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Australia

Fresh Deciduous Fruit

Annual

2006

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Report Highlights:

Both apple and pear production in CY 2007 are forecast to fall by about 20 percent due to the exceptionally poor seasonal conditions experienced in the lead up to the 2007 season. Current estimates represent the lowest level of production for over a decade.

Includes PSD Changes: Yes
Includes Trade Matrix: No
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SECTION ONE: SITUATION AND OUTLOOK**Summary**

At the time of writing this report, Australia is gripped by what has been called its worst drought in 100 years. Soil moisture levels are critically low and supplies of irrigation water have been slashed. In addition, severe frosts in October/November 2006 adversely affected both apple and pear crops during flowering and early fruit set. As a result, deciduous tree fruit production potential for 2007 is significantly reduced.

Both apple and pear production in CY 2007 are forecast to fall by about 20 percent due to the exceptionally poor seasonal conditions experienced in the lead up to the 2007 season. Current estimates represent the lowest level of production for over a decade.

Exports of apples and pears are also forecast to decline by about 20 percent due to the reduced domestic availability.

On November 30, 2006, Biosecurity Australia released the final Import Risk Analysis Report (IRA) for apples from New Zealand. Access for U.S. apples will be addressed through a modification of Australia's import policy for New Zealand apples. Stakeholders have until January 12, 2007 to appeal to the Import Risk Analysis Appeals Panel.

The long-term outlook for Australian deciduous fruit production remains buoyant, despite current production constraints. Recent media reports have reflected strong expectations of growth once drought conditions abate.

SECTION TWO: STATISTICAL TABLES

PSD Table Apples, Fresh										
	2004	Revised		2005	Estimate		2006	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		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Area Planted	20500	20000	20500	20000	0	20000	0	0	20000	(HA)
Area Harvested	0	0	0	0	0	0	0	0	0	(HA)
Bearing Trees	9383	8420	9383	9450	0	9450	0	0	9450	(1000 TREES)
Non-Bearing Trees	1617	1840	1617	1600	0	1650	0	0	1650	(1000 TREES)
Total Trees	11000	10260	11000	11050	0	11100	0	0	11100	(1000 TREES)
Commercial Production	330200	300000	327000	285000	0	255000	0	0	205000	(MT)
Non-Comm. Production	0	0	0	0	0	0	0	0	0	(MT)
Production	330200	300000	327000	285000	0	255000	0	0	205000	(MT)
Imports	0	0	0	0	0	0	0	0	0	(MT)
Total Supply	330200	300000	327000	285000	0	255000	0	0	205000	(MT)
Fresh Dom. Consumption	150000	120000	150000	120000	0	131500	0	0	105000	(MT)
Exports, Fresh	13230	30000	13496	12000	0	8500	0	0	7000	(MT)
For Processing	166970	150000	163504	153000	0	115000	0	0	93000	(MT)
Withdrawal From Market	0	0	0	0	0	0	0	0	0	(MT)
Total Distribution	330200	300000	327000	285000	0	255000	0	0	205000	(MT)

<div>PSD Table</div> <div>Pears, Fresh</div>										
	2004	Revised		2005	Estimate		2006	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		01/2005	01/2005		01/2006	01/2006		01/2007	01/2007	MM/YYYY
Area Planted	6875	6875	6875	6850	0	6850	0	0	6825	(HA)
Area Harvested	1060	1060	1060	1055	0	1055	0	0	1050	(HA)
Bearing Trees	1732	1627	1808	1750	0	1808	0	0	1808	(1000 TREES)
Non-Bearing Trees	322	298	322	320	0	322	0	0	322	(1000 TREES)
Total Trees	2054	1925	2130	2070	0	2130	0	0	2130	(1000 TREES)
Commercial Production	150000	150000	146000	145000	0	151000	0	0	120000	(MT)
Non-Comm. Production	0	0	0	0	0	0	0	0	0	(MT)
Production	150000	150000	146000	145000	0	151000	0	0	120000	(MT)
Imports	2622	3000	4279	3000	0	4000	0	0	4800	(MT)
Total Supply	152622	153000	150279	148000	0	155000	0	0	124800	(MT)
Fresh Dom. Consumption	80000	80000	80000	80000	0	80000	0	0	64800	(MT)
Exports, Fresh	9403	15000	9228	9200	0	7000	0	0	5600	(MT)
For Processing	63219	58000	61051	58800	0	68000	0	0	54400	(MT)
Withdrawal From Market	0	0	0	0	0	0	0	0	0	(MT)
Total Distribution	152622	153000	150279	148000	0	155000	0	0	124800	(MT)

SECTION THREE: NARRATIVE ON SUPPLY AND DEMAND, POLICY & MARKETING**Apples****Production**

Production of apples in CY 2007 is forecast at 205,000 MT, down 20 percent from the previous year level and the lowest level of production in over a decade. Industry sources report that drought conditions and frosts have significantly lowered production prospects for CY 2007. (For further information see GAIN Reports #AS6065 and #AS6069)

Post's forecast assumes average rainfall for CY 2007.

