

OPPORTUNITIES FOR SOUTH AUSTRALIA IN ABALONE

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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 varieties of abalone grown in Australia are the green-lip, black-lip and a hybrid tiger abalone. South Australia produces the green-lip abalone which is tightly regulated.

- CHINA** China's abalone market continues to grow, keeping pace with the country's economic prosperity and consumer wealth. There is a nascent domestic abalone industry which is unable to meet current local demand. China has witnessed increasing incidence of disease among abalone species due to intensive farming and overfishing. There is a clear premium placed on wild caught imported abalone over the domestically farmed product.
- HONG KONG** Hong Kong is one of the largest importers of abalone in the world and there has been a recent increase in demand for abalone along with other luxury seafood, and it is a particular delicacy in Cantonese cuisine (popular in Hong Kong). Importers are required to obtain health certificates issued by health authorities of countries of origin, which are inspected at various checkpoints.
- INDIA** The research did not identify any significant market trends for abalone in India.
- INDONESIA** Over 90% of Indonesia's abalone production is exported, but affluent Indonesians do consume abalone as an indicator of their social status and western exposure. With input from Australia (through the Rural Industries Research and Development Cooperation), Indonesia is developing a larger abalone aquaculture industry to cater to the export sector.
- JAPAN** In Japan, there is a local industry for abalone, however it is unable to meet demand. This has resulted in an increase in the demand for imported abalone. There are current efforts in the local industry to improve yield through embryonic manipulation in farmed abalone. There is an increased presence of disease in Japanese abalone which has been attributed to overfishing practices. Japan has introduced fishing limits to improve the management of the local fisheries.
- MALAYSIA** Abalone is a status symbol across East Asia and is a reputed aphrodisiac. In Malaysia, abalone is in demand amongst the country's Chinese population (around 24%) and in high-end restaurants and hotels. It is traditionally served on special occasions as a symbol of wealth and prosperity. There is currently one abalone farm in production within Malaysia which uses a recirculation aquaculture system (RAS) to speed up the lifecycle from 5 years to 2½ years. Canned and dried abalone is also popular in Malaysia.
- SINGAPORE** In Singapore, there is strong demand for abalone mainly driven by the large Chinese population. Abalone supply in Singapore has been affected by the tight restrictions imposed by countries of origin to protect their fisheries. Nearly all luxury seafood consumed in Singapore is imported, due to the country's limited capacity for local production.
- SOUTH KOREA** In South Korea, abalone was historically served as food for royalty and it has maintained its reputation as the 'ginseng' of the sea. However, unlike other countries, abalone is no longer considered a luxury food in South Korea but more a premium food. This is because South Korea is now the world's second largest producer of abalone and supply is abundant, as a result of huge investments in increasing farming capacity. There is a price premium for wild-caught abalone; however, there are concerns about the sustainability of this product.



OPPORTUNITIES FOR SOUTH AUSTRALIA

South Australia is the second largest producer of wild caught abalone in Australia and has an opportunity to increase farmed abalone production, given that in 2012-13 it represented only 0.2% of global farmed abalone production, and only 32% of Australian production. Due to the huge increase in production of farmed abalone in China and Korea, South Australian producers cannot compete in the commodity market for abalone. Value chain opportunities are likely to lie in product differentiation and marketing;

- South Australia's reputation for a clean, green and pristine marine environment and sustainable fishery management reputation lends itself to being a major product differentiation tool to command higher prices internationally, particularly in China.
- Larger abalone commands the highest prices on a per kilogram basis. However, there is a tendency for abalone to be harvested by farmers too early in the growing cycle, for cash flow and harvest yield reasons. Allowing further growth in abalone to an optimum size will allow the highest value per kg to be obtained.
- Nitrogen freezing is the preferred method of providing frozen abalone as this is best for maintaining the features of live abalone.
- In common with other products, use of e-commerce channels by abalone producers to sell, especially into China, is likely to yield market benefits, especially for canned products which are not subject to distribution challenges.
- Marketing of abalone in Asia needs to focus on attributes of South Australian production that are different to farmed abalone in Asia, especially the larger size of the animals and the fact that they are produced in much cleaner and more sustainable environments. A holistic industry-wide approach would be needed to deliver an effective promotional campaign for Australian (or South Australian) abalone, regardless of production method (wild caught and farmed).
- Certification of production is likely to be an increasingly important point of differentiation for abalone and other aquaculture products. For example, the Aquaculture Stewardship Council (ASC) is the leading certification and labeling programme for responsibly farmed seafood. The ASC's primary role is to manage the global standards for responsible aquaculture, which were developed by the WWF Aquaculture Dialogues. Demonstrating sustainability in production is likely to become more important for abalone buyers, even in Asia, and certification through this programme provides Australian producers with a competitive edge. Currently, only one Australian abalone farm (in Victoria) has been certified by the ASC.



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