World Deciduous Canned Fruit Conference (CANCON11) Greece

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Canned Fruits Industry Council of Australia

Project Number: CF11700

CF11700

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CANNED FRUITS INDUSTRY COUNCIL OF AUSTRALIA

FINAL REPORT

11th World Deciduous Canning Fruit Conference

Litichoro Greece May 2012

PROJECT NUMBER: CF11700 (30/09/2012)

PROJECT TITLE: Eleventh World Deciduous Canning Fruit Conference ("CANCON11"), Litichoro, Greece Study Tour

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Costas Apostolou Chair of E.K.E Greek Canners Association gives his opening address.

PROJECT NUMBER: CF10700

PROJECT LEADER:

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REPORT PURPOSE:

The purpose of this Final Report; of the study tour to the 11th World Deciduous Canning Fruit Conference ("CANCON10") held in Litichoro Greece in May 2012; was to gain; knowledge of world deciduous canned fruits production information, worldwide contacts and provide a brief synopsis of how the world canned deciduous fruit industry currently views itself.

The information contained herein will be of assistance to planners, government and industry. It provides a concise summary of the state of the world canned deciduous fruits industry.

FUNDING:

The study tour was funded by voluntary contributions by the Canned Fruits Industry Council of Australia with matched levy funding by the Australian Government through Horticulture Australia Limited ("HAL").

REPORT DATE:

30th September 2012

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Greek Farms & Orchards in the shadow of Mt Olympus

Since 1992, the World Canned Deciduous Fruits Conference has been held every 2 years or so, alternating between northern and southern hemispheres. The 11th World Deciduous Canning Fruit Conference (“CANCON11”) was held in Litichoro, Greece at the end of May and beginning of June 2012. Cancon10 was held in Xuzhou, China and Cancon09, was held in Shepparton, Australia.

These conferences were originally convened by the World Canned Deciduous Fruits Council (“WCDFC”) as a forum to share information on; crops, planting/removal trends, field yields, fruit prices, factory production capabilities, production, factory yields, sales, import/export, stock holdings, etc.

The WCDFC comprises nine member countries: Argentina, Australia, Chile, China, Greece, Italy, Spain, South Africa and USA, with China joining recently and Italy largely inactive now.

Each country’s peak industry body is represented, and have shared what they are able to do. Most have been forthcoming. Australia does not share information in relation to sales, import/export and carry out stocks because our industry is only one processor, but others do.

Delegations from each member country made presentations to an audience of over 250 people, including 50 delegates and others from around the world including non member countries. Attendees also came from, Thailand, Japan, Canada, Italy Germany and Russia.

For the first time all countries shared their costs on cans, factory labour and sugar. This means that, instead of cost labour per hour, labour cost per can is available as a more relevant comparison that takes into account significant variation in labour efficiencies.

	Sugar - USD/MT					Nett Price Paid - STD 825g Can/1000 (Non EOE)				
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
Argentina		$305	$570	$880	$800		$210	$220	$240	$270
Australia										
Chile										$270
China	$561	$816	$1,152	$1,157	$1,150	$250	$252	$260	$269	$268
Greece	$696	$876	$767	$1,171		$243	$283	$238	$262	
South Africa					$360					$675
Spain					$1,185					$255
USA	$270	$375	$360	$420	$552	$215	$252	$237	$242	$243

	Nett Price Paid - Corn Syrup					Factory Labour Rate - USD / hr				
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
Argentina			$400	$610	$600					$9.00
Australia										$35.00
Chile										
China										$1.00
Greece										
South Africa										$3.75
Spain										
USA										$18.00

The Australian Delegation from the Canned Fruits Industry Council of Australia ("CFICA") consisted of cannery representatives, fruit grower association representatives and CFICA officers;

Simon Mills	CFICA Chairman (SPC Ardmona)
John Wilson	CFICA Secretary
Ivan Routley	VPAGA Chairman
Gary Godwill	FGVL Director
Chris Giankos	SPC Ardmona

The other members of the Australian contingent were H. Georgio, S. Georgio, M. Georgio, J. Godwill, D. Siciliano, N. Siciliano and J. Routley. There were five other privately funded Australians who travelled with the study tour group.

As well as the country reports there were two other very technical reports presented. One summarised the reform of the EU's Common Agricultural Policy and the other discussed the future of Bisphenol A which is used as an epoxy liner in cans.

Cancon12 will be held in South Africa in March 2014.

CONFERENCE PROGRAM

Schedule

30 May	Day	Reception
	Evening	Welcome Function
31 May	Morning	Opening Ceremony
		Country Reports
	Afternoon	Country Reports
	Evening	Dinner
1 June	Morning	Forum
	Afternoon	Factory Visit
		Orchard Visit
	Evening	Dinner
2 June	Morning	District Tour
3 June		Departure

Conference

The Conference commenced with welcome function which allowed participants to meet informally, adjust jet lags and rest. Most delegates had not met in face to face situation since Cancon10 in Xuzhou China. These informal meetings facilitated networking and discussion of expectations from Cancon11.

Cancon11 officially opened, the next day, on May 31st. The chair of E.K.E. Greek Canners Association, Mr Costas Apostolou welcomed everyone and then gave address which detailed the history of the world canned fruits industry since 1992. The various delegates then presented their country reports in alphabetical order with the exception of the host country, Greece, which was last to report. The final presentations were the technical reports.

Country Report Summaries

ARGENTINA

- CAFIM – Canners Association of Mendoza
- APDM – Peach Growers Association of Mendoza
- Fe.PEDI – Federation Strategic Plan Peach Industry
- Represented by 5 Delegates and 8 Observers
- Country report presented by Roberto Lamm, Vice President CAFIM
- Main region for growing and processing canned deciduous fruits is located around Mendoza in the far west of the country in the foothills of the Andes.

<u>Peach</u>

- Area planted to peach is relatively stable, with a 5% increase in hectares from 2007 to 2012.
- Total production of yellow peaches for processing has also been stable during the past five years at around 160–170,000 tonnes. However, this is a 20% increase in the peach production over the prior 5 year period.
  - Utilisation of peaches for canning has risen
    - 80-85,000 tonnes, or 50% in 2007-10,
    - 100-103,000 tonnes, or 60-65% in 2011-12
    - 5.3M BQs @ 51.7 BQ/t
  - Utilisation for pulp processing
    - 60-70,000 tonnes, or 35-40% of yellow peach production
- There are now 21 peach canners in Argentina
  - 6.0M BQ production capacity
  - 80% utilized
- Domestic consumption of canned peach remains steady at about 80% of production
- Exports are about 15-20% of production
- Canners and Paste processors are competitors in Argentina
- Prices for raw product crashed in 2009/10 due to the GFC, but have now recovered to pre-GFC levels for canning peaches.
- The average area of land planted to peaches has actually decreased since 2007 to approximately 5.1 hectares (from 6.8).
- 40% of peach orchards are owned by canners
- Peaches grown for canning are predominantly Californian varieties.

