



## MIL-OSI Australia: North Asia FTAs deliver new export markets for Grove Juice

874 words

1 May 2018

ForeignAffairs.co.nz

PARALL

English

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Source: Australia Government - AusTrade

October 2016

Having long quenched Australia's thirst with its fresh juice, Queensland's Grove Juice is now a fresh face in the Asian market. With Woolworths, Coles and IGA as clients, its business is more than fruitful on home soil, producing 500,000 litres of juice per week.

Attracted by the launch of the free trade agreements with Korea, Japan and China, the successful grower and distributor is now entering markets in North Asia for the first time.

The incentive for Grove Juice to reach into North Asia was driven by the free trade agreements, said Andrew Ross, CEO, Grove Juice.

"A combination of the launch of the FTAs, desire to export, lots of planning, market research, and discussions with Austrade as to where the opportunities were, led us to where we are now in Japan and Korea," Mr Ross said.

Now one of Grove Juice's biggest export clients, the company started shipping juice directly to a major retailer's warehouses in Korea and Japan for distribution. Mr Ross said: "We are now producing an additional few hundred thousand litres for the export market."

Mr Ross said exporting on this scale wouldn't have been likely before the FTAs were in place. "It has made it a lot easier for us to get our products into Japan and Korea and onto the shelf at competitive prices. We have to compete with a lot of other products in the market and up until now there have been significant duties. The reductions in tariffs have made a big difference."

For example, under the Japan-Australia Economic Partnership Agreement (JAEPA) apple juice tariffs of between 19.1 per cent and 34 per cent have been cut to between 7.6 per cent and 13.6 per cent. These tariffs will be reduced on 1 April every year, until they are eliminated in 2024. In Korea the tariff was as high as 54 percent and will also be reduced to zero in the coming years.

Ross said there is a trend in Asia for more Western-tasting products and styles.

"With more people travelling to Australia, they are tasting products like ours - premium fresh natural juice, which isn't reconstituted; and it's becoming something that they desire more and more."

Regardless of the demand for fresh juices with natural quality and taste, Mr Ross said that particularly with perishable goods there is only going to be a certain retail price consumers are prepared to pay.

"If someone's adding 30 per cent to the product at the gate, it makes your product too expensive on the supermarket shelf. The FTAs are very important because without them, there are barriers to entry. Just getting that barrier down and opening up the product to people at a reasonable price makes a massive difference."

With a new boost in exports, Mr Ross said, "Thanks to the FTAs we now have another revenue string to our bow. With the extra funds coming in the door, we're now looking to expand and experiment with different varieties, flavours and sizes. It has also allowed us the time and resources to improve our knowledge and to invest in research and development around increasing shelf-life for exporting."

Grove Juice has hired people to carry out the research and development.

"Because of the increased exporting, we have had to hire extra staff in our processing production area - which is good for regional development," Mr Ross said.

He added this is just the beginning and he wants to take full advantage of the FTAs.

"We're only in a small part of Japan and Korea at the moment. The exciting part is that now we are in the door we have the opportunity to really expand in the market. Without the FTAs we may never have had the opportunity."

As well as expanding within Korea and Japan, Mr Ross said Grove Juice is exploring markets such as Malaysia and China, where FTAs have also been signed.

"China is totally different to Korea and Japan because of its vastness, but we are having meetings with some potential Chinese customers and looking at what we can do in that market."

As to the long-term effects of the North Asia FTAs for Australia, Mr Ross said: "Australia is seen as a clean, green environment and as long as we keep meeting our high standards, our Australian products will continue to grow and grow in stature.

"The more Australian businesses that jump on board and take advantage of the FTAs, the better. There will be more awareness and acceptance of Australian products, which in turn has the ability to be a very good part of everyone's business."

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