

## **Final Report**

# **Vegetable Industry Export Program**

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AUSVEG

**Project code:**

VG16061

**Project:**

Vegetable Industry Export Program (VG16061)

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## Summary

The Vegetable Industry Export Program (VG16061) is a four-year levy funded project running from 2017 to 2021. The project has been designed to support implementation of the *Vegetable Industry Export Strategy 2020*, with outcomes and performance metrics relating directly to the strategy. The principal objective of VG16061 was to deliver a holistic market access and development program aimed at fulfilling the export aims and targets identified in the *Vegetable Industry Export Strategy 2020* to create a strong export culture in the vegetable industry and assist the industry to develop a sustainable vegetable export sector. There are five main workstreams encompassed within VG16061:

1. Export Readiness, Training & Education
2. Market Development
3. Market Access
4. Communications & Industry Engagement
5. Vegetable Industry Export Strategy Implementation

The project commenced on 3 April 2017 and was contracted to be finalised on 26 March 2021. A project variation was made to VG16061 in 2020 to defer and revise delivery of a number of project deliverables due to disruptions caused by COVID-19, and to extend the project conclusion by three months from 26 March 2021 to 30 June 2021. An additional project variation was made in March 2021 to return uncommitted funds in market development project deliverables due to COVID-19 disruptions, despite VG16061 being awarded through a competitive process and in compliance with Hort Innovation's procurement policy.

Key highlights of project delivery include:

- Export Readiness, Training & Education: Delivery of **11** export readiness workshops for **132** levy paying vegetable growers in Victoria, South Australia, Queensland, and Western Australia. In 2019, the delivery of the export readiness training workshops was transitioned to an online e-learning platform for better uptake and outreach by aspiring grower-exporters. The online training course and its content were co-developed and launched by AUSVEG and the Export Council of Australia under the Department of Agriculture, Water and the Environment's Package Assisting Small Exporters Grant (PASE).
- Market Development (International Trade Events): Delivered **16** outbound trade missions across Dubai, Japan, Singapore, Thailand, Hong Kong, and China. AUSVEG hosted **77** vegetable levy paying growers at these international trade events and assisted in developing understanding of the local supply chain and distribution channels in these key export markets. Participation in international trade missions that were scheduled during 2020 and 2021 were postponed due to COVID-19 disruptions and travel restrictions.
- Market Development (Reverse Trade Mission): Delivered **five** Reverse Trade Missions in Western Australia, South Australia, Queensland, and Victoria. These missions included **119** international delegates from **9** export markets, visiting a range of horticultural producers, building understanding of export supply chains, developing knowledge of Integrated Pest Management (IPM) and broadening knowledge on irradiation and cold treatment to meet phytosanitary market access requirements. Strong involvement in these programs by exporting growers contributed to building international relationships to foster direct supply contracts.
- Market Access: Submitted **10** market access applications to International Market Access Assessment Panel (IMAAP).
- Communication and Industry Engagement: Distributed **59** relevant industry e-newsletters with an open rate of over **70 per cent**.
- Vegetable Industry Export Strategy 2020: The implementation of all activities identified in *Vegetable Industry Export Strategy 2020* relating to VG16061 or AUSVEG were completed (See Appendix A for the Strategy Implementation Plan).

### **Final Program Review**

As reported in March 2021 in MS109, the independent Final Program Review undertaken by EY calculated a positive ROI of 867 per cent, with growers attributing over **\$12.1M of export revenue** to VG16061, for a **net benefit of \$10.7M**. The total ROI calculated for VG13097 and VG16061 combined is **878 per cent**, with a **net benefit of \$89.5M** of a total of **\$11.5M investment** into the vegetable industry export development program since 2013 (see Appendix B for the EY Final Program Review Executive Summary and Key Findings, the complete Final Review report is provided as a separate attachment to this report).

The salient points of the Final Program Review are summarised below:

- **22 exporting vegetable growers** contacted to participate provided input into the survey – **91 per cent response rate**.
- All growers interviewed reported they had received some type of benefit from the program, and nearly half of the growers indicated that the program had a significant impact to their business:
  - **95 per cent** reported gaining knowledge and understanding;
  - **86 per cent** reported gaining relationships or partners; and
  - **77 per cent** reported an evident financial benefit.
- The intangible, non-financial benefits of the program were reported as the most significant impacts the program, with all reporting to have achieved some type of benefit through the program.
- Growers participating in the program reported over **\$80.9M in export revenue** in 2020, representing close to **31 per cent of the Australian total vegetable export revenue**.
- Despite COVID-19 disruptions, grower respondents attributed **\$12.1M in revenue benefits** as a direct result of the program in 2020 through increased intelligence including opportunities, product development, research, and insights into available markets. This resulted in a **net benefit of \$10.7M** and a **ROI of 864 per cent** on 2020 revenue.
- Whilst 23 per cent of respondents had not yet achieved financial benefits or export growth through the program, many had achieved significant improvements in their knowledge, understanding (95 per cent) and relationships (86 per cent).
- Many respondents referenced gains they had made through the program through the facilitation of customer connections. Meeting new customers to whom they are now supplying from a Reverse Trade Mission or international tradeshow attended with AUSVEG was commonplace.
- The positive aspects of the program continue to be highlighted through creating connections and commercial benefits, with the program has assisted grower-exporters to:
  - Build relationships in the domestic market through networking with other growers, meeting like-minded people, discussing growing techniques and go-to-market strategies;
  - Act as guide or mentor to support aspiring growers;
  - Become a ‘one stop’ source of information around market intelligence, supply chain and understanding aspects of different jurisdictions;
  - Lay the groundwork for growers to expand their customer base;
  - Allow growers to diversify their businesses;
  - Enhance grower-exporters’ export capabilities;
  - Utilise inbound and outbound trade missions as a vehicle to enter specific international markets that would otherwise be difficult to organise;
  - Increase understanding of global landscape through knowledge sharing, providing information and trade data; and
  - Provide assurance to distinguish trustworthy, sustainable, and ethical customers from those who should not be engaged with.
- Overall, respondents were very satisfied and appreciative of the support the program had

provided. Many have recognised the program as invaluable for their business, particularly through attending the inbound and outbound trade missions, as it has created opportunities for them that they never knew they could have.

## Keywords

The following key words are provided to help capture the research within search engines:

Export; international trade; Vegetable Industry Export Strategy 2020; AUSVEG; export readiness; market development; market access; inbound trade mission; tradeshow; trade events.

## Introduction

One of the key components of the Vegetable Industry's Strategic Investment Plan (SIP) 2017-2021 is growing export markets through increased understanding of opportunities available, improved market access, improved export capabilities, improved reputation, and competitive advantage of the Australian vegetable industry. During the delivery of the previous iteration of the industry's export program VG13097, the *Vegetable Industry Export Strategy 2020* (VG15052) was developed and released to guide industry effort and investment in international trade.

From this investment priority and the release of the export strategy, the Vegetable Industry Export Program (VG16061) was developed as a holistic market access and development program aimed at fulfilling the export goals as identified in the *Vegetable Industry Export Strategy 2020*.

VG16061 was designed to foster an export culture in the vegetable industry and develop a financially sustainable vegetable export sector by building the export capability of growers to export directly, and equipping industry to produce differentiated products that are customised to the needs of targeted market segments, operating under the export strategy, and leveraging allied Hort Innovation programs.

VG16061 aimed to position the industry to achieve targeted growth in exports of 40% to \$315M by 2020 and \$400M by 2025 as outlined in the *Vegetable Industry Export Strategy 2020*. The vegetable industry was on track to achieve the target outlined in the strategy until the COVID-19 pandemic caused considerable disruptions to international trade.

Further information regarding the primary program deliverables, outputs and outcomes are detailed in this report.

At the end of VG16061 project delivery, the *Vegetable Industry Export Strategy 2025* was renewed and released to guide industry export development activities and investment in the future. In response to the impact of the COVID-19 pandemic on global travel and trade, the *Vegetable Industry Export Strategy 2025* was structured under five strategy pillars, with a focus on two distinct time horizons: 'Regain Momentum' in Horizon 1 and 'Drive Growth' in Horizon 2 (see Appendix C for Vegetable Industry Export Strategy 2025 – Summary).



## Methodology

To successfully deliver the project outputs, AUSVEG followed the below methodology:

Table 1. VG16061 Methodology.

| METHODOLOGY OVERVIEW  | COMMENTS / SUGGESTED IMPROVEMENTS  |
|---|--|
| <b>EXPORT READINESS, TRAINING AND EDUCATION</b>   |  |
| <ul style="list-style-type: none"> <li>• <u>Export readiness workshop management</u>: delivery of industry-specific export readiness training workshops in various growing regions, including developing training content; making all logistical and travel arrangements; ensuring grower participation; and obtaining grower feedback following each workshop.<br/>*Training was delivered by certified trainers from the Export Council of Australia.</li> <li>• Development of professional educational/informative resources, including developing content; designing resources; arranging printing; and distributing via electronic and online channels and in hardcopy.</li> </ul>  | <ul style="list-style-type: none"> <li>• Continuing to provide export readiness training program/e-learning courses to vegetable growers is imperative to ensure that the industry export culture is maintained and developed, and for growers to have access to relevant and up-to-date training content for prescribed goods exports.</li> <li>• Continuing to maintain export readiness educational/informative resources with easy-to-understand content to ensure that the export opportunities are maximised.</li> <li>• Troubleshooting and trade enquiry screening by the AUSVEG Export Development Team has proven to be a useful and essential service offering to growers.</li> </ul>   |
| <b>MARKET DEVELOPMENT</b>   |  |
| <ul style="list-style-type: none"> <li>• <u>Trade Mission management</u>: development of a comprehensive Reverse Trade Mission (RTM) program to best showcase the industry to prospective buyers; promoting the mission and securing a range of participants covering different regions and markets; management of all logistical and on-the-ground arrangements; coordinating delegate travel arrangements; and collecting and analysing survey/feedback information from participants.</li> <li>• <u>Tradeshow management</u>: delivery of a professional vegetable industry tradeshow presence in conjunction with Hort Innovation/<i>Taste Australia</i> (previously named Australia Fresh) at tradeshows in various markets; or as required AUSVEG lead the delivery of</li> </ul> | <ul style="list-style-type: none"> <li>• Market development activities such as trade missions and international trade events are critical for the vegetable industry to maintain its industry presence. Despite COVID-19, there is strong desire from Australian vegetable growers to travel in-market and international buyers travelling to Australia to establish and re-build business relationships.</li> <li>• Continue to maintain vegetable industry presence at prominent international fresh produce trade events in key markets as prioritised and identified in <i>Vegetable Industry Export Strategy 2025</i>.</li> <li>• Continue to refine and seek alternative methods of delivering inbound trade missions according to market development priorities identified in the <i>Vegetable Industry Export Strategy 2025</i>.</li> <li>• Continue to leverage the in-market resources and networks from Austrade and State Governments to maintain engagement without getting involved in commercial dealings.</li> </ul> |

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| <p>certain tradeshows, including: negotiating with tradeshow organisers to secure a desirable stand location and floor space; arranging cost effective stand design and build; managing the production and shipping of collateral and produce samples; sourcing grower exhibitors for each tradeshow; developing relevant tradeshow and market information for exhibiting growers; collecting and analysing survey/feedback information from participants; and management of event logistics.</p> <ul style="list-style-type: none"> <li>• Establishment and maintenance of relationships with domestic and offshore buyers on behalf of the vegetable industry, to facilitate export enquires that are passed on to growers in a timely manner.</li> <li>• A member of the Export Development team will represent the vegetable industry’s market development interests at various market development forums and meetings such as the Horticulture Export Industry Consultative Committee, and deliver presentations as required at various events.</li> </ul> | <ul style="list-style-type: none"> <li>• Participate and collaborate with other horticultural industries to create a wider horticultural offering to foreign buyers.</li> <li>• Where it is possible, vegetable industry could continue to support participation under the <i>Taste Australia</i> banner in major fresh produce tradeshows to ensure benefits are maximised and to maintain unified horticultural messaging in international markets.</li> <li>• Vegetable industry representatives to continue to support and attend official industry events to extend vegetable industry presence and build domestic and international networks.</li> </ul> |
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**MARKET ACCESS**

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| <ul style="list-style-type: none"> <li>• Research, data collection and analysis to support the development of market access/improvement business cases for industry priorities in line with the <i>Vegetable Industry Export Strategy 2020</i>.</li> <li>• Development of a Maximum Residue Limit (MRL) resource for up to six key commodities across up to four key markets, to be updated annually. Ad-hoc technical MRL advice to be provided as required.</li> <li>• Development of an industry Biosecurity Management Plan for export, in conjunction with Plant Health Australia.</li> </ul> | <ul style="list-style-type: none"> <li>• Attendance at various industry/market forums, including HEICC allowed AUSVEG to discuss broader market access issues within the industry, as well as future strategies regarding exports across horticulture, with various industry stakeholders.</li> <li>• <i>Vegetable Industry Export Strategy 2020</i> (VG15052) has guided the Australian vegetable industry in developing and submitting business cases for industry priorities.</li> <li>• Timely response to ad-hoc technical MRL requests has been provided and has proven useful to various growers.</li> <li>• Under the current trading environment, achieving further technical market access is challenging and the industry is prioritising</li> </ul> |
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| <ul style="list-style-type: none"> <li>• A member of the Export Development team will represent the vegetable industry’s market access interests at various market access forums and meetings such as the industry Trade Advisory Panel and deliver presentations where required.</li> </ul>   | <p>improving existing market access priorities as well as seeking other market opportunities in terms of technical and trade barriers as identified in <i>Vegetable Industry Export Strategy 2025</i>.</p>  |
| <p><b>COMMUNICATIONS &amp; INDUSTRY ENGAGEMENT</b></p>   |   |
| <ul style="list-style-type: none"> <li>• Development of professional, useful and relevant export content such as fact sheets, e-newsletters and online content; distribution of communications materials via electronic and online channels; engagement across the horticultural export industry with growers, industry representative bodies and other relevant stakeholders; ongoing management and frequent refreshing of export content hosted on the export pages of the AUSVEG website; ongoing management of AUSVG’s generic export email account and timely provision of export enquiries to grower exporters.</li> <li>• Industry workshops: design and delivery of professional workshops on relevant export topics, in different growing regions at appropriate times throughout the year; identification and arrangements made for suitable presenters and grower attendees; and all necessary venue/catering/AV arrangements made.</li> </ul> | <ul style="list-style-type: none"> <li>• A range of e-newsletters, factsheets and online content were produced during the project and published on AUSVEG’s website, in <i>Vegetables Australia</i> and <i>Weekly Updates</i> for growers to access and understand the opportunity available in international markets.</li> <li>• All necessary industry advice notices were communicated to the relevant growers and industry upon release, covering topics including IA-CEPA, FTAs, MRLs, IFAM, Trade Updates, VG16061 Program Updates, feedback sought on export fees and charges cost recovery arrangements, growth in Australian vegetable exports, and information on the new cost schedule for plant exports.</li> <li>• The communication maintained through the AUSVEG Weekly Update, Export Trade E-Newsletter and the export column in <i>Vegetables Australia</i> covers topics that encourage growers to participate in export and provide necessary information for the growers to access and understand issues and opportunities.</li> <li>• Delivery of industry workshops and forums in various formats in different growing regions during the life of project has provided growers with peer-to-peer and face-to-face learning opportunities, as well as extending trade related information to regional areas through online channels.</li> </ul> |
| <p><b>VEGETABLE INDUSTRY EXPORT STRATEGY</b></p>   |   |
| <ul style="list-style-type: none"> <li>• <u>Implementation:</u> development of an implementation schedule for research priorities and activities/investments to be delivered under the strategy; and ongoing tracking and reporting against the schedule.</li> </ul>   | <ul style="list-style-type: none"> <li>• The implementation of <i>Vegetable Industry Export Strategy</i> has guided the Australian vegetable industry to achieve various outcomes sought by the strategy.</li> <li>• Industry should continue to be responsible to maintain and implement strategic intent and outcomes in the strategy to ensure benefits are maximised and growers are being</li> </ul>   |

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| <ul style="list-style-type: none"><li>• <u>Governance</u>: establishment of a Steering Committee to guide implementation; development of a Terms of Reference; committee members appointed; meeting schedule agreed; and ongoing secretariat function performed by AUSVEG.</li></ul> | <p>provided with quality service.</p> <ul style="list-style-type: none"><li>• Establish a Project Reference Group (PRG) of suitably skilled grower-exporters to ensure implementation and inputs to the next project are maximised. Hort Innovation trade team should provide regular, objective and committed participation on the PRG.</li></ul> |
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## Outputs

VG16061 included the following five workstreams:

1. Export Readiness, Training & Education
2. Market Development
3. Market Access
4. Communications & Industry Engagement
5. Vegetable Industry Export Strategy Implementation

The outputs delivered under each workstream were in line with project requirements and were delivered throughout the life of the project. The following Table 2 summarises the activities carried out for each output requirement.

Table 2. VG16061 Final Project Outputs.

| VG16061 OUTPUT<br>2017-2021  | ACHIEVEMENTS<br>2017- 2021  |
|--|---|
| <b>EXPORT READINESS, TRAINING AND EDUCATION</b>  |   |
| <p><b>1.1 Deliver six export readiness training workshops per year.</b></p>                      | <p>AUSVEG delivered <b>11</b> export readiness workshops:</p> <ul style="list-style-type: none"> <li>• 2017, included four workshops</li> <li>• 2018, included six workshops</li> <li>• 2019, included one workshop; no other workshops were scheduled in 2019 due to the restructuring of the export readiness training workshops to an online learning platform.</li> </ul> <p>Face-to-face workshops in 2020 were deferred due to COVID-19 disruptions and delivery of training was migrated to an online model due to COVID-19. The online training course was co-developed and launched by AUSVEG and ECA.</p>   |
| <p><b>1.2 Development of at least two information sheets/educational resources per year.</b></p> | <p>AUSVEG created <b>15</b> export educational resources:</p> <ul style="list-style-type: none"> <li>• Free Trade Agreements</li> <li>• Incoterms®</li> <li>• Maximum Residue Limits</li> <li>• Are You Ready to Export Vegetables?</li> <li>• Exporting A Vegetable Shipment to Singapore</li> <li>• Developing an Export Strategy – Simple Guide for Vegetable Growers</li> <li>• Preparing to Visit an Export Market</li> <li>• Understanding Incoterms as Vegetable Grower-Exporter</li> <li>• Understanding FTAs vs Vegetable Grower-Exporter</li> <li>• Understanding Vegetable Export Market Access</li> </ul> |

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|   | <ul style="list-style-type: none"> <li>• Understanding International Tariffs</li> <li>• Pricing your product for Export Markets</li> <li>• Understanding Chemical Usage for Export Markets</li> <li>• IA-CEPA: Outcome for the Vegetable Industry</li> <li>• Export Fundamentals for Australian Fruit &amp; Vegetable Growers</li> </ul> <p>See Appendix D for the published educational resources.</p>   |   |  |
| <b>MARKET DEVELOPMENT</b>   |   |   |  |
| <p><b>2.1 Annual inbound Reverse Trade Mission (RTM).</b></p>   | <p>AUSVEG delivered <b>five</b> inbound trade missions for <b>119</b> international delegates:</p> <ul style="list-style-type: none"> <li>• 2017, included 28 delegates from nine markets (reported in VG13097 MS190)</li> <li>• 2017, included four delegates from three markets (one regional inbound trade mission)</li> <li>• 2018, included 40 delegates from seven markets</li> <li>• 2019, included seven delegates from one market (Japanese market-specific inbound trade mission)</li> <li>• 2019, included 40 delegates from seven markets</li> </ul> <p>The 2020 RTM was postponed due to the COVID-19 pandemic and international travel restrictions. AUSVEG returned funds not spent on this activity to Hort Innovation.</p>   |   |  |
| <p><b>2.2 Outbound trade missions and tradeshow participation for up to 10 growers at up to five Taste Australia (previously named Australia Fresh) tradeshows annually.</b></p>                                | <p>AUSVEG delivered <b>16</b> exhibitions at the following trade exhibitions:</p> <table border="1" data-bbox="797 837 2007 1034"> <tr> <td data-bbox="797 837 1442 1034"> <ul style="list-style-type: none"> <li>• Asia Fruit Logistica – 2017,2018,2019</li> <li>• China FVF – 2017,2018,2019</li> <li>• World of Perishables – 2017,2018</li> <li>• Gulfood – 2018,2019,2020</li> </ul> </td> <td data-bbox="1442 837 2007 1034"> <ul style="list-style-type: none"> <li>• Foodex – 2018,2019</li> <li>• Food and Hotel Asia – 2018</li> <li>• Thaifex – 2019</li> <li>• Asia Fruit Logistica On – 2020</li> </ul> </td> </tr> </table> <p>Outbound trade missions scheduled for 2020 and 2021 were postponed due to the COVID-19 pandemic and international travel restrictions. AUSVEG returned funds not spent on this activity to Hort Innovation.</p> | <ul style="list-style-type: none"> <li>• Asia Fruit Logistica – 2017,2018,2019</li> <li>• China FVF – 2017,2018,2019</li> <li>• World of Perishables – 2017,2018</li> <li>• Gulfood – 2018,2019,2020</li> </ul> | <ul style="list-style-type: none"> <li>• Foodex – 2018,2019</li> <li>• Food and Hotel Asia – 2018</li> <li>• Thaifex – 2019</li> <li>• Asia Fruit Logistica On – 2020</li> </ul> |
| <ul style="list-style-type: none"> <li>• Asia Fruit Logistica – 2017,2018,2019</li> <li>• China FVF – 2017,2018,2019</li> <li>• World of Perishables – 2017,2018</li> <li>• Gulfood – 2018,2019,2020</li> </ul> | <ul style="list-style-type: none"> <li>• Foodex – 2018,2019</li> <li>• Food and Hotel Asia – 2018</li> <li>• Thaifex – 2019</li> <li>• Asia Fruit Logistica On – 2020</li> </ul>  |   |  |
| <p><b>2.3 Ongoing international buyer engagement and relationships.</b></p>   | <p>AUSVEG continues to maintain international buyer relationships and provide ongoing support and advice to levy-paying growers to assist with building and maintaining strong grower-importer relationships.</p> <ul style="list-style-type: none"> <li>• Industry contacts were created and maintained through a range of channels including introductions by Austrade in-market resources for RTM delegate selection</li> <li>• Various international buyer contacts were created through introductions by existing grower-exporters and through attendance at international trade events</li> </ul>   |   |  |

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|   | <ul style="list-style-type: none"> <li>New industry contacts were identified and maintained through different inbound missions organised by other industries and partners, e.g. Austrade, Trade Investment Queensland and the Victorian Government</li> </ul>  |
| <b>2.4 Representation of the industry at market development forums and meetings.</b>  | AUSVEG staff attended all Hort Innovation, DAWE and Austrade forums, webinars and committees relating to market development over the course of the project.  |
| <b>MARKET ACCESS</b>  |  |
| <b>3.1 Submission of new market access and/or market improvement business cases to the IMAAP (previously named Trade Assessment Panel).</b> | AUSVEG submitted <b>ten</b> market access applications to the International Market Access Assessment Panel (IMAAP). The details of vegetable industry market access applications were reported in previous milestone reports.  |
| <b>3.2 Development of technical industry MRL/market access resources.</b>   | AUSVEG provided ongoing MRL/market access resources via the vegetable industry export e-newsletter and direct communication, and in response to ad-hoc requests from growers.  |
| <b>3.3 Development of an industry Biosecurity Management Plan (BMP) for export.</b>   | AUSVEG contributed to the development of the BMP with PHA, with the plan now incorporating export content regarding key vegetable crops and pests of concern for the export of fresh vegetables.   |
| <b>3.4 Representation of the industry at market access forums and meetings.</b>   | AUSVEG staff attended all Hort Innovation, DAWE and DFAT forums and committees relating to market access and actively involved in all specific issues related to trade such as IFAM, COVID-19 Round Table, and DAWE Cost-Recovery consultation.  |
| <b>COMMUNICATIONS &amp; INDUSTRY ENGAGEMENT</b>   |  |
| <b>4.1 Provide six e-newsletters/updates annually.</b>  | A total of <b>59</b> e-newsletters were distributed to exporting growers over the life of the project (see Appendix E for selection of media articles, magazine articles and newsletters).   |
| <b>4.2 Two industry workshops/events per year.</b>  | <p>AUSVEG presented at <b>15</b> industry workshops and events:</p> <ul style="list-style-type: none"> <li>Mareeba Fruit &amp; Veg Grower Meeting, <i>23-24 April 2018</i></li> <li>WA Horticulture Export Industry Workshop, <i>26 October 2018</i></li> <li>Banana Industry Export Working Group, <i>29 October 2018</i></li> <li>Australia Indonesia Business Council (AIBC) Conference 2018, <i>11-13 Nov 2018</i></li> <li>Banana Industry SIAP, <i>18 December 2018</i></li> <li>Hort Connections, Hort Innovation Trade Panel, <i>25 June 2019</i></li> <li>Fresh Conference, Western Sydney Airport and Agribusiness Precinct, <i>11 July 2019</i></li> <li>VegWA Summit - Export Readiness Workshop, <i>17 October 2019</i></li> <li>ECA Global Podcast, Episode 6, <i>2 June 2020</i></li> </ul> |

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|   | <ul style="list-style-type: none"> <li>• Export Connect, Export Readiness Webinar for Food &amp; Fibre Gippsland Cluster - Japan Market, 27 July 2020</li> <li>• Export Connect, Export Readiness Webinar for Food &amp; Fibre Gippsland Cluster - UAE Market, 17 August 2020</li> <li>• Export Connect, Export Readiness Webinar for Food &amp; Fibre Gippsland Cluster – Malaysia Market, 25 February 2021</li> <li>• Queensland Horticulture Export Congress, 8 June 2021</li> <li>• Hort Connections, Australian Vegetable Industry Seminar – Trade Panel, 9 June 2021</li> <li>• Export Connect, Export Readiness Webinar for Food &amp; Fibre Gippsland Cluster – Thailand Market Intelligence for Exporter, 22 June 2021</li> </ul> |
| <p><b>4.3 Ongoing implementation of social media and online export information.</b></p>   | <p>AUSVEG updated and launched new export webpage with new export resources content in 2020. AUSVEG continues to maintain a range of export readiness, market access and market development information, tools and resources on the AUSVEG website: <a href="http://www.ausveg.com.au/export">www.ausveg.com.au/export</a>.</p>  |
| <p><b>VEGETABLE INDUSTRY EXPORT STRATEGY 2020 IMPLEMENTATION</b></p>  |  |
| <p><b>5.1 Coordinate implementation and maintenance of the strategy.</b></p>  | <p>AUSVEG distributed updated version of the <i>Vegetable Industry Export Strategy 2020</i> to Australian vegetable levy paying growers and industry members.</p> <p>The <i>Vegetable Industry Export Strategy 2025</i> was released during MS109. The new strategy has been made available to Australian vegetable levy paying growers and industry members via various AUSVEG’s communication channels (see Appendix C for summary on <i>Vegetable Industry Export Strategy 2025</i>).</p>   |
| <p><b>5.2 Develop and manage an implementation schedule for research/activities identified in the strategy.</b></p>                       | <p>AUSVEG reviewed and updated the Implementation schedule. All activities identified in the strategy related to VG16061 or AUSVEG has been completed, with certain platforms and project concepts submitted but not approved by the Vegetable SIAP – these concepts or proposed activities are currently paused and reside with Hort Innovation (see Appendix A for <i>Vegetable Industry Strategy 2020 - Implementation Plan</i>).</p>   |
| <p><b>5.3 Establish Steering Committee, Terms of Reference, membership and meeting schedule in consultation with Hort Innovation.</b></p> | <p>AUSVEG established a steering committee comprised of two Hort Innovation representatives (including Chair), two grower representatives and one AUSVEG representative. All steering committee meetings have been held, with 2020 meeting being put on hold due to COVID-19 restrictions, time constraints and changes personnel in the Hort Innovation Trade Team.</p>   |
| <p><b>5.4 Ongoing secretariat function for Steering Committee.</b></p>  | <p>AUSVEG performed ongoing secretariat function for the Steering Committee.</p>   |



## Metrics

VG16061 included the following five work streams with specific metrics to measure output:

1. Export Readiness, Training & Education
2. Market Development
3. Market Access
4. Communications & Industry Engagement
5. Vegetable Industry Export Strategy Implementation

Each workstream had associated metrics which were delivered throughout the life of the project. The following table summarises the achievements for each metric requirement over the life of the project.

