Australian horticulture exports perform strongly

A prosperous season for Australia’s horticulture industry sees an increase in nut, fruit and vegetable exports

According to Rural Bank's most recent agricultural trade report, Australia’s horticulture industry enjoyed a 27.6 per cent increase, worth AU$594.1m (US$401m), in export value over the 2018/19 season.

Each of the main horticultural categories experienced an increase in exports, with nuts (+39.1 per cent) leading the way ahead of fruit (+22.1 per cent) and vegetables (+18.4 per cent).

According to the report, global agricultural commodity prices were impacted by shifting trade relationships and geopolitical tensions.

"Some (of the shifting relationships), like tariff reductions under the China Australia Free Trade Agreement (ChAFTA), provided a boost to several commodities. Others, like Brexit and the US-China trade dispute, continue to weigh on global economic confidence. Despite this short-term volatility, the longer-term prospects for most of our export markets remains positive," the report stated.

In 2018/19, Australian trade to China benefited from tariff reductions under ChAFTA which saw tariffs eliminated from fruits (except oranges), vegetables and nuts on the 1st January 2019.

Australian fruit exports experienced an eighth consecutive year of growth in value in 2018/19. At AU$1.39bn (US$940m), fruit exports have grown by over a billion dollars in value at a compound annual growth rate of 20 per cent since 2010/11.

The growth in 2018/19 came from an increased volume of exports, combined with higher prices on average.

An expansion in table grape production resulted in a 31.9 per cent increase in export volume of the fruit. Continued growth of exports to China increased by 43.7 per cent and is valued at AU$580.3m (US$391.8m).

The value of orange exports increased by 10 per cent in 2018/19 to be worth AU$308.1m (US$208.4m).

Stone fruit was also a significant growth category in 2018/19, increasing by 32.3 per cent to AU$168.4m (US$113.7m), despite exports to Hong Kong dropping by AU$7.4m (US$5m). It’s anticipated this drop was due to a greater proportion of stone fruit being exported to China instead.

Staying with China, Australian fruit exports increased in value for the ninth consecutive year in 2018/19, with growth shared across grapes (up AU$70.1m / US$47.3m), stone fruit (up AU$38.1m / US$25.7m) and oranges (up AU$31.5m / US$21.27m).

A seventh consecutive year of growth in the value of fruit exports to Japan in
2018/19 was primarily driven by growth in grape exports of AU$12.4m (US$8.3m). Grape exports have benefitted from expanded production in Australia and growing demand assisted by preferential market access under the Japan-Australia Economic Partnership Agreement (JAEPA).

The report indicates that growth to Indonesia in 2018/19 was almost exclusively from a 53.8 per cent increase in grape exports.

Vietnam has emerged as a strong growth market for Australian fruit, with a fourth consecutive year of growth in 2018/19. Table grapes accounted for two-thirds of fruit export value to Vietnam and grew by 84 per cent. Lower growth has also occurred for oranges and cherries.

Australian vegetable exports also performed well, with carrots remaining the largest export product, valued at AU$96.6m (US$65.2m).

Onions, buoyed by strong demand due to low-supply from the Northern Hemisphere, recorded the largest growth in export value, increasing by 55.7 per cent to be valued at AU$39.2m (US$26.4m).

Singapore, Indonesia, Philippines, Thailand and the UAE were the most popular destinations for Australian grown vegetables, thanks largely due to lower European production in 2018.

Nut exports increased by 17.8 per cent in 2018/19, reflecting an increase in value of AU$293.9m (US$198.45m).

Almond and macadamia production increased in response to strong export demand, with tariffs on US grown almonds providing an opportunity for Australian producers to export greater volumes to China.

As a result, exports to China more than doubled, increasing by AU$234.7m (US$158.5m). Almonds accounted for 65.6 per cent of the value of Australian nut exports.

A strong performance in average export price offset an 11.8 per cent decrease in macadamia export volumes. Global consumption is well ahead of supply, and the report anticipates Australia’s macadamia production will increase in 2019/20 to make the most of the export opportunities.