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Australia

Stone Fruit

Annual

2008

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Report Highlights:
Stone fruit production is expected to increase modestly, the result of a return to more normal seasonal conditions following Australia's long-running drought. Exports are expected to follow suit. Biosecurity Australia has announced commencement of a standard IRA for U.S. stone fruit.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Canberra [AS1]
[AS]

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Executive Summary

The Australian stone fruit harvest typically runs from December to April with the bulk of harvest occurring in February and March. The forecast period for this report begins in January 2007 and runs to (and includes) the year beginning January 2009. For the purpose of writing this report, all fruit harvested in the lead-up to the commencement of the marketing year will be included in the following marketing year i.e., fruit harvested in December 2007 will be included in the year beginning January 2008.

National production forecasts do not exist for cherries, peaches or plums. The Australian Bureau of Statistics publishes production data for these commodities retrospectively. Projections by Post are formulated using official back data, which is adjusted according to the latest production trends.

Australian stone fruit production has suffered from declining production levels in recent years. Persistent drought conditions have seen both a decline in new plantings and the removal of older fruit trees. Post anticipates Australian stone fruit production to increase modestly over the forecast period due to lower levels of new plantings coming into production.

Market access for exported stone fruit is a major focus for the Australian stone fruit industry. The loss of Taiwan as an export market (for all states except Tasmania and South Australia) in January 2006 cast a shadow over both production and exports of peaches, nectarines and plums. Post has assumed that these exports will not resume during the forecast period. A resumption of exports to this market would likely result in an upward revision of projected exports. Market access for Australian cherries to the U.S. would improve the export outlook for that commodity.

The strong Australian dollar has constrained exports and provided a boost for imports. The effect of this has been particularly-well demonstrated by shifts in import and export volumes of cherries.

For the purpose of this report, Post has assumed normal weather for the remainder of CY 2008 and up to the 2009 harvest. This assumption allows for smaller isolated weather events such as hail, frost and drought. More extreme and widespread events, should they occur, would result in downward revisions to estimates.

Peaches

Production

Australian peach and nectarine production is projected at 110,000 MT in CY 2008, up slightly from the previous year estimate. This small increase is expected to be driven by an improvement in water availability and climatic conditions following the long-running drought. However, lower levels of new plantings in recent years are expected to constrain production over the foreseeable future.

Industry sources indicate that the peach industry is not attracting sufficient investment to expand significantly. Irrigation water supplies and general price relativities will need to improve for new tree plantings to significantly lift production capacity.

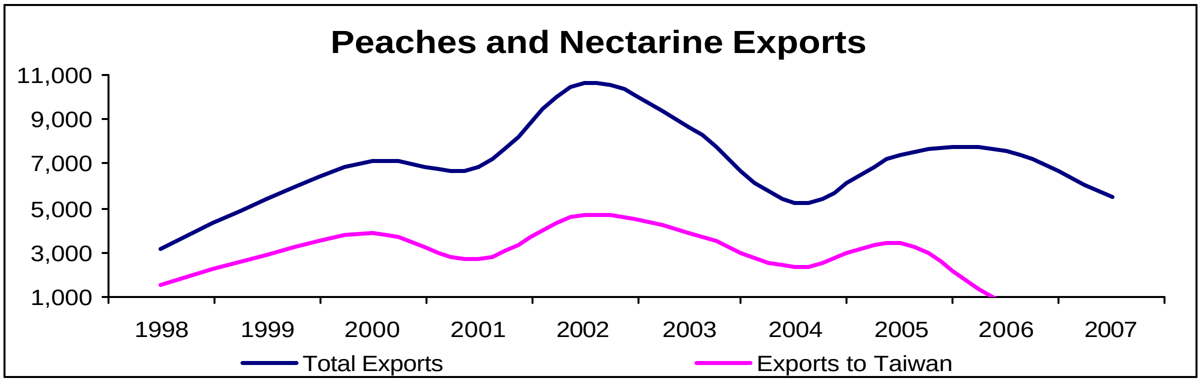
The vast majority of production dedicated to processing is peaches; very few nectarines delivered for processing. Nectarines are typically considered to be a high value stone fruit for fresh consumption, while peach production includes particular varieties suited to, and commonly dedicated to, canning.

