

## **Final Report**

# **Export Readiness and Market Access**

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CY16004

**Project:**

Export Readiness and Market Access CY16004

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## Summary

The aim of CY16004 was to equip cherry growers and packers with the skills and resources to take advantage of new and improved market access and thereby increase the economic sustainability of the industry.

Over the life of the project (2016-2019); industry has seen tariffs reduced under free trade agreements, mainland access to China via an airfreight pathway achieved, the Vietnamese market re-opened and CSIRO driving the systems approach agenda.

Industry, having “practiced” export requirements for a number of years was in a very good position to take advantage of the opportunities presented by new and improved market access. New growers have entered the export space and the industry has been working together to create an export culture, improve in-market out-turns, build on the “premium” and “fresh” (picked packed and delivered within 72 hours) messaging to keep demand for Australian cherries high.

Key activities to develop export capacity have included:

- Engagement with DAWR on market access improvements and new market access
- Collaboration with the CSIRO project team to progress systems approaches
- Delivery of 3 export workshops
- Annual export manual updates
- Development of an export portal for growers and packers – a secure members section on the CGA website
- Improvement in MRLs available for export through work with the NRS, APVMA and chemical companies
- Work on biosecurity with PHA and the maintenance of the industry Biosecurity Management Programme to protect industry from exotic pests and diseases
- Export “help desk”
- The prioritisation of research requirements and identification of existing gaps
- Business cases and TAP
- In market visits and export intelligence
- Engagement with HIECC; and
- Ongoing communication with growers

The industry has grown in confidence and optimism over the past three years. Continuity of staff has contributed to a deep understanding of industry needs and developed quality relationships with growers, all levels of government, allied industries and service providers.

The project demonstrated the willingness and ability of the Australian cherry industry to embrace protocol market requirements, participate in extension activities to build export capacity and invest in directed research to shape and support future market access aspirations. Maintaining and extending upon this work is vital to the future strength of the cherry industry and export culture.

## Keywords

Export; biosecurity; cherries; growers; packers; systems approach;

## Introduction

The Australian cherry industry is in a period of rapid growth with production volumes presently at 15-16,000 tonnes of which approximately 30% is exported to over 30 countries. Exports in 2018-19 were 57% higher in terms of volume than the previous year due largely to protocols allowing airfreight to China and Vietnam. Exports generated an A\$79.3 million which is the highest value achieved to date. In the last three years, export growth has been diverted from unregulated, competitive and price sensitive markets into the more lucrative protocol markets.

Export volumes have been increasing at an average of 15% annually for the last ten years. Buoyed by recent export market improvements and the opening of new markets, production has been expanding in Tasmania and non-traditional areas such as the Riverland, Sunraysia, Hillston and Griffith.

The Cherry SIP (2017-2021) forecasts that cherry production will increase to 18,000 tonnes by 2019-20, of which 40-50% is expected to be exported, generating around A\$150m. This target seems unlikely to be achieved next year. Notwithstanding, cherry production outstrips domestic consumption and export is critical in sustaining the economic viability of the industry.

The cherry industry has invested in activities to build export capability and cohesiveness at a national level through the projects CY11017, CY12007 and CY16004 all delivered by Cherry Growers Australia. These projects focused on building capacity and fostering an export culture in the cherry industry through the development of the Cherry Export Manual, Biosecurity Management Program (BMP) and industry training. Information is communicated through multiple modalities such as workshops, meetings and online. An export “help desk” and online portal were established to facilitate learning and establish a single point of contact for industry.

Project outputs have delivered best practice to growers and packers, helping them realise current export market opportunities and is highly regarded by other industries. The project team has driven the systems approach agenda which led to the multi-state, cross commodity CSIRO project “Developing a systems approach for meeting biosecurity requirements to access key Asian markets”. That project is developing a framework and methodology which quantifies the reduction in risk associated with standard industry practices to manage pests and will ultimately deliver new market access opportunities to fruit fly sensitive commodities in the future.

