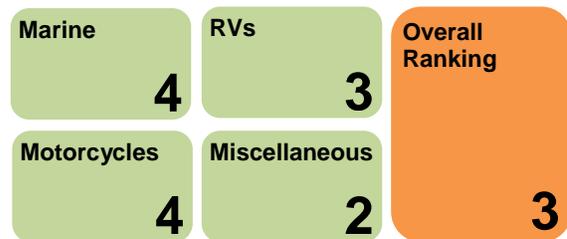




2016 Top Markets Report **Recreational Transportation** Country Case Study

Australia – Recreational Marine & RVs

Australia is a strong market for recreational marine products and recreation vehicles. This case study focuses only on these two export opportunities. Australia is the third largest destination for U.S. exports of these products. U.S. exports to Australia are forecast to grow 7 percent annually between 2015 and 2018 and total \$426 million. Some challenges remain, such as the possibility of needing more than one distributor in this large market and large land-mass country.



Recreational Marine

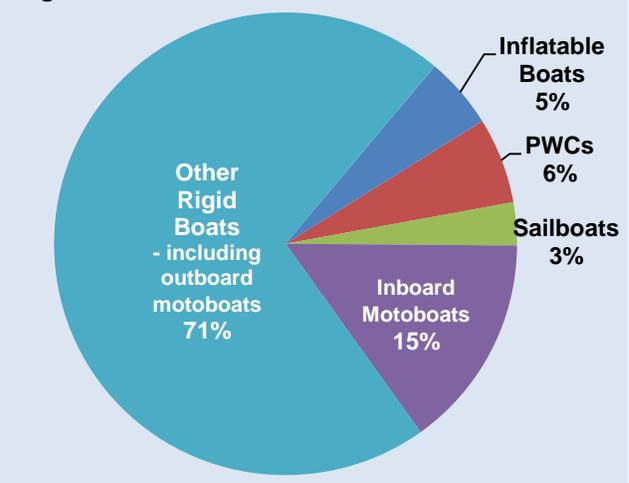
Australia has a coastline of 41,340 miles and almost 11,600 square miles of inland lakes and waters. Australians have a great opportunity to enjoy boating throughout the country. In addition, the Australian GNI per capita (Gross National Income) was the fifth highest in the world at \$64,540 in 2014. That is more than \$9,000 more than the U.S. GNI per capita. Potential boaters have both the ways and the means to enjoy the sport. There are approximately 1.8 million boats in Australia. Given the population, that means there is one boat for every 13 people.

Australia is a large, mature market with 450 marinas, 75,000 wet slips, dry-stack berths, dry-sail berths and 30,000 open moorings. The majority of boats in Australia are rigid boats, including those with an outboard motor. The majority of boat owners are part of Australia’s middle-class. Australia’s domestic manufacturers account for 60 percent of Australian apparent consumption (production + imports – exports). Furthermore, several Australian manufacturers are competitive worldwide, exporting

all over Asia and to many of the major boating markets.

The U.S share of imports into Australia was approximately 42 percent in 2014. In 2015, U.S. exports of recreational marine products to Australia totaled \$138 million. Australian Disposable Personal

Figure 1: Australian Boat Parks



Income is forecast to grow at a compound annual rate of 3 percent from 2014 to 2020, so it can be expected that U.S. exports of recreational marine products will grow 7 percent from 2015 to 2018.

Recreation Vehicles (RVs)

The RV industry in Australia is worth approximately \$7 billion annually and has been the country's fastest growing tourism sector for over 15 years. There are over 580,000 RVs registered nationwide, and this number is expected to increase by 20 percent over the next five years. Of the current registrations, about 10 percent are motorized (motorhomes or campervans) and 90 percent are towed products (caravans, camper trailers, tent trailers and other towed RVs).¹

Approximately 85 percent of Australians have stayed in a holiday park at least once in their life. The largest domestic user group of RVs is 30 to 54 year olds, who make up 50 percent of the market, followed by 55 to 70 year olds who comprise 20 percent.²

In 2014, Australians purchased 20,000 caravans, 1,500 motorized units and 9,000 camper/tent trailers. There are over 2,300 campgrounds across the country. Approximately 30 million visitor nights were spent in a caravan park or camping ground in 2014. An estimated 170,000 powered and unpowered sites are available nightly nationwide.³

Australia has 19 major RV manufacturers and over 200 smaller producers. In the year ending June 2014, RV production totaled 20,753 units (19,806 towed, 947 motorized/self-drive). An estimated 10,000 units (mainly camper trailers) are imported annually. Approximately 70 percent of RVs purchased in Australia are produced in Australia. Domestic manufacturing wholesale value of RVs is estimated to be \$940 million annually. Seventy-three percent of caravans registered in Australia weigh below 1.5 metric tons, with most ranging from 500 to 900 kilograms.⁴

