

Horticulture Innovation Australia

Final Report

An Insight to the Chinese Table Grape Industry Part 3

Jeff Scott
Australian Table Grape Association

Project Number: TG14700

TG14700

This project has been funded by Horticulture Innovation Australia Limited with co-investment from the Australian Table Grape Association and funds from the Australian Government.

Horticulture Innovation Australia Limited (Hort Innovation) makes no representations and expressly disclaims all warranties (to the extent permitted by law) about the accuracy, completeness, or currency of information in *An Insight to the Chinese Table Grape Industry Part 3*.

Reliance on any information provided by Hort Innovation is entirely at your own risk. Hort Innovation is not responsible for, and will not be liable for, any loss, damage, claim, expense, cost (including legal costs) or other liability arising in any way (including from Hort Innovation or any other person's negligence or otherwise) from your use or non-use of *An Insight to the Chinese Table Grape Industry Part 3*, or from reliance on information contained in the material or that Hort Innovation provides to you by any other means.

ISBN 978 0 7341 3938 2

Published and distributed by:
Horticulture Innovation Australia Limited
Level 8, 1 Chifley Square
Sydney NSW 2000
Tel: (02) 8295 2300
Fax: (02) 8295 2399

© Copyright 2016

Contents

Summary	3
Introduction	4
Methodology	6
Outputs	8
Outcomes	9
Evaluation and Discussion	10
Recommendations	11
Appendices	12

Summary

China is the Australian table grape industry's largest export market. In 2013, over 30,000 tonnes of table grapes were exported to China / Hong Kong with a value of close to \$100 million. Fast forward to 2015/16, the market has changed quite drastically.

Australian growers exported over 50,000 tonnes to the combined China / Hong Kong market, an increase of 513 per cent from the same time last year. The 2015/16 export season saw table grape trade firmly shift from Hong Kong (as direct destination), to the majority being shipped direct to mainland China. This is a great result for the industry, as it reaffirms that growers and exporters are establishing strong relationships with Chinese importers as a result of market development facilitation programs such as this.

While the Chinese market has been at the forefront of growth in demand for table grapes, the South-East Asian region has continued to perform well and is shaping to become major trade destinations for the future. The Japanese market exceeded all expectations with a 406% growth on the previous season (nearly 10,000 tonnes), making it the fourth largest trade destination for Australian table grapes in only the second full year of trade. This growth is only projected to continue as experts believe Japan could easily become Australia's second-biggest trading partner after China. Japan and South Korea, specifically, are crucial markets to export growth for table grapes. Both countries are niche markets, seeking only the highest quality product from Australian growers.

Achieving new access into high value markets such as China, Japan and South Korea has given the Australian table grape industry an export advantage over other Australian fruit industries. When comparing market access results, few industries have achieved similar levels of success as the ATGA. Dedication and perseverance has resulted in new market access to China, South Korea and Japan within only three years. This success is largely attributable to export market development and maintenance programs such as this, which facilitate the development of close working relationships between growers, the ATGA, HIA, and Federal and State Governments, all working towards the negotiation of protocols which mirror Australian production techniques and processes.

Project 14700 "An Insight to the Chinese Table Grape Industry – Part 3" will fund market development trade missions over the next three years. In 2015, a variation to the project was sought by the Project Manager to amend the destination from China, to also incorporate Japan in the second year; and the Philippines, Vietnam and Thailand in the third. This variation was at the direct request of participating growers, who felt it was vital to develop more extensive trade partnerships with buyers in this region and have a better understanding of the markets and operational facilities for fresh produce.

The Australian Table Grape Association (ATGA) maintained responsibility for coordinating all outbound trade missions, the reporting of all outcomes and delivery of results to the broader Australian table grape industry under this project.

Introduction

The Australian table grape industry is geographically widespread, with many areas considered remote. Major growing regions are located in Queensland (St George, Munduberra, Emerald and the Far North); Northern Territory; Riverina NSW; Victoria's north-west Sunraysia (Mildura and Robinvale) region; the Swan Valley and Carnarvon in Western Australia. Approximately 10 years ago table grape production in the Emerald region expanded rapidly, producing large volumes of early season fruit for supply to the domestic market. The traditional market suppliers in the southern states were suddenly crippled by both the additional volume, and the depression of prices as the early season Queensland fruit absorbed the local retail market premiums prior to Christmas.

In order to address the issue of oversupply in the domestic market, projects funding the access, development and maintenance of new and well established export markets became the major investment priorities in the current Strategic Investment Plan 2012-17. Objective 1 "*Develop & maintain market opportunities (volume sold)*" – Appendix 5 - addressed the requirement to improve export market opportunities for growers, as it was well known the domestic market was;

A. Unable to absorb the volumes produced locally and;

B. Would fail to achieve profitable farm gate returns for growers, particularly those in the southern region with late seasonal varieties.

This objective was ranked as a high priority by the (former) Industry Advisory Committee, whom determined the development of the export market for Australian table grape growers was crucial to the long term sustainability of the industry.

Achieving market access to China has been the major priority for the Australian table grape industry and Australian Government for the past eight years. In anticipation of the final signing of the export protocol, which occurred in April 2011, the ATGA has worked extensively with local growers to educate and advise them towards the full economic benefits of market access with trading giants such as China, can bring to the Australian industry.

While the Chinese market has significant potential for the Australian table grape industry, it can also be a challenging country to do business with due to cultural differences and market complexities. Coupled with this, the Australian industry must actively differentiate its high quality product, to that being offered by major trade competitors Chile, South Africa and Peru.

Japan, as previously noted is shaping to become one of the most lucrative export markets for Australian table grapes, with buyers and consumers demanding only the highest quality, sweet fruit. As a relatively new export market for Australian growers, it was essential that Japan be included as a trade mission destination to educate participants towards local customs, business strategy, buyer behaviour, and local table grape production.

The Japanese market is a mature market and varies significantly to other Asian countries. Not only does the market vary from a cultural perspective, but consumer expectations and purchase behaviour is considerably different to that of the Chinese market. To ensure successful growth in this market, it was essential for Australian

growers to receive education and networking opportunities with Government officials, importers, wholesalers, distributors and retailers as required.

Access for Australian growers to export table grapes to Japan was granted in March 2014. Due to trade being opened late in the Australian season, only 16 containers were shipped in the first year. In 2015 however, the first full year of trade with Japan, 165 containers were exported – exceeding the estimates and expectations of many trade and industry experts.

The outbound trade mission to Thailand, Philippines and Vietnam focused on market maintenance strategies in conjunction with AusTrade. While these markets are not new to Australian table grapes, they are extremely valuable and Australian producers are all too aware of issues that can impact them should one of these markets suddenly close (e.g. Vietnam). The mission produced several benefits, not only for the specific companies taking part in the mission, but also the broader table grape industry.

The market access work undertaken by the ATGA over the course of the last three years has led the industry to a positive position, whereby growers are extracting substantial value from the establishment of new export protocols, work plans, and reduced tariffs (under Trade Agreements), and firmly strengthen their place on the global export market.

Undertaking such trade missions compliments this work, as it continues to build networks with importers, Government officials and enhance growers' understanding of each trading market, buyer preferences (such as variety, taste, colour, texture, flavour), in an effort to cement long term relationships with buyers, supermarkets, and merchants. In addition, it provides growers with the opportunity to showcase their fruit to prospective buyers, via social media platforms, free tasting samples, and electronic devices.

Methodology

Each outbound trade mission itinerary was scheduled to coincide with either major destination trade events, or during suitable months of the year to guarantee maximum grower participation.

The first trade mission to China commenced with participants travelling to Hong Kong to attend Asia Fruit Logistica (AFL), the leading trade show for international fresh fruit and vegetables in Asia. This aspect of the tour was led in conjunction with the Australia Fresh (AF) program, of which the ATGA is a longstanding member. Participants networked on the table grape stand which develops relationships with existing and potential importers of Australian table grapes.

Following AFL, meetings with major Chinese table grape importers and retailers in Guangzhou and Shanghai were undertaken in conjunction with visits to the major wholesale and wet markets in each region. Delegates visited table grape producing regions in China to determine varieties grown, production trends and consumer preference. The year one trade mission participants consisted of table grape industry representative (growers, packers and exporters) who were actively targeting the Chinese market. The Chief Executive Officer (CEO) of the ATGA, Jeff Scott, coordinated the mission program and accompanied the growers during the market visit. See *Appendix 1 and 2* for the full China tour report, itinerary and AFL Final Report.

The second outbound trade mission departed from Mildura on 29th November 2015 and returned to Mildura on 6th December 2015. The delegation consisted of 4 table grape growers, 3 export agents, 3 ATGA representatives; along with assistance from two Victorian Government officials to combine resources and expertise to produce a highly relevant and targeted program that enables Australian table grape producers to realise the economic benefits stemming from the market access protocol with Japan. All participants selected for the trade mission were actively targeting the Japanese market, and seeking the opportunity to engage with retailers and major buyers.

The program included travel to both Tokyo and Osaka to meet with the Australian Ambassador and the Senior Agriculture Counsellor, as well as the Senior Trade Commissioner of Austrade Tokyo and Osaka. Participants on the tour met with influential importers, distributors and retailers to exchange information on the Australian table industry and of the importing requirements of the Japanese market. Visits to the major wholesale and wet markets in both regions were also undertaken, in conjunction with extensive tours of “high end” retail outlets which catered to the lucrative gift market.

Delegates were due to visit the major table grape production regions whilst in Japan, however the local harvest had concluded at the time of travel and it was recommended not to proceed with this aspect of the tour. Emphasis was instead placed networking with on the major suppliers to the retailers, and advocating for change to the current protocol to see additional, early season varieties included. The Chief Executive Officer (CEO) of the ATGA, Jeff Scott, again coordinated the mission program and accompanied the growers during the market visit. See *Appendix 3* for full itinerary.

The final trade mission travelled to Thailand, Philippines and Vietnam focusing heavily on market maintenance and aggressive retail promotions. Formal briefings and reception dinners with Austrade and Australian Ambassadors were held in each country, followed by a briefing with the Victorian State Government on potential co-investment promotional campaigns for the coming season. These meetings were concluded by meetings with the respective countries Agriculture counsellor, who provided delegates with a situational analysis of the current trade relations between Australia and those countries. Meetings with major Thailand, Philippine and Vietnam

table grape importers and retailers were also undertaken, in conjunction with visits to major wholesale and wet markets in the major capital cities. *Appendix 4* includes full itinerary.

The collaboration between ATGA, the Victorian State Government and Austrade, to consistently develop and deliver beneficial trade programs to Australian table grape producers, via the combining of resources and expertise has been critical to the success of this project. By each of these agencies working together, highly relevant and targeted programs have enabled growers and industry representatives to realise the economic benefits stemming from market access work that has been funded and undertaken to establish a number of protocol markets for the Australian table grape industry.

Outputs

The project meets two of the three Strategies, under Objective 1 “*Develop & maintain market opportunities (volume sold)*”, being:

Strategy 1.1 – Identify & develop new & existing export market opportunities

Strategy 1.3 – Enhance capability to build the industry brand through effective market research

Actions and Outputs specific to these Strategies are detailed in *Appendix 5*. See *Appendix 6* for Export Strategic Plan 2014-19.

Specific outputs from this project include:

- Industry participants receive a tailored program, co-ordinated to increase their understanding of export market development and maintenance requirements including product specifications, pricing margins, consumer preferences and cultural considerations.
- Opportunity to engage with Government officials and prospective buyers via formal meetings and forums, detailing strategic objectives, the fresh market sector, and the table grape category for each respective country.
- The continued development of premium export markets for Australian growers, as well as the formation of lucrative purchase agreements which will contribute directly to the profitability, sustainability, and future expansion of the Australian table grape industry.
- Co-ordination of each travel itinerary for the duration of the project (3x trade missions in total); including the selection of delegates, relevant Visa applications and authorization,
- Pre-departure briefing’s for participating parties, outlining each trade mission program, discussing travel requirements and providing thorough details towards local customs and formal greetings specific to each country visited.
- 3x 15 day outbound trade missions for 10 table grape industry representatives (growers, exporters, packers) to China, Hong Kong, Japan, Philippines, Thailand and Vietnam. See *Appendix 1, 2, 3, 4* for complete itineraries for each trade mission.
- Major outcomes stemming from meetings with trade partners and Government officials are summarised and noted at the conclusion of each session or day, for actioning upon return to Australia.

Final report completed, including participant evaluations.

Outcomes

In 2013, over 30,000 tonnes of table grapes were exported to China / Hong Kong with a value of close to \$100 million. Since this time, market growth changed quite drastically.

Australian growers exported over 50,000 tonnes to the combined China / Hong Kong market, an increase of 513 per cent from the same time last year. The 2015/16 export season saw table grape trade firmly shift from Hong Kong (as direct destination), to the majority being shipped direct to mainland China. This is a great result for the industry, as it reaffirms that growers and exporters are establishing strong relationships with Chinese importers as a result of market development facilitation programs such as this.

While the Chinese market has been at the forefront of growth in demand for table grapes, the South-East Asian region has continued to perform well and is shaping to become major trade destinations for the future. The Japanese market exceeded all expectations with a 406% growth on the previous season (nearly 10,000 tonnes), making it the fourth largest trade destination for Australian table grapes in only the second full year of trade. This growth is only projected to continue as experts believe Japan could easily become Australia's second-biggest trading partner after China. Japan and South Korea, specifically, are crucial markets to export growth for table grapes. Both countries are niche markets, seeking only the highest quality product from Australian growers.

Trade missions to major export destinations are critical to the growth of the Australian table grape industry. Not only do they provide growers and industry representatives with an insight towards their trading partners and the potential for business expansion; they also give participants the opportunity to educate importers and retailers towards new varieties, industry expansion, major weather events, and production data.

All growers who have participated in ATGA led trade missions identified the value of participating in an export trade mission, which provided the majority with valuable insight towards supplying and marketing their product throughout China and South East Asia.

Most growers have gained confidence to explore opportunities for market growth in China and Japan as major export markets, if they take the time and effort to form strong business relationships, and supply high quality fruit. Those that attended the tour to Philippines, Vietnam and Thailand have a stronger appreciation towards the importance of market maintenance activities and the promotion of high quality Australian produce in each market.

In recent years, the ATGA has noticed a gradual shift in grower mentality towards export market development. Traditionally growers have operated with a "silo" mentality and viewed their neighbours as their fiercest competitors on the global market. This has started to change, with a marked increase in collaboration and communication between growers throughout the supply chain, who are all looking to take advantage of new opportunities together for the benefit of the Australian table grape sector.

Participation in trade missions has demonstrated to growers, the significant impact (the sending of) immature fruit can have on valuable export markets. Growers have an increased understanding that once the Australian brand and reputation is damaged, it impacts all exporting growers for a significant period of time.

Evaluation and Discussion

Trade missions to major export destinations are critical to the growth of the Australian table grape industry. Not only do they provide growers and industry representatives with an insight towards their trading partners and the potential for business expansion; they also give participants the opportunity to educate importers and retailers towards new varieties, industry expansion, major weather events, and production data.

All growers who have participated in ATGA led trade missions identified the value of participating in an export trade mission, which provided the majority with valuable insight towards supplying and marketing their product throughout China and South East Asia.

Most growers have gained confidence to explore opportunities for market growth in China and Japan as major export markets, if they take the time and effort to form strong business relationships, and supply high quality fruit. Those that attended the tour to Philippines, Vietnam and Thailand have a stronger appreciation towards the importance of market maintenance activities and the promotion of high quality Australian produce in each market.

Evaluation of each trade mission has proven beneficial throughout this project and led ATGA to seek a variation to the trade destinations for Year Two and Three. Feedback and evaluation is captured prior to the conclusion of each trade mission in order to ensure all participants are satisfied with the program, and areas of improvement are identified and captured.

All trade mission outcomes and actions taken during formal meetings are collated upon return to Australia, and communicated to industry and the broader table grape network in the most suitable manner. Due to a considerable amount of information being market sensitive, the ATGA is selective towards the method by which the outcomes are communicated. Example Milestone Report with photos and presentations included as *Appendix 7*.

Annual regional grower forums receive presentations from the ATGA CEO of all key learnings and outcomes from export trade missions. Updates are also included in the CEO Report of quarterly industry publication *The Vine*, as well as an annual Trade Update feature article which summarises the majority of trade events and tours.

Information available for the public domain generally comprises of brief updates and photos. These are circulated to the broader table grape and global community via social media platforms, Facebook and Twitter.

Recommendations

Participants regularly make high recommendations to their colleagues and peers that more table grape growers should attend trade missions in order to gain an understanding of the systems and purchasing requirements for table grapes. The general consensus from growers is that:

- Trade missions are a vital part of global trade and category growth and;
- Recommend missions should be conducted annually, targeting different growers each year;
- More table grape growers should attend trade missions in order to gain an understanding of the systems and purchasing requirements for table grapes
- With the market access work undertaken over the course of eight years, the ATGA is well positioned to conduct future trade missions which focus on market development and maintenance for the Australian table grape industry;
- The ATGA CEO maintains a considerable wealth of information, knowledge and industry contacts across China and the South East Asian region, and understands where specific trade opportunities and benefits for Australian table grape growers may exist and how they can leverage their product to achieve premiums over global competitors;
- TG14700 follows on from the previous trade mission project TG12705, and any potentially successful outcomes for future funding proposals developed in conjunction with the table grape SIAP Committee, Horticulture Innovation Australia, and the ATGA.

Appendices

Appendix 1. Tour Report – Trade mission to China (Year One) *attached*

Appendix 2. Asia Fruit Logistica 2014 – Members Report *attached*

Appendix 3. Itinerary – Trade mission to Japan (Year Two) *attached*

Appendix 4. Itinerary – Trade mission to Philippines, Vietnam & Thailand (Year Three) *attached*

Appendix 5. Table Grape Industry Strategic Investment Plan 2012/17 – Objective 1 “*Develop & maintain market opportunities (volume sold)*”

Objective 1: Develop & maintain market opportunities (volume sold)	
<i>Increase 5-year average of export share on production from 38% to 45%</i>	
<i>Improve average retail price for table grapes at peak and start of season (current peak season average: \$3.90/kg and current start of season average: to be provided by HAL using scan data)</i>	
Strategy 1.1 : Identify & develop new and existing export market opportunities	
Actions	<ul style="list-style-type: none"> • Participate in market access and market maintenance related activities • Develop and review the Table Grape Export Strategic Plan • Participate in export market development programs
Outputs	<ul style="list-style-type: none"> • Access to new export markets and improved access to existing markets • Table Grape Industry Export Strategic Plan 2013-2018 • Effective and measurable export development programs
Industry Outcomes	<ul style="list-style-type: none"> • New and/or improved access into at least 2 export markets • Improved 5-yr average trade to at least 3 existing export markets
Strategy 1.2 : Identify & develop new and existing domestic market opportunities	
Actions	<ul style="list-style-type: none"> • Closely monitor and manage interstate market access issues and import developments • Develop and review the Table Grape Domestic Strategic Plan • Develop and implement strategic domestic marketing programs
Outputs	<ul style="list-style-type: none"> • Domestic market access developments are addressed with urgency • Table Grape Industry Domestic Strategic Plan 2013-2018 • Effective and measurable marketing programs
Industry Outcomes	<ul style="list-style-type: none"> • <i>Improve average retail price for table grapes at peak and start of season (current peak season average: \$3.90/kg and current start of season average: to be provided by HAL using scan data)</i>

CONT'd over page

Strategy 1.3 : Enhance capability to build the industry brand through effective market research	
Actions	<ul style="list-style-type: none"> • Conduct analysis of key markets including customer specifications, government/trade requirements & consumer preferences • Develop strategies and plans for marketing Australian grapes in selected markets based on research findings and consultations • Collect & analyse ongoing market intelligence & scan data
Outputs	<ul style="list-style-type: none"> • On-going market intelligence reports • On-going Nielsen market analysis reports • Improved qualitative data intelligence on export markets
Industry Outcomes	<ul style="list-style-type: none"> • More strategic and targeted approach to promoting Australian grapes in the domestic and export markets reflected in measurable Industry Outcomes for Strategies 1.1 and 1.2

Appendix 6. Copy of Table Grape Strategic Export Plan 2014-19 *attached*

Appendix 7. Milestone 103 *attached*

China Study Tour 2014

Sunday 24 August

After departing from Australia on Saturday 23rd August, on Sunday the delegation was greeted by Mr Jet Ye, Chairman Changtai General Chamber of Commerce, Vice Chairman Zhangzhou Chamber of Commerce in Shanghai. Chairman Yechen Industrial Co Ltd. Director Shanghai Zhanglong Investment Management Corp Ltd., General Manager Shanghai Zhanglong International Trade Co, Mr Jason Pingfeng Li, Import Manager Shanghai Yechen Imported Fruits and Mr Peike Zhu Director C & Z Consulting Pty Ltd.

The first visit was to the Jiayang Fruit Market 100 kms north of Shanghai. This market is one of the east China fruit distribution centres and serves an area of population of 10 million people. The delegation was taken on a tour of the Lianhua supermarket, the largest supermarket in China with close to 5000 stores throughout China. The delegation then travelled back to Shanghai where the evening was concluded with a networking dinner on a river boat cruise on the Huangpu River on the Bund in Shanghai.

Jinxiang Fruit Market is the largest fresh fruit market in east China. It is 100 Km's from Shanghai serving 3 provinces Shanghai, Xhejiang and Jiangshu There is approximately 10 Billion RMB turnover per year. The distribution of fruit incorporates the neighbouring provinces including Anhui Fujian and Shandong. Fruit is imported to the Yangshang deep water port and trucked to the market daily. Mr Jet Ye, Chairman Changtai General Chamber of Commerce and owner of Cidoko, Shanghai Yechen Industrial Co., Ltd business currently sells 5 containers of imported fruits a day and is looking at expanding this to 10 containers per day. Domestically the company sells between 10-15 containers of fresh fruit per day. Mr Jet Ye is one the three largest distributors in the Jiayang market. The market has over 200 business entities operating from the market distribution centre.

The delegation then visited Century Lianhua Supermarket that Mr Jet Ye supplies. The supermarket sells 1.5 billion RMB of fresh fruit of which Mr Jet Ye supplies 70%. Another Century Lianhua Supermarket in Huangpu District was also visited by the delegation. The evening was concluded with a networking dinner on a river boat cruise on the Huangpu River on the Bund in Shanghai.



Monday 25th August

The delegation visited the new Shanghai Huizhan market networking with local importers, many of which import table grapes and other Australian commodities. Mr Jet Ye from Cidoko has 3 stalls at the market from a total of 50. His company receives around 9 containers per day from counties all over the world. His main fruits are citrus from South Africa and Australia, Avocado's from Mexico, Grapes from the US and Kiwifruit from New Zealand and Chile. Cidoko is very interested in importing Australian grapes next year. His company does not want to trade in illegal fruit. They see a great opportunity for Australian grapes to be sent to the Shanghai Huizhan market as it is the largest fruit import market in Shanghai serving the top end of China. Cidoko has 35 selling points to wholesale outlets for distribution throughout China.

Mr Jet Ye discussed the potential of developing "Brand Australia" and only wants to purchase the very best quality fruit from Australia and to establish brand Australia throughout China. This may be difficult to coordinate given the current trading practices of Australia growers at the moment. Jet gave the example of the Sunkist brand from Australia being better quality citrus receiving higher prices. It was explained to Mr Jet that it is easier for citrus to achieve branding as they use large packhorses whereas all Australian table grape growers are independent and each is their own grower, picker, packer and marketer. Mt Jet responded by stating he understood it may be difficult to coordinate but they are willing to try and establish the brand and was prepared to pay a premium price. Mr Jet indicated his company was very keen on crimson seedless, 22mm in size with consistent colour.

The evening was spent having dinner with the Shanghai Chamber of Commerce members. There was a delegation of 14 Chinese Chamber of a Commence people attending. The night commenced with a briefing from the President of the Chamber followed a tea drinking ceremony and then dinner. A verbal presentation of our delegation was presented to the party and the Chamber

members expressed strong desires to form an ongoing close working relationship with the Shanghai Chamber of Commerce. Many toasts were had during night thanking everyone and wishing good health in traditional Chinese style.

Tuesday 26th August

The day was spent travelling and visiting the Yangshan deep water sea port. Yangshan Port formally the Yangshan Deep-Water Port, is a deep water port for container ships in Hangzhou Bay south of Shanghai. Connected to Shanghai's Pudong New Area by the Donghai Bridge and forming part of the Port of Shanghai, the islands of Greater and Lesser Yangshan are administered separately as part of Zhejiang's Shengsi County.

Built to allow the Port of Shanghai to grow despite shallow waters near the shore, it allows berths with depths of up to 15 metres (49 ft) to be built, and can handle today's largest container ships. The port is built on the islands of Greater and Lesser Yangshan, part of the Zhoushan archipelago, with fill from land reclamation.

It is connected to the mainland via the 32.5 km (20.2 mi) Donghai Bridge, opened on 1 December 2005 as the world's longest sea bridge. The six-lane highway bridge took 6,000 workers two and half years to construct.

In mid-2011, port officials said the port was on track to move 12.3 million TEUs during the year, up from 10.1 million TEUs in 2010





Wednesday 27th August

The delegation spent the day travelling to Chengdu and had dinner with local Chengdu table grape representatives.

Thursday 28th August

The delegation visited Sichuan International Agricultural Products Trading Centre. This market had a number of sections, a local domestic section with fruit arriving from a number of provinces; a domestic and international section and an international fruit section only. The market was very large in space but did not seem exceptionally busy. The local fruit had no cold chain management and some fruit had travelled over 2000 kilometres to be in the market. The market wholesalers and store owners would buy from the farmer and then sell either as a wholesale or retail environment. Our delegation was very much the centre of attraction as many market workers had not seen many western people before. The price for some fruits was exceptionally high, especially for fruits such as cherries and blueberries. Only two people were able to speak a little English throughout the whole market. There were many local Chinese varieties on sale; some were in very poor condition. The main variety was Red Globe with some Crimson Seedless. The grapes were all very soft which would be due to the lack of cold chain management and time travel to arrive in the market. The Chinese varieties on sale were selling at similar prices to Australia.



In the afternoon the delegation visited the Chengdu Research Base of Giant Panda Breeding. This was a sightseeing afternoon at the world renowned Panda Research establishment.



Friday 29th August

The delegation was shown around the horticulture district in Chengdu. Chengdu is a relatively new grape growing region and they are experiencing rapid growth in plantings of table grapes. As a result they are achieving exceptional returns. The delegation visited a farm known as Sichuan Fruitjoy Agriculture Technology Co Ltd. Most of the fruit sold is to local residents and the majority is to residents who travel to the farm and pick their own fruit. Cost of production averages \$ 8 per box and the average price per box selling to a tourist or local resident who picks the fruit themselves is \$80. If the farmer is selling to a marketer or wholesaler his selling price is just over half of tourist price. All grapes are grown under glass houses. The vines were very young, oldest being about 6 year so old. It is roughly 10 degrees hotter under the glass houses than outside. The infrastructure of the glass houses was well constructed and setup did not allow for any mechanisms such as tractors. All production processes was undertaken by manual labour.

The region only gets about 1000 hours of sunshine and receives 1 metre of rainfall per year, mainly in summer and the temperature does not vary much between day and night in summer.

The cost of building the farm from greenfield to first harvest is around \$40,000 per acre compared to approx \$ 140,000 if doing something similar in Australia. The Chinese cost does not include the price of the land. The plastic covers on the glasshouses last two years and they leave it on all year round. All of the land is not totally owned. All farmers are given an entitlement of 1 moo (approx. 600 square metres) and if they wish to expand they need to lease from other farmer entitlements at a cost around \$1000 per acre. Irrigation comes from underground streams and the farmers only pay a pumping cost.

The farm employed around 24 full time workers (15 acre farm) who are paid 10 RMB per hour, equivalent to \$10 a day Australian



After lunch another two farms were visited. The first farm had 10 table grape varieties on 80 acres. The farm is in its infancy. The owner commenced 5 years ago with 30 acres and has quickly increased the size of his farm. For the farmer to increase the size of his farm was to obtain the land from his neighbours and lease it from them. Generally they also employ the neighbour on the expanded farm. This first farm had Menindee seedless, one vine only which was harvested on the 6 June. The local community were aware of our delegation visit and they organised local television station to conduct an interview with an interpreter with the CEO of the Australian Table Grape Association. They were interest in our impressions of their farms and how they compared to Australian farms.

The second farm visited was the smallest being only 13 moo in size or 2 acres with only Red Globe planted. The farmer was previously a rice grower who was making 7000 RMB per year before borrowing money from friends and the bank to develop his property into a table grape vineyard. The cost to build was around 250,000 RMB. The farmer only sells to tourists. The cost of production was max 7000 RMB per moo and minimum sales were 20,000 RMB. He only employs one full time employee who is paid 1500 per month. He and his wife work full time on the property

Saturday 30th August

The delegation travelled by air from Chengdu to Guangzhou where we were received by the International Import Manager from Shungfeng Trading.

The group then had lunch with the owner of Shungfeng Trading and an exporter from Peru before checking into the hotel. That evening a dinner was organised with representatives from Shungfeng Trading

Sunday 31st August

The delegation travelled to the Jianjing Fruit and Vegetable Market, Zengcha Road, Baiyun District, Guangzhou. The market was extremely busy compared to Australian markets. Containers are delivered direct to the market floor where they are then opened for a frenzy of frantic buying by the market people. Shungfeng Trading employ 32 people who work in the market all with specific roles. A number are allocated to deal directly with overseas importers, all who can speak English with perhaps another language. Shungfeng are the Guangzhou's largest table grape importer. The delegation had networking discussions with a number of Chinese wholesalers in the Jianjing market in the afternoon, many of whom import fruit from Australia.



Monday 1st September

The delegation travelled to Hong Kong by train, where they spent the rest of the day and evening exploring Hong Kong. An evening dinner was organised with Australian exporters and Chinese importers who were all in Hong Kong for the Asia fruit Logistica Trade Show

Tuesday 2nd September to Friday 5th September

The delegation spent Tuesday travelling to Asia Fruit Logistica's International fresh fruit and vegetable trade show where they familiarised themselves with the venue and participated in the setup of the table grape stand. The evening was spent with Australian Exporters attending Asia Fruit Logistica.

Asia Fruit Logistica is Asia's leading trade show for the international fresh fruit and vegetable business. It is the only trade exhibition in Asia to focus exclusively on the fresh produce sector and related value chain for the whole Asian region. This 3-day trade show first took place in Thailand in 2007 and has since moved to Hong Kong each September.

The Asiafruit Congress, which is held with Asia Fruit Logistica, is attended by over 400 fresh produce trade professionals who have interests in the Asian market. The delegation benefited from

attending Asia Fruit Logistica they observed firsthand how Australia promotes horticulture products. The trade show also is a vehicle to build and maintain a network of fresh produce buyers primarily from Asia but secondarily from the rest of the world as well as building the image of Australia as a primary source of high quality fresh horticulture products and to showcase Australian fresh fruits, vegetables and nuts among Asian buyers. Those in attendance at the show included importers, traders, retailers and wholesalers

Asia Fruit Logistica 2014 was held on the 3rd-5th of September 2014 at Asia-World Expo. Each year, the trade exhibition is strictly open to trade professionals only. The table grape industry has a stand as part of the Australia Fresh Pavilion which took up 156 square meters floor space with 15 co-exhibitors compared to last year's 165 and with the same number of co-exhibitors. 1 additional exporter participated this year by providing brochures for display and distribution at the show and networking night.



	2007	2008	2009	2010	2011	2012	2013	2014
Floor Space	88	150	198	216	165	180	120	156
Co-Exhibitors	11	17	15	16	16	16	11	15



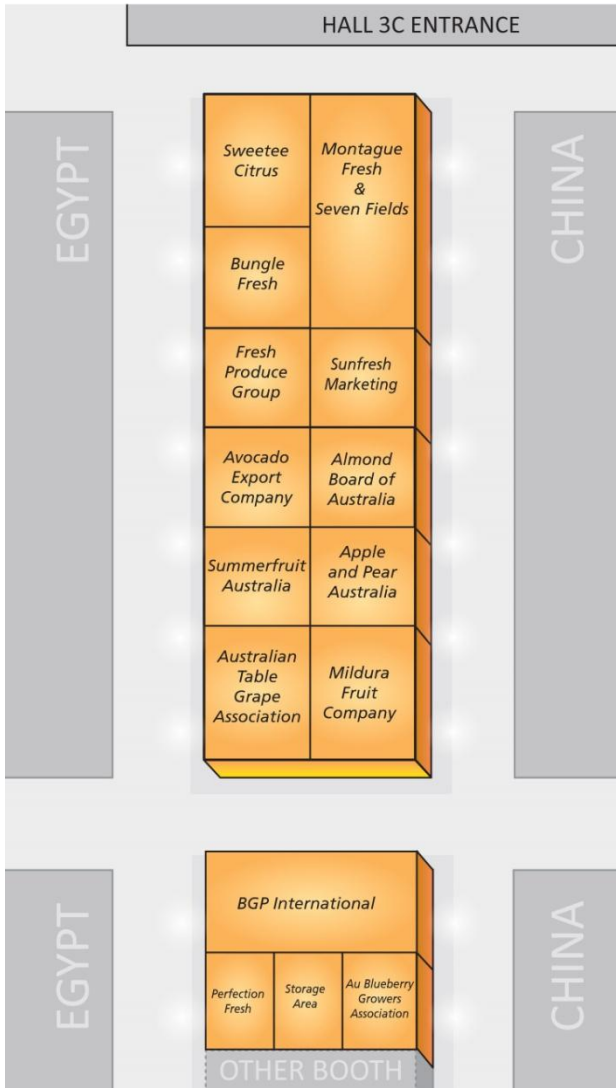
ASIA FRUIT LOGISTICA 2014
 3-5 SEPTEMBER 2014
 HALL 3 ASIAWORLD-EXPO

Global Produce Events GmbH
 Messedamm 22, 14055 Berlin
 Germany

Plan Design :
 Sinenart B.
 Tel : +662 9414600
 Fax : +49 30 30387060

Updated as of July 1, 2014

scale = 1 : 700 (A3)



Australia Fresh Booth Layout

Sweetee Citrus	Montague Fresh & Seven Fields
Bungle Fresh	
Fresh Produce Group	Sunfresh Marketing
Avocado Export Company	Almond Board of Australia
Summerfruit Australia	Apple and Pear Australia
Australian Table Grape Association	Mildura Fruit Company

BGP International	
Perfection Fresh	Australia Blueberry Growers' Association



A networking reception was organised by Australia Fresh on the 4th of September in Ikon Seaview Restaurant, Asia-World Expo from 5pm to 7:30pm. The delegation attended this function and the table grape industry was able to present slide show throughout the reception night, had logos on the reception invitations, displayed our of pull-up banners, distributed table grape brochures in Give-Away Bags and gave introductions during the programme

Invitations to Australian guests were sent out through collaborative partners and co-exhibitors. Invitations to foreign buyers were sent out through Austrade and the Australia Fresh newsletter buyer contact list. There was a total of 225 guests with a balanced attendance of guests from Australia and export markets. The attendance has far exceeded the original target of 150. This was also a much larger reception compared to 2011 and 2012.



The Asia Fruit Logistica Trade Show is growing each year. The record visitor numbers marked a 24 per cent growth on last year's attendance at Asia's leading fresh fruit and vegetable trade show, but again it was the quality of the visitors that defined the success of the event.

Visitors to ASIA FRUIT LOGISTICA found an exhibition that had grown by almost a third. Some 478 companies from 38 different countries exhibited at the trade fair on 3-5 September, an increase of 28 per cent on last year's edition, while bookings for stand space grew by 25 per cent.

Asia once again accounted for the largest percentage of exhibitors on a regional basis, with 12 different Asian countries making up 34 per cent of the exhibitor numbers. Europe retained its share of exhibitor numbers at 25 per cent, while Latin America increased its presence to 15 per cent. Oceania (11 per cent), Africa (8 per cent) and North America (7 per cent) completed the global picture.

China remained the single largest country in terms of exhibitor numbers, with 94 companies exhibiting, while Italy held onto second place with 39 companies.

Australia surged into third place with 34 exhibitors, marking a 54 per cent increase on last year, and Egypt also ramped up its presence, moving up into fourth place with 31 exhibitors (up 47 per cent).

Latin American exporting nations Argentina, Ecuador and Mexico, along with Spain, all registered increases in exhibitor numbers of more than 60 per cent, while other big movers included New Zealand (+100 per cent), Japan (+75 per cent), Turkey (+50 per cent), The Netherlands (+40 per cent) and India (+40 per cent).

In a clear sign of Asia's growing importance as a market for the global fresh fruit and vegetable business, most exhibiting nations invested in upgrading or expanding their stands at this year's show. Some 19 different countries had national pavilions, while Costa Rica, Poland and Saudi Arabia all exhibited for the first time at ASIA FRUIT LOGISTICA.

Leading food retailers were out in force at ASIA FRUIT LOGISTICA including Indian retail giant Future Group, Aeon (Japan and Malaysia), Carrefour (China), Central Food Retail (Thailand), CR Vanguard (China), Cold Storage (Singapore), Dairy Farm/Wellcome (Hong Kong), GCH Retail (Malaysia), Lotte Mart (South Korea), Metro Group (China), NTUC Fairprice (Singapore), ParknShop (Hong Kong), Ranch Market (Indonesia), RT Mart (China), Spinneys (Dubai), Tesco Group Food (China & Thailand), The Food Hall (Indonesia), Walmart (China and India) and Yonghui Superstores (China).

The delegation commented on the location of the Australia Fresh stand which was located at a prime area across the first entrance to the hall. The pavilion layout was well received by co-exhibitors.



Asia Fruit Logistica 2014 Final Report

The Australia Fresh Program is funded by Australian industry levies and Commonwealth matching grants from Horticulture Australia Limited.

Submitted by:



Horticulture Australia

Table of Contents

BACKGROUND.....3

OBJECTIVES.....3

TARGET MARKET.....3

PROGRAM.....4

RESULTS & EVALUATION9

RECOMMENDATION14

BACKGROUND

Asia Fruit Logistica is Asia's leading trade show for the international fresh fruit and vegetable business. It is the only trade exhibition in Asia to focus exclusively on the fresh produce sector and related value chain for the whole Asian region. This 3-day trade show first took place in Thailand in 2007 and has since moved to Hong Kong each September.

The Asiafruit Congress, which is held with Asia Fruit Logistica, is attended by over 400 fresh produce trade professionals who have interests in the Asian market.

Australia Fresh has been participating in this show since 2007 and has had strong and consistent support from Australia Fresh members and a number of exporters.

OBJECTIVES

To promote Australian horticulture products.

To build and maintain a network of fresh produce buyers primarily from Asia but secondarily from the rest of the world.

To build the image of Australia as a primary source of high quality fresh horticulture products.

To build presence of Australian fresh fruits, vegetables and nuts among Asian buyers.

TARGET MARKET

Fresh produce buyers in Asia and other parts of the world

Buyers include: importers, traders, retailers and wholesalers

Australia Fresh exhibitors (Exporters, Industry Organisations, Government Agencies)

PROGRAM

Asia Fruit Logistica 2014 was held on the 3rd-5th of September 2014 at Asia-World Expo. Each year, the trade exhibition is strictly open to trade professionals only.

The Australia Fresh Pavilion took up 156 square meters floor space with 15 co-exhibitors compared to last year's 165 and with the same number of co-exhibitors. 1 additional exporter participated this year by providing brochures for display and distribution at the show and networking night.



