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GAIN Report

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Required Report - public distribution

Date: 8/23/2019

GAIN Report Number: AS1913

Australia

Stone Fruit Annual

Australia's Stone Fruit Exports Continue to Expand

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Report Highlights:

FAS/Canberra forecasts Australian stone fruit (cherry and peach/nectarine) fruit production to continue to expand in MY 2019/20, with all of the increase expected to go to exports. Both cherry and peach/nectarine exports to China have surged in recent years as a result of expanded market access. Stone fruit imports, almost entirely counter-seasonal fruit from the United States, are forecast to remain steady in MY 2019/20.

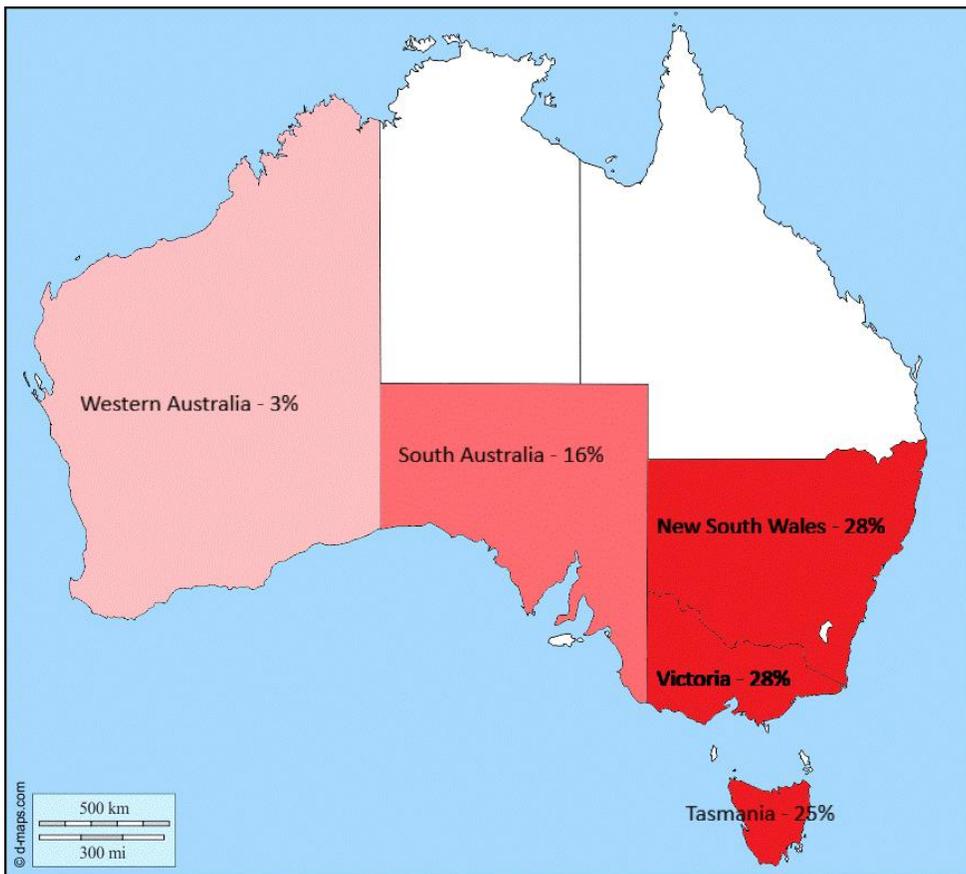
Executive Summary

FAS/Canberra forecasts Australian stone fruit (cherry and peach/nectarine) fruit production to continue to expand in MY 2019/20, with all of the increase expected to go to exports. Both cherry and peach/nectarine exports to China have surged in recent years as a result of expanded market access. Stone fruit imports, almost entirely counter-seasonal fruit from the United States, are forecast to remain steady in MY 2019/20.

The stone fruit industry in Australia is dominated by cherry, peach, and nectarine production, with smaller output of apricot and plum orchards. The industry is labor-intensive and mostly seasonal. It comprises of many small-scale family farms, although there is a growing trend towards medium to larger scale operations. Victoria, New South Wales (NSW) and Tasmania are the major stone fruit producers.

CHERRY Production

Cherry production in Australia is spread among a number of Australian regions, with New South Wales, Victoria and Tasmania each producing about a quarter of the total crop, followed by South Australia and relatively minor production in Western Australia.



