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Report Name: Fresh Deciduous Fruit Annual

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Post: Canberra

Report Category: Fresh Deciduous Fruit

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Report Highlights:

Australia's table grape production is forecast to increase to 230,000 metric tons (MT) in marketing year (MY) 2024/25, the second largest on record, from an estimated 195,000 MT in MY 2023/24. This high level is primarily due to excellent seasonal conditions so far and the prospect of continued favorable seasonal conditions through to the end of harvest. These conditions will likely produce high-quality table grapes in the forecast year and increase the volume supply of suitable for the export market. The boost in production and quality is forecast to result in the third-highest export result on record of 135,000 MT for MY 2024/25. Additionally, the forecast production growth is expected to support a 10 percent boost in domestic consumption for MY 2024/25.

EXECUTIVE SUMMARY

Australia's table grape production is expected to increase to a near-record 230,000 metric tons (MT) in marketing year (MY) 2024/25 from an estimated 195,000 MT in MY 2023/24. This increase is primarily driven by favorable weather conditions, including excellent cold chill hours and unusually warm maximum temperatures, resulting in the strongest bud burst in recent years. Assuming these favorable seasonal conditions continue to the end of the harvest, a substantial table grape crop is expected for MY 2024/25.

These optimal growing conditions, combined with the anticipation of favorable conditions through harvest are expected to enhance the quality of table grapes, leading to an increase the volume suitable for the export market. Consequently, exports are anticipated to reach 135,000 MT, Australia's third highest on record in MY 2024/25.

China continues to be a key market for Australian table grapes despite a reduction in its import demand by more than of 50 percent over the past five years due to increasing domestic production. Nevertheless, Australia's nearer proximity to China and high-quality table grape production position the industry favorably against South American competitors.

The forecast production growth is expected to support a 10 percent boost in consumption for MY 2024/25. However, consumption as a proportion of production is anticipated to decline as a greater volume of higher-quality grapes is expected to be channeled toward the export market.

TABLE GRAPE

Overview

The majority of table grapes in Australia are grown in northern Victoria's Sunraysia and Murray Valley regions, accounting for around 78 percent of production (see Figure 1). Adding to this are two Riverina region areas in southern New South Wales, accounting for around 10 percent of production. The key characteristics of these regions are that they have temperate climate with free-draining sandy loam soil types and low annual rainfall of around 300 mm, most of which is between May and October and essentially outside the harvest period of November to May. Although winters are mild, there is an adequate cold chill period for the vines. These regions are very dependent upon irrigation to meet the vine water demands. These conditions support good bud burst, offering high potential yield, and the low rainfall and warmer temperatures from spring to autumn minimizes risk of frosts, humidity, and hail while optimizing growth rates with well managed spray or drip irrigation and fertilizer programs.

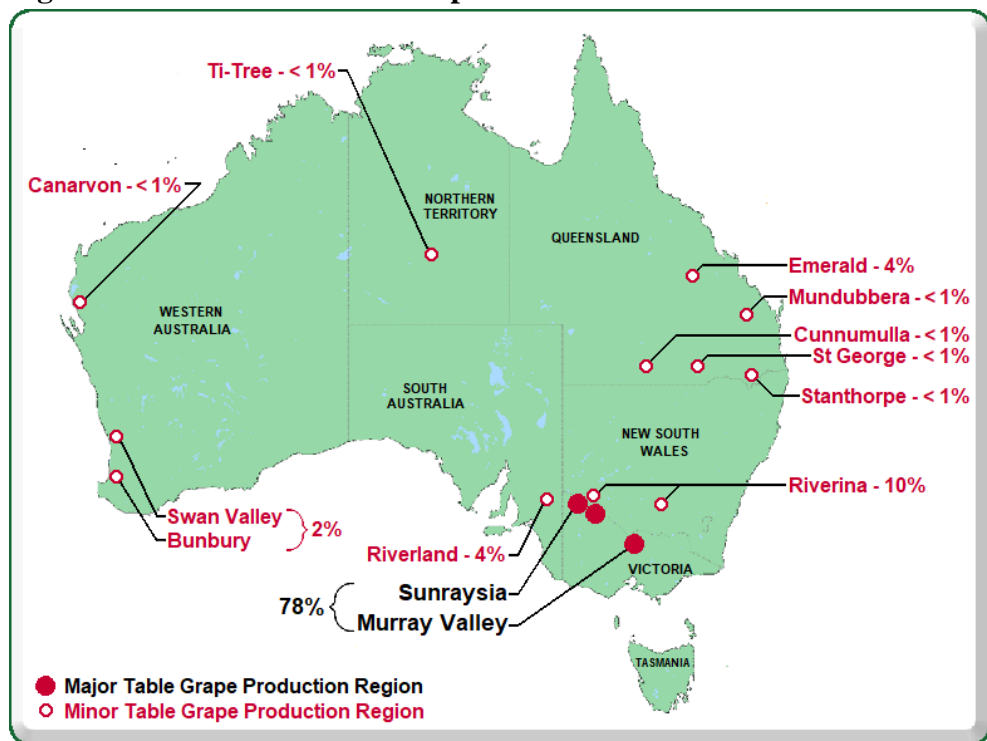
Other important production regions are further north in Queensland, Northern Territory, and Western Australia - which reach warmer temperatures earlier, bringing forward their production season. However, warmer winters produce lower cold chill periods, making them less than ideal production regions. However, table grapes in these regions mature earlier than Victoria's major production regions,