	2007	2008	2009	2010	2011	2012	2013	2014
Floor Space	88	150	198	216	165	180	120	156
Co-Exhibitors	11	17	15	16	16	16	11	15

Stand Placement and Booth Allocation

Floor Plan

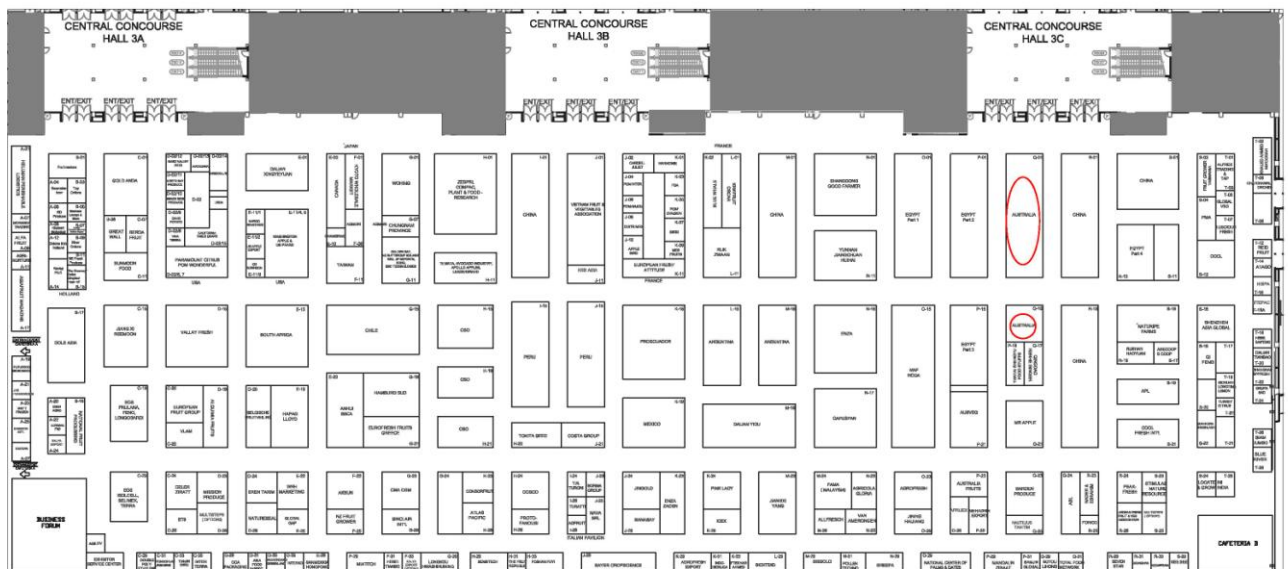
ASIA FRUIT LOGISTICA 2014
 3-5 SEPTEMBER 2014
 HALL 3 ASIAWORLD-EXPO

Global Produce Events GmbH
 Messedamm 22, 14055 Berlin
 Germany

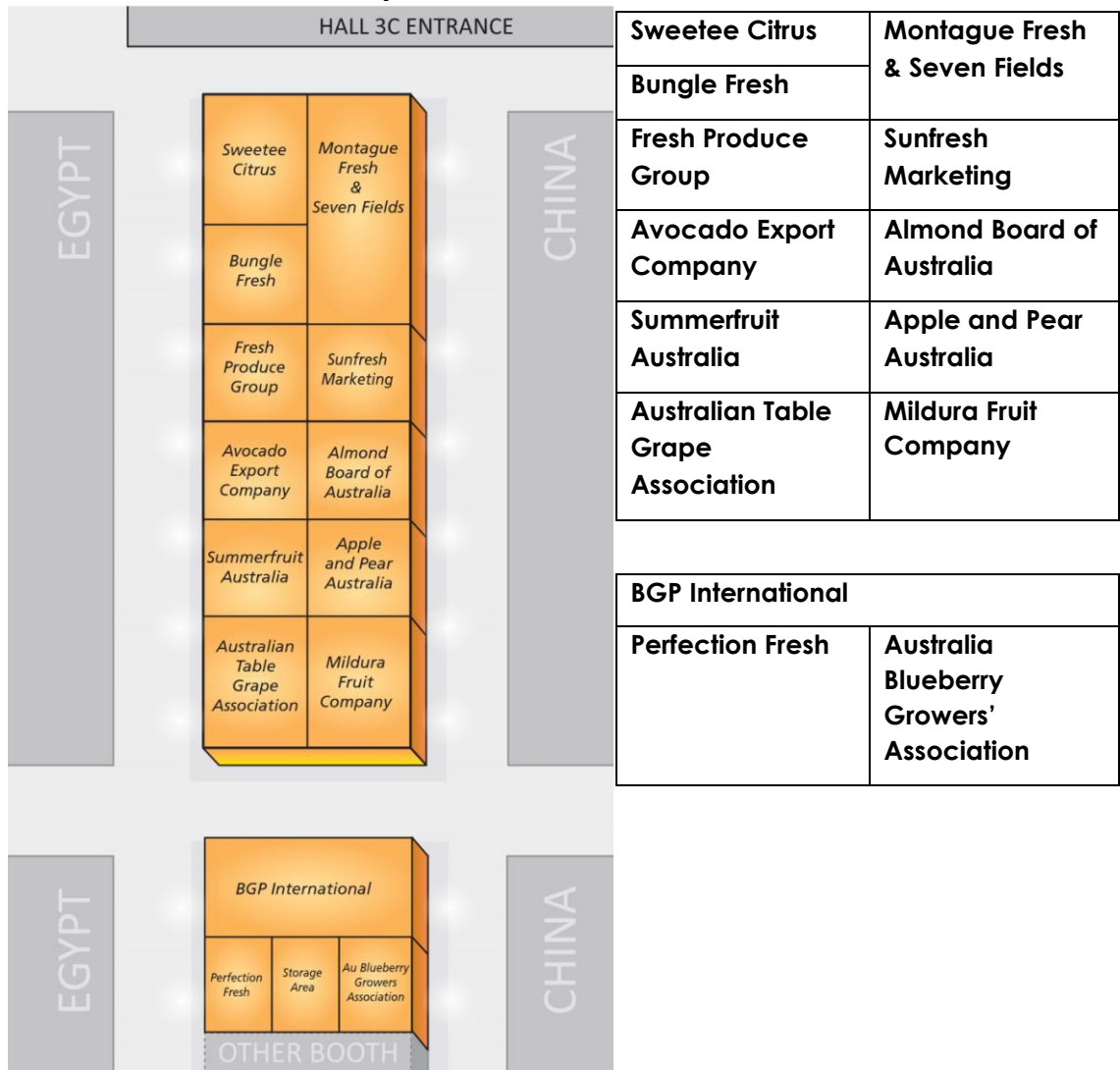
Plan Design :
 Sinaart B.
 Tel : +462 9414600
 Fax : +49 30 30387060

Updated as of July 1, 2014

scale = 1 : 700 (A3)



Australia Fresh Booth Layout



Sweetee Citrus	Montague Fresh & Seven Fields
Bungle Fresh	
Fresh Produce Group	Sunfresh Marketing
Avocado Export Company	Almond Board of Australia
Summerfruit Australia	Apple and Pear Australia
Australian Table Grape Association	Mildura Fruit Company

BGP International	
Perfection Fresh	Australia Blueberry Growers' Association

BGP International		
Perfection Fresh	Storage Area	Australia Blueberry Growers Association



Networking Reception

A networking reception was organised by Australia Fresh on the 4th of September in Ikon Seaview Restaurant, Asia-World Expo from 5pm (at show closing time) to 7:30pm (to allow guests to attend other functions in the same night).

Australia Fresh sought participation from various organisations in keeping with the Team Australia approach to export markets. Participating organisations provided funding contributions and were provided opportunities to promote themselves through:

- A slide show throughout the reception night
- Logos on the reception invitations
- Display of pull-up banners
- Distribution of brochures in Give-Away Bags
- Introductions during the programme

Collaborative partners in this function were:

Department of Primary Industries Victoria
Trade and Investment Queensland
Horticulture WA
Brisbane Markets
Australian Horticulture Exporters Association

Apple and Pear Australia
Australian Table Grape Association
Avocados Australia
Cherry Growers Australia
Summerfruit Australia

Horticulture Australia

As in previous years, co-exhibitors were provided with similar promotional opportunities.

Invitations to Australian guests were sent out through collaborative partners and co-exhibitors. Invitations to foreign buyers were sent out through Austrade and the Australia Fresh newsletter buyer contact list.

A short programme was emceed by Agnes Barnard, Australia Fresh Programme Director. She introduced all industry members and collaborative partners for the reception. Short speeches were given by:



David Cliffe
HAL Board Member



David Landers

General Manager
East Asian Growth Markets
Australian Trade Commission



RESULTS & EVALUATION

Trade Show

The Asia Fruit Logistica Trade Show is growing each year. The record visitor numbers marked a 24 per cent growth on last year's attendance at Asia's leading fresh fruit and vegetable trade show, but again it was the quality of the visitors that defined the success of the event.

Visitors to ASIA FRUIT LOGISTICA found an exhibition that had grown by almost a third. Some 478 companies from 38 different countries exhibited at the trade fair on 3-5 September, an increase of 28 per cent on last year's edition, while bookings for stand space grew by 25 per cent.

Asia once again accounted for the largest percentage of exhibitors on a regional basis, with 12 different Asian countries making up 34 per cent of the exhibitor numbers. Europe retained its share of exhibitor numbers at 25 per cent, while Latin America increased its presence to 15 per cent. Oceania (11 per cent), Africa (8 per cent) and North America (7 per cent) completed the global picture.

China remained the single largest country in terms of exhibitor numbers, with 94 companies exhibiting, while Italy held onto second place with 39 companies.

Australia surged into third place with 34 exhibitors, marking a 54 per cent increase on last year, and Egypt also ramped up its presence, moving up into fourth place with 31 exhibitors (up 47 per cent).

Latin American exporting nations Argentina, Ecuador and Mexico, along with Spain, all registered increases in exhibitor numbers of more than 60 per cent, while other big movers included New Zealand (+100 per cent), Japan (+75 per cent), Turkey (+50 per cent), The Netherlands (+40 per cent) and India (+40 per cent).

In a clear sign of Asia's growing importance as a market for the global fresh fruit and vegetable business, most exhibiting nations invested in upgrading or expanding their stands at this year's show. Some 19 different countries had national pavilions, while Costa Rica, Poland and Saudi Arabia all exhibited for the first time at ASIA FRUIT LOGISTICA.

Leading food retailers were out in force at ASIA FRUIT LOGISTICA including Indian retail giant Future Group, Aeon (Japan and Malaysia), Carrefour (China), Central Food Retail (Thailand), CR Vanguard (China), Cold Storage (Singapore), Dairy Farm/Wellcome (Hong Kong), GCH Retail (Malaysia), Lotte Mart (South Korea), Metro Group (China), NTUC Fairprice (Singapore), ParknShop (Hong Kong), Ranch Market (Indonesia), RT Mart (China), Spinneys (Dubai), Tesco Group Food (China & Thailand), The Food Hall (Indonesia), Walmart (China and India) and Yonghui Superstores (China).

Australia Fresh was located at a prime area across the first entrance to the hall. The pavilion layout was well received by co-exhibitors. There was no Australia Fresh reception booth in the last 2 years due to limited space. There were 2 new industry participants (Almond Australia and Australian Blueberry Growers Association). AFPC arranged that their brochures be distributed without their presence at the show.

The standard Exhibitor's Kit was distributed to all Australia Fresh co-exhibitors prior to the trade show.

Year	2011	2012	2013	2014
Show Visitors	5,300 from 63 countries	5,700 from 64 countries		8100 from 64 countries
Exhibitors	332 from 33 countries	341 from 30 countries	372 from 37 countries	478 from 38 countries
Total Show Space (sqm)	NA	12,000		
Australia Fresh Space (sqm)	165	180	120	156
Co-Exhibitor Participation	16	19	11	15
Co-Exhibitors - Exporters				
Avocado Export Company				x
BGP International	x	x	x	x
Bungle Fresh				x
Finest Fruit Export/Mango Road	x			
Frais Farm		x		
Fresh Produce Group				x
Great Southern Fresh Produce	x	x		
Lee McKeand	x	x	x	
Mildura Fruit Company	X	x	x	x
Montague Fresh	x	X	x	x
Nangiloc		x		
Seven Fields	x	x	x	x
Simex / Perfection Fresh	x	x		x
Southern Produce Traders	x	x		
Sunfresh Marketing	x	x	x	x
Supa Fresh		x		
Sweetee Citrus / FAVCO		x	x	x
Co-Exhibitors - Industries				
Almond Board of Australia				x
Apple & Pear Australia	x	x	x	x
Australian Blueberry Growers				x
Australian Table Grape Association	x	x	x	x
Cherry Growers Australia	x		x	Shared booth with APAL
Fruit Growers Tasmania	x			
NSW Cherry Growers	x			

Riverina Citrus	x			
Summerfruit Australia	x	x	x	x
Brochure Distribution				
N&A (AFPC Export)		x		x
RMQ		x		

There was more interest in taking a stand at the Australia Fresh Pavilion this year. The reception area was given up to give way to additional exhibitors. 180 sqm would be an ideal size for Australia for next year's pavilion. Industry booths may be transformed to an open space hospitality area while still providing individual inquiry desks and providing enough space to promote their respective specific industries. The pavilion design may also be updated to have a more modern, clean and open look. Stand design preparation will be conducted in advance to determine an affordable yet impactful design.

A meeting with the organizer was facilitated to explore opportunities to maximize Australian spend on the stand space. The following were discussed:

1. Raw space - cost per sqm

The organiser indicated that floor cost per sqm is at a fixed rate with no flexibility for discounts on accessing relatively bigger space. This discussion comes with the issue of other Australian organisations/companies deciding to exhibit outside the national stand due to stand cost variance.

The organiser has committed to providing 5 complimentary visitor vouchers (codes) for each co-exhibitor in the national stand.

2. Stand design and production cost

The organiser will assist Australia Fresh in sourcing more reasonable stand construction quotes. The organiser has indicated that they get preferred rates.

3. Building buyer contact lists

The organiser has suggested that other countries have sponsored visitor's entry vouchers to be distributed by the organiser to foreign buyer requests. In exchange, Australia Fresh has access to contact details to those who received complimentary vouchers. Complimentary passes distributed through Austrade has provided issues in accessing buyer contacts and building the Australia Fresh buyer contact list.

Networking Reception

The networking reception is a significant function for Australian businesses at Asia Fruit Logistica. This function allows exhibitors to meet new contacts and meet existing customers in a more relaxed and social atmosphere.

There was a total of 225 guests with a balanced attendance of guests from Australia and export markets. The attendance has far exceeded the original target of 150. This was also a much larger reception compared to 2011 and 2012.

	2011	2012	2014
RSVP – Foreign Markets Austrade	179	144	103
RSVP – Foreign Markets Australia Fresh Buyer Contact List	-	-	72
Total RSVP – Foreign Markets*	179	144	175
Total Foreign Attendance (% of RSVP)	42%	54%	60%
Total Foreign Attendance	75	78	106 (1)
From Austrade RSVP			
From Australia Fresh RSVP	-	-	-
From Duplicate RSVP	-	-	-
Total RSVP – Australian Guests	NA	NA	NA
Total Australian Attendance	94	78	117
Ratio on Foreign:Australia	24:56	50:50	48:52
Total Attendance	169	156	225

* Duplicate RSVPs excluded

(1) As per business cards collected and names noted down by those who did not bring business cards

Out of the 175 foreign guests that confirmed attendance, 62% attended. Last year, there were 144 that signified their attendance and about 54% actually attended. There were 2% more Australians in attendance to foreign guests in 2014.

Austrade Support

Austrade support for Australia Fresh in Hong Kong has been quite poor. Other organisations who have contributed to the Network Reception have provided the same feedback. The following issues were encountered:

Lack of Professional Communication and Response

- Austrade organized a teleconference to discuss the Australia Fresh Programme in Hong Kong. The Network Reception was extensively discussed to include the need for Australia Fresh to contribute their services in bringing foreign buyers to the reception. The support required of Austrade was made very clear. Although no clear commitment was provided, Austrade was constantly communicating with Australia Fresh on the developments in organising the reception. It was only when all funding and bookings were finalized that Austrade indicated that they had no intention of contributing their services to the event, unless paid for.
- Austrade was well informed from the start that complimentary show vouchers to buyers will be distributed at the reception as an incentive for attendance.

Austrade informed Australia Fresh, when all reception logistics were finalized, that they have found another sponsor to provide complimentary vouchers and that they have been distributing them to buyers. This undermined the plans for the reception which forced Australia Fresh to change date and venues at the last minute.

- Austrade provided a service proposal to Australia Fresh. Although included as a fine print in the proposal, Austrade did not inform Australia Fresh, until asked, that they had increased their service fees by 45% from \$190/hour to \$275/hour.

Poor Attention to Detail

- It was agreed that an Austrade Market Briefing Webinar will be conducted for Australia Fresh and Ausveg co-exhibitors jointly. The invitation indicated that the briefing was on vegetables with no mention of fruits. The attention of Austrade, but they said they would be unable to change the invitation.

Communication Support

The following communication efforts were undertaken to support Australia Fresh at Asia Fruit Logistica:

1. Australia Fresh and its participation at Asia Fruit Logistica gained a feature story spread at Asia Fruit Magazine. This magazine was distributed to all Asia Fruit Logistica trade show visitors, sponsors and exhibitors.
2. Discussion with Australian Made Australian Grown foundation for publicity support for Australia Fresh
3. E-announcements to all buyers on Australia Fresh participation in Asia Fruit Logistica
4. Distribution of the Australia Fresh e-brochure to all buyer contacts. Brochure featured all co-exhibitors and industry members
5. Distribution of the Australia Fresh hard copy brochures at the Australia Fresh Pavilion and the Network Reception
6. Distribution of Australia Fresh bags with various brochures from co-exhibitors at the Network Reception
7. Slide show featuring all Australia Fresh industry members, co-exhibitors and reception collaborators at the Network Reception
8. Post-show e-feature on Australia Fresh participation at Asia Fruit Logistica

RECOMMENDATION

Exhibitors

1. Expand potential exhibitor contact list with new contacts drawn from the current trade show
2. Encourage "Brochure Distribution" participation to provide opportunities to exporters/industry groups who are not willing to invest in a booth but still would like to have some form of presence in the show and reception. Include Australian exhibitors outside the stand to take part in this facility.

Stand Design and Layout

3. Update the stand design and layout to be more modern, clean and open.
4. Have a more Australian feel to the stand
5. Create an open hospitality area which may serve as the space provided to industry co-exhibitors.

Buyer Traffic & Database

6. Consider sponsoring a limited number of passes through the organisers to increase buyer contact list and traffic
7. No sponsored passes through Austrade as they are able to access other sponsors to fund this effort and still bring benefit to the Australian stand
8. Continue providing the service of encoding buyer business cards for Australia Fresh industry members and providing excel files to them

Networking Reception

9. Organise another network reception next year
10. Evaluate how best to bring in the buyers and get Austrade to contribute services
11. Evaluate how best to provide maximum benefits to reception contributors and co-exhibitors

Australia Fresh Collaborators/Partners and Sponsors

12. Continue participation of collaborators/partners in other Australia Fresh activities, including next year's network reception
13. Gain sponsorships for the hospitality area in next year's stand
14. Build the list of potential collaborators for Australia Fresh
15. Design a more strategic collaboration programme

Other Support

16. Austrade Webinar is a non-essential unless webinar and invitation is tailor-made for Australia Fresh
17. Coordinate with Congress organisers to include nuts and to provide speakers from Australia Fresh



ATGA BOARD VISIT PROGRAM TO JAPAN 30TH NOVEMBER – 6TH DECEMBER 2015

Monday 30 th November	Location	Comment
06:05	Melbourne Airport	Delegates depart Melbourne Airport For Brisbane QF 600
09:45	Brisbane Airport	Delegates depart Brisbane Airport For Tokyo (Narita) QF 61
18:00	Narita Aiport	Delegates arrive at Narita Airport and transfer to Hotel (via Limousine Bus)
20:30	Hotel	Check-into Hotel
Tuesday 1 st December	Location	Comment
08:00	Hotel	Depart Hotel for Australian Embassy
08:30	Meeting with Australian Ambassador <i>Location: Australian Embassy</i>	Breakfast reception with the Australian Ambassador to Japan, HE Bruce Miller
09:30	Meeting with Austrade and Victorian Government representatives <i>Location: Australian Embassy</i>	Welcome briefing from Austrade and Victorian Government representatives - Briefing on Japan Market (Austrade) - Review of table grape promotional launch and promotional activities in Japan (Vic Gov/Austrade) - Future plans to support export growth (Now in Season Promotions)
11:00	Meeting with Agricultural Counsellor <i>Location: Australian Embassy</i>	Briefing and discussion on market access requirements including documentation, MRL's and gaining access for additional varieties.
12:30	<i>Australian Embassy</i>	Lunch
13:45	Meeting with CGC <i>Location: Australian Embassy</i>	Meeting with major fruit and vegetable importer
15:00		<i>Depart Embassy for meeting</i>
16:00	Meeting with Union <i>Hulic Kobunacho Bldg; 5F, 8-1 Nihonbashikobunacho</i>	Meeting with major fruit and vegetable importer
18:00	Hotel	Return to Hotel
18:30	TBC	Dinner



Wednesday 2nd December		
	Location	Comment
07:15	Hotel	Depart Hotel for Ohta Market
08:00	Tour Ohta Market	Tour of the Ohta Wholesale Fruit and Vegetable Market with Tokyo Seika Trading.
10:00		Breakfast at a café after market visit.
11:00	Retail Store Tour	Visit supermarket and department stores to understand fruit quality and presentation in-store.
14:00	Meeting with Wismettac <i>6th Onward Park Bldg; 10-5 Nihonbashi, 3-Chome</i>	Meeting with major fruit and vegetable importer
15:30	Retail Store Tour	Visit supermarket and department stores to understand fruit quality and presentation in-store.
18:00		Return to Hotel
18:30	Dinner meeting with Hiro International <i>Venue TBC</i>	Dinner with major fruit and vegetable importer
Thursday 3rd December		
	Location	Comment
07:00	Hotel	Breakfast and check-out
08:00	Tokyo Station	Take Shinkansen to Osaka (via Kyoto)
10:20	Meeting with Royal <i>Location: (Kyoto Office)</i>	Meeting with major fruit and vegetable importer
11:45	Travel from Kyoto to Osaka	Continue on fast train to Osaka
13:00	Meeting with Austrade <i>Location: Osaka Consulate</i>	Briefing and lunch with Austrade Osaka
15:00	Retail Store Tour	Visit supermarket and department stores to understand fruit quality and presentation in-store.
18:00	Hotel	Check into Hotel – Hilton Osaka
18:30	TBC	Dinner
Friday 4th December		
	Location	Comment
AM	Hotel	Breakfast and check-out
09:30	Meeting with Kobe Yoko <i>Osaka Consulate</i>	Meeting with major fruit and vegetable importer



11:30	Meeting with Umina Brothers <i>Osaka Consulate</i>	Meeting with major fruit and vegetable importer
13:00	TBC	Lunch
14:00	Travel from Osaka to Tokyo	Take Shinkansen back to Tokyo
16:30	Tokyo	Check into ANA Hotel
18:30	TBC	Dinner
Saturday 5th December	Location	Comment
AM	Hotel	Breakfast
AM		Japan familiarisation
15:30	Tokyo	Take Limousine Bus to Airport
19:30	Narita Airport	Depart Tokyo for Melbourne (via Brisbane) QF62
Sunday 6th December	Location	Comment
07:00	Brisbane Airport	Depart Brisbane for Melbourne – QF609
10:20	Melbourne Airport	Arrive Melbourne Airport

Date	Country, City	Time		Appointment purpose (Meetings/ Meal/ Invites/ Events)	Appointment Participants	Comment on the Program	Indication No of hours
		Start	End				
27/11	Melbourne/ Manila	9:00	16:30	Travel to Manila	Jeff Scott, visiting exporters		
		19:30	21:00	Informal briefing / dinner	Jeff Scott, visiting exporters	Note: Dinner c/ Delegates own account	
28/11	Manila	7:30	8:30	Breakfast Briefing with Elodie Journet- STIC Manila	Jeff Scott, visiting exporters Austrade	Philippines Market brief Opportunities, etc	Free of Charge (FOC)
28/11	Manila	9:00	13:30	Round table with Filipino importers and retailers. Presentation of situation and outlook by ATGA delegation followed by business to business matching opportunities.	Jeff Scott, visiting exporters	Attendees: 10-15 importers and retailers New World Hotel Meeting Room Cost: A\$1800-A\$2,000 for 25-30 pax	Austrade to organize and invite and follow-up with attendees: Indication: 10 hrs A\$2,750
	Manila	13:30	17:00	Guided tour of wholesale markets/ retail market Or Meeting/briefing with Mr Glen Feist of Candid Counsel Asia Formerly affiliated with Philippines top retailers	Jeff Scott, visiting exporters	Retail visit instead of wholesale market. Wholesale market not ideal in the afternoon	
		18:00	20:00	Dinner meeting with Bureau of Plant and Industry Bureau of Plant and Industry (Merle Palapac Officer in Charge Post Entry Quarantine) and Agriculture Counsellor (Mr Andrew Hodges)	Jeff Scott, visiting exporters	Austrade can organize and assist in sending invite to BPI	Free of Charge (FOC) (government meeting)
29/11		09:00	13:00	AM: Wholesale market tour Major retail store visits: 1. Rustans Supermarket 2. Robinsons Supermarket 3. S&R Membership Shopping	Jeff Scott, visiting exporters	Briefing with 2-3 importers (wholesale market) and 3-4 retailers Car Hire: A\$260-300	Austrade will send request to importers and retailers for proper wholesale market/ in-store briefing Austrade to arrange schedule and logistics Indication: 5 hrs A\$ 1,375
		13:00	14:00	Pre-departure briefing / lunch	Jeff Scott, visiting exporters	Austrade BDM de-brief Note: Dinner Delegates own account	
		14:00		Delegates depart	Jeff Scott, visiting exporters		

Date	Country, City	Time		Appointment purpose (Meetings/ Meal/ Invites/ Events)	Appointment Participants	Comment on the Program	Indication No of hours
		Start	End				
Wed 30/11	Manila/ Bangkok	09:40	12.:10	Travel to Bangkok PR0730	Jeff Scott, visiting exporters	Van hire approx A\$ 100 per day Cost of hotel: approx. A\$ 210 per night Banyan Tree Bangkok	
				Market Insights & Promotional Evaluation/Discussion followed by guided tour with the following: <ul style="list-style-type: none"> 1) Tops Supermarket 2) Tesco 3) Makro 4) Talad Thai 5) The Mall Group 			Indication: 10 hours @ AUD 2,750 Austrade will send request to key contacts for proper wholesale market/ in-store briefing Austrade to arrange schedule and logistics
Wed 30/11	Bangkok	1430	1600	Market Insights & Promotional Evaluation/Discussion followed by guided tour at Makro			
		1730	1830	Embassy Briefing with Austrade Thailand and Department of Agriculture and Water Resources			
		1900	2100	Dinner hosted by Austrade: Meeting with Austrade, Senior Trade Commissioner, Trade Commissioner, Department of Agriculture and Water Resources			
Thurs day 1/12	Bangkok			Market Insights & Promotional Evaluation/Discussion followed by guided tour with the following: <ul style="list-style-type: none"> 1) Central Food Retail (TOPS) 2) Tesco 			
Friday 2/12	Bangkok	0900	1100	Site visit to Talad Thai Market, Mr Graham Sanders, CEO: <ul style="list-style-type: none"> 1. Inspection of largest fresh produce distribution center 2. Inspection of cold storage facilities 3. Presentation of situation and outlook for coming season by ATGA 			
	Bangkok	1300	1700	Business Matching with potential key produce contacts in Thailand	Jeff Scott, visiting exporters	Cost of catering: approx. A\$ 2500-3000	5 hours @ AUD 1,375 Austrade to organize and invite and follow-up with attendees

Date	Country, City	Time		Appointment purpose (Meetings/ Meal/ Invites/ Events)	Appointment Participants	Comment on the Program	Indication No of hours
		Start	End				
Sat	Bangkok	0930	1200	Retail Tour – The Mall Group			
Sun 4/12	Bangkok/ Hanoi	12.20	14.10	Travel to Hanoi VN610			
5/12	Hanoi	11:00	12:00	Briefing with Austrade’s Senior Business Development Managers (Ms Chi Hoang and Thanh Cao respectively)	Jeff Scott, visiting exporters	Market briefing	
		13:00	17:00	Major retail store visits: 1. KLEVE (Mr Xuan Hai Nguyen) 2. Mega Market (Metro) in Hanoi (TBC)	Jeff Scott, visiting exporters	Meeting arrangement and accompanying Direct cost: car rental (TBC)	Indication: 3 hours (#A\$825)
		19:00	21:00	Networking reception at the Ambassador’s Residence with (Mr Craig Chittick)	Jeff Scott, visiting exporters	We have to check with the Ambassador when the program is confirmed. If not at the Ambassador’s residence, do you want to hold a reception at a hotel? Austrade will send invitation on behalf of ATGA I and manage RSVP	Indication: 5 hours (A\$1,375)
6/12	Hanoi	9:00	10:00	Meeting with Agriculture Counsellor (Ms Amy Guihot)	Jeff Scott, visiting exporters	We’ll invite Amy to join the briefing with Austrade on 5/12	
		10:00	11:00	Round table with Vietnamese importers and retailers. Presentation of situation and outlook by ATGA delegation followed by business to business matching opportunities.	Jeff Scott, visiting exporters	Austrade invites 7-10 industry contacts, Amy Guihot to attend the roundtable. Austrade assists in hiring venue, sending an invitation and managing RSVP. Venue: 5-star hotel Direct cost: A\$1,500 – A\$2,200 (based on 25 pax/ half day with lunch)	Indication: 12 hours (A\$3,300)
7/12	Hanoi/HCM	15:00	17.15	Travel to HCM VN247			
	HCM	18:00	20:00	Informal Dinner	Jeff Scott, visiting exporters		
8/12		09:00	12:00	Major retail store visits: 1. Metro (Mr Thanh Tung Huynh) 2. Giant 3. AEON and/or Annam Gourmet	Jeff Scott, visiting exporters	Meeting arrangement and accompanying Direct cost: car rental (TBC)	Indication: 3 hours (A\$825)
		12:30	16:00	Round table with Vietnamese importers and retailers. Presentation of situation and outlook by ATGA delegation followed by business to business matching opportunities.	Jeff Scott, visiting exporters	Austrade invites 10-15 industry contacts to attend the roundtable. Austrade assists in hiring venue, sending	Indication: 12 hours (A\$3,300)

Date	Country, City	Time		Appointment purpose (Meetings/ Meal/ Invites/ Events)	Appointment Participants	Comment on the Program	Indication No of hours
		Start	End				
						an invitation and managing RSVP. Venue: 5-star hotel Direct cost: A\$1,500 – A\$2,200 (based on 25 pax/ half day with lunch)	
		18:00	20:00	AusCham function, including Head of Campus (Mr Phillip Dowler)	Jeff Scott, visiting exporters	Do you require any assistance from Austrade?	
9/12	HCM/ Melbourne	09:00		Return to Melbourne			

Australian Table Grape Strategic Export Plan 2014-2019



Developed By:



A Project Funded By:



Australian Government
Department of Agriculture

TABLE OF CONTENTS

Executive Summary.....	2
Background.....	6
Methodology.....	6
Abbreviation.....	8
Trade Environment Analysis	9
World Production and Trade	9
Major Global Competitors.....	12
Major Global Markets	20
Australian Horticulture Trade	21
Market Access for Australian Horticulture	23
Industry Situation Analysis.....	25
Production.....	25
Domestic and Export Trade	26
Export Supply Chain.....	28
Market Access for Table Grapes.....	30
Export Market Analysis	35
New Markets.....	36
Traditional Markets.....	44
Other Markets	53
SWOT Analysis – Export Markets.....	56
Australian Table Grape Export Strategy 2010-2013 – Review	59
Industry Export Plan.....	60
Export Objectives	60
Target Market & Export Market Matrix.....	60
Export Strategies and Action Plan	60
Acknowledgement.....	67
Appendix- Business Cases	67
Business Case 1: Data Intelligence & Levy Collection	68
Business Case 2: Japan Protocol Improvement	72
Business Case 3: South Korea Protocol Improvement.....	76
Business Case 4: Thailand Protocol Improvement.....	80
Business Case 5: China Protocol Improvement	84
Business Case 6: Protocol Improvement on All Other Protocol Markets (Current & Future)	90
Business Case 7: US Protocol Improvement.....	92

EXECUTIVE SUMMARY

Global grape production has been consistently growing from 15.1 million tonnes in 2009 to an estimated 17.1 million tonnes in 2013. Although China has been the main driver for this growth, the southern hemisphere has its own share of growth volumes particularly in South Africa and Peru. With lower demand from traditional markets in Europe, there is more intense competition among southern hemisphere suppliers in Asia – the emerging market.

Australia's growth in production has resulted in increased domestic market pressure. Export has become a more profitable option for most growers, despite intense competition in Australia's largest regional market: Asia. 99% of Australian table grape exports are from the Sunraysia region in Victoria, but there is growing interest in exports among the traditionally domestic suppliers in Queensland and Western Australia.

The industry is exporting more than it ever has been in the past. Out of the estimated 170 thousand tonnes of grapes produced in 2013/14, the industry exported approximately 90 thousand tonnes. More than half of what it produced. In the calendar year 2013, the table grape category was the largest exported fruit in Australia and the 2nd largest exported category in the whole of horticulture.

Asian markets are at the forefront of growth in demand for imported table grapes and Australia is well positioned to take advantage of this opportunity. New access into high value markets such as Japan and South Korea has given the table grape industry an export edge over other Australian fruit industries.

In addition to addressing institutional barriers within the industry, much work has yet to be done in improving access into markets with import protocols, making the industry more competitive with other Southern Hemisphere suppliers.

The objectives that the industry should achieve by 2018-2019, in order of importance are:

- To improve and maintain access into Japan, South Korea and China in the next 5 years.
- To improve and maintain access into all other markets with import protocols in the next 5 years.
- To increase awareness of and demand for Australian table grape varieties in new and traditional markets in the next 5 years.

Other markets with import protocols include: Thailand, Indonesia, Philippines, Taiwan, New Zealand, US and other countries that may shift to requiring import protocols in future. Traditional markets include Hong Kong, most of Southeast Asia and the Middle East.

In order to achieve these objectives, the industry will implement an action plan around 5 key strategies:

- Industry Development
- Branding and Positioning
- Market Access
- Trade Development
- Trade Promotion

1. Industry Development

Institutional barriers need to be brought down or minimised for industry development. There is a need for:

- Industry data intelligence
- Grower engagement, training and communication
- Close collaboration with other industries, government agencies and other institutions
- Front-end season loading to avoid competition with Chile and waning market interest

- Package innovation and accessibility
- Product quality and integrity through best practice farming and maturity standards and improved varieties
- Increased funding capabilities
 - Levy collection – improve system, foreign spot buyers¹
 - Grants
 - Multi-industry programs

Action Plan includes:

- 1.1 Build data intelligence
- 1.2 Develop and maintain Electronic Export Manual
- 1.3 Maintain an Online Export Manual
- 1.4 Develop, maintain and implement Grower Export-Ready Program
- 1.5 Incorporate all export-related information in the National Industry Communications Program
- 1.6 Conduct research on packaging innovation
- 1.7 Collaborate with multi-industry programs
- 1.8 Increase personnel resources
- 1.9 Source external funding

KPIs:

- Grow grower/exporter contact list by 20% each year for the next 5 years
- At least 5 major growers participate in the industry data intelligence program
- Export Manual developed and available online by end of 2014-2015
- Export Manual is updated within a week from any development in requirements
- Participation of at least 50 growers each year in the Grower Export-Ready Program

2. Branding and Positioning

To establish the position of Australian grapes in the world, the industry needs to communicate the following simple messages:

- Provenance: country of origin, farmer story, world farming standards
- Product differentiation: emphasis on high quality, taste and specific varieties
- Supplier of choice: reliability, consistency and innovativeness
- Nutritional benefits to leverage on the healthy eating trend

With the limited Australian table grape trade due to seasonality and volume capabilities (compared to other southern hemisphere suppliers), it will be challenging to build a brand (or even multiple brands). Building the brand takes time and substantial funding. The industry should maximise its membership with Australia Fresh by using the Australian Grown logo as a mark of origin in all export materials.

Action Plan includes:

- 2.1 Develop standard messaging checklist
- 2.2 Incorporate Australian Grown logo in all materials
- 2.3 Update website and other existing materials

KPI:

- Consistency in all materials by 2014-2015 and actively use them in all activities

¹ Foreign (Chinese) buyers sourcing table grapes directly from the farms. See Export Supply Chain section in page 28.

3. Market Access

Market improvement and market maintenance is now the area of focus in maintaining and improving market opportunities in the long-term.

Market improvement requirements include:

- Pre-shipment inspections (China, South Korea)
- Shift back from shed packing to in-field packing (China)
- Improve airfreight opportunities to markets with import protocols: (China, South Korea, Japan, Thailand, Indonesia, Philippines, Taiwan and all other current/future markets with import protocols)
- Improve sea freight protocols (all markets with import protocols except Indonesia)
- Recognition of Pest Free Areas (PFAs) in Australia (China, South Korea, Japan, Indonesia, Philippines, Taiwan and all other current/future markets with import protocols)
- Allow all varieties into the Japan market

Market maintenance requirements include:

- Continue to build good relationships and closely coordinate with the relevant Australian government and industry agencies.
- Continue to build good relationships in export markets and closely coordinate with key influential importers and relevant foreign government officials through multi-industry activities

Action Plan includes:

- 3.1 Closely coordinate with DoA, other Australian industry groups and in-market trade policy influencers (foreign government & industry groups) on Market Improvement requirements as outlined in Business Case numbers: 2 to 6
- 3.3 Participate in multi-industry opportunities to build relationships with key influential players and government officials in Australia and export markets
- 3.3 Commission R&D Project (if none existing) to develop a science-based airfreight protocol as an alternative to cold treatment. Market Access

KPIs:

- Improved airfreight protocol established by 2015-2016
- Improved access in Japan, South Korea and China within the next 5 years

4. Trade Development

The industry has an essential role in developing the Australian table grape export trade. Industry responsibilities in this area are two-fold:

- Build awareness of the key messages on Australian table grapes in export markets
- Build relationships with key stakeholders in the value chain: exporters, logistics companies, importers, wholesalers, retailers, etc.

Action Plan includes:

- 4.1 & 4.2 Participate in major trade exhibitions, trade missions
- 4.3 Identify and develop standard trade development materials requirements
- 4.4 Develop and produce a standard training program for use in export markets
- 4.5 Actively participate in multi-industry export market training programs
- 4.6 Actively participate in the Australia Fresh Program

KPIs:

- Participation of at least 5 exporters/growers in each trade show or trade mission
- At least 3 markets participating in the training program

5. Promotions

Export market promotions among buyers and consumers are essential to stimulate interest, awareness and sales for Australian table grapes. Promotions will emphasise on provenance, the experience of sweetness and awareness of varieties.

Action Plan includes:

- 5.1 Develop and implement a Japan & Korea promotions program
- 5.2 Develop merchandising materials
- 5.3 Install merchandising materials in export markets

KPIs:

- Annual Promotions Program developed and implemented for Japan and South Korea
- Installed merchandising materials in at least 3 markets each year throughout the season

BACKGROUND

Most Australian horticulture groups did not have strategic export plans and their market access aspirations were generally not strongly supported by evidence-based assessment of export opportunities. There was strong evidence demonstrating that, despite all of the efforts of both industry and government to gain access to export markets, the servicing of the export markets that were gained is often underutilised. The under-utilisation of export market opportunities was caused by several factors including a lack of supply capacity; poor supply chain dynamics; lack of consolidated plans and in-market based activities. Additionally, the lack of appropriate research and development (R&D) to support industry's preferred market access aspirations may result in market access conditions that are not up to industry's expectations and may not ensure viable trade in the longer term.

Given the high demand for new and improved market access, particularly in emerging markets in the Asian region, the development of strategic export plans, which include well-defined and justified export goals and objectives supported by rigorous evidence-based assessments of the technical readiness and commercial viability of market access, would enable the Australian Government to work in partnership with the Australian horticulture industry to identify and negotiate strategic market access opportunities that help to ensure trade is viable over the longer term.

It is in this light that the Department of Agriculture issued a Request for Tender, in January 2014, for the development of export plans for each of the following industries: Table Grapes, Citrus, Cherries, Summerfruit, Mangoes, Apples & Pears, Potatoes, Carrots, Asparagus, Nuts and Nursery.

In April 2014, the Department of Agriculture commissioned Oliver & Doam, a consultancy company and the appointed service provider, to develop the export plan for the Australian Table Grape industry. Oliver & Doam was required to engage with the Australian Table Grape Association and other relevant stakeholders, to collate information and undertake supporting analysis to produce a table grape strategic export plan that will clearly identify market access goals and objectives for the industry.

This Strategic Export Plan has been developed to provide direction for the Australian Table Grape industry in building its business in exports. It also serves as a guide for the Department of Agriculture in understanding the industry's export priorities, issues and concerns and to assist in improving the industry's international trade environment through access-related negotiations.

The industry is encouraged to review this plan on a periodic basis and refine its strategies and action plan to address current or developing issues and maximise new opportunities.

METHODOLOGY

The entire project was conducted in a transparent manner where Oliver & Doam coordinated closely with the Department of Agriculture and the Australian Table Grape Association (ATGA) throughout the planning process.

