food & drink federation
passionate about food & drink

Australian Government
Australian Trade and Investment Commission

UK – Australia FTA: Opportunities for the Food and Drink Industry

May 10th 2022

Agenda

- Introduction to the FTA
- UK & Australia F&B overview (import and export)
- Panel Discussion

Introduction to the FTA

Kyle Naish – Head of Political and Trade Policy, Australian High Commission.

UK & Australia F&B overview

Sowmya Ramaswami
Euromonitor International

EUROMONITOR INTERNATIONAL

Agenda

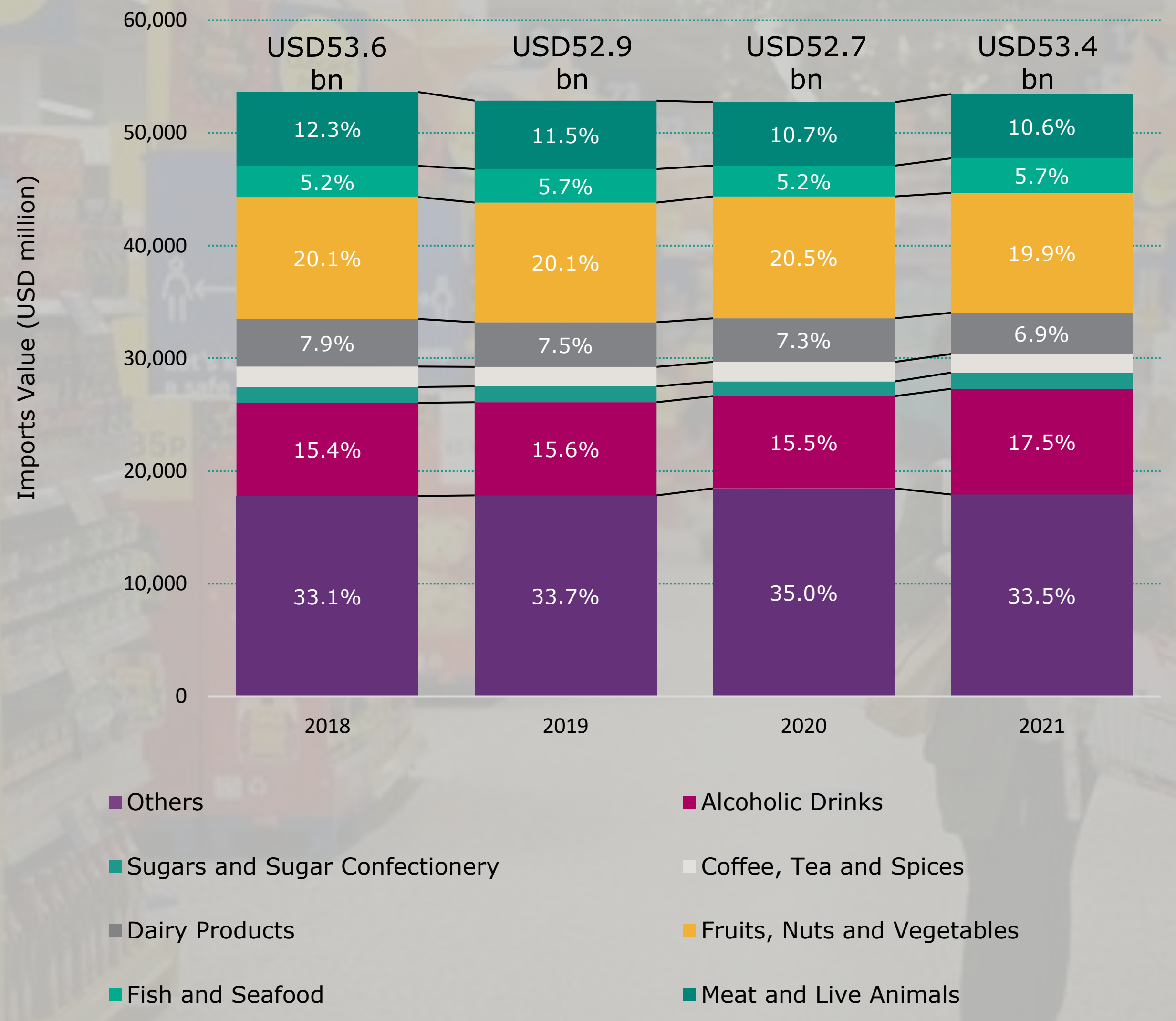
Overall F&B Trade Dynamics

Key F&B Categories Traded between Australia and the UK

Emerging Trends and Key Opportunities

Overall F&B Trade Dynamics

Overall F&B Imports by The UK, 2018-2021



