

Summary

The future of the Australian fruit and vegetable industry, and the many regional communities it underpins, is in growing exports. Fruit and vegetable consumption in Australia has plateaued, creating limited opportunities for industry growth. Australia's broader agriculture industry has demonstrated that sustained growth can be achieved beyond the domestic market when export opportunities are made available to producers.

It takes both a whole of government and proactive approach to achieve new and improved market access. After several years of limited progress, the Australian Fresh Produce Alliance (AFPA) seek to work with the Federal Government to rapidly deliver new and improved market access for fresh Australian produce.

Improved export opportunities for the fresh produce industry will:

- support economic growth and the ongoing prosperity of regional Australia,
- increase the number of local, full-time, secure jobs supported by the industry,
- drive productivity growth and innovation in the sector, and
- secure access to affordable fresh produce through increased production and efficiency gains

To achieve these benefits and others, AFPA seek government support to expand market access for fruit and vegetables, specifically through:

- a reinvigorated whole of Government approach to negotiating horticulture market access
- research and development to improve and develop treatment protocols to improve market access
- securing investment to increase scientific capacity within the Department of Agriculture Fisheries and Forestry to address technical market access now and into the future, and
- the development of the National Fruit Fly and Market Access R&D Centre, to improve domestic and international trade opportunities through management and suppression of fruit fly, and the ongoing development of market access data packages for industry.

The Australian Fresh Produce Alliance (AFPA)

AFPA is made up of Australia's key fresh produce (fruit and vegetables) growers and suppliers. AFPA members represent half of Australia's fresh produce turnover (\$10 billion); more than 15,000 direct employees through peak harvest, 1,000 plus growers through commercial arrangements, and up to 25,000 employees in the grower network.

Background

In 2020-21, the value of Australia's fruit and vegetable production was \$10.67 billion. Collectively, the fresh produce sector is estimated to directly support between 65,500-80,000 full-time-equivalent positions and is a major economic contributor to regional Australia.

Horticulture remains the fastest growing agriculture sector, despite challenging growing conditions, and has significant export potential pending improved market access. Unlike the broader agriculture industry that exports around 72% of its total value, horticulture only exports 11% of its fresh produce to foreign markets.

For the year ending June 2021, Australia exported \$1.48 billion worth of fresh produce, with around two thirds of the value attributable to table grapes (\$460.7m) and citrus (\$428.9m) produce. The majority of Australia's exported fresh produce goes to Asia (China), followed by the Middle East.

Key competitors for Australian fresh produce exports and access are Peru, Chile, South Africa, and New Zealand. As labour is the largest cost unit in fresh produce businesses, accounting for up to 60 per cent of the total cost, Australian producers look to increase productivity through innovation and efficiency gains to compete in the international market – a positive economic benefit for Australia and its supply of fresh produce.



New Market Access

Market access refers to the ability of a company or country to buy and sell produce across international borders. “New” market access refers to a request for a market/product/protocol combination that has not been previously negotiated. From a standing start, this process can take up to 10 years. Having a trade agreement in place does not necessarily mean market access is granted, as each fruit and vegetable still requires an individual technical market access protocol for each export market.

Typically, new market access starts with the development of an industry strategy followed by industry lead research and development to produce a market-tailored data package that addresses any foreign concerns (such as how Australian exports will mitigate any biosecurity issues).

Once the data package is ready, industry will lodge a formal market access application to the International Market Access Assessment Panel (IMAAP), which is facilitated by Hort Innovation. IMAAP is a panel of industry trade experts that assess an application for completeness. If the application is successful, it will be submitted to the applicant country’s pool, which is a list of applications that Government is able to choose from to negotiate.

The Department of Agriculture, Fisheries and Forestry, under the leadership of Government, is responsible for selecting market access requests from the country pool to negotiate with a country’s trading partners. Often new market access requests are considered one at a time with trading partners, and negotiation for technical market access can take many years, particularly without proactive government oversight and engagement.

Market access can be gained more swiftly when high-level agreements are made between the Australian Government and the Governments of our trading partners on produce to be prioritised. This has been demonstrated by many of Australia’s competitors, who are often able to gain new market access faster than Australia.

Success story - Citrus and Table Grapes

Over the past decade, citrus and table grape industries have demonstrated the value of enabling export growth.

Citrus growers now have one of the most mature export networks, with access to most every major citrus market in the world (over 50 markets). Prior to COVID-19, Australian citrus exports peaked in value at over \$540 million in 2019, a decade early, in 2009-10, the value of citrus exports was less than half this amount, \$235 million per annum.

Table grapes has experienced similar dramatic growth in exports. In 2009/10, table grape exports were valued at an estimated \$85m, in 2019/20, table grape exports were valued at \$623 million.

Around 60 per cent of table grapes and citrus produced in Australia is now exported, providing benefit to regional communities, local workers, and the broader economy, as well as improving food security in Australia through scale.

The growth of both these commodities is attributable to improved market access and efforts to increase international market share over the past decade, as well as local investments to support research, treatment facilities and other export initiatives. The citrus and table grape industries still have challenges in maintaining access to markets, improving trade protocols and conditions, however, have proven the potential of fresh produce exports.

Where to next?

Australian produce is highly regarded and sought after around the world for its superior-quality and safe reputation. While opportunities exist in many markets to grow fresh produce exports, focus should first be on countries that have shown an appetite for Australia’s premium (priced) produce and can support a high-volume of trade (i.e. Japan and South Korea). Looking beyond the short-term, work should also focus on gaining new access to developing markets, where the population’s discretionary purchasing power is increasing (i.e. India).

Gaining and growing exports to both established and developing markets will require a concentrated effort from across Government, support for industry in market and investments in Australia’s technical trade / scientific capacity.

The aim is to replicate the growth of citrus and table grape exports across the sector, enabling the industry to reach its potential as a major economic contributor to Australia’s national prosperity and strengthen domestic production.