The following describes the methodology in developing the Australian Table Grape Export Strategy Plan:

Data Scoping

1. Reviewed all existing data provided by industry and the Department of Agriculture
2. Undertook desktop research analysis
3. On-ground research whenever possible

Consultation Process

4. Conducted interviews and discussions to source information on past and current export-related issues, concerns, industry needs, industry priorities and other relevant data. The following participated in the consultation process:

Victoria & New South Wales:

Jeff Scott (Chief Executive Officer, ATGA)
Phillip Marciano (P&T Marciano)
Brian Charles (Fresh Produce Group)
Dominique Moras (Nangiloc Colignan Farms)
Bruno Moras (Nangiloc Colignan Farms)
John Argiro (Victorian grower)
Barry Penderson (NSW/Victorian grower)
David Minnis (Chairman, Australian Horticulture Exporters Association, 888 Exports)
Joe Tullio (Australia Fruits)
Glenn Egan (Australia Fruits)
Glenn Colihole (Wakefield Transport Group)
Brian Ceresa (Costa Group)

Western Australia (WA):

Darryl Trease (President, Grape Growers Association of WA)
Roger Fahl (Chairman, Table Grapes WA)
Alan Price (Committee Chairman, Agricultural Produce Commission)
Matt Katich (ATGA Representative, Table Grapes WA)
Peter Nuich Table Grapes (WA Committee member and grower)
Jim Loureta (WA Committee member and grower)
Allison Kunoip (Secretary, Table Grapes WA and Grape Growers Association of WA)
Harry Gratte (WA Committee member and grower)
Steve Kraljevich (WA Committee member and grower)
Colin Gordon (DAFF WA)
Table Grapes WA Levy Payers Meeting – 16 people in attendance

Queensland:

Edith Gomez (Trade & Investment Queensland)
Adriano Brescia (Trade & Investment Queensland)
Richard Lomman (Chairman, ATGA, Chairman QLD Table Grapes, St. George, QLD grower)
Rob & Rebecca Lomman (Secretary of St. George Table Grape Growers, St George QLD growers)
Nick & Cheryl (St. George, QLD growers)
Ross Cardoma (Emerald, QLD grower)
John Pressler (Emerald, QLD grower)

Horticulture Australia (HAL) conducted a workshop for table grapes, which covered export issues and aspirations. The workshop in Sydney was attended by:

Elliott Jones – Costa
Rocky Gianfrelle – Happy Valley
Michael Simonetta – Perfection Fresh
Richard Lomman (Chairman, ATGA, QLD grower)

5. Sent an electronic invitation to at least 50 growers and exporters to submit comments as part of the consultation process. Comments were received from:
Lisa Martin (Technical Consultant – Pest & Disease Monitoring)

Analysis

6. Conducted data analysis, including SWOT analysis
7. Reviewed the existing Table Grape Strategic Export Plan and evaluated its relevance

Industry Strategic Export Plan - Draft

8. Developed the first two drafts of the industry export strategy plan

Planning Workshop

9. Conducted an industry export strategy planning workshop which was participated in by:
 - Jeff Scott (CEO, ATGA)
 - Colleen Dangerfield (Fruitmaster)
 - Brian Ceresa (Costa Group)
 - Dom Moras (Nangiloc Colignon Farms)
 - Phillip Brancatisano (The Grape House)
 - Roger Fahl (Chairman, Table Grapes WA and one of the key growers in WA)
 - Stephen Baud (Department of Environment and Primary Industries, Victoria)
 - Anthony Plummer (Department of Environment and Primary Industries, Victoria)
 - Elisa Tseng (Table Grape Marketing Manager, Horticulture Australia)
 - Adam Powell (Department of Agriculture)
 - Wayne Prowse (Department of Agriculture)

Apologies received from:

- David Minnis (Chairman, Australian Horticulture Exporters Association, 888 Exports)
- Brian Charles (Fresh Produce Group)
- Edith Gomez (Trade & Investment Queensland)

Industry Strategic Export Plan – Final

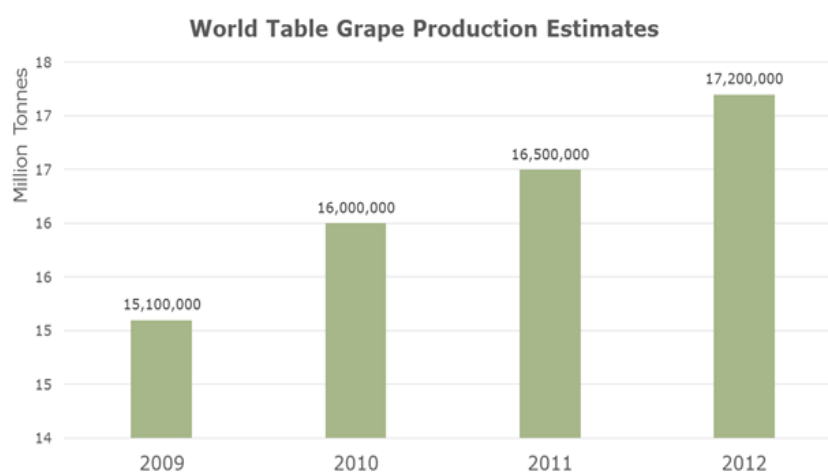
10. Identified and developed business cases for required action
11. Identified R&D and Marketing levy investment requirements to implement the plan
12. Estimated cost of proposed strategic export program
13. Revised plan based on additional feedback from the Department of Agriculture
14. Submitted the final export strategy plan to the Department of Agriculture

ABBREVIATION

AHEA	Australian Horticulture Exporters Association	ITC Comtrade	International Trade Centre Comtrade
APHIS	Animal and Plant Health Inspection Service	KPIs	Key Performance Indicators
ATGA	Australian Table Grape Association	M3	Cubic Metres
CEO	Chief Executive Officer	MCS	Market Coordination Services
CIF	Cargo Insurance and Freight	NSW	New South Wales
DoA/DA	Department of Agriculture	NZ	New Zealand
EU	PNG	PFAs	Pest Free Areas
FAS	Foreign Agricultural Service	PNG	Papua New Guinea
FOB	Free on Board	Prod'n	Production
FX	Foreign Exchange	US	United States
GAIN	Global Agricultural Information Network	QLD	Queensland
HAL	Horticulture Australia Limited	US	United States
HK	Hong Kong	USDA	United States Department of Agriculture
		VIC	Victoria

WORLD PRODUCTION AND TRADE

In 2012, world table grape production was estimated at a record 17.2 million metric tonnes. Production growth is driven largely by China whose supply continues to develop to feed local demand.² Volumes have also been growing in Southern Hemisphere countries such as South Africa, Peru, and Argentina to meet demand in emerging markets.³ However, in Chile, the Southern Hemisphere's largest producer, surface areas have stabilized. In zones such as the EU, production potential has actually fallen by 30% since 2005.⁴



Source: Fresh Deciduous Fruit: World Markets and Trade (Apples, Grapes, and Pears), USDA GAIN, Jun13, Jun12,10

	2012/13 Production Estimates ⁵ in '000 tonnes	Growth in 2012/13	Growth / Decline Drivers
China	7,200	9%	<ul style="list-style-type: none"> The world's largest table grape producer Planting expansion in Jiangsu, Zhejiang, Yunnan, Guanxi provinces Greenhouse production becoming popular Exports expected to climb while imports are estimated to expand to record levels due to rising consumption
EU	2,000	-4%	<ul style="list-style-type: none"> Due mostly to adverse weather and less planting area i.e. rising costs of new plantings and reduced profits Imports have fallen as consumption is in decline Exports expected to climb mostly to meet growing Ukrainian and Belarus demand
Chile	1,200	Flat in 2013	<ul style="list-style-type: none"> With no growth in domestic consumption, gains in the US are balanced by losses in their EU and Russian markets
US	908	Slight increase	<ul style="list-style-type: none"> Export growth expected to be driven by demand growth from Asia and to some extent Canada and Mexico
Turkey	880	Stable	<ul style="list-style-type: none"> Moving toward wine production due to profitability Exports expected to fall due to weak demand from the EU and Russia
South Africa	300	Expected to increase	<ul style="list-style-type: none"> Record year - driven by government incentives for area expansion and growing demand in Asia and the Middle East Production growth is constrained by rising costs in the industry
Mexico	215	9%	<ul style="list-style-type: none"> Growth driven by exports to US market

Source: Fresh Deciduous Fruit: World Markets and Trade, USDA GAIN, Jun13.

² World Table Grape Market in Adjustment Phase," Market Insider, INTRACEN, 31 March 2014.

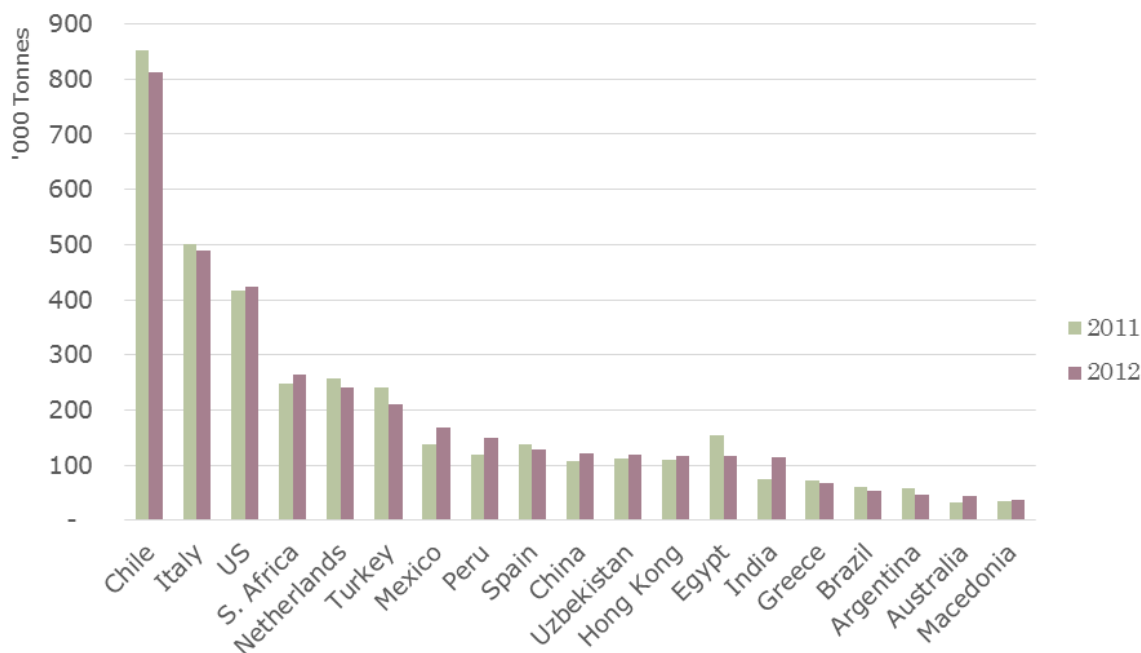
³ Ibid.

⁴ Ibid.

⁵ Ibid.

Total table grape trade declined in 2012 by 0.4%, this is due to the cumulative effect of slight reductions in export volumes from key suppliers such as Chile, Italy, and Turkey. There was slight growth in exports from Asian suppliers such as China, India, and Hong Kong but this was not enough to reverse the falling global trend. The top 10 suppliers trade 75% of global exports. Though Netherlands and Hong Kong feature as large exporters, they do not produce table grapes locally and instead are large scale trading hubs where most of imports are re-exported.

Top 20 Table Grape Exporters in 2011 vs 2012



Source : ITC Comtrade, DA MCS analysis

Northern Hemisphere Suppliers

The United States and Italy constitute 10.5% and 12% of global table grape exports, respectively. A sizeable portion of their exports is traded within their own continent. The United States is a dominant supplier in many Asian markets.

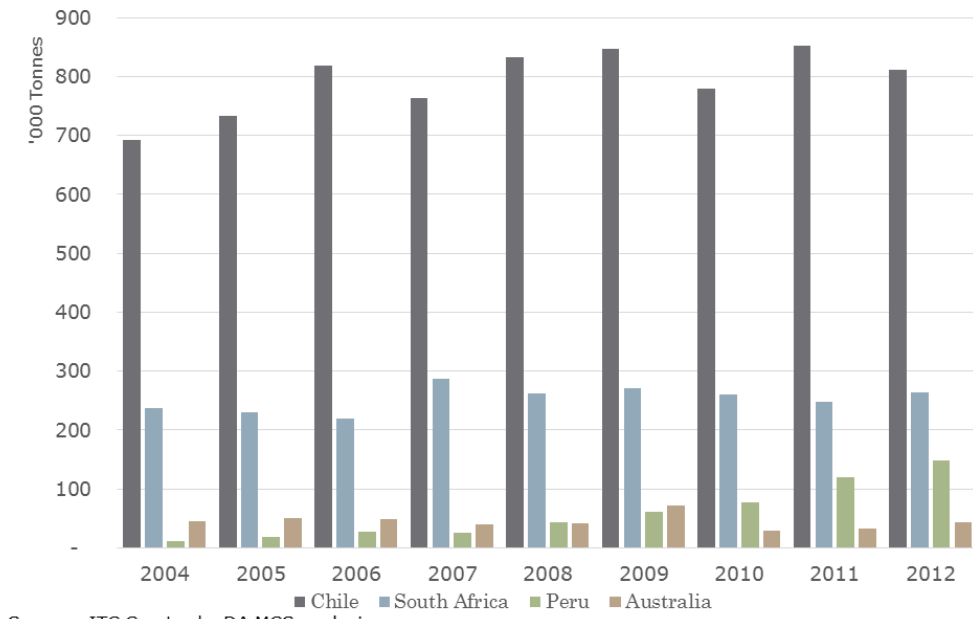
China is emerging as a large importer and even larger producer of table grapes. Analysis suggests that global table grape production is rising, by approximately 10% every year, in step with Chinese production.⁶

Southern Hemisphere Suppliers

Given the seasonality of Australian table grapes, Australia’s key competitors are high volume southern hemisphere exporters such as Chile, South Africa, and Peru. Combined, these countries constitute roughly 30% of global table grape exports. Chile is by far the largest, followed by South Africa, Peru, and Australia. The general export trends of Chile and South Africa show year on year fluctuations whereas Peru has shown steady growth over the same period and has surpassed Australian table grape exports since 2010.

⁶ “World Table Grape Market in Adjustment Phase,” Market Insider, INTRACEN, 31 March 2014.

Southern Hemisphere Table Grape Exports

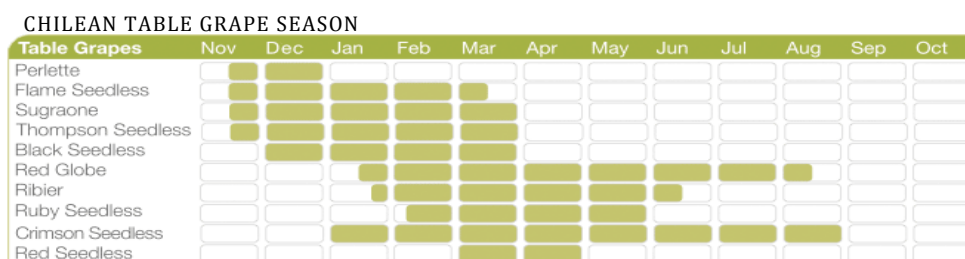


Red Globe is the most popular variety traded in the world. Although this variety may be supplied by Australia, Crimson Seedless is where Australia has an advantage in quality (i.e. bloom, berry size and taste) compared to its Southern Hemisphere competitors.

MAJOR GLOBAL COMPETITORS

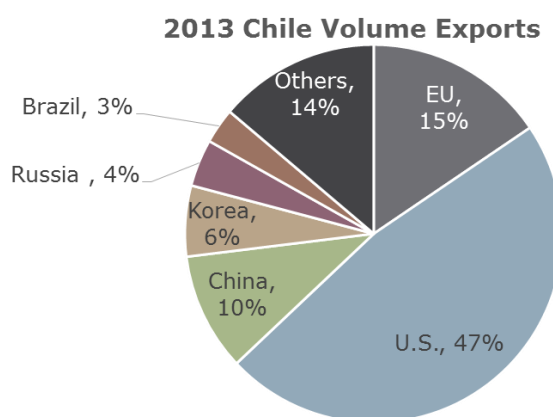
CHILE

Chile is the world’s largest table grape exporter with exports accounting for 20% of global trade in 2012.⁷ 30% of Chile’s entire fruit growing area is dedicated to grapes and it continues to be one of the country’s major fruit exports.⁸ Chilean suppliers have faced significant challenges in recent years with unpredictable weather conditions and persistent water problems in the northern region.⁹ Chilean table grapes are available on the market from mid-November to August.



Source: www.fruitsfromchile.com

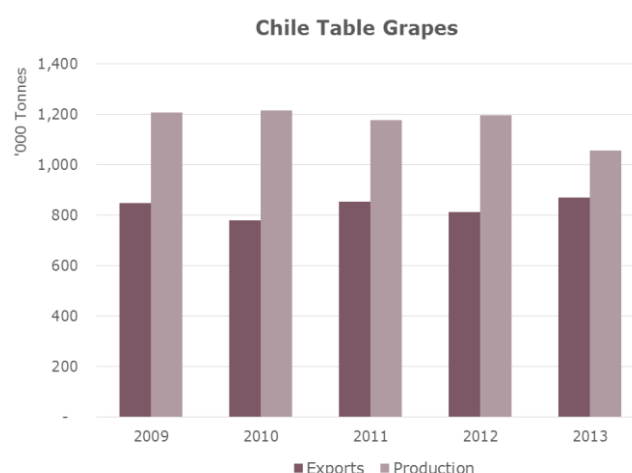
Table grape production is concentrated in the central regions of Chile with the Thompson and Flame seedless as the main varieties.¹⁰ Other varieties that are increasingly significant in Chilean exports include Red Globe, Crimson and Autumn Royal. New Red Globe plantings in Central Chile make up for the decline in Northern Chile production. Chile is expecting at least four new varieties by 2020¹¹.



Source : ITC Comtrade, DA MCS analysis

Domestic consumption accounts for only 10% of total table grape production.¹² The majority of exports go to the US and EU. Chile, however, is also a dominant supplier in most of its smaller export markets.

Chile continues to dominate world table grape trade. Though 2013 exports grew by 7%, the long-term outlook is flat. More than the current adverse weather variations, Chile is facing rising production costs and the re-valuation of the Chilean peso against the US dollar.¹³



Source: ITC Comtrade, DA MCS analysis and USDA GAIN production estimates

⁷ "GAIN Report: Chile Fresh Deciduous Fruit Annual", USDA FAS, 19 November 2013.

⁸ www.fruitsfromchile.com /grapes, 2013.

⁹ "Mixed fortune for Grape Suppliers," Market Insider, INTRACEN, 3 October 2013.

¹⁰ "Chilean Grapes Go to Waste as Fruit Floods US market," Fresh Fruit Portal, 27 March 2013.

¹¹ "Global Table Grapes Production Trend, Julie Escobar, Asia Export Manager, CH Robinson Worldwide, PMA Fresh Connections.

¹² "GAIN report: Chile Fresh Deciduous Fruit Annual", USDA FAS, 19 November 2013.

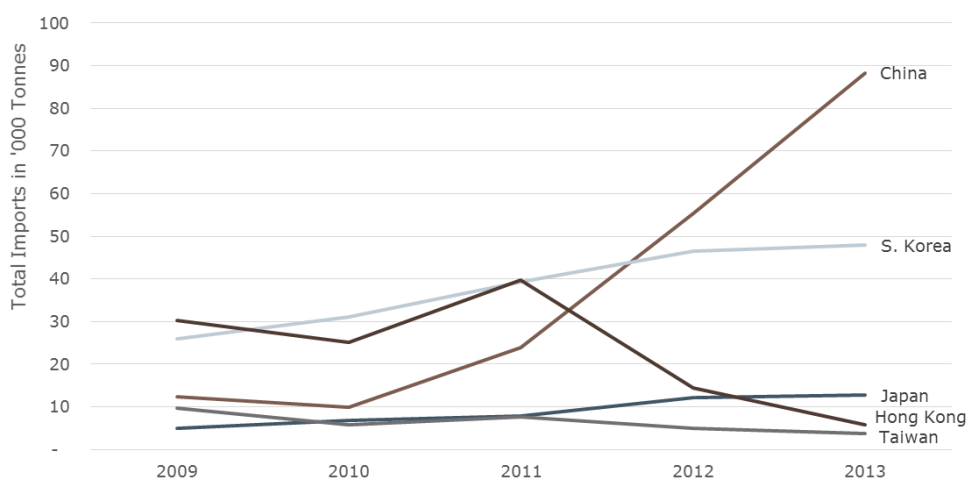
¹³ Ibid.

In most markets, the cost of table grape imports from Chile tends to be either at par or much lower than other Southern Hemisphere competitors. Chile is at an advantage in markets where it has free trade agreements (FTAs) with: Japan, Vietnam, Malaysia, China, South Korea and Thailand. Increased trade in these markets may be seen in the charts below. In early 2014 Chile and Indonesia initiated their first round of negotiations for establishing an FTA.

Chile Free Trade Agreements	
Japan	September 2007
Vietnam	February 2014
Malaysia	April 2012
China	October 2006
South Korea	April 2004
Thailand	Signed October 2013

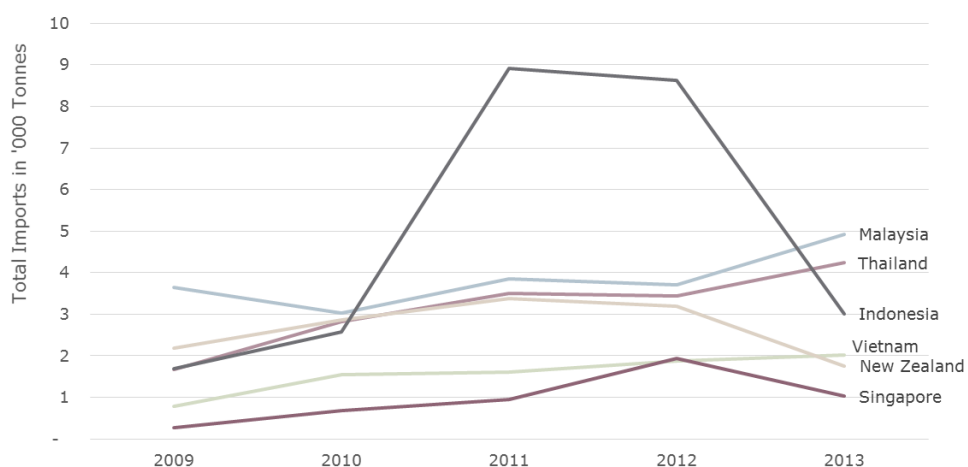
Source: www.sice.oas.org

Chile Volume Exports to North Asian Markets



Source : ITC Comtrade, DA MCS analysis

Chile Volume Exports to ASEAN & NZ Markets



Source : ITC Comtrade, DA MCS analysis

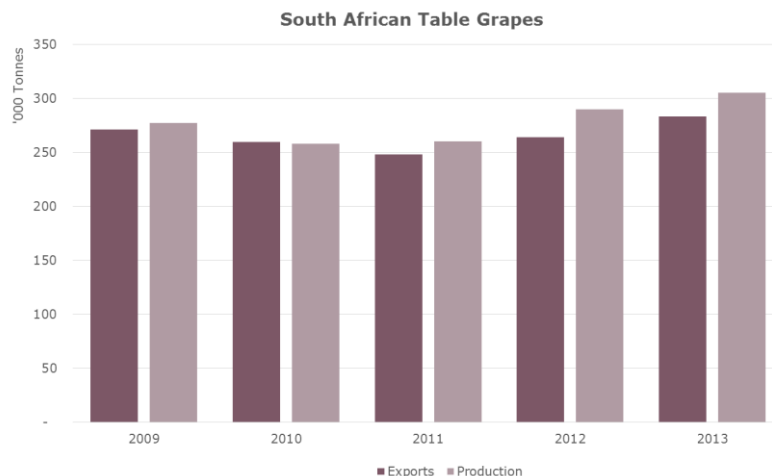
SOUTH AFRICA

South Africa is the fourth largest table grape exporter in the world, and second largest supplier in the Southern Hemisphere. It exported 11% of the 2013 global table grape trade. The relatively weak rand has supported exports.¹⁴ However, increased production and shipping costs could slow export growth.

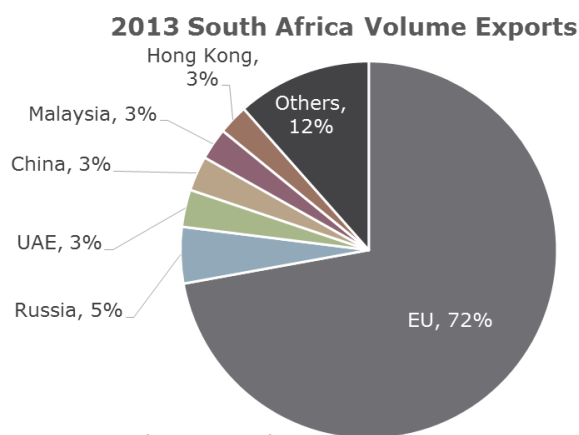
Though production has been hampered by extreme weather conditions, South African table grape exports are projected to increase with improved access opportunities to the US and strong demand in Europe, Russia, and the Middle East¹⁵

Europe is the largest market for South African table grapes. Traditional markets within the region include the Netherlands, United Kingdom, Russia, Germany and Norway. Outside of Europe, exports to Asia have grown steadily making it the second most important region to South African producers. Key country markets in this region include China, Malaysia and Singapore. The main drivers for this shift towards Asia are the markets' strong growth potential and their less rigorous non-tariff policies compared to European markets.¹⁶ Direct trade with China has significantly increased in the last year reflecting a decrease in trade with Hong Kong in the same period. The next largest market is the Middle East, which takes 5% of South African table grape exports; the majority goes to the UAE and Saudi Arabia.

South Africa has a Generalized System of Preferences (GSP), a Non-Preferential Trade Agreement with Russia, US and Japan, among other developed countries. This qualifies South Africa for preferential access into these markets¹⁷.



Source: ITC Comtrad, DA MCS analysis and USDA GAIN production estimates



Source: ITC Comtrade, DA MCS analysis

¹⁴ South Africa Fresh Deciduous Fruit Annual, AgroChart, Dec 2013.

¹⁵ "Markets and Economic Research Centre: SA Fruit and Trade Flow," South African National Agricultural Marketing Council, Issue 2, February 2013.

¹⁶ Ibid.

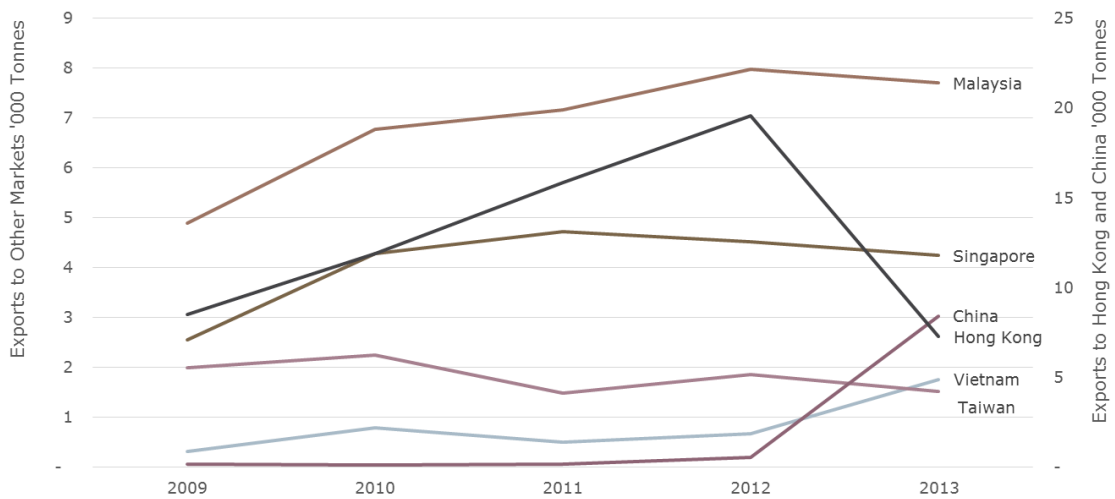
¹⁷ http://www.dti.gov.za/trade_investment/ited_trade_agreement.jsp, 14 June 2014.

South African Grape Calendar: Main Varieties



Source: South Africa Table Grape Industry (SATI)

South Africa Volume Exports to Asian Markets



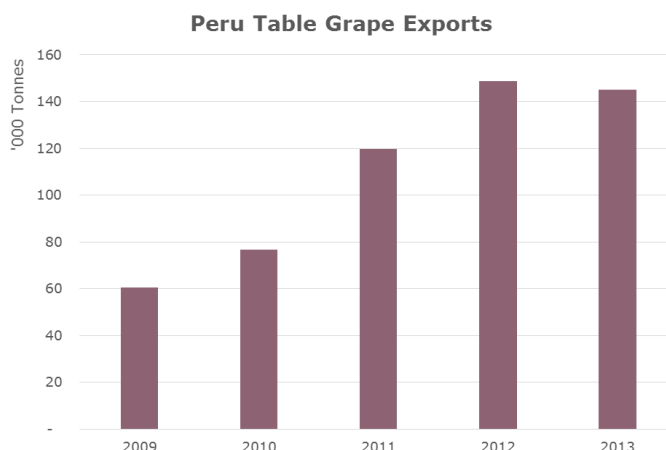
Source : ITC Comtrade, DA MCS analysis

PERU

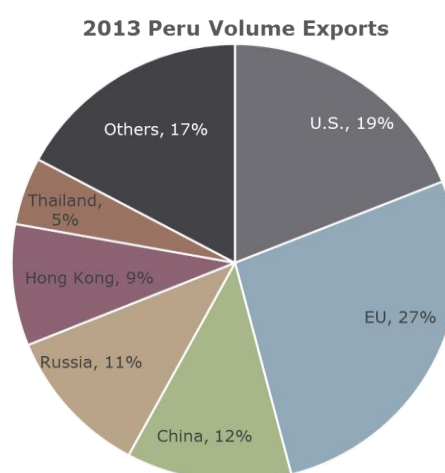
Peru is the third largest Southern Hemisphere producer for table grapes and its export trade has been growing steadily.

Though still much smaller in trade than Chile and South Africa, Peru is a growing contender in the counter seasonal-market. Peru was the only South American supplier to achieve a solid growth in in 2012/13, with volume rising 12%. Growth is expected to rise a further 13% in 2013/14.¹⁸ Peru's growth has been driven by increased rates of plantings each season.¹⁹ On average, a 1,000-hectare area is planted with grapes each year, 70% of which is of the Red Globe variety.

Peru exports fresh grapes to 56 countries worldwide. In 2014, China is expected to grow substantially with figures in early 2014 suggesting that it was on track to become Peru's largest market.²⁰ Peru exported 150,000 tonnes to China last season, and this year it expects a balance of 220,000. This is largely due to their trade agreement with China, which reduced tariffs from 15% to 3.9% in 2014. Further growth is forecasted, as exports become tariff free in 2015 giving Peru a significant competitive edge in one of the fastest growing markets.²¹ A FTA signed with South Korea will also offer tariff free access for Peru with an expected gain on its current 6% share of the Korean market. Peru also hopes to gain access to the neighbouring Japanese market, its last large untapped market.²² While exports to the U.S. dropped in 2012, exports to Hong Kong rose by 42% and Russia by 11%.²³ Russia like China represents an important market due to its size and emergence as a new export destination for Peruvian table grapes.



Source : ITC Comtrade, DA MCS analysis



Source : ITC Comtrade, DA MCS analysis

Peru Free Trade Agreements		
Japan	March 2012	Tariff to be eliminated over 10 years from 2012
South Korea	August 2011	Tariff free in 2015
China	March 2010	Tariff free in 2015
Singapore	August 2009	-
Thailand	December 2011	-

Source: www.sice.oas.org and <http://www.joc.com>

¹⁸ "Mixed fortunes for grape suppliers" Market Insider, INTRACEN, 3 October 2013.

¹⁹ Ibid.

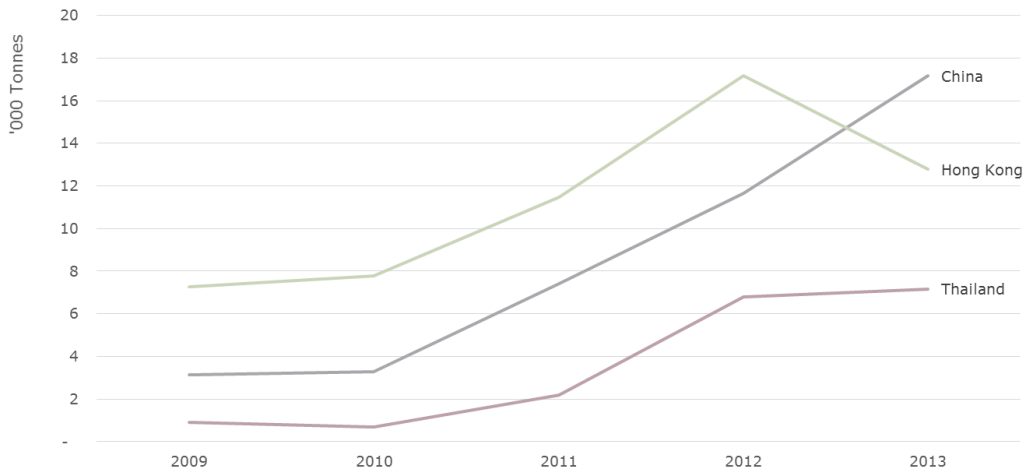
²⁰ "Peruvian grape volume grows across new and old markets," Freshfruitportal.com, 24 March 2014.

²¹ "Chinese market to be tariff-free for Peruvian grapes in 2015," Freshfruitportal.com, 2 May 2014.

²² Ibid.

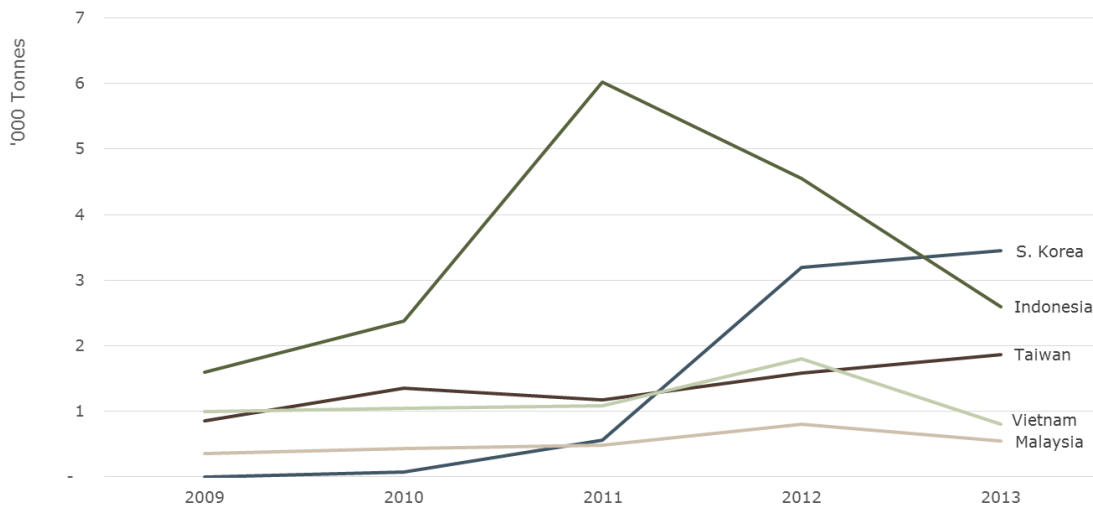
²³ "Growth Continues for Peruvian grapes despite roadblocks," freshfruitportal.com, 20 September 2013.

Peru Volume Exports to Top 3 Asian Markets



Source : ITC Comtrade, DA MCS analysis

Peru Volume Exports to Other Asian Markets



Source : ITC Comtrade, DA MCS analysis

United States

The case study on California grapes below outlines the success factors that has taken the United States to being a global leader in the table grape trade: cooperation, innovation and leadership.

United States – A Case Study²⁴

“The absolute best of California agriculture’s history can be capsulized and intensified in the experiences of the state’s table grape industry. Without discrediting the pioneering families of Italian, Armenian and Slavic descent who staked out small acreages near Central Valley towns such as Dinuba, Reedley, Exeter, Porterville and eventually Delano, the deep intensity and vitality of the industry began in the 1960s. That’s when its imprints of character were refined in the noisy cauldron of farm labor relations fomented by the United Farmworkers union (UFW).

Surprisingly, history is confirming that the union and the turmoil it created made its greatest contribution by encouraging members of the table grape industry to hunker down, work cooperatively to defend themselves, their markets and each other, and face the future with deep resolve.

A major step forward was taken by industry leaders as they led growers and shippers to join together in 1967 to form the California Table Grape Commission. The state- sponsored structure allowed each producer to contribute a proportionate amount to be used for promoting and advertising their product. It has continued and grown. Its budget for 2013 was \$17 million.

Funds were accumulated through the California Table Grape Commission to support research leading to new, attractive and tasty grape varieties that are colorful, large, and above all, seedless. Other descriptive terms can be accorded them as well, like crunchy, sweet, fresh, handy to serve and long-lasting.

The research program to develop new varieties was launched in 1972 with the University of California. Besides development of fruit with a wide consumer appeal, the goal of the research was to breed grapes that ripened later than Thompson seedless, the workhorse variety that had carried the industry for years, and carried it well. But the Thompson season only extended from early July through September typically, longer under proper storage conditions.

The lion’s share of the research assignment was accorded the U.S. Department of Agriculture’s (USDA) facility in Parlier in 1981. There, research horticulturist David Ramming accepted the challenge, outlining a plan to crossbreed existing grape varieties to produce fruit to fit the production and marketing challenges defined by the industry.

The need to extend the table grape harvesting and shipping season was further intensified in the 1980s when a developing table-grape industry in Chile began shipping its output into the American market. Quality of the fruit was excellent. It mimicked the Thompson Seedless product grown in California, ripened in November as the California shipping season wound down and continued through May. It found consumer acceptance immediately in both the American and export markets. A few traditional California producers made Chile the second home for their vineyards, and did well in the market.

As growers planted and tended more of Ramming’s experimental varieties they learned the cultural characteristics the new grapes demanded, and adjusted to them. They found that some of the most promising varieties did not do well if rain fell while they were in the late stages of ripening on the vine. That led to plastic coverings being stretched over acre after acre of vines.

Several prominent grower-shippers are now operating their own research and grape breeding facilities. That leads to patented varieties that promise significant returns when they are accepted by consumers.

Other challenges can be expected, but the table grape industry and its leaders have established structures and procedures that can be modified to handle them, up to and including totally new grape varieties that consumers are really getting their teeth into.”

²⁴ “Ag at Large: Seedless Grapes – Ag Success Personified,” Don Curtee, The Sentinel, 06Feb14.

ARGENTINA

Argentina table grape production and exports have practically halved from 2011 to 2013 due to weather conditions, rising production costs, and issues with export markets.²⁵

2014 is likely to be a challenging year for Argentinian producers. As a result of weather damage, production forecasts expect a decline by 40-50%.²⁶

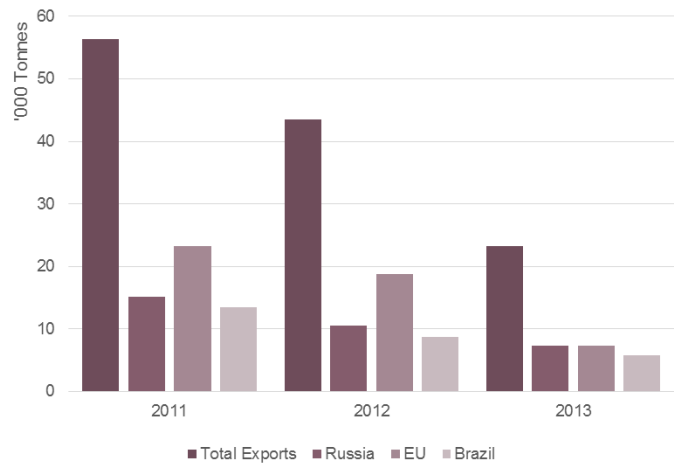
Argentina exports have likewise continued to decline because of increased protocol requirements imposed by Brazil, reducing access to one of Argentina's key markets. Argentina also faces stiff competition with Peru and Chile in product quality and volume.²⁷

BRAZIL

Brazil exports fell in 2013 and may be set to continue falling in 2014. This has been driven by strong domestic demand for table grapes and crowded table grape markets in the US and Northern Europe during its main trading months.

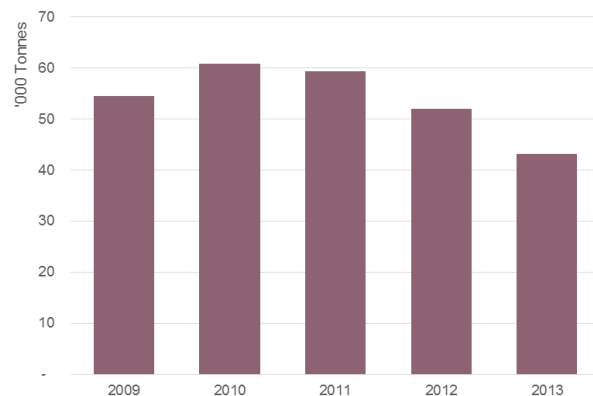
The 2011/12 season marked a significant decline in exports to the US as American growers developed a variety that allowed Californian table grapes to extend their season to December. This pushed down prices and reduced Brazil's competitiveness in the market.²⁸ Similarly, 2013 exports to Northern Europe are competing with EU suppliers who, as a result of cold weather in spring, faced a delayed season.²⁹ This meant that European wholesalers who normally begin selling Brazilian grapes in mid-October decided to continue sourcing produce from within the continent until at least early November.³⁰

Argentina Table Grape Exports



Source: Argentina Fresh Deciduous Fruit-US GAIN report 2014

Brazil Table Grape Exports



Source: ITC, Comtrade

²⁵ "Argentina Fresh Deciduous Fruit Semi-annual," US GAIN reports, 22 May 2014.

²⁶ Ibid.

²⁷ "Weather dents South American grape production" The Global Fruit and freshplaza.com, 8 March 2014.

²⁸ Brazil's largest grape grower plans new variety upheaval," Freshfruitportal.com, 10 January 2012.

²⁹ "Brazil to export fewer table grapes," Market Insider, INTRACEN.org, 25 September 2013.

