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Required Report - public distribution

Date: 8/11/2011

GAIN Report Number: AS1122

Australia

Stone Fruit Annual

2011

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Report Highlights:

Production and exports of cherries, peaches and nectarines are forecast to rebound in CY2012. A return to normal weather is expected to see improved stone fruit production following record wet conditions in CY 2010, which slashed total production and reduced fruit quality in CY2011. Despite the reopening of the Taiwanese export market and a significant increase in the availability of stone fruit suitable for export, a record high Australian dollar value is expected to limit stone fruit exports in CY2012. Cherry imports are expected to remain at near record levels in CY2011 and CY2012.

Summary

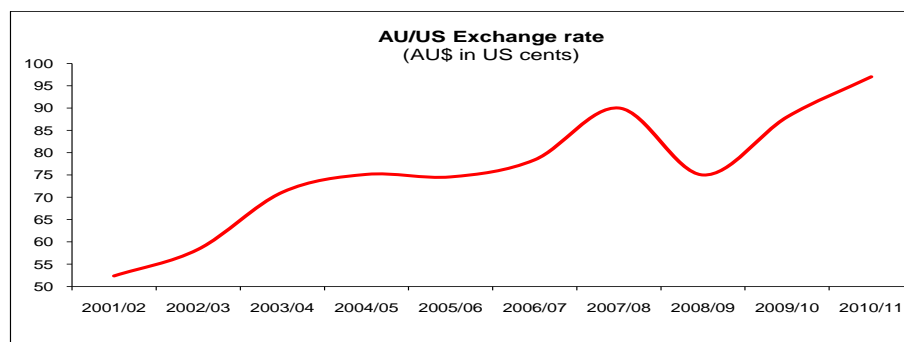
Following a difficult harvest in CY2011, stone fruit production is forecast to increase in CY2012. Despite the forecast increase, however, the Australian stone fruit industry will probably not fully recover until 2013.

Heavy rainfall and widespread flooding in CY2010 adversely effected production and reduced the quality of the CY2011 stone fruit crop, and production fell to levels below Post's previous expectations. However, a return to normal weather conditions in CY2011 should support increased production and improved quality in CY 2012. Industry sources advise however, that some of the negative effects streaming from the 2010 flooding will likely carry over to the CY2012 crop.

Eastern Australia appears to have fully recovered from the nearly 10 years of record breaking drought conditions, with widespread, soaking rains beginning on Christmas day 2009. CY2010 has been compared with the legendary rainfall year of 1974 which saw devastating cyclones in northern Australia (Cyclone Tracey) and heavy flooding in southern and eastern Australia.

Widespread rainfall and flooding in CY2010 has completely recharged irrigation reservoirs. Production over the longer term (2013 and 2014), particularly in the crucial irrigated areas of northern Victoria and southern NSW, will likely be boosted beyond the outlook period.

The Australian dollar recently reached a record high against the U.S dollar (\$Aus = \$US1.10) and this is expected to constrain export prospects in CY2011. A strong Australian dollar is expected to persist into CY2012.



Source: ABARES Data

Australia regained access to Taiwan for cherries, peaches and nectarines on August 2, 2009. This market had been closed since January 2006 and according to trade estimates was said to be worth around AU\$20 million annually. The resulting oversupply of stone fruit on the domestic market caused further losses to Australian stone fruit growers. Despite the reopening of this export market, export volumes appear to be slow to recover due to a sharp decline in the availability of export quality fruit in CY 2011.

Commodities:

Fresh Cherries,(Sweet&Sour)

Fresh Peaches & Nectarines

Cherries

Production

Total cherry production for CY2012 is forecast at 11,500 MT, up substantially on the revised estimate of 7,500 MT for CY2011. A return to normal weather conditions in the lead-up to, and during, the CY2012 crop harvest is expected to see both production and quality improve markedly. Furthermore, a recovery in irrigation water storage volumes, as well as increased soil moisture, should see production continue to rise beyond the forecast period.

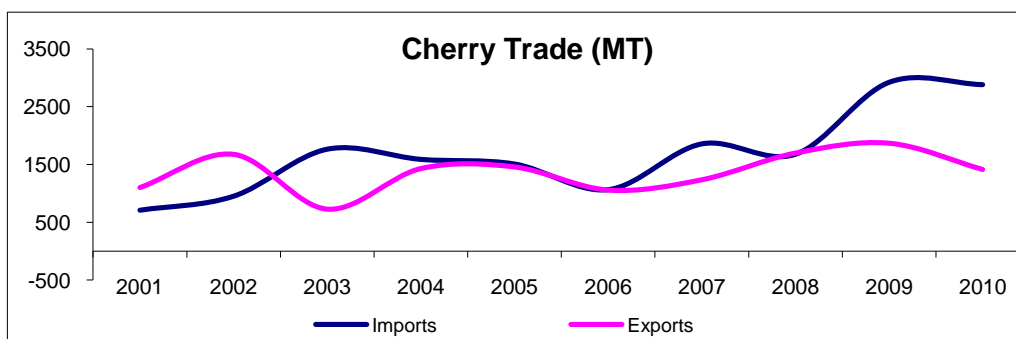
Torrential rainfall experienced throughout CY2010, caused major crop losses and reduced the CY2011 crop quality. Subsequently production estimates for CY2011 have been slashed downwards to 7,500 MT, in-line with industry estimates. Industry sources advise that some of this weather damage may extend into the CY2012 crop and do not expect production to immediately bounce back to levels evidenced in previous years.

Exports

Cherry exports in CY 2012 are forecast at 2,000 MT, up sharply on the revised export estimate of 890 MT for CY2011. Increases in both the quantity and the quality of cherries produced should see the surplus of cherries available for export rise sharply. Post advises however, that the current high value of the Australian dollar, which recently reached US\$1.10, is expected to remain historically high for the foreseeable future and this is likely to place some constraints on greater increases in cherry exports for CY2012.