Table 3. VG16061 Final Project Outcomes.

| VG16061 METRIC<br>2017-2021   | ACHIEVEMENTS<br>2017-2021  |
|---|--|
| <b>EXPORT READINESS, TRAINING AND EDUCATION</b>   |  |
| <b>120</b> levy paying vegetable growers ( <b>30</b> per year) attending export readiness training workshops annually.  | A total of <b>132</b> levy paying vegetable growers attended the export readiness training workshops and/or undertook the E-Learning Export Fundamentals Program.  |
| <b>MARKET DEVELOPMENT</b>   |  |
| <b>40</b> new levy paying grower-exporters ( <b>10</b> per year) involved in market development outputs (e.g. international tradeshows, Reverse Trade Mission). | A total of <b>77</b> new levy paying grower-exporters have been involved in the program’s market development outputs including international tradeshows, Reverse Trade Mission, and the Fresh Produce Showcase.  |
| <b>200</b> new connections ( <b>50</b> per year) between levy paying grower-exporters and foreign buyers.   | A total of <b>251</b> new connections were made over the life of the program. Despite COVID-19 restrictions, international buyers continue to request introductions to growers for potential supply opportunities. These connections are reported by growers and buyers and captured through emails or messaging apps. |
| <b>MARKET ACCESS</b>  |  |
| Submit <b>12</b> market access or market improvement business cases to IMAAP on Year 1: 6; Year 2 to Year 4: 2 each year.                                       | A total of <b>10</b> market access business cases were submitted. Two further applications have been developed for future submission in line with the <i>Vegetable Industry Export Strategy 2025</i> .   |
| <b>COMMUNICATIONS &amp; INDUSTRY ENGAGEMENT</b>   |  |
| Provision of, and annual increase in, open rate for export related electronic communications / e-newsletters, to  | The average open rate for export related electronic communications is over <b>70</b> per cent.   |

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| build awareness of export opportunities.   |   |
| <b>VEGETABLE INDUSTRY EXPORT STRATEGY 2020 IMPLEMENTATION</b>  |   |
| All <i>Vegetable Industry Export Strategy 2020</i> recommended projects submitted as project concepts to the relevant SIAP for assessment (or minimum 3 per year). | All three project concepts were submitted to Hort Innovation for review in 2017. Currently new project commissioning is dependent on the amount of R&D levy available in Vegetable Fund and SIAP endorsement. |

## Outcomes

The activities and outputs in during the life of project contributed to each of the intended outcomes of VG16061 as outlined in Table 4 below.

The outcomes relating to specific activities that were delivered during the milestone period can be found in the following attachments:

- Appendix A - *Vegetable Industry Export Strategy 2020* - Implementation Plan
- Appendix B - EY Final Review of VG16061 Executive Summary and Key Findings
- Appendix C - *Vegetable Industry Export Strategy 2025* – Summary
- Appendix F - for QDAF Freight Simulation Summary Report

As part of the project’s overarching monitoring and evaluation, an annual independent review was undertaken throughout the life of project to assess the outcomes and ongoing effectiveness of the program.

Table 4. VG16061 Final Project Outcomes.

| <b>VG16061 OUTCOME<br/>2017-2021</b>   | <b>ACHIEVEMENTS<br/>2017-2021</b>   |
|--|---|
| <b>Creating an export culture and a community of export-orientated businesses through participation in Taste Australia (Australia Fresh) aligned market development activities</b> | <ul style="list-style-type: none"> <li>• The export culture amongst Australian vegetable growers is strengthening with an increasing willingness of growers to be involved in export activities. This comprehensive engagement has led to strong insight sharing and grower-to-grower network and relationship building.</li> <li>• The industry export culture created through the earlier work of the program continued to be of benefit during the final milestone reporting period. As exporting growers have created stronger relationships across industry, growers and states, the network available to growers to respond to issues during this disrupted period has proven beneficial.</li> <li>• Australia Fresh rebranded to “Taste Australia” in 2017. AUSVEG supported the launch and participated in various Taste Australia market development activities.</li> <li>• Taste Australia initial involvement in Asia Fruit Logistica (AFL) in 2017 contributed to creating an export culture by facilitating levy-paying vegetable growers to experience international trade events and network with the Australian horticultural export community. To date, over 40 vegetable growers have participated in the Taste Australia presence at AFL as part of VG16061, and further 24 vegetable growers independently participating in the event, seeking involvement</li> </ul> |

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|  | <p>and engagement with the broader industry group.</p> <ul style="list-style-type: none"> <li>• AUSVEG continued to be part of Taste Australia activities, participating in Food and Hotel Asia in Singapore in April 2018, Asia Fruit Logistica in Hong Kong in September 2017, 2018 and 2019, Gulfood 2018, 2019 and 2020, Foodex 2018 and 2019, and the Taste Australia Fresh Produce Showcase in Melbourne and Brisbane in June 2018 and 2019 as part of the RTM.</li> <li>• All trade events in 2020 and 2021 have been deferred due to COVID-19.</li> </ul>  |
| <p><b>Driving product differentiation through developing products with a point of difference that will support premium pricing</b></p>   | <ul style="list-style-type: none"> <li>• In 2017 AUSVEG developed and submitted a project concept (#2291) to the vegetable industry SIAP for review. It addressed ten of the <i>Vegetable Industry Export Strategy 2020</i> identified programs across the product differentiation and value-adding platforms. This concept was deferred for further consideration in the future, pending available vegetable levy funding.</li> </ul>   |
| <p><b>Devise a compelling brand proposition: devise brand architecture that projects the premium value proposition of Australian vegetables (aligned with Taste Australia)</b></p>     | <ul style="list-style-type: none"> <li>• At an industry level, Hort Innovation rebranded Australia Fresh to “Taste Australia” in 2017. AUSVEG supported the launch and participated in various Taste Australia market development activities throughout the life of project.</li> <li>• At an individual producer level, growers that are not yet exporting but may seek to in the near future were provided with assistance in this area via participation in the VG16085 Export Facilitators program, that aimed to bring growers together for collaborative exports and provide advice and assistance with commercialisation, branding and market entry. AUSVEG, Austrade and Hort Innovation participated in a project start-up meeting to ensure all VG16085 activities align with all national activities under the industry export strategy, as well as the Taste Australia program.</li> <li>• AUSVEG offers support and advice to growers on a continuous basis surrounding appropriate and advantageous alignment with Taste Australia and the premium value proposition messaging the Australian vegetable industry holds.</li> <li>• Growers continue to seek to be able to be licensed to utilise Taste Australia branding on their export packaging for export markets.</li> </ul> |
| <p><b>Collaborative partnerships: improved effectiveness and efficiency of trade development through a more strategic and collaborative approach within the vegetable industry</b></p> | <ul style="list-style-type: none"> <li>• Collaborative supply partnerships have been fostered through the increased export culture the program achieved.</li> <li>• The delivery of VG16061 and VG16085 (Export Facilitators) has provided effective support for the vegetable industry to support development of relationships and partnerships.</li> <li>• Throughout the life of VG16085, AUSVEG maintained a working relationship with the Export Facilitators network to develop a cohesive export development pathway for individual producers.</li> <li>• The Steering Committee for VG16061 and the <i>Vegetable Industry Export Strategy 2020</i> considered alignment of VG16085 with national AUSVEG and Hort Innovation activities.</li> <li>• With VG16085 (Export Facilitators) completed in December 2020, there is a need to refresh and rethink the collaborative partnerships approach.</li> </ul>   |

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| <p><b>Lifting supply chain efficiency to improve both quality and landed cost</b></p>  | <ul style="list-style-type: none"> <li>• In 2017 AUSVEG developed and submitted a project concept (#2290) to the vegetable industry SIAP. This concept addressed the outstanding <i>Vegetable Industry Export Strategy 2020</i> identified programs in the “lift supply chain efficiency” platform.</li> <li>• Given the relative lower-value of vegetables as a horticultural product (compared to most fruits), any reduction in costs is necessary for Australian vegetables to remain competitive in export markets. As exporting growers continue to explore opportunities for direct export, AUSVEG remains focused on facilitating these direct relationships between growers and international buyers, in order to reduce the supply chain costs associated with agents and/or other intermediaries in the supply chain.</li> </ul>   |
| <p><b>Exploring value-adding opportunities: develop more value-added products to open up new markets and improve competitiveness</b></p>   | <ul style="list-style-type: none"> <li>• In 2017 AUSVEG developed and submitted a project concept (#2291) to the vegetable industry SIAP addressing 10 of the <i>Vegetable Industry Export Strategy 2020</i> identified programs across the product differentiation and value-adding platforms.</li> <li>• Vegetable growers who have participated in various outbound market development activities have consistently provided feedback that the opportunity to attend international trade events is valuable for them to understand what other value-added, processed or marginally processed vegetable products there are in the international marketplace.</li> <li>• Value-adding has been included as part of development of the <i>Vegetable Industry Export Strategy 2025</i>.</li> </ul>   |
| <p><b>Market knowledge and intelligence</b></p> <ul style="list-style-type: none"> <li>- <b>Ensure growers and exporters have access to commercial market intelligence and insights</b></li> <li>- <b>Enhance the industry’s overall knowledge and awareness of export markets and export opportunities</b></li> </ul> | <ul style="list-style-type: none"> <li>• McKinna et al has provided market mapping information of the vegetable industry, with the latest <i>Vegetable Industry Export Strategy 2020</i> update completed in March 2021. The update was disseminated to Australian vegetable levy paying growers to ensure they have access to this commercial market intelligence.</li> <li>• Additionally, the AUSVEG website provides growers access to relevant market information and insights, with regular industry market updates sent to growers distributed via the AUSVEG export e-newsletter, to provide insights into market conditions and export performance. Export content on the AUSVEG website was refreshed and published during MS108.</li> <li>• A market access update is provided regularly in e-newsletters, and any urgent trade issues or news are disseminated on an ad-hoc basis.</li> <li>• In 2020, AUSVEG created a comprehensive quarterly vegetable trade report that is provided directly to exporting growers.</li> </ul> |
| <p><b>Developing markets that Australian vegetables are currently traded into:</b></p> <ul style="list-style-type: none"> <li>- <b>Recognising that significant short-term growth will be</b></li> </ul>   | <ul style="list-style-type: none"> <li>• Due to COVID-19 disruptions to freight and logistics, market growth is challenging at present. Exporting vegetable growers are focussed on servicing existing customers where long-term trading relationships have been formed. It is difficult to build markets with the reduction in air freight capacity, increased cost of air and sea freight, and the increasingly disrupted sea freight network.</li> <li>• Queensland Department of Agriculture and Fisheries (QDAF) has delivered a pilot project with</li> </ul>   |

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| <p><b>derived from non-protocol markets</b></p> <p>- <b>Pursuit of protocol markets over the longer term to drive growth</b></p>  | <p>AUSVEG to assist producers to export vegetables that are typically airfreighted more reliably by sea to Asia and New Zealand, aimed to improve export supply chains during the disruptions caused by the pandemic and to keep Australian vegetable industry on track to continue to grow the value of perishable vegetable exports in the future (see Appendix F for QDAF Freight Simulation Summary Report).</p> <ul style="list-style-type: none"> <li>• Additionally, AUSVEG continues to provide support to QLD and WA carrot producers to export to Taiwan under the complex Taiwanese protocol, which has resulted in immediate trade from three major carrot producers from Queensland and Western Australia.</li> <li>• 10 market access applications for new protocol markets for specific crops were submitted during the project, each at different stages of the process.</li> </ul>   |
| <p><b>Progressing market access priorities to contribute to opening new markets for vegetable exports</b></p>   | <ul style="list-style-type: none"> <li>• All market access priorities identified in <i>Vegetable Industry Export Strategy 2020</i> have been submitted.</li> <li>• Four market access business cases were submitted and approved by the IMAAP in 2017, and now sit with DAWE for discussion in future trade negotiations. A further four business cases were submitted to the IMAAP for review in 2018 and were referred for redevelopment. This work is dependent on official confirmation from DAWE on the data and evidence requirements for applications. AUSVEG also contributed to the development and submission of additional two new market access to IMAAP in April 2019.</li> <li>• AUSVEG continues to provide support and advice to carrot and potato growers on how to commence trade to Indonesia under the IA-CEPA. A new Tariff Rate Quota system has been established to govern this trade and AUSVEG continues to work with grower-exporters of these crops to secure quota and develop trade.</li> <li>• AUSVEG has continued to work with the DAWE Indonesian Agriculture Counsellor to overcome implementation issues in obtaining import permits and quota licenses for Indonesian importers. Carrot and potato producers are prepared to fully supply the import quota listed to the prescribed limits for both carrot and potato exports if the challenges relating to the Indonesian issuance of import licenses and quota can be resolved.</li> <li>• The forecast preliminary outcome of the IA-CEPA would contribute an additional AUD\$5 million for carrot exports and AUD\$12 million for potato exports in the year directly following the implementation of IA-CEPA. This is highly dependent on the Indonesian Ministry of Agriculture issuing quota to importers, and the Ministry of Trade issuing import permits for these products.</li> </ul> |
| <p><b>Positioning the industry to achieve the targeted growth in export volume and value out of Australia, as outlined in the Vegetable Industry Export Strategy 2020</b></p> | <ul style="list-style-type: none"> <li>• All the activities, outputs and outcomes discussed above contribute to this overarching outcome of assisting the Australian vegetable industry to increase exports by 40 per cent volume and 40 per cent value by 2020.</li> <li>• AUSVEG has delivered its required outputs under the Hort Innovation project contract for VG16061, as well as provide ongoing support, advice, and assistance on a daily basis to vegetable</li> </ul>   |

growers across the country to contribute strongly to assist the industry to achieve its export ambitions and targets.

- As identified in the independent annual review of VG16061 by Ernst and Young (EY) in early 2021, the industry was on track to exceed the 2020 target of AUD\$315 million if growth continued at the same rate. Before COVID-19 impacts began, the industry needed to achieve between 8.5 – 9.5 per cent export growth in 2020 to see annual exports exceed the target of AUD\$315 million in export value. However, the target of achieving \$315 million in trade value was impacted by COVID-19 disruptions, with export value falling by 6.3 per cent in 2020.
- Despite the trade disruptions due to COVID-19 and IFAM discontinuing in September 2021, AUSVEG believes the industry will be able to protect and retain market share in key markets, if industry investment and resources remained valuable to support exporters as opportunities become available as COVID-19 progresses.
- As international export markets are a heavily disrupted at present and quite volatile, exporter resilience is critical at this time to persevere through the challenges faced by exporters in the current conditions.
- The *Vegetable Industry Export Strategy 2025* has been released to growers and industry. See Appendix C for the summary of the *Vegetable Industry Export Strategy 2025*.

## Monitoring and evaluation

Ernst & Young (EY) were engaged to undertake an independent and objective validation of the commercial outcomes and return on investment achieved by the vegetable industry during the delivery of VG16061. The below table summarises the benefits attributed to the program and the ROI of VG16061 from 2017 to 2021. 108 exporting growers were consulted over the four annual reviews into VG16061.

Table 5. VG16061 Annual Independent Review Outcomes.

| Program Duration                   | 3 April 2017 – 31 March 2018 | 3 April 2018 – 31 March 2019 | 3 April 2019 – 31 March 2020 | 3 April 2020 – 31 March 2021 | 2017-2021      |
|------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|----------------|
| Benefits Attributed to the Program | \$15.1M                      | \$20.3M                      | \$29.8M                      | \$12.1M                      | <b>\$77.3M</b> |
| Return on Investment (ROI)         | 652%                         | 882%                         | 1,196%                       | 867%                         | <b>931%</b>    |

The positive aspects of the program continue to be highlighted through creating connections and commercial benefits, with the program has assisted grower-exporters to:

- Build relationships in the domestic market through networking with other growers, meeting like-minded people, discussing growing techniques and go-to-market strategies;
- Act as guide or mentor to support aspiring growers;
- Become a 'one stop' source of information around market intelligence, supply chain and understanding aspects of different jurisdictions;
- Lay the groundwork for growers to expand their customer base;
- Allow growers to diversify their businesses;
- Enhance grower-exporters' export capabilities;
- Utilise inbound and outbound trade missions as a vehicle to enter specific international markets that would otherwise be difficult to organise;
- Increase understanding of global landscape through knowledge sharing, providing information and trade data; and
- Provide assurance to distinguish trustworthy, sustainable, and ethical customers from those who should not be engaged with.

Overall, grower-exporter respondents were very satisfied and appreciative of the support the program had provided. Many have recognised the program as invaluable for their business, particularly through attending the inbound and outbound trade missions, as it has created opportunities for them that they never knew they could have.

Due to COVID-19 disruptions, most Australian vegetable growers indicated in 2021 that they do not know where the future lies and expressed there is much uncertainty at this point. It was recommended from the final program review that growers would like to see the vegetable industry export program developed further and evolved, especially as growers' own operations grow and expand in a changing world.

## Issues and risks

Table 6 below includes all risks rated ‘high’ that were identified at the commencement of the project and the progress against the risk mitigation activities. Additional ‘high’ rated risks related to COVID-19 disruptions and impacts have also been included. In terms of project delivery, the below risks have either **complete** or **ongoing** should be carried over into any future industry export program.

Table 6. VG16061 Risk Register.

| Risk identification and definitions   | Risk Rating   | Treatment plan   | Progress/Mitigation  |
|---|---------------|--|--|
| <p><b>Stakeholder Management</b><br/>Inadequate or insufficient liaison or communication with key stakeholders results in difficulties implementing project outputs, impacting the ability of AUSVEG to achieve successful project outcomes and the industry to achieve the targeted export growth.</p> | <p>Medium</p> | <ol style="list-style-type: none"> <li>1. Develop effective Stakeholder Engagement and Communication plan for the project.</li> <li>2. Maintain frequent/continuous dialogue with key project stakeholders.</li> <li>3. Continue to communicate with project stakeholders through both project communications and broader AUSVEG communication channels.</li> </ol>  | <ol style="list-style-type: none"> <li>1. Stakeholder Engagement and Communication plan developed and signed off by Steering Committee. <b>(complete)</b></li> <li>2. Ongoing communication with project stakeholders, growers, horticulture exporters and relevant supply chain partners continues. <b>(complete)</b></li> <li>3. Vegetable industry update e-newsletters and industry advisory notices sent to project stakeholders on a regular basis, relevant industry news also communicated to the broader industry via AUSVEG’s weekly update and <i>Vegetables Australia</i> magazine. <b>(complete)</b></li> </ol>   |
| <p><b>Achieving targeted strategy outcomes</b><br/>Strategic targets in the <i>Vegetable Industry Export Strategy 2020</i> are not achieved, resulting in a reduction in momentum within the industry to pursue export opportunities, impacting on future industry trade development funding.</p>       | <p>Medium</p> | <ol style="list-style-type: none"> <li>1. Develop detailed implementation plan for the <i>Vegetable Industry Export Strategy 2020</i>.</li> <li>2. AUSVEG to closely manage implementation and progress of implementation of the <i>Vegetable Industry Export Strategy 2020</i>.</li> <li>3. Governance oversight of the <i>Vegetable Industry Export Strategy 2020</i> to include growers, Hort Innovation and AUSVEG representatives to ensure alignment of activities with growers and industry needs.</li> </ol> | <ol style="list-style-type: none"> <li>1. <i>Vegetable Industry Export Strategy (VIES) 2020</i> implementation plan has been developed and signed off by the Steering Committee. <b>(complete)</b></li> <li>2. AUSVEG has been active in ensuring the <i>VIES 2020</i> is being implemented, submitting project concepts, assisting with the delivery of VG16085, working with McKinna et al to update the market mapping data and continuing to track progress of the industry against strategy targets. <b>(complete)</b></li> <li>3. The VG16061 Steering Committee consists of two Hort Innovation staff, two industry growers, and the AUSVEG CEO. This Steering Committee is responsible for the governance oversight of the <i>Vegetable Industry Export Strategy 2020</i>, the committee has signed off on the implementation plan and will meet regularly to review the progress of VG16061 and alignment with the strategy. <b>(complete)</b></li> </ol> |



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| <p><b>Loss of key project personnel</b><br/>AUSVEG export development staff depart the organisation/industry, creating challenges for AUSVEG to continue to deliver high-quality project outputs and export services to growers, impacting on successful achievement of project outcomes.</p>   | High | <ol style="list-style-type: none"> <li>1. Ensure project activities are documented, with implementation documentation kept on the company server.</li> <li>2. Ensure contacts are digitally stored on the company server and accessible.</li> <li>3. Develop and maintain project hand-over with notes on project activity status and future plans/commitments.</li> </ol>   | <ol style="list-style-type: none"> <li>1. All project documents have been signed off by the Steering Committee and are stored on the AUSVEG server. Both project and strategy implementation plans are kept updated, as is an activity tracker which provides the necessary information to assess. <span style="color: green;">(complete)</span></li> <li>2. The contact database is stored on the AUSVEG server so all company personal can access these contacts if required. <span style="color: green;">(complete)</span></li> <li>3. Project tracking documents provide the baseline information needed to quickly create project hand-over documentation if required. <span style="color: green;">(complete)</span></li> </ol>  |
| <p><b>COVID-19 impact on project delivery</b><br/>COVID-19 has disrupted business operations, supply chains, international trade, and all face-to-face engagements creating challenges for AUSVEG to deliver project outputs and export services to growers within the contract period; at the time of writing all international tradeshow attendance has been suspended till further notice.</p> | High | <ol style="list-style-type: none"> <li>1. Perform internal audit on current and affected project activities.</li> <li>2. Identify project continuity arrangements for VG16061.</li> <li>3. Revising delivery models for face-to-face workshops and some market development activities.</li> <li>4. Deferring project activities requiring international travel on the assumption that restrictions will remain in place until 2021.</li> </ol> | <ol style="list-style-type: none"> <li>1. Internal audit on VG16061 will provide the baseline information needed to create the business continuity arrangements for the project. <span style="color: green;">(complete)</span></li> <li>2. Project continuity plans will include current timeline and time beyond the life of project to plan and forecast all project deliverables in short-, medium- and long-term. <span style="color: green;">(complete)</span></li> <li>3. Moving all face-to-face training workshops to online e-learning delivery model; exploring digital trade engagement options to replace face to face market development activities in the short term. <span style="color: green;">(complete)</span></li> <li>4. Closely monitor global travel restrictions, maintain access to SmartTraveller updates, liaise with tradeshow organisers and Hort Innovation International Trade Manager, maintain calendar of revised trade event dates. <span style="color: blue;">(ongoing)</span></li> </ol> |
| <p><b>Long-term export outlook</b><br/>Disrupted export supply chains, combined with poor outlook for international freight and logistics, leads to growers exiting export markets due to difficulty, resulting in reduced uptake of export services through VG16061 and a loss of export culture among newer grower-exporters.</p>   | High | <ol style="list-style-type: none"> <li>1. Continue to provide support and advice to growers on short-, medium- and long-term issues impacting vegetable exports to growers of all export capability.</li> <li>2. Maintain close dialogue with exporting growers to be across emerging issues and challenges.</li> <li>3. Investigate opportunities to provide deeper support and support on freight and logistics issues.</li> </ol>           | <ol style="list-style-type: none"> <li>1. Continuous communication with growers on export issues and trade outlook, via e-newsletters, email updates and direct dialogue with exporting growers. <span style="color: blue;">(ongoing)</span></li> <li>2. Closely monitor all international trade related news updates, reports and market intelligence from various sources. Provide relevant information and intelligence directly to impacted growers. <span style="color: blue;">(ongoing)</span></li> <li>3. Ensure aspiring and emerging grower-exporters are aware of the online export fundamentals training course, to enhance their comprehension and elevate their confidence in managing export risks in the current trading environment. <span style="color: blue;">(ongoing)</span></li> <li>4. Investigate options to deliver targeted advice and guidance for grower-exporters on managing export risk, and air and sea freight logistics challenges. <span style="color: blue;">(ongoing)</span></li> </ol>   |

## Recommendations

Following the successful delivery of the VG16061 - Vegetable Industry Export Program, AUSVEG makes the following recommendations for any future vegetable industry export development initiatives:

- Deliver all future vegetable industry activities in line with *Vegetable Industry Export Strategy 2025* and the Vegetable SIP.
- Continue to invest in a dedicated industry-specific holistic export program to leverage synergies across the export disciplines of export capability building, market development and market access to allow greater cohort of vegetable levy paying grower-exporter to be able to participate in the industry export program.
- Continue to deliver a variety of export readiness, education, and awareness activities to build industry knowledge and capability regarding exporting, which contributes to creating an export culture within the national vegetable industry.
- Maintain the body of knowledge expertise, service capability and extensive networks that has been built within the industry.
- Maintain consistent export staff and resources specific to the vegetable industry to contribute to fostering a strong export culture among growers and the industry more broadly.
- Leverage the existing Austrade and State Government in-market network as appropriate for trade facilitation and issue resolution.
- Consider enhancing existing industry model for inbound trade missions, to broaden the reach to more remote regions across the country, by exploring an alternate delivery method and refining target markets as identified in the *Vegetable Industry Export Strategy 2025*.
- Continue to deliver vegetable industry specific market development activities according to the market development priorities identified in the *Vegetable Industry Export Strategy 2025*.
- Continue to pursue market access priorities as identified in the *Vegetable Industry Export Strategy 2025*.
- Greater collaboration with State and Federal governments and other industry stakeholders to develop and progress priority market opportunities in alignment with the *Vegetable Industry Export Strategy 2025* to deliver positive outcomes for the national industry.
- Where it is possible, the industry should assist growers to deliver unified messaging for the Australian vegetable industry in global markets.
- Uplift the industry's capability and understanding around technical market access topics and requirements, such as Protocols and MRLs to grow fresh vegetable exports into additional markets in the future.

## Refereed scientific publications

None to report.

## Intellectual property, commercialisation and confidentiality

- There is pre-existing IP between AUSVEG and the Export Council of Australia for the Export Fundamentals E-Learning Training Program.
- There is pre-existing IP with Hort Innovation for materials and resources created under previous industry export project contracts.
- No other IP, commercialisation or confidentiality issues to report.

## Acknowledgements

AUSVEG wishes to acknowledge the following stakeholders that contributed to the successful delivery of VG16061.

