Global apple production and export trends

Prepared by
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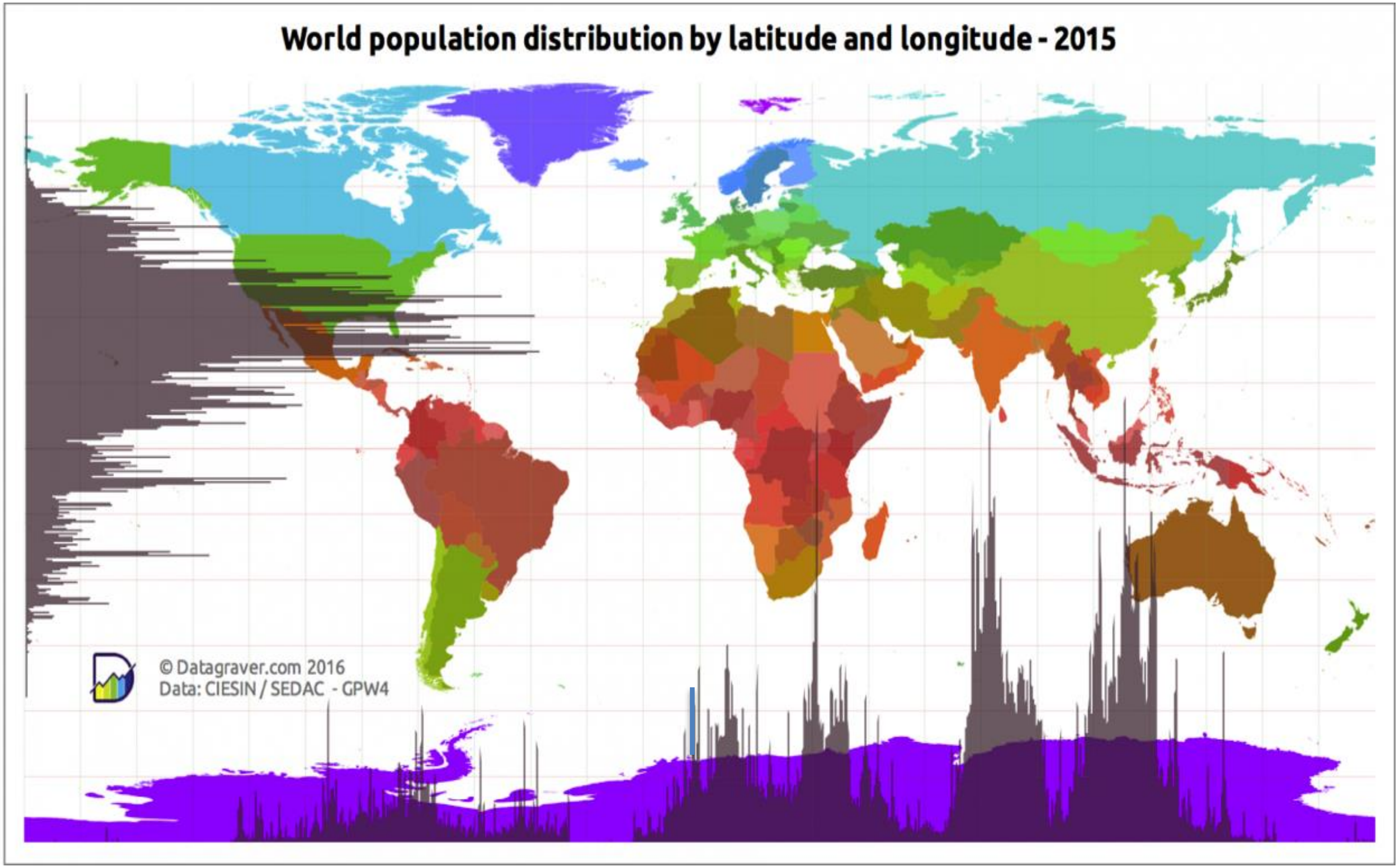
Fresh Intelligence Consulting
25th February 2020

Population = Consumers = Demand

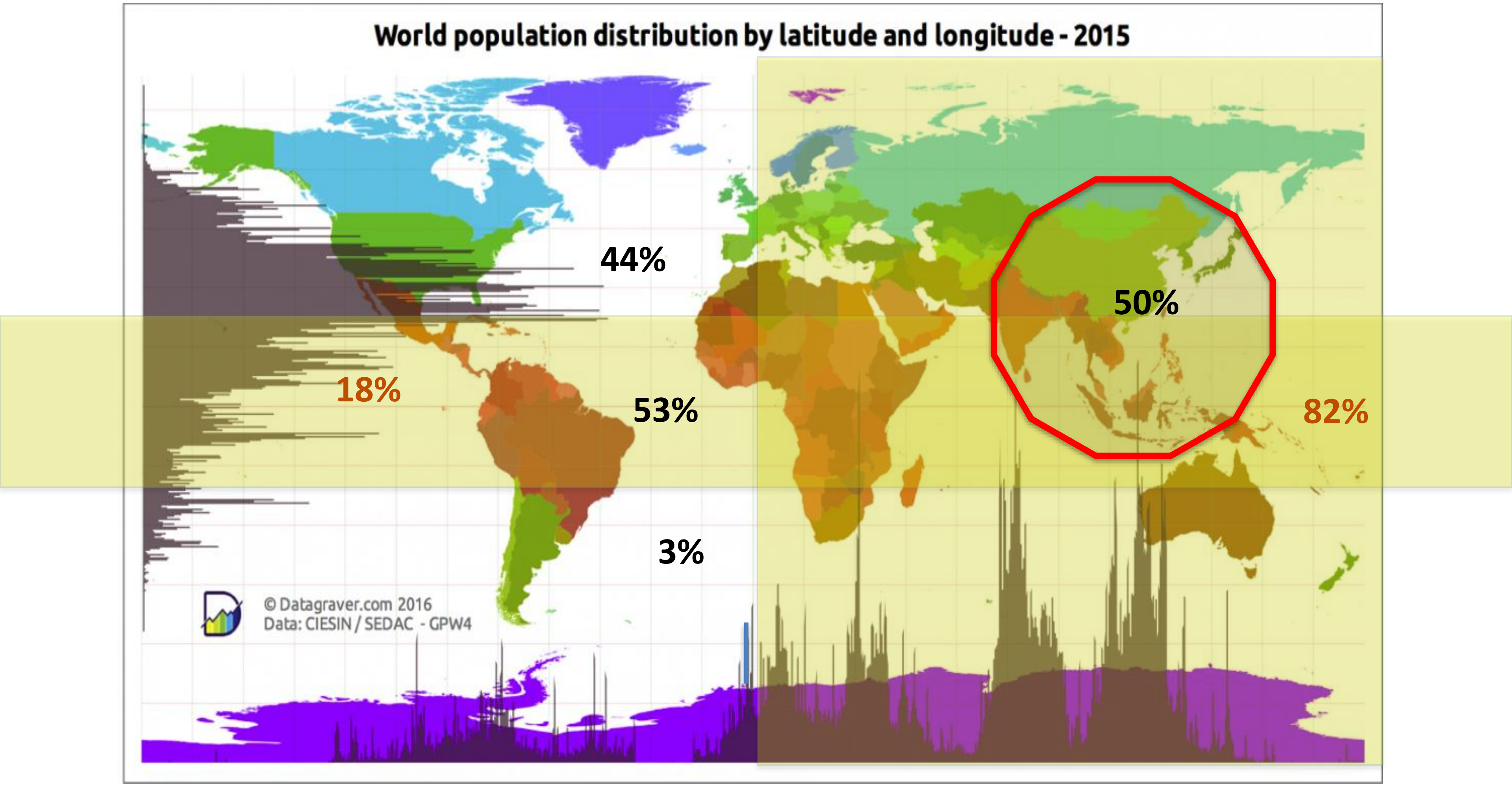
88% live in Northern Hemisphere and 82% live in Eastern Hemisphere (Eurasia)



Source: Datagraver.com; Fresh Intelligence analysis

Population = Consumers = Demand

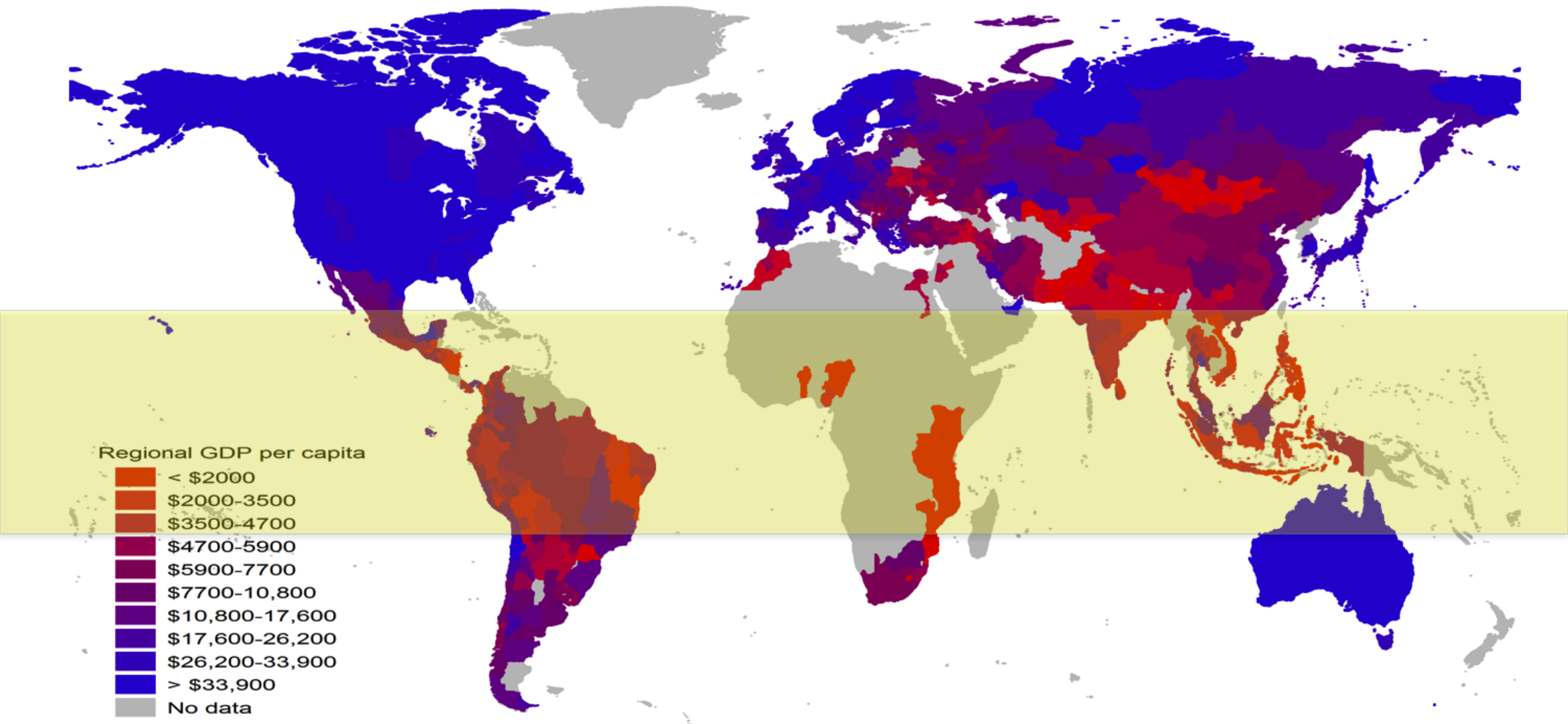
88% live in Northern Hemisphere and 82% live in Eastern Hemisphere (Eurasia)
50% live within 5 hours flying time from Hong Kong



Source: Datagraver.com; Fresh Intelligence analysis

GDP per capita = Purchasing Power

North of tropics - North America and Europe most lucrative, China (East Coast) is the fastest developing



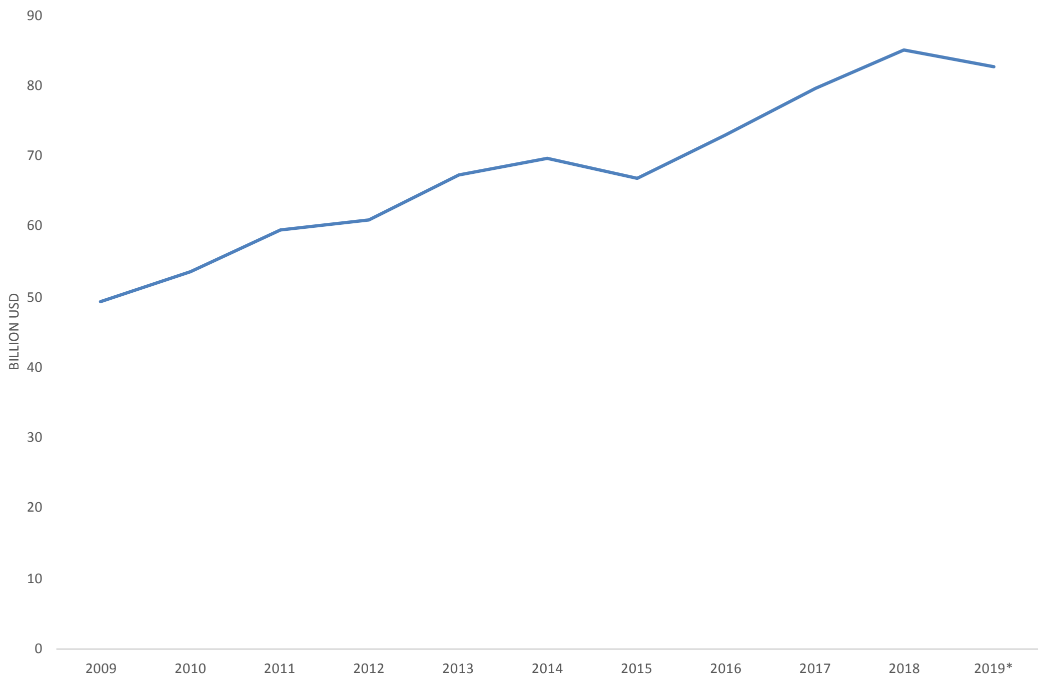
Source: Centre for Global Development; Fresh Intelligence analysis

