

**Required Report:** Required - Public Distribution

**Date:** August 09, 2022

**Report Number:** AS2022-0018

**Report Name:** Stone Fruit Annual

**Country:** Australia

**Post:** Canberra

**Report Category:** Stone Fruit

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**Report Highlights:**

Stone fruit production in Australia is forecast to increase in marketing year (MY) 2022/23, following a MY 2021/22 season that was impacted by a shortage of labor supply at harvest, export freight logistical challenges borne about by the COVID-19 pandemic, and wet weather at harvest. Cherry production is forecast to increase by 19 percent, and peaches and nectarines by 13 percent. Increases in production, supported with an expectation of an improvement in labor availability for harvest, are anticipated to result in an increase in exports of cherries by 15 percent and 25 percent for peaches and nectarines.

## **EXECUTIVE SUMMARY**

Stone fruit production in Australia is forecast to increase in marketing year (MY) 2022/23, following a MY 2021/22 season that was impacted by a shortage of labor supply at harvest, export freight logistical challenges borne about by the COVID-19 pandemic, and wet weather at harvest. Cherry production is forecast to increase by 19 percent, and peaches and nectarines by 13 percent. The export freight challenges are expected to continue to impact the forecast MY 2022/23 season and labor shortages are expected to continue, but to a lesser degree than the previous year.

Increases in production, supported with an expectation of an improvement in labor availability for harvest, are anticipated to result in an increase in exports of cherries by 15 percent and 25 percent for peaches and nectarines. Despite the limited availability of air freight and escalation in costs, almost all of the cherries exported in MY 2021/22 were by air and this is expected to continue into the forecast year. The overall forecast rise of peach and nectarine exports is mainly due to the anticipated production increase. If not for the continued labor availability and air and sea freight challenges, a larger rise in exports may be expected.

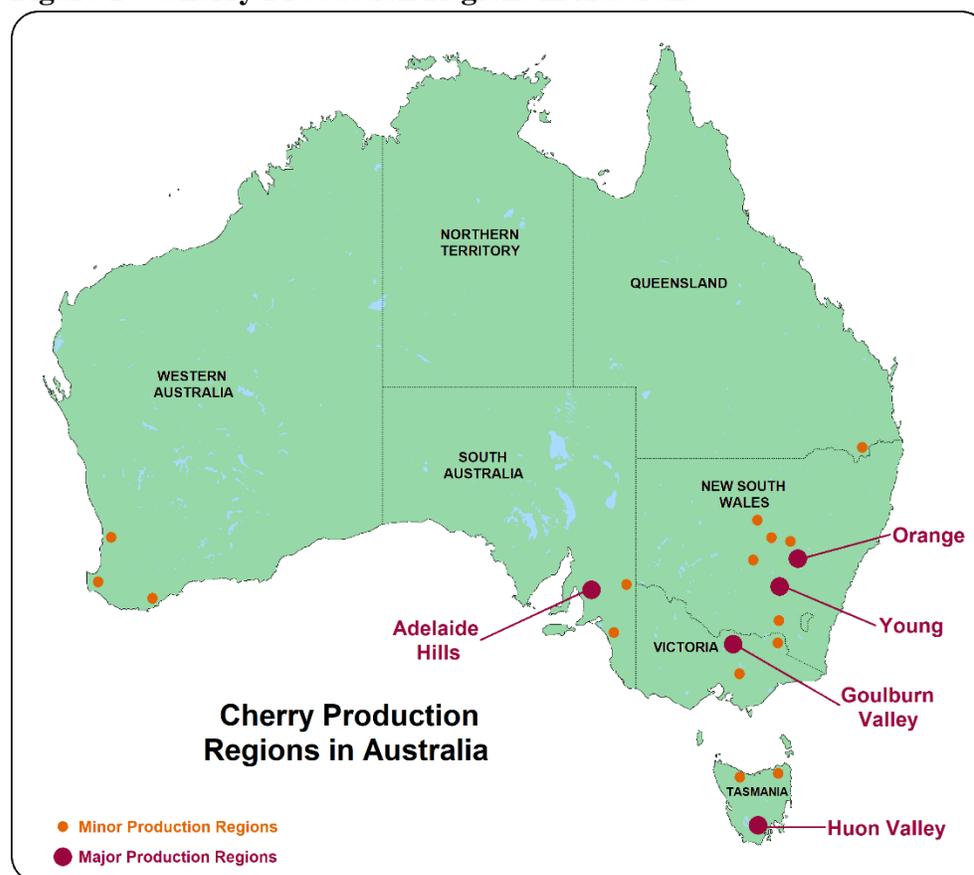
Nectarine exporters during the first year of COVID-19 had adjusted to the lack of air freight in MY 2020/21 via a focus on increasing sea freight from around 50 percent in the prior years to 75 percent. However, with a recovery in air routes, air freight of nectarines increased in volume to 39 percent in MY 2021/22 and is likely to continue to rise if air freight logistics improve during harvest. For peaches, which are of lower value than cherries but also dependent upon air freight, export volumes in recent years have been less than half that of nectarines, and no significant improvement in their export volume is anticipated until there is an easing of air freight costs.

## **CHERRY**

### **Background**

The main growing regions for cherries in Australia are the Huon Valley in Tasmania, the Goulburn Valley in central Victoria, Young and Orange in central eastern New South Wales, and the Adelaide Hills in southeast South Australia (see Figure 1). Smaller production regions include Stanthorpe in southern Queensland, the southeastern corner of Western Australia, Yarra Valley in Victoria, and pockets in central New South Wales. Tasmania is the southernmost region and has the coolest climate with the longest growing season, enabling large high-quality cherry production. The disadvantage is that the Tasmanian harvest season is also the latest of all the regions, mostly after the peak Christmas demand, resulting in their focus on export markets. The more northern regions have a warmer and less optimal climate, but harvest commences in late October aligning with the prime period of domestic demand leading up to Christmas.

**Figure 1 – Cherry Production Regions in Australia**



Source: Information from Cherry Growers Australia Inc

The harvest season for the producers in the warmest climates of Queensland, New South Wales, South Australia and Western Australia typically commences in mid to late-October and is completed by around mid-January (see Table 1). A little further south in Victoria the harvest period generally commences in early to mid-November and finishes in mid to late-February. All of these regions are able to take advantage of the period leading up to Christmas when cherries are in the greatest demand domestically. The southernmost producing region with the coolest climate is Tasmania where harvest commences in late-December and is typically completed by mid-February. As the majority of Tasmanian cherries are exported, harvest timing typically aligns well with strong Chinese New Year demand in China and Hong Kong.

Sweet cherries are typically more sensitive to climatic variables than other fruit crops. The most important climatic conditions for growing cherries are:

- Sufficiently low temperatures during winter to accumulate adequate chilling units (dormancy period), typically over 800 hours at temperatures between 2°C and 12°C (36°F to 54°F) ensure even and full bud break in spring.

- During the blossoming period, temperatures are needed above 13°C (54°F) to ensure bees are active and support an optimized pollination process.
- No severe frosts between bud swell and shuck fall (when flower petals have fallen away from young fruit).
- Low rainfall when trees are in blossom (typically late-August to late-October) as rain can cause reduced pollination and blossom infection by bacteria and fungi, hindering fruit set.
- Low rainfall and no hail during ripening is also important to minimize fruit damage and reduce disease pressure. Rainfall during warmer temperatures when fruit is ripening tends to create a humid environment, conditions which enable pests to proliferate.
- Low humidity throughout the growing season to minimize disease outbreaks.
- Low to moderate winds are important to minimize physical injury to trees and fruit, typically from rubbing against tree limbs. However, adequate wind is important to ensure sufficient aeration in the orchard to minimize humidity within the crop, particularly after rainfall.
- Sufficient water for irrigation to meet tree water demands.

Some of the growing condition issues can be mitigated via tree trellising support system designs, and pruning techniques, along with hail netting structures over the orchard.

