involved in catching product, are not required to be registered for export with AQIS.
- Producers must have an AQIS-approved, quality assurance system that includes Hazard Analysis Critical Control Point (HACCP) for the control of food safety.
- AQIS also has export facilitators who can act as the initial contact point for exporters who are having difficulties with government health documentation or other quarantine barriers in the importing country. New exporters who are unfamiliar with Australia's exporting requirements and the importing country's requirements will find the export facilitators particularly helpful. If an issue does not come under its own jurisdiction, AQIS can refer clients to other relevant agencies that may be able to help.

Information sources

- *AQIS* . . . . **www.aqis.gov.au**
- *Australian Custom Service (ACS)* . . . . **www.customs.gov.au**
- *Seafood Services Australia (Sea Qual Pack 3)* . . . . **www.ssaust.com**

Develop and cost your export channels

- This step demonstrates the importance for Australian exporters to organise finance and insurance before they actually begin exporting.
- Exporters should take precautions through financial risk management and insurance to provide for non-payment, spoilage, currency problems and the application of different national laws.
- Exporters should always take out export insurance. Cover can be provided through the Export Finance and Insurance Corporation (EFIC) — a government agency — or another insurance provider.
- For an insurance claim to be approved it is imperative that the exporter be in a position to produce all of the export documentation.
- The following are the possible methods of payment when exporting seafood:

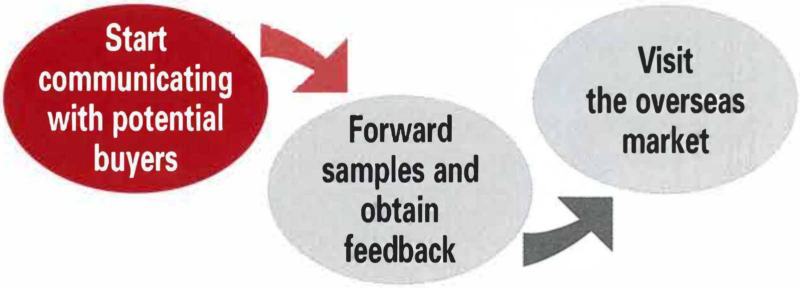
— cash in advance by mail or telegraphic transfer or bank draft
— confirmed irrevocable documentary credit (letter of credit)
— irrevocable documentary credit
— documents against payments
— documents against acceptance
— open account

- When trading with new or unknown overseas customers, exporters should take the minimum possible risk with regards to payment.

Information sources

- *Banks and other financial institutions*
- *Australian Institute of Export* . . . . **www.aiex.com.au**
- *EFIC* . . . . **www.efic.gov.au**

Build your export relationships



- This step emphasises the importance of communication and relationship building with buyers.
- Exporters need to start to develop contacts in the overseas market. It is important that, even before negotiations begin, the exporter should have a good idea of the logistics, AQIS requirements, insurance, bank and other costs involved in getting the product into the market.
- Austrade, a State Government overseas office, an embassy or high commission, DFAT, a consultant or an agent should be able to assist with the contact details of interested buyers and act as an intermediary to introduce Australian exporters to the relevant people. It should be noted that some of the above entities will charge a fee for their service.
- The species and business brochures are a valuable tool in assiting the above agencies to identify suitable buyers.
- It is likely that exporters will be given several contacts in the overseas market as potential buyers. It is up to them to decide which contacts they wish to communicate with.
- Many business people in Asia will be able to communicate in English, however, there will be cases where an interpreter will be necessary.
- Exporters need to be aware that communication with potential buyers is an ongoing process and may take months or years before a sale eventuates.
- Successful trading depends on successful business relationships. Often (and especially in Asia) successful business relationships are dependent on trust that is forged between the parties over a considerable period of time.

Information sources

Interpreter Services

- *Department of Immigration and Multicultural Affairs* ***13 14 50***

Developing Contacts In-market

- *DFAT* . . . . ***www.dfat.gov.au***
- *Austrade* . . . . ***www.austrade.gov.au***
- *Australian Institute of Export* . . . . ***www.aiex.com.au***
- *State and Federal Government agencies* . . . . ***See 'Key contacts' (p. 125-132)***

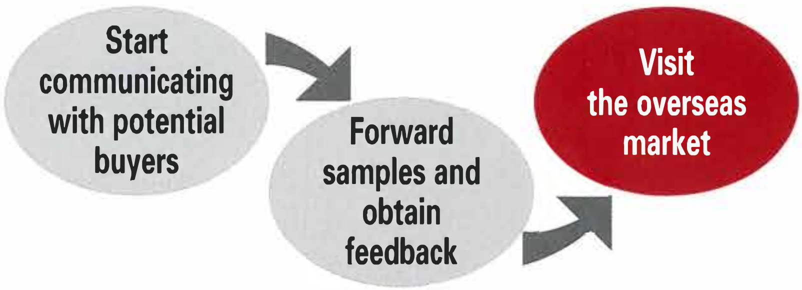
Build your export relationships

- This step examines how exporters forward their initial seafood samples overseas.
- Samples are an important part of the negotiation process with the buyer. It is therefore imperative that the samples comply with the buyer's specifications. The standard and acceptability of the samples will determine whether a trial shipment will result.
- It is likely that many samples will need to be forwarded before a sale eventuates.
- Extreme care needs to be taken to ensure that samples arrive in good condition. This is sometimes more difficult to arrange with samples than with commercial shipments and particular care is needed with packaging and labelling.
- There should be a clear understanding of which party is responsible for paying the costs of shipping and clearing a sample.
- Valuable feedback that the buyer may be able to provide on a sample could include:
  - how the product would be used;
  - the condition of the product on arrival;
  - whether the quality of the product was acceptable;
  - the form of the product required by the market;
  - acceptability of the packaging.
- The process of exporting the sample would give a good indication of the cost of transporting the product and also identify any likely problems along the chain.

Information sources

- *Freight forwarders/shipping agents* . . . . ***www.yellowpages.com.au***
- *Australian Customs Service* . . . . ***www.acs.gov.au***
- *Seafood Services Australia (Sea Qual Pack 3)* . . . . ***www.ssaust.com***
- *AQIS* . . . . ***www.aqis.gov.au***

Build your export relationships



- Market visits provide an opportunity to gain a greater insight into the market and to meet potential clients face to face.
- Trade missions (group visits) organised by a government agency, by a chamber of commerce or by industry present an ideal opportunity for exporters to visit international markets. Participants are usually required to pay all the costs of the trip including a consultancy fee to the organiser. However, participation on such missions has advantages. For example suitable meetings and travel and accommodation are arranged, research is sometimes undertaken and information is provided on business etiquette and the culture in the country concerned.
- During a trade mission it is recommended that potential exporters visit target market segments, such as the wet markets and the supermarkets. This gives them the first hand opportunity to see how seafood products are presented, displayed and sold, and to gain information on competitor products in terms of price, quality, packaging, presentation and positioning.
- It is recommended that notes and photographs be taken to record this information.
- Trade shows are an option for exporters to expose potential buyers to their products. They also present an opportunity for exporters to meet their competitors and see their products. Because it is expensive to have a stand at a trade show, there may be opportunities to share a stand with other Australian companies. Information on this could be obtained from Austrade and the relevant Government agencies. Exporters should endeavour to have a business itinerary arranged during the trade show where they can meet with potential buyers. Again, Austrade or relevant government agencies could arrange these appointments.
- Given that seafood cuisine is popular in Asian markets it is important to understand local cooking styles and consumer expectations in relation to seafood.
- In Asia there are a number of cultural considerations that visitors need to be aware of. Austrade and State Government agencies often hold seminars to highlight aspects of how to do business in Asian countries. Refer to the section 'Tips for Doing Business in Asia' in this guide for more detail.

Information sources

Trade missions, business itineraries, business and cultural information

- *Austrade* . . . . ***www.austrade.gov.au***
- *Chambers of commerce* . . . . ***www.yellowpages.com.au***
- *State and Federal Government offices in Australia and overseas* ***See 'Key contacts' (p. 125-132)***
- *Trade consulates in Asian embassies in Australia* . . . . ***www.yellowpages.com.au***

Maintain and grow your export business

- This step examines the process of negotiating and finalising the trial shipment.
- Market visits do not always immediately result in orders for trial shipments. Sometimes the process could take a couple of years, but it is important to continue to maintain relationships with the potential buyers.
- The process could require further market visits, more research and more samples.
- Before preparing the trial shipment it is critically important to have a precise product description/specification from the buyer.
- It is very important that the initial or trial shipment be prepared with great care and attention to detail. The way the first shipment arrives and the impression it makes on the customer will strongly influence the total relationship. A good first shipment will cement the business but a poor shipment may well destroy all the effort made to this point and cancel the market opportunity.
- Special attention should be paid to packaging, presentation, labelling and documentation.
- It is advisable to ascertain the credibility of the importing organisation. The Export Finance and Insurance Corporation (EFIC) and most banks will be able to help with the checking of credit references.
- Negotiation on price is usually a lengthy process. It is important to obtain clarification and written agreement on a range of issues, such as:
  - when ownership changes hand;
  - the legal system to settle disputes;
  - currency;
  - incorporation into the price of export costs such as freight, insurance, duty, loading costs and tariffs.
- If an import permit or other documentation is required for the target market, the buyer needs to ensure that it is obtained.
- The exporter needs to work with freight forwarder, insurance agency, bank and AQIS to finalise the trial shipment.

Information sources

- *EFIC* . . . . *www.efic.gov.au*
- *AQIS* . . . . *www.aqis.gov.au*
- *Freight forwarder/shipping agent* . . . . *www.yellowpages.com.au*
- *Bank and other financial institutions*
- *The 'Tips for Doing Business in Asia' section of this guide*

Maintain and grow your export business

- A successful initial shipment is only the beginning of a new business relationship. If the relationship is to endure, the exporter needs to establish a framework that will ensure its sustainability.
- Once the trial shipment has been sent, it is important for the exporter to receive and act on feedback from the buyer. Case studies show that if the exporter is not seen by the importer to have addressed the comments made, the importer is very likely to lose interest.
- Some of the more common comments from importers which need to be acted on are:
  - — poor quality of product;
  - — failure to meet buyer's specific requirements;
  - — late arrival of shipment;
  - — poor customer service.
- Even after a successful initial shipment, changes may still be required following negotiations on product specification, price, volume and timing.
- Given the unreliable supply of several Australian under-utilised seafood species, one priority should be to increase their availability and so ensure the continuity of export supply. Obtaining supply from other sources may be an appropriate option in the short term; however, alliances are recommended to ensure a more reliable source of supply.
- Also important are the links that will have to be established among fishers, processors, transporters, freight forwarders and distributors to get the product into the international market.
- These horizontal and vertical linkages are commonly referred to as supply chain or value chain development — a growing trend in the global marketplace. Several retailers in Asian markets have established supply chains through which they procure their merchandise. However, structured supply chains are not for everyone and there are alternative methods of exporting, such as using an export agent.

- Supply chain links require communication, transparency and trust among all participants. The benefits of being involved in supply chains include:
  - ensuring product quality;
  - cost efficiencies along the chain;
  - information sharing, which leads to increased efficiencies;
  - being able to tailor product and service to meet consumer demand.
- It must be noted that the development of supply chains takes considerable time and effort and requires commitment from all the chain partners. There is a cost attached which needs to be factored in.

Information sources

Supply Chain Development

- *State and Federal Government agencies* . . . . ***See 'Key contacts' (p. 125-132)***
- *Department of Industry, Science and Resources (DISR)* . . . . ***www.valuechains.isr.gov.au***

Maintain and grow your export business

- The exporter now needs to focus on consolidating business relationships. There should be regular visits by the exporter to the market. Visits by the buyer to the exporter should also be encouraged to see first hand how and where the product is developed, and to gain an understanding of supply chain processes. These visits often strengthen the business relationship.
- Once the exporter has established a presence in the market, a strategy to expand the range of products exported to the market may be undertaken. However, this is a commercial decision, and will depend on product availability and the strategic direction for the business.
- Exporting requires a long-term commitment and it needs to be stressed that successful trading depends on relationships. Relationships must be nurtured if they are to grow. A successful exporting relationship should involve frequent and open communication, trust on both sides, information sharing, relationship building and a partnership approach.
- The global market place is dynamic and the exporter needs to be innovative with new product development, and be proactive in developing and implementing new market and customer service strategies.

Case Studies

Introduction to Case Studies

The following case studies outline the experience gained and lessons learnt in attempting to establish new export markets for five under-utilised species: Australian salmon; ocean jacket; ribbonfish; sea mullet and spotted mackerel.

The case studies cover product development and value adding for specific markets, as well as creating market interest for these species in selected Asian countries.

All of the case studies reveal two common constraints in developing new markets for these under-utilised species, inconsistent supply and uncompetitiveness in price. The unreliable supply of many of these species impeded efforts to achieve commercial sales, even when the price had been agreed on between the parties.

The findings of the case studies are a good illustration of the difficulties faced by Australian exporters attempting to establish new markets for their seafood products.

Australian salmon

Commercial beach seining for Australian salmon in southern Western Australia. A catch of about 60 t of salmon is being hauled onto the beach. (Source: Stuart Blight, Fisheries Western Australia)

Key Issues

- Australian salmon is a high-volume, low-value industry with a short season, characteristics that present major challenges to developing a fresh fish market.
- Due to flesh characteristics and spoilage factors Australian salmon requires point-of-capture processing or rapid delivery to processing facilities to optimise product quality.
- Australian salmon must be bled immediately upon capture in order to ensure a quality product.
- Australian salmon is currently an unknown product in Asian markets.
- The flesh of Australian salmon is dry, and pink to reddish in colour, whereas the market preference in Asia is for a moist white flesh.
- Opportunities may exist for Australian salmon to be used in canned products by processing industries in Thailand and China.
- Because Australian salmon is regarded as a low-value species in Australia there is little incentive within the industry to adopt quality assurance that would ensure that it is properly bled.
- Constant confusion with Atlantic salmon, a very different species, creates marketing problems for Australian salmon.

Overview

Australian salmon (*Arripis trutta & Arripis truttaceus*) is the subject of a large industry on the south-east and western coasts of Australia, but only a limited amount of the potential supply is actually caught.

Australian salmon is considered a low-value species and only about 5% of the catch is sold for human consumption in the domestic market. Most of it is used as crab bait.

There is confusion with the Atlantic salmon (*Salmo salar*), with potential overseas buyers expecting Australian salmon to be similar in appearance and taste. In fact Australian salmon is not a salmon but a species of perch.

The following case studies outline attempts by the 'Hooking into Asian Seafood Markets' project team to find a niche export market opportunity for Australian salmon in Asia.

Case Study 1 — To develop a market for chilled sashimi grade Australian salmon in Hong Kong.

Activities Undertaken

- An export agent identified a market opportunity for chilled sashimi grade Australian salmon (high-quality fish served raw, Japanese style) in Hong Kong.
- When the opportunity was identified, the only supply available was from New South Wales.
- The requirements were for a gilled and gutted product with the blood line removed from the stomach cavity. The fish was to be bled and placed in ice slurry upon capture.
- In accordance with the product specification, two samples were supplied to the Hong Kong buyer. On receipt of the product, the buyer advised that it did not meet the requirements because it had not been bled properly.
- As a result, the buyer did not place an order and no further samples were requested.

Lessons Learnt

- Because Australian salmon is regarded as a low-value species in Australia there is little incentive for the industry to adopt quality assurance processes that will ensure that it is bled properly.

Case Study 2 — To evaluate the opportunity for the sale of whole frozen Australian salmon to the China market.

Activities Undertaken

- Product brochures of Australian under-utilised seafood species were used to evaluate potential buyer interest in the China and Hong Kong markets. The buyers surveyed included food service suppliers, processors, importers, retailers and a wholesaler.
- A sample of Australian salmon from Tasmania was supplied to a processor in Shidao (China) for further evaluation and for presentation at the Beijing Seafood Expo. Samples of other Australian

salmon were also used, along with other Australian under-utilised species, as part of a cooking trial where the fish was cooked in traditional styles by a local Chinese restaurant.

Lessons Learnt

- The food service suppliers, retailers, importers and wholesaler who participated in the evaluations showed no interest in Australian salmon.
- Australian salmon was rated last in the cooking trials and was considered too dry and unattractive by company executives.
- However, interest shown by processors in the China market evaluations led to discussions with a major Thai canning company visiting the Beijing Seafood Expos. The company's executives expressed interest in evaluating Australian salmon for canning.

Ocean jacket

Retrieving ocean jacket traps in South Australia
(Source: Rodney Grove-Jones and South Australian Research and Development Institute)

Key Issues

- For sashimi grade products it is essential to use the trapping process for ocean jacket. Trawled fish are unsuitable.
- The most cost-effective way to export this species to Asia is to send whole frozen ocean jacket to Asian processors, who would fillet the fish, re-freeze and distribute it.

Overview

Ocean jacket (*Nelusetta ayraudi*) is a member of the leatherjacket family (*Monacanthidae*) and is available in South Australia and Western Australia, with some catches occurring in New South Wales. Ocean jacket is currently sold on the domestic market but, because of the relatively small quantities available, the only viable export option is to supply low-volume niche markets.

Asian consumers are familiar with fish of the leatherjacket family, which is consistent with Asian flesh colour preferences. Ocean jacket is preferred in fillet form throughout Asia and a number of trials have been undertaken to find the most effective methods of meeting this demand.

The following case studies outline attempts by the 'Hooking into Asian Seafood Markets' project team to find a niche export market opportunity for ocean jacket in Asia.

Case Study 1 — To develop and supply sashimi grade frozen ocean jacket to Japan.

Activities Undertaken

- A Japanese buyer expressed interest in the supply of whole frozen sashimi grade ocean jacket (high-quality fish served raw, Japanese-style).
- The project team identified an exporter in Albany, Western Australia, who could supply ocean jacket and put the buyer in touch with the exporter.
- To obtain the high quality specified by the buyer, it was necessary to trap the ocean jacket, then store them alive on the boat in tanks before freezing them at -55°C to -60°C on the shore.
- Following a series of delays due to bad weather and other issues, samples of cryogenically frozen ocean jacket were sent by the exporter to Japan.
- The Tokyo buyer distributed samples to customers in both northern and southern Japan and they were evaluated in terms of suitability for sashimi, sushi and hot pots (for the trunks) and as a condiment (livers). Feedback received from the Japanese customers was positive and the product supplied was considered to be of high quality and comparable to frozen Japanese products in terms of flavour and texture.
- Following this feedback, the exporter began to press the buyer for a long-term business commitment. During the negotiations it became apparent that the product could not be competitive at the price being asked by the exporter.
- The exporter subsequently reduced the price; however, the negotiations to this point had taken over 12 months and the buyer had lost interest. As a result, further commercial approaches by the exporter were rejected.

Lessons Learnt

- The complicated trapping process used is very costly and therefore trapped fish costs twice as much as trawl-caught fish. However, it is essential to use the trapping process as trawled fish cannot be used for a sashimi grade product.

- Pressuring the buyer to commit to a long-term business relationship in such a short time is not consistent with Asian culture. Business relationships are built over a long period with demonstration of trust and commitment during the process.

Case Study 2 — To develop a white flesh fillet product to meet an identified market demand for fillets that are white and moist when cooked.

Activities Undertaken

- The project team identified an opportunity to supply a white flesh fillet from ocean jacket for sale in Hong Kong, Singapore, Japan and China.
- The project team was informed that ocean jacket could not be filleted because of their complicated bone structure. In response to these comments, a filleting trial was undertaken at the Centre for Food Technology (CFT) in Brisbane to discover the actual level of difficulty of filleting this species.
- The bone structure in some fish certainly impedes filleting and increases the cost of processing, but the trial undertaken by an expert filleter at CFT clearly demonstrated that filleting of ocean jacket was possible, with recovery rates ranging from 49% to 61%.
- Based on these results, the project team arranged for commercial samples to be sent to a processor in Shenzen (China) to be filleted. The results from this commercial trial were also promising with: recovery rates for pin-boned product around 50% from headed and gutted (H&G) skinless ocean jacket.
- Low processing costs in Shenzen meant that the most cost-effective way to enter the China market was to export whole frozen ocean jacket to Shenzen for processing and then re-freeze the fillets for sale as a frozen product. Given the success of the filleting trials in Shenzen, the project team explored the next step towards export, which was to commission research into re-freezing of fillets and the effects that re-freezing has on their quality.
- The project team then put a food service company in Hong Kong in touch with an ocean jacket supplier in South Australia. Commercial frozen sample packs were sent to interested buyers in the food service and retail segments in Hong Kong and also to potential buyers in Shanghai, Tokyo and Bangkok. However, these samples were sent only in late August 2001 and feedback from the markets concerned has not yet been received.