Source: Euromonitor International estimates as per ITC TradeMap.

Note: Meat and Live Animals covers HS Codes 01 and 02; Fish and Seafood covers HS Code 03; Fruits, Nuts and Vegetables covers HS Codes 07 and 08; Dairy Products covers HS Code 04; Coffee, Tea and Spices covers HS Code 09; Sugar and Sugar Confectionary covers HS Code 17; Alcoholic Drinks covers HS Code 22; and Others is the sum up of HS Codes 15, 16, 18, 19 and 20.

Percentages correspond to the value share of each category to total F&B imports.

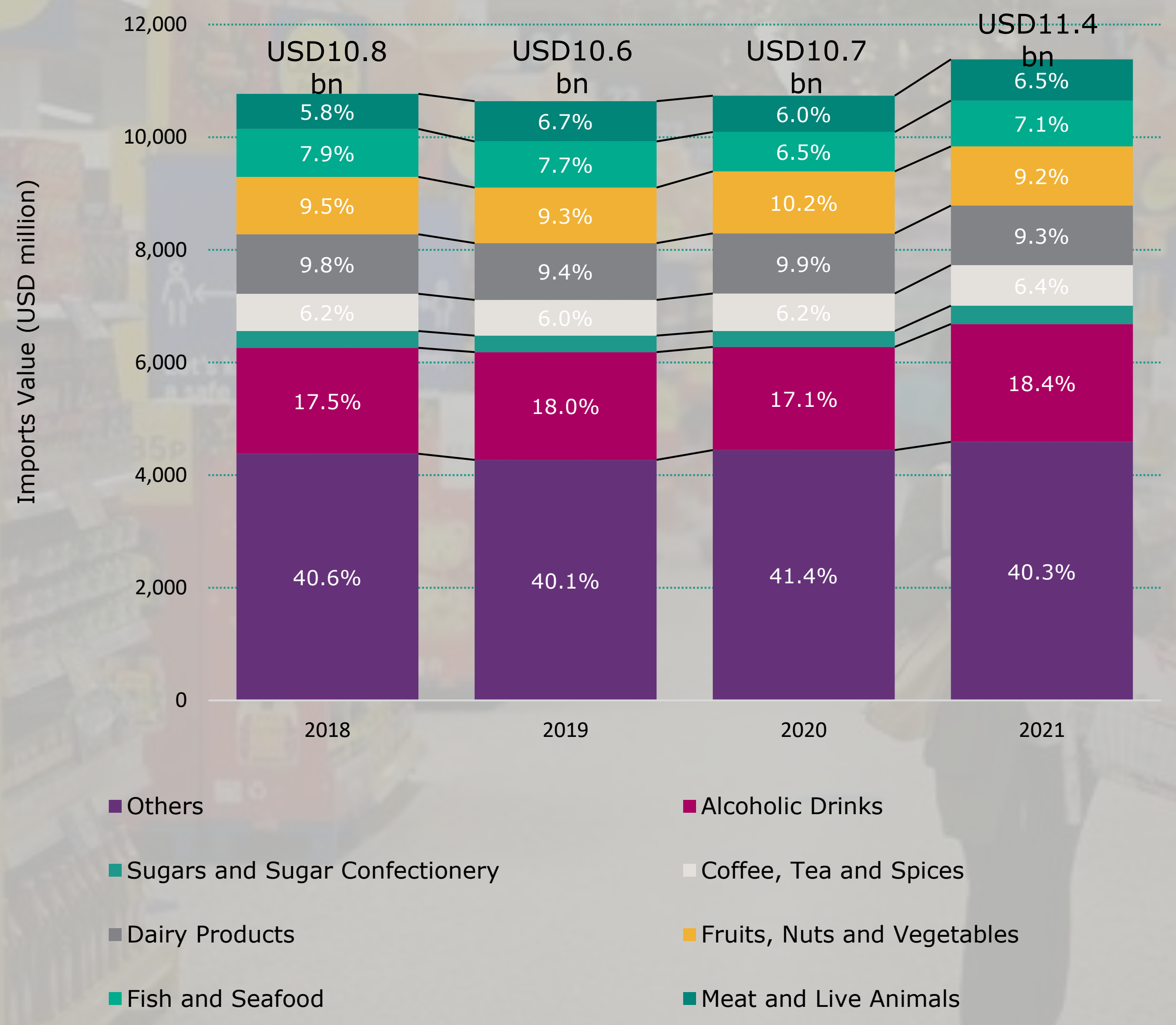
F&B imports remained relatively stagnant over 2018-2021 (CAGR of -0.1%) at around **USD53.4 billion, partially due to EU exit and Covid-19 restrictions**