**Table 1 – Cherry Harvest Seasonality in Australia**

Cherry Harvest Seasonality in Australian													
	October			November			December			January		February	
Victoria													
New South Wales													
South Australia													
Tasmania													
Western Australia													
Queensland													

Source: *Cherry Growers Australia Inc.*

Notes:  Main harvest period  Minor harvest period

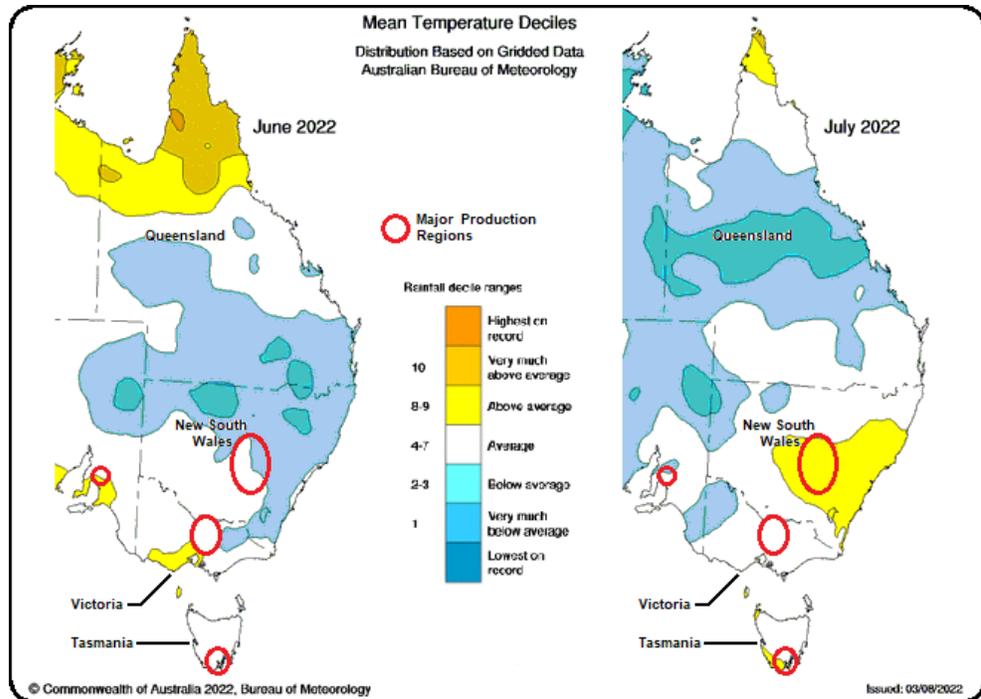
Cherries are predominantly eaten fresh with relatively small quantities sold as frozen, dried or canned. Cherries are used to produce a range of products such as jams, liqueurs, brandy, ice cream and confectionaries.

**Production**

MY 2022/23 production for cherries in Australia is forecast to increase to 19,000 metric tons (MT) from the downward revised MY 2021/22 estimate of 16,000 MT. This forecast increase is in part due to the gradual increase in cherry tree area coming into production along with improved varieties, as well as an expected rebound from the low harvest in MY 2021/22 due to unseasonal wet conditions around harvest. The winter period across all major cherry producing areas have had good rainfall and average to below-

average temperatures in June and July 2022 (see Figure 2) providing adequate winter chill hours to encourage an expected strong bud burst.

**Figure 2 – Median Temperature Deciles in Australia – June and July 2022**

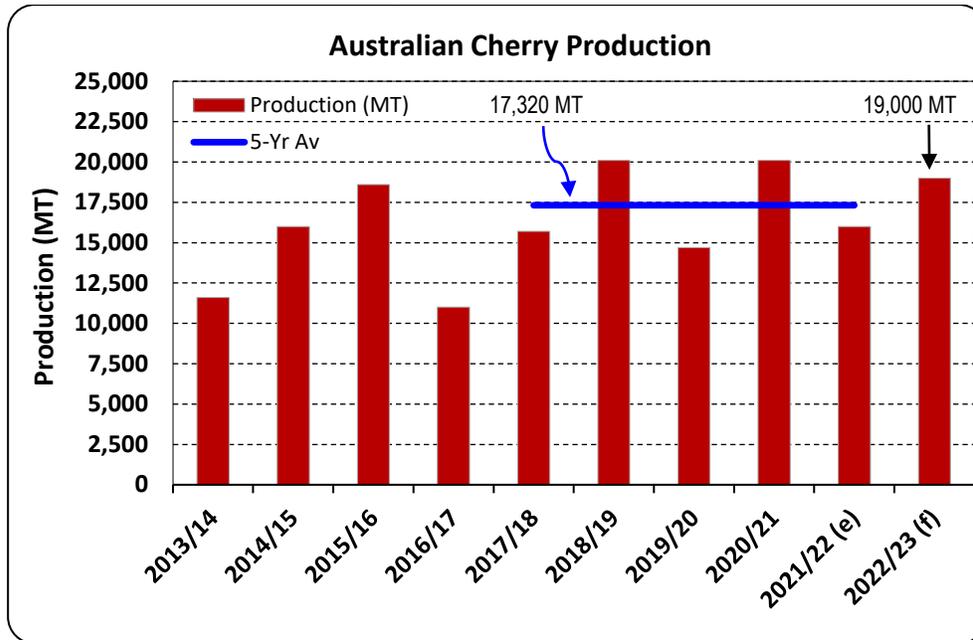


Source: Australian Bureau of Meteorology

The major irrigated cherry producing region in the Goulburn Valley, located in northern Victoria, is expecting ample water availability with irrigation storage dams already at or near capacity prior to the typical spring period inflows. However, the production forecast for MY 2022/23 is a little subdued, relative to recent past results which have achieved of over 20,000 MT, particularly considering that there has been growth in cherry plantings. The production forecast of 19,000 MT is however 10 percent above the previous five-year average (see Figure 3).

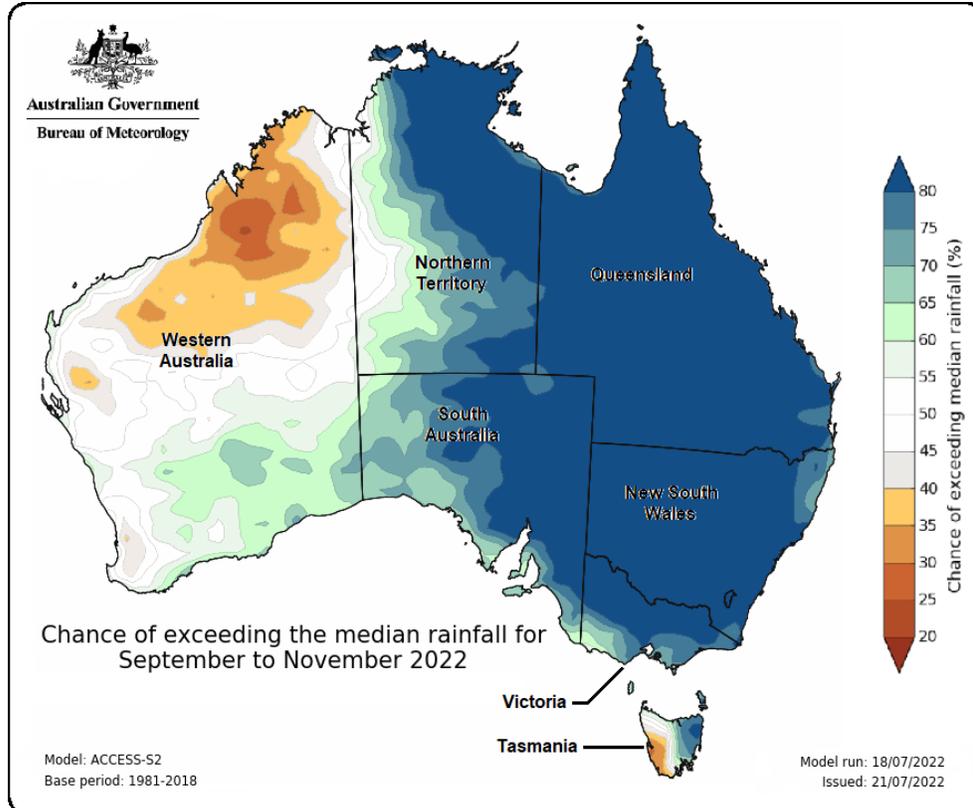
A key concern for the upcoming cherry season is that the Australian Bureau of Meteorology is forecasting a very high chance of the main producing areas in Victoria and New South Wales receiving above-median rainfall (see Figure 4) from September to November 2022. This coincides with the early harvest period and could cause production losses. However, for the main cherry producing area in Tasmania the forecast is for an average to above-average chance of exceeding median rainfall. So, at this early stage, Tasmania is set for another good season. High rainfall around harvest had a major impact on cherry production in the previous MY 2021/22 season in New South Wales and Victoria. However, adverse conditions such as frosts at bud break, above-average hail events, humidity, and high temperatures prior to harvest can also have a major impact on production and quality. These are risk factors that the upcoming season’s cherry crops are yet to reach in their production cycle.

