Global cherry production and export trends

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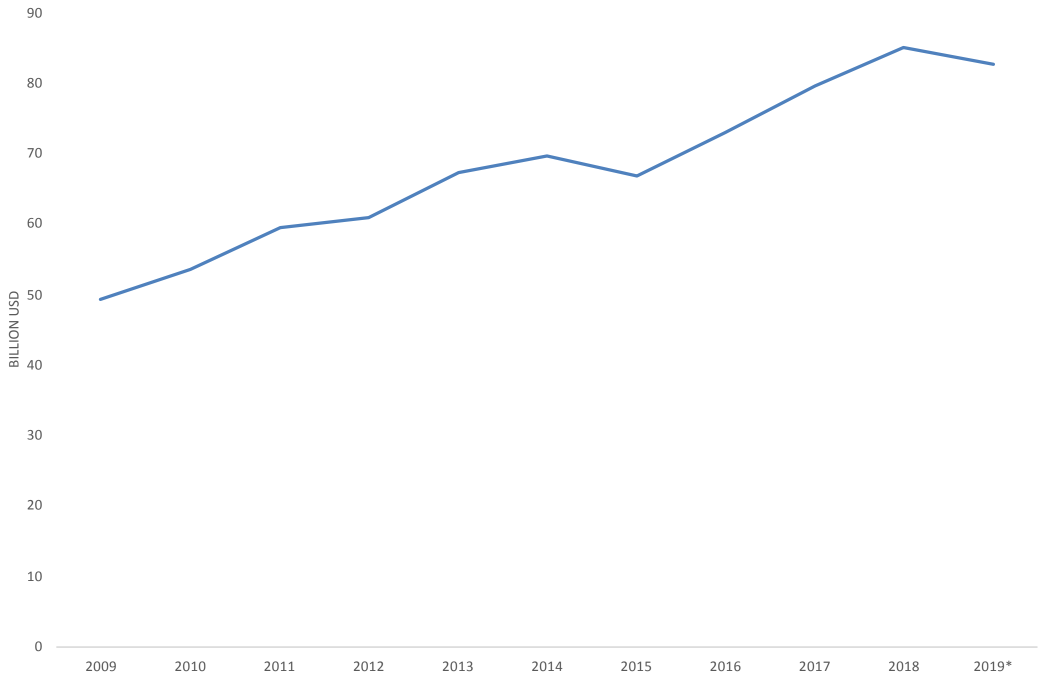
2019 Global Fruit Trade

US $82.7 billion -2.2%

(~82 million tonnes)

10 year annual growth +6.2% p.a.



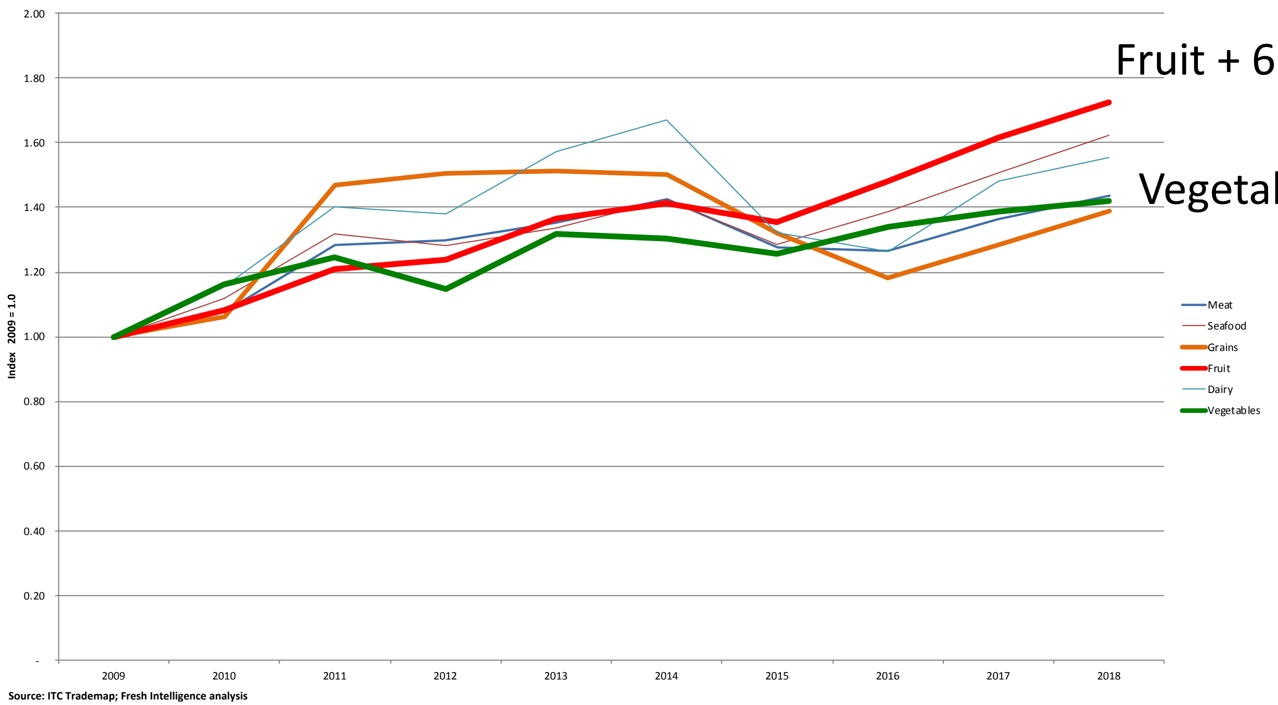
Source: ITC Trademap; Fresh Intelligence analysis

*2019 - Period 12 months to September 2019

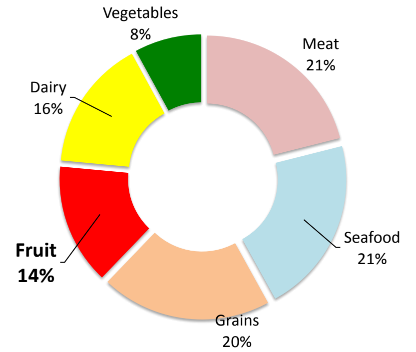
Global Fresh Fruit leads other food groups in growth trend over a decade