- Exporting vegetable producers
- Austrade
- Department of Agriculture, Water and the Environment
- Australian Fresh Produce Alliance
- Export Council Australia
- McKinna et al
- Victorian Government Global Victoria Trade Team
- Queensland Department of Agriculture & Fisheries
- Trade & Investment Queensland
- New South Wales Department of Primary Industries International Engagement Unit
- Hort Innovation

## Appendices

List of Appendices:

- A. *Vegetable Industry Export Strategy 2020* - Implementation Plan
- B. EY Final Review of VG16061 Executive Summary and Key Findings
- C. *Vegetable Industry Export Strategy 2025* – Summary
- D. VG16061 – Educational Resources and Factsheets
- E. Selection of Media Articles
- F. QDAF Freight Simulation Summary Report

## Appendix A – Vegetable Industry Export Strategy 2020 – Implementation Plan

| Vegetable Industry Export Strategy 2020 – Implementation Schedule |   |             |   |                 |                            |                 |         |      |      |      |  |
|---|---|-------------|---|-----------------|----------------------------|-----------------|---------|------|------|------|--|
| Platform  | Program   | Description | Champion  | Status          | Service Provider           | Project Code    | 2017    | 2018 | 2019 | 2020 |  |
| 1   | Create a culture of export excellence across the industry | 1.1         | Continue to deliver an export professional development program to support export-ready businesses (modify to tighten participation criteria and update content)   | AUSVEG          | Complete                   | AUSVEG          | VG16061 |      |      |      |  |
|   |   | 1.2         | Continue to deliver an introductory program to grow export readiness and skills (e.g. regional workshops & export symposium at annual conference)   | AUSVEG          | Complete                   | AUSVEG          | VG16061 |      |      |      |  |
|   |   | 1.3         | Continue to support a program of trade show participation and in-bound missions (but more targeted and with tighter participant selection)  | AUSVEG          | Complete                   | AUSVEG          | VG16061 |      |      |      |  |
|   |   | 1.4         | Run an annual program of country-specific trade workshops focusing on the cultural and business aspects of dealing in that market (one country per year)  | AUSVEG          | Complete                   | AUSVEG          | VG16061 |      |      |      |  |
|   |   | 1.5         | Create a virtual exporting community through delivery of a social media strategy that may include monthly E-newsletter, on-line forum, pod casts, etc.  | AUSVEG          | Complete                   | AUSVEG          | VG16061 |      |      |      |  |
|   |   | 1.6         | Introduce annual exporter award category at industry conference   | AUSVEG          | Complete                   | AUSVEG          | VG16061 |      |      |      |  |
| 2   | Drive product differentiation                             | 2.1         | Initiate a prioritised list of in-country market research projects to better understand market needs and identify opportunities for differentiated products in target market segments   | Hort Innovation | In delivery/planned events |                 |         |      |      |      |  |
|   |   | 2.2         | Fund a program of product development/packaging projects for specific categories to exploit opportunities identified in the research in Platform 2.1  | Hort Innovation | In delivery/planned events |                 |         |      |      |      |  |
|   |   | 2.3         | Initiate an annual product development/packaging conference/think tank/ workshop for export products  | Hort Innovation | In delivery/planned events |                 |         |      |      |      |  |
|   |   | 2.4         | Fund grower study tours to the flagship global food product development/packaging shows with suitably qualified food technologist and reporting on opportunities discovered.  | Hort Innovation | In delivery/planned events |                 |         |      |      |      |  |
|   |   | 2.5         | Include a 'best new export product' category in innovation awards at annual conference  | Hort Innovation | In delivery/planned events |                 |         |      |      |      |  |
|   |   | 2.6         | Partner with food innovation centres to identify and communicate new food and packaging technologies and opportunities  | Hort Innovation | In delivery/planned events |                 |         |      |      |      |  |
|   |   | 2.7         | Initiate a program to identify and scientifically validate the research to support specific nutritional claims on key Australian vegetable crops  | Hort Innovation | In delivery/planned events |                 |         |      |      |      |  |
| 3   | Devise a compelling brand proposition                     | 3.1         | Take a proactive role in the export task force that has been formed to develop an 'Australia' umbrella positioning strategy   | Hort Innovation | Complete                   | Hort Innovation |         |      |      |      |  |
|   |   | 3.2         | Conduct global market research to define the Australian horticulture brand proposition (Pool 2)   | Hort Innovation | Complete                   | Hort Innovation |         |      |      |      |  |
|   |   | 3.3         | Develop a style manual that can be applied to vegetables to support the branding strategy   | Hort Innovation | Complete                   | Hort Innovation |         |      |      |      |  |
|   |   | 3.4         | Run annual branding workshops involving specialists from the food industry to build awareness and capability with the major vegetable exporters with respect to their packaging and brand messages  | Hort Innovation | In delivery/planned events |                 |         |      |      |      |  |
|   |   | 3.5         | Sponsor an export award for excellence at annual conference   | AUSVEG          | Complete                   | AUSVEG          | VG16061 |      |      |      |  |
|   |   | 3.6         | Ensure Australian vegetable products meet our brand promise by developing industry best practice in relation to food safety and MRL monitoring and capability   | AUSVEG          | Complete                   | AUSVEG          | VG16061 |      |      |      |  |
| 4   | Build collaborative relationships                         | 4.1         | Facilitate a process for greater collaboration across all levied vegetable industries that have an export component in their SIPs   | Hort Innovation | Complete                   | Hort Innovation |         |      |      |      |  |
|   |   | 4.2         | Support one or two pilot projects with whole-of-supply chain cluster initiative to use as case studies for successful export supply chain models. This could be run in cooperation with existing export cluster grants/programs offered by state governments and other industry bodies. | AUSVEG          | Complete                   | Vegetables WA   | VG16085 |      |      |      |  |
|   |   | 4.3         | Initiate a round table of key grower and exporter organisations to explore avenues for better coordination and understanding  | AUSVEG          | Complete                   | AUSVEG          | VG16061 |      |      |      |  |
|   |   | 4.4         | Initiate a formal process for leveraging the export expertise of other Agricultural RDCs to improve the efficiency and effectiveness of all export market development activities  | AUSVEG          | Complete                   | AUSVEG          | VG16061 |      |      |      |  |
| 5   | Lift supply chain efficiency                              | 5.1         | Elevate grower understanding of export value chains and where their business fit within them then define projects to address critical points  | AUSVEG          | Complete                   | AUSVEG          | VG16061 |      |      |      |  |
|   |   | 5.2         | Add a supply chain component to export training materials that maps out the various route-to-market options available to growers, many of whom lack the confidence to export in their own right   | AUSVEG          | Complete                   | AUSVEG          | VG16061 |      |      |      |  |
|   |   | 5.3         | Initiate a series of projects to investigate global best practice supply chains in all key vegetable categories   | AUSVEG          | Complete                   | AUSVEG          | VG16061 |      |      |      |  |
|   |   | 5.4         | Assist industry to increase adoption of Global GAP or other export QA standard  | AUSVEG          | Complete                   | AUSVEG          | VG16061 |      |      |      |  |
|   |   | 5.5         | Industry supply chain panel to instigate project with input from freight forwarders, logistics companies, etc., to identify opportunities to improve vegetable export supply chain efficiency   | Hort Innovation | In delivery/planned events |                 |         |      |      |      |  |
| 6   | Explore value-adding opportunities                        | 6.1         | Commission a project with food technologists to scope out value-added vegetable products across the main categories, working in collaboration with innovation organisations such as FIAL  | Hort Innovation | In delivery/planned events |                 |         |      |      |      |  |
|   |   | 6.2         | Appoint an expert panel to screen, filter and short list value-added products identified in 6.1   | Hort Innovation | In delivery/planned events |                 |         |      |      |      |  |
|   |   | 6.3         | Engage the food science community including plant breeder, packaging experts, food technology researchers, etc., in projects to identify and advance opportunities and pathways for new product development   | Hort Innovation | In delivery/planned events |                 |         |      |      |      |  |
|   |   | 6.4         | Initiate annual grower workshops on product development idea generation and value-adding involving research organisation and suppliers  | Hort Innovation | In delivery/planned events |                 |         |      |      |      |  |
|   |   | 6.5         | Support pilot demonstration projects on value-added products  | Hort Innovation | In delivery/planned events |                 |         |      |      |      |  |
|   |   | 6.6         | Explore business model concepts and opportunities for off shore value-adding  | Hort Innovation | In delivery/planned events |                 |         |      |      |      |  |
| 7   | Tune into our markets                                     | 7.1         | Introduce regular communication via social media to ensure exporters are updated on latest market information from an Australian perspective  | AUSVEG          | Complete                   | AUSVEG          | VG16061 |      |      |      |  |
|   |   | 7.2         | Conduct a series of targeted market research projects on usage, behaviour, attitude and preferences for key categories in the high prospect markets   | Hort Innovation | In delivery/planned events |                 |         |      |      |      |  |
|   |   | 7.3         | Update the market mapping study (presenting in Vol 2) on an annual basis in an interactive format   | AUSVEG          | Complete                   | AUSVEG          | VG16061 |      |      |      |  |
|   |   | 7.4         | Undertake scoping studies in emerging and frontier markets such as China, Myanmar, Vietnam and others   | AUSVEG          | In delivery/planned events |                 |         |      |      |      |  |
|   |   | 7.5         | Evaluate the feasibility of establishing a whole-of-horticulture in-market presence in key markets including coordinating a network of existing resources (e.g. DPI QLD in Dubai, DEDTR VIC in Tokyo)   | Hort Innovation | Complete                   | Hort Innovation |         |      |      |      |  |

| Additional Export Projects | Project Title       | Delivery Partner               | Strategy Alignment      | 2017 | 2018 | 2019 | 2020 |
|----------------------------|---------------------|--------------------------------|-------------------------|------|------|------|------|
| VG16085                    | Export Facilitators | Vegetables WA, Growcom, TEVEFG | 4.1, 4.2, 4.3, 4.4, 5.1 |      |      |      |      |

| KEY   |   |
|---|---|
| <span style="background-color: red; color: white; padding: 2px;">■</span> Not Commenced                   | <span style="background-color: green; color: white; padding: 2px;">■</span> Complete                  |
| <span style="background-color: lightblue; color: blue; padding: 2px;">■</span> In delivery/planned events | <span style="background-color: lightgrey; color: grey; padding: 2px;">■</span> In delivery/events TBC |

**Hort Innovation** Strategic levy investment

**VEGETABLE FUND**

This project has been funded by Hort Innovation using the vegetable research and development levy and funds from the Australian Government. For more information on the fund and strategic levy investment visit [horticulture.com.au](http://horticulture.com.au)



## Appendix B - EY Final Review of VG16061 Executive Summary and Key Findings



26<sup>th</sup> March 2021

AUSVEG  
Michael Coote  
National Manager - Export Development  
3 Glenarm Road, Glen Iris  
Victoria 3146

**Annual Independent Evaluation of the Vegetable Industry Export Program (VG16061)**

Dear Michael

Enclosed is the Annual Independent Evaluation of the Vegetable Industry Export Program review based on the experiences and performance growers have had with the AUSVEG Export Program.

This report has been prepared in accordance with the terms and conditions of the proposal accepted on 9 March 2021

We acknowledge and appreciate the assistance provided by yourself and Andrea Lin in the performance of our work with regards to this project.

Please contact Andy Wood on 0424 583722 if you have any questions regarding this report.

Yours sincerely,



Darren Chua  
Partner



## Contents page

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| <b>09</b> | 2020 in review              |
| <b>15</b> | Overall Program in review   |
| <b>26</b> | Moving forward              |
| <b>34</b> | Appendix                    |



## Executive summary

- ▶ This document contains the findings of an independent annual review of the Vegetable Industry Export Program (“Program”) VG16061
- ▶ The review is based on the survey responses from some 22 businesses that used aspects of the Program for the past 2020 calendar year and data provided by AUSVEG

### 1 2020 in review

- ▶ Respondents achieved a total of approximately \$80.9m in export revenue in 2020, \$12.1m of which is attributable to the Program
- ▶ Commodities exported were down on previous years. Singapore was still the number one export destination with 86% of growers trading there
- ▶ South-East Asia and East Asia were still the most frequently reported export locations although respondents noted South East Asia and East Asia could also be challenging to trade with.

### 2 Overall Program in review (2016-2020)

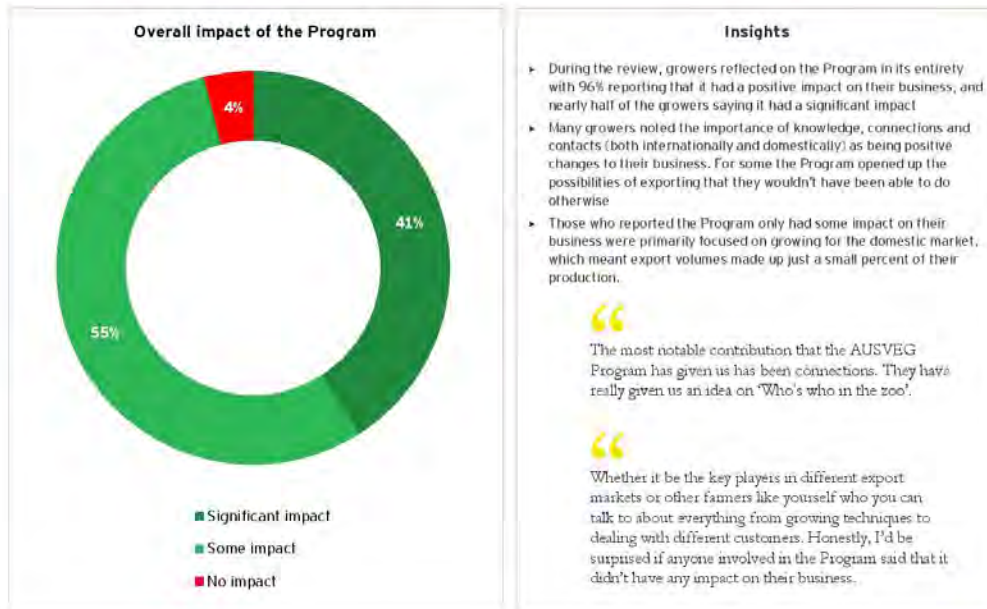
- ▶ Since its inception the AUSVEG Program has generated over \$100m in revenue for growers across Australia
- ▶ 96% of growers believed the AUSVEG Program positively impacted their business through creating connections, generating commercial benefits, fostering capability uplift, increasing knowledge and enhancing communication
- ▶ Despite uncertainty into the future of exports, 64% of respondents believed South-East Asia was the most commonly identified region to target for exporting in the next five years
- ▶ All respondents reported they had received some type of benefit from the Program. 95% reported gaining knowledge and understanding, 86% reported gaining relationships or partners and 77% reported an evident financial benefit
- ▶ Areas of improvement for the Program were also highlighted through program development, communications and messaging uplift and greater collaboration.

### 3 Moving forward

- 1 Growing the buyer base**  
Expanding and growing AUSVEG’s current buyer relationships
- 2 Developing an Australian Vegetable Industry brand**  
Developing a brand that aligns growers and signifies a mark of quality
- 3 Creating a Digital Marketplace**  
Building an online platform that links Australian growers with overseas buyers



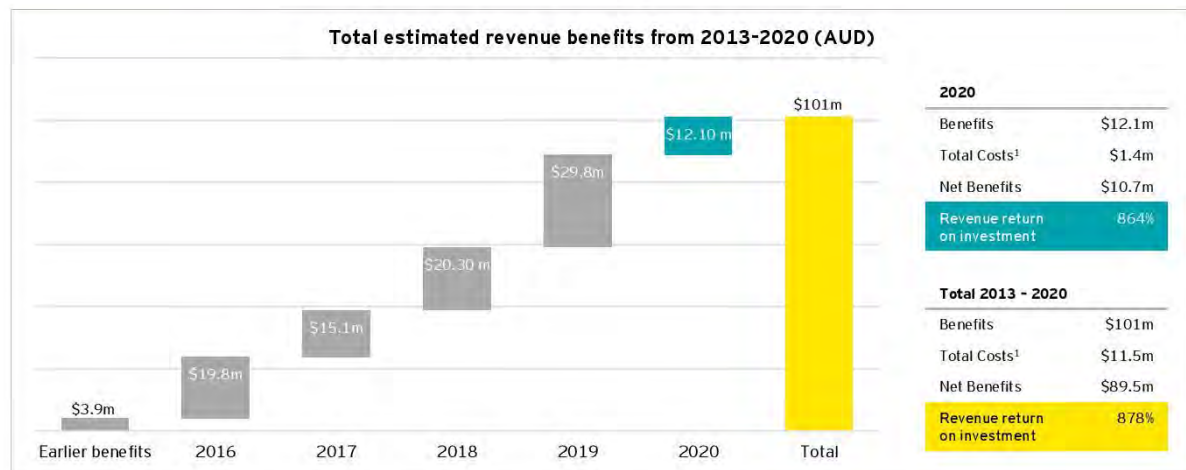
## Respondents overwhelmingly believed the AUSVEG Program positively impacted their business



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## Since its inception growers in the AUSVEG Program have generated over \$100m in export revenue



### Methodology

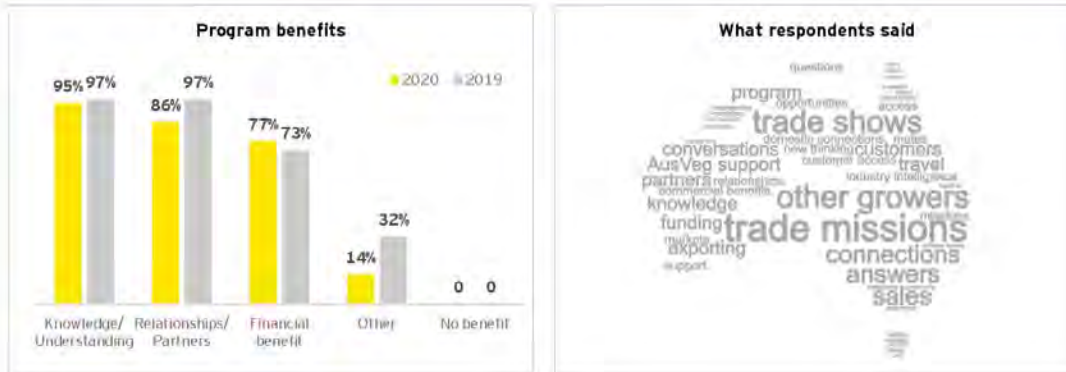
- During the review, growers were asked their annual revenue from the 2020 calendar year, how much of their revenue was derived from exports, and the proportion of their export revenue that they attribute to the Program
- The costs of the Program, based on the VG16061 contract, were then used to build the financial benefit of the Program of the cost against the reported attributed benefits in revenue
- We note that only a portion of 2020 Program participants were contacted for the review, this revenue return calculation is conservative and does not capture all benefits from everyone. Therefore we can assume greater benefits to be realised from population of Program participants

<sup>1</sup>Total costs of the Program were based on the costs in the VG16061 provided by AUSVEG

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## All growers reported they had received some type of benefit from the Program

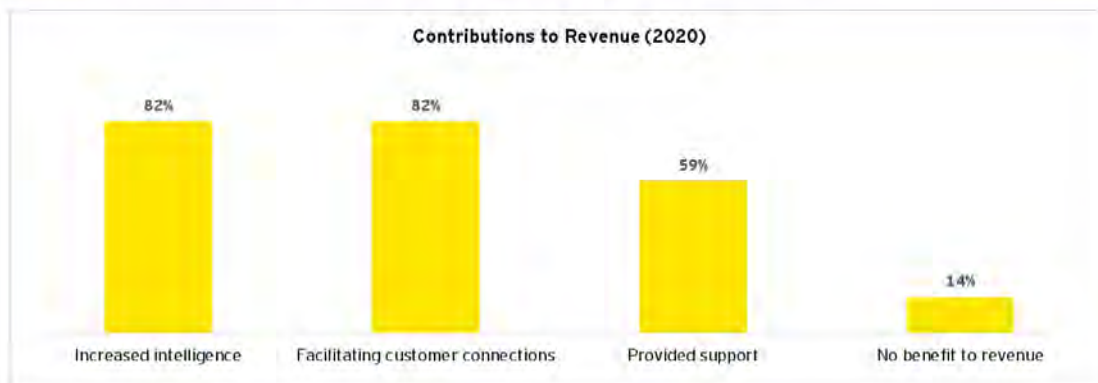


- Insights**
- ▶ The intangible, non-financial benefits of the Program were reported as the most significant impacts the Program had for respondents, with all reporting to have achieved some type of benefit through the Program.
  - ▶ The number of respondents who reported financial benefit increased slightly this year from 73% to 77% and up from 59% in 2018. Financial benefits reported from the Program on the whole included increase in sales, funding, flights and accommodation received for events such as trade shows and reverse trade missions. This was particularly evident for small businesses and newer exporters.
  - ▶ Comparatively there appeared to be a correlation between the export maturity of a business and the perceived financial benefits from the Program. Exporters who had substantial experience in exporting, or those who enlisted the help of third parties to export, saw less financial benefits, whilst those newer to exporting saw the Program as a great kickstart!
  - ▶ Whilst 23% of respondents had not yet achieved financial benefits or export growth through the Program, many had achieved significant improvements in their knowledge and understanding (95%) and relationships (86%).

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## Increased intelligence and facilitating customer connections were the keys to generating revenue throughout the Program

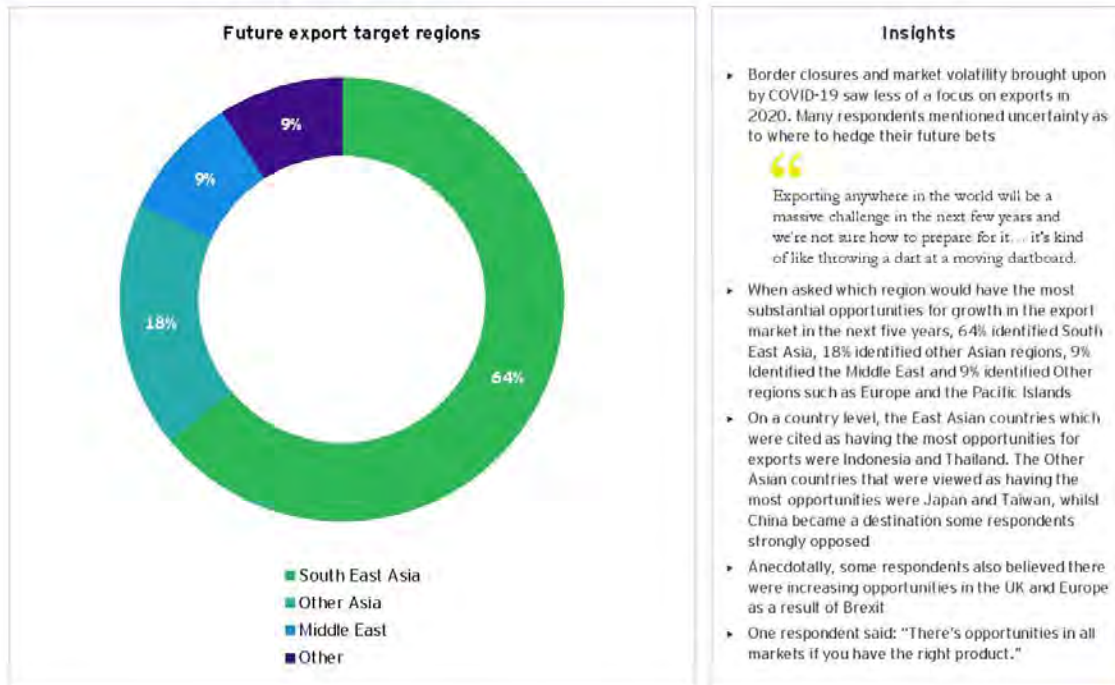


- Insights**
- ▶ Increased intelligence was strongly reported as a benefit which contributed to revenue. This included benefits such as opportunities, product development, research and insight into available markets.
  - ▶ Many respondents referenced gains they had made through the Program through the facilitation of customer connections. Meeting new customers who they are now supplying to from a reverse trade mission or international trade show attended with AUSVEG was fairly common place.
  - ▶ Over half of the respondents felt as though they were provided with support by AUSVEG in relation to their supply chain, skills, branding and export readiness that led to a direct gain in revenue.
- “** By attending reverse trade missions we have been able to pick up leads and follow leads with potential buyers for example at events in Hong Kong and the Middle East. Sometimes these leads can turn into customers virtually overnight and others can sit in mailing lists for months. Whilst they aren't customers yet, we still check in with them every now and again to see if they are looking for anything. **”**

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## Despite uncertainty, South-East Asia was still the most commonly identified region to target for exporting in the next five years



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## Positive aspects of the Program continue to be highlighted through creating connections and commercial benefits

**CREATING CONNECTIONS**

- ▶ **Bringing farmers together:** Building relationships in the domestic market through networking with other growers, meeting like minded people, discussing growing techniques and go-to-market strategies
- ▶ **A mentoring role:** Established exporters acted as guides to support aspiring growers, helping them get established in the international market through connecting them with international customers
- ▶ **Building connections:** Being able to develop networks, both through partners in Australia, and with trading partners abroad
- ▶ **One stop source of information:** Supplying information in and around market intelligence, supply chain and understanding the unique aspects of different jurisdictions
- ▶ **Initial exposure to exporting practices:** Developing an initial understanding and knowledge of the export process and identifying gaps that need to be addressed. A continual source of knowledge throughout the exporting journey.




**COMMERCIAL BENEFITS**

- ▶ **Expanding customer lists:** Laying the ground work for future commercial success by opening the door to a range of new buyers
- ▶ **Generating new revenue streams:** Allowing growers to diversity their business in what is considered by some to be an already flooded domestic market
- ▶ **Business transparency:** The Program has supported growers to export by sharing knowledge and understanding of activities in the value chain. This transparency was identified by respondents as important for providing their end users with the best possible product at an appropriate price.

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## Capability uplift, knowledge and communication were also seen as a strong benefits of the Program

|   |  |
|---|--|
|  <p><b>CAPABILITY UPLIFT</b></p> | <ul style="list-style-type: none"> <li>▶ <b>Enhancing export capability:</b> Creating the confidence to export and building export awareness</li> <li>▶ <b>Access to international markets:</b> Using trade missions as a vehicle to enter specific international markets which would otherwise be difficult to organise.</li> </ul>   |
|  <p><b>KNOWLEDGE</b></p>         | <ul style="list-style-type: none"> <li>▶ <b>Increased understanding of the global landscape:</b> Providing continuous education and knowledge sharing opportunities has increased growers' understanding of global cultures, practices, trends and events</li> <li>▶ <b>Providing assurance:</b> Distinguishing trustworthy, sustainable and ethical customers from those who shouldn't be engaged with</li> <li>▶ <b>Trusted source of information:</b> Providing information and data collated by AUSVEG to help growers with exporting strategies, or connecting with growers with ECA and other similar bodies who can offer support.</li> </ul> |
|  <p><b>COMMUNICATION</b></p>     | <ul style="list-style-type: none"> <li>▶ <b>Open and honest communication:</b> all growers found the AUSVEG team to be very easy to deal with and very responsive when reaching out for support and advice with an 'open door' policy</li> <li>▶ <b>Knowing where to get more help:</b> Connecting with ECA and other similar bodies who can offer support.</li> </ul>   |

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## Areas of improvement for the Program were also highlighted by respondents

| Program development  | Communications and messaging uplift  | Greater collaboration   |
|--|--|---|
| <p><b>A stronger pandemic presence</b></p> <p>Respondents felt that while communications were strong and consistent given circumstances, there was a missed opportunity to run virtual trade shows or set up Zoom meetings with buyers.</p>  | <p><b>More seminars and workshops</b></p> <p>Newer exporters have requested more seminars and workshops run more regularly, with easy to understand content, and sessions run like a step by step guide to exporting.</p>  | <p><b>Enhanced dialogue with industry</b></p> <p>Greater communication with peak bodies in other industries such as the fruit industry was proposed to share stories, learnings and have conversations to lift the face of Australian exporting as a collective. Connecting growers with supply chain companies such as freight forwarders, could help to improve the exporting decision making process for some.</p> |
| <p><b>Push for domestic expansion</b></p> <p>Smaller growers thought AUSVEG could expand it's presence in regional and remote areas. Participants who became involved in the Program by chance, feel some of these farmers could benefit if they knew more about AUSVEG and how they could help them.</p>        | <p><b>More access to communications and market reports</b></p> <p>Whilst growers believed the knowledge, understanding and data provided by AUSVEG were beneficial to them, some requested more communication from a global perspective to help inform decision making around what stock is available in each country and where exports come from.</p> | <p><b>Expanded connections</b></p> <p>Respondents suggested it would be greatly beneficial to meet with new or different retailers during Program-run activities.</p>   |
| <p><b>New vs. old exporters</b></p> <p>Mature exporters believed the Program wasn't growing with them and had greater benefits for exporters who were new to the process. A growing and changing buyer base would be welcomed.</p>   | <p><b>Marketing and Brand support</b></p> <p>At an industry level, farmers believed AUSVEG could do more in promoting Australian produce on the global stage, giving it a more premium feel so that the high cost of production and high global prices are less of an issue.</p>   | <p><b>Collaboration between growers</b></p> <p>One grower suggested looking into different Dutch farming models around co-op shipping and packaging facilities and freight dealings. AUSVEG is in a position to help create a mindset shift towards greater collaboration when it comes to growing and exporting.</p>   |
| <p><b>Technical assistance and market development uplift</b></p> <p>AUSVEG has the opportunity to investigate more markets and explore where demand could be in the future. There were also calls for a future-proof program designed to help farmers increase productivity now in the most sustainable way.</p> |  |   |

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## Growers indicated the success of the Program in supporting Australian vegetable growers

“

The AUSVEG Program has been invaluable for our business, particularly through attending reverse trade missions and trade shows. It's created opportunities for us that we never knew we could have.

