

VG98142

**Visit to North Asia and attendance at the
HOFEX '99 and Asiafruit Congress, Hong
Kong, May 1999**

Brian Newman

**Australian Vegetable & Potato Growers
Federation Inc.**



Know-how for Horticulture™

VG98142

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**HORTICULTURAL
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**Partnership in
horticulture**

Final Report

**Visit to North Asia and attendance at the
HOFEX'99 and Asiafruit Congress
Hong Kong, May 1999**

Project Number VG98142

June 1999

**Brian Newman
Australian Vegetable & Potato Growers Federation Inc.**

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Industry Summary

The Vegetable Industry R&D program is now in its third full year of operation and has become the single largest sector of the overall HRDC R&D budget with an annual average expenditure of some \$10 million (new and current projects). A major project currently being funded is the preparation of a Vegetable Industry Development Plan. When finalised it is anticipated the Development Plan will assist in focusing Vegetable R&D expenditure on strategic areas identified in the plan.

In order to make effective and well informed input to the overall management of the Vegetable R&D program, the members of the Ausveg Board (representatives of the State vegetable grower organisations who are the members of Ausveg), together with their executive staff, need to be well informed on both domestic and international aspects of vegetable production and marketing.

While Board members are generally well informed about domestic production and marketing issues, concern was expressed that members are not well informed with respect to the international market, especially in north Asia. This region has been identified as presenting major opportunities and major competition to the development of Australian fresh and processed vegetable exports.

It is acknowledged that much of the business done in Asia is based on personal contact and information provided on a one to one basis. In order to qualify the suggestion that north Asia offers market opportunity it was necessary to establish a direct linkage between the members of the Ausveg Board, executive staff and key operators in the north Asia fresh produce trade.

The project which is the subject of this report was planned in consultation with the HRDC and the Australian Horticultural Corporation (AHC). Their local contacts and operators were extremely useful in providing the group with first hand information and introductions to key operators. This enabled the group to study, first hand production, wholesale and retail developments in Hong Kong and mainland China and to assess product quality and distribution channels. It also enabled members to identify issues related to Australia's competitive position in these markets.

In addition to the production and market visits, members attended the HOFEX'99 food and hotel exhibition which is a key event in the food trade in north Asia and is held every second year in Hong Kong. Attendance at HOFEX enabled members to establish the role and opportunity for fresh and processed vegetables in the food trade in north Asia and to evaluate first hand the work carried out by the AHC through the "Australia Fresh" program.

Members also participated as delegates to the second Asiafruit Congress which brought together some 220 delegates from 25 countries in the region. Whilst the Congress sessions provided valuable information, the event also offered a significant opportunity for delegates to network with key industry people from many countries.

The Ausveg Board members took advantage of the number of produce industry representatives in Hong Kong for HOFEX'99 and the AsiaFruit Congress and invited participation in a Australian vegetable Industry trade reception. This function provided a further opportunity for delegation members to meet members of the trade and discuss issues of common interest.

A special meeting of the Ausveg Board at the start of the study tour provided an opportunity for a detailed briefing on the agricultural, political and economic situation in Hong Kong together with first hand experience of Australians operating in the area.

The overall outcome of the study tour is that Ausveg Board members and executive staff of member organisations are better informed about the current and future situation in north Asia as it effects the international trade in fresh and processed vegetables and therefore better able to make informed input into the management of a focused R&D program that will improve Australia's competitive position both internationally and domestically.

The face to face meetings and observations of members of the group that participated in the visit to Hong Kong and China form the basis of this report and will be made available for incorporation in the Vegetable Industry Development Plan.

1 Introduction

It is common in the produce industry for uninformed commentators to suggest that there exists in Asian countries a significant export market for Australian fresh and processed vegetables.

Whilst export opportunities undoubtedly do exist they need very careful qualification and evaluation. This can only be done by people who have a direct involvement in the Australian industry and an awareness of the requirements of the proposed export market. This understanding and knowledge provides for an informed evaluation of Australia's competitive position in select markets with a nominated range of products.

The investment made by Australian vegetable producers in a research and development program must be directed towards addressing those issues that will improve our competitive position on both the international and domestic market. This focused approach to R&D investment will only occur when those people managing the program on behalf of industry are well informed and understand from first hand experience the requirements and constraints of the various markets.