Fruit + 6.2% per year

Vegetables + 3.7% per year



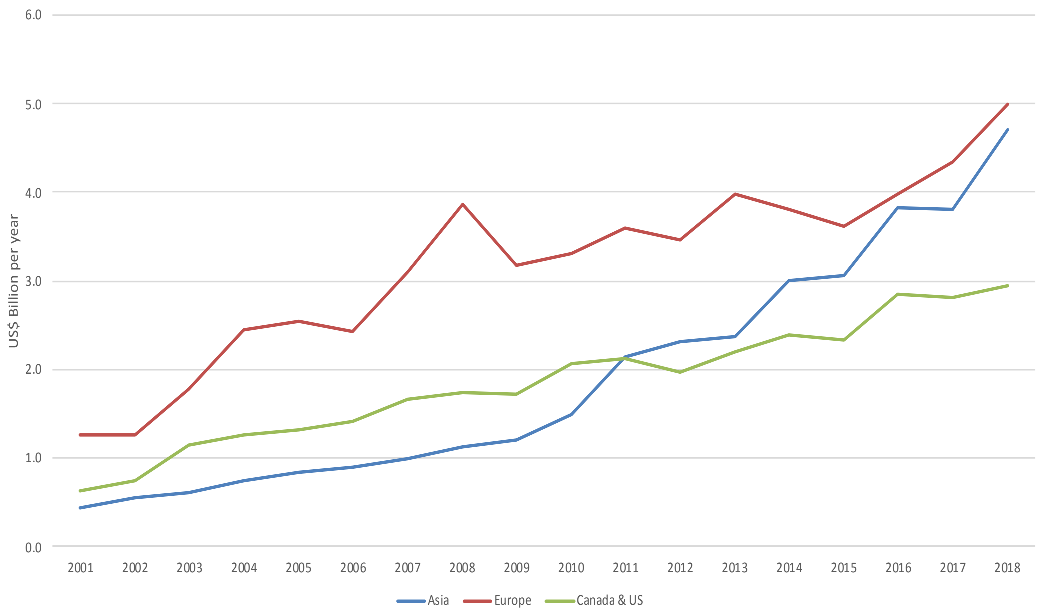
Value share of global food group trade



Source: ITC Trademap; Fresh Intelligence analysis

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

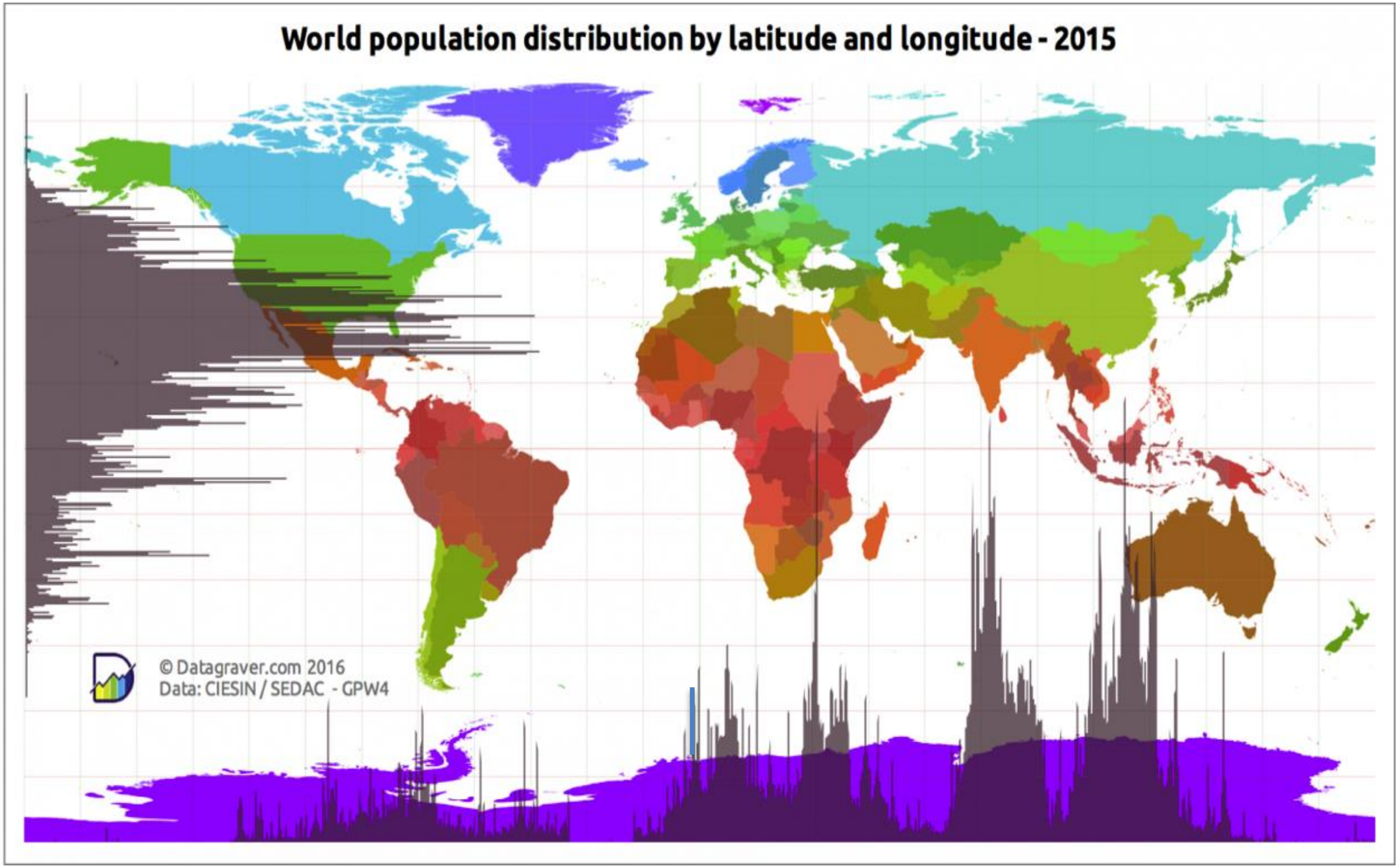
2019 Global Fruit Trade

	$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

Population = Consumers = Demand

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

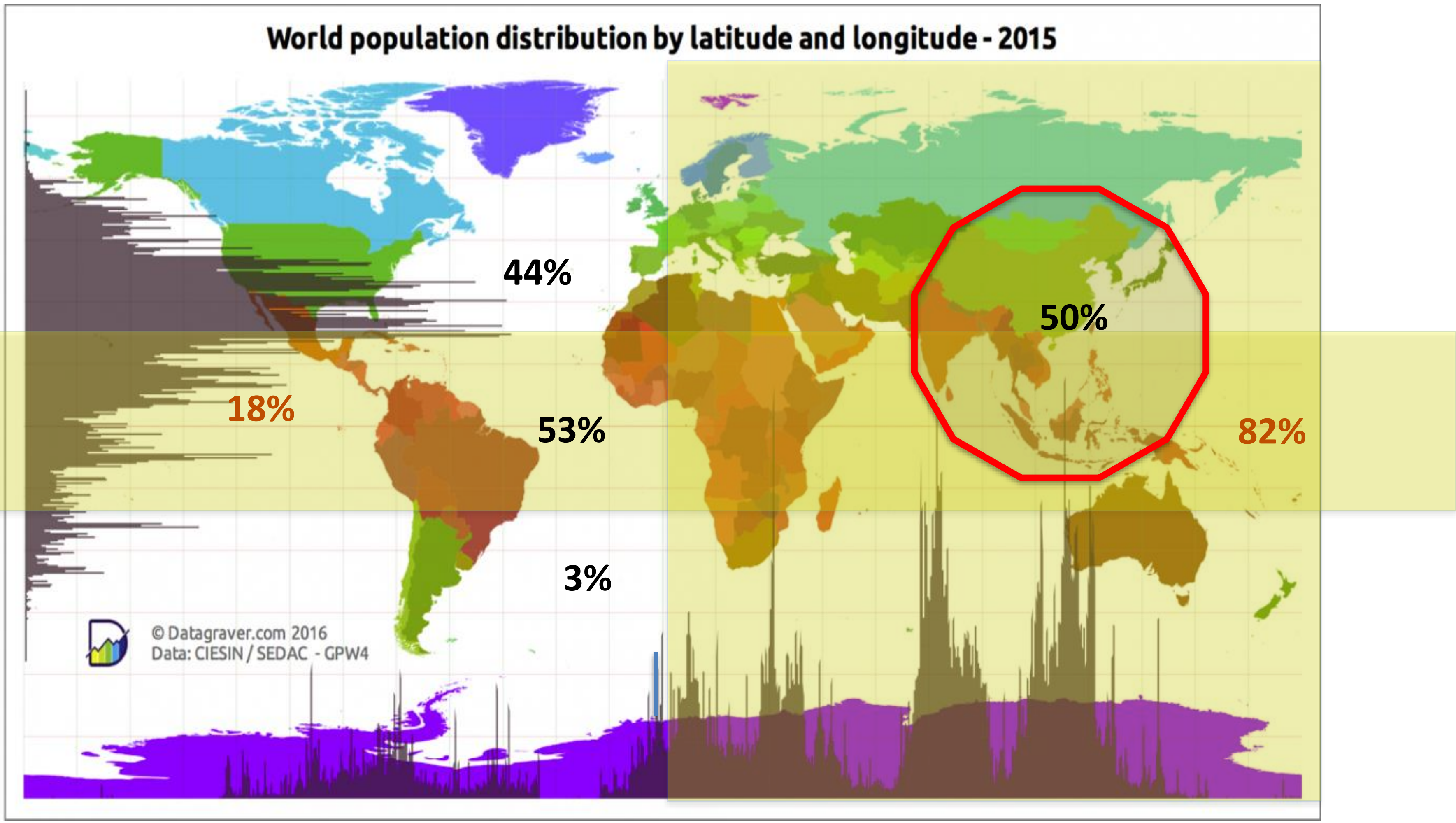


Source: Datagraver.com; Fresh Intelligence analysis

Population = Consumers = Demand

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

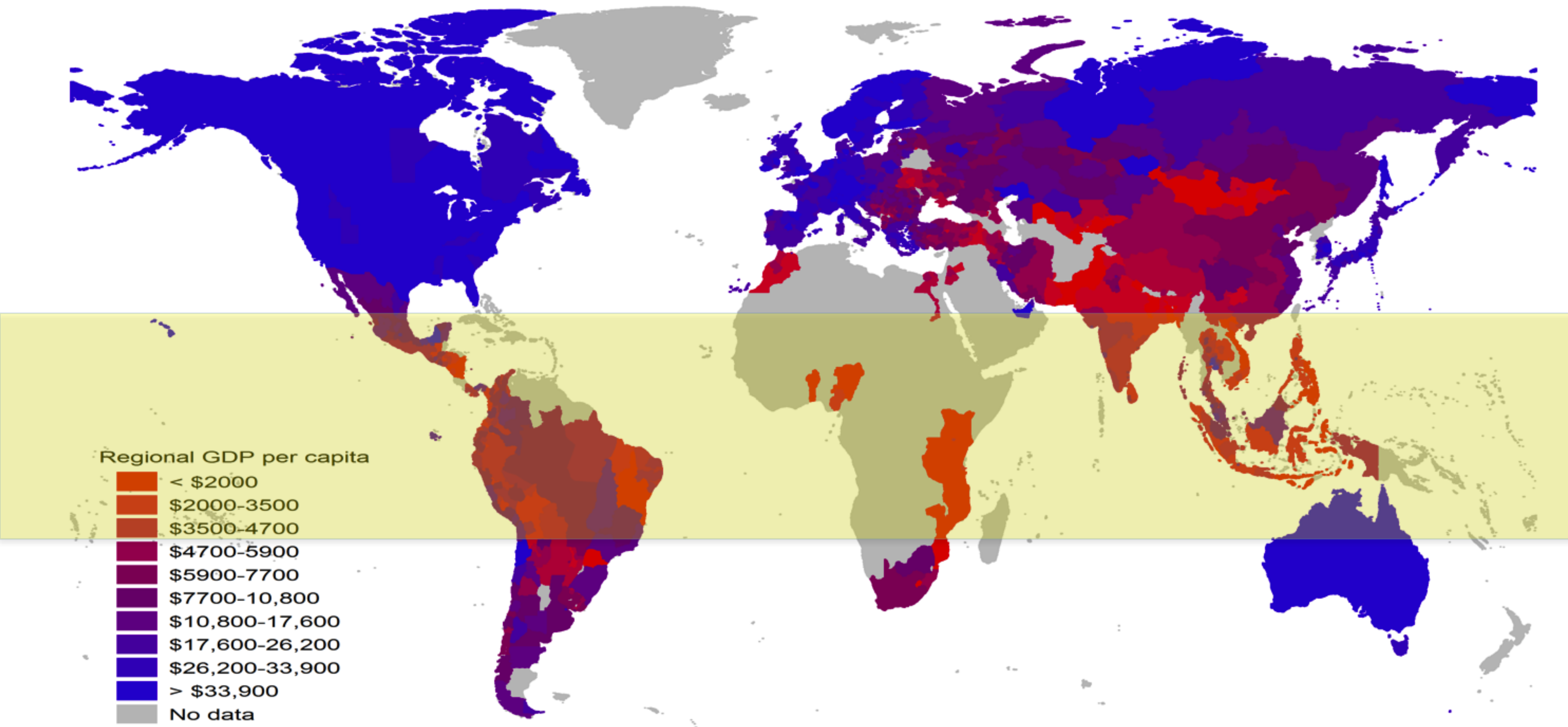
50% live within 5 hours flying time from Hong Kong



