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Export Market Research for the Queensland & Victorian Fresh Tomato industries, 1999

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International Trade Australian Business Ltd

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HORTICULTURAL RESEARCH & DEVELOPMENT CORPORATION

Partnership in horticulture

EXPORT MARKET RESEARCH FOR THE QUEENSLAND AND VICTORIAN FRESH TOMATO INDUSTRIES

INTERNATIONAL TRADE
AUSTRALIAN BUSINESS LTD.

30TH SEPTEMBER 1999

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DISCLAIMER

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1. EXECUTIVE SUMMARY

This market research project was designed to identify opportunities to expand Australian exports of fresh tomatoes to world markets. The study was to provide a broader global perspective on markets for fresh tomatoes especially potential new markets/market niches as well as highlighting barriers to market entry and competitor advantages.

Some 22 markets covering Asia, Europe, North America, the Middle East, and Southern Africa were initially selected for closer scrutiny - these were subsequently condensed down to 6 markets for detailed analysis. Criteria for short listing included market size and dependence on imports, barriers to market entry, and freight costs.

The in-depth review of "high potential" markets failed to deliver any anticipated "bonanzas". Many high interest markets were ruled out as immediate prospects due to quarantine restrictions on Australian mainland tomatoes (eg. Japan, Taiwan, Korea, USA). Most other markets are victims of tyranny of distance and offer few commercial prospects due to the current impracticalities of long sea freight transit times and the high airfreight costs. This created uncompetitive pricing in all but the very top end of the market (which the Dutch currently so effectively dominate).

Markets identified as being currently open to Australian mainland tomatoes and where freight costs are not prohibitive, were in fact mainly markets where Australia already exports to – in order; these are New Zealand, Singapore, Hong Kong, Indonesia, and Malaysia. Possible "new" markets of worthwhile size and currently accessible were Canada and United Arab Emirates (UAE), but airfreight costs require a positioning at the premium end of the market.

Discussions with buyers in existing markets often revealed that, rather than additional opportunities being available to Australian exporters, existing markets in many instances were under threat. This was especially the case in New Zealand (60% of Australia's exports) where feedback on the quality of Australian tomatoes was less than complimentary and where New Zealand growers are increasing their market share by moving to year round supply of glasshouse tomatoes. The Dutch (who are global suppliers and compete in the premium market segment) have applied for entry into New Zealand. At the same time New Zealand growers are looking to expand into Australia.

Market shrinkage was identified in our other traditional markets such as Singapore where the Dutch were reported to be collaborating with Malaysian growers to improve quality; whereas in Hong Kong, the USA was reported as now being able to sea freight tomatoes to that market.

In existing export markets, Australian tomatoes were often criticised for their inconsistency in quality, despite our generally recognised competitive advantage of a "clean and green" image. Discussions revealed much of these adverse comments seemed related to 2 issues – the failure to set and adhere to recognised quality standards, and the practice of exporting from domestic wholesale markets usually on a "spot" basis and at low or inconsistent prices and/or quality. This type of business is damaging Australia's image.

Our discussions with local and overseas contacts highlighted the need for a greater focus on developing efficient supply chains which are based on consistency of supply, price, and agreed quality standards. This is not just an issue for the tomato industry but with most horticultural products. There is increasing focus on the use of supply chain management/ownership to overcome inconsistencies in supply and quality, to bring growers/producers closer to the ultimate customer and gain a better understanding of their needs; also to create shorter, more cost efficient and time sensitive supply chains from farm gate to foreign customer.

This report raises a range of issues that need to be addressed:

- Australian tomato growers need to act to protect existing export markets. Improvements in quality through established grading standards and conformity to these, along with improvements to packaging and presentation are required. The Dutch are an appropriate benchmark.