Exports

Australian peach and nectarine exports for CY 2008 are forecast at 5,500 MT, up from the previous year but well below levels reached in recent times. The cessation of exports to Taiwan (with exception to the states of Tasmania and South Australia) has greatly constrained peach and nectarine exports for the foreseeable future.

Post has forecast exports on the assumption that Australia does not gain re-entry into the Taiwanese stone fruit market during the forecast period and that other stone fruit export markets continue to grow.

Industry sources report that white nectarines, which were previously exported to Taiwan, are now sold domestically and this has done much to reduce stone fruit prices generally.



Source: WTA data

Plums

Production

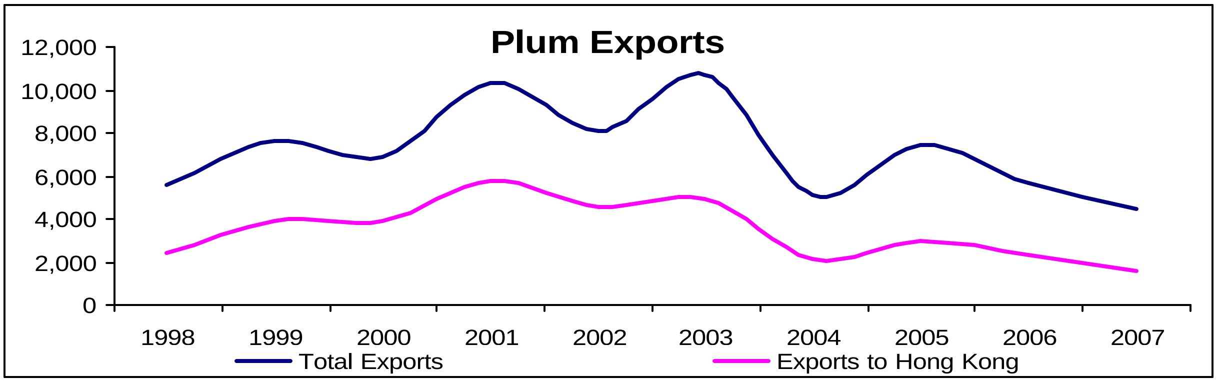
Australian plum production (including fresh prunes) for CY 2009 is projected at 35,000 MT, up modestly from the revised estimate for the previous year. The projected increase would likely be driven by a return to more normal weather conditions. However, over the longer term, the limited export markets will likely constrain new plantings and see production constrained for the foreseeable future.

Drought conditions experienced in CY 2007 are expected to be replaced by a return to more normal weather conditions in CY 2008. Should drought conditions persist, production estimates would likely be revised downward.

Exports

Exports are forecast to grow modestly reaching 4,950 MT in CY 2008, in line with increased production. Despite this growth, the projected level remains well below the export level of 10,718 MT achieved in CY 2003.

Australia's largest export market for plums has been Hong Kong, with the vast majority of this trade destined for China. In CY 2001 exports to Taiwan peaked at 5,751 MT, however the introduction of more stringent controls saw this figure fall sharply in CY 2004, effectively diminishing total exports. The loss of Taiwan as an export market in January 2006 further reduced exports of plums from Australia.



Source: WTA data

CHERRIES

Production

Australian cherry production in CY 2009 is projected to reach 11,500 MT. This increase is likely to be driven by a return to more normal weather conditions. Post advises that these conditions would include some negative weather conditions such as isolated hail or frost events, which typically affect production each year. Widespread frost or hail would see this number revised downwards.

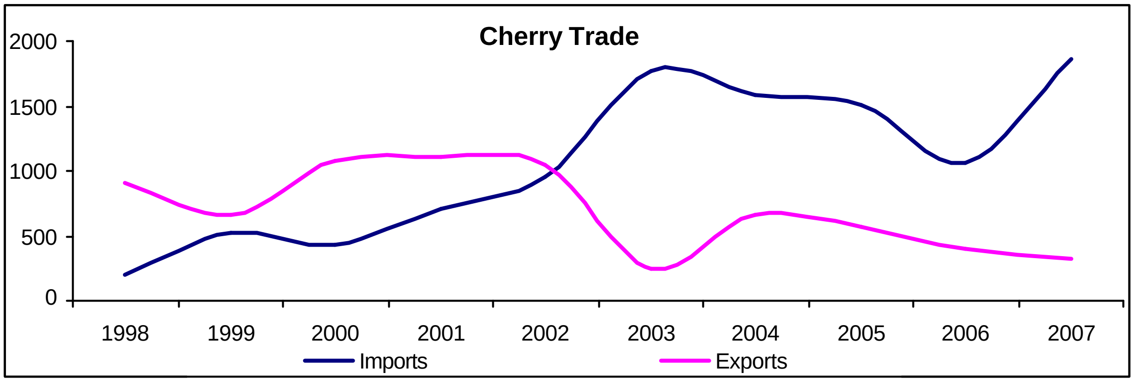
Post advises that the productive potential of the Australian cherry crop is in excess of 13,000 MT. However, this level of production would require nearly perfect weather conditions.

