Dairy Goat Products
Developing new markets

A report for the Rural Industries Research and Development Corporation

by Kate Stoney; Julie Francis

June 2001

RIRDC Publication No 01/055
RIRDC Project No DAV-172A
Foreword

A significant growth in the size of the Australian dairy goat herd has placed considerable pressure on the existing outlets for dairy goat milk. This has brought with it tremendous challenges for producers and processors to identify new markets for dairy goat milk products.

Given that the demand for dairy goat products in Australia is limited, the opportunity to export to Asia, where consumers may be more familiar with the products, appears to be an attractive proposition for a rapidly expanding Australian industry.

This publication investigates export opportunities for Australian dairy goat milk products in five Asian markets – Japan, Taiwan, Korea (South), Singapore and Malaysia. This includes an assessment of the production and processing capability in each of these countries; analysis of the existing market for dairy milk products; overview of the import regulations and tariffs; and a recommended market entry approach to these markets.

A number of issues need to be considered when exporting to Asia, which are also discussed in this report. Recommendations have been made, for the Australian dairy goat industry, to highlight some potential ways that the industry can move forward.

This project was funded from RIRDC’s New Industries Program, matched by funds provided by the Victorian Department of Natural Resources and Environment. The Corporation’s funds were provided by the Federal Government.

This report is an addition to RIRDC’s diverse range of over 700 research publications. Most of our publications are available for viewing, downloading or purchasing online through our website:

- downloads at www.rirdc.gov.au/reports/Index.htm
- purchases at www.rirdc.gov.au/eshop

Peter Core
Managing Director
Rural Industries Research and Development Corporation
Acknowledgments

The Victorian Department of Natural Resources and Environment (NRE), through its ‘Naturally Victorian’ program, provided greater than sixty percent of the funding for this project. This enabled the researchers to broaden the focus of the market scoping study to include five Asian countries. NRE also provided significant in-kind support, which included the researchers’ time and overhead costs.

The researchers would like to acknowledge the significant contribution made by NRE staff Brian Kearns, Danielle Venn and Siew Yoke Mei, and members of the Australian Goat Milk Association Inc.
Contents

FOREWORD ............................................................................................................................ III

ACKNOWLEDGMENTS .......................................................................................................... IV

CONTENTS .......................................................................................................................... V

LIST OF TABLES ................................................................................................................ VII

LIST OF FIGURES ............................................................................................................... VII

EXECUTIVE SUMMARY .................................................................................................... VIII

INTRODUCTION ................................................................................................................... 1

1. STATUS OF THE AUSTRALIAN DAIRY GOAT INDUSTRY ............................................. 2
   1.1 PRODUCTION .................................................................................................................. 2
   1.2 PROCESSING .................................................................................................................... 3

2. OVERSEAS PRODUCTION (KEY COMPETITORS) .......................................................... 4
   2.1 UNITED STATES OF AMERICA ..................................................................................... 4
   2.2 NEW ZEALAND ............................................................................................................. 4
   2.3 EUROPE ......................................................................................................................... 5
   2.4 MALAYSIA ..................................................................................................................... 5

3. THE AUSTRALIAN MARKET ............................................................................................ 6
   3.1 OVERVIEW OF DOMESTIC MARKET .......................................................................... 6
   3.2 LOCALLY MANUFACTURED PRODUCTS ..................................................................... 6
   3.3 IMPORTED PRODUCTS ................................................................................................. 6
   4.1 KOREA (SOUTH KOREA) ............................................................................................... 8
      4.1.1 Summary .................................................................................................................. 8
      4.1.2 Domestic production and processing ..................................................................... 8
      4.1.3 Korean market for goat milk products ................................................................... 9
      4.1.4 Import regulations and tariffs .............................................................................. 11
      4.1.5 Market prospects ................................................................................................. 11
   4.2 JAPAN ........................................................................................................................... 12
      4.2.1 Summary .................................................................................................................. 12
      4.2.2 Domestic production and processing ..................................................................... 12
      4.2.3 Japanese market for goat milk .............................................................................. 13
      4.2.4 Japanese market for goat cheese .......................................................................... 13
      4.2.5 Import regulations and tariffs .............................................................................. 16
      4.2.6 Market prospects ................................................................................................. 17
   4.3 TAIWAN ......................................................................................................................... 19
      4.3.1 Summary .................................................................................................................. 19
      4.3.2 Domestic production and processing ..................................................................... 19
      4.3.3 Taiwan market for goat milk powder .................................................................... 20
      4.3.4 Other goat milk products ...................................................................................... 23
      4.3.5 Import regulations and tariffs .............................................................................. 23
      4.3.6 Market prospects ................................................................................................. 24
5. KEY ISSUES FOR EXPORTING TO ASIA ................................................................. 30

5.1 PRICING ........................................................................................................... 30
5.2 CONSISTENCY OF SUPPLY ............................................................................ 30
5.3 COMPETITION IN A GLOBAL MARKETPLACE ........................................... 30
5.4 SETTING UP FOR EXPORT ........................................................................... 31

6. RECOMMENDATIONS ....................................................................................... 32

6.1 SUPPLY CHAIN MANAGEMENT .................................................................... 32
6.2 MARKET DEVELOPMENT STRATEGY .............................................................. 32
6.3 DEVELOPMENT OF CRITICAL MASS .......................................................... 32
6.4 APPROACH FOR DEVELOPING FIVE ASIAN MARKETS ................................ 33
   6.5.1 Korea ....................................................................................................... 33
   6.5.2 Japan ...................................................................................................... 33
   6.5.3 Taiwan .................................................................................................... 33
   6.5.4 Singapore .............................................................................................. 34
   6.5.5 Malaysia ............................................................................................... 34

7. INDUSTRY ORGANISATIONS ........................................................................... 35

8. REFERENCES ...................................................................................................... 36

9. APPENDICES ....................................................................................................... 37

APPENDIX 1. POTENTIAL IMPORTERS & PROCESSORS IN ASIA ...................... 37

9.1 KOREA ............................................................................................................. 37
   9.1.1 Goat milk processors .............................................................................. 37
   9.1.2 Dairy Product Importers ................................................................. 38
   9.1.3 Dairy food processors ........................................................................ 39
9.2 JAPAN .............................................................................................................. 41
   9.2.1 Cheese importers .................................................................................. 41
   9.2.2 Potential goat milk importers ............................................................. 41
9.3 TAIWAN .......................................................................................................... 42
   9.3.1 Dairy product importers ...................................................................... 42
9.4 MALAYSIA ....................................................................................................... 44
   9.4.1 Dairy product importers ...................................................................... 44
   9.4.2 Importers and Potential Agents ........................................................... 45
9.5 SINGAPORE ..................................................................................................... 45
   9.5.1 Dairy product importers ...................................................................... 45
   9.5.2 Importers and Potential Agents ........................................................... 47
List of Tables

Table 1. Korean goat milk production 1998................................................................. 9
Table 2. Goat milk processing in Korea............................................................................ 9
Table 3. Product specification and pricing...................................................................... 10
Table 4. Tariff rates on dairy products in Korea................................................................. 11
Table 5. Japan’s domestic goat industry.......................................................................... 13
Table 6. Specific dairy products managed by the Japanese ALIC Quota system.......... 16
Table 7. Customs duty for dairy products (as of October 2000)........................................ 17
Table 8. Canned goat milk powder in Taiwan supermarkets and hypermarkets............ 21
Table 9. Canned goat milk powder in Taiwan drug stores................................................ 21
Table 10. Taiwan imports of goat milk powder 1998-99.................................................... 22
Table 11. New Zealand Dairy Board marketing in Taiwan................................................. 22
Table 12. Retail pricing and packaging of goat milk tablets in Taiwan.............................. 23
Table 13. Goat milk product retail prices in Singapore...................................................... 26
Table 14. Retail prices for goat milk products in Malaysia................................................ 28

List of Figures

Figure 1. Hongcheon Stock Breeding Co-op goat milk and yoghurt products............. 10
Figure 2. Caprobiotech goat milk products................................................................. 10
Figure 3. Korea medi-R goat milk products................................................................. 11
Figure 4. Annual cheese purchases per Japanese household, 1994 to 1999.................. 14
Figure 5. Japanese consumption and imports of cheese, 1995 to 1999.......................... 14
Figure 6. Japanese imports of cheese, by category ....................................................... 15
Executive Summary

The RIRDC funded dairy goat productivity project has assisted the Australian industry to significantly expand goat milk production, and has also begun to address seasonality of supply issues and identify lower cost production techniques. The industry in Victoria is now 3 times larger than in 1990 and goat cheese production has increased from less than 5 tonnes per annum to more than 50 tonnes. However the problem of dealing with seasonal surpluses of milk has become significantly greater.

Industry believes that a major constraint to the continued expansion of the industry is identifying new markets for dairy goat products. In particular, markets for products that may be able to overcome the seasonality issues.

The Australian domestic market will remain considerably limited in its size and maturity and local manufactured product will also continue to face strong competition from cheaper imports. Although the current level of demand is likely to expand, the Australian dairy goat industry must develop new export markets for its products, to support any domestic expansion.

The purpose of this report is to provide strategic market intelligence on potential new markets for goat milk products in Asia. It is anticipated that this information will assist in expanding the processing of dairy goat milk products, in particular products that may overcome the marketing and production issues associated with seasonal surpluses in milk supply.

Desktop research was completed to collect and analyse data relating to existing market size, import and export levels, analysis of potential markets including import/ export protocols, quotas and tariffs. This desktop study produced limited information, as import/ export statistics for most dairy goat products are not recorded and/or available.

To gather the above information and to identify potential importers, agents and processors of Australian dairy goat milk products, the services of Austrade and the Department of Natural Resources & Environment were used, to conduct in-market research in five Asian markets.

An industry survey was conducted, in an attempt to quantify the current production and processing capability of the Australian industry. This information is a major determinant of the current ability of the industry to take advantage of potential export opportunities identified in Asia.

Members of the industry peak body, the Australian Goat Milk Association Inc. were consulted throughout the project. An industry meeting was also held, to present preliminary results of the project and to provide an opportunity for further industry input.

The current supply (both in production and processing) capability of the Australian dairy goat industry is a barrier for developing new export markets. The capability of Australia’s goat cheese manufacturing is the only exception, however it is unknown the level to which these processors are ‘export ready’.

Despite the apparent potential export opportunities for longer shelf life dairy goat products, such as UHT or powder, the industry must still overcome the excessive seasonality in supply if it is to successfully develop new markets in Asia. Importers/ buyers seek suppliers who can provide consistent quality and quantity of product that satisfies their needs.

Australia faces considerable competition from countries that have already established a market in Asia for their products. New Zealand has been the most successful supplier of powdered milk, in particular higher valued infant formula. It appears that the united industry approach in this country has enabled the industry to develop consistent supply of a quality product that meets the market’s specifications. However, it appears that their domestic goat milk production is exceeding the size of New Zealand’s existing export markets.

As expected, Europe and in particular France, maintains the greatest share of the goat cheese markets in Asia. The familiarity of French product to many of the chef’s in Asia presents strong competition
for Australian cheese manufacturers. There have also been suggestions that French cheeses have a more favourable smell and milder flavour, which is preferred by most consumers in the market.

Korea currently has no imports of goat milk products, due mainly to the considerable quotas and tariffs (which are expected to change in coming years). Three local companies produce goat milk, in a liquid form and as yoghurt. Goat milk products are sold directly from these companies or in supermarkets and pharmacies in Seoul.

Korean consumers have limited knowledge of the health and nutritional benefits of goat milk. The product is thought to be adversely smelly and strong tasting. Companies currently manufacturing goat milk products are small and do not have the resources to engage in large-scale promotion. Any market entry into Korea would need to include some promotion to consumers of goat milk and its nutritional benefits, possibly in collaboration with existing manufacturers.

Australian goat milk producers could test the Korean market using goat milk powder, as this is not currently available. If this was successful, the product range could be extended. A range of competitively priced goat milk products would be needed to find a successful market in Korea, in order to compete with cow milk products.

It is recommended that Australian companies collaborate with existing goat milk processors by supplying ingredients, or in a common marketing campaign, for mutual benefit. Potential partners in Korea are small-scale processors of goat milk, major dairy manufacturers, and general food manufacturers and trade companies.

Fresh goat milk is currently unavailable in the Japanese market, while goat cheese is largely imported from France (as well as Italy, New Zealand and Switzerland) and sold through specialist cheese stores.

Japanese consumers currently see goat milk as a poor alternative to cow milk with an adversely strong taste and flavour. Consumers prefer cheeses such as feta to be made with cow milk, instead of goat or sheep milk, to suit their milder flavour preference.

Goat milk is likely to be successful as a health or functional milk product in Japan if the health benefits can be adequately proven and communicated to consumers. Goat milk powder would be the best form of packaging for ease of storage, long life and a range of manufacturing applications. Low temperature pasteurisation is necessary to preserve the functional properties of the milk.

Goat cheese is likely to remain a niche product in Japan with a limited, but growing consumer base. Future sales are likely to be through specialist cheese stores and cheese counters at department stores where consumers are provided with information about cheese use and taste testing.

Goat milk products face the same import restrictions and tariffs as other dairy products entering the Japanese market.

Taiwan is a relatively well established market for goat milk powder, principally aimed at children aged one to seven years. Over A$19 million worth of goat milk products were imported into Taiwan in 1999.

The small amounts of locally produced goat milk are sold mainly as fresh liquid milk. The local goat milk processing industry generally uses imported bulk goat milk powder and packages it for the domestic market. Most imported bulk powder is from the Netherlands and other parts of Europe, while New Zealand is the dominant supplier of value added canned goat milk powder.

Australian goat milk producers could supply goat milk powder to Taiwan, either as price competitive bulk powder for domestic processors or launch a new brand of Australian canned goat milk powder with nutritional additives targeted at children.

It is important for Australian suppliers to work closely with importers to match the product with consumer preferences, particularly to reduce the strong smell and taste.

Other goat milk products are less established in Taiwan. Goat cheese is currently sold only in small quantities to high-end restaurants and hotels. The local market for goat milk tablets is very competitive and Australian product is unlikely to be successful.
Tariffs exist on the importation of dairy products, including goat milk products. Taiwan currently bans the importation of liquid, UHT and flavoured goat milk, but will most likely move towards a quota-tariff system after accession to the World Trade Organisation.

In Singapore, only a small amount of goat milk products are consumed, which is mainly imported goat cheese sold through stores servicing the expatriate community. Singapore has only very limited domestic production of goat milk, however some fresh goat milk is brought in from over the Malaysian border.

The best opportunities in Singapore are for goat cheese and UHT milk, provided it is comparable in price with cow milk. Some supermarkets and importers are willing to test samples of Australian goat milk products to establish if there is demand from consumers. Any goat milk products launched in the Singapore market should be accompanied by a promotional campaign aimed at consumers.

Singaporean importers of goat cheese from Europe have reduced their imports or stopped importing completely due to food scares in Europe. They have also experienced some difficulty in obtaining consistent prices for French product. This could provide a good opportunity for Australian goat cheese producers to establish a market in Singapore.