**Figure 3 – Australian Cherry Production**



Source: PSD online and FAS/Canberra estimates and forecasts

**Figure 4 - Australia Rainfall Forecast – September to November 2022**



Source: Australian Bureau of Meteorology / FAS/Canberra

The shortfall in labor availability is expected to continue into MY 2022/23 following on from the previous two seasons. With Australia's unemployment rate the lowest since 1974, all industries across the economy are struggling to meet labor requirements. Although Australia's border has opened to international travelers and they are now not required to be fully vaccinated for COVID-19 nor show a negative test result prior to travel, the horticultural industry does not anticipate that this will generate enough labor to meet the upcoming harvest commencing in October 2022.

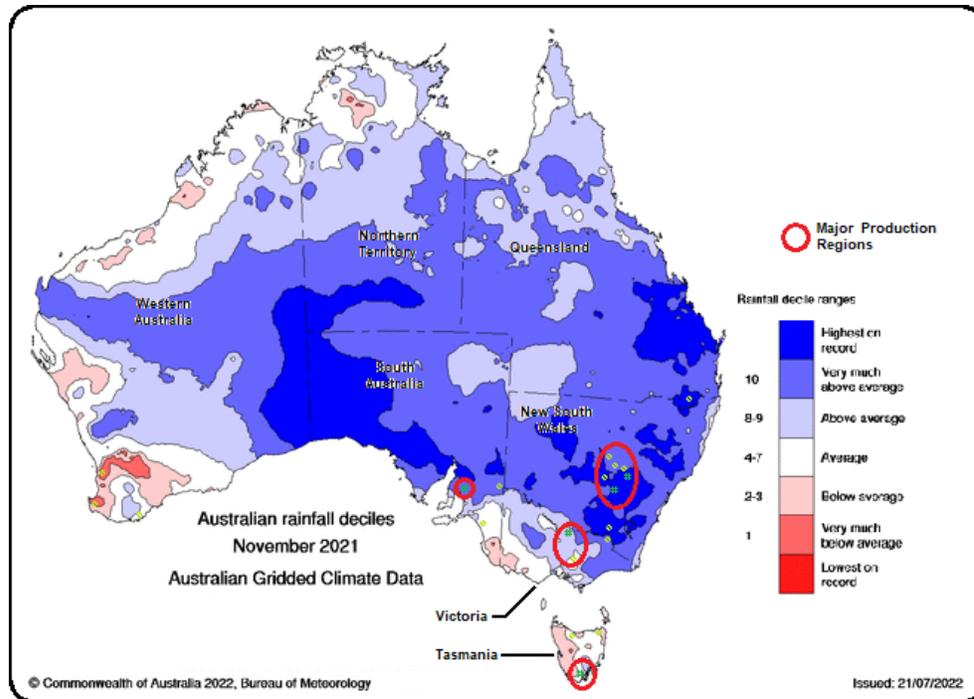
Prior to the COVID-19 pandemic in early 2020, harvest labor requirements across the horticulture sector in Australia was made up of temporary visa holders, which are primarily backpackers (working holiday makers) and from the Pacific Australia Labor Mobility (PALM) scheme. The PALM scheme is the primary source of harvest labor workers and the number of workers in Australia currently is estimated to be at the highest level since its inception at around 20,000. However, the working holiday makers numbers at the end of 2021, some of which work in agriculture, were at around 19,000 compared to 141,000 at the end of 2019 just prior to the COVID-19 pandemic incursion. On balance, the agriculture sector is still well short of pre-pandemic harvest labor numbers in the lead up to the MY 2022/23 harvest commencing in October 2022. There are many reports that with the economy-wide demand for labor in Australia, the agriculture sector has been forced to increase pay rates to minimize the labor drain from agriculture let alone be in a position to attract more labor to meet its demands.

On a positive note, industry reports that in Tasmania there was adequate labor available for the MY 2021/22 harvest and anticipate a similar position for the upcoming MY 2022/23 cherry crop. Industry contacts report that the Tasmanian state government was very proactive and worked closely with industry in the lead up to the MY 2021/22 harvest. The focus was on bringing in workers via the PALM scheme through regular flights in the evenings, after all other air travelers were cleared from the Hobart airport, and taking them to quarantine facilities (for COVID-19 purposes). For those arriving prior to January 1, 2022, the Tasmanian government reimbursed the full flight and quarantine cost and provided each person a AU\$250 (US\$175) voucher. No such program was established in other states, so those PALM workers were required to pay off their flight and quarantine costs via their earnings during harvest. For this reason, organizations arranging PALM workers directed workers towards Tasmania, leaving other states such as Victoria and New South Wales short of harvest labor.

The FAS/Canberra cherry production estimate for MY 2021/22 has been revised down to 16,000 MT from the official USDA estimate of 20,000 MT. This large decline is directly related to the wet weather conditions at harvest in particular in the cherry growing regions in New South Wales and to a lesser degree in the Goulburn Valley region of Victoria. In November 2021, the main harvest period in the New South Wales cherry producing regions, there were regular rainfalls that were far above average (see Figure 5) causing split fruit and brown rot, which devastated many cherry crops. For Victoria, November 2021 is in the early harvest period and the rains although above average caused some losses but had a significantly lower impact than in New South Wales. With harvest significantly later in the

more southern cooler climate in Tasmania, cherry production was largely unaffected, enabling the state to produce a good crop.

**Figure 5 – Rainfall Deciles in Australia – November 2021**



Source: Australian Bureau of Meteorology

## Consumption

With an expectation of a 19-percent production increase in MY 2022/23, along with continued high air freight costs expected to impact exports, domestic consumption of cherries is forecasted to increase to 16,300 MT in MY 2022/23, from an estimate of 12,700 MT in MY 2021/22. This is a substantial increase from a relatively low level in MY 2021/22, but remains around five percent below the recent past peak consumption years of MY 2018/19 and MY 2020/21.

Reports from industry are that current air freight costs are around three-fold higher than pre-pandemic levels. This is having a negative impact on the volume of imported cherries during the counter seasonal production period. It is also expected to have an impact on the competitiveness of export cherries. As such, New South Wales and Victorian producers may opt to channel greater volumes towards the domestic market leading into the peak Christmas demand period for the forecast year. This would have a greater impact on the supply of cherries to the domestic market than the anticipated decrease in volume of imported cherries, resulting in growth in domestic cherry consumption. Tasmanian cherry production is mainly after the peak Christmas period and sales are dependent on export trade, so it is not anticipated that there would be any significant increase in domestic supply from Tasmania in the forecast year.