“

As an observer, the project has been really well received by many of us in the industry and the people at AUSVEG have done a fantastic job. As an exporter it's been even better.

“

Every time we have a question or get something come across our desk that we don't know or need answers for we'll ask reach out to AUSVEG and if they don't know the answer they'll find someone that does and provide us with a quick response.

“

I don't think you could ask for a better run program than what they're doing at the minute... You don't realise how important the work that AUSVEG do it is until you can't do it – which is what happened as a result of COVID. It's hard to do business when it's face to face – you can't meet people, you can't compare products and you can't see as easily what your competitors are up to.

### Overall Program in review (2016-2020)

While 2020 was challenging, the foundations from the previous years meant it was still possible for many to maintain some export momentum. Nearly all echoed the sentiment that they simply wouldn't be in the export game if it wasn't for the AUSVEG program and they would like to see it developed even further.

## Appendix C - Vegetable Industry Export Strategy 2020 – Summary

R&D | EXPORT DEVELOPMENT

### Vegetable Industry Export Strategy 2021-2025

A new export strategy has been developed for the vegetable industry, with input from Australian vegetable exporters and AUSVEG via a methodology including market analysis, industry consultation and a program ideation workshop, to guide investment and activities to assist exporters increase exports in the coming years. AUSVEG National Manager – Export Development Michael Coote provides an overview of the strategic direction, export targets and operationalising the strategy.

#### The 2020 strategy wrap-up

The *Vegetable Industry Export Strategy 2020* was rated highly successful by industry members and stakeholders consulted. The previous strategy's target to grow the value of vegetable exports by 40 per cent to \$315 million by 2020 was on-track, until disruptions from bushfires in 2019/20 and the impact of the COVID-19 pandemic.

While the previous strategy had successfully contributed to creating an export culture and lifting export capability across the industry, the new iteration of the vegetable industry export strategy needs to be more targeted and strategic. Vegetable growers have clearly indicated the importance to keep evolving and improving on the industry export program to achieve the strategic outcomes set out in the export strategy.

Over the life of the 2020 export strategy, Australian fresh vegetable exports recorded strong growth with achieving \$267 million in trade in 2020, despite the disruptions caused by the COVID-19 pandemic. The industry program created approximately \$93 million of cumulative revenue for exporters participating in the program, which has had flow-on economic multiplier effects to regional Australia.

#### Strategy mission

The *Vegetable Industry Export Strategy 2025* mission has a focus on driving growth in value. This will be achieved through a combination of targeting high value customers, product differentiation through improved branding and an increased focus on value-adding.



**STRATEGY MISSION**

To grow the value of Australian vegetable exports by supporting industry to market premium products, targeting higher value market segments.

#### Strategy targets

The targets that have been set in this strategy of achieving \$300 million of export value by 2023 and \$400 million by 2025, reflect the challenges and opportunities arising from the

COVID-19 pandemic which are likely to endure for a number of years.



Recover and sustain trade of **\$300 million** of export value by **2023**



Achieve **\$400 million** of export value by **2025**

## The 2025 strategy

In response to the findings from the situation analysis that explored both the blockers to export growth and the opportunities, the *Vegetable Industry Export Strategy 2025* includes five strategy pillars. The five strategy pillars are structured around two distinct time horizons with a focus on activity to 'Regain Momentum' in Horizon 1 and 'Drive Growth' in Horizon 2. The pillars are not sequential and activity under each pillar may

commence concurrently.

The previous strategy had a key performance indicator (KPI) of growing the total number of export capable growers. However, on the advice of industry, the new strategy takes a tiered approach with different programs of activity for aspiring, emerging and experienced exporters. This reflects the fact that there are now varying levels of export maturity across the vegetable industry.



## Operationalising the strategy

To implement the export strategy, the industry needs to continue to invest in delivering the operational functions that are highly valued by exporting growers. The core operational functions of delivering the export strategy for industry include the following three functional areas:



## The enablers

The following enablers are necessary to assist the industry to achieve the strategy mission and growth targets:



### Find out more <sup>R&D</sup>

Any growers interested in receiving a copy of the *Vegetable Industry Export Strategy 2025* can contact the AUSVEG Export Development team on 03 9882 0277 or [export@ausveg.com.au](mailto:export@ausveg.com.au).

This project has been funded by Hort Innovation using the vegetable research and development levy and contributions from the Australian Government.

Project Number: VG16061



## Appendix D - VG16061 – Educational Resources and Factsheets

# Australia's Free Trade Agreements







Australia has ten Free Trade Agreements (FTAs) currently in force:

|          |        |            |       |        |
|----------|--------|------------|-------|--------|
| ANZCERTA | AUSFTA | AANZFTA    | MAFTA | JAEPA  |
| SAFTA    | TAFTA  | AACI – FTA | KAFTA | ChAFTA |

The following countries are involved in at least one FTA with Australia:

|              |          |                 |                 |
|--------------|----------|-----------------|-----------------|
| BRUNEI       | JAPAN    | NEW ZEALAND     | THAILAND        |
| CAMBODIA     | KIRIBATI | NIUE            | THE PHILIPPINES |
| CANADA       | LAOS     | PERU            | TONGA           |
| CHILE        | MALAYSIA | SAMOA           | TUVALU          |
| CHINA        | MEXICO   | SINGAPORE       | UNITED STATES   |
| COOK ISLANDS | MYANMAR  | SOLOMON ISLANDS | VANUATU         |
| INDONESIA    | NAURU    | SOUTH KOREA     | VIETNAM         |

- Australia is currently engaged in nine other FTA negotiations
- Pacific Agreement on Closer Economic Relations (PACER) Plus was signed in 2017 but has not yet entered into force.
- The Trans-Pacific Partnership has now become the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and is expected to be signed in March 2018.
- Although FTAs do not guarantee access for a new commodity to market or make regulatory restriction easier to overcome, the tariff reductions delivered by FTAs make Australian vegetables more competitive and will help to increase vegetable exports.
- The signing of FTAs typically signifies willingness between partners to overcome market access issues.

For further information please contact AUSVEG on (03) 9882 0277 or via email at [export@ausveg.com.au](mailto:export@ausveg.com.au)




This project has been funded by Hort Innovation using the vegetable research and development levy and funds from the Australian Government. For more information on the levy and strategic levy investment visit [horticulture.com.au](http://horticulture.com.au)





### *What is a Free Trade Agreement?*

A Free Trade Agreement (FTA), is an agreement between two or more countries with the aim of liberalising the trade of goods and services and access to investment between those countries, and ultimately growing the economies of the countries involved.

An FTA does this by removing barriers to trade, such as eliminating most (if not all) tariffs and removing quotas on goods that can be exported or imported. Many FTAs also address other barriers to trade, including:

- Intellectual property protection
- Restrictions on foreign service providers
- Government procurement policies that favour domestic industry
- Customs procedures

Each FTA is negotiated separately and while there are common elements, each reflects the negotiating powers and the particular issues for the countries involved. As such, each is slightly different and care needs to be taken when identifying opportunities.

### *Benefits of Free Trade Agreements*

- Make Australian vegetables more competitive
- Increase vegetable exports
- Signifies willingness between partners to overcome market access issues
- Opportunities for new markets

### *Taking advantage of FTAs*


- Understand how to correctly classify products
  - Classifying your product correctly can be complex
  - Every item that is exported need to have a tariff number assigned to it
  - The Tariff Classification system is universal and uses the same code for the same product in every country
- Understand when Certificates of Origin are required
- Choose the most advantageous FTA agreement for your trade
  - Some countries are part of multiple FTA's, and may have differing tariff schedules for the same commodity, it is important to look at each FTA which may apply to your product and choose the one with the most advantageous conditions



# Australia's Free Trade Agreements

Free Trade Agreements in force:

| Free Trade Agreement  | Countries involved  | Date entered into force | Outcomes for vegetable industry  |
|---|---|-------------------------|--|
| ANZCERTA<br>Australia-New Zealand Closer Economic Relations Trade Agreement | New Zealand   | 1-Jan-83                | Elimination of tariffs on all fresh vegetables. Ensures close collaboration across quarantine, customs, and transport and product standards amongst both countries   |
| SAFTA<br>Singapore-Australia Free Trade Agreement                           | Singapore   | 28-Jul-03               | Eliminated tariffs on all goods from entry into force of the Agreement. This makes all vegetable exports to Singapore free from tariffs  |
| AUSFTA<br>Australia-United States FTA                                       | United States   | 1-Jan-05                | All fresh vegetables have a tariffs eliminated with the exception of mushrooms which is working towards a 0% tariff by 1 January 2022  |
| TAFTA<br>Thailand -Australia Free Trade Agreement                           | Thailand  | 1-Jan-05                | As of 2012, the majority of vegetable commodities are free from tariffs  |
| AANZFTA<br>ASEAN - Australia - New Zealand Free Trade Agreement             | Brunei Darussalam<br>Cambodia<br>Indonesia<br>Laos<br>Malaysia<br>Myanmar<br>the Philippines<br>Singapore<br>Thailand<br>Vietnam<br>New Zealand | 1-Jan-10                | By January 2018 tariffs on all fresh vegetable commodities will be eliminated to Malaysia, New Zealand, Singapore and Vietnam. Indonesia and the Philippines continue to have high tariffs on some commodities such as (but not exclusively) potatoes, carrots and brassicas. Thailand has excluded potatoes, onions, shallots, and garlic from commitments, however have eliminated tariffs on all other fresh vegetable commodities. |
| ACI –FTA<br>Australia- Chile Free Trade Agreement                           | Chile   | 6-Mar-09                | As a low cost producer of vegetables, Chile is not a significant export destination Australian fresh vegetables. However, those that do reach Chile are free from tariffs.   |
| MAFTA<br>Malaysia - Australia Free Trade Agreement                          | Malaysia  | 1-Jan-13                | Malaysia is a key destination of Australian vegetable exports, the MAFDTA agreement has eliminated all tariffs on Australian vegetable commodities.  |
| KAFTA<br>Korea - Australia Free Trade Agreement                             | South Korea   | 12-Dec-14               | Upon the Agreements entry into force 98% of Australia's vegetable exports to South Korea saw a total tariff reduction. The carrot industry will see a reduction by 30% on tariffs over five years to 2019. Potatoes will see up to a 304% decrease in tariffs for fresh, chipped and chilled potatoes.   |



**VEGETABLE FUND**

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# Australia's Free Trade Agreements

Free Trade Agreements in force, continued:


| Free Trade Agreement                                      | Countries involved | Date entered into force | Outcomes for vegetable industry   |
|---|--------------------|-------------------------|---|
| JAEPA<br>Japan - Australia Economic Partnership Agreement | Japan              | 15-Jan-15               | Immediate tariff elimination for most of Australian vegetable commodities came into effect when the Agreement entered into force. Tariff elimination has and will continue to increase produce competitiveness for Australian vegetables. |
| ChAFTA<br>China- Australia Free Trade Agreement           | China              | 20-Dec-15               | The Agreement will see an elimination of all vegetable tariffs by January 2019.   |

Free Trade Agreements under negotiation:

| Free Trade Agreement   | Countries involved   | Expected outcomes for vegetable industry   |
|--|--|--|
| CPTPP<br>Comprehensive and Progressive Agreement for Trans-Pacific Partnership | Brunei Darussalam<br>Canada<br>Chile<br>Japan<br>Malaysia<br>Mexico<br>New Zealand<br>Peru<br>Singapore<br>Vietnam | Most Australian vegetable exports already have duty free access under existing FTAs with all tariffs on vegetable exports to Vietnam, Malaysia, Singapore, New Zealand, Brunei and Chile already eliminated. It is expected that upon entry into force the CPTPP will see the elimination of all of Canada's vegetable tariffs, and most of Peru's and Mexico's vegetable tariffs. |
| PAFTA<br>Peru - Australia Free Trade Agreement                                 | Peru   | It is expected that there will be an elimination of most of Peru's horticultural tariffs upon entry into force.  |
| PACER Plus<br>Pacific Agreement on Closer Economic Relations Plus              | New Zealand<br>Cook Islands<br>Kiribati<br>Nauru<br>Niue<br>Samoa<br>Solomon Islands<br>Tonga<br>Tuvalu<br>Vanuatu | Tariff reductions vary between countries, however most vegetable commodities are expected to see a elimination upon entering into force, or a significant tariff reduction schedule.   |

To get further information on all of Australia's free trade agreements visit [www.dfat.gov.au/trade/agreements/Pages/trade-agreements.aspx](http://www.dfat.gov.au/trade/agreements/Pages/trade-agreements.aspx)

To view up to date information on tariffs for individual commodities and countries visit the FTA portal at <https://ftaportal.dfat.gov.au/>



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# INCOTERMS® 2010

## Incoterms®:

- Are a set of three-letter trade terms which reflect business-to-business practice in contracts for the sale of goods.
- Are rules NOT law.
- Describe obligations for clearance for export and import, packing of goods, arranging and paying for carriage and insurance, delivering and taking delivery of the goods, packaging, loading and unloading of the goods.
- Do not deal with transfer of ownership (title), breaches of contract, exemptions from liability etc.
- Should be incorporated into the contract, and it is important to specify the place or port as precisely as possible.

## Commonly used terms for vegetable export:

Air freight:

FCA – Free Carrier

CPT – Carriage Paid to

CIP – Carriage and Insurance Paid

Sea freight:

FCA – Free Carrier

CPT – Carriage Paid to

CIP – Carriage and Insurance Paid

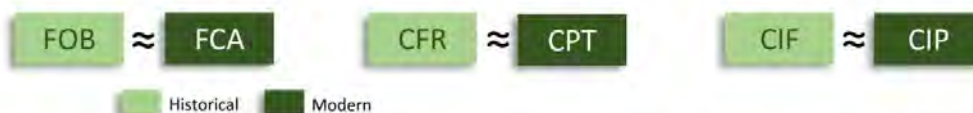
## What you might see:

Incoterms have been in use since 1936, with the latest updates and amendments in 2010. The latest edition has reduced the number of terms from 13 to 11 with the below replacements.



FOB, CFR and CIF are common, yet sometimes inappropriately used, as they pertain to historical use in sea and inland waterway transport. If you see these terms used it is advised you replace them with the modern term;

FOB with FCA, CFR with CPT and CIF with CIP.



It is important you understand your responsibilities under these terms and use the correct Incoterm® for your contract.



|      |            | Packaging | Export clearance & taxes | Loading on truck | Delivery to port | Unloading at domestic port | Loading at domestic port | Carriage to port of import | Unloading at port of import | Import clearance & taxes | Loading at port of import | Carriage to destination |
|------|------------|-----------|--------------------------|------------------|------------------|----------------------------|--------------------------|----------------------------|-----------------------------|--------------------------|---------------------------|-------------------------|
| EXW* | Goods Risk | Seller    | Buyer                    | Buyer            | Buyer            | Buyer                      | Buyer                    | Buyer                      | Buyer                       | Buyer                    | Buyer                     | Buyer                   |
|      | Cost       | Seller    | Buyer                    | Buyer            | Buyer            | Buyer                      | Buyer                    | Buyer                      | Buyer                       | Buyer                    | Buyer                     | Buyer                   |
| FCA  | Goods Risk | Seller    | Seller                   | buyer/seller     | buyer/seller     | Buyer                      | Buyer                    | Buyer                      | Buyer                       | Buyer                    | Buyer                     | Buyer                   |
|      | Cost       | Seller    | Seller                   | buyer/seller     | buyer/seller     | Buyer                      | Buyer                    | Buyer                      | Buyer                       | Buyer                    | Buyer                     | Buyer                   |
| CPT  | Goods Risk | Seller    | Seller                   | buyer/seller     | buyer/seller     | Buyer                      | Buyer                    | Buyer                      | Buyer                       | Buyer                    | Buyer                     | Buyer                   |
|      | Cost       | Seller    | Seller                   | Seller           | Seller           | Seller                     | Seller                   | Seller                     | buyer/seller                | Buyer                    | buyer/seller              | buyer/seller            |
| CIP  | Goods Risk | Seller    | Seller                   | buyer/seller     | buyer/seller     | Buyer                      | Buyer                    | Buyer                      | Buyer                       | Buyer                    | Buyer                     | Buyer                   |
|      | Cost       | Seller    | Seller                   | Seller           | Seller           | Seller                     | Seller                   | Seller                     | buyer/seller                | Buyer                    | buyer/seller              | buyer/seller            |
| DAT  | Goods Risk | Seller    | Seller                   | Seller           | Seller           | Seller                     | Seller                   | Seller                     | Seller                      | Buyer                    | Buyer                     | Buyer                   |
|      | Cost       | Seller    | Seller                   | Seller           | Seller           | Seller                     | Seller                   | Seller                     | Seller                      | Buyer                    | Buyer                     | Buyer                   |
| DAT  | Goods Risk | Seller    | Seller                   | Seller           | Seller           | Seller                     | Seller                   | Seller                     | Seller                      | Buyer                    | Seller                    | Seller                  |
|      | Cost       | Seller    | Seller                   | Seller           | Seller           | Seller                     | Seller                   | Seller                     | Seller                      | Buyer                    | Seller                    | Seller                  |
| DDP  | Goods Risk | Seller    | Seller                   | Seller           | Seller           | Seller                     | Seller                   | Seller                     | Seller                      | Seller                   | Seller                    | Seller                  |
|      | Cost       | Seller    | Seller                   | Seller           | Seller           | Seller                     | Seller                   | Seller                     | Seller                      | Seller                   | Seller                    | Seller                  |

\* Not suitable for vegetable exports, as the clearance for export for restricted items such as vegetables cannot be done by the buyer

Sellers responsibility
Buyers responsibility
Responsibility depends on the named place of delivery

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## EXW

*Ex Works (named place)*

**Not recommended.**

This term represents the least responsibility for the seller. The seller is only responsible for packing and making available the goods from the agreed named place. The buyer is responsible for all costs and risk after picking up the goods from the seller, this includes the clearance for export. Since vegetables are a restricted item this term cannot be used for the export of vegetables.

| Seller  | Buyer  |
|---|--|
| <ul style="list-style-type: none"> <li>Make goods available for pick up from named place</li> </ul> | <ul style="list-style-type: none"> <li>Pick up and load goods from named place</li> <li>Arrange and pay for all freight</li> <li>Clear goods for export and pay fees and taxes</li> <li>Clear goods for import and pay fees and taxes</li> </ul> |

Risk transfers: When goods are made available at named place

Cost transfers: When goods are made available at named place

## FCA

*Free Carrier (named place)*

The seller must clear goods for export (and pay any export taxes or fees), the seller's obligations are fulfilled once they have delivered the goods to the first independent carrier. The buyer is responsible for the goods (cost and risk) once goods are received by the first independent carrier, including transport, insurance, and clearing for import.

| Seller   | Buyer   |
|--|---|
| <ul style="list-style-type: none"> <li>Deliver goods to the first independent carrier named by the buyer at the named place or point</li> <li>Clear goods for export and pay fees and taxes</li> </ul> | <ul style="list-style-type: none"> <li>Nominate the carrier</li> <li>Contract for the carriage and pay the freight</li> <li>Cover freight insurance</li> <li>Clear goods for import and pay for fees and taxes</li> </ul> |

Risk transfers at: Delivery of goods to the first independent carrier

Cost transfers at: Delivery of goods to the first independent carrier



## CPT

*Carriage paid to (named place of destination)*

The seller must clear the goods for export and pay any associated taxes or fees. The seller's risk responsibility ends once the goods are delivered to the first independent carrier, however they must pay for the goods to be delivered to the named place of destination. The buyer accepts risk of the goods once they are delivered to the first independent carrier, and are responsible for insurance, any transport or handling beyond the named place of destination, and clearing the goods for import.

| Seller   | Buyer  |
|--|--|
| <ul style="list-style-type: none"> <li>Contract the carriage and pay for freight of the goods to the named destination</li> <li>Deliver goods to the first carrier</li> <li>Clear goods for export and pay fees and taxes</li> </ul> | <ul style="list-style-type: none"> <li>Arrange and pay for any additional loading and/or freight beyond the named place of destination</li> <li>Accept delivery of the goods when delivered to the first carrier</li> <li>Clear goods for import and pay fees and taxes</li> </ul> |

Risk transfers at: Delivery of goods to the first independent carrier

Cost transfers at: Delivery of goods to the named place of destination

## CIP

*Carriage and Insurance paid to (named place of destination)*

The seller must clear the goods for export and pay any associated taxes or fees. The seller's risk responsibility ends once the goods are delivered to the first independent carrier, however they must pay for the goods to be delivered to the named place of destination AND the insurance against the buyer's risk during transport to the named place. The buyer accepts risk of the goods once they are delivered to the first independent carrier, and are responsible for any transport or handling beyond the named place of destination, and clearing the goods for import.

| Seller   | Buyer  |
|--|--|
| <ul style="list-style-type: none"> <li>Contract the carriage and pay for freight of the goods to the named destination</li> <li>Deliver goods to the first carrier</li> <li>Obtain and pay for cargo insurance</li> <li>Clear goods for export and pay fees and taxes</li> </ul> | <ul style="list-style-type: none"> <li>Arrange and pay for any additional loading and/or freight beyond the named place of destination</li> <li>Accept delivery of the goods when delivered to the first carrier</li> <li>Clear goods for import and pay fees and taxes</li> </ul> |

Risk transfers at: Delivery of goods to the first independent carrier

Cost transfers at: Delivery of goods to the first independent carrier





## DAT

*Delivered at terminal (named terminal at port or place of destination)*

The seller must cover all costs and risk until the goods arrive at the destination terminal. This includes clearing goods for export and all transport and insurance until the goods are unloaded at the named terminal ready for receipt by the buyer. The buyer must arrange and pay for goods to be cleared for import, accept the goods from the named terminal, arrange and pay for any further transport.

### Seller

- Contract the carriage and pay for freight of the goods to the named terminal
- Unload goods from the arriving means of transport at terminal
- Clear goods for export and pay fees and taxes

### Buyer

- Arrange and pay for any additional loading and/or freight beyond the named terminal
- Accept delivery of the goods when unloaded at terminal
- Clear goods for import and pay fees and taxes

Risk transfers at: Destination terminal once goods are unloaded

Cost transfers at: Destination terminal once goods are unloaded

## DAP

*Delivered at place (named place of destination)*

The seller must cover all costs and risk until the goods arrive at the destination place. This seller must clear the goods for export and cover all transport and insurance to the destination place, this includes domestic transport in the destination country if the named place is outside of the port of arrival. The buyer must organise and pay for goods to be cleared for import and accept responsibility of the goods at the named place of destination.

### Seller

- Contract the carriage and pay for freight of the goods to the named destination
- Obtain and pay for cargo insurance
- Clear goods for export and pay fees and taxes

### Buyer

- Arrange and pay for any additional loading and/or freight beyond the name place of destination
- Accept delivery of the goods when delivered to the first carrier
- Clear goods for import and pay fees and taxes

Risk transfers at: Destination place once goods are unloaded

Cost transfers at: Destination place once goods are unloaded



## DDP

*Delivered duty paid (named place of destination)*

This represents the highest level of cost and responsibility for the seller. The seller must arrange and pay for both export and import clearance, all freight and handling until the goods are at the disposal of the buyer at the named place of destination. The buyer is only responsible for receiving the goods at the named place of destination.

| Seller   | Buyer   |
|--|---|
| <ul style="list-style-type: none"> <li>Contract the carriage and pay for freight of the goods to the named place of destination</li> <li>Clear goods for export and pay fees and taxes</li> <li>Clear goods for import and pay fees and taxes</li> </ul> | <ul style="list-style-type: none"> <li>Accept delivery of the goods when delivered to named place of destination</li> </ul> |

Risk transfers at: Delivery of goods to named place of destination

Cost transfers at: Delivery of goods to named place of destination

## TIPS

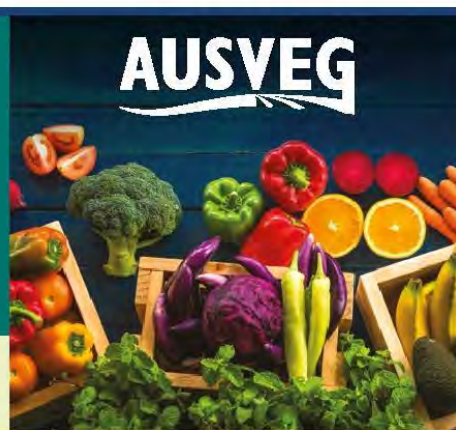
- Incorporate Incoterms® into sale contracts
- Recognise the valid Incoterms® and what they mean
- Understand that Incoterms® cover transfer of risk and costs between seller and buyer
- Be very specific with the place or port  
eg: FCA Qantas Cargo Terminal, Perth International Airport

01

## UNDERSTANDING:

# Are You Ready to Export Vegetables?

VegExportNotes are designed by AUSVEG specifically for levy-paying vegetable growers to enhance industry trade knowledge. The content provided in VegExportNotes is based on the best available information at the time of publishing.



Exporting can be a beneficial way of expanding business operations, diversifying risks, and reducing reliance on the domestic market. Exporting vegetables is made easier if you have a clear understanding of your business goals, including your motivation to export and a concise export plan that details market opportunities and technical requirements.

Some companies start exporting based on a single enquiry from an overseas customer, but fail to ensure that all parts of the business are ready to export. If you are new to exporting, or are thinking about exporting in the future, refer to the following information as a guide to examine whether your business is export ready.

### 1. Why do you want to export?

Understanding why you have chosen to export your product is an important step in getting your business export ready.

- **Are you intending to export as a short-, medium-, or long-term business goal?**  
Your export approach should vary depending on your business goals. Understanding if your goals are short-term or long-term will help identify the best export approach for your business.
- **Are you currently exporting your product, or have you exported in the past?**  
Researching whether the business has exported in the past may help uncover challenges that need to be addressed. Your business' export history will help you understand why previous exporting ceased (or never commenced) and highlight what obstacles need to be overcome before you enter international markets.
- **Are you and your management team committed to developing export as a long-term and sustainable business stream?**  
It is important all parts of the business commit to the export strategy. Developing a sustainable export business takes time and all business functions need to work together to reach this goal.

### 2. What are your business success factors?

Before exporting, it is important you understand your business success factors and can clearly articulate them. In most cases, having a successful domestic business and an established Australian customer network provides potential customers with confidence that you are a reliable supplier.

- **What is your competitive advantage?**  
Identifying your product's unique selling proposition helps to identify your competitive advantage in the market. It is not just about price; consider your quality, reliability and after sales service as factors of your success in the domestic market.
- **Does your company have a proven track record of meeting production and delivery deadlines?**  
A proven record in meeting delivery deadlines increases your overseas customer's confidence when they purchase from you. Overseas customers are usually looking for a reliable supplier to create a long-term business relationship.

- **How do you differentiate yourself from your competitors in the domestic market?**

Exporting exposes your business and product to greater competition as you compete against the rest of the world in your target market. Clearly identifying your point of difference will help you be more competitive. Be sure to include your Australian provenance in your marketing but do not rely solely on this for your sales; there are other clean, green and safe exporting countries!

### 3. Do you have enough production capacity to service international markets?

Understanding your production capacity is important because if you do not routinely have surplus supply, then seeking overseas orders may not be a worthwhile investment of your time and resources.

- **Can you produce a yield to service your chosen target market?**

To service international customers, you must know your production capacity and be able to consistently produce supply greater than your domestic needs.

- **Can you alter production methods to meet international customer demands?**

Different markets require different product specifications. The specification you currently use to service the domestic market might not meet international customers requirements. For example, Australian customer prefers a long and full bunch of celery, whereas the Malaysian customer prefers the celery to be smaller and trimmed. You might need to alter your production method to meet the expectations of international customers.

- **Does your product comply with food safety standards in Australia and your target market?**

Product for human consumption must comply with food safety standards. It is important to make sure that your product is clean and safe for human consumption. If found non-compliant you risk damage to your business' reputation and potential detainment/rejection at the import border.

