

Required Report: Required - Public Distribution

Date: October 20, 2023

Report Number: AS2023-0019

Report Name: Fresh Deciduous Fruit Annual

Country: Australia

Post: Canberra

Report Category: Fresh Deciduous Fruit

Prepared By: Zeljko Biki

Approved By: Gerald Smith

Report Highlights:

Australia's table grape production is expected to increase to a record 220,000 MT in marketing year (MY) 2023/24 from an estimated 210,000 metric tons (MT) in MY 2022/23. This growth is mainly a result of excellent seasonal conditions so far and the anticipation of continued favorable seasonal conditions through to the end of harvest. These conditions are also expected to produce high-quality table grapes in the forecast year and increase the supply of products suitable for the export market. The boost in production and quality is forecast to result in the third-highest export result on record of 140,000 MT for MY 2023/24. The forecast record production is expected to support a five percent boost in consumption for MY 2023/24.

EXECUTIVE SUMMARY

Australia's table grape production is expected to increase to a record 220,000 MT in marketing year (MY) 2023/24 from an estimated 210,000 metric tons (MT) in MY 2022/23. This growth is mainly a result of excellent seasonal conditions so far and the anticipation of continued favorable seasonal conditions through to the end of harvest. These conditions are also expected to produce high-quality table grapes in the forecast year and increase the supply of products suitable for the export market. The boost in production and quality is forecast to result in the third-highest export result on record of 140,000 MT for MY 2023/24.

China remains a major destination for Australian table grape exports. Meanwhile, Australia expects to maintain its status as one of the top three sources for China. The forecast record production is expected to support a five percent boost in consumption for MY 2023/24. However, consumption as a proportion of production is anticipated to decline, consistent with the broad trend over the last decade.

TABLE GRAPE

Overview

The majority of table grapes in Australia are grown in northern Victoria's Sunraysia and Murray Valley regions, accounting for around 78 percent of production (see Figure 1). Adding to this are two Riverina region areas in southern New South Wales, accounting for around 10 percent of production. The key characteristics of these regions are that they are a temperate climate with free draining sandy loam soil types and low annual rainfall of around 300 mm, most of which is between May and October and essentially outside the harvest period of November to May. Although winters are mild there is adequate cold chill period for the vines. These regions are very dependent upon irrigation to meet the vine water demands. These conditions support good bud burst offering high potential yield, and the low rainfall and warmer temperatures from spring to autumn minimizes risk of frosts, humidity and hail while optimizing growth rates with well managed drip irrigation and fertilizer programs.

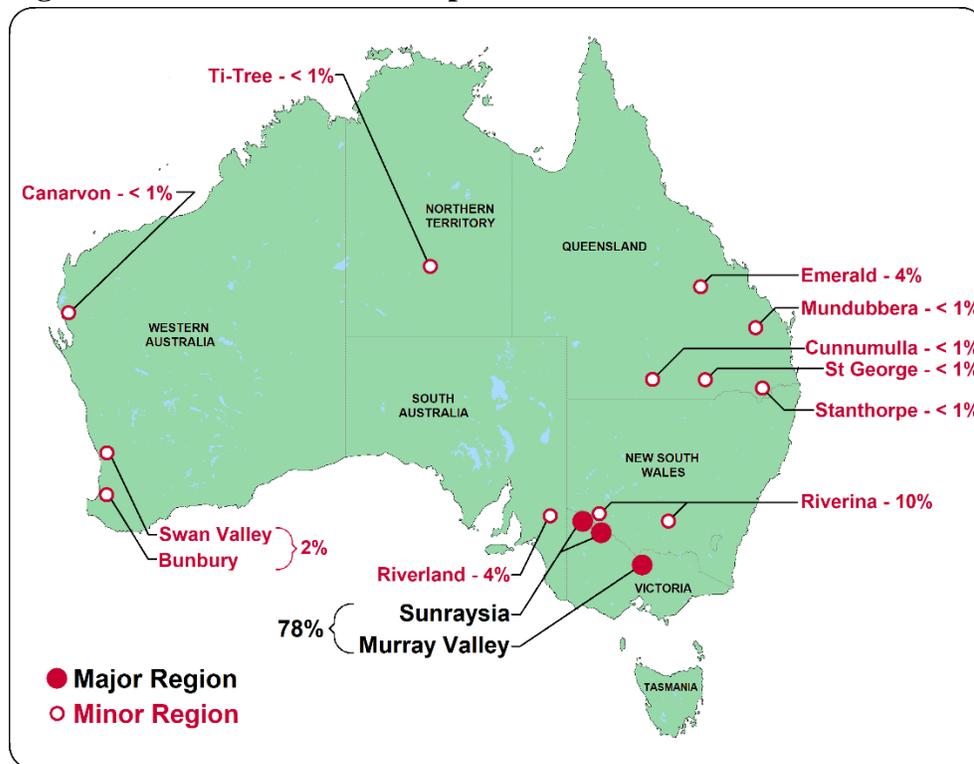
Other important production regions are further north in Queensland, Northern Territory, and Western Australia - which reach warmer temperatures earlier, bringing forward their production season, but also have warmer winters producing lower cold chill period making them less than ideal production regions. However, table grapes in these regions mature earlier than the major production regions of Victoria providing an extended supply period primarily for the domestic market. Due to the relatively low production in these regions, they predominantly supply the domestic market in the period after imports of U.S. grapes begin to wane and before harvest in key southern-producing regions begins.