Lessons Learnt

- Australian ocean jacket could be supplied at a competitive price to the Hong Kong food service and retail segments by sending whole frozen fish to China for filleting, after which the fillets would be re-frozen and re-exported to the food service and retail segments.

Ribbonfish

Hairtail, a major competitor of ribbonfish, for sale at wet markets in Shanghai

Ribbonfish in retail packs for distribution to supermarkets in Shanghai

Key Issues

- Export opportunities may exist in Asian markets for Australian ribbonfish as a substitute product for hairtail. However, ribbonfish often fetches a discounted price because of its forked tail and damaged scales (from trawling).
- Ribbonfish will be competitive in Asian markets only if it can be supplied at a price lower than hairtail.

Overview

Ribbonfish (*Lepidopus caudatus*), also commonly known as southern frostfish, is found off the southern coastline from Sydney to Adelaide, and is usually caught as bycatch in south-east Australia using demersal trawl or droplining.

There is a potential unharvested ribbonfish resource of about 4000 tonnes per annum, and it is well known in the industry that fishing boats often avoid large schools of ribbonfish when targeting higher-value species. Until higher prices for ribbonfish are achieved, improved catching methods will not be implemented.

A shallow water relative of the ribbonfish, hairtail (*Trichivrus lepturus*), is a popular and a species in high demand in Asia.

As a more popular species, hairtail is perceived to have a better taste than ribbonfish and certain physical characteristics also differ between the two species. Hairtail is silver in appearance and has a long thin tail, which tapers to a point. Australian ribbonfish has a forked tail and is largely trawl-caught, which results in damage to the fine silver scales. Export opportunities may however exist in China for Australian ribbonfish as a substitute product for hairtail.

Market interest for Australian ribbonfish in China and Hong Kong (for sale in southern China) has been identified. The potential buyers accept the differences between ribbonfish and hairtail, but because hairtail is the preferred species, ribbonfish commands a lower price.

The following case study outlines attempts by the 'Hooking into Asian Seafood Markets' project team to find a niche export market opportunity for ribbonfish in Asia.

Case Study — The development of competitive frozen ribbonfish supply to meet a potential market opportunity in China.

Activities Undertaken

- The project team identified a strong buying interest for Australian ribbonfish through interviews in Changshu, China.
- A buyer in Changshu was interested in developing trade with Australia and trialling retail packs of ribbonfish fillets. The price the buyer was willing to pay for the product was A$1.70/kg, which was based on the price of product imported from India.
- Ribbonfish was being used as a substitute for hairtail, as the buyer was not concerned by the differences between the two species. Damaged scales, which are common in trawl-caught ribbonfish, and the differently shaped tail also, did not concern the buyer. The identified opportunity was for eight fillets of ribbonfish to be packaged into 500 gram retail packs for sale in Shanghai supermarkets.
- The project team encountered considerable difficulty in procuring even this small quantity of ribbonfish. Eventually suppliers in Wollongong, Ulladulla, Bermagui and Eden were identified. However the cost per kilogram quoted for exporting their fish — including transportation, processing and freezing costs — was in excess of A$2.00/kg, well above the price the buyer was willing to pay.

Lessons Learnt

- Although the buyer in the above case study was not concerned with the forked tail or the damaged scales, these are the two most common factors limiting demand for ribbonfish in Asian markets.
- There is an opportunity for ribbonfish as a substitute for hairtail in those markets. However, it will be difficult for ribbonfish to be successful in an Asian market unless it can compete on price with hairtail.
- The market for ribbonfish in Asia is highly competitive and, in order for the Australian species to be competitive, a whole-of-chain approach to export including fishers, processors, packaging companies, freight forwarders and exporters is needed.

Sea mullet

Beach netting for sea mullet at Noosa north shore, Queensland. About 23 tonnes of sea mullet has been caught.

Key Issues

- Flesh from ocean-caught sea mullet is regarded as a byproduct of the roe industry.
- Supplies of sea mullet are significant and warrant development of strategies to increase the returns on mullet flesh.
- Sea mullet is produced in most Asian countries. Although in popular demand it is generally regarded as a low-value species in Asian markets.
- It is difficult for Australian sea mullet to compete in Asian markets against local product due to higher costs of production, freight costs and tariffs.
- Value-adding opportunities may exist for sea mullet as a smoked product.

Overview

Sea mullet (*Mugil cephalus*) is one of the most widely distributed of the major food fish in the world and, as such, is familiar to consumers in most Asian countries. Asian consumers generally perceive sea mullet as a strong-flavoured, low-value fish, which is similar to Australian consumer attitudes toward the species. It was difficult to convince any of the firms interviewed of the superior taste of the Australian ocean-caught mullet relative to the Asian product.

In Australia, the negative image of sea mullet is reinforced by fishers and processors, who regard ocean-caught sea mullet flesh as a byproduct to the harvest of roe and to a lesser extent milts. Consequently there is little quality management of the barrels after the roe and milts are removed, especially if they are to be sold as crayfish bait.

Sea mullet is highly regarded by a core group of Australian consumers who enjoy the strong flavour and take advantage of the relatively low cost of the fish. There is also increased consumer interest in sea mullet because of the perceived health benefits associated with the relative high levels of Omega 3 fatty acids that it contains.

There is potential for developing a market for smoked sea mullet in Australia and there may be opportunities for smoked sea mullet as a bar snack product in selected Asian markets. However, these overseas niche markets will not be realised without a significant investment and better understanding of what is required.

The following case studies outline attempts by the 'Hooking into Asian Seafood Markets' project team to find a niche export market opportunity for sea mullet in Asia.

Case Study 1 — The development of a smoked product for the Chinese restaurant and hotel market.

Activities Undertaken

- A Queensland processor/exporter approached the project team for assistance to develop an export market for a smoked sea mullet fillet product that the processor had identified.
- Product samples were evaluated by a Chinese trade mission to Brisbane and very positive feedback was received from one of the mission participants.
- Smoked sea mullet fillet samples were sent to the firm in Beijing for distribution to a number of restaurants and hotels for product assessment.
- Feedback from the restaurants was positive.
- Negotiations were subsequently held between the exporter and the Chinese firm for a trial shipment.
- However, the trial shipment did not eventuate because of the importer's concern at costs of production in Australia and the high tariff for processed goods imported into China.

Lessons Learnt

- The importer advised that the best opportunity for the smoked fillets was in the bar snack food market.

- Further product development was required as the preference was for a drier and saltier product.
- Discussions with incoming delegations were a low-cost strategy to gain market information and trade contacts.
- It is important to thoroughly research countries offering apparent export opportunities in order to clearly identify any tariffs and other costs that may be incurred when exporting.

Case Study 2 — Development of a smoked sea mullet product for the retail trade in the Australian and East Asian markets.

Activities Undertaken

- Project staff met with a processor in southern Queensland to explore the opportunity for producing and marketing a smoked sea mullet product. The firm was already producing smoked tuna and swordfish products for the domestic market.
- The processor began producing smoked sea mullet and it soon became very popular in the 15 stores supplied in southern Queensland and northern New South Wales, indeed it became the most successful smoked product in their range. The processor advised that consumers did not detect any difference between smoked sea mullet prepared from fresh fish or from frozen fish.
- The project team examined the feasibility of exporting this smoked mullet product to Asia. They found that the price at which the product could be supplied was uncompetitive because the processor would need to incur substantial costs to comply with AQIS export standards.

Lessons Learnt

- Smoked sea mullet trials on the domestic market indicated a high level of acceptance and competitiveness.
- Domestic consumers did not detect differences between product derived from fresh or from frozen sea mullet. This means that production of smoked mullet can continue year round.
- Compliance with AQIS export standards increases product costs.

Case Study 3 — To develop high-quality branded fillets through the development of an alliance including fishers, processors and retailers, instigating improved catching methods, quality control, branding and promotion.

Activities Undertaken

- A group of fishers were approached by the project team to produce a high-quality sea mullet fillet that would be targeted at consumers seeking a convenient fish product and giving importance to quality and freshness.
- The project team examined all steps in the supply chain to ensure that a high-quality fillet could be obtained.
- New catching and processing methods were adopted. For example, instead of dragging the sea

mullet onto the beach (where there is often a delay before they are delivered to the processor), the sea mullet were scooped from the nets while still in the water and put into an ice slurry. Careful handling, grading and processing to remove the skin and bones substantially increased the quality, resulting in a fillet which had a lighter colour and flavour.

- A quality management system was developed and implemented to ensure that all fillets met a specific level of quality.
- The new, quality product was branded to differentiate it from existing mullet products available.
- An in-store promotional strategy was also developed involving the use of brochures, recipe cards, taste testing, slogans on posters, t-shirts worn by sales staff and education of sales staff to ensure the provision of accurate product information. This program was supported with publicity on major television stations.

Lessons Learnt

- The project resulted in initial success, with a 300% increase in prices to the fishers and a 400% increase in sales volume at one of the retail outlets.
- However the project did not continue the following year because of the increase in costs incurred by the fishers and the efforts needed to attain the required level of quality.
- New product development is a long term strategy and participants must be committed to supplying a quality product and working together to achieve success.

Spotted mackerel

Retail packs of fish in 'Consumer Co-operative Kobe' in Japan

Key Issues

- There are market opportunities for spotted mackerel in Japan because of consumer preferences for fish with high oil content.
- Supply constraints for spotted mackerel are a key impediment to the development of a consistent export market.
- There are concerns over the current harvest levels of spotted mackerel, making it unlikely that the supply of this species can be increased. Therefore ecological sustainability of the species is essential.

Overview

The majority of spotted mackerel (*Scomberomorus munroi*) produced in Australia is exported to Japan. The increase in prices of spotted mackerel has driven the increase in fishing effort such that 400 tonnes was caught in 2000. This is almost twice the previous highest catch and is not likely to be ecologically sustainable.

Spotted mackerel are renown for stock collapses in other parts of the world and there are concerns over the current harvest levels of spotted mackerel, making it unlikely that the supply of this species can be increased. Therefore ecological sustainability of the species is essential.

Spotted mackerel is regarded as a high-value species in many Asian markets and the Queensland industry has demonstrated the ability to be price competitive in these markets.

The following case study outlines an attempt by the project team to find a niche export market opportunity for spotted mackerel in Japan.

Case Study — To develop sales of chilled spotted mackerel to Japan

Activities Undertaken

- The majority of spotted mackerel (*Scomberomorus munroi*) produced in Australia is exported to Japan. The increase in prices of spotted mackerel has driven the increase in fishing effort such that 400 tonnes was caught in 2000. This is almost twice the previous highest catch and is not likely to be ecologically sustainable.
- Spotted mackerel are renown for stock collapses in other parts of the world with no prior warning the collapse is coming.
- The project team introduced the buyer to a spotted mackerel exporter from north Queensland. A price was negotiated and a sales contract entered into.
- A trial commercial shipment of 300 kg of chilled spotted mackerel was sent in accordance with the customer's specifications.
- The trial was successful and was followed by an order for two air freight containers of chilled product. However, the order was unfortunately not filled due to supply limitations caused by weather constraints.
- The project team was approached one year later by the same buyer, who was looking to purchase more spotted mackerel. The buyer was referred to the same north Queensland supplier.
- The two parties were in contact for some time and a further sale of 600 kg of chilled product occurred. Additional orders were placed but at the time of publication the order had not been filled due to weather restrictions.

Lessons Learnt

- Consumer preferences for fish with high oil content may create a potential market opportunity for fresh chilled spotted mackerel in Japan.
- Reliable supply is needed for the development of a consistent export market for spotted mackerel.

Market Interest for Australian Under-utilised Seafood in Asia

Introduction to Market Interest for Australian Under-utilised Seafood in Asia

Seafood is a favourite food for many Asians. However, there are significant differences amongst Asian cultures and even within countries in regard to consumer tastes, preference and cooking style. Strong consumer demand, a high percentage of per capita income spent on seafood and Australia's proximity to several Asian countries are some of the key reasons why Asia presents an attractive market proposition for Australian seafood exports. The challenge for exporters is to match our capability to supply under-utilised Australian seafood products with the specific requirements of the various Asian seafood markets.

To identify the market interest for each of the eight under-utilised species discussed in this guide, the project team undertook in-market research in China, Hong Kong, Japan, Singapore, South Korea, Taiwan and Thailand. Interviews were conducted with a selection of seafood importers, processors, distributors, supermarket procurement officers, seafood restaurant owners and chefs. The project team visited supermarkets, wet markets, processing facilities and cold stores to identify the level of market interest for the eight species.

The level of market interest shown for each species has been indicated in the guide through a rating system using an icon in the form of a fish. The criteria that have been used to assess market interest in this section are: consumer awareness and demand for the species; and potential price competitiveness of the species assessed against the availability and price of local product and cheaper imports. The capacity for supply is not a criterion.

A 'good opportunity' rating (four fish) has been given to those species where a high level of market interest has been shown in a specific country.

A 'moderate opportunity' rating (three fish) has been given to those species where similar species may be available in the market and the Australian species can be competitive, and/or the species has attributes popular with Asian consumers.

A 'limited opportunity' rating (two fish) has been given to those species that may be familiar to and popular with consumers, but for which there is a local supply that the Australian species would find it difficult to compete with.

A 'very limited opportunity' rating (one fish) has been given to those species where either consumers were unfamiliar with the species or there was a distinct lack of interest for them in the market.

It must be noted that while market interest has been identified for individual species, sales will be achieved only if the product is competitive and meets customers' requirements, and if consistent supply is available.

Market Interest Chart for Australian Under-utilised Seafood in Asia

🐟🐟🐟🐟 GOOD OPPORTUNITY	🐟🐟🐟 MODERATE OPPORTUNITY	🐟🐟 LIMITED OPPORTUNITY	🐟 VERY LIMITED OPPORTUNITY

	China	Hong Kong	Japan	Singapore	South Korea	Taiwan	Thailand
Australian salmon	🐟	🐟	🐟	🐟	🐟	🐟	🐟🐟🐟
Hussar	🐟🐟🐟	🐟🐟🐟	🐟	🐟🐟🐟🐟	🐟🐟🐟	🐟🐟🐟	🐟🐟
Morwong	🐟	🐟🐟	🐟🐟🐟	🐟	🐟	🐟	🐟
Ocean jacket	🐟🐟🐟🐟	🐟🐟🐟	🐟🐟🐟	🐟🐟🐟	🐟	🐟🐟	🐟🐟🐟
Ribbonfish	🐟🐟🐟	🐟🐟🐟	🐟🐟	🐟🐟🐟	🐟🐟🐟	🐟🐟🐟	🐟
Sea mullet	🐟🐟	🐟🐟	🐟	🐟🐟	🐟	🐟	🐟🐟
Silver warehou	🐟	🐟	🐟🐟	🐟	🐟	🐟	🐟🐟🐟
Spotted mackerel	🐟	🐟	🐟🐟🐟🐟	🐟🐟🐟	🐟🐟🐟	🐟🐟🐟	🐟

Market Interest Overview

China

Ocean jacket, ribbonfish and hussar were identified as generating the most market interest in China. These species are familiar in the market and consistent with consumer preferences. Ocean jacket is popular because of its white flesh, and hussar because of its red skin. Ribbonfish's similarity to the popular hairtail made it acceptable in the China market.

Hong Kong

Ocean jacket, ribbonfish and hussar were identified as having the most market interest in Hong Kong, for the same reasons as in China.

Japan

Spotted mackerel, ocean jacket and morwong (sea bream) were identified as creating the most market interest in Japan. These species are familiar in the market and consistent with consumer preferences. Spotted mackerel and silver warehou have a high oil content, which is popular with Japanese consumers. Leatherjackets and morwong are both well known species in the Japanese market.

Singapore

Hussar, ribbonfish, ocean jacket and spotted mackerel were identified as generating the most market interest in Singapore. These species are familiar in the market and consistent with consumer preferences. They are of interest in Singapore because of the popularity of their in-market counterparts: red snapper, hairtail, leatherjackets and mackerel respectively.

South Korea

Ribbonfish was identified as having market interest in South Korea. Ribbonfish's similarity to the popular hairtail made it acceptable in the South Korea market. Hussar may also have market opportunity in South Korea as a substitute for either red snapper or red sea bream in frozen form. There may also be an opportunity for spotted mackerel in South Korea as other mackerel species are imported from Norway, China and Russia.

Taiwan

Hussar, ribbonfish and spotted mackerel were identified as possessing the most market interest in Taiwan. These species are familiar in the market and consistent with consumer preferences. They are currently being imported from Australia and other countries, which confirms the high level of market interest.

Thailand

Ocean jacket, silver warehou and Australian salmon were identified as having the most market interest in Thailand. As a low-value species, Australian salmon has generated market interest in the processing segment as a canned product. Given the abundance of local species, the opportunites for ocean jacket and silver warehou are also in the processing segment.

China

GOOD OPPORTUNITY	LIMITED OPPORTUNITY
MODERATE OPPORTUNITY	VERY LIMITED OPPORTUNITY

Ocean jacket (*Nelusetta ayraudi*)

The good rating for ocean jacket has been based on the strong demand by Chinese consumers for leatherjackets. Ocean jacket is one of 56 species of leatherjacket found in Australian waters and they all have very similar physical attributes.

Ocean jacket has white flesh, which is an important attribute highly favoured by the Chinese consumer. Ocean jackets were displayed at the Beijing Seafood Expo in 2000 and elicited considerable interest from potential buyers.

Samples of ocean jacket were cooked and trialled at a restaurant in Shidao. The feedback was positive and the texture and taste were found to be very appealing to the Chinese palate.

The price competitiveness of the Australian product, however, is a serious impediment. It is very unlikely that ocean jacket will be able to compete against the locally produced leatherjacket, except in five-star restaurants.

The main demand in these restaurants would be for whole frozen fish. Chilled fish would not be competitive on price.

Several interviewees were of the view that the best market entry point for ocean jacket was via Chinese processors as a whole frozen product or in a frozen, gutted and headed form. Chinese processors could process them more cheaply than in Australia and then distribute to restaurants and supermarkets.

Hussar (*Lutjanus adetii*)

Hussar has been given a moderate rating based on feedback received from interviewees and the results of cooking trials by chefs at the Shanghai Hilton.

Interviewees said that although they were not familiar with hussar, it was similar to some locally produced red-skinned species in demand.

The cooking and tasting trial at the Shanghai Hilton supported the view that the taste and texture of the cooked product appealed to the Chinese palate.

However, the price of the Australian product would limit its competitiveness in the market. It was the opinion of all interviewees that the best time to export hussar would be during the local species off-season, which is January to April.

Interviewees also were of the view that Australian hussar would be most competitive if supplied as a frozen whole fish, and that the target market segment should be 5-star hotels and restaurants.

Ribbonfish (*Lepidopus caudatus*)

Ribbonfish has been given a moderate rating. Although it is a popular species in China, the Australian ribbonfish's forked tail and susceptibility to scale damage adversely affect Chinese consumer demand.

Ribbonfish is very similar to hairtail, which is produced in China. Hairtail has a tapered tail, preferred by the Chinese consumer, while the ribbonfish has a forked tail.

Ribbonfish is unlikely to be able to compete on price with the local hairtail. It is also unlikely that it will be able to compete with the cheaper ribbonfish imports from India.

Chinese consumers place a high value on the appearance of ribbonfish, including the silver scales that cover the fish. It is probable that Australian ribbonfish will be discounted in the Chinese market because of damage to its scales caused by trawling.

Opportunities might exist for ribbonfish to be exported to Chinese processors for filleting and distribution to supermarkets.

Sea mullet (*Mugil cephalus*)

Sea mullet has been given a limited rating because, although it is a very popular product with Chinese consumers, it is in plentiful supply and is locally available at very low cost.

It is highly unlikely that Australian mullet would be able to compete with the local product, even in the higher-priced five-star hotel and restaurant segments.

Spotted mackerel (*Scomberomorus munroi*)

Spotted mackerel has been given a very limited rating because Chinese consumers dislike the appearance of the fish.

Morwong (*Nemadactylus macropterus*)

Morwong has been given a very limited rating because feedback from interviewees indicates that its oil content and flesh texture will not appeal to Chinese consumers.

Australian salmon (*Arripis trutta* & *Arripis truttaceus*)

Australian salmon has been given a very limited rating because its pink to reddish flesh colour does not appeal to the Chinese consumer. Furthermore, evaluations of the cooked product indicated that the taste and texture of the fish did not appeal.

Silver warehou (*Seriolella punctata*)

Silver warehou has been given a very limited rating because the pink colour of its flesh does not appeal to the Chinese consumer.

Samples of silver warehou were sent to the China Fisheries and Seafood Expo 2000 for consumer evaluation. They generated no interest.