The projects CY11017 and CY12007 and CY16004 have contributed to a deep understanding of industry needs and the development of quality relationships with growers, all levels of government, allied industries and service providers. Key learnings from these projects demonstrated the willingness and ability of the Australian cherry industry to embrace protocol market requirements, participate in extension activities to build export capacity and invest in directed research to shape and support future market access aspirations. Furthermore, the importance of developing short, medium and long-term strategies for export market access through well-defined goals was defined by undertaking these previous projects.

## Methodology

The CGA team is responsible for extension and training on export activities; communicating with all stakeholders and export development. Activities have been summarized below along with target audience and reach. Reports on all items have previously been submitted to Hort Innovation in milestone reports and are not included herewith.

### Industry extension and training

- Export workshops - Presentation of training materials by industry experts and government.
  - Export workshop were previously delivered in each cherry growing state; however, a national

workshop is preferred by growers. The last two years has seen the export workshop morph from a “registration” event to one which brings all stakeholders together to build an export culture. The national two-day workshops have well attended by both industry and government and further the export agenda by including a broad range of topics and participants. It also gives participants an opportunity to network which is particularly important given absence of a national cherry conference in recent years.

- The workshops are targeted towards a national audience of growers, packers, crop monitors, service providers, exporters and anyone else involved in the cherry supply chain.
- Cherry Export Manual – The manual brings together information and legislation in one document designed to explain processes in a step by step, easy to understand manner.
  - Targeted towards a national audience of growers, packers & crop monitors.
- Development of members login “export portal” to securely house documents. The export portal ensures that export growers and packers have up to date information at hand.
  - Targeted towards a national audience of growers, packers & crop monitors
- Facilitation of export registration, development of audit checklists, export help desk
  - Targeted towards a national audience of growers, packers & crop monitors
- Collaborative projects (lead agency in bold)
  - Systems approaches – growers, CGA, **CSIRO**, federal and state governments, industry.
    - Target audience – growers, packers, regulators
  - Coolchain and quality in Vietnam– growers and packers, CGA, **Agriculture Victoria**
    - Target audience – growers and packers
  - Food safety review – FSANZ, CGA, **Agriculture Victoria**

#### **Communication activities: Audience - national export grower base**

- Pre-season reports
- Post-season reports
- Website, email, newsletter, Facebook, magazine communications
- Market access visit reports

#### **Communications: Audience national - general grower base**

- Articles procured for the cherry newsletter and magazine
- Website, email, Facebook
- Telephone and email inquiries

#### **Communication activities: Audience CGA and CEWG boards**

- Stakeholder engagement plan
- Meeting attendance and reports

**Export development** - Maintaining a current export strategy is critical to the industry's ability to maintain an effective focus on export markets that will facilitate new market access success.

- Export strategy – CGA and CEWG boards
- TAP business case studies
- SIAP
- In market visits and export market intelligence – national export grower base
- Systems approach – national grower base
- Translated documents – national grower base
- DAWR assistance - DAWR
- Export strategy development and refinement – CGA and CEWG boards
- Identification of export pathway opportunities – CGA and CEWG boards

- Import inquiries – national grower base

**Crop monitoring and biosecurity** – pest and disease management documents have been developed to underpin and maintain a robust crop monitoring and management program. Biosecurity awareness and preparedness has also been promoted through:

- Work with PHA on biosecurity threats – national grower base
- P&D program structure – CGA and CEWG boards
- BMP, BMP working doc and BMP summary – CGA and CEWG boards
- P&D status report – national export growers
- Packhouse receipt and BSF app – national export growers
- Surveillance report - DAWR
- QFF DD generation predictions – national export growers
- Industry practice versus export compliance – national export growers
- Non-public IPDM clarification report – CGA and CEWG boards
- Crop monitoring improvements – national export growers
- Endemic and exotic pest mapping and graphing - national and international P&D of concern to Australia and our trading partners – national export growers

**Monitoring and evaluation** – project performance metrics

- M&E plan – CGA and CEWG boards
- Annual surveys – delivery and analysis – CGA and CEWG boards; export grower base.