Imports

Total cherry imports for CY2012 is forecast to reach 2,550 MT, up slightly on the 2,500 MT estimated for CY2011. Industry sources state the record 2009/10 level for imports at 2,557 MT and remain hopeful that this record will be broken in CY2012, or possibly even CY2011. Lower domestic production combined with the historically high Australian dollar value is likely to see high, if not record, import volumes.



Source: WTA Data

A final push by importers and buyers in WA and Northwest Horticultural Council and Northwest Cherry Growers has resulted in the first shipment of cherries from the Pacific North West (PNW – Washington & Oregon) to Western Australia on July 13, 2011. This is the first fresh U.S. fruit product to gain access to the WA market.

It is expected that this development will result in additional shipments valued at \$200,000-300,000 (as the season is already underway). For the longer term, the WA market should be worth at least \$1-2 million annually, based on the history of growth in other Australian states. Western Australian consumers have fewer fruit choices in winter (during the U.S. supply season), because the very stringent WA state quarantine barriers even exclude fruit from the eastern states of Australia so they are restricted to locally grown produce.

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Fresh Peaches and Nectarines

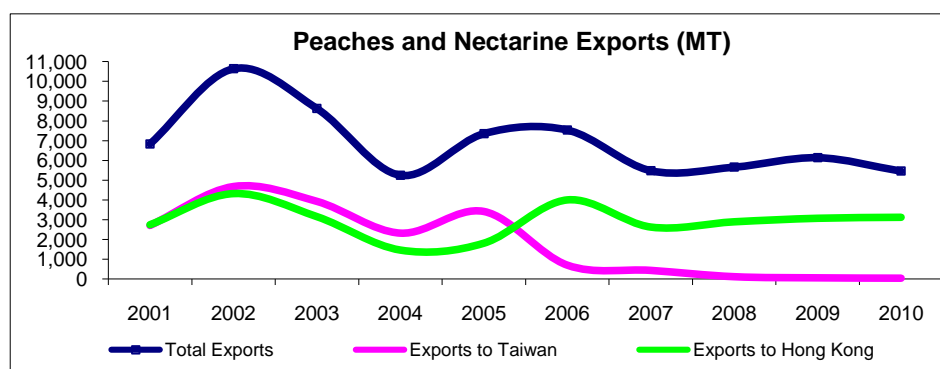
Production

Total peach and nectarine production for CY2012 is forecast to increase to 95,000 MT, in response to a return to normal weather conditions. The forecast increase in production remains conservative compared to the CY2010 product level (98,000 MT), due to the likely continuing long-term effects of adverse weather conditions suffered in the lead-up to the CY2011 crop.

Peaches and nectarine production estimates have been revised downwards to 90,000 MT for CY2011, in line with industry estimates. Difficult weather conditions in CY2010 caused significant losses and downgrading quality for the CY2011 harvest.

Exports

Total exports of peaches and nectarines in CY2012 are forecast to increase to 5,000 MT as improved production and improved average crop quality combine to sharply increase the quantity of peaches and nectarines suitable for export. Post has revised its CY2011 export estimate for peaches and nectarines downwards sharply due to the sharp decline in quality and quantity of peaches and nectarines produced in that year.



Source: WTA Data

Hong Kong remains Australia's largest export market. Taiwan was closed to Australian stone fruit exporters in CY2006 and was not reopened until CY2009. According to official statistics, trade has been slow to resume with the Jan-May period of CY 2011 showing only 242 MT of trade, or around 8 percent of the total market.

Year to Date Exports Peaches and Nectarines (MT)			
	2009 (Jan-May)	2010 (Jan-May)	2011 (Jan-May)
Total Exports	4,766	4,453	2,953
Exports to Taiwan	52	18	242
Exports to Hong Kong	2,641	2,668	1,388
Malaysia	182	142	104
Singapore	481	460	376
United Arab Emirates	797	699	605
United Kingdom	28	5	0
Other	585	461	238

Source: WTA Data

Policy

Australia finalized import requirements for U.S. stone fruit (peaches, nectarines, plums and apricots) from California and the Pacific North West (PNW) States of Idaho, Oregon and Washington in July 2010. However, market access will not be realized until mitigations are negotiated and accepted by Australia for the spotted wing drosophila (*Drosophila suzukii* or SWD). SWD was first detected in the U.S. in 2009 and is a pest of concern to Australia. Negotiations are underway to finalize mutually agreed SWD mitigations prior to the 2011 shipping season which begins in late spring.

Statistical Table

Fresh Peaches & Nectarines Australia	2010		2011		2012	
	Market Year Begin: Jan 2010		Market Year Begin: Jan 2011		Market Year Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1,955	1,955	1,955	1,955		1,955
Area Harvested	0	0	0	0		0
Bearing Trees	2,450	2,450	2,450	2,450		2,450
Non-Bearing Trees	350	350	350	350		350
Total Trees	2,800	2,800	2,800	2,800		2,800
Commercial Production	98,000	98,000	105,500	90,000		95,000
Non-Comm. Production	0	0	0	0		0
Production	98,000	98,000	105,500	90,000		95,000
Imports	0	0	0	0		0
Total Supply	98,000	98,000	105,500	90,000		95,000
Fresh Dom. Consumption	45,000	45,000	50,000	40,000		45,000
Exports	5,900	5,458	8,000	3,602		5,000
For Processing	47,100	47,542	47,500	46,398		45,000
Withdrawal From Market	0	0	0	0		0
Total Distribution	98,000	98,000	105,500	90,000		95,000
HA, 1000 TREES, MT						

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