Demand for goat milk products in Malaysia is expected to remain low as consumers are not aware of the health aspects of the product and are put off by the smell. Any market expansion in Malaysia would need to include promotion to consumers.

The main opportunities are for goat milk powder and tablets, which are both established, to some extent, in the market. Marketing through pharmacies and health food shops is an option, and some supermarkets appear willing to look at quotes from Australian suppliers.

However, like Singapore, expansion of the Malaysian market could be hindered by the inexperience of consumers and distributors with goat milk products. However, there is an opportunity for Australian goat milk products to enter the market, as there are currently only a handful of importers.

Pricing of goat milk products will be a critical factor if the entry strategy is to penetrate the market due to local supply and the range of brands already competing in this segment of the market.

The Australian dairy goat industry faces a number of challenges in setting out to establish new markets in Asia. These include; product pricing, global competition, consistency in supply and up-skilling businesses to become ‘export ready’.

This report highlights considerable opportunities for Australian dairy goat milk products in Asia, however the viability of these opportunities requires further investigation. In-market research and discussions with importers can only provide broad trends and information about the market. The commercial viability of an opportunity is best assessed by negotiations with individual importers, allowing for factors other than just price to be considered.

Asian customers are seeking suppliers of consistent quality product that meet specifications. Successful development of new markets in Asia will require the Australian dairy goat industry to meet these kinds of needs.

Competition from a number of other countries is very strong in Asian markets, which places constant pressure on prices and supply. It is critical that Australian production and processing operates at world’s best practice, not only to minimise costs of production to remain competitive, but also to enable Australia to maintain its record of safe and clean production systems.

Understanding the constantly changing needs of the market is critical to establishing and maintaining market share. Developing strong relationships with Asian importers/buyers, particularly by visiting their market, is seen as a critical aspect of doing business in this region.

It is recommended that the Australian industry work together to progress the development of new markets. This should involve maintaining a stronger and more efficient supply chain, establishing industry commitment to a market entry strategy for selected target market(s) and expanding production and processing capability (critical mass).
Introduction

In 1996, in response to unsatisfied market demand for goat cheese, members of the Australian Specialist cheesemakers' Association (ASCA) and the Herd Improvement & Producers Association (HIPA) established a Goat Milk Research Committee. This Committee organised several workshops, which led to the currently funded RIRDC dairy goat productivity project.

This project has focussed on overcoming the identified constraint of large peaks and troughs in milk production. The project has been successful in assisting the industry to significantly expand goat milk production, and has also demonstrated low cost methods of achieving this. The project has also begun to address seasonal production issues.

The industry in Victoria is now 3 times larger than in 1990 and goat cheese production has increased from less than 5 tonnes in 1990 per annum to more than 50 tonnes in 1999. However, seasonal surpluses of milk have still become an even more significant issue. Whilst some producers have increased year-round production, filling market demand for cheesemaking in winter has lead inevitably to spring-summer goat milk surplus.

Industry believes that a major constraint to the continued expansion of the industry is identifying new markets for dairy goat products.

The purpose of this report is to provide strategic market intelligence on potential new markets for goat milk products in Asia. It is anticipated that this information will assist in expanding the processing of dairy goat milk products, in particular longer shelf life products, that may overcome the marketing and production issues associated with seasonal surpluses in goat milk supply.
1. Status of the Australian Dairy Goat Industry

1.1 Production

The Australian dairy goat industry has traditionally supplied fresh milk and specialty cheeses to the domestic market. Before 1990 farms tended to be small, operating as cottage industries (MLA 2000). The industry has faced various ‘peaks and troughs’ for the past thirty years. The national herd size and level of production has seen fluctuations as a result.

The ‘troughs’ have historically been a result of production issues (such as high production costs and quality and supply problems) and the reliance predominantly on the sale of whole goat milk.

In the past three years the industry has experienced major growth with the herd increasing by 400 per cent. Of all the Australian states and Territories, Victoria is the largest producer of goat milk. There are now approximately 20 commercial herds in Victoria, with an estimated annual production of around 1 million litres for 1999/2000.

Prices for goat milk range between 60 cents per litre (for manufacturing) to $2.30 per litre (for fresh milk sales), depending on the season and/or milk solids content. Goat cheese production in Australia in 1998/99 was valued at $3.6 million (MLA 2000). The Rural Industries Research and Development Corporation (RIRDC) report that the farm gate value of the dairy goat industry in 1998/99 was $2.5 million (McInnes 2000). Seven hundred thousand litres of goat milk was used in cheese making in Victoria in 1997/98 (RIRDC Goat Cheese Market Survey 1998-99).

Australia has seen a steady increase in the demand for specialty cheeses from local consumers. However, Victorian milk production in the 1999/2000 season outstripped the existing processing demand. Despite attempts made by some manufacturers to process more cheese (in order to alleviate the farmers’ situation of oversupply through growth), a spring oversupply of raw milk of an estimated 50,000 litres still resulted. Goat milk products are a very small part of the business for the majority of manufacturers, who only use a limited amount of their processing capacity to this end.

Currently, there is a significant seasonality in the supply of goat milk, with most farmers not producing milk throughout the winter months. A small number of larger Victorian producers are altering the management of their herds, in an attempt to develop year-round supply of milk. Some producers are now able to achieve a winter yield equivalent to 70 per cent of their peak spring production. This approach to goat management requires significant additional input costs, which in turn increases the total cost of production.

A reliable supply of milk is critical for the entire goat industry. Presently, quantities of goat cheese is often discarded as it passes its use-by date because it has been in storage after processors have maximised production during spring.

The taste and quality of cheese is variable between processors. In normal circumstances market forces should ensure that only the processors who are meeting consumer demand will survive, however if an inferior product is sampled it reflects on the industry as a whole and is often a lost opportunity to the best processor as well as the worst. The industry needs to address these issues. In particular it should be noted that export markets could only be developed if the industry can guarantee a consistent supply of quality product.
1.2 Processing

The Australian dairy goat industry has relied heavily on the manufacturing of milk into cheese. There is an increasing need to develop further value-adding alternatives to process the excess goat milk that is not utilised by the existing cheese manufacturers.

The majority of specialty cheese products are based on cow’s milk, with goat milk being used on a far smaller scale. Since records began in 1994, the production of goat cheese has fluctuated, rising to a peak of 164 tonnes in 1996/97, then falling to 96 tonnes in 1997/98, before rising again to 116 tonnes in 1998/99 (Australian Dairy Corporation (ADC) and ASCA 1999).

Specialty cheeses are divided into a number of product groups, and 90 per cent of goat cheese falls into the ‘fresh cheese’ type. Fresh types increased production by 19 per cent in 1998/99 and now represent 27 per cent of total specialty cheese production. Production outlooks forecast that products made from goat milk in the fresh cheese group are likely to grow by 9 per cent per annum (ADC & ASCA 1999).

It appears that the industry does not currently have the capacity, in any one particular geographic region, to supply adequate quantities of high quality milk to warrant the establishment of a dedicated goat milk powdering facility. For existing cow’s milk powdering plants to do a processing run using goat’s milk, the minimum amount of high quality raw milk (maximum age of 24 hours) needed is approximately 5000 litres (AGMA, 2000). If a market can be identified for goat milk powder then this may be a feasible option for the industry.

There are around 20 goat milk processors in Australia. The primary production is cheese, but does also include yoghurt and ice cream. These manufacturers are scattered throughout Western Australia, South Australia, New South Wales, Victoria, Tasmania and Queensland. Victoria has the greatest number of speciality cheese manufacturers producing goat cheese.

Gilbert Chandler Institute, near Melbourne, has processed a limited amount of whole milk into powder, at a small plant that manufactures approximately 800 litres per hour.

Frozen products are not currently produced in Australia. This process is used in some countries as a means of overcoming the seasonal nature of goat milk production (Haenlein 1998). For example in France the curds are frozen, rather than the milk, which reduces the volume required for freezing while maintaining the integrity of the product. Freezing of fresh milk or cheese does lead to a change in the chemical composition of the products (Haenlein 1998).
2. Overseas Production (key competitors)

2.1 United States of America

The USA is producing goat yoghurt and cheese for the domestic market and powdered goat milk for food aid, particularly to African nations. Limited amounts of cheese are exported, including to Australia.

The market for goat milk products in the United States is estimated at between US$350 and US$500 million, and growing as the country becomes more ethnically diverse and Americans see the nutritional value of goat milk and cheese\(^1\). Goat milk products became more popular in the USA when bovine growth hormones were approved for cows in 1994, attracting consumers who were after a more natural product\(^3\).

California hosts quite an extensive dairy goat industry, with very large herds averaging around 2000 head. These producers are the key suppliers of the raw product used to manufacture powdered milk for food aid.

2.2 New Zealand

New Zealand is producing powdered milk for baby food and is one of the key suppliers into Asia where the powder is regarded as medicinal and used in a tablet form along with herbs. New Zealand powdered milk is sold in Australia for approximately A$350 per 25kg.

Ninety per cent of the milk powder produced in New Zealand is exported to Australia, South Africa, Europe and Asia (Stanley 2000). One company in Auckland is producing goat milk ice cream for the domestic market\(^4\).

New Zealand's Dairy Goat Co-operative (DGC) is the world's largest producer of infant formula based on goat milk, and has increased its foreign exchange earnings from NZ$7 million to NZ$37 million between 1995 and 2000\(^4\). (Significant amounts of goat milk powder for adults are manufactured in California\(^5\)). Almost all DGC's goat milk products are exported, its largest market by far is Taiwan, followed by Australia and Europe\(^4\). DGC has almost saturated the goat milk infant formula market, as a result it is now focusing on developing new markets so it can sustain its growth over the longer term\(^4\).

The DGC attributes its success to a number of changes it has made since forming in 1984. Originally it sold milk powder in 25kg bags, but unable to compete on price with cow milk powder the company switched from producing commodity products to consumer products, essentially the same product in 400g cans\(^4\). They target a small market niche of mothers who cannot breastfeed and whose children have an intolerance to cow milk, as these consumers are prepared to pay a premium. The product is marketed to health professionals and pharmacists as companies are not permitted to advertise infant formula directly to consumers\(^4\). The company believes the New Zealand origin of its products is a significant competitive advantage, because of the country's clean and green image\(^6\). DGC's success is also due to the support of the mainstream dairy industry in New Zealand, which provide processing and packaging services on a contract basis\(^7\).

---

1. Dayton Daily News, Ohio, 20th October 1999
7. New Zealand Press Association, 11th April 2000
DGC was not looking for any more suppliers of whole milk as of May 2000, until further markets could be developed.\(^8\)

A NZ based tablet manufacturer, PSM Healthcare, plans to make 16 million dairy goat milk tablets per year, for the Asian market. DGC will be the suppliers of whole milk for this manufacturing.\(^4\) It appears that Asians have an increased awareness of the importance of calcium in the diet, largely as a result of extensive marketing campaigns by cow milk companies. The New Zealand goat milk manufacturers are making the most of this increased consumer education.

### 2.3 Europe

France produces 33,000 tonnes of goat cheese, which is largely consumed on the domestic market. In addition, a marketing study on long shelf life milks showed that organic milk, followed by goat milk, increased their market sizes the most in 1998\(^9\). Long life goat milk increased its market share by 45.3 per cent, although it only has a 0.1 per cent volume market share.

Several importers cited reasons for France’s dominance in the cheese market, such as the fact that many chef’s in Asia are European and therefore have a preference to work with French product which is familiar to them. It was also suggested that the French product has a more favourable flavour and smell, compared with many Australian cheeses.

Cheese company *H. Willig* in the Netherlands produces 400 tonnes of cheese per year including up to five tonnes per week of goat cheese\(^10\). Much of this is exported to Germany. There has been an increase in goat herds in the Netherlands because farmers are not tied to quotas with that form of milk production.

Greece contains 2.3 per cent of the world's goats, and produces 4.5 per cent of the world's volume of goat milk (FAO 1994, cited in Haenlein 1998).

### 2.4 Malaysia

The HR Group is made up of major local producers and manufacturers of goat milk products\(^12\). The company’s current turnover from goat milk products is RM6 million (A$2.7m), which is anticipated to increase to RM10 million next year. The range of goat milk based products manufactured by the HR Group includes fresh milk, flavoured tablets, soap and skincare products.

The 20 hectare farm (located in Kampung Labi Tualak in Kuala Nerang, Kedah) rears approximately 1000 head of goats, producing 1000 litres of milk per day, of which 50 per cent is sent to the manufacturing facility in Jalan Pegawai to make soaps. One hundred tonnes of goat milk soaps a year can be produced by the company\(^13\).

The skincare products, including facial cleanser, skin freshener, sunblock cream and moisturising creams, are manufactured by the Palm Oil Research Institute of Malaysia\(^11\). Goat milk soaps are being exported to the Philippines, replacing imports from NZ, Canada and England\(^12\). The HR Group is targeting export to Indonesia, Brunei, Thailand, the Middle East, Nigeria and European markets.

The Malaysian government has taken an interest in increasing production of many food stuffs, including goat milk. The government has undertaken various research and provided training to producers in an attempt to achieve this goal.

---

\(^8\) New Zealand Press Association, 29th June 1999  
\(^9\) *Points de Vente*, 20th January 1999  
\(^10\) *Dairy Industries International*, Vol 60, No. 11, 1995  
\(^12\) *Asia Intelligence Wire*, Bernama, 23rd February 2000
3. The Australian Market

3.1 Overview of domestic market

Goat milk products are not familiar to Australian consumers. Products such as cheese, yoghurts and even UHT whole milk are becoming more readily available at delicatessens and supermarkets in urban shopping areas. Fresh goat milk is used (although not commonly) for drinking, cooking and baking, as well as cheese, butter, ice cream, yoghurt, confectionary, soap and other body products (ADGA 2000).

Other market opportunities appear to be evolving on the Australian market for goat milk, such as salvaging whey to supply drinks for the health food market. Goat milk tablets are also becoming increasingly available on the Australian market.

A particular segment has evolved in the Australian market, which consists of ‘foodies’ who have a passion for specialty foods (and wines). It is anticipated that the domestic market for goat milk products will expand even further in the future.

3.2 Locally manufactured products

Cheese is the main dairy goat product sold on the domestic market, however at least two Australian companies are manufacturing yoghurt and fresh milk. In 1998/99 supermarket sales of goat cheese were made up of 65 per cent Australian goat cheeses.

Cheese distributors claim that the Australian market prefers fresh cheeses to long shelf-life cheeses. However, some producers claim there is evidence that these tastes are slowly changing, as consumers become exposed to better quality products.

The ADC and ASCA report that the major sales growth in goat cheese is from Australian product, and that this growth is likely to continue.

The majority (66 per cent) of specialty cheese was distributed to consumers via wholesalers in 1998/99 (ADC & ASCA 1999). Supermarket sales of goat cheese grew in 1998/99 by 49 per cent to 79 tonnes. A RIRDC survey showed that the trend in supermarket sales is that Australian cheese volume is increasing, and price is decreasing (RIRDC Goat Cheese Market Survey 1998-99).