The study tour to north Asia undertaken by Ausveg Board members and executive staff of member organisation was designed specifically to give participants this necessary level of information and understanding.

This report has been compiled from the individual reports prepared by members of the study group.

2 North Asia Study Tour

2.1 Outcomes and Benefits:

Ausveg Board members and executive staff had an opportunity to network with key produce industry representatives from many countries at the Asiafruit Congress which is regarded as a major trade activity in the region.

Knowledge of the wholesale and retail trading environment in Hong Kong and mainland China with an emphasis on changes that are taking place was achieved through market and farm visits. These visits also provided an opportunity to identify and evaluate opportunities for Australian fresh and processed vegetable products.

Achieve recognition by produce industry interests in north Asia that the vegetable industry in Australia is represented by a united national grower organisation.

To meet and discuss with key trade officials opportunities for increasing the trade in Australian vegetable products into the region.

Identify issues that need to be incorporated into the Vegetable Industry Development Plan.

Identify strategic issues for R&D focus through commissioned projects.

2.2 Study Tour Participants:

Ausveg Board members:

Mr Silvio Favero	chairman
Mr Kent West	vice chairman (QFVG)
Mr Max McKenna	treasurer (TFGA - potatoes)
Mr Clive Stevens	member (VGA of WA)
Mr Paul Gazzola	member (VGA of Vic)
Mr Graeme Sowter	member (NSWFA)
Mr Michael Badcock	member (TFGA)
Mr Geoff Moar	member (NSWFA - potatoes)
Mr Kent Martin	(SAFF)

Executive Staff:

Mr Brian Newman	(Ausveg)
Mr Brad Williams	(NSWFA)
Mr Noel Harvey	(QFVG)
Mr John Rich	(TFGA)
Ms Helena Whitman	(WAFF)
Mr Len O'Connor	(VGA of Vic)
Ms Trish Semple	(SAFF)
Mr David Ellement	(Vegetable IDO - WA)
Mr Jonathan Eccles	(Vegetable Program Manager - HRDC)

2.3 Itinerary:

The itinerary for the study tour which covered the period 01 April to 06 April 1999 inclusive included the following activities:-

- Ausveg Board meeting
- visit to production areas and wholesale distribution centre - mainland China
- visit to wholesale markets and distribution centres in Hong Kong
- visit to wet markets and new retail centres in Hong Kong
- attendance at the HOFEX'99 trade exhibition
- participation in the second AsiaFruit Congress
- participation in Australian vegetable industry Trade function

3 Activity Report

3.1 Visit to Guangdong Province China (02/05/99)

- the group was accompanied on this trip by Mr Neil Offner, export development manager with the AHC, Mr Noel Shields, commercial manager produce trading for the Park'nShop supermarket chain in both Hong Kong and China and Ms Fong Ling the AHC representative in Hong Kong.
- Guangdong Province in southern China has an area of about 180,000 square kilometres and a population of 66 million. It has a sub-tropical climate with a high annual rainfall. Soils are heavy black loam overlying heavy clays.
- the Province has a direct gateway to Hong Kong and much of their production is directed to this more affluent market.

3.1.1 Vegetable Production - China

- a visit was made to a vegetable farm that supplies produce to the Park'nShop supermarkets in Hong Kong
- the farm of 208 hectares (500 acres) employs 700 workers, most are young women from northern China.
- they work a 12 hour day, 7 days a week for a wage equivalent to AU\$60.00 per month (workers are provided with meagre food and lodging)
- all farm operations are carried out by hand, cultivation, fertiliser application, pest and disease control, harvesting. Irrigation was by solid set system on this farm which is an exception.
- chemicals and fertilisers are about half the price paid in Australia
- the farm specialised in leafy Chinese style vegetables, beans and bitter melon.
- the farm harvests and packs about 14 tonnes of vegetables per day
- all produce is sold within 48 hours of harvest (much is instore in Hong Kong by 8.00 pm on the day of harvest)

- whilst the farm has been accredited for chemical use and application the conditions under which produce is washed and packed is far below Australian standards
- produce quality and presentation was good and is improving

3.1.2 Wholesale distribution - China

- a visit was made to the Guangdong Nan Hai Li Shui (Fresh Fruit Food) Market Ltd. The market is owned and operated by a single individual.
- he has provided and owns/operates all of the market infrastructure including hotel, offices, a nightclub and bar and transport facilities.
- the market is designed to wholesale produce direct from 40 foot shipping containers, plug in capability for refer units is provided.
- it is a major distribution centre for overseas fresh produce into northern China (about 60% of buyers come from the north)
- the market covers about 150,000 square meters and can handle about 480 x 40 foot containers at the same time
- most produce is handled manually (minor use of forklifts)
- about 140 wholesalers operate in the market
- most produce is sold on consignment
- at the time of visit mostly fruit on sale from all parts of the world. Grapes and cauliflower from Australia)
- corruption at all levels makes dealing in the market difficult and costly for exporters.

