Final Report

Australian Onion Industry Export Strategy

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Project code:

VN20003

Project:

Australian Onion Industry Export Strategy (VN20003)

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Summary

This project provides the Australian onion industry with a comprehensive, evidence-based, independent assessment of export opportunities and recommended activities for industry export growth. The project intent is to inform the industry investment in export market development and provide a reference for trade officials and for individual businesses to develop and update their own export strategies. The need for an onion export strategy was noted in the 2017 SIP, in an industry export forum in 2018 and the 2021 Draft SIP. It has taken some time for this export strategy to eventuate.

The project findings are reported in two documents:

Volume 1: The Market Mapping document is broken into the following parts:

Part A: **Australian exports**

Part B: **Market profiles**

Part C: **Global trade & competitor analysis**

Volume 2: The separate second document contains the Situation Analysis and Export Strategy and explains its rationale in the following parts:

Part D: **Strategic situation analysis**

Part E: **Export strategy**

The analysis in the market mapping report shows that Australian onion production, while inconsistent, has incrementally increased over the five year trend. At the same time, the share of total Australian onion production that is exported has decreased over the average 10 year trend (with some seasonal spikes), putting increased pressure on domestic market prices. The patterns of trade differ between brown and other onions; with exports of brown onions declining by 21% in 2020 and other onions increasing by 33%. This disparity indicates a need to better understand export market preferences. Because much global onion trade is facilitated through intermediaries, the industry has limited market signals and feedback.

The strategic situation analysis presented seven burning issues that were subsequently discussed with industry in the strategy 'road test' workshop in June 2021:

1. The imperative of growing exports to preserve domestic prices
2. The declining share of total onion production that is being exported
3. The opportunistic nature of much of Australia's trade is resulting in a high level of market volatility
4. Australia's high production costs mean premium market segments must be pursued
5. The limited direct contact with end customers means market preferences are poorly understood and there are few opportunities to build relationships
6. The onion industry's lack of resources and capability to invest and drive export market development
7. The need to continuously improve cold chain and leverage the newest technology.

The resulting 2021 -2026 Onion Export Strategy addresses each of the above burning strategic issues. Because of the limited industry resources to drive export growth, the strategy aims to 'do more with less' and the programs are deliberately high level. It includes a recommendation for greater collaboration with the AUSVEG export program, which was endorsed by the onion exporters. The strategy is framed around four key pillars of activity illustrated in the strategy map below, which summarises the entire plan.

AUSTRALIAN ONION INDUSTRY EXPORT STRATEGY 2021 - 2026

VISION
The Australian onion industry is recognised in global markets as a reliable supplier of the quality that justifies premium prices

STRATEGY MISSION
To export a growing share of production and achieve volume stability through a more strategic approach to exporting

ASPIRATIONAL GOAL
Onion exports of 50,000 tonnes by 2025 or 30% of total production exported

1. ENHANCE EXPORT DEVELOPMENT RESOURCES

Leverage the limited onion levy resource by linking with established export programs

OUTCOME
Industry has access to a strategic export program and professional expertise

2. BUILD PRESENCE IN GROWTH MARKETS

Drive exports through targeted market development activities

OUTCOME
Australian onions secure increased market share in prime markets

3. INFORM EXPORT PLANNING

Support grower / exporter seasonal planning through up-to-date information on global market dynamics

OUTCOME
Exporters have access to timely, commercially relevant market intelligence

4. DRIVE THE QUALITY ADVANTAGE

Protect and enhance Australia's reputation for premium quality onions through continuous improvement in post harvest and cold chain management

OUTCOME
Australia's reputation for premium quality and product integrity is protected

SUCCESS INDICATOR
Premium prices relative to import parity price

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Keywords

Onion, Export Strategy, Export Market Development

Introduction

This project presents the Australian onion industry's five-year export strategy for the period 2021 to 2026. The industry consultation and market analysis undertaken at the start of the project provided a clear understanding of the issues blocking export growth. The situation analysis in Volume 2 summarises the key issues likely to impact the performance of Australian onion exports over the life of the strategy. The export strategy presents a response to each of these burning issues.

The intent of the export strategy is to guide the investment of industry levy funds, providing an evidence base and strategic recommendations to the onion SIAP. The report documents are not intended to be a strategy for individual export businesses, although the plan provides important cues that could be considered in individual business strategies.

Rationale for investment in this project

The reasons why investment in this export strategy is important for industry are:

1. An export strategy with clear market priorities is a pre-requisite for DAWR to advance any market access or improvement cases.
2. To guide investment of levy funds and inform SIAP members
3. To guide trade personnel outside the onion industry (i.e. within Governments, Austrade and Hort Innovation)
4. To better understand long term market trends
5. To guide individual business export strategies
6. To stimulate industry change.