Table grape production in Australia starts in October from Ti-Tree in Northern Territory, Emerald in Queensland, and Carnarvon in Western Australia in early November. Production increases as areas further south progressively commence harvest and reach peak production in February and March, when large volumes of production commence in the most southern regions of the Riverina, Murray Valley,

and Sunraysia. These regions are the last to finish production around May each year. There are also very small amounts of production from far north Queensland in Mareeba and Broome in Western Australia with harvest commencing in late June/July, competing with imported products. These regions are still immature in developing their production and product quality is inconsistent at this stage.

A key positive for the Australian table grape industry is that growers have expanded acreage and have focused on new proprietary, and export-oriented table grape varieties. The varieties chosen are driven by the strong demand from Asian markets such as China. Chinese consumers are increasingly turning away from seeded varieties like Red Globe to seedless varieties and are also interested in trying new varieties and flavors.

Figure 1 – Australian Table Grape Production Areas

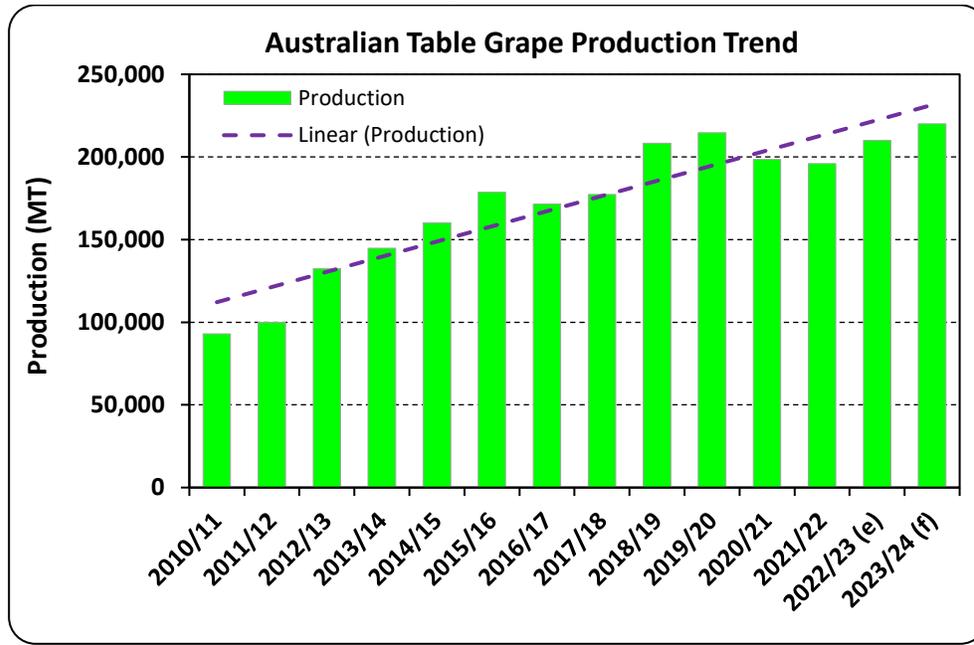


Source: Australian Table Grape Association Inc. / Horticulture Innovation Australia Limited

