Australian Cherry Export

By Michael Rouget
My export experience

• Cherries via airfreight.

• White peaches and nectarines by sea and air into Taiwan.
Air freight Cherries

- Markets supplied - Singapore, Hong Kong, Vietnam, Russia and previously Thailand.
Our market window

- As early as possible, as soon as we have varieties that are firm enough. November and early December.

- As we near Christmas, Chilean air freight costs rise gradually from $3 to $7/kg.

- Chilean sea freight arrives post Christmas. We can sell for a premium over sea freight with a better product.

- Post Christmas before Tassie start, up until 10th of January. This is the best period, we are head to head with Chilean sea freight.
Products

- 2kg – 30-32mm & 32-34mm
- 5kg – 26-28mm & 28-30mm
- Majority is shipped in an AVE which holds 260 x 5kg or 600 x 2kg.
Why air freight?

- Cherries are highly perishable and high value. Time and distance are your enemy.
- Australia has cheap air freight rates of $1.50/kg,
- Minimal loss of quality in 1 day voyage compared to 15 days. It suits the premium market that we are focused on.
- Cost is not as critical as in the commodity game.
- Air is lower risk due to faster feedback and less fruit in transit when the market hits a brick wall.
• We have a specific brand for export.

• One importer for that brand in a country.

• Helps to achieve the right $$$ and allows the importer to assess demand.
What I've learnt

• Fruit has to be firm. No 1 Criteria.

• Uniform color.

• Defects = trouble. If you are not 95% happy with quality or unsure about the market, Stop sending until you have feedback on the out turn and confirmation on price.

• Don’t try and export 70% of your crop, you need a good marketing spread to deal with varying quality. Keep inferior fruit close by.
Future Opportunities

• Plenty of growth in all these export markets for large and small producers.

• Small – Medium sized packer could focus on niche high quality product.

• China, What can you say, massive market, they love cherries!

• “Cherries have nearly become the national fruit. It has surprised us.”- Frank from Coffco.
Nectarines to Taiwan

- Successful 10 year period through the 90's producing and selling white nectarines to Taiwan by sea freight. Also peaches by air.
A long term plan

• Importer brought the varieties to Australia.

• Co-ordinated planting.

• One Brand.

• Large volumes. Individually and collectively.

• Growing standards, including harvesting with minimum brix,

• Packing specs. % of major defects allowable etc.
Why it worked

- A quality product.
- A good partner.
- Planned sale program.
- Organized.
- Consistent product.
  - 100% of first grade fruit exported.
What impact did that period have on our business?

- Yellow nectarines were selling for $1.80 per kg.
- White nectarines 1st grade $3.00 per kg.
- White nectarine 2nd grade $ 2.00 per kg.
- We were getting about a 90% pack out.
- Efficiency gains through growing volume.
Benefits to us?

- Increased profits.
- Market driven expansion of our business.
- Volume efficiency.
- We learnt a lot about internal fruit quality through trying to send fruit via sea for 3 weeks.
The export future for Australian Cherries
Opportunities

• Open new markets and reopen some past ones.

• China, Taiwan, Thailand, Sth Korea, and Japan.

• If we could just get access to two of these it would change our industry.
Impediments

• No access or protocols that are not viable.

• Communication between Australian government and Industry has been poor.
Frustration

• No new market access.

• Lost Thailand.

• Lost Russia

• Agreed to new protocols (China & Taiwan) that don't facilitate any trade for the majority of industry.

• Have never seen a fruit fly grub in a cherry, ever!
Risks

- If we lose another market or don’t open new ones, with increased production coming we could have a price drop similar to 2 years ago where it is not profitable to produce cherries.
Why have we failed to open new markets?
What's wrong?

- We haven't had an agreed industry plan on bio security for the cherry industry.
- No documented system that we produce cherries under.
- Inadequate 3rd party verified trapping records.
- Don’t have all the science required to back up our claims.
Steps in the right direction

• Setting up the CEWG.

• Writing the BMP.

• Produced export guidelines.

• Updated IPM Calendar.

• Engaging with State and federal government. Seeking their feedback.

• Trade Missions helping to build relationships.
The BMP (Bio security Management Program)

- Is a plan for all production regions and situations.
- Starts with assessing the risk a pest presents.
- Implements a suitable system to control pests of concern or a suitable end point treatment.
- Considers cherries are a non preferred host.
Our Strengths

• Close to market.

• Fresh product, can deliver to market in just 3 days!

• Cheap air freight.

• Safe, clean green image.

• Trusted producer.
Competitor Strengths

• Chile- Low cost producer, stable production climate, volume has created a market.

• New Zealand- very firm cherries. Regarded as best quality when in the market.
Competitor weaknesses

- Chile - Distance and time. Resulting in poor flavour and inconsistent quality.

- New Zealand - currently small volume. Unstable production climate = inconsistent supply.
Our weaknesses

• Non workable protocols.

• A perception from importing countries and our government that Queensland fruit fly is a serious pest of cherries.
Demand

We are best placed in the world to supply premium quality cherries to the biggest market in the world, China.
So what needs to be done?
Develop an export culture
What does that mean?

• Focus on growing more of what the export market demands. Firm, large cherries.

• Shift from being a domestic market focussed industry to growing more fruit for export.

• Do it in a way that gives importing markets confidence in our system to control pests of concern.

• The Australian cherry industry standard becomes "world class".
Strategy going forward

- Agreed industry position, The BMP. Still needs refining.
- Build relationships with importing countries. Host visits and demonstrate the levels we go to, to ensure pest free cherries.
- Registered farms. Pest Free Places of Production.
- Operating an internationally accepted QA program. Maybe it has to be Global Gap?
- 3rd party verified trapping regime.
In Summary

- It has to be air freight access. This is good business, flights every day, competitively priced. Suits smaller volume. Low risk.

- Tell the world that our system works to control pests of concern.

- Keep a positive attitude and don’t take ‘no’ for an answer and don’t except that it will take 5 years to gain access.