



*Horticulture Australia*

**Citrus to China: 20 thousand tonnes by 2020**

**Final Report**

Andrew Harty

Citrus Australia Ltd

Project Number: CT13507



**Project CT13507:**

**Citrus to China: 20 thousand tonnes by 2020**

**Chief Investigator:**

Andrew Harty

Citrus Australia Ltd

PO Box 10336, Mildura VIC 3502

Phone: 03 5033 6333

**Purpose:**

This report describes the main activities and outcomes from a citrus industry market development project focused on the China market.

**Funding:**

This project was jointly and equally funded by Austrade's Asian Century Business Engagement grant and matching Horticulture Australia Ltd funds from orange marketing levies.



**Disclaimer:**

Any recommendations contained in this publication do not necessarily represent current HAL policy. No person should act on the basis of the contents of this publication, whether as to matters of fact or opinion or other content, without first obtaining specific, independent professional advice in respect of the matters set out in this publication.

## Table of Contents

Media Summary .....	4
High-level Trade Mission .....	5
Industry Training .....	5
Intern Program .....	8
China Export Support Materials .....	9
Conclusions & Evaluation .....	11
Acknowledgements .....	13

## **Media Summary**

The China market is undoubtedly one of the greatest marketing opportunities ever presented to primary industry in Australia. As the peak industry body representing the Australian citrus industry, Citrus Australia has taken the lead in preparing our industry for this opportunity by securing an Asian Century Business Engagement grant from the Australian Trade Commission (Austrade). This grant was matched by levies from orange growers administered by Horticulture Australia Ltd.

The goal of this project was to educate and train the citrus industry on the China market potential, challenges, regulations and cultural differences.

Working together with China specialist David Thomas from Think Global, we presented China marketing sessions at two major industry forums, and followed these up with exporter training workshops for businesses looking to enter the China market for the first time.

A very successful high-level trade mission in November 2013 to four Chinese cities was attended by 24 industry delegates, many of whom have since begun trading citrus into China in the 2014 export season. This mission led to a reciprocal in-bound mission in June 2013 by the China Agricultural Wholesale Markets Association, and a Memorandum of Understanding being signed between CAWA and Citrus Australia.

An innovative intern program was started with service provider Zookal, in which Chinese students studying in Australia were placed in export businesses. The interns and companies have been pleased with the outcomes of this program, and we hope to continue it in future seasons.

To help promote and facilitate the trade with China, we have produced a DVD, brochures and web pages. This material has 'gone viral' in China, with many trade websites, bloggers and on-line sellers using aspects in their promotions. It is not unrealistic to claim that many millions of on-line viewers in China have now been exposed to our Sweet, Safe & Healthy core message embedded in all this material.

We are confident that the citrus export target of 20,000 tonnes to China encapsulated in the title of this project will be reached much sooner than 2020 – and this project has played a significant role in expediting that achievement.

## 1. High-level trade mission

Our trade mission to China was rated highly successful by all participants. As a direct result of this mission, significant new trade of citrus into China has occurred in the 2014 season and we are confident this will continue. Participating companies have reported formation of new trading relationships, and Citrus Australia has forged several strong linkages, most notably with the China Agricultural Wholesale Markets Association (CAWA). We hosted a reciprocal study visit by CAWA delegates to Australia in June 2014, which included signing a Memorandum of Understanding between our two associations.

For a detailed report of this trade mission, please see *CT13704 Final Report: Citrus Australia China Trade Mission 2013*. It includes 10 conclusions & recommendations, all of which are now being developed further.



*China trade mission delegates meeting with Shanghai importers*

## 2. Industry Training

### 2.1 National Issues Forum – China Session

The China session delivered at the Forum in October 2013 was very well received – in our post-event survey, the 100 industry leaders present voted it the most interesting and beneficial agenda item. David Thomas (Think Global) set the scene in a dinner speech by presenting a broad overview of the dynamics and exciting potential of the Chinese economy. The following morning, David, Judith Damiani and Andrew Harty began the workshop with a presentation on the potential and challenges of exporting to China. We also described the market development work being undertaken by Citrus Australia via our ACBE project. The delegates then broke out into groups to discuss their issues with the China export program, and reported back in a session facilitated by David. Overall, this was a highly valuable exercise in providing our industry leaders with insights into the

China market, and helping them take their first steps towards successful trading into China.