Hong Kong

GOOD OPPORTUNITY	LIMITED OPPORTUNITY
MODERATE OPPORTUNITY	VERY LIMITED OPPORTUNITY

Ocean jacket (*Nelusetta ayraudi*)

Ocean jacket has been given a moderate rating because of their consistency with flesh colour preferences in Hong Kong. Although there is competition in the market, there may be opportunities to capture niche markets.

There is a strong interest in the Hong Kong seafood market for fish with white, firm flesh that remains moist when cooked, and ocean jacket meets these requirements.

The best opportunities for ocean jacket are in frozen fillet form. However quality is paramount.

Consumers and buyers are prepared to pay higher prices for chilled products, but it is unlikely that Australian ocean jacket in chilled form will be price competitive. As the case study demonstrated, ocean jacket exported whole frozen and then processed into fillets in China or Hong Kong could be supplied at a competitive price to supermarkets, restaurants and hotels in Hong Kong.

Ocean jackets face strong competition in Hong Kong, especially from grouper which is imported from India and is available at most restaurants.

Hussar (*Lutjanus adetii*)

The moderate rating for hussar has been based on its red skin colour, which is popular with consumers in Hong Kong.

Although consumers in Hong Kong are not familiar with hussar, it is an ideal plate-sized fish for this market, presenting well when steamed. Its white flesh is consistent with consumer preferences in Hong Kong.

There may be export potential for whole frozen fish that could be processed into fillets for sale to restaurants, hotels and supermarkets in Hong Kong. This would make the fillets more price competitive.

Ribbonfish (*Lepidopus caudatus*)

Ribbonfish has been given a moderate rating. Although it is a popular species in Hong Kong, it will have difficulty competing with the similar hairtail produced locally and imported from India.

A small export potential exists for whole frozen ribbonfish, for further processing and packaging in Hong Kong. This would make the product more price competitive.

Consumers place high importance on the appearance of the local hairtail, which is silver in colour and is usually sold with most scales intact. The Australian ribbonfish gets spoiled during the trawl process and this results in a lower sale price.

Morwong (*Nemadactylus macropterus*)

Morwong has been given a limited rating because consumers are unfamiliar with this species.

Morwong is generally viewed as a low-value species. It is however an ideal plate-sized fish for Hong Kong and presents well when steamed, a popular cooking method.

Opportunities for morwong may develop if a marketing campaign is developed and conducted in-market to increase awareness of the species.

Sea mullet (*Mugil cephalus*)

Sea mullet has been given a limited rating because, although it is popular with consumers in Hong Kong, there is a large local supply available at very low cost.

Large volumes of farmed mullet are regularly available in the wet markets and supermarkets in both live and chilled forms, at low prices. It is unlikely that Australian mullet would be able to compete with the local product.

Australian salmon (*Arripis trutta* & *Arripis truttaceus*)

Australian salmon has been given a very limited rating as it is not widely known.

The case study identified a potential opportunity for chilled sashimi grade Australian salmon in Hong Kong.

However, as the Australia salmon was not bled properly and subsequently the quality did not meet the buyer's requirements for a sashimi grade product, no sale eventuated.

Spotted mackerel (*Scomberomorus munroi*)

Spotted mackerel has been given a very limited rating as it is an unfamiliar species, with no specific characteristics of interest to those interviewed.

Feedback from interviewees indicates that the high oil content and pink flesh would not appeal to consumers in Hong Kong.

Silver warehou (*Seriolella punctata*)

Silver warehou has been given a very limited rating because of the lack of interest in the species.

Consumers in Hong Kong are not familiar with silver warehou as it is not produced locally and is not consistent with flesh colour preferences.

Japan

GOOD OPPORTUNITY	LIMITED OPPORTUNITY
MODERATE OPPORTUNITY	VERY LIMITED OPPORTUNITY

Spotted mackerel (*Scomberomorus munroi*)

Spotted mackerel has been given a good rating because the species is well known and in substantial demand in the Japanese market. The relatively high oil content (1.2%) increases the attractiveness of the fish.

Best prices are paid for larger sizes that are unblemished. Preferred sizes are 1-3 kg in the Osaka area and >3 kg in the Tokyo area.

The Australian industry has demonstrated a capacity to supply fresh chilled spotted mackerel to the Japanese market at a competitive price. However, the limited supply and the variability due to weather conditions will make it hard to maximise returns.

There may be an opportunity to supply fresh chilled spotted mackerel to restaurants and hotels, supermarkets and wet and wholesale markets.

Ocean jacket (*Nelusetta ayraudi*)

Ocean jacket has been given a moderate rating because it is part of the leatherjacket family (Monacanthidae), a well established species in the Japanese market.

The case study revealed market potential in restaurants for whole filleted frozen sashimi grade ocean jacket. There may also be an opportunity to supply frozen filleted ocean jacket to supermarkets.

Case study evaluations also found that there was market potential for whole frozen ocean jacket to be used as substitutes for leatherjackets in sushi and hot pot meals during the winter months. However, the frozen product will need to be price competitive with the leatherjackets.

Morwong (*Nemadactylus macropterus*)

Morwong has been given a moderate rating because it is similar to the locally produced sea bream.

Morwong is also imported from other Asian countries and New Zealand and is mainly used for sashimi, frying and grilling. Small plate-sized morwong are considered to be the best size for exporting from Australia. There may be an opportunity to supply plate-sized whole (gilled and gutted) or filleted morwong to restaurants in Japan.

Silver warehou (*Seriolella punctata*)

Silver warehou has been given a limited rating. A small quantity is currently being imported into the Japanese market from both Australia and New Zealand. However Japanese consumers require warehou with a high fat content; this limits the opportunity for Australian warehou as the season for fat warehou is only between February and March.

Furthermore, Japanese preference is for blue warehou, and silver warehou would be discounted against the already low blue warehou prices.

Ribbonfish (*Lepidopus caudatus*)

Ribbonfish has been given a limited rating because, although it is similar to hairtail, a familiar species in the Japanese market, it is discounted because of its forked tail and damage to its silver scales.

The scale damage occurs because the Australian ribbonfish is trawled. Market research indicated that the discount for such damage was considerable.

Hairtail are currently imported from South Korea. Larger sizes (>1 kg) are preferred.

There may well be an opportunity in Japan for line-caught ribbonfish but this product is currently not commercially available in Australia. Success will also depend on market acceptance of a product with a forked tail.

Hussar (*Lutjanus adetii*)

Hussar has been given a very limited rating because it is not familiar to the Japanese consumer. However, because of its red appearance and its flesh characteristics there may be potential to develop some market interest.

Australian salmon (*Arripis trutta* & *Arripis truttaceus*)

Australian salmon has been given a very limited rating because in-market research indicated no interest at all in this species.

Sea mullet (*Mugil cephalus*)

Sea mullet has been given a very limited rating because it is regarded as a low-value species in Japan. Furthermore market research shows that mullet are regarded as smelly and tasting of mud, and are best used for fish meal.

While the Australian product is largely ocean-caught, in-market research showed that the local product is also ocean-caught. It appears that there are strong negative perceptions of mullet in the Japanese market and any attempt by the Australian industry to capitalise on its ocean-caught product would be unlikely to succeed.

Singapore

GOOD OPPORTUNITY	LIMITED OPPORTUNITY
MODERATE OPPORTUNITY	VERY LIMITED OPPORTUNITY

Hussar (*Lutjanus adetii*)

Hussar has been given a good rating because it is a species similar to red snapper, which is in demand by Singapore consumers.

Given the Singaporean preference for fresh product there appears to be market potential for chilled whole hussar for banquets in Chinese restaurants.

However, consumers in Singapore are price conscious and hussar would need to be available to them at a price competitive with that of red snapper.

Ribbonfish (*Lepidopus caudatus*)

Ribbonfish has been given a moderate rating. Interviewees considered that there was a potential market opportunity for ribbonfish because it was similar to hairtail, which is very popular with Singaporean consumers.

Currently hairtail is imported from Pakistan, India and Bangladesh. Feedback from interviewees was that given its attributes, ribbonfish may have potential as an alternative to hairtail. However, hairtail is not an expensive fish and the Australian ribbonfish would have to compete with it on price.

Given the Singaporean preference for fresh product there appears to be market potential for whole chilled ribbonfish in Chinese restaurants.

Spotted mackerel (*Scomberomorus munroi*)

Spotted mackerel has been given a moderate rating because Singapore consumers are fond of mackerel, which is currently imported from Norway.

Given the Singaporean preference for fresh product there appears to be market potential for whole chilled spotted mackerel in Chinese restaurants.

However, spotted mackerel exports would have to be competitive on quality and price.

Ocean jacket (*Nelusetta ayraudi*)

Ocean jacket has been given a moderate rating because feedback from interviewees was that they were in demand by Singapore consumers, the preferred form being headed, gutted and skin off.

Leatherjackets are locally produced and are also imported from Thailand and Indonesia.

Leatherjackets are not an expensive fish in the Singapore market, and Australian exports would need to be able to compete with both the local and the inexpensive imported product.

Sea mullet (*Mugil cephalus*)

Sea mullet has been given a limited rating because sources interviewed in Singapore were of the view that it would be very difficult for the Australian product to compete with the high-volume, low-priced product already on the market.

Mullet is a popular species in Singapore. Although some of it is locally produced, a large volume is imported from Taiwan and Malaysia. The Malaysian mullet is farmed, and interviewees thought there could be some market potential for ocean-caught Australian sea mullet.

Morwong (*Nemadactylus macropterus*)

Morwong has been given a very limited rating because overall feedback from interviews was that consumers were not familiar with it, and that without a marketing campaign to raise awareness of the species, the opportunities are limited.

Australian salmon (*Arripis trutta* & *Arripis truttaceus*)

Australian salmon has been given a very limited rating because its strong flavour does not appeal to the Singapore consumer.

Initially interviewees expressed interest in Australian salmon however, it soon became apparent that this was only because they had confused Australian salmon with the Atlantic salmon, which is well liked in Singapore. Once the mistake was realised the interest soon waned.

Silver warehou (*Seriolella punctata*)

Silver warehou has been given a very limited rating because feedback from interviewees indicated that it was not a species many were familiar with. For those who knew the fish, it was not one they favoured because of its tendency to spoil quickly.

South Korea

GOOD OPPORTUNITY	LIMITED OPPORTUNITY
MODERATE OPPORTUNITY	VERY LIMITED OPPORTUNITY

Ribbonfish (*Lepidopus caudatus*)

Ribbonfish has been given a moderate rating because it is similar to hairtail, which is popular is South Korea for home consumption. South Korean consumers purchase seafood based on the familiarity of its appearance.

There appears to be an opportunity for whole chilled ribbonfish in the wet markets and for frozen whole or filleted product in supermarkets in South Korea.

Along with mackerel and croaker, hairtail is one of the fish most in demand in the South Korean market, but the volume of hairtail in this market is declining each year. Therefore, even though the appearance and taste of ribbonfish and hairtail vary, the ribbonfish could enter the South Korean market as a substitute for hairtail. However large quantities of hairtail are now imported from China, generally in frozen whole or fillet form and Australian ribbonfish would have to compete in this very competitive market.

Hussar (*Lutjanus adetii*)

Hussar has been given a moderate rating because South Korean consumers are fond of red-skinned fish. Frozen hussar could be substituted for red sea bream or red snapper in the Korean market. These species are often used for fish stew in Pusan.

Hussar could be a potential import item in frozen form in supermarkets.

Spotted mackerel (*Scomberomorus munroi*)

Spotted mackerel has been given a moderate rating because South Korean consumers are familiar with some of the mackerel family. The species called mackerel in Korea is similar to Pacific mackerel. Other similar species consumed in Korea are club mackerel (Spanish mackerel), atka mackerel and jack mackerel. Large volumes of mackerel are currently imported from Norway, China and Russia. The preferred size of mackerel in the South Korean market is 500 g, so the Australian spotted mackerel (1.6–4 kg) may be too large.

Wet markets have been identified as presenting an opportunity for whole chilled spotted mackerel. There may also be an opportunity for whole or filleted spotted mackerel in supermarkets.

However, South Koreans generally prefer fish with a firm texture living in cold water, and the perception is that fish from warm waters (such as the spotted mackerel) have soft flesh. This could be a deterrent for consumers. Additionally, only fish with a similar appearance to species currently available in South Korea would be acceptable.

Ocean jacket (*Nelusetta ayraudi*)

Ocean jacket has been given a very limited rating because it is not familiar to the Korean consumer. Feedback from interviewees identified only one seafood processor who was aware of ocean Jacket.

However, although ocean jacket are relatively unknown, leatherjackets (which are of the same family) are consumed in pressed and dried form. Most of the products are imported from China in a finished form.

It is very unlikely that Australian ocean jacket could compete with the processed product being imported from China.

Morwong (*Nemadactylus macropterus*)

Morwong has been given a very limited rating because most interviewees in the South Korean market were unfamiliar with this species, and were of the view that without a marketing campaign to raise awareness of the species, the opportunities are limited.

Morwong would find it difficult to compete against the locally produced sea bream.

Sea mullet (*Mugil cephalus*)

Australian sea mullet has been given a very limited rating. Because of low prices for local mullet interviewees doubted whether the Australian product could be competitive in the market.

Australian salmon (*Arripis trutta & Arripis truttaceus*)

Australian salmon has been given a very limited rating because interviewees considered that South Korean consumers were unfamiliar with it. Furthermore, reaction to cooked samples was that the flesh texture was not firm, an attribute sought by consumers.

Silver warehou (*Seriolella punctata*)

Silver warehou has been given a very limited rating because most interviewees were not familiar with this species and the pink to red colour of the fillet is unlikely to be acceptable in the South Korean market.

Taiwan

GOOD OPPORTUNITY	LIMITED OPPORTUNITY
MODERATE OPPORTUNITY	VERY LIMITED OPPORTUNITY

Hussar (*Lutjanus adetii*)

Hussar has been given a moderate rating because the species has previously been imported from Australia and elsewhere, and importers are familiar with it.

Moreover, red is seen as a lucky colour and the hussar's red skin and appearance are a good selling point.

There may be opportunities for whole chilled hussar in the wet markets and whole frozen hussar in supermarkets.

However, exporters need to be aware that species similar to hussar are readily available and, as the cost of importing Australian hussar is quite high, importers may prefer to import species from cheaper suppliers elsewhere in South East Asia.

Spotted mackerel (*Scomberomorus munroi*)

Spotted mackerel has been given a moderate rating because the species is well known in Taiwan, locally produced, and also currently imported, mainly from the Middle East.

Taiwanese consumers have a preference for fish with a high oil content, which presents opportunities for spotted mackerel in this market.

Quality and price are key consumer concerns. Australian exporters need to be able to supply top quality fish.

The major competition for spotted mackerel would be local and imported mackerel species, which are in steady demand in Taiwan.

There may be opportunities to supply whole chilled spotted mackerel to the wet markets and whole frozen fish to supermarkets.

Ribbonfish (*Lepidopus caudatus*)

Ribbonfish has been given a moderate rating. Although it is a popular species in Taiwan, it would have difficulty competing with the similar hairtail, which is readily available in Taiwan at low prices.

Ribbonfish is mostly sold in the local wet markets and is used by supermarkets and hotels. It is mostly imported frozen from South East Asia.

There may be opportunities for whole chilled Australian ribbonfish in the wet markets.

Ocean jacket (*Nelusetta ayraudi*)

Ocean jacket has been given a limited rating. The fact that it is well known is a positive factor, but along with other closely related leatherjacket species, the species is well supplied both locally and in the form of cheap imports from Indonesia, Thailand and Malaysia.

Moreover, ocean jacket is considered a low-value species and is sold at low prices at which the Australian product is unlikely to compete.

Australian salmon (*Arripis trutta & Arripis truttaceus*)

Australian salmon has been given a very limited rating, as it is considered a low-value species and similar species are already available in the market.

Sea mullet (*Mugil cephalus*)

Sea mullet has been given a very limited rating. Although there is a consistently high demand for mullet in Taiwan, it is valued only for its roe and milt and the flesh has low value.

Morwong (*Nemadactylus macropterus*)

Morwong has been given a very limited rating, because most buyers and consumers in Taiwan are not familiar with it and more suitable similar species are available.

Silver warehou (*Seriolella punctata*)

Silver warehou has been given a very limited rating, because Taiwanese importers and wholesalers are not familiar with it and similar species are available from South East Asia at more competitive prices.

Thailand

GOOD OPPORTUNITY (4 fish)	LIMITED OPPORTUNITY (2 fish)
MODERATE OPPORTUNITY (3 fish)	VERY LIMITED OPPORTUNITY (1 fish)

Australian salmon (*Arripis trutta & Arripis truttaceus*)

Australian salmon has been given a moderate rating because of interest shown by the processing segment.

Interviewees indicated that companies from the processing segment might be willing to produce canned products from the species. The fish could be exported whole frozen to reduce processing costs.

Australia has a good reputation for supplying seafood to the Thai processing segment. However, given that Thailand is a price-oriented market, Australian exporters would need to be competitive to succeed.

Ocean jacket (*Nelusetta ayraudi*)

Ocean jacket has been given a moderate rating as consumers in Thailand are familiar with the leatherjacket family, and because there is a preference in Thailand for white-fleshed fillets.

A processing company has expressed interest in the species.

Ocean jacket, frozen whole or headed and gutted, could be sent by sea container to a processor for further processing into frozen fillets for the food service segment. These exports would not incur the 60% tariff that applies to air freight exports, enabling the Australian species to be more competitive.

Providing the product can be price competitive and reliable supplies are available, there may be opportunities for ocean jacket in Thailand.

Silver warehou (*Seriolella punctata*)

A moderate rating has been given to silver warehou because consumers are familiar with the species and interest has been shown by a company in the retail segment.

Feedback from interviewees indicates that there may be interest in processing silver warehou into retail packs of pink-fleshed frozen fillets for a major warehouse chain.

Silver warehou would be best sent whole frozen by sea container to a processor in Thailand. No tariffs are incurred using this importing method. Combined with lower Thai processing costs, this would allow Australian silver warehou to be more price competitive.

Australian silver warehou is most likely to be price competitive during the peak harvest period of July to October.

Hussar (*Lutjanus adetii*)

Hussar has been given a limited rating. Although consumers are familiar with the species, it is available locally at low prices.

Feedback from interviewees indicated that while the food service industry does not currently use hussar, it appreciates certain characteristics of the species. It is, however, highly unlikely that Australian hussar could compete with the local product.

Sea mullet (*Mugil cephalus*)

Sea mullet has been given a limited rating because, although it is well liked by consumers in Thailand, it is considered a low-value product and many varieties of mullet are available.

Due to the abundant supply of local mullet at low prices it is unlikely that Australian sea mullet would be able to compete.

Ribbonfish (*Lepidopus caudatus*)

Ribbonfish has been given a very limited rating as neither buyers nor consumers are familiar with it, and without a marketing campaign to raise awareness of the species, the opportunities are limited.

Spotted mackerel (*Scomberomorus munroi*)

Spotted mackerel has been given a very limited rating because it is considered a low-value species in Thailand and it is unlikely that the Australian species would be competitive.

In Thailand, mackerel is generally used for canning and many species are available.

Morwong (*Nemadactylus macropterus*)

Morwong has been given a very limited rating because consumers are unfamiliar with the species and there are no similar species on the market. An intensive marketing campaign would be needed to raise awareness of morwong in Thailand.

Analyses of Selected Asian Countries

Introduction to Analyses of Selected Asian Countries

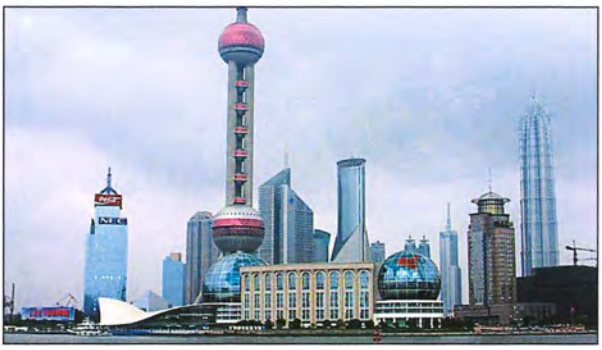
The following seven Asian countries were examined in terms of ascertaining market potential for Australian under-utilised species:

- China
- Hong Kong
- Japan
- Singapore
- South Korea
- Taiwan
- Thailand

This chapter gives an overview of each country and has been developed in order to give the reader an insight into seafood consumption trends and preferences; market segment opportunities; major competitors; market entry restrictions; and distribution networks.