providing an extended supply period primarily for the domestic market. Due to the relatively low production in these regions, they predominantly supply the domestic market in the period after imports of U.S. grapes begin to wane and before harvest in key southern-producing regions begins.

Table grape production in Australia starts in October from Ti-Tree in Northern Territory, Emerald in Queensland, and Carnarvon in Western Australia in early November. Production increases as areas further south progressively commence harvest and reach peak production in February and March, when large volumes of production commence in the most southern regions of the Riverina, Murray Valley, and Sunraysia. These regions are the last to finish production around May each year. There are also very small amounts of production from far north Queensland in Mareeba and Broome in Western Australia, with harvest commencing in late June/July, competing with imported products. These regions are still immature in development, and their production and product quality are inconsistent at this stage.

A key positive for the Australian table grape industry is that over the last decade, growers expanded acreage and focused on new proprietary and export-oriented table grape varieties. The varieties chosen are driven by the strong demand from Asian markets such as China. Chinese consumers are increasingly turning away from seeded varieties like Red Globe to seedless varieties and are also interested in trying new varieties and flavors.

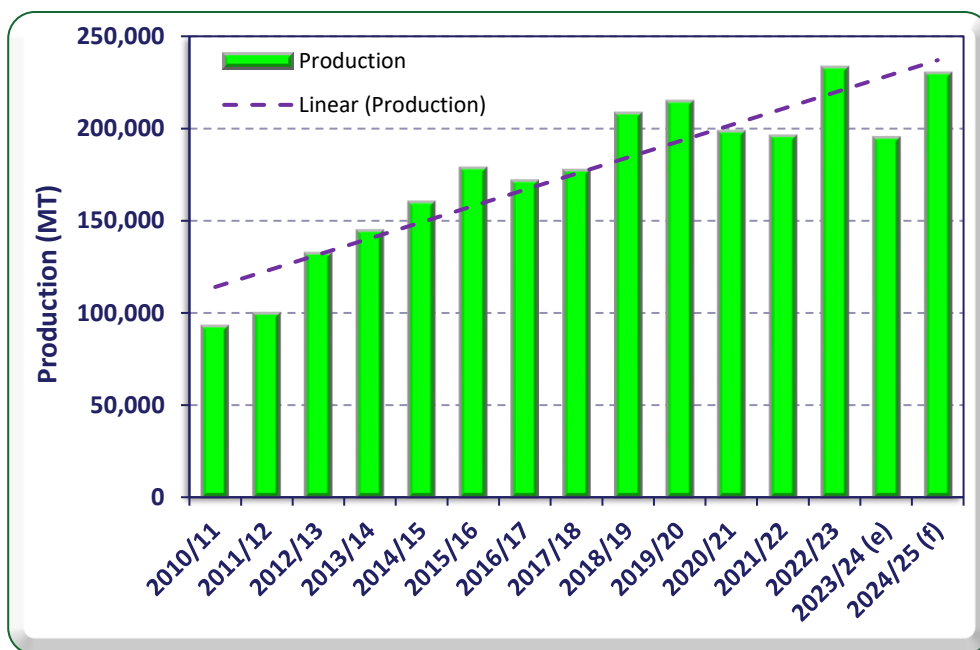
Figure 1 – Australian Table Grape Production Areas



Source: Australian Table Grape Association Inc. / Horticulture Innovation Australia Limited

There was rapid industry growth from around 2010 for over a decade. This growth was halted by the impact of the COVID-19 pandemic, which caused harvest labor shortages, and increased input and shipping logistics costs. Additionally, unfavorable weather conditions with above-average spring rains and during harvest, particularly in the major production regions, diminished production and fruit quality. The combined impacts affected industry returns and greatly slowed the rate of new plantings over recent years. These factors have resulted in variable production over recent years below industry capacity (see Figure 2). A return to more typical seasonal conditions, particularly for the main production regions is likely to bear increased production and higher quality than has been the case in recent years.