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

2019 Global Fruit Trade

	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

Cherry Production & Trade

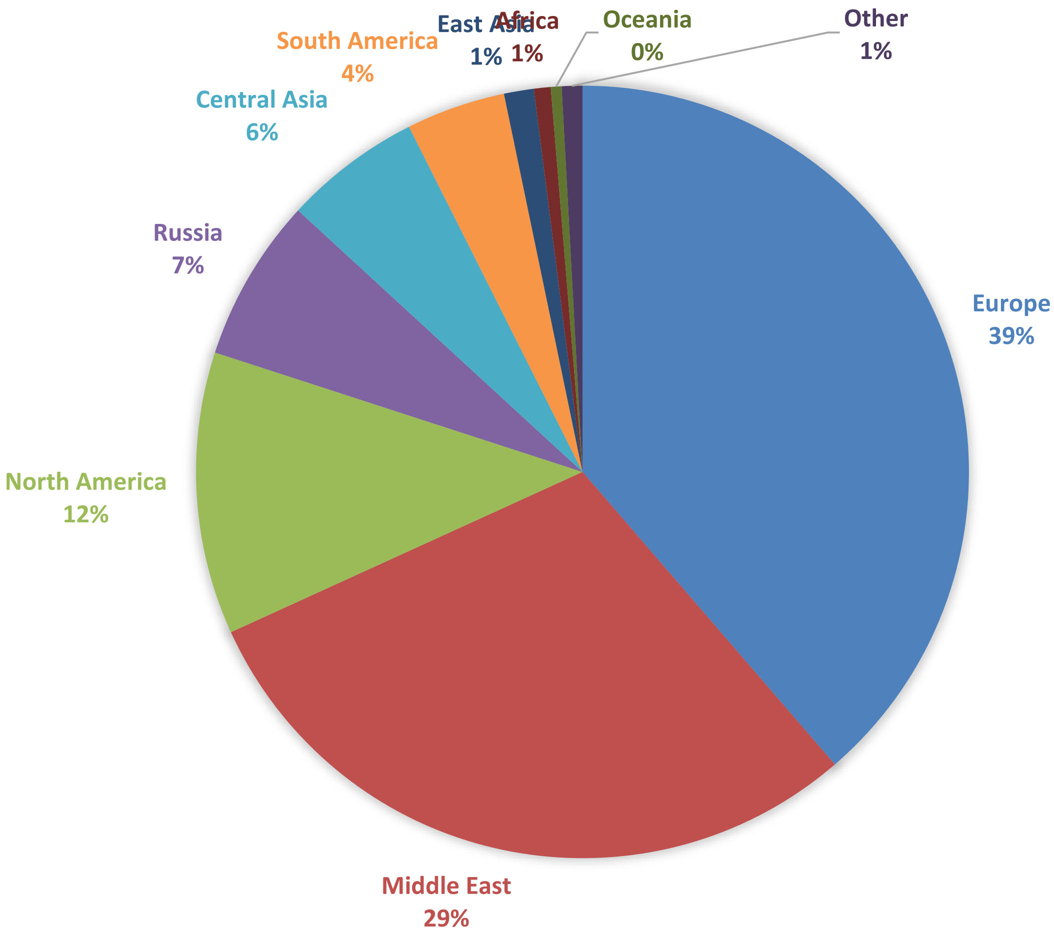
Global Statistics

2018 Global Cherry Production

	Tonnes	1 yr chg	5 yr CAGR	share
Europe	1,576,768	33%	3%	38.7%
Middle East	1,203,261	1%	1%	29.5%
North America	481,644	-12%	2%	11.8%
Russia	278,600	24%	0%	6.8%
Central Asia	234,496	17%	17%	5.8%
South America	169,284	19%	16%	4.2%
East Asia	50,838	-12%	-2%	1.2%
Africa	28,605	1%	2%	0.7%
Oceania	18,266	29%	-2%	0.4%
Other	35,184	38%	14%	0.9%
Total	4,076,946	13%	3%	100%

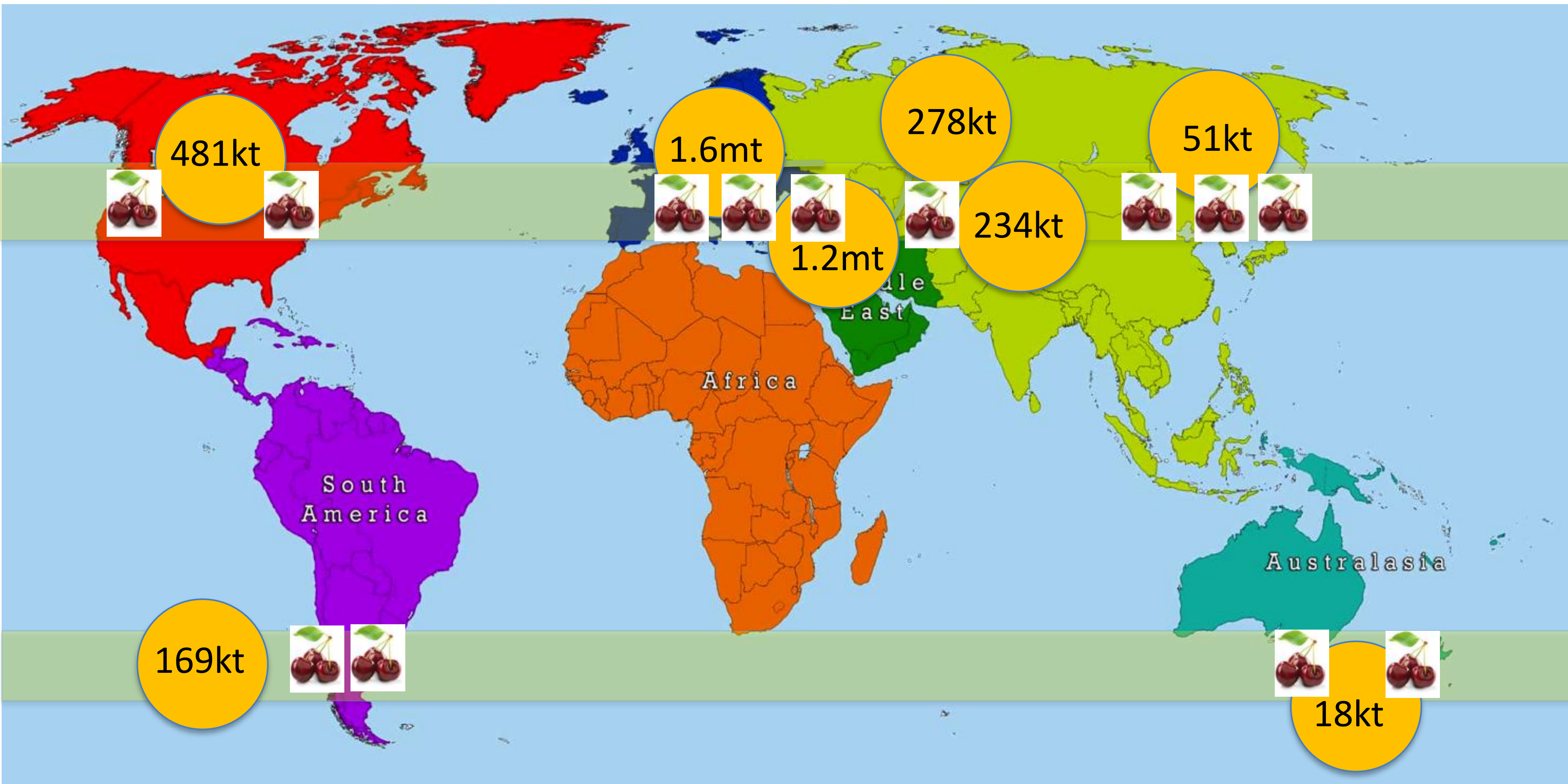
Source: FAOSTAT; Fresh Intelligence analysis

2018 Global Cherry Production



2018 Global Cherry Production

Million Tonnes



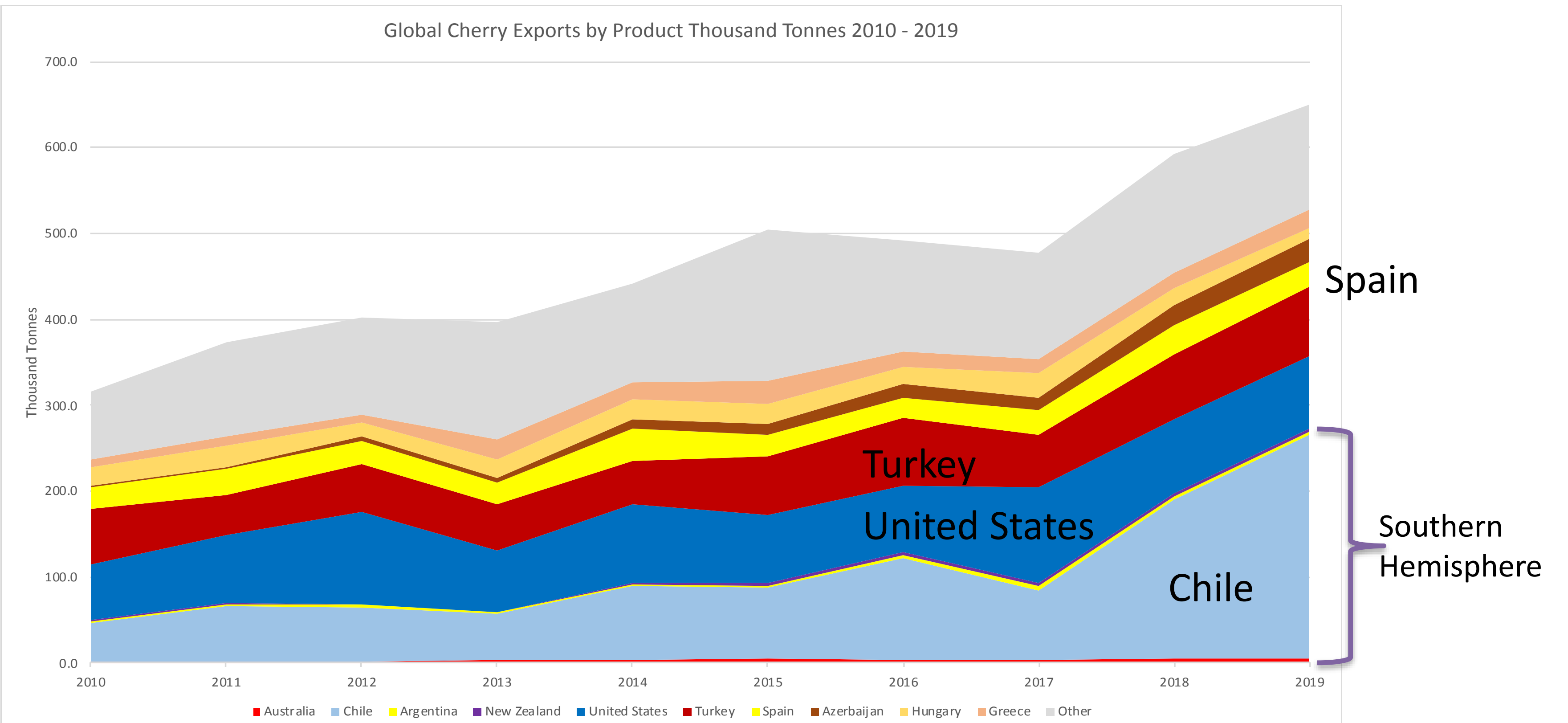
Narrow production band – North & South – East Europe / Middle East = 70% of global production