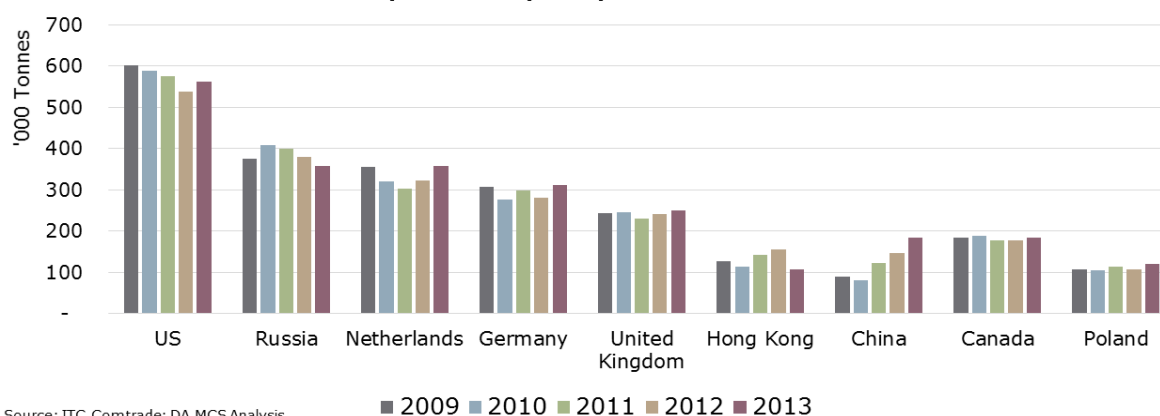
³⁰ Ibid.

MAJOR GLOBAL MARKETS

Falling demand for table grapes in traditional markets have dampened ambitious growth prospects for the international table grape trade.³¹ These traditional markets in Europe and North America constitute some of the largest table grape importers. Their lack of growth has pushed suppliers to look for new market opportunities in the Middle East, Asia and Africa. Over the past five years flows to these regions have been overwhelmingly positive with Asia's intake increasing by 69%.

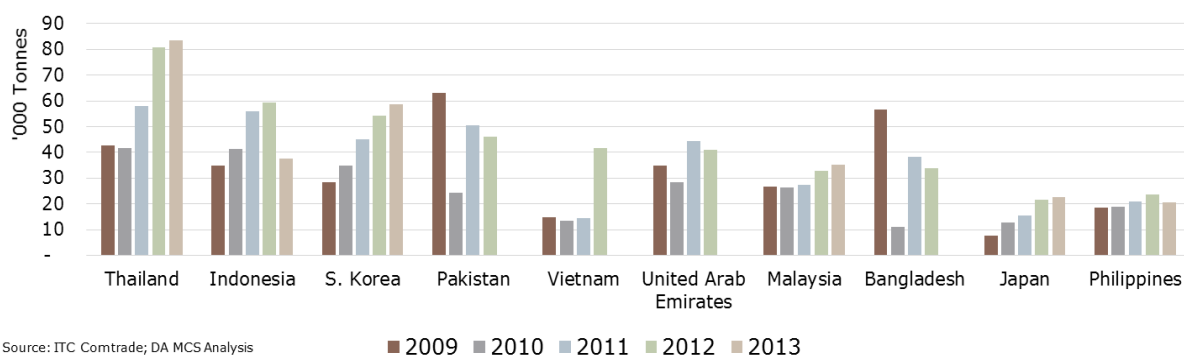
Demand for seedless grapes continue to hold up in traditional table grape markets such as the United States and Northern Europe but preference in key emerging markets across Southeast Asia, Hong Kong/China is for Red Globe with growing interest in red seedless varieties like Crimson. South Korea and Japan have a preference for the white seedless varieties.

Top Table Grape Importers 2009-2013



Source: ITC Comtrade; DA MCS Analysis

**Asia Top Table Grape Importers 2009-2013
(excludes HK and China)**



Source: ITC Comtrade; DA MCS Analysis

³¹ "World Table Grape Market in Adjustment Phase," Market Insider, INTRACEN, 31 March 2014.

AUSTRALIAN HORTICULTURE TRADE

Australian fruit and vegetable production is on the increase. Consequently, oversupply and fiercer competition across commodities are currently on going and are expected to worsen in the domestic market. The increase of imports and duopoly of the supermarket industry add to the pressures in the domestic market.

More Australian industries are extending resources to build their export business for market expansion and to ease pressure on the domestic market. The strong value of the Australian dollar, high cost of production and phytosanitary issues, particularly related to fruit fly, pose big challenges for the fresh produce industry in export markets.

The value of Australian horticulture exports has increased since 2010-11 by 30% to \$1.2 billion³². Australian fruit & nut exports accounted for the increase in dollar exports at an average of 60% with export value of vegetables and plant life on the decline.

Australian Horticulture Exports 2012-13

Source: Global Trade Atlas, 13Oct11

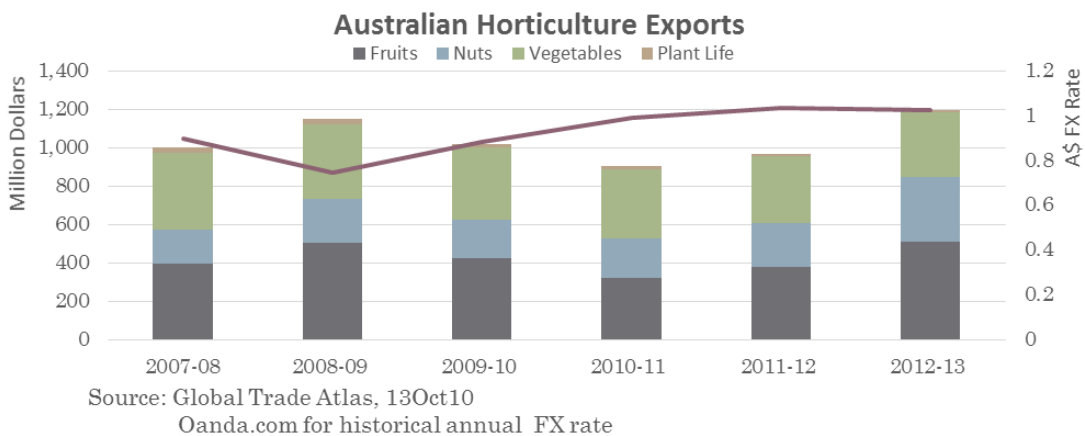
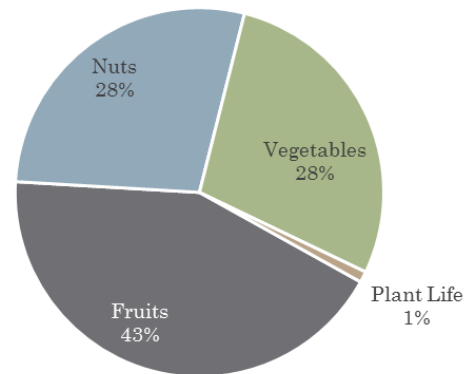


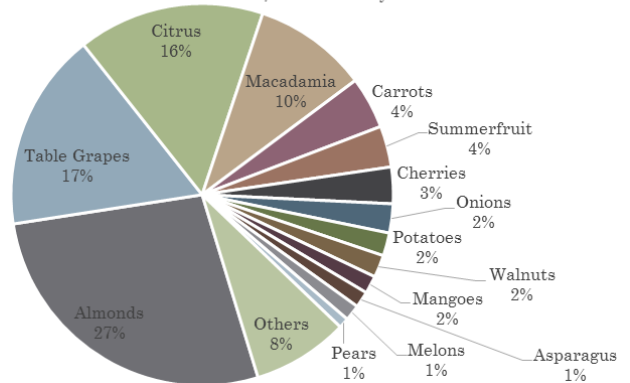
Table grapes was the 2nd largest horticulture export for Australia and the largest fruit export in 2013.

Table grapes is the only Australian horticulture industry, outside of nuts that has started exporting most of what it produces.

Fruit industry organisations that have been actively developing their export trade are Table Grapes, Citrus, Summerfruit, Cherries,

2013 Australian Horticulture A\$ Exports

Source: ITC Comtrade; DA MCS Analysis



³² Excludes legumes

Avocados, Apples and Pears. Lychees, Blueberries and Passionfruit are beginning to consider supporting industry exports.

Commodity 2012-13	Production In Tonnes	Exports % of Prod'n
Citrus	550,000	40%
Grapes	130,000	55%
Summerfruit	110,000	10%
Cherries	15,000	20%
Avocados	50,000	*4%
Pears	130,000	3%
Apples	250,000	1.5%

Source: HAL MT12009, SHAFPE AGM 2013 Australia Report, Wayne Prowse (* corrected based on Avocado statistics)

Apart from its Chief Executive Officer (CEO) and Market Development Manager, the citrus industry has recently created a Market Access Manager position to actively pursue their market access interests. This team of 3 has been generally working independently of other Australian industries.

Table grapes, summerfruits, cherries, avocados, apples and pears have been working closely in developing their export business. Their CEO's are actively involved in market access and trade development. The cherry industry has an export committee that provides direction in this area. Apples and Pears have their own Export Market Development Manager and another person

designated to Market Access.

Asia is the largest export region for Australian fruits and Hong Kong³³ is the largest market with the most significant growth trend. Japan, South Korea, China and the ASEAN region are growth markets for Australian fruit exports.



Source: Global Trade Atlas, 13Oct11

Recognising that Australian fruit exports cannot compare in size to other competing countries, Horticulture Australia Limited (HAL) re-launched Australia Fresh as an export development program for horticulture, providing a vehicle for Australian horticulture industries to work together as a team in developing markets through:

- Closely coordinating with the Australian government on horticulture market access, improvement and maintenance strategies



³³ Includes secondary trade to China.

- Building in-market relationships (foreign government and value chain stakeholders)
- Promoting through a consistent and unified message
- Sharing resources and building a larger presence in the markets as a group

Membership is voluntary. Six industries are currently on board with this program: Table Grapes, Summerfruit, Cherries, Avocados, and Apples & Pears with the Lychee industry being the latest member.

MARKET ACCESS FOR AUSTRALIAN HORTICULTURE

Market access is a significant challenge to the Australian fresh produce industry. Phytosanitary issues have been a major barrier to developing the export trade. The table below gives a snapshot of the access & trade situation for the Australian fruit trade in 2013. The table grape industry is the only fruit industry that has access to all markets.

Market access covers new or improved entry for products into markets where terms and conditions of access need to be negotiated on an inter-governmental basis with authorities responsible for the control of import, health and safety regimes. Market access covers phytosanitary (plant health), sanitary (human and animal health) measures and other requirements (e.g. exclusions, duties, quotas, tariffs, licenses) requirements, which need to be addressed through the established channels for authorising or improving access.³⁴

Australia has seven Free Trade Agreements (FTAs) currently in force with New Zealand, Singapore, Thailand, US, Chile, the Association of South East Asian Nations (ASEAN) (with New Zealand) and Malaysia. Australia has recently concluded negotiations with Japan and South Korea while it is currently engaged in seven FTA negotiations - three bilateral FTA negotiations: China, India and Indonesia; and four regional FTA negotiations: the Trans-Pacific Partnership Agreement (TPP), the Gulf Cooperation Council (GCC), the Pacific Trade and Economic Agreement (PACER Plus), and the Regional Comprehensive Economic Partnership Agreement (RCEP).³⁵

The Office of Horticulture Market Access (OHMA) was established in 2009 to provide advice to government on market access issues and priorities across horticulture industries. The OHMA committee is composed of 10 horticulture industry representatives with Horticulture Australia Limited (HAL), Department of Agriculture (DoA) and the Department of Foreign Affairs and Trade (DFAT) as observers. The Australian table grape industry is represented by David Minnis in the OHMA committee.

³⁴ Horticulture Australia Limited, www.horticulture.com.au.

³⁵ <http://www.dfat.gov.au/fta/>.

Fresh Fruit Exports by Product and Market Jan - Dec 2013

	Oranges Tonnes	Mandarins Tonnes	Lemon/Lime Tonnes	Grapefruit Tonnes	Table Grapes Tonnes	Cherries Tonnes	Summerfruit Tonnes	Apples Tonnes	Pears Tonnes	Mangoes Tonnes	Avocados Tonnes	Melons Tonnes	Strawberries Tonnes	Blueberries Tonnes	Other # Tonnes	Total share	
Total 2011 (Tonnes)	117,530	35,636	299	410	32,225	1,571	9,670	2,465	5,884	4,113	2,395	9,218	928	195	1,307	223,846	
Total 2012 (Tonnes)	142,426	35,279	489	940	44,066	1,722	10,299	3,914	8,018	4,475	2,555	10,563	985	81	1,756	267,568	
Total 2013 (Tonnes)	132,158	35,448	979	212	77,573	3,220	11,740	3,219	6,580	5,033	1,859	11,102	1,424	164	1,283	291,994	
Strategic Protocol - markets for which market access protocols are essential																	
Japan	33,414	2,493	40	-	X - new	15	X	-	X	63	X	X	X	X	42	36,067	12.4%
Indonesia	4,184	5,282	459	6	11,719	70	132	81	1,482	3	66	3	-	2	49	23,535	8.1%
NZ	5,466	4,323	52	59	6,853	X	X	X	1,490	464	-	4,372	221	-	133	23,433	8.0%
China	9,291	4,746	22	47	5,053	73	X	-	X	121	X	X	X	X	1	19,354	6.6%
USA	11,097	1,375	8	X	-	-	X	X	X	X - new	X	X	X	X	15	12,495	4.3%
Thailand	994	2,702	-	-	5,598	X - regained	X - regained	188	17	X	402	X	100	6	172	10,179	3.5%
Canada	3,413	454	153	65	-	17	-	-	1,342	49	X	X	X	-	7	5,500	1.9%
Taiwan	517	1,303	-	-	233	671	146	-	X	X	X	X	X	X	-	2,870	1.0%
India	1,230	101	-	-	427	15	6	144	-	X	X	X	X	X	1	1,924	0.7%
S Korea	606	X	-	-	X - new	9	X	X	X	25	X	X	X	X	-	640	0.2%
Sub Total	70,212	22,779	734	177	29,883	853	301	413	4,331	722	468	4,375	321	8	420	135,997	47%
<i>share of total</i>	53%	64%	75%	83%	39%	26%	3%	13%	66%	14%	25%	39%	23%	5%	33%		
Other Phyto markets (mostly Middle East, Europe and Pacific Islands)																	
UAE	3,172	5,106	-	4	4,174	139	2,556	22	3	507	17	2,881	253	10	15	18,859	6.5%
Papua New Guinea	1,581	171	45	12	209	1	23	1,446	392	-	-	264	9	1	28	4,182	1.4%
Russia	302	1,030	1	-	1,425	53	140	-	-	131	-	3	1	14	-	3,100	1.1%
UK	743	612	-	-	-	48	-	509	-	-	-	-	-	2	1	1,915	0.7%
all other	5,227	2,474	50	12	2,427	131	818	270	1,065	409	89	497	33	1	192	13,695	4.7%
Sub Total	11,025	9,393	96	28	8,235	372	3,537	2,247	1,460	1,047	106	3,645	296	28	236	41,751	14%
<i>share of total</i>	8%	26%	10%	13%	11%	12%	30%	70%	22%	21%	6%	33%	21%	17%	18%		
Unregulated Markets																	
Hong Kong	30,386	1,395	71	-	22,916	1,392	5,768	49	483	2,228	17	464	190	68	145	65,572	22.5%
Vietnam **	1,086	313	-	4	7,548	119	134	27	90	150	2	5	3	2	38	9,521	3.3%
Singapore	7,566	1,138	41	-	4,568	342	1,506	72	142	717	958	2,447	463	50	273	20,283	6.9%
Malaysia	11,883	430	37	3	4,423	142	494	411	74	169	308	166	151	8	171	18,870	6.5%
Total Unregulated	50,921	3,276	149	7	39,455	1,995	7,902	559	789	3,264	1,285	3,082	807	128	627	114,246	39.1%
<i>Unreg. share of total</i>	39%	9%	15%	3%	51%	62%	67%	17%	12%	65%	69%	28%	57%	78%	49%		
Total 2013 (Tonnes)	132,158	35,448	979	212	77,573	3,220	11,740	3,219	6,580	5,033	1,859	11,102	1,424	164	1,283	291,994	100%
<i>Change % to 2012</i>	-7%	0%	100%	-77%	76%	87%	14%	-18%	-18%	12%	-27%	5%	45%	102%	-27%	9%	

source : ITC Comtrade, DA MCS analysis

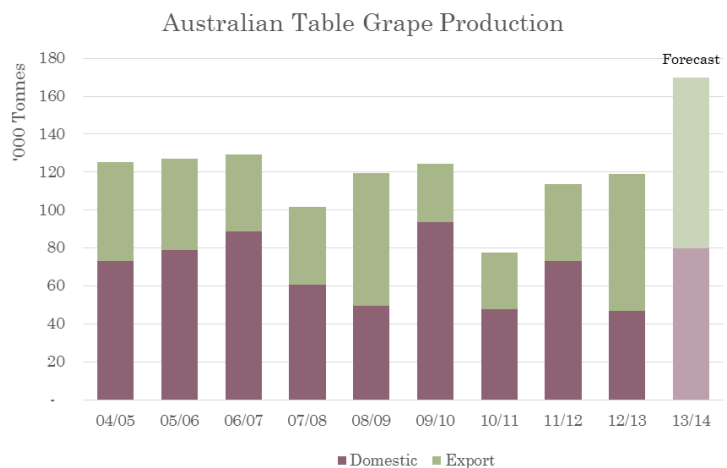
X closed - no access
X - new new access finalised
X - regained closed access regained

- access with no trade
12,345 access with trade volume

** Vietnam - in process to change import conditions
Other - includes Kiwifruit and other not specified such as Lychee

PRODUCTION

Australia has produced 100-120 thousand tonnes of table grapes annually in the last 10 years. Low production levels in 2007/08 and 2010/11 show the effects of bad weather conditions. In 2013/14, the industry is expected to have produced 170 thousand tonnes, the highest recorded thus far. Table grape production data is based on levy collections. Levies are charged at \$0.01 per kilogram at first point of sale. These levies are invested in R&D and Marketing projects that will contribute to the development of the whole industry.



Source: HAL - based on levies collected

Although yield per vine has increased and the industry continues to face oversupply in the domestic market, much of the increase in 2013/14 production levels reflect the increase in declared first point of sales, brought about by the levy collection audit process in 2013. The audit was conducted by the Australian government in collaboration with the Australian Table Grape Association.

Despite the spike in collections, the industry believes this level is still understated due to leakages on undeclared sales:

- Weak collection points in the domestic trade
- No levy collection process for exports through direct foreign buying with growers (spot buying)³⁶

It is believed that the trend on direct foreign buying is growing and uncollected levies are on at least 30% of exported product. This translates to over A\$230 thousand in 2013.

Rough forecasts expect production to increase by 5% each year for the next 5 years, not discounting any improvements in levy collections.

Early season table grapes are available from the Northern Territory (Tea Tree, Alice Springs), Queensland (St. George, Emerald and Munduberra), New South Wales (Menindee) and Western Australia (Carnavon).



Approximately 70% of Australia’s table grapes are produced in temperate regions, primarily Victoria’s Sunraysia region (Mildura and Robinvale) and in Western Australia (Swan Valley and South West).³⁷

The Australian table grape season commences in November, peaks in February and March and ends in early June. The peak of export trade is from March to May.

³⁶ Levies are collected at first point of sale. In exports, levies are paid through exporters.

³⁷ <http://www.australiangrapes.com.au/resources/australian-table-grapes-export-varieties>, 30 April 2014.

Australia grows a wide variety of table grapes but export varieties are mainly Crimson Seedless, Red Globe, Thompson Seedless, Midnight Beauty, Flame Seedless and Menindee Seedless. Many growers are pulling out Menindee seedless as it does not travel well for exports. New varieties are now being planted that will hopefully provide the industry with a more competitive edge in the global stage.

Crimson seedless is a popular variety especially in China. With new access into Japan and South Korea, Australia now has good alternative markets for Thompson seedless and other white varieties.

Major Export Varieties	Seedless	Nov	Dec	Jan	Feb	Mar	Apr	May
Dawn (WA only)	√							
Menindee	√							
Thompson	√							
Crimson	√							
Flame	√							
Ralli	√							
Red Globe								
Autumn Royal	√							
Midnight Beauty	√							

To successfully compete with lower priced suppliers in the Southern Hemisphere, Australia needs to make a commitment in servicing export markets all throughout the season and be vigilant in keeping standards at a premium i.e. berry size, bloom, flavour, stable in travel and shelf life, whether through new varieties or best practice standards in production and post-harvest.

Growers also need to be informed and trained up on export requirements particularly with new trade protocols in place.

The Australian table grape industry lags behind some of its export competitors in data intelligence: production, prices and real time export statistics. The lack of data has set the industry back in its capability for more informed and strategic planning, maximising trade opportunities.

DOMESTIC AND EXPORT TRADE

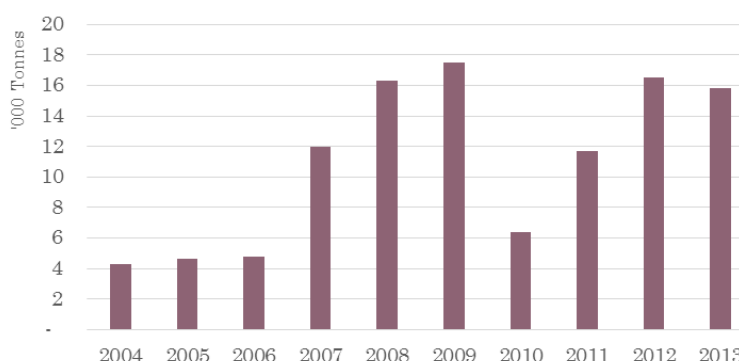
AUSTRALIAN DOMESTIC MARKET

The domestic market is Australia's biggest market for table grapes and most horticulture products.

The domestic market has been increasingly challenging for the Australian table grape growers. Challenges include:

- A duopoly retail market dominance that sets quality, pricing and packaging standards
- Dominance by 6 preferred suppliers who have been building their self-sufficiencies in supply and diminishing their reliance on third party (small to medium sized) growers

Australian Table Grape Imports

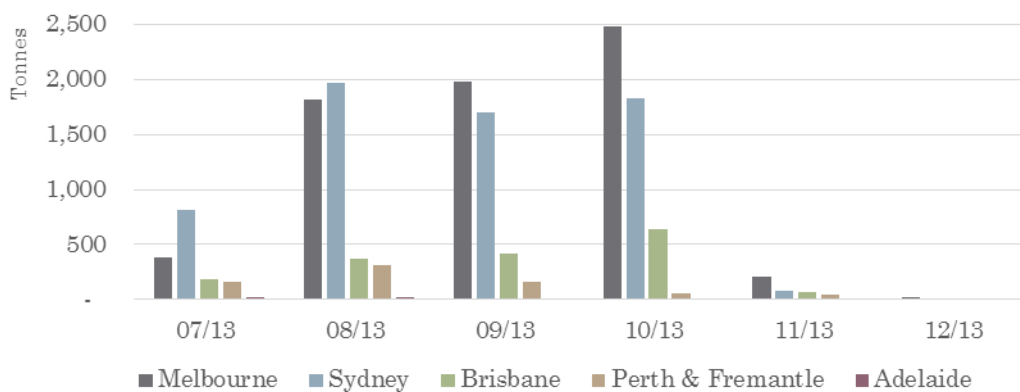


Source: ITC Comtrade; DAMCS Analysis

- Lower on-farm prices offered to small to medium-sized growers (which comprise the majority of the table grape industry)
- Oversupply at peak season
- Increasing competition with US table grape imports at start of Australian season

All table grape imports into Australia are from the US. After a temporary access issue in 2010/11, US table grapes immediately regained its share in the Australian market. So far, the US has sent Crimson seedless, Sugarone/Menindee seedless, Prime and Thompson seedless. The bulk of imported grapes are sold in the Australian market from August to October each year with increasing extension of US table grape availability in the market on either end of this season (July and December). The tail-end of the US season is currently affecting profitability of Australian early season table grapes in the domestic market. This has resulted in growing interest in exports by early season growers in Western Australia and Queensland.

Australian Table Grape Imports by Port of Entry



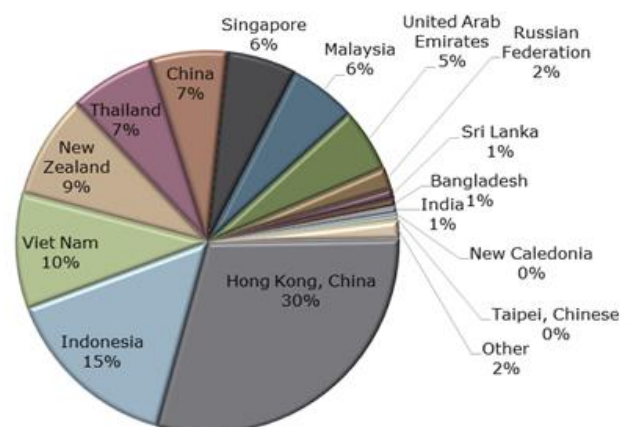
Source: Global Trade Atlas, 9Jun14

With the growing challenges in the domestic market, exports is an important option for the survival and growth of the Australian table grape industry. Increased accessibility to high value export markets provides profitable opportunities for the growers.

AUSTRALIAN EXPORT TRADE

2013 was a year of significant growth for Australian table grape exports. Compared to 2012, total volume increased by a strong 76% and were valued at \$190.53 million³⁸. This was the first year where exports exceeded 2009 figures. Year-ending April 2014 has seen exports at \$234 million. Coupled with new access into high value markets, this trend sets a

2013 Australian Volume Table Grape Exports



Source : ITC Comtrade, DA MCS analysis

³⁸ MT12009 TG1401 export report – email.pdf /MT12009 TG1304 export report.pdf

positive tone for future international business.

99% of Australian table grape exports are from the Sunraysia region in Victoria, but there is growing interest in exports among Western Australia and Queensland growers. Though relatively at low volumes, early season fruit would be able to take advantage of high demand leading up to Chinese New Year. The need to assist these traditionally domestic focused states to be export-ready is essential.

The majority of Australian table grape export markets are concentrated in Asia due to its close geographical proximity advantage and growth potential. Most of Australia's export growth will come from its new markets: China, South Korea and Japan. Expanding demand in Australia's traditional table grape markets within Southeast Asia would also contribute to the growth in trade.

To strategically develop Australia's export markets, the industry needs to:

- Build a robust data intelligence resource for sound planning and make informed decisions
- Closely collaborate with other industries, government agencies and other groups that share similar focus and interest in building exports and promote the whole Australian brand
- Build awareness of Australian table grapes in export markets
- Build and maintain good relations with foreign government and value chain stakeholders i.e. exporters, importers, retailers, local industry groups

EXPORT SUPPLY CHAIN

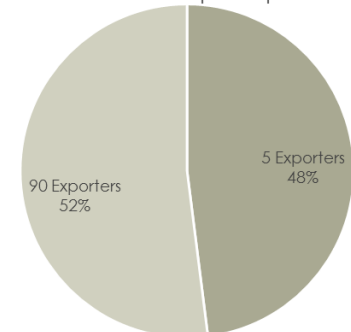
The table grape industry is mainly composed of small to medium sized farms with a handful of large growers. The larger growers supply the major domestic retail chains and/or handle their own exports, augmenting supply from the smaller growers. Table grapes from smaller growers are mostly consolidated by exporters.

Five exporters traded almost 50% of all table grapes exported in 2013 while the balance were exported by 90 exporters. There is a growing trend of foreign (Chinese) buyers sourcing table grapes directly from the farms. Growers are offered high prices for premium crop and are paid in cash prior to shipment. While this development has short-term positive effects on grower cash flows and profits, the long-term impact on the table grape trade is of great concern:

- Current levy collection system does not cover these export transactions resulting in high collection leakages
- With a good amount of premium product absorbed by this alternative trade channel, Australian exporters are left with the lesser quality product – this affects the exporter's viability and capacity to export good product which may eventually result in the departure of many legitimate players
- No long-term trading relationships are established with growers, exposing them to high risks of unreliable export pathways i.e. foreign buyers can easily abandon growers when prices are down and competition from other countries are high
- Compliance with protocol requirements and internal work plans may be compromised

Unlike other horticulture products, most of table grape processing is done on-farm. Harvest is a labour intensive exercise as picking, sorting and packing are done manually and is stored in a cool room, all of which are done on-farm. Disadvantages to the industry include:

2013 Table Grape Exports



Source: DA MCS Analysis, 8May14

- Higher probability of human error
- High dependence on scarce labour resources
- Inability to setup central packing or processing centres to develop consistent quality standards and increase post-harvest cost efficiencies
- Compliance issues if consistent post-harvest quality standards are introduced
- Individualistic culture which contributes to the fragmented nature of the industry

In-field packing to minimize product handling is a standard practice with the exception for product exported to China. China's revised protocols require shed-packing of table grapes as a consequence of issues in previous shipments. Please see "Market Access for Table Grapes" section.

Essential storage requirements of table grapes are low temperature and high relative humidity. Once harvested, grapes are stored in on-farm cold storage facilities at 0-2°C and 85-95% relative humidity to maintain their freshness. Maintaining the cold chain involves good storage practices all throughout the supply chain: on-farm, while in transit, at wholesale markets, retail stores and when stored in homes before consumption. When the cold chain is not compromised, grapes may last up to 26 weeks from harvest, while stored in the standard closed box packaging with sulphur pads (pads used to prevent botrytis).

New packaging and value adding options should be explored to:

- Lower sourcing or delivery costs of cartons, especially where polystyrene trays are locally unavailable
- Lower shipping cost per carton
- Improve presentation to emphasize Australia's premium positioning
- Provide a distinct advantage over other competitors

All packaging is designed to avoid damage in transit and to maintain the fruit in premium condition. Table grapes are packed into polystyrene or carton boxes that hold 9-10 kg fruit net in loose pack or bunch bags. Bunch bags, despite additional cost, present better and maintain better storage and handling conditions. It is recommended that the industry adopt bunch bags as part of industry packaging standards for high value markets.

Though table grape cartons come in different styles and material to provide better product presentation, a 40 ft. container can generally fit 1,870 polystyrene boxes. Other suppliers such as Chile use slim plastic crates, 2,200 of which can fit in the same-sized container.

Australia enjoys a competitive advantage to its Southern Hemisphere competitors as shipments to Asia take 11-18 days versus Chile's and Peru's 27-35 days.

Supply chain concerns include:

1. Increased DoA Inspection Fees
All fresh fruit exports are subject to DoA shed registration, inspection and certification. Up until 2010/11, fees were subsidised. As part of the transition to full cost recovery, rebates were provided for three years. In 2014/15 these rebates are expected to be removed. As a result, smaller growers have consolidated their cartons at a centralised facility i.e. logistics companies have offered this service, to share in shed registration fees. As much as this is an added inconvenience to growers, centralised processes would lead to opportunities for the whole-of-industry.
2. On-Shore Foreign Inspections
China and South Korea require on-shore inspections, by the respective foreign government officials, on all shipments. The Australian Table Grape Association (ATGA) is coordinating these inspections.

All exporters/growers who are exporting to these countries would need to be registered with the ATGA and would need to pay inspection fees. There is a concern on:

- The lack of skills by the foreign inspections which cause delays in getting shipments out
- Added efforts in coordinating and hosting foreign inspectors
- The lack of confidence by foreign governments on the capabilities of the Australian government in conducting proper on-shore inspections

3. Poor Grower Compliance of Protocol Requirements

With the new import market protocols in place and an increasing interest in exports among growers who traditionally supply all their produce into the domestic market, growers need to have a good understanding of export requirements and appreciate the importance of strict compliance.

4. Container Rejections

In-transit cold treatment requirements include country-specific placement of temperature probes in the container. Any malfunction or placement error in one of the probes could cause container rejections. Please see “Market Access for Table Grapes” section.

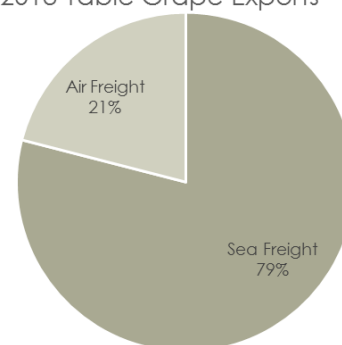
5. Poor Infrastructure

The poor railway infrastructure in Victoria has caused delays and added costs to getting product to the ports. Road trucks have been limited and are a more costly alternative. The Victorian government has recently announced the upgrade of the railway line, which would greatly benefit the industry.

6. Unprofitable airfreight protocol requirements

79% of exports in 2013 were traded through sea freight. With the growing number of markets imposing import protocols and the unprofitable airfreight protocol requirements, the table grape industry has been missing out on early season opportunities for increased market demand in Christmas, Chinese New Year and other on-demand market requirements. Improved airfreight protocols would increase the export trade through air. Please see “Market Access for Table Grapes” section.

2013 Table Grape Exports



Source: EXDOC, DA MCS Analysis, 8May14

MARKET ACCESS FOR TABLE GRAPES

Australia has access to all global markets for table grapes. In 2014, the industry received access into South Korea and Japan. It is also in this same year that the Korea – Australia Free Trade Agreement (KAFTA) was signed. The Japan – Australia Economic Partnership Agreement (JAEPA) was signed on 8 July 2014 and is expected to be ratified in 2015.³⁹

Fruit fly is a major phytosanitary barrier to Australian horticulture exports. Pest Free Areas (PFAs) have been established to identify areas that are free of fruit fly and other pests. This includes Tasmania, Riverland, South Australia and Sunraysia, Victoria. Sunraysia is currently on a self-imposed suspension of their PFA status due to Queensland fruit fly sitings in the region. The eradication or management of fruit fly outbreaks is an industry priority. Collaboration with other affected industries and government agencies is essential. The Sunraysia table grape industry is currently working with the Victorian

³⁹ Feedback received from Department of Agriculture, Plant Biosecurity, 22 Aug 2014.

government and other relevant horticulture industries to develop a program to regain their PFA status and avoid future outbreaks.

Some export markets are concerned with the presence of Queensland and Mediterranean fruit fly in Australia. These markets require cold disinfestation treatment or fumigation. The industry has 2 options in complying with cold treatment export protocols. This may be done either while in-transit by sea or on-shore prior to shipment (especially when airfreight is required). Cold treatment is not required for Australia’s Pest Free Areas (PFAs) by markets with import protocols that recognize them⁴⁰. These markets include Thailand and New Zealand⁴¹.

Unregulated markets do not impose any protocol on Australia, but there is a growing number of these markets that are shifting to imposing import protocols (e.g. Taiwan and Thailand are now protocol markets).

An increasing number of markets are also concerned with other fruit flies (i.e. United States, New Zealand, China, etc.). To protect market access, it would be valuable to obtain research that demonstrates the efficacy of Mediterranean and Queensland fruit fly treatments for other fruit fly species of concern. New ‘short’ treatment for airfreight protocols should also consider other fruit fly species.⁴²

The table below is a summary of tariff rates and import requirements/protocols by selected export markets:

Table Grape Tariff Rates ⁴³	Table Grape Import Requirements
Unregulated Markets	
Hong Kong Zero tariff*	Open market.
Malaysia Zero tariff	Open market.
Singapore Zero tariff	Open market.
Vietnam Tariff schedule 2014: 10%, 2015: 10%, 2016: 7%, 2017: 5%, 2019 onwards: Zero tariff	Open market.
Protocol Markets (Markets with Import Protocols)	
China Average: 13% tariff	An import permit is not required for export certification BUT is required by China on arrival. China permits the export of grapes that have been prepared only at registered pack houses. All consignments are subject to an export eligibility inspection conducted by a designated Chinese government official and the Department of Agriculture Authorised Officer prior to

⁴⁰ Thailand and New Zealand recognise Pest Free Areas (PFAs) of Australia such as Riverland, South Australia and Tasmania. Sunraysia, Victoria was once in this list but has since voluntarily suspended its status.

⁴¹ New Zealand will only recognise PFA status until after a 12-month period without fruit fly detection, Feedback received from Department of Agriculture, Plant Biosecurity, 22 Aug 2014.

⁴² Feedback received from Department of Agriculture, Plant Biosecurity, 22 Aug 2014.

⁴³ <http://www.daff.gov.au/micor>, <http://www.dfat.gov.au/fta/>

* <http://tariffdata.wto.org/ReportersAndProducts.aspx>, 30 April 2014.

Bound rate is the commitment not to increase a rate of duty beyond this agreed level.

Table Grape Tariff Rates ⁴³	Table Grape Import Requirements
	final export certification inspection. Cold treatment required.
Indonesia Zero tariff	Australia is one of a handful of countries allowed to export through the major ports of Indonesia including Jakarta. Despite this, all have been experiencing uncertainties and delays in release of shipments. Uncertainties on import conditions remain. Cold treatment.
Japan Upon entry into force under JAEPA ⁴⁴ : 7.8% tariff (1 Nov- last day of Feb) will be eliminated over 7 years 17% tariff (1 Mar-31 Oct) will be eliminated over 10 years The Japan –Australia Economic Partnership Agreement was signed in 8 July 2014. ⁴⁵	MAFF Japan regulations permit only the following grape varieties to enter the market: Crimson Seedless, Thompson Seedless and Red Globe. Cold treatment required.
New Zealand Zero tariff	Cold treatment required from non-PFAs. PFA status will not be recognised until after a 12-month period without fruit fly detection. ⁴⁶
Philippines Zero tariff	No existing airfreight protocols. Sea freight protocols for major fruit commodities have been recently eased. Cold treatment required. Only treatment facilities registered with the Australia Department of Agriculture will be recognised.
South Korea When agreement is ratified, 45% tariff will be reduced to 24% from Dec to Apr only – then a reduction of 4.5% each calendar year until tariff is reduced to zero. Other months of the year will remain at 45%. Korea - Australia Free Trade Agreement was signed on 8 April 2014.	Vineyards, pack houses and treatment facilities are to be specifically registered with Department of Agriculture for the export of table grapes to Korea. An inspector from the Animal and Plant Quarantine Agency, Republic of Korea must be present during inspections and supervise treatments. Cold treatment required.
Taiwan Average: 20% tariff; Bound: 20%*	Cold treatment required.
Thailand 2014: 3% tariff <= 1,551.33 tonnes > 30% tariff 2015: Zero tariff <= 1,628.89 tonnes > 30% tariff 2016 onwards: Zero tariff	Import Permit required. Vineyards, pack houses and treatment facilities are to be specifically registered with the Department of Agriculture for the export of table grapes to Thailand. Cold treatment required from non-PFAs.

⁴⁴ Feedback provided by the Department of Agriculture, Market Coordination and Strategy, 22 Aug 2014.

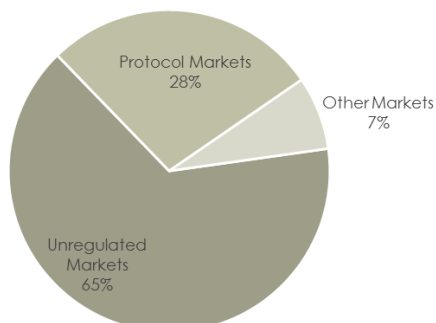
⁴⁵ Feedback received from Department of Agriculture, Plant Biosecurity, 22 Aug 2014.

⁴⁶ Ibid.

Table Grape Tariff Rates ⁴³	Table Grape Import Requirements
United States General tariff schedule ⁴⁷ : \$1.13/m ³ if entered from 15Feb to 31Mar inclusive Free, if entered from 1Apr to 30Jun inclusive \$1.80/m ³ if entered any other time	No trade due to commercially unviable protocols: Fumigation of consignments have to be undertaken on-shore in Australia and under USDA, APHIS supervision. Note: No trade until work plan is agreed with the US. Currently, US require onerous treatment oversight requirements for irradiation. Australian citrus is currently the only fruit commodity being traded with the US. This market accepted Australian mangoes in September 2013 and lychees in October 2013.
Other Markets	
Middle East: UAE, Saudi Arabia Zero tariff; Bound: 15%, 5%*	Open market.
Russia Average: 5% tariff; Bound: 5%	Open market.

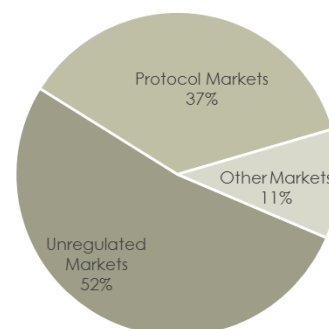
High value markets like China, South Korea and Japan tend to be protocol markets. Although Australia sends most of its exports to unregulated markets, exports to protocol markets are growing and this is where the industry will build its export business. It is essential that Australia's access to these high value protocol markets are improved and maintained for the growth of the industry.

2012 Table Grape Exports



Source: World Trade Atlas, DA MCS Analysis, 8May14

2013 Table Grape Exports



Source: World Trade Atlas, DA MCS Analysis, 8May14

⁴⁷ Source: <http://www.daff.gov.au/market-access-trade/fta/ausfta#Tariff>, 30 April 2014.

