

China - a promising future option

Supplying Australian oysters to China's booming gourmet market looks promising.

As part of Seafood CRC project: "Operational China, Shanghai Market Research", a market research group, including James Calvert of Tasmanian Prime Oysters, has looked at the market and its accessibility.

Shanghai has a large market for Seafood, and Australia is well placed with quality and reputation to capitalise on the growing demand. Oysters are not considered as a "high valued" product unlike Abalone, Lobster, Sea Cucumber, Shark Fin etc. Chinese demand is in the bigger cities for A+ condition, large oysters but will be competing on price with high volumes of local cheap product.

Unfortunately, it seems that Australia's reputation for good value has slipped with lower condition oysters supplied at higher end prices. Pricing is the major barrier for the Australian oyster industry.

Access to the market is via two main distribution routes, the "Grey Trade" and "Direct Trade". The Grey Trade distributes by ferrying product from Hong Kong to mainland China for on-forwarding. However, the Direct Market approach to all mainland China cities attracts a 14 percent Value Added Tax (VAT: goods & services tax) plus a varying range of import tariffs of between 9 to 16 percent. On average this adds an additional 27 percent cost to the gross value of landed product versus "Grey Trade" arrivals.

Future opportunities are likely to exist in supplying premium, 'safe' Australian oysters directly to five star hotels and restaurants if dining habits become more westernised. An equitable trade agreement between Australia and China for seafood is also necessary.

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