F&B imports contributed 7.7% to total UK imports in value terms as of 2021, down from 8.0% in 2018

Fresh produce led the F&D imports in 2021 (19.9% value share), partly due to strong demand for berries, other vegetables, grapes and citrus fruits. Yet, **alcoholic drinks *was the fastest growing category over 2018-2021*** *(CAGR of 4.2%)*

EUROMONITOR INTERNATIONAL

Overall F&B Imports by Australia, 2018-2021



Source: Euromonitor International estimates as per ITC TradeMap.

Note: Meat and Live Animals covers HS Codes 01 and 02; Fish and Seafood covers HS Code 03; Fruits, Nuts and Vegetables covers HS Codes 07 and 08; Dairy Products covers HS Code 04; Coffee, Tea and Spices covers HS Code 09; Sugar and Sugar Confectionary covers HS Code 17; Alcoholic Drinks covers HS Code 22; and Others is the sum up of HS Codes 15, 16, 18, 19 and 20.

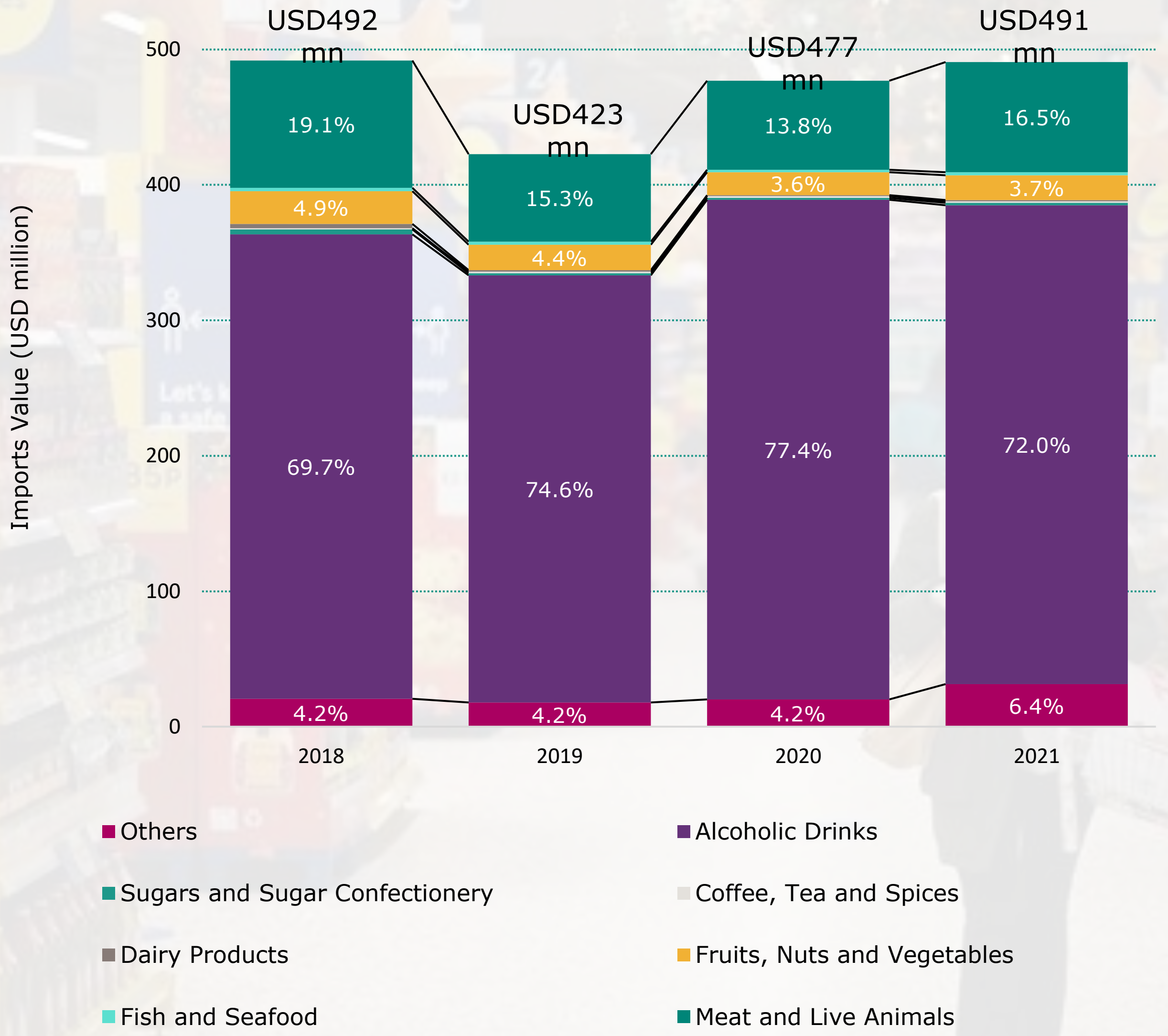
Percentages correspond to the value share of each category to total F&B imports.

F&B imports **advanced at a moderate CAGR of 1.9% over 2018-2021.** F&B imports were largely **led by meat, alcoholic drinks, and sugar and sugar confectionary.**

