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Australia

Organic Products

Organic Market Continues to Expand

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According to Scott Kinnear, chairman of the Organic Federation of Australia (OFA), "Australia is expected to follow Europe, where the prediction is that in 15 years' time 30 percent of all food sold will be organic.

A study in 1996 indicated that retail sales of organic food in Australia were worth A\$96 million. This year it is estimated that domestic retail sales and exports will reach a value of A\$250 million.

The organic industry is still a relatively small niche market that is changing due to consumer interest in organic foods, prompting organic producers to become more mainstream. Growth in the Australian industry has been initiated by strong demand for organic produce overseas rather than the growth in demand for organic produce in the domestic market. There are two reasons behind this trend: one is that organic food demand by overseas consumers is growing at a faster rate than it is in Australia and Australian consumers already believe they are getting clean green food; second, the GOA has begun to recognize the value potential of the organic markets overseas and is beginning to support the industry because of its value as an export product.

According to one producer, there is a really strong growth pattern in organics at the moment being pushed along by GMO issues. Every time another GMO issue comes up, it inflates organic sales and pushes sales along. He also finds a close correlation between adverse problems with food and chemical contamination and increases in organic sales.

International and Australian speakers at a recent briefing session about opportunities in the organic food sector said that the increased production of GM foods, and consumer concerns about their safety, have increased demand for organic foods in most developed countries.

However, there is a shortage of producers in Australia. According to OFA, farmers need long-term contracts in order to proceed with investments in organic farming methods. Start-up costs and conversion are high but OFA is encouraging them to take a long-term view.

There are also calls for the domestic market to have some form of legislation or certification which will assure Australian consumers of the authenticity of organic products. Producers see it as important that the Australia New Zealand Food Authority address the issue of organic certification and labeling in the domestic market. Because of overseas requirements, legislation was introduced in 1992 and all organic exports are subject to accreditation by certifying agencies licensed by the Australian Quarantine and Inspection Service. Industry is seeking to have this legislation extended to protect Australian consumers from non-accredited growers so that consumers can be confident that what they are eating is actually organic.

Organic food is moving into mainstream supermarkets at a fast pace. According to one producer of organic health bread, recent response from the industry has been positive. One major chain approached them to produce different types of organic bread, additional to what they were already producing - i.e. they were reacting to consumer demand for different types of bread.

Coles and Woolworths have both identified the growing trend of organic foods by expanding their product range. Woolworths are now offering organic products in 57 stores and the amount of organic food at Coles has increased by 600 percent this year.

Supermarket oriented companies such as Uncle Tobys and Jalna have also responded to the increasing trend and have already added organic products to their already well established portfolios. Uncle Tobys introduced organic Vita Brits this year. Made from Australian organic wheat, the organic breakfast cereal is the result of increasing consumer demand for organic food choices, Uncle Tobys said. The company said that while the concept of organic is not new, the increased demand for organic food is. "The Australian organic market is currently growing at 25 percent per annum," their Managing Director said.

Jalna is the first Australian yoghurt producer to own its own bio-dynamic farm as part of its vision to produce healthy foods in a healthy environment. Jalna's range of bio-dynamic yoghurts is produced on pastures farmed according to bio-dynamic principles.