China

4	OCEAN JACKET	1	SILVER WAREHOU
3	HUSSAR	1	SPOTTED MACKEREL
3	RIBBONFISH	1	MORWONG
2	SEA MULLET	1	AUSTRALIAN SALMON



4	GOOD OPPORTUNITY
3	MODERATE OPPORTUNITY
2	LIMITED OPPORTUNITY
1	VERY LIMITED OPPORTUNITY

Skyline of Shanghai, China

- Australian seafood exporters should regard China as a collection of scattered markets, rather than one large market opportunity. Australian seafood exporters should also be aware that there are significant differences in consumer preferences for seafood among different regions in China.
- Ocean jacket, ribbonfish and hussar were identified as having the most market interest in China. Consumers are familiar with these species. Ocean jacket is popular because of its white flesh and hussar because of its red skin colour. Ribbonfish's similarity to the popular hairtail makes it acceptable in the China market.
- Seafood products imported into China are required to go through an import licence holder.
- Seasonal fishing bans are enforced as part of China's new resource management policies. These closures, together with a reduction in fishing in the Yellow Sea, East China Sea and Beibu Bay following agreements with Japan, Vietnam and South Korea, will increase demand for imported seafood.

CAPITAL: Beijing	**POPULATION:** 1 265.8 million (2000)
OFFICIAL LANGUAGE: Chinese	**CURRENCY:** Yuan

Market Overview

Consumption Trends

- Australian seafood exporters should regard China as a collection of scattered markets, rather than one large market opportunity. They should also be aware that there are significant differences in consumer preferences for seafood among these regions.
- Consumption of seafood in China has grown rapidly over the past 2 decades — from 5 kg per capita in 1984 to 27 kg per capita in 1997.
- Research indicates that there is a preference among Chinese consumers for fish products that have white flesh, and are white and moist when cooked.
- Atlantic salmon (*Salmo salar*) is an exception to this preference for white flesh. Atlantic salmon has pink flesh and is becoming increasingly popular in the more affluent regions of China. However, the 'Hooking into Asian Seafood Markets' project team found that there is no interest in Australian salmon.
- Chinese consumers eat the gut of certain seafood species, so there may be opportunities to supply whole (gut in) to this market.
- Increasingly, consumers in China consider seafood to be a healthier alternative to other meats.

Cooking Styles

- Red-coloured marine fish are preferred in southern China. Consumers prefer hand-picked live fish that are steamed whole with the skin on, then served with soya sauce, chives, coriander and sesame oil. The flesh of the fish is then picked off with chopsticks.
- Hot pots (boiling a pot filled with chopped fish pieces including the heads and tails) are popular in northern China. Additionally, whole fish are popular in northern China, prepared with a coating of sweet batter of cornflour and honey, which makes the fish sticky and with crunchy fins when cooked.
- There is a preference in Shanghai for silver-coloured river fish. These fish are also prepared steamed whole but with a sweeter sauce made from sweet vinegar.
- Thin hand-sized fish are often prepared deep fried and coated in salt and pepper.
- In China it can be seen as rude to serve half or part of a fish to a guest; therefore there is a demand for whole fish.
- Curries are also becoming popular as a way of preparing chopped fish.

Product Forms

South-east China

- South-east China has a strong preference for live and chilled fish due to its proximity to Hong Kong, the world's largest seafood market for live fish. It is therefore less accepting of frozen seafood.

North-east China

- In the north-east region of China there is also a preference for live and chilled seafood. However, there is a much higher consumption of frozen seafood than in the south-east, because fresh seafood is more difficult to obtain.

Western China

- In general, less seafood is consumed in the western region of China due to its distance from fresh seafood markets, and its lower economic status. As a result, frozen and dried seafood products are more readily consumed.

Festivals

- The demand for seafood varies throughout the year and increases during peak festival times. The major festivals celebrated in China are Lunar New Year (Chinese New Year or Spring Festival), Tomb Sweeping Day (Ching Ming, Clear and Bright Festival), Dragon Boat Festival (Duan Wu) and Mid-autumn Festival (Moon Cake Festival).
- For more information refer to *Asian Events and Culture — a guide for Australian seafood exporters* (Department of Primary Industries, Queensland, 2001).

Major Competition

- Local species such as hairtail, leatherjacket and mullet are the main competitors of ribbonfish, ocean jacket and sea mullet respectively.

Market Segments

Imports of seafood into China require an import licence and Australian under-utilised seafood would therefore enter the market via an import licence holder. The following are the main market segments in China. However, several of these segments are unlikely to have market potential for the Australian under-utilised species discussed in this guide because they will not be price competitive.

Specialised fish shop in China displaying a wide range of fresh seafood

Specialised Fish Shops

- There are specialised fish shops in China that tend to cluster together to form a high-quality arranged fish market, and sell every sort of seafood including live, dried and filleted fish products, and both local and imported products.
- There may be an opportunity for whole frozen seafood to be supplied to these shops.

Restaurants and Hotels

- There is a demand for filleted fish with white flesh in this market segment.
- There may be an opportunity for whole frozen ocean jacket and hussar to be exported to a Chinese processor for filleting and distribution to restaurants and five-star hotels in China.
- Restaurants in southern China also have a strong focus on live seafood as it is a common belief that live fish are more 'delicious and nutritious' than frozen or chilled product.
- There are also a substantial number of Western-style restaurants throughout China. Successful products like Atlantic salmon were initially introduced to China through these restaurants.
- Live seafood is not common in hotels. Unlike restaurants, they usually do not have live fish tank facilities.
- Western hotels are more likely to demand filleted fish products than whole fish.
- In China, four- and five-star hotels are often an attractive market for imported seafood as they pay a good price for high-quality imports.

Supermarkets

- Hundreds of supermarkets now operate in each of China's major cities. Most city governments approve of the move from wet markets to supermarkets and the number of chain supermarkets is growing rapidly.
- There may be an opportunity for ocean jacket and ribbonfish to be exported to a Chinese processor for filleting and distribution to supermarkets.
- The case studies identified an opportunity for eight fillets of ribbonfish to be packaged in 500 g retail packs for Shanghai supermarkets.
- Interviews with managers of major supermarket chains in China revealed that:
  - price remains the key factor in consumer purchasing decisions;
  - freshness is considered an important aspect when purchasing seafood;
  - the variety of seafood products available on the market is likely to increase, especially with the growing demand for ocean-caught seafood.
- Supermarkets are also trialling live fish products displayed in fish tanks.
- There are several supermarket chains in China where whole frozen Australian seafood could be price competitive. Because of the costs of processing in Australia it is unlikely that filleted fish can be supplied competitively.

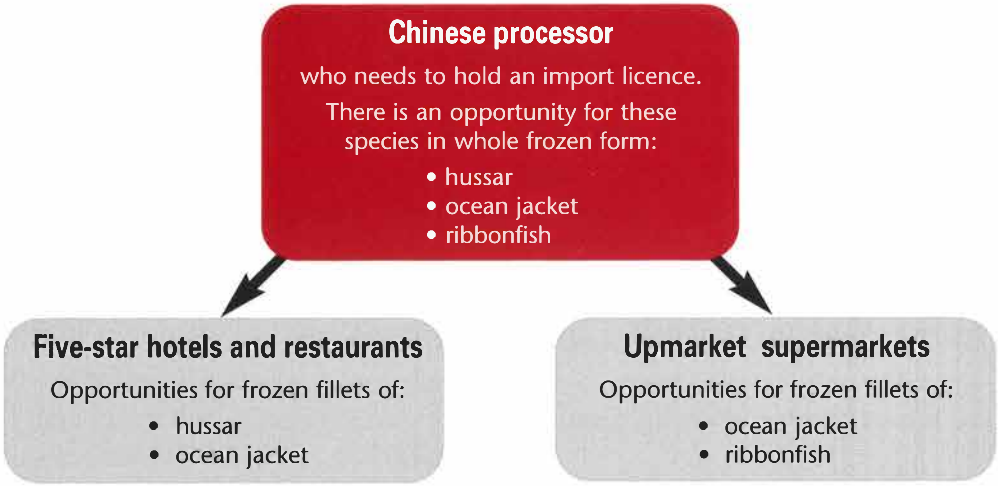
Wet Markets

- Local live and chilled fish are available through the wet markets. Australian seafood will not be able to compete on price within this segment.

Processors

- The case studies show that for species such as ribbonfish and ocean jacket there may be an opportunity to export whole frozen fish to a processor for filleting and distribution to supermarkets.
- There could also be an opportunity for whole frozen hussar and ocean jacket to be supplied to a Chinese processor for filleting and distribution to five-star restaurants.

Figure 1: Most feasible market entry strategy for Australian under-utilised seafood species to China



Market Entry Requirements

Key factors affecting the import of seafood products to the Chinese market include possible import duty reductions, the abolition of duty-free seafood tariff quotas, custom clearance procedures, and China's proposed entry to the World Trade Organization (WTO).

- China's entry to the WTO is imminent and is expected to result in simplified import procedures and a reduction in tariffs.
- China recently reduced its import tariffs for fishery products. However, a 17% value-added tax is still applied.
- The China Customs Agency, which was established at the end of 1999, will set up simplified, uniform procedures for checking imported seafood products.
- Labelling does not appear to be an issue when exporting to China as China re-labels and re-brands all products as 'product of China'.

Quarantine

There are no major quarantine issues affecting exports of Australian under-utilised seafood to China. Exporters are however required to undertake the following steps for goods exported to China:

— They must be registered with AQIS.

— The goods must pass through a HACCP quality assurance program approved by AQIS.

— An export permit must to obtained to export products from Australia.

— Health certificates for crustaceans (obtainable from AQIS) must be provided.

Market Size

Table 1 below outlines China's very large seafood industry.

Table 1: Summary of China's Seafood Industry (1999)

	Tonnes
Total Production	47 284 209
Wild-caught	17 240 032
Aquaculture	30 044 177
Total Exports	1 163 838
Total Imports	1 260 828
Domestic Consumption	47 381 199

Major Local Species

- A number of major species available and in demand in the China market are similar to species available in Australia. This creates both opportunities and barriers for Australian exporters.
- Major marine and freshwater species available locally in China for which Australian exporters could supply similar substitute species include hairtail, mackerel, scad, herring, Pacific herring, red snapper, flounder, pomfret, cod, shark, common carp, eel, catfish, mullet and bream.

Production Forecast


Local hairtail for sale at wet markets in China

- The Chinese seafood industry has experienced exceptional growth over the past two decades but is now faced with significant constraints that will restrict further development in the immediate future. These restrictions will result in an increase in both the quantity and value of seafood imports in the next five to ten years and may create opportunities for products imported from Australia.
- The following are some of the issues that are currently having an impact on Chinese fisheries:
  - New fishery resource management priorities have been implemented, including seasonal fishing closures. These closures will increase demand for imported products. Two of the main species affected are ribbonfish and croaker. There are possible opportunities for the supply of ribbonfish during periods of these seasonal fishing bans.
  - Fishery agreements with Japan, South Korea and Vietnam will, when implemented, result in the withdrawal of 100 000 fishing boats from the Yellow Sea, the East China Sea and Beibu Bay during the summer period. This will limit local supply and may create opportunities for Australian exporters.

Hong Kong

OCEAN JACKET (moderate)	MORWONG (limited)
HUSSAR (moderate)	AUSTRALIAN SALMON (very limited)
RIBBONFISH (moderate)	SILVER WAREHOU (very limited)
SEA MULLET (limited)	SPOTTED MACKEREL (very limited)

GOOD OPPORTUNITY
MODERATE OPPORTUNITY
LIMITED OPPORTUNITY
VERY LIMITED OPPORTUNITY

Festival fireworks over Hong Kong harbour

- Seafood consumption in Hong Kong is one of the highest in the world, an indicator that is set to grow further as a result of increasing demand from the food service sector for gourmet seafood.
- Ocean jacket, ribbonfish and hussar were identified as having the most market interest in Hong Kong. These species are familiar to Hong Kong consumers. Ocean jacket is popular because of its white flesh, and hussar because of its red skin. Ribbonfish's similarity to the popular hairtail made it acceptable in Hong Kong.
- A cost-effective method for Australian seafood exporters to enter the Hong Kong market is to supply whole frozen fish by sea freight to mainland China, where it can be filleted and distributed in the restaurant and supermarket segment in Hong Kong.
- Fish is an integral part of the Chinese diet and Hong Kong fish supply is dominated by approximately 80% imported products.

CAPITAL: Hong Kong	**POPULATION:** 6.8 million (2000)
OFFICIAL LANGUAGE: Chinese	**CURRENCY:** Hong Kong Dollar

Market Overview

Consumption Trends

- There is a growing consumer demand in Hong Kong for convenience foods. This translates into growing markets for prepared foods.
- Research indicates that there is a consumer preference in Hong Kong for fish products with a firm texture, and flesh that is white and moist when cooked.
- Fresh or live fish is abundant and relatively inexpensive due to low labour costs and the proximity to the Asian countries that are Hong Kong's major suppliers.

Cooking Styles

- It is generally recognised that Hong Kong does not have a distinct style of cuisine, instead borrowing heavily from Chinese styles including Cantonese, Pekinese, Szechuan and Shanghainese.
- Steaming is the most popular method of cooking fresh fish in Hong Kong. A popular dish is fish steamed with ginger and shallots.
- If frozen, fish is often sliced and stir fried and used in soups or curries, which involves losing some of the flavour of the fish or masking it with other heavy flavours.
- Fish is also often deep fried which makes the flesh lose most of its natural flavour.

Product Forms

- The Hong Kong seafood market has a preference for live fish which stems from consumers' demand for freshness and quality.
- This preference for live fish will be a major barrier to success in the Hong Kong market for Australian under-utilised seafood exports as they are unlikely to be able to compete with the price of local seafood.
- However, fish fillets are also popular in the Hong Kong market and are sold mostly through supermarkets and in restaurants, diners and fast food outlets. There may be opportunities for Australian exporters to supply whole frozen ocean jacket and hussar to be filleted by a processor in China or Hong Kong and distributed to restaurants, hotels and supermarkets.
- Hong Kong is also a major importer of salted fish, which is commonly used in Chinese cooking and remains a popular additive.

Festivals

- As in China, the demand for seafood varies throughout the year and increases during peak festival times. The major festivals celebrated in Hong Kong are Lunar New Year (Chinese New Year or Spring Festival), Dragon Boat Festival (Tuen Ng), Chung Yeung Festival, and the Ching Ming Festival (Qing Ming).

- For more information refer to *Asian Events and Culture — a guide for Australian seafood exporters* (Department of Primary Industries, Queensland, 2001).

Major Competition

- Frozen fillets of ocean jacket face strong competition from grouper imported from India.
- Ribbonfish will have to compete with the locally produced hairtail and also with imported hairtail from India.
- Mullet is also locally produced and available at very low prices.

Market Segments

Following are the main market segments in Hong Kong. The case studies and other research undertaken as part of this project have identified the restaurant, hotel and supermarket segments as offering the most opportunities for Australian under-utilised species.

Restaurants and Hotels

- There could be market potential for Australian whole frozen ocean jackets and hussar to be supplied to a processor in China or Hong Kong for filleting and distribution to the restaurant and hotel segments in Hong Kong.
- Hong Kong has a large number of franchised restaurants, from exclusive bistros to small food stalls in out-of-the-way markets, making it one of the true food capitals in Asia. It also has many hotels with both upmarket and budget accommodation as it is a popular destination for both business and recreational travel.

A giant floating restaurant in Hong Kong harbour

- There is a definite preference for live and chilled fish in the Hong Kong restaurant and hotel trade and most fish dishes served in restaurants are prepared from live seafood. However, frozen seafood is common in fast food outlets.
- There is also a demand for seafood in middle-class quick service restaurant chains, one of the fastest growing business segments in Hong Kong.

- Australia would be more competitive in this market segment if it exported whole frozen fish and had them further processed in Hong Kong. In Hong Kong the whole fish is used, including the head and skeleton; therefore processing in Australia may not capture this market.
- The opportunities for live under-utilised seafood in this market segment are limited, as the price after air freighting would not be competitive.
- Hong Kong restaurants and hotels demand high-value white-fleshed species and red fish, such as coral trout. There may therefore be an opportunity for hussar in this market.

Supermarkets

- There could be market potential for Australian whole frozen ocean jacket and hussar to be supplied to a Chinese or Hong Kong processor for filleting and distribution to the supermarket and hotel segments in Hong Kong.
- Supermarkets are the primary retail outlets for food products, and due to the convenience of their products, their number is growing while the number of wet markets is decreasing.

A mainstream chain supermarket in Hong Kong

- Frozen fillets are the most dominant products available in Hong Kong supermarkets, and all major supermarkets stock a wide selection of frozen seafood including whole fish, fillets, cutlets and fish balls. Many supermarkets also stock a relatively large range of processed seafood products for traditional Chinese meals.
- A major supermarket chain has offered to trial selected frozen fillets from Australia. Given the preferences for white-fleshed and red-skinned species, this may be an opportunity to profile ocean jacket and hussar products in the Hong Kong market.

Wet Markets

- There are limited opportunities for Australian under-utilised species in the wet markets. Even though mullet is a popular species in these markets, Australia would be unable to compete on price with the fresh local product.
- Wet markets have traditionally been the source of daily fresh food for consumers in Hong Kong. However, the importance of these markets has gradually diminished due to the increasing popularity of supermarkets.

- The wet markets sell fresh, chilled and some frozen seafood to the general public. Usually there is a group of 10–15 individual stores in one large warehouse area and seafood is purchased through a barter system.
- There are many inexpensive species available at the markets, including an abundance of mullet and scad. There are also some more expensive species such as coral trout.

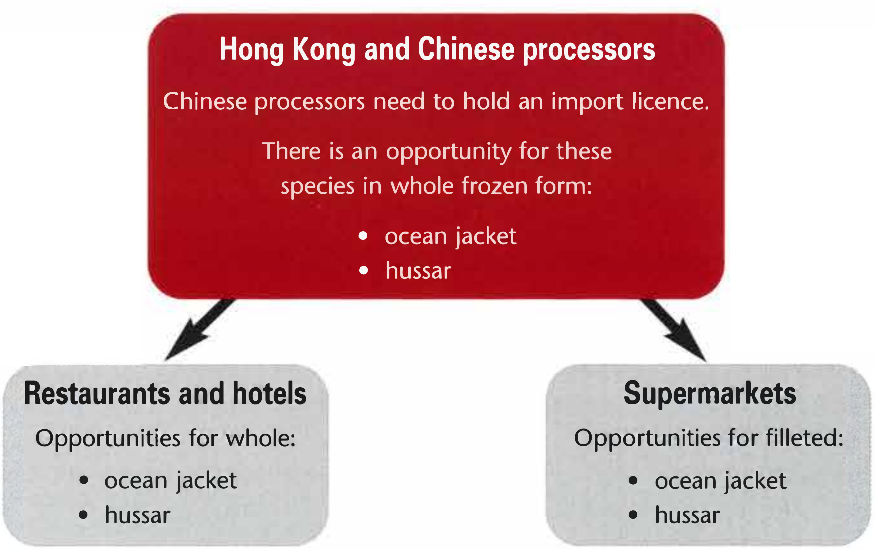
Wholesale Markets

- There are seven wholesale markets in Hong Kong managed by the Fish Marketing Organisation (FMO), that handle local marine products.
- Most local seafood (both marine and aquaculture product) as well as some imported items are sold in these markets.
- The wholesale markets generally target food service, supermarket, restaurant, and hotel seafood buyers, but are also open to the general public.
- Much of the seafood sold at the wholesale markets is live or chilled, however, importers at times request large quantities of frozen product in whole, gilled and gutted form.
- Hong Kong importers generally prefer whole fish with the head on, as consumers in Hong Kong usually eat the entire fish.
- The wholesale markets are an effective way of gaining access to the Hong Kong seafood market and making consumers and buyers aware of new species. Therefore there is an opportunity for under-utilised species to be introduced through these markets, providing they are price competitive.

Processors

- A small export potential exists for whole frozen ribbonfish, for further processing and packaging in Hong Kong.

Figure 2: Most feasible market entry strategy for Australian under-utilised seafood species to Hong Kong



Market Entry Requirements

Key factors affecting the import of seafood products to the Hong Kong market include import duty reductions, abolition of duty-free seafood tariff quotas, custom clearance procedures and Hong Kong's membership in the World Trade Organization (WTO).

- Hong Kong is a founding member of the WTO (established in 1995) and is firmly committed to free and open trade. Hong Kong maintains a transparent and non-discriminatory trade regime.
- Hong Kong has no import duties or restrictions on the import of seafood.

Quarantine

There are no major quarantine issues affecting exports of Australian under-utilised seafood to Hong Kong. Exporters are, however, required to undertake the following steps:

- They must be registered with the Australian Quarantine and Inspection Service (AQIS).
- The goods must pass through a HACCP quality assurance program approved by AQIS.
- An export permit must to obtained to export products from Australia.
- A health certificate (EX46) available from AQIS, is required for goods imported into Hong Kong.

Market Size

Table 2 below outlines Hong Kong's seafood industry. Hong Kong imports almost twice as much seafood as it produces.