Source: FAOSTAT; Fresh Intelligence analysis

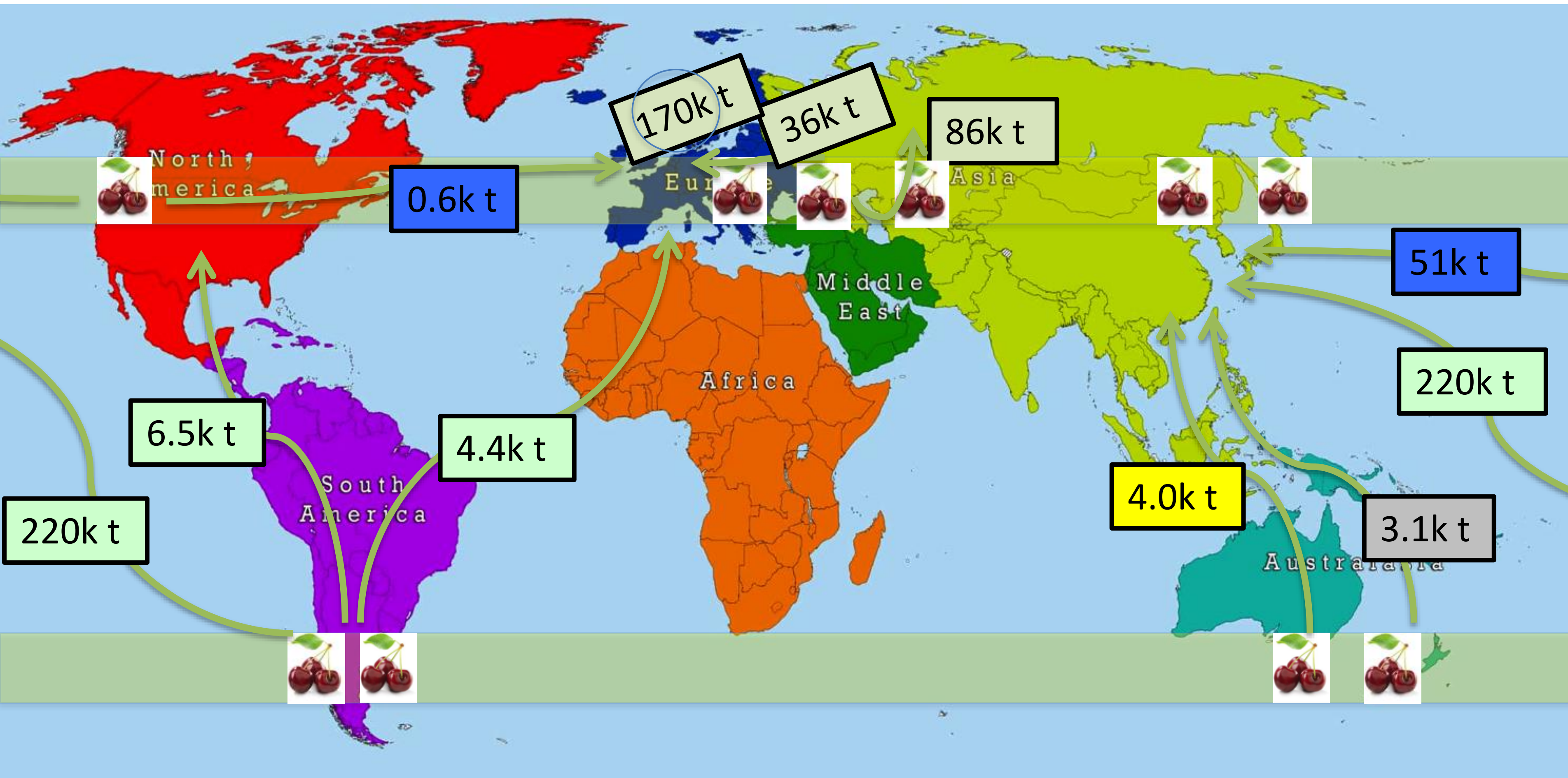
2010 - 2019
Global Cherry Exporters

650,000 tonnes exported in 2019, trending up 10% per year

- Chile accounted for 40 per cent of global exports
- Australia represents less than 1 per cent share, along with New Zealand and Argentina
- United States is the largest Northern supplier followed by Turkey and Spain



2019 Global Cherry Trade

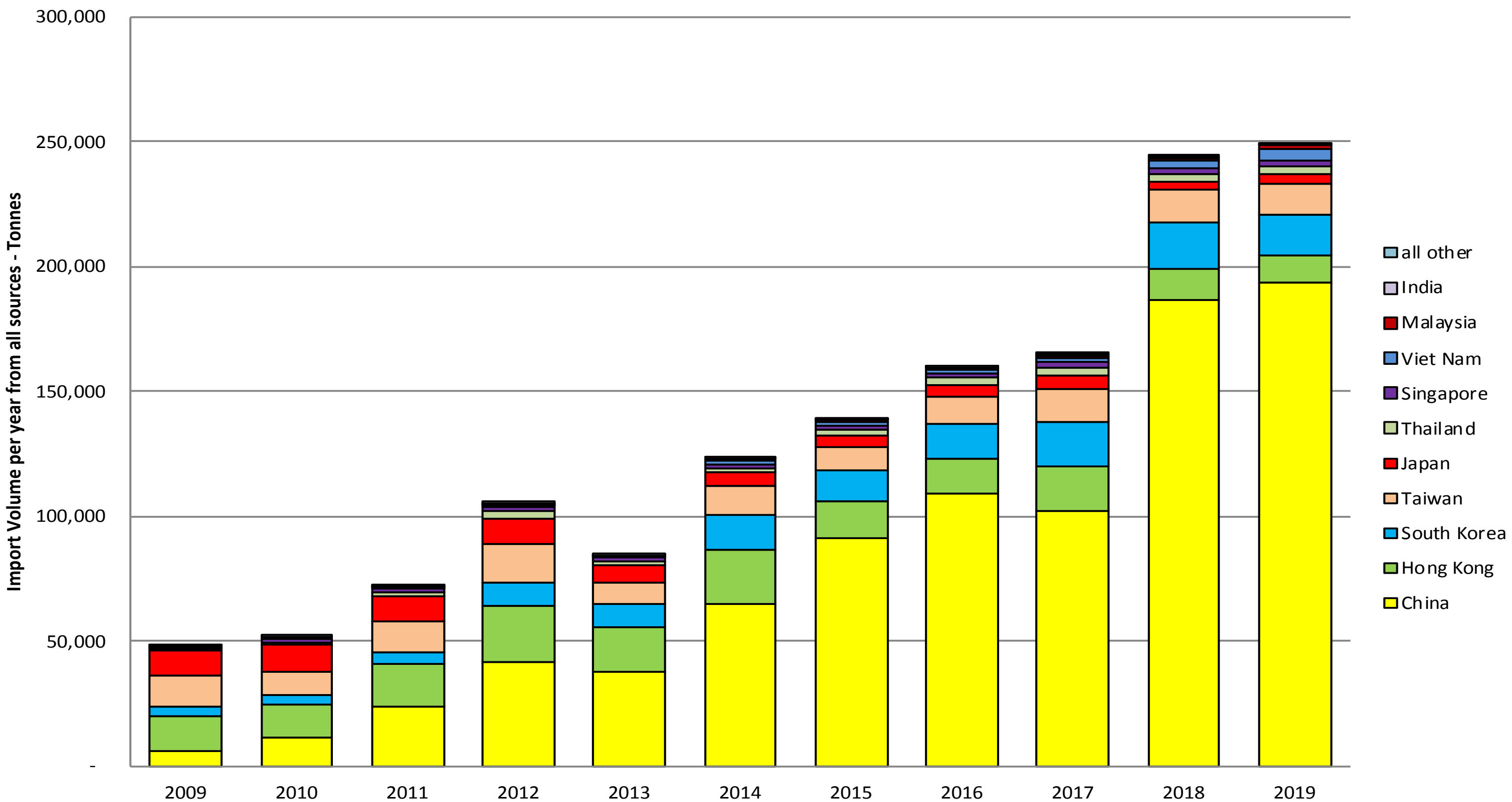


Narrower production band – Chile is driving counter season development in Asia

Cherry Importers in Asia

This graph shows the distribution of cherries in Asia 2009 - 2019 – the market has grown to 250,000 tonnes with Hong Kong /China the key drivers supplied by Chile and United States. South Korea is also expanding and exceed the net supply to Hong Kong. Early data for 2020 (not included) is indicating a further increase driven from Chile into China in January, prior to any impact from COVID19.

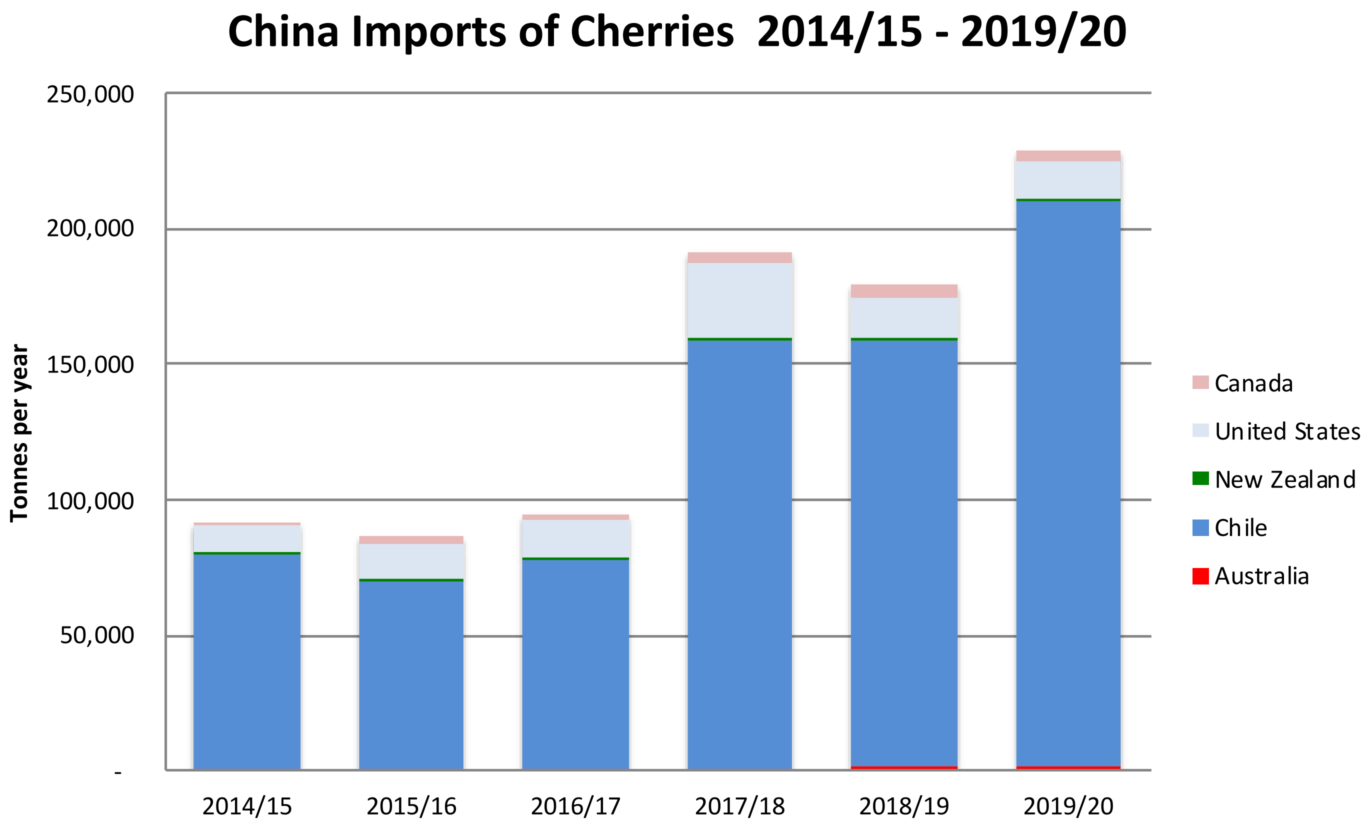
Asian import growth for Cherries from all sources 2009 to 2019



