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Fresh Deciduous Fruit

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Report Highlights:

Apple production is estimated to have fallen to 310 TMT in CY 2000, a fall of around 7 percent. Post forecasts apple production for CY 2001 at 300 TMT, slightly below estimated production for CY 2000. A smaller crop combined with the poorer keeping quality of fruit has effectively reduced the quantity of fruit suitable for export. Pear production for CY 2000 was estimated to be five percent lower than the previous year at 170 TMT due to slightly lower yields. The 2001 pear crop is forecast to be around five percent larger than the estimated 2000 crop. Post estimates exports of pears to have increased by nearly 40 percent for CY 2000.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Apple production is estimated to have fallen to 310 TMT in CY 2000, a fall of around seven percent. Mixed weather conditions including frost and generally cooler conditions constrained production to average levels. Anecdotal evidence suggests that tree removal (particularly older varieties) could also be responsible for lower production. Heavy rain in some growing regions prior to harvest has reportedly reduced keeping quality, particularly in the older varieties such as Red Delicious. Unlike previous years, industry has not yet estimated deciduous tree fruit production for CY 2000.

Post forecasts production for CY 2001 at 300 TMT, slightly below estimated production for CY 2000. The CY 2001 crop has experienced a below average start with wetter than average conditions toward the end of CY 2000 responsible for outbreaks of disease. Also, climatic conditions at the time of chemical thinning are believed responsible for an above average thinning response which has reportedly reduced yield potential significantly.

A low Australian dollar combined with the recovery of the Asian economy has partially constrained falls in the estimated levels of exports. However, a smaller crop combined with the poorer keeping quality of fruit produced in some regions, has effectively reduced the quantity of fruit suitable for export.

For the period January to October 2000, significant advances were made in markets such as Singapore, Hong Kong and Indonesia. However, significant falls were recorded in the UK, Taiwan and Sri Lanka. Industry sources are concerned that Australian apple exports may be tending away from the more premium high quality markets and toward the lower quality "commodity" markets.

Apples are the second largest fresh produce product at retail. Bananas are the largest, and low banana prices have provided competition for apples in the market place. As a result, the apple industry has engaged an advertising agency to run TV campaigns in an effort to lift consumption. This agency has in the past successfully advertised other agricultural commodities such as milk. The new campaign will run for three years. It will include billboards, bus-backs as well as targeted variety campaigns supported by retailers in a co-operative approach. It has been nine years since the last TV campaign which successfully improved the image of apples lifting domestic sales to A\$23 million.

Pear production for CY 2000 was estimated to be five percent lower than the previous year at 170 TMT due to slightly lower yields.

The 2001 pear crop is forecast to be around five percent larger than the estimated 2000 crop. Widespread rains throughout Victoria toward the end of CY 2000 may have created production problems. Whether or not this has restricted yield potential remains to be seen.

Post estimates exports of pears to have increased by nearly 40 percent for CY 2000. Exports for the first 10 months of CY 2000 totaled 19,895 MT, compared with 13,607 MT for the same period the year before, an increase of around 46 percent. Industry sources however indicate that supplies of pears suitable for export diminished significantly toward the end of CY 2000.

Substantial increases in exports for the January to October 2000 partial year were recorded for Singapore, Malaysia and Indonesia. Exports to Hong Kong however fell substantially for this period.

Fresh Apples

Production

PSD Table						
Country	Australia					
Commodity	Fresh Apples				(HA)(1000 TREES)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	19760	19760	19760	19760	0	19700
Area Harvested	0	0	0	0	0	0
Bearing Trees	6000	6000	6300	6300	0	6000
Non-Bearing Trees	2200	2200	2310	2310	0	2300
Total Trees	8200	8200	8610	8610	0	8300
Commercial Production	309000	334000	330000	310000	0	300000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	309000	334000	330000	310000	0	300000
TOTAL Imports	0	0	1	0	0	0
TOTAL SUPPLY	309000	334000	330001	310000	0	300000
Domestic Fresh Consump	158500	158500	169001	160000	0	150000
Exports, Fresh Only	26000	26402	29000	21000	0	22000
For Processing	124500	149098	132000	129000	0	128000
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	309000	334000	330001	310000	0	300000