3.1.3 General Observations - Production and Distribution - China

- production has a very high input of cheap labour
- mechanisation is not encouraged (because of adverse effect on labour)
- general costs of production are much lower than Australia
- product quality is good and improving
- systems are being introduced to address food quality and safety issues
- UK based supermarkets are driving many of the changes in China production (to meet their requirements for quality and safety)
- rapid development in Guangdong has slowed and many building projects remain unfinished
- branding and packaging pirated from western exporters - reference to China downplayed
- internal infrastructure (roads, transport) is poor
- whilst it is obvious that China (in the southern area visited) has a considerable lower standard of living than Hong Kong the potential for production of vegetables is enormous and is likely to be realised as the government focuses more on development and frees up foreign investment.

3.2 Visits to Hong Kong Wholesale and Retail Outlets - (03/05/99)

- a number of wholesale and retail outlets in Hong Kong (Kowloon) were visited under the guidance of the AHC representative in Hong Kong Ms Fong Ling. Hong Kong (which includes HK Island and the Kowloon Peninsula has a land area of a little over 1,000 square kilometres and a population of 6.8 million, mostly Chinese. Average monthly domestic household income is about AU\$3,800.
- on 01 July 1997 the crown colony of Hong Kong reverted to Chinese control and now operates as the Hong Kong Special Administration Region (HKSAR) under overall Chinese government administration. It retains a high degree of autonomy.
- Hong Kong economy is based on free enterprise and remains a the financial hub of the north Asia region. The port remains duty free.
- it is estimated that some 1,260 tonnes of fresh vegetables are consumed daily in HK, most of this imported

3.2.1 Visit to Cheung Shainan Wholesale Vegetable Market - Kowloon

- this market, which handles only vegetables, is operated by the Vegetable Marketing Organisation (VMO) which is run by the government. It is one of three that operate in Hong Kong.
- the VMO is a non-profit organisation with the charter -"To Protect the Rights of Law Abiding Farmers"
- the majority of produce on offer was leafy Chinese vegetables
- throughput is about 750 tonnes/day (535,000 tonnes/year) which represents about 45% of the total HK market. Throughput value is about AU\$500,000/day. About 80% of produce comes from mainland China.
- the VMO has a staff of 300. It undertakes promotion and marketing programs and also operate a market reporting service (daily radio).
- daily prices are displayed on a screen in the market and are updated hourly
- the market has 2000 registered buyers and an average of 800 attend each day.
- the market operates from 4.00 am to 10.30 pm 364 days a year
- in support of the Farm Accreditation Scheme the VMO operates an in-house analytical laboratory, processing about 40 samples each day at minimal cost
- the VMO charges a 10% commission on each sale - 3.5% of this is passed back to farmers through the 27 co-ops which are members of the Federation of Co-operative Marketing Societies
- farmers deliver their produce to the local co-op who market produce on their behalf. The markets provide the transport.
- returnable plastic crates were in use for much of the produce - coloured crates are used to identify produce from accredited farms
- the overall quality and presentation of produce was good
- produce not sold on the day of delivery is dumped

3.2.2 Cheung Sha Wan Wholesale Vegetable Market - Kowloon

- this market is on the waterfront and is the principle distribution point for imported fresh produce (predominantly hard produce)
- onions from Field Fresh, Harvest Moon and Perfecta
- carrots from Field Fresh
- cauliflower from WA
- selling price for Aust. carrots and onions was about AU\$700 / tonne
- some on-site value adding (washing, peeling, packing)
- predominantly US and South American produce in evidence
- poor handling conditions in the market offset the effort put into packaging and presentation at the farm end

3.2.3 Modern Wet Market - Lok Fu

- vast range of produce on sale from individual stalls
- fresh produce quality and presentation was good
- produce was cheap
- Aust. carrots at AU\$1.40 / kg compared with local carrots at AU\$0.80/kg quality of Aust. product was far superior
- russet type potatoes from US at prices of AU\$2.40 / kg
- generally agreed that wet market prices are about half those charged in supermarkets
- wet markets handle whole range of food products including meat and fish
- casual approach to hygiene, lack of refrigeration and handling methods, especially with meat impacted on group.