Fresh Fruit
Global Import growth

US $82.7 billion -2.2%

(~82 million tonnes)

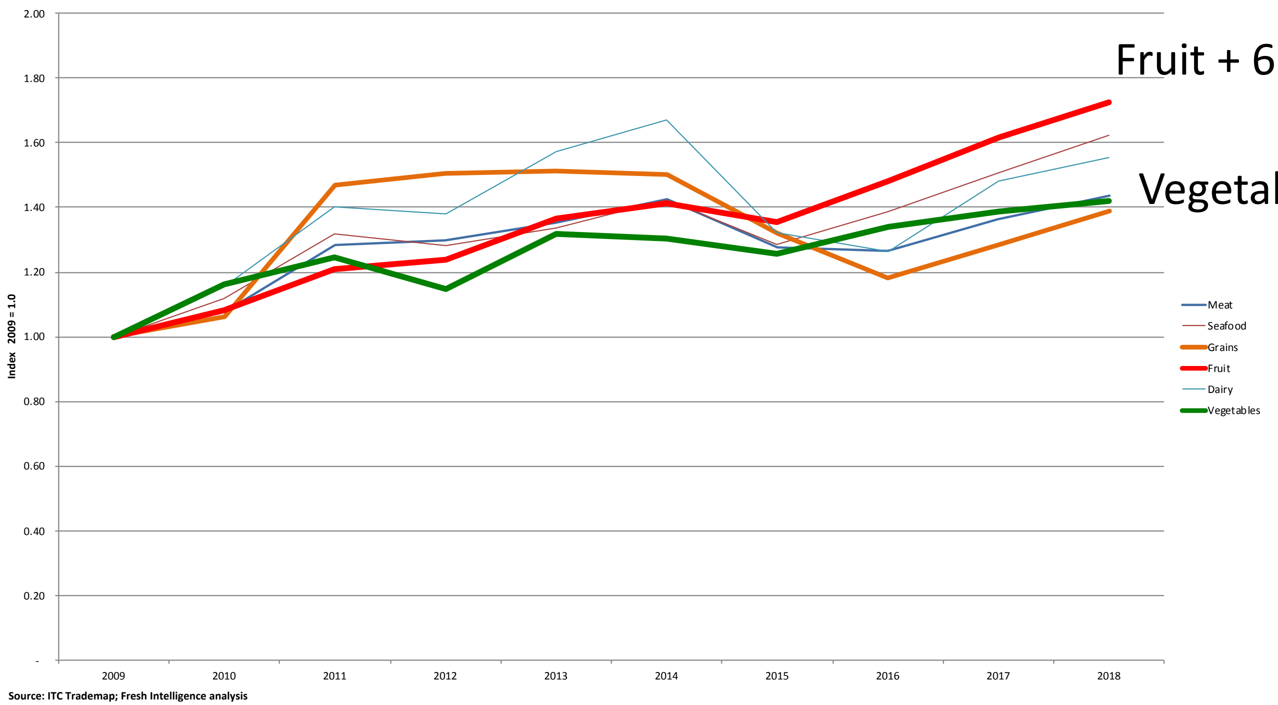
10 year annual growth +6.2% p.a.



Source: ITC Trademap; Fresh Intelligence analysis

*2019 - Period 12 months to September 2019

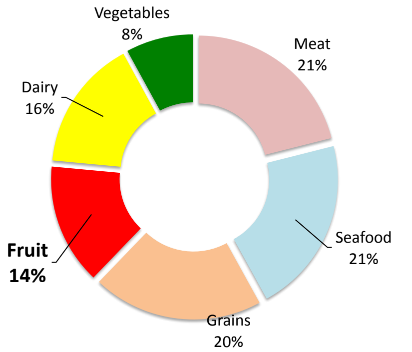
Global Fresh Fruit leads other food groups in growth trend over a decade



Fruit + 6.2% per year

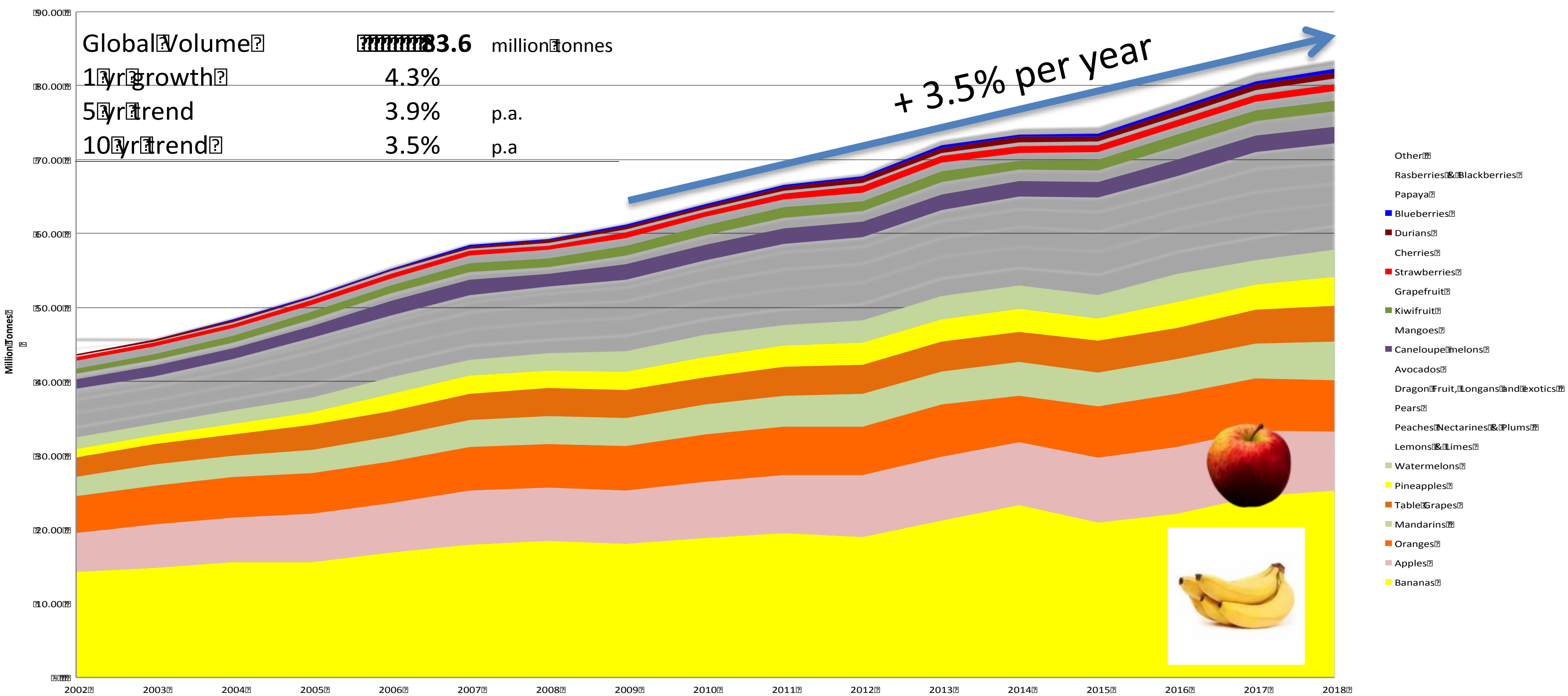
Vegetables + 3.7% per year

Value share of global food group trade



Source: ITC Trademap; Fresh Intelligence analysis

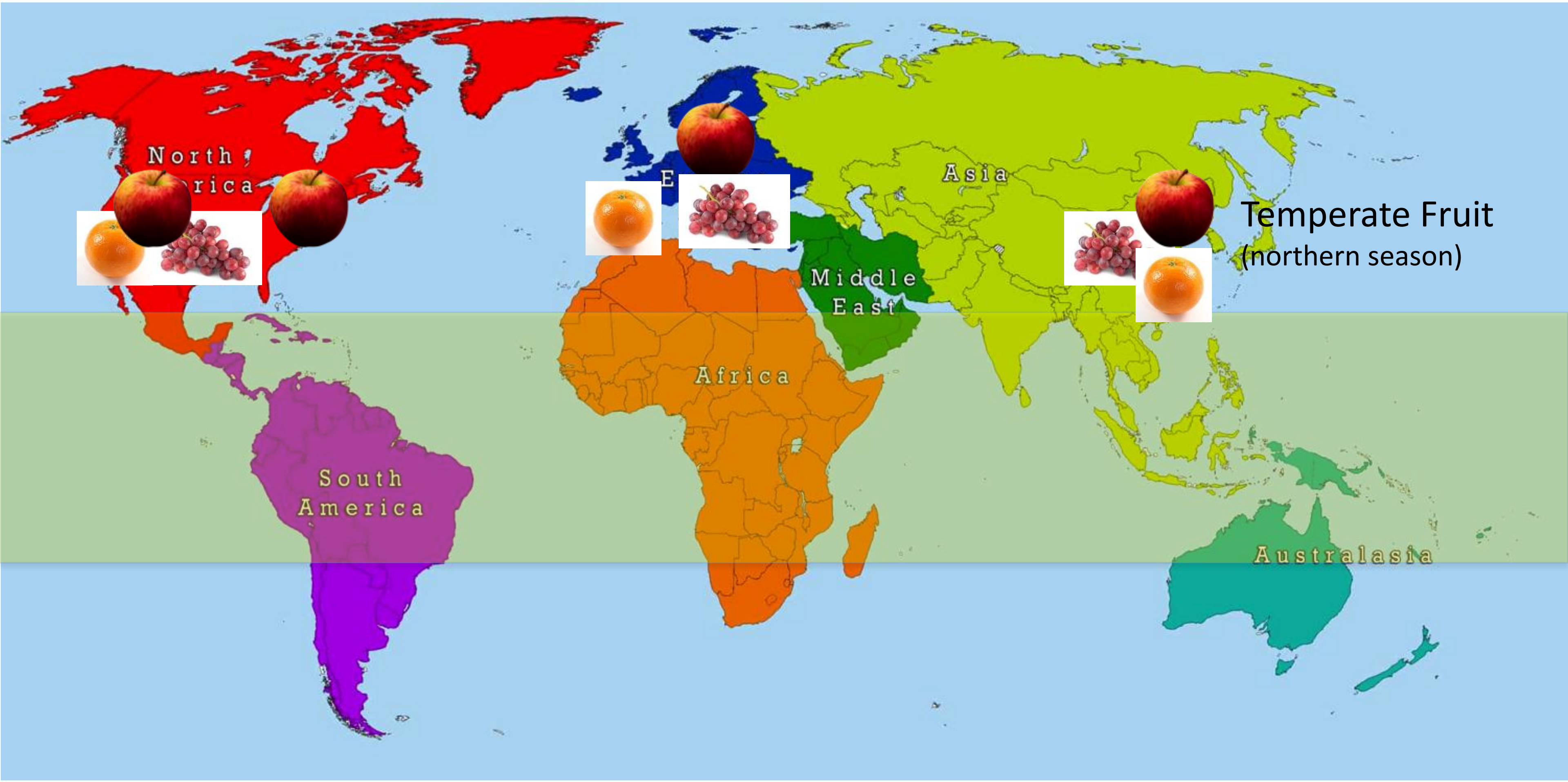
Global Trade in Fresh Fruit by Volume 2001 - 2018