Source : ITC Trademap; Fresh Intelligence analysis

China imported 230,000 tonnes

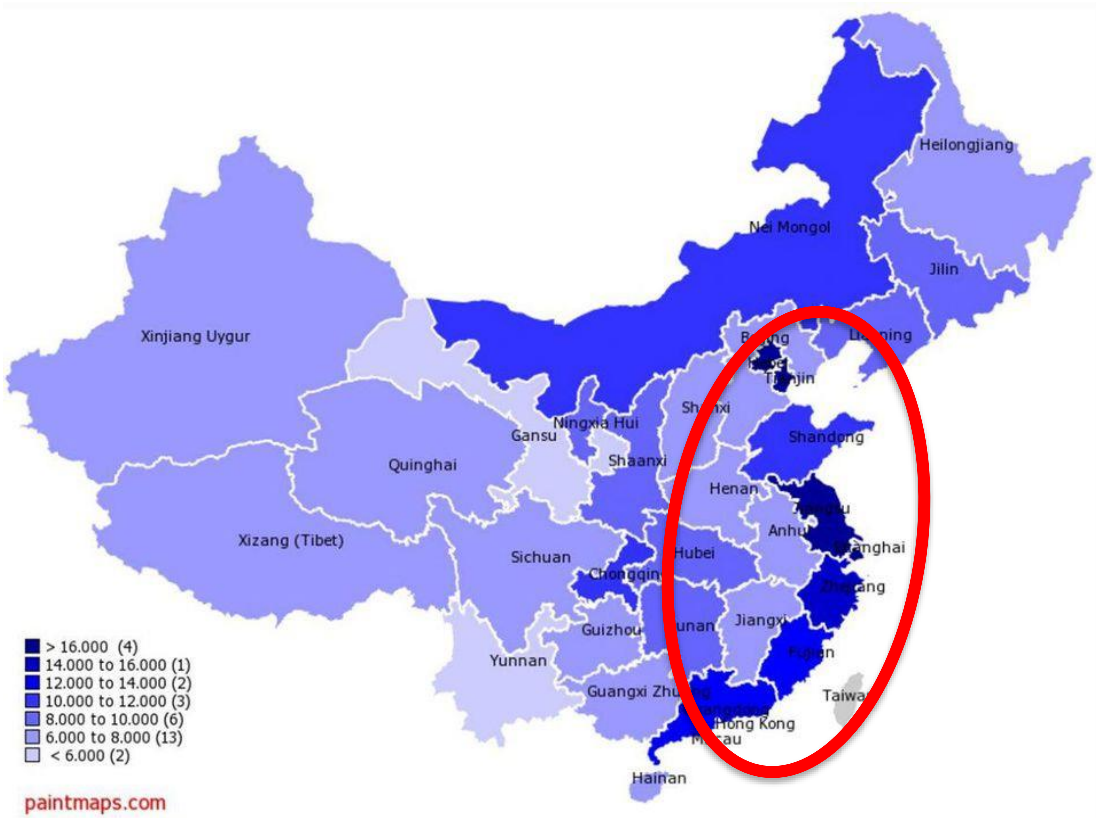
Chile supplied 208,784 tonnes or 91 per cent of total cherries imported by China imports in the 12 months to February 2020. This included 10,409 tonnes exported by air in charter aircraft.
Australia exported 1,484 tonnes and New Zealand exported 427 tonnes.
Most of the 2019/20 volume has been received by January 2020.



Source: China Customs via ITC Trademap, Decofruit; 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

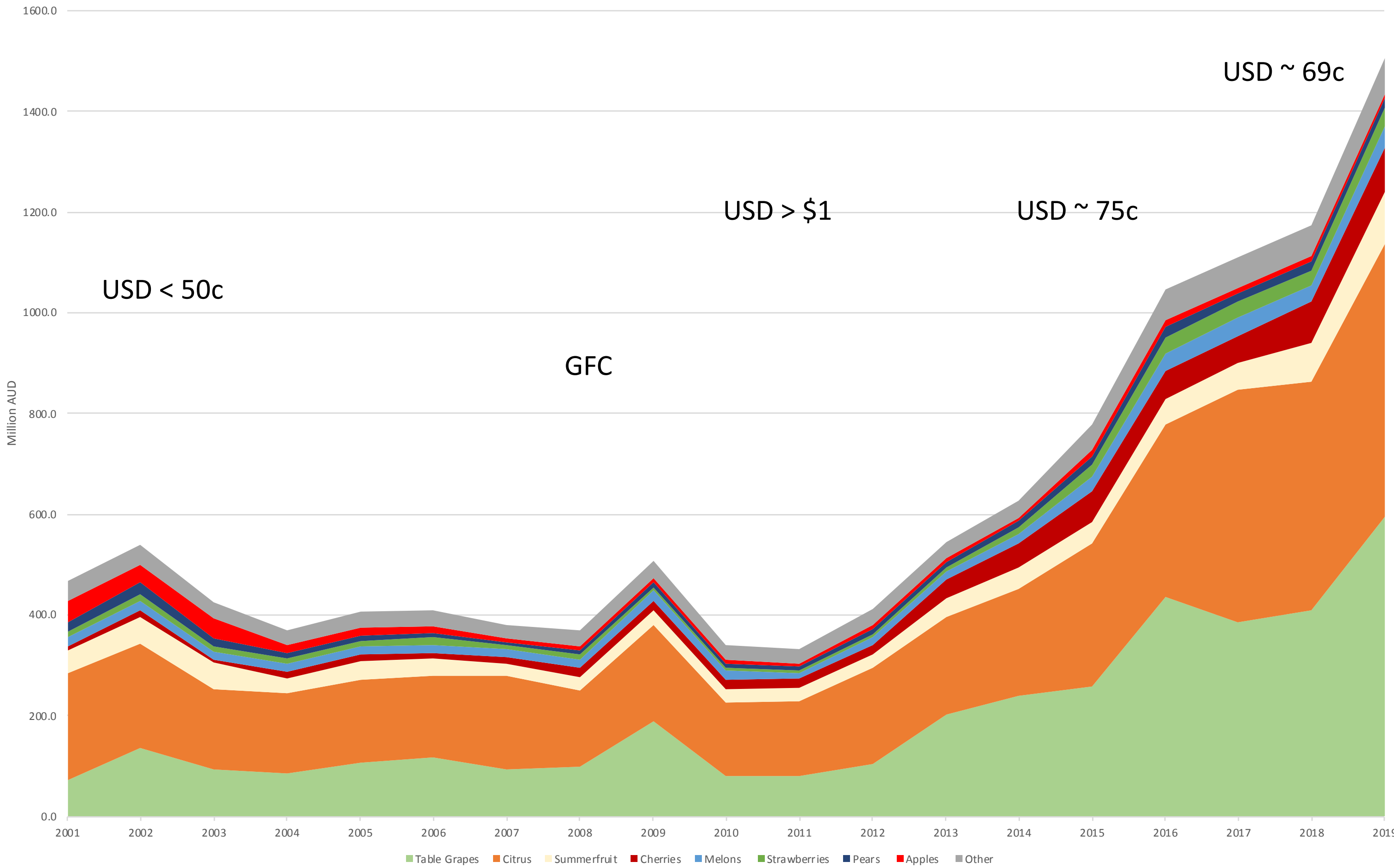
End point retail is changing from traditional wet markets to modern cashless online hybrid

Australian 2019/20 Trade Results

Local Statistics

Australian Fresh Fruit Exports

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



$1.5 bn

Rise of Chile

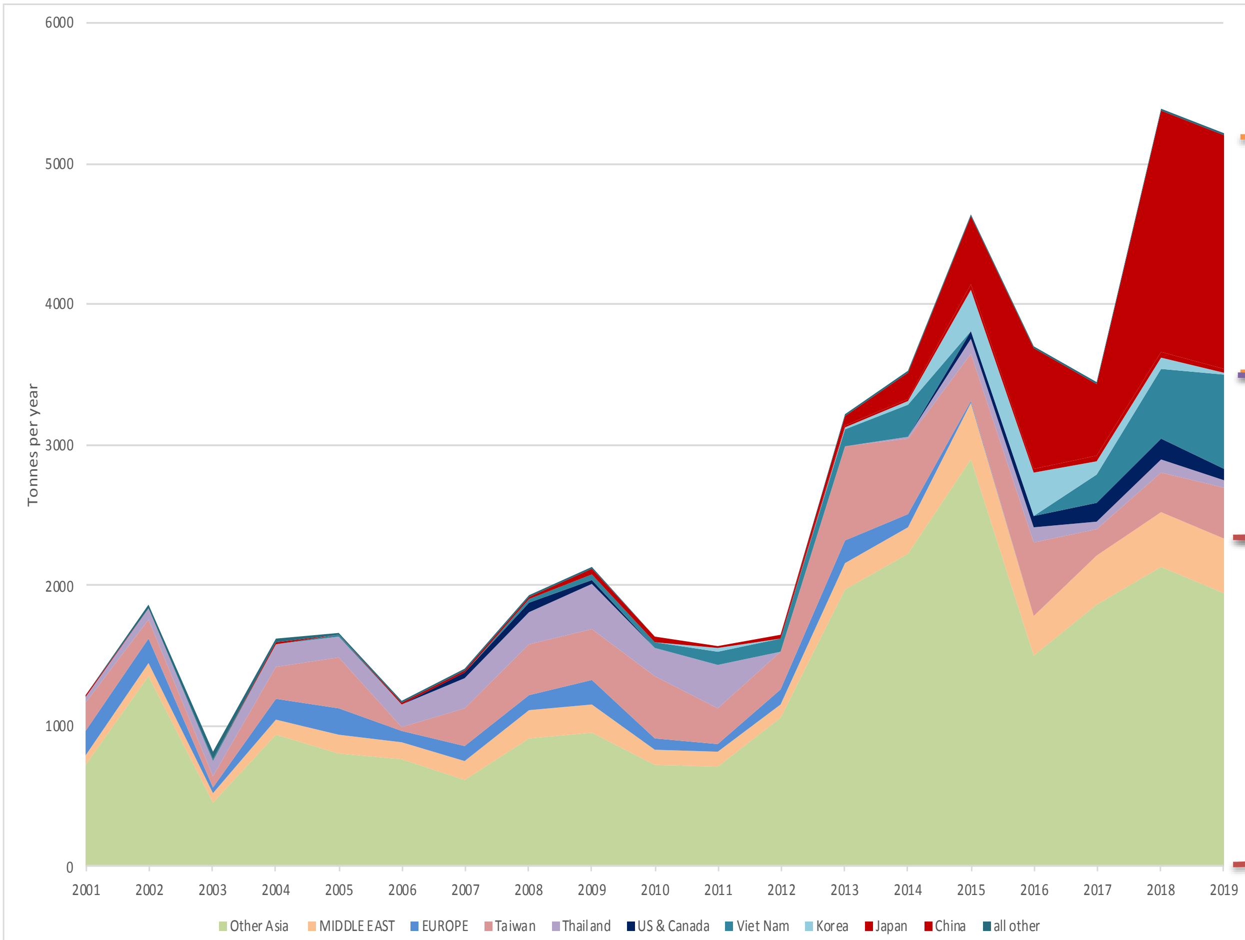
Millennium Drought

JAEPA
KAFTA
ChAFTA

Source: ITC Trademap; Fresh Intelligence analysis

Cherry Market Access Influences

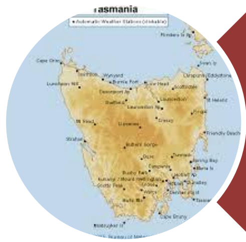
Non-Protocol, Changing protocols to New Access over 2 decades