3.2.4 Park'nShop Supermarket - Kowloon

- Park'nShop is one of two major supermarket chains operating in HK, the other being Wellcome Co. Ltd.
- Park'nShop has 180 outlets (Wellcome has 220)
- the major chains have a dominant share of the market (P'nS = 32% , Wellcome 38%)
- sales through local supermarkets now represent approx 50% of total daily food sales (at end 1998 HK had about 1050 supermarkets)
- the Park'nShop store visited was modern, spacious and equated with the very best worldwide.
- produce display and quality was excellent. Produce sourced from every part of the world. Some potatoes were of poor quality
- frozen vegetable section only small reflecting the market preference for fresh produce
- prices were generally high compared with Australian supermarkets

3.2.5 General Observations

- Hong Kong is an affluent society with generally a high standard of living
- the traditional wet markets are coming under increasing pressure from the growth in supermarkets
- modern wet markets (indoors) are filling the need for more traditional markets for people who want to buy daily at cheaper prices
- supermarkets are increasingly appealing to the younger, more affluent shoppers who are willing to pay higher prices for quality and convenience
- food safety is a major issue in HK. Park'nShop have turned this to their advantage and run their own testing laboratory in order to 'guarantee' the safety of their produce
- supermarket business in HK (and China) is dominated by major UK/Europe chains. The business is very competitive (especially in food) and becoming very sophisticated (in HK).
- an interesting development is the design of the newest supermarkets food departments to mirror the traditional 'wet market' atmosphere, but with modern standards of hygiene and food handling.
- supermarkets are seeking high quality produce at competitive prices with supply over a full year. They are interested in sourcing produce from Australia (many of the senior management of the supermarkets are ex-pat Australians)
- Australia must be able to guarantee quality and continuity at a competitive price
- wholesale markets are generally well run and provide an efficient infrastructure for handling perishable produce on a daily basis (no carryover)
- distribution within HK appeared to be efficient and effective
- supermarkets have sophisticated distribution centres reflecting the dramatic expansion in the supermarket trade in the past decade.

3.3 HOFEX'99 Trade Exhibition (Hotel and Food Exhibition - North Asia) 04 to 07/05/99

- this major trade exhibition for the hotel and food industry is held biennially in Hong Kong. It is complemented every other year by the Food Asia Trade Exhibition held in Singapore.
- the AHC through their "Australia Fresh" program have a major presence at these events as a part of the Australian stand. vegetables are not a participant in "Australia Fresh"
- the exhibition was held in the new Hong Kong Exhibition and Convention Centre and occupied some 240,000 square metres of display space

3.3.1 Australia's Participation In HOFEX 99

- there were 34 stands in the Australian section of the HOFEX exhibition
- only one 'Downunder Produce' was featuring vegetables
- the AHC stand was a prominent feature of the Australian display
- an additional group of 9 exhibitors were in a South Australian stand that was not coordinated as a part of the Australian display
- many of the products on display were value added

HOFEX provides an excellent opportunity to showcase Australian food and beverages

- good opportunity to make comparisons between Australian product and the rest of the world

3.3.2 General Observations

- HOFEX is an excellent showcase for produce and the introduction of new, value added product, packaging and presentation methods
- the AHC are doing a valuable job in supporting those exporters who contribute to the "Australia Fresh" program
- there was a marked lack of fresh vegetables on display at HOFEX and this presents a major opportunity for Australia
- the Australian stand was high class, colourful and attractive with enthusiastic people promoting Australian products
- it was generally agreed that Australia should have a presence at these kinds of major international trade shows.

3.4 AsiaFruit Congress (05 and 06/05/99)

- this was the second Asiafruit Congress (the first was in Singapore in 1998) organised by the London based publishers of the Asiafruit magazine - Market Intelligence Ltd
- the congress attracted some 220 delegates from 30 countries. Australia had the largest number of delegates (55) with 18 of these from the Ausveg group.
- the Congress targets the fresh produce trade, buyers, importers, exporters, producers
- it provides an important opportunity to mix and meet influential people from all areas of the international produce trade.