In the years leading up to the COVID-19 pandemic the table grape industry estimates that there was around a 20 percent increase in annual plantings. The vines from new plantings over recent years are now coming into full production and are expected to continue to boost total table grape production. However, production across MY 2020/21 and MY 2021/22 was curtailed (see Figure 2) mainly by COVID-19-related harvest labor shortages and above average spring rains particularly in the major production regions. Plantings are reported to have declined during these challenging years, but overall table grape plantings are well placed to achieve improved overall table grape production with a return to

improved labor availability and seasonal conditions. Signs of a bounce back to towards pre COVID-19 production levels was evident in the MY 2022/23 season. Further growth in production is anticipated in MY 2023/24 and beyond subject to reasonable seasonal conditions.

Figure 2 – Australian Table Grape Production Trend



Source: Horticulture Innovation Australia, and FAS/Canberra estimate and forecast

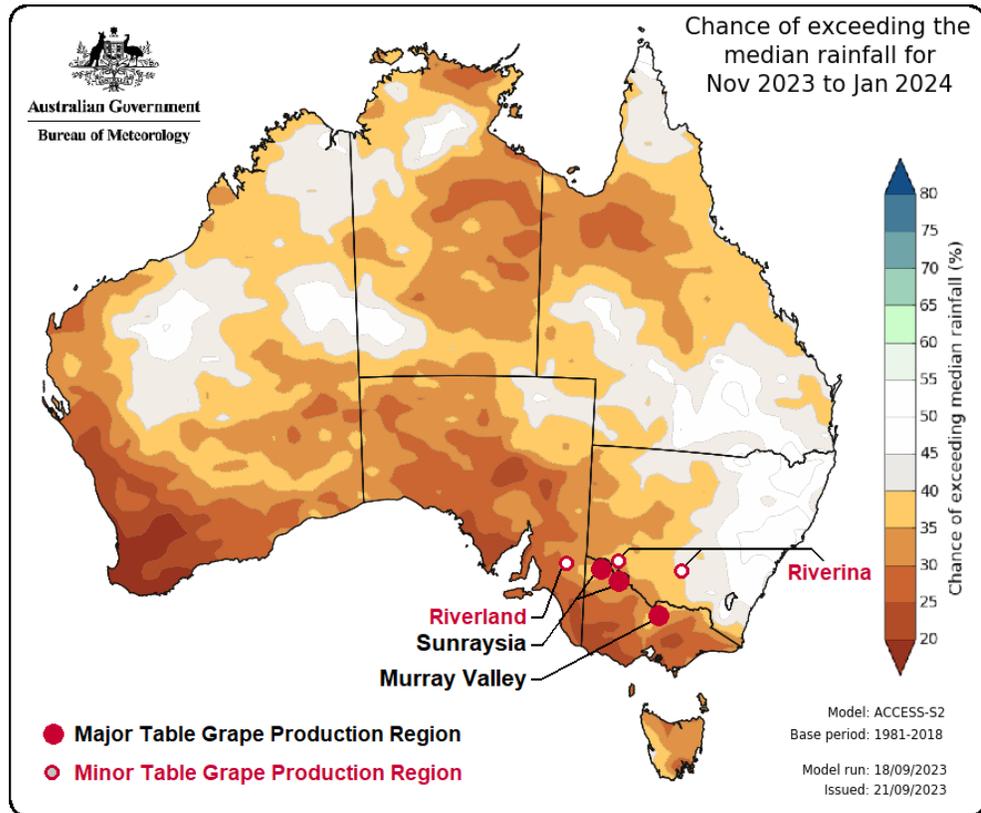
Production

Australia’s table grape production is forecast to rise to 220,000 metric tons (MT) in MY 2023/24 after an improved season in MY 2022/23 produced an estimated 210,000 MT. If realized, this would be a record level of production surpassing the 214,700 MT for MY 2019/20, immediately prior to the COVID-19 impacts on labor shortages and wetter-than-usual conditions, which halted production growth. For the current season, the dry conditions to date in early spring and the forecast of drier-than-usual conditions in late spring and the summer months, along with ample irrigation water availability, will give growers greater control over their vines and lower disease pressures. These favorable conditions provide the scope for forecast production to reach a record level with high quality fruit.