### 4. Can my product be exported?

Understanding market access is crucial to determine where you can send your product. If there is no technical market access then you are not legally allowed to export to that destination. Most Australian vegetables are exported to non-protocol markets, which means Australian vegetable growers enjoy less complicated regulatory access to over 50 countries.

- **Have you checked the Manual of Importing Country Requirements (MICO) to determine if there is market access for your product?**

The MICO website is a comprehensive database of known Importing Country Requirements (ICRs). The database identifies whether your target market is protocol or non-protocol and includes conditions that you will need to comply with prior to sending a shipment.

- **Does your chosen market require any import permit, licenses, or specific labelling on your product?**

It is critical to ensure your product packaging and labelling comply with the rules and regulations of your chosen market. Errors could lead to financial penalties upon customs clearance or rejection of the consignment.

### 5. Who is your target market?

Researching potential markets is a vital step in building a successful export strategy. Knowing how overseas markets work and who your competitors are will help you price your product effectively and competitively.

- **Have you identified your target market?**

You should perform preliminary desktop research on target markets as they will operate differently. Aim to short-list a handful of potential options where you believe you will be competitive and can comply with regulatory requirements.

- **Have you researched consumer preferences in your target market?**

Australian consumer preferences might be different to your target market. You need to research whether the market has a demand for your product, who your Australian and overseas competitors are, and how are they selling their product.

## 6. What are the freight and logistics options?

Selecting the best freight and logistics option is very important to export success. Freight and logistics will impact other export decisions such as pricing, insurance and payment methods.

- **Do you know which freight options are best for your product?**

Understanding freight options helps you make informed decisions about preserving the shelf-life of your product. Traditionally, root vegetables are often transported by sea and leafy vegetables are typically transported by air. Freight decisions are usually a trade-off between cost and time. If practical, you should investigate both air and sea options. This will give you and your customer flexibility to choose an arrangement most appropriate for your needs.

- **Have you identified a potential freight forwarder?**

Having a reliable freight forwarder will put your mind to ease as they are responsible for maintaining your cold chain logistics. The freight forwarder's services include customs clearance, export documentation and loading your shipment onto the transport vessels or aircraft.

## 7. What are other considerations in getting export ready?

You are one step further towards being export-ready if you have been able to successfully answer the questions on this info-sheet. Whilst this is a great first step, we recommend you also take time to consider, in detail, the following more complex issues:

- **Have you determined your export pricing?**
- **Do you have enough staff to support your export orders?**
- **Are you aware of the legal and financial risks you might face in exporting?**
- **Do you have promotional materials suitable for international customers such as a website and brochures?**
- **Do you have financial resources to support international marketing of your product i.e. promotional activities, cost of samples, or market visits?**

### Assistance available:

There is a range of assistance available in getting you export ready. The information above should act as a starting point in preparation to export. Should you have any questions in exporting, please contact AUSVEG at 03 9882 0277 or email: [export@ausveg.com.au](mailto:export@ausveg.com.au)



### Export Readiness Checklist

When looking to export vegetable for the first time, it is important to ensure that your business has considered each part of the export process. This checklist is designed to highlight key focus areas for vegetable growers to investigate prior to export.

|   |                                     |   |
|---|-------------------------------------|---|
| <b>1. Your Intention</b>  |                                     |   |
| a. Are you intending to export as a short-, medium- or long-term business goals?  | <input type="checkbox"/> Short-term | <input type="checkbox"/> Medium-term <input type="checkbox"/> Long-term |
| b. Are you currently exporting, or have you exported in the past?   | <input type="checkbox"/> Yes        | <input type="checkbox"/> No   |
| c. Are you and your management team committed to developing export as a long-term and sustainable business stream?                | <input type="checkbox"/> Yes        | <input type="checkbox"/> No   |
| <b>2. Your Company</b>  |                                     |   |
| a. Is your product selling in the Australian market?  | <input type="checkbox"/> Yes        | <input type="checkbox"/> No   |
| b. Does your company have a proven track record of meeting production and delivery deadlines?                                     | <input type="checkbox"/> Yes        | <input type="checkbox"/> No   |
| c. Can you confidently differentiate yourself from your competitors in the domestic market?                                       | <input type="checkbox"/> Yes        | <input type="checkbox"/> No   |
| <b>3. Your Production Capacity</b>  |                                     |   |
| a. Can you produce a yield to service your chosen target market?  | <input type="checkbox"/> Yes        | <input type="checkbox"/> No   |
| b. Can you alter production methods to meet international customer demands?   | <input type="checkbox"/> Yes        | <input type="checkbox"/> No   |
| c. Does your product comply with food safety standards in Australia and your target market?                                       | <input type="checkbox"/> Yes        | <input type="checkbox"/> No   |
| <b>4. Your understanding of Technical Market Access</b>   |                                     |   |
| a. Have you checked the Manual of Importing Country Requirements (MICoR) to determine if there is market access for your product? | <input type="checkbox"/> Yes        | <input type="checkbox"/> No   |
| b. Does your chosen market require any import permit, licenses, or specific labelling on your product?                            | <input type="checkbox"/> Yes        | <input type="checkbox"/> No   |
| <b>5. Your Target Market</b>  |                                     |   |
| a. Have you identified your target market?  | <input type="checkbox"/> Yes        | <input type="checkbox"/> No   |
| b. Have you researched consumer preferences in your target market?  | <input type="checkbox"/> Yes        | <input type="checkbox"/> No   |
| <b>6. Your Logistics</b>  |                                     |   |
| a. Do you know which freight options are best for your product?   | <input type="checkbox"/> Yes        | <input type="checkbox"/> No   |
| b. Have you identified a potential freight forwarder?   | <input type="checkbox"/> Yes        | <input type="checkbox"/> No   |

|  |                              |                             |
|--|------------------------------|-----------------------------|
| <b>7. Your Next Steps</b>  |                              |                             |
| a. Have you researched which path to market would best suit your business?<br>Potential paths to market include working with traders, supplying an existing grower-exporter or building your own direct export business. | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <i>If you tick 'No', you should research further into the best exporting approaches that suit your business.</i>   |                              |                             |
| b. Are you aware that vegetables are 'prescribed goods' under the Export Control Act and you are required to meet the necessary requirements of the importing country?   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| c. Do you need to register your packing shed or facilities with DAWE as a Registered Establishment?  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <i>Tick 'No' if you decided to export via agents or consolidators.</i>   |                              |                             |
| d. Are you aware of the following documents might be required for you to export vegetables to the chosen international markets?  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| i. Phytosanitary Certificate   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| ii. Certificate of Origin  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| iii. Import Permit   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| iv. Additional declarations and/or endorsements  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| e. Have you determined your export pricing?  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| f. Do you have enough staff to fulfill export orders?  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| h. Do you have promotional materials suitable for international customers such as a website and brochures?   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| i. Do you have financial resources to support international marketing of your product i.e. promotional activities, cost of samples, or market visits.  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>8. Your Readiness</b>   |                              |                             |
| a. Are you confident and ready to export?  | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| b. If you received an export order tomorrow, are you clear of the process to materialise the deal?   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

**Assistance available:**

There is a range of assistance available in getting you export ready. This checklist is not exhaustive but should form the first step in assisting vegetable growers to take advantage of export opportunities. Should you have any questions in exporting or how to study more on exporting, please contact AUSVEG at 03 9882 0277 or email: [export@ausveg.com.au](mailto:export@ausveg.com.au)

**Export Market Development Grant (EMDG)**

The Export Market Development Grants (EMDG) scheme is a key Australian Government financial assistance program for aspiring and current exporters. The EMDG scheme aim to help SME Australian business to develop export markets and reimburse up to 50 per cent of eligible export promotion expenses above \$5,000 provided that the total expenses relating to export are at least \$15,000. To find out more on EMDG scheme, please visit [www.austrade.gov.au/Australian/Export/Export-Grants](http://www.austrade.gov.au/Australian/Export/Export-Grants)



This project has been funded by Hort Innovation using the vegetable research and development levy and funds from the Australian Government. For more information on the fund and strategic levy investment visit [horticulture.com.au](http://horticulture.com.au)

02

## EXPORTING:

# A Vegetable Shipment to Singapore

VegExportNotes are designed by AUSVEG specifically for levy-paying vegetable growers to enhance industry trade knowledge. The content provided in VegExportNotes is based on the best available information at the time of publishing.



In 2014 AUSVEG tracked a consignment of celery from Victoria through to its destination in Singapore. The data and information in this factsheet is based on this consignment and it should be used as a case study. This information is a guide only and you should consider your own specific business needs before making export decisions.

### Harvesting

The harvesting methods for exporting are no different to harvesting for the domestic market.

Harvesting times may need to vary slightly for each consignment depending on the scheduled departure for your chosen mode of transport. This will help to ensure that your product is as fresh as possible when it arrives to your buyer.



### Packing

Packing produce for export markets is similar to packing for domestic supermarkets. However, important consideration should be given to the packaging itself. Packaging will provide you with a great opportunity to build your own identifiable brand that will allow your customers to recognise your product. Your packaging will allow you to differentiate your product in an international market place – you should consider identifying your produce as "Australian grown". It is important to note that different countries may have different product labeling requirements.



### Clearance

Some export markets require all shipments of fresh produce to be accompanied by a phytosanitary certificate. This certificate attests to the freedom of your product from pests, soil and other materials. To find out the importing requirements of your export market please visit the MICoR website. ([micor.agriculture.gov.au](http://micor.agriculture.gov.au))

|   |   |  |                               |                     |
|---|---|--|-------------------------------|---------------------|
| Name and address of exporter (1)  |   | No. <input type="text"/>   |                               |                     |
|   |   |  <b>Australian Government</b><br><b>Department of Agriculture, Fisheries and Forestry</b> |                               |                     |
| Declared name and address of Consignee/Notify Party: (2)  |   | <b>PHYTOSANITARY CERTIFICATE</b>   |                               |                     |
|   |   | Plant Protection Organisation of the Australian Government (5)   |                               |                     |
|   |   | Place of Origin (7)  | Code                          |                     |
|   |   | Country of Final Destination (8)   | Code                          |                     |
|   |   | <b>To: The Plant Protection Organisation of (9)</b>  |                               |                     |
| Declared means of conveyance (10)   | Declared point of entry (11)                                | Import Permit Number (6)   |                               |                     |
| Distinguishing marks and container numbers (12)   | Number and description of packages (13)                     | Name of produce/ quality declared (14)   | Botanical name of plants (15) | Commodity code (16) |
|   |   | Number of Packages (Total) (17)  |                               | Mass (Total) (18)   |
| This is to certify that the plants, plant products or other regulated articles described herein have been inspected and or tested according to official appropriate procedures and are considered to be free from the quarantine pests specified by the importing contracting party and to conform with the current phytosanitary requirements of the importing contracting party, including those for regulated non-quarantine pests. (19) |   |  |                               |                     |
| <b>DISINFESTATION AN/OR DISINFECTION TREATMENT (20)</b>   |   |  |                               |                     |
| Date (21)   | Treatment (22)  | Chemical (active ingredient) (23)  | Concentration (24)            |                     |
| Duration and temperature (25)   | Additional information (26)                                 |  |                               |                     |
| Place of issue (32)   |   | Code   |                               | E16 (Mar13)         |
| Name of inspector (28)  | Inspection Date (29)  | Code   |                               |                     |
| Name of Authorised Officer (30)   | Signature of Authorised Officer an Officer of the Dept (34) |  |                               |                     |

Your produce will need to be inspected by an authorised officer prior to being exported from Australia. If you are using an agent or a freight forwarder, they will arrange an inspection, the completion of the phytosanitary certificate and any other relevant documents.

## Transport

Once your produce is packed it will need to be transported to your agent or freight forwarder – many of whom operate from wholesale markets. During transportation, it is important your agent or freight forwarder actively maintains the cold chain. A more efficient cold chain will ensure that customers receive a fresh, high quality product.

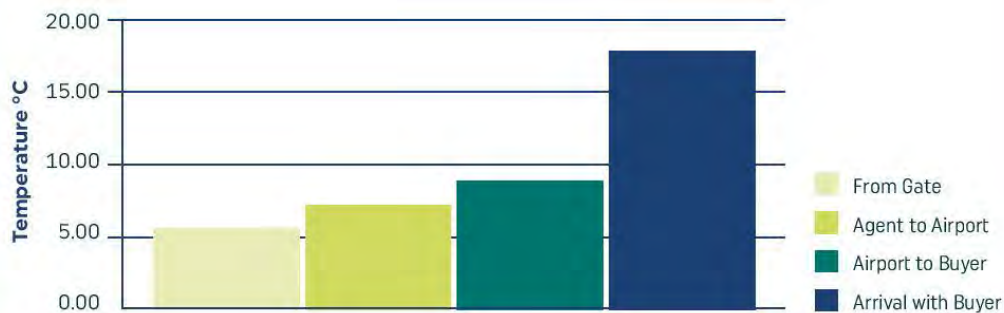
Once your produce arrives at the freight forwarder it should be cooled until closer to the flight departure time. The produce will need to be packed into airline containers and stored with cold packs for the journey.



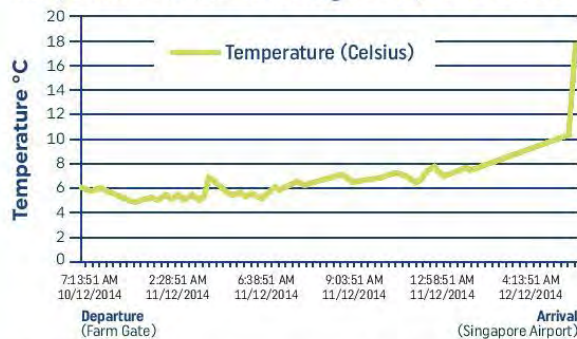
## From farm to international buyer

The data below measured temperature throughout the export process.

Average temperature (°C) from farm gate to port of arrival



Temperature (°C) from farm gate to port of arrival



Note: This data relates to a shipment of celery from Victoria to Singapore.

Temperature spikes show when the produce has arrived at port and provide a good indicator of how long your produce has been awaiting clearance upon arrival. Tracking the temperature of your shipments is a great way to enhance your supply chain.

## Arrival

Congratulations! Your produce has arrived at its destination and has been delivered to your buyer.

03

## UNDERSTANDING:

# Developing an Export Strategy – A Simple Guide for Vegetable Growers

VegExportNotes are designed by AUSVEG specifically for levy-paying vegetable growers to enhance industry trade knowledge. The content provided in VegExportNotes is based on the best available information at the time of publishing.



An export strategy helps businesses to identify the course of action or set of decisions to achieve the specific export goal. It summarises how a company will pursue these export goals: what target markets have been chosen and why; and how the product will be modified to meet international customer expectations. It will identify immediate opportunities, articulate competitive advantage, and map out how company resources will be used to make progress in export.

You should include the following key elements when developing your export strategy.



### 1. About the company

Outline your business history and the key success factors in the domestic market that have led to where the business is today. A strong and successful domestic business provides a solid foundation to develop a viable export business.

### 2. Goal setting

Outline your export goals in the short-, medium- and long-term. Goal setting is a process that helps you decide what you want to accomplish in a given timeframe, and sets the direction for how you will achieve the desired results. Ideally, include forecasted sales figures and time frames to ensure your goals are realistic.

### 3. Production and Product

- **Products for export**  
Include the unique selling proposition that makes your product attractive to international customers.
- **Production capacity**  
Provide details of current production capacity and forecast production capacity. This will assist you in discussions with prospective customers because you will know whether you can expand to meet their needs and/or alter production to grow to the specifications they are seeking.
- **Possible changes to product specification for export markets**  
Outline possible changes that will need to be made to your product for international markets. These include packaging design, product specification and sizing, labelling, and design changes.

#### 4. Market Selection

- **Target Markets**  
Detail your target markets and the key selection criteria. Less is more, do not choose too many markets at the beginning as it exposes you to greater risk. Spreading your resources across too many markets may result in reduced return on investment.
- **Positioning in target markets**  
Always remember there is no one-size-fits-all market positioning method. Your market position in international markets may differ to your domestic market positioning.
- **Competitor Analysis**  
Conduct research on your competitors and competing products in your target market to understand your competitiveness. At the least, you should understand key competitor countries and leading products in your category.
- **Freight and Logistics**  
Outline how you will deliver your product to the end customer in each target market.

#### 5. Market Entry

Outline your market entry strategy. There are various market entry options available and each market entry option has different implications for your business. You should identify the best market entry option that fit your business goals and export aspiration.

#### 6. Financial Resources

- **Pricing strategy**  
Outline your pricing strategy and how you will manage export pricing under different circumstances such as currency fluctuations, freight costs, competitor pricing, and the accepted price point in your target markets.
- **Marketing budget**  
Detail your marketing budget including website and collateral development, international market visits, advertising, and promotional materials and activities.
- **Cash flow**  
Consider how the business will manage cash flow for additional orders. Different markets have different payment terms and it is highly likely that you will need to manage your cash flow between bearing supply costs and receiving payment.



#### Assistance available:

There is a range of assistance available in getting you export ready. The information above should act as a starting point in preparation to export. Should you have any questions in exporting, please contact AUSVEG at 03 9882 0277 or email: [export@ausveg.com.au](mailto:export@ausveg.com.au)

04

## UNDERSTANDING: Preparing to Visit an Export Market



VegExportNotes are designed by AUSVEG specifically for levy-paying vegetable growers to enhance industry trade knowledge. The content provided in VegExportNotes is based on the best available information at the time of publishing.

Visiting international markets is important when building an export business. Face-to-face engagement offers important local market knowledge and insights, and is necessary to build strong customer relationships. Planning ahead for your visit is essential to ensure a positive outcome and valuable experience. To ensure a meaningful and efficient market visit, undertake research before you leave to help you develop a logical and comprehensive itinerary. It is also critical you research business etiquette and cultural practices in your target market prior to visiting. The importance of getting this right cannot be understated.

There are various types of market visits growers can undertake to become familiar with target markets.

### Personal market visit

Businesses that are experienced in international markets or are comfortable visiting foreign countries on their own can plan an individual program. This approach can be beneficial as it ensures you can have private meetings with customers.



### Trade missions and tradeshow

Over the course of a year, industry bodies, farming and business groups, and state governments run a range of trade missions, often aligned with prominent international tradeshow and events to strengthen market presence and assist businesses to make direct connections with international customers. This approach can be beneficial as the individual does not have to make their own arrangements.



### Personal Market Visit Checklist

#### Before take off:

- Identify your target market and when to visit
- Define your main objective for visiting the market
- Plan your trip including visa arrangements
- Determine how long you need to stay in the market to meet your objectives
- Schedule meetings with prospective customers
- Identify the need for an interpreter - this may be essential for business meetings in some markets
- Consider dispatching samples to prospective clients prior to your arrival
- Prepare business cards and any marketing materials you will need for meetings
- Identify any business, social or cultural etiquette practices you may need to be aware of



#### In market and at meetings:

- Query whether your chosen distribution channels are suitable
- Check your competitors' prices, availability, branding, packaging and marketing
- Understand the packaging, product value adds and pricing recommendations
- Examine market preferences with regards to specifications/varieties
- Study the cold chain logistics capabilities
- Learn about relevant regulations and industry standards
- Meet with key personnel of prospective customers
- Discuss proposed marketing strategies with each customer
- Agree on a trial shipment and any financial, transport and logistical arrangements



#### Post meeting:

- Follow up with a 'thank-you' email to show your appreciation of the customer's time
- Include formal answers in follow up emails to any queries raised at meetings
- Prepare a formal quotation if requested
- Investigate freight options if discussed
- Investigate possible changes to packaging, labelling or packing requirements
- Prepare and plan your planting schedule
- Organise a follow up teleconference or video conference if needed



### Trade Missions and Tradeshows Participation Checklist

- Define your objective to participate in a trade mission or tradeshow
- Prepare business cards and marketing collateral
- Short list new customers you would like to meet
- Organise meeting with prospective customers
- Identify products that you would like to display at trade events and promote in the market
- Organise freight samples if exhibiting at a tradeshow
- Research the market including market preferences, packaging requirements, and product specifications
- Prepare costing and pricing of your product for the market you are visiting
- Understand available freight options and shipping time to deliver product to the market
- Identify any business, social or cultural etiquette practices you may need to be aware of
- Prepare your sales pitch - practice introducing yourself, your business/product and your unique selling proposition (USP) in under 60 seconds!



#### Reminder:

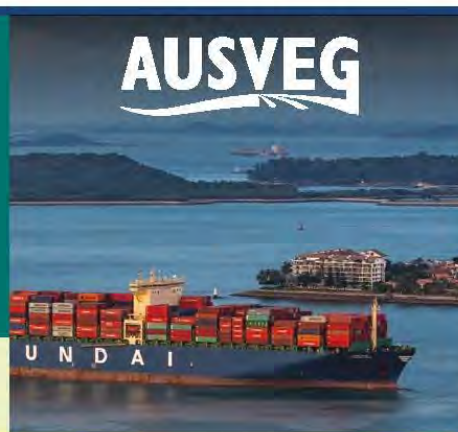
- Tradeshows typically run from three to five days, which requires time commitment.
- Travelling to international tradeshows can be costly.
- Exhibiting at tradeshow is a costly but effective exercise.
- There is competition from other countries at tradeshows.
- Patience is required as tradeshows facilitate introductions, and finalising a deal can take a lot of follow up after the event.



05

## UNDERSTANDING: Incoterms® 2020 as a Vegetable Grower-Exporter

VegExportNotes are designed by AUSVEG specifically for levy-paying vegetable growers to enhance industry trade knowledge. The content provided in VegExportNotes is based on the best available information at the time of publishing.



### What is Incoterms® 2020?

The Incoterms® rules were created as an industry standard to facilitate international trade. They are used to define the responsibilities of sellers and buyers for the delivery of goods.

### Why are Incoterms® important to vegetable grower-exporters?

Incoterms® are a key element of international contracts of sale. The rules describe the tasks, costs and risks involved between two parties in the delivery of goods. They also clarify the sellers and buyers' obligations in international trade. They are not law, but rules.

It is important to select the most efficient rule for your mode of transport as it helps mitigate unnecessary costs and risks associated with sending your product overseas.

### What are the commonly used Incoterms® for fresh produce grower-exporters?

- **FCA:** Free Carrier
- **CPT:** Carriage Paid To
- **FOB:** Free on Board
- **CFR:** Cost and Freight

### Rules for any mode or modes of transport

- **EXW:** Ex Works
- **FCA:** Free Carrier
- **CPT:** Carriage Paid To
- **CIP:** Carriage and Insurance paid to
- **DAP:** Delivered at Place
- **DPU:** Delivered at Place Unloaded
- **DDP:** Delivered Duty Paid

### Rules for maritime and inland waterway transport

- **FOB:** Free on Board
- **CFR:** Cost and Freight
- **FAS:** Free Alongside Ship
- **CIF:** Cost, Insurance and Freight.

### Tips:

- Understanding what Incoterms® are and what they do will reduce your risks
- Understanding which Incoterms® suit your business will help you negotiate with your international buyer
- Understanding which Incoterms® are most appropriate for your product depends on whether it is exported by air or sea











### Important!

Determining the right Incoterms® is your responsibility. It can be complex and will impact on your pricing and margins. It is advisable to seek professional guidance to ensure you are using the most suitable Incoterms®.

# Incoterms® 2020 Reference Guide:

The quick reference guide below shows where cost and risk transfers from seller to buyer, and who is responsible for insurance and freight.

## Rules for any mode or modes of transport

|                        |           |  |  |  |  |  |  |  |  |  |  |  |
|------------------------|-----------|---|---|---|---|---|---|---|---|---|---|--|
| Sellers responsibility |           |   |   |   |   |   |   |   |   |   |   |  |
| Buyers responsibility  |           |   |   |   |   |   |   |   |   |   |   |  |
|                        |           | COUNTRY, CITY, PLACE OF ORIGIN  |   |   |   |   | TRANSPORT   | COUNTRY, CITY, PLACE OF DESTINATION   |   |   |   |  |
| <b>EXW</b>             | Cost      | Seller  | Buyer   | Buyer   | Buyer   | Buyer   | Buyer   | Buyer   | Buyer   | Buyer   | Buyer   |  |
|                        | Risk      | Seller  | Buyer   | Buyer   | Buyer   | Buyer   | Buyer   | Buyer   | Buyer   | Buyer   | Buyer   |  |
| <b>FCA</b>             | Cost      | Seller  | Seller  | Seller  | Seller  | Buyer   | Buyer   | Buyer   | Buyer   | Buyer   | Buyer   |  |
|                        | Risk      | Seller  | Seller  | Seller  | Seller  | Buyer   | Buyer   | Buyer   | Buyer   | Buyer   | Buyer   |  |
| <b>CPT</b>             | Cost      | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Buyer   | Buyer   | Buyer   |  |
|                        | Risk      | Seller  | Seller  | Seller  | Seller  | Buyer   | Buyer   | Buyer   | Buyer   | Buyer   | Buyer   |  |
| <b>CIP</b>             | Cost      | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Buyer   | Buyer   | Buyer   |  |
|                        | Risk      | Seller  | Seller  | Seller  | Seller  | Buyer   | Buyer   | Buyer   | Buyer   | Buyer   | Buyer   |  |
|                        | Insurance |   |   | Seller  | Seller  | Seller  | Seller  | Seller  | Buyer   | Seller  | Buyer   |  |
| <b>DAP</b>             | Cost      | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Buyer   | Seller  | Buyer   |  |
|                        | Risk      | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Buyer   | Seller  | Seller  |  |
| <b>DPU</b>             | Cost      | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Buyer   | Seller  | Seller  |  |
|                        | Risk      | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Buyer   | Buyer   | Buyer   |  |
| <b>DDP</b>             | Cost      | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Buyer   |  |
|                        | Risk      | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Seller  | Buyer   |  |

## Rules for maritime and inland waterway transport

|            |           |        |        |        |        |        |        |       |       |       |       |
|------------|-----------|--------|--------|--------|--------|--------|--------|-------|-------|-------|-------|
| <b>FOB</b> | Cost      | Seller | Seller | Seller | Seller | Seller | Buyer  | Buyer | Buyer | Buyer | Buyer |
|            | Risk      | Seller | Seller | Seller | Seller | Seller | Buyer  | Buyer | Buyer | Buyer | Buyer |
| <b>CFR</b> | Cost      | Seller | Seller | Seller | Seller | Seller | Seller | Buyer | Buyer | Buyer | Buyer |
|            | Risk      | Seller | Seller | Seller | Seller | Seller | Buyer  | Buyer | Buyer | Buyer | Buyer |
| <b>FAS</b> | Cost      | Seller | Seller | Seller | Seller | Buyer  | Buyer  | Buyer | Buyer | Buyer | Buyer |
|            | Risk      | Seller | Seller | Seller | Seller | Buyer  | Buyer  | Buyer | Buyer | Buyer | Buyer |
| <b>CIF</b> | Cost      | Seller | Seller | Seller | Seller | Seller | Seller | Buyer | Buyer | Buyer | Buyer |
|            | Risk      | Seller | Seller | Seller | Seller | Seller | Buyer  | Buyer | Buyer | Buyer | Buyer |
|            | Insurance |        |        | Seller | Seller | Seller | Seller | Buyer | Buyer | Buyer | Buyer |



**Incoterms® are reviewed and updated every 10 years. The release of Incoterms® 2020 included the following:**

### Changes to Incoterms® 2020

- Delivered at Terminal (DAT) has been changed to Delivered at Place Unloaded (DPU) to clarify that the place of destination could be any place and not only a "terminal".
- Change of insurance in CIP/CIF.
- All costs are now listed in the 'Allocation of Costs' sections for each rule.
- Shifts the responsibility of security-related requirements and ancillary costs to the seller.
- Allows for own means of transport by the buyer in the FCA rules and by the seller in the D rules.
- FCA extra provision to state if the parties have so agreed, the buyer must instruct the carrier to issue the onboard bill of lading to the seller at the buyer's cost and risk.

