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Australia

Canned Deciduous Fruit

Annual

2003

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Report Highlights:
Weather conditions for the first half of CY 2003 were dominated by widespread drought conditions across much of the Australian continent. More normal precipitation has been received in the second half of CY 2003, and drought conditions appear to be breaking down. Cannery intake for peaches in CY 2004 is forecast to increase. Post forecasts exports of canned peaches in CY 2004 to fall significantly from the high levels estimated for the previous year. Cannery intake for pears is forecast to fall in CY 2004. Lower inventories are expected to trim exports from the CY 2003 level.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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SECTION I: SITUATION AND OUTLOOK

General

Weather Conditions

Weather conditions for the first half of CY 2003 were dominated by widespread drought conditions across much of the Australian continent, including the canning fruit areas of northern Victoria. However, as with all deciduous fruit production, there have been almost no other major weather events negatively impacting the crop. In some respects, particularly related to the prevalence of pests and diseases, the crops have benefited from drier conditions.

Good falls of rain have been received in the second half of CY 2003, and drought conditions appear to be breaking down. Irrigation water allocations for the CY 2004 crop are forecast at below average levels. However, catchments have received rain recently and water supplies are steadily improving. Furthermore, in the major peach and pear growing regions, soil moisture levels are excellent and have allowed the summer irrigation program to be delayed in order to conserve water supplies.

Canned Peaches

Production

Cannery intake of peaches for CY 2003 is forecast at 52,700 MT, up slightly on the 50,200 MT recorded for the previous year. Widespread drought conditions were offset by higher than anticipated water allocations. Reduced pest and disease also improved production levels.

Cannery intake for peaches in CY 2004 is forecast to increase to 54,000 MT. Industry sources report that water allocations in areas where canning peach production is concentrated are not expected to suffer significantly from shortages of irrigation water supplies.

Post uses a conversion factor of 0.83 to determine actual canned peach production. Canned peach production for CY 2003 is estimated at 43,741 MT, and forecast to increase slightly to 44,800 in line with industry sources.

Exports

Official ABS statistics have canned peach product exports at 18,370 MT (shipped weight) for CY 2002. Post estimates this accounts for approximately 11,573 MT in canning fruit equivalent. Post has used a conversion factor of 0.63 to convert product shipped weight into actual canning fruit. The conversion factor has been developed in cooperation with local industry sources.

Post estimates exports of canned peaches for CY 2003 at 14,398 MT (canning fruit equivalent), up 27 percent on the previous year. Year-to-date figures for the first half of CY 2003 shows a surge in export activity in the order of 50 percent. Industry sources suggest that higher export demand has encouraged the liquidation of stocks. Post anticipates that high export levels experienced for the first half of CY 2003 cannot continue into the second half as derivative figures show inventories greatly depleted.

Post forecasts exports of canned peaches for CY 2004 to fall to around 10,000 MT, down significantly from the high levels estimated for the previous year. Slightly higher forecast production is not likely to compensate for greatly diminished closing stocks in determining export availabilities.

Consumption

Post estimates canned peach consumption for CY 2003 at 35,000 MT. Consumption is forecast to remain unchanged in CY 2004 at 35,000 MT. Official consumption figures are unavailable for canned fruit. Consumption figures are estimated by Post with assistance from industry sources.

Imports

Post estimates canned peach imports at 344 MT (fruit equivalent) in CY 2003, down on the previous year and in line with the first half of CY 2003. Post has imports falling to 300 MT in CY 2004. Greece is usually the principal supplier, with lesser amounts typically imported from New Zealand, South Africa, China and Italy.

Canned Pears

Production

Post estimates cannery for pears in CY 2003 at 52,000 MT, up slightly on the 50,000 MT recorded in the previous year. Despite widespread drought conditions, a low incidence of pest and disease outbreaks combined with improved water conservation techniques resulted in surprisingly high production for CY 2003.

Cannery intake for pears is forecast to fall to 50,000 MT in CY 2004. Drought conditions experienced in CY 2003 greatly reduced reserves of irrigation water, and despite a breaking down in the drought cycle and good soil moisture levels at present, Post expects that below average irrigation water allocations will reduce production for CY 2004. Post has assumed normal weather conditions and notes that below average rainfall or extreme heat or high winds could reduce production significantly.

Post uses a conversion factor of 0.83 to determine actual canned fruit production. Canned pear production is estimated at 43,160 MT for CY 2003, and is forecast to fall to 41,500 MT in CY 2004.

Exports

Official ABS statistics put exports of canned pear product in CY 2002 at 22,998 MT in shipped weight. Post estimates that this is equal to approximately 14,489 MT of canning pears. Post uses a conversion factor of 0.63 to convert shipped product weight into actual canning fruit.

Post estimates that exports of canning pears for CY 2003 will decrease slightly to 14,450 MT. ABS figures for the first half of CY 2003 show a strong surge in exports, but not in the order that was experienced by canned peaches. Export demand is expected to fall significantly in the second half of CY 2003, leaving total exports for the year slightly under the previous year.

Exports of canned pears for CY 2004 are forecast to decrease to 12,700 MT. Slightly lower production and lower inventories are expected to trim exports to around average levels.

Consumption

Post estimates canned pear consumption for CY 2003 at 29,000 MT. Consumption is forecast to remain unchanged in CY 2004. Official consumption figures are unavailable for canned fruit. Consumption figures are estimated by Post with assistance from industry sources.

