



Onion Industry Export Strategy: A new roadmap to drive export success

A new export strategy has been launched providing Australian onion growers with a strategic roadmap to guide the industry's export development investment decisions to ultimately improve both the export and domestic onions market.

As part of a Hort Innovation levy-funded project 'Onion Industry Export Strategy' (VN20003) strategic planning consultancy McKINNA et al has created a strategic five-year export plan 2021-2026 for the Australian onion industry.

The Export Strategy was developed following a detailed market and competitor analysis, known as the Market Mapping Report with leading onion exporters and marketers also included in the consultation.

The project has resulted in two key outcomes:

- 1) a clear understanding of which export markets offer growth opportunities and;
- 2) industry consensus on export development and growth priority activities and investments.

The Export Strategy recognises that the global market for onions is highly competitive and dominated by India and China, who set price expectations in many of the markets in which Australia competes. Therefore, Australian exporters must compete based on premium quality and product integrity.

Onion Export Strategy project lead Dr David McKinna said the strategy hopes to grow the onion export market as the opportunities exist; they just need to be explored.

"There is opportunity to grow our market, if industry exports, pressure is taken off the domestic onion market.

"The strategy aims to reduce domestic price drops by taking small amounts of onions off the market and creating a knock-on effect, meaning there is a substantial cause for onion levy payers to invest in their exports, even if they are not exporting. If we sell on the export market at or below cost, the effect on the domestic market is great," Dr McKinna said.



CASE STUDY

“This strategy details how Hort Innovation, and the onion industry should be investing the levy, as we are currently under-investing in export market development.

“To develop our international markets, it is all about improving relationships, ensuring we have trust and a good working relationship with those markets- particularly in Asia, as they turn to Australian onions,” said Dr McKinna

It is estimated that there are less than 10 major grower/exporters in Australia that produce the bulk of Australia’s export onions. Tasmania, South Australia, and Western Australia are producing 97 per cent of the export volume, with Tasmanian onions accounting for 52 per cent of the total export trade.

Although around 15 per cent of Australia’s onion volume is exported, it used to be a much higher proportion of total production.

“We need to continue to drive our advantages, as we do need to sell at a substantial premium to international markets, so having that quality edge is critical to putting Australian onions on the map.

“I encourage growers to read the export strategy even if they’re not exporting themselves, as it does give great insight into the industry and it is important for all growers to understand the importance of exports,” Dr McKinna said.

A grower that agrees with the new strategy and Dr McKinna’s sentiments is Jim Ertler, Owner of Premium Fresh in Tasmania which has been operating since the early 2000’s and exporting for the last 14 years.

He believes the export strategy is key in supporting growers’ exporting business plans and replacing the decreased demand in domestic markets due to recent oversupply.

“Over the last 18 months we have seen peaks in domestic market demand, but with the ongoing lockdowns and border closures that market has slowed things down for us. Export markets have provided an alternative route for Premium Fresh in replacing domestic market lulls, but not without the challenges of shipping and fulfilling orders continuing.

“The Onion Export Strategy will, assist in building brand awareness and sustainability. This use of levy funds will support growers in their business strategies particularly if they are currently not exporting.

“There are no benefits in selling product below cost, we need to all work towards managing the volumes placed on the domestic market to ensure that it is not oversaturated. The strategy can be part of growers plans to manage supply volumes on the domestic market which will benefit all.”



CASE STUDY

“With building more sustainable export markets one of the key recommendations of the strategy, Premium Fresh has taken a proactive stance and delved further into both the European and South-East Asian Markets. We are keen to explore our new markets particularly with the guidance and support of the export strategy findings,” Mr Ertler said.

For more info on the about the project, visit: <https://www.horticulture.com.au/growers/help-your-business-grow/research-reports-publications-fact-sheets-and-more/vn20003/>

For more information on domestic and international trade and industry support, visit: <https://www.horticulture.com.au/growers/Trade-hub>



Photo caption: Jim Ertler, Mike Ertler and Rick Ertler (left to right).