### EXW

Ex Works (named place)

**Not recommended for vegetable exports.**

This term represents the least responsibility for the seller. The seller makes the goods available to the buyer in their own warehouse and is only responsible for packing the goods. The buyer is responsible for all costs and risk from the moment the goods cross the seller's warehouse prior to loading.

| Seller  | Buyer   |
|---|---|
| <ul style="list-style-type: none"> <li>Make goods available for pick up from warehouse</li> </ul> | <ul style="list-style-type: none"> <li>Pick up and load goods from seller's warehouse</li> <li>Arrange and pay for all freight</li> <li>Clear goods for export and pay fees and taxes</li> <li>Clear goods for import and pay fees and taxes</li> </ul> |

**Risk transfers:** When goods are made available at warehouse

**Cost transfers:** When goods are made available at warehouse

### FCA

Free Carrier (named place)

The seller delivers goods to an agreed place and is responsible for the costs and risks up to the delivery of goods at the agreed place. The seller must clear goods for export (pay any export taxes or fees) and is responsible for inland transport and export customs clearance unless the designated place is the seller's premises (FCA warehouse), in which case the goods are delivered there and loaded onto the means of transport arranged by the buyer at the buyer's expense. The buyer is responsible for the goods (cost and risk) once goods are received by the first independent carrier, including transport, insurance, and clearing for import.

| Seller   | Buyer   |
|--|---|
| <ul style="list-style-type: none"> <li>Deliver goods to the first independent carrier named by the buyer at the named place or point</li> <li>Clear goods for export and pay fees and taxes</li> </ul> | <ul style="list-style-type: none"> <li>Nominate the carrier</li> <li>Contract for the carriage and pay the freight</li> <li>Cover freight insurance</li> <li>Clear goods for import and pay for fees and taxes</li> </ul> |

**Risk transfers:** Delivery of goods to the first independent carrier

**Cost transfers:** Delivery of goods to the first independent carrier

### CPT Carriage paid to (named place of destination)

The seller must clear the goods for export and pay any associated taxes or fees. The seller's risk responsibility ends once the goods are delivered to the first independent carrier, however they must pay for the goods to be delivered to the named place of destination. The buyer accepts risk of the goods once they are delivered to the first independent carrier, and are responsible for insurance, any transport or handling beyond the named place of destination, and clearing the goods for import.

| Seller   | Buyer  |
|--|--|
| <ul style="list-style-type: none"> <li>Contract the carriage and pay for freight of the goods to the named destination</li> <li>Deliver goods to the first carrier</li> <li>Clear goods for export and pay fees and taxes</li> </ul> | <ul style="list-style-type: none"> <li>Arrange and pay for any additional loading and/or freight beyond the named place of destination</li> <li>Accept delivery of the goods when delivered to the first carrier</li> <li>Clear goods for import and pay fees and taxes</li> </ul> |

**Risk transfers:** Delivery of goods to the first independent carrier

**Cost transfers:** Delivery of goods to the named place of destination

**CIP** Carriage and Insurance paid to (named place of destination)

The seller bears the costs up to delivery at an agreed place at destination (i.e. the costs at origin, export clearance, freight and also insurance which is mandatory). The importer is responsible for import clearance and delivery at destination and takes on the risk when the goods are loaded onto the first means of transport. There is a change in insurance cover clause in CIP in Incoterms® 2020.

| Seller   | Buyer   |
|--|---|
| <ul style="list-style-type: none"> <li>Contract the carriage and pay for freight of the goods to the named destination</li> <li>Deliver goods to the first carrier</li> <li>Obtain and pay for cargo insurance</li> <li>Clear goods for export and pay fees and taxes</li> </ul> | <ul style="list-style-type: none"> <li>Arrange and pay for any additional loading and/or freight beyond the name place of destination</li> <li>Accept delivery of the goods when delivered to the first carrier</li> <li>Clear goods for import and pay fees and taxes</li> </ul> |

**Risk transfers:** Delivery of goods to the first independent carrier

**Cost transfers:** Delivery of goods to the first independent carrier

**DAP** Delivered at place (named place of destination)

The seller bears all the costs and risks of the operation apart from import clearance and ready for unloading at destination (i.e. all costs at origin, freight and inland transport). The buyer is only responsible for import clearance and unloading.

| Seller   | Buyer  |
|--|--|
| <ul style="list-style-type: none"> <li>Contract the carriage and pay for freight of the goods to the named destination</li> <li>Obtain and pay for cargo insurance</li> <li>Clear goods for export and pay fees and taxes</li> </ul> | <ul style="list-style-type: none"> <li>Clear goods for import and pay fees and taxes</li> <li>Unloading from arriving means of transportation</li> <li>Onward carriage and delivery to buyer (depending on named place)</li> </ul> |

**Risk transfers:** Destination place once goods are unloaded

**Cost transfers:** Destination place once goods are unloaded

**DPU** Delivered at place Unloaded (any place, whether covered or not)

The seller bears the costs and risks arising at origin, packing, loading, export clearance, freight, unloading at destination and delivery at the agreed point. The buyer is responsible for import clearance procedures. This Incoterm is new and replaces DAT. In effect, it increases delivery options since DAT stated that delivery must take place at the terminal, whereas with the new DPU delivery can take place at an agreed place other than the terminal.

| Seller   | Buyer  |
|--|--|
| <ul style="list-style-type: none"> <li>Contract the carriage and pay for freight of the goods to the named place</li> <li>Unload the goods in order to complete delivery</li> <li>Delivery of goods at the agreed point</li> </ul> | <ul style="list-style-type: none"> <li>Import clearance and any applicable local taxes or import duties</li> <li>Accept delivery of the goods when delivered to an agreed point</li> </ul> |

**Risk transfers:** Destination place once goods are unloaded

**Cost transfers:** Destination place once goods are unloaded

**DDP** Delivered duty paid (named place of destination)

This represents the highest level of cost and responsibility for the seller. The seller must arrange and pay for both export and import clearance, all freight and handling until the goods are at the disposal of the buyer at the named place of destination. The buyer is only responsible for receiving the goods at the named place of destination.

| Seller   | Buyer   |
|--|---|
| <ul style="list-style-type: none"> <li>Contract the carriage and pay for freight of the goods to the named place of destination</li> <li>Clear goods for export and pay fees and taxes</li> <li>Clear goods for import and pay fees and taxes</li> </ul> | <ul style="list-style-type: none"> <li>Accept delivery of the goods when delivered to named place of destination</li> </ul> |

**Risk transfers:** Delivery of goods to named place of destination

**Cost transfers:** Delivery of goods to named place of destination

**Rules for maritime and inland waterway transport:**

**FOB Free on Board**

The seller clears the goods for export and ensures they are delivered to and loaded onto the vessel for transport at the named port of departure. The buyer takes over risk and costs, including import clearance and duties, as soon as the goods are loaded onto the transport vessel at the port of departure. This term is commonly used for bulk cargo (such as oil or grain).

| Seller   | Buyer  |
|--|--|
| <ul style="list-style-type: none"> <li>Deliver goods to the first independent carrier named by the buyer at the named place or point</li> <li>Clear goods for export and pay fees and taxes</li> <li>Load goods onto the vessel for transport</li> </ul> | <ul style="list-style-type: none"> <li>Import clearance and any applicable local taxes or import duties</li> <li>Accept delivery of the goods when delivered to an agreed point</li> </ul> |

**Risk transfers:** Goods are loaded onto the transport vessel

**Cost transfers:** Goods are loaded onto the transport vessel

**CFR Cost and Freight**

The seller is required to clear the goods for export, deliver them onboard the ship at the port of departure, and pay for transport of the goods to the named port of destination. The risk passes from seller to buyer when the seller delivers the goods onboard the ship. The buyer is responsible for paying all additional transport costs from the port of destination, including import clearance and duties.

| Seller  | Buyer  |
|---|--|
| <ul style="list-style-type: none"> <li>Contract the carriage and pay for freight of the goods to the named destination</li> <li>Clear goods for export and pay fees and taxes</li> <li>Delivery at named port of destination</li> </ul> | <ul style="list-style-type: none"> <li>Obtain and pay for cargo insurance</li> <li>Clear goods for import and pay fees and taxes</li> <li>Discharge and onward carriage</li> </ul> |

**Risk transfers:** Goods are on board of the vessel

**Cost transfers:** Destination place once goods arrived

**FAS Free Alongside Ship**

The seller clears goods for export and places them alongside the vessel at the named port of departure. The named port of departure location can be a loading dock or a barge, but not a container terminal. The buyer is responsible for loading the freight onto the vessel, as well as handling local carriage, discharge, import formalities and duties and onward carriage to the final destination.

| Seller   | Buyer   |
|--|---|
| <ul style="list-style-type: none"> <li>Contract the carriage and pay for freight of the goods to the named place of destination</li> <li>Clear goods for export and pay fees and taxes</li> <li>Delivery alongside vessel at port of shipment</li> </ul> | <ul style="list-style-type: none"> <li>Loading on board</li> <li>Import clearance and any applicable local taxes or import duties</li> <li>Accept delivery of the goods when delivered to named place of destination</li> </ul> |

**Risk transfers:** Delivery of goods at loading dock

**Cost transfers:** Delivery of goods at loading dock

**CIF Cost, Insurance and Freight**

The seller bears all the costs up to arrival at the destination port, including export clearance, costs at origin, freight and usually unloading. The seller must also arrange insurance even though the risks transfer to the buyer once the goods are loaded on board. The buyer bears the import and transport to destination costs.

| Seller  | Buyer  |
|---|--|
| <ul style="list-style-type: none"> <li>Contract the carriage and pay for freight of the goods to the named place of destination</li> <li>Clear goods for export and pay fees and taxes</li> <li>Obtain and pay for cargo insurance</li> </ul> | <ul style="list-style-type: none"> <li>Import clearance and any applicable local taxes or import duties</li> <li>Clear goods for import and pay fees and taxes</li> <li>Discharge and onward carriage</li> </ul> |

**Risk transfers:** Goods are loaded onboard

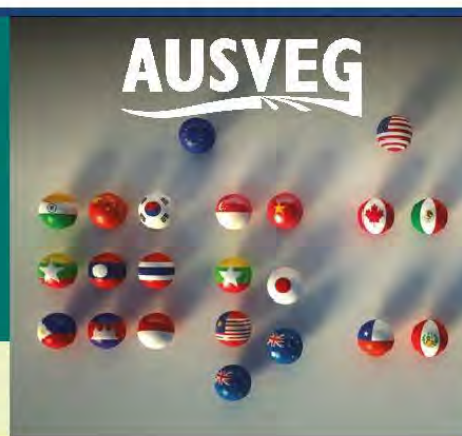
**Cost transfers:** Arrival of goods at named place of destination

06

## UNDERSTANDING:

# Free Trade Agreements as a Vegetable Grower-Exporter

VegExportNotes are designed by AUSVEG specifically for levy-paying vegetable growers to enhance industry trade knowledge. The content provided in VegExportNotes is based on the best available information at the time of publishing.



### What is a Free Trade Agreement?

A Free Trade Agreement (FTA) is an agreement between two or more countries with the aim of liberalising the trade of goods and services and access to investment between those countries, and ultimately growing the economies of the countries involved.

An FTA does this by removing barriers to trade, such as eliminating most (if not all) tariffs and removing quotas on goods that can be exported or imported. Many FTAs also address other barriers to trade, including:

- Intellectual property protection
- Restrictions on foreign service providers
- Government procurement policies that favour domestic industry
- Customs procedures

Each FTA is negotiated separately and while there are common elements, each reflects the negotiating powers and the issues for the countries involved. As such, each is slightly different, and care needs to be taken when identifying opportunities.

### Benefits of Free Trade Agreements

- Makes Australian vegetables more competitive
- Increases vegetable exports
- Signifies willingness between partners to overcome market access issues
- Creates opportunities for new markets

### Taking advantage of FTAs

- Understand how to correctly classify products
  - Classifying your product correctly can be complex
  - Every item that is exported needs to have an HS Code and tariff number assigned to it
  - The Harmonized System (HS) for classification is universal so the same code is used for the same product in every country (to a six digit level)
- Understand when Certificates of Origin are required
- Choose the most advantageous FTA agreement for your trade
  - Some countries are part of multiple FTAs, and may have differing tariff schedules for the same commodity.
  - It is important to look at what FTAs apply to your product and choose the one with the most advantageous conditions





















### FTAs and Market Access

- FTAs do not guarantee access for a new commodity to market or make regulatory restriction easier to overcome.
- The tariff reductions delivered by FTAs are designed to make Australian vegetables more competitive and therefore increase vegetable exports.
- The signing of FTAs typically signifies willingness between partners to overcome market access issues.

**Australia has fourteen Free Trade Agreements (FTAs) currently in force:**

- ANZCERTA
- AUSFTA
- AANZFTA
- MAFTA
- JAPEA
- CPTPP
- PAFTA
- SAFTA
- TAFTA
- AACI – FTA
- KAFTA
- ChAFTA
- A-HKFTA
- IA-CEPA

**The following countries are involved in at least one FTA with Australia:**

|   |  |  |  |
|---|--|--|--|
| <br>Brunei   | <br>Hong Kong | <br>Mexico      | <br>South Korea     |
| <br>Cambodia | <br>Indonesia | <br>Myanmar     | <br>Thailand        |
| <br>Canada   | <br>Japan     | <br>New Zealand | <br>The Philippines |
| <br>Chile    | <br>Laos      | <br>Peru        | <br>United States   |
| <br>China    | <br>Malaysia  | <br>Singapore   | <br>Vietnam         |

**FTAs not yet in force:**

Pacific Agreement on Closer Economic Relations (PACER) Plus

**Countries:**

- Cook Islands
- Kiribati
- Nauru
- Niue
- Samoa
- Solomon Islands
- Tonga
- Tuvalu
- Vanuatu

**Australia is currently engaged in eight other FTA negotiations:**

- Australia-European Union Free Trade Agreement
- Australia-Gulf Cooperation Council (GCC) Free Trade Agreement
- Australia-India Comprehensive Economic Cooperation Agreement
- Environmental Goods Agreement
- Pacific Alliance Free Trade Agreement
- Regional Comprehensive Economic Partnership
- Trade in Services Agreement
- Australia-United Kingdom Free Trade Agreement

|   |   |   |  |   |
|---|---|---|--|---|
| <br>Bahrain        | <br>Kuwait | <br>Qatar        | <br>India          | <br>United Arab Emirates |
| <br>European Union | <br>Oman   | <br>Saudi Arabia | <br>United Kingdom |   |

# Australia has 14 Free Trade Agreements (FTAs) currently in force:

The key FTA outcomes for the vegetable industry are summarised below:

## **AANZFTA** 1-Jan-10

### **ASEAN – Australia – New Zealand Free Trade Agreement**

In January 2018 tariffs on all fresh vegetable commodities were eliminated to Malaysia, New Zealand, Singapore and Vietnam. Indonesia and the Philippines continue to have tariffs on some commodities such as (but not exclusively) potatoes, carrots and brassicas. Thailand has excluded potatoes, onions, shallots, and garlic from FTA commitments, however have eliminated tariffs on all other fresh vegetables.

## **ACL-FTA** 6-Mar-09

### **Australia – Chile Free Trade Agreement**

As a low cost producer of vegetables, Chile is not a significant export destination Australian fresh vegetables. However, those that do reach Chile are free from tariffs.

## **A-HKFTA** 17-Jan-19

### **Australia – Hong Kong Free Trade Agreement**

Hong Kong does not currently apply tariffs to goods imported from Australia, the agreement provides reciprocal elimination of import tariffs, giving certainty for Australian exporters that Hong Kong will continue to provide duty-free entry.

## **ANZCERTA** 1-Jan-83

### **Australia – New Zealand Closer Economic Relations Trade Agreement**

Elimination of tariffs on all fresh vegetables. Ensures close collaboration across quarantine, customs, and transport and product standards amongst both countries.

## **AUSFTA** 1-Jan-05

### **Australia – United States FTA**

Tariffs for all fresh vegetable have been eliminated with the exception of mushrooms which will be eliminated by 1 January 2022.

## **ChAFTA** 20-Dec-15

### **China – Australia Free Trade Agreement**

All fresh vegetable exports to China are free from tariffs.

## **CPTPP** 30-Dec-18

*(Agreement signed)*

### **Comprehensive and Progressive Agreement for Trans-Pacific Partnership**

Most Australian vegetable exports already have duty free access under existing FTAs, with all tariffs on vegetable exports to Vietnam, Malaysia, Singapore, New Zealand, Brunei and Chile already eliminated. It is expected that, when the FTA enters into force, the CPTPP will see the elimination of all of Canada's vegetable tariffs, and most of Peru's and Mexico's vegetable tariffs.

## **IA-CEPA** 5-Jul-20

### **Indonesia – Australia Comprehensive Economic Partnership Agreement**

Most vegetable products have had tariffs eliminated under AANZFTA. Key IA-CEPA outcomes include:

Carrots – Import quota of 5,000t per year, growing to 10,000t per year after 10 years, with a decreasing tariff schedule during this time.

Potatoes – Import quota of 10,000t per year, growing to 12,500t per year after five years, with a decreasing tariff schedule during this time.

## **JAEPA** 15-Jan-15

### **Japan – Australia Economic Partnership Agreement**

Tariffs for most fresh vegetable were eliminated when the Agreement entered into force.

## **KAFTA** 12-Dec-14

### **Korea – Australia Free Trade Agreement**

When the Agreement entered into force, 98% of Australia's vegetable exports to South Korea saw a tariff reduction. Carrots had a reduction of 30% on tariffs over five years to 2019. Potatoes maintain a set 30% tariffs for ware potatoes.

## **MAFTA** 1-Jan-13

### **Malaysia – Australia Free Trade Agreement**

Malaysia is a major destination of Australian vegetable exports, MAFTA has eliminated all tariffs on Australian vegetable exports.

## **PAFTA** 11-Feb-20

### **Peru – Australia Free Trade Agreement**

Tariffs for most fresh vegetable were eliminated when the Agreement entered into force.

## **SAFTA** 28-Jul-03

### **Singapore – Australia Free Trade Agreement**

All vegetable exports to Singapore are free from tariffs.

## **TAFTA** 1-Jan-05

### **Thailand – Australia Free Trade Agreement**

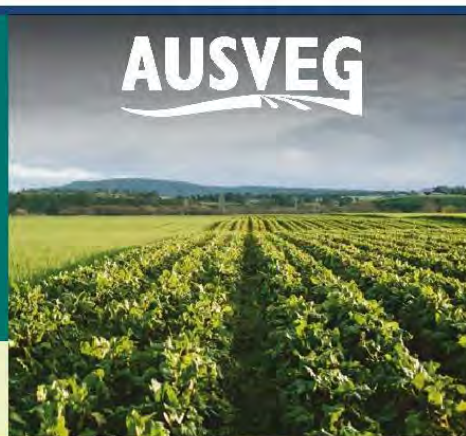
Tariffs for most fresh vegetable were eliminated when the Agreement entered into force.

07

## UNDERSTANDING:

# Vegetable Export Market Access

VegExportNotes are designed by AUSVEG specifically for levy-paying vegetable growers to enhance industry trade knowledge. The content provided in VegExportNotes is based on the best available information at the time of publishing.



### What is Market Access?

Market access is critical to determine where you can send your product. There are various conditions, systems, rules, and regulations that underpin market access due to biosecurity or pest and disease concerns. Understanding which markets your products have access to is an important consideration for growers involved in or looking into export.

Market access involves often lengthy negotiations between the government of two countries to determine and agree the best possible way to protect biodiversity and minimise biosecurity risk. A market access negotiation for one Australian fruit or vegetable can take a number of years to achieve a viable outcome.

### How does market access work?

Under the *Export Control Act 1982*, fresh vegetables are classified as 'prescribed goods'. Products prescribed in the legislation are regulated by the Department of Agriculture, Water and the Environment.

If you want to export, you must meet all export rules and regulations set by Australia and all conditions set by the importing country.

In some countries, fresh vegetables are listed as prohibited imports for reasons linked to biosecurity, pest or disease concerns.

A market with access will be classified as either a 'protocol' or 'non-protocol' market. The National Plant Protection Organisation (NPPO) in each country is responsible to ensure all import conditions, technical treatments, and additional declarations or endorsements are met before the product can enter the market. In Australia, the NPPO is the Department of Agriculture, Water and the Environment.

A Phytosanitary Certificate is a standard importing requirement in most markets. It is a requirement in addition to other conditions set out by the importing country. Most non-protocol markets require a Phytosanitary Certificate for fresh vegetable imports. You should review the Manual of Importing Country Requirements (MICO<sub>R</sub>) database to determine whether your target market requires a Phytosanitary Certificate or additional conditions to be met prior to sending a shipment.



VEGETABLE FUND

This project has been funded by Hort Innovation using the vegetable research and development levy and funds from the Australian Government. For more information on the fund and strategic levy investment visit horticulture.com.au

## What is the difference between a protocol and non-protocol market?

### Protocol Market

A protocol market is a market that requires a range of rules, regulations, and technical treatments to ascertain, prevent, and eradicate plant pest and diseases for the products to enter the market. These conditions are in addition to the standard importing country requirements such as a Phytosanitary Certificate. They act as biosecurity measures to protect the agricultural sector and biodiversity of the country. Countries that have an existing local agricultural sector are more likely to be protocol markets. In 2019, approximately 5% of Australian vegetable exports were to protocol markets.

### Non-protocol Market

A non-protocol market is easier for new exporters to enter as the import conditions are typically easier to comply with. Countries with limited or no agricultural productions are typically identified as non-protocol markets.

The Australian vegetable industry exports to over 50 countries and enjoys good market access. Most fresh vegetable exports are undertaken via a less restricted trade pathway to non-protocol markets. In 2019, approximately 95% of Australian vegetable exports were to 'non-protocol' markets.

## Which are the protocol and non-protocol markets for Australian vegetable industry?

There are currently **over 40 export protocols** for Australian fruit and vegetable exports. The vegetable industry has **4 existing protocol** markets:

- **Carrot** protocol for export to **Taiwan**, except from Victoria and Tasmania
- **Potato (seed)** protocol for export to **Thailand** and **Indonesia**
- **Potato (ware)** protocol for export to **South Korea**

**Australia-New Zealand Bilateral Quarantine Arrangement (BQA)** covers 19 horticultural products (fruit fly hosts), including the following 6 vegetables: **capsicum, cucumber, pumpkin, squash, tomato, zucchini.**



### Important:

Breaches of the importing country requirements, or non-compliance to biosecurity measures or agri-chemical usage may lead to shipments being detained, destroyed at cost, or in extreme circumstances the country may impose stricter import conditions on Australian exports.

## How is market access different to a Free Trade Agreement?

Having a Free Trade Agreement (FTA) in place does not automatically grant access for your product to international markets. It is critical to understand that market access and FTAs are separate elements in an international trade context.

A good example to look at is the **China – Australia Free Trade Agreement (ChAFTA)**. When ChAFTA entered into force in 2015, all tariffs on vegetable products will be eliminated by 1 January 2019. To date, there are limited vegetable commodities that can be exported to China, including lettuce and asparagus. While the tariff elimination brings benefits to lettuce and asparagus growers, other vegetables do not enjoy the same benefit from the implementation of the ChAFTA as they do not have market access to enter China.

## What does this mean to you?

AUSVEG is constantly working to improve market access for vegetable commodities in international markets. By regularly identifying opportunities and submitting official applications, AUSVEG aims to ensure new markets become available for Australian vegetables into the future. Growers are also reminded to check Manual of Importing Country Requirements (MiCoR) regularly to ensure that importing country requirements are met.



# Asia Technical Market Access Summary



Access ■ Conditional ■ No Access ■  
 Current as at August 2020

| PRODUCT                      | Hong Kong        | Malaysia  | Singapore        | Vietnam                             | Indonesia   | New Zealand                           | South Korea                         | Thailand                            | Taiwan  | Japan                               | China  |
|------------------------------|------------------|---|------------------|-------------------------------------|---|---------------------------------------|-------------------------------------|-------------------------------------|---|-------------------------------------|--|
| Beans<br>07/0820             | Open Unregulated | Open Unregulated                                    | Open Unregulated | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate                                 | Open with Phytosanitary Certificate   | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate               | TAS only                            | Prohibited   |
| Broccoli<br>07/0410          | Open Unregulated | Open Unregulated                                    | Open Unregulated | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate                                 | Open with Phytosanitary Certificate   | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate               | Open with Phytosanitary Certificate | Prohibited   |
| Cabbage/Leafy Veg<br>07/0490 | Open Unregulated | Open Unregulated                                    | Open Unregulated | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate                                 | Open with Phytosanitary Certificate   | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate               | Open with Phytosanitary Certificate | Only for Cabbage, Lettuce 07/0511 or Komatsu 07/0999 |
| Capsicum<br>07/0960          | Open Unregulated | Open with Import Permit & Phytosanitary Certificate | Open Unregulated | Prohibited                          | Permitted from PFA, TAS & Riverland or Protocol IRR, CT, Fum or VHT | IRR or Fumigation, or PFA (Ord River) | Prohibited                          | Prohibited                          | Prohibited  | Prohibited                          | Prohibited   |
| Carrot<br>07/0610            | Open Unregulated | Open Unregulated                                    | Open Unregulated | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate                                 | Open with Phytosanitary Certificate   | TAS only registered facility        | Open with Phytosanitary Certificate | VIC & TAS open Once the rules subject to protocol | Open with Phytosanitary Certificate | Prohibited   |
| Celery<br>07/0940            | Open Unregulated | Open Unregulated                                    | Open Unregulated | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate                                 | Open with Phytosanitary Certificate   | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate               | Open with Phytosanitary Certificate | Prohibited   |
| Lettuce<br>07/0511           | Open Unregulated | Open Unregulated                                    | Open Unregulated | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate                                 | Open with Phytosanitary Certificate   | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate               | Open with Phytosanitary Certificate | Only for Lettuce 07/0511                             |
| Onion<br>07/0310             | Open Unregulated | Open Unregulated                                    | Open Unregulated | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate                                 | Open with Phytosanitary Certificate   | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate               | Open with Phytosanitary Certificate | Prohibited   |
| Potato<br>07/0190            | Open Unregulated | Open Unregulated                                    | Open Unregulated | Open with Phytosanitary Certificate | From areas not affected by Brown Wheat Mite, otherwise IRR          | Open with Phytosanitary Certificate   | NSW, SA, TAS only with protocol     | Restricted to processing only       | Prohibited from Vic & WA                          | Prohibited                          | Prohibited   |
| Pumpkin<br>07/0993           | Open Unregulated | Open Unregulated                                    | Open Unregulated | Open with Phytosanitary Certificate | Permitted from PFA, TAS & Riverland or Protocol IRR, CT, Fum or VHT | Prohibited                            | Prohibited                          | Prohibited                          | Prohibited  | Open with Phytosanitary Certificate | Prohibited   |
| Sweet potato<br>07/1420      | Open Unregulated | Open Unregulated                                    | Open Unregulated | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate                                 | Open with Phytosanitary Certificate   | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Prohibited from NSW & QLD                         | Prohibited                          | Prohibited   |

Source: MiCoR - micoragriculture.gov.au



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# Middle East Technical Market Access Summary



■ Access ■ Conditional ■ No Access  
 Current as at August 2020

| PRODUCT                     | Bahrain                             | Oman                                | Kuwait                              | Qatar                               | Saudi Arabia                        | United Arab Emirates                |
|-----------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Beans<br>070320             | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate |
| Broccoli<br>070410          | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate |
| Cabbage/Leafy Veg<br>070490 | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate |
| Capsicum<br>070960          | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate |
| Carrot<br>070610            | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate |
| Celery<br>070940            | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate |
| Lettuce<br>070511           | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate |
| Onion<br>070310             | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate |
| Potato<br>070190            | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate |
| Pumpkin<br>070993           | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate |
| Sweet Potato<br>071420      | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate | Open with Phytosanitary Certificate |

Source: MICA - mca.agriculture.gov.au



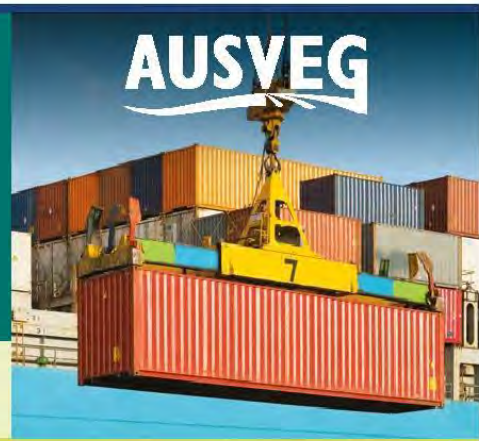
VEGETABLE FUND

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## UNDERSTANDING: International Tariffs

VegExportNotes are designed by AUSVEG specifically for levy-paying vegetable growers to enhance industry trade knowledge. The content provided in VegExportNotes is based on the best available information at the time of publishing.



