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***Information to support discussions  
on Australian citrus exports to Indonesia***

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## ***Summary***

In global terms, the Australian citrus industry is a small producer, representing less than one per cent of world citrus production. As a high-cost producer, Australian citrus only occupies a small 'quality-niche' in export markets. The Australian industry cannot compete with other low-cost southern hemisphere producers that export large volumes at low prices. Similarly, the Australian industry does not compete in the same space with the Indonesian domestic supply.

With a population of around 250 million people, the citrus market in Indonesia is large. The combined size of the market (including domestic production and imported produce) is estimated to be around 1.6 million tonnes per annum. With an annual average of around 8000 tonnes, Australian citrus imports represent 0.43 per cent of the total citrus market in Indonesia.

Australian citrus is exported between April and ending in September. Recent policy decisions by the Republic of Indonesia to only allow Australian citrus arrivals from February to April mean that Australian exporters can no longer export to Indonesia.

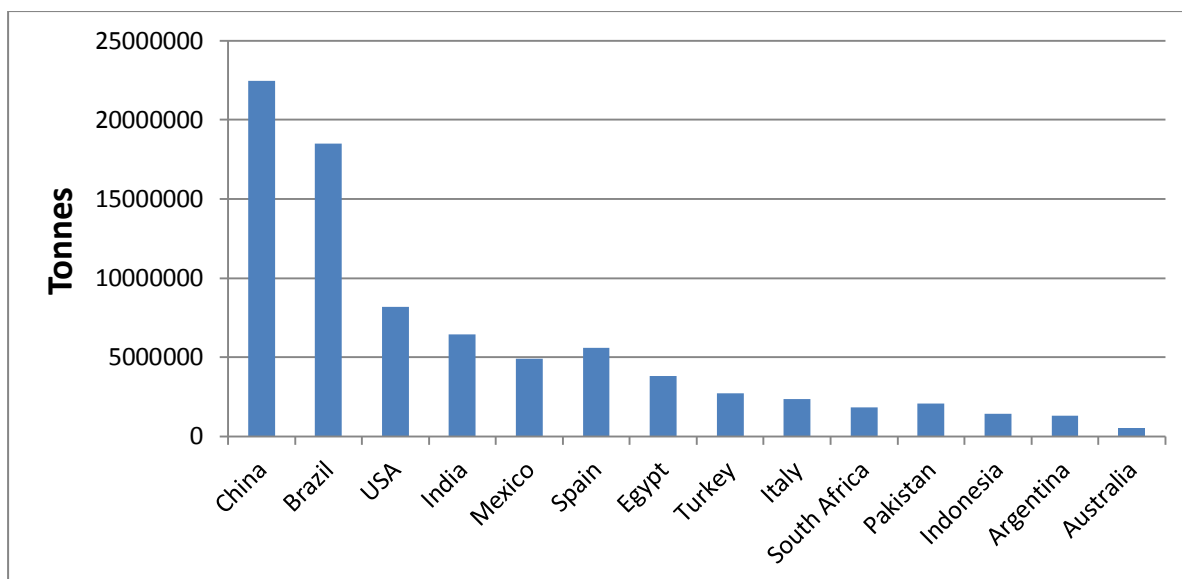
We are of the view that the Australian industry offers no threat to the prosperity of the Indonesian citrus industry. Australian citrus cannot compete with the local supply due to the high costs of production, transport and regulatory compliance. The Australian citrus industry respectfully requests that the Republic of Indonesia re-consider its position and to allow for an extension of the marketing window for Australian citrus.

## ***The Australian citrus industry***

The Australian citrus industry is a small but important industry in Australia. In comparison to other agricultural industries (e.g. beef, wheat, sugar, dairy), the industry is extremely small. However, as citrus production is highly labour-intensive, the industry provides a large number of employment opportunities in Australian rural communities. For that reason, we recognise the importance of the Indonesian citrus industry and the benefits it provides to the Indonesian economy.

Due to the high costs of inputs (e.g. human labour, land, fuel, fertiliser, agrichemicals, water and transport), Australia is not a low-cost producer. We overwhelmingly advise our customers that we cannot compete on price with other southern hemisphere suppliers (e.g. South Africa, Chile, Argentina) - but we do offer exceptional quality. Australian citrus is renowned for its excellent colour and eating characteristics. In fact, quality is our greatest strength in export markets.

In global terms, Australia is a very small citrus producer with our production representing less than 1% of global production (FAO 2013). Figure 1 shows Australian citrus production relative to other large global producers. Total citrus production in Australia is approximately 492 000 tonnes (FAO 2013). Production is made up of 389 799 tonnes navel and Valencia oranges (HS code 080510) and 91 000 tonnes of mandarins (HS Code 080520). Lemons, limes (HS Code 080530) and grapefruit (HS Code 080540) collectively represent less than 0.5 per cent of production.