Source: ITC Trademap; Fresh Intelligence analysis

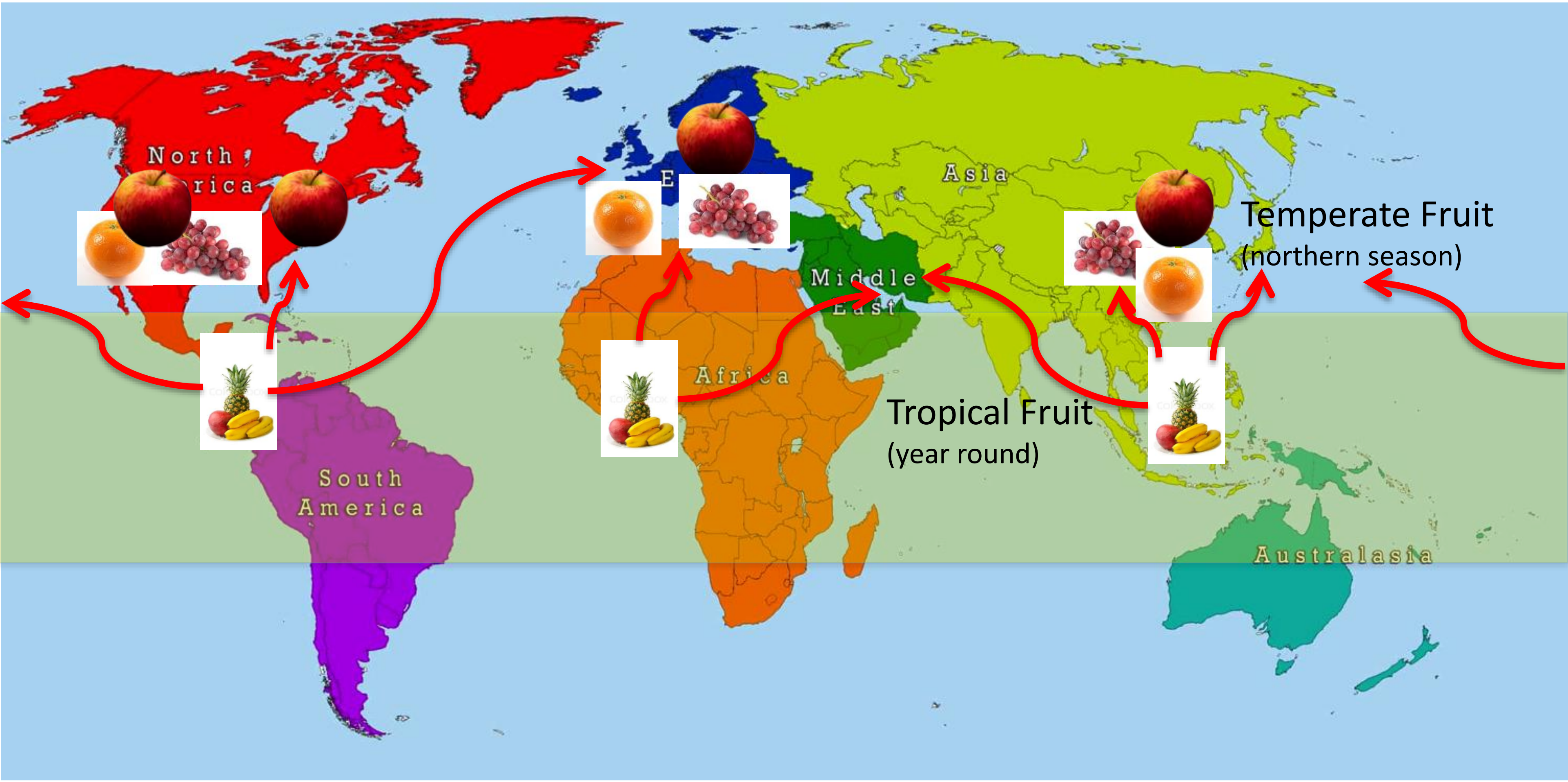
Fresh Fruit Distribution

1. Northern Temperate in Season



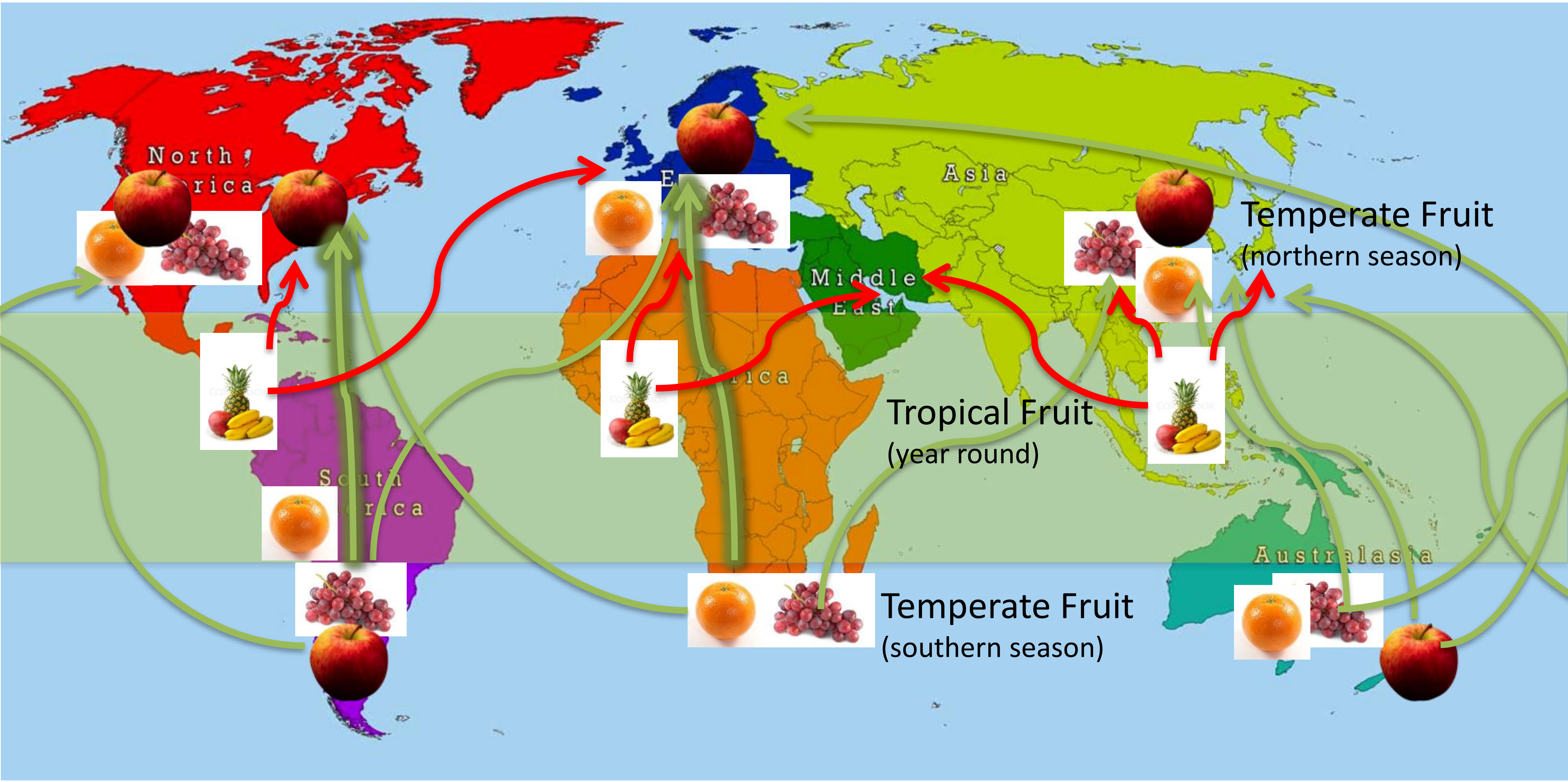
Fresh Fruit Distribution

1. Northern Temperate in Season
2. **Tropical to Northern Temperate markets year round**



Fresh Fruit Distribution

1. Northern Temperate in Season
2. Tropical to Northern Temperate markets year round
3. **Counter Seasonal Southern Temperate to Northern Temperate Markets**



Markets that want year-round temperate fruit must import counter-season fruit.

2019 Global Fruit Trade

	$US Billion CIF	1-year change
• Bananas	16.8 bn	+3.9%
• Citrus	14.6 bn	-9.2%
• Berries	10.3 bn	+11.7%
• Apples	6.6 bn	-17.8%
• Cherries	3.4 bn	-2.8%

Source: ITC Trademap 12 months to September 2019; Fresh Intelligence analysis

2019 Fruit Market Imports

	Billion USD CIF	1-year change
GLOBAL	**82.7**	**-2.2%**
• United States	15.42	5.2 %
• China	8.49	27.0 %
• Netherlands	6.76	-2.6 %
• Germany	6.57	-13.3%
• United Kingdom	4.79	-4.0 %
• Russia	4.45	-2.3 %

Source: ITC Trademap 12 months to September 2019; Fresh Intelligence analysis

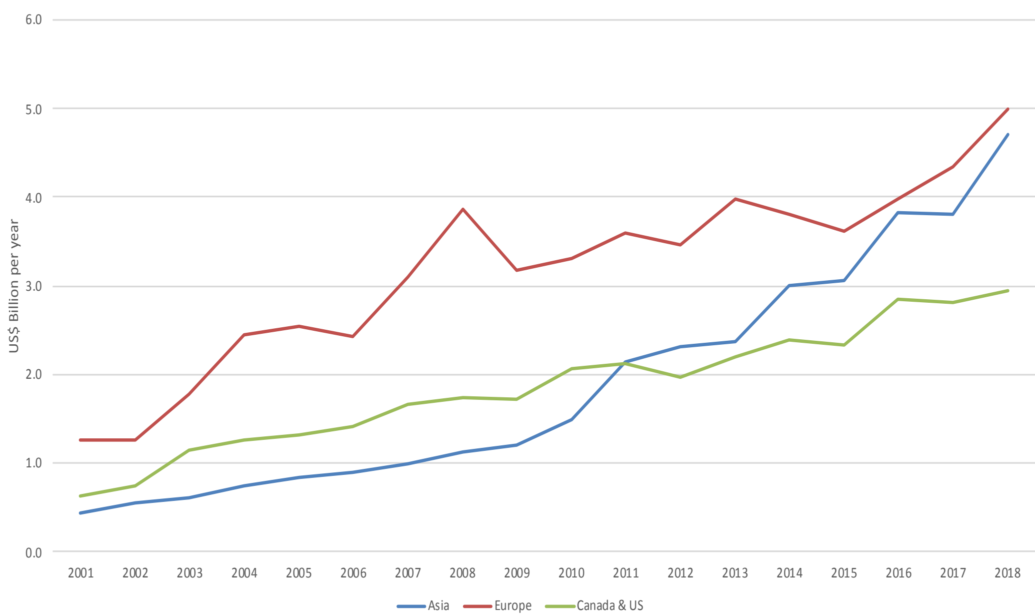
2019 Fruit Exports

	Billion USD FOB	1-year change
GLOBAL	**76.4**	**-1.8%**
Spain	8.54	-6.7%
Mexico	7.49	+7.0%
Netherlands	6.66	-3.4%
United States	5.71	-5.4%
China	4.43	-3.6%
Chile	4.25	-2.2%
Ecuador	3.42	+5.6%

Source: ITC Trademap 12 months to September 2019; Fresh Intelligence analysis

Higher Growth Trend for Southern exporters to Asia

Trends for **Southern Hemisphere** fruit exports to Northern Markets 2001 - 2018



10-year CAGR*

Europe	5.1% p.a.
Asia	16.3% p.a.
US & Canada	6.1% p.a.

Source: ITC Trademap; Fresh Intelligence analysis

*CAGR – Compound Annual Growth Rates

Apple Production & Trade

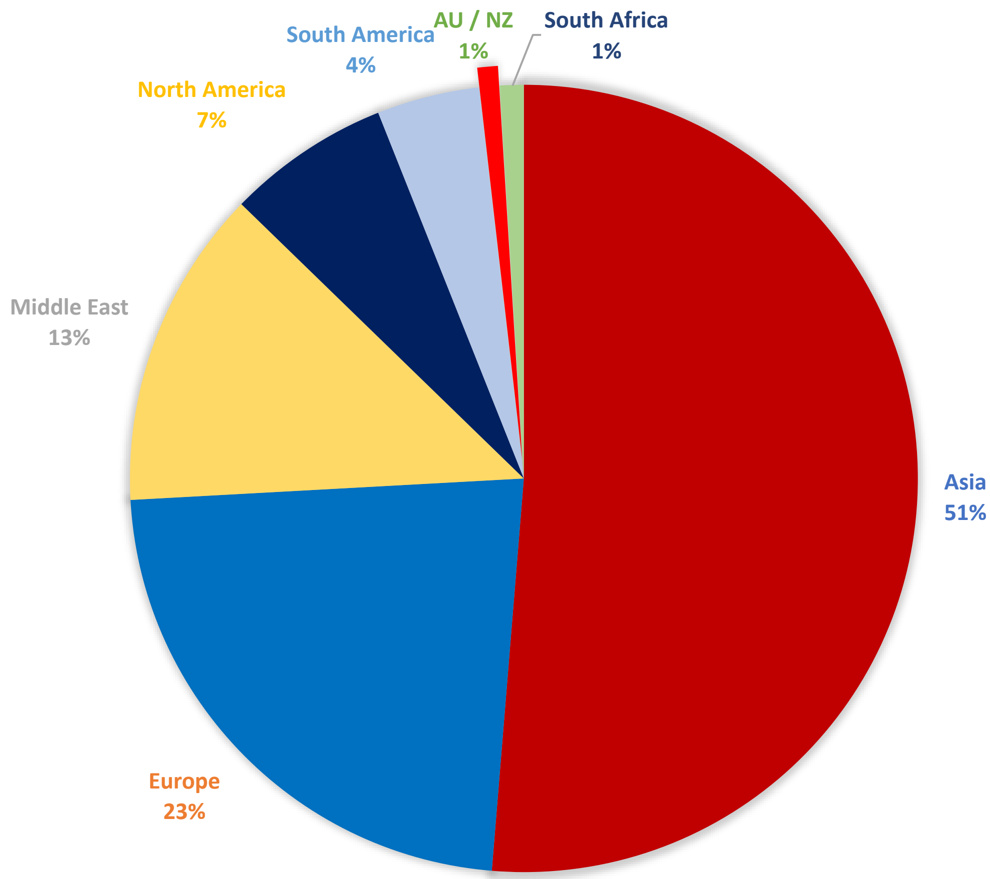
Global Statistics

2018 Global Apple Production

	Million Tonnes	**1 yr chg**	**5 yr CAGR**	**Share**
China	39.23	-5.2%	-0.3%	45.5%
United States	4.65	-11.2%	-0.4%	5.4%
Poland	4.00	63.8%	6.7%	4.6%
Turkey	3.63	19.6%	3.8%	4.2%
Iran	2.52	5.0%	-4.6%	2.9%
Italy	2.41	25.7%	2.2%	2.8%
India	2.33	2.7%	5.0%	2.7%
Russia	1.86	24.5%	4.3%	2.2%
France	1.74	2.4%	0.7%	2.0%
Chile	1.73	-2.6%	0.2%	2.0%
Ukraine	1.46	35.9%	4.8%	1.7%
New Zealand	0.45	0.3%	0.5%	0.5%
Australia	0.27	-14.5%	-1.8%	0.3%
Other	*19.86*			*23%*
	86.14	3.8%	1.0%	100.0%