### What are tariffs?

A tariff is a tax on imports or exports between two countries. A tariff may be set by a sovereign state, or regulated to a set level through a Free Trade Agreement (FTA). Tariffs are paid by domestic customers in the importing country and can impact on the pricing of imported products.

### What are the tariffs on vegetable exports?

The tariffs for a range of vegetable exports to selected international markets across Asian and the Middle East are included in the matrices on the following pages.

The Department of Foreign Affairs and Trade (DFAT) maintain an online [ETA Portal](#) where exporters can search tariffs rates for their products in countries that have an FTA with Australia.



### Taking advantage of preferential tariff rates and tariff reductions from FTAs

The objective of an FTA is to reduce the barriers to trade. An FTA does this by eliminating most (if not all) tariffs and removing quotas on goods that can be exported or imported. A list of scheduled tariff classifications is included in an FTA.

Preferential tariff rates under FTAs are not automatically applied to your products when exporting. To assist your international customer to receive the preferential tariff rates and improve your products competitiveness, the exporter is required to:

- Have a discussion with your importer about claiming the benefits as it will impact on your negotiated price.
- Obtain a Certificate of Origin – this acts as proof that the shipment come from a country that currently has an FTA in place.
- Attach the Certificate of Origin with the export documents that accompany your shipments.
- Ensure the correct HS Code and Tariff number are assigned to your product.

Once your product has left Australia, your importer is required to claim the preferential tariff rates upon customs clearance based on the Certificate of Origin you have provided. Otherwise, your goods will automatically default to incurring the standard tariff.

#### Key Tip:

A Freight Forwarder can obtain a Certificate of Origin on your behalf as part of arranging the export documents for your shipment.



# Asia Tariff Summary

Tariffs, MFN and TRQ

Current as at August 2020

| PRODUCT                     | Hong Kong   | Malaysia    | Singapore   | Vietnam                | Indonesia  | New Zealand | South Korea                      | Thailand             | Taiwan  | Japan                           | China                 |
|-----------------------------|-------------|-------------|-------------|------------------------|--|-------------|----------------------------------|----------------------|---------|---------------------------------|-----------------------|
| Beans<br>070820             | Tariff Free | Tariff Free | Tariff Free | AANZFTA<br>Tariff Free | AANZFTA<br>Tariff Free<br>IA-CBPA<br>Tariff Free                 | Tariff Free | KAFTA 8.1%<br>Tariff Free 2023   | TAFTA<br>Tariff Free | MFN 20% | JA-EPA<br>Tariff Free           | ChAFTA<br>Tariff Free |
| Broccoli<br>070410          | Tariff Free | Tariff Free | Tariff Free | AANZFTA<br>Tariff Free | AANZFTA 4%<br>IA-CBPA 4%<br>Tariff Free                          | Tariff Free | KAFTA 8.1%<br>Tariff Free 2023   | TAFTA<br>Tariff Free | MFN 20% | JA-EPA<br>Tariff Free           | ChAFTA<br>Tariff Free |
| Cabbage/Leafy Veg<br>070490 | Tariff Free | Tariff Free | Tariff Free | AANZFTA<br>Tariff Free | AANZFTA 4%<br>IA-CBPA<br>Tariff Free                             | Tariff Free | KAFTA Tariff Free                | TAFTA<br>Tariff Free | MFN 20% | JA-EPA<br>Tariff Free           | ChAFTA<br>Tariff Free |
| Capsicum<br>070960          | Tariff Free | Tariff Free | Tariff Free | AANZFTA<br>Tariff Free | AANZFTA<br>Tariff Free<br>IA-CBPA<br>Tariff Free                 | Tariff Free | KAFTA 270%<br>270% on going      | TAFTA<br>Tariff Free | MFN 20% | JA-EPA<br>Tariff Free           | ChAFTA<br>Tariff Free |
| Carrot<br>070610            | Tariff Free | Tariff Free | Tariff Free | AANZFTA<br>Tariff Free | AANZFTA 25%<br>IA-CBPA 10% for<br>TRQ 5,000 tonnes<br>then 12.5% | Tariff Free | KAFTA Tariff Free                | TAFTA<br>Tariff Free | MFN 20% | JA-EPA<br>Tariff Free           | ChAFTA<br>Tariff Free |
| Celery<br>070940            | Tariff Free | Tariff Free | Tariff Free | AANZFTA<br>Tariff Free | AANZFTA<br>Tariff Free<br>IA-CBPA<br>Tariff Free                 | Tariff Free | KAFTA Tariff Free                | TAFTA<br>Tariff Free | MFN 15% | JA-EPA<br>Tariff Free           | ChAFTA<br>Tariff Free |
| Lettuce<br>070511           | Tariff Free | Tariff Free | Tariff Free | AANZFTA<br>Tariff Free | AANZFTA 4%<br>IA-CBPA 4%<br>till 2026, then<br>Tariff Free       | Tariff Free | KAFTA 27.5%<br>Tariff Free 2031  | TAFTA<br>Tariff Free | MFN 20% | JA-EPA<br>Tariff Free           | ChAFTA<br>Tariff Free |
| Onion<br>070310             | Tariff Free | Tariff Free | Tariff Free | AANZFTA<br>Tariff Free | AANZFTA<br>Tariff Free<br>IA-CBPA<br>Tariff Free                 | Tariff Free | KAFTA 135%                       | TAFTA<br>Tariff Free | MFN 25% | JA-EPA<br>Tariff Free           | ChAFTA<br>Tariff Free |
| Potato<br>070190            | Tariff Free | Tariff Free | Tariff Free | AANZFTA<br>Tariff Free | AANZFTA 25%<br>IA-CBPA 10% TRQ<br>10,000 tonnes<br>then 25%      | Tariff Free | KAFTA 304%                       | TAFTA<br>Tariff Free | MFN 15% | JA-EPA<br>Tariff Free           | ChAFTA<br>Tariff Free |
| Pumpkin<br>070993           | Tariff Free | Tariff Free | Tariff Free | AANZFTA<br>Tariff Free | AANZFTA<br>Tariff Free<br>IA-CBPA<br>Tariff Free                 | Tariff Free | KAFTA 14.4%<br>Tariff Free 2028  | TAFTA<br>Tariff Free | MFN 25% | JA-EPA<br>Tariff Free           | ChAFTA<br>Tariff Free |
| Sweet Potato<br>071420      | Tariff Free | Tariff Free | Tariff Free | AANZFTA<br>Tariff Free | AANZFTA<br>Tariff Free<br>IA-CBPA<br>Tariff Free                 | Tariff Free | KAFTA 235.2%<br>Tariff Free 2031 | TAFTA<br>Tariff Free | MFN 10% | JA-EPA 5.8%<br>Tariff Free 2024 | ChAFTA<br>Tariff Free |

Source: DFAT FTA Portal - [ftaportal.dfat.gov.au](http://ftaportal.dfat.gov.au)



This project has been funded by Hort Innovation using the vegetable research and development levy and funds from the Australian Government. For more information on the fund and strategic levy investment visit [horticulture.com.au](http://horticulture.com.au)



## Middle East Tariff Summary

Tariff free Tariffs, MFN and TRQ

Current as at August 2020

| PRODUCT                     | Bahrain     | Oman        | Kuwait      | Qatar       | Saudi Arabia | United Arab Emirates |
|-----------------------------|-------------|-------------|-------------|-------------|--------------|----------------------|
| Beans<br>070820             | Tariff free | Tariff free | Tariff free | Tariff free | Tariff free  | Tariff free          |
| Broccoli<br>070410          | Tariff free | Tariff free | Tariff free | Tariff free | Tariff free  | Tariff free          |
| Cabbage/Leafy Veg<br>070490 | Tariff free | Tariff free | Tariff free | Tariff free | Tariff free  | Tariff free          |
| Capsicum<br>070960          | Tariff free | Tariff free | Tariff free | Tariff free | Tariff free  | Tariff free          |
| Carrot<br>070610            | Tariff free | Tariff free | Tariff free | Tariff free | Tariff free  | Tariff free          |
| Celery<br>070940            | Tariff free | Tariff free | Tariff free | Tariff free | Tariff free  | Tariff free          |
| Lettuce<br>070511           | Tariff free | Tariff free | Tariff free | Tariff free | Tariff free  | Tariff free          |
| Onion<br>070310             | Tariff free | Tariff free | Tariff free | Tariff free | Tariff free  | Tariff free          |
| Potato<br>070190            | Tariff free | Tariff free | Tariff free | Tariff free | Tariff free  | Tariff free          |
| Pumpkin<br>070993           | Tariff free | Tariff free | Tariff free | Tariff free | Tariff free  | Tariff free          |
| Sweet Potato<br>071420      | Tariff free | Tariff free | Tariff free | Tariff free | Tariff free  | Tariff free          |



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09

## UNDERSTANDING:

# Pricing Your Product for Export Markets

VegExportNotes are designed by AUSVEG specifically for levy-paying vegetable growers to enhance industry trade knowledge. The content provided in VegExportNotes is based on the best available information at the time of publishing.



### What is a pricing strategy?

A clear pricing strategy is critical to success in export markets, and to increase profitability. To determine your pricing, you will need to understand what the market can pay and if this will cover your cost with any profit margin.

When developing a pricing strategy, you need to consider various business factors, such as:

- Revenue goals
- Marketing objectives
- Product attributes
- Brand positioning
- Consumer demand
- Competitor pricing
- Market and economic trends



### Why is pricing important?

Setting a price for your export products may be difficult. You may miss out on sales if the price is set too high, and you may miss out on revenue if the price is set too low.

A good and effective pricing strategy should seek to strike a sustainable balance between volume of sales and degree of profit.

### Considerations when setting your price for international markets

Your domestic pricing strategy might not be suitable as an international pricing strategy. There are additional considerations when setting a price for your international customers:

- Currency
- Routes to market
- Dumping and transfer pricing
- Price setting restrictions
- Different pricing in different markets

#### Reminder:

- You should develop pricing strategy before visiting the market
- Your domestic pricing strategy may not be suitable for export markets
- You should be aware of additional risks with export pricing, such as foreign exchange rate
- You may need to set different prices in different export markets

## Pricing Your Product for Export Markets

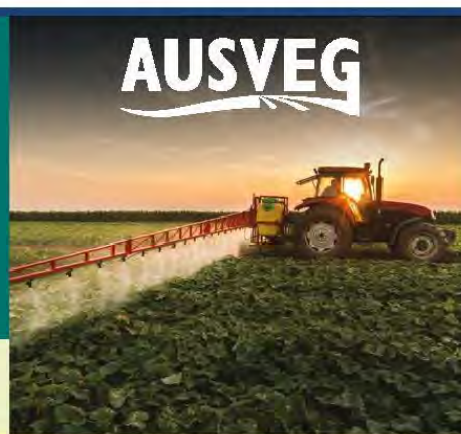
Example:

|   | Item  | Sub-total | Total |
|---|---|-----------|-------|
| <b>Cost of Raw Materials</b>  |   |           |       |
| (+)   | Manufacturing/Processing Cost                           |           |       |
| (+)   | Export Packaging  |           |       |
| (=)   | <b>Factory Cost</b>                                     |           |       |
| (-)   | Duty drawback on imported components                    |           |       |
| (=)   | <b>Net Factory Cost</b>                                 |           |       |
| <b>Ex Works (EXW)</b>   |   |           |       |
| (+)   | Interest Factor xx days @ xx%                           |           |       |
| (+)   | Sales Margin  |           |       |
| (=)   | <b>Selling Price EXW</b>                                |           |       |
| <b>Free Carrier (FCA)</b>   |   |           |       |
| (=)   | <b>EXW Price</b>  |           |       |
| (+)   | Transport costs from farm to carrier (port, airport)    |           |       |
| (+)   | Custom clearance cost                                   |           |       |
| (=)   | <b>Selling Price FCA</b>                                |           |       |
| <b>Free on Board (FOB)</b>  |   |           |       |
| (=)   | <b>FCA Price</b>  |           |       |
| (+)   | Loading Charges   |           |       |
| (=)   | <b>Selling Price FOB</b>                                |           |       |
| <b>Carriage Paid To (CPT)/ Cost &amp; Freight (CFR)</b>                     |   |           |       |
| (=)   | <b>FOB Price</b>  |           |       |
| (+)   | Freight Cost to Buyer (Air freight/Ocean Freight Costs) |           |       |
| (+)   | Bunker Adjustment Factor (BAF) i.e. Fuel Charge         |           |       |
| (+)   | Currency Adjustment Factor                              |           |       |
| (=)   | <b>Selling Price CPT/CFR</b>                            |           |       |
| <b>Carriage and Insurance Paid To (CIP)/ Cost, Insurance, Freight (CIF)</b> |   |           |       |
| (=)   | <b>Selling Price CPT/CFR</b>                            |           |       |
| (+)   | Insurance   |           |       |
| (=)   | <b>Selling Price CIP/CIF</b>                            |           |       |

10

## UNDERSTANDING: Chemical Usage for Export Markets

VegExportNotes are designed by AUSVEG specifically for levy-paying vegetable growers to enhance industry trade knowledge. The content provided in VegExportNotes is based on the best available information at the time of publishing.



### What are Maximum Residue Limits?

Maximum Residue Limits (MRLs) are the maximum levels of chemical residue allowed in a food product. Domestic standards are set by Food Standards Australia and New Zealand (FSANZ); however, MRLs vary across each international market.

### Why are they important?

MRLs have been established to ensure food is safe for human consumption and to encourage good agri-chemical use on farms. It is a requirement for export that you comply with the MRLs set by the destination country.

Prior to export you must be aware of and comply with the MRLs specific to your export market as a condition of market access. Non-compliance may result in financial penalties and/or destruction or reshipping of your product at your cost.

### CODEX

The Codex Alimentarius Commission (Codex) is the international food standards setting body recognised by the World Trade Agreements on Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) as being the reference point for food standards applied in international trade, with the objectives of protecting the health of consumers and ensuring fair practices in the food trade.

CODEX identifies acceptable chemical residue limits for a range of agri-chemicals. However, some countries do set their own MRL requirements, which can differ from CODEX. You must use the MRLs set by the importing country.

### What you need to consider:

- Growers are responsible for ensuring chemicals are used in accordance with Good Agricultural Practice (GAP) and to minimise any unacceptable chemical residue levels.
- Consider the label instructions:
  - Maximum label rate
  - Label frequency of application
  - Specific label statements
- Remember chemical residues can remain in a crop and/or the produce for an extended period of time following application.
- Know your market:
  - know the standards used in your target market and what tests you must perform
  - recognise that markets may update or make changes to their accepted MRL levels
- Think ahead. Consider which markets your produce may enter at the time of production.

### Resources available:

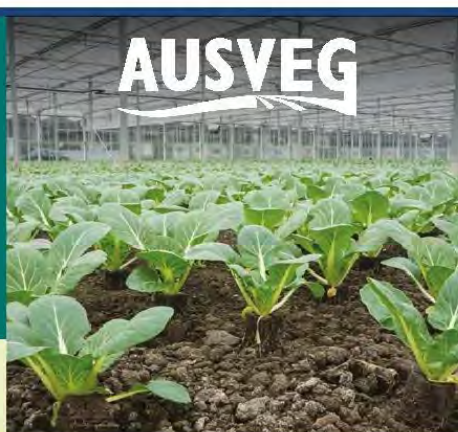
AUSVEG has access to the GlobalMRL database for a number of key markets and vegetable commodities. Due to the everchanging nature of international MRLs, published lists provided limited benefit and can be quickly out of date. This resource is available for levy-paying growers via AUSVEG for any ad-hoc real-time MRL data requests.

Please do not hesitate to contact AUSVEG on (03) 9882 0722 or at [export@ausveg.com.au](mailto:export@ausveg.com.au) with your MRL concerns.



11

## Indonesia – Australia Comprehensive Partnership Agreement (IA-CEPA): Outcome for Vegetable Industry



VegExportNotes are designed by AUSVEG specifically for levy-paying vegetable growers to enhance industry trade knowledge. The content provided in VegExportNotes is based on the best available information at the time of publishing.

The Indonesia Australia – Comprehensive Economic Partnership Agreement (IA-CEPA) creates the framework for a new era of closer economic engagement between Australia and Indonesia, which should improve two-way trade between the two countries and provides opportunities for Australia’s fresh vegetable exporters. The IA-CEPA entered into force on 5 July 2020. For detailed information and the text of the Agreement, visit the Department of Foreign Affairs and Trade [FTA Portal](#).

### Key Outcomes for The Vegetable Industry



**Carrots** – Tariff-rate quota of 5,000 tonnes per year at an in-quota tariff rate of 10%, growing to 10,000t per year after 10 years; with a decreasing tariff schedule during this time to 5% at Year 6 (2025) of the Agreement. Carrots will be tariff free from Year 11 (2030) of the Agreement. Starting in Year 16 (2035) of the Agreement, no TRQ or tariff shall be imposed.



**Potatoes** – Tariff-rate quota of 10,000 tonnes per year at an in-quota tariff rate of 10%, growing to 12,500t per year after five years; with a decreasing tariff schedule during this time to 5% at Year 6 (2025) of the Agreement. At Year 11 (2030) of the Agreement, the quantity shall increase at a compounded annual growth rate of 2.5 per cent.

### How to access quota

To export carrots or potatoes to Indonesia, growers must apply for quota to the Department of Agriculture, Water and the Environment Quota Administration Unit before 18 November each year. Further information and application form is available on the department’s website – [www.agriculture.gov.au/export/from-australia/quota/vegetables](http://www.agriculture.gov.au/export/from-australia/quota/vegetables).

### Australia’s Fresh Vegetable Exports to Indonesia

#### Overview

Australia is an important supplier of fresh vegetables to Indonesia. In 2019, Australia exported an approximately \$5.1 million worth of fresh vegetables to Indonesia at 3,700 tonnes. Indonesia has been in the top ten export destinations for Australian vegetable industry in recent years.

Implementation of IA-CEPA should lead to an anticipate increase in trade of over AUD\$15 million in annual exports. This represents an increase of over 300 per cent on 2019 trade values of fresh vegetables to Indonesia from the first year of the Agreement.

### Market Channels

Indonesia is the largest island nation in the world, with a population of 268 million spread across 17,508 islands. Indonesia’s food service sector ranges from high end fine dining in resorts and hotels to street stalls. The key players in Indonesia’s retail sector include:



Growers with questions regarding how to access IA-CEPA are encouraged to contact the AUSVEG Export Team via 03 9882 0277 or [export@ausveg.com.au](mailto:export@ausveg.com.au).



This project has been funded by Hort Innovation using the vegetable research and development levy and funds from the Australian Government. For more information on the fund and strategic levy investment visit [horticulture.com.au](http://horticulture.com.au)

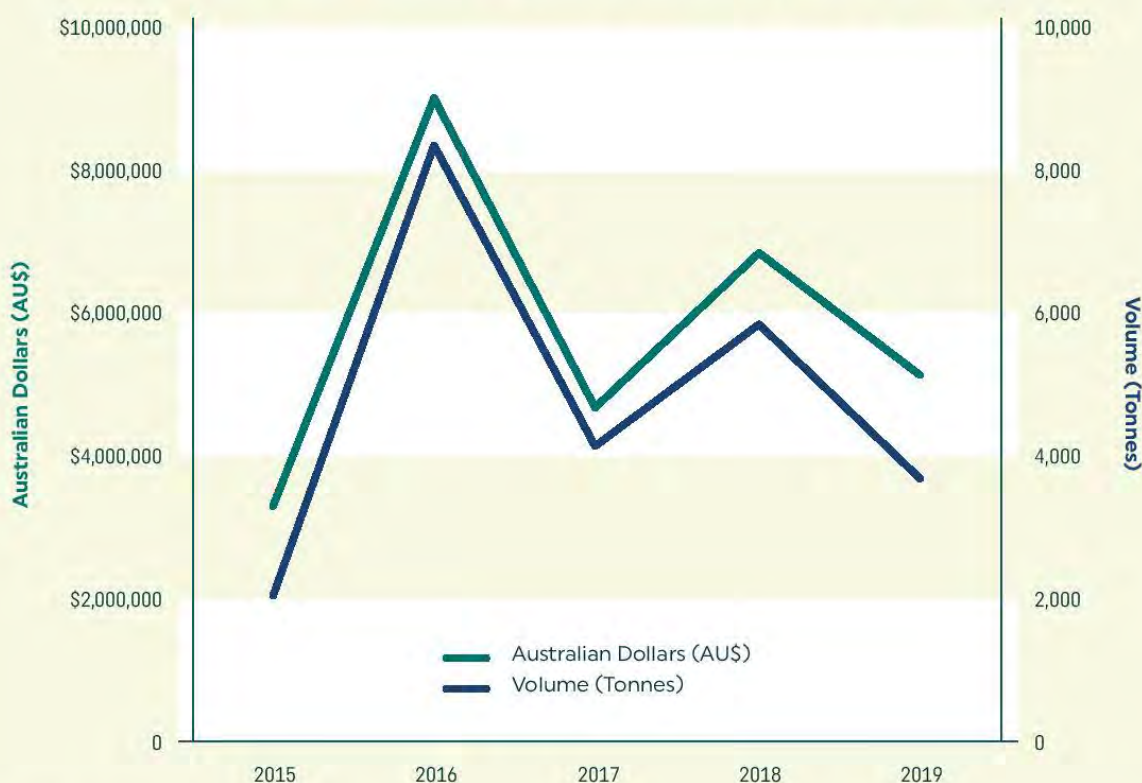
### Australian Fresh Vegetable Exports Indonesia by Value (AUD\$)

|                                  | 2015               | 2016               | 2017               | 2018               | 2019               |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Potatoes                         | \$970,538          | \$3,846,691        | \$2,742,517        | \$4,596,823        | \$1,800,505        |
| Onions                           | \$39,138           | \$185,849          | \$267,845          | \$670,077          | \$1,300,882        |
| Celery                           | \$69,114           | \$171,876          | \$94,959           | \$99,737           | \$572,577          |
| Cabbages, Cauliflower & Broccoli | \$374,995          | \$731,455          | \$467,226          | \$482,398          | \$458,631          |
| Lettuce                          | \$549,944          | \$593,197          | \$525,183          | \$474,171          | \$444,888          |
| Pumpkins                         | \$151,533          | \$213,277          | \$103,970          | \$69,556           | \$159,099          |
| Spinach                          | \$82,986           | \$80,250           | \$93,231           | \$91,206           | \$130,923          |
| Tomatoes                         | \$200,077          | \$259,466          | \$184,092          | \$209,316          | \$118,557          |
| Vegetables (Other)               | \$218,171          | \$202,607          | \$130,412          | \$101,056          | \$111,886          |
| Carrots                          | \$705,530          | \$2,679,760        | \$65,395           | \$22,426           | \$16,346           |
| Asparagus                        | \$4,431            | \$5,903            | \$11,228           | \$14,015           | \$7,624            |
| Globe Artichokes                 | \$3,127            | \$1,125            | \$4,986            | \$4,022            | \$4,457            |
| <b>Total</b>                     | <b>\$3,369,914</b> | <b>\$8,971,502</b> | <b>\$4,691,044</b> | <b>\$6,834,803</b> | <b>\$5,126,375</b> |

### Australian Fresh Vegetable Exports Indonesia by Volume (Tonnes)

|                                  | 2015         | 2016         | 2017         | 2018         | 2019         |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Potatoes                         | 1,387        | 5,136        | 3,429        | 4,517        | 1,893        |
| Onions                           | 11           | 244          | 346          | 920          | 1,351        |
| Celery                           | 31           | 89           | 55           | 58           | 223          |
| Cabbages, Cauliflower & Broccoli | 93           | 203          | 122          | 125          | 104          |
| Lettuce                          | 192          | 168          | 102          | 89           | 78           |
| Pumpkins                         | 67           | 119          | 53           | 32           | 14           |
| Spinach                          | 14           | 13           | 15           | 14           | 19           |
| Tomatoes                         | 29           | 39           | 25           | 30           | 16           |
| Vegetables (Other)               | 45           | 25           | 15           | 13           | 16           |
| Carrots                          | 232          | 2,266        | 5            | 4            | 3            |
| Asparagus                        | 0            | 1            | 1            | 2            | 1            |
| Globe Artichokes                 | 0            | 0            | 1            | 1            | 1            |
| <b>Total</b>                     | <b>2,102</b> | <b>8,303</b> | <b>4,167</b> | <b>5,803</b> | <b>3,719</b> |

### Australian Fresh Vegetable Exports Indonesia by Value and Volume



Source: Global Trade Atlas 2020



VEGETABLE FUND

This project has been funded by Hort Innovation using the vegetable research and development levy and funds from the Australian Government. For more information on the fund and strategic levy investment visit horticulture.com.au

## Appendix E – Media Articles and Newsletter

22/06/2021

Carrot exports surge to be worth \$100m during COVID-19 pandemic - ABC News

### ABC NEWS

## Carrot exports surge to be worth \$100m during COVID-19 pandemic

Landline / By Matt Brann

Posted Sat 12 Jun 2021 at 11:15am



Australian carrot exports increased 7 per cent in 2020. (Landline)

Australian carrot exports rose more than 7 per cent last year to become a \$100 million industry.

While exports of fresh vegetables were down overall in 2020, carrot exports increased in both volume and value.

"With hospitality and the food service sector shutting down in Australia as a result of the pandemic, the exact same situation was happening in export markets," incoming AUSVEG chief executive Michael Coote said.

"Restaurants, cafes, hotels, bars and pubs were all shut down and people were eating from home.

"So retail demand went up considerably in a lot of countries, as it did here ... and carrots, as a staple vegetable that we use in the majority of the dinners, did too.

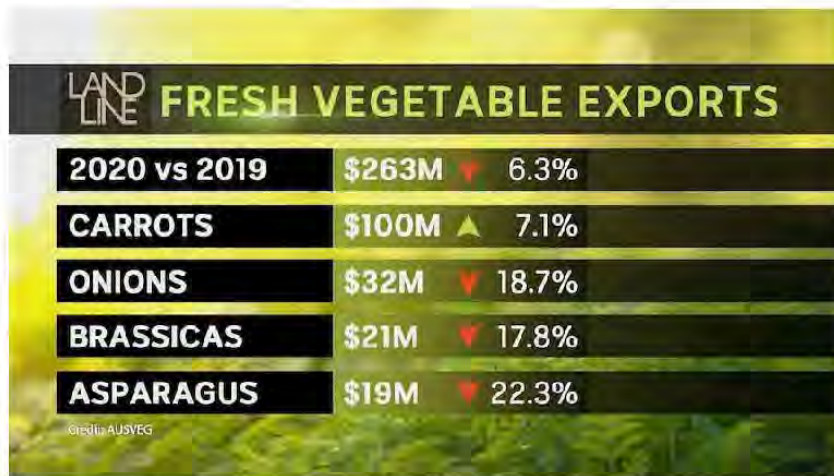
"The same thing was happening in Singapore, Hong Kong and all of our major markets."

#### Key points:

- Carrot exports increased 7 per cent last year to \$100 million
- Overall, Australia's fresh vegetable exports were valued at \$263 million, down 6 per cent
- Northern Territory growers have also started exporting pumpkins to Singapore

22/06/2021

Carrot exports surge to be worth \$100m during COVID-19 pandemic - ABC News



Carrot exports were a shining light in 2020. (Landline)

Mr Coote said more than 110,000 tonnes of carrots were exported last year with the majority sent to Asia and the Middle East.

He said Western Australia accounted for 85 per cent of carrot exports.

"Carrot exports have continued to grow, especially in the past couple of years," Mr Coote said.

"Breaching that \$100 million mark and getting over 110,000 tonnes of carrots out of Australia during challenging times and onto plates of international customers is a fantastic effort."