<u>Pear</u>

- Main pear growing area for fresh market is located in the south of the country, where no canneries exist.
- A small stable quantity of WBC pears, processed for canning, is grown in the Mendoza region.
- 10,000-12,000 tonnes of pears are canned each year, with about half of this going into grade pack. The balance is used for mixed fruits.

<u>Apricot</u>

- The apricot industry is not represented by the canning association
- Only about 150-170 tonnes of apricots are canned by association members
- Most apricots are grown in the southern regions of the country
- From 2,000 to 20,000 tonnes of apricots may be converted to paste/pulp each year.

<u>Paste/Pulp</u>

- Peach
  - 18,000-24,000 tonnes of 30/32^{o}Brix paste is produced annually
  - 75% export

    - Very low carry out from 2011 (250 tonnes)
- Pear
    - Highly variable depending on the crop, fresh market and paste/juice markets
    - 3,000-8,000 tonnes of 30/32°Brix equivalent (8,500-24,000 tonnes raw fruit)
    - 75% export
- Apricot
    - 1,500-6,000 tonnes 30/32°Brix paste
    - 90% export

<u>Other Costs</u>

		2009	2010	2011	2012
-	Sugar 800	USD	305	570	880
-	Corn Syrup 600	USD		400	610
-	1kg Can (non EOE)USD/1000 265-270	205-210	215-220	235-240	
-	Factory labour incl.USD/hr 9.00				

- 2001-2012
    - Official inflation 280%
    - Real inflation 500%
    - Labour costUSD2.50 - 9.00/hr 340%
    - Labour cost increase in Pesos 1,450%

AUSTRALIA

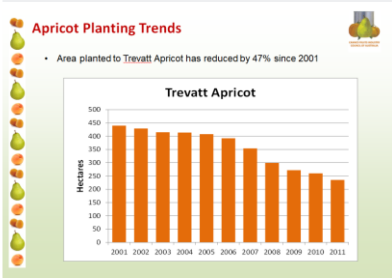
The Australian Country Report was presented Simon Mills – Chairman of the Canned Fruits Industry Council of Australia. Rather than a summary his entire PowerPoint presentation is included for the information and benefit of the Australian deciduous canned fruit levy payers on whose behalf the Australian delegation attended the conference.

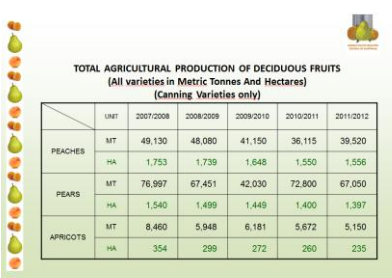
CFICA Chairman Simon Mills presenting the Australian Country Report

Australian Report

Slides 1 to 18 of the Australian CANCON11 Country Report Presentation

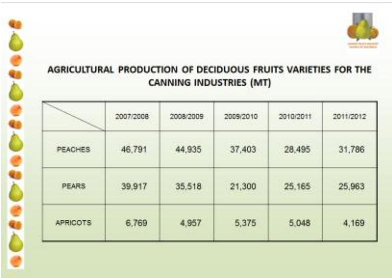
Australian Report (continued)





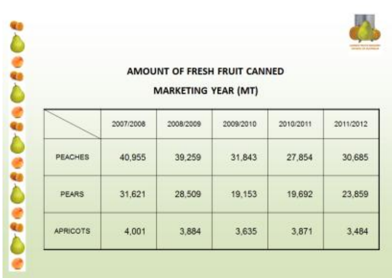
TOTAL AGRICULTURAL PRODUCTION OF DECIDUOUS FRUITS
(All varieties in Metric Tonnes And Hectares)
(Canning Varieties only)

	UNIT	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
PEACHES	MT	49,130	48,080	41,150	36,115	39,520
	HA	1,753	1,739	1,648	1,550	1,556
PEARS	MT	76,997	67,451	42,030	72,800	67,050
	HA	1,540	1,499	1,449	1,400	1,397
APRICOTS	MT	8,460	5,948	6,181	5,672	5,150
	HA	354	299	272	260	235



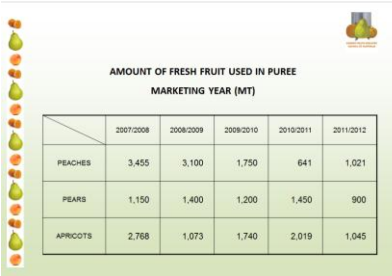
AGRICULTURAL PRODUCTION OF DECIDUOUS FRUITS VARIETIES FOR THE CANNING INDUSTRIES (MT)

	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
PEACHES	46,791	44,935	37,403	28,495	31,786
PEARS	39,917	35,518	21,300	25,165	25,963
APRICOTS	6,769	4,957	5,375	5,048	4,169



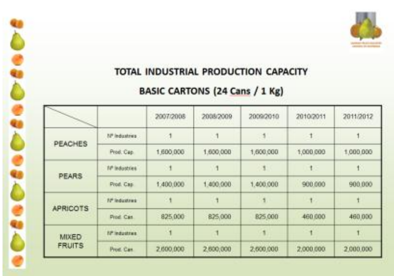
AMOUNT OF FRESH FRUIT CANNED
MARKETING YEAR (MT)

	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
PEACHES	40,955	39,259	31,843	27,854	30,685
PEARS	31,621	28,509	19,153	19,692	23,859
APRICOTS	4,001	3,884	3,635	3,871	3,484



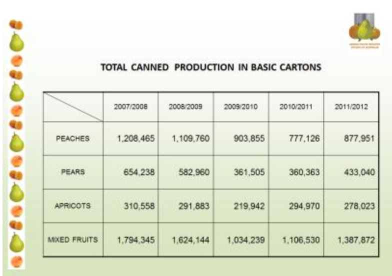
AMOUNT OF FRESH FRUIT USED IN PUREE
MARKETING YEAR (MT)