China, Japan, Korea – new access gains and FTAs

Non Protocol change to Protocol

Non Protocol Markets – Unregulated (e.g. Hong Kong & Singapore)



Tasmanian Cherry Results

Share of National Exports

Australian cherry exports decreased 11 per cent in 2019/20 to 4,472 tonnes valued at AU$81.56 million. Tasmania declined 10 per cent to 1,715 tonnes or 38 per cent of the total cherry export crop and remained the No.1 export state by value with AU$37.1 million or 45 per cent share of value exported

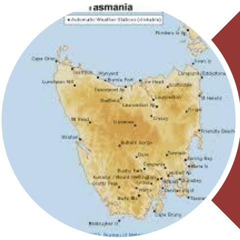
Victoria decreased 16 per cent influenced mainly by supply conditions, which reduced the capability to meet the demand from China.

CHERRIES

Exports by State Volume KG

	Volume Tonnes (season to date)				**Value $ Million AUD (season to date)**					
Country -	Mar to Feb-19	Mar to Feb-20	Change to 19	Share %	Mar to Feb-19	Mar to Feb-20	Change to 19	Share %	Mar to Feb-19	Mar to Feb-20
TOTAL CHERRIES	5,022	4,472	-11%	100%	79.27	81.56	3%	100%	15.79	**18.24**
Tasmania	1,895	1,715	-10%	38%	35.77	37.08	4%	45%	18.87	**21.62**
Victoria	1,986	1,674	-16%	37%	30.73	28.78	-6%	35%	15.47	**17.19**
New South Wales	1,022	977	-4%	22%	11.58	13.60	17%	17%	11.34	**13.91**
South Australia	102	77	-24%	2%	0.99	1.82	84%	2%	9.75	**23.49**
Other	17	28	64%	1%	0.21	0.29	40%	0%		**10.32**
TOTAL Cherries	**5,022**	**4,472**	**-11.0%**	**100%**	**79.27**	**81.56**	**3%**	**100%**	15.79	**18.24**

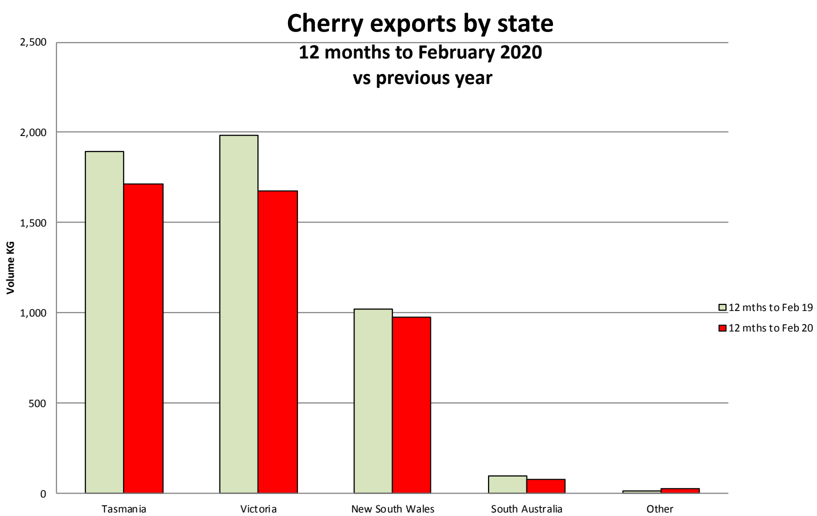
source : ABS data via IHS Global Trade Atlas, Fresh Intelligence analysis



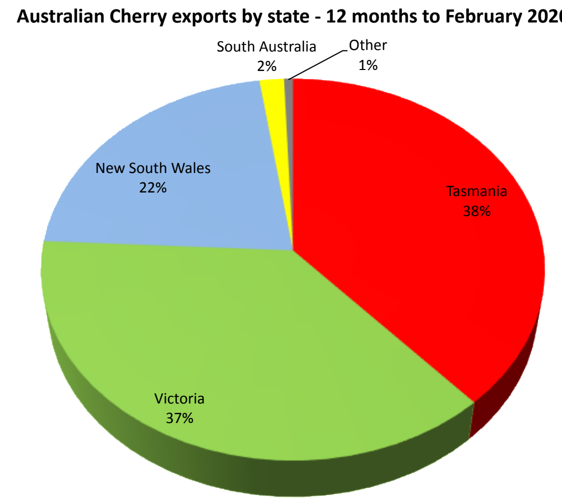
Tasmanian Cherry Results

Share of National Exports

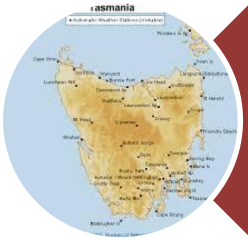
For the 2019/20 season Tasmania exported 38 per cent of the national cherry export volume while Victoria followed closely with 37 per cent share and New South Wales held 22 per cent share.



Source : ABS Data , Fresh Intelligence Analysis

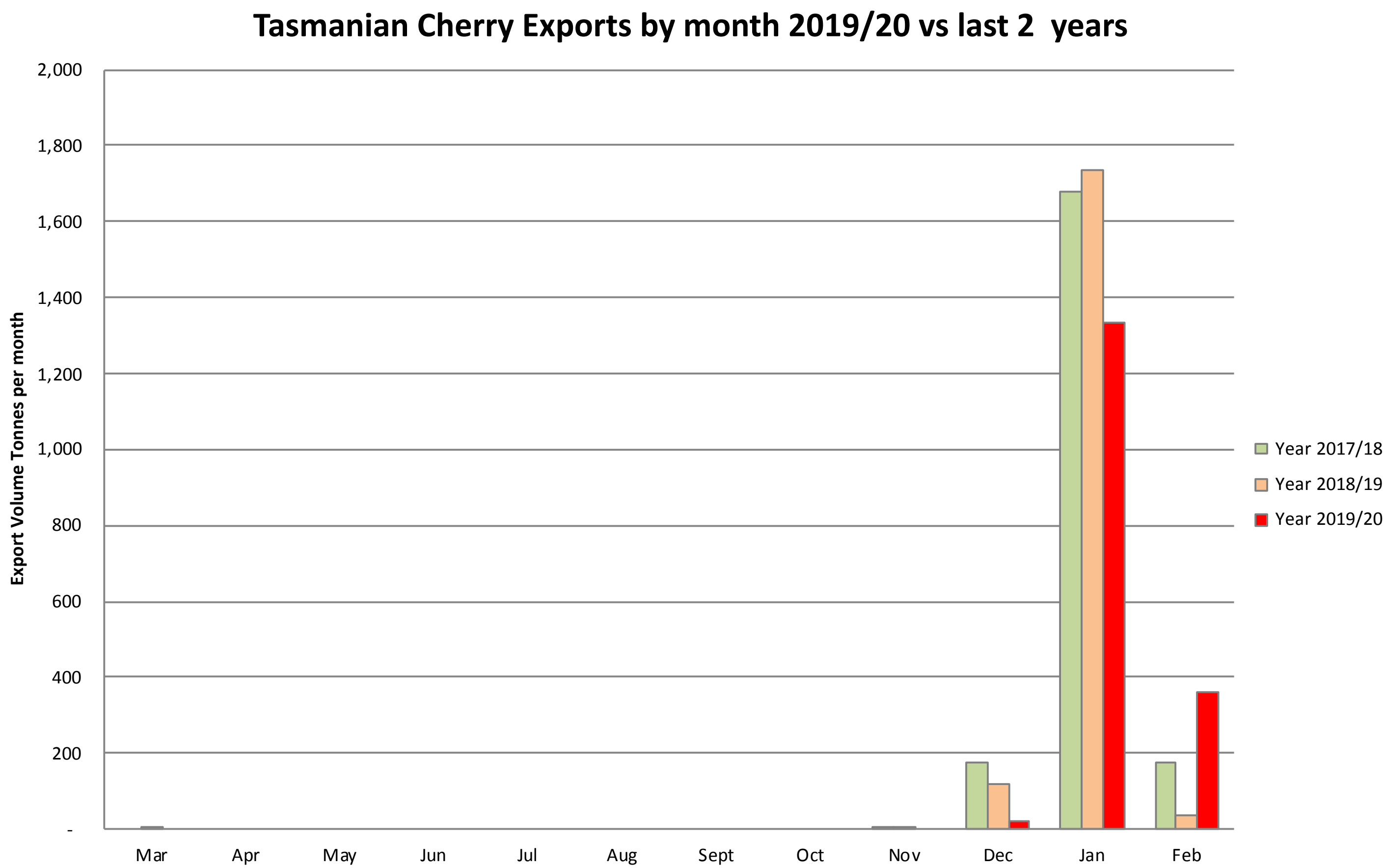


Source : Australian Bureau of Statistics , Fresh Intelligence analysis

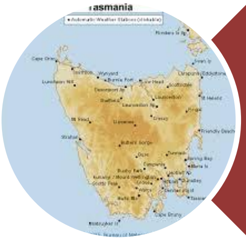


Tasmanian Cherry Results

Exports by month



Source : ABS Data , Fresh Intelligence Analysis

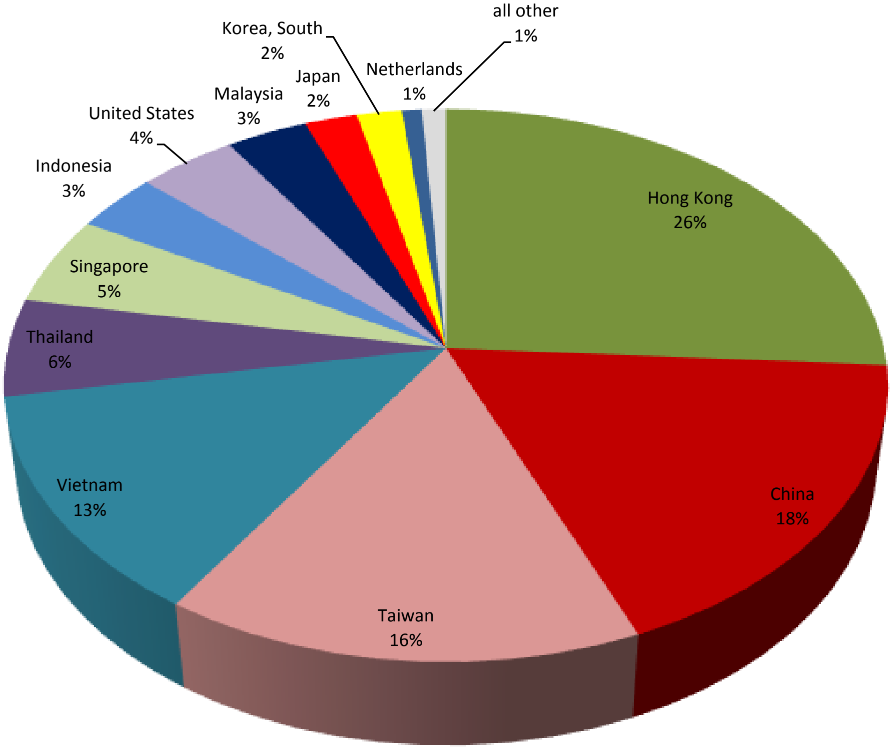


Tasmanian Cherry Results

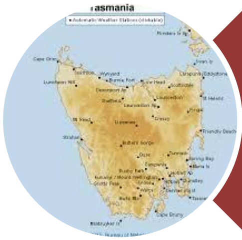
Export market destinations

Over last 12 months the leading 5 markets for Tasmanian Cherries were Hong Kong, China, Taiwan, Vietnam and Thailand, accounting for 76% of all annual cherry exports by volume .

