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**Report Name:** Food Processing Ingredients Annual

**Country:** Australia

**Post:** Canberra

**Report Category:** Food Processing Ingredients

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**Report Highlights:**

Australia's food, beverage, and grocery sectors, contribute to a third of all business activity in the manufacturing landscape. According to the Australian Food and Grocery Council, in 2021-22, this sector experienced a seven percent growth in turnover, reaching US\$95.1 billion. Australia's total food processing ingredients imports for 2023 totaled \$13.2 billion, with the United States accounting for US\$1.1 billion.

# Market Fact Sheet: Australia

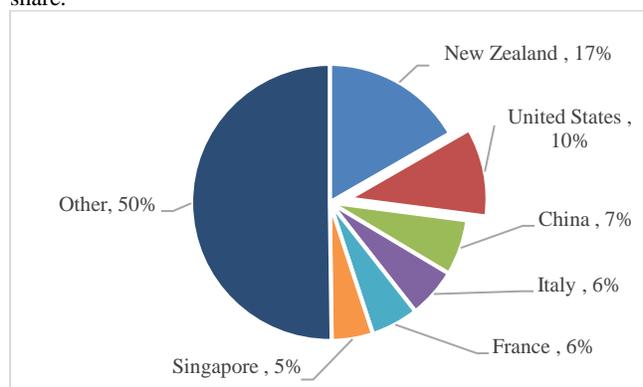
## Executive Summary

Australia is the world's 14th largest economy. It has one of the highest levels of per capita GDP in the world and is ranked second for median wealth per adult according to UBS's 2023 Global Wealth Report.

The U.S. - Australia Free Trade Agreement provides advantages for U.S. products as tariff rates for many U.S. food products exported to Australia are zero.

## Consumer-Oriented Agricultural Imports

In 2023, Australia imported \$12.3 billion worth of consumer-oriented products with the United States' market share at 10 percent of the total imports (\$1.3 billion). Most of Australia's imports in this sector are sourced from New Zealand with 17 percent of the market share.



Source: Australian Bureau of Statistics

## Food Retail Industry

Supermarket and grocery expenditures continue to account for the bulk of food retailing purchases with a share of 67 percent. In 2022, profit margins in supermarkets rose by 4.2 percent. Australia's food retail sales reached US\$137.6 billion in 2023. For more information, please see the [Retail Foods](#) report.

## Food Processing Industry

Australia's food processing industry is the largest manufacturing sector in the country. It is comprised of over 16,000 enterprises and employees over 272,000 people. The sector's revenue is mainly generated by large companies. The food manufacturing turnover for 2021-2022 was US\$ 95.1 billion.

## Food Service Industry

Due to the rapid growth of inflation and increase in the cost of living, the momentum the foodservice industry gained in 2022, halted in 2023. The Australian consumer foodservice industry was valued at US\$39 billion in 2023. Consumers are choosing to dine out at cheaper locations such as limited service and fast casual instead of full-service restaurants which are typically more expensive. For more information, please see the [Food Service Report](#), updated report to be released December 2024.

## Quick Facts CY 2023

**Total Imports of Consumer Oriented Products - \$12.3 billion**

### Australia's Top Consumer-Oriented Growth Products

- |                               |                        |
|-------------------------------|------------------------|
| 1) Pork & Pork Products       | 6) Dog & Cat Food      |
| 2) Dairy Products             | 7) Processed Fruit     |
| 3) Distilled Spirits          | 8) Coffee              |
| 4) Bakery Goods               | 9) Chewing Gum & Candy |
| 5) Chocolate & Cocoa Products | 10) Wine               |

### Food Industry by Channels (\$ billion)

Retail Food Industry	\$137.6
Food Service – HRI	\$39
Food Processing (2021-2022 latest available data)	\$95.1
Food and Agriculture Exports	\$50.3

### Top Australian Food Retailers

- |                       |                                    |
|-----------------------|------------------------------------|
| 1) Woolworths         | 4) Metcash/IGA                     |
| 2) Coles (Wesfarmers) | 5) Costco                          |
| 3) Aldi               | 6) Australian United Retailers Ltd |