	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
PEACHES	3,455	3,100	1,750	641	1,021
PEARS	1,150	1,400	1,200	1,450	900
APRICOTS	2,768	1,073	1,740	2,019	1,045



TOTAL INDUSTRIAL PRODUCTION CAPACITY
BASIC CARTONS (24 Cans / 1 Kg)

		2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
PEACHES	Nº Industries	1	1	1	1	1
	Prod. Cap.	1,600,000	1,600,000	1,600,000	1,000,000	1,000,000
PEARS	Nº Industries	1	1	1	1	1
	Prod. Cap.	1,400,000	1,400,000	1,400,000	900,000	900,000
APRICOTS	Nº Industries	1	1	1	1	1
	Prod. Can.	825,000	825,000	825,000	460,000	460,000
MIXED FRUITS	Nº Industries	1	1	1	1	1
	Prod. Can.	2,600,000	2,600,000	2,600,000	2,000,000	2,000,000



TOTAL CANNED PRODUCTION IN BASIC CARTONS

	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
PEACHES	1,208,465	1,109,760	903,855	777,126	877,951
PEARS	654,238	582,960	361,505	360,363	433,040
APRICOTS	310,558	291,883	219,942	294,970	278,023
MIXED FRUITS	1,794,345	1,624,144	1,034,239	1,106,530	1,387,872

NET PRICE PAID BY THE INDUSTRY PER METRIC TONNE
PRICE IN AUD

		2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
PEACHES	AUD	565	572	588	579	531
	USD	435	484	554	601	534
PEARS	AUD	389	393	404	396	339
	USD	300	333	380	411	341
APRICOTS	AUD	715	721	724	708	708
	USD	551	610	682	735	712

Slides 19 to 30 of the Australian CANCON11 Country Report Presentation

CHILE

- Chilean Food Industry Association
- Represented by 3 delegates and 2 observers
- Country report presented by Roberto Murphy

<u>Peach</u>

- Average grower is getting older, and as a result 20% of peach orchards are now owned by canners
- Canners and paste/pulp processors are competitors for fruit.
- Stable production of around 260,000 tonnes are grown for processing
    - 40% is utilized for canning
    - 60% is utilized for puree/paste production
    - Peaches for puree are paid approximately 10% less than for canning
- There are 8 peach canners in Chile
    - 6,500,000 BQ production capacity
    - 75% utilized

- Domestic consumption is 25-30% of canned production
- Prices for peaches have increased by 30% in local currency since 2008, and by about 50% in USD in the same time period

Pear

- Price paid for canning pears is a 'peeler' price – packing shed grade 2.
- Canning Pears are used in mixed fruits only
- Only 6,000-8,000 tonnes of Bartlett pears are processed for canning
- About 25,000 tonnes of pears are processed for paste/pulp

Other Costs

		2009	2010	2011	2012
1kg Can (non EOE)	USD/1000				270
Factory labour incl.	USD/hr				9.00
Basic labour rate	USD/hr				3.00

Factory labour rate includes; uniform, travel, food etc

CHINA

- China Canned Food Industry Association
- Represented by 2 delegates and 8 observers
- Country report presented by Mrs Xu Xi – CCFIA
- All observers were cannery representatives

- Total fruit used for canning (Apricot, Peach, Pear and Mixed fruits) exceeds 1,000,000 tonnes
- Approximately 600 canneries process deciduous fruit
    - Production capacity
        - Peach – 33,000,000 BQ
        - Pear – 7,000,000 BQ
        - Apricot – 1,300,000 BQ
        - Mixed Fruit – 6,500,000 BQ
- About 100 canners are accredited for export
- There is now some rationalisation/aggregation occurring amongst canners

- Import / export data is sourced from Chinese Customs, and is reliable
- Domestic production / consumption data, however, is an educated guess

Peach

- 593,300 Ha planted to peaches in China (9,000,000 tonnes total production)
- 30,000 Ha only are yellow clingstone varieties
- Balance is white fleshed varieties for fresh market
- Total production of clingstone peaches is expected to reach 750,000 tonnes in 2012, a 15 fold increase from 50,000 tonnes in 2000
    - Export volume is stable at 130,000-150,000 tonnes
    - Domestic consumption up from 200,000 tonnes in 2008 to 615,000 tonnes in 2012
- Farm gate prices for peach
    - increased by 65% from USD280 in 2008 to USD460 in 2011
    - It is expected that prices will reduce to USD375 in 2012

Pear

- 1,153,300 Ha planted to pears in China (16,000,000 tonnes total production)
- 10,000 Ha planted to canning varieties
- About 100,000 tonnes are utilised for canning
  - 60% Export
  - 40% Domestic
- Farm gate pear prices
  - increased steadily from USD245 in 2009 to USD310 in 2011

Other Costs

		2008	2009	2010	2011	2012
Sugar	USD	561	816	1,152	1,157	1,150
Corn Syrup						
1kg Can (EOE)	USD/1000	250	252	260	269	268
Factory labour incl.	USD/day				10-12	10-12
Factory labour incl.	USD/hr				1.00-1.20	1.00-1.20

GREECE

- Greek Canners Association
- Represented by 3 delegates and many observers
- Country report presented by Costas Apostolou – Greek Canners Association

Peach

- There has been a significant reduction in the area planted to canning peach
- There has been a corresponding improvement in the orchard productivity
- Total production of canning peach varieties has decreased by about 10%
- More than 95% of canned peaches are exported
- There are 16 peach canners in Greece (down from about 70 in 2000)
  - 21,000,000 BQ Production capacity
  - 60% utilized

Canning peach	2008	2009	2010	2011	2012
Area planted	22,300	21,200	19,500	17,200	15,100
Total production	400,000	420,000	400,000	366,000	370,000
Tonnes/Hectare	17.9	19.8	20.5	21.3	24.5
Tonnes processed	365,000	280,000	293,000	291,000	290,000
Tonnes canned	255,000	185,000	230,000	210,700	210,000
Tonnes pulp/puree	110,000	95,000	133,500	80,300	80,000
Farm gate price – USD	326	342	254	265	344

Pear

- The quantity of pears grown in Greece is very small
- Pears are used only in mixed fruits
- Greeks are-process pear from A10 cans (mostly from Italy) for mixed fruits

Apricot

- Information is sparse on apricots
- 7 companies process canned apricots
  - 2,000,000 BQ production capability
  - 30-40% utilised
- 9,000 – 15,000 tonnes of apricots are canned