## Outputs

- Annual Export Workshops
- Export Manual
- Registration assistance and audit support
- Industry helpdesk
- Developed a P&D database that supported market access negotiations
- Developed a suite of SOPs to support growers and packers meet compliance requirements
- Active involvement in supply chain initiatives - cool chain project
- Initiated cherry industry involvement with the NRS MRL program
- Implemented updates to the TOCAL training program to support new market access conditions - eg China
- Assisted Plant Exports with the development of new export workplans in line with changing market access arrangements
- Identified R&D needs to support current market access needs and future market maintenance
- Developed strong and effective relationships with key government members to support market access arrangements and negotiations
- Reviewed and responded to Pest Risk Analyses to ensure phytosanitary measures and pest lists were reasonable and commercially appropriate
- Developed business cases that effectively represented industry for access to China, Vietnam, USA, Thailand and Korea
- Represented industry in the face of pest and disease threats such as Varroa, BMSB, etc
- Represented and promoted industry's needs at forums such as Plant Health Australia, National Fruit Fly Council, CSIRO, HEICC, SIAP, National Surveillance forums, TAP, NSW DPI, Agriculture Victoria, and the Horticulture Industry Network, amongst others.
- Conducted season launches in Guangzhou and Shanghai

- In-market representation – trade visits to Vietnam, China, Macau, Hong Kong.
- Ensured industry market access priorities were represented

## Outcomes

The cherry industry developed greater levels of export readiness over the life of the project, allowing growers and packers to take advantage of export market access improvements. In 2018, the cherries became Australia's the third biggest horticultural export.

The project has also facilitated better decision making through strategy, business case studies, TAP, HIECC and greater market understanding through trade missions.

Project outcomes aligned to the Australian Cherry Strategic Investment Plan (2016-2020) are:

- "Objective 2.2.2, (to) develop and implement an Export Plan and the Biosecurity Management program and framework incorporating Industry development and market access requirements, to maximise market opportunities and returns to growers; and mitigate market / business risk". Export Plans and the Biosecurity Management Program have been developed, updated as required and implemented.

Associated with this objective was the target to "increase export levels from 20% of the Australian crop in 2012 to 50% of the Australian crop in 2017". Although export volumes are increasing, export volumes were 30% of production in 2017 and increasing at a more conservative rate of 15% annually.

In terms of value, export growth has nearly doubled from \$41.29 million in 2016/17 to 79.34 million in 2018/19. The average export price for Australian cherries was US\$11.65/kg in 2018/19, which was 2.84 times higher than the global average of US\$3.99/kg and the second highest in the world (Global Trade Report, Fresh Intelligence Consulting, 2019).

The SIP (2016-2020) goes on to state that "to achieve its objectives the Industry must build effective relationships and alliances with strategic partners". Through engagement, CGA has built relationships and alliances with government, industry and supply chain partners. This is evidenced by meeting and workshop attendances.

- "Objective 3, to ensure the Australian cherry industry has appropriate and sufficient capacity to manage change and industry expansion for domestic and international markets", and more specifically:
  - "3.1 Develop appropriate leadership, structures and resources to provide sound industry stewardship". The CGA President provides sound and effective leadership for industry. His passion is noted and often commented upon in workshop evaluations. CGA also encourages individuals to develop leadership skills and promotes education and scholarship pathways.
  - "3.2 Improve industry communication and extension to facilitate improved outcomes for industry and industry investors". This objective has been central to the work CGA has undertaken in the project.

## Monitoring and evaluation

Key measures of success as determined in the original proposal and M&E plan are reported below:

### **A clear and broadly supported Export Strategy**

The Export Strategy is a broadly support document which details market access improvement and development priorities. It also contains information to support decision making for future expenditure on R&D projects



### Registration performance metrics

Statistics on successful registrations (that is, businesses which passed audit) for the mainland from 2014 to 2018 are shown in table 1 below. Historical registration numbers are given for context.