General

Apple production is estimated to have fallen to 310 TMT in CY 2000, a fall of around seven percent. Mixed weather conditions including frost and generally cooler conditions constrained production to average levels. Anecdotal evidence suggests that tree removal (particularly older varieties) could also be responsible for lower production. Heavy rain in some growing regions prior to harvest has reportedly reduced keeping quality, particularly in the older varieties such as Red Delicious. Unlike previous years, industry has not yet estimated deciduous tree fruit production for CY 2000.

Post forecasts production for CY 2001 at 300 TMT, slightly below estimated production for CY 2000. The CY 2001 crop has experienced a below average start with wetter than average conditions toward the end of CY 2000 responsible for outbreaks of disease. Also, climatic conditions at the time of chemical thinning are believed responsible for an above average thinning response which has reportedly reduced yield potential significantly.

Growers are continuing to plant new trees, maintaining the trend toward newer apple varieties, which will initially have lower yields, as well as steadily removing older varieties. The newer plantings are mostly at a higher density which in the medium term will increase production per hectare. Popular new varieties include Pink Lady, Lady Williams, Sundowner, Fuji and Gala. Industry sources are concerned that the removal of older trees could exceed the planting of newer varieties and so reduce production capacity.

Apples are produced in all six Australian states with the majority being produced in Victoria and N.S.W.

Yield

Post forecasts average yields in CY 2001 to be slightly below the levels achieved during the previous year. The decrease in yield is due to the heavy rains and subsequent disease outbreaks experienced in some growing regions toward the end of CY 2000.

The yield from newer plantings will increase in the medium term, and thus the overall yield will continue to increase.

Consumption

General

Around half of the Australian apple crop is consumed on the domestic fresh market, with around 40 percent used for processing and less than 10 percent exported.

Australia's fire blight free status was challenged during 1996-97 by the discovery of fire blight on ornamental trees in the botanic gardens in Melbourne and South Australia. This prompted other states to quarantine the movement of apples and apple trees from these states. After further testing these bans were lifted. Further evidence of the disease has so far not been detected.

Prices

Concerns of increasing supplies in CY 1999 forcing prices down were realized. Prices have generally remained flat in the latter half of 1999 and throughout CY 2000. Competition from cheaper alternatives such as bananas has placed further pressure on prices.

Crop Area

The composition of the Australian apple crop area continues to change due to the reduction in plantings of older varieties and a sharp increase in plantings of new varieties. The newer varieties bear earlier and are targeted toward the higher price end of the domestic market and also the export market. There are clear differences between states with Victorian plantings far in excess of removals with an overall trend exists toward newer varieties. In NSW however, anecdotal evidence suggests that removals could be far in excess of plantings. Post forecasts a slight decrease in both planted area and tree numbers for CY 2001.

Western Australian growers have a considerable interest in the Lady Williams variety and its derivatives, Sundowner and Pink Lady. Queensland is unique in its dependence on the ordinary Delicious as a major variety. In New South Wales and Victoria, Red Delicious are very popular, however Victoria is still predominantly the Granny Smith variety. Older varieties in Tasmania are rapidly giving way to the better strains of Red Delicious and Red Fuji. South Australian production is dominated by Red Delicious, Jonathon and Granny Smith with a strong increase in plantings of the newer varieties Fuji and Gala.

Inputs

Australian apple producers are increasing the use of Integrated Pest Management (IPM) Strategies in an attempt to diminish their reliance on chemical input. The Australian Horticultural Corporation (AHC) is using this to build a healthy image of fruit consumption in order to lift demand.

Crop Quality

Apparent consumption of apples in Australia fell from 16.6 kg/head/year in 1989/90 to 12.3 kg/head/year in 1995-96. Consumption is estimated at 14.7kg/capita in 1997/98 and 15.3 kg/capita 1998/99. Industry sources have stated that a lack of availability on the domestic market, exacerbated by poorer quality fruit being sold on the fresh market has contributed to the long term stagnation in apple consumption.

