



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - Public distribution

**Date:** 11/21/2008

**GAIN Report Number:** AS8055

## Australia

## Fresh Deciduous Fruit

## Annual

## 2008

**Approved by:**

Grant Pettrie, Agricultural Counselor  
U.S. Embassy

**Prepared by:**

Mike Darby, Agricultural Specialist

---

**Report Highlights:**

Despite recent widespread rainfall, much of Australia's apple and pear production remains under drought conditions. Poor soil moisture and a lack of irrigation water are expected to persist into the CY 2009 season and are expected to constrain production during this period. Apple production for CY 2009 is forecast at 290,000 MT. Exports of apples for the CY 2009 season are forecast at 5,000 MT. Pear production for CY 2009 is forecast at 135,000 MT, down significantly on the 150,000 M Total pear exports for CY 2009 are forecast at 3,000 MT.

---

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

**Table of Contents**

<b>SECTION ONE: SITUATION AND OUTLOOK.....</b>	<b>3</b>
Summary .....	3
<b>SECTION TWO: STATISTICAL TABLES .....</b>	<b>4</b>
<b>SECTION THREE: NARRATIVE ON SUPPLY AND DEMAND, POLICY &amp; MARKETING ...</b>	<b>6</b>
Apples .....	6
Production.....	6
Exports.....	6
Policy .....	7
Pears .....	8
Production.....	8
Exports.....	8
Imports .....	8

**SECTION ONE: SITUATION AND OUTLOOK****Summary**

Despite recent widespread rainfall, much of Australia's apple and pear production remains under drought conditions. The Goulburn Valley, which accounts for around 25 percent of apple production and around 85 percent of pear production, is currently experiencing the worst of these conditions.

Poor soil moisture and a lack of irrigation water are expected to persist into the CY 2009 season and are expected to constrain production during this period. Prolonged and severe drought, which began in 2002/03, has seen reserves of irrigation water dwindle to record low levels. Industry sources believe that some public water storage facilities may take over a decade to fully recharge.

Post forecasts apple production at the same level as the previous year. Pear production however, is expected to fall below the previous year.

Exports for both apples and pears have diminished markedly over the past decade with industry sources suggesting higher production costs and drought are likely responsible for lower volumes. In 2007/08, historically high local currency values also constrained exports. The recent sharp devaluation of the Australian dollar, and its return to a value more reflective of the ten-year-average, is expected to boost exports of apples and constrain a further drop in pear exports.

Post has revised production and export figures for 2007/08 and 2006/07 in line with industry and government data. Figures relating to apples used for processing have been revised downwards sharply in line with recently available official ABS data. Post advises that this data has not been previously used in writing this report, hence the large one-off revision.

## SECTION TWO: STATISTICAL TABLES

PSD Table										
Apples, Fresh										
	2006	Revised		2007	Estimate		2008	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	20,000	20,000	20,000	20,000	20,000	20,000	0	20,000	20,000	(HA)
Area Harvested	0	0	0	0	0	0	0	0	0	(HA)
Bearing Trees	8,900	8,900	8,800	8,950	8,950	8,650	0	8,950	8,600	(1000 TREES)
Non-Bearing Trees	1,300	1,300	1,100	1,350	1,350	1,150	0	1,350	1,100	(1000 TREES)
Total Trees	10,200	10,200	9,900	10,300	10,300	9,800	0	10,300	9,700	(1000 TREES)
Commercial Production	265,000	265,000	270,000	275,000	275,000	290,000	0	275,000	290,000	(MT)
Non-Comm. Production	0	0	0	0	0	0	0	0	0	(MT)
Production	265,000	265,000	270,000	275,000	275,000	290,000	0	275,000	290,000	(MT)
Imports	0	0	0	0	0	0	0	0	0	(MT)
Total Supply	265,000	265,000	270,000	275,000	275,000	290,000	0	275,000	290,000	(MT)
Fresh Dom. Consumption	135,000	135,000	222,844	145,000	145,000	244,500	0	145,000	244,500	(MT)
Exports, Fresh	6,150	6,150	4,656	6,500	6,500	4,000	0	6,500	5,000	(MT)
For Processing	123,850	123,850	42,500	123,500	123,500	41,500	0	123,500	40,500	(MT)
Withdrawal From Market	0	0		0	0		0	0	0	(MT)
Total Distribution	265,000	265,000	270,000	275,000	275,000	290,000	0	275,000	290,000	(MT)