## **2.2 Market Outlook Forum session**

An interactive China session was presented at our Market Outlook Forum 2014, held in Sydney in March 2014. Facilitated by David Thomas, the session included 4 speakers and a panel discussion:

### ***Session 3: Orange Obsession in China      Chair: David Thomas***

- Online marketing opportunities for Australian citrus in China  
- *Loren Zhao, Co-Founder, Fruit Day*
- Shipping logistics into China - *Nicolaj Noes, Maersk*
- More efficient financial transactions for China exporters - *James McKeefry, ANZ Bank*
- Making the China deal work for you - *David Thomas, CEO Think Global*

### ***China panel discussion:***

- How big is the market potential for Australian citrus in China?
- What are the main challenges or obstacles facing us in China?
- What are the 3 most important attributes of Australian citrus that our industry should focus on?

### ***Panel:***

- *David Thomas, Think Global*
- *James McKeefry, ANZ*
- *Nicolaj Noes, Maersk*
- *Bindi Pressler, 2PH*
- *Ferdi Bergamin, Mildura Fruit Company*

This session was very well received, and generated good discussion from the 150-strong audience.



*Loren Zhou (Shanghai Fruit Day) addressing the Citrus Market Outlook Forum 2014*



*Delegates at the China session of the Citrus Market Outlook Forum 2014*



## 2.3 Exporter training workshops

Two well-attended China exporter training workshops were delivered in Melbourne (25 February) and Mildura (26 February) by David Thomas (Think Global), and Andrew Harty & David Daniels (Citrus Australia). In total, 59 participants representing 41 enterprises took part in the workshops, which covered 3 sessions:

- Market prospects in China – markets, products, opportunities, challenges
- Compliance issues – registering orchards, certification, minimum pricing, agrichemical residues
- Bridging the cultural gap – how to do effective business in China

Feedback from participants has been very positive – many were new to trading in China, and appreciated the workshop format, which started from the basics and then proceeded through all the technical, regulatory and cross-cultural requirements needed for successful exporting to China.



*David Daniels addressing the China exporter workshop in Mildura*

## 3. Intern Program

This program was coordinated by ourselves and service provider Zookal ([www.zookal.com](http://www.zookal.com)). After calling for expressions of interest from the 40 China/Hong Kong exporters on our database, we identified 6 businesses which were keen to host an intern, and interviewed them in late March. Five companies agreed to host interns, but two later withdrew from the program.



Zookal subsequently interviewed and identified suitable student candidates in Melbourne where the exporter hosts are based. To service the intern program in the main export region Sunraysia, we formed an alliance with Sunraysia TAFE and La Trobe University, who have a joint campus in Mildura. The 3 students started their 12-week internships on different dates, as preferred by the host companies.

All internships are now completed, and Zookal has gathered performance data from each student and host. Overall, the hosts and interns have been pleased with the program, and all 3 companies have expressed interest in participating in a similar program in future. Please see the evaluation section below for further comments.



***Chinese student intern Otto Chen (top right) assisting with the promotional DVD shoot at Sunraysia TAFE***

#### **4. China export support materials**

In conjunction with several growers and packing houses and a professional video producer, we filmed a promotional DVD in late June. The key messages Sweet, Safe & Healthy were featured throughout, as was Australia's clean environment. The video can be viewed at: <https://www.youtube.com/watch?v=KXFzQaS8GzY>

Our Export Market Committee discussed promotion strategies and concepts for the Chinese market at their March 2014 meeting. Funding was allocated towards this promotion

campaign by Horticulture Australia's industry advisory committee. This campaign is now well underway in China, starting with an Australian orange launch in Shanghai on 17 July, which was very professionally coordinated by the local Austrade office. Our DVD and brochures were distributed at this event, which had an audience of 80 wholesale, retail and media representatives.