Other Costs

		2008	2009	2010	2011	2012
Sugar	USD	696	876	767	1,171	
1kg Can (EOE)	USD/1000	243	283	238	262	
Factory labour incl.	USD/day					

SOUTH AFRICA

- SA Canned Fruit Producers Association (Growers)
- SA Fruit & Vegetable Canners Association (Processors)
- Represented by 4 delegates and 4 observers
- Country Report presented jointly:
  - Wiehahn Victor – CFPA
  - Jill Attwood-Palm – SAFVCA
- There are 2 canned fruit processors in South Africa,
  - operating 4 factories
- Industry is export oriented
  - Approx. 85% exported
- Canning fruit price formula
  - 80% payment by May – (80% of Agreed Price)
  - ~20% (±5%)payment by September based upon market returns
    - Most years > 20%
    - 1 year 11% only
- Puree processors
  - Are separate entities to canners
  - Process orchard run fruit
  - Pay approx. 50-75% of canning price
- Stellenbosch University has carried out research into the nutritional benefits of canned fruit
- Industry is promoting the consumption of canned fruits with SuperCan promotion
  - www.supercan.za
- South Africa has one supplier of tin plate, and two can manufacturers

Peach

- There has been a 10% reduction in the area planted to canning peach varieties
- However, Peach production is stable at around 160,000 tonnes
  - 25,000 tonnes to Fresh Market
  - 10,000 tonnes to Dried
  - 25-30,000 tonnes to Puree/Concentrate
  - 95-100,000 tonnes to Canning
- Farm gate prices paid for peaches
  - Steady at around ZAR 2,000 from 2009 to 2012
  - Steady increase in USD from $241 to $309
- Peaches harvested at less than full maturity and held in coolstores for up to 20-30 days without Controlled Atmosphere.

Pear

- The area planted to WBC pears has reduced by about 10% in the past 5 years
    - 15-20% of production is the Early WBC variety, which matures approximately 2 weeks before the regular WBC
- WBC Pear production is stable at around 100,000 tonnes
    - 25-30,000 tonnes to Fresh Market
    - 4,000 tonnes to Dried
    - 15-20,000 tonnes to Juice/Puree
    - 50,000 tonnes to Canning
- Farm gate prices paid for pears
    - Decreased 7% in ZAR from 2009 to 2011, then increased 15% in 2012
    - Steady increase in USD from $193 to $242

Apricot

- There has been a 10% decrease in the area planted to canning Apricots since 2008
- Production is stable at around 50,000 tonnes
    - 35,000 tonnes to Canning
    - 15,000 tonnes to Puree/Concentrates

Other Costs

		2008	2009	2010	2011	2012
Sugar	USD					360
1kg Can (EOE)	USD/1000					675
Labour 45hr/wk,	USD/8hr day					30

SPAIN

- Murcia Canners Association – AGRUPAL
- Represented by 2 Delegates
    - Antonio Marin Garcia
    - Joaquin Navarro Salinas
- Country Report presented by Joaquin Navarro Salinas, President AGRUPAL

- 70% of canning peaches are grown in Murcia
- 90% of canning pears are grown in Aragon
- All processors are located in Murcia
    - No. of processors is decreasing
    - Size of processors is increasing
    - Production is stable
- Fresh market in Spain is accustomed to yellow clingstone peaches
- 90% of retail cans are EOE

Peach

- Production of yellow clingstone peaches has decreased
    - 420,000 tonnes in 2008
    - 280,000 tonnes expected in 2012
- Peach utilisation
    - 110-125,000 tonnes to Canning
    - 55-75,000 tonnes to Puree

- Canning production
  - 50% Domestic
  - 50% Export
- No. of peach processors has decreased
  - 24 in 2009
  - 17 in 2012
- Farm gate prices paid for peaches virtually doubled
  - EUR150 in 2009 to EUR290 in 2012
  - USD197 in 2009 to USD400 in 2012
  - Returning to the pre-GFC levels of about EUR330 in 2008

<u>Pear</u>

- Production of pears for processing has been quite variable, ranging between 30,000 and 48,000 tonnes
- Pear utilisation
  - 15-20,000 tonnes to Canning
  - 10-11,000 tonnes to Puree
  - 10-20,000 tonnes to Fresh
- There are 11 pear processors
- Canning production
  - 60-70% Domestic
  - 30-40% Export

<u>Apricot</u>

- Apricot production has also been variable between 28,000 and 51,000 tonnes
- Apricot utilisation
  - 18-22,000 tonnes to Canning
  - 13-26,000 tonnes to Puree
- There are 11 Apricot processors
- Canning production
  - 10% Domestic
  - 90% Export

<u>Other Costs</u>

		2008	2009	2010	2011	2012
Sugar	USD					1,185
1kg Can (EOE)	USD/1000					255

UNITED STATES

- California Canning Peach Association (Growers)
- Del Monte Foods
- Represented by 2 delegates
- Country Report presented by Rich Hudgins, President CCPA

- Utilisation of peaches, pears and apricots for puree, pulp and concentrate is minor, accounting for no more than 5% of production

- Del Monte will close the Kingsburg peach cannery following the 2012 season
  - Kingsburg was peach only, and cans only, processing about 3,200 bins per day

    - Production will be transferred to Modesto, and will increase the throughput there from 4,200 to 7,400 bins per day
- Almost all labour is illegal Mexican immigrants
    - Fewer Mexicans are available this year
    - More people are going to Mexico than coming from Mexico
- Imports equal 15% of domestic consumption
- The challenge that all countries face is with the image of our products

<u>Peach</u>

- Industry consists of 3 Canners and 2 Freezers
- Area planted to cling peaches has stabilized in last 4 years, after peaking in 2004
    - 2004 – 12,800 hectares
    - 2012 – 9,200 hectares
- Production of cling peaches is around 350,000 to 400,000 tonnes
- Production per bearing hectare in California has plateaued at almost 40 tonnes per hectare
- Farm gate prices paid for peaches have fallen a little
    - 2009 – USD 354
    - 2011 – USD 321

<u>Pear</u>

- Bearing hectares has steadily declined since 2002
    - 2002 – 12,600 hectares
    - 2011 – 9,400 hectares
- Tonnes utilised for canning has increased in past 4 years
    - 2008 – 213,000 tonnes
    - 2011 – 274,000 tonnes
- Farm gate prices for canning have shown a steady increase since 2004
    - 2004 – USD 231
    - 2008 – USD 264
    - 2011 – USD 278
- 2 distinct areas of production and processing
- Pacific Northwest
    - Oregon and Washington
    - 4 Processors
    - Only produce Grade Pack pears
- California
    - 3 processors
    - Primarily Fruit Cocktail and Mixed Fruit