Figure 2 – Australian Table Grape Production Trend



Source: Horticulture Innovation Australia, and FAS/Canberra estimate and forecast

Production

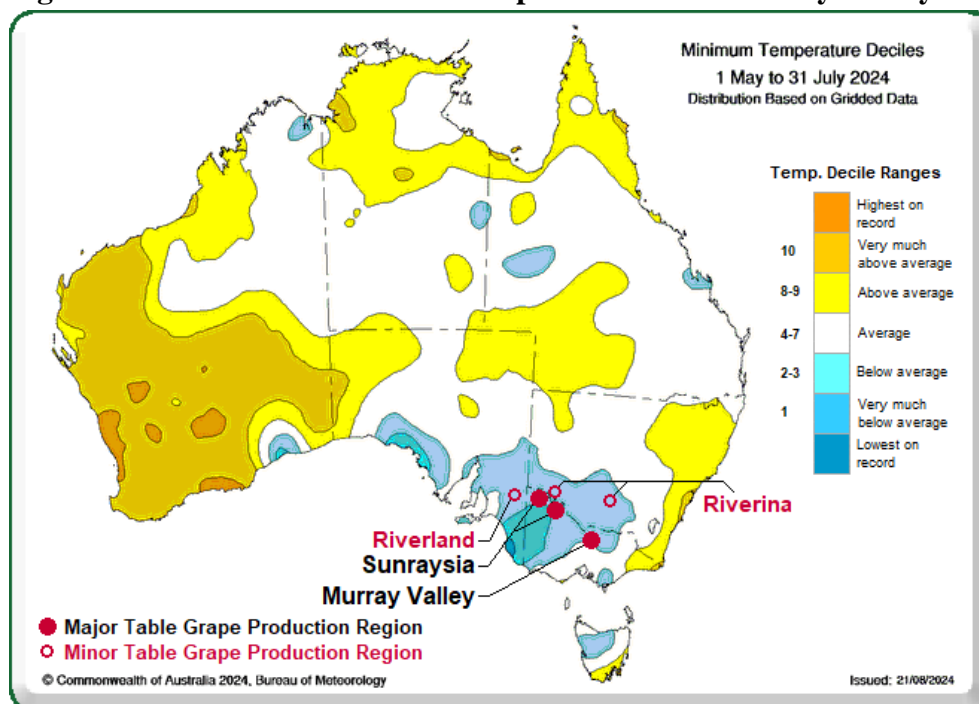
Australia’s table grape production is forecast to increase to 230,000 MT in MY 2024/25, up from a downward revised estimate of 195,000 MT in MY 2023/24. If achieved, this would be close to the record production of 233,000 MT in MY 2022/23. Growers in the major production regions report that this season’s bud burst has been the best in years, indicating the potential of a very high crop load, pending the outcomes of flowering and fruit set expected in late October 2024. Notably, bud burst occurred approximately two weeks earlier than in recent seasons due to a strong cold chill accumulation and warmer maximum temperatures in recent months.

The favorable conditions so far, including below-average rainfall and warmer temperatures (resulting in fewer overcast days compared to previous seasons), have contributed to low disease pressure at this early stage of the season. These factors and ample irrigation water availability set the foundation for a

near-record production level. If favorable weather persists throughout the season, production could potentially surpass the current forecast.

Table grape vines in the major growing areas experienced below-average minimum temperatures from May to July, accumulating cold chill hours early in the dormancy period (see Figure 3).