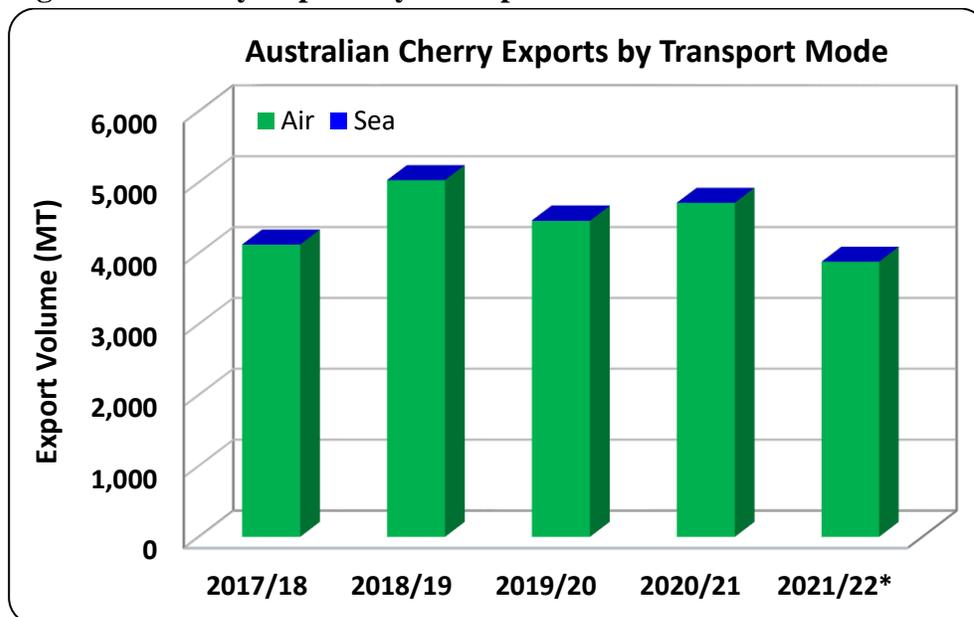
The estimate for cherry consumption in MY 2021/22 has been downward revised to 12,700 MT from the official USDA estimate of 16,500 MT. This is mainly due to the reduced domestic supply after damaging rains during harvest mainly in New South Wales and to a lesser degree in Victoria.

### Trade

Fresh cherry exports are forecast to moderately increase to 4,500 MT in MY 2022/23, from a downward revised estimate of 3,900 MT in MY 2021/22. Despite the anticipated increase, exports are still expected to be impacted by ongoing high freight costs. Cherries are almost entirely shipped via air freight, with over 99 percent over the last five years transported by this means (see Figure 6). Despite the easing of COVID-19 pandemic-related international border restrictions and a significant increase in international flights to and from Australia over the last year, industry reports that air freight costs have continued to increase. As previously mentioned, current air freight costs are reported to be around three-fold higher than prior to the pandemic. Industry reports that earlier flights had far fewer travelers (in part for COVID-19 risk management protocols) resulting in a far smaller load of people and luggage, which freed up additional cargo capacity for produce. As COVID-19 restrictions have eased since the start of 2022, international flights - although more frequent - have had more limited cargo space available for the freight of products such as cherries. Further increases in the frequency of international air travel will be required to increase overall cargo availability and reduce the cost of air freight.

Despite the limited availability of air freight and at much higher cost, the cherry industry maintained high levels of exports over MY 2020/21 and MY 2021/22, although the latter was lower primarily as a result of much smaller production.

**Figure 6 – Cherry Exports by Transport mode**



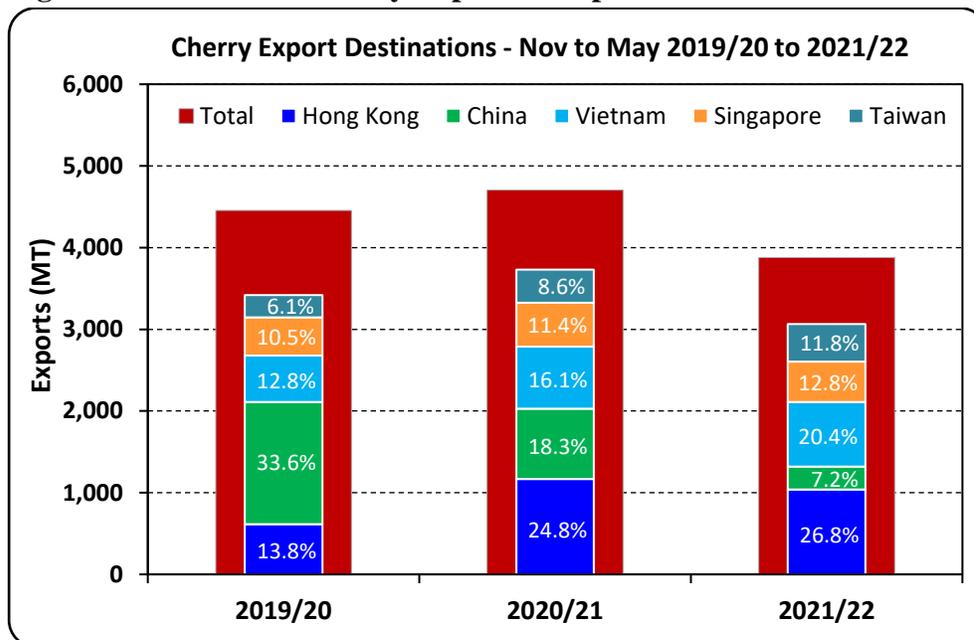
Source: Australian Bureau of Statistics

Note: \* = November 2021 to May 2022

Despite the high air freight costs which are expected to remain during the upcoming MY 2022/23 harvest, exports are forecast to increase. This is in part due to the expected growth in production, but in large part due to the Tasmania’s cherry production being dependent upon the export market as its harvest period falls outside the peak domestic demand period, the lead up to Christmas. Tasmanian cherries are also grown in a cooler, slower growing climate more suited for high quality cherry production which makes their produce more attractive for export and more readily able to absorb high freight costs. With an increase in production some of the higher quality cherries produced in the Goulburn Valley are also likely to be channeled to the export market.

The majority of export destinations for Australian cherries are in Asia (see Figure 7) which are in relatively close proximity to Australia, enabling air freight to be more cost effective compared to longer haul destinations. The top five export destinations of Hong Kong, Vietnam, Singapore, Taiwan and China account for over three-quarters of overall exports. Over the last two years there has been a large transition of exports towards Hong Kong and Vietnam and away from China, although, exports to the combination of these three nations has remained at around 55 to 60 percent in recent years.

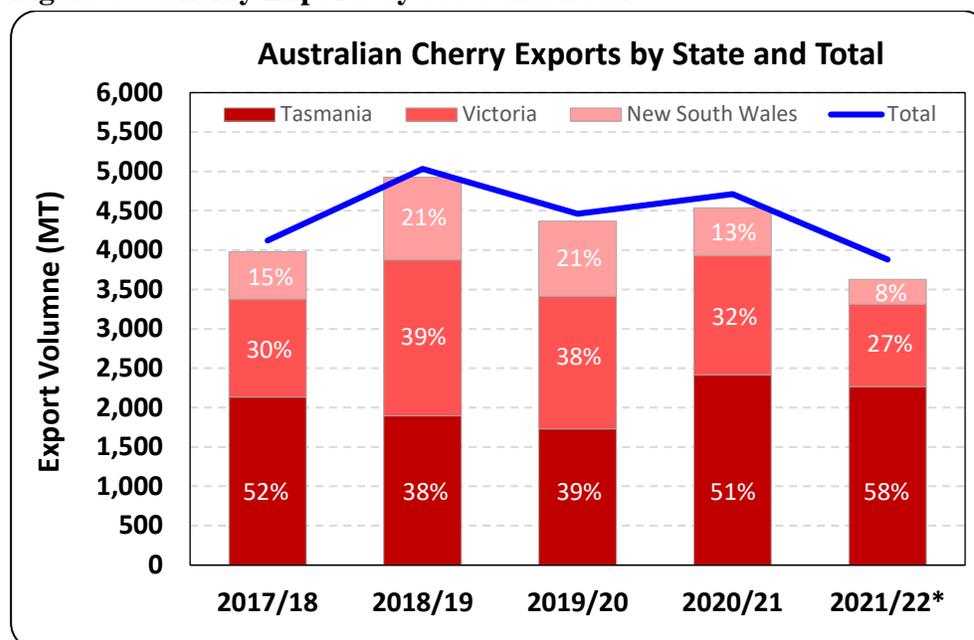
**Figure 7 – Australian Cherry Exports – Top 5 and Total**



Source: Australian Bureau of Statistics

Tasmania, with the most suitable climate to produce the best quality cherries, has over the last two years exported over half of the overall cherry exports from Australia (see Figure 8). With a return to improved production, exports from Victoria and New South Wales are expected to increase resulting in a diminished reliance on exports from Tasmania for Australia’s overall export outcome.