Information Source: Cherry growers of Australia

Key production areas are Goulburn Vallery and Sunraysia regions of Victoria, Orange and Young in New South Wales, Adelaide Hills in South Australia, and Huon Valley in Tasmania. Production in some regions is more focused on the export market, while other regions have more of a domestic focus. For instance, although Tasmania typically produces about a quarter of total Australian cherry production, it is typically responsible for nearly two-thirds of exports. Conversely, New South Wales is responsible for about 28 percent of production but less than 10 percent of exports.

Cherry harvesting starts in October with the bulk of the harvest in November, December and January. The harvest typically begins in more northern growing areas in New South Wales and South Australia, and moves south with the Tasmanian harvest typically in January.

Cherry area has continued to expand in Australia, and is expected to result in another increase in cherry production in MY 2019/20. FAS/Canberra forecasts production at 18,000 metric tons (MT), an increase of 1,000 MT from the revised MY 2018/19 estimate. Area expansion is in part driven by strong export demand into Asian markets such as China. The drought in parts of Australia has impacted some growing areas such as New South Wales. Tasmania, however, has not been impacted and Victoria has also received a large amount of rainfall in recent months.

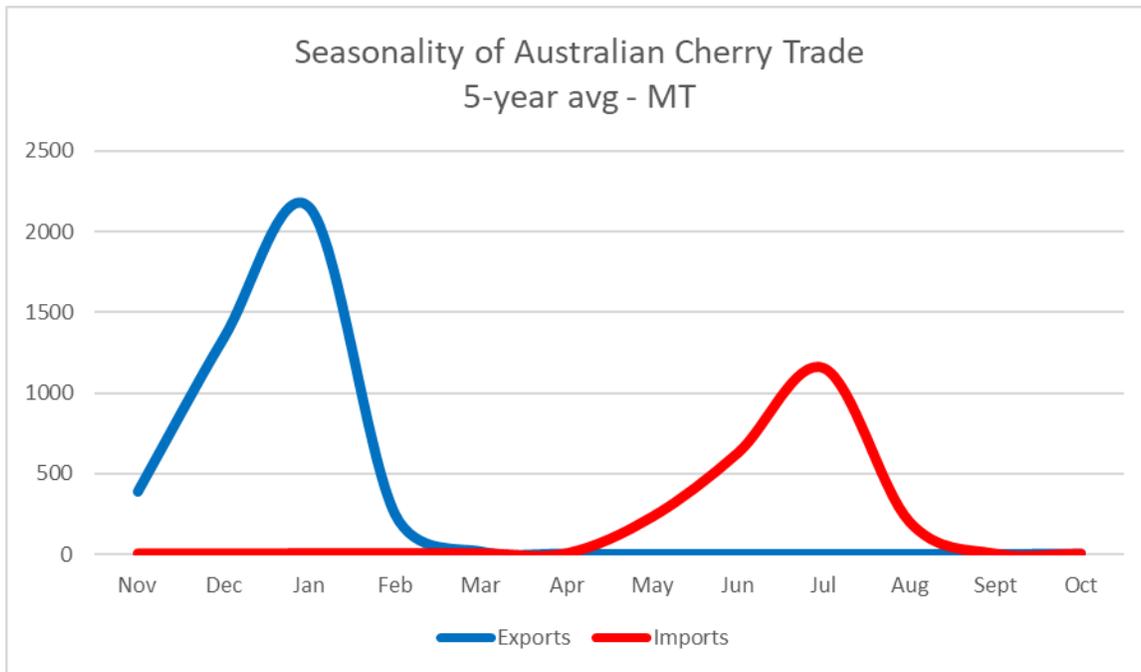
Consumption

FAS/Canberra forecasts cherry consumption to remain largely steady in MY 2019/20, and increased production to primarily go to exports. Sales of locally produced cherries occur mainly during months of December through February with sales of imported cherries occurring during the months of May through to October.

Domestic industry estimates that last year approximately 67 percent of cherries produced in Australia went to fresh domestic consumption. They also estimate that 37 percent of Australian consumers purchased fresh cherries, buying an average of 432 grams per shopping trip.