3.4.1 Asiafruit Congress program

- the congress program consisted of a morning and afternoon conference sessions, a cocktail reception and visits to China and retail outlets in HK
- Ausveg delegates did not participate in the Congress tours
- there were a number of keynote presentations and panel sessions

3.4.2 Key Messages from the Congress

- **China's Fruit and Vegetable Industry - Mr David Hanlon - RCS Consulting**
 - population of 1.2 billion growing at approx 18 mill / year
 - economy is influenced by oversupply, high interest rates and short term loans
 - local and regional pressures and poor planning and administration
 - China plans to increase trade in fresh produce (export)
 - lack of accurate information makes planning and estimates difficult
 - very rapid changes in the economy
 - China's production of fruit and vegetables has doubled since 1985
 - considerable capacity for further expansion

- **Trading in China - Panel session**
 - most potential for imports to HK and China include apples, oranges and grapes also lemons
 - China is now the biggest grower of apples
 - expect 30% of apple production will be exported US and Europe
 - US has four permanent trade offices in China
 - difficult doing business in China
 - there are a number of joint venture vegetable production operations in China - difficult to assess outcome as yet
 - most distribution in China through traditional wet markets
 - supermarkets expanding but must charge premium for produce
 - government initiated "Green Foods" project to reduce pesticide usage
 - Japanese protocols and MRL's used for pesticide monitoring

- **The Future of Fresh Produce Retailing in Asia - Mr John Glover, Regional Director Royal Ahold Asia Pacific**
 - Royal Ahold has 4000 supermarkets worldwide with annual turnover US\$40 billion
 - investment interest in Asia due to growing middle class looking for convenience shopping
 - supermarkets looking to establish long term alliance with suppliers
 - emphasis on food safety and quality
 - global procurement strategies and purchasing alliances between the major chains to cut costs and improve distribution
 - Australia considered to have too many growers, not enough planning and cooperation in packing and marketing. should look to other national brands as an example

- **Where Next for Taiwan - Panel session**
 - Taiwan has population of 21 million - shortfall in local production
 - increasingly affluent population and growing economy
 - willing to pay for quality
 - trading into Taiwan is inhibited by trade restrictions, quotas.
 - US has a better access than most other nations

- supermarkets are expanding - expected to influence a growth in the trade in quality fresh produce

3.4.3 General Observations

- emphasis at AsiaFruit Congress was on fruit rather than vegetables
- many of the messages apply equally to vegetables
- most important presentation was from John Glover
- not much new from other presenters
- good opportunity to meet people involved in the trade
- value for money (registration) was questioned

3.5 Ausveg Trade function - (06/05/99)

- the trade function was organised in conjunction with the AHC through their representative in Hong Kong, Ms Fong Ling
- special invitations were printed and distributed to key operators in the Hong Kong and China vegetable trade, both wholesale and retail.
- about 100 invitations were distributed
- about 50 guests attended the function. A short briefing on the Australian vegetable industry and Ausveg was made to the party. An information brochure was distributed

3.5.1 General Observations

- this was the first time Ausveg has attempted anything of this kind
- it was an effort to raise the profile of the Australian industry and to meet key people in the trade in HK and China
- considerable conversation and discussion took place amongst those present and the Ausveg representatives
- it was an opportunity for Ausveg to repay the hospitality of various people who assisted the group during the Hong Kong and China visit
- it presented the vegetable industry as a professional organisation serious about its interest in market development in north Asia.

4 Implications for the Australian vegetable industry

From the information and experience gathered by Ausveg board members and executive staff during the study tour of Hong Kong and China a number of implications for the Australian vegetable industry can be identified.