Although still in the very early stages, MY 2023/24 production is off to a promising start, with industry reports of favorable conditions resulting in a great bud burst in early September 2023, particularly in the key production regions of Victoria and southern New South Wales. This favorable condition has been followed up by very good bunch formation, setting the scene for strong potential yields. However, unlike the previous three seasons, which produced well above-average rainfalls, this season has been declared a El Niño event (which brings warmer than usual conditions and reduced rainfall). The Australian Bureau of Meteorology is forecasting drier than normal conditions over the November 2023 to January 2024 period (see Figure 3), which suits growers, mainly when ample irrigation water is

available. If the forecast prevails for drier-than-usual conditions, the situation will reduce the risk of disruptions associated with fungal infestations, excessive soil moisture, and issues at harvest. Growers will have greater control over the development and quality of the fruit, particularly compared to recent years, in which excessive spring rains have hampered some major production areas.

Figure 3 - Australia Rainfall Forecast – November 2023 to January 2024



Source: Australian Bureau of Meteorology / FAS/Canberra

Despite the current dry conditions and the forecast of below-average rainfalls in the coming months, table grape growers have ample water availability via their entitlements and the temporary water transfer market at a relatively low cost. The previous three years of well above average rainfalls in the eastern states of Australia have replenished water storages after the 2017-2019 multi-year drought, and even at the tail end of the 2022/23 irrigation season, the storage dams were almost at capacity.

The main irrigation sources for the major table grape production regions of the Murray Valley, Sunraysia and Riverland are Dartmouth and Hume dams to the southeast of the regions. At the start of October 2023, well after the commencement of the 2023/24, irrigation season these two irrigation storage facilities were at 99 and 94 percent of capacity. The Riverina area receives water from the Blowering and Burrinjuck dams to the east of the region. which at the same time were at 85 and 94 percent capacity. With such high levels, table grape growers can forge ahead into the current production

season with confidence that irrigation water and cost will not be a limiting factor, so much so that they will also have a good degree of confidence for the following MY 2024/25 season.

FAS/Canberra has revised the production estimate for MY 2022/23 from 200,000 MT up to 210,000 MT. A slight revision after a better-than-expected season, which was affected by excessive rainfalls and mild temperatures - especially in the early spring period during the fruit development phase. This situation caused higher than usual pest and disease concerns, but this was well managed in MY 2022/23.

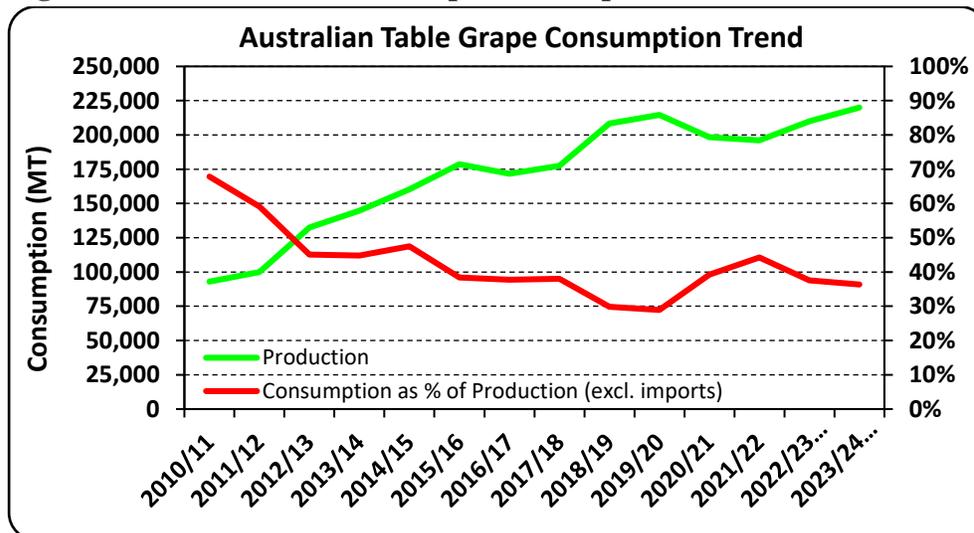
Consumption

FAS/Canberra forecasts table grape consumption to increase in MY 2023/24 to 90,000 MT from an estimate of 85,800 MT for MY 2022/23. With the forecast of improved production for MY 2023/24 some of this is anticipated to contribute to higher domestic supply and consumption of table grapes.