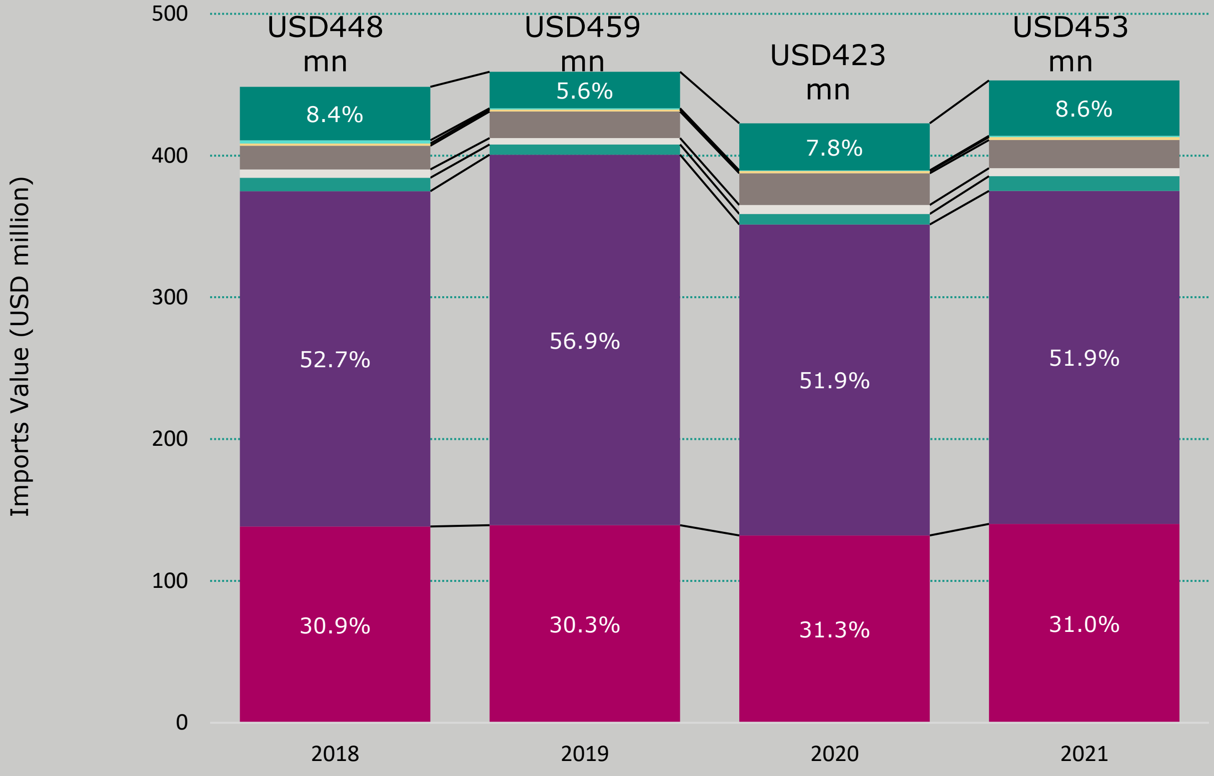
F&B imports share remained steady at just 1.8% of total Australian imports in value terms as of 2021. Australia's F&B imports were only modestly impacted by supply chain disruptions at the outset of Covid-19, recovering at an extraordinarily fast pace from 2020

Key F&B Categories Traded between Australia and the UK

Total Value of UK F&B Imports from Australia, 2018-2021



Total Value of Australian F&B Imports from the UK, 2018-2021



***Alcoholic drinks**, and **meat & live animals** are the top two commonly traded F&B products between the UK and Australia – accounting for more than 50% of total import value of each country.*

Source: Euromonitor International estimates as per ITC TradeMap.

Note: Meat and Live Animals covers HS Codes 01 and 02; Fish and Seafood covers HS Code 03; Fruits, Nuts and Vegetables covers HS Codes 07 and 08; Dairy Products covers HS Code 04; Coffee, Tea and Spices covers HS Code 09; Sugar and Sugar Confectionary covers HS Code 17; Alcoholic Drinks covers HS Code 22; and Others is the sum up of HS Codes 15, 16, 18, 19 and 20.
Percentages correspond to the value share of each category to total F&B imports.

Alcoholic Drinks

Australia was the fourth largest global exporter of wine into the UK behind France, Italy and Spain. On the other hand, the UK is the top trade partner of Australia for spirits with an alcoholic strength of <80% to Australia (ie whiskies and gin).

The new UK-Australia FTA is expected to eliminate tariffs on Australian wine to the UK that currently cost wine producers an estimated 18 to 27 cents per bottle, according to Australia's Rural Bank.

4.8%
UK's Total Alcoholic Drinks Constant Value RSP CAGR 2021-2025

5.7%
Australia's Total Alcoholic Drinks Constant Value RSP CAGR 2021-2025

Meat

Lamb and sheep led Australian meat exports to the UK. Australia remained **UK's second largest trade partner** in 2021 after New Zealand. Beef followed in importance.

Yet the UK has typically been a minor market for Australian producers, due to the quotas and high tariff levels imposed upon Australian exports. With the new FTA, the tariff-free quota is likely to be increased to 35,000 tonnes initially, then 110,000 tonnes after ten years and 170,000 after 15 years.