### GDP/Population

Population (millions): 26.6  
 GDP (billions USD): \$1.7  
 GDP per capita (USD): \$60,993

## Strengths/Weaknesses/Opportunities/Threats

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>U.S. products have excellent image and acceptance.</li> <li>Northern hemisphere seasonal advantage for fresh foods, e.g. fruit and vegetables.</li> </ul>	<ul style="list-style-type: none"> <li>Australia has strict quarantine requirements for fresh products. Import permits are required for fresh produce and some products are prohibited.</li> <li>Australian labeling and advertising laws are different from the United States, which may require some changes to food labels.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>The U.S./Australia Free Trade Agreement enables many U.S. products to enter Australia tariff free.</li> <li>Australian consumers are experimental and desire new and innovative products.</li> </ul>	<ul style="list-style-type: none"> <li>Most categories have substantial market leaders.</li> <li>Country of origin labeling is compulsory, and many Australian-made products bear the "Australian Made" logo.</li> </ul>

Data Sources: Trade Data Monitor; Australian Bureau of Statistics; Euromonitor; IBISWorld; Trading Economics

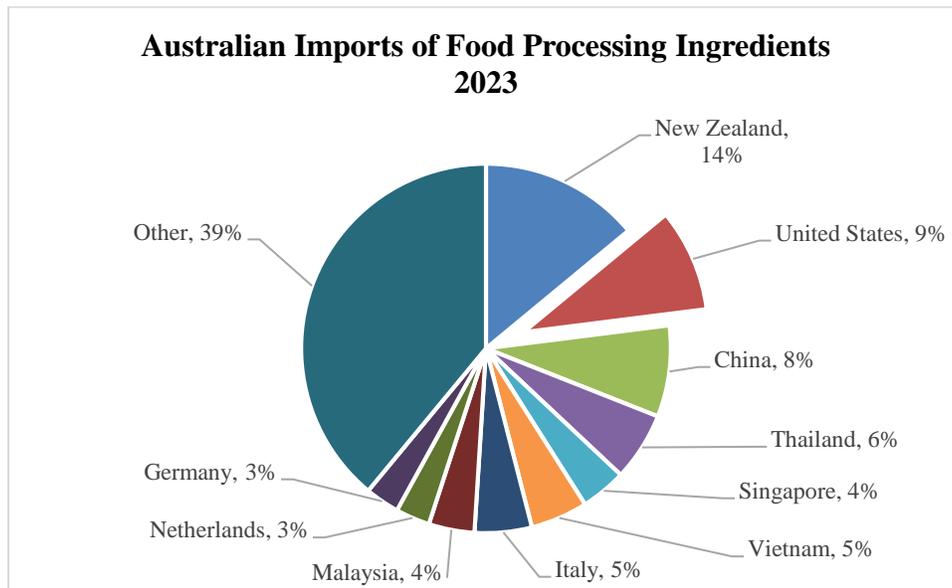
## Section I: Market Overview

Australia's food, beverage, and grocery sectors reign supreme in the manufacturing landscape, contributing to a third of all manufacturing activity. The Australian Food and Grocery Council reports that the industry secured a seven percent growth in turnover, reaching US\$95.1 billion in 2021-22. This growth was due to price increases, rising domestic demand, and a boost in exports. However, the sector faces a one percent decline in employment, likely due to the challenges of labor shortages and pandemic-related border closures.

Note: 2021-22 is the latest available data.

The sector is characterized by many solo traders and small and medium-sized enterprises (SMEs). However, despite their numerical dominance, these businesses contribute a relatively small share of the sector's overall revenue and employment. Most of the revenue is generated by large companies.

Australia's total imports of food processing ingredients in 2023 was US\$13.2 billion.



Source: Trade Data Monitor/Australian Bureau of Statistics

### Current trends in the market:

**Sustainable Packaging** – Consumers are increasingly choosing products and brands that champion environmental responsibility. In response, food producers and retailers have significantly invested in developing sustainable practices.