3.3 Imported products

In 1998/99 supermarket sales of goat cheese were made up of only 35 per cent imported product. The level of imported goat cheese sales is expected to remain fairly static, in the future (ADC & ASCA 1999).

Imports of goat cheese for 1997/98 totalled 57.8 tonnes, valued at A$598,214 (RIRDC Goat Cheese Market Survey 1998-99). This figure may actually be higher as it is likely that some goat milk may also have been present in imports of kasseri and feta.

From discussions with various manufacturers of dairy goat products, the authors found different opinions on the impact of imported products. For example, one Victorian manufacturer reported that New Zealand goat milk feta was available in his local area at a price that was lower than what it would cost him to produce it, which makes it very difficult for local processors to compete. However, another Victorian manufacturer said that the local fresh specialty cheeses he made were selling well, despite the presence of imported varieties at a cheaper price.

Currently goat milk powder, imported from New Zealand, retails in Australia for approximately $350 per 25kg (pers. comm. G. Abud 29/11/99).
It will be an ongoing challenge for Australian cheese manufacturers to compete with the price of imported product. The majority of Australian cheese imports are the excess supply from other countries, which means it is often 'dumped' on the Australian market. These companies can afford to sell their excess product at a low price because they have the majority of their profitable and stable markets elsewhere.
4. Potential Export Markets in Asia

A number of Australian cheese manufacturers are exporting small amounts of specialty goat cheeses to Asian countries, including Hong Kong, Korea, Japan and China. Records indicate that only 1 per cent of locally produced goat cheese was exported in 1999 (ADC & ASCA 1999), which highlights the industry’s heavy reliance on the domestic market.

The Australian Quarantine Inspection Service (AQIS) has a separate category for goat cheese and there are currently no restrictions or requirements for a company exporting goat cheese. It is anticipated, however, that as the quantity of Australian goat cheese exports increases, requirements and restrictions for manufacturers will be put in place.

There is a concern amongst smaller manufacturers that if restrictions were put in place for goat dairy products, the cost of export would become prohibitive. Most Australian dairy goat milk manufacturers are under-capitalised, which appears to be a major limitation for them to increase their capability for the export market.

4.1 Korea (South Korea)

4.1.1 Summary

South Korea (referred to herein as Korea) has a population of 47.5 million and a GDP per capita of US$13,300. Five per cent of GDP is from agricultural production, with 45 per cent from industry and 50 per cent from services.

There are currently no goat milk products imported into Korea. Three companies produce goat milk in liquid form and as yoghurt. Goat milk products are sold directly from these companies or in supermarkets and pharmacies in Seoul.

Korean consumers have limited knowledge of the health and nutritional benefits of goat milk. The product is thought to be adversely smelly and strong tasting. Companies currently manufacturing goat milk products are small and do not have the resources to engage in large-scale promotion. Any market entry into Korea would need to include some promotion to consumers of goat milk and its nutritional benefits, possibly in collaboration with existing manufacturers.

Australian goat milk producers could test the market using goat milk powder, as this is not currently available. If this was successful, the product range could be extended. Goat milk would need to be competitive with cow milk products to find a successful market in Korea.

4.1.2 Domestic production and processing

4.1.2.1 Domestic goat breeding and milk production

Dairy goats were introduced into Korea in the early 1990s. Currently there are approximately 3,100 dairy goats used for milk production in Korea. The three companies producing goat milk products are shown in Table 1.
Table 1. Korean goat milk production 1998

<table>
<thead>
<tr>
<th>Processor</th>
<th>Number of animals</th>
<th>Annual milk supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hongcheon Stock Breeding Co-op.</td>
<td>1,200</td>
<td>540 tonnes</td>
</tr>
<tr>
<td>Caprobiotech</td>
<td>400</td>
<td>180 tonnes</td>
</tr>
<tr>
<td>Korea medi-R</td>
<td>1,500</td>
<td>432 tonnes</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,100</strong></td>
<td><strong>1,152 tonnes</strong></td>
</tr>
</tbody>
</table>

4.1.2.2 Domestic goat milk processing

Table 2 details the products currently manufactured in Korea by the three major goat milk companies. Milk and yoghurt are the only goat milk products currently available for sale in Korea.

Table 2. Goat milk processing in Korea

<table>
<thead>
<tr>
<th>Company</th>
<th>Brand</th>
<th>Product description</th>
<th>Heat treatment</th>
<th>Storage condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hongcheon Stock Breeding Co-op.</td>
<td>Alpine Goat Milk</td>
<td>Goat milk 100%</td>
<td>72-75 degrees / 15-20 seconds</td>
<td>0-10 degrees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>domestic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hongcheon Stock Breeding Co-op.</td>
<td>Alpine Apple Goat Yoghurt</td>
<td>Fermented milk (contains goat skim milk, goat SMP and goat WMP)</td>
<td>-</td>
<td>0-10 degrees</td>
</tr>
<tr>
<td>Caprobiotech</td>
<td>Milup</td>
<td>Goat milk 100%</td>
<td>73 degrees / 15-20 seconds</td>
<td>0-10 degrees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>domestic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Korea medi-R</td>
<td>medi-R Goat Milk</td>
<td>Goat milk 100%</td>
<td>63 degrees / 30 seconds</td>
<td>0-10 degrees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>domestic</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.1.3 Korean market for goat milk products

4.1.3.1 Consumer demand for goat milk products

Most Korean consumers are not familiar with the taste or nutritional value of goat milk. In contrast, goat meat is reasonably well known for its health enhancing properties. One of the main factors hindering the popularity of goat milk is the smell, as even experienced consumers find this off-putting.

Imported goat milk is not available in Korea. All goat milk products on the market are produced locally by the three dairy companies mentioned above.

4.1.3.2 Retail pricing and packaging

Goat milk is generally two to three times more expensive than cow milk in Korea. This is mainly due to supply problems – only a small amount of milk is produced, by small-scale enterprises. It is thought that goat milk would need to be price competitive with cow milk to succeed in the Korean market.
Table 3. Product specification and pricing

<table>
<thead>
<tr>
<th>Company</th>
<th>Brand</th>
<th>Product type</th>
<th>Packaging</th>
<th>Volume</th>
<th>Price AS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hongcheon Stock Breeding Co-op.</td>
<td>Alpine Goat Milk</td>
<td>Goat milk</td>
<td>Polyethylene bottle</td>
<td>140mL</td>
<td>$1.32</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>235mL</td>
<td>$1.97</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>475mL</td>
<td>$3.13</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>815mL</td>
<td>$4.77</td>
</tr>
<tr>
<td>Hongcheon Stock Breeding Co-op.</td>
<td>Alpine Apple Goat Yoghurt</td>
<td>Fermented goat milk</td>
<td>Polyethylene bottle</td>
<td>140mL</td>
<td>$1.64</td>
</tr>
<tr>
<td>Caprobiotech</td>
<td>Milup</td>
<td>Goat milk</td>
<td>Glass bottle</td>
<td>180mL</td>
<td>$3.29</td>
</tr>
<tr>
<td>Korea medi-R</td>
<td>medi-R Goat Milk</td>
<td>Goat milk</td>
<td>Polyethylene bottle</td>
<td>200mL</td>
<td>$1.64</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>500mL</td>
<td>$3.62</td>
</tr>
</tbody>
</table>

Figure 1. Hongcheon Stock Breeding Co-op goat milk and yoghurt products

Figure 2. Caprobiotech goat milk products
4.1.3.3 Distribution
Goat milk products are sold in Seoul, generally to high-income consumers. Sales are through retail stores, large-scale chain stores, or directly from the manufacturers to the public. Home delivery of goat milk plays an important role in the distribution chain.

4.1.4 Import regulations and tariffs
Import restrictions and tariff barriers relating to (cow milk) dairy products also apply to goat milk products. These tariff rates are displayed in Table 4.

Table 4. Tariff rates on dairy products in Korea

<table>
<thead>
<tr>
<th>Product</th>
<th>Tariff rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk and cream</td>
<td>40%</td>
</tr>
<tr>
<td>Skim milk powder</td>
<td>N:20% M:193.6%</td>
</tr>
<tr>
<td>Whole milk powder</td>
<td>N:40% M:193.6%</td>
</tr>
<tr>
<td>Evaporated milk</td>
<td>N:40% M:93%</td>
</tr>
<tr>
<td>Buttermilk</td>
<td>N:20% M:93%</td>
</tr>
<tr>
<td>Yoghurt</td>
<td>40%</td>
</tr>
<tr>
<td>Fresh unripened or uncured cheese</td>
<td>40%</td>
</tr>
<tr>
<td>Fresh cheese</td>
<td>37.6%</td>
</tr>
<tr>
<td>Curd</td>
<td>37.6%</td>
</tr>
<tr>
<td>Grated powdered cheese</td>
<td>37.6%</td>
</tr>
<tr>
<td>Processed cheese, not grated or powdered</td>
<td>37.6%</td>
</tr>
<tr>
<td>Blue-veined cheese</td>
<td>37.6%</td>
</tr>
<tr>
<td>Other cheese</td>
<td>37.6%</td>
</tr>
</tbody>
</table>

4.1.5 Market prospects
Successful entry into the Korean market will require promotion of the benefits of goat milk to consumers, more research to reduce the strong smell and taste of the milk, and further development of the Korean goat milk industry.
It is recommended that the market be tested with powder products targeting infants. After successful entry with this product, the product range could potentially be expanded to include liquid goat milk and cheese products.
Goat milk manufacturers in Korea currently operate on a small scale and generally cannot afford extensive advertising. Further promotion of the health and cleanliness aspects and the wide array of applications for goat milk to consumers could increase demand.

It is recommended that Australian companies collaborate with existing goat milk processors by supplying ingredients, or in a common marketing campaign, for mutual benefit. Potential partners in Korea are small-scale processors of goat milk, major dairy manufacturers, general food manufacturers and trade companies.

An expansion of the goat milk market will contribute to the lowering of consumer prices in Korea. Current high prices are largely a result of supply constraints. General consensus in the market is that goat milk will have to be price competitive with cow milk to successfully expand consumer demand in the Korean market.

See Appendix 1 for a list of potential importers and processors of goat milk products in Korea.

4.2 Japan

4.2.1 Summary

Japan has the world’s second largest economy. Its 126.5 million people have a per capita GDP of US$23,400. Agriculture makes up 2 per cent of GDP, with industry accounting for 35 per cent and services 63 per cent.

The Japanese dairy goat industry is extremely small, with a limited amount of domestic cheese manufacturing. Goat milk is currently unavailable in the market. Goat cheese is mainly imported from France and sold through specialist cheese stores to cheese enthusiasts.

Japanese consumers currently see goat milk as a poor alternative to cow milk with an adversely strong taste and flavour. Consumers prefer cheeses such as feta to be made with cow milk, instead of goat or sheep milk, to suit their milder flavour preference.

Goat milk is likely to be successful as a health or functional milk product in Japan if the health benefits can be adequately proven and communicated to consumers. Goat milk powder would be the best form of packaging for ease of storage, long life and a range of manufacturing applications. Low temperature pasteurisation is necessary to preserve the functional properties of the milk.

Goat cheese is likely to remain a niche product with a limited, but growing consumer base. Future sales are likely to be through specialist cheese stores and cheese counters at department stores where consumers are provided with information about cheese use and taste testing. France is the dominant supplier of goat cheese in Japan, with other cheese imported from Italy, New Zealand and Switzerland.

Goat milk products face the same import restrictions and tariffs as other dairy products entering the Japanese market.

4.2.2 Domestic production and processing

4.2.2.1 Domestic goat breeding and milk production

Goat farming in Japan is focused on the production of meat. There is currently no commercial production of goat milk in Japan. Table 5 shows that the number of goats farmed for meat in Japan has decreased substantially since 1970.
Table 5. Japan’s domestic goat industry

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of goats farmed</th>
<th>Average number of goats per farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>160,204</td>
<td>1.1</td>
</tr>
<tr>
<td>1984</td>
<td>50,500</td>
<td>2.6</td>
</tr>
<tr>
<td>1988</td>
<td>36,500</td>
<td>2.9</td>
</tr>
<tr>
<td>1992</td>
<td>35,100</td>
<td>4.0</td>
</tr>
<tr>
<td>1997</td>
<td>28,500</td>
<td>5.4</td>
</tr>
</tbody>
</table>

4.2.2.2 Domestic processing

There is currently only a small amount of domestic processing of goat milk into cheese or other dairy products. Some regional Japanese manufacturers are producing Sainte Maure and Pyramide goat cheese in limited volumes.

Snow Brand have used goat milk in the past to manufacture cosmetic products, but limited demand and the smell of goat milk led to the abandonment of the project.

Snow Brand also investigated goat cheese manufacturing, but concluded that inconsistent supply of milk made it more economical to import goat cheese from abroad.

4.2.3 Japanese market for goat milk

The market for fresh goat milk in Japan is almost non-existent. There is a small amount of liquid milk for sale from farms through the Internet for A$13.30 for 500mL. Goat milk was traditionally consumed around the time of World War Two when cow milk was not widely available. As such, goat milk is often still associated with poverty.

Although goat milk is not currently consumed in Japan, there is potential to market it through the growing health food sector.

The health-related food market in Japan is very large and expanding rapidly reflecting the increasing health consciousness of consumers, an ageing population and an increase in the number of people suffering from allergies. The market for food supplements is worth around A$10.8 billion and the market for functional foods is worth A$8.6 billion.

No fresh goat milk is officially imported into Japan. New Zealand has been successful in introducing other functional milk and health products into Japan. These include Immune-milk and infant milk containing Lactoferrin/IgG.

4.2.4 Japanese market for goat cheese

4.2.4.1 Consumer demand for goat cheese

Cheese consumption in Japan has been growing steadily during the last five years. In 1999, 243,717 tonnes of cheese (all varieties) was consumed, an increase of 4.1 per cent from the previous year.

As seen in Figure 4, cheese consumption per household also shows a continuous increasing trend, however Japan remains a relatively underdeveloped cheese market – per capita consumption is still less than 2 kg per annum.
Cheese consumption has been driven in part by the wine boom, with importers using wine promotions as an opportunity to promote cheese. Much of the increase in cheese consumption was for Camembert types, which were generally modified in taste for Japanese consumers.

Austrade Tokyo estimates that between 100 and 150 tonnes of goat cheese is consumed annually in Japan. Cheese retailers estimate that goat cheese sales make up only 3-4 per cent by volume, and 5-6 per cent by value, of total cheese sales.
4.2.4.2 Distribution, pricing and packaging

The shelf price for goat cheese ranges from A$8.30 - $16.60 for a 100 or 200 gram block. A smaller packaged product with long shelf life was recently introduced priced at A$5 for 2 x 25g blocks. This product was targeted at mass retailers such as supermarkets. Some imported French goat cheese sells for A$30-40 for 200-250g.

Demand for goat cheese is limited and it is sold as a variety or niche product by specialty cheese stores. More retail outlets such as supermarkets have started to sell natural cow milk cheese. However, the key channel for cheese remains to be outlets where cheese specialists’ advice is available, such as cheese boutiques and cheese shops in major department stores.