Trade

Export Trade Matrix			
Country	Australia		
Commodity	Fresh Apples		
Time period	Cal Yr	Units:	MT
Exports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Malaysia	8516	Singapore	6595
Singapore	5715	Malaysia	4850
Sri Lanka	2515	Hong Kong	2535
United Kingdom	2179	Indonesia	2490
Taiwan	1823	New Zealand	1032
Hong Kong	980	Canada	751
Papua New Guinea	678	The Netherlands	324
Bangladesh	604	Brunei	244
Indonesia	587	India	174
Colombia	574	New Caledonia	161
Total for Others	24171		19156
Others not Listed	2231		739
Grand Total	26402		19895

Note: Figures for 2000 are for the period January-October.

General

Industry sources believe that the apple and pear market world wide is over supplied. The abundance of apples on export markets together with firm domestic prices has reduced the incentive to export, with exports estimated to have fallen again in CY 2000.

A low Australian dollar combined with the recovery of the Asian economy has partially constrained falls in the estimated levels of exports. However, a smaller crop combined with the poorer keeping quality of fruit produced in some regions, has effectively reduced the quantity of fruit suitable for export.

For the period January to October 2000, significant advances were made in markets such as Singapore, Hong Kong and Indonesia. However, significant falls were recorded in the UK, Taiwan and Sri Lanka. Industry sources are concerned that Australian apple exports may be tending away from the more premium high quality markets and toward the lower quality "commodity" markets.

Despite the economic problems in Asian markets, sales to South East Asian markets again dominated total exports

during 1999. Figures for the first 10 months of 2000 CY indicate that Asian markets make up the top four export destinations.

The Goulburn Valley region in Victoria is currently the only region in Australia to have pre clearance status for export to the US. However, this year AQIS sought “expressions of interest” to assist other regions across Australia gain pre-clearance for export to the US. This process closed in October 1999 and AQIS informed post that Tasmania was the only state to register interest. AQIS has not yet announced the outcome of this process.

Policy

The Government of Australia implemented a new tax system on July 1, 2000. This system replaced a range of taxes, most importantly the wholesale sales tax (WST), with a single Goods and Services Tax (GST) of 10 percent applying to all goods and services with some exemptions.

One of the major product groups to be exempt from the GST is food, including all fresh fruit. Convenience foods such as confectionary that have provided an alternative to fresh fruit in the past are now subject to a 10 percent tax.

Non-tariff Barriers

Fire blight is a major impediment to Australian apple imports. Australia is one of the few apple exporters without this disease and thus is very keen to maintain this status. This status was challenged when fire blight was found on ornamental trees in the botanic gardens in Melbourne and South Australia during the 1996-97 growing season. This prompted other states to quarantine the movement of apples and apple trees from these states. After further testing these bans were lifted. Regular surveys conducted since the initial outbreak are reported to have found no further evidence of the disease.

New Zealand has been persistent in trying to gain access to the Australian fresh apple market. All earlier requests lodged with AQIS have been rejected. One of the main reasons for rejection was a lack of evidence demonstrating that mature fruit did not carry the Fire Blight disease.

In January 1999, New Zealand lodged another access request with AQIS on the basis of "least trade restrictive measure." On October 11, 2000, AQIS issued a draft Import Risk Analysis (IRA) which set out the conditions under which New Zealand apples could be imported. More than 100 responses have been submitted including the US and New Zealand Governments. AQIS has extended the deadline to submit comments on the draft proposal until February 28 2001, and will assess these comments before publishing the final IRA.

Industry has reacted angrily to the draft IRA and has received much attention from the media. Industry has voiced its concern that the import requirements set out in the IRA are too liberal and would subject Australian growers to unacceptable levels of risk. Media reports state that workers' unions are prepared to support blockades of imported apples if necessary.