Tasmanian Cherry Exports by market 1,745 tonnes - 12 mths to Feb 2020



Source : ABS Data , Fresh Intelligence Analysis



Tasmanian Cherry Results

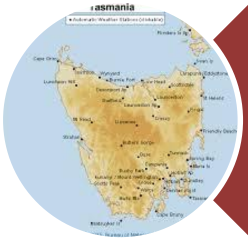
Export market destinations

March to February

Volume	**1,715**	**tonnes**	**........ -9.5%**	
Value	**37.08**	**million**	**........ 3.7%**	
A$ per kg	**$21.62**		**........ 15%**	**$2.75**

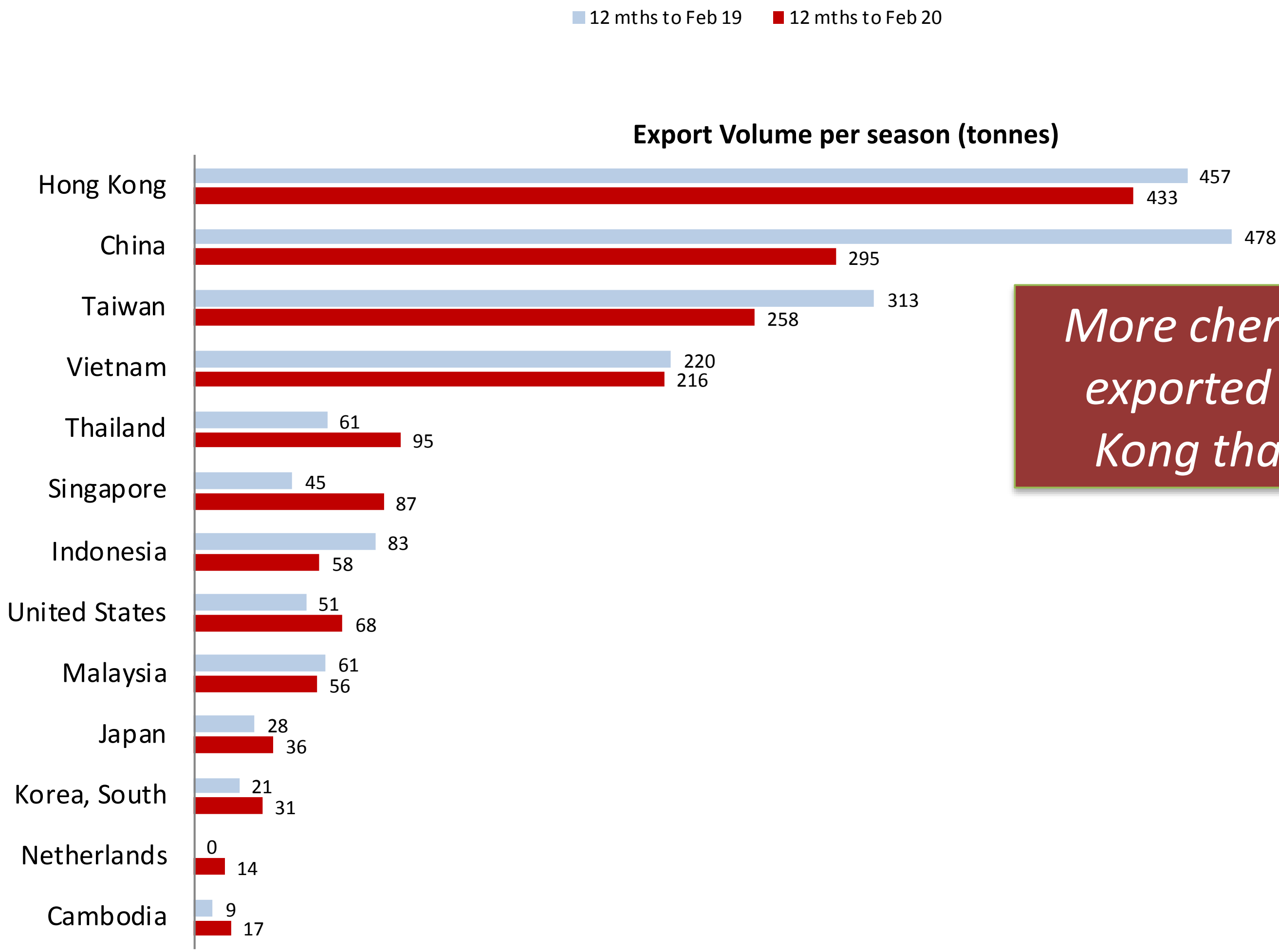
	Volume Tonnes				**Value $ Million AUD**					
Market	Mar to Feb-19	Mar to Feb-20	Change to 19	Share %	Mar to Feb-19	Mar to Feb-20	Change to 19	Share %	Mar to Feb-19	Mar to Feb-20
TOTAL CHERRIES	1,895	1,715	-10%	100%	35.77	37.08	4%	100%	18.87	**21.62**
Hong Kong	457	433	-5%	25%	10.48	11.19	7%	30%	22.94	**25.86**
China	478	295	-38%	17%	9.30	6.36	-32%	17%	19.46	**21.53**
Taiwan	313	258	-18%	15%	5.62	5.19	-8%	14%	17.94	**20.11**
Vietnam	220	216	-1%	13%	3.54	4.25	20%	11%	16.11	**19.67**
Thailand	61	95	56%	6%	1.05	2.11	102%	6%	17.17	**22.24**
Singapore	45	87	92%	5%	0.60	1.53	154%	4%	13.36	**17.64**
Indonesia	83	58	-31%	3%	1.89	1.43	-24%	4%	22.66	**24.80**
United States	51	68	33%	4%	0.95	1.31	38%	4%	18.44	**19.10**
Malaysia	61	56	-7%	3%	0.92	1.15	25%	3%	15.15	**20.36**
Japan	28	36	31%	2%	0.41	0.58	42%	2%	14.65	**15.91**
Korea, South	21	31	52%	2%	0.33	0.48	46%	1%	16.06	**15.35**
Netherlands	0	14		1%	-	0.37		1%		**26.79**
Cambodia	9	17	90%	1%	0.12	0.32	166%	1%		**19.23**
India	8	12	50%	1%	0.14	0.27	95%	1%	17.80	**23.12**
all other	61	38	-38%	2%	-	0.54		1%	-	
TOTAL Cherries	**1,895**	**1,715**	**-9.5%**	**100%**	**35.77**	**37.08**	**4%**	**100%**	18.87	21.62

source : ABS data via IHS Global Trade Atlas, Fresh Intelligence analysis



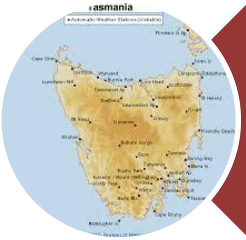
Tasmanian Cherry Results

Export market destinations



More cherries were exported to Hong Kong than China

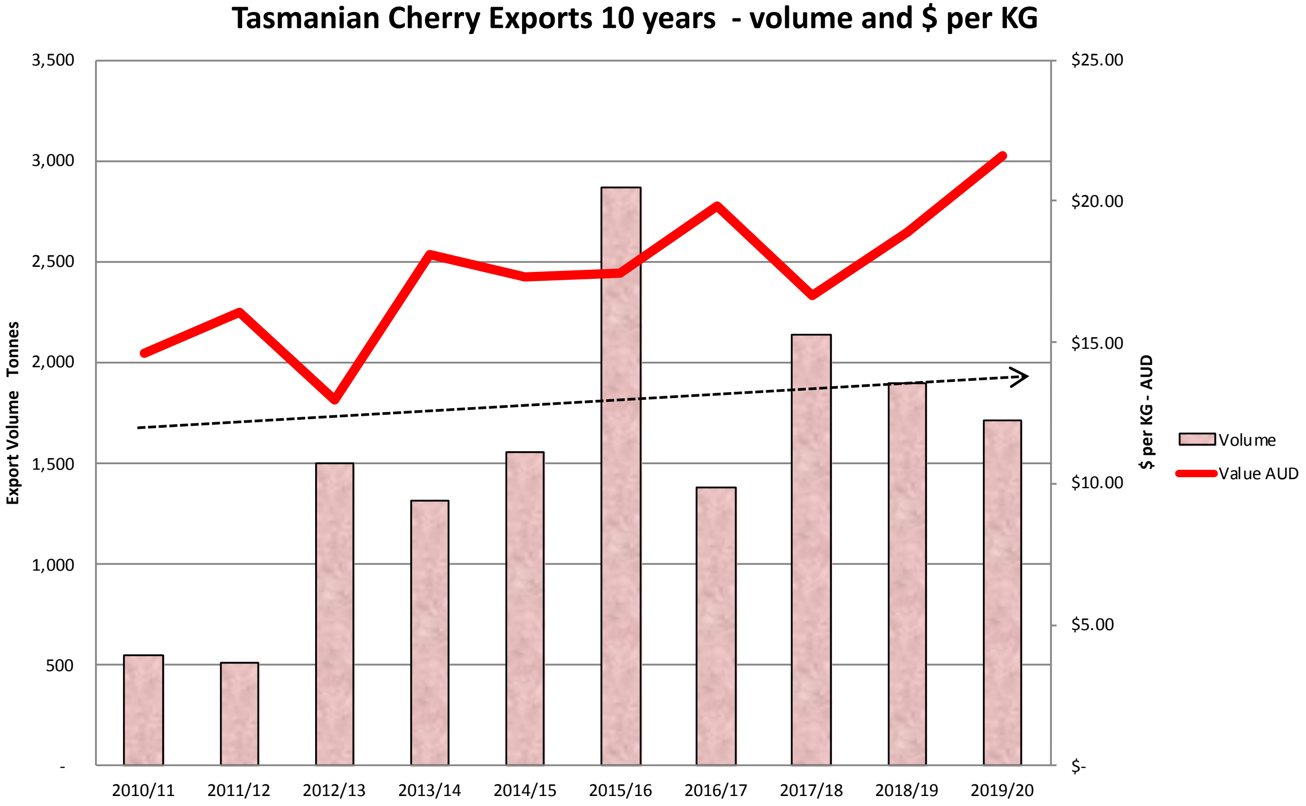
Source : ABS Data via IHS Global Trade Atlas, Fresh Intelligence analysis



Tasmanian Cherry Results

10-year trend

The 10 year moving annual total trend for cherries with recorded price points highlights the anomaly of the 2015/16 seasons with the 2019/20 season indication a flatter trend line.
Unit values increase to highest level though likely a reflection of the falling exchange rate.