Table 2: Summary of Hong Kong's Seafood Industry (1999)

	Tonnes
Total Production	133 832
Wild-caught	127 780
Aquaculture	6 052
Total Exports	117 690
Total Imports	265 395
Domestic Consumption	281 537

Major Local Species

- The number of major species available and in demand in the Hong Kong market is similar to species available in Australia. It is unlikely that Australian exporters could compete on price with similar seafood that is available locally.
- It is possible however that Australia could enter the Hong Kong market with species that are known in the market, during times when there is a shortage of supply or when local species are not available.
- Major marine and freshwater species available locally in Hong Kong include grouper, snapper, hairtail, grey mullet, flathead, carp, pomfret, sea bream, rabbitfish, eel and sea bass.

Japan

SPOTTED MACKEREL (4)	SILVER WARHOU (2)
OCEAN JACKET (3)	SEA MULLET (1)
MORWONG (3)	AUSTRALIAN SALMON (1)
RIBBONFISH (2)	HUSSAR (1)

GOOD OPPORTUNITY
MODERATE OPPORTUNITY
LIMITED OPPORTUNITY
VERY LIMITED OPPORTUNITY

Tokyo scene featuring a bullet train, a common form of transport in Japan

- Japan presents an attractive market for seafood as consumption is high and the purchasing power of the population is strong. The Japanese diet is heavily reliant upon seafood as it is a major source of animal protein, and there is a particular emphasis upon freshness and good quality product.
- Japan is the number one market for Australian food exporters and this does not look to change in the foreseeable future. The trade relationship between Australia and Japan is of fundamental importance, with Australia's total exports to Japan in 2000 valued at over A$25 billion.
- Australian seafood exporters are required to export to a general trading house (*Sogo Shosha*) which will arrange for the product to be marketed through a wholesale market or direct to a retailer.
- Spotted mackerel has been given a good market opportunity rating in the Japan market due to consumer preferences for fish with high oil content. The market interest is for chilled spotted mackerel.

CAPITAL: Tokyo	**POPULATION:** 126.6 million (2000)
OFFICIAL LANGUAGE: Japanese	**CURRENCY:** Yen

Market Overview

Consumption Trends

- Fish and other seafood are a very important part of the Japanese diet, accounting for 40% of total protein intake and 13% of all food expenditure.
- Demand for medium to top quality seafood is rising and Japanese consumers are purchasing more live and fresh seafood than frozen product in a quest for maximum freshness and food safety.
- Japanese consumers prefer to have individual servings rather than larger banquet-size fish.
- The Japanese market has very stringent specifications for product quality, freshness and size. Food safety has become a major concern, particularly following *Escherichia coli* scares in 1996.

Cooking Styles

- The Japanese have numerous ways of preparing fish dishes however, they are more famously known for their raw fish (sashimi) dishes.
- Sashimi, or thinly sliced raw fish, is the most popular form of preparing fish. Species such as tuna, flounder, snapper, Atlantic salmon and whale are the most commonly used. Sushi is raw fish served with rice.
- Popular in Japan is a product called 'karasumi' made from mullet roe, which is commonly offered as a gift during festivals. Australian mullet roe is considered too small, too dark and too expensive making it unsuited to this market.

Sashimi, a preferred form of preparing fish, for sale at 'Consumers Cooperative Kobe' in Japan

- Other commonly used cooking methods include:
  - poaching and grilling (the principal cooking methods for hairtail in Japan);
  - tempura (lightly deep fried in vegetable oil);
  - shio-yaki (rubbed in salt and grilled);
  - teri-yaki (marinated in soy sauce, cooking wine and sake);
  - yudemono (boiled alone);
  - nabemono (boiled with vegetables and herbs);
  - tsukemono (flavoured and pickled before boiling);
  - nimono (boiled in seasonings).
- Western and Chinese cuisines also influence the way fish is prepared in Japan.

Product Forms

- The case studies carried out for the project identified an interest in chilled spotted mackerel. They also identified some potential for frozen whole sashimi grade ocean jacket.
- Japanese consumers generally demand smaller, whole, grilled and gutted (head on) fish or fillets.
- The physical appearance of whole fish is unimportant, particularly as the skin is typically removed. However there is a preference for flesh with bolder colours.

Festivals

- The demand for seafood varies throughout the year and increases during peak festival times. The major festivals celebrated in Japan are New Year (O-Shougatsu), Coming of Age Day (Seijin-no-hi), Golden Week, and The Buddhist Festival of the Dead (O-Bon).
- For more information refer to *Asian Events and Culture — a guide for Australian seafood exporters* (Department of Primary Industries, Queensland, 2001).

Major Competition

- The top five exporters of seafood to Japan and their market shares are China (14%), USA (10%), Russia (8%), South Korea (7%) and Thailand (7%). Australia ranks 12th with 3% market share.
- Australian ocean jacket competes with leatherjackets (which are locally produced).
- Morwong from Australia would compete with the local sea bream and also with morwong imports from other Asian countries and New Zealand.
- Ribbonfish competes with hairtail imported from South Korea.
- Silver warehou competes with imports from New Zealand.
- Sea mullet competes with the locally caught mullet.

Market Segments

The market segments in Japan are listed below. Freshness of seafood is of high priority to the Japanese consumer. There could be opportunities for Australian chilled spotted mackerel into any of the following market segments described. However the Australian products would have to compete with high-quality imports from several other countries (see 'Major Competition'). The case study on ocean jacket shows that there is potential demand for frozen sashimi grade ocean jacket for use in sushi, sashimi and hot pots in Japanese restaurants.

An older-style supermarket cooperative in Japan

Supermarkets

■ Supermarkets are the primary retail distribution channel for food in Japan. Their growth has been at the expense of family-owned and specialty stores, including fish shops.

■ Supermarkets are a major source of seafood for home consumption, and they contain simulated traditional fish markets where consumers can select live or chilled seafood to be processed in the store and cooked for collection and home dining.

- Consumers are time conscious, and along with increased affluence this has resulted in less cooking of traditional Japanese meals at home. There has been a growth of the home meal replacement segment, increased sales of prepared fish products and a decline in the sale of whole fresh fish at supermarkets.
- Consumer preferences are shifting towards more fresh products. Fresh sashimi is sold in retail shops and products with a much less salty taste are in demand, reflecting greater health awareness.
- There may be an opportunity to supply frozen filleted ocean jacket to supermarkets.

Restaurants and Hotels

- The Japanese food service industry uses a large amount of seafood products.
- There are many types of restaurants in Japan. The authentic Japanese food outlets include:
  - — sushi shops which sell a distinct selection of seafood species such as salmon eggs, hoki clams and octopus;
  - — tempura restaurants which sell white-fleshed fish, squid and shrimp;
  - — take-out lunch box shops which specialise in grilled fish;
  - — seafood specialty restaurants.


Businessmen dining at a sushi restaurant in Japan

- Unlike the Chinese who have a preference for larger banquet-sized fish, the Japanese prefer to have individual servings. Demand is generally for small whole gilled and gutted fish (300–400 g). Morwong is often used in Japan as an individual serving.
- Morwong is currently imported into Japan from New Zealand and other countries, therefore there is an opportunity for smaller morwong from Australia provided they are competitive on price and quality.
- The case studies also showed market potential for sashimi grade whole frozen ocean jacket for use in sashimi, sushi and hot pots.

Wet and Wholesale Markets

- There are 54 wholesale markets and over 1500 wet markets that handle seafood throughout Japan.
- Wholesalers purchase their seafood from the wet markets and on-sell to retailers, restaurants and other participants in the food segment.
- Japanese wholesalers and importers are under increasing pressure to improve profitability and are seeking regular suppliers of price-competitive products on a semi-exclusive basis to achieve this objective.
- Consistent supply and competitive products are imperative to succeed in the wet and wholesale market segment of Japan.

Figure 3: Most feasible market entry strategy for Australian under-utilised seafood species to Japan

There could be scope to export direct to restaurants, supermarkets and wet/wholesale markets. But research into distribution channels in Japan shows a preference in these segments to deal through trading houses.

Market Entry Requirements

Key obstacles to the import of seafood products to the Japanese market include import quotas and tariffs, stringent quality assurance and food safety requirements.

- Minor import quotas apply to a range of imported seafood species. It is unlikely that these quota restrictions would have an impact on the export of Australian under-utilised seafood species to Japan as the volumes are not likely to be large enough to be affected.
- Japan imposes a tariff on imported seafood. It is important to keep up to date with the ever-changing tariff rates as these will have an impact on the price of the end product.
- Quality assurance and food safety are now essential aspects of daily seafood marketing in Japan.

Australian seafood exporters must show evidence of these attributes in order to be successful in the Japanese market.

- Packaging and product specifications must be agreed by both suppliers and buyers to ensure the correct market emphasis for new business.

Quarantine

- There are no major quarantine issues affecting exports of Australian under-utilised seafood into Japan.
- Exporters are however required to undertake the following steps:
  - They must be registered with AQIS.
  - The goods must pass through a HACCP quality assurance program approved by AQIS.
  - An export permit must to obtained to export products from Australia.
  - Shipments of live and frozen seafood to Japan must be accompanied by a health certificate, obtainable from AQIS, declaring the product free of disease.

Market Size

Table 3 below outlines Japan's seafood industry. Most of the seafood consumed in Japan is imported, with very little opportunity for re-export. This country had a domestic consumption of over 38 million tonnes of seafood in 1999. This figure demonstrates the popularity of seafood in Japan.

Table 3: Summary of Japan's Seafood Industry (1999)

	Tonnes
Total Production	6 491 759
Wild-caught	5 176 460
Aquaculture	1 315 299
Total Exports	197 268
Total Imports	32 398 137
Domestic Consumption	38 692 628

Major Local Species

- A number of major species available and in demand in the Japan market are similar to species available in Australia. However it is unlikely that Australian exporters could compete on price with similar seafood that is available locally.
- Nevertheless it is possible that Australia could enter the Japan market with species that are known there during times when there is a shortage of supply or when local species are not available.
- Major marine and freshwater species available locally in Japan include grouper, red snapper, hairtail, grey mullet, flathead, carp, pomfret, sea bream, rabbitfish, eel, sea bass, snapper, threadfin bream, mackerel, flounder, halibut, cod and hake.

Singapore

HUSSAR	SEA MULLET
SPOTTED MACKEREL	AUSTRALIAN SALMON
RIBBONFISH	SILVER WAREHOU
OCEAN JACKET	MORWONG

GOOD OPPORTUNITY
MODERATE OPPORTUNITY
LIMITED OPPORTUNITY
VERY LIMITED OPPORTUNITY

Singapore city at night

- Singapore has the world's busiest and most efficient seaport. It is recognised as the main distribution hub for South East Asia due to its airport and seaport facilities, which have encouraged many businesses to base their operations in Singapore and serve their regional markets.
- Hussar, ribbonfish, ocean jacket and spotted mackerel were identified as having some market potential in Singapore. Hussar because Singaporeans like red fish such as the very popular red snapper. Ribbonfish, ocean jacket and spotted mackerel because these species are similar to the hairtail, leatherjacket and mackerel that are in strong demand by Singapore consumers.
- Singapore differs from other Asian seafood markets in that consumers have no distinct flesh colour preferences.
- Consumers prefer fresh, live and chilled seafood. There is very little opportunity for frozen seafood in Singapore.
- Most importers are unable to import large volumes of seafood because they do not have much wholesale storage space available to stock product. Therefore, exporters may need to be responsive to requests for small orders on the understanding that such orders may be obtained on a more regular basis.

CAPITAL: Singapore	**POPULATION:** 4 million (2000)
OFFICIAL LANGUAGE: Malay, Chinese,Tamil, English	**CURRENCY:** Singapore dollar

Market Overview

Consumption Trends

- Singapore is a very cosmopolitan food market and seafood is very popular.
- Singaporeans are extremely particular with the quality of their seafood, and will drive to Malaysia to get good seafood.
- The Singapore market prefers and demands fresh seafood and there are very few frozen products available in Singapore.
- Consistent supply and uniqueness of product are key reasons for Singaporeans selecting imported fish over local fish.

Cooking Styles

- Singapore is a 'melting pot of cultures' with cuisine influences from China, India and Malaysia as well as local Singaporean dishes.
- The preferred cooking style for seafood in Singapore depends on which ethnic culture is associated with preparing the meal. Chinese Singaporeans are more likely to steam their fish, whereas Malay and Indian Singaporeans prepare their fish by frying it.
- The Singapore signature dish is chilli crab, which is a whole crab steamed and then served up in a rich tomato and chilli sauce.
- Other popular fish dishes in Singapore include:
  - steamed live fish served with a flavoursome sauce;
  - fish head curry, which is a popular Malaysian dish and tends to use larger fish like salmon;
  - steamboat, where vegetables, seafood, noodles and meat are taken and cooked by diners in a pot of boiling water;
  - fried fish on rice with sambal;
  - ikan goreng (deep fried fish);
  - pan fried fish with curry and belachan (shrimp paste);
  - stir fried fish with ginger, shallots and garlic.

Product Forms

- Chilled whole fish are preferred by seafood consumers in Singapore, and there is a particularly high demand for large (800 g – 1 kg) whole fish for Chinese banquet-style meals. However, there is a small but growing demand for filleted fish (300 g) in Western-style restaurants and supermarkets.
- In Singapore ocean jacket is preferred in headed and gutted form with the skin off.
- Red-skinned fish such as red snapper and coral trout are popular in Singapore. There may be an opportunity for hussar as a whole banquet-sized fish.

- There is no distinctive flesh colour preference in Singapore, however Singaporeans do have a preference for fish with smoother, higher-quality flesh.

Festivals

- The key festivals that are important for seafood consumption in Singapore are Lunar New Year (Chinese New Year or Spring Festival), Thaipusam, Hari Raya Haji, Muslim New Year (Awal Muharam), Tomb Sweeping Day (Ching Ming), Labour Day, Vesak Day, Dragon Boat Festival (Tuen Ng), National Day, the Feast of the Hungry Ghost, the Mid-Autumn Festival (Moon cake or Lantern Festival), Ramadan, Deepavali, Awal Muharam and Hari Raya Puasa.
- For more information refer to *Asian Events and Culture — a guide for Australian seafood exporters* (Department of Primary Industries, Queensland, 2001).

Major Competition

- Because of its proximity to other markets, Singapore can easily acquire seafood from several countries. Key suppliers of seafood are Indonesia, Malaysia, Thailand and South Africa.
- Australian ribbonfish would compete with hairtail, which is imported from Pakistan, India and Bangladesh.
- Spotted mackerel would compete with mackerel imported from Norway.
- Australian ocean jacket would compete with low-priced local leatherjackets and also imports from Thailand and Indonesia.
- Australian sea mullet would compete with low-priced local mullet and cheap imports from Thailand and Malaysia.

Market Segments

The main market segments in the Singapore market are listed below. The market potential for Australian under-utilised seafood species will be in fresh chilled form as frozen products are not popular. There is potential for Australian under-utilised species to penetrate any of the following market segments. However, for the Australian product to be competitive it will have to match local seafood and imports on price, be fresh and of high quality and well packaged, and be in reliable supply.

Wet Markets

- There may be an opportunity to enter the Singapore seafood market by selling fresh whole fish through these markets.
- The wet markets continue to play a major role in the retailing of seafood with an estimated 80% of households in Singapore relying on them for their seafood supply.

Wet markets remain a dominant source of seafood for households in Singapore.

- There are two main seafood wet markets in Singapore. Firstly, the Jurong Fishing Port, which is the country's main distribution point for seafood:
  - Seafood is supplied to the market fresh or live, and usually whole.
  - Most fresh fish sold at this market are from boats that fish in the 'local' waters off Singapore, Indonesia, Malaysia and the Philippines.
  - The market also sells fish imported by air and road.

- Secondly, there is the Senoko Fishing Port in the north of Singapore.
  - This market handles much smaller quantities of seafood, most of which are supplied by the local fishing vessels.
  - It serves a large number of regional wet markets.

Supermarkets

- There are many supermarkets in Singapore; the larger chains include Carrefour, NTUC Fairprice and Cold Storage.
- There may be an opportunity to promote Australian seafood through initiatives such as the Supermarket to Asia 'Australia Fair' held in 2001, which profiled Australian products in Singapore supermarkets.
- There is a growing trend towards buying seafood from supermarkets, generated by 'modern' consumers who are willing to pay more for quality and convenience. As a result supermarkets are expanding their seafood sections.
- Supermarkets are becoming more involved in direct importing, as it is cheaper and more efficient.
- Fresh chilled whole and filleted fish displayed on ice are the most dominant form of seafood in Singapore supermarkets.
- Supermarkets also stock a large range of processed fish including fish balls, fish sausages, and other value-added fish products.

Restaurants and Hotels

- Seafood restaurants are developing rapidly throughout Singapore, particularly along the east coast of the island.
- Some of the larger specialist seafood restaurants buy direct from overseas suppliers if the products they request are not available from local importers.

Chinese-style Restaurants

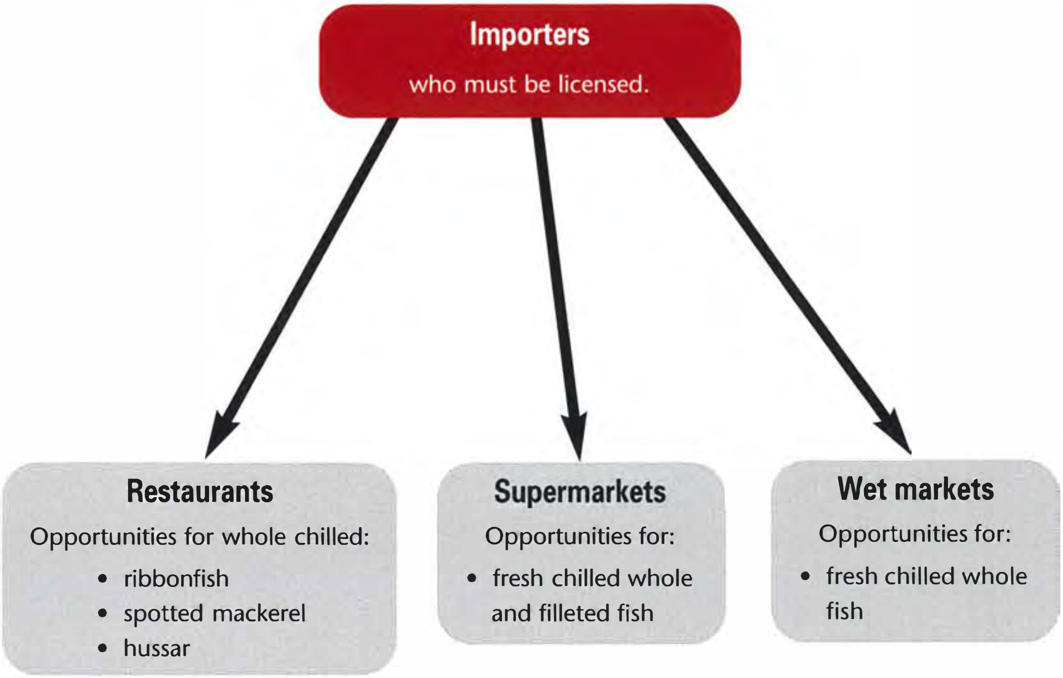
- Chinese chefs in Singapore are constantly looking for good whole large fish for banquets, which are quite profitable. Displaying whole large fish on banquets enables diners to taste a variety of fish and also gives them a perception of better value for money. There could be potential for chilled whole hussar, ribbonfish and spotted mackerel in this segment.
- Live whole fish (800 g – 1 kg) are preferred as they can serve up to eight people in a banquet-style setting.

Western-style Restaurants

- In contrast to Chinese-style restaurants, Western-style restaurants prefer fish of about 300 g for filleting and serving as individual meals.

- Labour costs in Singapore are high compared with those of other Asian countries. Therefore, it is more cost-effective to employ casual staff to cook portion-cut fish fillets in restaurants than to employ a qualified chef to fillet the fish. In this way restaurateurs can save money on kitchen labour costs, the additional freight cost of whole fish, and storage costs in Singapore.
- There may be an opportunity for ribbonfish, ocean jacket, hussar and spotted mackerel to be processed in Australia and then exported in filleted form; this would avoid the high cost of processing in Singapore.

Figure 4: Most feasible market entry strategy for Australian under-utilised seafood species to Singapore



Most supermarkets and restaurants do not deal directly with exporters, but some large retailers (such as NTUC Fairprice) are interested in doing so.

Market Entry Requirements

Key obstacles to the import of seafood products to the Singapore market include import quotas, goods and services tax, and consignment approval from the Primary Production Department (PPD).