Goat cheese is generally consumed only by cheese enthusiasts as the majority of Japanese consumers associate goat milk with an undesirable strong smell and flavour. Some imported cheeses that have traditionally been made of goat milk are now made of cow milk to match the Japanese consumer preference for milder flavours.

4.2.4.3 Imports of goat cheese and competitors

Around 90 per cent of all cheese consumed in Japan is imported. Almost 181,000 tonnes of cheese was imported into Japan in 1999, up 4.3 per cent from the previous year. Australia is the leading exporting country, accounting for 43 per cent of imports.

France is the leading source of goat cheese in Japan. Goat cheese is often referred to by its French name *chevre*. The major French goat cheese products available are Sainte Maure and Pyramide. Other countries known to be supplying goat cheese to Japan are Italy, Switzerland, Spain, Portugal, Australia and New Zealand.
4.2.5 Import regulations and tariffs

The Japanese government maintains import protection and tariffs on dairy products to protect Japanese farmers. Goat milk products face the same tariff and quota restrictions as other dairy products entering the Japanese market.

Specific dairy products such as milk powder and butter are subject to import quotas, as indicated in Table 6. The quota system is administered by the Agriculture and Livestock Industries Corporation (ALIC), an extra-departmental body of the Ministry of Agriculture, Forestry and Fisheries (MAFF). Importers sell the product to ALIC which then re-sells the product to the importer with the mark-up price added on.

Table 6. Specific dairy products managed by the Japanese ALIC Quota system

<table>
<thead>
<tr>
<th>Product</th>
<th>HS Code</th>
<th>Fat content</th>
<th>Mark-up price</th>
<th>Customs Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whole milk powder</td>
<td>0402.21-119</td>
<td>5%&lt;F=30%</td>
<td>489 yen/kg</td>
<td>123 yen/kg +25.5%</td>
</tr>
<tr>
<td>Whole milk powder (sugar added)</td>
<td>0402.29-119</td>
<td>5%&lt;F=30%</td>
<td>489 yen/kg</td>
<td>123 yen/kg +25.5%</td>
</tr>
<tr>
<td>Whole milk powder</td>
<td>0402.21-129</td>
<td>F&gt;30%</td>
<td>834 yen/kg</td>
<td>189 yen/kg +25.5%</td>
</tr>
<tr>
<td>Whole milk powder (sugar added)</td>
<td>0402.29-129</td>
<td>F&gt;30%</td>
<td>834 yen/kg</td>
<td>189 yen/kg +25.5%</td>
</tr>
<tr>
<td>Skimmed milk powder (sugar added)</td>
<td>0402.10-129</td>
<td>F=1.5%</td>
<td>304 yen/kg</td>
<td>92 yen/kg +21.3%</td>
</tr>
<tr>
<td>Skimmed milk powder (excluding use at school)</td>
<td>0402.10-229</td>
<td>F=1.5%</td>
<td>304 yen/kg</td>
<td>92 yen/kg +21.3%</td>
</tr>
<tr>
<td>Skimmed milk powder (for animal feed)</td>
<td>0402.10-217</td>
<td>F=1.5%</td>
<td>304 yen/kg</td>
<td>92 yen/kg</td>
</tr>
<tr>
<td>Skimmed milk powder (sugar added)</td>
<td>0402.29-291</td>
<td>F=5%</td>
<td>326 yen/kg</td>
<td>99 yen/kg +29.8%</td>
</tr>
<tr>
<td>Skimmed milk powder (for animal feed)</td>
<td>0402.21-217</td>
<td>1.5%&lt;F=5%</td>
<td>326 yen/kg</td>
<td>99 yen/kg</td>
</tr>
<tr>
<td>Concentrated milk (sugar added)</td>
<td>0402.99-129</td>
<td>8%&lt;F</td>
<td>405 yen/kg</td>
<td>104 yen/kg +25.5%</td>
</tr>
<tr>
<td>Butter milk powder</td>
<td>0403.90-113</td>
<td>F=1.5%</td>
<td>304 yen/kg</td>
<td>92 yen/kg +29.8%</td>
</tr>
<tr>
<td>Butter milk powder</td>
<td>0403.90-123</td>
<td>1.5%&lt;F=26%</td>
<td>459 yen/kg</td>
<td>123 yen/kg +29.8%</td>
</tr>
<tr>
<td>Butter milk powder</td>
<td>0403.90-133</td>
<td>F=26%</td>
<td>834 yen/kg</td>
<td>189 yen/kg +29.8%</td>
</tr>
<tr>
<td>Mineral concentrated whey powder</td>
<td>0404.10-129</td>
<td>F=5%</td>
<td>326 yen/kg</td>
<td>99 yen/kg +29.8%</td>
</tr>
<tr>
<td>Whey powder (sugar added)</td>
<td>0404.10-139</td>
<td>F=5%</td>
<td>326 yen/kg</td>
<td>99 yen/kg +29.8%</td>
</tr>
<tr>
<td>Whey powder</td>
<td>0404.10-149</td>
<td>F=5%</td>
<td>326 yen/kg</td>
<td>99 yen/kg +29.8%</td>
</tr>
<tr>
<td>Mineral concentrated whey powder</td>
<td>0404.10-169</td>
<td>F=5%</td>
<td>552 yen/kg</td>
<td>135 yen/kg +29.8%</td>
</tr>
<tr>
<td>Whey powder (sugar added)</td>
<td>0404.10-179</td>
<td>F&gt;5%</td>
<td>552 yen/kg</td>
<td>135 yen/kg +29.8%</td>
</tr>
<tr>
<td>Whey powder</td>
<td>0404.10-189</td>
<td>F&gt;5%</td>
<td>552 yen/kg</td>
<td>135 yen/kg +29.8%</td>
</tr>
<tr>
<td>Butter</td>
<td>0405.10-129</td>
<td>80%&lt;F=85%</td>
<td>806 yen/kg</td>
<td>179 yen/kg +29.8%</td>
</tr>
<tr>
<td>Butter Oil</td>
<td>0405.90-229</td>
<td>F&gt;85%</td>
<td>949 yen/kg</td>
<td>210 yen/kg +29.8%</td>
</tr>
</tbody>
</table>

(Source: ALIC)

Other dairy products such as milk, cream and cheese (Table 7) are subject to a pooled quota system. Milk and cream products require an export certificate issued by a government body of the country of origin based on livestock infectious diseases control laws and should conform to other regulations under the Food and Sanitation Law.

In order to obtain a pooled quota the following conditions apply:

1. The product is to be used for producing processed cheese and the cheese manufacturer must also be using domestic cheese in processing,
2. Applications for pooled quotas for milk, cream and cheese are to be submitted to, and approved by, the MAFF.

Table 7. Customs duty for dairy products (as of October 2000)

<table>
<thead>
<tr>
<th>Product</th>
<th>HS code</th>
<th>Fat content</th>
<th>Customs Duty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk &amp; cream (sterilised, frozen or treated appropriate to preserve)</td>
<td>0401.10-110</td>
<td>F=1%</td>
<td>25%</td>
</tr>
<tr>
<td>Milk &amp; cream (sterilised, frozen or treated appropriate to preserve)</td>
<td>0401.10-190</td>
<td>F=1%</td>
<td>54 yen/kg + 21.3%</td>
</tr>
<tr>
<td>Milk &amp; cream (sterilised, frozen or treated appropriate to preserve)</td>
<td>0401.20.110</td>
<td>1%&lt;F=6%</td>
<td>25%</td>
</tr>
<tr>
<td>Milk &amp; cream (sterilised, frozen or treated appropriate to preserve)</td>
<td>0401.20-190</td>
<td>1%&lt;F=6%</td>
<td>114 yen/kg + 21.3%</td>
</tr>
<tr>
<td>Milk &amp; Cream (sterilised, frozen or treated appropriate to preserve)</td>
<td>0401.30-200</td>
<td>6%&lt;F&lt;13%</td>
<td>21.3%</td>
</tr>
<tr>
<td>Milk &amp; cream (sterilised, frozen or treated appropriate to preserve)</td>
<td>0401.30-111</td>
<td>13%=F=45%</td>
<td>25%</td>
</tr>
<tr>
<td>Milk &amp; cream (sterilised, frozen or treated appropriate to preserve)</td>
<td>0401.30-119</td>
<td>13%=F=45%</td>
<td>635 yen/kg + 21.3%</td>
</tr>
<tr>
<td>Milk &amp; Cream (sterilised, frozen or treated appropriate to preserve)</td>
<td>0401.30-121</td>
<td>F&gt;45%</td>
<td>25%</td>
</tr>
<tr>
<td>Milk &amp; Cream (sterilised, frozen or treated appropriate to preserve)</td>
<td>0401.30-129</td>
<td>F&gt;45%</td>
<td>1,199 yen/kg + 21.3%</td>
</tr>
<tr>
<td>Fresh Cheese (dairy matter content by weight less than 48%, chopped not exceeding 4g per piece, frozen, in immediate package, of total content not exceeding 5kg)</td>
<td>0406.10.020</td>
<td></td>
<td>22.4%</td>
</tr>
<tr>
<td>Fresh Cheese (for processed cheese) /pooled quota</td>
<td>0406.10-010</td>
<td></td>
<td>Free</td>
</tr>
<tr>
<td>Fresh Cheese (others)</td>
<td>0406.10-090</td>
<td></td>
<td>29.8%</td>
</tr>
<tr>
<td>Grated/powdered Cheese (of processed cheese)</td>
<td>0406.20-100</td>
<td></td>
<td>40%</td>
</tr>
<tr>
<td>Grated/powdered Cheese</td>
<td>0406.20-200</td>
<td></td>
<td>26.3%</td>
</tr>
<tr>
<td>Blue-veined Cheese (for processed cheese)/pooled quota</td>
<td>0406.40-010</td>
<td></td>
<td>Free</td>
</tr>
<tr>
<td>Blue-veined Cheese</td>
<td>0406.40-090</td>
<td></td>
<td>29.8%</td>
</tr>
<tr>
<td>Other Cheese (for processed cheese)/ pooled quota</td>
<td>0406.90-010</td>
<td></td>
<td>Free</td>
</tr>
<tr>
<td>Other Cheese</td>
<td>0406.90-090</td>
<td></td>
<td>29.8%</td>
</tr>
</tbody>
</table>

4.2.6 Market prospects

4.2.6.1 Goat milk

The best opportunities for goat milk in Japan are in a powdered form as a health/functional milk product. Market entry would require scientific validation of health benefits and promotion of goat milk as a health product to consumers.

Health concerns in Japan have led to an increasing number of consumers purchasing “preventative medicine”, including for pets. Goat milk could potentially be marketed as a niche product in these market segments.

Targeting the health and functional food markets would require documented evidence of the health properties, particularly in comparison with cow milk. Other functional milk products have been successful in the Japanese market and goat milk could follow a similar approach. Immune-Milk is a
functional milk product imported from New Zealand by Kanematsu Wellness. The product was
successful because it engaged the services of a well-respected university professor and health
professional to endorse its health attributes.

General consensus from food industry interviewees was that although goat milk has health benefits
compared to cow milk, the benefits were not well documented or scientifically proven enough to
commercially develop the goat milk market. In addition, consumers have limited knowledge of goat
milk and consider it to be a strong tasting and strong smelling product.

Goat milk entry into the Japanese market would need to include a large promotion component
outlining the benefits to consumers and dispelling conceptions of goat milk as a smelly and strong
tasting product. Many manufacturers and retailers are reluctant to stock goat milk products without
consumer recognition of health and other benefits.

It could be difficult to achieve a premium for goat milk over cow milk as many Japanese consumers
associate goat milk with poverty around the time of World War Two.

Japanese researchers working for dairy food companies suggest that low temperature pasteurisation
would be necessary to preserve functional properties in goat milk, such as high levels of Lactoferrin
and immunoglobulin G.

A number of food companies suggested that milk powder (either skim or whole) is the best form of
processing for ease of use, long shelf life and consistent quality. Large retailer Consumer Co-op
Federation indicated that goat milk sales were likely to be small in Japan. If they were to accept goat
milk, it was likely to be in small portions and sold in the health section of the store. Other processors
and wholesalers indicated that they would be interested in sourcing small quantities of goat milk from
Australia.

4.2.6.2 Goat cheese

In general, a dramatic increase in the goat cheese sector in Japan is unlikely. However, outlets with
capability to control quality and promote natural cheese indicate that there is a growing market for
milder flavoured goat cheese that would suit Japanese consumers’ taste preferences and is packaged in
smaller quantities. Development along these lines should support a gradual increase in quantities of
goat cheese in the market.

Some specialist cheese stores, boutiques and department stores stock goat cheese and these are the best
channels for market entry. These outlets often have a sales person with professional knowledge who
is able to provide consultation when requested: consumers are still unsure of what cheese to buy for
what occasion.

Most imported goat cheese has a limited shelf life, so it is difficult for retailers to handle large
volumes. This, combined with a limited number of potential consumers, probably means that goat
cheese will continue to be a niche or variety product aimed at cheese enthusiasts.

Consumers are generally unaware of the health benefits of goat cheese compared to other natural
cheeses and, as with goat milk, the health aspects of goat cheese could be a good selling point. Many
specialist cheese stores run monthly promotions, including cheese tastings and one Tokyo store
reported that when consumers have been offered goat cheese with a fresh and mild flavour they have
often made a purchase.

Appendix 1 lists some potential importers and processors of goat milk products in Japan.
4.3 Taiwan

4.3.1 Summary

Taiwan has a population of 22.2 million. Per capita GDP is equal to US$16,100 and about 5 per cent of GDP is derived from agriculture. Industry accounts for 33 per cent of GDP and services for 64 per cent.

Goat milk powder is quite well established in Taiwan, principally aimed at children aged one to seven years. Over A$19 million worth of goat milk products were imported into Taiwan in 1999.

The small amounts of locally produced goat milk are sold mainly as fresh liquid milk. The local goat milk processing industry generally uses imported bulk goat milk powder and repackages it for the domestic market. Most imported bulk powder is from the Netherlands and other parts of Europe.

New Zealand is the dominant supplier of value added canned goat milk powder to Taiwan. Canned powder and infant formula is generally aimed at children and sells mainly through drug stores or pharmacies.

Australian goat milk producers could supply goat milk powder to Taiwan, either as price competitive bulk powder for domestic processors or launch a new brand of Australian canned goat milk powder with nutritional additives targeted at children.

It is important for Australian suppliers to work closely with importers to match the product with consumer preferences, particularly to reduce the strong smell and taste.

Other goat milk products are less established in Taiwan. Goat cheese is currently sold only in small quantities to high-end restaurants and hotels. The local market for goat milk tablets is very competitive and Australian product is unlikely to be successful.

There are tariffs on the importation of dairy products, including goat milk products. Goat milk powder has a 15 per cent tariff and goat cheese has a tariff ranging from 11 to 12.5 per cent. Taiwan currently bans the importation of liquid, UHT and flavoured milk, but will most likely move towards a quota-tariff system after accession to the World Trade Organisation.

4.3.2 Domestic production and processing

4.3.2.1 Domestic goat breeding and milk production

Taiwan has only limited goat milk production and as a result, local goat milk is sold mainly as fresh goat milk. All goat milk powder consumed in Taiwan is imported.