Imports

Post estimates canned pear imports at 254 MT (fruit equivalent) in CY 2003, double the previous year and in line with import data for the first half of CY 2003. Post has imports falling to 200 MT in CY 2004. South Africa and China are typical suppliers.

Policy

Horticulture Australia Limited (HAL) is the horticulture industries service provision organization, which replaced Australian Horticultural Corporation (AHC) and the Horticultural Research and Development Corporation (HRDC). HAL was established under corporations law as a not-for-personal-profit company in accordance with the Memorandum of Understanding (MOU) signed by 26 industry organizations. The focus of the new company is the continued marketing and promotion of horticultural products in both domestic and export markets, as well as to exploit the opportunities for uptake and commercialization of new technology.

The Australian canning fruit industry is a B-class member of HAL and makes voluntary contributions, unlike the majority of horticultural industries in Australia, which are A-class members and make contributions through statutory levies. The canning fruit industry remains one of the smallest contributors to HAL, receiving matching funds from HAL for funds invested in research and development programs.

Australian Fruit Canneries have recently further rationalized into a single organization. The three canneries formerly processing fruit in Australia were SPC, Ardmona and Berri. According to industry sources, SPC was the largest, processing around 50 percent of the peach crop and around 54 percent of the pear crop. Ardmona was the other major processor, processing around 41 percent of the peach crop and 46 percent of the pear crop. Berri is a minor player and processes only about 9 percent of the peach crop.

SPC, a publicly listed company, and Ardmona, a grower owned cooperative, merged in September 2001. The new company is now called "SPC Ardmona Limited". The new company continues to be publicly listed. Ardmona, which was previously a grower-owned cooperative, was sold to the new company in exchange for cash and shares in the new company.

Industry sources suggest the reason behind the merger was that both companies needed to increase their size in order to take advantage of export opportunities. Also, each company had focused on different aspects of production. In recent years SPC dramatically improved its packaging and presentation of its product to enhance consumer perceptions, while Ardmona improved its sorting capacity and improved fruit quality. Industry sources believe these aspects of canned fruit production complement each other and the merger will result in improved efficiency and increased export opportunities.

SECTION TWO: STATISTICAL TABLES

PS&D Tables

Australia Canned Peaches							
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Deliv. To Processors	50000	50200	53000	52700	0	54000	(MT)
Beginning Stocks	9600	9600	5802	7613	6292	2300	(MT, Net Weight)
Production	40670	41666	43990	43741	45000	44800	(MT, Net Weight)
Imports	500	420	500	344	200	300	(MT, Net Weight)
TOTAL SUPPLY	50770	51686	50292	51891	51492	47593	(MT, Net Weight)
Exports	9386	11573	9000	14398	11000	10000	(MT, Net Weight)
Domestic Consumption	35582	32500	35000	35000	35500	35000	(MT, Net Weight)
Ending Stocks	5802	7613	6292	2300	4992	2400	(MT, Net Weight)
TOTAL DISTRIBUTION	50770	51686	50292	51891	51492	47593	(MT, Net Weight)

Australia Canned Pears							
	2001	Revised	2002	Estimate	2003	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2002		01/2003		01/2004	MM/YYYY
Deliv. To Processors	52000	50000	51000	52000	0	50000	(MT)
Beginning Stocks	4200	4200	2960	2338	0	2298	(MT, Net Weight)
Production	43160	41500	42330	43160	0	41500	(MT, Net Weight)
Imports	100	127	100	254	0	200	(MT, Net Weight)
TOTAL SUPPLY	47460	45827	45390	45752	0	43998	(MT, Net Weight)
Exports	15500	14489	14000	14454	0	12700	(MT, Net Weight)
Domestic Consumption	29000	29000	29000	29000	0	29000	(MT, Net Weight)
Ending Stocks	2960	2338	2390	2298	0	2298	(MT, Net Weight)
TOTAL DISTRIBUTION	47460	45827	45390	45752	0	43998	(MT, Net Weight)

Trade Matrices

Canned Peaches

Export Trade Matrix Canned Peaches			
Time Period	**Jan - Dec**	**Units:**	**MT**
Exports for:	**2002**		**2003**
U.S.	2494	U.S.	274
Others		*Others*	
New Zealand	4175	New Zealand	5756
Canada	3943	Canada	3192
Japan	2544	Japan	1532
The Netherlands	806	The Netherlands	712
Singapore	708	Thailand	633
United Kingdom	652	United Kingdom	593
Malaysia	580	Malaysia	467
The Philippines	388	The Philippines	444
Thailand	360	Singapore	384
Chile	320	Belgium	327
Total for Others	14476		14040
Others not Listed	1400		974
Grand Total	**18370**		**15288**
NB. 2003 figures - partial year Jan - Aug			

Canned Pears

Export Trade Matrix Canned Pears			
Time Period	**Jan - Dec**	**Units:**	**MT**
Exports for:	**2002**		**2003**
U.S.	1039	U.S.	4551
Others		*Others*	
Germany	5415	United Kingdom	4955
United Kingdom	5021	Germany	2294
Japan	3161	Japan	2044
Canada	2998	Canada	2004
New Zealand	98	The Philippines	679
Denmark	984	New Zealand	603
Norway	891	Sweden	530
Thailand	501	Norway	510
Sweden	383	Denmark	501
The Netherlands	351	Thailand	359
Total for Others	19803		14479
Others not Listed	2156		1205
Grand Total	**22998**		**20235**
NB. 2003 figures - partial year Jan - Aug			