RVs in Australia must comply with Australia Design Rules (ADRs), which are national regulations for vehicle safety, anti-theft and emissions. Topics in the ADRs include mechanical connections, lamps, reflex reflectors, tires, brakes, trailer dimensions and trailer markings. A comprehensive list of ADRs can be found at www.infrastructure.gov.au/roads/motor/design/. Also, Australia's Vehicle Standards Bulletin (VSB1) establishes a set of design rules and construction standards for road trailers (with an aggregate trailer

mass, or ATM, of 4.5 tonnes or less) that operate as an alternative to the ADRs. These standards are based on the ADRs but are simpler to use (see www.infrastructure.gov.au/roads/vehicle_regulation/bulletin/index.aspx). RVs must also adhere to Australia's LP Gas Standard AS5601 and 240V Electrical Standard AS3001.⁵

The leading organization representing the interests of the camping and caravan industry is the Caravan Industry Association of Australia, www.caravanindustry.com.au. There are over 40 RV and camping trade shows annually across the country. A list of these by state can be found at www.cavancampingsales.com.au/editorial/news/2015/2016-rv-show-calendar-55412.

In 2015, U.S. RV exports to Australia totaled over \$15 million. Travel trailers were the largest category of exports at 76 percent.

Challenges and Barriers to Exports

Australia has its own regulations, both national and state level, on electrical wiring and labeling for recreational boats. These local state regulations can be a challenge to having one distributor for the entire market. These differences stem from the how the local states reconcile differences in national boat regulations versus regulations on structures for habitation. U.S. companies should seek out experienced local distributors, who can help make any changes locally or at least pass along the changes to be made before they are exported into a local market.

ITA believes the market for RVs will continue to grow in Australia. The outlook, however, is not as clear for the importation of U.S.-made RVs. A weak Australian dollar and cheaper Asian competitors will affect the sales of U.S. products. Other challenges for U.S. RV exporters include compliance with Australia's ADRs, including those relating to electricity (240V) and LP gas. Also, regulations can differ by state in Australia, including variations in the Road Traffic Regulations.

Opportunities for U.S. Companies

With a mature market like Australia, there are still more export opportunities for all U.S. companies. Under the U.S.-Australia Free Trade Agreement, U.S. marine products enter Australia duty-free. Outboard motorboats and engines have the biggest opportunity.

Currently, many of the larger U.S. manufacturers have done well in Australia, but smaller U.S. manufacturers should have opportunities to export their products into this market as well.

Optimizing U.S. Leverage

For this market, the U.S. export agencies need to concentrate on typical export promotion programs, such as the Gold/Platinum Key Services. ITA will continue to work with the NMMA and its counterpart in Australia, the Boating Industries Alliance Australia (BIAA), to identify new opportunities for U.S. exporters including the recruitment of U.S. manufacturers to Australian boat shows and working on getting Australian buyers to U.S. shows. One unique aspect of

Australia is that selling products in the country may require several distributors in the distinct states within the country to maximize potential. ITA's knowledge on these differences could help U.S. manufacturers maximize their opportunities.

ITA hopes to bring Australian buyers to RVIA's National RV Trade Show, which will be held from November 29 to December 1, 2016 in Louisville, KY. The 2016 show is an IBP-Select event. The 2014 and 2015 shows were also IBP-Select events. Also, as noted earlier, Australia hosts numerous RV-related trade shows annually across the country. ITA hopes U.S. exporters will attend one or several of these shows to better understand the market and Australian regulations and standards for RVs.

Did You Know?

1. Australia is the largest country market for recreational boats and accessories.
2. The Australian GNI per capita (Gross National Income) is the fifth highest in the world at \$64,540 in 2014. This combined with the fact that most of the population lives near the coastline is a perfect combination for a healthy boating market.
3. Distribution and sales opportunities can vary significantly in the different states of Australia, often requiring multiple distributors in the country to maximize sales opportunities for the boating manufacturers.
4. The RV industry in Australia is worth approximately \$7 billion annually and has been the country's fastest growing tourism sector for over 15 years.

¹Caravan Industry Association of Australia.

²"2013 Snapshot: The Growth and Value of the RV Market – Key Facts," Campervan and Motorhome Club of Australia, October 2013.

³Presenter, Ron Chapman, "The Australia Market; Regulatory Framework," World RV Conference, Melbourne, Australia, February 27, 2015.

⁴Ibid.

⁵Ibid.