- Addressing these issues yet maintaining export profitability is not possible unless efficiencies and cost savings are made and these are best generated within the supply chain. More direct supply chains which bypass local markets and have the scale to negotiate competitive freight rates, must be put in place along with the targetting of overseas buyers who value full season or year round supply of fresh tomatoes to agreed quality standards and long term pricing. Conducting business with overseas buyers, who are seeking short term/ spot supply at bargain prices and variable quality, damages the grower's brand and Australia's reputation.

- A supply chain "manager" is required and many global companies are in fact now accepting this as a core business activity. There is no reason why growers should not be able to undertake this role either individually or as a group or through an equity position in a specialist exporter/supply chain management company.

- When the issues of quality and consistency are addressed, along with the cost and efficiency gains resulting from supply chain "ownership" and combined with new technologies now on the horizon for addressing diseases, then the industry should successfully cleave open currently restricted markets such as Japan and

USA. In terms of export growth potential, access to these currently inaccessible markets is a high priority.

- Improvements in quality (whilst at the same time retaining current pricing levels), will lead to expanded market share in existing markets (Singapore, Hong Kong etc) and simultaneously open up somewhat the far flung niche markets such as Canada and UAE. From the study it became apparent that Australia's optimum market position is "middle rung" placing Australian tomatoes between the lower priced "local" product and "top shelf" Dutch tomatoes from a price/quality perspective. The qualification to this is New Zealand which offers opportunities at a lower price point than glasshouse tomatoes.

- The report also recommends that greater effort be placed in researching methods to make sea freight more viable through extending the storage life of tomatoes, that national grading standards be established and which align internationally, and that work on pest eradication and treatment continue.

- The report suggests a peak industry body be considered to establish and manage national standards and industry image.

- It is recommended that growers or groups of growers establish their own separate export brand which never appears in domestic wholesale markets and thus is never compromised, or alternatively use an umbrella brand such as AHC's "Australia Fresh".

2. Introduction

The Queensland fresh tomato industry produces 107,500 tonnes of tomatoes per annum with approximately 3 - 4% being exported. Similarly, the total fresh tomato production of Victoria is about 40,500 tonnes in a year with some 1% exported. The domestic market for fresh tomatoes has plateaued, resulting in flat demand and limited growth. Hence, a key strategy that has been identified by both the states is to increase sales in international markets i.e. expand business in existing markets and develop new ones. The Queensland Tomato Industry Strategic Plan lists "increasing sales to existing export markets by 10% and develop new export markets" as priorities. The Northern Victorian industry has set a goal to export 1 million boxes per year within 5 years. There is also concern that the tomato industry will continue to grow regardless, causing serious over production if the export goal is not achieved.

With this background, the Horticultural Research & Development Corporation (HRDC) in conjunction with the Queensland Fruit and Vegetable Growers (QFVG) Tomato Sectional Group Committee and the Northern Victorian Fresh Tomato Industry Development Committee identified this study to be undertaken in order to provide market research information. This research project would allow industry to gain a global perspective of fresh tomato markets and identify potential export market and opportunities for Queensland and Victorian fresh tomato producers.

The aim of the study is:

- To identify impediments to trade, competitor comparison & analysis and product differentiation opportunities (quality and variety related), in order to give the industry an overview of fresh tomato markets in North America, Western Europe, Middle East and the Asia region;
- To make recommendations to the Queensland and Victorian fresh tomato industry in relation to identified export opportunities or market niches. These recommendations are to prioritise export markets according to the opportunities identified.

The methodology that has been used to execute the assignment, involved:

- Desktop research and consultations with relevant industry personnel to collate and source information on Australian trade figures for fresh tomato exports by country of destination over last 10 years. A search of all published relevant literature on the Australian fresh tomato industry has also been undertaken.
- In order to gain an understanding of issues on the supply side and the relative competitiveness of the Queensland and Victorian fresh tomato industries, field visits were organised, to meet with the relevant people at the Department of Natural Resources and Environment (DNRE) Victoria, QFVG Queensland and the major growers in both the states. This helped gain a good understanding of

the local production and supply situation and current status of product exported. Similarly, discussions were also held with fresh tomato exporters in the Brisbane, Melbourne and Sydney markets.

