



AUSTRALIAN AGRIBUSINESS GROUP
MARKET OVERVIEW –
THE AUSTRALIAN STRAWBERRY INDUSTRY

Independent Assessment – October 2006

Industry Snapshot

- The Australian strawberry industry has grown steadily over the previous five years and the outlook remains positive. (Section 1).
- The Australian strawberry industry produced about 40,000 tonnes during 2004/05, with a farmgate value of \$200 million (Section 4).
- Approximately, 80% of all sales in Australia are through the two major supermarket chains, Woolworths and Coles (Section 4).
- The two largest producing states are Victoria and Queensland with 40% and 30% of production respectively (Section 2).
- It is predicted in the next five years that there will be significant growth of the Australian strawberry industry, through both the domestic market and potential export markets, such as Japan (Section 6).
- The USA is the world's largest strawberry producer, with an average annual production of 800,000 tonnes (Section 3).
- Other major producing countries include Spain, Russia, Japan and Korea (Section 3).
- The main fresh strawberry importers are Germany, France, Canada, USA, UK and Italy (Section 3).

1 Introduction

The Australian strawberry industry has grown steadily over the previous five years and according to the Victorian Strawberry Industry the outlook remains optimistic ¹. Currently there are 40,000 tonnes produced annually, with a total value of \$200 million ¹.

Strawberries are seen as the ultimate in fresh produce; they are attractive, they taste good, they are highly perishable and they are relative low cost. This combined with a propensity for impulse purchase makes strawberries second only to bananas as the fastest moving item in the fresh produce section of Australian supermarkets. Strawberries have a significant capacity for expansion in Australian supermarkets, if US trends are a guide,² particularly as the production seasons vary between states, allowing the domestic supply to remain relatively consistent (Figure 1) ¹ and year round.

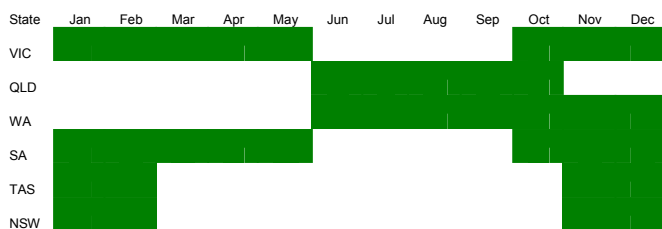


Figure 1 - Strawberry seasons in Australia ¹

Australian strawberry growers are represented by Strawberries Australia Inc. with state based associations in Victoria and Queensland.

2 Producing Regions In Australia

The major strawberry growing areas in Australia are in Victoria, Queensland, Western Australia and South Australia (Figure 2). However, the largest two producers are Victoria and Queensland, with 40% and 30% of production respectively ³.



Figure 2 - Growing Regions of Strawberries in Australia ³

Strawberries can be grown in many different climates, however when grown in areas where days are sunny and nights are cool, more flavour is produced. Strawberries have shallow roots and therefore need moisture throughout the growing season. Drip irrigation is the best method to apply water, as it keeps the moisture away from the fruit, minimising fruit rot. Thus, strawberries are grown in either high rainfall or irrigation areas within Australia (Figure 2).

3 International Supply and Demand

World production of strawberries in 2005 was 3.5 million tonnes.

The US is the world's largest strawberry producer, with an average annual production of 800,000 tonnes on 19,425 hectares, supplying both the fresh and frozen markets. Spain is the second largest fresh strawberry producer with just over 300,000 tonnes annually and is the world's largest exporter⁴.

Japan produces around 200,000 tonnes annually and consumes most of this domestically. Other major producers include Russia, Korea, Poland, Turkey, Mexico and Italy (Figure 3)⁴.

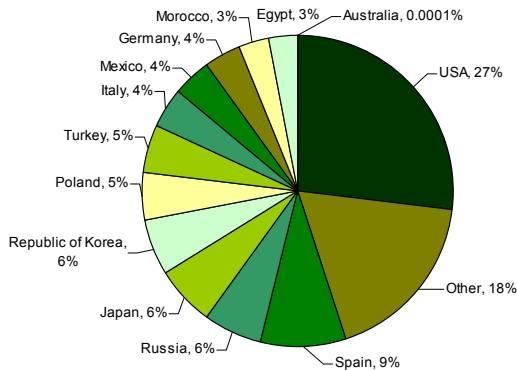


Figure 3 - Global Production of Strawberries 2003⁴.

Despite most US produce being consumed domestically it is the world's second largest exporter with around 15% of the market share, valued at approximately US\$140 million⁴.

The main fresh strawberry importers are Germany, France, Canada, USA, UK and Italy⁴.

4 Australian Supply and Demand

There are around 620 strawberry growers in Australia (2001/02), with about 250 of these considered part time with their main crop being something other than strawberries². There are also many small scale producers, so 30% of growers produce about 90% of the total volume³.

Strawberry production in Australia is predominantly for the sale of fresh fruit to supermarkets and fresh markets, with only a small proportion of produce going to processing (jams, dairy products etc), roadside stalls and pick-your-own. Around 80% of all sales in Australia are through the two major supermarket chains, Woolworths and Coles³.