Year	2014	2015	2016	2017	2018
Orchards	22	21	40	35	42
Packhouses	9	13	15	15	21

Table 1: export registration statistics

1. The training of 40 orchards on export registration by November ahead of each season.
  - a. This target was reached in 2 of the past three years. Registrations for orchards and packhouses have essentially doubled since 2014.
2. The registration of 15 pack-houses for export by November ahead of each season
  - a. This target has been reached over the life of the project.
- The successful audit of 14 pack-houses for export by November ahead of each season a. This target has been reached over the life of the project.

### Export volume and value metrics

Statistics on export volumes from 2014 to 2018 are shown in table 2 below. Historical volumes are given for context.

Year	2014	2015	2016	2017	2018
Tonnes	3,525	4,638	3,698	3,444	5,395
% change		+32%	-20%	-7%	+57%

Table 2: Export volume statistics (Source: Global Trade Report; Fresh Intelligence 2019)

Table 2 shows the influence of growing conditions export. Catastrophic hail, rain and drought all impacted on production and fruit quality in 2016 and 2017. Production estimates at the commencement of the project assumed optimal growing conditions. As a result, export volumes predicted (shown below) were not been achieved, however data shows a general upward trend over time.

1. The export of 6,000 tonnes of cherries during the 2016-17 season by airfreight by 31 March 2017
  - a. Not achieved
2. The export of 6,500 tonnes of cherries during the 2017-18 season by airfreight by 31 March 2018
  - a. Not achieved
3. The export of 7,000 tonnes of cherries during the 2018-19 season by airfreight by 31 March 2019
  - a. Not achieved.

In the last three years, export growth has been diverted from unregulated, competitive and price sensitive markets into the more lucrative protocol markets and Australian fruit commands a premium price (Fresh Intelligence Consulting, 2019). Table 3 shows a 20% increase from unregulated to regulated markets over the past three years.

Year	% of total exports	
	Unregulated markets	Regulated markets
2016/17	50.8 %	38.5 %
2017/18	45.5 %	45.3 %
2018/19	35.0 %	59.2 %

Table 3: Percentage of exports to regulated and unregulated markets

**Surveys and feedback**

Satisfaction levels with all aspects of service delivery have been very good with an average rating of satisfied to very satisfied for all criteria over the three years of the project. Results from 2018/19 are shown in Table 4.