4.1 Opportunities for Market Development

- no opportunity for Australia to compete with Chinese leafy vegetables
- focus should be on premium quality, high value niche markets

- fresh and frozen vegetables - retail and hotel catering (value added ready to cook meal solutions a possibility)
- Australia has a strong marketing tool with its 'clean, green' image
- branding and relationship building is very important
- import opportunities into China will increase as customers seek new varieties and with development of supermarket shopping
- there is no huge and expanding market for Australian vegetables
- as a high cost producer there is no sense in Australia trying to compete with low cost Asian production
- opportunity to develop strategic partnerships with major supermarket buyers in Asia (many are expatriate Australians)
- counter seasonal production is in our favour - we need to exploit this advantage
- it is clear that growers cannot expect to penetrate these markets on their own, therefore growers must form alliances to develop export opportunities
- opportunity for joint ventures with key market operators (merchants / agents)

4.2 Issues to be addressed in Market Development

- infrastructure costs and government charges and imposts in Australia are inhibiting cost competitiveness for Australian produce in Asia
- reliability and cost of shipping vis a vis our major competitors (US freight costs are half those of Australia for twice the distance)
- maintenance of an efficient cool chain from farm to market (breakdown of cool chain once produce is unload in Asian port)
- ability to develop and support a branded product into this very brand conscious market
- packaging and presentation to suit the particular market rather than suit the logistics of the transport and wholesale sector (this could be a form of value adding)
- food safety and quality assurance. Australia has some unique advantage in this area but we must ensure our ability to supply to the promise (accreditation, residue testing, QA, etc.)
- specific production for an export market must replace the concept of disposing of a domestic market surplus onto an export market
- alliances and relationships are essential to develop market opportunity. These cannot be developed overnight. Need a long term strategic approach
- strategy of group global procurement programs by major retail chains will be a major issue in any market development strategy

4.3 Australia's Competitive Position

- counter seasonality of production is a plus for northern hemisphere markets
- food safety and QA - build the 'clean green' image as a marketing tool
- cost of production means we must focus on the high value/low volume end of the market

- lack of market coordination and cooperation amongst growers and exporters is giving us a 'shotgun' approach to market development
- lack of focus and commitment
- lack of price competitive shipping and availability of shipping

4.4 Identification of R&D and Marketing Issues

- need to question current expenditure on development programs for Asian vegetables (for export ?)
- a pressing need for more accurate market intelligence
- growers need practical information on export opportunities, problems and pitfalls
- development of market / consumer friendly packaging as a value adding method in conjunction with overseas supermarkets

look at opportunities to develop strategic partnerships with major buying groups and supermarket chains in the north Asia region. Identify and document the advantages offered by Australian vegetables

- need to ensure we get the real story from government delegations and trade missions - should have grower involvement
- need to understand and predict lifestyle changes in China and Hong Kong and develop products that will have appeal to a new market as it develops
- consider participation in the Asia Food Trade Exhibition in Singapore in 2000

5 Summary and Conclusion

The study tour to Hong Kong and China by the members of the Ausveg Board and executive staff of member organisations had the dual objectives of collecting relevant information and making participants more aware of the changing market environment for fresh and processed vegetable products in north Asia. It provide a clear perspective for those vegetable industry representatives who have the responsibility to manage a major R&D program on behalf of the industry.

The visit has enabled participants to identify some of the real issues for the vegetable industry as it endeavours to match its capability to produce high quality fresh and processed vegetable products with a rapidly changing market environment - both domestically and in key overseas markets. Contact has been established with key operators in the market.

Many of the take home messages from the study trip can be summarised as follows :-

- Industry market positioning must clearly be inclusive of both domestic and export markets in terms of quality and food safety
- A national integrated export and domestic market strategy should be developed to help co-ordinate regional and product strategies
- An audit of export market development to date in the vegetable industry would provide some useful information
- The vegetable industry, through its organisations' must actively seek to create awareness of market realities and future opportunities and motivate sectors of the

industry to respond competently and in a timely fashion to future opportunities and threats.

- A greater commitment needs to be given by the whole supply chain to lifting the competitive position of the Australian fresh and processed vegetables and to develop a unique competitive advantage.
- We must accelerate our ability to expand into export markets
- The active development of supply chain alliances will underpin our future success and must be pursued actively and professionally
- Serious consideration needs to be given to a national marketing and promotions program
- Relationship development and maintenance must be systematic at industry, supply chain and individual business level.

Whilst a number of participants were sceptical about the potential value of this study tour prior to their departure, all have indicated that they believe it to have been an unqualified success.

The information gathered from this project and summarised in this report will be disseminated to the industry through the State member organisations, through industry magazines and newsletters and by way of a special project summary brochure.