**Figure 8 – Cherry Exports by State and Total**



Source: Australian Bureau of Statistics

Note: \* = November 2021 to May 2022

Australian cherry exports are almost entirely from November to March, so MY 2021/22 (November 2021 through to May 2022) is virtually the final result for the marketing year, which is an estimate of 3,900 MT. This is 1,600 MT lower than the official USDA estimate. As previously outlined, the significantly lower estimate is due to the much smaller production in MY 2021/22, particularly from New South Wales and in part Victoria.

Cherry imports are forecast at 1,800 MT in MY 2022/23, substantially higher than the heavily downward revised estimate of 600 MT in MY 2021/22, which was lowered from the official USDA estimate of 2,000 MT. The forecast import level is a return to around the previous five-year average. All cherry imports to Australia are from the United States and the rebound in the forecast is on the basis of an expectation that cherry production in the United States will return to normal next year from the current season's low levels.

Cherry production in the United States was reportedly impacted by an abnormal snow event at the time of flowering which resulted in poor fruit set for the current season. Indications from industry are that Australian cherry imports to the end of July have been very low. Cherry imports over the last ten years have almost entirely been in the four months from May to August. With a cooler than usual climate in the United States cherry producing regions this season, the harvest period is expected to be extended beyond usual and as a result importers in Australia are unusually expecting to receive cherry imports in September this year. Even with this extended import period the volume of imports is expected to be very low.

With much lower cherry production in the United States this season, the industry there has focused primarily on meeting its own domestic demand. The low production in the United States has also resulted in very high cherry prices. The major retailers have opted to sell cherries in smaller punet packaging to reduce the impact of the cost to consumers and also reduce in store waste. At this high price point the major retailers are all reported to be selling United States cherries, but at much lower volumes that in recent years.

Cherries (Sweet&Sour), Fresh Market Year Begins	2020/2021		2021/2022		2022/2023	
	Nov 2020		Nov 2021		Nov 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Australia						
Area Planted (HA)	2950	2950	3150	3150	0	3200
Area Harvested (HA)	2400	2400	2500	2500	0	2500
Bearing Trees (1000 TREES)	2300	2500	2400	2600	0	2600
Non-Bearing Trees (1000 TREES)	550	550	570	570	0	0
Total Trees (1000 TREES)	2850	3050	2970	3170	0	2600
Commercial Production (MT)	18000	20100	20000	16000	0	19000
Non-Comm. Production (MT)	0	0	0	0	0	0
Production (MT)	18000	20100	20000	16000	0	19000
Imports (MT)	2000	1600	2000	600	0	1800
Total Supply (MT)	20000	21700	22000	16600	0	20800
Domestic Consumption (MT)	15300	17000	16500	12700	0	16300
Exports (MT)	4700	4700	5500	3900	0	4500
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	20000	21700	22000	16600	0	20800
(HA) ,(1000 TREES) ,(MT)						

## PEACH/NECTARINE

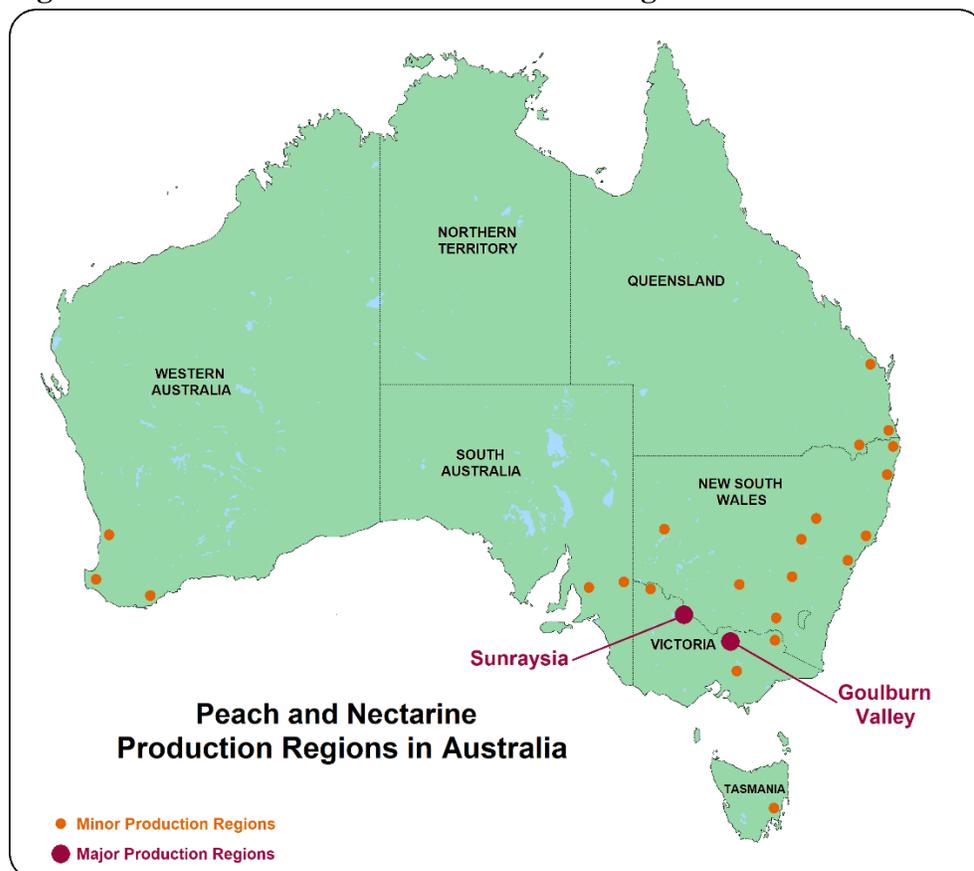
### Background

Around three-quarters of the peaches and nectarines grown in Australia are in Victoria in the key regions of the Goulburn Valley in central Victoria and Sunraysia in north-western Victoria. Around one-eighth of the total production is in New South Wales in multiple locations with no predominant region. Peaches and nectarines are also grown in southern Queensland, Adelaide Hills in southeast South Australia, and the south-eastern corner of Western Australia (see Figure 9). Unlike cherries there is very little production of peaches and nectarines in Tasmania.

In general, the more northern warmer production regions have an earlier commencement to harvest. This provides a marketing advantage to growers, but also tends to result in the fruit from these more northern regions having a lower sugar content and also less flavor compared to regions further south. The harvest period for the more northern warmer regions is from October to March and for the more southern growing areas harvest is typically from November to April.

The growing conditions required for peaches and nectarines are similar to those of cherries. A key difference is that peaches and nectarines require less cold chill hours than for cherries and as a result tend to be grown in somewhat warmer regions.

**Figure 9 – Peach and Nectarine Production Regions in Australia**



Source: Information from Summerfruit Australia Ltd

## Production

MY 2022/23 production of peaches and nectarines is forecast to rise to 90,000 MT, an increase of 10,000 MT (13 percent) from the downward revised MY 2021/22 estimate of 80,000 MT. Growing conditions for the forecast crop have been somewhat positive to date with average to below-average temperatures (see Figure 2) providing ample cold chill days albeit with below-average rainfall so far. However, the expectation for the upcoming season is that irrigation water availability will further improve, and the price of water will ease further from recent past years. Harvest labor, a key issue for the industry in recent years, and initially brought on by the impacts of the COVID-19 pandemic, is expected to remain a constraint in the forecast year.