**Redefining Value** – Price is no longer the sole determinant of value for Australian consumers. Facing rising costs of living, increasing interest rates, and economic uncertainty, they increasingly prioritize the type and quality of ingredients alongside price when making purchasing decisions.

**Plant-Based Revolution** – Plant-based alternatives are poised for a significant breakthrough in 2024. The focus has shifted from replicating animal products to highlighting the unique qualities of plant ingredients.

**Advantages and Challenges Facing U.S. Products in Australia**

Advantages	Challenges
U.S. culture well accepted and similar to Australia.	Strict quarantine regulations for fresh produce, meat, and dairy products.
No language barriers to overcome.	Australia is a significant producer of a wide variety of agricultural products.
U.S. products have excellent image and acceptance.	‘Buy Australian’ campaign is significant.
The United States and Australia have a free trade agreement that minimizes import tariffs.	Australian labeling and advertising laws are different from the United States. This may require costly changes to food labels.
Australian consumers are experimental and desire new and innovative products. This presents an opportunity to test innovative products and capture/gain market share.	Need to produce innovative food products to break into highly competitive retail food sector as most categories have substantial market leaders.
Australia does not produce enough quantities of some ingredients or specific varieties (e.g., tea, coffee, cocoa, certain nuts, dried fruit, and natural colors).	An increasing number of low-cost foods ingredients are available from developing countries.
Many of the major trends in flavoring ingredients used in Australia have their origins in the United States.	

**Section II: Roadmap for Market Entry**

**Entry Strategy**

Market entry is complex, and local representation eases the process greatly. The local representative should be able to provide market knowledge, up-to-date information, guidance on business practices, trade-related laws, food standards, and sales contact. The type of local representation depends on the exporter and the products. The U.S. supplier should provide samples, product specifications, and nutritional data for all products and provide representatives with the necessary training. Using marketing materials and product information will allow the representative to canvas the customer base to determine the level of interest with existing and potential buyers, and market development expertise. FAS Canberra suggests that exporters engage a broker who knows the market, manufacturers, and generally has a strong relationship with traders. These contacts should include the following: warehousing, distribution, and assistance with customs and quarantine paperwork.

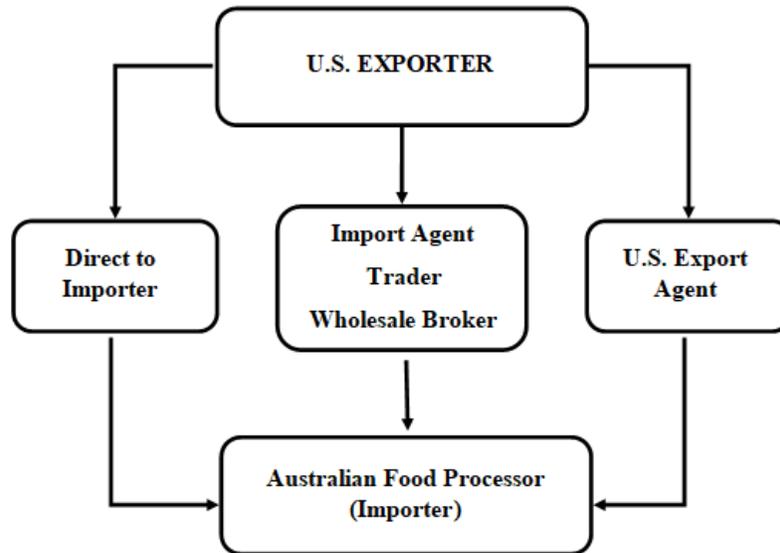
**Import Procedure**

Most food ingredient imports move through a third party such as an import agent, trader, or wholesaler. Often this third party can provide invaluable assistance to help overseas suppliers meet import conditions. Most food processors in Australia use import agents to source product as well as buy direct from other processors or producers.

Australia has strict import conditions and labeling requirements that differ from the United States. The Food and Agriculture Import Regulations and Standards (FAIRS) narrative report also provides information on Australia’s import requirements. The latest version of this report can be downloaded from the [USDA website](#).