4.3.2.2 Domestic processing

There is no domestic processing of fresh milk, but there are a number of manufacturers in Taiwan who repackage imported bulk goat milk powder either as canned powder or infant formula. Normally, manufacturers add other ingredients for child health reasons, such as arachidonic acid (AA), docosahexaenoic acid (DHA), calcium, propolis, vitamins and minerals.

Many companies use bulk goat milk powder for producing reconstituted goat milk. Furthermore, reconstituted milk is then used to manufacture fresh goat milk due to the shortage of fresh local goat milk. These companies still claim that their fresh goat milk is 100 per cent pure goat milk.

A small amount of bulk milk powder is sold to food manufacturers that produce goat milk products such as tablets and candy.
4.3.3 Taiwan market for goat milk powder

4.3.3.1 Consumer demand for goat milk powder

It is estimated that the current market size for all types of milk powder in Taiwan is approximately A$850 million. Goat milk powder accounts for less than 10 per cent of this market.

Overall, demand for goat milk powder in Taiwan is expected to increase continually. The Chinese consumers in this market believe that goat milk has a higher nutritional value than cow milk, aiding with digestion and absorption of vitamins, as well as aiding to overcome problems such as lactose intolerance. Taiwan faces serious environmental problems, such as air pollution and consumers have been educated that goat milk is good for people who suffer from bronchitis and respiratory problems.

Even though the advantages of drinking goat milk are widely recognised in Taiwan, there are still a number of consumers that dislike goat milk due to the Caprine aroma. This is also reflected in the goat meat market. As a result, importers always request that overseas suppliers produce goat milk powder with less Caprine aroma. Manufacturers try to reduce the aroma by adding other ingredients when packaging the goat milk powder in Taiwan.

However, some consumers use the smell to ensure that they are actually buying goat milk. A recent survey found that 30 per cent of goat milk products in Taiwan contain some cow milk ingredients. Children aged between one and seven years are the major target market for goat milk in Taiwan. Children’s milk powder accounts for 80 per cent of the total milk powder market. Even though the price for goat milk powder is twice as high as that of cow milk powder, some parents in Taiwan are willing to purchase goat milk products for their children. The reasons for the dominance of children’s milk powder are:

1. Consumers are willing to spend large amounts of money on their children;
2. Consumers perceive that there is no real difference for adults between drinking goat and cow milk, however children can benefit from easier digestion.

4.3.3.2 Distribution

As goat milk powder is regarded as a nutritional supplement in Taiwan, the most common distribution channel for canned goat milk powder is through pharmacies or drug stores, particularly in central and southern Taiwan. It is estimated that there are over 10,000 drug stores in Taiwan. Drug stores are also the most important sales channels for infant milk powder.

Approximately 70 per cent of goat milk powder importers’ core business is related to pharmaceutical products or health food. Therefore, importers are already familiar with the drug store channel and it is easy for them to introduce new products.

Some canned goat milk powder is sold through supermarkets and hypermarkets. Welcome, the largest supermarket chain in Taiwan with 94 stores, indicated that they only stock popular brands of goat milk powder such as Bate's, Karihome and Sentosa, amongst others.

4.3.3.3 Retail pricing and packaging

In retail outlets such as supermarkets or hypermarkets, the preferred package size for canned goat milk powder is 400g. In drug stores, the most common package size is 900g. In supermarkets, goat milk powder aimed at families or adults is usually cheaper than children’s powder. The majority of goat milk powder products available in drug stores are for children. Table 8 and 9 provide an indication of the retail price of popular brands of canned goat milk powder in retail outlets and drug stores.
Table 8. Canned goat milk powder in Taiwan supermarkets and hypermarkets

<table>
<thead>
<tr>
<th>Supplying country</th>
<th>Brand</th>
<th>Package size</th>
<th>Price (AS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand</td>
<td>Bate’s Goat Milk Powder</td>
<td>400g</td>
<td>$20.65-21.31</td>
</tr>
<tr>
<td></td>
<td></td>
<td>900g</td>
<td>$34.13-35.55</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Sentosa Goats Milk Powder</td>
<td>400g</td>
<td>$16.62-17.51</td>
</tr>
<tr>
<td></td>
<td></td>
<td>900g</td>
<td>$26.41</td>
</tr>
<tr>
<td></td>
<td>Karihome</td>
<td>400g</td>
<td>$19.88</td>
</tr>
<tr>
<td>New Zealand</td>
<td>• Infant formula with iron</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Growing-up formula only for babies aged over 12 months</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Goat milk powder for above 4 years of age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Netherlands and NZ, repacked in Taiwan</td>
<td>Quaker</td>
<td>1kg</td>
<td>$24.44</td>
</tr>
<tr>
<td></td>
<td>• Nutritional supplement - goat milk flavour for ages between 1-7 years</td>
<td></td>
<td>$18.34</td>
</tr>
</tbody>
</table>

Table 9. Canned goat milk powder in Taiwan drug stores

<table>
<thead>
<tr>
<th>Supplying country</th>
<th>Brand</th>
<th>Package size</th>
<th>Price (AS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand</td>
<td>Karihome</td>
<td>400g</td>
<td>$26.70</td>
</tr>
<tr>
<td></td>
<td>• Infant formula with iron</td>
<td>900g</td>
<td>$50.45</td>
</tr>
<tr>
<td></td>
<td>• Growing-up formula only for babies aged over 12 months</td>
<td>900g</td>
<td>$50.45</td>
</tr>
<tr>
<td></td>
<td>• Instant powder formulated with DHA and EPA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Netherlands, repacked in Taiwan</td>
<td>Stronzon</td>
<td>900g</td>
<td>$50.45</td>
</tr>
<tr>
<td>France, repacked in Taiwan</td>
<td>Yi-Erh-Shan propolis goat milk powder</td>
<td>1kg</td>
<td>$50.45</td>
</tr>
</tbody>
</table>

Bulk goat milk powder imported into Taiwan is usually in a 20-kg package. Most importers were unwilling to provide a price range for bulk milk imports and stated that prices change frequently due to supply fluctuations. One importer commented that the import price (cost, insurance and freight included) for bulk goat milk powder is in the range of US$3000-3500 per metric tonne.

4.3.3.4 Imports of goat milk powder and competitors

Imported goat milk powder consists of about 60 per cent bulk powder and 40 per cent canned powder. Table 10 shows total imports of goat milk powder into Taiwan for 1998 and 1999.

---

Table 10 shows total imports of goat milk powder into Taiwan for 1998 and 1999.
Table 10. Taiwan imports of goat milk powder 1998-99

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>79</td>
<td>291,055</td>
<td>26</td>
<td>82,378</td>
</tr>
<tr>
<td>Belgium</td>
<td>-</td>
<td>-</td>
<td>60</td>
<td>382,099</td>
</tr>
<tr>
<td>France</td>
<td>223</td>
<td>3,353,238</td>
<td>315</td>
<td>3,203,797</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1089</td>
<td>7,199,270</td>
<td>1180</td>
<td>8,143,779</td>
</tr>
<tr>
<td>Norway</td>
<td>-</td>
<td>-</td>
<td>12</td>
<td>219,360</td>
</tr>
<tr>
<td>New Zealand</td>
<td>319</td>
<td>5,361,562</td>
<td>464</td>
<td>7,491,599</td>
</tr>
<tr>
<td>USA</td>
<td>3</td>
<td>35,966</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Philippines</td>
<td>-</td>
<td>-</td>
<td>0.5</td>
<td>3,101</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1713t</strong></td>
<td><strong>A$16,160,763</strong></td>
<td><strong>2057t</strong></td>
<td><strong>A$19,516,459</strong></td>
</tr>
</tbody>
</table>

By volume, the Netherlands accounts for 57 per cent of imported goat milk powder. However, by unit value, New Zealand dominates imports. This is due to the fact that the majority of goat milk powder from the Netherlands is in bulk form, while New Zealand dominates the Taiwan market for canned goat milk powder.

New Zealand is a significant supplier of goat milk to Taiwan largely because the New Zealand Dairy Board (NZDB) is willing to spend large sums of funds to launch products through advertising and promotional campaigns. New Zealand’s “clean and green” image is particularly important given recent dioxin problems in Europe. Consumers believe that canned goat milk powder imported directly from New Zealand has government support that guarantees that the product is safe. The three companies that the NZDB work with in Taiwan are listed in Table 11.

Table 11. New Zealand Dairy Board marketing in Taiwan

<table>
<thead>
<tr>
<th>Company</th>
<th>Product</th>
<th>Relationship</th>
<th>Goat milk focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Yong</td>
<td>Cheese and butter</td>
<td>Joint venture</td>
<td>None</td>
</tr>
<tr>
<td>New Tai</td>
<td>Dairy ingredients from food manufacturers</td>
<td>Joint venture</td>
<td>Supply bulk goat milk powder</td>
</tr>
<tr>
<td>New Zealand Milk Products (Far East) Ltd. Taiwan</td>
<td>Milk powder for the retail market</td>
<td>100% owned by NZDB</td>
<td>Sells “Bate’s” goat milk powder to the retail market</td>
</tr>
</tbody>
</table>

European countries dominate bulk goat milk powder imports as subsidies in Europe make prices more competitive than either New Zealand or Australia. Suppliers from Europe are keen to work with overseas buyers to satisfy market preference. For instance, European suppliers have developed the process technology to reduce caprine aroma. European suppliers have also started to expand their production capacity to meeting increasing consumer demand.

In recent years, the capacity for goat milk powder in the Netherlands has reached maximum volume. Taiwan importers have been keen to source goat milk powder from other European countries to meet increasing consumer demand. Producers in France, Belgium and Norway have met some of this demand.
4.3.4 Other goat milk products

4.3.4.1 Goat milk tablets
Goat milk tablets are the second most popular goat milk product in Taiwan. Currently, the majority of goat milk tablets in the market are made locally using goat milk powder and mixing it with other ingredients. The market potential for Australian goat milk tablets will be limited as the market for tablets has become very competitive.

Table 12. Retail pricing and packaging of goat milk tablets in Taiwan

<table>
<thead>
<tr>
<th>Supplying country</th>
<th>Brand</th>
<th>Package size</th>
<th>Price AS</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand</td>
<td>Sentosa Goats Milk Tablets</td>
<td>300 tablets</td>
<td>$17.68</td>
</tr>
<tr>
<td>Taiwan</td>
<td>Kyspring Goats Milk Tablets</td>
<td>100 tablets</td>
<td>$6.83</td>
</tr>
</tbody>
</table>

4.3.4.2 Goat cheese
Cheese consumption in Taiwan is much lower than in Japan. Goat cheese is classified as a high value cheese and is consumed only in five star hotels and high-end hotels in Taiwan. Cheese importers believe that there will not be much demand for goat cheese in the next few years. Goat cheeses currently used in hotels include Pecorino (sheeps cheese), Feta (can be made from goat, sheep or cows milk), Brie and Camembert (made from cows milk).

4.3.4.3 Goat milk ice cream
There is currently no goat milk ice cream available in the market. However, one importer commented that there would be a market if the taste was right. Taiwanese consumers are highly changeable in their taste for ice cream. In addition, high quality ice cream would be targeted at high-end consumers who are concerned with quality, rather than price. Nevertheless, the importer believed that locally made goat milk ice cream would be more competitive than imported product.

4.3.4.4 UHT and liquid goat milk
Currently all liquid goat milk (including UHT and flavoured milk) faces an import ban.

4.3.5 Import regulations and tariffs

4.3.5.1 Labelling requirements
According to the Department of Health’s food sanitation laws, labels for imported foods should be written in Chinese and include the following information:

1. Product name;
2. Name and weight, capacity or quantity of the contents; in the case of a mixture of two or more components, they shall be separately indicated;
3. Name of food additives;
4. Name and address of manufacturer (Chinese is not required) and name and address of importer.
5. Date of manufacture. The central authority may designate certain manufacturers to indicate the shelf life or shelf conditions together;
6. Other labelling items designated by the central authority.
The only exceptions to these requirements include:

1. The purpose of importing foods is to supply the food service market (eg: restaurant, hotel, etc.) or for the prepacked or processed by not retail market, and the net weight of the unit pack is more than 4.5kg.

2. The imported foods are samples and are not going to be sold or re-sold.

For the above, the trading company must apply (FREE OF CHINESE LABELS) to the government before the goods arrive in Taiwan. The size of the Chinese language on the labels must not be smaller than 0.2cm either in length or width.

4.3.5.2 Tariff barriers
The following tariff rates applying to goat milk products:

- Goat milk powder: 15 per cent
- Goat cheese: 11 per cent-12.5 per cent
- Goat milk tablets: 32.5 per cent

Currently, UHT and liquid goat milk is not permitted into Taiwan. However, following Taiwan’s accession into the WTO, the bans will be lifted and replaced by a tariff rate quota system which will apply to fresh milk, UHT milk and flavoured milk. The quota will be 10,649 tonnes in the first year and will gradually increase to 21,298 tonnes in the fifth year of WTO membership. The tariff rate in the quota will be 15 per cent, and the out of quota tariff will be NT$18.4 per kg.

4.3.6 Market prospects
Although there is market potential for Australian goat milk powder in Taiwan, the market is already quite mature. The two main options are to market price competitive bulk powder or to establish a market entry plan to launch a new brand of Australian canned goat milk powder.

Children’s goat milk powder accounts for 80 per cent of the total goat milk powder market in Taiwan and should be the target for Australian canned goat milk powder exports. It would be beneficial to develop a special formula for goat milk powder to increase the value of the product such as propolis goat milk or DHA goat milk.

Drug stores or pharmacies would be the most suitable distribution channel for Australian goat milk powder. It is important for Australian suppliers to work with experienced importers who are familiar with the industry and distributors.

Caprine aroma is a common concern for Taiwanese consumers so it is important for Australian suppliers to work closely with importers to develop a product matching consumer preferences. This applies to canned and bulk goat milk powder.

The Taiwanese market for other goat milk products is less developed. Goat cheese is sold mainly to high-end restaurants and hotels in small amounts. Goat milk tablets are generally locally made from imported powder and Australian-made tablets are unlikely to be competitive. There is currently a restriction on the importation of fresh, UHT and flavoured liquid goat milk.

Appendix 1 provides a list of potential importers and processors of goat milk products in Taiwan.
4.4 Singapore

4.4.1 Summary
Singapore has a small but wealthy population of 4.2 million people. GDP per capita is US$27,500. The domestic agricultural sector is negligible, with services contributing 72 per cent of GDP and industry the remaining 28 per cent.

Singapore has only very limited domestic production of goat milk. Some fresh milk is sold over the border from Malaysia. Only a small amount of goat milk products are consumed, mainly imported goat cheese sold through stores servicing the expatriate community.

The best opportunities in Singapore are for goat cheese and UHT milk, provided it is comparable in price with cow milk. Some supermarkets and importers are willing to test samples of Australian goat milk products to establish if there is demand from consumers. Any goat milk products launched in the Singapore market should be accompanied by a promotional campaign aimed at consumers.