# PSD Table

## Pears, Fresh

	2006	Revised		2007	Estimate		2008	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	6,800	6,800	6,800	6,775	6,775	6,700	0	6,775	6,650	(HA)
Area Harvested	1,050	1,050	1,100	1,050	1,050	1,000	0	1,050	1,000	(HA)
Bearing Trees	1,700	1,700	1,800	1,700	1,700	1,600	0	1,700	1,550	(1000 TREES)
Non-Bearing Trees	250	250	200	250	250	200	0	250	150	(1000 TREES)
Total Trees	1,950	1,950	2,000	1,950	1,950	1,800	0	1,950	1,700	(1000 TREES)
Commercial Production	145,000	145,000	145,000	150,000	150,000	150,000	0	150,000	135,000	(MT)
Non-Comm. Production	0	0	0	0	0	0	0	0	0	(MT)
Production	145,000	145,000	145,000	150,000	150,000	150,000	0	150,000	135,000	(MT)
Imports	3,900	3,900	3,368	4,400	4,400	3,717	0	4,400	3,500	(MT)
Total Supply	148,900	148,900	148,368	154,400	154,400	153,717	0	154,400	138,500	(MT)
Fresh Dom. Consumption	85,500	85,500	96,933	92,150	92,150	102,017	0	92,150	87,300	(MT)
Exports, Fresh	5,900	5,900	3,235	6,750	6,750	3,500	0	6,750	3,000	(MT)
For Processing	57,500	57,500	48,200	55,500	55,500	48,200	0	55,500	48,200	(MT)
Withdrawal From Market	0	0		0	0	0	0	0	0	(MT)
Total Distribution	148,900	148,900	148,368	154,400	154,400	153,717	0	154,400	138,500	(MT)

### SECTION THREE: NARRATIVE ON SUPPLY AND DEMAND, POLICY & MARKETING

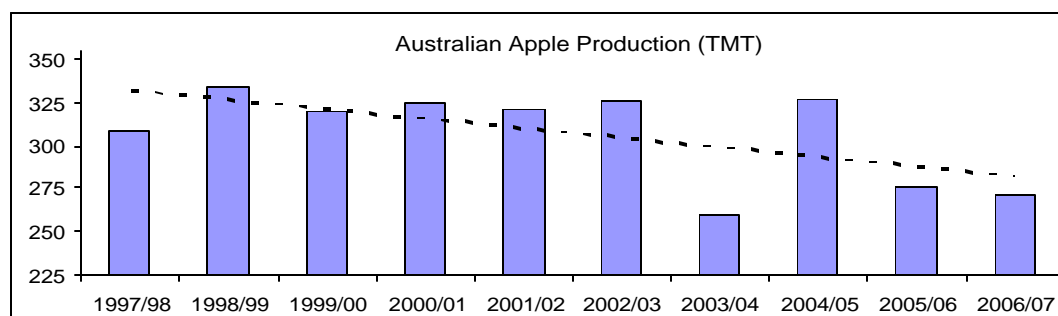
#### Apples

##### Production

Apple production for CY 2009 is forecast at 290,000 MT, unchanged from the revised figure for the previous year. Continued shortages of irrigation water, despite assumed average weather conditions, are likely to constrain production to similar levels to the previous year. A crop of this size would be considered “below average” size according to historic data however industry sources believe that this will be a big crop considering the difficult production conditions.

At time of writing this report, industry sources advise that the apple crop has just finished flowering and the “thinning” process is also complete. Harvest is expected to begin in January and run until May.