- Using desk research, the internet, statistical information from FAO & the Bureau of Statistics of various countries and consultations with relevant government and industry personnel in Australia (such as AQIS etc.) and overseas, an umbrella study of a broad range of countries in North America, Europe, Middle East and the Asian region was conducted. By collating and sourcing information on world markets, we arrived at the list of markets offering best prospects in the short / medium and long term.
- For these selected markets, detailed research and analysis was undertaken by holding telephone interviews with the fresh produce Buying Managers of major retail chains and with some importer / wholesalers of fresh vegetables and fruits. Other sources of information were discussions with AQIS (and the Horticulture Industry Market Access Committee), Austrade, country specific reports on tomatoes / fresh vegetables, trade consulates and overseas trade organisations. The information collected and analysed involved details on market access issues (tariffs, food safety regulations and quarantine, freight costs), logistics (international and domestic in the importing country), product differentiation opportunities (quality, variety, taste, hydroponics etc.) and market characteristics (pricing, positioning, target market, growth potential and competitors).
- Based on the above information gathered and analysed, issues have been identified and recommendations made to the Queensland and Victorian Fresh Tomato industries, to retain existing share & grow sales in current markets, as well as pursue new market opportunities.

3. Overview of the Tomato Industry

3.1 Global Overview

Tomatoes are one of the most popular vegetables on the globe and are consumed in nearly every country. Field tomatoes are grown in most temperate and sub tropical regions and green house technology is used to modify the climate in regions that might otherwise be too hot or too cold. Tomatoes are also popular in home gardens.

The United Nations Food and Agriculture Organisation (FAO) figures put the global tomato crop at 90 million tonnes with fourteen countries producing over 1 million tonnes. (Refer to Appendix 2a). While FAO statistics are the best available it is clear from other local information that they are not reliable.

Processing accounts for approximately 30 million tonnes of tomatoes globally *(Source: "Tomato News")*, the main products being tomato ketchup, peeled tomato products, juice, paste, puree, and sauces. Tomato is also widely used in fish canning.

Fresh market tomatoes appear to account for approximately 60 million tonnes of production globally. Tomatoes are used in the home and food service applications in salads, sandwiches and in cooking.

In most developed countries, as in Australia, the growing of tomatoes for processing is a separate industry from the production of fresh market tomatoes. Processing tomatoes are usually determinate bush varieties that have characteristics suitable for machine harvesting, bulk handling and immediate processing. The fresh market industry on the other hand is more concerned about shape and size along with post harvest keeping properties. As fresh market tomatoes are usually manually harvested, indeterminate varieties can be used to extend the harvest period.

In developed countries the crossover between the fresh market and processing industries is limited. The growers gate value of processing tomatoes is generally much less than the value of fresh market tomatoes.

Field tomato production is generally seasonal and limited to three to six months of the year in any one region. In Southern Hemisphere temperate regions the harvest generally takes place in the first half of the year and in sub tropical regions, the second half. This is reversed in the Northern Hemisphere. Australia is one of a small number of countries that encompasses both temperate and sub tropical regions and can produce field tomatoes year round.

Greenhouse technology, largely hydroponic, has advanced in recent years facilitated by Dutch and Israeli technology. Though costly, the

development of hydroponic tomatoes has facilitated fresh market production in areas unsuitable for field crops and has extended the period that tomatoes may be harvested to virtually 12 months. Indeterminate varieties are most suitable for hydroponic production. By eliminating the influence of weather and soil variables, hydroponic tomatoes can be of more consistent quality and deliver improved post harvest shelf life and generally attract premium prices compared with field grown tomatoes.

