



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 4/28/2004

GAIN Report Number: AS4013

Australia

Dried Fruit

Semi Annual

2004

Approved by:

Andrew C. Burst, Agricultural Counselor
U.S. Embassy

Prepared by:

Mike Darby, Agricultural Specialist

Report Highlights:

Seasonal weather conditions in the lead-up to the 2004/05 dried fruit harvest have been excellent, although a major frost early in the growing season trimmed production prospects somewhat. Production of dried vine fruits in 2004/05 is forecast virtually unchanged from the previous report, but up sharply from last year's weather-reduced level. Post has trimmed forecast exports in 2004/05; forecast imports remain unchanged from the previous report.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
Canberra [AS1]
[AS]

Table of Contents

SECTION ONE: SITUATION AND OUTLOOK..... 3
General3
Weather Conditions.....3
Production3
Trade3
Domestic Consumption.....4
Policy.....4
Marketing4
SECTION TWO: STATISTICAL TABLES 6

SECTION ONE: SITUATION AND OUTLOOK

General

Dried vine fruits (DVF) make up the majority of Australia's dried fruit production. This report defines DVF as fruit produced from dried grapes, including sultanas and raisins, but not currants.

The marketing year used in this report is March to February. The Australia DVF crop is harvested in March and April and is marketed through to the following February.

The overwhelming majority of the DVF industry is concentrated in the Sunraysia district in far northeastern Victoria, with the township of Mildura at its center. The crop is grown under irrigation, with crop areas typically receiving only minimal rainfall.

Weather Conditions

The seasonal conditions experienced in the lead up to the 2004/05 harvest have been excellent. A return to more normal weather conditions this growing season follows a season of poorly timed rainfall, high temperatures, and associated severe drought conditions.

Industry sources report excellent conditions in the lead up to harvest, which is yet to be completed. Weather experienced in the second half of the growing season may have provided the best drying conditions in the history of the industry. However, as reported in Post's previous report (GAIN Report #AS3036), areas were affected by frost conditions earlier in the season (post "bud burst").

Production

DVF production is forecast to increase to 29,500 MT in 2004/05. This figure is slightly lower than Post's previous forecast (30,000 MT) and reflects the diversion of multi purpose grapes to wineries. This production level is in line with the long-term average and with current industry forecasts.

Above average "bud burst" at the beginning of the growing season raised hopes for an unusually high fruitfulness and yield of the crop. Parts of the Sunraysia district subsequently suffered a frost. The frost was a significant event in the region, but affected only a relatively small proportion of the DVF crop. Much of the crop that was damaged by frost was subsequently diverted into wine production. Lower labor costs associated with the delivery of multi purpose grapes to wineries favors lower value fruit. Consequently, yields are forecast to be historically high and the area harvested for DVF has fallen.

DVF production for 2003/04 is estimated at 16,118 MT, unchanged from Post's previous report. This remains the second lowest production year on record, with the disastrous harvest of 2001/2002 the only smaller harvest (13,676 MT). Industry sources report that poor weather commonly associated with drought, such as extreme heat and poorly timed rainfall, depleted production to about half of potential. According to industry reports, the climatic conditions and resulting crop shortfalls had a devastating impact on some growers.

Trade

Exchange rate: The Australian dollar has appreciated sharply against the currencies of major trading partners over the past several years. For example, the Australian dollar was valued at US\$0.74 in late April 2004, up 13 percent from the average of US\$0.652 in 2003

and about 36 percent higher than the average of US\$0.544 in 2002. Australia's competitiveness in world agricultural markets and returns to domestic producers are heavily impacted by the exchange rate of the Australian dollar.

The Australian DVF industry is less reliant on export income than many other Australian agricultural industries, with exports accounting for about 30 percent of production.

Exports: Post forecasts exports for 2004/05 at 7,000 MT. This is down slightly on the figure in Post's previous report, but well above the level achieved in the previous year. A slightly smaller crop than previously anticipated and a stronger Australian dollar contributed to this lower forecast.

Exports of DVF are estimated at 5,932 MT in 2003/04, slightly higher than Post's last estimate and in line with official Australian Bureau of Statistics (ABS) data. Lower production levels greatly reduced the availability of DVF for export.

Australia's largest export market for DVF is Germany, taking around 27 percent of total exports in CY 2003. The UK and New Zealand are the next largest markets taking around 24 and 10 percent, respectively.

Imports: Post forecasts imports at 13,900 MT in 2004/05. This is down sharply on the previous year due mostly to the larger domestic crop and increased availability of domestically grown fruit.