He said there was room for the industry to expand but labour issues, freight logistics, and rising regulatory costs were concerning.

"We can grow a lot more product in Australia. It's just a matter of finding a home for it, so export markets is where that growth can come from."

22/06/2021

Carrot exports surge to be worth \$100m during COVID-19 pandemic - ABC News



Butternut pumpkins from near Katherine, ready for export to Singapore. (Supplied: Robert Hall)

### **NT starts exporting pumpkins**

Pumpkin exports also bucked the trend in 2020, growing 16 per cent in value to \$5.8 million.

And it could get larger in the coming years if plans in the Northern Territory come to fruition.

Around 10 tonnes of butternut pumpkins was shipped out of Darwin earlier this week, bound for Singapore, in what NT farmers are hoping is the start of a new market for Top End growers.

The pumpkins were grown near Katherine and are understood to be the first pumpkins exported directly from the NT in at least 20 years.

"We're definitely hoping for more shipments [this year]," Pak Fresh Handling's Robert Hall said.

"This client in Singapore is looking at five to six more containers, and we're also looking at Indonesia and Malaysia as future destinations.

"So hopefully over the next few weeks and months, we'll do more [pumpkin exports] into those areas.

"We're all about opening up different avenues for growers ... and to do it straight out of Darwin means it gets to the overseas customers in Asia quicker and keeps the quality of the produce at a premium."

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- [Sign up for Rural RoundUp: Stories from rural and regional Australia, in your inbox every Friday, or for Rural news daily.](#)

22/06/2021

Carrot exports surge to be worth \$100m during COVID-19 pandemic - ABC News



Darwin's new export hub and cold storage facility is paving the way for more NT exports.  
(ABC Rural: Matt Brann)

### **Exciting development for the north**

CEO of the NT Farmers Association, Paul Burke, said pumpkin exports was an exciting development for the north.

"The fact that the Darwin Logistics Hub is now exporting products will give growers some comfort that the hub is hitting its straps," he said.

"This initial consignment will also pave the way for melons to leave via Darwin as opposed to making the long trip south prior to being exported.

"I have no doubt many mango growers are looking on with considerable interest and will be considering marketing options in new markets for the upcoming season."

## Looking back over four years of vegetable export development

The *Vegetable Export Development Program* is due for completion in June 2021 and has delivered significant benefits to Australian vegetable growers, with the latest independent reviews calculating the return on investment to be around \$12 for every dollar. AUSVEG National Manager – Export Development Michael Coote provides an overview of the project activities and outlines the benefits the program has delivered to growers.

### Export strategy

The *Vegetable Industry Export Strategy 2020* was developed by agribusiness experts MCKINNA et al. and encompasses seven target areas for investment to assist the industry in developing fresh vegetable exports.

The AUSVEG export program incorporates a number of these target areas for development and is tasked with the role of managing the implementation of the strategy.

The vegetable industry's export growth target is a 40 per cent increase in value to AUD\$315 million by 2020 – the industry was well on track to exceed this target until the COVID-19 pandemic in 2020 reduced the industry's capacity to export produce.

A big part of this success can be linked to the program delivered by AUSVEG, with its most recent independent review attributing \$29.8 million in revenue benefits to growers as a direct result of the program in 2019, resulting in a net benefit of \$27.5 million and a return on investment of 1,196 per cent.

### About the project

The Vegetable Export Development Program is a four-year strategic levy investment under the Hort Innovation Vegetable Fund, and is due to end in June 2021. Delivered by AUSVEG under the guidance of a project steering committee, the program aims to improve the capabilities and capacity of the Australian vegetable industry so that it can increase vegetable exports.

The program is delivered by AUSVEG and involves a range of activities, including:

- Export readiness training for growers looking to commence exporting and those looking to improve exporting performance.
- Market development activities including a combination of inbound and outbound trade missions to build growers' understanding of export market supply chains and facilitate connections with international fresh

- Working with industry, Hort Innovation and government to prioritise market access for vegetable products.

The program is targeted at growers from across the export spectrum – from those who are taking their first steps into the export market to well-established exporters looking for more technical and targeted information and support.

Over the course of the project, AUSVEG has delivered the following:

- 11 Export training workshops and two new online e-training programs.
- Five Reverse Trade Missions that bring international buyers to connect directly with growers and showcase local production capabilities. Buyers have visited Australia from 10 countries: Malaysia, Japan, The United Arab Emirates (UAE), Singapore, Indonesia, South Korea, Hong Kong, Thailand, Taiwan, and The Philippines.
- Participation in 15 international trade exhibitions showcasing Australian produce to the world, with more than 154 growers involved.
- Developed 10 market access applications to increase the number of available markets for Australian vegetables exports.

### Moving export training online

In addition to the project requirements, AUSVEG has worked with the broader industry to provide more resources and training opportunities for vegetable exporting growers to lift the export capabilities and improve understanding of the export landscape.

AUSVEG, in partnership with the Export Council of Australia (ECA), launched *Export Fundamentals for Australian Fruit & Vegetable Growers: From Farmgate to International Markets* in September 2020. This course is customised to the Australian vegetable industry to provide foundational training for growers to understand a broad range of topics relating to international trade for fresh produce.

Building on the successes, learnings and findings from previous Export Readiness Training Workshops, AUSVEG identified the

to an online format, which ensures growers from around the country can access this export development content without having to attend a scheduled workshop.

There is a total of 11 modules in the training course covering topics such as Export Readiness; Market Access and Market Research; International Market Entry; Export Documentation; and Freight and Logistics. For more information on how to access this new online course, please visit the AUSVEG's website at [ausveg.com.au/export](http://ausveg.com.au/export).

### Cultural Business Etiquette Program

Funded by Package Assisting Small Exporters – an Australian Government initiative through the Department of Agriculture, Water and the Environment – AUSVEG has partnered with *Bisnis Asia* to create the *Build Your Business Overseas – Like A Local* cultural business etiquette online training course, which launched in November 2020.

This course aims to improve vegetable grower-exporters export capability by developing engagement skills that will make a difference with existing and potential customers in Asia and the Middle East. The course is suitable for existing vegetable grower-exporters who already have experience in international markets and want to optimise growth opportunities through stronger engagement with customers.

For national vegetable levy paying grower-exporters with an interest in building cultural awareness in Japan, South Korea, Indonesia and the Middle East, please register via the export page of the AUSVEG website.

### Impact of COVID – Air Freight Disruptions

The forced grounding of most domestic and international air travel early in COVID-19 resulted in an immediate challenge to exporters, particularly vegetable exporters who ship high-value, highly perishable product as belly cargo

To address this, the Federal Government announced the International Freight Assistance Mechanism (IFAM), which commenced on 1 April 2020 and is scheduled to run until the middle of 2021. The \$669 million support package was an emergency measure to assist Australia's exporters of agricultural and aquaculture products to continue to service export markets.

Since IFAM commenced, it has moved over 330,000 tonnes of agricultural and aquaculture produce valued at AUD\$4.5 billion on over 10,000 flights to 68 international destinations.

Horticulture has been the largest user of the IFAM program, with over 135,000 tonnes valued at AUD\$1.2 billion of fresh fruit and vegetables sent to international markets. Hong Kong, Singapore, Kuala Lumpur, Auckland and Dubai have been the main destinations for IFAM flights carrying fresh produce. As most of these markets are key destinations for Australian vegetable exports, IFAM has been beneficial for vegetable grower exporters to continue to meet the demand from key international customers for high-quality fresh vegetables.

AUSVEG provided detailed data to the IFAM coordination team on the footprint of fresh vegetable airfreight exports – by city of origin, export market destination, crop/product and volume by month – to ensure vegetable exporters can use the mechanism to continuing exporting their products.

AUSVEG regularly engaged with federal department and government advisors to ensure that the interests of vegetable growers were considered by the IFAM team.

### What's next?

The next iteration of the *Vegetable Industry Export Strategy*, covering the period from 2021-2025, is set to be released in March 2021 with refreshed export target growth objectives and strategic directions to guide investment and activities to support sustainable growth in the export of fresh Australian vegetables to international markets.



Steve Moffatt from Moffatt Fresh Produce.

### Moffatt Fresh Produce

"I have been involved in the AUSVEG Export Development Program since 2014. We would not have been exporting to the level we are today if we did not get involved with the AUSVEG Export Development team. The program has helped us in a lot of ways, from introducing us the right international customers utilising AUSVEG's existing networks, hosting international buyers as part of the Reverse Trade Mission farm visits, assistance with resolving an urgent market access issue, expanding our international trade operations, and assisting us to complete an annual protocol audit for Taiwan. Having a knowledgeable and trusted industry resource just a phone call away has been a real bonus for our business as we increased our focus on developing our export business in recent years."

Steve Moffatt  
Managing Director, Moffatt Fresh Produce

Table 1: Change in vegetable exports by destination market January to December 2019-2020.

| Trade Partner        | 2019           |         | 2020           |         | ▲ 19/20  |          |
|----------------------|----------------|---------|----------------|---------|----------|----------|
|                      | AUD            | Tonnes  | AUD            | Tonnes  | AUD      | Tonnes   |
| World                | \$ 280,931,167 | 232,335 | \$ 263,282,136 | 216,994 | ▼ -6.3%  | ▼ -6.6%  |
| Singapore            | \$ 48,707,202  | 28,094  | \$ 51,423,474  | 28,818  | ▲ 5.6%   | ▲ 2.6%   |
| United Arab Emirates | \$ 31,725,408  | 40,518  | \$ 34,063,585  | 36,016  | ▲ 7.4%   | ▼ -11.1% |
| Malaysia             | \$ 26,267,446  | 24,183  | \$ 27,759,622  | 24,648  | ▲ 5.7%   | ▲ 1.9%   |
| Hong Kong            | \$ 19,191,133  | 10,124  | \$ 19,788,890  | 9,941   | ▲ 3.1%   | ▼ -1.8%  |
| Saudi Arabia         | \$ 20,362,661  | 21,535  | \$ 19,280,376  | 20,986  | ▼ -5.3%  | ▼ -2.5%  |
| Japan                | \$ 24,917,952  | 8,056   | \$ 18,495,566  | 4,262   | ▼ -25.8% | ▼ -47.1% |
| Qatar                | \$ 11,402,163  | 12,213  | \$ 12,255,422  | 12,179  | ▲ 7.5%   | ▼ -0.3%  |
| Thailand             | \$ 15,063,985  | 13,984  | \$ 10,638,373  | 10,954  | ▼ -29.4% | ▼ -21.7% |
| Korea, South         | \$ 12,552,203  | 17,403  | \$ 9,999,191   | 13,484  | ▼ -20.3% | ▼ -22.5% |
| Taiwan               | \$ 9,480,496   | 8,080   | \$ 8,715,979   | 8,998   | ▼ -8.1%  | ▲ 11.4%  |

Export overview – 2020

Total vegetable exports have seen a moderate decline compared to the same period in 2019. Based on data from the Global Trade Atlas, there was a 6.3 per cent decrease in vegetable export value, from \$280.9 million to \$263.3 million. Total vegetable export volumes also declined by 6.6 per cent, from 232,335 tonnes to 216,994 tonnes over the same period.

The top four markets for fresh vegetable exports – Singapore, The UAE, Malaysia and Hong Kong – have all seen an increase in trade value during 2020. Fresh

vegetable exports into ASEAN markets have stayed relatively consistent.

Singapore continued to be the top Australian fresh vegetable export destination and has recorded a positive increase in both export value and volume in 2020. The export value rose by 5.6 per cent from January to December 2020, from \$48.7 million to \$51.4 million; export volume improved by 2.6 per cent from 28,094 tonnes to 28,818 tonnes. The UAE fresh vegetable export market grew by 7.4 per cent in value but declined in volume by 11.1 per cent. Malaysia recorded a 5.7 per cent rise in export value and 1.9 per cent increase in tonnage.

Table 2: Vegetable exports by crop January to December 2019-2020.

| Trade Partner | 2019          |         | 2020           |         | ▲ 19/20  |          |
|---------------|---------------|---------|----------------|---------|----------|----------|
|               | AUD           | Tonnes  | AUD            | Tonnes  | AUD      | Tonnes   |
| Carrots       | \$ 94,214,397 | 107,173 | \$ 100,896,388 | 110,464 | ▲ 7.1%   | ▲ 3.1%   |
| Potatoes      | \$ 38,654,451 | 49,962  | \$ 38,728,309  | 43,838  | ▲ 0.2%   | ▼ -12.3% |
| Onions        | \$ 40,042,181 | 46,312  | \$ 32,542,541  | 40,285  | ▼ -18.7% | ▼ -13.0% |
| Brassicac     | \$ 26,494,167 | 8,200   | \$ 21,790,542  | 5,734   | ▼ -17.8% | ▼ -30.1% |
| Asparagus     | \$ 25,228,390 | 3,116   | \$ 19,606,784  | 1,877   | ▼ -22.3% | ▼ -39.8% |
| Lettuce       | \$ 12,756,372 | 2,008   | \$ 9,849,636   | 1,512   | ▼ -22.8% | ▼ -24.7% |
| Celery        | \$ 9,501,839  | 5,463   | \$ 8,615,612   | 5,018   | ▼ -9.3%  | ▼ -8.1%  |
| Beans         | \$ 8,717,989  | 1,755   | \$ 6,315,652   | 1,325   | ▼ -27.6% | ▼ -24.5% |
| Pumpkins      | \$ 5,001,914  | 3,094   | \$ 5,802,363   | 3,301   | ▲ 16.0%  | ▲ 6.7%   |

Exports by crop

In 2020, sea freighted root vegetable exports have been relatively stable in comparison with exports of more perishable vegetable crops. The trade of carrots remained strong and consistent, with export value increasing by 7.1 per cent from \$94.2 million to \$100.9 million; export volume has increased by 3.1 per cent from 107,173 tonnes to 110,464 tonnes. Potato export value increased slightly by 0.2 per cent and export volume decreased by 12.3 per cent, from 49,962 tonnes to 43,838 tonnes. Despite a strong start of the 2020 export season,

asparagus recorded a drop of 22.3 per cent in export value from \$25.2 million to \$19.6 million and a significant reduction in volume by 40 per cent (refer to Table 2). Fresh vegetable export trade to Japan declined by 25.8 per cent in value from \$24.9 million to \$18.5 million and export volume reduced by 47.1 per cent, from 8,056 tonnes to 4,262 tonnes. Increased trading challenges relating to COVID-19 disruptions and a drop in asparagus exports are the main contributors to the significant decline in fresh vegetables exports to Japan (refer to Table 1).

Find out more 

Any growers interested in any export events or discussing export opportunities can contact the AUSVEG Export Development team on 03 9882 0277 or [export@ausveg.com.au](mailto:export@ausveg.com.au).

This project has been funded by Hort Innovation using the vegetable research and development levy and contributions from the Australian Government. Project Number: VG16061



Zerella Fresh

"I came across AUSVEG's export program in 2018 and have been involved with the AUSVEG export team in a number of ways. The types of assistance we have utilised includes providing advice on specific export issues we have encountered, participating in the industry trade mission to the Asia Fruit Logistica trade exhibition in 2019, and being involved in the annual Reverse Trade Mission to meet new international customers. As a business that is relatively new to exporting directly, I have found that being able to contact a resource at AUSVEG that is dedicated to assisting vegetable exporters is really useful – especially for new exporters."

Dicky Bill

"Our business has been heavily engaged with the industry export program and team at AUSVEG since 2016. From answering queries about different export markets through to hosting international buyers on our farms and exhibiting at international tradeshows with a variety of other exporting growers, Dicky Bill has seen the value that an industry-led export development program can deliver for growers. We have found that the learnings shared, and connections created, between growers that participate in the international trade missions has been invaluable. As a result of our business's increased focus on exporting, the program has contributed to us expanding the number of markets and export customers we supply."





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Vegetable Export Trade Update and New Online Training Course

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## Vegetable Export Trade Update Jan-Sept and New Online Training Course

Australia's vegetable exports have seen a moderate decline over the period from January to September 2020. Based on data from the Global Trade Atlas, there was a 6.3 per cent decrease in total vegetable export value, down from \$212.1 million to \$198.8 million. Vegetable export volumes also declined by 9.5 per cent, from 193,432 tonnes to 175,036 tonnes over the same period.

The top four markets for fresh vegetable exports – Singapore, The United Arab Emirates (UAE), Malaysia and Hong Kong – have all seen an increase in trade value during 2020.

Demand in Singapore remained strong for Australian fresh vegetables and is the only trading partner that recorded a positive increase in both export value and volume in this period. Export value increased by 6.6 per cent from January to September 2020, from \$36.6 million to \$38.9 million; export volume improved by 2.5 per cent from 21,524 tonnes to 22,053 tonnes. The UAE saw growth of 2.9 per cent in value but a significant decline in volume of 19.6 per cent. Malaysia recorded a 4.0 per cent rise in export value and a slight dip of 0.9 per cent in tonnage.

Thailand and South Korea have seen a decline in trade with an average drop of 27.3 per cent in both value and volume for Thailand and an average drop of 21.6 per cent in South Korea.

| Trade Partner | 2019        |         | 2020        |         | ▲ 19/20 |        |
|---------------|-------------|---------|-------------|---------|---------|--------|
|               | AUD         | Tonnes  | AUD         | Tonnes  | AUD     | Tonnes |
| World         | 212,146,514 | 193,432 | 198,799,711 | 175,036 | -6.3%   | -9.5%  |
| Singapore     | 36,572,223  | 21,524  | 38,988,760  | 22,053  | 6.6%    | 2.5%   |

<https://mailchi.mp/auveg/vegetable-export-trade-update-and-new-online-training-course>

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|--------------|-------------|--------|------------|--------|--------|--------|-------------|
| Hong Kong    | 14,304,049  | 7,973  | 14,347,687 | 7,802  | 0.3%   | -2.1%  |             |
| Saudi Arabia | 15,616,373  | 16,211 | 13,183,646 | 14,621 | -15.6% | -9.8%  |             |
| Qatar        | 8,979,469   | 9,574  | 9,505,615  | 9,494  | 5.9%   | -0.8%  |             |
| Thailand     | 13,571,924  | 13,202 | 9,441,539  | 9,999  | -30.4% | -24.3% |             |
| Japan        | 8,625,982   | 5,354  | 8,972,737  | 2,733  | 4.0%   | -49.0% |             |
| Korea, South | 11,093,020  | 17,204 | 8,782,722  | 13,340 | -20.8% | -22.5% |             |
| Taiwan       | 7,422,200   | 7,184  | 6,887,836  | 8,037  | -7.2%  | 11.9%  |             |
| New Zealand  | 9,945,232   | 2,500  | 6,648,072  | 1,445  | -33.2% | -42.2% |             |

Table 1 – Change in vegetable exports by destination market January to September 2019-2020.

### Fresh Vegetable Exports by crop

Over the first three quarters of 2020, sea freighted vegetables have performed better than exports of more perishable crops. Volumes of carrots and potatoes remained stable with carrot export value increasing by 0.9 per cent from \$71.8 million to \$72.5 million and potato export value increasing from \$33.3 million to \$33.9 million, 1.9 per cent up on last year. Asparagus started its export season strongly with a jump of 36.9 per cent in export value from \$5 million to \$6.9 million.

| Product   | 2019       |        | 2020       |        | ▲ 19/20 |        |
|-----------|------------|--------|------------|--------|---------|--------|
|           | AUD        | Tonnes | AUD        | Tonnes | AUD     | Tonnes |
| Carrots   | 71,781,250 | 81,571 | 72,459,637 | 79,781 | 0.9%    | -2.2%  |
| Potatoes  | 33,291,156 | 45,911 | 33,909,771 | 40,495 | 1.9%    | -11.8% |
| Onions    | 39,073,528 | 45,727 | 30,639,567 | 38,598 | -21.6%  | -15.6% |
| Brassicas | 20,491,644 | 6,535  | 17,103,098 | 4,520  | -16.5%  | -30.8% |
| Lettuce   | 9,654,950  | 1,496  | 7,142,327  | 1,129  | -26.0%  | -24.5% |
| Asparagus | 5,027,534  | 548    | 6,884,825  | 367    | 36.9%   | -33.0% |
| Celery    | 7,017,960  | 3,930  | 6,503,749  | 3,773  | -7.3%   | -4.0%  |
| Beans     | 6,130,783  | 1,158  | 4,806,907  | 979    | -21.6%  | -15.5% |
| Pumpkins  | 3,645,977  | 2,201  | 4,731,819  | 2,544  | 29.8%   | 15.6%  |

Table 2 – Vegetable exports by crop January to September 2019-2020.

## New Cultural Business Etiquette Online Training Course

Funded through the Package Assisting Small Exporters grant program – an Australian

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***Business Overseas – Like A Local*** cultural business etiquette online training course. This course aims to improve vegetable grower-exporters export capability by developing engagement skills that will make a difference with existing and potential customers in Asia and the Middle East.

The ***Buld Your Business Overseas – Like A Local*** course covers four culturally sensitive export markets – Japan, South Korea, Indonesia and the Middle East.

The first course offered focuses on **Indonesia** and will be held from **Monday 23<sup>rd</sup> to Friday 27<sup>th</sup> of November**. The program will be run during 2021 in both the first and second half of the year covering all four markets twice.

The course is suitable for vegetable grower-exporters who already have experience in international markets and want to optimise growth opportunities through stronger engagement with customers.

The course runs over one week and contains two e-learning modules covering topics relating to 'Building Relationships' and 'Getting Deals Done' for each market. On completion of the two e-learning modules, participants will be invited to take part in a live webinar session with country experts to answer questions and test your understanding of cultural etiquette and key signals from your customers - click [here](#) for more information.

Registrations for the Indonesia course close on **Thursday 19<sup>th</sup> November 2020**. To register for this course visit [www.ausveg.com.au/export](http://www.ausveg.com.au/export) and complete the online registration form under the '**Export Readiness**' tab. For further information contact the AUSVEG Export Department on (03) 9882 0277 or via [export@ausveg.com.au](mailto:export@ausveg.com.au).



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Vegetable Exports - Detailed Quarterly Trade Report Q1 2021 

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## Vegetable Exports - Detailed Quarterly Trade Report Q1 2021

To assist vegetable grower-exporters, AUSVEG has developed a detailed vegetable export report that summarises a wide range of international trade data into a user-friendly report to provide clarity on Australian vegetable exports to assist growers with export planning and identifying opportunities.

Key insights from Q1 2021 trade include:

| Change from Q1 2020 to Q1 2021 |   |
|--------------------------------|---|
| Export volume                  | Total vegetable export volume has increased <b>3%</b> from 57,420 tonnes to 59,189 tonnes   |
| Export value                   | Total vegetable export value has increased <b>slightly</b> from \$58,851,657 to \$59,042,00   |
| Carrots                        | Carrots remain the largest export crop by value and volume. Carrot export volume decreased <b>-2%</b> from 23,732 to 23,218, however export value increased by <b>3%</b>                        |
| Potatoes                       | Potato exports have increased <b>15%</b> in volume from 17,356 to 20,030. Export value has increased <b>12%</b> from \$12,575,880 to \$14,128,782.  |
| Onions                         | Onion exports decreased in both volume and value in Q1 2021. Onion export volume decreased <b>-1%</b> from 11,485 to 11,423, export value fell by <b>-14%</b> from \$10,177,084 to \$8,757,871. |
| Brassicac                      | Brassicac, including Broccoli and Cauliflower, decreased  |

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|                     |   |
|---------------------|---|
| <b>Celery</b>       | Celery exports reduced by <b>-14%</b> in volume and <b>-2%</b> in value for Q1 2021   |
| <b>Singapore</b>    | Singapore remains the largest market by value in Q1 despite falling by <b>-5%</b> in both volume and value  |
| <b>South Korea</b>  | South Korea has seen strong growth for the period, increasing <b>52%</b> in volume from 9,264 t to 14,064 tonnes, and <b>50%</b> in value from \$5,515,712 to \$5,250,157 |
| <b>Malaysia</b>     | Malaysia has also seen strong growth, increasing <b>18%</b> in volume from 5,466 t to 6,431, and increasing <b>10%</b> in value from \$6,190,013 to \$6,789,950           |
| <b>Saudi Arabia</b> | Export volume to Saudi Arabia fell by <b>-15%</b> from 4,058 t to 3,456, and value fell by <b>-2%</b> from \$3,450,903 to \$3,390,499                                     |

[Download the full report here](#)

For further information, contact AUSVEG International Trade Manager Sam Turner on (03) 9882 0277 or via [Sam.Turner@ausveg.com.au](mailto:Sam.Turner@ausveg.com.au)



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## Appendix F – QDAF Freight Simulation Summary

Department of Agriculture and Fisheries

# Enhancing vegetable export opportunities through postharvest research on handling, quality and shelf life

Roberto Marques, Aljay Valida, Jodie Campbell and Daryl Joyce

### The opportunity

Global competitiveness coupled with air freight shortage and high costs underpin a need to develop effective sea freight vegetable supply chains from Australia. Towards this end we need to:

- Identify robust varieties that endure long time frame supply chains to meet quality requirements in target markets
- Enhance production systems to maximise robustness at harvest and quality to consumer
- Predict product performance through supply chains through simulation and monitoring for varying export conditions

### What we did

With export orientated businesses:

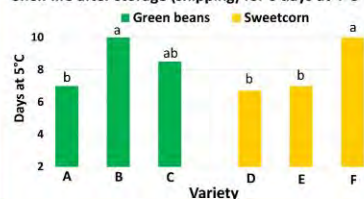
- Investigated opportunities to support export chains for green beans, sweetcorn, broccoli and lettuce to Asia and New Zealand
- Simulated postharvest conditions for sea freight and compared varieties, planting and harvesting times, packaging options and storage conditions, including controlled atmosphere (CA), on produce outturn quality and shelf life

### Example findings

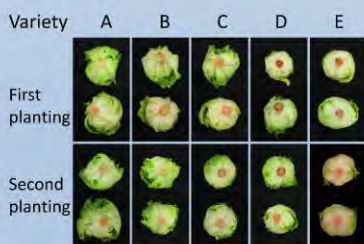
#### Variety

- **Green bean and sweetcorn** variety marked affected shelf life

Shelf life after storage (shipping) for 6 days at 4°C



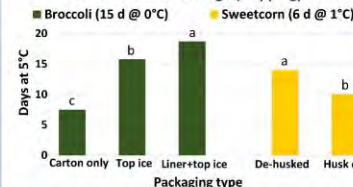
- **Iceberg lettuce** variety affected quality after 8 days at 5°C depending on planting date



#### Packaging

- **Broccoli** cartons with MAP liner and covered with ice on top had better quality and longer shelf life than carton only or carton with top ice
- **Sweetcorn** fully de-husked cobs had a longer shelf life in flow wrap than 'husk on' cobs in other packaging formats

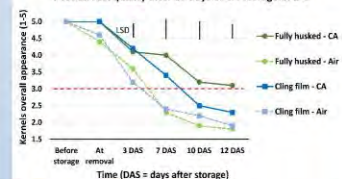
Shelf life after storage (shipping)



#### Storage condition

- **Sweetcorn** CA storage benefited cobs shipped for 15 days to give adequate remaining shelf life after arrival

Postharvest quality after 15 days of CA-storage at 1°C



- **Green bean** had longer shelf life with air storage at 5–6°C than 3–4°C, which caused chilling injury
- **Broccoli** air stored at 0°C had longer shelf life than at 1–5 °C

### Conclusions

Research work is pivotal to establishing and maintaining export market opportunities for Australian vegetables, including to:

- Develop whole of chain approaches to improvements from production to retail, including identifying suitable varieties
- Conduct sea freight simulations to test potential improvements in storage and transport conditions, technologies and packaging
- Apply predictive learnings from simulation studies to commercial chains and in the monitoring of improvements and impacts
- Develop best practice resources and decision aid tools for the wider industry to improve efficacy of export vegetables in target markets

Research summarised here was funded from multiple sources including Ausveg, Hort Innovation, Queensland Government and Australian Government. It was also collaborative with multiple businesses and agencies including Mulgowie Farming Company, Qualipac, Gibb Bros, Rijk Zwaan, Sutton Farms, Trade Investment Queensland, and Queensland University. The many staff and students in the organisations that participated in this work are gratefully acknowledged.