The Australian table grape industry has access to all markets in the world but access conditions are in need of improvement to maximise entry into protocol markets:

Market Improvement Requirements ⁴⁸	Export Markets
Pre-shipment inspections to be conducted by Australian inspectors instead of foreign officials	China, South Korea
Restore in-field packing process instead of the current shed packing requirements	China
Improve airfreight protocol to include fumigation as an alternative, allowing shorter delivery lead-times ⁴⁹	China, South Korea, Japan and all other protocol markets except New Zealand
Revise on-shore cold treatment requirements to allow concurrent shipments stored in the same cool room	China, South Korea, Japan and all other protocol markets except New Zealand
Allow data recorders to replace temperature probes for cold treatment requirements	China, South Korea, Japan and all other protocol markets except New Zealand and Indonesia
Standardize placement of probes across all markets	China, South Korea, Japan and all other protocol markets except New Zealand and Indonesia
Recognition of Pest Free Areas (PFAs) in Australia ⁵⁰	All protocol markets except Thailand and New Zealand
Allow all other varieties into the market.	Japan
Removal of Methyl Bromide - replace with systems based approach for Light Brown Apple Moth	USA

⁴⁸ Substantial compliance with existing protocols provides the DoA with the best negotiating position.

⁴⁹ New treatments developed should consider other fruit fly species. This may not be full data but treatment should show other fruit fly species responding the same way as Queensland fruit fly. Note: the US and New Zealand are willing to consider this concept.

⁵⁰ This has been difficult to progress and the current suspension of Sunraysia, Victoria has made the situation more so.

EXPORT MARKET ANALYSIS

All export markets for Australia are generally growth markets. Asia is at the forefront of market growth for imported table grapes and Australia is in a good position to take advantage of this growth with new access into high value markets: Japan, South Korea and China. Southeast Asia also shows potential to take in more of Australian product.

Selected Markets	Imports 2013 (Tonnes)	CAGR [^] since 2009	Market Share				
			SH ^{^^}	AU	Chile	SA	Peru
Japan	22,759	25%	55%	-	55%	0%	-
China	185,228	16%	74%	3%	49%	6%	17%
South Korea	58,743	16%	87%	-	81%	-	6%
Thailand	83,507	14%	22%	6%	5%	-	11%
New Zealand	14,854	8%	52%	36%	13%	-	2%
Singapore	19,632	6%	50%	18%	9%	21%	2%
Malaysia	35,048	6%	56%	12%	17%	25%	1%
Philippines	20,549	2%	29%	0.50%	25%	4%	-
Indonesia	37,639	1%	46%	30%	8%	2%	7%
Russia	358,381	-1%	25%	0.40%	11%	5%	6%
UAE*	40,792	-1%	36%	2%	7%	26%	-
Vietnam	44,429	-2%	27%	17%	5%	4%	2%
Hong Kong	106,737	-3%	46%	21%	6%	7%	12%

Source: ITC Comtrade, DA MCS analysis (*2012 data, ^CAGR: compounded annual growth rate, ^^SH: Southern Hemisphere)

Selected Markets	2012 CIF Average (A\$/kg)				
	Market Average	Australia	Chile	South Africa	Peru
Singapore	\$2.81	\$2.85	\$2.35	\$2.69	\$2.76
Japan	\$2.60	-	\$2.05	-	-
China	\$2.54	\$2.38	\$2.36	\$2.38	\$2.81
South Korea	\$2.47	-	\$2.44	-	\$2.99
Hong Kong	\$2.29	\$2.38	\$1.89	\$2.31	\$2.56
Indonesia	\$1.99	\$1.99	\$1.80	\$2.20	\$2.13
Russia	\$1.35	\$1.61	\$1.53	\$1.51	\$1.57
Thailand	\$1.25	\$2.08	\$1.41	-	\$2.40
Vietnam*	\$1.88	-	-	-	-

Source: UN Comtrade; DA MCS analysis (*2011 data)

NEW MARKETS

CHINA

Despite being the world's biggest producer of grapes, it is also Asia's largest table grape importer. After closely trailing Hong Kong over the past three years, China's total volume of table grape imports significantly rose and overtook Hong Kong in 2013. China's increasing consumer affluence, urbanization strategy, growing interest in healthy eating and a preference of imported western food products due to food safety concerns, have opened up opportunities for Australia. With a large affluent market segment, China is willing to pay a relatively high price for high quality table grapes. Aside from rising economic prosperity, the key drivers for demand in this market are food security and safety concerns. Red Globe is the most popular table grape variety while preference for the seedless variety is an emerging trend. Scarlet Royal and Crimson seedless cater to pockets of demand.⁵¹

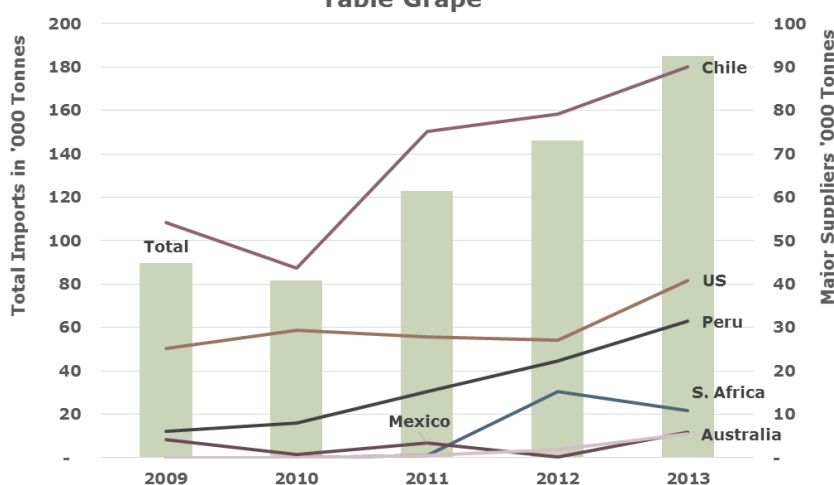
China table grape imports have grown at an average yearly rate of 16% over the past 5 years. In 2013 China's imports grew by 27%. While Hong Kong continues to serve as an avenue for reaching the mainland market, 2013 saw a notable shift in direct export to China due to improved access opportunities. Hong Kong is still the largest market for Australian table grape exports.

The majority of Chinese table grape imports (approximately 81%) are directed to Southern China with the bulk entering through Guangzhou. However, exporters could also consider shipping directly to ports in central and northern China to better target affluent consumers in Shanghai and Beijing.⁵²

Southern Hemisphere suppliers dominate the Chinese table grape import market with a combined 74% share. Australia's key competitors are Chile, Peru, and South Africa who have all secured market access to the mainland.

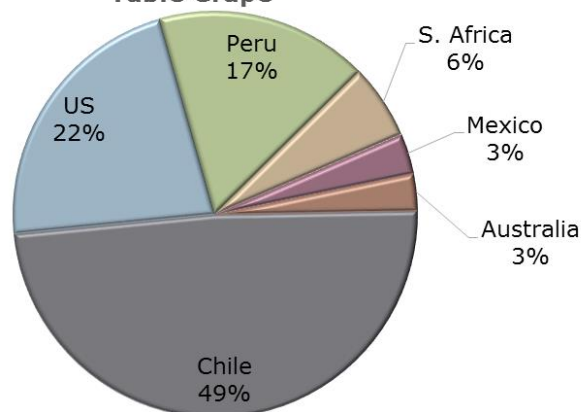
Peru has steadily increased its presence in China and this is now Peru's 3rd largest export market.

**China Volume Imports
Table Grape**



Source : ITC Comtrade, DA MCS analysis

**2013 China Volume Imports
Table Grape**



Source : ITC Comtrade, DA MCS analysis

⁵¹ "World table grape market in adjustment phase," Market Insider, International Trade Centre, 13 March 2014.

⁵² "Market Opportunities for Australian Table Grapes to China," DEPI State Government Victoria, February 2011.

Chile and Peru have free trade agreements with China.⁵³ Peru will enjoy zero tariffs by 2015 and current rates have been reduced from 15% to 3.9%. Australia is currently negotiating on a Free Trade Agreement with China.

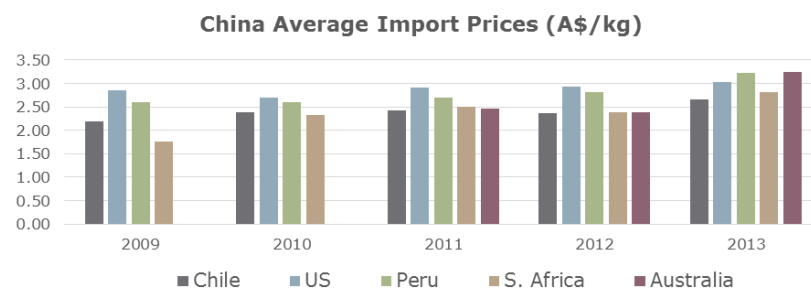
China Table Grape Imports 2013 ('000 Tonnes)

Heat Map: darkest shade as peak season

Suppliers	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Chile	144	984	7,982	24,439	37,039	17,967	1,397	37				18
Peru	7,691	10,829	9,306	1,996	375	656	34					552
S. Africa	1,827	1,789	3,960	2,927	253							207
Australia			536	1,543	1,269	1,906	203					

Source: ITC Comtrade; DA MCS analysis on monthly statistics

Despite stiff competition on price, Australian table grapes are rated highly by many Chinese importers and retailers, who are willing to pay a premium price for seedless grapes that are of high quality and meet market specifications.⁵⁴ China seems to have an insatiable appetite for high quality Australian grapes before the entry of Chilean season. Thus, improving direct access into China will boost Australian trade.



Source : UN Comtrade; DA MCS analysis

With great interest in high quality Australian table grapes, Chinese buyers have been travelling to Australia to buy table grapes directly off the farm at premium prices and on cash basis even before the fruit leaves Australia. This new trend has provided short-term opportunities for smaller growers to gain high profits, improve cash flows and avoid shipment rejection risks. But the long-term impact on the table grape trade is of great concern:

- Current levy collection system does not cover these export transactions resulting in high collection leakages
- With a good amount of premium product absorbed by this new trade, Australian exporters are left with the less quality product – this affects the exporter’s viability and capacity to export good product which may result in the departure of many legitimate players
- No long-term trading relationships are established with growers, exposing them to high risks of unreliable export pathways for their product i.e. foreign buyers can easily abandon growers when prices are down and competition from other countries are high
- Compliance with protocol requirements and internal work plans may be compromised

Though direct buying may not be stopped, institutional systems may be put in place:

⁵³ “Peru to export tariff free grapes to Chinese market,” Fresh Fruit Portal, 5 May 2014.

⁵⁴ “Market Opportunities for Australian Table Grapes to China,” DEPI State Government Victoria, February 2011.

- Improve levy collection system to include direct buying by foreigners
- Exporter registration / licensing to ensure legitimacy of all exporters, especially if commercial transactions are breached

To maximise China's interest in Australia's premium product and to increase trade with this market, the Australian table grape industry needs to:

- Emphasise country of origin
- Showcase the provenance story and capitalize on the quality and food safety aspect of the product
- Take advantage of supplying the period leading to Chinese New Year where demand for grapes is at its highest and competition from Chile is low.
- Continue to build relations with relevant Chinese government officials and the local industry
- Improve current trade protocols

Direct Australian table grape exports to China currently face phytosanitary restrictions and a 13% tariff on table grapes. The unofficial cost to re-export from Hong Kong to China is believed to be higher than the tariff.⁵⁵ But cost differential may vary causing trade swings between markets.

Due to issues encountered in early shipments, trade was temporarily suspended in 2013 and has recently resumed in January 2014 with revised trade protocols requiring pre-shipment inspections by Chinese government officials and a shift from in-field to shed packing, among other requirements. These protocol changes have increased product costs, slower delivery time and shed packing has affected product quality.

Access improvement requirements include:

- Shift pre-shipment inspections by Chinese officials to Australian inspectors and integrate with existing inspection requirements
- Restore in-field packing process instead of the current shed packing requirements
- Revise on-shore cold treatment requirements to allow concurrent shipments stored in the same cool room
- Improve airfreight protocol to include fumigation as an alternative, allowing shorter delivery lead-times
- Allow data recorders to replace temperature probes for cold treatment requirements
- Standardise placement of probes across all markets
- Recognition of Pest Free Areas (PFAs) in Australia

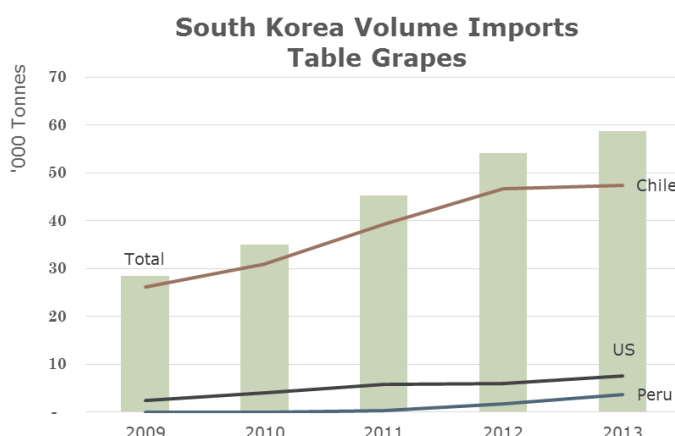
⁵⁵ Market Coordination and Strategy: Table Grapes Commodity Report, Australian department of Agriculture, November 2013.

SOUTH KOREA

South Korea produces approximately 300,000 tonnes of grapes a year, their supply is counter-seasonal to Australia and their varieties traditionally have thick skins and seeds.⁵⁶

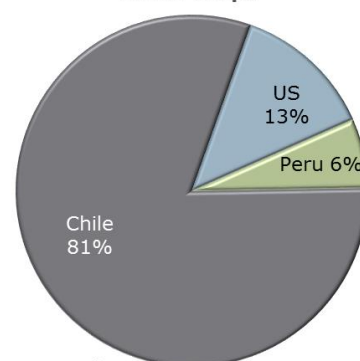
South Korea is one of the most developed countries in Asia and consumers enjoy one of the highest income levels in the region. Its table grape market is characterized by a strong demand for quality fruit and the willingness to pay commensurate prices for it. Consumers strongly prefer seedless varieties, 60% prefer white varieties while 40% preferred. Of these varieties, the most popular in the market are the Thompson and Crimson seedless. Autumn Royal also has reasonable consumer demand, though their delicacy and short shelf life make them more difficult to sell.

Korea's table grape imports have grown solidly over the past 5 years at an average annual rate of 16%. 2012 imports are 107% higher than five years ago. Growth has been largely driven by Chile, which continues to take the lion share of the market. Chile supplies most of its product from late March to June while Peru's main supply period is in December and January. Peru currently has tariff free access.⁵⁷



Source : ITC Comtrade, DA MCS analysis

2013 South Korea Volume Imports Table Grape



Source : ITC Comtrade, DA MCS analysis

South Korea Table Grape Imports 2013 (Tonnes)

Heat Map: darkest shade as peak season

Suppliers	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Chile	642	4,377	11,732	21,490	7,205	1,877	89					
US	56					46	241	528	1,138	1,834	2,664	1,072
Peru	1,518	863	37								331	1,002

Source: ITC Comtrade; DA MCS analysis on monthly statistics

South Korea is interested in diversifying its supply of fruit in order to improve fruit quality and avoid over-reliance on a single supplier. Thus, while Chile dominates the market, Australia offers a competitive difference in quality and shipping time. Australian table grapes are perceived to offer the market higher quality produce than Chile.⁵⁸

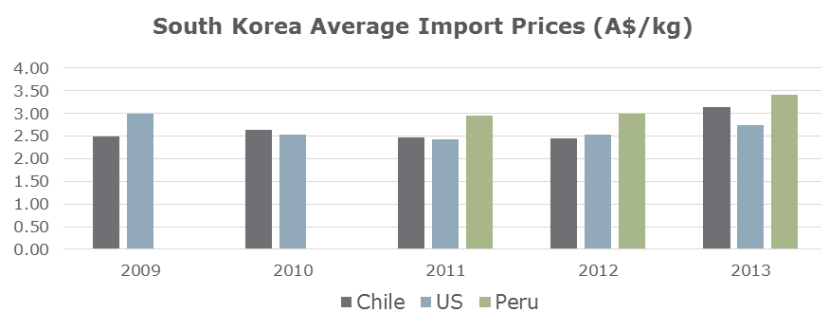
With new access into this market, Australia launched table grapes with its first shipment in May 2014. Promotional retail price was at 8,000 won per kilogram (about \$8.40 per kilogram) to match Chile's

⁵⁶ "Market Overview for Australian Table Grape Exports to South Korea," DEPI State Government Victoria, April 2012.

⁵⁷ Ibid.

⁵⁸ Ibid.

prices.⁵⁹ The average CIF price per kg of table grapes was at \$3.11 per kg in 2013, significantly higher than most other markets.



Source : UN Comtrade; DA MCS analysis

To develop the table grape trade to South Korea, Australia needs to:

- Emphasise country of origin and showcase the provenance story
- Sample Australian product to demonstrate quality in taste
- Promote on varieties
- Build relations with relevant Korean government officials and the local industry
- Improve current trade protocols

Korean protocols for Australian grapes include on-shore inspections by Korean inspectors and the standard in-transit or on-shore cold treatment requirements for both sea and airfreight.

Access improvement requirements include:

- Shift on-shore inspections by Korean officials to Australian inspectors
- Revise on-shore cold treatment requirements to allow concurrent shipments stored in the same cool room
- Improve airfreight protocol to include fumigation as an alternative, allowing shorter delivery lead-times
- Allow data recorders to replace temperature probes for cold treatment requirements
- Standardise placement of probes across all markets
- Recognition of Pest Free Areas (PFAs) in Australia

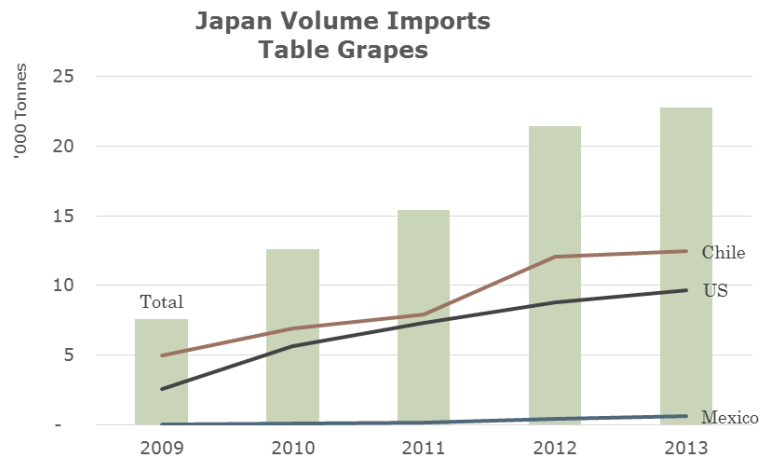
South Korea currently has free trade agreements with all major suppliers in the market: Peru (2011), Chile (2004), and the US (2012).⁶⁰ This has given competitors a distinct advantage; the tariffs on their table grape exports have been progressively reduced to zero but still face a 45% tariff during Korea's production season (May to October). Australia recently signed the Korea - Australia Free Trade Agreement (KAFTA). Upon ratification, tariffs will be immediately reduced from 45% to 24% with further reductions by 4.5% at the start of each calendar year until tariffs are eliminated.

⁵⁹ 8,000 Won/100g converted at the following rate: A\$1 = 949.56 Won

⁶⁰ www.sice.oas.org, accessed on 1 June 2014.

JAPAN

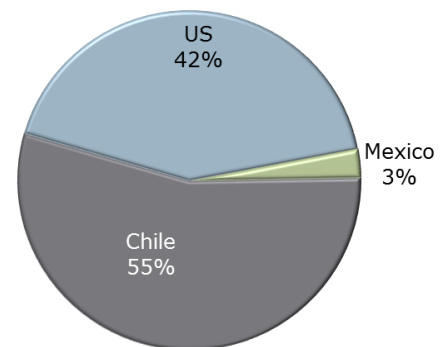
Japan has had continuous growth in table grape imports with an average CIF price of \$2.77 per kilogram (above world average of \$1.95). Japan has also maintained an average year on year growth of 25% which has been largely driven by the Chile and US supply. South Africa gained access to Japan in 2011 but volumes have remained low and no exports were recorded for 2013. With the later season of Chilean fruit, there is an opportunity to supply the market with Australia's early season table grapes.



Source : ITC Comtrade, DA MCS analysis

The Japanese market prefers sweet fruit consistent in color and large in berry size. Thompson seedless is high in demand, which gives Australia an option in exporting white seedless varieties instead of the commonly preferred Crimson Seedless in many Asian markets. Australian table grapes are perceived to be sweeter and better tasting.

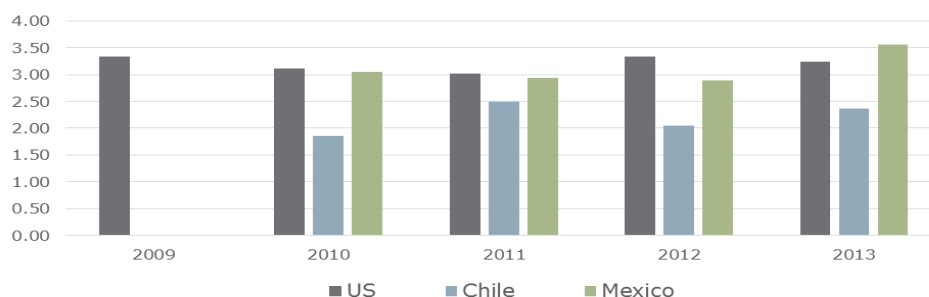
2013 Japan Volume Imports Table Grape



Source : ITC Comtrade, DA MCS analysis

Australian table grapes first gained Japan access in 2014 for Red Globe, Crimson Seedless and Thompson Seedless. Industry forecast suggests that this market may potentially be worth A\$40 million within the medium term. It is expected that Australian exports to this market will grow from 300 tonnes in 2014 to 10,000 tonnes by 2019.⁶¹ The first shipment into the market was positively received and was introduced at a promotional price of \$8.20 per kilogram (¥800 per kilogram), matching Chilean grape retail price points.⁶²

Japan Average Import Prices (A\$/kg)



Source : UN Comtrade; DA MCS analysis

With a later entry of Chilean fruit, Australian early season fruit can take advantage of a gap in supply in January and February.

⁶¹ "Say Konichiwa to Australian table grapes" Minister for Agriculture Affairs, 15 April 2014.

⁶² At an exchange rate of: A\$1 = 97.4 Yen, www.xe.com, 10 Sept 2014.

Japan Table Grape Imports 2013 (Tonnes)

Heat Map: darkest shade as peak season

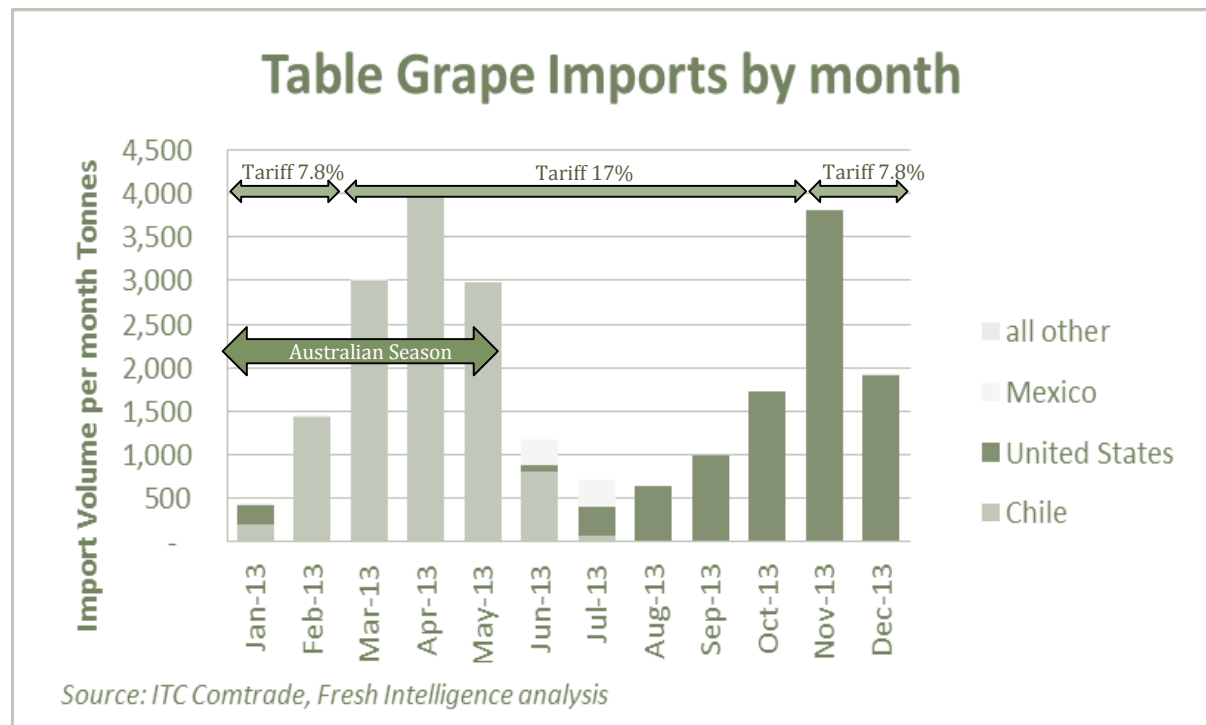
Suppliers	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Chile	192	1,422	2,993	3,992	2,977	807	71					
US	213					69	319	627	995	1,734	3,813	1,906

Source: ITC Comtrade; DA MCS analysis on monthly statistics

To develop the table grape trade to Japan, Australia needs to:

- Emphasise country of origin and showcase the provenance story
- Sample Australian product to demonstrate quality in taste
- Promote on varieties
- Build relations with relevant Japanese government officials and the local industry
- Improve current trade protocols

With the recently concluded negotiations on the Japan – Australia Economic Partnership Agreement (JAEPA), Australian growers and exporters now enjoy a 7.8% tariff from November to February while the original 17% tariff remains within the Japan table grape season of March to October. The 7.8% tariff will be eliminated in 7 equal increments in each succeeding year and be tariff free by the 7th year. The 17% tariff will be reduced each year and eliminated by the 10th year. Japan has active free trade agreements with Chile (2007), Mexico (2005), and the US (2001).⁶³



Access improvement requirements include:

- Allow all other varieties to be exported to Japan.
- Revise on-shore cold treatment requirements to allow concurrent shipments stored in the same cool room
- Improve airfreight protocol to include fumigation as an alternative, allowing shorter delivery lead-times

⁶³ www.sice.oas.org, accessed on 1 June 2014.

- Allow data recorders to replace temperature probes for cold treatment requirements
- Standardise placement of probes across all markets
- Recognition of Pest Free Areas (PFAs) in Australia

PHILIPPINES

The Philippines is one of the ASEAN region’s strongest growing countries it is set to become the 16th largest economy in the world by 2050.⁶⁴ This has been fuelled by consumption spending by the country’s growing working population and increased international interest in both the market and its human capital potential.⁶⁵ The market is consumer-lead with an upper class target segment of approximately 10-15 million, 60% of the population is under 30 years of age.⁶⁶ An AC Nielsen study found three trends driving Filipino purchasing behaviour. These include an attraction toward “healthy” products, low unit product sizes, and convenience. Further, the emphasis on smaller packaging, particularly when such products require a lower cash outlay were found to be widely popular. This echoes the fact that the Philippines is a lower-middle income country and while consumers are eager to access foreign brands and high quality products, they face budget constraints.⁶⁷

More than 20 fruit commodities are imported in 2011 from neighbouring ASEAN countries, China, and the US, valued at US\$145 million. Demand for imported temperate produce rise in time for the Christmas season.

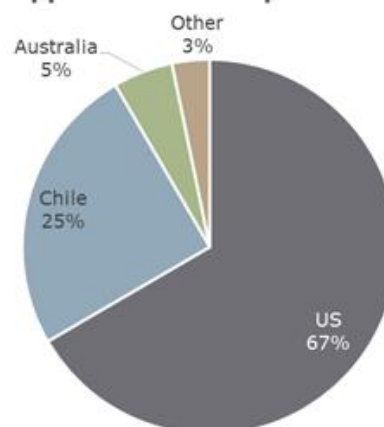
The Philippines’ appetite for table grape imports has grown at an average year on year rate of 3%. In 2013 it imported 20,549 tonnes. Current Southern Hemisphere suppliers to the market include Chile and South Africa with 2013 exports at 5,041 and 743 tonnes respectively. With new access into the Philippines, Australian exports rose by 82% in 2013 from a low of 18 tonnes in 2012.

Chile’s large share is driven by the growth in bilateral trade relations between the two countries, which the Philippine Exporters Confederation Inc. estimates to have expanded five-fold over 2006-2011.⁶⁸

With the implementation of the ASEAN Australian New Zealand Free Trade Agreement in 2010, tariffs for table grapes have been eliminated providing Australia with a competitive advantage over traditional suppliers from Chile and South Africa.⁶⁹



2013 Philippines Table Grape Volume Imports



⁶⁴ HSBC Global Research Report 2012 featured in “World’s top economies in 2050,” Kevin Voigt, Business 360 CNN 12 January 2012.

⁶⁵ “The Philippines,” Deloitte, 2013.

⁶⁶ “ASEAN Mission 2013: Philippines and Indonesia Final Report,” Australia Fresh, July 2013.

⁶⁷ “Filipino Consumers Spend on Healthy, Convenient Products,” Vicky Santos, AC Nielsen Philippines 7 Aug 2011.

⁶⁸ “Phil, Chile to expand bilateral trade” Philexport News and Features, The Philippine Star, 30 September 2013.

⁶⁹ “ASEAN Mission 2013: Philippines and Indonesia Final Report,” Australia Fresh, July 2013.

Access improvement requirements include:

- Revise on-shore cold treatment requirements to allow concurrent shipments stored in the same cool room
- Negotiate for an airfreight protocol to include fumigation as an alternative, allowing shorter delivery lead-times
- Allow data recorders to replace temperature probes for cold treatment requirements
- Standardise placement of probes across all markets
- Recognition of Pest Free Areas (PFAs) in Australia

TRADITIONAL MARKETS

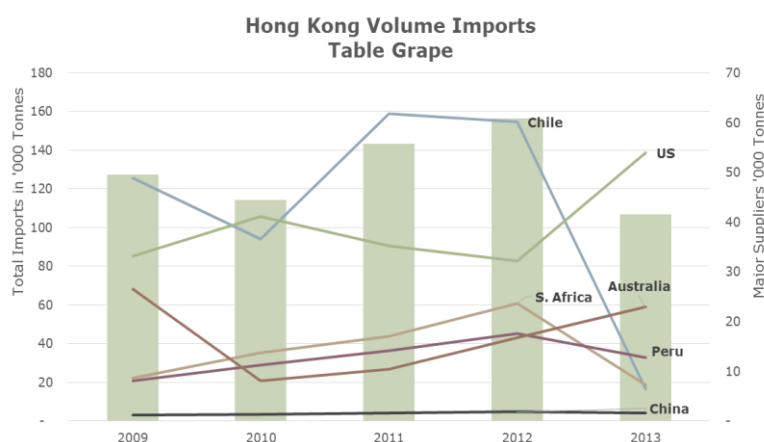
HONG KONG

Hong Kong was the largest Asian market for table grapes until 2013 when it was overtaken by China. It is certainly the largest market for Australian fruits. Despite initially steady growth over the past 5 years, table grape imports contracted by more than 30% in 2013.⁷⁰ Supply from Chile and South Africa drastically fell by 834% and 226% respectively with the shift to direct trade with China.

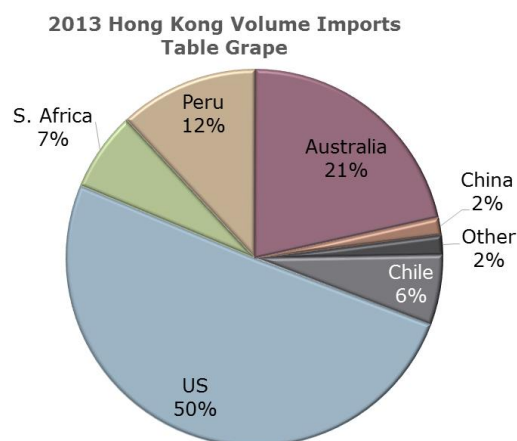
Hong Kong serves as a hub where most of imported fruit is re-exported. In 2013 official records show that 73% of imported table grapes have been re-exported.⁷¹

Hong Kong remains the largest overseas destination for Australian table grapes and represents 30% of its exports. With the decline of other southern hemisphere trade, Australia is now the largest counter-seasonal supplier of table grapes in 2013 with a 37% increase in exports to Hong Kong.

Hong Kong's table grape market offers a relatively high price for imports, it paid on average \$2.29 per kilogram in 2012.



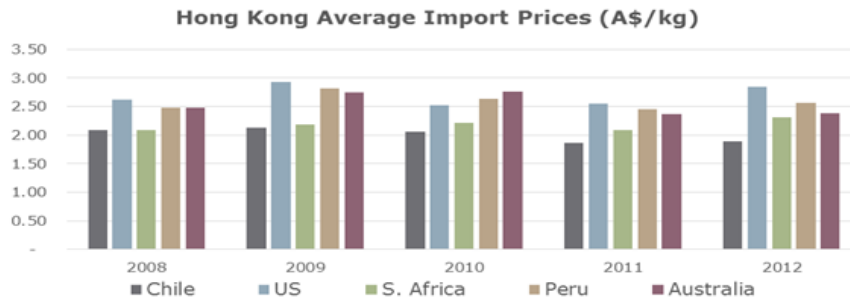
Source : ITC Comtrade, DA MCS analysis



Source : ITC Comtrade, DA MCS analysis

⁷⁰ ITC Comtrade, DA MCS analysis

⁷¹ Market Coordination and Strategy: Table Grapes Commodity Report, Australian department of Agriculture, November 2013.



Source : UN Comtrade; DA MCS analysis

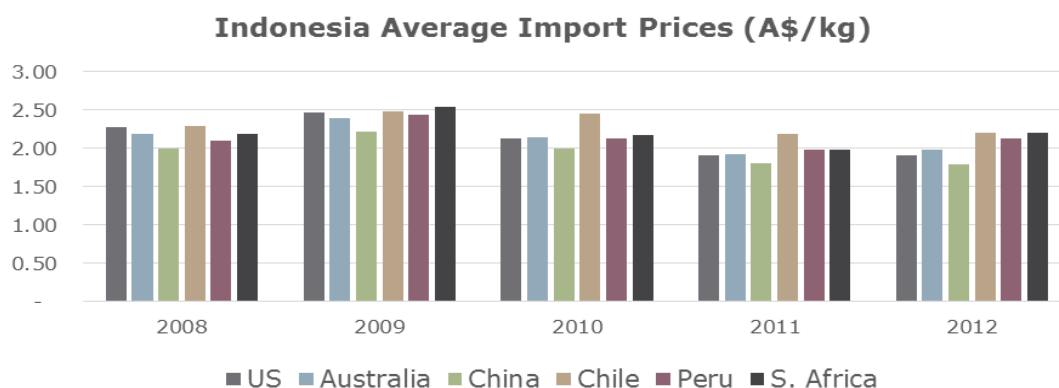
Hong Kong maintains an open market with no phytosanitary or tariff restrictions on table grape imports. It is essential to continue trading through Hong Kong as an open alternative to trading directly with Chile. This allows the industry to spread its risks and continue to supply China in case the direct trade is disrupted.

INDONESIA

Indonesia is Australia’s second largest market for table grapes and the second largest importer for table grapes in Southeast Asia. Though the country’s fruit production has more than doubled over the last thirteen years, the focus has been on bananas, mangos and oranges as Indonesia’s tropical climate is not suited to grape production. All table grapes are sourced from abroad.⁷²

Consumption of fruit and vegetables is an important component of Indonesia’s diet and local consumers spend a high proportion of their food budget on this food group. The archipelago with a population of over 240 million is a large consumer market for fresh produce and despite the fact that the domestic market is largely serviced by local production, Indonesian imports rose steadily from 1995 -2012 with an annual average growth of 36% over the period.⁷³ The main strength of this market is its large population and the rising consumption patterns of the everyday consumer. Though traditional wet markets dominate fresh food trade, the current wave of economic growth has made shopping in modern retail outlets an increasingly popular option.

Cost of table grape imports to Indonesia are on average A\$1.99/kg. This market in a Red Globe market, which does not require high quality product standards. Should access for Peru and South Africa improve, it is expected that the Australian trade could slow down.



Source : UN Comtrade; DA MCS analysis

⁷² Market Coordination and Strategy: Table Grapes Commodity Report, Australian department of Agriculture, November 2013.

⁷³ “ASEAN Mission 2013: Philippines and Indonesia Final Report, Australia Fresh, July 2013.

The Government has been concerned about the large increase in horticulture imports and its impact on local fruit and vegetable industries. Imports to the country are subject to increased food safety standard requirements, stricter importer and product distribution guidelines, and more significantly limited port entry access. The Indonesian government has restricted access to the main seaport of Jakarta for most suppliers. Australia and New Zealand are the only southern hemisphere suppliers with direct access to the Jakarta port.⁷⁴

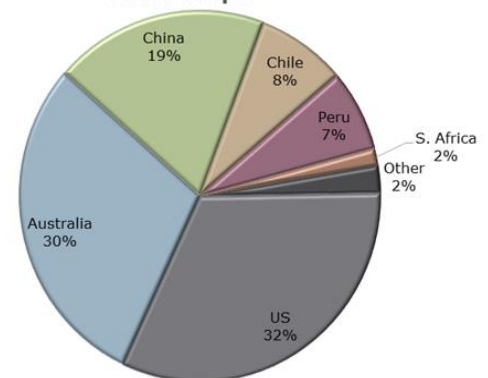


Imports fell significantly in 2013 despite strong growth over the past decade; this is due to limited port access issues. Indonesia saw an overall 37% decline in total Indonesian imports and Australia was the only country that had a sharp increase in exports to this market (by 61%), surpassing 2009 levels.

The stricter measures have thus worked to the advantage of Australian table grape exporters with market share rising from 12% in 2012 to 30% in 2013.⁷⁵ Despite this, Australian supplies have faced delays and disruptions when seeking access to the port in Jakarta.

All importers are required to have an import allocation to bring in imported table grapes. The process by which Australian allocation requests are approved is somewhat unclear. It is important for Australian exporters to verify that their buyers indeed have the necessary sufficient allocation permits.

2013 Indonesia Volume Imports Table Grape



Source : ITC Comtrade, DA MCS analysis

Australia is one of the few countries that enjoy tariff free access to the Indonesian table grape market and this has given it a distinct cost advantage. Following years of discussing bilateral free trade agreement possibilities, Chile and Indonesia had their first round of free trade negotiations with Indonesia in early 2014. Other access requirements include required cold treatment for imports from non-PFAs.

Access improvement and maintenance requirements include:

- Revise on-shore cold treatment requirements to allow concurrent shipments stored in the same cool room
- Negotiate for an airfreight protocol to include fumigation as an alternative, allowing shorter delivery lead-times
- Allow data recorders to replace temperature probes for cold treatment requirements
- Standardise placement of probes across all markets
- Build relations with Indonesian government officials and local fruit importers

⁷⁴ Ibid.

⁷⁵ "ASEAN Mission 2013: Philippines and Indonesia Final Report," Australia Fresh, July 2013.

MALAYSIA

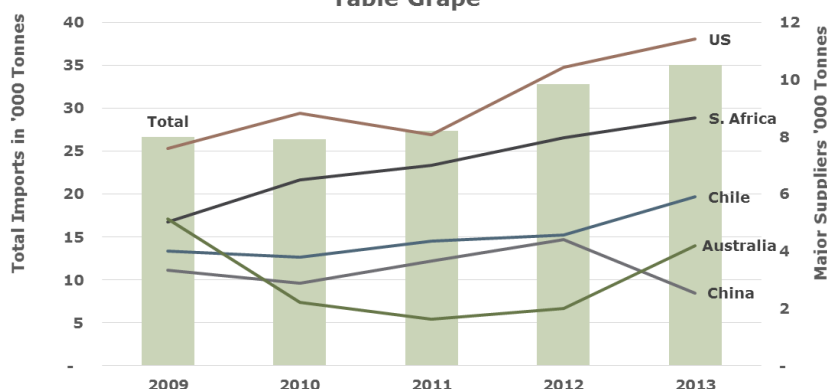
Malaysia is one of the smaller table grape markets in Asia. Table grape demand is price sensitive while consumption preferences are also influenced by health and convenience trends. Over the past 5 years, Malaysian table grape imports expanded by an average annual growth rate of 7%. Against Asia, its table grape market is medium sized, much smaller than Hong Kong but larger than the Philippines and Singapore.

Most major suppliers increased their exports to Malaysia in 2013. China was the only exception as its volume of exports contracted by 42%.

Despite steady growth in table grape imports, Australian market share has fluctuated and is starting to rebound in 2013. This is likely due to production constraints and the fact that Australian table grapes tend to be the most expensive in this market.⁷⁶ Overall the market is equally balanced between northern and southern hemisphere suppliers. Australia is the fourth largest supplier in the market. The southern hemisphere season is dominated by South Africa and Chile, which are traded at prices 40% lower than Australia's.⁷⁷

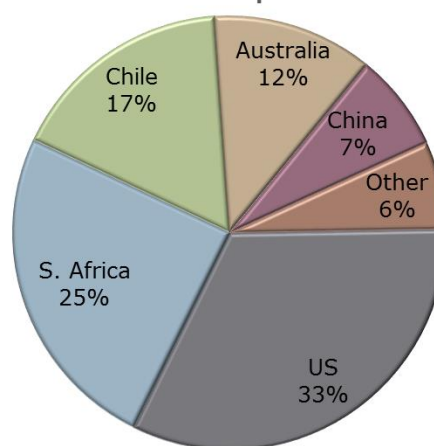
It maintains an open market with no phytosanitary restrictions on table grape imports.⁷⁸ With the implementation of the ASEAN Australian New Zealand Free Trade Agreement in 2010, tariffs for table grapes have been eliminated providing Australia with a competitive advantage over traditional suppliers from Chile and South Africa.⁷⁹

Malaysia Volume Imports
Table Grape



Source : ITC Comtrade, DA MCS analysis

2013 Malaysia Volume Imports
Table Grape



Source : ITC Comtrade, DA MCS analysis

⁷⁶ Market Coordination and Strategy: Table Grapes Commodity Report, Australian department of Agriculture, November 2013.