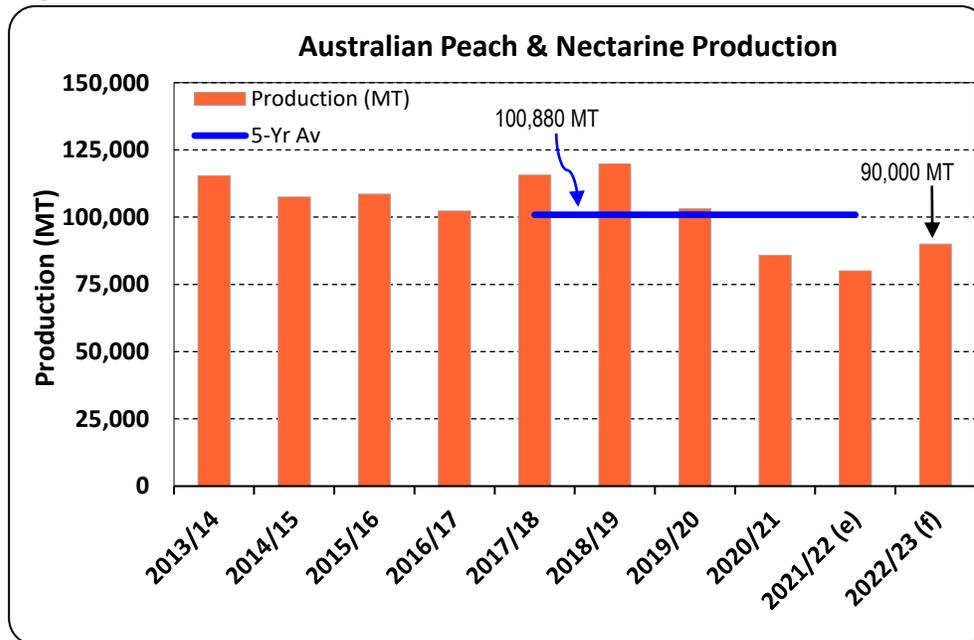
Industry reports that the cold chill to date has met the minimum levels and expect a good bud burst for the forecast crop, setting the trees up for good production. However, key risk factors such as frosts at

pollination, hail in the fruit growing period, and rain/humid conditions near harvest can all have significant negative impacts on yield and quality.

After the severe drought in 2018 and 2019, the irrigation water catchments have replenishing and are at or near capacity well ahead of the lead up to the upcoming irrigation season for the forecast crop. There is broad anticipation of ample water availability and significantly lower irrigation water trade prices and water is therefore not expected to be a limiting factor to production.

Prior to the COVID-19 pandemic the production trend for Australian peaches and nectarines was relatively flat but showing signs of increasing, but over the last two years during the pandemic (MY 2020/21 and MY 2021/22) production declined significantly (see Figure 10). Although some recovery in production is expected in the forecast year, it is still well below pre-pandemic levels, and 11 percent lower than the average over the last five years. Industry sources indicate that there is no significant expansion in planted area coming into production. Despite this, some gradual growth in production in the coming years is anticipated from the replacement of old trees with new improved varieties with higher yield potential. With a future return to good seasonal conditions and adequate labor resource availability there is ample potential for a return to past production of over 110,000 MT.

**Figure 10 – Peach and Nectarine Production Trend**



Source: PSD online and FAS/Canberra estimates and forecasts

Note: (e) = estimate, (f) = forecast

As was the case in the previous two seasons, peach and nectarine growers will be challenged by an expected shortfall of available labor for harvest and packing shed operations for the upcoming MY 2022/23 harvest. Similar to the circumstances for the cherry harvest, the opening of international borders

since early 2022 is yet to see any significant increase in the entry of working holiday makers (temporary visa holders). However, PALM scheme numbers are at their highest ever level which will partially compensate for the low working holiday maker numbers in Australia. Coupled with the economy-wide labor shortage in Australia, the horticulture industry as mentioned earlier is being forced to further increase the labor pay rates to maintain the limited numbers, let alone attract more labor to meet demand.

The previous Federal government in October 2021 introduced a new Australian Agriculture Visa as a means to encourage unskilled, semi-skilled and skilled farm workers to Australia from nations beyond the PALM scheme and is designed as a transition towards permanent residency. But this involved bilateral agreements and prior to the recent change of Federal government, Vietnam was the only country to commit. The new government has stated that it will honour this arrangement but disband the scheme to other nations. Instead, its plan is to expand the PALM scheme, which mainly attracts unskilled workers. This is seen as a positive for harvest labor needs but industry believes it does not address the need to attract semi-skilled and skilled labor to Australian agriculture.

MY 2021/22 production is estimated at 80,000 MT, a substantial downward revision from the official USDA estimate of 110,000 MT. This mainly relates to the wetter-than-usual early harvest period in November 2021 and that also occurred in January 2022. This had a significant impact on the quality of fruit and in conjunction with the shortage of harvest labor, the industry reports that some crop areas were lightly picked or left unharvested.

### **Consumption**

Domestic consumption in MY 2022/23 is forecast to rise to 77,800 MT from the downward revised MY 2021/22 consumption estimate of 70,600 MT. This is mainly due to the 10,000-MT forecast production increase, some of which is expected to be directed towards higher exports but the majority towards the domestic market. The high air and sea freight costs are anticipated to hinder further expansion of exports from the increased production.

FAS/Canberra has downward revised the peach and nectarine consumption estimate for MY 2021/22 from the official USDA estimate of 97,000 MT, down to 70,600 MT. This large 26,400-MT downward revision is almost entirely due to the 30,000 MT lowering of the production estimate for MY 2021/22.

### **Trade**

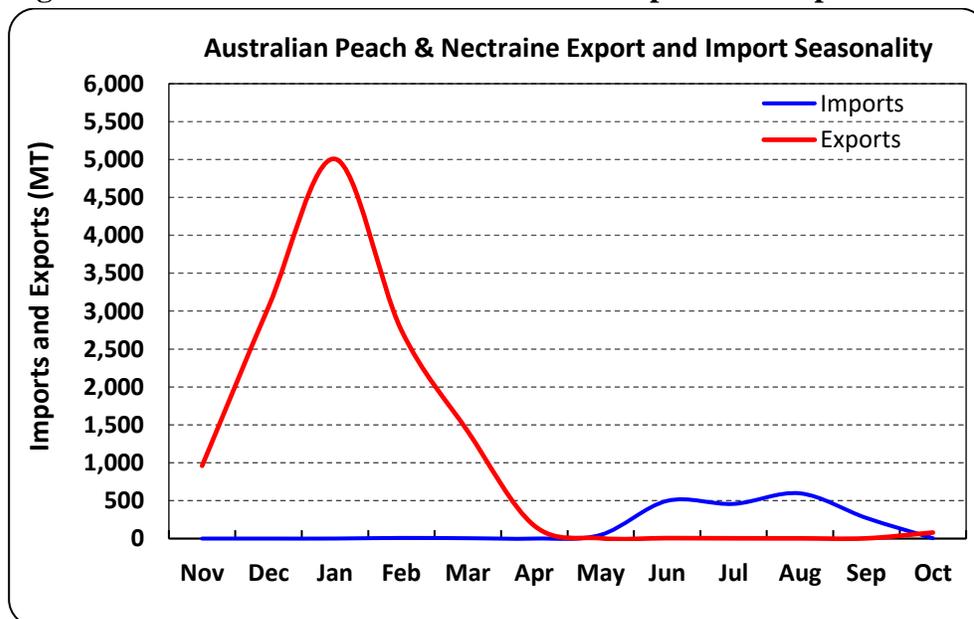
Fresh peach and nectarine exports are forecast to increase to 14,000 MT in MY 2022/23, from an estimated 11,200 MT in MY 2021/22, which was downward revised from the official USDA estimate of 15,000 MT. The forecast increase is primarily related to the anticipated larger production in MY 2022/23. However, the expectation of continued export logistical challenges attributed to the COVID-19 pandemic and associated cost increases over the last two years will hinder exports from further growth in the forecast year.

Industry has reported that air freight costs have increased around three-fold over the last two years which has been attributed to the impacts of the COVID-19 pandemic which caused a large reduction in international flights. However, the number of international flights to and from Australia has increased considerably since the start of 2022 and yet there are reports that air freight costs had continued to increase during this period. As mentioned earlier this is due to less available cargo capacity now that planes are filled with passengers and their luggage compared to earlier in the midst of the pandemic when flights had lower passenger numbers in order to manage the risks of COVID-19 transmission.

With COVID-19 restrictions in many major trading nations being greatly eased in 2022, compared to the previous two years, there was some expectation that sea freight congestion may ease, and delivery timelines improve. Industry reports that as yet there are no significant improvements in sea freight logistics and there is not an expectation of any substantial gains by the time exports from Australia begin in November 2022. Sea freight fees have, similarly to air freight, increased three to four-fold over the last two years and no significant change is expected for the forecast export season from November 2022 to April 2023.

