OPPORTUNITIES FOR SOUTH AUSTRALIA IN BLUEFIN TUNA

LUXURY FOODS

Bluefin tuna fisheries are highly regulated globally and are closely managed by fishing quotas for specific regions. Australia is the largest producer of Southern Bluefin Tuna, followed by Japan.

South Australia can take advantage of the growing Bluefin tuna market opportunity by addressing industry issues across several fronts.

PREMIUM FOOD AND WINE FROM OUR CLEAN ENVIRONMENT

SOUTH AUSTRALIA

Government of South Australia

Primary Industries and Regions SA

This fact sheet presents a high level summary of the opportunities for South Australia to supply Abalone to the eight countries analysed through the Functional and Luxury Foods Research Project.

The majority of Southern Bluefin Tuna catching, farming and processing occurs in Port Lincoln. The Southern Bluefin Tuna supply chain in Australia is mature and closely controlled.

CHINA	Bluefin tuna continues to command growing demand with the emerging affluence of individuals in China. The Taiwanese industry dominates the market with a smaller industry on mainland China. Currently there are imposed restrictions relating to fisheries in Japanese and Chinese waters in an attempt to stabilize fish stocks.
HONG KONG	The Hong Kong Government has declared Bluefin tuna critically endangered, and has banned it from official government dinner menus. However, Bluefin tuna can still be imported for general public consumption.
INDIA	The VTT researchers did not indicate specific opportunities for South Australia's Bluefin tuna in India.
INDONESIA	The VTT researchers did not identify any particular opportunities for South Australia in Bluefin tuna in Indonesia, but noted that Indonesia has the third highest catch of Southern Bluefin tuna in the Asia Pacific region (behind Australia and Japan).
JAPAN	In Japan, Bluefin tuna is a highly popular product consumed as part of sushi and sashimi preparations. There is an established local industry which is unable to meet the current local demand. There are further supply pressures from regulations limiting the fishing of Japanese and Chinese fisheries. The Japanese Government is undertaking efforts to decrease the amount of Bluefin Tuna consumed in Japan to ease over-fishing.
MALAYSIA	In Malaysia, there is only limited demand for Bluefin tuna which mainly comes from the small resident Japanese population.
SINGAPORE	In Singapore, the majority of Bluefin tuna is consumed in high-end sushi restaurants. Japan has placed restrictions on the fishing of immature Bluefin Tuna from their waters, impacting Singapore's supply. There is general consumer awareness in Singapore regarding the endangered listing of Bluefin tuna.
SOUTH KOREA	Bluefin tuna is a highly regarded food in South Korea, and locally known as guromaguro. In line with the increasing wealth of the South Korean population, demand for Bluefin tuna has continued to grow. South Korea is a major producer of Bluefin tuna and has recently agreed to regulate the fishing of juvenile fish. There is a current ban on Bluefin tuna imported from Japan.

OPPORTUNITIES FOR SOUTH AUSTRALIA

The Commission for the Conservation Southern Bluefin Tuna's management procedure (a set of rules that specify changes to the total allowable catch (TAC) of southern Bluefin tuna) is for a 70% probability of rebuilding the stock to the interim rebuilding target reference point of 20% of the original spawning stock biomass by 2035. With the catch limit in Australia increased by almost 10% for the 2014-15 season (to 5,665 tonnes), the supply of Bluefin tuna is expected to be strong for the year 2015. The quota is expected to remain stable until 2018, after which an increase to around 6,000 tonnes is anticipated.

While negative consumer associations of Bluefin tuna as an endangered species may be viewed as a threat to Australian production, it may offer an opportunity especially if captured and farmed production is a key differentiator. In addition, the South Australian model (i.e. wild capture plus grow-out) has the advantage of (1) reducing mortalities since captured Bluefin (2-4 years old) are strong fish and (2) these fish have the combined qualities of wild tuna and farmed tuna.

The fact that South Australian Bluefin tuna is from farms also guarantees the sector's ability to supply year-round (as opposed to seasonal availability changes with wild catch). Other competitive advantages include the 'clean and green' image that Australia has in global markets as an exporter of food. Finally, the robust catch management systems implemented in South Australia have ensured improved sustainability of stock, which some of the other producing regions do not enjoy at this point.

To reinforce premium positioning, it is imperative that an industry-wide comprehensive marketing program is designed. This is likely to be of most impact in diversification of export destination markets beyond Japan (most importantly, in China). The benchmark, in this context, is the remarkable success of Norwegian salmon in China that has been the result of around two decades of consistent marketing campaigns through the Norwegian Seafood Council's joint marketing efforts with Norwegian salmon exporters, public relations (including events such as restaurant campaigns) and point-of-sale marketing (including posters, brochures, chefs on site and training of retail staff).

South Australia can take advantage of the growing Bluefin tuna market opportunity by addressing industry issues across several fronts:

- The current practice is for the two Japanese freezer boats (that take up to 80% of the South Australian output) to stay at Port Lincoln for two months. This scenario of all Port Lincoln Bluefin tuna farms harvesting at the same time can be restrictive.
- In addition, the over-reliance on the Japanese freezer boats for the majority of offtake reduces South Australia's ability to negotiate on price. Diversification of export destination markets is therefore not only a risk-mitigation strategy, but also a long-term avenue to realising more flexibility on pricing.
- The free trade agreements (FTAs) signed with Japan and other Asian countries have not delivered significant benefit in terms of decrease in frozen tariff as expected by the industry. Under the Japan-Australia FTA, the current 3.5% tariff on Southern Bluefin tuna will be abolished in stages over a decade. Under the China-Australia FTA, Southern Bluefin tuna tariffs remain, but will be abolished within four years. However, the Trans-Pacific Partnership deal will result in increased competition from Mexico in the Japanese market, which may effectively nullify the Australia-Japan FTA advantage for South Australian Bluefin tuna. However, with China not being part of the TPP, South Australia retains some advantage over Mexico with respect to that market.
- A larger market opportunity for Bluefin tuna is likely to develop outside Japan as consumers buy more value-added products. This will translate into increased demand for loins (as opposed to whole carcasses); and more consumers willing to pay a higher price per kilogram for fresh tuna. However, specific marketing strategies will need to be developed to support the premium positioning of South Australian product in this context.

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