Source: FAOSTAT; Fresh Intelligence analysis

2018 Global Apple Production



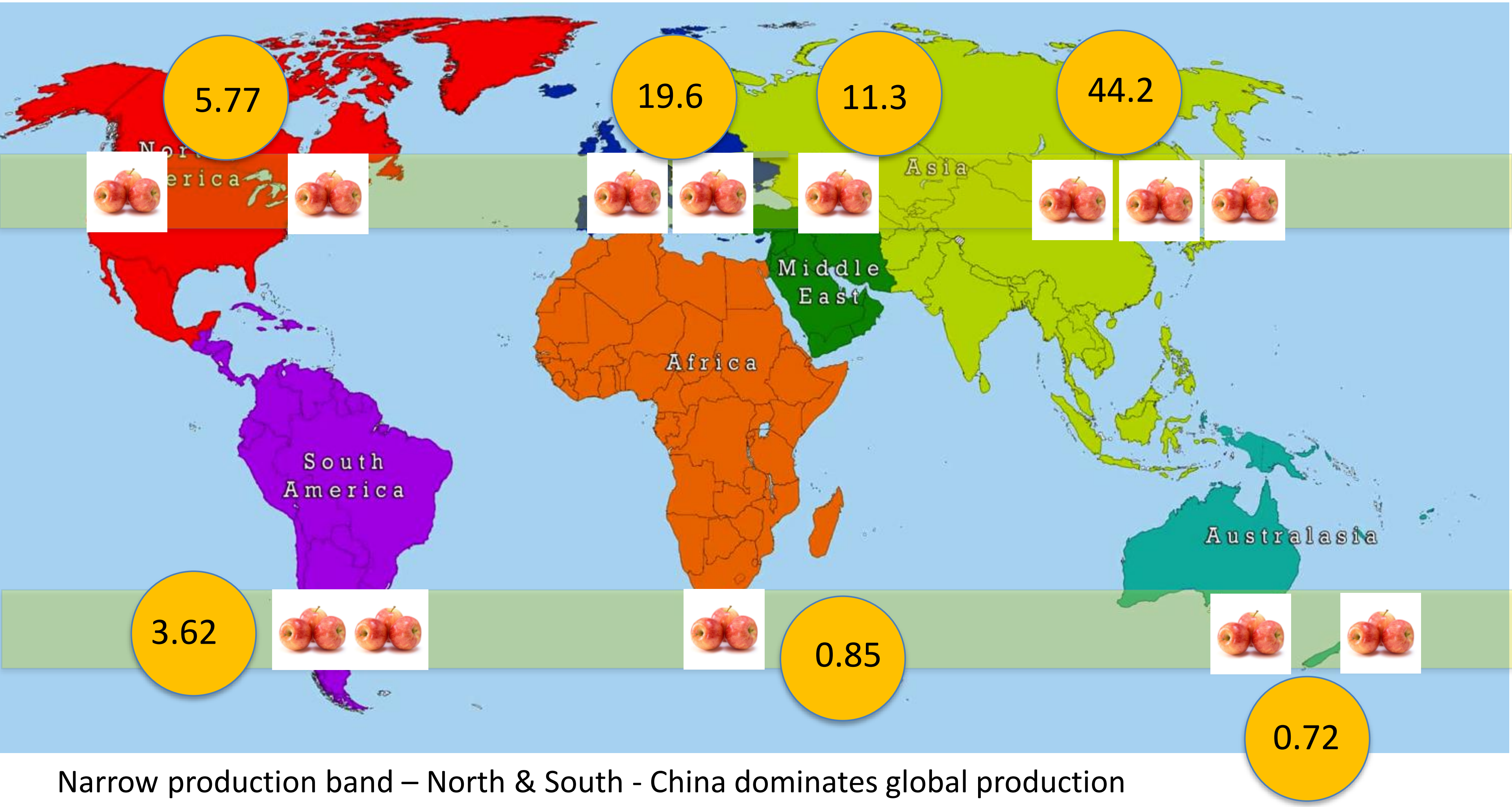
Source: FAOSTAT; Fresh Intelligence analysis

Global Apple Production

Million Tonnes

Region	Million Tonnes	share
Asia	44.2	51.3%
Europe	19.6	22.8%
Middle East	11.3	13.1%
North America	5.8	6.7%
South America	3.6	4.2%
AU / NZ	0.7	0.8%
South Africa	0.8	1.0%
Global Production	**86.1**	**100%**

Source: FAOSTAT; Fresh Intelligence analysis

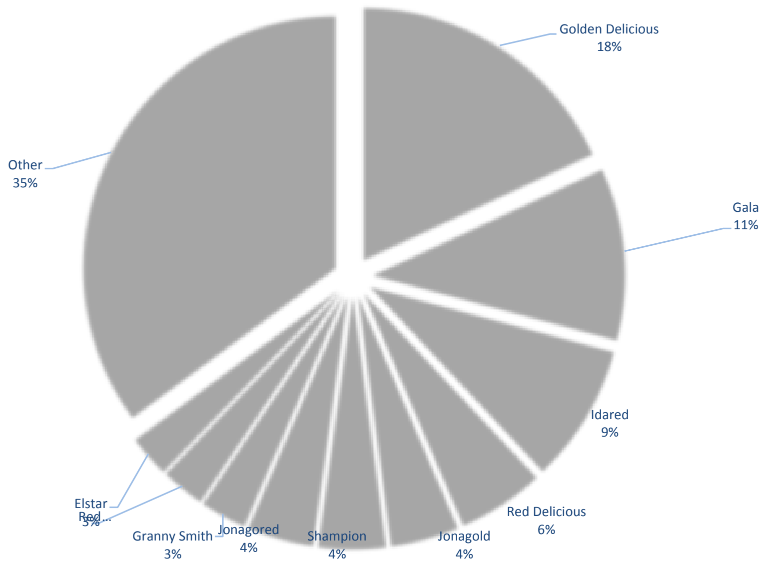


Narrow production band – North & South - China dominates global production

Source: FAOSTAT; Fresh Intelligence analysis

2018 European Apple Production

- Over 30 varieties produced in 28 countries,
- Poland, Italy and France are the leading producers
- Golden Delicious leads, then Gala is increasing slowly
- Idared is declining

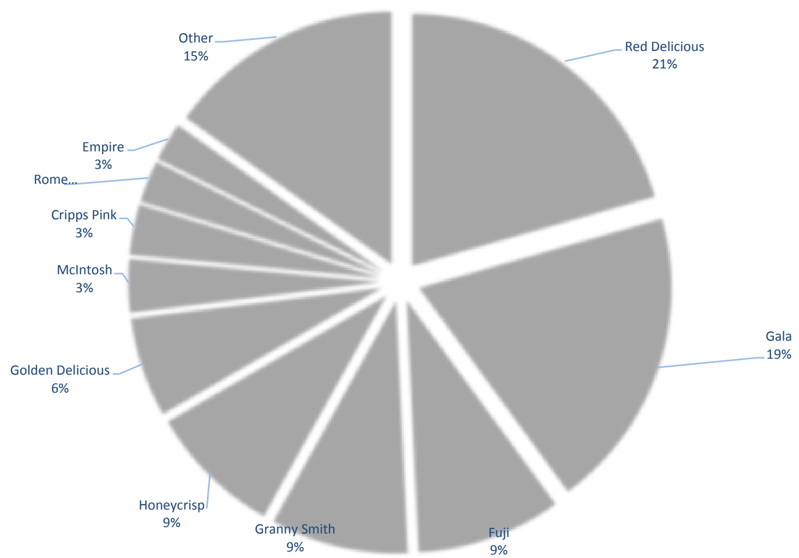


	2018	2019 (F)	1 yr chg	5 yr CAGR	2018 share
	000 Tonnes	000 Tonnes			
Golden Delicious	2,403	2,327	-3%	-3%	18.1%
Gala	**1,467**	**1,467**	0%	3%	11.1%
Idared	1,177	552	-53%	0%	8.9%
Red Delicious	737	656	-11%	2%	5.6%
Jonagold	577	431	-25%	-3%	4.3%
Shampion	569	466	-18%	4%	4.3%
Jonagored	563	228	-60%	3%	4.2%
Granny Smith	393	377	-4%	1%	3.0%
Red Jonaprince	**371**	**204**	-45%	39%	2.8%
Elstar	357	355	-1%	-5%	2.7%
Ligol	350	200	-43%	5%	2.6%
Fuji	332	339	2%	1%	2.5%
Braeburn	312	294	-6%	-1%	2.4%
Cripps Pink	275	299	9%	3%	2.1%
Gloster	190	146	-23%	-1%	1.4%
Jonathan	164	95	-42%	-4%	1.2%
Pinova	155	151	-3%	18%	1.2%
Reinette Grise	142	129	-9%	3%	1.1%
Bramley	72	55	-24%	-3%	0.5%
Boskoop	66	59	-11%	-6%	0.5%
Morgendurf/impera	58	57	-2%	-6%	0.4%
Annurca	40	40	0%	0%	0.3%
Cox Orange	23	16	-30%	-3%	0.2%
Other new	344	377	10%	20%	2.6%
Other	2,127	1,229	-42%	4%	16.0%
Total	13,276	10,559	-20%	1%	100%

Source: WAPA; Fresh Intelligence analysis

2018 United States Apple Production

- Gala trending to exceed Red Delicious by 2020.
- Top 3 account for 50 per cent of production.
- Honeycrisp has most rapid growth.

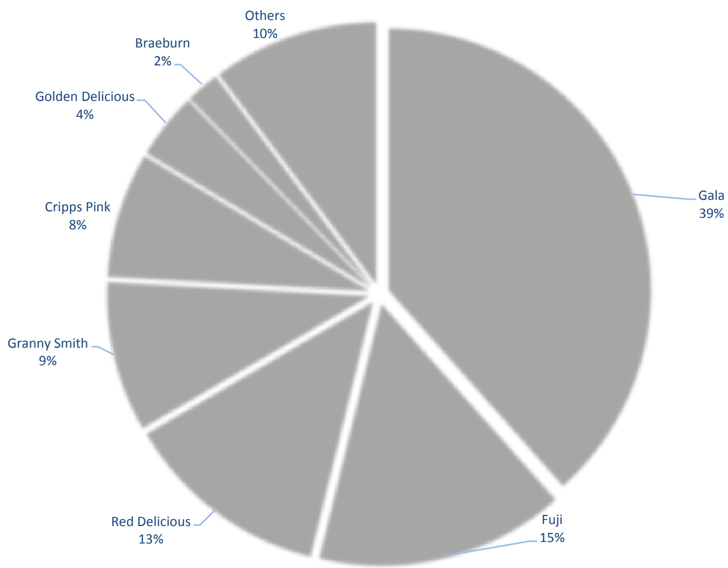


Variety	2018	2019 (F)	1 yr chg	5 yr CAGR	2018 share
	000 Tonnes	000 Tonnes			
Red Delicious	1,004	905	-10%	-4%	20.6%
Gala	**947**	**988**	**4%**	**2%**	**19.4%**
Fuji	453	497	10%	-3%	9.3%
Granny Smith	431	487	13%	-2%	8.8%
Honeycrisp	**420**	491	**17%**	**13%**	**8.6%**
Golden Delicious	311	327	5%	-12%	6.4%
McIntosh	166	150	-10%	-5%	3.4%
Cripps Pink	**157**	169	**8%**	**10%**	**3.2%**
Rome	131	122	-7%	-4%	2.7%
Empire	121	110	-9%	0%	2.5%
Idared	85	78	-8%	1%	1.7%
York	66	64	-3%	-4%	1.4%
Cortland	48	43	-10%	-1%	1.0%
Jonathan	41	40	-2%	-8%	0.8%
Braeburn	27	22	-19%	-18%	0.6%
Northern Spy	17	16	-6%	-6%	0.3%
Stayman	13	13	0%	-9%	0.3%
Jonagold	10	11	10%	-23%	0.2%
Cameo	2	2	0%	-42%	0.0%
Other	431	463	7%	4%	8.8%
Total	4,881	4,998	2%	-1%	100%

Source: WAPA; Fresh Intelligence analysis

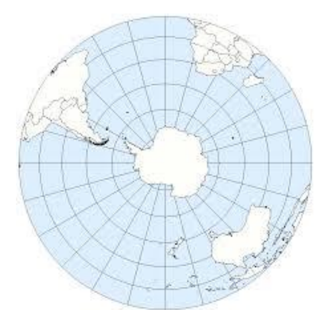
2018 Southern Hemisphere Apple Production