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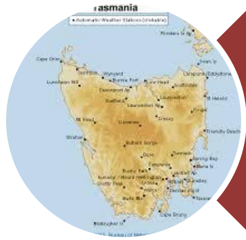


Tasmanian Cherry Results

5-year trends by market

Minus 12 per cent per year over 5 years and 10 per cent decrease for one year
China for slipped 38 per cent in this last year and 20 per cent on the 5 year CAGR. COVID 19 ??
South Korea is a key contributor to decline – 2015/16 was a spike after the removal of tariffs
Taiwan has fallen due to New Zealand's competitive advantage – no tariffs after a trade agreement

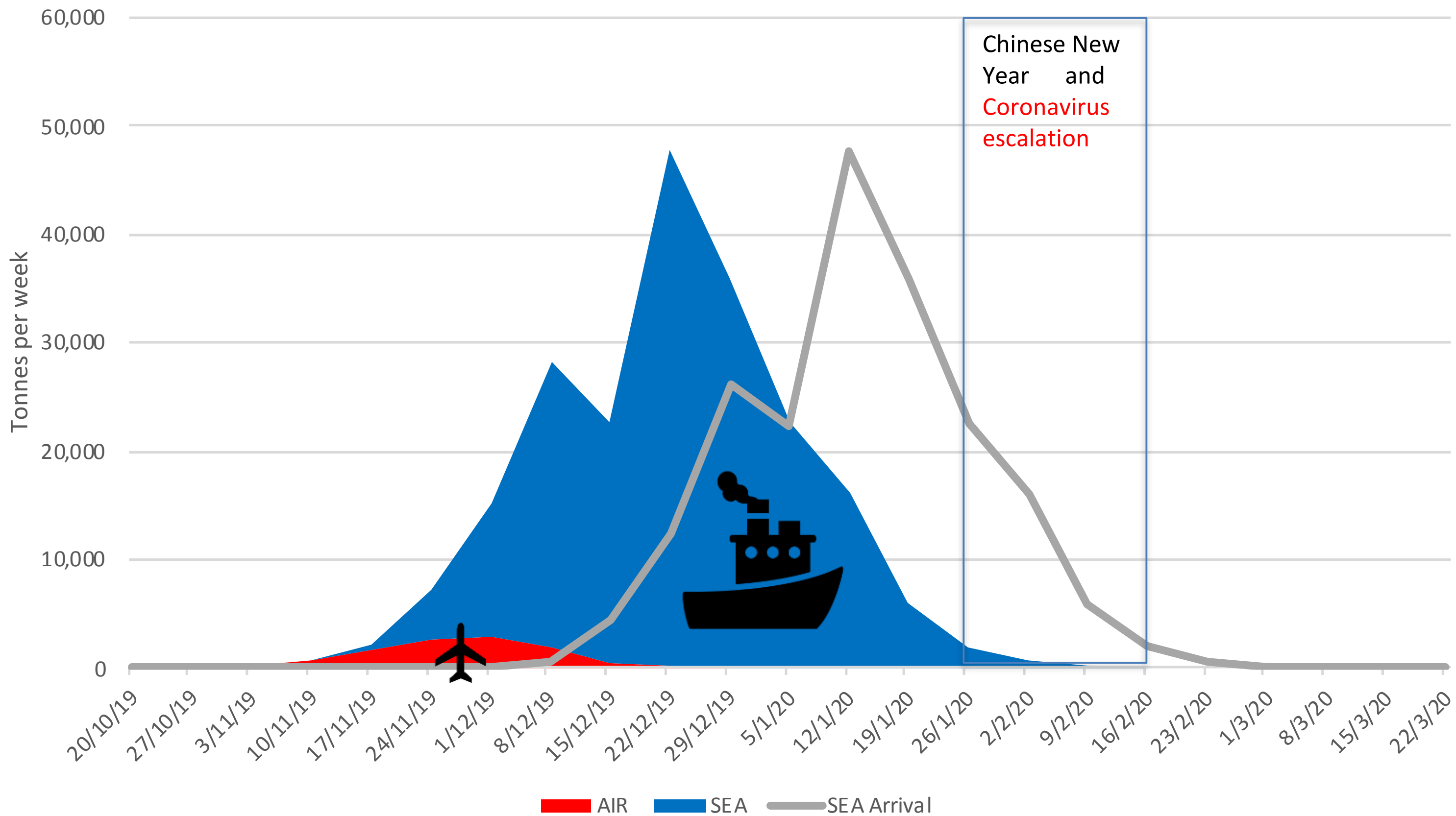
Country -	Mar - Feb 2016	Mar - Feb 2017	Mar - Feb 2018	Mar - Feb 2019	Mar - Feb 2020	Chg LY	5 yr CAGR*	share 2016	share 2020
	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes				
Hong Kong	673	404	445	457	**433**	-5%	-10%	23.4%	25.2%
China	732	313	670	478	**295**	-38%	-20%	25.5%	17.2%
Taiwan	502	163	260	313	**258**	-18%	-15%	17.5%	15.0%
Vietnam	-	-	154	220	**216**	-1%		0.0%	12.6%
Thailand	129	45	109	61	**95**	56%	-7%	4.5%	5.5%
Singapore	122	59	51	45	**87**	92%	-8%	4.2%	5.1%
United States	64	124	88	52	**68**	32%	2%	2.2%	4.0%
Indonesia	73	74	80	83	**58**	-31%	-6%	2.5%	3.4%
Malaysia	82	39	61	61	**56**	-7%	-9%	2.8%	3.3%
Japan	36	30	33	28	**36**	31%	0%	1.3%	2.1%
Korea, South	365	77	106	21	**31**	52%	-46%	12.7%	1.8%
EUROPE	2	1	3	-	**16**		63%	0.1%	0.9%
Philippines	9	3	8	8	**14**	62%	12%	0.3%	0.8%
India	21	18	12	8	**12**		-13%	0.7%	0.7%
Saudi Arabia	-	3	12	25	**11**	-57%		0.0%	0.6%
Myanmar	4	-	4	-	**4**		0%	0.1%	0.2%
Kuwait	1	2	8	12	**3**	-75%	34%	0.0%	0.2%
Qatar	1	4	2	9	**2**		40%	0.0%	0.1%
United Arab Emirates	52	20	17	1	**-**	-100%	-100%	1.8%	0.0%
Russia	-	-	-	-	**-**			0.0%	0.0%
all other	6	3	11	17	**19**	15%	35%	0.2%	1.1%
Total Exports (Tonnes)	**2,872**	**1,381**	**2,133**	**1,898**	**1,715**	**-10%**	**-12%**	**100%**	**100%**

Source:Australian Bureau of Statistics; Fresh Intelligence analysis

CAGR = compound annual growth rate

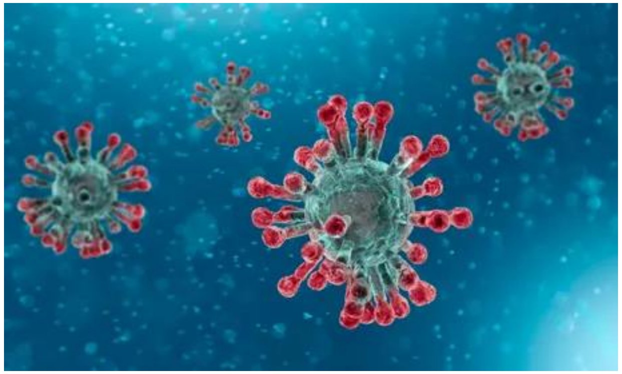
Insight - Chilean exports to China

The distribution of cherries arriving in China from Chile in 2019/20 compared to date of shipping and the timing of airfreight. An earlier Chinese New Year influenced a higher and earlier peak of shipping by 22 December. The air freight was timed to have cherries in the market during the Australian mainland season in late November / December and before any sea freight shipments could arrive. The Coronavirus impacted the last 20,000 tonnes unable to be unloaded from ports in a timely manner.



Mainland Season | Tasmanian Season

Coronavirus impacts



- **Chinese New Year extended**
  - 3 weeks of virtually no movements
  - Consumers made greater use of on-line purchasing
  - Back log of containers to unload and logistics chaos
  - By mid-March reports are that there is good logistics again
- **Cherries as a benefit**
  - Eating cherries unfortunately is not a cure
  - Consumers however do see consuming fruit as a benefits to maintaining good health
  - Affluent consumers have even more reason to avoid wet markets and cherries are better suited to premium retail and on-line distribution
  - Thus long-term impact of the virus is not considered to be damaging cherry trade in China

Rounding Up

- **Cherries and fresh fruit trade is increasing.**
  - Fresh fruit trade is increasing faster than other fresh food
  - Around 15 per cent of globally produced cherries are traded
  - While Turkey is the largest producer, Chile is the largest exporter
- **Geographic, geopolitical, socioeconomic trends drive overall demand.**
  - Southern Temperate suppliers account for 3 per cent of population
  - Highest socioeconomic markets are in North America, Europe and North Asia (China, Japan, Korea) with 44 per cent of global population
  - Retailers know that high quality fresh produce drives traffic into store
- **The cherry advantage is being highly seasonal and perishable, they are not available in the northern hemisphere during the southern season .**
  - Strong counter seasonal demand from China for cherries
  - Chile is the dominant southern hemisphere producer and supplier
  - Opportunity to develop on the coat tails of Chilean market development
  - Japan and Korea remain more sensitive to counter seasonal cherries

Thank you

REFERENCES

- International Trade Centre, TRADE MAP www.trademap.org/
- Food & Agriculture Organisation, FAOSTAT, www.fao.org/faostat/
- World Apple & Pear Association, WAPA, www.wapa-association.org/docs
- 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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