- No duty is imposed on fish and seafood imported into Singapore, but a 3% Goods and Services Tax (GST) is imposed on imported goods, based on the CIF (Cost, Insurance, Freight) value in Singapore dollars.

- Every consignment of seafood imported into Singapore must be approved by the PPD and must be accompanied by the proper documentation for the attention of the Controller of Imports and Exports.
- Additionally, seafood importers must be licensed annually by the PPD and must be registered under the Business Registration Act or incorporated under the Companies Act to be eligible to apply for a licence to import such products. Once imported, all seafood is subject to inspection.

Quarantine

- There are no major quarantine issues affecting exports of Australian under-utilised seafood into Singapore.
- Exporters are however required to undertake the following steps:
  - — They must be registered with AQIS.
  - — The goods must pass through a HACCP quality assurance program approved by AQIS.
  - — An export permit must to obtained to export products from Australia.

Market Size

Table 4 below outlines Singapore's seafood industry. Singapore is a very small market for seafood compared with most other Asian countries, but almost 90% of fish consumed there is imported. Singapore has limited domestic production capabilities and relies heavily on imported seafood for both domestic consumption and re-export purposes.

Table 4: Summary of Singapore's Seafood Industry (1999)

	Tonnes
Total Production	9 081
Wild-caught	5 052
Aquaculture	4 029
Total Exports (including re-exports)	107 338
Total Imports	174 010
Domestic Consumption	75 753

Major Local Species

- A small number of local species is available and in demand in the Singapore market. Most fish are imported, some of them similar to species available in Australia. It is unlikely that Australian exporters could compete on price with similar seafood that is available on the local market.
- It is possible however that Australia could enter the Singapore market with species that are known in the market, during times when there is a shortage of imported product or local species are not available.

- Major marine and freshwater species available locally in Singapore include catfish, whiting, moonfish, red snapper, threadfin bream and mackerel.

Local red snapper, hussar's major competitor, ready for sale at the Jurong wet markets in Singapore.

South Korea

HUSSAR	AUSTRALIAN SALMON
RIBBONFISH	MORWONG
SPOTTED MACKEREL	SEA MULLET
OCEAN JACKET	SILVER WAREHOU

GOOD OPPORTUNITY
MODERATE OPPORTUNITY
LIMITED OPPORTUNITY
VERY LIMITED OPPORTUNITY

Aerial view of Seoul, South Korea

- The demand for fish in South Korea is increasing because of the perceived health benefits of fish consumption and changing dietary patterns. This has resulted in an increased preference for Western food and higher quality processed seafood.
- Ribbonfish was identified as having a moderate level market interest in South Korea. Its similarity to the popular hairtail makes it a readily acceptable product in the South Korean market.
- Frozen hussar may also have market opportunity in South Korea as a substitute for either red snapper or red sea bream.
- There may be a moderate opportunity for spotted mackerel in South Korea as there is a demand for other mackerel species imported from Norway, China and Russia. However, the Australian spotted mackerel is produced in warmer waters and Korean consumer preference is for cold water fish, which have a firmer texture.
- The best entry strategy for Australian under-utilised species appears to be through the South Korean supermarkets and wet markets in the form of whole fish for home consumption.
- South Korea has the reputation of being a difficult market to enter and exporters must be willing to conform exactly to labelling requirements and export documentation.

CAPITAL: Seoul	**POPULATION:** 46.9 million (2000)
OFFICIAL LANGUAGE: Korean	**CURRENCY:** Won

Market Overview

Consumption Trends

- Domestic fish production is decreasing. This may create opportunities for imported seafood from Australia.
- South Koreans will purchase fish that are similar to the local species sold in traditional wet markets.
- There are changing dietary patterns in South Korea, such as an increasing preference for Western-style food. As a result demand for high-quality processed seafood has been rising.
- South Koreans generally prefer fish with firm texture, and in the case of raw fish (sashimi), fish that is slightly 'chewy'. There is a perception that only fish from cold waters have these characteristics and that the flesh of fish from warmer waters is too soft.
- Mackerel is becoming more popular in South Korea as it is known, to contain high levels of DHA (docosahexanoic acid) and EPA (eicosapentenoic acid), which reportedly have some health benefits.

Cooking Styles

- South Korea has always borrowed heavily from Chinese cuisine styles, but there has also been a significant Japanese influence since World War II. For example Chinese-style steamboats and Japanese-style sabu sabu and hot pots are all common in South Korean cuisine.
- Leatherjackets are often marketed in pressed and dried form in South Korea, whereas red snapper, similar to hussar, are often used for fish stew (hae-mul-tang) in Pusan.
- Mackerel is also often bought for home consumption in South Korea. It is typically prepared by grilling, roasting or stewing.

South Korean cuisine for sale at a street stall in Seoul

Table 5 below outlines the major seafood preparation methods preferred by South Korean consumers. There are no significant variations in these methods from region to region.

Table 5: Seafood Preparation Methods Used in South Korea

Seafood	Dish/Preparation
Bastard halibut, rock fish, sea bass, mullet, plaice, sea bream, yellowtail, rock trout	Raw fish (sashimi), fish stew (hae-mul-tang)
Mackerel, atka mackerel, jack mackerel, club mackerel, saury, herring, sardine, cod, skate, plaice, poulp squid, hairtail, tuna	BBQ/grilled (seng-son gu-i); boiled fish with sauce; fish stew
Alaska pollack, white pomfret, snapper	Pan fried with flour and egg (seng-son chon)
Salmon	Grilled steak, smoked salmon (buffet-style meals)
Yellow croaker	BBQ/grilled
Tuna, salmon, prawns	Raw fish on rice balls (sushi)

Product Forms

- Live and chilled fish are considered higher in quality and are therefore priced higher than frozen fish, and are generally used in the restaurant and hotel segments for sashimi and sushi dishes.
- In South Korea 75% of seafood consumed is frozen. This is because of its lower price, its longer shelf life and its ease of distribution, and because imported fish is almost entirely in frozen form. There may an opportunity for whole frozen hussar from Australia.
- Examples of preferable sizes for fish consumed in South Korea are 300 g – 400 g for hairtail and 500 – 600 g for mackerel.
- More than 50% of the mackerel on the South Korean market is frozen in whole form for distribution and consumption. The remainder is normally used for processing.
- There may be opportunities for ribbonfish and spotted mackerel whole or headed and gutted in fresh or frozen form.

Festivals

- The key festivals that are important for seafood consumption in South Korea are Lunar New Year (Sollal), Independence Movement Day, Arbor Day, Budda's birthday, Labor Day, Children's Day, Memorial Day, Constitution Day, Liberation Day and Harvest Moon Festival or Korean Thanksgiving Day (Chusok), the *Kimchi*-making season (*Kimchi* is a fermented Chinese cabbage pickle that is an essential accompaniment to any South Korean meal).
- For more information refer to *Asian Events and Culture — a guide for Australian seafood exporters* (Department of Primary Industries, Queensland, 2001).

Major Competition

- Hairtail is the major competitor with ribbonfish in the South Korean market. It is locally produced and also imported from China.

- Red snapper imported from New Zealand is the major competitor for Australian hussar in this market.
- The large volumes of mackerel that are currently being imported from Norway, China and Russia would be the main competition for Australian spotted mackerel.
- Morwong from Australia would face competition from the locally produced sea bream.
- Large volumes of leatherjackets are imported from China as a processed product. This would be the major competition for processed Australian ocean jacket.
- South Korea has fishery agreements with the USA, Canada and Russia, and imports considerable quantities of seafood from these countries.
- Table 6 below lists the top ten suppliers of seafood to South Korea. China and Japan are major suppliers due to their proximity and similar species.

Table 6: Top 10 Suppliers of Seafood to South Korea, 2001

Rank	Country	Share (%)	Rank	Country	Share (%)
1	China	38	7	Taiwan	2.36
2	Japan	13.26	8	Indonesia	1.95
3	USA	11	9	Norway	1.38
4	Russia	9.85	10	Canada	1.38
5	Vietnam	4.64	**31**	**Australia**	**0.16**
6	Thailand	4.23		Other	11.64

Source: South Korea Trade Information Service (KOTIS)

Market Segments

The main market segments in South Korea are listed below. Market research has identified an opportunity for ribbonfish and spotted mackerel in whole chilled form into the wet markets, or in frozen whole or fillet form into supermarkets. There could be opportunities for frozen hussar into supermarkets.

Supermarkets

- South Korea's food retailing segment is currently undergoing a major transition from traditional local open air markets to Western-style supermarkets, large discount stores and small convenience stores.
- Supermarkets are the primary retail outlets for fish products.
- Chain supermarkets with a large number of outlets and more efficient distribution systems are becoming more prevalent.
- To cope with consumer demand for fresh seafood, South Korea's large supermarkets usually operate extensive seafood sections, with water tanks containing live fish to attract consumers.
- Seafood sold in supermarkets is predominantly in fresh or frozen form, though a wide range of dried, smoked and processed seafood is also available.
- Consumers can also buy various prepared sashimi dishes for home consumption.
- There is an opportunity for hussar and ribbonfish to be sold through supermarkets in whole frozen form for home consumption.

- There may also be an opportunity for whole or filleted spotted mackerel in supermarkets.
- It is important that imported species have an appearance similar to that of species currently available on the South Korean market, as consumer purchases are based on the appearance of the fish. Therefore there may be an opportunity for whole or filleted spotted mackerel and ribbonfish, which resemble the mackerel and hairtail currently being sold in South Korea.
- Currently few of the large retailers import products directly; the majority purchase from specialised importers, most of whom have their own distribution networks. Many industry sources predict that large retailers will want to import directly to improve efficiency and reduce costs.
- Large supermarket chains purchase imported seafood for re-packaging and re-labelling under their own brand name; consumers usually pay a higher price for the perceived quality and freshness benefits.

Wet Markets

- Wet markets remain the preferred source of seafood for most South Korean consumers and restaurant operators, although they are losing market share to retail chains.
- The reasons for this continued preference include convenience, the freshness image of these markets, their competitive prices and their greater range of available seafood.

South Korean consumer purchasing fresh seafood at a wet market

- It is reported that normally housewives prefer local species and have a negative perception of imported products due to the low quality of some imports from China and South East Asia.
- There are 16 wholesale seafood markets and 219 commissioned seafood markets in South Korea. The largest volumes move through the wholesale markets in Seoul and Pusan.
  - Seoul has two large seafood markets (Garak and Noryangjin) with a combined annual turnover of 264 985 tonnes. Garak market specialises in fresh and frozen fish (mainly imported), and Noryangjin in live fish and crustaceans.
  - Pusan, South Korea's main port city on the south-eastern tip of the peninsula, also handles large volumes of seafood, including imported product. It has the country's largest seafood market — the Pusan public seafood market — which handled about 332 000 tonnes in 1999.
- There may be an opportunity for Australian spotted mackerel and ribbonfish in the wet markets in whole chilled form for home consumption.

Restaurants and Hotels

- The restaurant and hotel segment of the South Korean market generally demands premium seafood species.
- Frozen fillets are preferred in the hotel segment as they provide hotels with better control of profit margins.
- Premium imported seafood is regularly used in the restaurant segment because it is cheaper than local product.

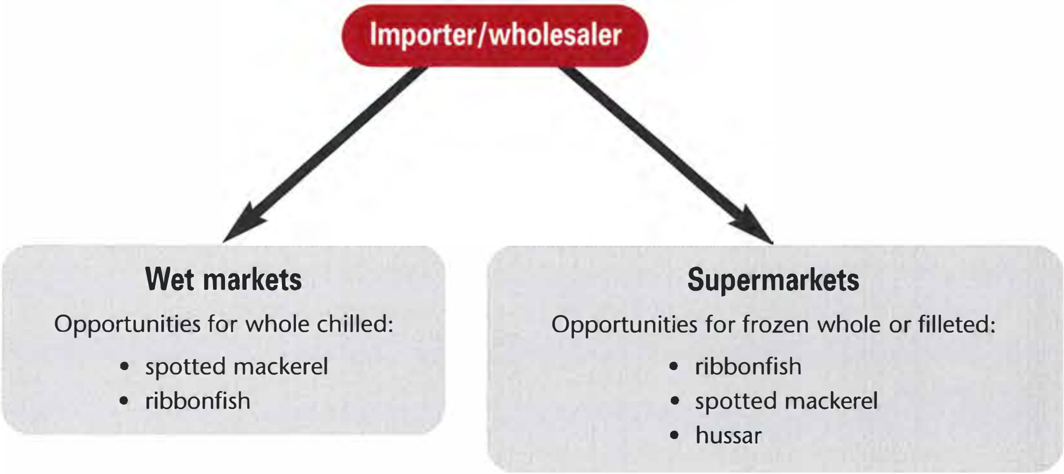
Restaurant guests enjoying a seafood meal in Korea

- In order to provide fresh sashimi at competitive rates to their customers, many seafood restaurants have been established close to wholesale fish markets.
- Due to its demand for premium seafood, the restaurant and hotel segment offers only limited opportunities for Australian under-utilised species.

Processors

- There are limited opportunities for Australian under-utilised seafood in the processing segment as local seafood is available at low prices.
- Local mackerel is often processed in South Korea, the smaller fish being used for stockfeed ingredients or bait.
- The processed fish segment has adapted well to changing consumer tastes by continuously upgrading its product quality through the use of higher-quality fish meat, and as a result has grown steadily in recent years.
- To maintain this growth trend, the industry will need to diversify its raw materials and extend product shelf life through technological development.

Figure 5: Most feasible market entry strategy for Australian under-utilised seafood species to South Korea



- Imported fish in South Korea usually move from importer to distributor, then to wholesalers, and on to retailers; or are distributed to retailers directly from importers.

Market Entry Requirements

Key obstacles to the import of seafood products to the South Korean market include import tariffs, product inspections, labelling requirements and value-added tax.

- Importation of seafood into South Korea is not subject to quotas and importers do not require import licences or approval from government authorities.
- South Korea has strict labelling requirements and exporters must also complete export documentation exactly to specifications.

Tariffs

- Tariffs are applied to seafood imported into South Korea. Their levels can change often and it is important to keep up to date.
- The dutiable value of imported goods is the Cost, Insurance and Freight (CIF) price at the time of import declaration.

Inspection

- All imported fishery products are subject to sanitary inspection.
- Initial import shipments are always subject to detailed inspections, which generally take five to eight days.
- Subsequent shipments of the same species from the same supplier are generally subject to paper inspection, which takes two or three days.

Quarantine

- There are no major quarantine issues affecting exports of Australian under-utilised seafood into South Korea.
- Exporters are however required to undertake the following steps:
  - They must be registered with AQIS.
  - The goods must pass through a HACCP quality assurance program approved by AQIS.
  - An export permit must to obtained to export products from Australia.

Labelling Requirements

- All imported food products are required to have Korean language labels or stickers. Stickers should not be easily removable and should not cover the original labelling.

Value-added Tax

- South Korea has a flat 10% value-added tax on all imports and domestically manufactured goods. A special excise tax of 10% – 20% is also levied on the import of certain luxury items and durable consumer goods. Taxes must be paid in South Korean won within 15 days after goods have cleared customs.

Market size

- Table 7 below outlines South Korea's seafood industry. The country has a large seafood production capacity, but it is not self-sufficient in the fish species that are most popular in the domestic market.
- South Korea's fish production is not expected to increase significantly, but demand will grow considerably in line with consumption trends, a rising population and higher per capita income.
- It will therefore be increasingly reliant on imports and is likely to continue to be a significant import market for seafood.

Table 7: Summary of South Korea's Seafood Industry (1999)

	Tonnes
Total Production	2 896 449
Wild-caught	2 119 668
Aquaculture	776 781
Total Exports	436 409
Total Imports	722 261
Domestic Consumption	3 182 301

Major Local Species

- The number of major species available and in demand in the South Korean market is similar to species available in Australia.
- Because South Korean consumers have a preference for seafood that is familiar to them, there may be an opportunity to supply ribbonfish (which resembles hairtail) and spotted mackerel during times when local species are not available.
- Table 8 below lists the major local species in South Korea and their seasonal availability.

Table 8: Seasonal Variation in Availability of Fresh Seafood

Month	Available Fresh Seafood
January	Octopus, cod, Alaska pollack, red sea bream, plaice, herring, horse-head fish
February	Abalone, oyster, mussel, skate fish
March	Clam, snapper, atka mackerel
April	Snapper, yellow croaker, hairtail, mackerel, pomfret, blue crab
May	Tuna, mackerel, cuttlefish, bastard halibut, small prawn, anchovy, skate
June	Abalone, croaker, white pomfret, club mackerel, jack mackerel, cuttlefish
July	Eel, skate, white pomfret, sea bass
August	Eel, jack mackerel, carp, abalone
September	Jellyfish
October	Saury, mackerel, herring, hairtail, salmon, prawn, mussel
November	Horse-head fish, yellowtail, salmon, tuna, red sea bream, cod, cuttlefish
December	Oyster, snow crab, blue crab, yellowtail, bastard halibut, ray, brown sole, laver, squid

Source: Noryangjin Fishery Market

Taiwan

SPOTTED MACKEREL	AUSTRALIAN SALMON
HUSSAR	MORWONG
RIBBONFISH	SEA MULLET
OCEAN JACKET	SILVER WAREHOU

GOOD OPPORTUNITY
MODERATE OPPORTUNITY
LIMITED OPPORTUNITY
VERY LIMITED OPPORTUNITY

City of Taipei, Taiwan

- Taiwan's strong demand for imported seafood is mostly attributed to consumers' growing affluence, a lowering of trade barriers, depleted marine resources in the seas around Taiwan and an international ban of driftnet fishing.
- Australia enjoys a strong reputation as a consistent source of high quality and 'healthy and natural' seafood products in Taiwan.
- Taiwan consumers have a preference for red-skinned fish and fish with a high oil content, which presents a potential opportunity for hussar and spotted mackerel.
- Australian under-utilised seafood attracts high tariffs that affect their competitiveness.

CAPITAL: Taipei	**POPULATION:** 22.3 million (2000)
OFFICIAL LANGUAGE: Mandarin	**CURRENCY:** New Taiwanese Dollar

Market Overview

Consumption Trends

- Taiwanese consumers consider seafood a very important part of their diet, show a strong preference for fresh seafood and are acutely aware of health and safety issues when purchasing seafood.
- Freshness and quality seem to be decisive factors in seafood purchasing decisions.
- The importance placed on freshness explains in part the rapid increase in the amount of live seafood exported to Taiwan in recent years.
- Taiwanese consumers are becoming increasingly concerned about pollution, in part due to their own polluted waterways. The 'clean and green' image promoted by Australian exporters is a competitive advantage in this market.
- Ocean-caught fish are preferred; freshwater fish are less attractive to Taiwanese buyers.
- In terms of appearance and preference, red-skinned fish are in high demand and account for higher consumption all year round. Red, the lucky colour in Chinese culture, is important at Chinese New Year and in wedding banquets. It is also one of the factors influencing importers when they select items from suppliers. There may therefore be an opportunity for hussar in the Taiwanese market.

Cooking Styles

- There is little difference between the cuisines of Taiwan and mainland China, except that in Taiwan the flavours are slightly more mild. Taiwan does not have its own unique style: there are influences from Cantonese, South Korean and Japanese cuisine.
- Live or very fresh fish will normally be steamed, which is the most popular cooking method.

Home Cooking

- Fish consumed in the home are generally whole and plate-sized.
- Taiwanese home cooking differs from restaurant cooking. It generally involves less preparation and fish is often pan fried or steamed whole.
- Salted fish is also popular as are fish pieces that are pan fried with vegetables.

Restaurant Cooking

- Taiwanese restaurant guests generally prefer whole fish, except in the case of high-value species such as coral trout where the price may be too high.
- Fish larger than plate size is usually filleted.
- Whole fish is typically steamed or pan fried, otherwise it is served as fillets or eaten raw with sashimi.
- Steamed whole fish is usually an essential component in formal banquets, including wedding banquets.

Product Forms

- Market research has shown that Taiwanese prefer to buy whole fish because they cannot confirm the freshness of fillets.
- Taiwanese also believe that 'whole' implies consummate happiness and good fortune, and this may reinforce their preference for whole fish.
- Whole fish dishes are one of the 'musts' on dinner tables and banquets. Whole banquet-sized fish are sought in the 600 – 800 g range, and whole plate-sized fish should be about 600 g.
- Imported frozen fillets are mostly destined for Western-style restaurants.
- Taiwanese consumers prefer fish with red skin, but do not have a flesh colour preference. Therefore there may be an opportunity for hussar in this market.
- They prefer whole marine-caught species with a high oil content. There may therefore be an opportunity for spotted mackerel in the Taiwan market.