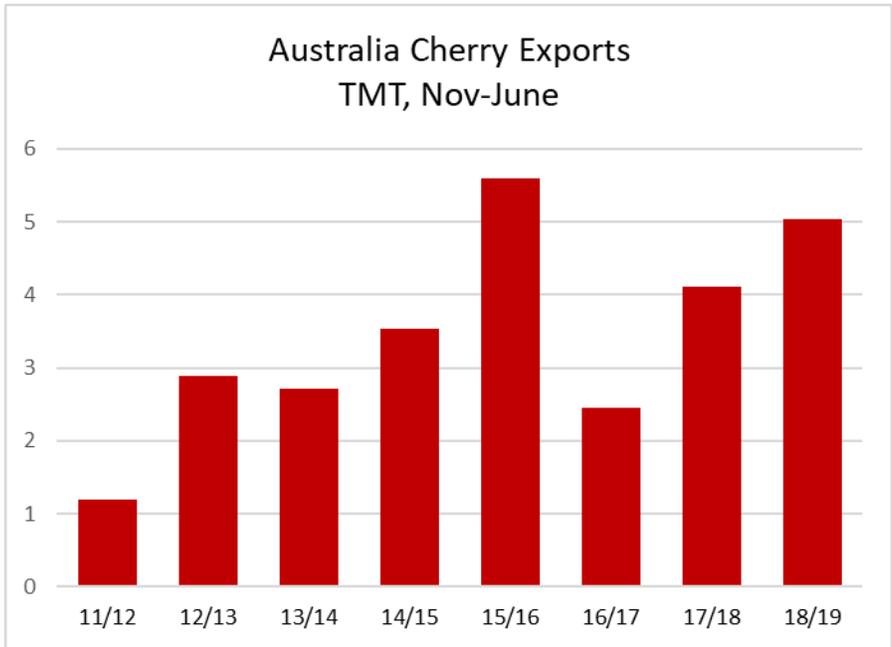
Trade

Australia is an exporter of fresh cherries, with exports expanding the previous three years driven by demand from Asia. FAS/Canberra expects cherry exports to continue to expand, with exports forecast at a record 6,000 MT in MY 2019/20, up 1,000 MT from the revised MY 2018/19 estimate. In MY 2018/19, half of all exports went to Hong Kong and China. As mentioned, Tasmania is the primary exporting region, followed by Victoria. Exports begin in November with January being by far the largest month (coinciding with the Tasmania harvest) and shipments ending in February.

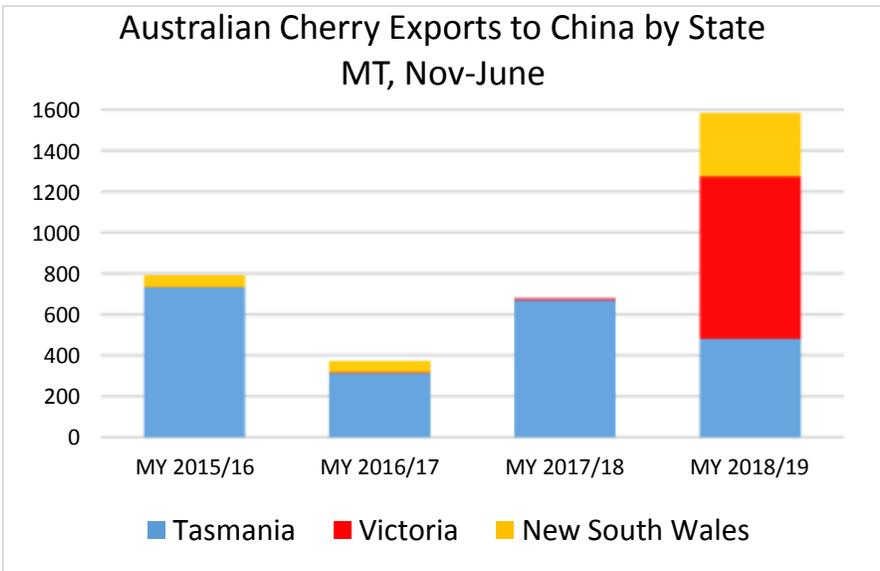


Source: Australian Statistics Bureau

In late 2017, cherries from Australia’s mainland were allowed to be flown to China for the first time, allowing consumers to receive fruits sooner after harvest. Previously only Tasmanian cherries could be transported by air due to fruit fly concerns in other regions. Shipments from other regions had to go by sea and be fumigated. MY 2018/19 was the first full year of this change, and it has resulted in a large increase in Australian exports to China, from less than 700 MT in MY 2017/18, to 1,600 MT in MY 2018/19. Nearly all of this increase was due to shipments from Victoria and New South Wales, as Tasmanian exports remained largely stable. This also resulted in a lengthening of the availability of Australian cherries in the Chinese market, as previously almost all of the shipments were from Tasmania in January, but this year there were large shipments from mainland Australia in November and December.