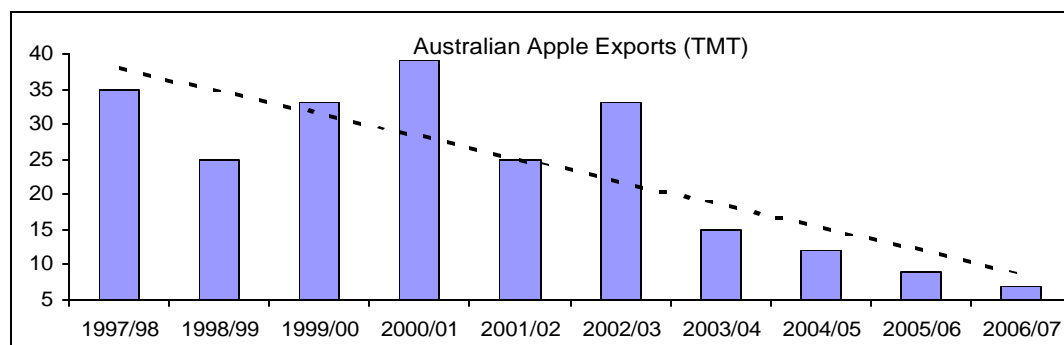
Despite the severity of the current drought, there remains scope for increases in production for CY 2009. Apple production, unlike the more centralized pear industry, occurs in a greater variety of geographic locations and is much less prone to the acute water shortage in the Goulburn valley.



Source: ABARE/DAFF

##### Exports

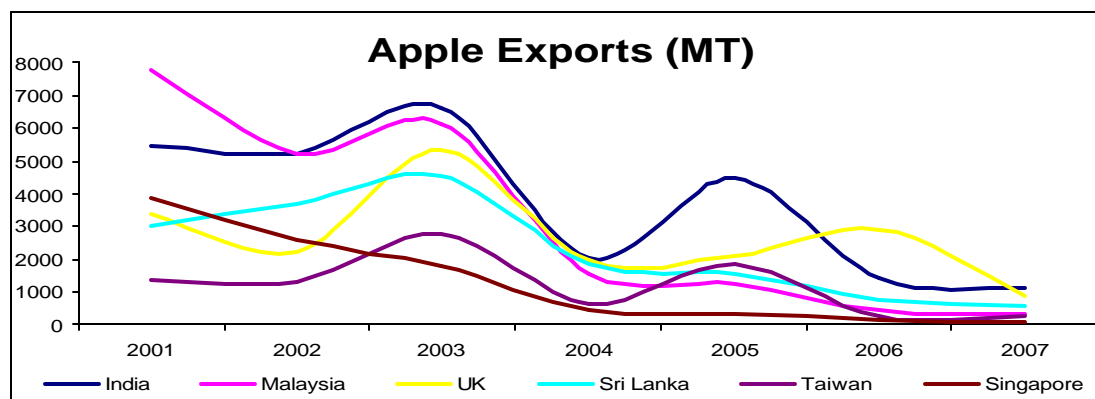
Exports of apples for the CY 2009 season are forecast at 5,000 MT, up on the revised estimate for the previous year. This increase is forecast despite the expectation that production will remain unchanged. This level of exports, if achieved, would be consider historically low and industry sources believe are reflective of Australia’s current high cost structure and lack of competitiveness of foreign markets.



Source: ABARE/DAFF

Recently, a sharp decrease in the value of the Australian dollar is expected to provide some respite for exporters who have suffered from historically high local currency values during the CY 2008 season. Post has revised the estimate for exports in CY 2008 downwards to 4,000 MT.

Long running and severe drought since CY 2002 combined with high currency values more recently have constrained exports to historically low levels. Industry sources remain concerned that Australia may no longer be seen as a reliable exporter of deciduous fruit and that this perception may hamper export efforts into the future.