Festivals

- The key festivals that are important for seafood consumption in Taiwan are the founding of the republic of China; Lunar New Year (Chinese New Year or Spring Festival); Tomb Sweeping Day (Ching Ming); Dragon Boat Festival (Duan Wu); Ghost Month; Mid-Autumn Festival (Moon Festival); National Day (Double Tenth Day, 10 October); and Taiwan Retrocession Day.
- For more information refer to *Asian Events and Culture – a guide for Australian seafood exporters* (Department of Primary Industries, Queensland, 2001).

Major Competition

- Due to the diversification of seafood demand in Taiwan, no single country dominates the import market.
- Australia's major competitors are the USA, Hong Kong, Norway and Canada. New Zealand is also a competitor for Australian exporters, due to the natural distribution and availability of similar species.
- An increasing number of seafood importers in Taiwan are looking at cheaper seafood imports from South-East Asian countries, including Thailand and Vietnam.
- Australian ribbonfish and spotted mackerel will have to compete with local hairtail and local and imported mackerel.

Market Segments

The main market segments in Taiwan are listed on the following pages. There appear to be opportunities for supply of whole chilled hussar, spotted mackerel and ribbonfish into the wet markets and whole frozen hussar and spotted mackerel into supermarkets.

There may be a limited opportunity to supply frozen fillets of the above species to Western-style restaurants, but the processing most likely will have to be done in China or Taiwan to be price competitive.

Imported fish are usually distributed by wholesalers and agents to three main markets — retail outlets, restaurants and hotels and specialty banquets ('ban doe').

Wet Markets

- In 1998 there were 31 wet markets in Taiwan. They are still the dominant retail outlets for daily food purchases that may include seafood, and account for about half of all sales of imported seafood.
- Wet markets are believed to offer fresher and more diversified supplies.
- Dried and salted seafood are popular in Taiwan and available in the wet markets.

A range of dried seafood on display at a Taiwanese wet market

- Live seafood is often gilled and gutted on arrival at the markets.
- White-fleshed fish are generally preferred, and pink-fleshed fish are usually not available at the markets.
- The most popular size for whole fish sold in the wet markets is around 600 g – 800 g. Whole frozen product is also acceptable.

- Though they still dominate the distribution of seafood, wet markets are experiencing a decline in both volume and value of turnover. This decline has been primarily attributed to the establishment of direct links between importers and some larger retailers.
- There may be an opportunity for supply of whole chilled hussar, spotted mackerel and ribbonfish to the wet markets.

Supermarkets/hypermarkets

- Fish at supermarkets and hypermarkets are usually whole, gilled and gutted and may be either chilled or frozen. This is consistent with the way consumers like to serve fish in the home.
- Smaller whole fish sized between 400 g and 600 g are the most popular in this market segment.
- Most fish purchased from hypermarkets and supermarkets is in frozen form. It is estimated that 30% of imported seafood is channelled to the supermarket and hypermarket segments, and imported fish can supply more than 50% of the demand from these outlets.
- There appears to be an opportunity for whole frozen hussar and spotted mackerel from Australia in supermarkets.
- Most fresh fish purchased at the retail level is shrink-wrapped on a styrofoam tray.
- The competition within this segment is comparatively fierce, and price is the key factor.
- Even though most hypermarkets currently procure their seafood products from local importers and wholesalers, there is increasing interest in importing direct from foreign suppliers to lower overhead costs and so keep prices competitive. Examples are the Carrefour, RT-Mart, Dollars and Costco chains.

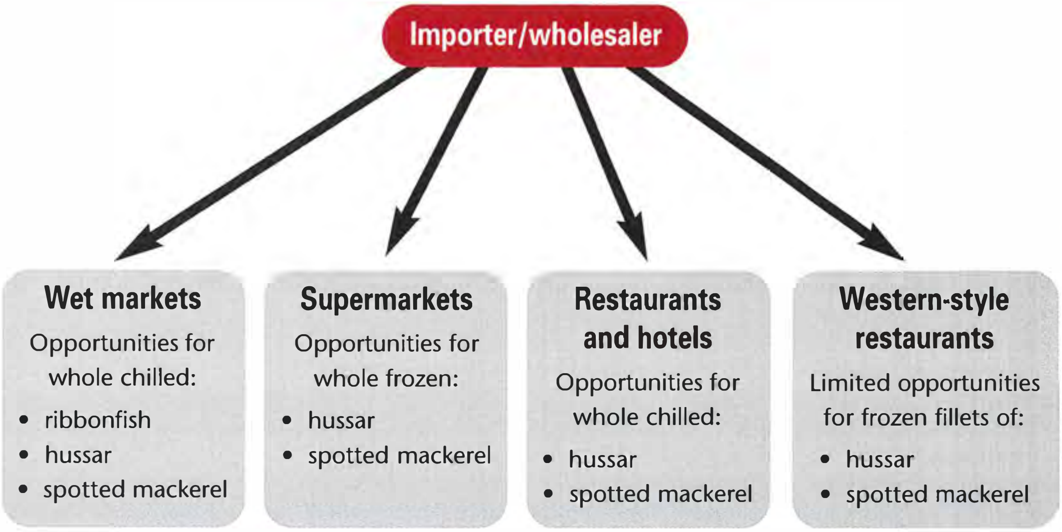
Restaurants and Hotels

- About 20% of imported seafood is distributed from importers to the restaurant chains and hotels.
- Banquet-sized and plate-sized fish between 600 g and 800 g with head and tail are the most popular.
- Both Chinese and Western-style restaurants and hotels demand live fish, as consumers prefer to select fish from tanks rather than from menus. There is an increasing demand for live fish as a result of the continuing expansion of food service industry.
- Restaurants also demand whole (gilled and gutted) chilled fish for less expensive dishes. Therefore there may be an opportunity for hussar and ocean jacket in the restaurant segment.

Outside the Yehliu Seafood Restaurant in Taiwan

- Western-style restaurants and hotels purchase frozen fillets, as expatriates often prefer to eat their own individual dishes.
- There may be a limited opportunity to supply frozen fillets of hussar, ribbonfish and spotted mackerel to Western-style restaurants, but the processing most likely will have to be done in China or Taiwan to be price competitive.

Figure 6: Most feasible market entry strategy for Australian under-utilised seafood species to Taiwan



Market Entry Requirements

Key factors affecting the import of seafood products to Taiwan include import quotas, Taiwan's entry into the WTO and significant tariffs.

World Trade Organization Entry

- Taiwan's entry to the WTO is imminent and is expected to result in simplified import procedures and a reduction in tariffs.

Tariffs and Quotas and Quarantine Issues

- Taiwan does not place any quota restrictions on fish. However, significant tariffs currently apply to the Australian under-utilised species discussed in this guide, as shown in Table 9. This will make it difficult for Australian exports to be price competitive with the species available locally.
- Import permits are issued by Taiwan's Board of Foreign Trade, Ministry of Economic Affairs.
- A licence to import issued by an authorised bank is also required.

- There are no legal requirements stipulating specific packaging materials or sizes to be used for seafood.
- There are however import regulations that may be applicable to the import of Australian under-utilised species.

Quarantine

There are no major quarantine barriers affecting Australian exports of under-utilised seafood species to Taiwan.

Exporters are, however, required to undertake the following steps:

- — They must be registered with AQIS.
- — The goods must pass through a HACCP quality assurance program approved by AQIS.
- — An export permit must to obtained to export products from Australia.
- — Shipments of live and frozen seafood to Taiwan must be accompanied by a health certificate, obtainable from AQIS, declaring the product free of disease.

Table 9: Tariffs Incurred by Selected Australian Fish Species Entering Taiwan

Species	Tariff
Australian salmon	50%
Hussar	50%
Morwong	50%
Ocean jacket	50%
Ribbonfish	50%
Sea mullet	New Taiwanese $45/kg
Silver warehou	50%
Spotted mackerel	New Taiwanese $14/kg or 45%, whichever is higher

Note: It is important to keep up to date on tariffs as they change frequently.

Market Size

Table 10 below outlines the country's well-developed seafood industry.

Table 10: Summary of Taiwan's Seafood Industry (1999)

	Tonnes
Total Production	1 362 774
Wild-caught	1 099 715
Aquaculture	263 059
Total Exports	723 255
Total Imports	420 354
Domestic Consumption	1 059 873

- There is strong demand for imported seafood, mostly attributed to growing affluence, a lowering of trade barriers, depleted marine resources in the seas around Taiwan, and an international ban on driftnet fishing.

Major Local Species

- A number of major species available and in demand in the Taiwan market are similar to species available in Australia. It is unlikely that Australian exporters could compete with products that are available locally.
- Taiwanese seafood species include squid, bonito, skipjack, albacore, sharks, eels, mackerels, swordfish, hairtail, threadfin bream, pomfret, carp, groupers, sea bream and whiting.

Thailand

★★★ AUSTRALIAN SALMON	★★ SEA MULLET
★★★ OCEAN JACKET	★ MORWONG
★★★ SILVER WAREHOU	★ RIBBONFISH
★★ HUSSAR	★ SPOTTED MACKEREL

★★★★ GOOD OPPORTUNITY
★★★ MODERATE OPPORTUNITY
★★ LIMITED OPPORTUNITY
★ VERY LIMITED OPPORTUNITY

A palace in Bangkok, Thailand

- Thailand is one of the world's largest seafood markets and Thailand imports seafood essentially to provide raw material for the seafood processing industry.
- Bangkok is the consumer hub of Thailand and has a population of at least 9 million. Bangkok's per capita income is up to eight times greater than in the poorer regions of Thailand and can be as high as three times the country average. These factors combine to make Bangkok an ideal target for Australian exporters of high value seafood.
- It is unlikely that there will be much opportunity for Australian under-utilised species in the wet market, supermarket and restaurant/hotel segments in Thailand because of competition from a wide range of quality local produce.
- The most feasible opportunity for such species appears to be for ocean jacket, Australian salmon and silver warehou to be supplied in whole frozen form to the processing segment.
- The 60% tariff on air freight exports is prohibitive. Seafood sent by sea freight direct to processors does not incur this tariff.

CAPITAL: Bangkok	**POPULATION:** 62.4 million (2000)
OFFICIAL LANGUAGE: Thai, Chinese	**CURRENCY:** Baht

Market Overview

Consumption Trends

- Demand for seafood in Thailand is increasing as it gains popularity as a more healthy and nutritious alternative to meat from livestock and poultry.
- Thai seafood consumers generally prefer white-fleshed fish. However, there is demand from price-conscious consumers for pink-fleshed fish because it is cheaper.
- White-fleshed fish is readily available in wet markets, supermarkets, and restaurants and through the processing segment.

Cooking Styles

- Thai cuisine has borrowed flavours and techniques from its neighbours, particularly China and India, to create a character of its own.
- The Thai seafood cooking style is typically spicy, fragrant, colourful, full flavoured and well balanced.
- Common cooking methods for fish in Thailand include:
  - steamed whole or in fillets or cutlets, with hot and sour flavours;
  - turned into fish cakes;
  - made into hot and sour soups (tom yum or tom ka);
  - deep fried before being pan fried with BBQ flavours, chilli and curry paste;
  - used as the basis for red, green or yellow curries.

Typical Thai seafood dishes on display at a street outlet in Bangkok

Festivals

- The demand for seafood varies throughout the year, increasing during peak festival times. The major festivals are Songkran (Thai New Year Water Festival), Makha Bucha and Visakha Bucha (Buddist celebrations), Asarnha Bucha, Khao Phansa (Buddist Lent), Brahmin (Royal Ploughing Ceremony) and Chinese New Year (Lunar New Year).
- For more information refer to the *Asian Events and Culture – a guide for Australian seafood exporters* (Department of Primary Industries, Queensland, 2001).

Product Forms

- In Thailand, white-fleshed fish fillets are popular and are mostly consumed in four- to five-star hotels and restaurants.
- The local suppliers have predominantly captured the market for white-fleshed fish, and Australian exporters will find it very difficult to compete on price or quality against locally caught products.
- Packs of frozen fillets are available at supermarkets. There may be opportunities to supply pink-fleshed Australian salmon and silver warehou for processing into filleted packs or canned products.

Major Competition

- Major competition for Australian under-utilised species will be from local producers.
- Thailand has many fishing villages and there is an abundant supply of live and fresh chilled fish of high quality and low price.
- Thailand also imports fish, primarily for the processing segment. Major suppliers to this segment include the European Union, USA, Indonesia, Kenya, India, and a number of West Pacific states including the Solomon Islands, the Marshall Islands and Fiji.

Market Segments

The key market segments in Thailand are listed below. Opportunities for Australian salmon, silver warehou and ocean jacket would be primarily to supply whole frozen fish to the processing segment for filleting and canning. These species would face competition from several other countries in this segment and, to be price competitive, it would be necessary to freight the frozen product by sea to avoid the 60% tariff on air freight exports. It is very unlikely that Australian under-utilised species could compete with the local species in any of the other market segments.

Processors

- This appears to be the only segment with potential for Australian under-utilised seafood.
- Thailand has a large processing industry. Most of its seafood imports are used to provide raw materials for this industry.
- In-market research has identified opportunities for lower-valued, pink-fleshed species such as Australian salmon for the processing segment.

- Opportunities may exist for ocean jacket, frozen whole or headed and gutted, to be sent by sea container to a processor for further processing into frozen fillets for distribution in food service segments.

Supermarkets

- Fish of all categories and in all forms are found in Thai supermarkets.
- Most of the fresh fish supplied to the supermarket segment is locally produced. Australian imports cannot compete with fresh local species, which are lower priced and of higher quality.
- In the past, supermarkets in Thailand predominantly stocked pink-fleshed fish (both fresh and frozen) as they were targeting price-conscious consumers. However, more white-fleshed species in fresh and frozen form are becoming available.

Restaurants and Hotels

- The food service segment in Thailand represents very limited opportunities for Australian under-utilised seafood.
- Generally, any white-fleshed fish is acceptable in this market provided that the fillet is tender and moist when cooked, but price is an important factor.

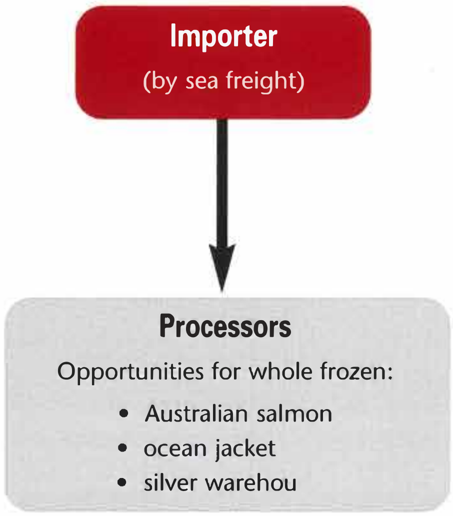
Wet Markets

- The wet markets are declining due to the expansion of the supermarket segment. Generally consumers who frequent these markets have low purchasing power.

Floating markets are also a common retail outlet for fresh produce in Thailand

- The traditional distribution channels also make the segment difficult for foreign companies to penetrate.
- Local suppliers are able to offer products of the highest quality for the lowest prices, and in comparison Australian products are too expensive.
- The wet markets represent a very limited opportunity for Australian exporters, who would find it difficult to compete against local live or chilled products.

Figure 7: Most feasible market entry strategy for Australian under-utilised seafood species to Thailand



Market Entry Restrictions

Tariff variations represent both challenges and opportunities for the import of seafood products to the Thai market.

Tariffs and Duties

- There is a 60% tariff on seafood products air freighted to Thailand. Australian chilled or live seafood subject to such a tariff transported by air is unlikely to be price competitive with local products.
- There is no tariff on seafood imported by a processor and transported by sea.
- Australian exporters are most likely to be price competitive with whole frozen products transported by sea.

Quarantine

- There are no major quarantine issues affecting exports of Australian under-utilised seafood to Thailand.

- Exporters are however required to complete the following steps:
  - They must be registered with the Australian Quarantine and Inspection Service (AQIS).
  - The goods must pass through a HACCP quality assurance program approved by AQIS.
  - An export permit must to obtained to export products from Australia.
  - A health certificate (EX46 — available from AQIS) is required for goods imported into Thailand.
  - An additional declaration is required to the effect that the goods described in the certificate have not been contaminated by radioactive elements from nuclear fall-out, and that radioactive levels do not exceed those established by the Thai Ministry of Public Heath.

Market Size

Table 11 below outlines Thailand's seafood industry. Thailand has a significant domestic production capacity, which supplies most of the market for domestic consumption and re-export. Seafood imports are therefore limited.

Table 11: Summary of Thailand's Seafood Industry (1999)

	Tonnes
Total Production	4 711 212
Wild-caught	3 004 900
Aquaculture	1 706 213
Total Exports	1 202 644
Total Imports	918 287
Domestic Consumption	4 426 955

Major Local Species

- A number of major species available and in demand in the Thai market are similar to species available in Australia. It is unlikely that Australian exporters could compete with products that are available locally. It is however possible that Australia could penetrate the Thai market with species that are not available on the local market or if there is a shortage of supply.
- The major marine and freshwater species available in the market are threadfin breams, mackerel, scad, carp and hairtail.

Profiles of Selected Australian Under-utilised Species

Introduction to Profiles of Selected Australian Under-utilised Species

This project focused on eight under-utilised species from all around Australia. The Australian seafood industry categorised them as under-utilised because they have no identified domestic demand, are of low value on the Australian domestic market, or have a short period of peak supply.

In order to familiarise the reader with the eight species on which this project was based, this section profiles each species. Aspects such as their flesh characteristics, how and where they are caught, and their supply and availability are presented. Other relevant information is included where appropriate.

The availability and supply capabilities of some of these species are difficult to determine as they are not target species. The information provided reflects the best available industry estimates at the time of research.

Characterising these species as under-utilised does not suggest that current harvest levels are below full exploitation levels. For any species that are currently fully fished an increased export market could only be supplied at a cost to current markets.

Australian salmon

Photographs: CSIRO Marine Research (2000). Used with permission.

Scientific Names	Common Names	Overseas Names	Common Size
Arripis trutta	Eastern Australian salmon	Japan: ousutoraria saamon	Length: 40 – 75 cm
Arripis truttaceus	Western Australian salmon	New Zealand: kahawai	Weight: 0.9 – 5 kg

Flesh characteristics

The flesh of Australian salmon is moderately low in oil and moisture. It is pale to dark pink in colour and of a medium texture. A 42% recovery rate is achieved from whole fish (skin on, wing off).

The oil level makes Australian salmon very versatile for cooking. They are well suited to baking, grilling, poaching, shallow frying and smoking. Removing the dark flesh (red muscle) may reduce the intensity of the flavour of the fish.

How and where caught

The most common catching method for Australian salmon is beach or purse seining, with the fishers directed by spotter planes. Western Australian salmon are caught between Bunbury and Esperance and off parts of the South Australian and Victorian coastlines. Eastern Australian salmon are caught on the north and east coasts of Tasmania, and in Victorian and New South Wales waters. Recently the Australian salmon fishing area from the Queensland border south to Sydney was closed and is used for game fishing only. Only a limited amount of the total available supply is caught by commercial fishermen; however there is a very large recreation catch of this species.

Comments

Australian salmon is not related to the Atlantic salmon and is very different in appearance, taste and texture. The Australian salmon is actually a perch, not a salmon trout. It is identical to the New Zealand kahawai. Beach-seined fish are often of poor quality as they are sandy and bruised.

Australian salmon must be rapidly bled and chilled on capture to prevent flesh spoilage. Proper bleeding is a key requirement of Asian markets.

Capability of supply

The annual Australian salmon catch is estimated at 4000 tonnes.

Australian salmon are available year round on the east coast. Peak supply is from November to February and from May to July, and on the west coast from February to May.

Hussar

Photographs: CSIRO Marine Research (2000). Used with permission.

Scientific Name	Common Name	Overseas Names	Common Size
Lutjanus adetii	Hussar	Not available	Length: 35 cm Weight: 0.7 kg

Flesh characteristics

Hussar has pale pink flesh that turns white when cooked and has a mild, delicate flavour. The flesh is quite moist, low in oil and of a firm texture. A 38% recovery rate from whole fish can be achieved.

Hussar is well suited to grilling, baking and pan frying.

How and where caught

Hussar are taken on hand lines off the Queensland and northern New South Wales coast.

Comments

Hussar belongs to the same family as the popular saddletail sea perch (*Lutjanus malabaricus*) and crimson sea perch (*Lutjanus erythropterus*).

Capability of supply

Queensland's total hussar catch is small; in 1988 approximately 5 tonnes were caught commercially. The current total annual commercial catch is about 80 tonnes.

Hussar is available in small quantities year round.

AVAILABILITY

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC

PEAK SUPPLY **AVAILABLE SUPPLY** **LIMITED SUPPLY**

Morwong

Photographs: CSIRO Marine Research (2000). Used with permission.