### **Distribution Channels**

Imported food ingredients, mostly move from the U.S. exporter to the Australian processor through an import agent or by Australian companies going directly to the U.S. exporter. The diagram below shows the flow of products through the distribution chain.

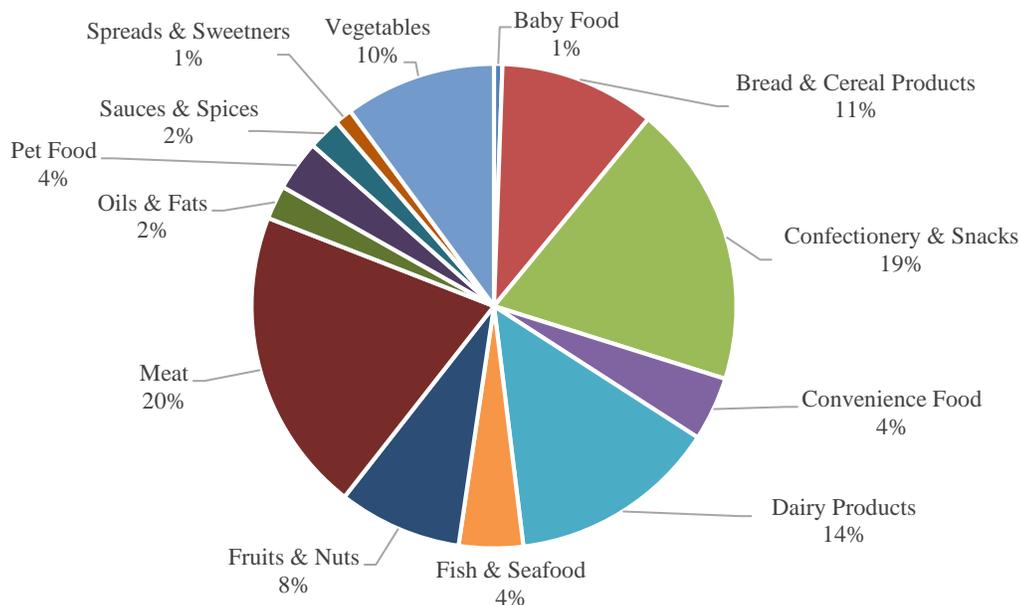


### **Market Structure**

The Australian market is very “Americanized,” with most U.S. food categories compatible with Australian tastes, providing many opportunities for U.S. exporters. Due to the size of the U.S. market, food manufacturers can develop a wide range of products compared to Australia. This enables U.S. exporters to deliver innovative product lines that are otherwise not available - for example food colors and flavors. There are many opportunities for imported products in the Australian food processing market and many ways in which to gain market access.

### **Share of Major Segments in the Food Processing Industry**

According to Statista, the food processing industry is made up of multiple segments. In 2023, the largest segment was meat at US\$17.84 billion with confectionery and snacks right behind at US\$16.56 billion.



Source: Statista

### Company Profiles

<a href="#">Fonterra Co-Op Group</a>	<a href="#">George Weston Foods</a>
<a href="#">JBS Foods Australia</a>	<a href="#">Nestle</a>
<a href="#">Asahi Holdings</a>	<a href="#">Lion</a>
<a href="#">Coca-Cola Europacific Partners</a>	<a href="#">Wilmar Sugar</a>
<a href="#">Bega Cheese</a>	<a href="#">Lactalis Australia</a>
<a href="#">Saputo Dairy Australia</a>	<a href="#">Pepsi Co Australia</a>
<a href="#">Ingham's</a>	<a href="#">Baiada Poultry</a>
<a href="#">Treasury Wine Estates</a>	<a href="#">Mondelez Australia</a>
<a href="#">Thomas Foods International</a>	<a href="#">Mars Wrigley</a>
<a href="#">Teys Australia</a>	<a href="#">Sunrice</a>

Food and Drinks Business list of Australia's Top 100 food and beverage companies for 2023 can be found [here](#).