⁷⁷ ITC, Comtrade; DA MCS analysis

⁷⁸ Market Coordination and Strategy: Table Grapes Commodity Report, Australian department of Agriculture, November 2013.

⁷⁹ "ASEAN Mission 2013: Philippines and Indonesia Final Report," Australia Fresh, July 2013.

SINGAPORE

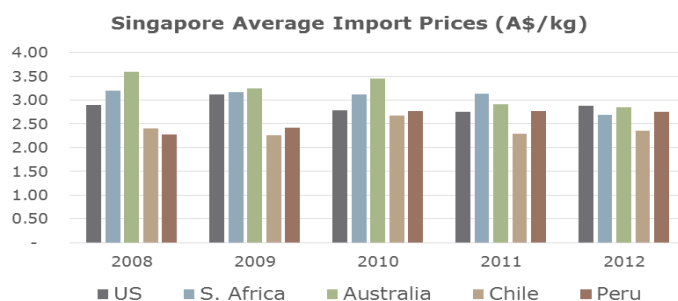
Singapore is Australia's 7th largest destination for table grape exports and is one of the smallest major table grape markets in Southeast Asia. Singapore also serves as a hub for other regional markets. As with most of its other imported foods, it tends to re-export a quarter of the table grape volume that enters its borders.⁸⁰ Though a relatively small market, Singaporean consumers' preference for quality, willingness to pay more, and lack of domestic supply make it a key market for suppliers who seek higher prices and steady demand.⁸¹ The main preference within the market is for Crimson Seedless and Red Globe varieties.

Quality is a key determinant of Singaporean demand. This was seen in 2009 when Australia had a stellar season. Australian table grape exports expanded by 119% and held the largest market share in that year. In terms of import costs, Australian table grapes have traditionally been on the more expensive end of the spectrum.

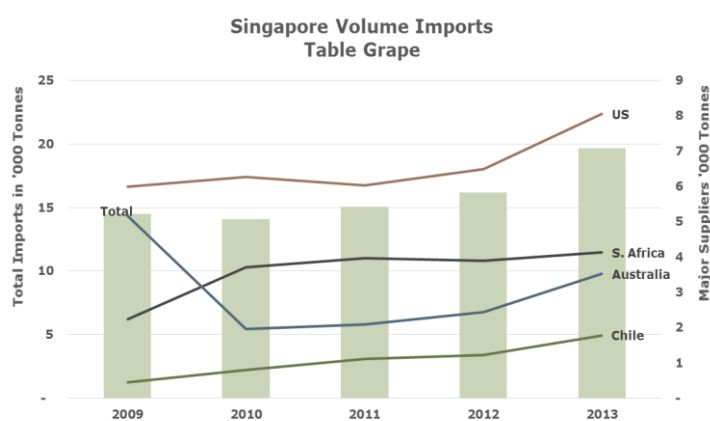
Singapore table grape imports expanded by 21% in 2013. It has grown steadily at a compounded annual growth rate of 6% over the past five years. In 2013, Australia was the second largest southern hemisphere supplier in the market but continues to face strong global competition. South Africa and the US are leaders within this market but rising suppliers such as Peru may seek to increase exports to Singapore.

Southern Hemisphere suppliers makeup almost 50% of total imports. This is a very competitive market. Australian competitors are quite aggressive in in-market promotions, product development and innovation, packaging, and pricing. This applies to most other markets. Despite this, Australia's key opportunities lie in the market's concern for health and safety and Australia's strong positioning as a quality and premium brand for fresh produce. It also enjoys a strong bilateral relationship with Singapore as well as advantageous sea and air links.⁸²

The competition within Singapore is heightened by the fact that it is an open free market with no protocols or tariff barriers.

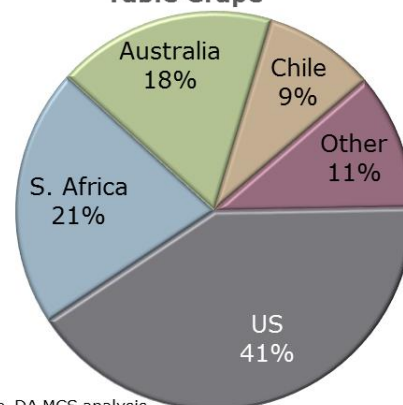


Source : UN Comtrade; DA MCS analysis



Source : ITC Comtrade, DA MCS analysis

2013 Singapore Volume Imports Table Grape



Source : ITC Comtrade, DA MCS analysis

⁸⁰ ITC Comtrade; DA MCS Analysis.

⁸¹ "Singapore's food security strategy," Guainfa Lim, New Manadala, 25 May 14.

⁸² Rehka Isaac, Business Development Manager, Austrade Singapore.

THAILAND

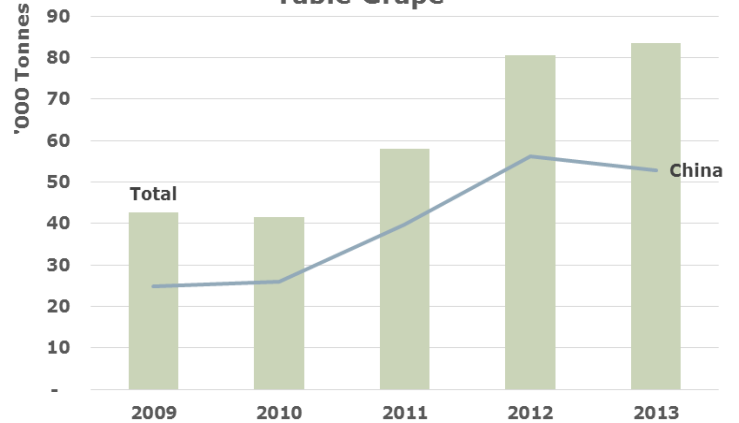
Thailand is in the top ten table grape importers in the world and the third largest in Asia.

Red and black varieties are popular within the market. Thai consumers prefer the Crimson seedless variety but also take Midnight Beauty and Ralli Seedless.

Thailand table grape imports have grown steadily over the past 5 years. Australian exports to Thailand fell sharply in 2010 due to a poor season; this gave Chile and Peru the opportunity to increase their presence in the market. Australia started to rebound in 2013. The volume of Australian table grapes grew by 84% in 2013 and overtook Chile's position as the second largest southern hemisphere producer in the market.

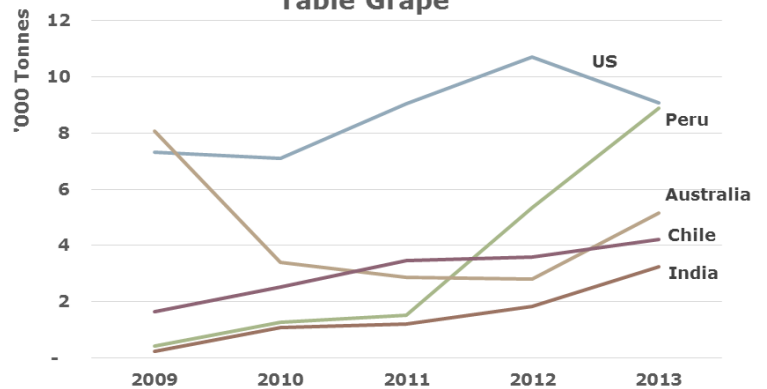
The top 5 exporting countries to Thailand make up 96% of the market's total table grape imports. China is by far the largest table grape exporter with a 63% market share in 2013. South Africa has been excluded from this table grape market since 2007 but is likely to regain access in 2014. The 2012 value of total table grape imports was A\$116 million, the third highest in Asia.

Thailand Volume Imports Table Grape



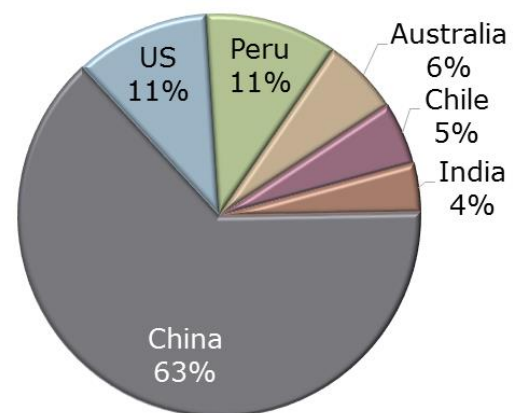
Source : ITC Comtrade, DA MCS analysis

Thailand Volume Imports Table Grape



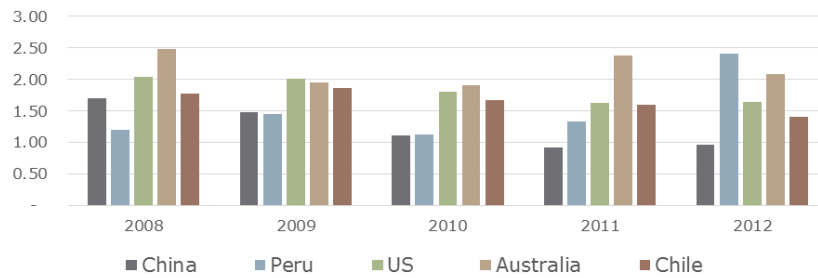
Source : ITC Comtrade, DA MCS analysis

2013 Thailand Volume Imports Table Grape



Source : ITC Comtrade, DA MCS analysis

Thailand Average Import Prices (A\$/kg)



Source : UN Comtrade; DA MCS analysis

Though a strong market for Australian fruit commodities, Thailand is reviewing its import conditions and in 2013 signed off on quarantine and phytosanitary agreements that make exporting to the market more expensive.⁸³ Australia

QUOTAS ON AUSTRALIAN TABLE GRAPES

2014	<ul style="list-style-type: none"> • 3% tariff for exports below 1,551 tonnes • 30% tariff for volumes above 1,551 tonnes
2015	<ul style="list-style-type: none"> • 0% for tariffs below 1,628 tonnes • 30% tariff for figures above 1,629 tonnes
2016 onwards	<ul style="list-style-type: none"> • Zero tariffs

currently faces quota restrictions in this market but under the Thailand Australia Free Trade Agreement (TAFTA), these will be phased out by 2016.⁸⁴

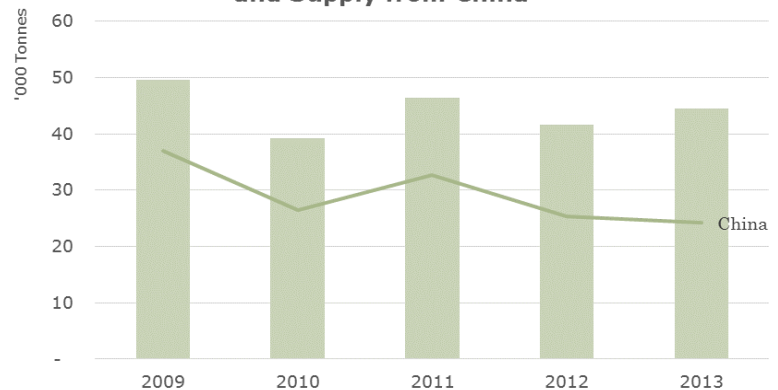
Access improvement requirements include:

- Revise on-shore cold treatment requirements to allow concurrent shipments stored in the same cool room
- Improve airfreight protocol to include fumigation as an alternative, allowing shorter delivery lead-times
- Allow data recorders to replace temperature probes for cold treatment requirements
- Standardise placement of probes across all markets

VIETNAM

Vietnam has emerged to become one of the ASEAN's most dynamic economies with the region's fastest growing middle and affluent consumer class.⁸⁵ The economy is not as sophisticated as other markets in the region, consumer shopping is concentrated in smaller "mom and pop" stores, but with the current rate of economic growth hypermarkets and supermarkets.⁸⁶ High to middle-income earners, expatriates, high-end restaurants and hotels are the main consumers for imported fruits. Fresh fruit is in demand for special

Total Volume of Vietnamese Table Grape Imports and Supply from China



Source : ITC Comtrade, DA MCS analysis

⁸³ "Sending grapes to Asia getting more expensive," Sarina Locke, Australian Broadcasting Channel, 13 March 2013. ITC Comtrade, DA MCS analysis "Fruit and vegetables to Thailand," www.austrade.gov.au, 17 July 2013.

⁸⁵ "Vietnam and Myanmar: Southeast Asia's New Growth Frontiers," BCG Perspectives, 17 December 2013.

⁸⁶ Ibid.

occasions such as National Holidays and Lunar New Year Season.⁸⁷

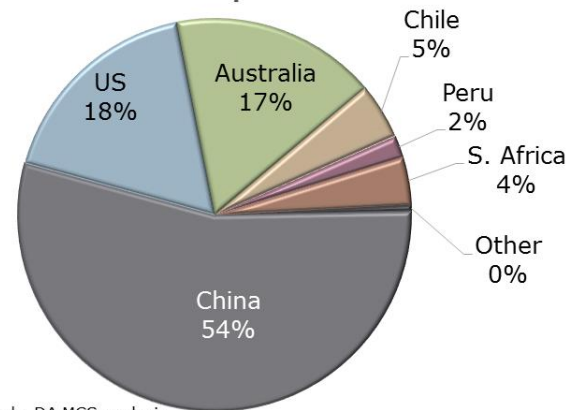
Vietnamese imports have fluctuated by small increments over the past 5 years. Its average yearly growth rate over that period was -2%. As China is the largest supplier of table grapes to Vietnam, changes in the table grape trade with China directly influences Vietnam’s total import volumes. Import trends are directly proportionate to China’s exports to this market.

Vietnam is Australia’s third largest table grape destination and it is also one of the four countries where Australia is the dominant southern hemisphere supplier.

Australian table grape exports has continued to climb since 2010 with an average growth of 74% each year. This is in part due to Vietnam having taken on a similar position to Hong Kong as a trade channel to other markets.

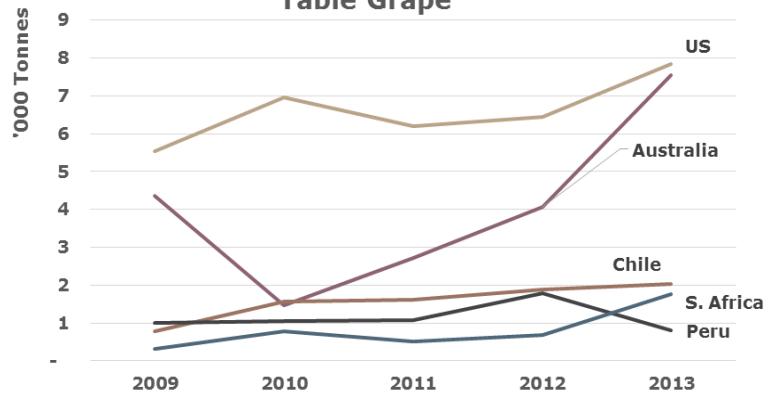
Australian table grapes face a free trade agreement duty rate under the ASEAN-Australia, New Zealand free trade agreement (ANZFTA). Tariff on Australian table grape imports are 10% and will be reduced to zero in 2019.⁸⁸

2013 Vietnam Volume Imports Table Grape



Source : ITC Comtrade, DA MCS analysis

Vietnam Volume Imports Table Grape



Source : ITC Comtrade, DA MCS analysis

⁸⁷ “Vietnam Summerfruit Market Overview,” DEPI Victoria State Government, October 2009.

⁸⁸ WTO Table Grape Tariffs, Integrated Database notifications.

UNITED ARAB EMIRATES

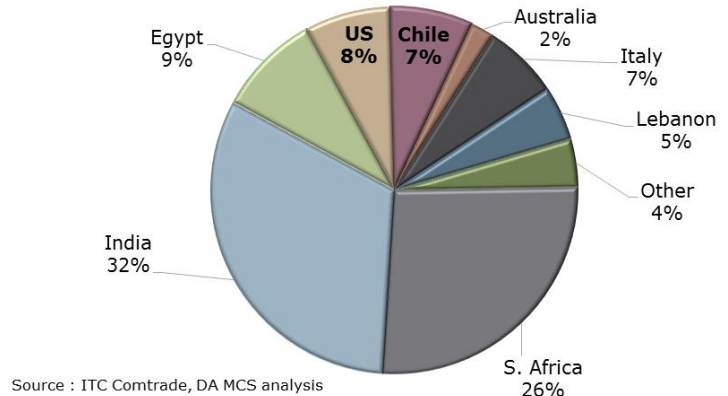
The UAE is currently the 9th largest Australian table grape destination. It was Australia's fastest growing market in 2013 as exports rose by 390%. It has been ranked as the fifth strongest emerging market in an index of global retail investment.⁸⁹ The UAE depends heavily on imports to meet the gaps between local food production capacities.⁹⁰ Most major food exporters target this market for its affluent and growing consumer base.

The United Arab Emirates presents a sizeable market with imports of 40,792 tonnes in 2012 making it on par with major importers such as Vietnam and Indonesia. Growth has fluctuated within this market but 2013 import figures show potential for Australia as it surpassed Chile and was the second largest southern hemisphere producer for that year. Table grape demand remains fairly fixed but the size of the market for table grape imports make it attractive for exporters seeking alternative areas for expansion in the face of stagnant demand throughout traditional American and European markets.⁹¹

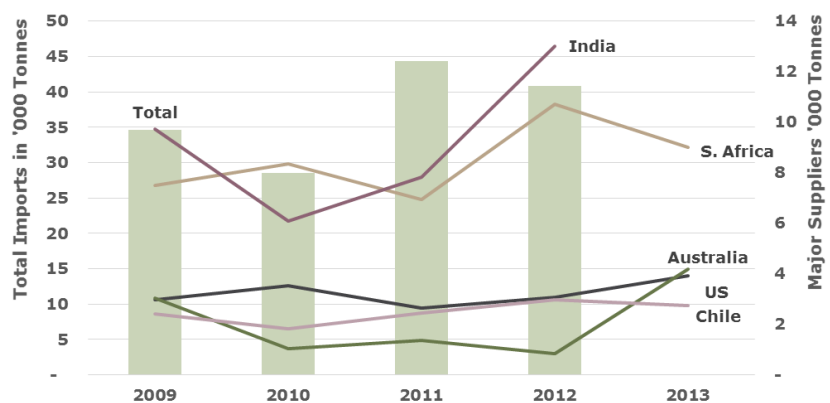
Majority of suppliers to the UAE market come from neighboring countries. Supply is dominated by neighboring Northern Hemisphere producers but South Africa is the main Southern Hemisphere competitor and the second largest supplier to the UAE with a 26% market share in 2012.

The UAE is an open market with no import requirements and tariff free entry.

2013 United Arab Emirates Volume Imports Table Grape



United Arab Emirates Volume Imports Table Grape



⁸⁹ "UAE retail market attractive but very saturated—Report", Andy Sambridge, arabianbusiness.com, 23 June 2013.

⁹⁰ "Middle East Market Profile," Foodexport.org
<https://www.foodexport.org/Resources/CountryProfileDetail.cfm?ItemNumber=1019>

⁹¹ Mixed fortune for Grape Suppliers," Market Insider, INTRACEN, 30Oct13.

OTHER MARKETS

United States

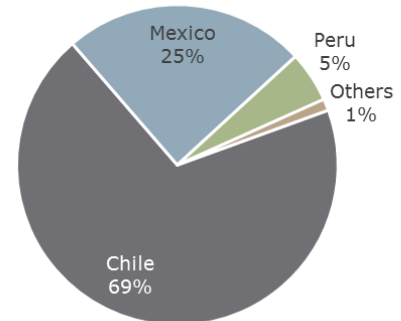
Despite being a major producer of table grapes, the United States is the largest importer of table grapes in the world, sourcing mainly from Chile and Mexico.

2012/2013 US Table Grapes

Production	893 thousand tonnes
Domestic Consumption	1,083 thousand tonnes
Exports	380 thousand tonnes
Imports	570 thousand tonnes

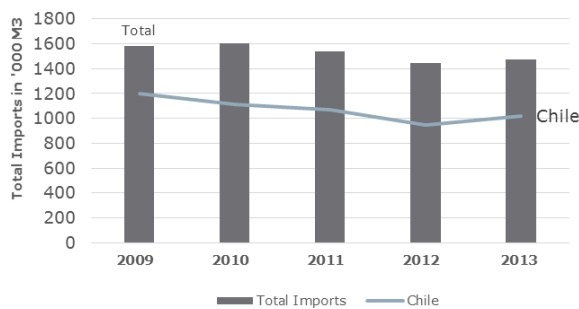
Source: FAS, USDA

2013 US Table Grape Volume Imports



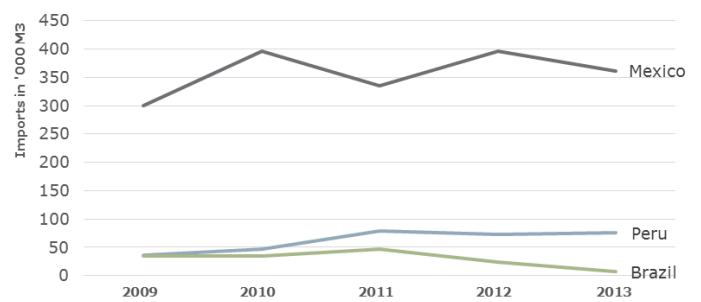
Source: Global Trade Atlas

US Table Grape Volume Imports



Source: Global Trade Atlas

US Table Grape Volume Imports



Source: Global Trade Atlas

Over the last four years, table grape consumption has been strong. Around 99% of all table grapes grown in the US are grown in California. The harvest season for California table grapes runs late April through late Fall.

The US is the 4th largest consumer of table grapes in the world, only behind China, the European Union, and Brazil. In addition to being the largest single consumer nation of table grapes, China is the world's leading producer and has recently petitioned APHIS to permit grape imports into the U.S. The total value of table grape production in the United States was estimated to be worth US\$1.1 billion for the 2012 season.

The U.S. currently imports the most table grapes of any nation in the world. Imports arrive nearly year round, but Chilean imports are available in U.S. markets from late December to as late as early July; Mexican imports are typically available in May, June and July; and Peruvian and Brazilian imports arrive between late December and early April. Early and late season Chilean imports and storage offer competition for domestic grapes due to their overlap with U.S. grape marketing.⁹²

According to the U.S. Department of Agriculture, 8.2-kilogram containers of bagged Thompson Seedless

⁹² http://www.federalproducepolicy.com/news2014/mar_06_2014-tablegrapes_summary.html, 25 June 2014.

grapes from Chile were US\$26-28 FOB for extra- large; US\$24-26, large; and US\$22-24, medium, as of April 18. A year earlier, the same product from Chile was US\$20-22, extra-large; US\$18-20, large; and US\$14-16, medium.

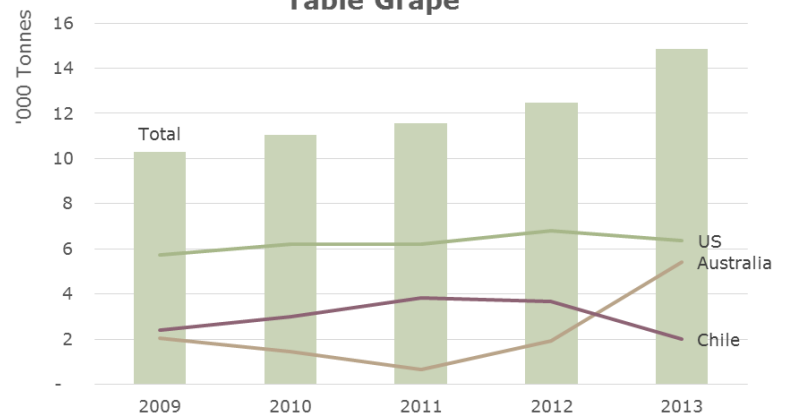
Improving the US protocol would enable the commencement of trade. The US requires Australia to fumigate with Methyl Bromide. This kills any existing Light Brown Apple Moth to avoid any incursion in the US. Methyl Bromide affects the quality and shelf life of the product rendering the trade commercially inviable for sea freight. Hence, no exports are taking place. The incursion of Light Brown Apple Moth (LBAM) is now endemic in California where most table grapes are grown. This renders the protocol obsolete. The US are still regulating for LBAM in California and the rest of the country is free from this pest. The US is revising domestic movement controls for host fruit and the DoA is seeking equivalence (commercial practice and inspection).

NEW ZEALAND

New Zealand was Australia’s fourth largest market in 2013; it received 9% of Australia’s table grape exports. New Zealand also exports an average of 250 tonnes of table grapes a year to countries such as Japan and China.⁹³ But their produce tends to be prohibitively expensive and volume of exports have been on decline falling 29% in 2013, New Zealand’s locally sourced grape supplies are more geared towards wine production, one of the country’s key industries.⁹⁴

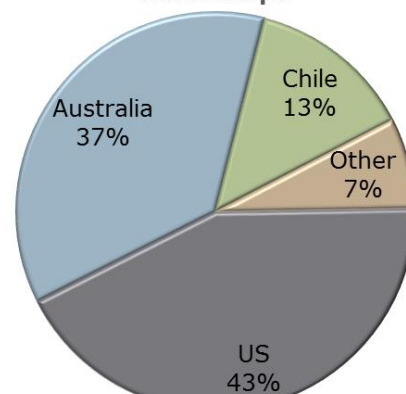
Table grape imports rose by 19% in 2013. The United States is has traditionally been the market’s largest source of table grape imports but in 2013; Australian exports came a close second, rising by 248% compared to the previous year. The strength of US imports may likely be due to their seasonality and strong trade relationship. Australia on the other hand shares the market with Chile; it should however continue to dominate the Southern Hemisphere market given its clear advantage in proximity and strong trade relationship.

New Zealand Volume Imports Table Grape



Source : ITC Comtrade, DA MCS analysis

2013 New Zealand Volume Imports Table Grape



Source : ITC Comtrade, DA MCS analysis

⁹³ ITC Comtrade, DA MCS analysis.

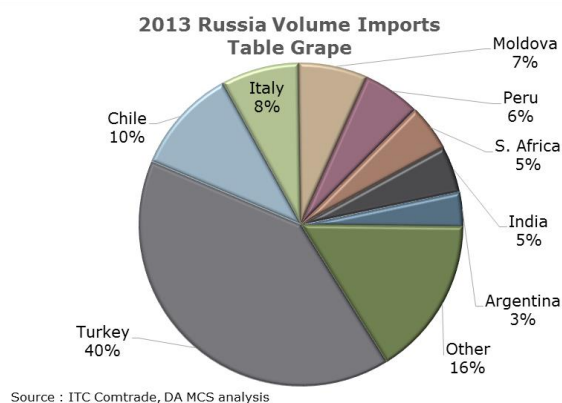
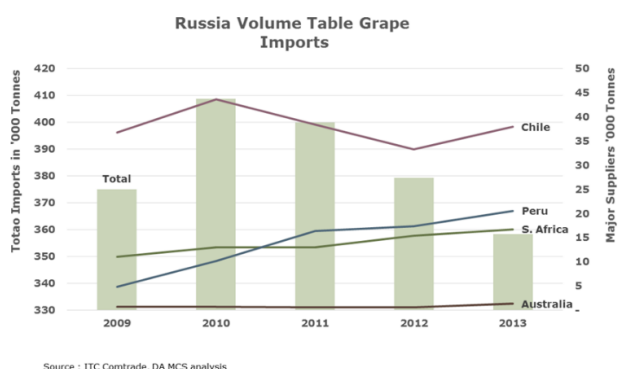
⁹⁴ “New Zealand Wine Annual Report,” New Zealand Winegrowers, 2014.

RUSSIA

Russia is the second largest table grape importer in the world. It is a significant grape producer but has focused increasingly on wine grapes. Russia's local table grape volume levels are low due to the high labor costs associated with its production and according to local wholesalers, consumers prefer imported table grapes because of their longer shelf life.⁹⁵ This awareness of quality is however tempered by trends suggesting that the Russian market is significantly price sensitive.⁹⁶ While total fruit imports have not changed drastically, the structure of the market has shifted towards cheaper fruit categories.⁹⁷

Despite dampened demand, Russia remains an important market due to its sheer size: in 2012 it was the world's second largest importer of table grapes and received 379,318 tonnes or 10% of traded table grapes. The market's average annual growth rate has been -1% over the past years due to successive declines in total volumes of Russian imports since 2011.⁹⁸ USDA GAIN forecasts expect demand to remain flat in 2014.⁹⁹ Trends in 2013 and 2012 have suggested that the country's economic outlook have changed consumer behavior.

The majority of imports are sourced from countries around Europe; Turkey in particular dominates the Russian market with a share of 40%. Thus the decline in Russian table grape imports in 2013 is linked to the 10% drop in volumes from Turkey.¹⁰⁰ Nevertheless, due to counter-seasonal production, Chile, Peru, and South Africa dominate the market until June each year. While Australia has on average exported 676 tonnes to Russia a year since 2009, there was a significant increase in 2013 where volumes jumped from 621 to 1,364 tonnes (a 120% increase), making this one of Australia's fastest growing table grape markets in that year. The value of Russian table grape imports in 2013 was A\$ 521 million; Southern Hemisphere producers make up 29% of this revenue figure.¹⁰¹ Russia joined the WTO in 2012 and this is expected to result in decline of tariffs on table grapes from 10% to 5% in 2014.¹⁰² Imports were significantly disrupted towards the end of 2013 due to the closure of the country's largest fresh produce wholesale market.



⁹⁵ "GAIN report: Russian Federation Fresh Deciduous Fruit Annual", USDA FAS, 2 December 2013.

⁹⁶ "GAIN report: Russian Federation Fresh Deciduous Fruit Annual", USDA FAS, 2 December 2013.

⁹⁷ "Opinion: Russia sees structural changes in produce imports", Irina Koziy, Fresh Fruit Portal, 24 February 2014.

⁹⁸ See Table 1

⁹⁹ "GAIN report: Russian Federation Fresh Deciduous Fruit Annual", USDA FAS, 2 December 2013.

¹⁰⁰ "Russian grape imports fall", Fruitnet, Eurofruit, 30 January 2014.

¹⁰¹ Based on ITC Comtrade; DA MCS analysis data.

¹⁰² "Workshop: Russia Emerging Market for US AG Products" Mechel S. Paggi, Fresno State Centre for Agricultural Business and California Specialty Corps Council, 5 June 2013.

SWOT ANALYSIS – EXPORT MARKETS

Export Market	Strengths	Weaknesses	Opportunities	Threats
China	<ul style="list-style-type: none"> • Strong demand for quality grapes • One of top 10 importers of table grapes in the world • High table grape import growth rate (16%) • Large population • Close geographical location 	<ul style="list-style-type: none"> • Protocol market • Challenging protocol requirements • Higher tariffs compared to competitors • Challenging airfreight protocol • Does not recognise PFAs 	<ul style="list-style-type: none"> • Capacity to pay high prices • Supply grapes leading up to CNY • Increasing urbanisation 	<ul style="list-style-type: none"> • Lose market access or tighter protocol requirements • Increased competition with Chile & Peru • Sensitivities with HK trading partners
South Korea	<ul style="list-style-type: none"> • Strong demand for quality grapes • High table grape import growth rate (16%) 	<ul style="list-style-type: none"> • Protocol market • Required pre-shipment inspections • Challenging airfreight protocol • Does not recognise PFAs 	<ul style="list-style-type: none"> • High demand for white seedless grapes • Decreasing tariffs 	<ul style="list-style-type: none"> • Lose market access or tighter protocol requirements • Increased competition with Chile & Peru
Japan	<ul style="list-style-type: none"> • Strong demand for quality grapes • Highest table grape import growth rate in Asia (25%) 	<ul style="list-style-type: none"> • Protocol market • Stringent testing on food safety and traceability related standards • Challenging airfreight protocol • Does not recognise PFAs 	<ul style="list-style-type: none"> • High demand for white seedless grapes • Lower tariffs 	<ul style="list-style-type: none"> • Lose market access or tighter protocol requirements • Increased competition with Chile • Entry of Peru
Philippines	<ul style="list-style-type: none"> • Large population • Emerging economies 	<ul style="list-style-type: none"> • Protocol market • No airfreight protocol • Price sensitive • Does not recognise PFAs 	<ul style="list-style-type: none"> • 4th largest export market for US grapes • Market for secondary product • Zero tariff 	<ul style="list-style-type: none"> • Increased competition with Chile, Peru & South Africa

Export Market	Strengths	Weaknesses	Opportunities	Threats
HK	<ul style="list-style-type: none"> • Largest table grape market for Australia • One of top 10 importers of table grapes in the world • Open market 	<ul style="list-style-type: none"> • Unpredictable trade 	<ul style="list-style-type: none"> • Same trade players in China • Continue building trade relations as competitors have dropped this market to trade direct with China • Existing high income niche market segment 	<ul style="list-style-type: none"> • Trade into Hong Kong may drastically drop • Fierce competition with other suppliers
Indonesia	<ul style="list-style-type: none"> • Large population 	<ul style="list-style-type: none"> • Protocol market • Unpredictable government trading policies • Strained government-government relations • Challenging airfreight protocol • Does not recognise PFAs 	<ul style="list-style-type: none"> • Access to Jakarta port • Market for secondary product • Zero tariff 	<ul style="list-style-type: none"> • Re-closure of ports
Malaysia	<ul style="list-style-type: none"> • Close geographical location 	<ul style="list-style-type: none"> • Price sensitive 	<ul style="list-style-type: none"> • Zero tariff 	<ul style="list-style-type: none"> • Shift to being a protocol market • Other competitors could easily gain market share
New Zealand	<ul style="list-style-type: none"> • Similar market as Australia • Close geographical location 	<ul style="list-style-type: none"> • Protocol Market • Small population 	<ul style="list-style-type: none"> • Recognises PFAs • Accepts fumigation for airfreight 	<ul style="list-style-type: none"> • Increased competition with Chile
Singapore	<ul style="list-style-type: none"> • Close geographical location • Good infrastructure 	<ul style="list-style-type: none"> • Small market • Mature market (though still growing) 	<ul style="list-style-type: none"> • Zero tariff 	<ul style="list-style-type: none"> • Other competitors could easily gain market share from Australia
Thailand	<ul style="list-style-type: none"> • High import growth for grapes (14%) • Close geographical location • Gateway to other markets: Vietnam, Cambodia, Laos 	<ul style="list-style-type: none"> • Protocol market • Challenging airfreight protocol 	<ul style="list-style-type: none"> • Zero tariffs • Recognises PFAs • Decreasing tariffs 	<ul style="list-style-type: none"> • Other competitors could easily gain market share

Export Market	Strengths	Weaknesses	Opportunities	Threats
Vietnam	<ul style="list-style-type: none"> • Generally considered a high value market • Close geographical location 	<ul style="list-style-type: none"> • Price sensitive for local demand 	<ul style="list-style-type: none"> • Increasing trade requirements 	<ul style="list-style-type: none"> • Trade can be unpredictable and may drastically drop • Shift to being a protocol market • Other competitors could easily gain market share
USA	<ul style="list-style-type: none"> • Largest import market for table grapes • Large population 	<ul style="list-style-type: none"> • Protocol market • Uncommercial protocols • Stiff competition with Chile & Peru • Long distance from Aust 	<ul style="list-style-type: none"> • Existing high income market segment 	<ul style="list-style-type: none"> • Growing trade from other Southern Hemisphere competitors

AUSTRALIAN TABLE GRAPE EXPORT STRATEGY 2010-2013 – REVIEW

The table grape export strategy for 2010-2013 provide good market analysis and clear objectives but this plan lacked a more stringent analysis of the industry’s supply chain and market access requirements. Despite this, the industry has gained significant and positive developments in exports and has clearly delivered an improved international trade environment for its growers. The objectives below were set forth in the previous export strategic plan:

OBJECTIVES What the industry set-out to do	KEY ACHIEVEMENTS What has the industry achieved so far
To increase awareness of Australian table grapes in at least 3 key markets	There is clear market growth in most markets. See table below
To obtain support and participation from at least 5 major exporters in industry export programs	Major growers/exporters have participated in the industry’s programs, particularly in trade missions to China. Most growers have also clearly supported the industry’s export programs and would like to see that most available resources (levy funding) are used for export development programs.
To obtain market intelligence data on a regular basis for at least 3 markets	The industry received regular pricing reports from China. It is recommended that the industry obtain regular market intelligence data on South Korea and Japan.
To gain more than 50% support from growers on implementing a production plan	The industry is in need of a more collaborative, trusting and forward-thinking culture to have a better grasp of the industry situation and plan more strategically; achieving long-term benefits for the whole-of-industry. Initial discussion has begun to build the industry’s data intelligence which would be a significant input in planning production and trade more carefully.
Other Achievements	New access into Japan and South Korea

Selected Markets	Australian Table Grape Exports in Tonnes			CAGR
	2010/11	2011/12	2012/13	
China	64	190	5,053	329%
New Zealand	710	1,968	5,626	99%
Malaysia	1,561	2,225	4,423	42%
Viet Nam	2,724	4,066	7,548	40%
Hong Kong, China	10,572	18,541	22,916	29%
Indonesia	6,218	6,788	11,719	24%
Thailand	3,004	2,937	5,598	23%
Singapore	2,601	3,646	4,568	21%

Source: ITC Comtrade, DA MCS analysis

INDUSTRY EXPORT PLAN

EXPORT OBJECTIVES

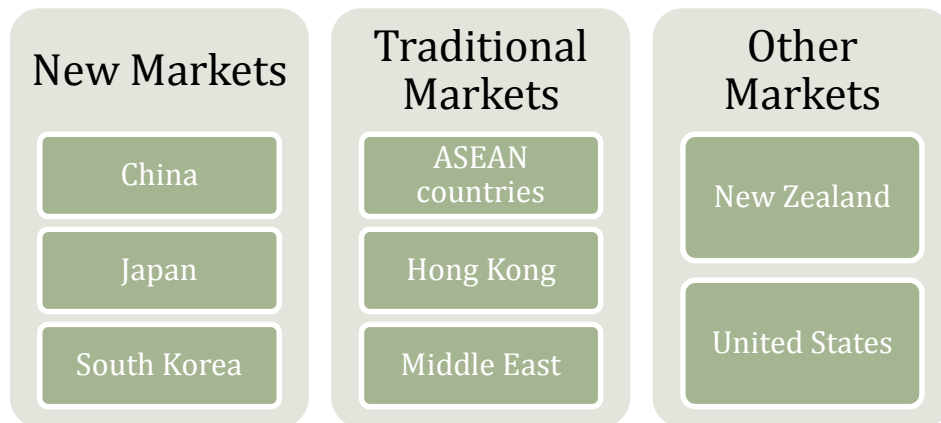
To obtain market improvement in South Korea, Japan and China by end of 2018-2019

To obtain market improvement in all other protocol markets by end of 2018-2019

To increase awareness of and demand for Australian table grape varieties in new and traditional markets in the next 5 years: 2014-2019

Note: Please see Business Cases in Appendix Section for market improvement requirements.

TARGET MARKET & EXPORT MARKET MATRIX



Protocol Markets include: China, Japan, South Korea, Thailand, Indonesia, Philippines, Taiwan, New Zealand and the United States

EXPORT STRATEGIES AND ACTION PLAN
















































INDUSTRY DEVELOPMENT STRATEGY

The Australian table grape industry lags behind some of its export competitors in data intelligence i.e. production capability and real time exports. The lack of data has set the industry back in its capability for informed and more strategic planning. The industry needs to build a databank to include:

- Number of business entities per region
- Contact list: growers, exporters
- Production capacity by region: acreage, number of plantings per variety, average yield per variety
- Real time export data (1 week lead-time) : volume by varieties by destination

Institutional barriers need to be minimised for industry development. There is a need for:

1. Grower engagement, training and communication
2. Close collaboration with other industries, government agencies and other institutions
3. Front-end season loading to avoid competition with Chile and waning market interest
4. Package innovation and accessibility
5. Product integrity through best practice farming & maturity standards and improved varieties
6. Increased resources to effectively implement industry strategies i.e. personnel resources
7. Increased funding capabilities: Levy collection – improve system, foreign spot buyers¹⁰³; Grants; Multi-industry programs

Action	2014/15	2015/16	2016/17	2017/18	2018/19
1.1 Build Data Intelligence					
1.2 Develop and maintain an Electronic Export Manual for growers & exporters					
1.3 Maintain an Online Export Manual					
1.4 Develop, maintain and implement a Grower Export-Ready Program (includes information sessions, export/market updates & requirements, technical training)					
1.5 Incorporate all export-related information in the National Industry Communications Program					
1.6 Conduct research on packaging innovation					
1.7 Collaborate with multi-industry programs					
1.8 Increase personnel resources					
1.9 Source external funding					
KPIs: <ul style="list-style-type: none"> • Grow grower/exporter contact list by 20% each year for the next 5 years • At least 5 major growers participate in industry Data Intelligence Program • Export Manual developed and available online by end of 2014/15 • Export Manual is updated within a week from any development in requirements • Participation of at least 50 growers each year in Grower Export-Ready Program 					

¹⁰³ Foreign (Chinese) buyers sourcing table grapes directly from the farms. See Export Supply Chain section in page 28.