<u>Apricot</u>

- Apricot industry consists of 3 canners, all located in California
- Bearing hectares have decreased by 35% since 2002
    - 2002 – 6,880 hectares
    - 2011 – 4,300 hectares
- Tonnes utilised for canning has also decreased in past 10 years
    - 2002 – 37,500 tonnes
    - 2011 – 15,600 tonnes

- Farm gate prices for canning rose by about 30% from 2002 to 2008, and have been stable since then

- 2002 – USD 320
- 2008 – USD 413
- 2011 – USD 429

<u>Other Costs</u>

		2008	2009	2010	2011	2012
Sugar	USD	270	375	360	420	552
1kg Can (Non EOE)	USD/1000	215	252	237	242	243
Labour – Factory	USD/hr					18.00

The Australian Delegation listens to the interpretation of the Chinese Report


Conference Views and Australian Delegates

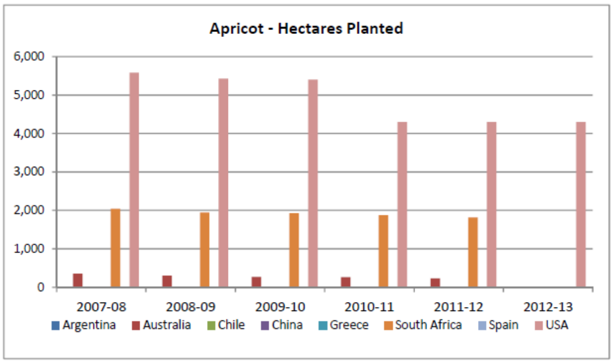
World Deciduous Canned Fruits Production Summaries

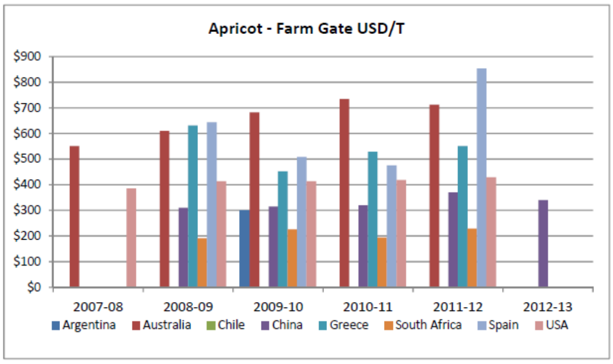
APRICOTS

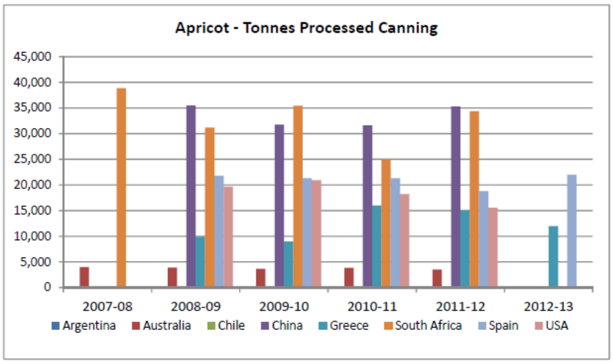
	Total Production of Canning Varieties						Hectares					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Argentina												
Australia	8,460	5,948	6,181	5,672	5,150		354	299	272	260	235	
Chile												
China												
Greece												
South Africa	52,800	43,918	49,492	35,431	50,963		2,039	1,943	1,925	1,871	1,814	
Spain		91,648	86,843	78,600	88,800	92,100		13,315	12,462	12,459	12,510	12,118
USA		61,900	60,900	60,800	56,700	56,000	5,585	5,423	5,400	4,300	4,300	4,300
		203,414	203,416	180,503	201,613			20,980	20,059	18,890	18,859	

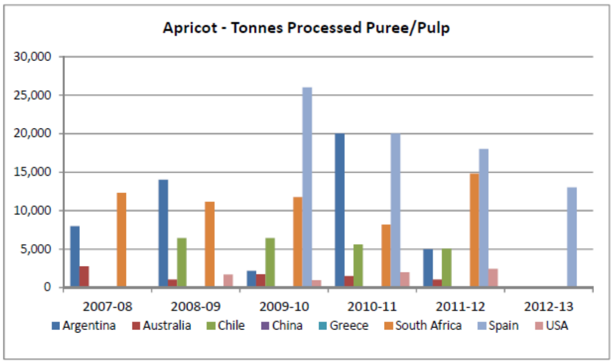
	Tonnes Processed - Canning						Tonnes Processed - Pulp					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Argentina		150	170				8,000	14,000	2,200	20,000	5,000	
Australia	4,001	3,884	3,635	3,871	3,484		2,768	1,073	1,740	1,519	1,045	
Chile								6,440	6,440	5,600	5,040	
China		35,458	31,748	31,607	35,283							
Greece		9,910	9,000	16,000	15,000	12,000						
South Africa	38,898	31,190	35,438	24,938	34,337		12,300	11,123	11,754	8,193	14,826	
Spain		21,800	21,308	21,338	18,832	22,000			26,000	20,000	18,000	13,000
USA		19,700	20,900	18,200	15,600			1,700	950	2,000	2,450	
		122,092	122,199	115,954	122,536			34,336	49,084	57,312	46,361	

	Price for Canning Fruit - USD/MT						Price for Pulp Fruit - $/MT					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Argentina			$300						$160	$140	$175	
Australia	$551	$610	$682	$735	$712					$288	$250	
Chile										$200	$204	
China		$310	$315	$320	$370	$340						
Greece		$631	$452	$529	$551							
South Africa		$191	$226	$194	$229							
Spain		$644	$509	$476	$854							
USA	$386	$413	$413	$418	$429							









PEACHES

	Total Production of Canning Varieties					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Argentina	159,000	151,000	117,500	172,850	163,500	
Australia	49,130	48,080	41,150	36,115	39,520	
Chile		284,000	233,000	285,000	274,000	
China		372,500	484,000	650,000	715,000	750,000
Greece		400,000	420,000	400,000	366,000	370,000
South Africa	159,940	156,230	156,510	153,970	166,780	
Spain		833,400	784,500	792,100	852,500	808,600
USA	445,000	380,740	422,780	390,150	355,040	377,000
		2,625,950	2,659,440	2,880,185	2,932,340	