Figure 3 – Australian Minimum Temperature Deciles – May to July 2024

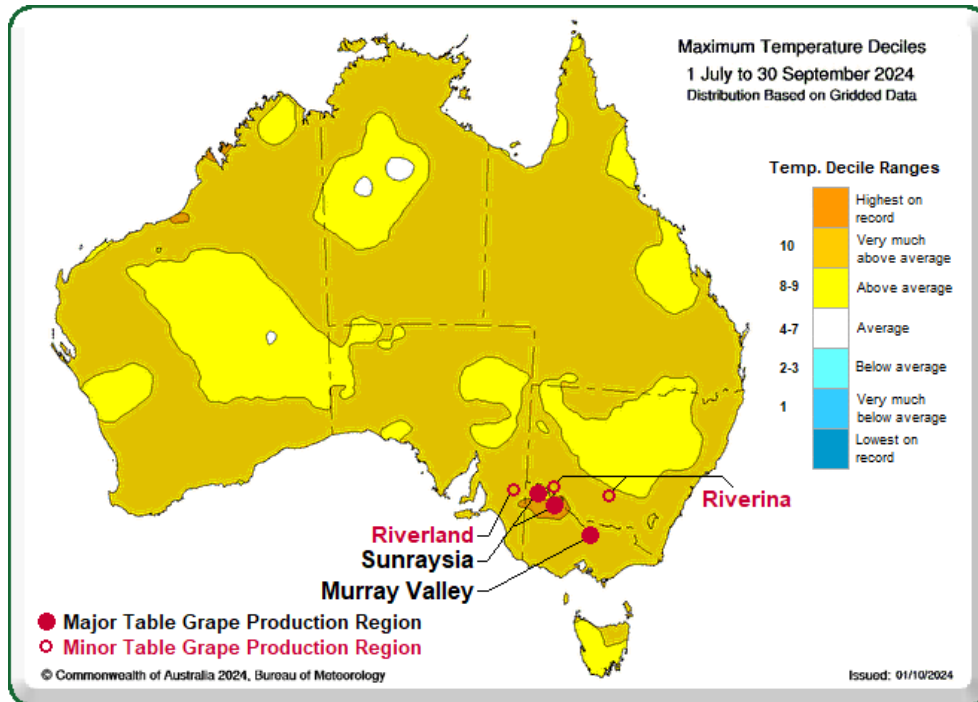


Source: Australian Bureau of Meteorology / Australian Table Grape Association Inc.

Growers in the major producing areas have reported a particularly strong bud burst this season, the best they have seen over recent years. The accumulation of cold chill hours was followed by above-average maximum temperatures in the lead-up to and during the bud burst (see Figure 4) in September 2024. This is setting up a big crop load for this season, but the outcome during flowering and fruit set anticipated in late October 2024 will ultimately determine the crop potential.

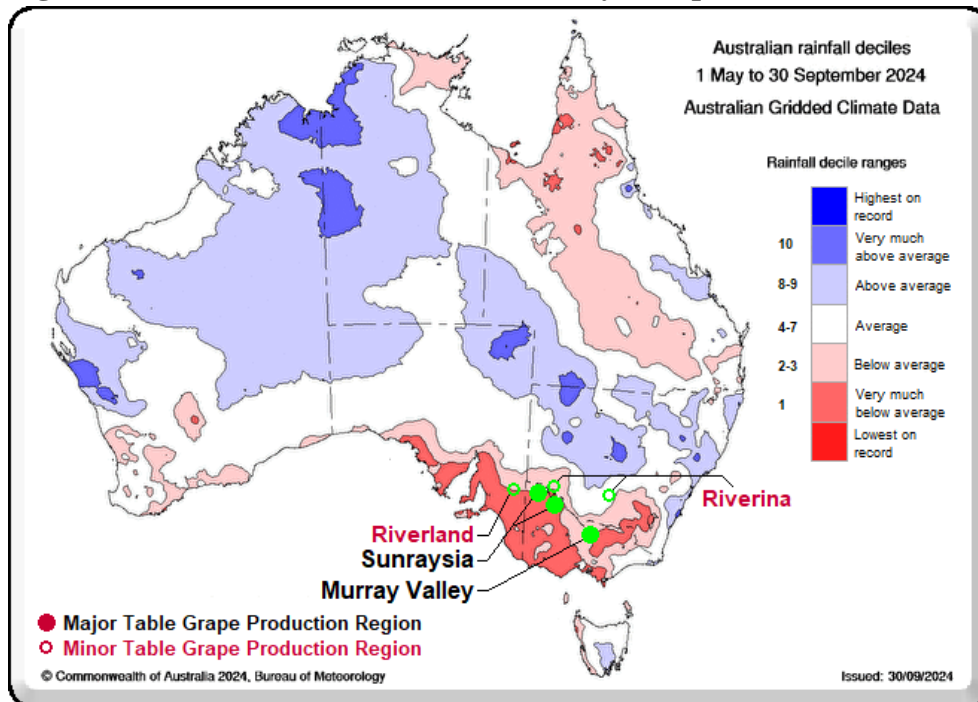
Despite being only weeks into the post-bud burst phase, growers report very low disease pressure attributed to below-average rainfall since the start of the dormancy period (see Figure 5) for this season's table grapes. The reduced rainfall has resulted in fewer cloudy days and more sunlight, creating conditions less conducive to disease development.