Source: World Trade Atlas

## Policy

Biosecurity Australia in March 2007 released the final Import Risk Analysis Report (IRA) for Apples from New Zealand. The report recommends permitting the importation of apples from New Zealand to Australia (except for Western Australia), subject to the following stringent quarantine risk management conditions:

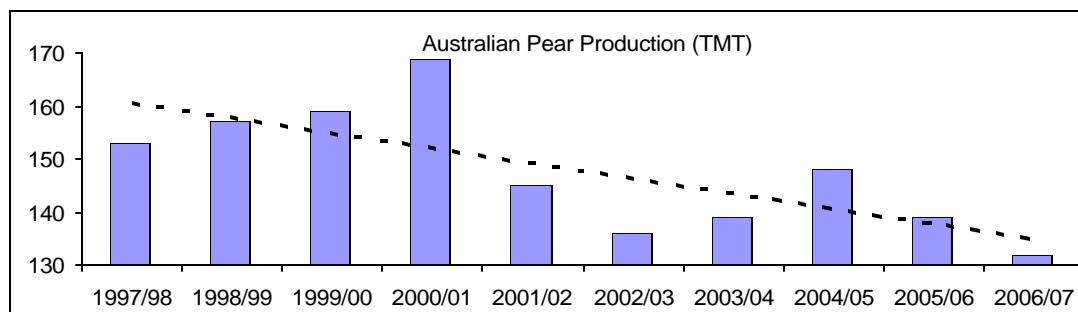
- mandatory pre-clearance and auditing arrangements in New Zealand involving Australian Quarantine and Inspection Service (AQIS) officers
- freedom from fire blight symptoms - inspection of orchards for any visible fire blight symptoms
- use of disinfection treatment (e.g. chlorine) in packing houses to prevent contamination of apples with fire blight bacteria
- freedom from European canker disease - inspection of orchards during autumn or winter after leaf fall
- freedom from apple leaf curling midge - inspection in New Zealand of a random sample of 3,000 fruit in each export lot
- inspection for all other quarantine pests, with remedial action.

In January 2008, a WTO dispute settlement body was established at New Zealand's request. The first written submission was received in June and Australia has reiterated its position that its measures are WTO compliant. The WTO dispute body is to consult with independent experts before receiving a rebuttal submission from Australia in February 2009.

## Pears

### Production

Pear production for CY 2009 is forecast at 135,000 MT, down significantly on the 150,000 MT estimated for the previous year. Severe drought conditions in the Goulburn Valley, where the majority of the industry is located is expected to see production constrained to historically low levels.

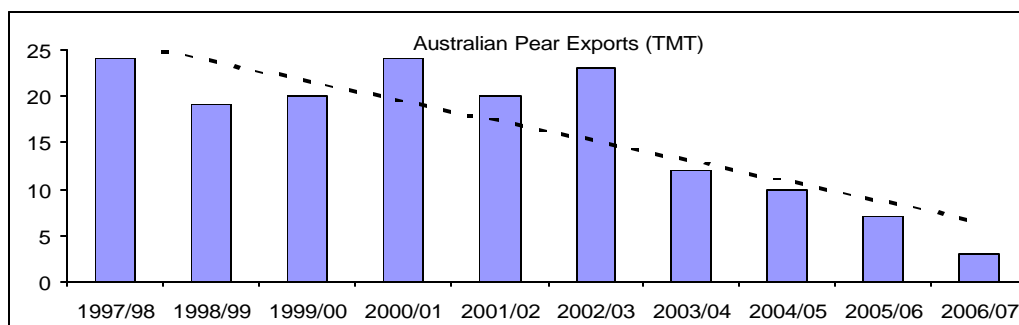


Severe shortages of irrigation water combined with generally poor profitability have seen tree numbers continue to decline which, industry sources believe, has placed the industry under long term decline. Recent consultations with irrigation industry representatives have revealed that the replenishing of irrigation water reserves will require consecutive years of above average rainfall in order that it be achieved in the foreseeable future.

Post expects pear production to remain at relatively low levels for the foreseeable future.

### Exports

Total pear exports for CY 2009 are forecast at 3,000 MT, down on the revised estimate for the previous year. Historically low production is expected to see exports remain at low levels despite recent improvements in exchange rates.



### Imports

Total pear imports for CY 2009 are forecast at 3,500 MT, down slightly on the previous year. Despite lower domestic production, generally lower currency values are expected to see imports levels constrained somewhat.