Exports

Apple exports for CY 2007 are forecast at 7,000 MT, the lowest level in over a decade and the result of reduced availability of apples suitable for export.

Post has revised the export figure for CY 2006 downwards to 8,500 MT. Year-to-date export data (Jan-Oct) shows a sharp reduction for CY 2006. Industry sources attribute the reduction to lower export demand and domestic supply.

The United Kingdom and India remain Australia's two largest markets despite the sharp fall in exports. Industry sources remain uncertain about the future of Australian apple exports to Asia. However, other markets are showing a notable shift in importance. Year-to-date figures (Jan-Oct) show combined exports to Sri Lanka and Malaysia, previously Australia's third and fourth largest markets, have fallen by two thirds between 2004 and 2006. Indonesia and some smaller Pacific markets have shown significant growth over the past decade.

Varieties

A handful of varieties currently dominate Australian apple production according to a report recently published by industry groups. Pink Lady (22 percent), Gala (18 percent) and Red Delicious (14 percent) account for over half of Australia's apple production. Pink Lady and Gala account for nearly half of all new plantings while the older Granny Smith varieties account for just under 20 percent. Red Delicious accounts for the majority of exports, primarily from Tasmania.

Policy

Biosecurity Australia has 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, consistent with Australia's conservative approach to quarantine:

- 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.

Stakeholders have until January 12, 2007 to lodge an appeal in response to the final IRA Report. The full IRA Report and the Eminent Scientists Group report to the Director of Quarantine in response to its review are available on the Biosecurity Australia website – www.biosecurityaustralia.gov.au. (For further information see GAIN report AS6078).

Pears

Production

Australian pear production for CY 2007 is forecast at 120,000 MT, down sharply from the previous year. Industry sources suggest that climatic conditions have reduced the productive potential of the 2007 pear crop by about 20 percent from last year's revised level. Drought, frosts and some isolated hails events have diminished anticipated pear yields.

According to industry sources, pear production is likely to be hit particularly hard by reductions in irrigation water availability, as a large percentage of Australia's pears are reliant on irrigation water.

Exports

Australian pear exports for CY 2007 are forecast at 5,600 MT, down sharply from the 7,000 MT recorded for the previous year. Reduced availability of pears suitable for export will likely see exports fall in CY 2007.

Year-to-date data suggests a decrease in pear exports for CY 2006 of approximately 25 percent, in-line with year-to-date data.

Imports

Official trade figures show all imported pears are Ya pears from China. Pear imports are forecast at 4,800 MT in CY 2007, up sharply from the previous year. Lower domestic availability of pears will likely see imports increase to historically high levels. Year-to-date figures for CY 2006 (Jan-Oct) show imports to have increased over 20 percent.

Varieties

Pear varieties in Australia remain more concentrated than apple varieties with just two pear varieties accounting for about three quarters of production. The Packham variety accounts for about 40 percent of production while WBC and Beurre Bosc account for about 34 and nine percent respectively. Packham, WBC and Corella dominate new plantings. Packham pears from Victoria account for the majority of exports.

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
AS6080	Ag Down Under Vol. 18	12/08/06
AS6079	AWB Veto Power Transferred to Ag Minister for Six Months	12/08/06
AS6078	Final Import Risk Analysis Report for Apples from New Zealand Released	12/01/06
AS6077	Cotton Quarterly Update	11/30/06
AS6076	AWB Proposes Split; Prime Minister to Propose Reform Next Week	11/30/06
AS6075	Cole Inquiry Into AWB Conduct Under Oil-For-Food Program	11/28/06
AS6074	Citrus Annual	11/27/06
AS6073	Ag DownUnder Vol. 17	11/17/06
AS6072	Dairy Annual	11/17/06
AS6071	AWB Rejects Export Applications for 3 MMT, Sparks Controversy	11/09/06
AS6070	Australia Revises Import Conditions for California Table Grapes	11/06/06
AS6069	Ag DownUnder Vol. 16	11/03/06