The Australian strawberry industry produced about 40,000 tonnes of fresh strawberries in 2004/05, with a farmgate value of \$200 million¹. This is a significant increase in production from 25,700 tonnes in 1997/98 and was achieved with a decline in the number of strawberry growers in Australia, from 960 in 1997/98 to 620 in 2003/04. These trends are expected to continue (Figure 4)².

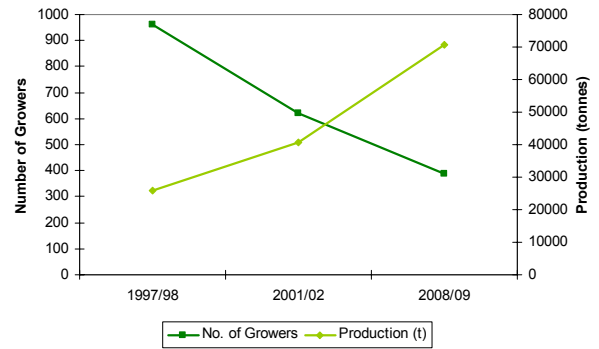


Figure 4 - Historical and forecast number of growers and production of strawberries in Australia².

Although production has increased, Australia is still a net importer of strawberries, with approximately 2,000 tonnes of fresh fruit arriving from the USA and New Zealand at certain times of the year, mostly between April and May, when Australian production is at its lowest (Figure 5)³. However, Australia's domestic consumption is relatively low compared to international standards. This is thought to be a result of one of the major Australian varieties (Selva) lacking flavour and competition from other fresh fruits.

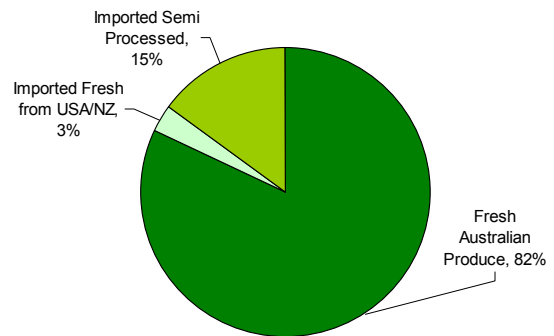


Figure 5 - Australian Consumption of Strawberry Products³.

Australian exports less than 2,000 tonnes of fresh strawberries annually. This produce is mainly exported to the Middle East, New Zealand, Singapore, the UK and Hong Kong³.

5 Possible Yield & Price Scenarios

Strawberry prices can vary significantly from season to season as a result of sudden large increases in plantings, growing conditions and intra season yields. Supermarket prices for out-of-season fruit are also misleadingly high. Average prices across the whole season are much lower⁸. Growers receive an average price return of between \$5-8/kg and the consumer usually pays around \$8-12/kg³.

The main throughput of strawberries through the markets in Australia occurs in the eastern states. The average annual price of strawberries from these states is an estimate of market value and does not take into account the strawberries that are sold privately.

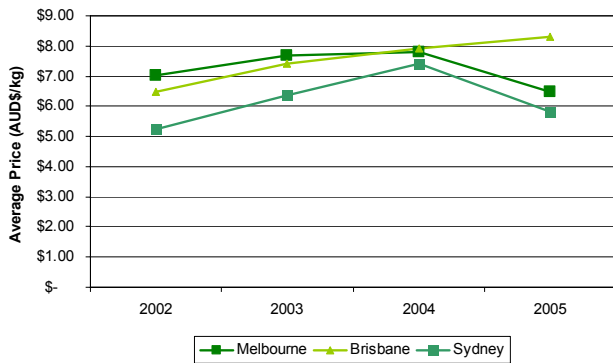


Figure 6 - Average annual market price of strawberries by state ⁶

The prices obtained by each state were relatively similar for the past three years, with Sydney paying lower prices than Melbourne and Brisbane. The range of prices over the past three years has varied from \$5.50/kg to \$8.30/kg ⁶.

Average yields in Victoria are 37,000 kg/ha or 118,400 punnets/ha ⁷, whereas average yields in Queensland are approximately 28,000 kg/ha or 112,500 punnets/ha ⁸.

6 Future Outlook and Conclusions

It is predicted that in the next five years the Australian strawberry industry will be worth \$374 million and will have production levels of 70,000 tonnes grown by about 390 producers ². This should significantly increase the domestic availability of fresh produce but will not necessarily mean the industry is large enough to compete globally.

This potential growth may well be through an increased domestic market without relying on exports, however export opportunities could allow the market to grow further.

Currently the industry is looking towards Japan as a potentially lucrative export market, due to their tight supply and correspondingly high prices during their off-season from June to November. Only Tasmania exports to Japan at the moment due to quarantine restrictions on fruit grown on the mainland. The Victorian DPI and Victorian Strawberry Grower's Association (VSGA) are pursuing this export market, with hope of securing it in the near future ⁷.

7 References

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