Figure 4 – Australian Maximum Temperature Deciles – July to September 2024



Source: Australian Bureau of Meteorology / Australian Table Grape Association Inc.

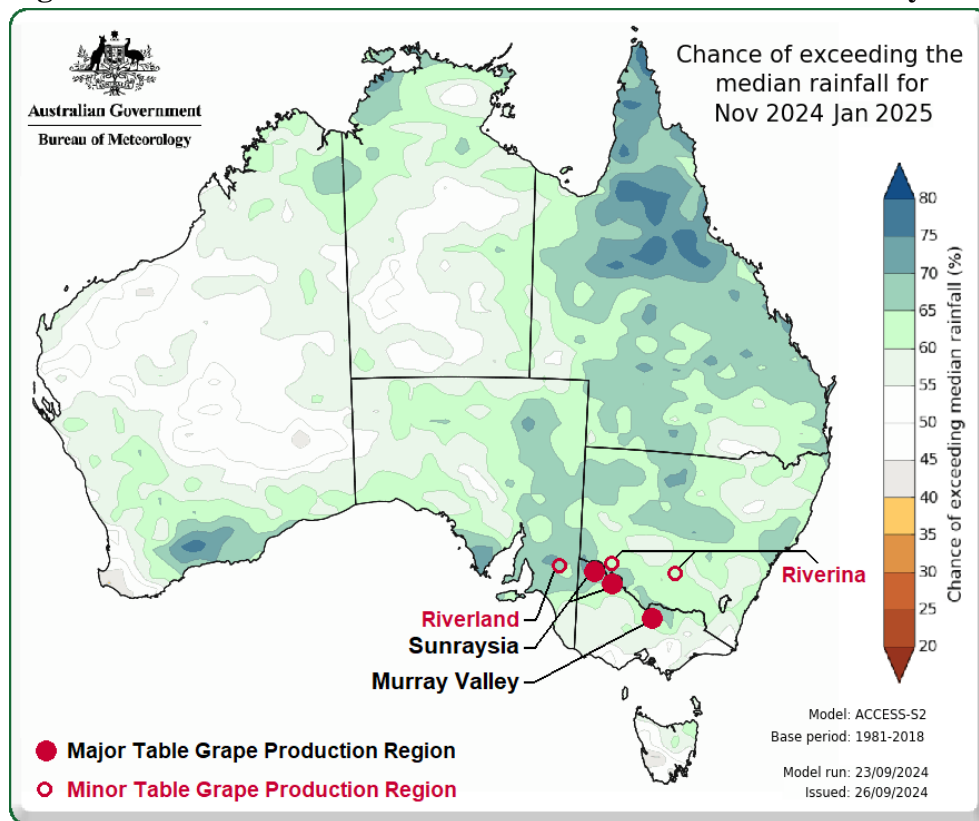
Figure 5 – Australian Rainfall Deciles – May to September 2024



Source: Australian Bureau of Meteorology / Australian Table Grape Association Inc.

However, there is some concern about the potential impact of forecasted above-average rainfall in the coming months. The Australian Bureau of Meteorology predicts a likelihood of above-average rainfall from November 2024 to January 2025 (see Figure 6). While growers typically prefer drier conditions, especially with ample irrigation water, excessive rainfall could increase the risk of fungal infestations, soil moisture issues, and harvest disruptions. Growers will have less control over fruit development and quality if these wetter-than-usual conditions prevail. However, if rains are followed by sunny conditions rather than prolonged overcast skies, the risks could be managed effectively. The current lower-than-usual soil moisture levels also reduce the risk of soil saturation, providing some buffer against the forecasted rains.

Figure 6 - Australia Rainfall Forecast – November 2024 to January 2025



Source: Australian Bureau of Meteorology / Australian Table Grape Association Inc.

The main irrigation sources for major table grape production regions - Murray Valley, Sunraysia, and Riverland - are the Dartmouth and Hume dams located southeast of these areas. As of the end of September 2024, both dams were at 95 percent and 68 percent capacity, respectively, well into the 2024/25 irrigation season. The Riverina region, which relies on the Blowering and Burrinjuck dams, reported dam capacities of 77 percent and 84 percent, respectively, at the same time. These high levels, combined with additional expected inflows from spring rains in October/November, ensure that irrigation water availability and cost will not be limiting factors for the current production season.

FAS/Canberra has revised the production estimate for MY 2023/24 from its previous forecast of 220,000 MT down to 195,000 MT. This substantial downward revision was a result of adverse seasonal conditions, particularly during the harvest period in the major producing areas. This impacted the quality of fruit and consequently there was a reduced volume of fruit harvested from the vines.