There appears to be a slightly more buoyant outlook for cherry production in Australia than in other stone fruit industries. Anecdotal evidence suggests that despite higher production costs associated with cherry production, estimated higher returns and continual new plantings continue to build productive capacity, albeit slowly.

Exports

Cherry exports are projected to reach 1,600 MT in CY 2008. Exports are expected to grow steadily during the forecast period due to increased production improving the availability of cherries for export. Exports are expected to be somewhat constrained by the increased value of the Australia dollar.

Industry sources are interested in access to the U.S. market.



Source: WTA data

Imports

Imports of cherries into Australia are projected to reach 2,100 MT in CY 2009, reflecting the current trend of strong growth. The overwhelming majority of imported cherries in Australia are produced in the USA. California cherries are commonly imported from mid-May to late June while Northwest cherries are commonly imported from mid-June to mid-August. Cherry imports have also been boosted by an historically high Australia dollar.

POLICY

Exports

The loss of the Taiwanese market in 2006 continues to constrain exports of stone fruit. Despite ongoing efforts to re-establish this market, industry sources are not confident that it will happen soon. Australian exports of stone fruit to this destination have historically been valued at A$15 million and the closure of this market has caused concern among growers in affected states.

As the situation stands now, only Tasmania and South Australia, which are recognized by Taiwan as free of Queensland fruit fly, have access to Taiwan following the expiration of the export protocol.

Imports

Biosecurity Australia recently announced the commencement of the Import Risk Analysis (IRA) for imported stone fruit (peaches, nectarines, plums and apricots) from the USA. A draft IRA report will be circulated to stakeholders on the April 30, 2008. This IRA had previously been announced as a review of existing biosecurity policy but will now be completed under the new regulated IRA process as a standard IRA.

Biosecurity Australia, in making this announcement, also acknowledged that work had already commenced in the areas of pest categorization, risk assessment and mitigation measures.

Achieving market access for U.S. stone fruit into the Australian market remains a top priority for the U.S.

SECTION TWO: STATISTICAL TABLES

PSD Table Fresh Peaches & Nectarines										
	2007	Revised		2008	Estimate		2009	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009	MM/YYYY
Area Planted	0	1975	1975	0	1975	1965	0	0	1955	(HA)
Area Harvested	0	0	0	0	0	0	0	0	0	(HA)
Bearing Trees	0	2650	2650	0	2650	2550	0	0	2450	(1000 TREES)
Non-Bearing Trees	0	350	350	0	350	350	0	0	350	(1000 TREES)
Total Trees	0	3000	3000	0	3000	2900	0	0	2800	(1000 TREES)
Commercial Production	0	110000	110000	0	110000	105000	0	0	110000	(MT)
Non-Comm. Production	0	0	0	0	0	0	0	0	0	(MT)
Production	0	110000	110000	0	110000	105000	0	0	110000	(MT)
Imports	0	0	0	0	0	0	0	0	0	(MT)
Total Supply	0	110000	110000	0	110000	105000	0	0	110000	(MT)
Fresh Dom. Consumption	0	50000	50000	0	50000	50000	0	0	52500	(MT)
Exports, Fresh	0	7000	5471	0	7000	4500	0	0	5500	(MT)
For Processing	0	53000	54529	0	53000	50500	0	0	52000	(MT)
Withdrawal From Market	0	0	0	0	0	0	0	0	0	(MT)
Total Distribution	0	110000	110000	0	110000	105000	0	0	110000	(MT)