Domestic table grapes are mainly available in the market from December to May, with imported grapes, almost exclusively from the United States, available from July to November.

As production has increased over time, domestic consumption has shown an upward trend, but consumption as a proportion of production has decreased (see Figure 4). Key factors influencing domestic consumption are the degree of price premium available on the export market relative to the domestic market, and the variance of overall fruit quality from year to year. Generally, a good production season also results in an overall higher crop quality. With higher table grape quality, a higher proportion of the crop is suitable for export, which also tends to limit domestic supply. For MY 2023/24, with improved production conditions, anticipated production, and quality are expected to be higher than the prior year. Even though consumption is forecast to increase by five percent, consumption as a proportion of production is anticipated to decrease by one percent.

Figure 4 – Australian Table Grape Consumption Trend



Source: FAS/Canberra

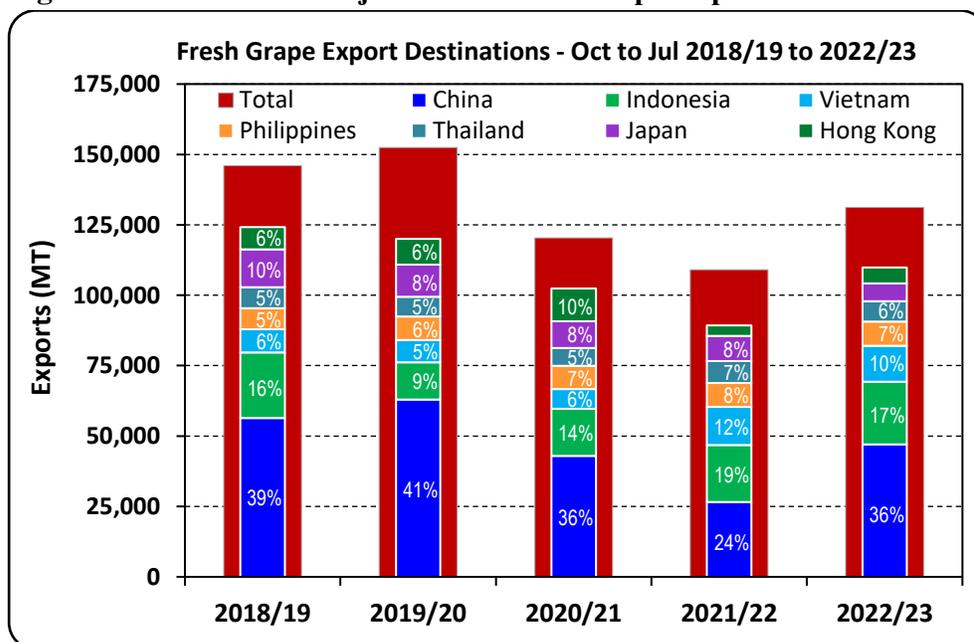
Trade

Exports in MY 2023/24 are forecast at 140,000 MT, up seven percent from a strong MY 2022/23 estimate of 131,200 MT. If realized, this would be the third highest on record, with the two higher results achieved immediately prior to the impacts of the COVID-19 pandemic and subsequent years of well above-average rainfalls, which affected crop production and quality. The forecast increase in exports for MY 2023/24 from MY 2022/23 is largely related to the forecast rise in production.

Australia mainly exports table grapes to Asian countries. Over the last 10 years, exports have grown from 29,900 MT in MY 2010/11 and peaked at 152,500 MT in MY 2019/20 before declining due to labor shortages due to the COVID-19 pandemic and abnormally wet spring weather conditions. This situation affected production and fruit quality resulting in more limited supply of export-quality table grapes. Both core issues were present but to a far lesser extent for MY 2022/23, allowing export volumes to bounce back. As mentioned, weather conditions this season are expected to be drier than normal, which bodes well table grape production and quality. With this, a further improvement in the volume of export quality table grape production is anticipated, providing an export boost for MY 2023/24.

China has been a dominant destination for Australian table grape exports for many years, typically at over one-third of overall exports. Indonesia has also been a major destination for some years, along with a series of other nations, including Vietnam, Philippines, Thailand, Japan, and Hong Kong. This group of export destinations has consistently accounted for 80-85 percent of overall table grape exports (see Figure 5).