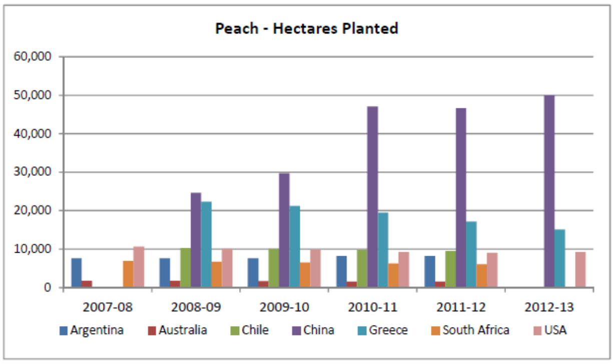
	Hectares					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Argentina	7,617	7,617	7,617	8,160	8,160	
Australia	1,753	1,739	1,648	1,550	1,556	
Chile		10,270	10,100	9,800	9,500	
China		24,667	29,690	47,036	46,616	50,000
Greece		22,300	21,200	19,500	17,200	15,100
South Africa	6,862	6,675	6,513	6,254	6,051	
Spain		51,670	47,442	45,606	40,615	41,468
USA	10,600	10,070	9,835	9,230	9,030	9,210
		135,008	134,045	147,136	138,728	

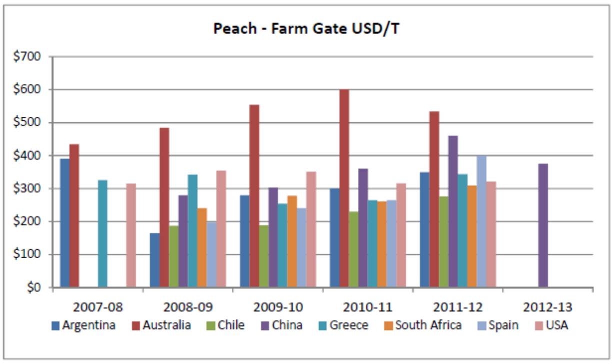
	Tonnes Processed - Canning					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Argentina	83,450	80,350	81,100	100,550	102,500	
Australia	40,955	39,259	31,843	27,854	30,685	
Chile		83,000	97,000	98,000	98,000	
China		350,250	389,600	497,400	646,000	
Greece		255,000	185,000	230,000	245,000	250,000
South Africa	97,830	95,480	99,120	88,560	99,200	
Spain		124,250	113,010	106,570	123,400	110,000
USA		365,140	406,500	374,940	340,740	
		1,392,729	1,403,173	1,523,874	1,685,525	

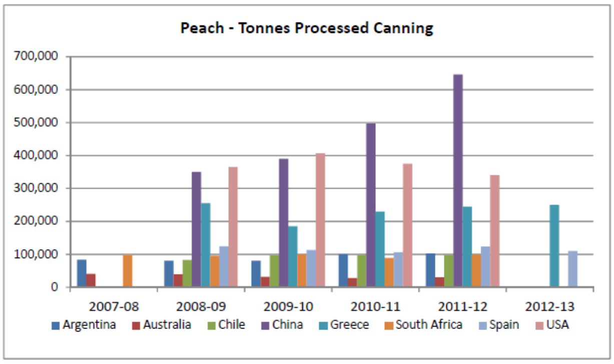
	Tonnes Processed - Pulp					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Argentina	71,550	67,650	36,400	72,300	61,000	
Australia	3,455	3,100	1,750	641	1,021	
Chile		185,000	118,000	174,000	161,000	
China						
Greece		110,000	95,000	133,500	80,300	80,000
South Africa	28,100	27,750	21,400	29,410	32,560	
Spain			55,000	65,000	60,000	75,000
USA		8,850	7,300	7,650	7,850	
		402,350	334,850	482,501	403,731	

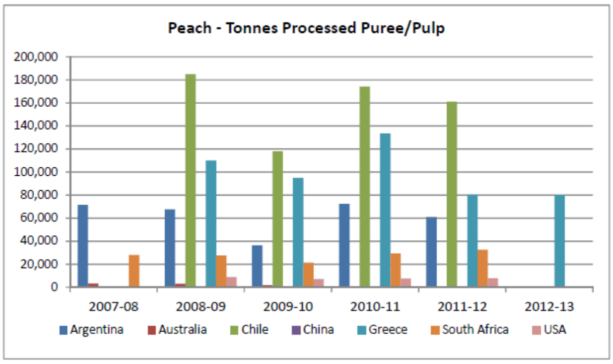
	Price for Canning Fruit - USD/MT					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Argentina	$390	$165	$280	$300	$350	
Australia	$435	$484	$554	$601	$534	
Chile		$187	$189	$230	$276	
China		$280	$303	$360	$460	$375
Greece	$326	$342	$254	$265	$344	
South Africa		$241	$278	$261	$309	
Spain		$197	$240	$265	$400	
USA	$315	$354	$351	$316	$321	

	Price for Pulp Fruit - $/MT					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Argentina	$310	$80	$105	$165	$210	
Australia	$60	$70	$75	$84	$80	
Chile			$170	$205	$250	
China						
Greece						
South Africa						
Spain						
USA						







