Agribusiness - Industry Commentary, Debate, Analysis and Research

Agribusiness Association of Australia ABN 41407165846
PO Box N26, Grosvenor Place, NSW Australia 1220, agri@agrifood.info T +610418880046 F +61298691537

Volume 98 Friday, 16 August 2002

Agrifood Globalisation and Asia

The Department of Foreign Affairs and Trade (DFAT) has launched two more volumes of the study by the on *Agrifood Globalisation and Asia.*

They address food trade rules and food distribution changes in Asia, and are part of the Subsistence to Supermarket II series.

The series examines globalisation in the agri-food sector, especially as it affects Asian markets. The volumes are designed to help Australian food companies gain a better understanding of the fast developing global agri-food system and continuing changes in Asia's agri-food markets.

Key Findings

Volume II (*Changing Agrifood Distribution in Asia*)

Reviews the food retailing and food service sectors in Asia. Leading food retail and foodservice multinational corporations are rapidly increasing their presence in Asia. This is bringing historic change to Asia's agri-food distribution systems, and setting new performance benchmarks for all players.

Western retailers like Ahold, Carrefour and Wal-Mart are increasing their market share in Asia, while foodservice leaders like McDonalds are also working to improve their share of Asia's fast food and institutional catering markets, worth at least US$200 billion.

But Australian suppliers should also maintain focus on the many Asian food retailing and foodservice players.

For example, local players still dominate Japan's US$350 billion food retailing market, where leading retailers like Ito-Yokado and Aeon sell well over US$10 billion of food & beverages annually.

Volume II of the series:

- Analyses the increasing consolidation of global food retailing, lists the top 30 North American and European food retailers, and surveys their global presence;
- Analyses their entry into Asia, and the extent of their current operational presence there;
- Provides detailed profiles of the leading 15 food retailer MNCs;
- Surveys the leading Asian food retailers, and examines how they are withstanding the onslaught of the global retailers;
- Provides detailed profiles of the leading 20 Japanese food retailers and of 25 other leading Asian food retailers;
- Provides detailed profiles of the top 6 Japanese trading houses, focusing on their involvement in agri-food, including agri-food distribution, wholesaling & retailing;
- Analyses the increasing globalisation of retail foodservice and institutional catering, lists the leading global players in both sectors, and examines their presence in Asia;
- Provides detailed profiles of the top foodservice MNCs;
- Surveys key trends in the Japanese retail foodservice and institutional foodservice sector, and lists the top 20 Japanese foodservice companies;
- Provides detailed profiles of 10 leading Japanese foodservice companies.

2002 Australian Agribusiness Congress and Forum
Sydney Showground – November 12 and 13
Register Online at www.agrifood.info

Volume IV (*Asia and the Agrifood Trade Framework*)

The second of the two reports provides a valuable one-stop guide for all Australian agri-food exporters interested in access to Asian markets.

It looks at the global agri-food trade framework, Asian economies' agri-food trade regimes, and issues for agriculture in the new WTO Doha Round.

It details the tariff and other barriers facing Australian agri-food exporters in 14 Asian economies, as well as Australia's approaches to trade with the region.

Key points include:

- Australia's agri-food sector stands to reap enormous potential benefits from the new round of WTO negotiations. Poorer developing countries complain too that their exports still face high tariffs and other barriers in the rich countries' markets and they want to see big cuts in them.
- These export barriers are a central issue in the new WTO trade negotiations. But environmental issues, food safety and the globalisation of the agri-food industry will also influence the final outcomes.
- Japan is one of the world's largest food importers, importing about 60% of its food needs. About $5 billion of this comes from Australia. But countries like Japan and Korea have high tariffs for many food items, averaging nearly 50%, with many much higher, well over 100%.
- ASEAN countries hover between continued protectionism in key agri-food sectors, recent liberalisation in others and complete openness. Both China and Taiwan are in the process of opening up their trade regimes, since joining the WTO at the end of 2001. The key issue in the short term will be how their WTO commitments are implemented in each market.
- South Asian economies like India are beginning to break away to varying degrees from the old self-sufficiency approaches.
- Agrifood exports remain vitally important to Australia - the sector is crucial too much of regional Australia, where exports are the principal generator of income. Food and beverage exports passed $20 billion in 2000, and reached nearly $25 billion in 2001.
- The success of Australian agriculture is based on its increasing adjustment to global competition and changing global demand. Newer products have become major exports – for example rice, oilseeds, aquaculture, and wine.
- A key point is that while our food imports have doubled in value over the last 10 years, so have our exports. Thus, we still export about four times as much food as we import.
- Open markets remain crucial to Australian economic prosperity and we continue to pursue better market access through the WTO, APEC and bilateral free trade agreements.

Executive Summaries.

These are available as PDF documents either from the Research section of Agribusiness Online http://www.agrifood.info/stats/StatsHome.htm

Or go to the DFAT site at www.dfat.gov.au/publications/agrifoodasia or telephone: 026261-3114.

Other volumes.

Volume I of the study (*Agrifood Multinational Corporations in Asia)* was released in December 2001.

Volume III: Asia's Agrifood Demand Trends and Outlook 2001-2010 is due for release in October 2002.

To order go to www.dfat.gov.au/publications/agrifoodasia or telephone: 026261-3114.

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