### Sector Trends

- Health and wellbeing
- Demand for less processed foods
- Increased hydration and demand for alcohol-free drinks
- Feel good, high indulgence treats

### Section III: Competition

Australia's imports of food ingredients totaled \$13.2 billion in 2023. The United States is the second largest supplier of these products with imports of US\$1.1 billion (nine percent) in 2023, behind New Zealand (fourteen percent).

**Australian Imports of Food Ingredients from the World  
Partner  
Country January - December (US\$)**

	2021	2022	2023
World	12,418,055,277	13,581,962,072	13,193,800,831
New Zealand	1,833,661,531	1,817,653,623	1,871,623,188
United States	1,137,115,232	1,148,399,038	1,142,193,519
China	1,014,784,901	1,193,229,831	1,103,280,590
Thailand	749,403,055	896,267,836	808,462,098
Vietnam	569,995,247	744,760,037	650,927,734
Italy	559,266,498	611,832,229	641,576,651
Singapore	645,079,149	645,079,150	571,452,439
Malaysia	514,999,429	611,874,916	544,028,543
Netherlands	490,448,141	490,448,141	457,644,543
Germany	350,248,634	350,248,634	378,472,332
Other	4,553,042,703	5,072,168,637	5,024,139,194

Source: Australian Bureau of Statistics

#### **Section IV: Best Product Prospects**

##### **Products Present in the Market with Good Sales Potential**

- Distilled Spirits – whiskey, vodka, gin, rum
- Dairy Products – cheese, whey, ice cream
- Bakery Goods – cereals, pasta, pastry, cookies
- Dog & Cat Food
- Chocolate

##### **Products Not Present in the Market with Good Sales Potential**

- Nuts – walnuts, pistachios, almonds, hazelnuts
- Wine
- No/Low Alcohol Spirits
- Beer

##### **Products Not Present due to Significant Barriers**

- Cooked Turkey
- Apples
- Beef

#### **Section V: Keys Contacts and Further Information**

Agricultural Affairs Office U.S. Embassy Canberra Physical Address: Moonah Place, Yarralumla, ACT 2600 <a href="http://www.fas.usda.gov">http://www.fas.usda.gov</a>	Phone: +61 2 6214 5854  Email: <a href="mailto:Agcanberra@usda.gov">Agcanberra@usda.gov</a>
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**Department of Agriculture, Fisheries and Forestry** – Government Agency for Agriculture  
 Website: <https://www.agriculture.gov.au/> Tel: +61 3 8318 6700 (from outside Australia)  
**Food Standards Australia New Zealand (FSANZ)** – Agency that develops and administers the  
 Australia New Zealand Food Standards Code  
 Website: <https://www.foodstandards.gov.au/> Tel: +61 2 6271 2222

### [Food and Agricultural Import Regulations and Standards Report](#)

#### **NOTES**

- The following chapters of the Harmonized Tariff Code were used for querying trade data to include in this report.
 

**02** Meat and edible meat offal; **03** Fish and crustaceans, etc.; **04** Dairy products; eggs; honey; **0504** Guts, bladders and stomachs of animals (not fish); **07** Edible vegetables ; **08** Edible fruit and nuts; **09** Coffee, tea, mate, and spices; **10** Cereals (wheat, rye, barley, oats, corn, rice, buckwheat, millet, other cereals); **11** Products of milling industry; malt; starches; inulin; wheat gluten; **12** Oilseeds; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw fodder; **13** Lac; gums, resins, other vegetable saps, and extracts; **15** Animal, vegetable fats, and oils; **16** Preparations of meat, fish, crustaceans, mollusks; **17** Sugar and sugar confectionery; **18** Cocoa and cocoa preparations; **19** Preparations of cereals, flour, starch or milk; pastry cooks' products; **20** Preparations of vegetables, fruit nuts or other parts of plants; **21** Miscellaneous edible preparations (extracts, yeasts, sauces, soups, ice cream, NESOI); **2209** Vinegar  
 NOTE: NESOI = Not elsewhere specified or included.
- The exchange rate used to convert Australian dollars to U.S. dollars throughout this report is the average exchange rate for 2023 derived from data published by the Reserve Bank of Australia: A\$1.00 = US\$0.66.

**Attachments:**

No Attachments