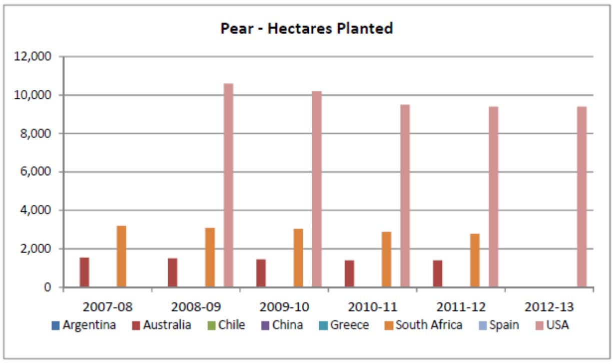


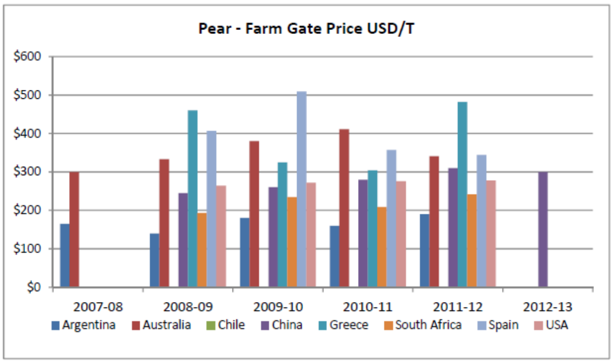
PEARS

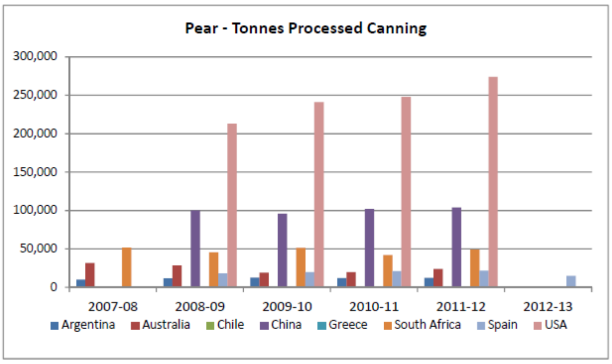
	Total Production of Canning Varieties						Hectares					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Argentina												
Australia	77,000	67,450	42,030	72,800	67,050		1,540	1,499	1,449	1,400	1,397	
Chile												
China												
Greece												
South Africa	102,860	99,340	99,980	98,730	103,680		3,190	3,093	3,043	2,881	2,785	
Spain		538,700	434,200	482,600	510,300			29,216	24,000	26,900		
USA		359,000	402,000	383,000	415,000	400,000		10,600	10,200	9,500	9,400	9,400
		1,064,490	978,210	1,037,130	1,096,030			44,408	38,692	40,681	13,582	

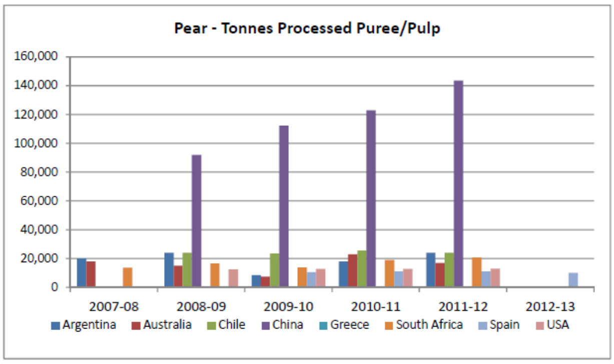
	Tonnes Processed - Canning						Tonnes Processed - Pulp					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Argentina	10,000	11,500	12,500	12,000	12,300		20,000	24,000	8,500	18,000	24,000	
Australia	31,621	28,509	19,153	19,692	23,859		18,000	15,000	7,500	23,000	17,000	
Chile								24,000	23,500	25,500	24,000	
China		100,080	95,830	102,060	103,890			91,920	112,170	122,940	143,610	
Greece												
South Africa	51,700	45,470	51,190	41,920	49,080		13,650	16,610	13,790	18,810	20,600	
Spain		18,000	19,725	20,900	21,700	15,000			10,600	11,000	11,000	10,000
USA		213,000	241,000	248,000	274,000			12,500	12,700	12,700	12,800	
		416,559	439,398	444,572	484,829			184,030	188,760	231,950	253,010	

	Price for Canning Fruit - USD/MT						Price for Pulp Fruit - $/MT					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Argentina	$165	$140	$180	$160	$190		$150	$75	$90	$85	$110	
Australia	$300	$333	$380	$411	$341		$80	$80	$80	$80	$80	
Chile										$170	$163	
China		$245	$260	$280	$310	$300						
Greece		$460	$325	$304	$482							
South Africa		$193	$234	$209	$242							
Spain		$407	$509	$357	$344							
USA		$264	$272	$276	$278							









Technical Report Summaries

The Reform of the EU's Common Agricultural Policy (CAP)

- PROFEL – European Association of Fruit and Vegetable Processing Industries
- An umbrella organisation of national associations
    - Frozen and Canned Vegetables
    - Dried Vegetables
    - Canned Deciduous Fruits and Compotes
    - Fruit Preserves and Jams
- Presentation by Susanne Meyer, Secretary General, PROFEL

- 20% of EU farmers account for 85% of production
- Only 7% of EU farmers are less than 40 years of age

- Total CAP subsidies remain steady at €435,000,000,000 despite the de-coupling in recent years
    - 15,000,000 farmers in EU
    - €435,000,000,000 / 15,000,000 = €29,000 per farmer
    - 80% of farmers receive €5,000 or less
    - 2% of farmers receive more than €150,000
- De-coupling commenced in the 2000's to allow for the joining of new EU countries
- There is now cross-compliance built in to the allocation of CAP funding
    - Environment, Food Safety, Productivity Improvements
- All money from Brussels goes to the country, and is then allocated by the country

The Early Years (1960s-70s)

- CAP was developed to achieve food security, improve productivity and avoid rural exodus
- This was attempted through price support with intervention buying, high import tariffs

The Crisis Years (1980s)

- Over production, exploding EU expenditure, international friction
- Leading to dairy quotas, budget stabilisers and export refunds

The Reform Years I (1990s)

- Efforts were made to reduce surpluses, achieve better market orientation and stabilize spending
- This was done by reducing price support by making 'compensatory' direct payments

The Reform Years II (2000s)

- Intended to increase competitiveness, achieve WTO compatibility and prepare for EU enlargement
- The process of de-coupling payments from production commenced and payments were increasingly linked to cross compliance, environment and rural development

Post 2013 – Economic and ecological competitiveness

- CAP budget needs to be justified to tax payers, should include incentives for sustainability and trend towards a fairer distribution of funds between EU members
- Flatter payment rates per hectare are also linked to greening initiatives, rural development and R&D Innovation

Industry lobby is seeking to freeze CAP spending at €435Billion

There was no discussion on EU import tariffs

Review on Bisphenol A (BPA)

- Presented by Theocharis Danis PhD, Head of Analysis - DELCOF Quality Control Laboratory

- BPA is used in the production of polycarbonate plastics and epoxy resins
- Cured epoxy resins are inert materials used as protective liners in metal cans
    - Epoxy coatings are resistant to chemicals found in food
    - Epoxy coatings are resistant to scratching and cracking when dented
    - The coating protects the food product from interacting with the metal and prevents perforation that will allow microorganisms to enter
    - According to US FDA, there has not been an incidence of food-borne illness resulting from a failure of metal packaging in more than 30 years

- Migration of BPA into food is possible at extremely low levels
- The human body readily metabolises BPA and excretes it as waste

- Since 1995 concerns have been raised over the effects of low-dose exposure to BPA
- In this data, BPA is alleged to have the following health effects:
    - Endocrine disruptor (weak)
    - Obesity
    - Effects on thyroid function
- There are also many studies that conclude that BPA poses no health risk

- In general, each of these bodies;
    - European Scientific Committee on Food,
    - EU's European Chemicals Bureau,
    - European Food Safety Authority,
    - US FDA
    - Japanese Ministry of Health

  have concluded that current levels of BPA present no risk to the general population.