In addition the Ausveg Board will seek to incorporate their findings into the Vegetable Industry Development Plan (VG98120) which is due for completion and release later in 1999.

The members of the Ausveg Board and executive staff are to be congratulated on the professional manner in which they undertook this study tour and the compilation of the individual reports which provided the substance of this final project report.

6 Facts and Information

Various information was collected by the group during the course of the study tour. This information is attached for reference purposes.

Copies of materials produced by Ausveg as a part of this project are also included

- 6.1 Hong Kong information - prepared and presented by Ms Fong Ling (AHC)
- 6.2 List of delegates to Second Asiafruit Congress - May 1999
- 6.3 List of delegate companies to Second Asiafruit Congress
- 6.4 Example of industry support material prepared by Canadian government
- 6.5 Information on Qantas (China National Food Industry Standards) Consultancy
- 6.6 Example of promotional material for Californian frozen vegetables (Big Valley)
- 6.7 Example of Australian promotional material (Harvest Moon)
- 6.8 Invitation for Ausveg trade function - distributed in Hong Kong
- 6.9 Copies of Ausveg promotional brochure (printed in English and Cantonese)

7 Contact list

This list of contacts made by members of the delegation has been compiled from business cards and other sources.

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Hong Kong Information

HONG KONG

- . Land area 1,096 sq. km
- . Population 6.5 million
- . Population Density 6,160 sq. km
 - most densely in the world
 - will go up to 7.4 million by 2001
- . One country two systems after July 1, 1997 under Chinese regime
- . HK SAR (Hong Kong Special Administrative Region)
- . Political freedom is intact
- . Retain free enterprise system
 - Remain as duty free port
 - HK decides on its own economic financial & trade policies

HONG KONG

POPULATION

Mid-1997 == 6.5 million

Population grew at annual rate of 1.5% over past 10 years

Average monthly domestic household income of 1997
HK\$19,000

<u>Monthly household income</u>	<u>Household %</u>
under \$4,000	4.4
4,000-5,999	3.0
6,000-7,999	4.2
8,000-9,999	7.3
10,000-14,999	18.4
15,000-19,999	14.7
20,000-29,999	20.2
30,000-39,999	11.3
40,000 & over	16.5
	<hr/>
	total 100

HONG KONG

HOUSING

<u>Type of Housing</u>	<u>Population %</u>
Public rental housing for lower income group	38.6
Housing Authority subsidized sale flats for lower middle class	12.1
Private permanent housing (middle class & above)	47.5
Temporary housing for lowest income group	1.7

HONG KONG

AGRICULTURE

. HK consume 1,260 tonnes of vegetables daily

. 86% or 1,083 tonnes vegetables are imported

. Local production is geared to complement rather than compete with other major market suppliers

. Accredited farm scheme introduced in 1994 to protect the environment & consumers against residues of agricultural pesticides

. At end-1997, a total of 167 farms in HK & the Mainland were accredited supplying 70 tonnes of accredited produce daily

. Local vegetable production valued at \$207 million in 1997

HONG KONG

LOCAL VEGETABLE CROPS

All Year Round

- white cabbage, flowering cabbage, lettuce, Chinese Kale, radish, leaf mustard, spring onion & chive

Summer Months

- Long bean, water spinach, Chinese spinach, cucumber, Chinese gourd

Winter Months

- Spinach, watercress, tomato, sweet pepper, cauliflower, carrot & celery

Premium Vegetables

- Superweet corn, spaghetti squash & other selected variation are produced for upmarket outlets

HONG KONG

Import Vegetable Crops (1998) tonnes

	Fresh Veg.	Corn	Onion	Potato	Tomato
China	85,450		4,224	3,727	857
Aust	2,773		2,186	1,437	925
USA	21,693	8,578	7,193	3,777	229
Thailand	2,316				
NZ	200		3,897		
Holland				1,844	318

HONG KONG

Import Vegetable Crops (1998) *tonnes*

	Cabbage	Lettuce & chicory	Carrot, turnips & similar roots
China	33,531	1,685	5,482
Aust	4,287	1,142	7,054
USA	7,725	18,417	150
NZ			1,862
Holland		294	318
Japan			1,185
Taiwan			6,238

HONG KONG

Import Vegetable Crops (1998) tonnes

	cucumber	mushroom
Aust	97	168
China	6,303	1,741
Japan		534
Taiwan		637