Consumption

FAS/Canberra forecasts table grape consumption to rise to 103,000 MT in MY 2024/25, up from an estimate of 93,700 MT in MY 2023/24. This increase is attributed to the expected improvement in production for MY 2024/25, which is anticipated to contribute to a greater domestic supply and higher consumption.

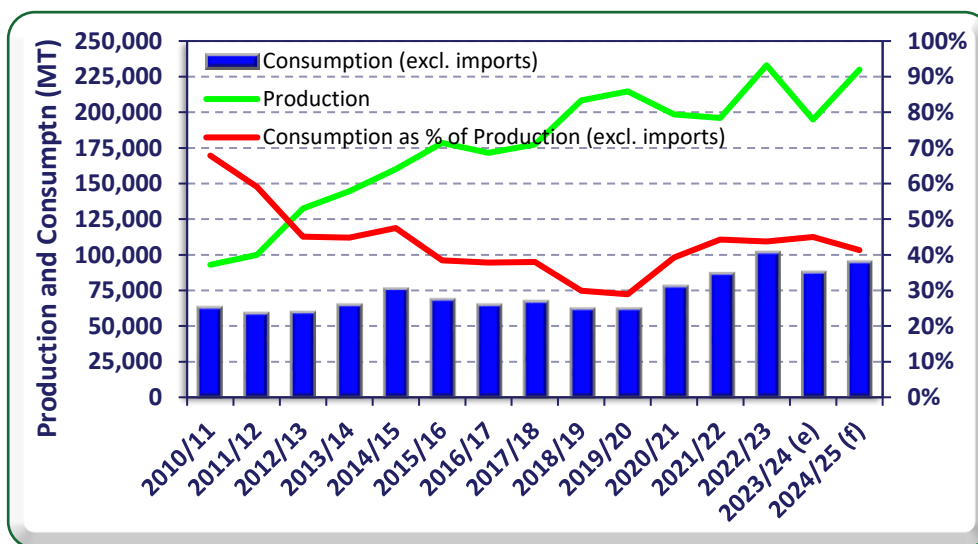
In Australia, domestic table grapes are primarily available from December to May, while imported grapes, predominantly from the United States, fill the market gap from July to November.

Broadly, as production has increased over time, domestic consumption has also trended upward. However, in recent years, consumption as a proportion of total production has leveled off (see Figure 7). Key factors influencing this trend include the degree of price premium available on the export market compared to the domestic market and the variability of overall fruit quality each season.

Typically, a favorable production season leads to higher overall crop quality. With higher table grape quality, a higher proportion of the crop is suitable for export, which also tends to limit domestic supply.

For MY 2024/25, with improved production conditions, anticipated production, and quality are expected to be higher than the prior year. Although domestic consumption is forecast to increase by 10 percent, consumption as a proportion of overall production is anticipated to decrease by four percent.