- BPA is permitted for use in food contact materials in the EU
- In Jan 2011, the European Commission prohibited the use of BPA in the manufacture of polycarbonate infant feeding bottles
- In all updates published by the US FDA the use of BPA in polycarbonate plastic and epoxy resins continues to be recognised as safe.
    - A number of US states have taken action against the use of BPA in packaging targeting 0-3 year olds

- Cans used in fruit canning have epoxy coating in lids and seams
    - The temperatures of pasteurisation are moderate, which makes the fruit cans less likely to contain BPA residues
    - BPA residues are rarely detected in canned fruit

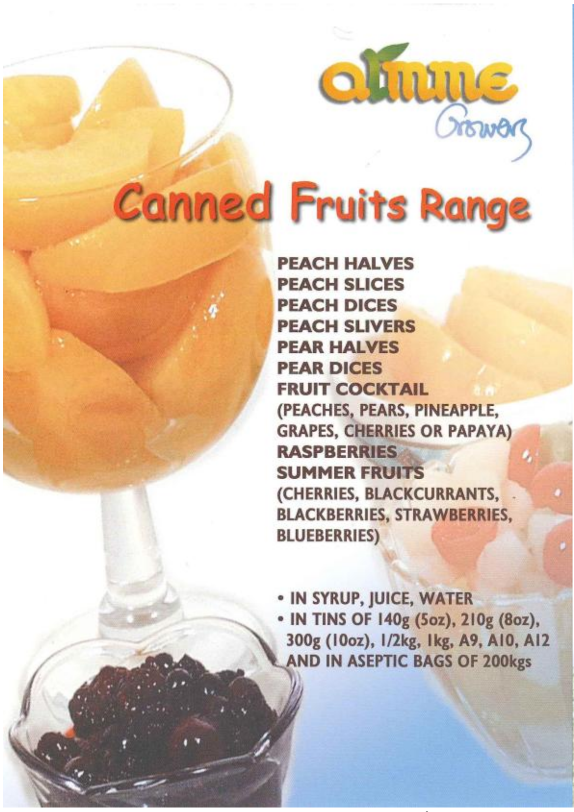
- At present, there is no readily available alternative to BPA in epoxy resins for cans
    - New coating technologies are well underway, but it will take several years to be brought to market

- Media and consumer organisations are pressuring government to reconsider their reviews and for retailers to provide BPA-free products
- We can expect that this pressure will result in demand (if not legislation) for BPA-free products in the future

INDUSTRY TOURS

The industry tours were to the AL.M.ME factory and a neighbouring orchard at Veria. AL.M.ME is the Association of Agricultural Co-operatives which consists of three co-operatives with about 2000 growers as members with a total planted area of 3200 hectares in the central Macedonian region of Greece.

The co-operatives are Aliakmon, Messi and Meliki and have been operational since 1928. In the last 30 years they have invested in fruit and vegetable packing, frozen foods processing and canning of peaches, pears, fruit cocktails and berries.



The ALMME Factory and Products

The orchard that was visited was modern in architecture. It has a reticulated watering system, trellis and there was a significant presence evident of integrated pest and disease management programs. Fresh fruit trees were under netting.

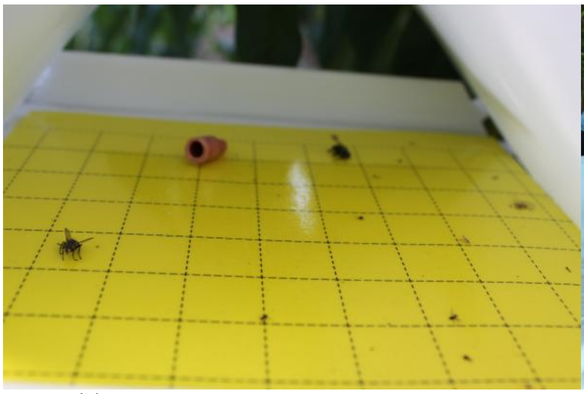
The conference attendees were able to sample fruit at the orchard and at the cannery and in both instances the fruit that was presented was of an excellent eating quality.


Dominic Siciliano inspects peaches


Insect trap


Netting


Lure


IPDM sticky trap


Fruit Sampling


Cherries


George Georgio listens to the orchard owners

SUMMARY & RECOMMENDATIONS

In 2009 the members of the World Canned Deciduous Council exchanged information about their cost of production for a 1 kilogram can of peaches. The costs were standardised to the $US. Australian production cost was at 95% of the world median price. In early 2012, CFICA substituted revised exchange rates into that exercise and the escalated $AUD had moved Australian production cost to 120% of the world median.

This exercise was an indicator of the current difficult trading situation faced by Australia's canning industry but it was not conclusive because of the many other factors that contribute to the equation. This project substantially provides the missing baseline information for a more substantial understanding of Australia's competitive position.

The objectives of this project were;

1. The preparation of an Australian Canned Fruits Industry 2012 Country Report.
2. The attendance of the CFICA delegation at Cancon11 to present the country report.
3. To observe other deciduous canned fruits country reports.
4. To obtain world production & demand data and to ascertain the world over/under supply situation.
5. To obtain world cost of production data
6. To network with world producers and processors of canned deciduous fruit.

The objectives were all achieved by attendance at Cancon11. The information contained in this report is a significant summation of the status of canned fruits production and markets in member countries of the World Canned Deciduous Council. This information is only to the Australian industry available by participation in Cancon11 which was made possible by the support of Horticulture Australia Limited.

It is recommended that CFICA continue to participate in the World Canned Deciduous Council and attend canning conferences because knowledge of the balance of worldwide supply and demand to essential to the Australian canning industry at all levels.

It is also recommended that more frequent dialogue occur between CFICA and individual country organizations.

This report will be disseminated to the Australian Canning Fruit Industry through the VPAGA, Fruit Growers Victoria Limited and SPC Ardmona. It will posted on the Fruit Growers Victoria Limited website.