1.6%
UK's Meat Retail Constant Value RSP CAGR 2021-2025

2.2%
Australia's Meat Retail Constant Value RSP CAGR 2021-2025

Source: Euromonitor International estimates as per ITC TradeMap and Euromonitor International's Passport Alcoholic Drinks and Fresh Food databases.
** CAGR stands for compound annual growth rate.* https://www.ruralbank.com.au/blog/knowledge-and-insights/a-boost-in-aussie-ag-exports-to-the-uk-on-the-cards/

Emerging Trends and Key Opportunities

Trade between the UK and Australia is expected to be positive in the coming years not only leveraging the new FTA but also due to synergies both countries have with respect to emerging trends such as sustainability, conscious consumption habits, zero waste, travel via food and others.

EUROMONITOR INTERNATIONAL

Conscious Consumption

Consumers in both Australia and the UK are increasingly looking to eat the freshest ingredients, while helping to reduce carbon emissions linked to climate change. Supporting local producers is a natural extension for conscious consumers.

Plant-Based Eating

Forced to focus more on their diets and health during the pandemic, a growing number of consumers is turning to plant-based foods (about 33% of British and 30%* of Australian respondents intend to reduce their traditional meat consumption in future).

Zero Waste

Zero waste initiatives continue to gain popularity in both countries, with consumers' green beliefs being evident in their recycling and minimising food waste efforts.

Sustainable Packaging

Sustainable packaging has been a key concern for British and Australian consumers. Yet Covid-19 related anxiety over hygiene has increased the reliance on plastic.

Source: Euromonitor International estimates as per Euromonitor International's Passport Consumer Lifestyles Survey*.*

** N=1,009 in the UK and 1,002 Australia*

Travel via Food

Consumers are increasingly looking for an indulgent getaway. Travel via food won't be only limited to restaurant dining, but it is expected to drive demand for cookery classes and events.

EUROMONITOR INTERNATIONAL

Thank you

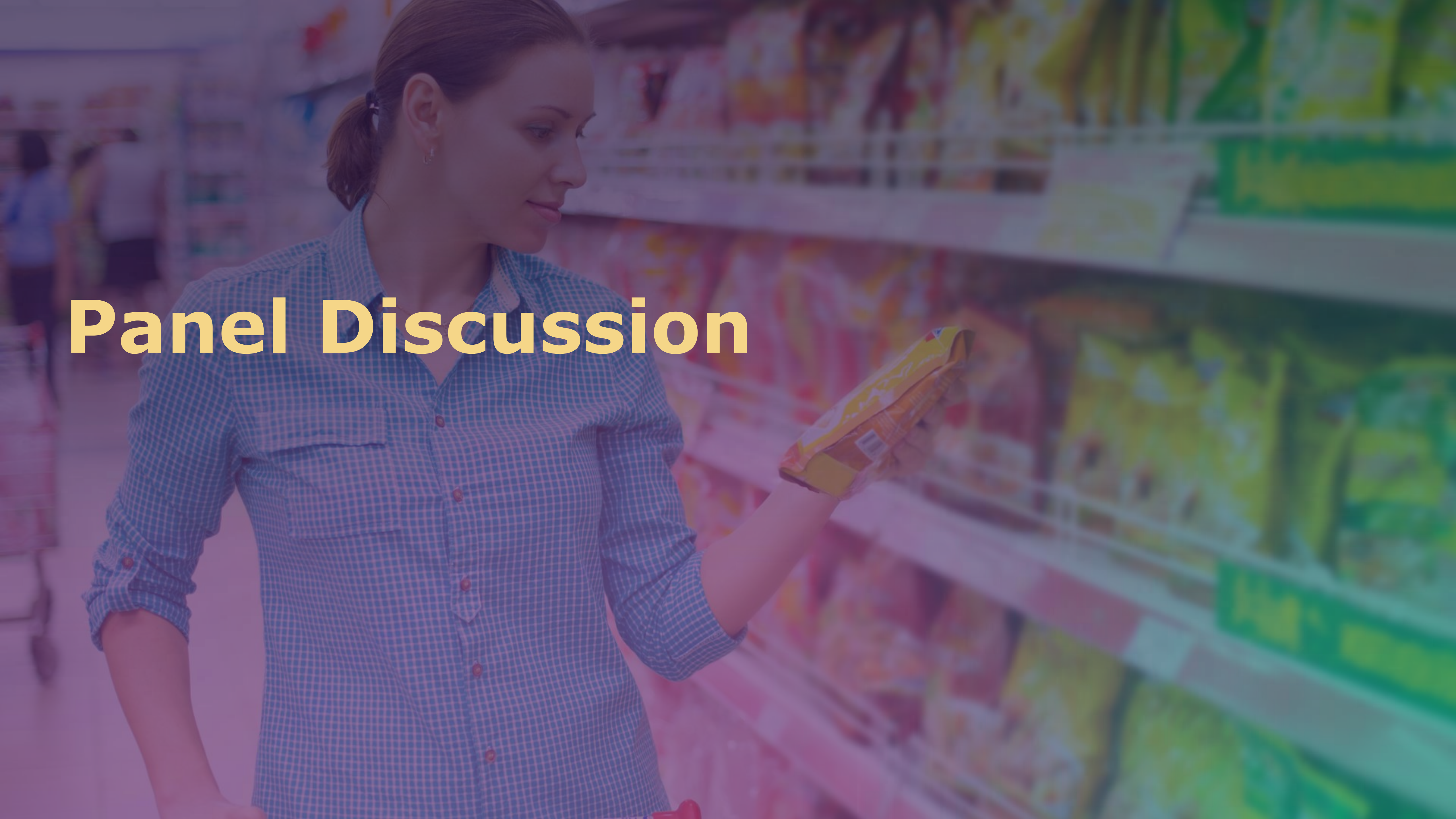
Sowmya Ramaswami, Senior Consultant - Client Engagement Lead