The seasonality of peach and nectarine exports and imports is counter seasonal (see Figure 11). Exports are typically from November to the end of April while imports are from May to the end of September. For this report the exports for the MY 2021/22 (November 2021 through to May 2022) estimate are virtually the final results. June is the first month of any significant imports which provide an insight to the MY 2021/22 estimate.

**Figure 11 – Australian Peach and Nectarine Export and Import Seasonality**

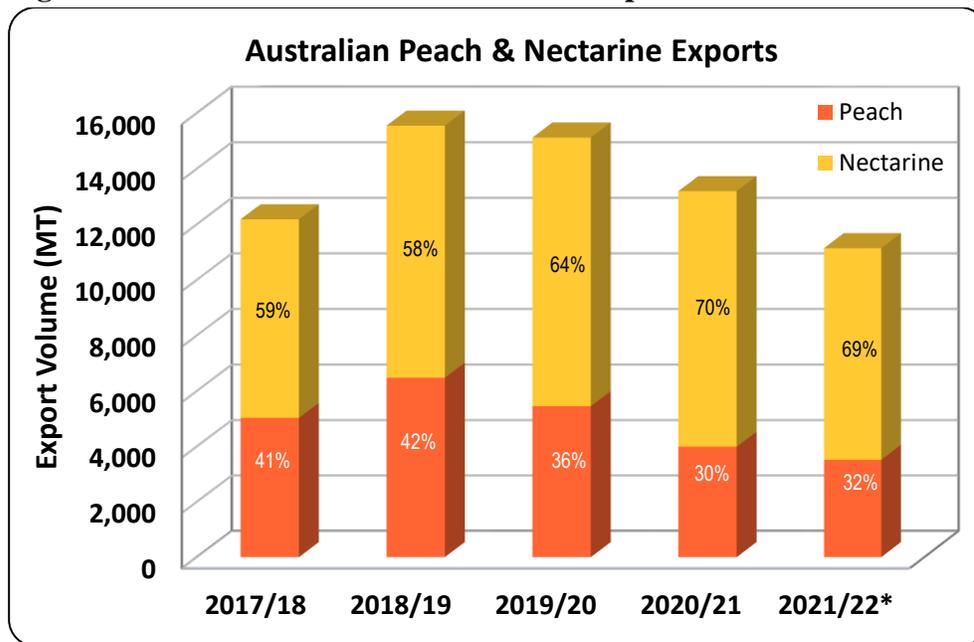


Source: Australian Bureau of Statistics

Note: Five-year average from June 2017 to May 2022

Over the last five years nectarines have accounted for around 60 to 70 percent of the overall peach and nectarine exports from Australia (see Figure 12). This was similarly the case in the five years prior, so there has broadly been little change in the overall production and export focus but there has been a general increase in overall exports from around 8,000 MT ten years ago, to as high as 15,500 MT over the last ten-year period. However, over the same 10-year period there has been some decline in overall production, highlighting that growers have placed an increasing emphasis on the higher value export market.

**Figure 12 – Australian Peach & Nectarine Exports**

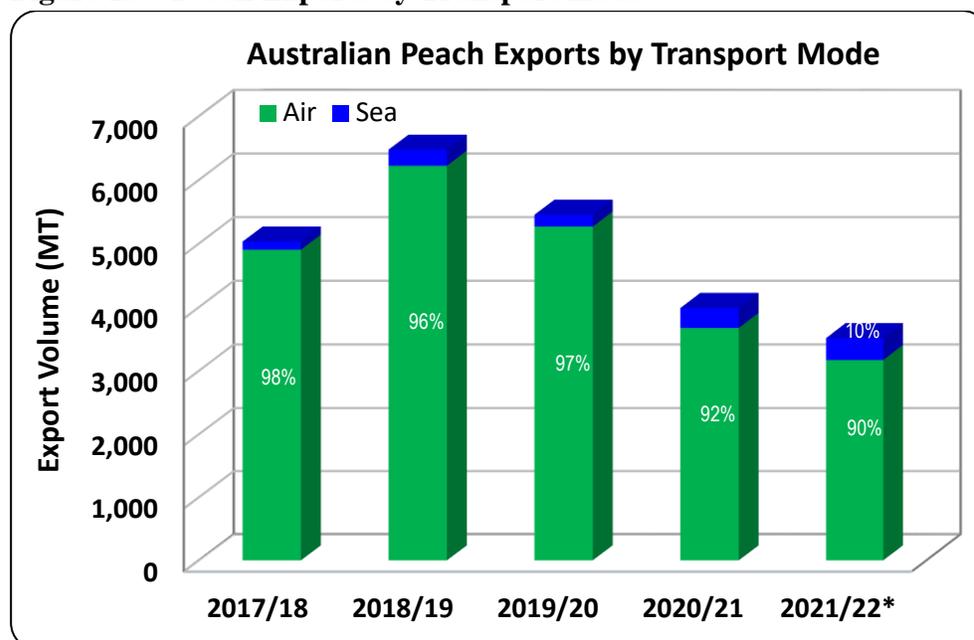


Source: Australian Bureau of Statistics

Note: \* = November 2021 to May 2022

Nectarines have a firmer flesh, supporting a longer shelf life than peaches which have a soft flesh resulting in a short shelf life and are generally unsuitable for sea freight other than short voyages. Nectarines therefore have a greater flexibility in the mode of transport for exports compared with peaches. Around one-third of overall peach and nectarine exports are peaches which are almost all air freighted. Even during the COVID-19 pandemic when there was much reduced international air travel and much higher air freight costs, there was only a very small increase in sea freight of peaches (see Figure 13).

**Figure 13 – Peach Exports by Transport mode**



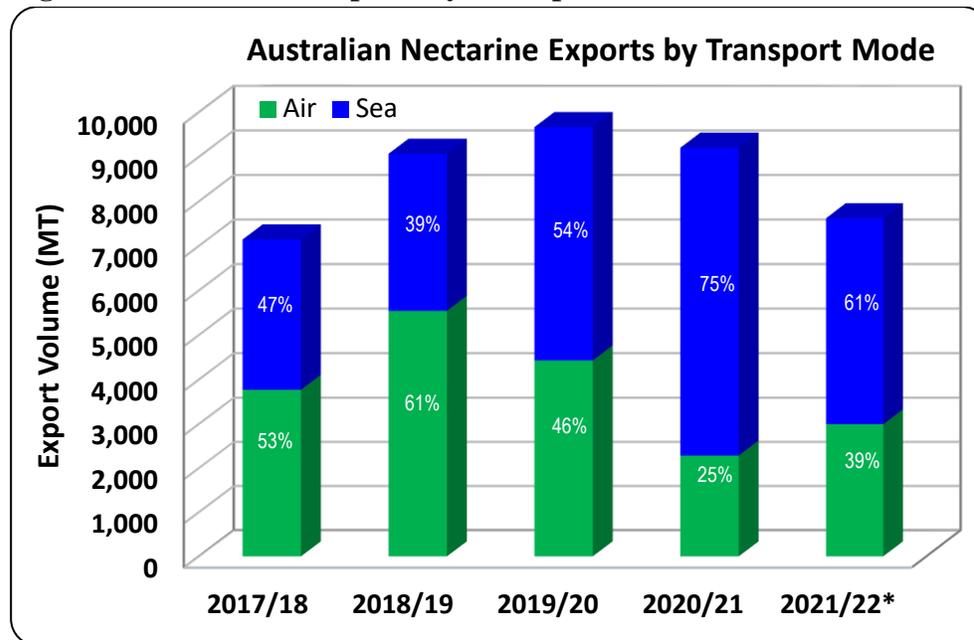
Source: Australian Bureau of Statistics

Note: \* = November 2021 to May 2022

Prior to the export logistics issues borne about due to COVID-19, around half or more of nectarines were transported via air and the rest via sea (see Figure 14). In MY 2020/21, at the peak of the pandemic, with very few international flights in and out of Australia only 25 percent of nectarine exports were via air freight, which increased to 39 percent in MY 2021/22 as the number of international flights began to increase. Industry indicates that air freight costs are currently around three-fold higher than pre-pandemic levels and had been increasing over the last six months despite larger numbers of international flights. Industry does not anticipate a decline in air freight costs during the peach and nectarine harvest, but nevertheless it is likely that there will be some further increase in the volume and proportion of nectarines exported via air freight in MY 2022/23.