The process of addressing access requests from the United States will not commence until the New Zealand IRA is completed.

Export Subsidies

There are no subsidies paid by Australia for the export of deciduous tree fruit.

Marketing

General

The two major horticultural organizations in Australia are the Horticultural Research and Development Corporation (HRDC) and the Australian Horticultural Corporation (AHC). The HRDC is responsible for research and development and the AHC is responsible for promotional activities. Both organizations are funded by levies paid by growers and receive pro rata government funding for specific purposes such as research and development to a maximum of 0.5 percent of gross value of production. In 1998/99, the total amount of government funding was A\$15.2 million.

The Australian Federal Government has reviewed the legislation pertaining to these bodies and with industry support has begun merging both organizations into one.

Horticulture Australia Ltd. (HAL) is the new organization that will replace the AHC and HRDC as of January 1, 2000. It will be established under corporations law as a not-for-personal-profit company in accordance with the Memorandum of Understanding (MOU) signed by 26 industry organizations. The focus of the new company will be the continued marketing and promotion of horticultural products in both domestic and export markets as well as to exploit the opportunities for uptake and commercialization of new technology.

Sources indicate that industry is supportive of this initiative as it allows for flexibility between industries.

Competitive Activities

Between April and October 2000, the AHC conducted apple and pear sampling campaigns (in store demonstrations)

covering all the major supermarket chains. The demonstrations covered 310 stores and reached 55,000 consumers in an effort to raise consumer awareness of the different varieties of apples and pears now available. The demonstrations focused on both fresh cuts and recipes for cooking and industry reports positive responses to the campaigns.

Apples are the second largest fresh produce product at retail. Bananas are the largest, and low banana prices have provided competition for apples in the market place. As a result, the apple industry has engaged an advertising agency to run TV campaigns in an effort to lift consumption. This agency has in the past successfully advertised other agricultural commodities such as milk. The new campaign will run for three years. It will include billboards, bus-backs as well as targeted variety campaigns supported by retailers in a co-operative approach. It has been nine years since the last TV campaign which successfully improved the image of apples lifting domestic sales to A\$23 million.

Apple and pear exports continued to receive support through the Australia Fresh program. A new initiative is under way in Malaysia (Retail Support Service) aiming to maximize the shelf space enjoyed by Australian apples and pears while maintaining quality. If successful, the scheme will be expanded to include other markets.

The AHC's major revenue is sourced from grower levies on produce sold. The AHC does not supply funds for export subsidies.

Fresh Pears

Production

PSD Table						
Country	Australia					
Commodity	Fresh Pears					(HA)(1000 TREES)(MT)
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Bearing Trees	1900	1900	1950	1950	0	1950
Non-Bearing Trees	500	500	550	550	0	550
Total Trees	2400	2400	2500	2500	0	2500
Commercial Production	178900	178900	170000	170000	0	180000
Non-Comm. Production	0	0	0	0	0	0
TOTAL Production	178900	178900	170000	170000	0	180000
TOTAL Imports	355	1240	350	1488	0	1500
TOTAL SUPPLY	179255	180140	170350	171488	0	181500
Domestic Fresh Consump	84354	84935	77400	77400	0	75000
Exports, Fresh Only	14000	14304	14000	20000	0	22000
For Processing	80901	80901	78950	74088	0	84500
Withdrawal From Market	0	0	0	0	0	0
TOTAL UTILIZATION	179255	180140	170350	171488	0	181500

General

Pear production for CY 2000 was estimated to be five percent lower than the previous year at 170 TMT due to slightly lower yields.

In recent years tree numbers were reduced in N.S.W. due to the removal of older canning varieties following the closure of the Letona cannery. The loss of traditional variety trees has been more than compensated for by the increase in the number of Nashi pear trees planted and an increase in new higher density plantings of newer pear varieties which bear earlier. Many of these varieties are aimed at the domestic fresh and higher quality export market.

The 2001 pear crop is forecast to be around five percent larger than the estimated 2000 crop. Widespread rains throughout Victoria toward the end of CY 2000 may have created production problems. Whether or not this has restricted yield potential remains to be seen.