4.4.2 Domestic production and processing
Singapore has only two small dairy farms and depends mainly on imports for its goat milk requirements. Locally produced goat milk sells for A$7.90 per litre and is delivered to customers’ homes. There are plans to expand production to include yoghurt, ice cream and cheese.

4.4.3 Singapore market for goat milk products

4.4.3.1 Consumption trends and distribution
Only a small number of consumers regularly consume fresh goat milk. These consumers also make regular trips to purchase milk from farmers markets in Johor Bahru, the border town on the southern tip of the Malaysian peninsula. A small amount of fresh goat milk from Malaysia is unofficially exported to Singapore.

Regular consumers of goat milk products are mainly the elderly, children and those seeking medicinal benefits.

Goat cheese is currently available in up-market retail outlets that service the expatriate community. Mainly well-travelled Singaporeans and expatriates consume goat cheese.

Local consumers and importers are relatively unfamiliar with goat milk products, thus goat milk has remained a niche product. Most goat cheese already in the Singaporean market is imported from France. Goat milk products are sold mainly through specialist food stores.

4.4.3.2 Pricing
Table 13 provides an indication of retail prices for goat milk products in Singapore. These prices were obtained through an inspection of several supermarket chains in Singapore.
Table 13. Goat milk product retail prices in Singapore

<table>
<thead>
<tr>
<th>Product Description</th>
<th>Pack Size</th>
<th>Country of Origin</th>
<th>Supplier</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cibo Herb Crm Goat Cheese</td>
<td>198.00g</td>
<td>US</td>
<td>Imported</td>
<td>Discontinued</td>
</tr>
<tr>
<td>Prelude Bake Goat Cheese</td>
<td>6.0Oz</td>
<td>US</td>
<td>Imported</td>
<td>Discontinued</td>
</tr>
<tr>
<td>Prelude Torta Goat Cheese</td>
<td>6.5Oz</td>
<td>US</td>
<td>Imported</td>
<td>Discontinued</td>
</tr>
<tr>
<td>Soignon Goat Cheese Dbl Crm</td>
<td>180.00g</td>
<td>France</td>
<td>Forecore</td>
<td>A$8.61</td>
</tr>
<tr>
<td>Meyenberg Past Goat Milk</td>
<td>946ml</td>
<td>Imported</td>
<td></td>
<td>A$8.66</td>
</tr>
<tr>
<td>Pyramide Goat Cheese / Ash</td>
<td>150g</td>
<td>France</td>
<td>QB Food Trading</td>
<td>A$7.87</td>
</tr>
<tr>
<td>Rondes Prov-Goat Ches-Oil</td>
<td>220g</td>
<td>France</td>
<td>Imported</td>
<td>A$13.54</td>
</tr>
<tr>
<td>Cherita Goat Cheese</td>
<td>125g</td>
<td>France</td>
<td>Imported</td>
<td>A$6.82</td>
</tr>
<tr>
<td>Cabri Tribllat Goat Cheese</td>
<td>125g</td>
<td>France</td>
<td>Imported</td>
<td>Discontinued</td>
</tr>
<tr>
<td>Lingot Herb Goat Cheese</td>
<td>150g</td>
<td>France</td>
<td>Imported</td>
<td>A$9.19</td>
</tr>
<tr>
<td>Zick France Goat Cheese</td>
<td>100g</td>
<td>France</td>
<td>Imported</td>
<td>A$6.20</td>
</tr>
<tr>
<td>Healthries Goats’ Milk Powder</td>
<td>500g</td>
<td>Imported</td>
<td></td>
<td>A$22.57</td>
</tr>
</tbody>
</table>

Source: Discussions and Observations in several supermarket chains in Singapore. Currency conversion: S$1=A$1.05

4.4.4 Import regulations and tariffs

In Singapore, imported dairy products are subject to the Food Act administered by the Food Control Department of the Ministry of the Environment. Singapore pursues a free and fair trade policy, with no tariffs except for a 3 per cent goods and services tax.

The importation of dairy products requires an import permit issues by the Agri-Food and Veterinary Authority of Singapore (formerly know as the Primary Production Department). However, if a health certificate from the country of origin is obtained, an import permit is not required. An importer can arrange for local Singaporean authorities to organise the inspection of the production plant by the Australian Health Authority and have it accredited for export.

4.4.5 Market prospects

Expansion of the goat milk market in Singapore could be constrained by the distributors’ lack of product knowledge and consumer perceptions, as the product is relatively new in the market. Australian exporters would need to provide sufficient support for promotion of goat milk products to consumers.

Some retailers could be willing to expand their product range to include goat milk products. A number of retailers and importers indicated their willingness to try a test shipment of goat milk products to establish if there is enough demand for the products. Some retailers have stocked goat milk products in the past such as tablets and soap and these have not performed well. This has led to scepticism about stocking goat milk products again.

There is a growing demand in Singapore for alternatives to cow milk. Infants and the elderly are the main target consumers. UHT goat milk could also do well in the market if the product is readily available and the price is comparable with cow milk products selling for A$1.38 to A$1.42 per one litre pack.

Current importers of goat cheese from Europe have reduced their imports or stopped importing completely due to food scares in Europe. They have also experienced some difficulty in obtaining consistent prices for French product. This could provide a good opportunity for Australian goat cheese producers to establish a market in Singapore.
Austrade suggests that to penetrate a niche market like goat milk, there is no requirement to appoint a distributor. Rather, goat milk exporters can work directly with an importer such as NTUC Fairprice.

### 4.5 Malaysia

#### 4.5.1 Summary

Malaysia has a population of 21.8 million people, with per capita GDP of US$10,700. Agriculture is very important in Malaysia, accounting for 12 per cent of GDP. The remainder is split between industry (46 per cent) and services (42 per cent).

Demand for goat milk products in Malaysia is expected to remain low as consumers are not aware of the health aspects of the product and are put off by the smell. Any market expansion in Malaysia would need to include promotion to consumers.

The main opportunities are for goat milk powder and tablets, which are both already established to some extent in the market. Marketing through pharmacies and health food shops is an option, and some supermarkets appear willing to look at quotes from Australian suppliers.

#### 4.5.2 Domestic production and processing

Malaysia has been producing goat milk in villages throughout the country for some time. In the last five years, the Malaysian government has taken an interest in increasing production of many foodstuffs, including goat milk and meat. The Malaysian Agricultural Ministry has aimed to make Malaysia a major food exporter by the year 2010 and reduce Malaysia’s annual food import bill by half within five years.

Goat milk cosmetic products are manufactured locally by Nanny Marketing. Their range includes soap, tablets, cleansing cream, moisturising cream, shampoo and body shampoo.

#### 4.5.3 Malaysian market for goat milk products

##### 4.5.3.1 Consumption trends and distribution

Demand for dairy products in general in Malaysia is growing steadily but demand for goat milk products is very small. The general view is that the strong taste and flavour of goat milk deters consumers from trying it even when it is available.

Most goat milk products are sold through direct marketing or home delivery. This system is fairly ineffective in meeting consumer needs and has led to a shortage of products in urban areas.

There is some “Chevetine” feta cheese available in major supermarkets in Malaysia. Goat milk powder, tablets and other health supplements are available in pharmacies throughout the country.

##### 4.5.3.2 Pricing

Price was identified as a major factor in the purchasing decision due to the availability of locally produced goat milk.
Table 14. Retail prices for goat milk products in Malaysia.

<table>
<thead>
<tr>
<th>Product Description</th>
<th>Pack Size</th>
<th>Country of Origin</th>
<th>Supplier</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Chevetine” Feta Cheese (full fat soft cheese from pasteurised goats milk)</td>
<td>200g</td>
<td>France</td>
<td>Olivier Supplies</td>
<td>A$9.54 to A$12.36</td>
</tr>
<tr>
<td>“Chevetine” Petits Cheores Doux (full fat) G. Cheese</td>
<td>200g</td>
<td>France</td>
<td>Olivier Supplies</td>
<td>A$7.66</td>
</tr>
<tr>
<td>Sainte Maure Soignon Cheese made from Pasteurised goats’ milk</td>
<td>200g</td>
<td>France</td>
<td>A$7.68</td>
<td></td>
</tr>
<tr>
<td>“Soignon” Fresh Buchette Cheese with garlic &amp; herbs</td>
<td>110g – 120g</td>
<td>France</td>
<td>Global Pacific</td>
<td>A$5.37 to A$6.38</td>
</tr>
<tr>
<td>“Soignon” Formage mi-cheve (pasteurized goats milk)</td>
<td>200g</td>
<td>France</td>
<td>A$6.72</td>
<td></td>
</tr>
<tr>
<td>Tu-Tu-Ho goats milk powder</td>
<td>400g</td>
<td>New Zealand</td>
<td>Apex Pharmacy Marketing</td>
<td>A$12.77</td>
</tr>
<tr>
<td>Tu-Tu-Ho goats milk tablets*</td>
<td>160 tablets</td>
<td>New Zealand</td>
<td>Apex Pharmacy Marketing</td>
<td>A$14.35</td>
</tr>
<tr>
<td>Greenfood Goats Milk Powder in 2 flavours (natural / chocolate)</td>
<td>400g</td>
<td>Australia</td>
<td>Apex Pharmacy Marketing</td>
<td>A$14.35</td>
</tr>
<tr>
<td>VitaHealth Goats Milk Tablets</td>
<td>250 tablets</td>
<td>New Zealand</td>
<td>VitaHealth (Division of Zuellig Pharma)</td>
<td>A$37.44 and A$14.88</td>
</tr>
<tr>
<td>Flavoured Goats Milk Tablets (non-branded)</td>
<td>100 tablets</td>
<td>New Zealand</td>
<td>Fantes Marketing</td>
<td>A$9.55</td>
</tr>
<tr>
<td>Pasteurised Goats Milk produced by Malaysian farmers</td>
<td>250ml</td>
<td>Malaysia</td>
<td>Sold in weekly Farmers Markets / through direct marketing with home delivery</td>
<td>Between A$1.92 to A$3.36 (depending on which state it’s sold)</td>
</tr>
</tbody>
</table>

* Discontinued due to change in flavour and smell of product. Remaining stocks withdrawn since end August 2000.

Source: In-store retail inspection conducted in the Klang Valley.
Currency conversion: RM1=A$0.48

4.5.4 Import regulations and tariffs

In Malaysia, all dairy products require import licences. However, this requirement does not form a significant barrier to market entry. The Department of Veterinary Services issues import permits.

All shipments to Malaysia should be accompanied by a health certificate signed by a government veterinary authority in the country of origin. The certificate should state that the supplying country was free from foot-and-mouth disease and rinderpest for the 12 months immediately prior to export of the product to Malaysia.
4.5.5 Market prospects

Due to the unfamiliar smell and taste of goat milk products, Malaysia will be a difficult market to break into.

Further growth in demand for goat milk products is possible in Malaysia, as there seems to be little availability of goat milk products, especially in urban areas. This is mainly due to the ineffectiveness of distribution channels adopted by local producers.

However, like Singapore, expansion of the Malaysian market could be hindered by the inexperience of consumers and distributors with goat milk products. However, there is an opportunity for Australian goat milk products to enter the market, as there are currently only a handful of importers.

Pricing of goat milk products will be a critical factor if the entry strategy is to penetrate the market due to local supply and the range of brands already competing in this segment of the market.

The main opportunities could be for goat milk powder and tablets. Options for entry could be through the appointment of a direct marketing company or by approaching a chain of specialty health food stores and pharmacy outlets that cater for the niche market sector. This could help ensure that products are widely available in major towns throughout the country.

There could also be opportunities for UHT goat milk with a shelf life from 28 days to 3 months. Packs of 250mL and 500mL with a price range below A$2.40 and A$3.84 respectively.
5. Key Issues for Exporting to Asia

5.1 Pricing
This market scooping study aims to identify potential Asian markets for dairy goat products and does not provide any real indication of the commercial viability of exporting to such markets. Retail prices can be gathered and provided as an indication only and does not tell us what price the importer has paid for the products (whether it be paid by the importer FOB – free on Board, or to the exporter as C&F – Cost including Freight).

Actual prices that can be received by Australian exporters or processors (or producers) can only be determined through direct negotiation with the potential buyer/ importer.

There is also an ongoing risk that if the Australian industry enters a new or existing export market, countries such as France, or other nations, may also enter the market by under-cutting Australian prices. To avoid such competition it is critical that the Australian industry develops strong (and trusting) relationships with its buyers/ importers and differentiates its product on attributes other than price.

5.2 Consistency of supply
Although price is an important consideration for buyers/ importers, they are also seeking reliable suppliers who can guarantee/commit to provide a consistent supply of quality product. Successful development of any export market will require the Australian dairy goat industry to be able to make these sorts of guarantees and commitments.

It is unlikely that any export market will tolerate seasonal and unreliable supplies of product. Although consumer demand does vary with the season, buyers/ importers are usually looking for product that is available to them year-round.

Australian goat milk producers tend to be relatively small in size, geographically dispersed and seasonal suppliers of raw milk. These are all major barriers to the further establishment of sizeable processing facilities in this country and therefore the development of export markets for manufactured goat milk products.

Processing of products with a long shelf life will assist in the ability of the Australian industry to supply a market year-round, as producers will be limited in the extent to which they can extend the production season (particularly if they are to maintain competitive production costs). However, buyers/ importers will still demand that long shelf life products (such as UHT) still have a lot of life left when they buy them. That is, they will be reluctant to buy manufactured product that has been sitting in storage for several months.

5.3 Competition in a global marketplace
Most Asian buyers are provided with a plethora of suppliers for the vast majority of products that they import. Asian importers know their particular market very well and are constantly forced to compete with the vast number of other importers who are scaling the world for cheaper product. Although there are opportunities to promote a differentiated Australian product and perhaps find niche markets for better quality products, we must still compete with the other goat milk producing countries.

Australian industries are constantly exposed to competition from the global marketplace. This is a tremendous challenge for exporters as they are often forced to sell product at or below the cost of production. Even in such instances, export markets remain a critical outlet for much of Australia’s products as production generally continues to expand and the domestic market is so limited in size and
therefore sensitive to over-supply. Australian industry also faces constant competition from imported product on the domestic market, which highlights the continuing need to remain world competitive.

While it is important to understand its competitors, it is more important that the Australian dairy goat industry constantly works towards Worlds Best Practice in production and processing. If it is able to minimise costs of production and processing, then it is able to compete in the global marketplace. To get this information and identify opportunities for improvement, the Australian industry (production and processing) may need to further undertake benchmarking, including international benchmarking.

Understanding the market and responding to the constantly changing needs of the market are critical if any industry is to survive (whether it is on the domestic or export market). Keeping in touch with the market by regularly talking and developing relationships with potential importers, visiting and learning about the market(s) and exploring various market information sources will readily enable the Australian industry to assess its ability to compete on the world market.

5.4 Setting up for export

Advice on how to establish and enter export markets is available through the Commonwealth Government agency, Austrade. This agency has offices located in various countries around the world, which provide various services to Australian companies including market research, and identifying and introducing potential importers.