A number of different types of tomato are grown. Small round cherry tomatoes are used in salads. The "Roma" style is often preferred for saucing. Hydroponic tomatoes, generally of the traditional "gourmet" shape, supply the top end of the market and in suitable regions, this same type of tomato is field grown on trellises. Determinate field tomatoes are generally round. Suitable hydroponic varieties are sometimes marketed as trusses of five tomatoes to improve presentation, aroma and keeping properties.

International trade in fresh market tomatoes is constrained by quarantine restrictions on top of the usual trade barriers. An additional constraint to trade is the need to ship to distant markets by expensive airfreight owing to shelf life considerations.

International trade in processed tomato products is not impeded by quarantine restrictions, nor by the need to use airfreight, so globalisation of the processing tomato industry is much more advanced than of the fresh tomato industry.

3.2 Australian Overview

Tomato is Australia's largest vegetable crop after potato.

Australian Bureau of Statistics (ABS) numbers indicate that Australian tomato production totals about 400,000 tonnes, but industry information suggests that this is a gross understatement.

The biggest proportion of Australia's tomato production is for processing, 309,000 tonnes in 1999. The processing industry is located in Northern Victoria and Southern NSW and operates as one integrated industry with the bulk of the harvest taking place in February/March/April.

Fresh market tomatoes are grown in all States and are available to consumers from somewhere in Australia year round. The full range of popular tomato types are grown including round, gourmet, cherry and Roma and they are grown both in the field and in greenhouses.

Crossover between the processing and fresh market tomato industries is limited. Approximately eight Victorian fresh market growers regularly supply up to 10,000 tonnes of the processing industry's

requirements. While this represents only 3% of processing industry intake, it adds about 25% to the volume opportunity of fresh tomato growers.

Tomato production in Australia is technically advanced and highly mechanised compared with countries that have low labour costs.

The fresh tomato industry is a net exporter, and is becoming increasingly interested in exporting as the domestic market is perceived to be saturated. The processing industry is a net importer.

4. Status of the Australian Fresh Tomato Industry

4.1 Production

4.1.1 Official Statistics

Australian Bureau of Statistics figures indicate that Australian production approaches 400,000 tonnes per year. This includes both fresh market and processing tomatoes.

ABS Tomato Production Tonnes

Year	NSW	Vic	Qld	SA	WA	TAS	NT	Total
1993	54,661	94,390	114,926	6,672	8,385	666	62	**279,762**
1994	89,572	120,396	102,124	6,038	8,194	863	35	**327,222**
1995	85,323	139,441	101,292	5,442	7,694	831	9	**340,033**
1996	82,535	171,805	102,643	4,100	8,969	762	0	**370,913**
1997	102,795	167,563	109,911	3,069	9,038	582	60	**393,117**

Source: - ABS. Years end on 31st March.

Unfortunately, it is not possible to have complete confidence in these statistics, particularly with regard to NSW and Victoria. The 1999 Industry Survey Report produced for the Australian Processing Tomato Industry Council (APTIC) indicates that 1997 processing tonnages alone for NSW and Victoria totalled 104,000 tonnes and 195,000 tonnes respectively!

4.1.2 Production in Victoria

The bulk of Victorian tomatoes are field grown in the Goulburn Valley by about 12 major growers and a number of smaller operations.

According to reasonably reliable industry figures based on new carton purchases, production volumes have been increasing rapidly.

Victoria Field Tomato Production for the Fresh Market

Year	Tonnes	Change
1993	12,326	
1994	14,539	+18%
1995	22,420	+54%
1996	24,485	+9%
1997	28,766	+17%
1998	40,432	+40%

Source: - Northern Victorian Fresh Tomato Growers Association

These statistics do not include up to 10,000 tonnes of fruit that fresh market growers provide to the processing industry and up to 5,000 tonnes grown in over 100 green house operations throughout Victoria.