### ***Australian export season***

The export season in Australia commences in April with early mandarin varieties (e.g. Nova) grown in the north. Later mandarin varieties (e.g. Honey Murcott) are available for export from June through to September.

The export of navel oranges commences in June with early navels (e.g. Navelina, M7) and ends in October with late navels (e.g. Late Lane, Chislett and Barnfield).

### ***Australian citrus exports***

Australia is a relatively small player in the global citrus trade. Of the total volume of citrus produced in Australia, not all is available for export. Approximately half the oranges grown in Australia are processed into fresh juice. 100 000 tonnes of oranges are sold on the domestic market. Trade data show that 158 000 tonnes of Australian oranges were exported to over 30 overseas markets in 2015 (Global Trade Atlas 2016).

Mandarins represent a smaller part of the Australian export trade with a large portion of the mandarin crop being not suitable for export. Varieties like the Imperial mandarin are soft-skinned and do not withstand the tough conditions of sea transport. Such varieties are sold only on the Australian domestic market. In 2015, a total of 50 000 tonnes of Australian mandarins were exported (Global Trade Atlas 2016).

Major export markets include China, Hong Kong, Singapore, Malaysia, the Middle East and the United States. Indonesia is a small but important market for Australian citrus. As Indonesia is a close neighbour, freight times are short, allowing fruit to be harvested at optimal maturity and retain its quality during transport. Trade data over the last decade show that on an average year, 8 000 tonnes of Australian citrus is exported to Indonesia. The product mix is approximately half mandarins, half oranges (Global Trade Atlas 2016).

### ***The Indonesian citrus industry***

To the best of our knowledge, the Indonesian citrus industry produces 1.41 million tonnes of citrus per annum (Food and Agriculture Organization, 2013).

### ***Indonesian citrus imports***

Citrus imports in Indonesia are typically in the range of 100 000 – 200 000 tonnes per annum. China exports capture around 75 per cent of the citrus import trade. The southern hemisphere trade (Australia, Argentina, South Africa and Uruguay) collectively represents 17 per cent of the import trade. The remaining import volume is made up of small quantities from a number of origins including the United States, Pakistan and Egypt. Australian citrus imports represent only 7 per cent of total Indonesian citrus imports (Global Trade Atlas 2016).

### ***The citrus market in Indonesia***

The size of the total citrus market in Indonesia (combined imports plus domestic supply) is estimated to be in the vicinity 1.6 million tonnes per annum. Based on average trade volumes, citrus imports from Australia represent 0.43 per cent of the total citrus market in Indonesia. By comparison, China captures 11 per cent of the citrus market in Indonesia.

The predominant Australian citrus varieties are Murcott type mandarins (HS Code 080520) and navel oranges (HS code 080510). Only minor volumes of lemons and grapefruit are exported. The market in Indonesia represents only 5 per cent of total Australian citrus exports (Global Trade Atlas 2016). However, a number of Australian businesses have had a strong focus on Indonesia over the last 20 years, making it a very important market. Such businesses have cultivated strong relationships with their Indonesian customers and have grown specific crops that align with Indonesian customer requirements.

Australian citrus occupies a very small quality niche in modern retail chains (e.g. 99 Ranch Market, Carrefour, Lotte Mart). Little (if any) is sold in traditional 'wet' markets. As production and supply costs in Australia have continued to escalate, Australia struggles to compete with other southern hemisphere suppliers. Australian citrus also faces strong competition from Indonesian producers who have continued to improve their product offerings. We welcome this 'friendly' competition. We believe it is a healthy part of our ongoing relationship as we push each other to innovate, become more productive, improve our product offerings, and supply fruit to consumers at competitive prices.

We acknowledge that Australian citrus attracts a premium price in Indonesia, due in part to the low supply volumes. We are of the strong view that in effect, the premium achieved for Australian citrus pushes the price up the prices for Indonesian citrus, therefore increasing returns to Indonesian growers.

### ***Agricultural cooperation***

The Australian citrus industry and research community have had a long history of cooperation with the Indonesian citrus industry that spans several decades. Through the Australian Centre for International Agricultural Research (ACIAR), our sector has had the opportunity to contribute to a number of citrus projects in Indonesia.

We have a great appreciation for the Indonesian citrus industry and the challenges it faces. As farmers ourselves, we empathise with all our fellow farmers and we only want good fortune for all growers around the world. We recognise Indonesia's challenges and we share some of the same challenges in relation to pest management, quality, yield optimisation, cool chain logistics, and efficient use of water resources.

We place a high value on the two way exchange of expertise. Our previous visits and a review of the Indonesian Tropical Fruit Research Institute website indicate that Indonesia has an excellent R&D capacity. We feel that could learn a lot from Indonesian researchers and industry.

Similarly, Australia has a high level of expertise in certain areas of citriculture and we are always willing to share that expertise. We would welcome Indonesian researchers and industry participants to Australia to visit our markets and our production sites.