BRANDING AND POSITIONING STRATEGY

Table grapes are a popular fruit in most markets but with stiff competition in this fruit category and especially within the imported grapes category, it is essential that Australia distinguish its product from all others.

Australia is known for good quality products, which comes at a commensurate price. For grapes, this translates to sweet, great bloom in color, good-sized berries, long and stable shelf life. This is the offering of Australian grapes targeting the more discerning consumer.




To establish the position of Australian grapes in the world, the industry needs to communicate the following simple messages:

1. Provenance: country of origin, farmer story, world farming standards
2. Product differentiation: emphasis on high quality, taste and specific varieties
3. Supplier of choice: reliability, consistency and innovativeness
4. Nutritional benefits to leverage on the healthy eating trend

With the limited Australian table grape trade due to seasonality and volume capabilities (compared to other southern hemisphere suppliers), it will be very challenging to build a brand (or even multiple brands). Building a brand takes time and substantial funding.

Case Study: Meat & Livestock Australia spent over \$120 million in a span of a decade to build their "Aussie Beef" brand in their 2nd largest market (Japan). Note: "Aussie Beef" is not as known worldwide as it is in Japan. It is also not necessarily a "brand" but a "mark" to communicate that the product is from Australia.

The industry should maximise its membership with Australia Fresh by using the Australian Grown logo as a mark of origin in all export materials. Although the free use of this logo is limited to industry materials, exporters may opt to register with the Australian Made Australian Grown Foundation to also use this on commercial packaging. As this logo is currently being taken up by other Australia Fresh industry members, the table grape industry is able to leverage on a more extended use of the mark in each market, thus gaining improved recognition through time i.e. The summerfruit, cherry, pear and avocado industries will be using this same mark. It is also supported by the Australian Made Australian Grown Foundation.

Action	2014/15	2015/16	2016/17	2017/18	2018/19
2.1 Develop standard messaging checklist to be used in all materials					
2.2 Incorporate Australian Grown logo in all materials					
2.3 Update website and other existing materials to incorporate the export positioning and branding					
KPI:					
<ul style="list-style-type: none"> • Consistency in all materials (electronic or hard copy) by 2014/15 and actively use them in all activities 					

MARKET ACCESS STRATEGY

Australian table grapes has access into all markets in the world and has commercially acceptable trade protocols into most desirable markets. Market improvement and market maintenance is now the area of focus in maintaining and improving market opportunities in the long-term.

Market improvement requirements include:

1. Pre-shipment inspections should be conducted by Australian government inspectors instead of foreign officials (China, South Korea)
2. Move back from shed packing to in-field packing for better efficiencies and maintained product quality (China)
3. Improve airfreight opportunities to markets with import protocols: (China, South Korea, Japan, Thailand, Indonesia, Philippines, Taiwan and all other current/future protocol markets)
Airfreight shipments allow the industry to service markets when there is less competition and high demand i.e. Chinese New Year season. The approach to improving the airfreight trade includes:
 - Invest in research (which also considers other fruit fly species of quarantine concern) to develop an internationally and commercially acceptable airfreight protocol¹⁰⁴
 - Revise on-shore cold treatment requirements to allow concurrent shipments stored in the same cool room – invest in research or explore options to ensure no contamination of Queensland and other fruit fly species, across shipments in the same room
4. Allow data recorders to replace temperature probes for cold treatment requirements (China, South Korea, Japan, Thailand, Philippines, Taiwan and all other current/future protocol markets)
5. Standardise placement of probes for all sea freight shipments to all protocol markets: (China, South Korea, Japan, Thailand, Philippines, Taiwan and all other current/future protocol markets except for Indonesia)
6. Recognition of Pest Free Areas (PFAs) in Australia (China, South Korea, Japan, Indonesia, Philippines, Taiwan and all other current/future protocol markets¹⁰⁵)¹⁰⁶
7. Allow all varieties into the Japan market
Note: Data on efficacy of treatment must include all other varieties for export into this market
8. Remove Methyl Bromide requirement for sea shipments to the US and replace with systems based approach for Light Brown Apple Moth (LBAM)¹⁰⁷

Market maintenance requirements include:

9. Continue to build good relationships and closely coordinate with the relevant Australian government and industry agencies.

¹⁰⁴ The US and New Zealand have indicated their willingness to consider data showing other fruit fly species responding to a treatment in the same way as Queensland fruit fly.

¹⁰⁵ Thailand and New Zealand recognise PFAs.













¹⁰⁶ Key PFA is Sunraysia, Victoria which is currently under voluntary suspension due to continued Queensland fruit fly outbreaks. Note: Given the importance of Sunraysia for table grape exports, alternative (non Code of Practice PFA) controls need to be considered in collaboration with the Victorian DEPI. These may include redrawing the boundaries of the PFA or examining pest free places of production couples with the (relatively) low risk presented by table grapes as a host. This is a long term (10 years?) issue to address. (Note provided by Department of Agriculture, Chief Plant Protection Office; 22 Aug 2014)

¹⁰⁷ LBAM is increasingly a pest of concern to trading partners and alternative strategies for management need to be examined. Alternative treatments (Methyl Bromide damaging to fruit) should be explored and proper data packages developed. Systems approaches may also be explored, but require substantially greater data “in the market” to demonstrate the effect of a system in eliminating LBAM from exported bunches. (Note provided by Department of Agriculture, Chief Plant Protection Office; 22 Aug 2014)

10. Continue to build good relationships in export markets and closely coordinate with key influential importers (importers' associations if existing) and relevant foreign government officials through multi-industry activities organised by OHMA, Australia Fresh and relevant Australian government agencies.

A united position within the horticulture industry is needed to communicate a clear and more impactful message in foreign markets specifically targeting foreign government officials and relevant local industry bodies/groups. The Australia Fresh program has initiated this where at least 5-6 industries have united in its approach to export markets. There is a need for the Australia Fresh program to gain a more formal status with the Australian government, relevant state government and industry bodies while being integrated into the national approach to exports.























Note: Adherence to existing protocols will support negotiations for the removal of unnecessary phytosanitary measures.

Action	Markets	2014/15	2015/16	2016/17	2017/18	2018/19
3.1 Closely coordinate with DoA, other Australian industry groups and in-market trade policy influencers (foreign government & industry groups) on Market Improvement requirements as outlined in Business Case numbers: 2 to 6 in the Appendix Section	See Business Cases in the Appendix Section					
3.2 Participate in multi-industry opportunities to build relationships with key influential players and government officials in Australia and export markets	All markets					
3.3 R&D Project for airfreight protocol as alternative to cold treatment	All protocol markets					
KPIs: <ul style="list-style-type: none"> • Improved adherence to existing protocols each year • Improved airfreight protocol established by 2015/16 • Improved access into Japan, South Korea and China within the next 5 years 2014-2019 						

TRADE DEVELOPMENT STRATEGY













The industry has an essential role in developing the Australian table grape export trade. Industry responsibilities in this area are two-fold:

1. Build awareness of the key messages on Australian table grapes in export markets
2. Build relationships with key stakeholders in the value chain: exporters, logistics companies, importers, wholesalers, retailers, etc.

Action	Markets	2014/15	2015/16	2016/17	2017/18	2018/19
4.1 Identify, Evaluate and Participate in relevant trade shows and conferences	All markets					
4.2 Organise and/or participate in trade missions (outbound/inbound)	Asia					
4.3 Develop standard trade development materials including materials to be used in trade shows, briefings, etc. Should include printed materials, stand design, stand activities, trade giveaways, presentation materials, etc.	All markets					
4.4 Develop standard training program and materials for importers, retailers, wholesalers, etc. Example: video, presentation materials, training brochures, reference posters	Asia					
4.5 Participate in multi-industry training activities for importers, wholesalers, retailers	Asia					
4.6 Continue participation in Australia Fresh program	All markets					
KPIs: 1. Participation of at least 5 exporters/growers in each trade show or trade mission 2. At least 3 markets participating in the training program						

PROMOTIONS STRATEGY

Export market promotions among buyers and consumers are essential to stimulate interest, awareness and sales for Australian table grapes. Promotions will emphasise on provenance, the experience of sweetness and awareness of varieties.

Action	Markets	2014/15	2015/16	2016/17	2017/18	2018/19
5.1 Organise & participate in wholesale and retail promotions	Japan South Korea					
5.2 Develop standard retail merchandising materials	Asia Middle East					
5.3 Install merchandising materials in export markets	Southeast Asia Middle East					
KPIs: 1. Annual Promotions Program developed and implemented for Japan and Korea 2. Installed merchandising materials in at least 3 markets each year throughout the season						

ACKNOWLEDGEMENT

The Australian Table Grape Association has greatly contributed to the development of this plan through their time and support in ensuring a robust consultation process.

It is with sincere gratitude that the following are acknowledged for their significant contributions to this plan:

- Jeff Scott, CEO ATGA
- Selina Smith, DoA
- Wayne Prowse, DoA
- Adam Powell, DoA
- Elisa Tseng, Horticulture Australia Limited
- WA Table Grape Growers
- QLD Table Grape Growers
- All those who participated in the Consultation Process as identified in the Methodology Section of this document

APPENDIX- BUSINESS CASES

Business Case 1: Data Intelligence and Levy Collection

Business Case 2: Japan Protocol Improvement

Business Case 3: South Korea Protocol Improvement

Business Case 4: Thailand Protocol Improvement

Business Case 5: China Protocol Improvement

Business Case 6: Protocol Improvement on All Other Protocol Markets

Business Case 7: US Protocol Improvement

BUSINESS CASE 1: DATA INTELLIGENCE & LEVY COLLECTION

Jeff Scott Chief Executive Officer Australian Table Grape Association 33 Madden Avenue, Mildura, Victoria 3500 +61 3 5021 5718	Date	26 June 2014
	Product	Table Grapes
	Market	N.A.
	Target Date	
Parties that Support the Business Case: Australian Table Grape Association Dominique Moras, Nangiloc Colignan Farms, dominicmoras@ncf.net.au, 0417 221 622 Colleen Dangerfield, Fruit Master, colleen@fruitmaster.com.au, 0407 004 495 Phillip Brancatisano, The Grape House, phillip@grapehouse.com.au, 0418 586 070 Brian Ceresa, Costa Group, brian.ceresa@costagroup.com.au, 0419 535 241 Roger Fahl, Riverdale Fresh, roger.fahl@gmail.com, 0419 965 259	Certified by: Jeff Scott Chief Executive Officer Australian Table Grape Association	

Issue

The table grape industry, like many horticulture industries, has very poor data intelligence to enable effective and informed strategic decisions. The Australian table grape industry lags behind some of its export competitors in data intelligence in production information and real time exports. The lack of data has set the industry back in its capability for informed and more strategic planning. Unavailable basic information include:

- Number of business entities per region
- Contact list: growers, exporters

- Production data by region:
 - Acreage
 - Number of plantings per variety
 - Average yield per vine
 - Average production per variety
- Export volume by varieties by destination
- Real-time weekly reports of the above

The industry relies on levy collections as the basis for production estimates. But due to substantial leakage, levy collections far from reflect real production figures.

Levies are charged at \$0.01 per kilogram at first point of sale. These levies are invested in R&D and Marketing projects that will contribute to the development of the whole industry. Although yield per vine has increased and the industry continues to face oversupply in the domestic market, much of the increase in 2013/14 production levels reflect the increase in declared first point of sales, brought about by the levy collection audit process in 2013. The audit was conducted by the Australian government in collaboration with the Australian Table Grape Association.

Despite the spike in collections, the industry believes this level is still understated due to leakages on undeclared sales:

- Weak collection points in the domestic trade
- No levy collection process for exports through direct foreign buying with growers (spot buying)¹⁰⁸

Recommendation

- Review Levy Collection System Process
 - Include all exports (refer to customs documentation)
 - Review and evaluate the use of Levy Exemption Certificates
 - Retroactive collections on exports by cross-referencing collections vs. Customs records
 - Consider collection points from packaging/carton suppliers
 - Include checks & balances in the system to minimise collection leakages (review GST/Income Tax collection model)
- Grower / Table Grape Business / Exporter List
 - Evaluate/consider a simple but compulsory registration process
 - Obtain list of table grape growing businesses from government records. i.e. levy collections, ATO
 - Obtain exporter list through Customs records

¹⁰⁸ Levies are collected at first point of sale. In exports, levies are paid through exporters.

- Production Data Collection
 - It is recommended to have several sources of data with which cross-reference verification may be conducted:
 - Voluntary data reporting by growers through a third party
 - ABS data collection
 - Additional information to be gathered by levy collection system
- Real time weekly export data: volume by varieties by destination
 - Customs data

Note: The industry is open to other suggestions.

Opportunity Cost and Industry Gains

Production levels for 2013/14 are 33% higher than 2012/13 figures. Although production has increased, the incremental increase would not be as high. Production in the Sunraysia region (Victoria State) alone should be as high as 150,000 kilograms. Sunraysia is believed to produce 75% of total national production and so production estimates should be as high as 200,000 instead of what is implied through levy collections.

In addition, levies from exports as a first point of sale, is understated due to the absence of levy payments from foreign direct buyers. It is believed that levies from at least 30% of exports are not being paid. This would be at least: \$230,000.

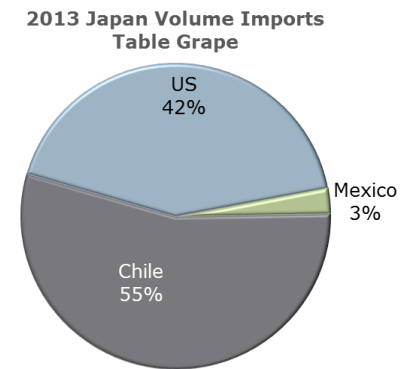
Gains from having accurate industry data are immeasurable. The progress of an industry would be hinged on how much the industry knows about its own business. Levy collections would also be cross-referenced with this data for more accurate collections. With improved levy collections, the industry can do so much more in supporting its business.

Data	Industry Gain / Opportunity Cost
Number of business entities per region	By having access to all table grape growers, the industry would be more cohesive and more coordinated industry progress. All businesses / growers will be informed on all industry developments: latest R&D findings, trade protocol requirements, on-farm, harvest & post-harvest best practice, etc.
Contact list: growers, exporters	
Production data by region: acreage, number of plantings per variety, average yield per vine, average production per variety	Ignorance of basic data disables an entire industry. With no real knowledge of the extent of the industry, growers plan their businesses blindly. There could be an overproduction of one variety and a lack of another. The industry does not have a firm grip on what is available and how the industry can strategically take advantage of opportunities.
Export volume by varieties by destination Real-time weekly reports of the above	Real-time export reports would enable the exporters to better plan market penetration. This will avoid over-saturation of the market, price wars and provide insight into short windows of trading opportunities that can be immediately fulfilled.

BUSINESS CASE 2: JAPAN PROTOCOL IMPROVEMENT

Jeff Scott Chief Executive Officer Australian Table Grape Association 33 Madden Avenue, Mildura, Victoria 3500 +61 3 5021 5718	Date	26 June 2014
	Product	Table Grapes
	Market	Japan
	Target Date	
Parties that Support the Business Case: Australian Table Grape Association Dominique Moras, Nangiloc Colignan Farms, dominicmoras@ncf.net.au, 0417 221 622 Colleen Dangerfield, Fruit Master, colleen@fruitmaster.com.au, 0407 004 495 Phillip Brancatisano, The Grape House, phillip@grapehouse.com.au, 0418 586 070 Brian Ceresa, Costa Group, brian.ceresa@costagroup.com.au, 0419 535 241 Roger Fahl, Riverdale Fresh, roger.fahl@gmail.com, 0419 965 259	Certified by: Jeff Scott Chief Executive Officer Australian Table Grape Association	

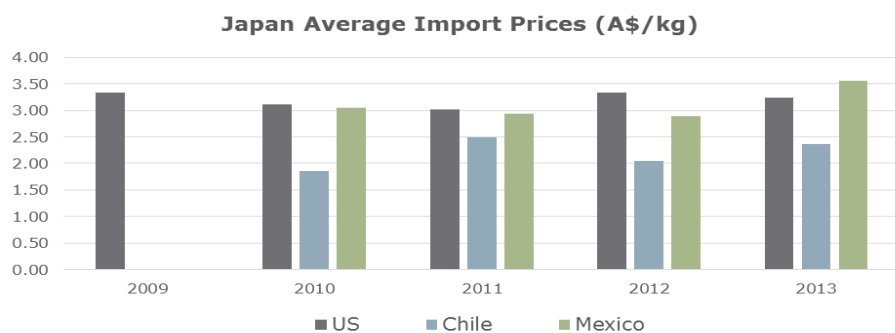
Japan has had continuous growth in table grape imports with an average CIF price of \$2.77 per kilogram (above world average of \$1.95). Japan has also maintained an average year on year growth of 25%, which has been largely driven by the Chile and US supply. South Africa gained access to Japan in 2011 but volumes have remained low and no exports were recorded for 2013. With the later season of Chilean fruit, there is an opportunity to supply the market with Australia's early season table grapes.



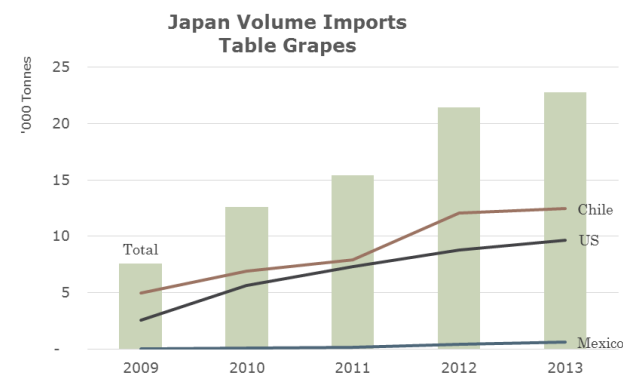
Source : ITC Comtrade, DA MCS analysis

The Japanese market prefers sweet fruit consistent in color and large in berry size. Thompson seedless is high in demand, which gives Australia an option in exporting white seedless varieties instead of the commonly preferred Crimson Seedless in many Asian markets. Australian table grapes are perceived to be sweeter and better tasting.

Australian table grapes first gained Japan access in 2014 for Red Globe, Crimson Seedless and Thompson Seedless. Industry forecast suggests that this market may potentially be worth A\$40 million within the medium term. It is expected that Australian exports to this market will grow from 300 tonnes in 2014 to 10,000 tonnes by 2019.¹⁰⁹ The first shipment into the market was positively received and was introduced at a promotional price of \$8.20 per kilogram (¥800 per kilogram), matching Chilean grape retail price points.¹¹⁰



Source : UN Comtrade; DA MCS analysis



Source : ITC Comtrade, DA MCS analysis

With a later entry of Chilean white grapes, Australian early season fruit can take advantage of a gap in supply in January and February.

¹⁰⁹ "Say Konichiwa to Australian table grapes" Minister for Agriculture Affairs, 15 April 2014.

¹¹⁰ At an exchange rate of: A\$1 = 97.4 Yen, www.xe.com, 10 Sept 2014.

Japan Table Grape Imports 2013 (Tonnes)

Heat Map: darkest shade as peak season

Suppliers	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Chile	192	1,422	2,993	3,992	2,977	807	71					
US	213					69	319	627	995	1,734	3,813	1,906

Source: ITC Comtrade; DA MCS analysis on monthly statistics

To develop the table grape trade to Japan, Australia needs to:

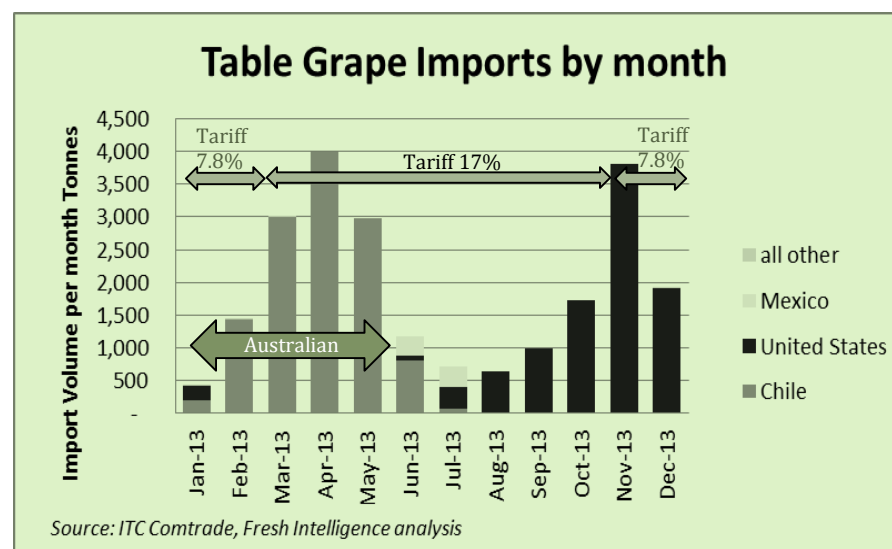
- Emphasise country of origin and showcase the provenance story
- Sample Australian product to demonstrate quality in taste
- Promote on varieties
- Build relations with relevant Japanese government officials and the local industry
- Improve current trade protocols

With the recently concluded negotiations on Japan – Australia Economic Partnership Agreement (JAPEA), Australian growers and exporters now enjoy a 7.8% tariff from November to February while the original 17% tariff remains within the Japan table grape season of March to October. The 7.8% tariff will be eliminated in 7 equal increments each succeeding year and be tariff free by the 7th year. The 17% tariff will be reduced each year and eliminated by the 10th year. Japan has active free trade agreements with Chile (2007), Mexico (2005), and the US (2001).¹¹¹

Access improvement requirements include:

- Allow all other varieties to be exported to Japan.

¹¹¹ www.sice.oas.org, accessed on 1 June 2014.



- Revise on-shore cold treatment requirements to allow concurrent shipments stored in the same cool room
- Improve airfreight protocol to include fumigation as an alternative, allowing shorter delivery lead-times
- Allow data recorders to replace temperature probes for cold treatment requirements
- Standardise placement of probes across all markets
- Recognition of Pest Free Areas (PFAs) in Australia

Note:

- Adherence to existing protocols will support negotiations for the removal of unnecessary phytosanitary measures.
- Data for Queensland fruit fly must also consider other fruit fly species
- Data on efficacy of treatment must include all other varieties for export to this market

As Japan has a preference for white seedless varieties, improving the Japan protocol will further open up opportunities for Australia, resolving its over-saturated domestic market.

Protocol Requirement	Negative Impact	Recommendation
Table grape varieties allowed into Japan: Red Globe, Crimson Seedless, Thompson Seedless	<ul style="list-style-type: none"> • Opportunity Loss – Limited flexibility in supplying the market. There would be other varieties that could be supplied to the market at different times in the season. 	<ul style="list-style-type: none"> • Negotiate for the rest of the varieties • Data on efficacy of treatment must include all other varieties for export to this market
Airfreight protocol	<ul style="list-style-type: none"> • Opportunity loss - No existing protocol that will allow Australia to send the product within days of picking the fruit, causing the industry to forego windows of opportunities. • Impractical & costly - On-shore cold treatment requirements do not allow multiple shipments stored in the same cool room. When one shipment is stored, the cool room is locked and cannot be used for any other purpose for at least 2 weeks - a very inefficient and expensive use of resources. 	<ul style="list-style-type: none"> • Negotiate for an airfreight protocol that would allow for shorter lead-times from harvest to market. Negotiate for fumigation of methyl bromide. • Allow multiple shipments to be stored in the same cool room for on-shore cold treatment.
Temperature monitoring for cold treatment i.e. temperature probes	<ul style="list-style-type: none"> • High risk of failure – any failure in the probe could cause a whole shipment to be rejected. Placement of probes is also varied depending on the market. Any error in the placement of the probe can also cause a shipment to be rejected. • This could cost the exporter as much as \$10,000 to \$15,000 per container if rejected shipment is redirected to another market. 	<ul style="list-style-type: none"> • Use data recorders instead of probes • Standardise placement of probes for all markets

No Recognition of Pest Free Area (PFA) status

- Unnecessary costs and delays in shipments- table grapes from PFAs, despite the absence of pests, are needlessly subject to the same protocols as other growing regions.

- Negotiate for PFA recognition

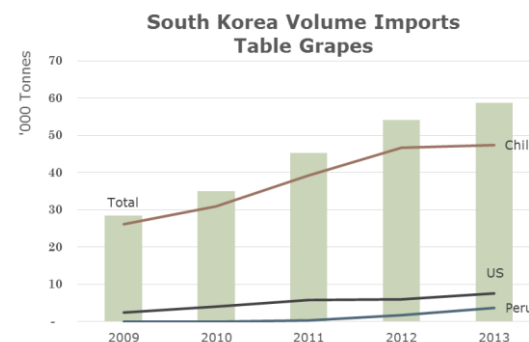
BUSINESS CASE 3: SOUTH KOREA PROTOCOL IMPROVEMENT

Jeff Scott Chief Executive Officer Australian Table Grape Association 33 Madden Avenue, Mildura, Victoria 3500 +61 3 5021 5718	Date	26 June 2014
	Product	Table Grapes
	Market	South Korea
	Target Date	
Parties that Support the Business Case: Australian Table Grape Association Dominique Moras, Nangiloc Colignan Farms, dominicmoras@ncf.net.au, 0417 221 622 Colleen Dangerfield, Fruit Master, colleen@fruitmaster.com.au, 0407 004 495 Phillip Brancatisano, The Grape House, phillip@grapehouse.com.au, 0418 586 070 Brian Ceresa, Costa Group, brian.ceresa@costagroup.com.au, 0419 535 241 Roger Fahl, Riverdale Fresh, roger.fahl@gmail.com, 0419 965 259	Certified by: Jeff Scott Chief Executive Officer Australian Table Grape Association	

South Korea produces approximately 300,000 tonnes of grapes a year, their supply is counter-seasonal to Australia and their varieties traditionally have thick skins and seeds.¹¹²

¹¹² "Market Overview for Australian Table Grape Exports to South Korea," DEPI State Government Victoria, April 2012.

Table Grape Strategic Export Plan 2014-2019



Source : ITC Comtrade, DA MCS analysis

South Korea is one of the most developed countries in Asia and consumers enjoy one of the highest income levels in the region. Its table grape market is characterized by a strong demand for quality fruit and the willingness to pay commensurate prices for it. Consumers strongly prefer seedless varieties, 60% prefer white varieties while 40% preferred. Of these varieties, the most popular in the market are the Thompson and Crimson seedless. Autumn Royal also has reasonable consumer demand, though their delicacy and short shelf life make them more difficult to sell.

Korea’s table grape imports have grown solidly over the past 5 years at an average annual rate of 16%. 2012 imports are 107% higher than five years ago. Growth has been largely driven by Chile, which continues to take the lion share of the market. Chile supplies most of its product from late March to June while Peru’s main supply period is in December and January. Peru currently has tariff free access.¹¹³

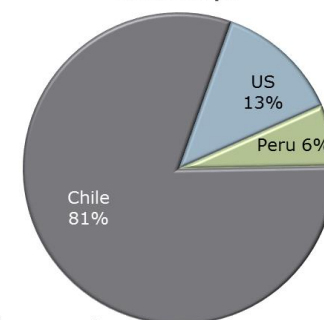
South Korea Table Grape Imports 2013 (Tonnes)

Heat Map: darkest shade as peak season

Suppliers	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Chile	642	4,377	11,732	21,490	7,205	1,877	89					
US	56					46	241	528	1,138	1,834	2,664	1,072
Peru	1,518	863	37								331	1,002

Source: ITC Comtrade; DA MCS analysis on monthly statistics

2013 South Korea Volume Imports Table Grape



Source : ITC Comtrade, DA MCS analysis

South Korea is interested in diversifying its supply of fruit in order to improve fruit quality and avoid over-reliance on a single supplier. Thus, while Chile dominates the market, Australia offers a competitive difference in quality and shipping time. Australian table grapes are perceived to offer the market higher quality produce than Chile.¹¹⁴

¹¹³ “Market Overview for Australian Table Grape Exports to South Korea,” DEPI State Government Victoria, April 2012.

¹¹⁴ Ibid.

With new access into this market, Australia launched table grapes with its first shipment in May 2014. Promotional retail price was at 8,000 won per kilogram (about \$8.40 per kilogram) to match Chile's prices.¹¹⁵ The average CIF price per kg of table grapes was at \$3.11 per kg in 2013, significantly higher than most other markets.

To develop the table grape trade to South Korea, Australia needs to:

- Emphasise country of origin and showcase the provenance story
- Sample Australian product to demonstrate quality in taste
- Promote on varieties
- Build relations with relevant Korean government officials and the local industry
- Improve current trade protocols

Korean protocols for Australian grapes include on-shore inspections by Korean inspectors and the standard in-transit or on-shore cold treatment requirements for both sea and airfreight.

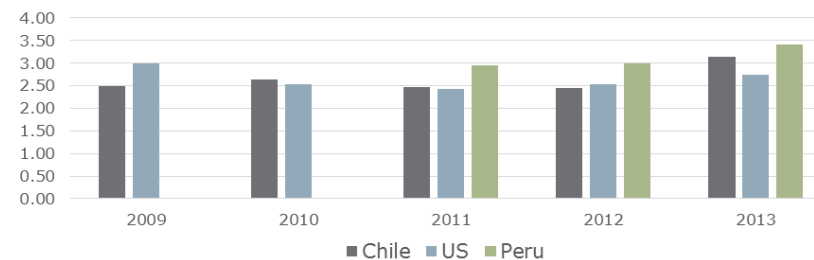
Access improvement requirements include:

- Shift on-shore inspections by Korean officials to Australian inspectors
- Revise on-shore cold treatment requirements to allow concurrent shipments stored in the same cool room
- Improve airfreight protocol to include fumigation as an alternative, allowing shorter delivery lead-times
- Allow data recorders to replace temperature probes for cold treatment requirements
- Standardise placement of probes across all markets
- Recognition of Pest Free Areas (PFAs) in Australia

Note:

- Adherence to existing protocols will support negotiations for the removal of unnecessary phytosanitary measures.
- Data for Queensland fruit fly must also consider other fruit fly species

South Korea Average Import Prices (A\$/kg)



Source : UN Comtrade; DA MCS analysis

¹¹⁵ 8,000 Won/100g converted at the following rate: A\$1 = 949.56 Won

South Korea currently has free trade agreements with all major suppliers in the market: Peru (2011), Chile (2004), and the US (2012).¹¹⁶ This has given competitors a distinct advantage; the tariffs on their table grape exports have been progressively reduced to zero but still face a 45% tariff during Korea’s production season (May to October). The Korea – Australia Free Trade Agreement (KAFTA) was signed on 8 April 2014. Upon ratification, tariffs will be immediately reduced from 45% to 24% with further reductions by 4.5% at the start of each calendar year until tariffs are eliminated.

Protocol Requirement	Negative Impact	Recommendation
Pre-clearance inspections by Korean officials on all shipments to South Korea	<ul style="list-style-type: none"> • Very costly – all operational costs are shouldered by the exporter/grower/industry • Causes delays in shipments <ul style="list-style-type: none"> – Inspections are redundant as Australia also conducts their own for quarantine purposes. • Inspections are inefficient and slow, causing delays in shipments. 	<ul style="list-style-type: none"> • Inspections should be conducted by Australian inspectors and integrated with all other required quarantine inspections
Airfreight protocol	<ul style="list-style-type: none"> • Opportunity loss - No existing protocol that will allow Australia to send the product within days of picking the fruit, causing the industry to forego windows of opportunities. • Impractical & costly - On-shore cold treatment requirements do not allow multiple shipments stored in the same cool room. When one shipment is stored, the cool room is locked and cannot be used for any other purpose for at least 2 weeks - a very inefficient and expensive use of resources. 	<ul style="list-style-type: none"> • Negotiate for an airfreight protocol that would allow for shorter lead-times from harvest to market. Negotiate for fumigation of methyl bromide. • Allow multiple shipments to be stored in the same cool room for on-shore cold treatment.
Temperature monitoring for cold treatment i.e. temperature probes	<ul style="list-style-type: none"> • High risk of failure – any failure in the probe could cause a whole shipment to be rejected. Placement of probes is also varied depending on the market. Any error in the placement of the probe can also cause a shipment to be rejected. • This could cost the exporter as much as \$10,000 to \$15,000 per container if rejected shipment is redirected to another market. 	<ul style="list-style-type: none"> • Use data recorders instead of probes • Standardise placement of probes for all markets
No Recognition of Pest Free Area (PFA) status	<ul style="list-style-type: none"> • Unnecessary costs and delays in shipments- table grapes from PFAs, despite the absence of pests, are needlessly subject to the same protocols as other growing regions. 	<ul style="list-style-type: none"> • Negotiate for PFA recognition

¹¹⁶ www.sice.oas.org, accessed on 1 June 2014.

BUSINESS CASE 4: THAILAND PROTOCOL IMPROVEMENT

Jeff Scott Chief Executive Officer Australian Table Grape Association 33 Madden Avenue, Mildura, Victoria 3500 +61 3 5021 5718	Date	26 June 2014
	Product	Table Grapes
	Market	Thailand
	Target Date	
Parties that Support the Business Case: Australian Table Grape Association Dominique Moras, Nangiloc Colignan Farms, dominicmoras@ncf.net.au, 0417 221 622 Colleen Dangerfield, Fruit Master, colleen@fruitmaster.com.au, 0407 004 495 Phillip Brancatisano, The Grape House, phillip@grapehouse.com.au, 0418 586 070 Brian Ceresa, Costa Group, brian.ceresa@costagroup.com.au, 0419 535 241 Roger Fahl, Riverdale Fresh, roger.fahl@gmail.com, 0419 965 259	Certified by: Jeff Scott Chief Executive Officer Australian Table Grape Association	

Thailand is one of the top ten table grape importers in the world and the third largest in Asia.

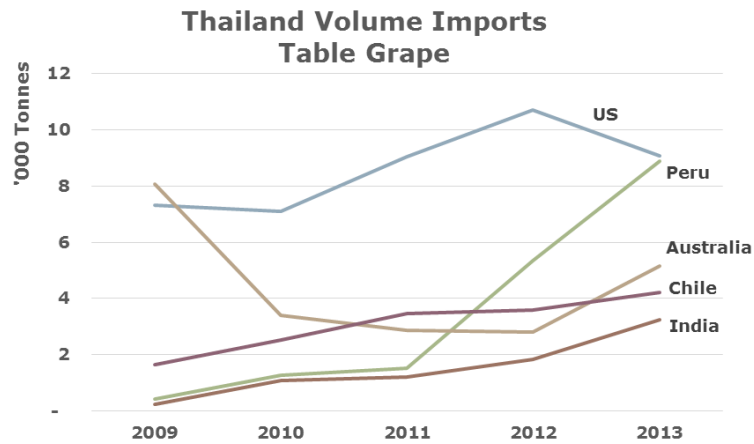
Red and black varieties are popular within the market. Thai consumers prefer the Crimson seedless variety but also take Midnight Beauty and Ralli Seedless.

Thailand table grape imports have grown steadily over the past 5 years. Australian exports to Thailand fell sharply in 2010 due to a poor season; this gave Chile and Peru the opportunity to increase their presence in the market. Australia started to rebound in 2013. The volume of Australian table grapes grew by 84% in 2013 and overtook Chile's position as the second largest southern hemisphere producer in the market.



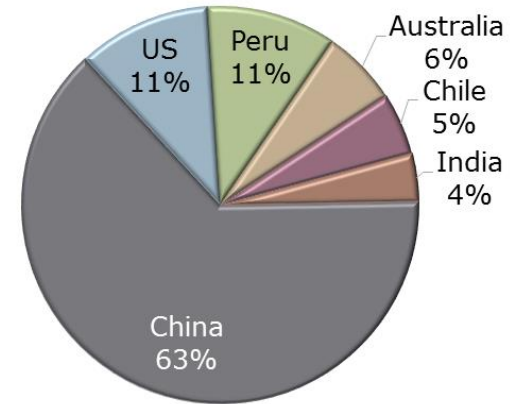
Source : ITC Comtrade, DA MCS analysis

The top 5 exporting countries to Thailand make up 96% of the market's total table grape imports. China is by far the largest table grape exporter with a 63% market share in 2013. South Africa has been excluded from this table grape market since 2007 but is likely to regain access in 2014. The 2012 value of total table grape imports was A\$116 million, the third highest in Asia.



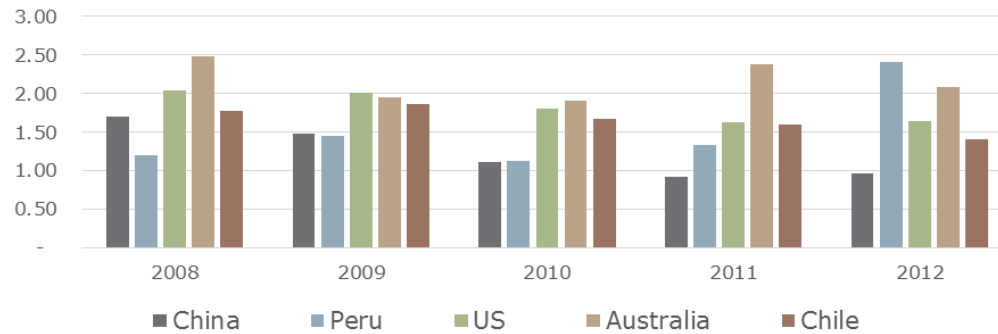
Source : ITC Comtrade, DA MCS analysis

2013 Thailand Volume Imports Table Grape



Source : ITC Comtrade, DA MCS analysis

Thailand Average Import Prices (A\$/kg)



Source : UN Comtrade; DA MCS analysis

Though a strong market for Australian fruit commodities, Thailand is reviewing its import conditions and in 2013 signed off on quarantine and phytosanitary agreements that make exporting to the market more expensive.¹¹⁷ Australia currently faces quota restrictions in this market but under the Thailand Australia Free Trade Agreement (TAFTA), these will be phased out by 2016.¹¹⁸

Access improvement requirements include:

- Revise on-shore cold treatment requirements to allow concurrent shipments stored in the same cool room
- Improve airfreight protocol to include fumigation as an alternative, allowing shorter delivery lead-times
- Allow data recorders to replace temperature probes for cold treatment requirements
- Standardise placement of probes across all markets

Note:

- Adherence to existing protocols will support negotiations for the removal of unnecessary phytosanitary measures.
- Data for Queensland fruit fly must also consider other fruit fly species

Improvement in Thailand protocols would provide opportunities for the industry to gain early access before Chinese New Year. There is a window of opportunity before the industry's main competitor, Chile, enters the markets. Having access via airfreight allows grapes to be sent prior to Chinese New Year. The use of Methyl Bromide, as an alternative treatment in emergency cases such as PFA suspension, would continue to allow sending airfreight consignments to this market, without cause of interruption.

QUOTAS ON AUSTRALIAN TABLE GRAPES

2014	<ul style="list-style-type: none"> • 3% tariff for exports below 1,551 tonnes • 30% tariff for volumes above 1,551 tonnes
2015	<ul style="list-style-type: none"> • 0% for tariffs below 1,628 tonnes • 30% tariff for figures above 1,629 tonnes
2016 onwards	<ul style="list-style-type: none"> • Zero tariffs

¹¹⁷ "Sending grapes to Asia getting more expensive," Sarina Locke, Australian Broadcasting Channel, 13 March 2013.

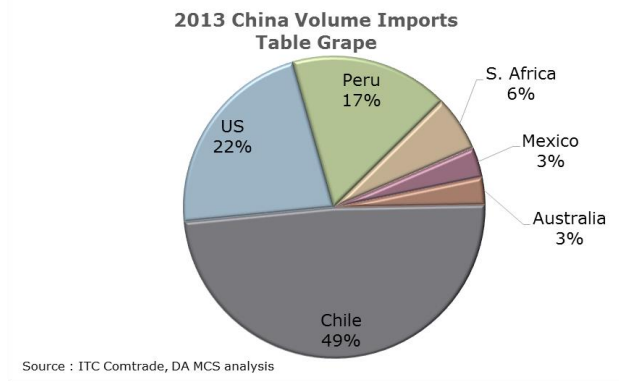
¹¹⁸ITC Comtrade, DA MCS analysis "Fruit and vegetables to Thailand," www.austrade.gov.au, 17 July 2013.