Scientific Name	Common Name	Overseas Names	Common Size
Nemadactylus macropterus	Morwong, sea bream, deep sea bream	Japan: feudai, shimakurodai New Zealand: tarakihi, sea bream	Length: 40 – 60 cm Weight: 0.8 – 3 kg

Flesh characteristics:

Morwong fillets are white to pink in colour. The flesh is firm and has a creamy, mild flavour. It has a low to medium oil content and is ideally suited to frying, baking, steaming or barbecuing whole.

The flavour of morwong also goes well with the flavours of teriyaki, chilli, basil and seafood curries.

How and where caught

Morwong are commonly taken by demersal trawl in south-eastern Australia; minor catches are made in the Great Australian Bight. They are also taken in traps and by droplines off New South Wales.

Comments

Morwong, particularly in fillet form, is sometimes marketed as 'sea bream' or 'deep sea bream'.

Capability of supply

Total annual catches of morwong vary between 400 tonnes and almost 2000 tonnes. It is a quota species and the total allowable catch was reduced in 2000. Production is declining and the Australian domestic market easily consumes all the available supply.

Morwong is available year round, with peak supply between August and April.

AVAILABILITY

Ocean jacket

Photographs: CSIRO Marine Research (2000). Used with permission.

Scientific Name	Common Names	Overseas Names	Common Size
Nelusetta ayraudi	Ocean jacket, Chinaman leather jacket	Not available	Length: up to 60 cm Weight: 1.5 kg

Flesh characteristics

Ocean jacket has white flesh with a delicate sweet flavour and a firm texture.

The fillets are a low in oil and are well suited to poaching, pan frying, steaming and grilling.

Because of its firm texture ocean jacket is also very good for Asian-style curries and stir fries. It makes good fish balls as the flesh holds together very well.

How and where caught

Ocean jackets are caught mainly in the Great Australian Bight in traps. A small number are caught off New South Wales as a bycatch of demersal trawling and Danish seining.

Comments

There are more than 60 species of leatherjackets in Australian waters. It is important to correctly identify the species when marketing overseas.

In the past ocean jacket was mostly sold in the form of skinned trunks to the Sydney Fish Market. Recently increasing volumes of plate-sized leatherjackets have been seen in that market.

Capability of supply

The total annual commercial catch of ocean jacket is approximately 1000 tonnes.

Ocean jacket is available year round, with peak supply from September to April.

AVAILABILITY

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Peak	Peak	Peak	Peak	Available	Available	Available	Available	Peak	Peak	Peak	Peak

PEAK SUPPLY — AVAILABLE SUPPLY — LIMITED SUPPLY

Ribbonfish

Photographs: CSIRO Marine Research (2000). Used with permission.

Scientific Name	Common Names	Overseas Names	Common Size
Lepidopus caudatus	Ribbonfish, southern frostfish	Japan: obiretachi, tachimodoki New Zealand: frostfish, paara, scabbard fish, tiikati Italy: Italian jemfish	Length: 100 – 135 cm Weight: 1 – 2.5 kg

Flesh characteristics:

Ribbonfish produce very long, slender fillets that are white to pink in colour.

The ribbonfish is quite difficult to fillet and its skin is very fine — so fine that it appears to dissolve in water.

How and where caught

Large quantities of ribbonfish are taken by trawlers off New South Wales and in eastern Bass Strait. They are a bycatch of jemfish fishing. Unfortunately much of the catch is discarded as there is no established market for ribbonfish.

Further comments

The appearance of whole ribbonfish is important to Asian buyers. Fish caught as a trawl bycatch often have damaged scales, which is not acceptable in the Asian markets. Adoption of alternative catch methods would produce fish of better quality. Trawl fishermen could improve fish quality with shorter and slower shots and nets with fewer knots. However established markets are needed before fishers will target this species and alter their catching methods.

A similar species to ribbonfish is the hairtail, which is popular in both Asia and Australia. Very small quantities of hairtail are available during October and November. These fish, caught using longlines, are of good quality and bring $8 to $11/kg at the Sydney Fish Market.

Capability of supply

About 100 tonnes of ribbonfish are caught each year and marketed through the Sydney and Melbourne Fish Markets. However, up to 4000 tonnes a year is reported to be available in the South East fishery.

Ribbonfish are seasonal and available in large quantities only between April and October.

AVAILABILITY

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Available	Available	Available	Peak	Peak	Peak	Peak	Peak	Peak	Peak	Available	Available

PEAK SUPPLY **AVAILABLE SUPPLY** **LIMITED SUPPLY**

Sea mullet


Photographs: CSIRO Marine Research (2000). Used with permission.

Scientific Name	Common Name	Overseas Names	Common Size
Mugil cephalus	Sea mullet	Japan: bora; Hong Kong: grey mullet, wu tau, wu tau tze; Phillippines: agwas, aligasin, asubi, banak, talilong; Malaysia: belanak, jumpul, kedera, rapang; New Zealand: grey mullet, kanae	Length: 30 – 45 cm Weight: 0.5 – 1.5 kg

Flesh characteristics

Sea mullet caught on ocean beaches have a high oil content and a distinctive flavour.

The fillets are moist, medium sized and pinkish in colour, with a soft to medium texture.

The recovery rate for whole mullet is 45%. Once the rib bones have been removed there are few bones.

Interest in sea mullet has increased due to its high levels of Omega 3 fatty acids and low levels of cholesterol. It is suitable for baking, grilling and smoking.

How and where caught

Sea mullet are harvested off the coast of New South Wales, Queensland and Western Australian coastlines.

Capability of supply

Production of sea mullet has averaged 6400 tonnes in Australia during the past 15 years, mostly off New South Wales, Queensland and Western Australia. However, in 1999–2000 production was only 2000 tonnes in New South Wales and 1000 tonnes in Queensland. This demonstrates annual variability of supply. Only small amounts are caught off Victoria, Tasmania and South Australia, where they are mainly a bycatch of fishing for other species.

The season begins at Port Stephens in New South Wales, peaking during March to April, and then moves up the coast to Bundaberg in Queensland. Most of the harvest in Queensland occurs from May to July. The longer-term supply capabilities for sea mullet may be affected by loss of habitat and changes in beach harvest management plans.

From June to August the female fish are full with roe. Sea mullet are caught using commercial gill nets and tunnel nets in estuaries, then loaded into trucks for transport to processing facilities. There the roe are removed and packed for export. Mullet are also taken from estuaries all year round for their flesh.

AVAILABILITY

Silver warehou


Photographs: CSIRO Marine Research (2000). Used with permission.

Scientific Name	Common Names	Overseas Names	Common Size
Seriolella punctata	Silver warehou, spotted warehou, spotted trevalla	Japan: negashizu, shiruba-fisshu, ginhirasu, shiruba New Zealand: mackerel trevalla, silver warehou, spotted warehou	Length: 35 – 55 cm Weight: 0.4 – 2 kg

Flesh characteristics:

The flesh of silver warehou has low to medium oiliness and is medium to dry in terms of moisture.

It is creamy-pink in colour and of medium texture. The fillets are thick and a 45% recovery rate can be achieved.

The skin of silver warehou should be removed before cooking.

Silver warehou are suited to pan frying, grilling, poaching and smoking. The fish is also better eating when quickly cooked; otherwise it has a tendency to be rubbery.

How and where caught

Significant catches of silver warehou are taken from the trawling grounds off southern New South Wales, Victoria and north-west Tasmania. They are also caught in Tasmania by coastal set gill nets.

Comments

The silver warehou should not be confused with the wahoo (*Acanthocybium solandri*), which is a species similar to Spanish mackerel (*Scomberomorus commerson*).

Silver warehou has previously been discarded in large quantities but is now better received by the markets.

Capability of supply

The annual commercial catch of silver warehou is about 3000 tonnes, mostly from the South East fishery.

Silver warehou is available year round, with peak supply from April to August. Silver warehou with a high fat content are better eating and are available in February – March. Spawning fish, which are available for the remainder of the year, are not of good eating quality.

AVAILABILITY

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Available	Available	Available	Peak	Peak	Peak	Peak	Peak	Available	Available	Available	Available

PEAK SUPPLY **AVAILABLE SUPPLY** **LIMITED SUPPLY**

Spotted mackerel

Photographs: CSIRO Marine Research (2000). Used with permission.

Scientific Name	Common Names	Overseas Name	Common Size
Scomberomorus munroi	Spotted mackerel, spotty	Spanish mackerel	Length: 50 – 80 cm Weight: 1.6 – 4 kg

Flesh characteristics

The flesh of spotted mackerel is commonly pale pinkish inside and white outside. It has a high oil content, and is moist.

Spotted mackerel can be fried, baked, poached, grilled, marinated, smoked or barbecued. It has an edible skin with few scales.

It is important not to overcook spotted mackerel. The frames make excellent stock.

How and where caught

Spotted mackerel are mainly caught by gill netting, and to a lesser extent line fishing by trolling off the Queensland coast. However some are also caught off Western Australia, the Northern Territory and New South Wales.

Comments

Spotted mackerel is becoming a depleted resource and thus ecological sustainability of the species is essential throughout Australia.

Chilling spotted mackerel immediately on capture will help ensure a high-quality product.

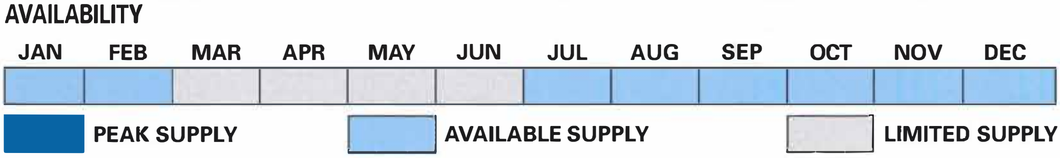
Spotted mackerel that needs to be freighted long distances should be packed belly-up to avoid splitting.

Capability of supply

The total annual commercial catch of spotted mackerel was about 400 tonnes in 2000 — more than 90% of it from Queensland. This catch was almost twice as large as the previous highest year, prompting serious concerns over the sustainability of such high harvest levels.

Spotted mackerel is a highly seasonal species. Supply of spotted mackerel between November and February mostly comes from southern Queensland near Moreton and Hervey Bays; from June to December supply is mostly comes from northern Queensland near Bowen and Townsville. A limited supply of the species is available between March to June.

AVAILABILITY



Tips for Doing Business in Asia

Tips for Doing Business in Asia

Australian seafood exporters conducting business in Asia need to understand Asian cultures and business traditions when communicating and negotiating with people from Asia.

There is a perception in Asia that Western business styles are often too pressuring, confrontational and demanding for many Asians. At the same time Westerners often perceive Asians as guarded, and reserved, apprehensive about the purpose of foreign interest, and cautious in negotiations and making decisions.

Many Asian cultures are instilled with respect for superiors and parents, duty to the family, loyalty to friends, humility, sincerity and courtesy. It extremely important to many Asian people to have and to maintain face, and to develop a personal connection with those they do business with.

Books are available to help potential exporters develop their relationships and a good example is Robert Burns' *Doing business in Asia: a cultural perspective* (see 'Selected Readings').

Presented in this section are some valuable hints gained from interviews with both seafood and other exporters who have established good export relationships with companies in Asia.

The following guidelines will enhance exporters' chances of doing successful and long-term business in Asia.

The Concept of Face

- Having face means having a high status in the eyes of one's peers and it is considered a measure of personal dignity.
- This concept of face is important for Westerners to understand. Westerners need to make efforts to ensure that clients can maintain their dignity, and to show mutual respect, courtesy, humility and deference.
- Losing face can be a result of criticism, insult, embarrassment, or treating individuals with a lower status than is due to them.
- Asian people tend not to say 'no' and to not be direct in their communication. Rather they will say 'we will consider it', 'it is difficult' or 'I would like to, but ...'. This is because they relate being indirect to being polite. Evading a subject is often equivalent to saying 'no'.
- Similarly, when saying 'yes' Asian people often mean only that they understand and not that they agree.
- The Taiwanese are more expressive of opinions than the Japanese and mainland Chinese, and more willing to engage in debate.

Building Relationships

- In Asia business relationships are formed with individuals, not companies, and personal contact is important. Relationships are based on honour, integrity and good character.

- In most Asian cultures sending faxes or telephoning without notice to set up initial interviews is unlikely to work.
- Having a credible introducer or knowing an important intermediary will greatly increase an exporter's credibility and improve the chances of doing business.
- However, in Singapore it is usually possible to contact businesses and potential clients directly. Introductions are not usually necessary and decisions are made more directly Singaporeans also accept telephone communications to senior level, rather than faxes or e-mails.
- In Taiwan it is important not to schedule meetings before 11 a.m., as the Taiwanese tend to start late and work late.
- Punctuality should be a given and it is common courtesy to telephone ahead and advise accordingly when running late for a meeting.
- Often Asian people have an extremely good grasp of written English but may lack conversational skills. It is important to make points clear and never assume that what is being said is understood. It is a good idea to exchange notes after a meeting to ensure that there has been full understanding on both sides. However, it is also important not to assume that Asian people connot understand side conversations spoken in English.
- It is important to absorb the culture of the country; visit the local restaurants, shops and places of historical interest.
- It is imperative to respect the culture and customs of the Asian country visited, and be tolerant of the slow progress often made in negotiations. The Thais tend to be more spontaneous than other Asians and therefore business decisions in Thailand are often reached more quickly.

Personal relationships should be established before attempting to do business in Asia.

- Patience is important when doing business in Asia. An Australian exporter recently emphasised this point by noting that some of his customers keep reminding him that the Chinese have many thousand years of culture and Australia has only 200, which is often their way of telling him to be patient. Often Australians trying to do business are not patient enough.

- The same exporter also gave a creative analogy about finding the right business partner: 'Remember the old rule about the guy at the dance. If you ask one girl to dance and she says no then you will sit down all night. If you ask lots of them you have a chance of showing off your expertise on the dance floor. The more people you visit on your overseas trips the easier it is going to be to decide who you think you can work with. You cannot sell to everybody and the first attempt may not be how it ends.'

- The first contact and agreement made may not work out; therefore it is good to have some other contacts as back up — they may work out much better than the first. However once a rapport has been established with Asian counterparts, they may want to 'own' the product and be very suspicious of other buyers. This is especially so in Japan.

Business Cards

- The exchange of business cards is a very important part of doing business in Asia.

- Often Asian people — especially the South Koreans due to their emphasis on hierarchy — do not feel comfortable until they know the manager's names and the company name. It is also good to take along a company profile and product brochures when visiting.

- Business cards should be presented and received with both hands and examined for a few moments, then left on the table. Fiddling with business cards is regarded as a sign of disrespect. When an Asian business person picks up the business card, he/she is indicating that the meeting is over.

- Business cards should be printed in English on one side and carry a translation into the appropriate Asian language on the reverse side. Many hotels in Asia can print these cards reasonably quickly.

Communication

- In Japan first names should be avoided. 'San' is the equivalent of 'Mr', 'Mrs' or 'Ms' in Japanese and should be used after a surname when addressing someone; thus a Mr Wilson would be addressed as Wilson San.

- In Singapore people should be referred to by their usual english title (i.e. 'Mr', 'Mrs' etc.).

- In Thailand 'Khun' is used in place of 'Mr' and 'Mrs' and placed before the person's first name.

- In China, Hong Kong, Taiwan and South Korea people's family name precedes their given name and they are addressed by their family name with 'Mr' or 'Mrs' in front of it. However when written in English their name may sometimes be inverted so that the given name comes first.

- It is beneficial to learn a few basic greetings in the local language before visiting an Asian country.
- It is important to show modesty, in order to gain the respect of Asian business people.
- A handshake when meeting people is accepted in all Asian countries and in Taiwan and Japan is often accompanied with a bow or a nod of the head.
- In many Asian countries, especially Taiwan, China and Singapore, there is a huge emphasis on food and many meetings take place over lunch or dinner.
- Gift giving is popular in Asia and a small Australian souvenir or a corporate gift such as a tie or pen would be most appropriate, especially in Japan, South Korea and Taiwan. This is not so important in Singapore.
- Silence can signal respect and consideration, therefore it is unnecessary to fill silent pauses in conversation.
- Red, yellow, pink and gold are auspicious colours for the Chinese. White often symbolises death.

Key Contacts
Useful Websites
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CSIRO Marine Research
www.marine.csiro.au

Seafood Fishing Aquaculture Marine
www.sea-ex.com

World Catch
www.worldcatch.com

MARKET RESEARCH

Commodity reports and information
www.fas.usda.gov

MARKETING

Australian Seafood Industry Council
www.asic.org.au

Infofish International
www.jaring.my/infofish/publications.htm

Marketing Names for fish and seafood in Australia
www.affa.gov.au/fisheries/names/namebook/index.html

World Trade Organisation
www.wto.org/

POLICIES AND LAWS

Agricultural and Fishery Marketing Corporation - Korea
www.afmc.co.kr

Environment Australia
www.ea.gov.au/coasts/

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www.legislation.qld.gov.au

Ministry of Agriculture Forestry and Fisheries of Japan
www.maff.go.jp

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www.supermarkettoasia.com.au

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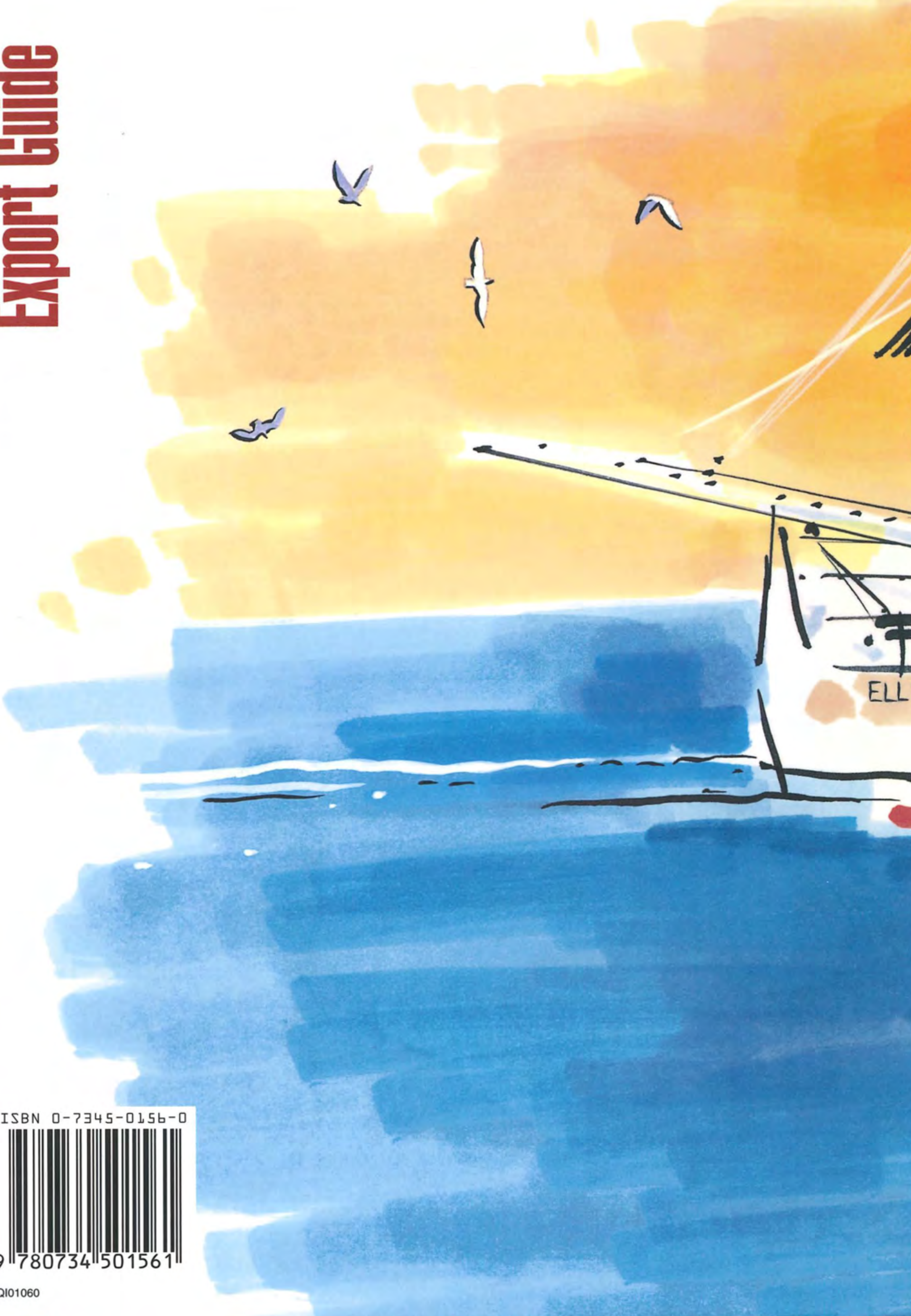

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