Peach and nectarine exports had been trending higher in the past decade, but the impacts of reduced labor availability, high air freight and sea freight costs and logistics issues (all attributed to the impacts of COVID-19), along with a wet harvest period in MY 2021/22 has resulted in a decline in production and trade over the last two years. Exports from MY 2012/13 to MY 2018/19 doubled from almost 8,000 MT to 15,500 MT. The major reason for the growth in exports was that Australia gained access to China from MY 2016/17. Prior to this gain in market access, Hong Kong was a major importer of Australian peaches and nectarines, but as exports to China grew, exports to Hong Kong dwindled (see Figure 15). Importantly for Australia, China has essentially maintained its demand for peaches and nectarines over the last three years even though Australia's production and overall exports have substantially declined.

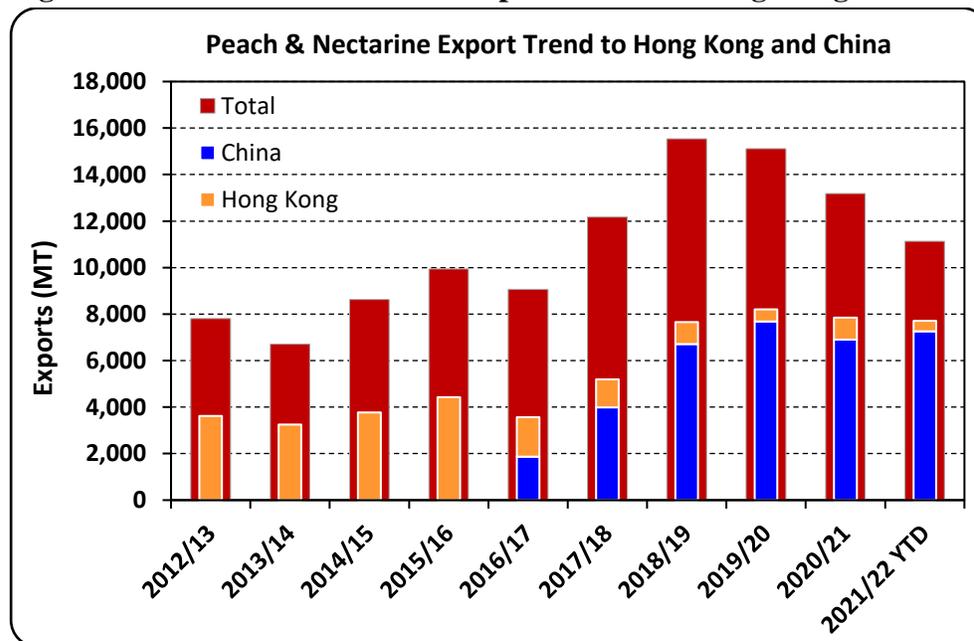
**Figure 14 – Nectarine Exports by Transport mode**



Source: Australian Bureau of Statistics

Note: \* = November 2021 to May 2022

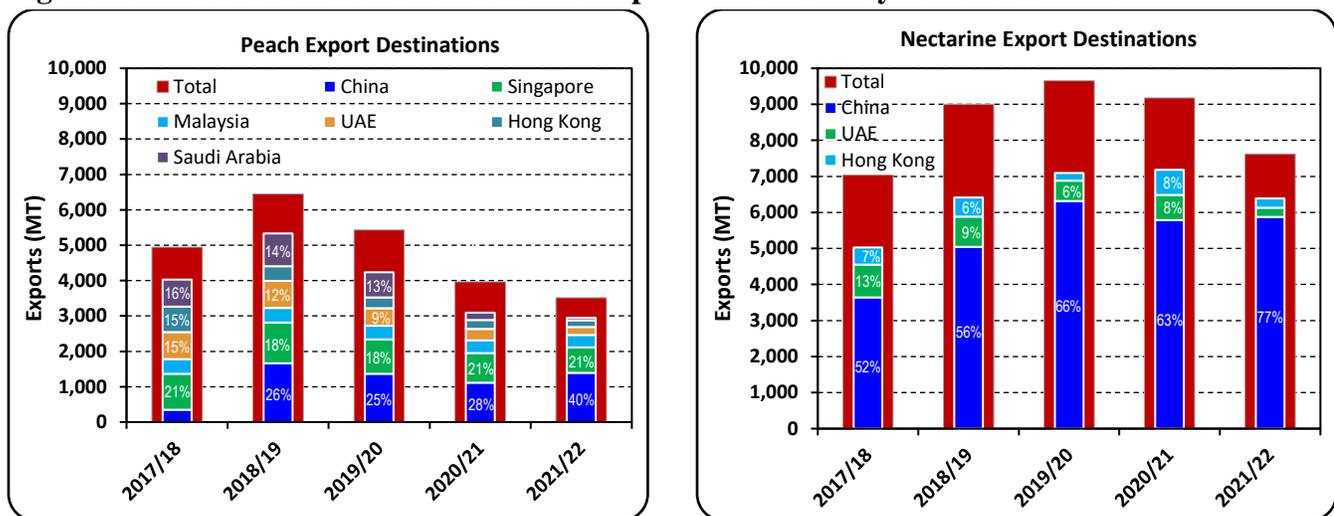
**Figure 15 – Peach and Nectarine Export Trend to Hong Kong and China**



Source: Australian Bureau of Statistics

A key aspect of the opening up of peach and nectarine trade to China is that although there has been growth in peach exports to China, the exports of nectarines is around four-fold higher. Australian peach exports are somewhat diversified with around 80 percent of trade to six countries mainly in Asia (see Figure 16). Nectarine exports to China in MY 2021/22 has reached over three-quarters of the overall exports. So, the growth in Australian peach and nectarine exports has mainly been driven by the growth in nectarine exports to China. Australian producers have been transitioning their production towards the white flesh sub-acid varieties preferred by China. This may have contributed to China essentially maintaining its volume of trade in recent years despite Australia’s lower production.

**Figure 16 – Australia Peach and Nectarine Exports – Nov to May 2017/18 to 2021/22**



Source: Australian Bureau of Statistics

Imports are forecast to remain stable at 1,800 MT in MY 2022/23. Peach and nectarine imports are counter-seasonal and have almost entirely been from the United States, all of which arrives via air freight. Very small volumes are also imported from China and New Zealand, ranging from one to four percent per annum of overall imports in recent years. Traders indicate that for the current MY 2021/22 season the quality of United States peaches and nectarines is very high. Although retail prices are also high at around AU\$20 per kilogram (US\$6.35 per pound), unlike cherries this season, the displays are large, and retailers are reporting that consumers are repeat buying which is supporting imports at around a past average level.

Peaches & Nectarines, Fresh Market Year Begins	2020/2021		2021/2022		2022/2023	
	Nov 2020		Nov 2021		Nov 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Australia						
Area Planted (HA)	1830	1900	1850	1850	0	1850
Area Harvested (HA)	0	0	0	0	0	0
Bearing Trees (1000 TREES)	3700	3800	3750	3700	0	3700
Non-Bearing Trees (1000 TREES)	350	425	350	400	0	400
Total Trees (1000 TREES)	4050	4225	4100	4100	0	4100
Commercial Production (MT)	105000	85800	110000	80000	0	90000
Non-Comm. Production (MT)	0	0	0	0	0	0
Production (MT)	105000	85800	110000	80000	0	90000
Imports (MT)	1800	1700	2000	1800	0	1800
Total Supply (MT)	106800	87500	112000	81800	0	91800
Domestic Consumption (MT)	93700	74300	97000	70600	0	77800
Exports (MT)	13100	13200	15000	11200	0	14000
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	106800	87500	112000	81800	0	91800
(HA) ,(1000 TREES) ,(MT)						

**Attachments:**

No Attachments