

Food Export Bulletin

Issue 2 - November 2009

The economic conditions of the last 12 months have presented a number of challenges for South Australian exporters.

While demand for some traded products decreased, exchange rates were favourable for exporters, particularly at the start of 2009. More recently the value of the Australian dollar has increased against that of major trading partners, which may reduce future returns for SA exporters.

In the 12 months to August 2009, SA's total merchandise exports fell 16% from the previous year. In contrast to all SA exports, food exports actually rose during the same period. Meat exports have seen the largest increase, largely due to an increase in the value of lamb and mutton exports.

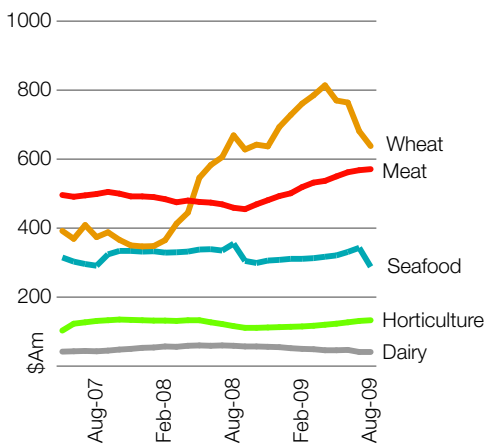
Year to date, seafood and wheat exports have seen a substantial drop off. The decrease in seafood exports is largely due to bluefin tuna exports being substantially lower in August 2009 than at the same time in previous years. Reduced prices for wheat compared to August 2008 have contributed to the decrease in wheat exports. A larger crop for most grain crops is forecast for this summer's harvest, although commodity prices remain lower than the peaks of recent years.

This month's feature is on South Australian horticulture exports. Horticulture is a diverse industry in SA, but only a few products are significant exports. These are highlighted along with some smaller, but growing export industries.

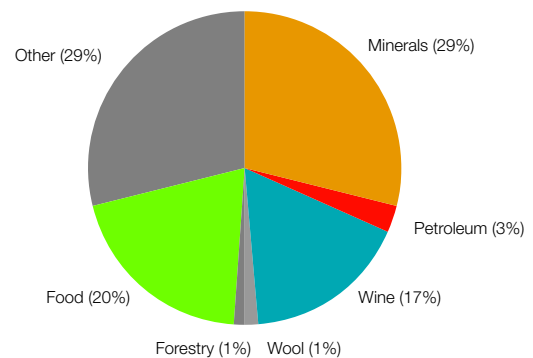
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SA Food Sector Exports
12 Month Rolling Total
ABS Cat No 1307 - Unpublished



SA exports by sector
12 months to August 2009
Total \$8.90 billion (-16% on previous year)



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Feature - Horticulture

Horticulture is a major food sector in South Australia, but is a relatively small exporting industry. In 2008/09 just 14% of the value of SA horticulture products came from sales to export markets. Citrus and almonds are the largest export products, and for each of these industries approximately half of all sales are to export markets.

Citrus is the largest exporting sector. Navel oranges, mandarins (and other easy-peelers) and Valencia oranges are the largest export products. Smaller amounts of other fresh citrus including lemons and grapefruit are also exported as well as processed citrus products including preserves and juice. USA and Japan are the major markets for fresh SA citrus, but fruit is exported to a large number of countries including Malaysia, Singapore and Hong Kong. Citrus is a seasonal fruit with SA (and Australian) fruit competing against fruit from other southern hemisphere producers. South Africa is the largest competitor for Australian fruit, with Chile and other South American countries also increasing production.

This decade, the strongest growth in SA's horticultural exports has come from the increase in almond exports. India is the single largest market for SA almonds, with exports to India largely 'in shell' almonds. However, most SA almond exports are shelled and these almonds are sold to a wide range of markets. Export destinations include Europe (countries including Spain, Germany, UK, Netherlands), Asia (Japan, Hong Kong, China, Singapore), UAE and New Zealand. Australian production of almonds has grown substantially this decade, but remains only a small fraction of world production. USA is the major supplier to world markets.

SA horticulture is a diverse industry. SA produces approximately 50 different horticultural products. With such diversity, the importance of export markets for the different products and the relative success in growing export markets varies across different sectors.

Potatoes are SA's largest horticultural crop and SA is a large player in the domestic market, supplying nearly half of Australia's fresh potato consumption. Potatoes are an inexpensive product and freight costs are a significant challenge when competing in export markets against producers with lower production costs. Despite these ongoing challenges, fresh potato exports in 2008/09 grew \$1.2 m (to \$3.5 m), with international customers valuing the continuous supply of high quality potatoes available from SA.

Growing from a small base, olive oil and pistachios exports have grown in 5 years from less than \$100,000 to be worth over \$5 million combined. Melon exports grew substantially in 2008/09.

In 2001/02, stone fruit exports were worth over \$5m, but have fallen to be worth a little over \$1 million in each of the last two years. SA apple exports averaged over \$2 million annually for much of the decade but have dropped off the last two seasons and were worth just over \$250,000 in 2008/09. Vegetable exports (including carrots, leeks and Brussels sprouts) have also declined since the start of the decade.

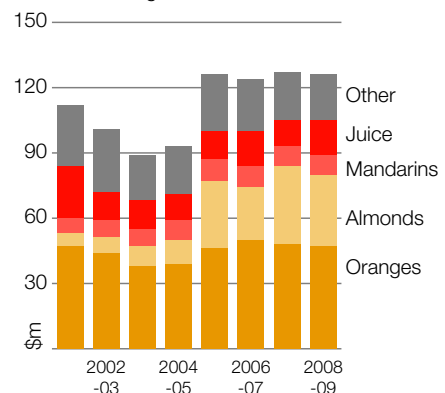
Juice is the largest value processed product exported from SA. Grape juice (excludes wine) is the single largest product, but citrus and a wide range of other fruit juices are also substantial export products – with a combined export value of over \$16m in 2008/09.

The value of world trade in horticultural products has grown 60% in the last five years, while SA and Australian horticultural exports have remained steady. The *SA Fruit, Vegetables & Nuts Market Overview* investigates markets for fruits and vegetables and considers consumer perspectives and the competitive position of South Australian products. This report and all the Market Intelligence Unit's reports are available from the South Australian Food Centre website.

http://www.safoodcentre.com.au/sa_food_centre/services/market_intelligence

SA Horticulture Exports - \$A million

ABS rade - via Agrifood Infonet

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