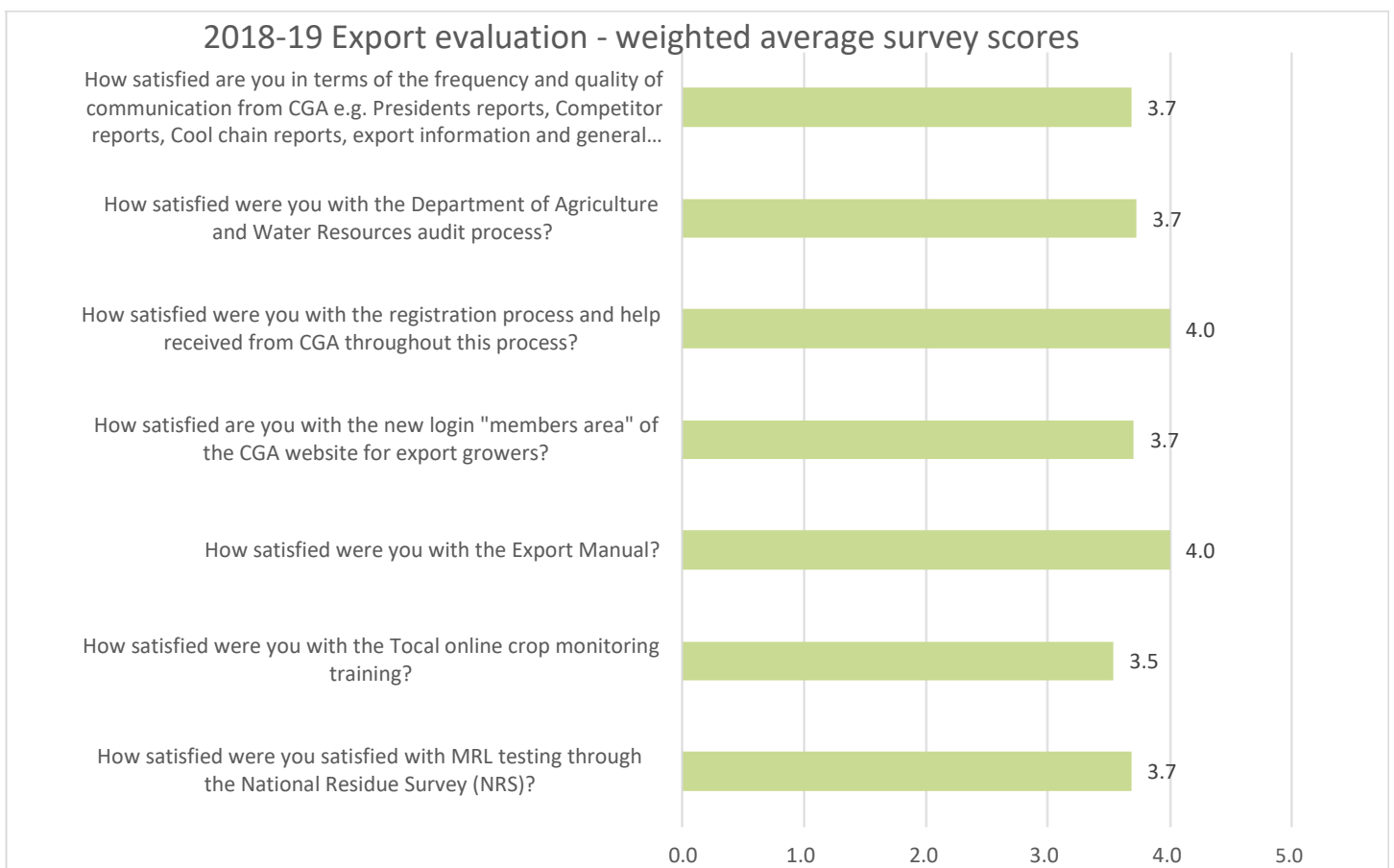


Table 4: sample export evaluation survey results

Key evaluation questions from the M&E plan are addressed below:

Key evaluation questions	Project-specific questions
<b>Effectiveness</b>	
1. To what extent has the project supported export capability and preparedness of the cherry industry?	The project has delivered outputs as stated in the proposal and has also been able to leverage additional projects through relationships to the benefit of the industry.
<b>Relevance</b>	
2. How relevant was the project to the market access needs of the Cherry Industry?	As it was shaped by industry, the project was very relevant to the market access needs of the industry.
<b>Process appropriateness</b>	
3. How well have intended beneficiaries been engaged in the project?	The Australian cherry industry has embraced protocol market requirements, participated in extension activities to build export capacity and invested in directed research to shape and support future market access aspirations.
4. To what extent were engagement processes appropriate to the target audience/s of the project?	A range of engagement processes were used to suit different learning styles. These include face to face meetings and workshops, telephone and email communication, website and Facebook.
<b>Efficiency</b>	
5. What efforts did the project make to improve efficiency?	Annual national rather than state-based workshops increased efficiencies and improved outcomes. The CGA team endeavours to improve workflow efficiencies through innovation, and technological solutions where practical. Experience, networks and contacts also contribute to efficiencies.

## Recommendations

The industry has grown in confidence and optimism over the past three years. Continuity of staff has contributed to a deep understanding of industry needs and developed quality relationships with growers, all levels of government, allied industries and service providers. The project demonstrated the willingness and ability of the Australian cherry industry to embrace protocol market requirements, participate in extension activities to build export capacity and invest in directed research to shape and support future market access aspirations. Maintaining and extending upon this work is vital to the future strength of the cherry industry and export culture.

## Refereed scientific publications

None

## Intellectual property, commercialisation and confidentiality

No project IP, project outputs, commercialisation or confidentiality issues to report

## Appendices

None