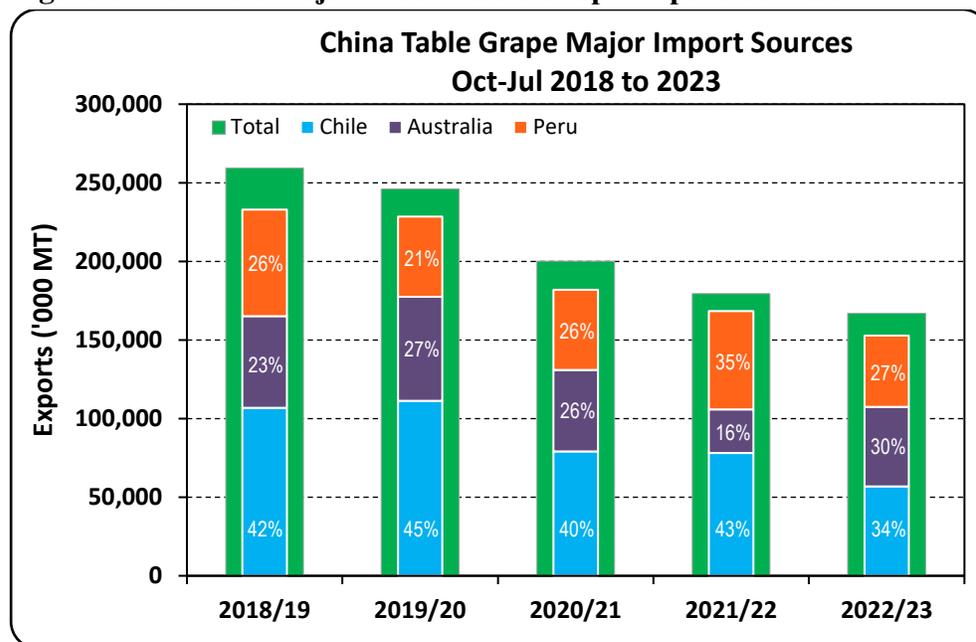
Figure 5 – Australia’s Major Fresh Table Grape Export Destinations



Source: Australia Bureau of Statistics

Around one-quarter of China’s table grape imports are from Australia, and their two other major sources are from Chile and Peru. These three nations supply over 90 percent of China’s table grape imports (see Figure 6). A key advantage for Australian exporters is that the shipping time to reach China is 18-20 days, whereas it is around 35 days from South American countries. As mentioned, over recent years, table grape growers in Australia have focused their new vine plantings on proprietary varieties that are sought for export markets. These factors support Australian table grape exporters, given their major markets are in closer proximity than South American suppliers.

