

Papaya Industry Export Market Development Strategy 2023

*A quick overview of international trade
opportunities and considerations*

STRATEGY SUMMARY

To review the opportunities to export Australian papayas, Hort Innovation has developed a comprehensive export market development strategy. The strategy has been produced using levies from the papaya industry and funds from the Australian Government.

The supporting data underpinning this strategy has been prepared by market analysts and researchers McKINNA et al using its Market Potential Index (MPI) which is framework used to filter, rank and prioritise export markets. The strategy provides a valuable resource for growers and industry more broadly to identify any trade development investment opportunities.



WHERE ARE WE NOW?

As a tropical fruit, papaya production predominantly occurs in the North of Australia, in Queensland, as well as some production in the Northern Territory and Western Australia.

More than 130 commercial papaya growing businesses operate in Australia.

For the year ending June 2017, 18,381 tonnes of papaya was produced, 57 tonnes of which was exported. Ninety-three per cent of those exports went to the United Arab Emirates.

The Australian papaya industry is in the very early stages of the export journey. Australia's exports of papaya are extremely small in global terms and trade is opportunistic. In many seasons, exports are simply a result of a crop failure in a competitor country.

In some years, exports of papaya have been close to zero. The average export price has been at about the same level as the domestic price. Some trading agents consulted in this project were of the belief that papaya was simply too difficult to export, however others felt interest was growing in red papaya and enquiries were becoming more frequent.

WHERE DO WE WANT TO BE?

The Papaya Strategic Investment Plan, which was developed with industry, identifies 'driving long-term domestic and export growth' as a priority. It also notes the need to improve market access and increase consumer demand to increase returns to growers.

WHAT ARE THE OPPORTUNITIES?

Based on the market analysis, the size of the potential export market for Australian papaya that could be achieved by 2023 is estimated at 310 tonnes. These targets are achievable at prices at least as good as the domestic market.

Papaya is usually grown in areas around the world in areas that are subject to cyclones and intense weather events. Australian production has the advantage of more stable weather zones, particularly in the Atherton Tablelands. Australia also has access to an extensive choice of varieties.

The best prospect markets for papaya where Australia has market access and could be competitive as follows:

1. **Qatar:** Rapidly growing market but price sensitive.
2. **Bahrain:** Rapidly growing market but price sensitive.
3. **New Zealand:** Small and declining market, but the opportunity exists to build programmed supply.
4. **UAE:** Small volume but attractive pricing if specific niches can be targeted.
5. **Hong Kong:** An open market that is easy to trade with, where a premium positioning could be built for Australian papaya.

WHAT IS STOPPING US GETTING THERE?

Relative to other mature horticultural industries such as citrus and table grapes, the papaya industry's export supply chain is undeveloped. The industry has been totally geared to servicing the domestic market where demand is still unmet.

There are also a number of risks and challenges associated with exporting papaya including the soft skin of papaya making long distance transport difficult, the two-week shelf life of some fruit making airfreight necessary and the attention to detail required in packing export orders to ensure every piece of fruit is perfect.

The average export price of papaya has also been at about the same level as the domestic price.

HOW ARE OUR COMPETITORS POSITIONED?

Key competitors in the zone of reach for papayas include The Philippines, Cambodia, Vietnam, Taiwan, Malaysia, Thailand, India, Sri Lanka, Fiji and the largest exporter in the world, Mexico.

Lower labour and compliance costs; close proximity to markets; market access and simpler, lower cost supply chains are among the competitive advantages these countries have over Australia.

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WHAT ARE THE NEXT STEPS?

The Strategy makes the following findings:

- The challenges of shipping a highly perishable product overseas needs to be addressed. Investment in packaging or treatment innovations will also likely be required.
- Consider investing in R&D to improve the appearance of the product for export markets, particularly for red papaya as they have a shorter shelf life and softer skin.
- Acknowledge and address the difficulties in exporting papaya, including building support within industry.

Following the Strategy findings, Hort Innovation will work with industry to determine its appetite for levy investment and roll-out of trade-related research and development activities.

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This summary feeds into an overarching Australian Tropical Fruit Export Strategy which aims to:

- Encourage collaboration in the tropical fruit sector to build new export business models and supply chains
- Develop new products to secure premium pricing, underpinned by strong branding
- Engage with markets to maximise immediate opportunities while also pursuing strategic market access for the longer term

For more information on the papaya industry, refer to the Horticulture Statistics Handbook and the industry's Strategic Investment Plan.

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