- Gala leads, Fuji and Red Delicious follow making up 65 per cent
- Chile is the largest producer in Southern Hemisphere
- Australia produces 6 per cent of Southern Hemisphere apples
- Overall growth declining 2 per cent per year over 5 years

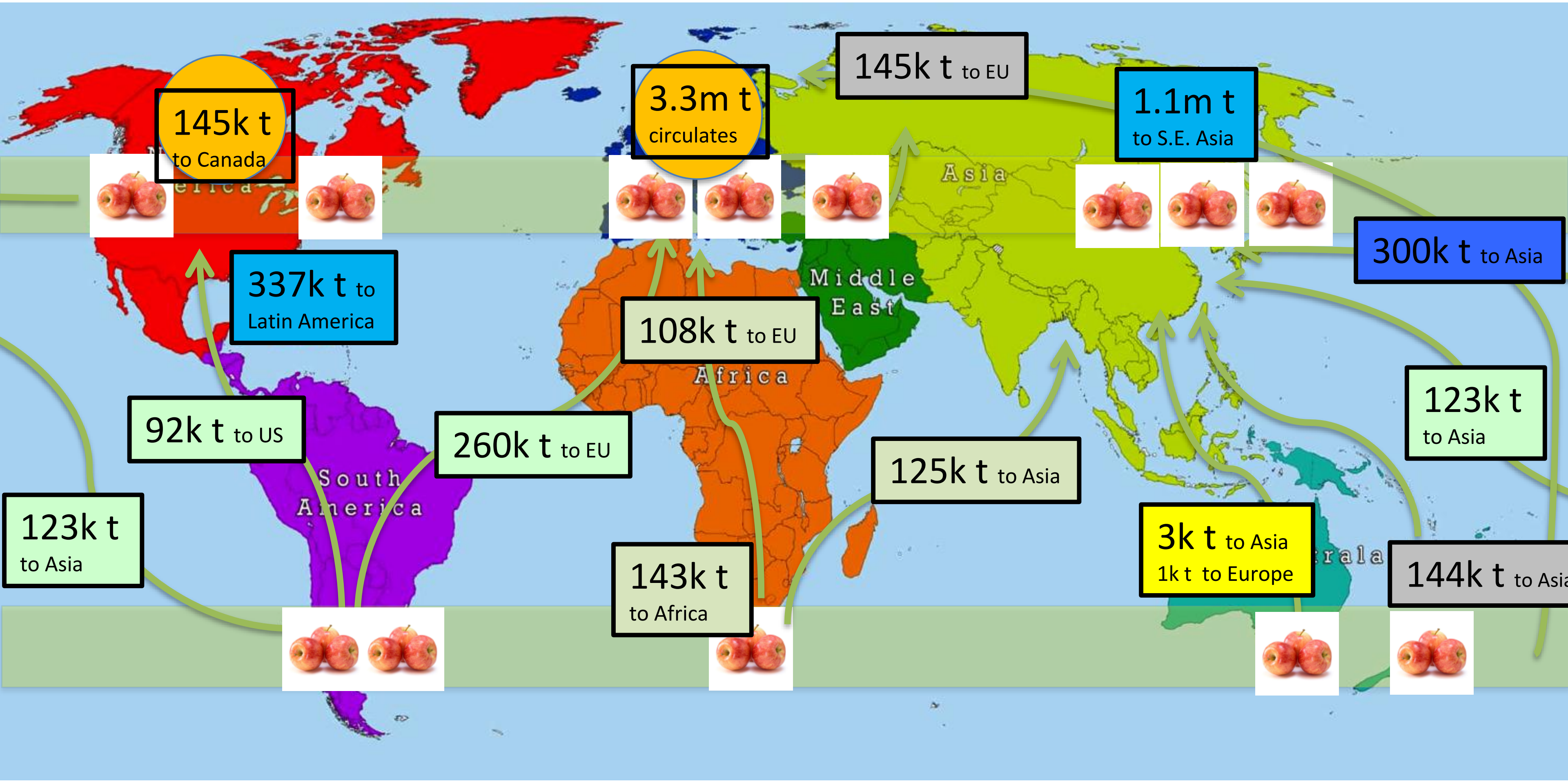


	2019	2020 (F)	1 yr chg	5 yr CAGR	2019 share
	000 Tonnes	000 Tonnes			
Gala	1931	1,959	1%	0%	38.4%
Fuji	774	**729**	-6%	1%	15.4%
Red Delicious	642	627	-2%	-6%	12.8%
Granny Smith	465	448	-4%	-6%	9.3%
Cripps Pink	**389**	389	0%	-2%	7.7%
Golden Delicious	206	216	5%	8%	4.1%
Braeburn	104	93	-11%	-10%	2.1%
Others	514	542	5%	1%	10.2%
Total	5,025	5,003	0%	-2%	100%

Source: WAPA; Fresh Intelligence analysis



Global Apple Distribution

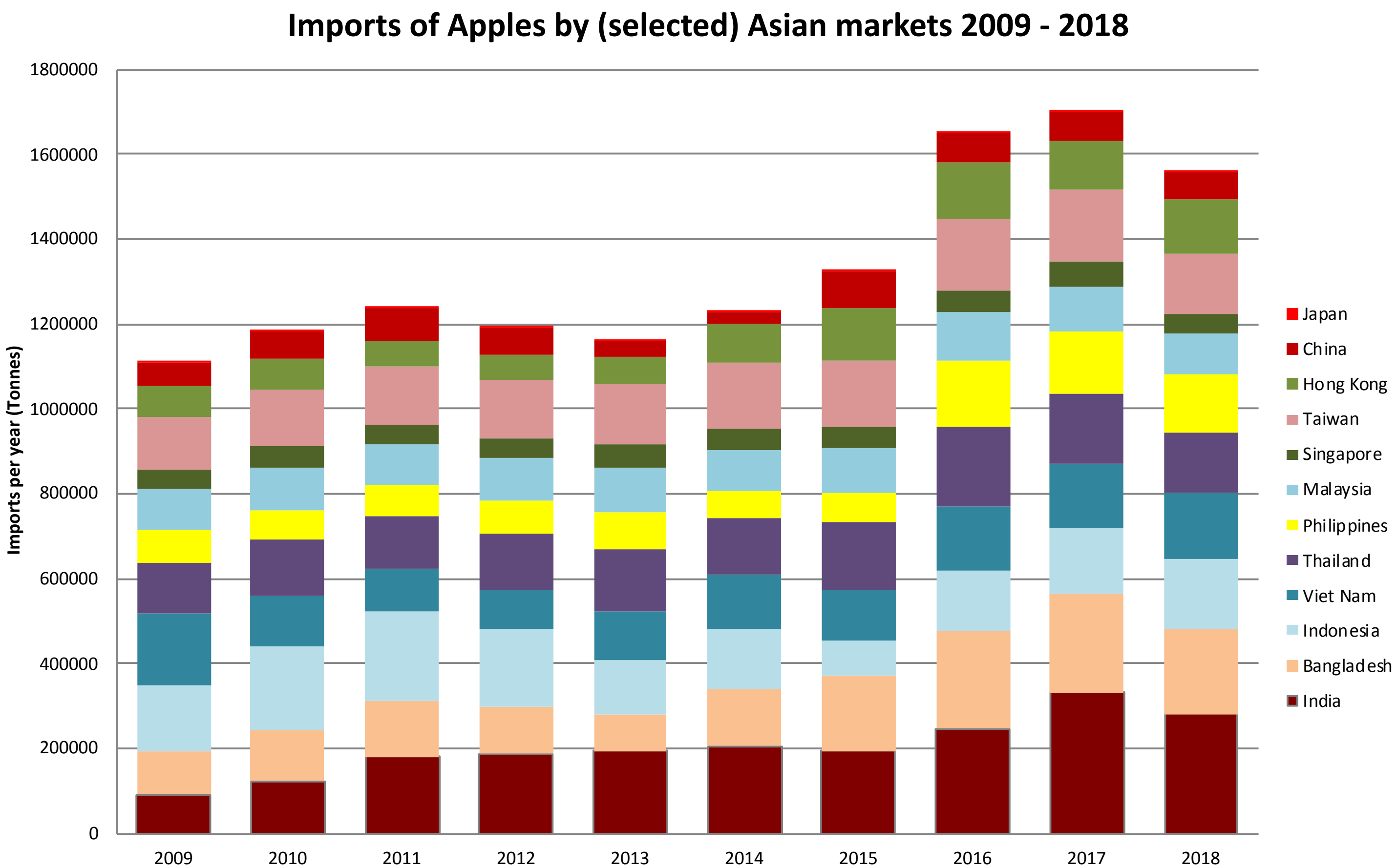


Most trade is intra continental in Europe and Asia

Source: ITC Trademap; Fresh Intelligence analysis

ASIAN TRADE INSIGHTS – Importers

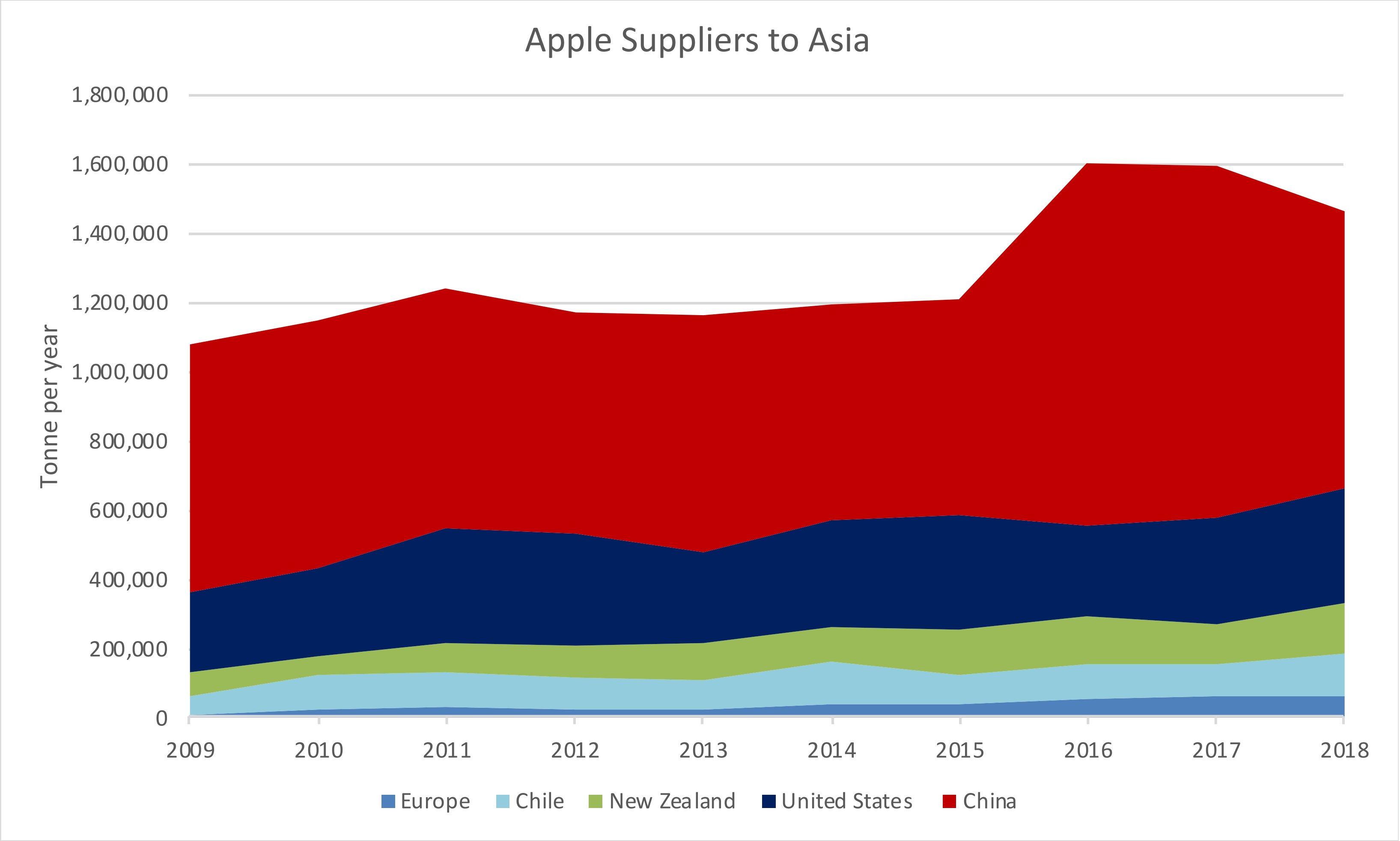
China accounts for 4% of Asian imports
Around 1.6 million tonnes is imported, mostly South & SE Asia
India is the largest apple importer in Asia