sowmya.ramaswami@euromonitor.com

Tel: + 971 4 372 4363 Ext. 2866

EUROMONITOR INTERNATIONAL

Panel Discussion



Ana Nishnianidze

Trade Commissioner UK & Ireland
Australian Trade and Investment Commission

Speakers

Caitlin Gheller

Foreign, Commonwealth and Development Office

Ian Food

Sapphire Brands (UK based importer)

Jayne Hunt

Hunt Export Advice

Block 1: Existing challenges

1. What are the key challenges that you or companies that you work with face when trying to trade between Australia and the UK? Are these barriers what block companies from exporting?

2. What would you say is the single biggest barrier to companies being successful in exporting from the UK to Australia and vice versa?

Block 2: Cutting the cost of trading

1. In what sense you believe this change will benefit your company/organisation in particular? Or companies you work with?

2. Is there any particular aspect related to food standards that has been of particular interest for you/companies you work with?

Block 3: Simplifying border processes

1. What are the main challenges and frustrations that you currently experience at the border in Australia and the UK? What impact does this have on trade, particularly for products with short shelf lives?

2. From what you have seen of the new trade agreement, how do you think processes you face at the border will change? What benefits will this deliver for your business?

Block 4: A look to the future

1. Where do you see the biggest opportunities arising from the agreement over the next five years?

2. Where would you recommend interested businesses go to find out more about what the trade deal will mean in practice and to start developing trade with Australia or the UK?

Thank you for attending

Sorry if we didn't answer your specific question

We'll follow up on outstanding issues

Recording available – we'll send out a link

fdf food & drink federation passionate about food & drink

dominic.goudie@fdf.org.uk

+44 020 7836 2460

Australian Government
Australian Trade and Investment Commission

alberto.oliva@austrade.gov.au

+44 (0) 20 7632 0014

EUROMONITOR INTERNATIONAL

sowmya.ramaswami@euromonitor.com

+ 971 4 372 4363

Ext. 2866