Figure 6 – China’s Major Fresh Table Grape Import Sources

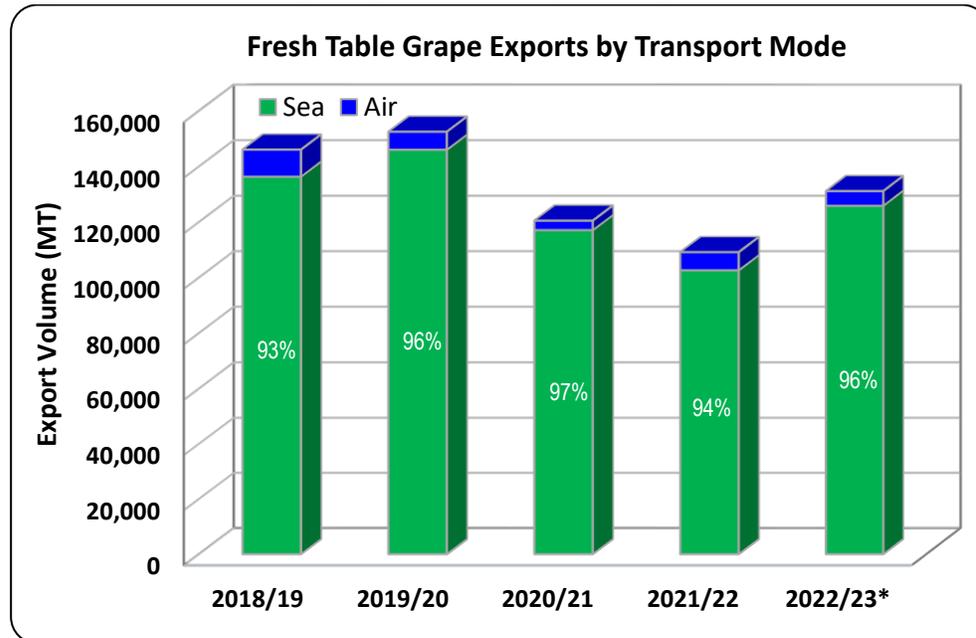


Source: Australia Bureau of Statistics

Table grapes are a fresh product that stores very well in cold storage, enabling transport by refrigerated shipping containers rather than the higher-cost air freight option. With improvements in shipping logistics and temperature monitoring of refrigerated cold storage shipments over the last decade, the proportion of exports shipped by sea has increased from as low as 83 percent to around 95 percent in recent years (see Figure 7). The small volume of exports by air freight is predominantly for early-season grapes to premium markets.

Australia’s imports are expected to increase in MY 2023/24 to 10,000 MT from a downward revised estimate of 7,000 MT for MY 2022/23. Almost all table grape imports by Australia are from the United States, and most of the production is from California. California is experiencing improved production this season, but despite this, Australian imports for MY 2022/23 are estimated to be weaker than usual. Early reports indicate no supply or shipping issues, but there appears to be softer demand from the Australian retail sector this season.

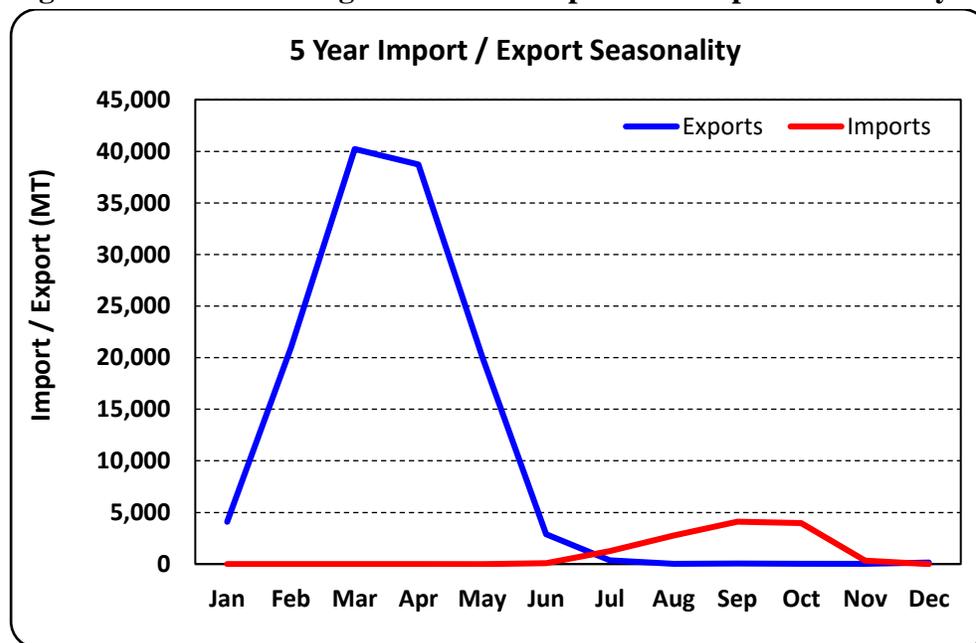
Figure 7 – Table Grape Export Trend by Transport Mode



Source: Australia Bureau of Statistics

Imports are almost entirely counter-seasonal shipments from the United States and occur between July and November (see Figure 8). So, there are no competitive pressures for U.S. imported grapes from domestic supplies or table grapes from other import sources.

Figure 8 – 5 Year Average Australian Import and Export Seasonality



Source: Australian Statistics Bureau

Table 1 - Production, Supply, and Distribution of Table Grapes

Grapes, Fresh Table Market Year Begins Australia	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Commercial Production (MT)	196000	196000	200000	210000	0	220000
Non-Comm. Production (MT)	0	0	0	0	0	0
Production (MT)	196000	196000	200000	210000	0	220000
Imports (MT)	10000	10000	15000	7000	0	10000
Total Supply (MT)	206000	206000	215000	217000	0	230000
Fresh Dom. Consumption (MT)	96800	96800	85000	85800	0	90000
Exports (MT)	109200	109200	130000	131200	0	140000
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	206000	206000	215000	217000	0	230000
(HA) ,(MT)						

Attachments:

No Attachments