Source: ITC Trademap; Fresh Intelligence analysis

ASIAN TRADE INSIGHTS – Suppliers

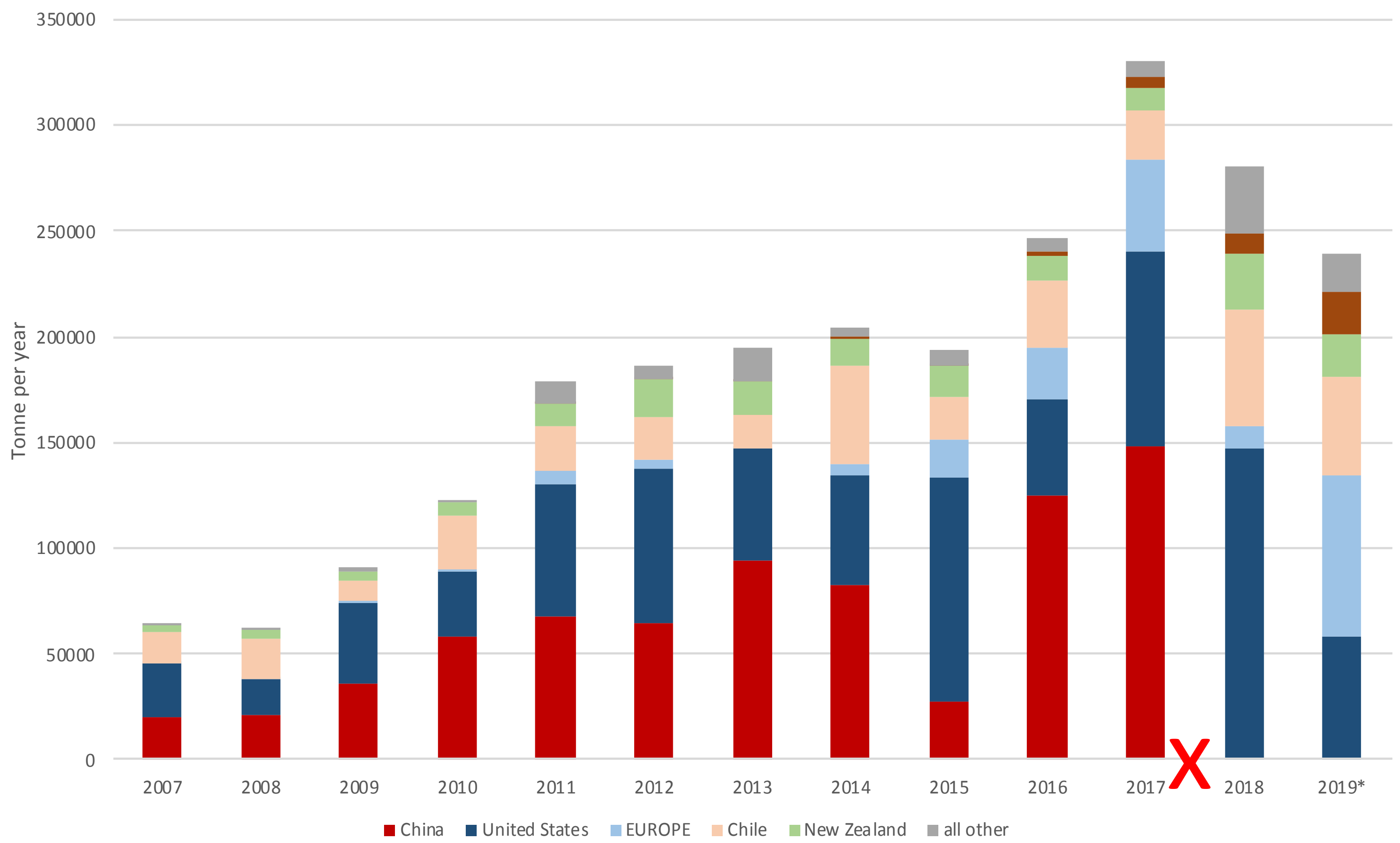
China is the largest supplier to the region – with year around supply
United States is a significant supplier, while Europe is increasing off a small base
Chile and New Zealand are the main Southern Hemisphere suppliers



Source: ITC Trademap; Fresh Intelligence analysis

ASIAN TRADE INSIGHTS – India Geopolitics

India is the largest apple importer in Asia
China was the largest supplier to India – until India banned imports from China (150,000 tonnes)
United States and Europe, plus Chile and New Zealand helped close the gap



* 2019 – 12 month to August

Source: ITC Trademap; Fresh Intelligence analysis

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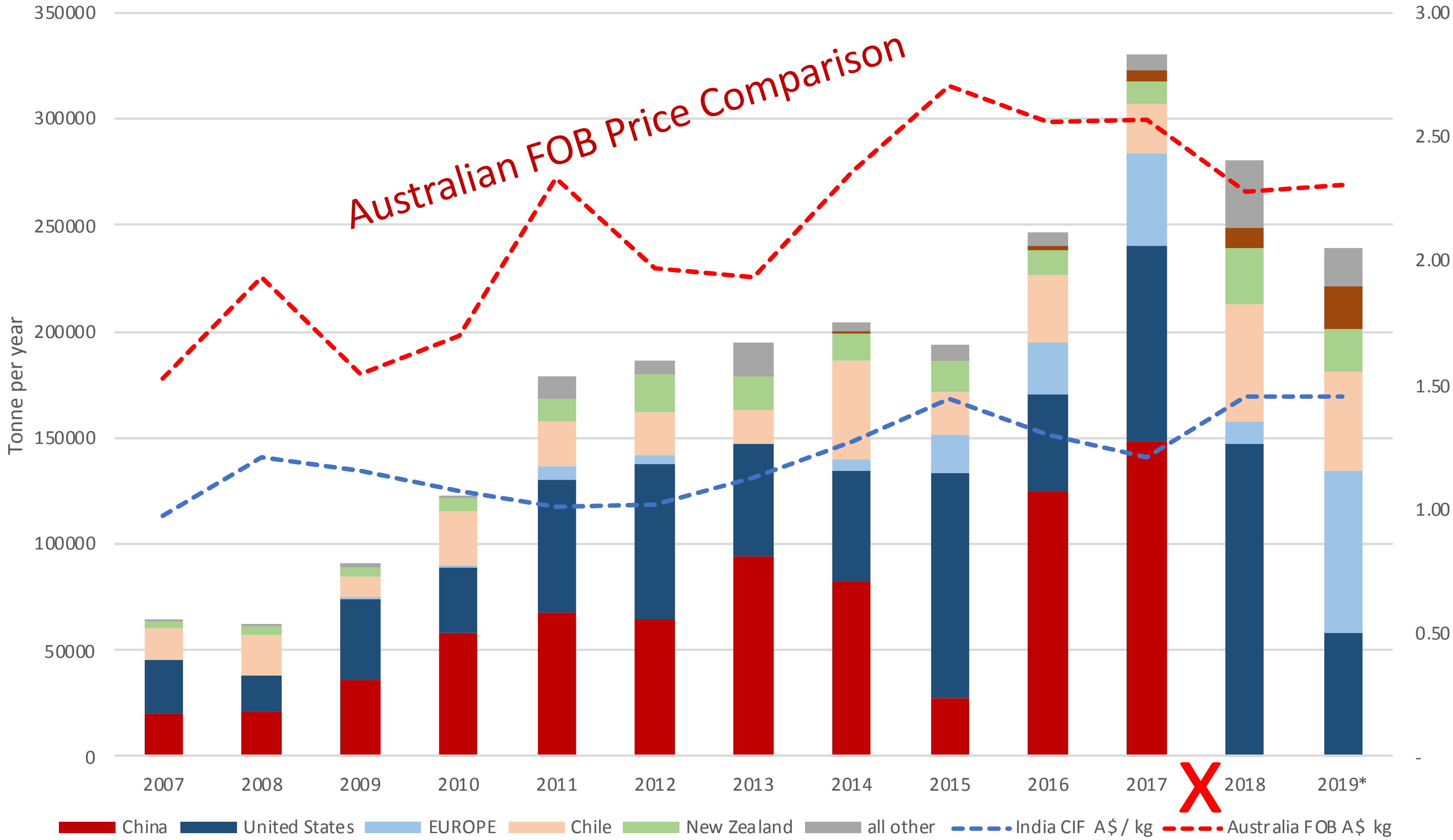


* 2019 – 12 month to August

Source: ITC Trademap; Fresh Intelligence analysis

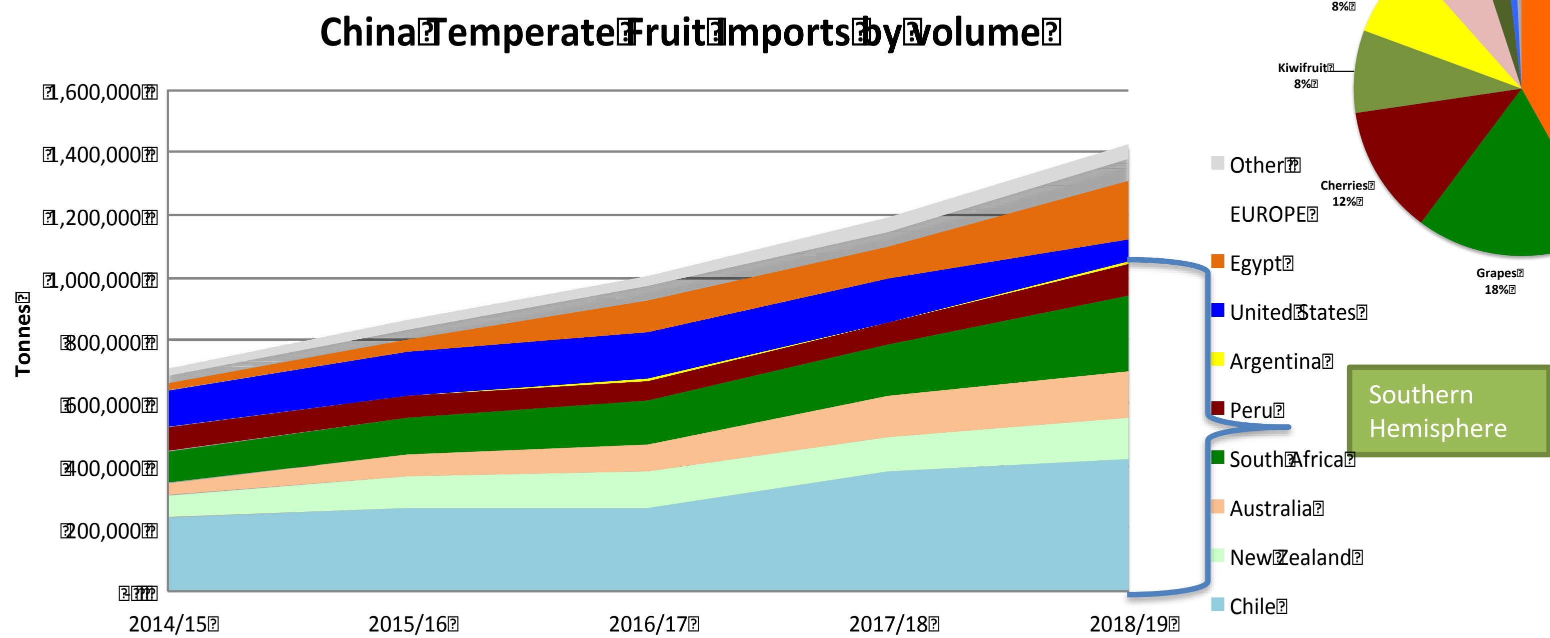
China - Temperate Fruit Imports

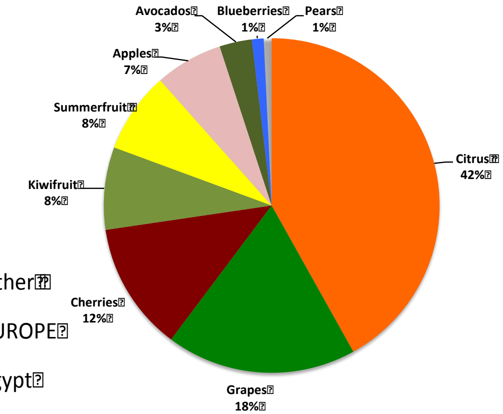
Most temperate fruit is imported from Southern Hemisphere

Australia is the 3rd largest supplier (by volume after Chile and South Africa)

Citrus and grapes are the main lines

United States (citrus) has lost share to Egypt – implication for start of southern season

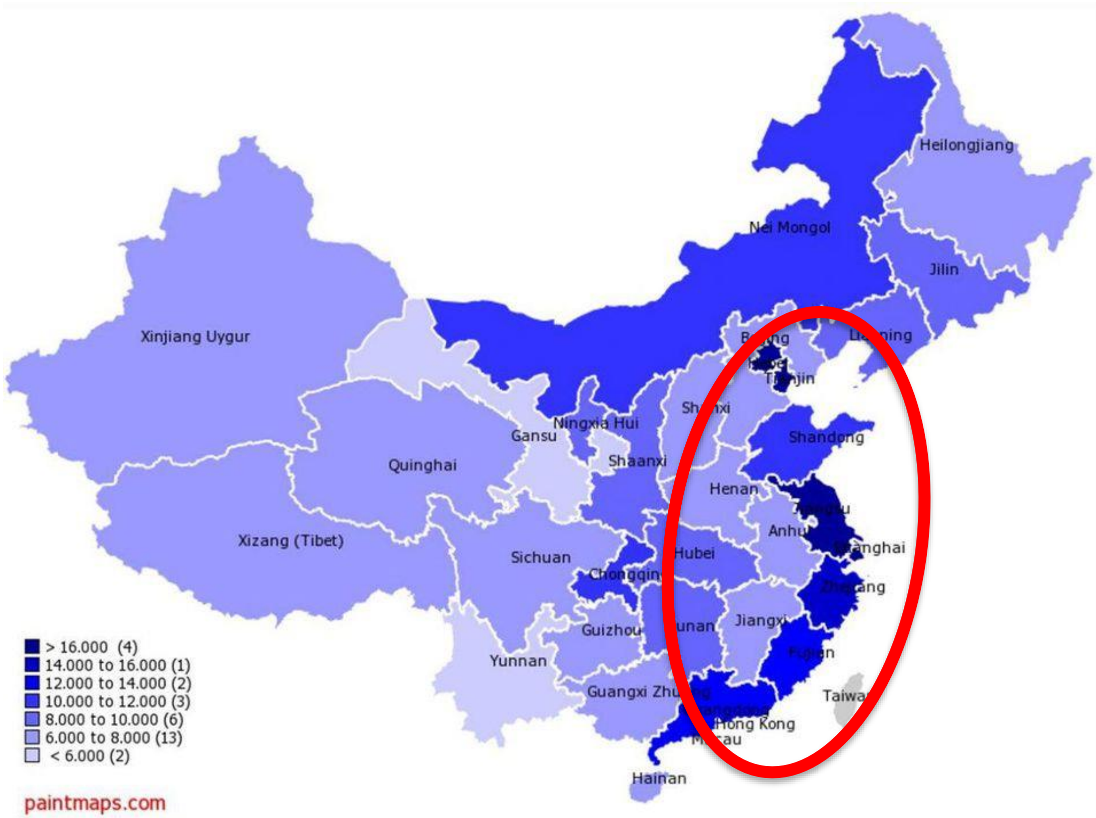




Source ITC Trademap; Fresh Intelligence analysis

GDP per capita = Purchasing Power

China East Coast has the highest level of GDP in China
– average US$16,000 (all of China is US$9,300)