Industry growth has been made possible through the success of the locally bred Arcadia variety and its derivatives. In response to pressure from supermarkets, production of gourmet varieties commenced in 1998 and by 1999 gourmet fruit comprised approximately 50% of the

crop. This dramatic change required a significant investment in trellises, picking aids and production costs. Gourmet fruit is a higher risk crop in Victoria as the varieties are not immune to as many diseases as the locally bred Arcadia types. In 1999 there was a problem with Canker for the first time.

Smaller quantities of Roma and cherry tomatoes are also produced in the area.

4.1.3 Production in Queensland

The two major tomato growing areas in Queensland are Bowen and Bundaberg, together accounting for 85% or more of Queensland production.

Scientists at the Bowen Horticultural Research Station estimate Bowen production to be in the region of 70,000-80,000 tonnes. Bundaberg production, based on transport company manifests collated by the Bundaberg Research Station, has averaged about 37,000 tonnes since 1992. Four greenhouse operations in Bundaberg produce an additional 500 tonnes of hydroponic tomatoes. There is no greenhouse production in Bowen.

The six large and sixteen other Bowen growers have traditionally grown determinate round tomatoes on bushes of the Floradade variety or similar. Most are ground crops although one leading grower uses a low trellis.

Since 1998, some Bowen growers have changed to trellis grown gourmet varieties and these now make up 40% of the crop. Evidence to date suggests that gourmet varieties are less suited to the Bowen area than the round varieties and are not immune from wilt so the change has involved considerable risk as well as investment.

The six large and twenty four smaller Bundaberg growers used to produce round tomatoes on trellises but in response to pressure from supermarkets changed to virtually 100% indeterminate gourmet varieties by 1998.

4.2 Seasonality

The Northern Victoria production season is complimentary with Bowen and Bundaberg while Bowen and Bundaberg seasons are in competition with each other.

Compared with Northern Victoria, Bowen and Bundaberg, the other Australian regions produce relatively small, though not insignificant, volumes.

Volumes are not shown on the following table owing to the unreliability of the statistics.

The table shows only field tomatoes. Greenhouse tomatoes are grown in various volumes in all States and extend the period that fresh tomatoes are available.

Seasonality of Australian Field Tomatoes

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Victoria												
Northern Victoria	■	■	■	■	■							
Queensland												
Bowen					■	■	■	■	■	■	■	
Bundaberg				■	■	■	■	■	■	■	■	■
Lockyer	■	■	■	■							■	■
Stanthorpe	■	■	■									■
New South Wales												
Sydney Basin / Central Coast	■	■	■	■							■	■
South Australia												
Waikerie & Adelaide Plains	■	■	■	■							■	■
Western Australia												
Carnarvon, Geraldton, Perth	■	■	■	■	■	■	■	■	■	■	■	■

Source- Various.

4.3 Quality

The leading growers in all areas have, or are on the way to, SQF2000 or ISO 9002 accreditation and are implementing Hazard Analysis and Critical Control Point (HACCP) programs. Integrated Pest Management (IPM) is being introduced.

The industry has the equipment and competence to produce high quality tomatoes. There has been considerable investment in trellising, mechanical picking aids, and automatic graders based on "Vision System" colour and size measurement. Growers are clearly very skilled and a valuable exchange of experience is taking place between Victoria and each of the Queensland regions.

The limited availability of skilled picking labour is a problem, particularly in Bowen where it is the practice to pick round fruit at mature green stage. It is difficult for inexperienced pickers to reliably discriminate between mature and immature green.

Industry leaders in Bowen indicate that is more difficult to produce high quality gourmet fruit than round fruit in that area, especially as hot weather can result in hollow fruit. However, the Bowen industry has had less than two years of experience with gourmet fruit to date.

The quality of fruit observed in some supermarkets does not do justice to the capabilities of the industry. In Bowen, for example, one grower claimed that he was throwing out better fruit than was available at the local supermarkets and an inspection of one local supermarket appeared to confirm this.