Extensive media coverage has since been generated from this event, and 3 leading on-line retailers have used our promotional material on their websites. In-store promotions also feature our promotional material, which has been adapted into posters, store brochures and aprons for fruit presenters.

Industry brochures which cover our products, a supply calendar, food safety testing and exporter contact details, are now posted onto the Chinese page of our website.



*Promotional material displayed at the 2014 Australian Orange Launch in Shanghai*

## Conclusions & Evaluation

Overall, we are very pleased with the outcomes of this project. It has delivered far more benefits than we anticipated, and has kick-started a broad-based citrus industry push into the China market. At the start of the project, there were only a few Australian citrus companies pioneering the China trade, but now all our major packers and exporters are shipping increasing volumes. The market awareness, market intelligence and the training provided by this project has added significant momentum to this trade development. Each objective of the project is evaluated below.

The two **forum sessions** on China were, for many growers, packers and exporters, their first professionally packaged and presented information on the market opportunities in China, and were highly rated by the audiences on both occasions. The follow-up **exporter workshops** were very well attended, and provided valuable guidance on how to do business in China. We are aware that many of these companies are now exporting citrus to China, and are confidently complying with the export protocols.

Our **China trade mission** in November 2013 was rated a great success by all the participants, most of who are now actively trading into China. It is hard to rate the importance of visiting markets firsthand, and making contact with importers. Many trading relationships were initiated on this mission, and for Citrus Australia it was an excellent opportunity to further cement our relationship with the China Agricultural Wholesale Market Association (CAWA). This has since led to an inbound mission by CAWA, culminating in the signing of a memorandum of understanding with Citrus Australia in Mildura in June.



*MoU signing between Citrus Australia and CAWA, June 2014*

The **promotional material** generated in this project is having benefits immediately and into the future. It has already 'gone viral' in China, with many trade websites, bloggers and on-line sellers using aspects of the material in their promotions. It is not unrealistic to claim that many millions of on-line viewers have now been exposed to our Sweet, Safe & Healthy core message embedded in all this material.

Of the four objectives of the project, the **intern program** was the most innovative but also the most difficult to implement. The actual preparation and execution was excellent, with highly professional service provided by our collaborator, Zookal. What we did not anticipate fully was the apathy of many exporter companies to such a program – and some actually felt that training a Chinese student in the details of their company business could pose a future threat to their intellectual property. The most common reason given by most companies we interviewed was 'we are too busy during the export season to spend time with an intern'. While this is a valid excuse, it is also disappointing that the longer term benefits of hosting a Chinese intern were not grasped. Nevertheless, the 3 companies who took the effort to host an intern have been very pleased with the outcomes – and the 3 students have been delighted with the experience they have gained. In summary, it is probably a concept ahead of its time, and certainly something we should persevere with.

## **Our final conclusion**

We are confident that the citrus export target of 20,000 tonnes to China encapsulated in the title of this project will be reached much sooner than 2020 – and this project has played a significant role in expediting that achievement.



## Acknowledgements

We would like to acknowledge the fine efforts of David Thomas and his team at Think Global. David gave many inspiring presentations at our forums and workshops, and led our trade mission to China. His team working in the background, especially Jennifer Catterson and Vanessa Xing, were instrumental in arranging the trade mission.

We would also like to acknowledge the valuable assistance given to us by Austrade staff in China, not only during this project, but in subsequent trade development activities in China. The Australian citrus industry has most definitely taken up the ‘Asian Century’ challenge, and we see Austrade as a key ingredient for assisting us on that journey. Having seen the multitude of real trade benefits that have emerged from this project, we hope that Austrade will maintain the ABE grant program so that other primary industries can benefit likewise. And we look forward to further trade activities with the Austrade teams throughout Asia.



***Austrade staff at  
the Citrus  
Australia booth at  
the China FVF  
trade fair, Beijing  
November 2013***