Source: Australian Statistics Bureau



Source: Australian Statistics Bureau

Australia's imports are expected to remain steady in MY 2019/20 at 2,700 MT. These imports are almost entirely from the United States, and occur between May and August.

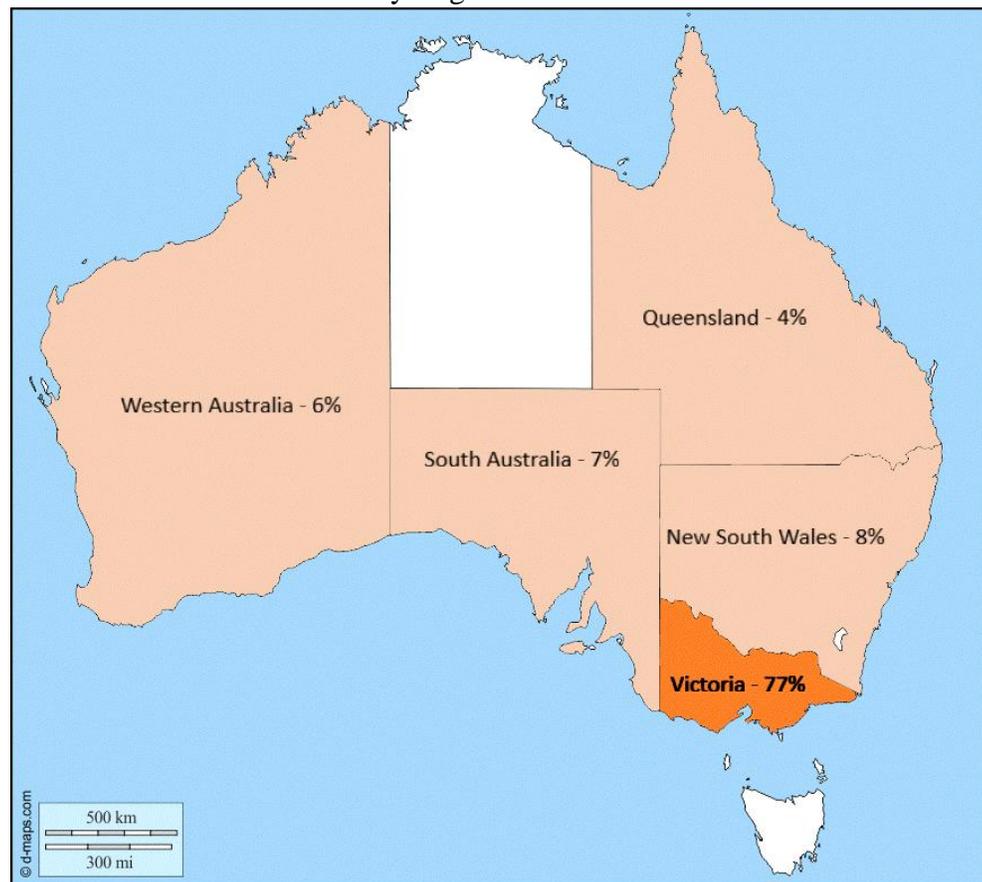
Cherries (Sweet&Sour), Fresh Market Begin Year	2017/2018		2018/2019		2019/2020	
	Nov 2017		Nov 2018		Nov 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Australia						
Area Planted	3300	3300	3300	3300	0	3300
Area Harvested	3100	3100	3100	3100	0	3100
Bearing Trees	5900	5900	5900	5900	0	5900
Non-Bearing Trees	800	800	800	800	0	800
Total Trees	6700	6700	6700	6700	0	6700
Commercial Production	16000	16000	18000	17000	0	18000
Non-Comm. Production	0	0	0	0	0	0
Production	16000	16000	18000	17000	0	18000
Imports	2700	2600	2700	2700	0	2700
Total Supply	18700	18600	20700	19700	0	20700
Fresh Dom. Consumption	13700	14500	13700	14700	0	14700
Exports	5000	4100	7000	5000	0	6000
For Processing	0	0	0	0	0	0
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	18700	18600	20700	19700	0	20700