In overseas markets the quality status of Australian tomatoes appears to be: -

- New Zealand. Low quality and cheap. (98% of NZ production is glass house fruit.)
- Singapore & Hong Kong. Behind Dutch and NZ tomatoes but ahead of Malaysia and Thailand.

While some export shipments are directly arranged with growers, product packed for the domestic market is also sold for export off the floor of the Sydney and Brisbane wholesale markets. Sometimes this fruit has limited remaining shelf life and damages the quality reputation that the industry is trying to develop.

Some international supermarket chains commented that Australian colour and size grading is not as reliable as they would like and falls behind competitor fruit.

4.4 Cost of Production

The cost of production varies between enterprises and with the seasons, the major variable being field yield.

The Queensland Department of Primary Industries (QDPI) Tomato Information Kit of August 1998 suggests that the typical break even farm price of trellis grown round fruit at Bundaberg is $5.01 per 10 kg carton and the break even market price $7.29. This is based on variable costs only and assumes a yield of 5,000 cartons per ha. The cost of production of gourmet fruit is indicated to be $3.00 higher.

On the same basis, Bowen farm and market breakeven prices are suggested to be $6.66 and $9.20 respectively based on 3,000 cartons per hectare. This would relate to round fruit grown without trellising.

Victorian industry leaders suggest that they would break even at market prices of $7.00-$8.00 per carton for round fruit and $10.00-$11.00 for gourmet fruit, again a difference of $3.00 between the cost of round and gourmet fruit. This estimate is consistent with a Victoria Department of Natural Resources and the Environment (DNRE) gross margins calculation for the Swan Hill/Kerang region. Typical field yields were suggested to be in the range 2,000 to 2,500 cartons per ha for round fruit with gourmet fruit having twice that yielding potential. One reason for the better yield of gourmet fruit is a lower throwaway percentage possibly around 20% compared with up to 50% for round fruit. In

Victoria, some of the ripe throwaway fruit goes to the processing industry.

Bowen is disadvantaged compared with Victoria and Bundaberg in being more distant from capital city markets.

A leading Bundaberg hydroponic grower put the breakeven cost of hydroponic fruit at $6.50-$7.00 per 3 kg tray.

4.5 Distribution Chain.

Tomatoes reach domestic retail and food service outlets through direct contracts and via wholesale markets.

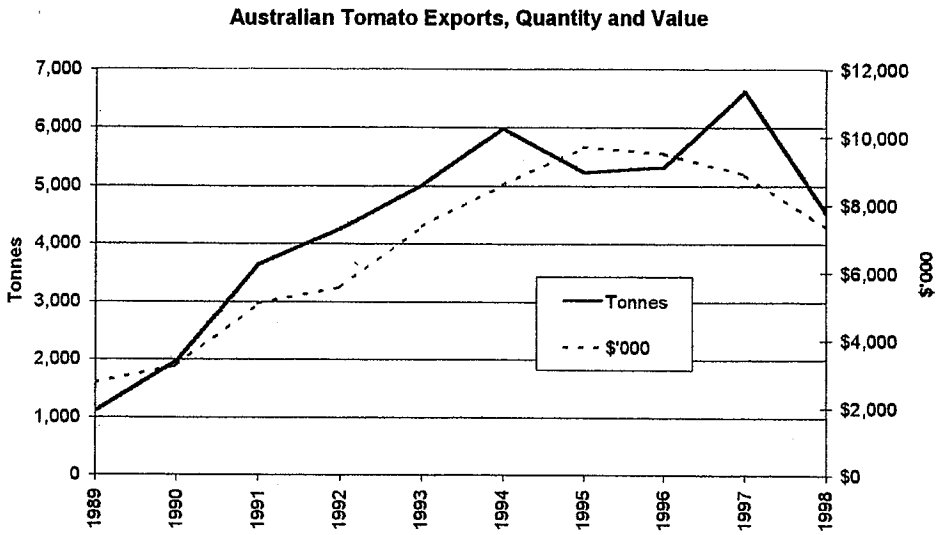
Overproduction is a major issue for the industry. Some growers feel that it is impossible to make money unless someone else has a crop failure. At the time of our study, Queensland was in season and wholesale markets were returning prices below the cost of production for round fruit, about $6.00 per carton.