Crop Quality

Around 85 percent of Australian pears are grown in Victoria. The varieties of pears grown include Bartlett (around 50 percent), Packham (around 35 percent), with Beurre Bosc, Nashi and Josephine making up the difference.

Cross Commodity Developments

Increased production of Nashi pears will continue to provide extra competition for traditional Australian pear varieties on the domestic fresh fruit market. The majority of Nashi trees are relatively young and still increasing in production. Thus overall production of Nashi pears is reportedly continuing to increase steadily. The Australian Nashi fruit industry has attempted to maintain part of the fruits' premium image, rather than competing directly with traditional pears. Nashi pears now account for around seven percent of pear production.

Utilization Patterns

Around 40 percent of the Australian pear crop is consumed on the domestic fresh market, with around 45 percent being used for processing and the remaining 15 percent being exported.

Consumption**Prices**

Average returns to pear growers are estimated to have been strong during 1999 due to the smaller domestic crop. However post has received mixed reports for pear prices in CY 2000.

Trade

Export Trade Matrix			
Country	Australia		
Commodity	Fresh Pears		
Time period	Cal Yr	Units:	MT
Exports for:	1999		2000
U.S.	0	U.S.	0
Others		Others	
Singapore	4184	Singapore	6595
Hong Kong	3161	Malaysia	4850
Malaysia	2561	Hong Kong	2535
New Zealand	1350	Indonesia	2490
Indonesia	1198	New Zealand	1032
Canada	399	Canada	751
Brunei	253	The Netherlands	324
Fiji	187	Brunei	244
Taiwan	153	India	174
UAE	131	New Caledonia	161
Total for Others	13577		19156
Others not Listed	727		739
Grand Total	14304		19895

Note: Figures for 2000 are for the period January-October.

Import Trade Matrix			
Country	Australia		
Commodity	Fresh Pears		
Time period	Cal Yr	Units:	MT
Imports for:	1999		2000
U.S.	0	U.S.	2
Others		Others	
China	1117	China	316
Singapore	108	Singapore	91
Rep. of Korea	15	Rep. of Korea	6
Total for Others	1240		413
Others not Listed	1		0
Grand Total	1241		415

Note: Figures for 2000 are for the period January-October.

General

Post estimates exports of pears to have increased by nearly 40 percent for CY 2000. Exports for the first 10 months of CY 2000 totaled 19,895 MT, compared with 13,607 MT for the same period the year before, an increase of around 46 percent. Industry sources however indicate that supplies of pears suitable for export diminished significantly toward the end of CY 2000.

Substantial increases in exports for the January to October 2000 partial year were recorded for Singapore, Malaysia and Indonesia. Exports to Hong Kong however fell substantially for this period.

Marketing

General

The AHC continues to work with horticultural industries to improve quality management throughout the production chain. This includes the introduction of the Australian Horticulture Quality Certification Scheme (AHQCS), a quality certification scheme which provides formal recognition of businesses with quality management systems conforming to the requirements of an internationally accepted quality systems standard. Some apple and pear packing sheds have achieved this level and a number of others are progressing to this level. This scheme is designed to achieve a consistent, more acceptable product that also meets the criteria of the larger retailers. This is particularly important in the export pear industry.

Competitive Activities

During the 2000 season the AHC has continued to target markets that are considered to be economically sound in Asia and Europe.

The AHC has used the "Australia Fresh" scheme as an integral part of export promotion in Asian markets. Australia Fresh is an umbrella brand and promotional support program with the sole aim of creating a preference for Australian fruit and vegetables in export markets (see Apples, Competitive Activities).

Policy

General

Fire blight is the major impediment to U.S. pear exports to the Australian market. For further information see the Commodity Outlook, Policy, section for fresh apples.

Export Subsidies

The GOA discontinued the Apple and Pear underwriting scheme in 1990. This decision came after the GOA accepted the findings and recommendations of the Industry Commission report on Apples and Pears.