(HA) ,(1000 TREES) ,(MT)

PEACH/NECTARINE

Production

Peach/Nectarine Production by Region



Information Source: Summer Fruit Australia Limited

Unlike cherry production which is spread throughout a number of Australian regions, peach and nectarine production is largely concentrated in Victoria, with over three-quarters of all production being there in the Goulburn Valley and Sunraysia areas. Production is forecast to continue to expand in MY 2019/20 to 96,000 MT, up from an estimated 94,000 MT in MY 2018/19. Although industry sources estimate that the number of trees has largely remained steady, production is expected to continue to gradually increase as old varieties are being replaced with newer varieties. Although much of Australia has experienced very dry weather, large parts of Victoria have been getting sufficient rainfall in recent months which should help in production. Industry estimates that a little over half of production (53 percent) is nectarines and 47 percent is are peaches (as of 2017/18).

Early season stone fruit comes from sub-tropical Queensland and northern areas of Western Australia and NSW. This is followed by crops from southern NSW, parts of Victoria such as Swan Hill and the Riverland of South Australia. The primary harvesting period is Nov-January for peaches and January-February for nectarines.

Consumption

FAS/Canberra forecasts peach/nectarine consumption to remain stable in MY 2019/20, with exports largely taking and increase in the crop. Locally produced peach and nectarine sales occur primarily between November and February, with peaches largely during November through February and Nectarines primarily in January and February.

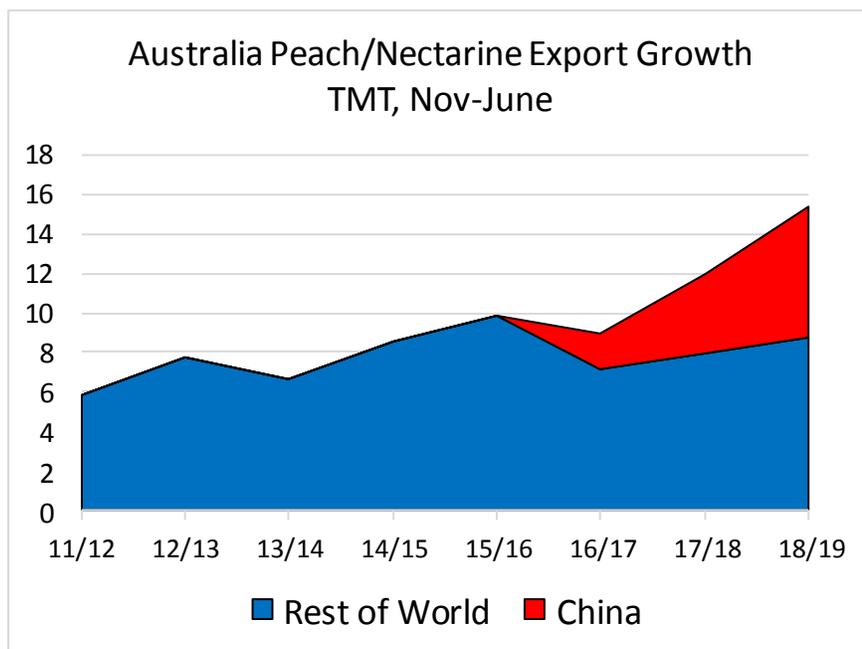
There is a trend away from consumption of processed peaches and nectarines and towards fresh fruit. One reason is the cost of local processing compared to imports, while another is the shift in consumer preferences towards fresher fruit.

Domestic industry estimates that last year approximately 71 percent of peaches/nectarines produced in Australia went to fresh domestic consumption. They also estimate that 45 percent of Australian consumers purchased fresh peaches/nectarines, buying an average of 634 grams per shopping trip.