Contact the Austrade hotline on: 132878 or facsimile: 03 9284 3133 or visit www.austrade.gov.au
6. Recommendations

6.1 Supply Chain Management

The Australian dairy goat industry needs to develop strong links in its supply chain, from farm, processor, exporter/importer, distributor(s), retailer(s) through to the end consumers. An efficient supply chain improves the quality and consistency of supply of products, reduces costs (and therefore increases returns for all stakeholders in the chain), and ensures that consumers are satisfied with the product they are receiving and will continue to purchase it.

An efficient supply chain relies on a strong element of trust between all players, which is maintained through open and honest communication. Retailers must listen to the needs and demands of consumers, and pass this information back along the supply chain so that all players understand and can respond to these needs. For example, importers may need to import products more often, the processors may need to use different packaging and the producers may need to alter their management practices to alter supply or the taste of the raw product.

Improvements in the supply chain can often be made by including additional players in the chain, which is often contrary to the belief that the fewer ‘middle men’, the better. Many industries have benefited from incorporating specialists in the supply chain, particularly when exporting to countries like Japan where trading houses play a major role.

6.2 Market Development Strategy

Given the key issues highlighted in Section 5 of this report, the Australian industry should jointly prepare a Market Development Strategy. Key members of the Supply Chain should be involved and/or identified in this process.

This strategy should identify a target market (based on the opportunities in that market and on the industry’s capability to supply that market) and develop a plan of how, as an industry, to develop this specific market. The recommendations in Section 6.4 of this report can be used as a starting point for this strategy.

If a strategic approach is developed and agreed upon, the incidence of Australian companies undercutting and competing in these markets will be minimised. Given the relatively small level of production and therefore limited capability of Australia to export, it is an opportune time for the industry to jointly develop the export market(s). This may involve several different Australian processors/manufacturers jointly supplying one market or importer (thus increasing the ability to develop an export opportunity).

In particular, a planned approach to contacting the potential importers listed in Appendix 1 of this report is important if the Australian industry is to be viewed as professional and capable of exporting.

6.3 Development of Critical Mass

Development of an export market requires a certain level of critical mass, which allows the industry to adequately service that market. There is no one specific rule to quantify the level of critical mass that is required, and it is not necessarily huge volumes of milk or products. However, a level of supply that meets the immediate needs of a specific export opportunity, which provides some capacity for expansion, that allows for relatively speedy responses to any changes in consumer’s needs, whilst also maintaining considerable flexibility is required. Given its current situation, the Australian industry appears to be limited in its capability to supply a significant export market at this point in time.

In order to take advantage of some of the export opportunities identified in this report Australia’s processing capacity clearly requires considerable development.
However, as discussed in Section 5 of this report, there are several barriers to the future development of a commercially viable manufacturing facility and therefore export markets for processed goat milk products.

A possible means of developing Australia’s capability in supply may be through further vertical integration in the industry, to increase production and processing of Australian goat milk.

Alternatively, stronger alliances amongst producers, and with processors, may also improve the attractiveness for investors to look at this industry.

### 6.4 Approach for Developing Five Asian Markets

The following information summarises the recommended broad approach to developing an export market in each of the five Asian countries investigated in this study.

#### 6.5.1 Korea

It is recommended that the Korean market be tested with powder products targeting infants. After successful entry with this product, the product range could then potentially be expanded to include liquid goat milk and cheese products.

Consumer promotions of the health and cleanliness aspects and the wide array of applications for goat milk would be required in order to increase demand. It is recommended that Australian companies collaborate with existing goat milk processors by supplying ingredients, or developing a common marketing campaign, for mutual benefit.

#### 6.5.2 Japan

Powdered milk, as a health/functional product, is viewed as the best opportunity for Australian goat milk in Japan. Market entry would require scientific validation of the health benefits.

Goat milk entry into the Japanese market would also need to include a large promotion component, outlining the benefits to consumers and dispelling conceptions of goat milk as a smelly and strong tasting product.

It is suggested that milk powder (either skim or whole) is the best form of processing for ease of use, long shelf life and consistent quality.

Demand for milder flavoured goat cheese is slowly developing and may present a niche market opportunity for Australian cheese manufacturers.

#### 6.5.3 Taiwan

Two main opportunities for Australia include marketing price competitive bulk milk powder and/ or establishing a market entry plan to launch a new brand of Australian canned goat milk powder.

To develop a special formula that increases the value of goat milk powder, such as propolis goat milk or DHA goat milk, would be beneficial for the Australian industry. Canned goat milk powder should be for the needs of children.

Caprine aroma is a common concern for Taiwanese consumers so it is important for Australian suppliers to work closely with importers to develop a product matching consumer preferences. This applies to canned and bulk goat milk powder.

The Taiwanese market for other goat milk products is less developed. Goat cheese is sold mainly to high-end restaurants and hotels in small amounts, however still may present an opportunity.
6.5.4 Singapore

Australian exporters would need to provide sufficient support for promotion of goat milk products to consumers, if this market is to be developed. Some retailers showed a willingness to work with an Australian supplier to test the market for goat milk products.

UHT goat milk could also do well in the market if the product is readily available and the price is comparable with cow milk products selling for A$1.38 to A$1.42 per one litre pack.

A niche opportunity exists for Australian goat cheese manufacturers who can supply a safe, quality and consistently priced product in this market, in competition to French products.

6.5.5 Malaysia

Education of importers/ distributors and hence consumers in this market would also present an opportunity for Australian goat milk products to enter the Malaysian market.

The main opportunities appear to be for goat milk powder, tablets and UHT goat milk with a shelf life from 28 days to 3 months.
7. Industry Organisations

Australian Goat Milk Association Inc. (AGMA)
President: Hannah Wardell
RMB 2930, Childers, VIC, 3824
Ph/Fax: 03 5634 7603
E-mail: wardellgoats@vic.australis.com.au

Australian Specialist Cheesemakers’ Association
PO Box 1169
Richmond North, VIC 3121
Phone: 03 9421 0155

Dairy Goat Society of Australia – Victorian Branch (DGSA)
Secretary: Gaille Abud.
Ph: 03 9718 2041 E-mail gaille_abud@primus.com.au

Dairy Food Safety Victoria (DFSV)
651 Victoria Street
Abbotsford VIC 3067
Ph 03 9426 5999  Fax 03 9427 1895

Tasmanian Dairy Industry Authority
688 Mount Rd, Burnie, TAS, 7320
Phone: 03 6435 7202

Dairy Authority of South Australia
33 Hutt Street
Adelaide SA 5000
Phone: 08 223 2277 Fax: 08 232 2463

Dairy Industry Authority of WA
PO Box 75
Claremont WA 6010
Phone: 09 384 4111  Fax: 09 384 4877

Australian Dairy Corporation
Level 5, IBM Tower, 60 City Rd
Southbank, VIC 3006
Phone: 03 9694 3777

Dairy Goat Society of Australia, Ltd
http://www.angelfire.com/mo/dgsa/index.html

For Export Assistance:
Austrade
Exporters Hotline 13 2878, or Website:
http://www.austrade.gov.au
Mr Gary Hullin – Melbourne Ph: 03 9284 3157
(*Managed the market research work completed in Taiwan & Japan for this report)

State Government Departments:
The Department of State Development in each state offers various support programs to companies looking to export or invest. The Department of Agriculture in some states also works in the export market development area for agribusiness and may also be able to assist. For example, in Victoria’s Department of Natural Resources & Environment is the Agribusiness Initiative, Phone: 03 9637 8500, E-mail: Agribusiness.Group@nre.vic.gov.au
(* The Agribusiness Group managed the market research work completed in Korea, Malaysia & Singapore for this report)
8. References

http://www.adga.org/facts.htm


Australian Goat Milk Association (AGMA) 2000. Industry meeting and consultations.


* Interviews with various people involved in the industry greatly assisted in providing a lot of additional information that is not currently documented/ published.
9. Appendices

Appendix 1. Potential Importers & Processors in Asia

It is strongly recommended that approaches to these companies be made in a strategic manner. The next step for the Australian industry should be to jointly develop a market entry strategy, which is agreed on and followed by all stakeholders. The Australian industry, due to its size, is in a unique position where it can work together to develop such strategies.

These importers are only interested in talking to companies that are capable of exporting – this not only includes having enough quality and quantity of product to consistently supply them, but also having an understanding of the logistics and requirements of exporting.

Inappropriate handling of this information could very quickly do the Australian dairy goat industry tremendous long-term damage, particularly if importers have a bad experience and therefore develop a negative perception about Australian goat milk products and suppliers.

The purpose of this report was to provide an overview of the opportunities in five Asian markets and cannot provide specific companies that will answer all of the industries problems. These dairy importers have been listed in this report to indicate that there are a number of potential buyers, it does not necessarily mean that they will automatically import product from Australia.

An in-market Government representative interviewed many of these companies and it is therefore desirable to seek advice/ support before undertaking discussions with these companies.

9.1 Korea

9.1.1 Goat milk processors

Hongcheon Stock Breeding CO-OP
Address: 688-1, Sangoan-Ri, Hongcheon-Eup, Hongcheon-Kun, Kangwon-Do, Korea
Tel: (82 33) 435-3412
Fax: (82 33) 435-3416
Factory Supervisor: Ju-Young, Jeong

Caprobiotech Co., Ltd.
Address: 273-18, Seokchon-Dong, Songpa-Ku, Seoul, Korea
Tel: (82 2) 549-8572
Fax: (82 2) 549-8573
President: Hwi-Chul, Park

Korea medi-R
Address: #402, Jungnam B/D, 191-3, Poi-Dong, Kangnam-Ku, Seoul, Korea
Tel: (82 2) 575-5266/8
President: Sang-Jin, Ko
9.1.2 Dairy Product Importers

Sung-bu International Inc.
Address: SUNG BU B/D 242-51, Nonhyun-Dong, Gangnam-Ku, Seoul, Korea
Tel: (82 2) 544-8377
Fax: (82 2) 546-2987
Importer of food raw materials and sale to domestic food processors
- Dairy products:
  - Skim milk preparation
  - Cocoa preparation
  - Whey powder
  - Natural cheese (from Australia), etc.
- Fruits Concentrate: Grape, Apple, Pineapple, etc.
- Flavour (from Japan)

Samik Dairy and Food Co. Ltd.
Address: 4 FL, DAESUNG B/D, 512-10, Sinsa-Dong, Kangnam-Ku, Seoul, Korea
Tel: (82 2) 548-4511/4
Fax: (82 2) 548-1779
Items of import:
- RHODIA Dairy Ingredients: Cultures, Media, Stabilizers, Colors
- Hydrolyzed Proteins (Lactic Acid Bacteria Growth Promotor)
- Dairy Products: Skimmilk Preparation, WPC, Sodiumcaseinate, etc.
- Whey Powder, Milkpowder Preparation, Lactose, etc.

Song-Eun Commercial Co. Ltd.
Address: # 503, DONGBANG B/D, Bangi-Dong, Songpa-Ku, Seoul, Korea
Tel: (82 2) 203-1071
Fax: (82 2) 203-1074
Major Activities:
- Korea Agent of SKW (France): Stabilizer, Gum, etc.
- Korea Agent of HANSEN (Denmark): Cultures For Yoghurt and Cheese
- Fruits Concentrate
- Colors, Flavours, Food Additives, etc.

Whanee Co. Ltd.
Address: 2FL, Woosung B/D, 1002-19, Bangbae-Dong, Seocho-Ku, Seoul, Korea
Tel: (82 2) 587-1391, 583-0755
Fax: (82 2) 597-2439, 583-0754
Major activities:
- Dairy product: Skim milk preparation WPC, Sodiumcaseinate, etc.
- Stabilizer (Pectin, Gum), Vitamins, Food Additives, etc.
Daeshin Food’s Co. Ltd.
Address: 4 FL, WONIL B/D, 1451-1, Soecho-Ku Seoul, Korea
Tel: (82 2) 521-3344
Fax: (82 2) 521-4694

Major activities:
- Items of import
  Dairy products: skim milk preparation, whey powder, etc.
  Dried nuts, food additives, etc
- Their own factory in Korea (blending of powder dairy products)
  Milk powder preparation, etc.

9.1.3 Dairy food processors

Maeil Dairy Industry Co. Ltd.
Address: SANHWAN B/D
Unni-Dong, Jongro-Ku, Seoul, Korea
Tel: (82 2) 2127-2114
Fax: (82 2) 3675-6290
Annual turnover in 1999: \514.7 billion (A$ 8.47 billion)

Products:
- Powder: Formulated Infants Milk Powder, Baby Food
- Milk: Market Milk, Processed Milk (Flavored), Calcium Fortified Milk
- Fermented Milk: Yakult, Drinking Yoghurt, Stirred Yoghurt
- Processed Cheese
- Beverage: 100 per cent Juice, Coffee Drink, etc.

Namyang Dairy Products Co. Ltd.
Tel: (82 2) 734-1305
Fax: (82 2) 722-4623
Annual turnover in 1999: \594 billion (A$ 9.77 billion)

Products:
- Powder: Formulated Infants Milk Powder, Baby Food
- Milk: Market Milk, Processed Milk (Flavored)
- Fermented Milk: Yakult, Drinking Yoghurt, Stirred Yoghurt
- Processed Cheese
- Beverage: Coffee Drink, etc.

Binggrae
Address: 344-3, Donong-Dong, Namyangju-Si, Kyunggi-Do, Korea
Tel: (82 31) 560-8000
Fax: (82 31) 560-8204
Annual turnover in 1999: $480 billion (A$ 7.9 billion)

Products:
- Dairy Department
  Milk: Market Milk, Processed Milk (Flavored)
  Fermented Milk: Yakult, Drinking Yoghurt, Stirred Yoghurt
- Ice Cream Department
  Ice Cream (Stick Bar, Cup Type, etc.)
**Noodles & Snacks Department**

Noodles

Snacks

**Korea Yakult Co. Ltd.**
Address: 28-10, Chamwon-Dong, Seocho-Ku, Seoul, Korea
Tel: (82 2) 3449-6000
Fax: (82 2) 3449-6654
Annual turn over in 1999: \ 640 billion (A$ 10.53 billion)
Leading Fermented Milk Company
Products:

- **Dairy Department**
  - Milk: Market Milk
  - Fermented Milk: Yakult, Drinking Yoghurt, Stirred Yoghurt

- **Noodles & Snacks Department**
  - Noodles
  - Snacks

- **Beverage Department**
  - Coffee Drink
  - Fashion Sports Drink, etc.

**Haitai Dairy Co. Ltd.**
Address: 380-2 Imok-Dong, Jangan-Ku, Suwon, Kyunggi-Do, Korea
Tel: (82 31) 244-1191
Fax: (82 31) 245-5465
Annual turn over in 1999: \ 131 billion (A$ 2.15 billion)
Products:

- Milk: Market Milk, Processed Milk (Flavored), Calcium Fortified Milk
- Fermented Milk: Yakult, Drinking Yoghurt, Stirred Yoghurt
- Processed Cheese
- Butter
- Beverage: 100 per cent Juice (Orange), Korean Traditional Beverage, etc.