7 provinces along east coast have highest GDP in China

End point retail is changing from traditional wet markets to modern cashless online hybrid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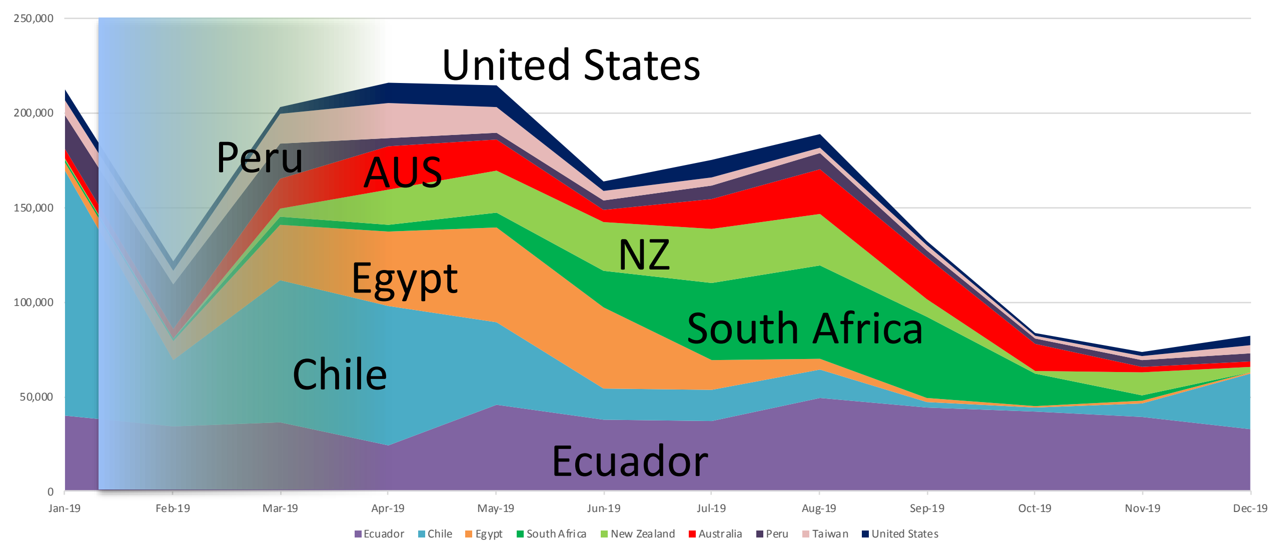
Potential Coronavirus Impact

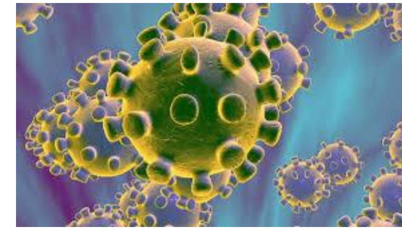
- Chinese consumers are reducing purchases of “discretionary” produce at wet markets
- Generally difficulty in managing day to day trade, handling, promotions etc.
- Early reports showing a lift in quality retail and online purchasing, though imports are down
- Ports are “congested” with reefer containers unable to be unloaded – leading to shortage

    - Chile has some 20,000 tonnes of cherries unable to be sold (5th Feb)
    - Australian and Chilean summerfruit from February to April likely to be most impacted
    - Australian and Chilean grapes from January to May likely to be also impacted
    - US and Egyptian citrus January to May also likely to be impacted.
    - Australian and South African citrus from May to October may be impacted



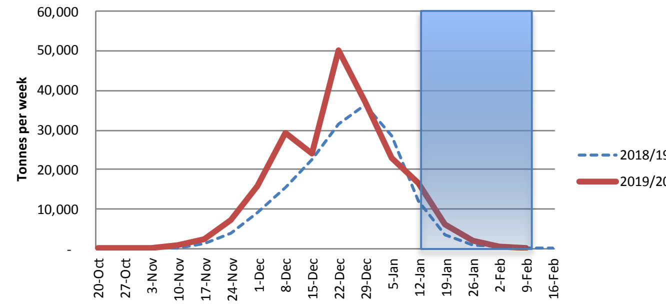
Source: ITC Trademap; Fresh Intelligence analysis

Potential Coronavirus Impact



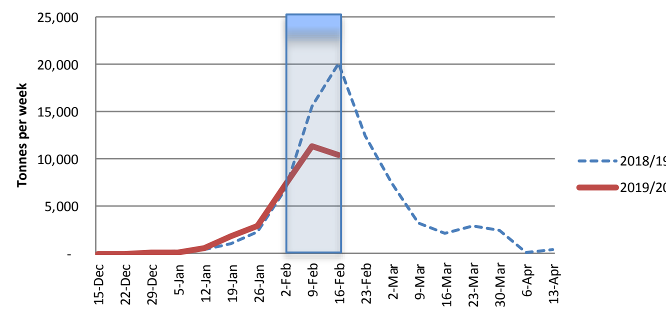
- Chile has some 20,000 tonnes (10%) of **cherries** unable to be sold (5th Feb)
  - Season completed
- Australian and Chilean **summerfruit** from February to April likely to be most impacted
  - Chilean plums shipments to China are 25% lower (16th Feb) – no alternative market
- Australian and Chilean **grapes** from January to May likely to be also impacted
  - Chilean grape shipments to China are 19% lower (16th Feb) – offset by 25% more to Japan
- Chilean officials expect at least US $100m loss in sales (conservative?)

Cherries - Chile shipment to Asia 2019/20 vs 2018/19 - DATE of SHIPPING



Source: Decofrut; Fresh Intelligence analysis

Plums - Chile shipment to Asia 2019/20 vs 2018/19 - DATE of SHIPPING



Source: Decofrut; Fresh Intelligence analysis

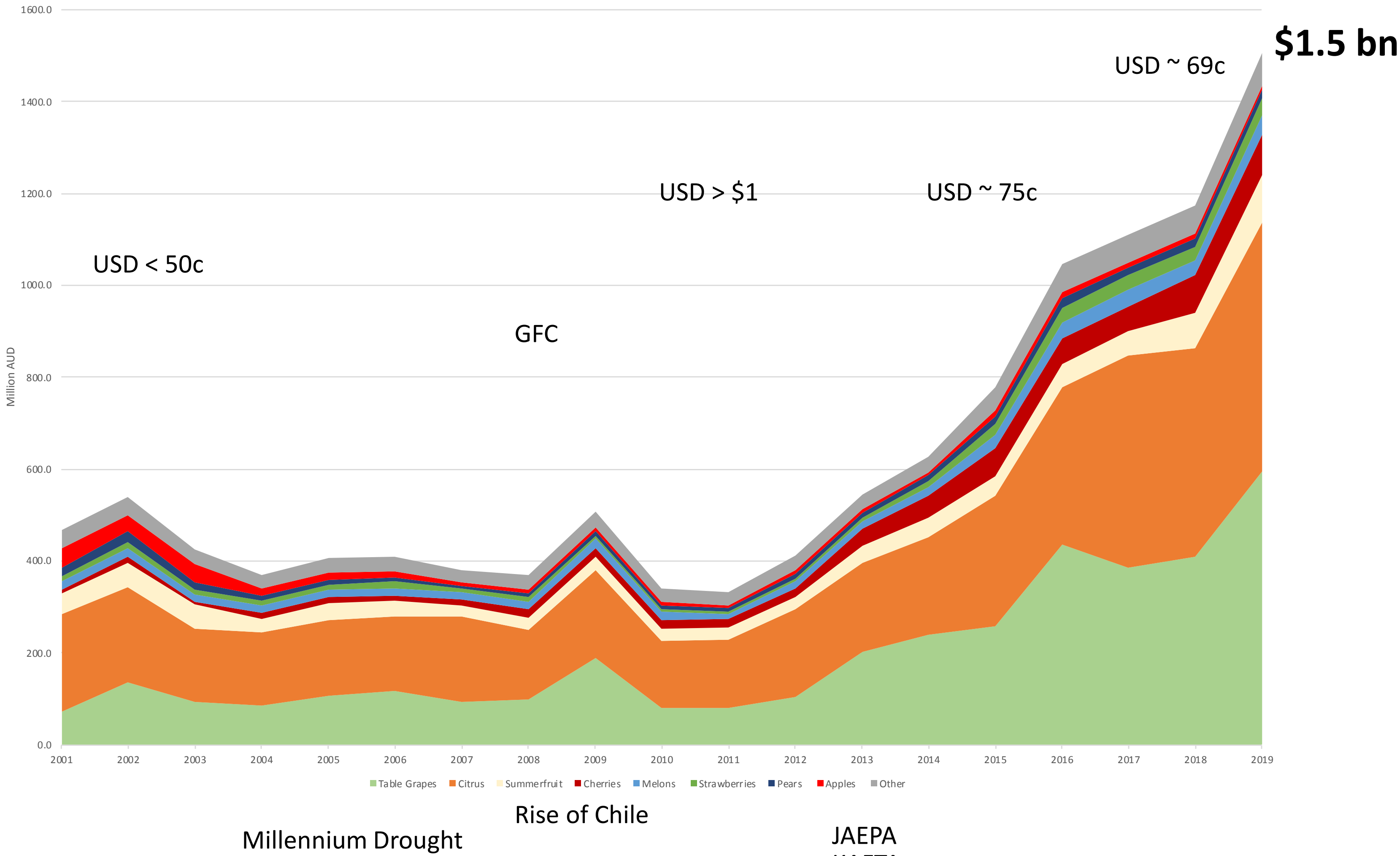
Source: ITC Trademap, Decofrut; Fresh Intelligence analysis

Australian 2019 Trade Results

Local Statistics

Australian Fresh Fruit Export Growth

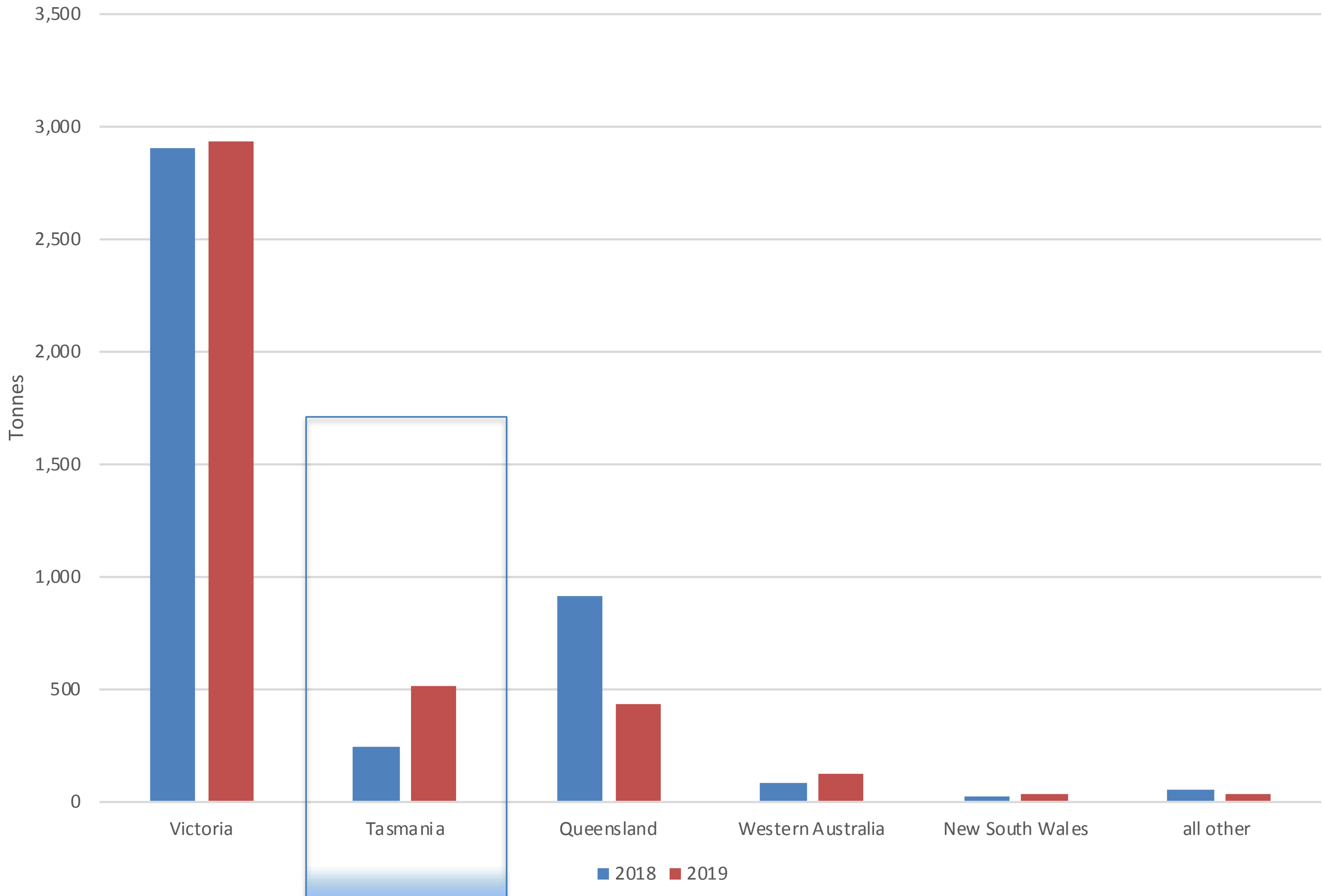
Exchange Rates, drought, GFC, domestic market prices, FTA's, market access, competitors, DEMAND



Source: ITC Trademap; Fresh Intelligence analysis

NATIONAL APPLE EXPORTS – BY STATE

Tasmania lifted 113% to No.2 place (504 tonnes)



Source: ITC Trademap; Fresh Intelligence analysis

NATIONAL APPLE EXPORTS – BY STATE

Apple exports decreased 3.6 per cent by volume.
Victoria is the leading export state while Tasmania lifted to No.2 place.