Post estimates imports at 19,479 MT in 2003/04, which is in line with official ABS data. This production level is higher than previously and well up on the previous year. A greatly reduced domestic harvest increased demand for imports.

Turkey supplies the majority of Australia's imported DVF, accounting for around two thirds of total imports in CY 2003. Iran accounted for 17 percent of imports. The U.S. accounted for seven percent (1,073 MT).

Domestic Consumption

Official domestic consumption figures for DVF are unavailable. Figures provided by Post are derived from production and trade figures and represent all types of domestic consumption. Industry sources suggest that current consumption stands at about 2.0 kilograms per capita.

Policy

The DVF crop failures experienced in 2003/04 and 2001/02 placed considerable pressure on the financial viability of the Australian DVF industry. The Australian Dried Fruits Association (ADFA) is the peak body representing the views of Australian DVF growers.

In May 2003, ADFA engaged consultants to draft proposals for industry assistance measures. According to industry sources, this process has now concluded, with the consultants tabling their report. The industry has requested government funding of A\$8.75 million for infrastructure redevelopment and training. The government has responded by offering assistance in developing a training strategy and training program. The total expenditure for the program is expected to be around A\$60,000, far less than the original industry proposal.

Marketing

The Australian DVF industry has traditionally had only two major packers: "Sunbeam" and "Angas Park". According to industry sources, Sunbeam processes around 75 percent of the crop annually and Angas Park processes about 15 percent. A much smaller packer (Swan Settlers) is located in Western Australia.

The "Mildura Cooperative" and "Irymple Packing" jointly owned Sunbeam, with each entity maintaining a 50% share. "Chiquita Brands South Pacific Limited" owned Angas Park.

Recently, the Mildura Cooperative increased its share in Sunbeam to 100 percent. Sunbeam subsequently purchased Angas Park, giving Sunbeam almost complete ownership of the DVF processing sector. However, these recent acquisitions are subject to final approval from the Australian Competition and Consumer Commission (ACCC).

In a statement issued by Sunbeam, the two entities combined will have a sales turnover of A\$150 million and a total of 600 employees. Sunbeam, however, intends to maintain separate brand names and processing facilities.

Post sees this merger as a similar situation to the recent merger in the canning fruit industry, with the two major canners (SPC and Ardmona) merging to form SPC Ardmona Limited (see GAIN Report #AS3035). SPC Ardmona Ltd. now accounts for nearly all the canning capacity in Australia, with the exception of a smaller entity, Berri.

SECTION TWO: STATISTICAL TABLES

Australia Raisins							
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		03/2002		03/2003		03/2004	MM/YYYY
Area Planted	25	25	25	25	25	24	(HA)
Area Harvested	22	22	23	23	23	21	(HA)
Beginning Stocks	1000	1000	4109	4109	1935	1773	(MT)
Production	29956	29956	16118	16118	30000	29500	(MT)
Imports	17002	17002	19000	19478	13900	13900	(MT)
TOTAL SUPPLY	47958	47958	39227	39705	45835	45173	(MT)
Exports	7849	7849	5500	5932	7900	7000	(MT)
Domestic Consumption	36000	36000	31792	32000	34000	35000	(MT)
Ending Stocks	4109	4109	1935	1773	3935	3173	(MT)
TOTAL DISTRIBUTION	47958	47958	39227	39705	45835	45173	(MT)

Import Trade Matrix Raisins			
Time Period	CY	Units:	MT
Imports for:	2002		2003
U.S.	1828	U.S.	1073
Others		Others	
Turkey	10263	Turkey	10079
Iran	1693	Iran	2568
Greece	1835	Chile	696
South Africa	995	South Africa	410
Chile	916	Greece	367
Argentina	132	China	106
China	0	Argentina	77
		Hong Kong	0
		Lebanon	1
Total for Others	15834		14304
Others not Listed	7		1
Grand Total	17669		15378

Export Trade Matrix Raisins			
Time Period	CY	Units:	MT
Exports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Germany	2477	Germany	2378
United Kingdom	1306	United Kingdom	1554
Canada	812	New Zealand	565
New Zealand	556	Canada	700
Japan	467	Italy	662
Italy	370	Japan	412
Netherlands	166	Netherlands	331
Malaysia	139	Malaysia	166
Belgium-Luxembourg	124	Belgium	145
		Belgium-Luxembourg	124
Total for Others	6417		7037
Others not Listed	332		342
Grand Total	6749		7379