Protocol Requirement	Negative Impact	Recommendation
Airfreight protocol	<ul style="list-style-type: none"> • Opportunity loss - No existing protocol that will allow Australia to send the product within days of picking the fruit, causing the industry to forego windows of opportunities. • Impractical & costly - On-shore cold treatment requirements do not allow multiple shipments stored in the same cool room. When one shipment is stored, the cool room is locked and cannot be used for any other purpose for at least 2 weeks - a very inefficient and expensive use of resources. 	<ul style="list-style-type: none"> • Negotiate for an airfreight protocol that would allow for shorter lead-times from harvest to market. Negotiate for fumigation of methyl bromide. • Allow multiple shipments to be stored in the same cool room for on-shore cold treatment.
Temperature monitoring for cold treatment i.e. temperature probes	<ul style="list-style-type: none"> • High risk of failure – any failure in the probe could cause a whole shipment to be rejected. Placement of probes is also varied depending on the market. Any error in the placement of the probe can also cause a shipment to be rejected. • This could cost the exporter as much as \$10,000 to \$15,000 per container if rejected shipment is redirected to another market. 	<ul style="list-style-type: none"> • Use data recorders instead of probes • Standardise placement of probes for all markets

BUSINESS CASE 5: CHINA PROTOCOL IMPROVEMENT

Jeff Scott Chief Executive Officer Australian Table Grape Association 33 Madden Avenue, Mildura, Victoria 3500 +61 3 5021 5718	Date	26 June 2014
	Product	Table Grapes
	Market	China
	Target Date	
Parties that Support the Business Case: Australian Table Grape Association Dominique Moras, Nangiloc Colignan Farms, dominicmoras@ncf.net.au, 0417 221 622 Colleen Dangerfield, Fruit Master, colleen@fruitmaster.com.au, 0407 004 495 Phillip Brancatisano, The Grape House, phillip@grapehouse.com.au, 0418 586 070 Brian Ceresa, Costa Group, brian.ceresa@costagroup.com.au, 0419 535 241 Roger Fahl, Riverdale Fresh, roger.fahl@gmail.com, 0419 965 259	Certified by: Jeff Scott Chief Executive Officer Australian Table Grape Association	

Despite being the world’s biggest producer of grapes, it is also Asia’s largest table grape importer. After closely trailing Hong Kong over the past three years, China’s total volume of table grape imports significantly rose and overtook Hong Kong in 2013. China’s increasing consumer affluence, urbanization strategy, growing interest in healthy eating and a preference of imported western food products due to food safety concerns, have opened up opportunities for Australia. With a large affluent market segment, China is willing to pay a relatively high price for high quality table grapes. Aside from rising economic prosperity, the key drivers for demand in this market are food security and food safety concerns. Red



Globe is the most popular table grape variety while preference for the seedless variety is an emerging trend. Scarlet Royal and Crimson seedless cater to pockets of demand.¹¹⁹

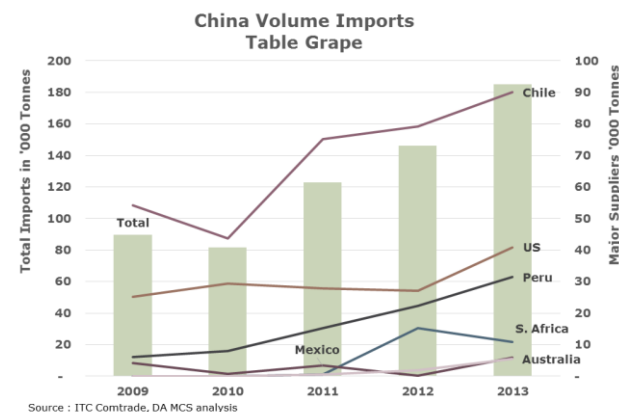
China table grape imports have grown at an average yearly rate of 16% over the past 5 years. In 2013 China's imports grew by 27%. While Hong Kong continues to serve as an avenue for reaching the mainland market, 2013 saw a notable shift in direct export to China due to improved access opportunities. Hong Kong is still the largest market for Australian table grape exports.

The majority of Chinese table grape imports (approximately 81%) are directed to Southern China with the bulk entering through Guangzhou. However, exporters could also consider shipping directly to ports in central and northern China to better target affluent consumers in Shanghai and Beijing.¹²⁰

Southern Hemisphere suppliers dominate the Chinese table grape import market with a combined 74% share. Australia's key competitors are Chile, Peru, and South Africa who have all secured market access to the mainland.

Peru has steadily increased its presence in China and this is now Peru's 3rd largest export market.

Chile and Peru have free trade agreements with China.¹²¹ Peru will enjoy zero tariffs by 2015 and current rates have been reduced from 15% to 3.9%. Australia is currently negotiating on a Free Trade Agreement with China.



¹¹⁹ "World table grape market in adjustment phase," Market Insider, International Trade Centre, 13 March 2014.

¹²⁰ "Market Opportunities for Australian Table Grapes to China," DEPI State Government Victoria, February 2011.

¹²¹ "Peru to export tariff free grapes to Chinese market," Fresh Fruit Portal, 5 May 2014.

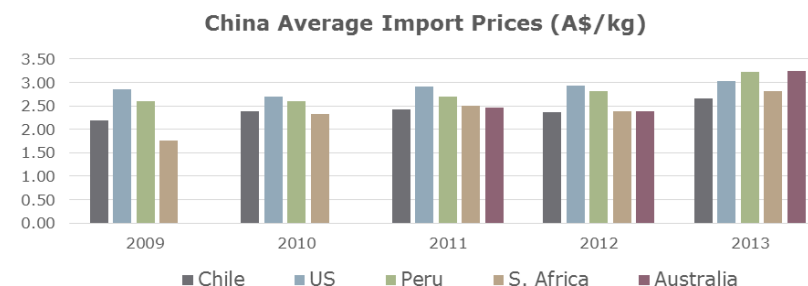
China Table Grape Imports 2013 ('000 Tonnes)

Heat Map: darkest shade as peak season

Suppliers	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Chile	144	984	7,982	24,439	37,039	17,967	1,397	37				18
Peru	7,691	10,829	9,306	1,996	375	656	34					552
S. Africa	1,827	1,789	3,960	2,927	253							207
Australia			536	1,543	1,269	1,906	203					

Source: ITC Comtrade; DA MCS analysis on monthly statistics

Despite stiff competition on price, Australian table grapes are rated highly by many Chinese importers and retailers, who are willing to pay a premium price for seedless grapes that are of high quality and meet market specifications.¹²² China seems to have an insatiable appetite for high quality Australian grapes before the entry of Chilean season. Thus, improving direct access into China will boost Australian trade, particularly for varieties such as Crimson seedless.



Source : UN Comtrade; DA MCS analysis

¹²² "Market Opportunities for Australian Table Grapes to China," DEPI State Government Victoria, February 2011.

With great interest in high quality Australian table grapes, Chinese buyers have been flying to Australia to buy table grapes directly off the farm at premium prices and on cash basis, even before the fruit leaves Australia. This new trend has provided short-term opportunities for smaller growers to gain high profits, improve cash flows and avoid shipment rejection risks. But the long-term impact on the table grape trade is of great concern:

- Current levy collection system does not cover these export transactions resulting in high collection leakages
- With a good amount of premium product absorbed by this new trade, Australian exporters are left with the less quality product – this affects the exporter’s viability and capacity to export good product which may result in the departure of many legitimate players
- No long-term trading relationships are established with growers, exposing them to high risks of unreliable export pathways for their product i.e. foreign buyers can easily abandon growers when prices are down and competition from other countries are high
- Compliance with protocol requirements and internal work plans may be compromised

Though direct buying may not be stopped, institutional systems may be put in place:

- Improve levy collection system to include direct buying by foreigners
- Exporter registration / licensing to ensure legitimacy of all exporters, especially if commercial transactions are breached

To maximise China’s interest in Australia’s premium product and to increase trade with this market, the Australian table grape industry needs to:

- Emphasise country of origin
- Showcase the provenance story and capitalize on the quality and food safety aspect of the product
- Take advantage of supplying the period leading to Chinese New Year where demand for grapes is at its highest and competition from Chile is low.
- Continue to build relations with relevant Chinese government officials and the local industry
- Improve current trade protocols

Direct Australian table grape exports to China currently face phytosanitary restrictions and a 13% tariff on table grapes. The unofficial cost to re-export from Hong Kong to China is believed to be higher than the tariff.¹²³ But cost differential may vary causing trade swings between markets.

Due to issues encountered in early shipments, trade was temporarily suspended in 2013 and has recently resumed in January 2014 with revised trade protocols requiring pre-shipment inspections by Chinese government officials and a shift from in-field to shed packing, among other requirements. These protocol changes have increased product costs, slower delivery time and shed packing has affected product quality.

¹²³ Market Coordination and Strategy: Table Grapes Commodity Report, Australian department of Agriculture, November 2013.

Access improvement requirements include:

- Shift pre-shipment inspections by Chinese officials to Australian inspectors and integrate with existing inspection requirements
- Restore in-field packing process instead of the current shed packing requirements
- Revise on-shore cold treatment requirements to allow concurrent shipments stored in the same cool room
- Improve airfreight protocol to include fumigation as an alternative, allowing shorter delivery lead-times
- Allow data recorders to replace temperature probes for cold treatment requirements
- Standardise placement of probes across all markets
- Recognition of Pest Free Areas (PFAs) in Australia

China is a very strong market for Table Grapes. Their purchasing power for imported quality table grapes is quite high.

Through isolated careless packing incidents, some shipments to China were rejected and the newly opened market tightened its protocols on Australia. This has made exporting to China very difficult and costly. As a result, many exporters/growers have expressed their intent of not exporting to China until such time that protocols are improved.

In addition to the recommendation identified in the table below, it is also recommended that an evaluation be conducted on the negotiations and protocols imposed on China table grape exports by Australia, as this may be hampering any improvement on Australian table grape protocols to China.

Improving the China protocol would an additional \$50 to \$100 million per year in trade for the Table Grape Industry as evidenced by the trade in 2013. The reverting back to shed packing adds an additional \$5 to \$8 a box in production costs and this, in some cases, forces growers to look at alternative markets.

Note:

- Adherence to existing protocols will support negotiations for the removal of unnecessary phytosanitary measures.
- Data for Queensland fruit fly must also consider other fruit fly species

Protocol Requirement	Negative Impact	Recommendation
Pre-clearance inspections by Chinese officials on all shipments to China	<ul style="list-style-type: none"> • Very costly – all operational costs are shouldered by the exporter/grower/industry • Causes delays in shipments <ul style="list-style-type: none"> – Inspections are redundant as Australia also conducts their own for quarantine purposes. • Chinese officials are not well trained. Inspections are inefficient and slow, causing delays in shipments. 	<ul style="list-style-type: none"> • Inspections should be conducted by Australian inspectors and integrated with all other required quarantine inspections
Shed packing instead of in-field	<ul style="list-style-type: none"> • Very costly and causes delays – instead of packing the grapes straight from picking the fruit, additional work is needed • Affects product quality – double handling reduces the shelf life and appearance of the fruit 	<ul style="list-style-type: none"> • Develop an export manual to include all protocol requirements and market work plan. This export manual will be made available to all growers/exporters • Conduct regular technical workshops and information sessions for growers/exporters • Negotiate for in-field packing, showing that new systems are in place to address any packing-related quarantine issues.
Airfreight protocol	<ul style="list-style-type: none"> • Opportunity loss - No existing protocol that will allow Australia to send the product within days of picking the fruit, causing the industry to forego windows of opportunities in supplying the market leading up to Chinese New Year where demand for quality is fruit is at its highest. • Impractical & costly - On-shore cold treatment requirements do not allow multiple shipments stored in the same cool room. When one shipment is stored, the cool room is locked and cannot be used for any other purpose for at least 2 weeks - a very inefficient and expensive use of resources. 	<ul style="list-style-type: none"> • Negotiate for an airfreight protocol that would allow for shorter lead-times from harvest to market. Negotiate for fumigation of methyl bromide. • Allow multiple shipments to be stored in the same cool room for on-shore cold treatment.
Temperature monitoring for cold treatment i.e. temperature probes	<ul style="list-style-type: none"> • High risk of failure – any failure in the probe could cause a whole shipment to be rejected. Placement of probes is also varied depending on the market. Any error in the placement of the probe can also cause a shipment to be rejected. • This could cost the exporter as much as \$10,000 to \$15,000 per container if rejected shipment is redirected to another market. 	<ul style="list-style-type: none"> • Use data recorders instead of probes • Standardise placement of probes for all markets
No Recognition of Pest Free Area (PFA) status	<ul style="list-style-type: none"> • Unnecessary costs and delays in shipments- table grapes from PFAs, despite the absence of pests, are needlessly subject to the same protocols as other growing regions. 	<ul style="list-style-type: none"> • Negotiate for PFA recognition

BUSINESS CASE 6: PROTOCOL IMPROVEMENT ON ALL OTHER PROTOCOL MARKETS (CURRENT & FUTURE)

Jeff Scott Chief Executive Officer Australian Table Grape Association 33 Madden Avenue, Mildura, Victoria 3500 +61 3 5021 5718	Date	26 June 2014
	Product	Table Grapes
	Market	All Other Protocol Markets: Indonesia, Philippines
	Target Date	
Parties that Support the Business Case: Australian Table Grape Association Dominique Moras, Nangiloc Colignan Farms, dominicmoras@ncf.net.au, 0417 221 622 Colleen Dangerfield, Fruit Master, colleen@fruitmaster.com.au, 0407 004 495 Phillip Brancatisano, The Grape House, phillip@grapehouse.com.au, 0418 586 070 Brian Ceresa, Costa Group, brian.ceresa@costagroup.com.au, 0419 535 241 Roger Fahl, Riverdale Fresh, roger.fahl@gmail.com, 0419 965 259	Certified by: Jeff Scott Chief Executive Officer Australian Table Grape Association	

Like Japan, South Korea, China and Thailand, the following improvements on protocols would apply to all other existing protocol markets such as the Philippines and Indonesia (except for the 2nd point below). This is also a standard recommended protocol for all future negotiations.

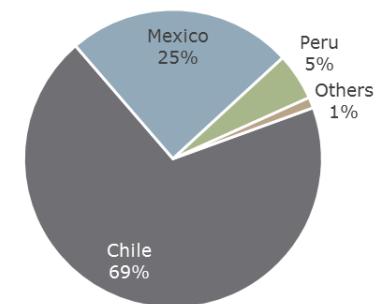
Protocol Requirement	Negative Impact	Recommendation
Airfreight protocol	<ul style="list-style-type: none"> • Opportunity loss - No existing protocol that will allow Australia to send the product within days of picking the fruit, causing the industry to forego windows of opportunities in supplying the market leading up to Chinese New Year where demand for quality is fruit is at its highest. • Impractical & costly - On-shore cold treatment requirements do not allow multiple shipments stored in the same cool room. When one shipment is stored, the cool room is locked and cannot be used for any other purpose for at least 2 weeks - a very inefficient and expensive use of resources. 	<ul style="list-style-type: none"> • Negotiate for an airfreight protocol that would allow for shorter lead-times from harvest to market. Negotiate for fumigation of methyl bromide. • Allow multiple shipments to be stored in the same cool room for on-shore cold treatment.
Temperature monitoring for cold treatment i.e. temperature probes	<ul style="list-style-type: none"> • High risk of failure – any failure in the probe could cause a whole shipment to be rejected. Placement of probes is also varied depending on the market. Any error in the placement of the probe can also cause a shipment to be rejected. • This could cost the exporter as much as \$10,000 to \$15,000 per container if rejected shipment is redirected to another market. 	<ul style="list-style-type: none"> • Use data recorders instead of probes • Standardise placement of probes for all markets <p><u>Note: Applies to all other protocol markets EXCEPT Indonesia, which already allows the use of data recorders.</u></p>
No Recognition of Pest Free Area (PFA) status	<ul style="list-style-type: none"> • Unnecessary costs and delays in shipments- table grapes from PFAs, despite the absence of pests, are needlessly subject to the same protocols as other growing regions. 	<ul style="list-style-type: none"> • Negotiate for PFA recognition

BUSINESS CASE 7: US PROTOCOL IMPROVEMENT

Jeff Scott Chief Executive Officer Australian Table Grape Association 33 Madden Avenue, Mildura, Victoria 3500 +61 3 5021 5718	Date	26 June 2014
	Product	Table Grapes
	Market	US
	Target Date	
Parties that Support the Business Case: Australian Table Grape Association Dominique Moras, Nangiloc Colignan Farms, dominicmoras@ncf.net.au, 0417 221 622 Colleen Dangerfield, Fruit Master, colleen@fruitmaster.com.au, 0407 004 495 Phillip Brancatisano, The Grape House, phillip@grapehouse.com.au, 0418 586 070 Brian Ceresa, Costa Group, brian.ceresa@costagroup.com.au, 0419 535 241 Roger Fahl, Riverdale Fresh, roger.fahl@gmail.com, 0419 965 259	Certified by: Jeff Scott Chief Executive Officer Australian Table Grape Association	

The United States is the largest importer of table grapes in the world. Despite being a major producer of table grapes at 908 thousand tonnes in 2012, it imported far more at 1.5 million tonnes, mainly from Chile, and exported 1,119 million tonnes to the world.

2013 US Table Grape Volume Imports

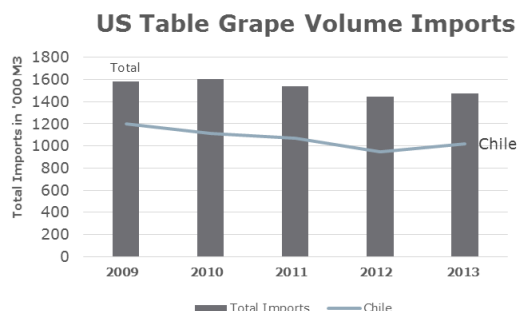


Source: Global Trade Atlas

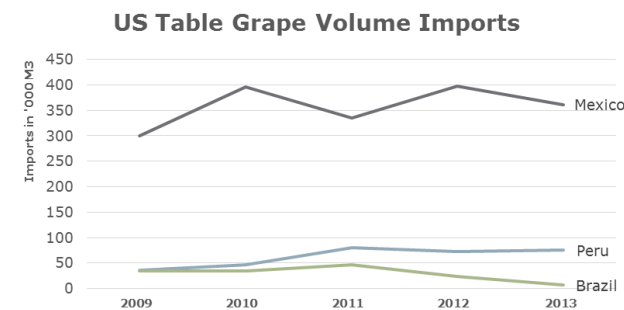
2012/2013 US Table Grapes

Production	893 thousand tonnes
Domestic Consumption	1,083 thousand tonnes
Exports	380 thousand tonnes
Imports	570 thousand tonnes

Source: FAS, USDA



Source: Global Trade Atlas



Source: Global Trade Atlas

Over the last four years, table grape consumption has been strong. Around 99% of all table grapes grown in the U.S. are grown in California. The harvest season for California table grapes runs late April through late Fall.

The US consumes the 4th most table grapes in the world, only behind China, the European Union, and Brazil. In addition to being the largest single consumer nation of table grapes, China is the world's leading producer and has recently petitioned APHIS to permit grape imports into the U.S. The total value of table grape production in the United States was estimated to be worth US\$1.1 billion for the 2012 season.

The US currently imports the most table grapes of any nation in the world. Imports arrive nearly year round, but Chilean imports are available in U.S. markets from late December to as late as early July; Mexican imports are typically available in May, June and July; and Peruvian and Brazilian imports arrive between late December and early April. Early and late season Chilean imports and storage offer competition for domestic grapes due to their overlap with U.S. grape marketing.

According to the US Department of Agriculture, 8.2-kilogram containers of bagged Thompson seedless grapes from Chile were \$26-28 FOB for extra- large; \$24-26, large; and \$22-24, medium, as of April 18. A year earlier, the same product from Chile was \$20-22, extra-large; \$18-20, large; and \$14-16, medium.

Improving the US protocol would enable the commencement of trade. The US requires Australia to fumigate with Methyl Bromide. This kills any existing Light Brown Apple Moth to avoid any incursion in the US. Methyl Bromide affects the quality and shelf life of the product rendering the trade commercially inviable for sea freight. Hence, no exports are taking place. The incursion of Light Brown Apple Moth (LBAM) is now endemic in California where most table grapes are grown. This renders the protocol obsolete. The US are still regulating for LBAM in California and the rest of the country is free from this pest. The US is revising domestic movement controls for host fruit and the DoA is seeking equivalence (commercial practice and inspection).

Protocol Requirement	Negative Impact	Recommendation
Requirement to fumigate with Methyl Bromide (for sea freight)	<ul style="list-style-type: none"> Methyl Bromide used on a prolonged period (i.e. sea freight) has a major impact on the quality of the fruit and renders the product unacceptable to any buyer or consumer 	<ul style="list-style-type: none"> Remove the requirement for fumigation with methyl bromide
Temperature monitoring for cold treatment i.e. temperature probes	<ul style="list-style-type: none"> High risk of failure – any failure in the probe could cause a whole shipment to be rejected. Placement of probes is also varied depending on the market. Any error in the placement of the probe can also cause a shipment to be rejected. This could cost the exporter as much as \$10,000 to \$15,000 per container if rejected shipment is redirected to another market. 	<ul style="list-style-type: none"> Use data recorders instead of probes Standardise placement of probes for all markets <p><u>Note: Applies to all other protocol markets EXCEPT Indonesia, which already allows the use of data recorders.</u></p>
No Recognition of Pest Free Area (PFA) status	<ul style="list-style-type: none"> Unnecessary costs and delays in shipments- table grapes from PFAs, despite the absence of pests, are needlessly subject to the same protocols as other growing regions. 	<ul style="list-style-type: none"> Negotiate for PFA recognition

Milestone Report 3

Project Number: TG14700

Project Title: An Insight to the Chinese Table Grape Industry Part 3

Project/Program Leader: Jeff Scott, Australian Table Grape Association Inc.

Milestone Number: 3

Due Date: 31/01/2015

Final Report is due on: 31/01/2017

1. Summary:

The Australian Table Grape Association (ATGA) is coordinating an outbound trade mission to China and Hong Kong to capitalise on the opportunities flowing from the recently gained market access to China.

The outbound mission leaving Mildura on Saturday 23rd August 2014 and returning to Mildura Sunday 7th September 2014 will consist of table grape industry representative (growers, packers and exporters) who are actively targeting the Chinese market. The Chief Executive Officer (CEO) of the ATGA, Jeff Scott, coordinated the mission program and accompanied the growers during the market visit.

The outbound mission program included travel to Hong Kong to visit Asia Fruit Logistica, which is the leading trade show for international fresh fruit and vegetables in Asia. This aspect of the tour will be in conjunction with Australia Fresh (AF). The ATGA is a member of Australia Fresh and will participate in the Australia Fresh Trade stand at Asia Fruit Logistica. Participants will work the stand and be able to develop relationships with existing and potential importers of Australian table grapes. Meetings with major Chinese table grape importers and retailers in Guangzhou and Shanghai will also be undertaken and visits to the major wholesale and wet markets in those regions will also be undertaken. The delegates will also visit table grape producing regions in China to determine varieties grown, production trends and consumer preference.

The collaboration between ATGA and AF to develop and deliver the program combine resources and expertise to produce a highly relevant and targeted program that enables Australian table grape producers to realise the economic benefits stemming from the market access protocol with China.

The key outputs from the outbound trade mission to China and Hong Kong will include;

- A pre-departure briefing for participating companies outlining the mission program and discussing preparation requirements
- An 14-day outbound trade mission for table grape growers/packers/exporters to China and Hong Kong
- Media coverage of the mission including articles in the Sunraysia Daily and radio interviews

- A post trip travel report outlining the key activities and outcomes from the outbound mission
- Dissemination of the key findings from the outbound mission to the broader table grape industry

Outcomes:

The outbound trade mission to China and Hong Kong will produce a range of benefits not only for the specific companies taking part in the mission but also the table grape industry more broadly. The key outputs from the outbound trade mission to China and Hong Kong will include;

- Growers and exporters having an enhanced understanding of Chinese market requirements such as product characteristics, price points, consumer preferences for table grapes and cultural considerations for undertaking business successfully in the country.
- The ability to access specific market opportunities and the establishment of key business relationships with Chinese buyers.
- The development of a potentially large and lucrative new export market which will help underpin the profitability and sustainability of Australia's table grape industry into the future.
- Increased collaboration and communication amongst growers along the supply chain to access new export market opportunities.

China Study Tour August – September 2014

Sunday 24 August

After departing from Australia on Saturday 23rd August, on Sunday the delegation was greeted by Mr Jet Ye, Chairman Changtai General Chamber of Commerce, Vice Chairman Zhangzhou Chamber of Commerce in Shanghai. Chairman Yechen Industrial Co Ltd. Director Shanghai Zhanglong Investment Management Corp Ltd., General Manager Shanghai Zhanglong International Trade Co, Mr Jason Pingfeng Li, Import Manager Shanghai Yechen Imported Fruits and Mr Peike Zhu Director C & Z Consulting Pty Ltd.

The first visit was to the Jiajiang Fruit Market 100 kms north of Shanghai. This market is one of the east China fruit distribution centres and serves an area of population of 10 million people. The delegation was taken on a tour of the Lianhua supermarket, the largest supermarket in China with close to 5000 stores throughout China. The delegation then travelled back to Shanghai where the evening was concluded with a networking dinner on a river boat cruise on the Huangpu River on the Bund in Shanghai.

Jinxing Fruit Market is the largest fresh fruit market in east China. It is 100 Km's from Shanghai serving 3 provinces Shanghai, Xhejiang and Jiangshu There is approximately 10 Billion RMB turnover per year. The distribution of fruit incorporates the neighbouring provinces including Anhui Fijian and Shandong. Fruit is imported to the Yangshang deep water port and trucked to the market daily. Mr Jet Ye, Chairman Changtai General Chamber of Commerce and owner of Cidoko, Shanghai Yechen Industrial Co,, Ltd business currently sells 5 containers of imported fruits a day and is looking at expending this to 10 containers per day. Domestically the company sells between 10-15 containers of fresh fruit per day. Mr Jet Ye is one the three largest distributors in the Jiajiang market. The market has over 200 business entities operating from the market distribution centre.

The delegation then visited Century Lianhua Supermaret that Mr Jet Ye supplies. The supermarket sells 1.5 billion RMB of fresh fruit of which Mr Jet Ye supplies 70%. Another Century Lianhua Supermaret in Huangpu District was also visited by the delegation.

The evening was concluded with a networking dinner on a river boat cruise on the Huangpu River on the Bund in Shanghai.



Monday 25th August

The delegation visited the new Shanghai Huizhan market networking with local importers, many of which import table grapes and other Australian commodities. Mr Jet Ye from Cidoko has 3 stalls at the market from a total of 50. His company receives around 9 containers per day from counties all over the world. His main fruits are citrus from South Africa and Australia, Avocado's from Mexico, Grapes from the US and Kiwifruit from New Zealand and Chile. Cidoko is very interested in importing Australian grapes next year. His company does not want to trade in illegal fruit. They see a great opportunity for Australian grapes to be sent to the Shanghai Huizhan market as it is the largest fruit import market in Shanghai serving the top end of China. Cidoko has 35 selling points to wholesale outlets for distribution throughout China.

Mr Jet Ye discussed the potential of developing "Brand Australia" and only wants to purchase the very best quality fruit from Australia and to establish brand Australia throughout China. This may be difficult to coordinate given the current trading practices of Australia growers at the moment. Jet gave the example of the Sunkist brand from Australia being better quality citrus receiving higher prices. It was explained to Mr Jet that it is easier for citrus to achieve branding as they use large packhouses whereas all Australian table grape growers are independent and each is their own grower, picker, packer and marketer. Mt Jet responded by stating he understood it may be difficult to coordinate but they are willing to try and establish the brand and was prepared to pay a premium

price. Mr Jet indicated his company was very keen on crimson seedless, 22mm in size with consistent colour.

The evening was spent having dinner with the Shanghai Chamber of Commerce members. There was a delegation of 14 Chinese Chamber of a Commence people attending. The night commenced with a briefing from the President of the Chamber followed a tea drinking ceremony and then dinner. A verbal presentation of our delegation was presented to the party and the Chamber members expressed strong desires to form an ongoing close working relationship with the Shanghai Chamber of Commerce. Many toasts we're had during night thanking everyone and wishing good health in traditional Chinese style.

Tuesday 26th August

The day was spent travelling and visiting the Yangshan deep water sea port. Yangshan Port formally the Yangshan Deep-Water Port, is a [deep water port](#) for [container ships](#) in [Hangzhou Bay](#) south of [Shanghai](#). Connected to [Shanghai's Pudong New Area](#) by the [Donghai Bridge](#) and forming part of the [Port of Shanghai](#), the islands of [Greater](#) and [Lesser Yangshan](#) are administered separately as part of [Zhejiang's Shengsi County](#).

Built to allow the [Port of Shanghai](#) to grow despite shallow waters near the shore, it allows [berths](#) with depths of up to 15 metres (49 ft) to be built, and can handle today's largest container ships. The port is built on the islands of Greater and Lesser Yangshan, part of the [Zhoushan archipelago](#), with fill from [land reclamation](#).

It is connected to the mainland via the 32.5 km (20.2 mi) [Donghai Bridge](#), opened on 1 December 2005 as the [world's longest sea bridge](#). The six-lane highway bridge took 6,000 workers two and half years to construct.

In mid-2011, port officials said the port was on track to move 12.3 million [TEUs](#) during the year, up from 10.1 million TEUs in 2010





ATGA
Australian
Table Grape
Association Inc.

33 Madden Avenue, Mildura, Victoria 3500, Australia
Telephone: +613 5021 5718 **Facsimile:** +613 4009 0036
Mobile: 0417 122 086 **Email:** atga@ncable.com.au



Wednesday 27th August

The delegation spent the day travelling to Chengdu and had dinner with local Chengdu table grape representatives.

Thursday 28th August

The delegation visited Sichuan International Agricultural Products Trading Centre. This market had a number of sections, a local domestic section with fruit arriving from a number of provinces; a domestic and international section and an international fruit section only. The market was very large in space but did not seem exceptionally busy. The local fruit had no cold chain management and some fruit had travelled over 2000 kilometres to be in the market. The market wholesalers and store owners would buy from the farmer and then sell either as a wholesale or retail environment. Our delegation was very much the centre of attraction as many market workers had not seen many western people before. The price for some fruits was exceptionally high, especially for fruits such as cherries and blueberries. Only two people were able to speak a little English throughout the whole



market. There were many local Chinese varieties on sale; some were in very poor condition. The main variety was Red Globe with some Crimson Seedless. The grapes were all very soft which would be due to the lack of cold chain management and time travel to arrive in the market. The Chinese varieties on sale were selling at similar prices to Australia.



In the afternoon the delegation visited the Chengdu Research Base of Giant Panda Breeding. This was a sightseeing afternoon at the world renowned Panda Research establishment.



Friday 29th August

The delegation was shown around the horticulture district in Chengdu. Chengdu is a relatively new grape growing region and they are experiencing rapid growth in plantings of table grapes. As a result they are achieving exceptional returns. The delegation visited a farm known as Sichuan Fruitjoy Agriculture Technology Co Ltd. Most of the fruit sold is to local residents and the majority is to residents who travel to the farm and pick their own fruit. Cost of production averages \$ 8 per box and the average price per box selling to a tourist or local resident who picks the fruit themselves is \$80. If the farmer is selling to a marketer or wholesaler his selling price is just over half of tourist price. All grapes are grown under glass houses. The vines were very young, oldest being about 6 year so old. It is roughly 10 degrees hotter under the glass houses than outside. The infrastructure of the glass houses was well constructed and setup did not allow for any mechanisms such as tractors. All production processes was undertaken by manual labour.

The region only gets about 1000 hours of sunshine and receives 1 metre of rainfall per year, mainly in summer and the temperature does not vary much between day and night in summer. The cost of building the farm from greenfield to first harvest is around \$40,000 per acre compared to approx \$ 140,000 if doing something similar in Australia. The Chinese cost does not include the price of the land. The plastic covers on the glasshouses last two years and they leave it on all year round. All of the land is not totally owned. All farmers are given an entitlement of 1 moo (approx. 600 square metres) and if they wish to expand they need to lease from other farmer entitlements at a cost around \$1000 per acre. Irrigation comes from underground streams and the farmers only pay a pumping cost.

The farm employed around 24 full time workers (15 acre farm) who are paid 10 RMB per hour, equivalent to \$10 a day Australian



After lunch another two farms were visited. The first farm had 10 table grape varieties on 80 acres. The farm is in its infancy. The owner commenced 5 years ago with 30 acres and has quickly increased the size of his farm. For the farmer to increase the size of his farm was to obtain the land from his neighbours and lease it from them. Generally they also employ the neighbour on the expanded farm. This first farm had Menindee seedless, one vine only which was harvested on the 6 June. The local community were aware of our delegation visit and they organised local television station to conduct an interview with an interpreter with the CEO of the Australian Table Grape Association. They were interest in our impressions of their farms and how they compared to Australian farms.

The second farm visited was the smallest being only 13 moo in size or 2 acres with only Red Globe planted. The farmer was previously a rice grower who was making 7000 RMB per year before borrowing money from friends and the bank to develop his property into a table grape vineyard. The cost to build was around 250,000 RMB. The farmer only sells to tourists. The cost of production was max 7000 RMB per moo and minimum sales were 20,000 RMB. He only employs one full time employee who is paid 1500 per month. He and his wife work full time on the property

Saturday 30th August

The delegation travelled by air from Chengdu to Guangzhou where we were received by the International Import Manager from Shungfeng Trading.

The group then had lunch with the owner of Shungfeng Trading and an exporter from Peru before checking into the hotel. That evening a dinner was organised with representatives from Shungfeng Trading

Sunday 31st August

The delegation travelled to the Jianjing Fruit and Vegetable Market, Zengcha Road, Baiyun District, Guangzhou. The market was extremely busy compared to Australian markets. Containers are delivered direct to the market floor where they are then opened for a frenzy of frantic buying by the market people. Shungfeng Trading employ 32 people who work in the market all with specific roles. A number are allocated to deal directly with overseas importers, all who can speak English with perhaps another language. Shungfeng are the Guangzhou's largest table grape importer. The delegation had networking discussions with a number of Chinese wholesalers in the Jianjing market in the afternoon, many of whom import fruit from Australia.



Monday 1st September

The delegation travelled to Hong Kong by train, where they spent the rest of the day and evening exploring Hong Kong. An evening dinner was organised with Australian exporters and Chinese importers who were all in Hong Kong for the Asia Fruit Logistica Trade Show

Tuesday 2nd September to Friday 5th September

The delegation spent Tuesday travelling to Asia Fruit Logistica's International fresh fruit and vegetable trade show where they familiarised themselves with the venue and participated in the setup of the table grape stand. The evening was spent with Australian Exporters attending Asia Fruit Logistica.

Asia Fruit Logistica is Asia's leading trade show for the international fresh fruit and vegetable business. It is the only trade exhibition in Asia to focus exclusively on the fresh produce sector and related value chain for the whole Asian region. This 3-day trade show first took place in Thailand in 2007 and has since moved to Hong Kong each September.

The Asiafruit Congress, which is held with Asia Fruit Logistica, is attended by over 400 fresh produce trade professionals who have interests in the Asian market. The delegation benefited from attending Asia Fruit Logistica they observed firsthand how Australia promotes horticulture products. The trade show also is a vehicle to build and maintain a network of fresh produce buyers primarily from Asia but secondarily from the rest of the world as well as building the image of Australia as a primary source of high quality fresh horticulture products and to showcase Australian fresh fruits, vegetables and nuts among Asian buyers. Those in attendance at the show included importers, traders, retailers and wholesalers

Asia Fruit Logistica 2014 was held on the 3rd-5th of September 2014 at Asia-World Expo. Each year, the trade exhibition is strictly open to trade professionals only. The table grape industry has a stand as part of the Australia Fresh Pavilion which took up 156 square meters floor space with 15 co-exhibitors compared to last year's 165 and with the same number of co-exhibitors. 1 additional exporter participated this year by providing brochures for display and distribution at the show and networking night.





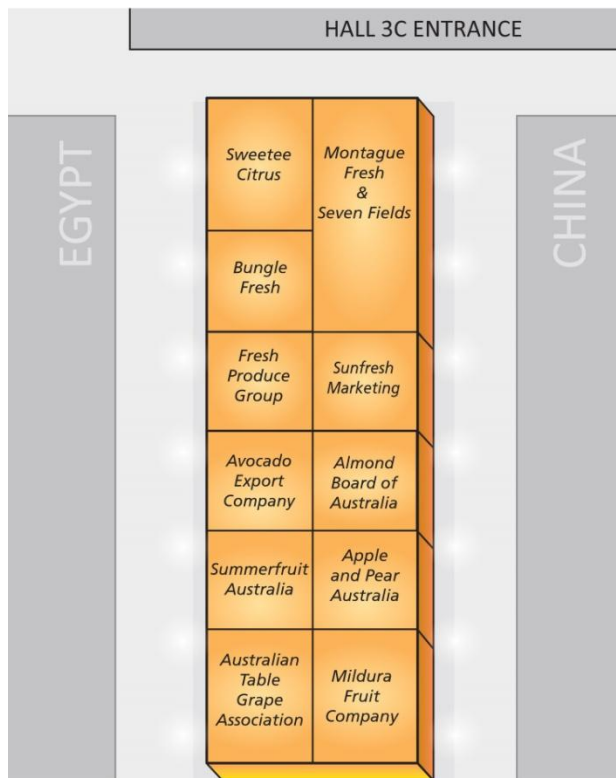
ATGA
Australian
Table Grape
Association Inc.

33 Madden Avenue, Mildura, Victoria 3500, Australia
Telephone: +613 5021 5718 Facsimile: +613 4009 0036
Mobile: 0417 122 086 Email: atga@ncable.com.au

	2007	2008	2009	2010	2011	2012	2013	2014
Floor Space	88	150	198	216	165	180	120	156
Co-Exhibitors	11	17	15	16	16	16	11	15



HALL 3C ENTRANCE

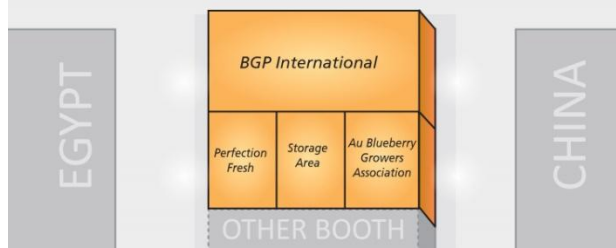


Australia Fresh Booth Layout

Sweetee Citrus	Montague Fresh & Seven Fields
Bungle Fresh	
Fresh Produce Group	Sunfresh Marketing
Avocado Export Company	Almond Board of Australia
Summerfruit Australia	Apple and Pear Australia
Australian Table Grape Association	Mildura Fruit Company

BGP International

Perfection Fresh	Australia Blueberry Growers' Association
-------------------------	---



A networking reception was organised by Australia Fresh on the 4th of September in Ikon Seaview Restaurant, Asia-World Expo from

5pm to 7:30pm. The delegation attended this function and the table grape industry was able to present slide show throughout the reception night, had logos on the reception invitations, displayed our of pull-up banners, distributed table grape brochures in Give-Away Bags and gave introductions during the programme

Invitations to Australian guests were sent out through collaborative partners and co-exhibitors. Invitations to foreign buyers were sent out through Austrade and the Australia Fresh newsletter buyer contact list. There was a total of 225 guests with a balanced attendance of guests from Australia and export markets. The attendance has far exceeded the original target of 150. This was also a much larger reception compared to 2011 and 2012.



The Asia Fruit Logistica Trade Show is growing each year. The record visitor numbers marked a 24 per cent growth on last year's attendance at Asia's leading fresh fruit and vegetable trade show, but again it was the quality of the visitors that defined the success of the event.

Visitors to ASIA FRUIT LOGISTICA found an exhibition that had grown by almost a third. Some 478 companies from 38 different countries exhibited at the trade fair on 3-5 September, an increase of 28 per cent on last year's edition, while bookings for stand space grew by 25 per cent.

Asia once again accounted for the largest percentage of exhibitors on a regional basis, with 12 different Asian countries making up 34 per cent of the exhibitor numbers. Europe retained its share of exhibitor numbers at 25 per cent, while Latin America increased its presence to 15 per cent. Oceania (11 per cent), Africa (8 per cent) and North America (7 per cent) completed the global picture. China remained the single largest country in terms of exhibitor numbers, with 94 companies exhibiting, while Italy held onto second place with 39 companies.

Australia surged into third place with 34 exhibitors, marking a 54 per cent increase on last year, and Egypt also ramped up its presence, moving up into fourth place with 31 exhibitors (up 47 per cent). Latin American exporting nations Argentina, Ecuador and Mexico, along with Spain, all registered increases in exhibitor numbers of more than 60 per cent, while other big movers included New Zealand (+100 per cent), Japan (+75 per cent), Turkey (+50 per cent), The Netherlands (+40 per cent) and India (+40 per cent).

In a clear sign of Asia's growing importance as a market for the global fresh fruit and vegetable business, most exhibiting nations invested in upgrading or expanding their stands at this year's show. Some 19 different countries had national pavilions, while Costa Rica, Poland and Saudi Arabia all exhibited for the first time at ASIA FRUIT LOGISTICA.

Leading food retailers were out in force at ASIA FRUIT LOGISTICA including Indian retail giant Future Group, Aeon (Japan and Malaysia), Carrefour (China), Central Food Retail (Thailand), CR Vanguard (China), Cold Storage (Singapore), Dairy Farm/Wellcome (Hong Kong), GCH Retail (Malaysia), Lotte Mart (South Korea), Metro Group (China), NTUC Fairprice (Singapore), ParknShop (Hong Kong), Ranch Market (Indonesia), RT Mart (China), Spinneys (Dubai), Tesco Group Food (China & Thailand), The Food Hall (Indonesia), Walmart (China and India) and Yonghui Superstores (China).

The delegation commented on the location of the Australia Fresh stand which was located at a prime area across the first entrance to the hall. The pavilion layout was well received by co-exhibitors.

Next Steps:

Prepare and promote the next professional development tour of China in September 2015

Commercialisation issues.

Nothing to report

Other issues.

None