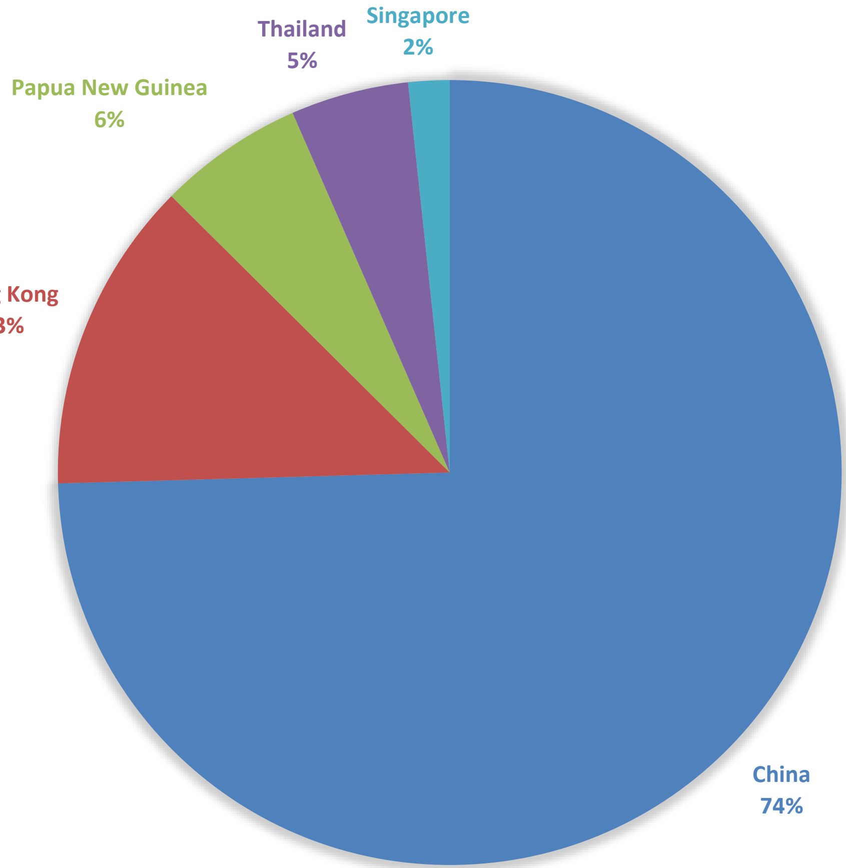
Apples - National	Volume	4,067	tonnes	...	-3.6%	
Exports by Year	Value	9.32	million	...	-3.1%	
By State	$ per kg	$2.29		... +	0.5%	0.01 c

	Volume Tonnes (season to date)				Value $ Million AUD (season to date)				Average price per KG (FOB)	
Country -	January to Dec-18	January to Dec-19	Change LY	share	January to Dec-18	January to Dec-19	Change LY	share	January to Dec-18	January to Dec-19
TOTAL APPLES	4,220	4,067	-4%	100%	9.62	9.32	-3%	100%	2.28	2.29
Victoria	2,902	2,930	1%	72.0%	6.08	6.16	1%	66.0%	2.09	2.10
Tasmania	**240**	**511**	**113%**	**12.6%**	**0.50**	**1.26**	**150%**	**13.5%**	**2.10**	**2.47**
Queensland	914	435	-52%	10.7%	2.44	1.21	-51%	12.9%	2.67	2.77
Western Australia	87	123	42%	3.0%	0.24	0.42	72%	4.5%	2.80	3.39
New South Wales	24	35	47%	0.9%	0.12	0.17	41%	1.9%	5.14	4.93
all other	52	32	-39%	0.8%	0.03	0.05	49%	0.5%	0.59	1.44
TOTAL Apples	**4,220**	**4,067**	**-3.6%**	**100.0%**	**9.62**	**9.32**	**-3.1%**	**100.0%**	2.28	2.29

source : ABS data, Fresh Intelligence analysis

TASMANIAN APPLE EXPORT MARKETS

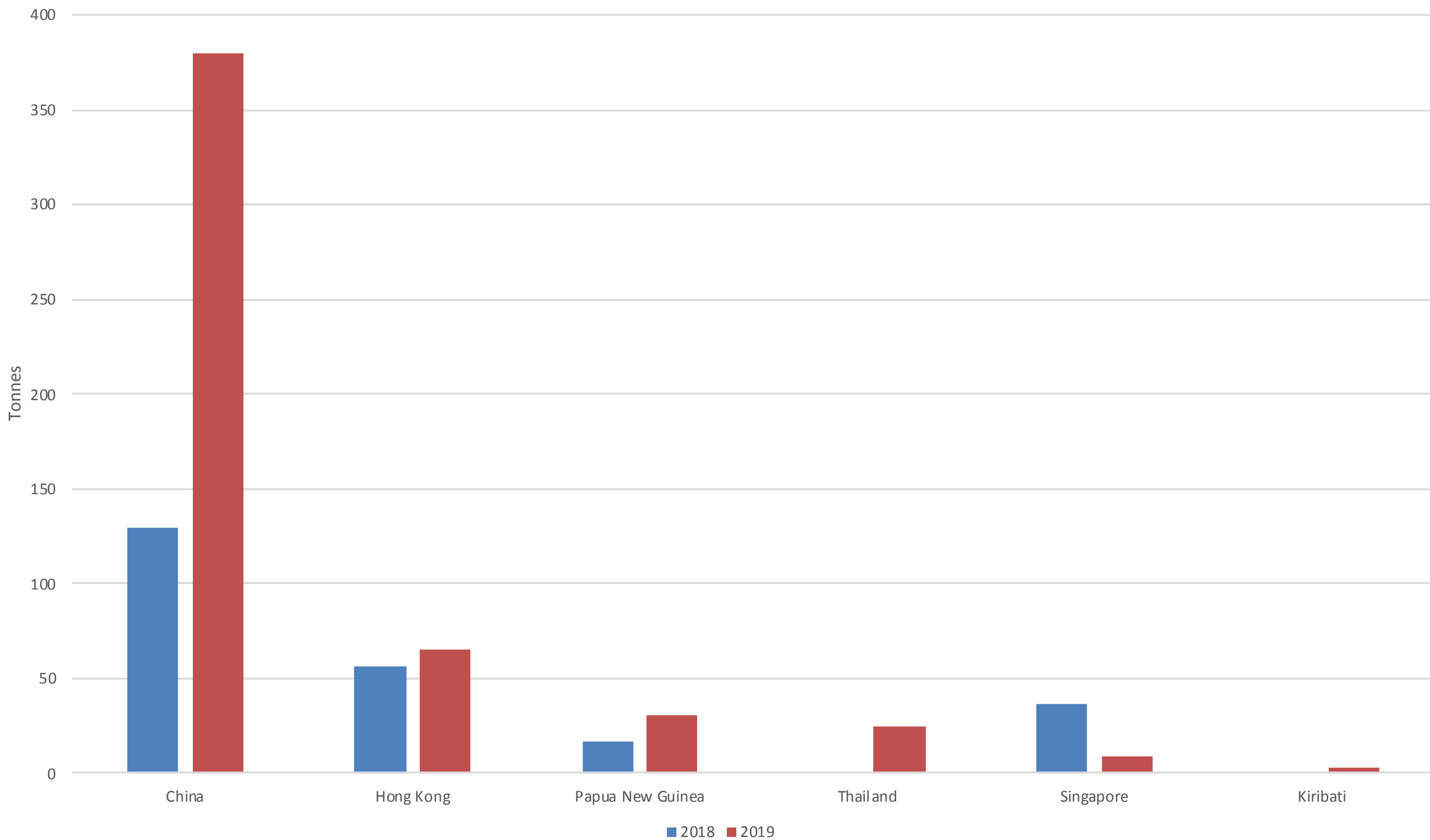
The markets for Tasmanian Apples were China, Hong Kong, PNG, Thailand and Singapore
China dominated with 74 per cent share of exports



Source: ABS; Fresh Intelligence analysis

Exports to China increased 194 per cent

to 379 tonnes – Tasmania is the only state exporting to China



Source: ABS; Fresh Intelligence analysis

TASMANIAN APPLE EXPORTS – BY MARKET

Apple exports increased 113 per cent by volume driven by China.
Unit values increased 17 per cent.

Apples - Tasmania	Volume	511	tonnes	...+ 113.2%		
Exports by Year	Value	1.26	million	...+ 150.3%		
By State	$ per kg	$2.47		... + 17.4%	0.37	c

	Volume Tonnes (season to date)				**Value $ Million AUD (season to date)**				Average price per KG (FOB)	
Country -	January to Dec-18	January to Dec-19	Change LY	share	January to Dec-18	January to Dec-19	Change LY	share	January to Dec-18	January to Dec-19
TOTAL APPLES	240	511	113%	100%	0.50	1.26	150%	100%	2.10	2.47
China	129	379	194%	74.2%	0.21	0.82	282%	64.7%	1.66	2.15
Hong Kong	**56**	**65**	16%	12.8%	**0.14**	**0.21**	**55%**	16.6%	2.41	3.20
Papua New Guinea	17	31	78%	6.0%	0.05	0.12	146%	9.3%	2.77	3.82
Thailand	0	25		4.8%	-	0.09		7.0%		3.56
Singapore	37	9	-77%	1.7%	0.11	0.02	-78%	1.8%	2.87	2.66
Kiribati	0	3		0.5%	-	0.01		0.6%		2.67
all other	0	0		0.0%	0.00	0.00	144%	0.0%		
TOTAL Apples	**240**	**511**	**113.2%**	**100.0%**	**0.50**	**1.26**	**150%**	**100.0%**	2.10	2.47

source : ABS data, Fresh Intelligence analysis

Asian Retail Trends

- **Modern consumers are seeking fresh produce at any time.**
  - Retailers need to source products globally if not available within Asia
  - Retailers are modernizing routes to market
  - Retailers know that high quality fresh produce drives traffic into store
  - Retailers also know that they can better meet needs for “safe” food

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- **Southern Hemisphere suppliers are addressing the need for counter-seasonal temperate produce.**
  - Perishable, sweet, higher value fruit has greater import opportunities
  - Southern Hemisphere is a small player in the context of population
  - Chile has overcome distances covering half the world to get these fresh products to the market – efficient use of air and sea freight
  - Australia is closest to the Asian markets

Summing up

- **Geographic, geopolitical, socioeconomic trends drive overall demand.**
  - Highest socioeconomic markets are in North America, Europe and North Asia (China, Japan, Korea) with 44 per cent of global population
  - Southern Temperate suppliers account for 3 per cent of population
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  - Markets in tropic zones tend to have lower propensity to purchase

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  - Retailers know that high quality fresh produce drives traffic into store
  - Markets in tropic zones tend to have lower propensity to purchase
- **While apples are temperate, they are not as perishable as soft fruits.**
  - Less counter seasonal demand from North Asia for apples
  - Chile, New Zealand and South Africa are lower cost competitors
  - Australian domestic market will always be Australia’s No.1 apple market

Thank you

REFERENCES

- International Trade Centre, TRADE MAP www.trademap.org/
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- Decofrut, www.fruitonline.com

DISCLAIMER

- Fresh Intelligence Consulting collated the data for Fruit Growers Tasmania from data provided by the international trade databases as referenced.
- While every effort is made to ensure that the data is a true reflection of the trade, some errors may occur due to the reporting and Fresh Intelligence Consulting takes no responsibility for any losses that may occur as a result of decisions based on this data.
- Views expressed are personal and may not reflect the same views of Fruit Growers Tasmania.

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