Figure 7 – Australian Table Grape Production and Consumption Trend



Source: FAS/Canberra

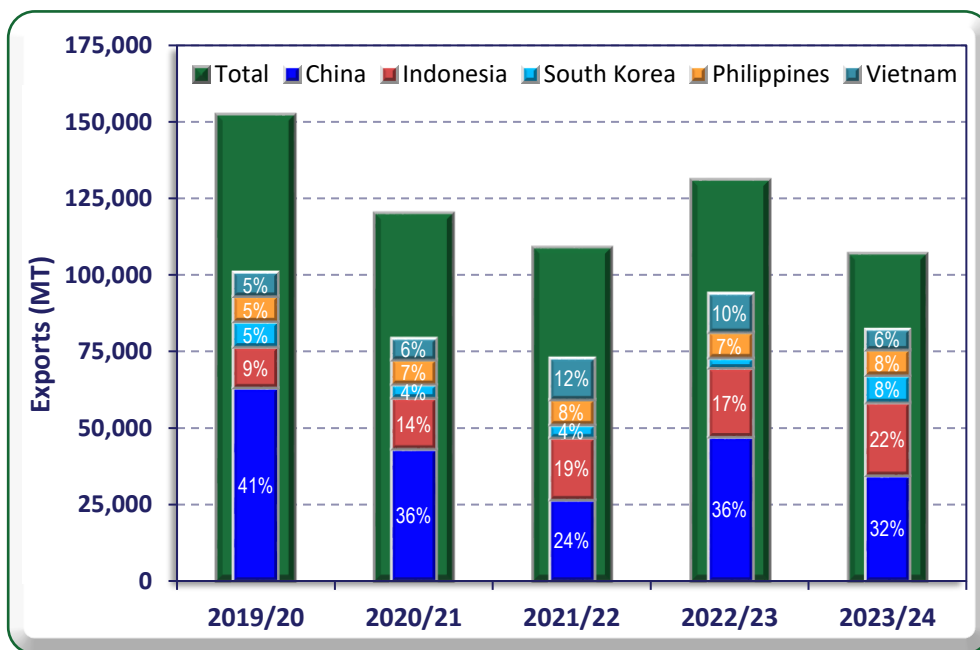
Trade

Australia's table grape exports for MY 2024/25 are forecast to reach 135,000 MT, a 26 percent increase from a significantly downward revised estimate of 107,300 MT for MY 2023/24. If realized, this would mark the third highest export volume on record, with higher export levels only achieved in MY 2018/19 and MY 2019/20, despite lower overall production in those years. However, fruit quality and export market demand were high, especially from China, which led to a larger share of the crop being allocated for export, limiting domestic availability.

Australia mainly exports table grapes to Asian markets. Exports have grown rapidly over the years, rising from 29,900 MT in MY 2010/11 to a peak of 152,500 MT in MY 2019/20. However, disruptions related to the COVID-19 pandemic and above-average rainfall during harvest in subsequent years affected both production and fruit quality. Australia's production potential is above the forecast level, and when weather conditions are favorable, the industry has the capacity to surpass previous export records.

China has long been the dominant market for Australian table grapes, accounting for one-quarter to over one-third of overall exports. Indonesia has also been a major destination for some years, along with other nations, including South Korea, Philippines, and Vietnam. This group of export destinations has consistently accounted for around 70 percent of overall table grape exports (see Figure 8). In the past, Japan ranked among the top three export destinations, making up approximately 10 percent of overall exports. Recent industry reports indicate that Japan has lifted varietal restrictions on Australian table grapes, raising expectations for increased exports to Japan in the forecast year.

Figure 8 – Australia's Major Fresh Table Grape Export Destinations

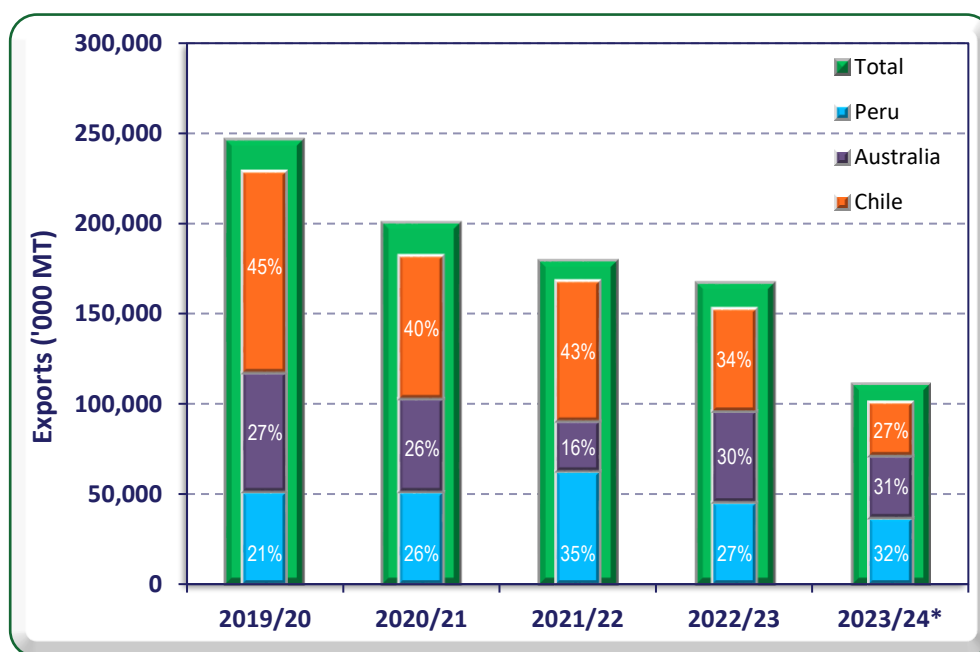


Source: Australia Bureau of Statistics

China’s imports of table grapes have approximately halved over the last five years. This is due to a rapid expansion of table grape production in China. The industry reports that China has stored product for up to six months, extending their domestic selling period. However, this has negatively impacted the quality of grapes reaching consumers. Historically, more than 90 percent of China’s table grape imports have been from Chile, Peru, and Australia. However, Chile’s share of Chinese imports has dropped significantly in recent years, falling from the largest supplier to the third (see Figure 9), as Chile shifts its focus to increasing exports to the United States.