Significance for industry

The Australian onion industry has the capacity and land water resources to lift onion production even further but is unlikely to gain any quantum growth from the domestic market. Therefore, exports are critical to industry growth and retaining profitable domestic prices for onions. This project is therefore highly significant for the Australian onion industry and requires further action to implement the recommendations.

Methodology

The methodology for this project included the following elements:

1. **Market analysis and market mapping -** including application of McKINNA *et al's* Market Potential Index tool to help prioritise markets for industry investment.
2. **Document review** – to draw insights from other relevant reports.
3. **Industry consultation** - A series of in-person and video interviews with onion exporters in WA, TAS, QLD and SA.
4. **Strategic situation analysis** – preparation of a document that summarises the research findings and draws conclusions about strategic directions
5. **Drafting of strategic plan** – the plan is designed to respond to each of the burning issues
6. **Strategy road test session –** on-line workshop with onion exporters to validate the proposed strategic directions.
7. **Call for feedback from industry –** industry were invited to provide additional feedback on the final draft by email or phone
8. **Final documentation** - Preparation of final export strategy and Hort Innovation administrative documents.

Outputs

Volume 1: Market Mapping Report

Volume 2: Strategic Situation Analysis and Export Strategy

Outcomes

The project has delivered the key end of project outcome as noted in the M&E document:

A well-informed onion industry with a strategic road map to guide the industry's export development investment decisions that will ultimately result in greater export success

The industry consultation and workshop has assisted in achieving the following:

- Clear understanding of export development and growth opportunities
- Industry consensus on export development and growth priority activities and investments.

Monitoring and evaluation

The project delivered on its intent as outlined in the answers the Key Evaluation Questions:

Key evaluation questions	Relevant?	Project-specific questions
Effectiveness		
1. To what extent has the project achieved its expected outcomes?	Y	*Have the two key outputs been delivered satisfactorily?* *Yes. Industry has approved the two documents that are the key outputs.*
Relevance		
2. How relevant was the project to the needs of intended beneficiaries?	Y	*To what extent has the project met the needs of industry levy payers?* *The project has fulfilled the terms of the engagement* *Will industry be able to implement the strategy?* *The ability of industry to deliver the strategy will depend on allocation of levies to export focused projects by the SIAP. The strategy document outlines clear programs of activity that are within the capacity of industry to deliver. It also suggests that greater collaboration with the AUSVEG export program would enable the available funds to be used to best advantage.*
Process appropriateness		
3. How well have intended beneficiaries been engaged in the project?	Y	*Do industry members feel that they have had sufficient input into the strategy?* Multiple approaches have been made to industry to provide input including emails and phone calls to key exporters following the strategy 'road test' workshop.
4. To what extent were engagement processes	Y	*Did the project engage with industry levy payers effectively?*

appropriate to the target audience/s of the project?		Yes. Key onion exporters were given many opportunities to participate and all of the volume exporters did so.
Efficiency		
5. What efforts did the project make to improve efficiency?	Y	*What efforts did the project make to improve efficiency?* The COVID 19 travel restrictions meant that the workshop had to be held by video conference. Unfortunately an operating system upgrade on the day played havoc with the function enabling sharing of data which caused a disruption to the presentation and discussions. Notwithstanding this technology disaster, attempting to conduct important industry workshops such as this via video is challenging in the best of circumstances. It is recommended that it would be far more efficient to schedule this type of activity to occur during Hort Connections or the annual Onions Australian conference. It is the experience of the consultants that these workshops work far better in person when participants can speak freely and benefit from sharing of ideas. This type of activity is also important for younger members of the industry to learn from others in the industry and the experience of the specialist advisors (delivery partners).

Recommendations

It is recommended that the Australian Onion Industry brief members and the onion SIAP on the findings in this document and consider allocating a far greater portion of the industry levy funds towards export market development and export marketing. The rationale for this recommendation is that:

1. Ultimately, investment in building more sustainable export markets will benefit all growers through improved prices on domestic markets.
2. The industry does not have sufficient marketing levies to launch an effective consumer marketing program on the domestic market so these funds would be better employed in developing collateral to drive greater awareness of Australian onions in export markets.

It is also recommended that the AUSVEG export team be briefed on this project and asked to present a response as to how they could include the onion activities in their export program on a fee for service basis and in a cost effective manner.

Refereed scientific publications

Not applicable

References

The trade data bases used to compile the market mapping report are an amalgam of multiple sources. These are referenced on the graphs in the market mapping report.

Intellectual property, commercialisation and confidentiality

McKINNA et al retains the intellectual property pertaining to the Market Potential Index.

Acknowledgements

Onions Australia

Appendices

Submitted as separate attachments.

Volume 1: Market Mapping Report

Volume 2: Strategic Situation Analysis and Export Strategy