Trade

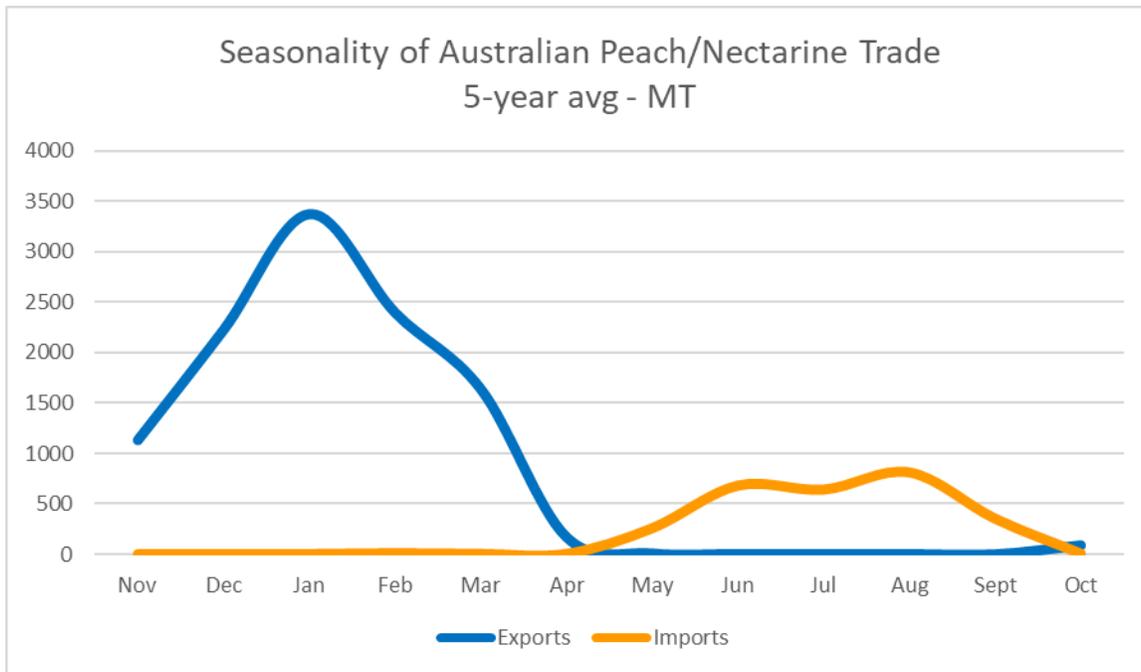
Australia is a net exporter of fresh peaches and nectarines, and exports have grown quickly, doubling in volume in the past five years. Canberra expects peach/nectarine exports to continue to grow, with exports estimated at 17,000 MT in MY 2019/20, as a result of production growth and strong demand from China. MY 2018/19 exports are estimated at 15,500 MT, up over a quarter from the previous year. Nearly all of the expansion in exports for the past three years has been due to larger exports to China, with China being the largest buyer in MY 2018/19, importing 44 percent of total Australian exports. China imports climbed 68 percent by volume last year. In January 2018, new Chinese import protocols allowed peach, apricot and plum imports from Australia for the first time, following the earlier approval of nectarines in the previous year. Formal access for plums and peaches was not granted until mid-season, thus, the industry benefited from a full season of access over 2018/19.

Most of Australia's peach and nectarine exports are yellow-fleshed varieties, although white-fleshed fruit are exported to certain markets, particularly at the beginning and end of the season. Other major importers of Australian peaches and nectarines are Hong Kong, Singapore, and Middle East markets such as Saudi Arabia and United Arab Emirates.



Source: Source: Australian Statistics Bureau

Imports are almost entirely counter-seasonal from the United States and are forecast to remain steady in MY 2019/20 at 2,200 MT.



Source: Australian Statistics Bureau

Peaches & Nectarines, Fresh Market Begin Year	2017/2018		2018/2019		2019/2020	
	Nov 2017		Nov 2018		Nov 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Australia						
Area Planted	1800	1800	1800	1800	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	3700	3700	3700	3700	0	3700
Non-Bearing Trees	250	250	250	250	0	250
Total Trees	3950	3950	3950	3950	0	3950
Commercial Production	92000	92000	94000	94000	0	96000
Non-Comm. Production	0	0	0	0	0	0
Production	92000	92000	94000	94000	0	96000
Imports	3400	2200	3400	2200	0	2200
Total Supply	95400	94200	97400	96200	0	98200
Fresh Dom. Consumption	73000	72000	74000	70700	0	71200
Exports	14000	12200	15000	15500	0	17000
For Processing	8400	10000	8400	10000	0	10000
Withdrawal From Market	0	0	0	0	0	0
Total Distribution	95400	94200	97400	96200	0	98200

(HA) ,(1000 TREES) ,(MT)