A key advantage for Australian exporters is that the shipping time to reach China is 18-20 days, whereas it is around 35 days from South American countries. As mentioned, over recent years, table grape growers in Australia have focused their new vine plantings on proprietary varieties sought for export markets. These factors support Australian table grape exporters, given their major markets are closer than South American suppliers.

Figure 9 – China’s Major Fresh Table Grape Import Trend and Sources



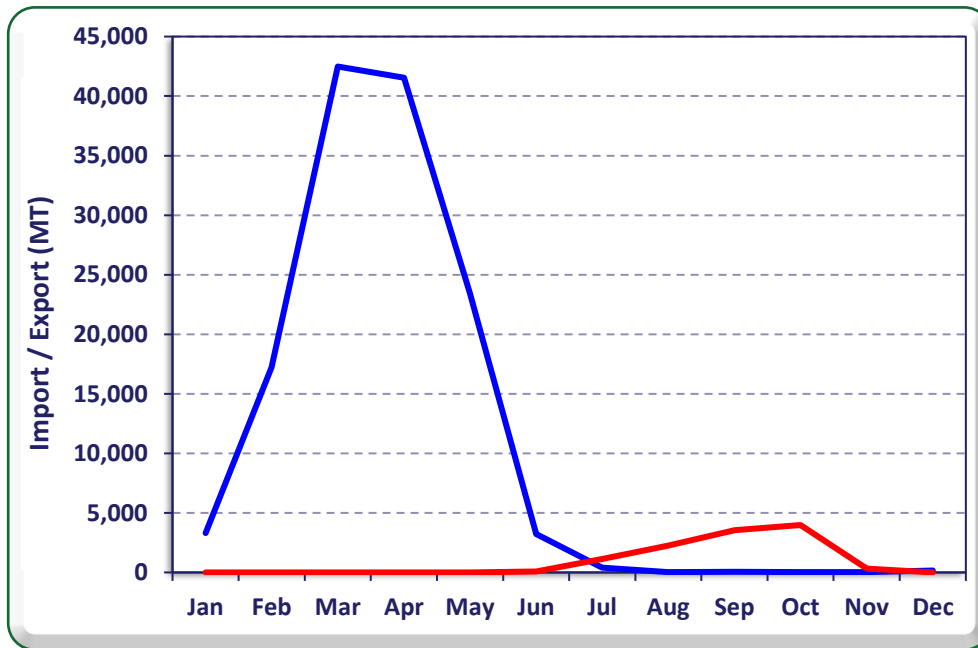
Source: Australia Bureau of Statistics

Note: * = 10 months from October 2023 to July 2024

Australia’s imports are expected to rise slightly in MY 2024/25 to 8,000 MT from an estimated 6,000 MT in MY 2023/24. Almost all table grape imports by Australia are from the United States, and most of the production is from California. Some fruit business contacts noted that the quality of table grapes currently in retail stores for MY 2023/24 is below usual standards which appears to be impacting consumer demand. An improvement in the quality of imported grapes to usual standards for the forecast year is anticipated to result in a rise in consumer demand and overall imports.

Australian table grape imports are almost entirely counter-seasonal shipments from the United States, arriving between July and November (see Figure 10). As a result, there is no direct competition between U.S. imports and domestic production, nor from other importing countries.

Figure 10 – 5 Year Average Australian Import and Export Seasonality



Source: Australian Statistics Bureau

Table 1 - Production, Supply, and Distribution of Table Grapes

Grapes, Fresh Table Market Year Begins	2022/2023		2023/2024		2024/2025	
	Oct 2022		Oct 2023		Oct 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Australia						
Area Planted (HA)	14000	14000	0	14000	0	14000
Area Harvested (HA)	14000	14000	0	14000	0	14000
Commercial Production (MT)	233000	233000	233000	195000	0	230000
Non-Comm. Production (MT)	0	0	0	0	0	0
Production (MT)	233000	233000	233000	195000	0	230000
Imports (MT)	6700	6200	10000	6000	0	8000
Total Supply (MT)	239700	239200	243000	201000	0	238000
Fresh Dom. Consumption (MT)	108500	108000	88000	93700	0	103000
Exports (MT)	131200	131200	155000	107300	0	135000
Withdrawal From Market (MT)	0	0	0	0	0	0
Total Distribution (MT)	239700	239200	243000	201000	0	238000
(HA) ,(MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Attachments:

No Attachments