**Seoul Dairy Co-Op**
Address: 137-7, Sangbong-Dong, Joongrang-Ku, Seoul, Korea
Tel: (82 2) 433-8151
Fax: (82 2) 438-2335
Annual turn over in 1999: \ 779.4 billion (A$ 12.83 billion)
Products:

- Milk: Market Milk, Processed Milk (Flavored), Calcium Fortified Milk
- Fermented Milk: Yakult, Drinking Yoghurt, Stirred Yoghurt
- Processed Cheese
- Butter
- Beverage: 100 per cent Juice, etc.

**Lotte Ham and Milk Co. Ltd.**
Address: 50-2, Jamwon-Dong, Seocho-Ku, Seoul, Korea
Tel: (82 2) 593-0122
Fax: (82 2) 596-0122
Annual turn over in 1999: \ 460 billion (A$ 7.57 billion)
(Dairy Department \ 188 billion (A$ 3.09 billion))
Products:
• Dairy Department
  Milk: Market Milk, Processed Milk (Flavored), Calcium Fortified Milk
  Fermented Milk: Yakult, Drinking Yoghurt, Stirred Yoghurt
• Ham Department
  Ham, Sausage, Bacon, etc.

**Pasteur Dairy Co. Ltd.**
Address:  1334, Sosa-Ri, Ahnheung-Myun, Hwoengsung-Gun, Kangwon-Do, Korea
Tel:   (82 33) 342-4751
Fax:   (82 33) 342-8748
Annual turn over in 1999: ¥111.5 billion (A$ 1.83 billion)
Products:
• Powder: Formulated Infants Milk Powder
• Milk: Market Milk, Processed Milk (Flavored)
• Fermented Milk: Drinking Yoghurt, Stirred Yoghurt

### 9.2 Japan

#### 9.2.1 Cheese importers

**Chesco, Ltd**
6-1-1 Heiwajima, Ota-ku Tokyo 143-0006
Tel: 813-3767-4321
Fax: 813-3767-4323

**Tokyo Dairy Co., Ltd**
3-4-2 Kiba, Koto-ku, Tokyo 135-042
Tel: 813-5245-4750
Fax: 813-5245-4780

**Nippon Mycella Co., Ltd.**
3-1-1 Nihonbashi-Hamacho, Chuo-ku, Tokyo 103-0007
Tel: 813-3661-9991
Fax: 813-3669-4998

**Fermier S.A.***
1-5-3 Atago, Minato-ku, Tokyo 105-0002
Tel: 813-5776-7722
Fax: 813-5776-7723

*note: Fermier S.A., one of the oldest cheese boutique opened in Japan, imports and distributes natural cheese to restaurants and hotels as well.

#### 9.2.2 Potential goat milk importers

**Meiji Milk Co. Ltd**
Dr Tamotsu Kuwata, Director – Division of Research and Development
Tel: 8142-391-2955,
Fax: 8142-395-1829
Snow Brand Milk Products Co., Ltd
Dr. Hiroshi Yasuda, senior manager of pharmaceutical department.
Mr. Fumio Sonobe, R&D dept.
Mr. Ono Kentaro, International Dept, Deputy General Manager
E-mail: onokentaro@snowbrand.co.jp
Head Office Tel: 813-3226-2290, Fax: 813-3226-2123

Souken Sha Corporation (health food wholesaler/manufacturer/retailer)
Mr. Yamaji, Manager of Product Development Dept.
Tel: 8145-491-1441
Fax: 8145-413-6896

Toa Commerce Co., Ltd (pet food importer)
Mr. Haruo Ishikawa, President
Tel: 813-3851-7831
Fax: 813-3851-7871

Consumer Co-op Federation (retailer)
Y. Kouhei, Product Development Dept.
Tel: 8148-839-1376
Fax: 8148-839-8079

WAKODO Co., LTD (Infant milk/baby food/functional food manufacturer)
Mr. Masahide Nishi –Director
Development and Planning Department
E-mail: nishi@wakodo.net
Tel: 813-5296-6828
Fax: 813-5296-6836

POLA Foods (functional food manufacturer)
Mr. Masaki Yagi – General Manager
Product Planning Dept.
Tel: 813-3494-7131
Fax: 813-3494-5242

9.3 Taiwan

9.3.1 Dairy product importers

Orient Europharma Co., Ltd.
Contact: Mr. Jack Wu, Nutricare Division Director
Tel: (886 2) 2709-0807
Fax: (886 2) 2702 6741
Address: 7F, No. 368, Sec. 1, Fu Hsing S. Rd, Taipei, Taiwan
Trade performance: US$1,500,000 – 2,50,000

Mighty Alliance Corporation
Contact: Mr. John Kuo, Managing Director
Tel: (886 2) 2771-1827 ext.16
Fax: (886 2) 8773-6928
Address: 11F, 99 Jen Ai Rd., Sec. 4, Taipei, Taiwan
Trade performance: US$600,000 – 800,000
Sentos Co., Ltd.
Contact: Mr. Kuo-Chun Wu, Sales Manager
Tel: (886 2) 2707-1581 ext.224
Fax: (886 2) 2701-4365
Address: 1st Fl., No. 3-1, Lane 208, Szu Wei Rd., Taipei, Taiwan
Trade performance: US$400,000 – 600,000

Wan Chee Trading Co., Ltd
Contact: Steven Chen, Manager for Sales Department
Tel: (886 2) 2874-3363
Fax: (886 2) 2874-3362
Address: 2F., No. 336, Sec. 2, Shih Pai Rd., Pei-Tou, Taipei, Taiwan
Trade performance: US$200,000 – 300,000

Linsson Taiwan Corporation
Contact: Catherin Lin, Import Manager
Tel: (886 2) 2545-8499
Fax: (886 2) 2545-8498
Address: 1F., No. 747, Min Tsu E. Rd., Taipei, Taiwan
Trade performance: US$100,000 – 200,000

Chauyi Enterprises Co., Ltd.
Contact: Ms Jancy Chen, Vice President
Tel: (886 2) 2764-5147
Fax: (886 2) 2767-0073
Address: 4F. No. 429, Chung Hsiao E., Rd., Sec. 5, Taipei, Taiwan
Trade performance: US$50,000 – 100,000

Standard Foods Taiwan Limited (Quaker)
Contact: Morris Huang, Assistant Manager
Tel: (886 3) 386-5130ext.256
Fax: (886 3) 386-5093
Address: 37, Lung Ting, Shi Hai Tsun, Ta Yang Hsiang, Tao Yuan

Sea & Land Foods Co. (a cheese importer)
Contact: Heidy Jan, President
Tel: (886 2) 2546-5707
Fax: (886 2) 2546-5708
Address: No. 9, Alley 18, Lane 130, Min Sheng E. Rd., Sec. 3, Taipei

Juice Live International
Contact: Rebecca Knapp, Managing Director
Tel: 02 2999 8287
Fax: 02 2278 4770
Address: 6th floor, 63 Kuang-Hua Road, San-Chung City, Taipei
Operates a bottling processing facility and home delivery service with various beverages.
9.4 Malaysia

9.4.1 Dairy product importers

**Jaya Jusco Stores Bhd**
4th-5th Floor, Wisma Jusco
Jalan 3/27A, Seksyen 1, Bandar Baru Wangsa Maju
53300 Kuala Lumpur, Malaysia
Tel: +603 414 33199    Fax: +603 414 91388
Contact: Ms. Abby Abirami Subramaniam, Buyer- Dairy
Email: ABBY@jusco.com.my
Contact: Mr. Rahman, Buyer – Frozen
Email: asrahm@jusco.com.my

*Jaya Jusco Stores Bhd is the leading superstore retailer in the country.*

**RA-PPB (TOPS) Retail Sdn Bhd**
9th Floor Wisma Jerneh
38 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: +603 246 6688
Fax: +603 245 2301
Contact: Mr. Philip Cheng, Merchandising Manager

*Tops is operated by a Dutch international food provider Royal Ahold Group. This is the largest supermarket chain store in Malaysia with 40 outlets.*

**DFI Supermarkets (M) Sdn Bhd / Giant TMC Bhd**
1st Floor Giant Office Block, 673,
USJ 1, Subang Jaya
47500 Petaling Jaya, Selangor Malaysia
Tel: +603 737 3319
Fax: +603 734 8426
Contact: Mr. Chuan Yap San, Fresh Produce Buyer for DFI (Tel. Ext. 373),
Contact: Ms. Bernadine Phung, Import Coordinator for Giant (Tel. Ext. 284)

*The Giant group operates 6 supermarkets and 2 hypermarkets (said to be the largest in Malaysia) and one newly opened hypermarket in Singapore, managed by Malaysia. DFI on the other hand has 3 supermarkets in Malaysia*

**Ausmal Meat (M) Sdn Bhd**
No 58 & 60, Jalan Bagan Nira 26/8
Taman Bunga Negara, Seksyen 26
40400 Shah Alam, Selangor
Malaysia
Tel: +603 503 9921 or 502 7022
Fax: +603 3127335
Contact: Ms. Norlia Bt Mohd Yusof
Email: norliayusof@hotmail.com

*Ausmal is a major supplier to the Malaysian airline catering company and the food service industry.*
9.4.2 Importers and Potential Agents

The following is a list of Malaysian companies that are importers of dairy goat products, and may also be considered as potential agents in the Malaysian market:

<table>
<thead>
<tr>
<th>Company</th>
<th>Telephone:</th>
<th>Facsimile:</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angliss Foods Sdn Bhd</td>
<td>(60) 512 2833</td>
<td>(60) 512 2307</td>
<td>Mr H. C. Puah</td>
</tr>
<tr>
<td></td>
<td>(60) 734 5901</td>
<td>(60) 734 5898</td>
<td>Ms. Sue Thong</td>
</tr>
<tr>
<td>Ben Trading (M) Sdn Bhd</td>
<td>(60) 238 8822</td>
<td>(60) 230 9233</td>
<td>Mr K.C. Wong</td>
</tr>
<tr>
<td>Chun Yip Trading Sdn Bhd</td>
<td>(60) 656 3800</td>
<td>(60) 656 7116</td>
<td>Mr Sunny Yeoh</td>
</tr>
<tr>
<td>Pacific Shore Finefood Sdn Bhd</td>
<td>(60) 705 1100</td>
<td>(60) 705 3627</td>
<td>Mr Lawrence Pok</td>
</tr>
<tr>
<td>POK Brothers Sdn Bhd</td>
<td>(60) 834 5197</td>
<td>(60) 834 8275</td>
<td>Mr Raymond Seow</td>
</tr>
</tbody>
</table>

9.5 Singapore

9.5.1 Dairy product importers

Chunex Trading Company Pte Ltd
81B Tanjong Pagar Road
Singapore 088502
Tel: +65 324 2242
Fax: +65 324 2232
Contact: Mr. Richard Quek (Marketing Manager)
Email: rhsquek@singnet.com.sg

This company is a major supplier of dairy, frozen fruit and beverage products to hotels, restaurants, bakeries, cafes, caterers, ship chandlers and the retail trade.

NTUC Fairprice Co-operative Ltd.
680 Upper Thompson Road,
Singapore 787103
Tel: +65 450 9792
Fax: +65 552 2877 or 458 8975
Contact: Mr. Michael Wee, Category Manager – Dairy/Frozen
Email: michael.wee@fairprice.com.sg

NTUC is Singapore’s largest supermarket chain, with 65 supermarkets (located in almost every Housing Development Board estate throughout the island), 2 “Liberty” stores (up-market), and 11 “Cheers” convenient stores.
Fresh N Natural Foods Pte Ltd
#09-10, Chancerlodge Complex
105 Sims Avenue, Singapore 387429
Tel: +65 5474 222
Fax: +65 5474 533
Email: Melvin@freshnnatural.com.sg
Contact: Mr. Melvin Neo, Managing Director

Intraco Foods Pte. Ltd.
Jurong Office
11, Chin Bee Drive
Singapore 619862
Tel: +65 662 9868, Fax: +65 264 8998
Contact: Mr. Alvin Kwek, Manager – General Foods
Email: kweka@intraco.com.sg

Fresh Food Distribution Centre
32 Quality Road Singapore 618804
Fax: +65 264 7900
Contact1: Mr. Ow Yue Chiong, Buyer – Frozen,
Tel: +65 8329 655
Email: owyc@coldstorage.com.sg

Contact2: Mr. Bernard Ng, Buyer – Dairy
Tel: +65 8329 629
Email: ngys@coldstorage.com.sg

Contact3: Ms. Chua Lay Khim, Buyer for Pharmaceutical,
Tel: +65 8329 626
Email: lkchua@coldstorage.com.sg

Dairy Farm International (DFI) owns Cold Storage Singapore with its parent company in United Kingdom. DFI have about 23 supermarkets in Singapore, targeted at the middle to upper income group of consumers.

Shop N Save Pte. Ltd.
No. 48 Lorong 21 Geylang #04-01
Tai Thong Hung Building
Singapore 388464
Fax: +65 746 7861
Contact1: Mr. Joe Lee, Manager – Buyer Frozen
Tel: +65 8411 581 Email: joelee@shopnsave.com.sg
Contact2: Mr. Alan Wu, Manager – Buyer Dairy
Tel: +65 7497 687 Email: alanwu@shopnsave.com.sg
### 9.5.2 Importers and Potential Agents

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Telephone:</th>
<th>Facsimile:</th>
<th>Contact:</th>
<th>Phone Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auric Pacific Trading</td>
<td>(65) 261 8411</td>
<td>(65) 265 0689</td>
<td>Mr Paul Poh</td>
<td></td>
</tr>
<tr>
<td>2 Enterprise Road</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore 629814</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ben Foods (S) Pte Ltd</td>
<td>(65) 778 6655</td>
<td>(65) 777 2869</td>
<td>Mr Michael Lee</td>
<td></td>
</tr>
<tr>
<td>230B Pandan Loop</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore 128417</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daily Farms Industries Pte Ltd</td>
<td>(65) 365 5488</td>
<td>(65) 365 6078</td>
<td>Mr Leon Teo</td>
<td></td>
</tr>
<tr>
<td>Blk, 7, Marsiling Industrial</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Road 4 #01-07</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore 739231</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foodcorp Pte Ltd</td>
<td>(65) 779 4088</td>
<td>(65) 779 5133</td>
<td>Mr Terry Yee</td>
<td></td>
</tr>
<tr>
<td>190A Pandan Loop</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore 128440</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NeoTrade Marketing Pte Ltd</td>
<td>(65) 296 0880</td>
<td>(65) 297 0330</td>
<td>Ms Rita Ng</td>
<td></td>
</tr>
<tr>
<td>17 Kallang Junction</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>#04-03 Champs Centre</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore 339274</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore Food Industries</td>
<td>(65) 778 4466</td>
<td>(65) 778 4238</td>
<td>Mr Wee Liang Pin</td>
<td></td>
</tr>
<tr>
<td>234 Pandan Loop</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore 128422</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Xie Chun Trading Pte Ltd</td>
<td>(65) 278 2488</td>
<td>(65) 273 8214</td>
<td>Mr Chung Suan Lim</td>
<td></td>
</tr>
<tr>
<td>Blk 4008, Depot Lane #01-84</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singapore 109765</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>