

Final Report

Cherry market access and trade development

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Cherry market access and trade development (CY18002)

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Public summary

When the Cherry Market Access and Trade Development project commenced (CY18002), the Australian cherry industry was (and still is) in a period of rapid growth.

In the three years prior to the commencement of this project, a new mainland protocol with China had been signed and the Vietnamese market reopened. Buoyed by these market improvements, cherry plantings and concomitant production have been increasing.

Production volumes have grown from 15,500 tonnes in 2017-18 to approximately 18,000-20,000 tonnes in the past three years, but volumes have been variable and below what could be actualized. In recent years, weather has had a significant negative impact on crop production.

Notwithstanding, cherry production outstrips domestic consumption and export is critical in sustaining the economic viability of the industry. With this background, the cherry industry is entering a new phase of export development and a combined focus on export readiness, market access and trade development was the focus of this project.

Key Objectives include:

- Export Readiness and capacity building
- Trade development and market access
- Export risk management
- Industry communication
- Collaborative partnerships; and
- Project management

In addressing these objectives, the project provided resources and extension activities including export workshops, provision of an export help desk, export registrations, regular updates of the export manual and topical webinars. Communications were supported through regular newsletters and pre and post season reporting including trade statistics. Trade development and market access activities resulted in a new mainland protocol for trade to Korea, submission of businesses cases to support market access priorities, development and dissemination of an importer database, Covid-19 response activities to support trade and revision of protocol workplans.

Cherry Growers Australia (CGA) worked with the Department of Agriculture and Water Resources (DAWE), state agencies, and research organizations to develop workplans, systems approaches, coordinate export registrations, and marketing campaigns. Production activities to increase the proportion of export quality fruit were included in extension activities.

The Covid-19 pandemic posed significant risks to industry and widespread changes to operating procedures. To help manage these risks, CGA provided airfreight estimates to government and information to help growers navigate the new trading environment with a much-reduced workforce and airfreight capacity. Covid-19 also curtailed in-market activities which were replaced by webinars and online forums run in collaboration with Austrade and state governments. A crisis management report for trade related market disruptions has also been developed.

Information on Covid, production and export were disseminated to growers via meetings, the CGA website, email, telephone and monthly newsletters.

Keywords

Export; cherry; cherries; Cherry Growers Australia; protocol; non-protocol; pests of quarantine concern

Introduction

The Australian cherry industry is in a period of rapid growth with production volumes presently at 20,000 tonnes, of which approximately 20-30% is exported to 31 countries. 2018-19 exports were 24% higher in terms of volume than the previous year due largely to protocols allowing airfreight to China and Vietnam. In 2018-19 exports generated A\$79.3 million, the highest value achieved to date, even surpassing the export value of the record crop in 2015/16. In the last three years, export growth has been diverted from unregulated, competitive and price sensitive markets (SIP 2017) 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 cherry growing regions.

Cherry production outstrips domestic consumption and export is critical in sustaining the economic viability of the industry. With this background, the cherry industry is entering a new phase of export development, with a combined focus on export readiness, market access and trade development.

Significant risks to industry presented in the unprecedented time of COVID19 and risk management became the focus of the project to help growers navigate the new trading environment with a much-reduced workforce, airfreight capacity and changes to operating procedures.

An unintended consequence of the pandemic was to make industry acutely aware of market disruption forces and potential consequences.

Project implementation was also greatly affected by pandemic, necessitating a pivot to online meetings with growers and collaborators. Webinars were the main avenue of engagement during the pandemic and the range of topics was expanded to include production and fruit quality.

As the situation normalized, a return to in-person meetings or run hybrid events (e.g. face to face and online) occurred.

COVID-19 also affected outbound travel for in-market development for over two years. During this time, CGA, Austrade, Hort Innovation and the NSW and Victorian state governments facilitated online forums for engagement with buyers. Austrade also represented cherry growers at trade shows in the Middle East once travel was permitted.

The cherry industry has invested in activities to build export capability and cohesiveness at a national level through the projects CY11017, CY12007, CY16004, Package Assisting Small Exporters (PASE); delivery of MRL Workshops (CY1900); the national cherry conference (CY19001), the “Feasibility of developing cherry pest management programs for multiple markets” and “Chemical use for Export Toolkit” projects funded by Agriculture Victoria, all delivered by Cherry Growers Australia.

The Australian cherry industry is entering a critical phase in its development where increased production will place significant pressure on domestic pricing trends if these volumes cannot be absorbed by substantial export growth. In recent years, the ability to export competitively has been hampered by supply chain disruptions, rising freight costs and geopolitical tensions.

These factors have emphasized the need for continued, targeted strategies that promote and expedite market diversification, new market access, improvement and expansion. On the back of this, and reinforced by increasing competitive pressures and supply chain costs, it is evident that short and longer term commercial success within the industry will require a range of combined “hand in glove” approaches from production through to in-market trade development to best optimize market share and mitigate trade risk. These learnings coincide with a mindset shift within industry towards developing a national export focused culture that raises the bar on export proficiency, knowledge and market intelligence.

Australian cherry growers are broadly distributed with major centres across Tasmania, Victoria, New South Wales and South Australia. Each cherry growing region has specific needs that will require support whilst maintaining the broader national objective of maximising export growth in the face of increased production. This will not come about without extensive engagement and targeted programmes that support this objective. This project has been designed to incorporate the learnings from previous export development projects, the experiences of the pandemic which exposed supply chain assumptions and weaknesses, and demonstrated the importance of elevating the industry into a cutting edge entity with commercially viable market diversification options in order to thrive in a competitive, costly and often uncertain global trading environment.