PSD Table

Fresh Plums & Prunes

	2007	Revised		2008	Estimate		2009	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009	MM/YYYY
Area Planted	0	1235	1235	0	1235	1235	0	0	1100	(HA)
Area Harvested	0	1200	1200	0	1200	1200	0	0	1200	(HA)
Bearing Trees	0	1550	1550	0	1550	1550	0	0	1500	(1000 TREES)
Non-Bearing Trees	0	1700	1200	0	1700	1700	0	0	1500	(1000 TREES)
Total Trees	0	3250	2750	0	3250	3250	0	0	3000	(1000 TREES)
Commercial Production	0	34000	32000	0	34000	32000	0	0	35000	(MT)
Non-Comm. Production	0	0	0	0	0	0	0	0	0	(MT)
Production	0	34000	32000	0	34000	32000	0	0	35000	(MT)
Imports	0	0	0	0	0	0	0	0	0	(MT)
Total Supply	0	34000	32000	0	34000	32000	0	0	35000	(MT)
Fresh Dom. Consumption	0	22550	22530	0	22500	22500	0	0	24550	(MT)
Exports, Fresh	0	6450	4470	0	6500	4500	0	0	4950	(MT)
For Processing	0	5000	5000	0	5000	5000	0	0	5500	(MT)
Withdrawal From Market	0	0	0	0	0	0	0	0	0	(MT)
Total Distribution	0	34000	32000	0	34000	32000	0	0	35000	(MT)

PSD Table

Fresh Cherries,(Sweet&Sour)

	2007	Revised		2008	Estimate		2009	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		01/2007	01/2007		01/2008	01/2008		01/2009	01/2009	MM/YYYY
Area Planted	0	1140	1140	0	1190	1190	0	0	1100	(HA)
Area Harvested	0	999	800	0	1050	950	0	0	1050	(HA)
Bearing Trees	0	2000	2000	0	2200	2100	0	0	2200	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	0	0	0	(1000 TREES)
Total Trees	0	2000	2000	0	2200	10000	0	0	2200	(1000 TREES)
Commercial Production	0	12500	9500	0	13000	10000	0	0	11500	(MT)
Non-Comm. Production	0	0	0	0	0	0	0	0	0	(MT)
Production	0	12500	9500	0	13000	10000	0	0	11500	(MT)
Imports	0	1250	1859	0	1450	2000	0	0	2100	(MT)
Total Supply	0	13750	11359	0	14450	12000	0	0	13600	(MT)
Fresh Dom. Consumption	0	12500	10124	0	13000	10550	0	0	12000	(MT)
Exports, Fresh	0	1250	1235	0	1450	1450	0	0	1600	(MT)
For Processing	0	0	0	0	0	0	0	0	0	(MT)
Withdrawal From Market	0	0	0	0	0	0	0	0	0	(MT)
Total Distribution	0	13750	11359	0	14450	12000	0	0	13600	(MT)

Recent Reports from FAS/Canberra

The reports listed below can all be downloaded from the FAS website at: http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp.

Report Number	Title of Report	Date
AS8016	Pork Safeguard: PC Final Report	04/04/08
AS8015	Sugar Annual	03/28/08
AS8014	Grain & Feed Annual	03/28/08
AS8012	Livestock Semi-Annual	03/20/08
AS8011	Commencement of IRA for U.S. Apples Announced	03/19/08
AS8010	Wheat Industry Export Group Discussion Paper Released	03/18/08
AS8009	Call for Comments on Quarantine & Biosecurity Review	03/17/08
AS8008	Commencement of IRA for Stone Fruit Announced	03/14/08
AS8006	Draft Wheat Export Marketing Bill Released	03/06/08
AS8005	Wine Annual	02/26/08
AS8004	Government Announces Review of Australia's Quarantine &	02/21/08

	Biosecurity Processes	
AS8002	Productivity Commission Invites Further Submissions to Pork Safeguards Inquiry	01/23/08
AS8001	Impact of Grain Prices on GOA Policy	01/11/08
AS7076	Productivity Commission Release Accelerated Report into Pigmeat Safeguards	12/21/07
AS7075	Bulk Wheat Export Applications	12/13/07
AS7074	Potato Report	12/11/07
AS7072	Ag Down Under Vol. 14	12/06/07
AS7071	GM Moratoria to be Lifted in Two States	11/29/07
AS7070	Cotton Quarterly Update	11/29/07
AS7069	Ag Down Under Vol. 13	11/26/07
AS7068	Fresh Deciduous Fruit Report	11/21/07
AS7067	Retail Sector Report	11/08/07
AS7066	Citrus Annual	11/07/07