Various growers mentioned the need for the industry to work together to determine the market requirements for different types of fruit, to effectively monitor the market and to endeavour to arrange supply accordingly. However, it appears that a number of growers are not interested in doing this. It seems likely that growers will continue to be forced out of the industry until a better balance between supply and demand is achieved. A lot of the grower interest in exporting arises from the need to take supply pressure off the domestic market.

Some growers are critical that "supermarkets rule the roost", that growers are victims of supermarket buying power. The industry is not organised on a national basis making it difficult, if not impossible, to participate with supermarkets in category management.

4.6 Export History

Australian tomato exports have grown through the 1990's. In 1998, about 4,500 tonnes was exported with a FOB value of $7.3 million, an average of $1.62 per kg.



Source: - ABS

New Zealand, Singapore and Hong Kong are the major export destinations, followed by Indonesia and Malaysia.

Major Export Destinations

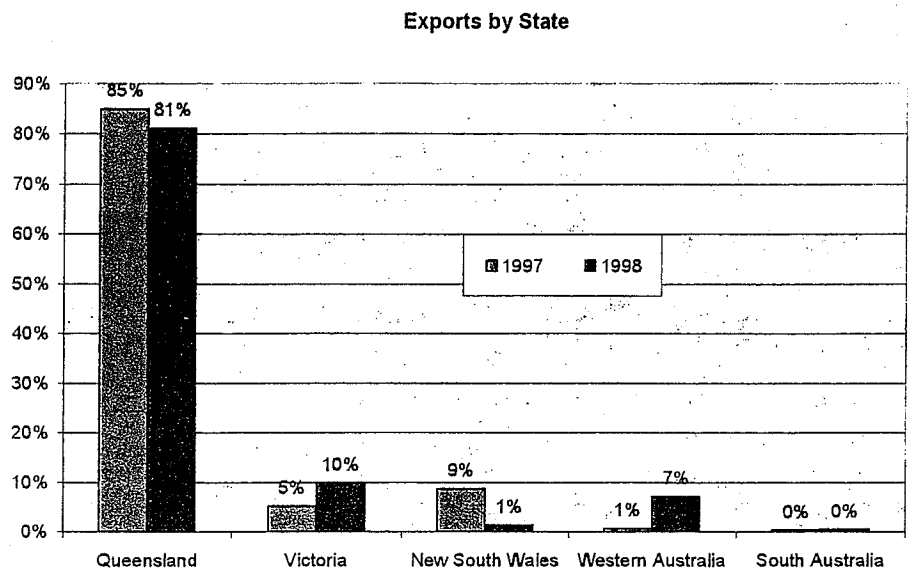
	CAL YR 1996			CAL YR 1997			CAL YR 1998		
	Tonne	$'000	$/Kg	Tonne	$'000	$/Kg	Tonne	$'000	$/Kg
New Zealand	3,607	$6,398	$1.77	3,687	$5,096	$1.38	2,703	$4,653	$1.72
Singapore	606	$808	$1.33	1,954	$1,983	$1.02	1,369	$1,658	$1.21
Hong Kong	792	$1,632	$2.06	668	$1,084	$1.62	285	$548	$1.93
Other	315	$682	$2.16	311	$722	$2.32	177	$474	$2.68
Totals	**5,320**	**$9,520**	**$1.79**	**6,620**	**$8,886**	**$1.34**	**4,534**	**$7,332**	**$1.62**

Source: - ABS

However, exports in smaller quantities have been sent to a large number of countries. Details of all exports over the past ten years are shown in Appendix 4.

Shipping is mostly by sea to New Zealand but with a proportion of airfreight. Shipping to other markets is predominantly by air.

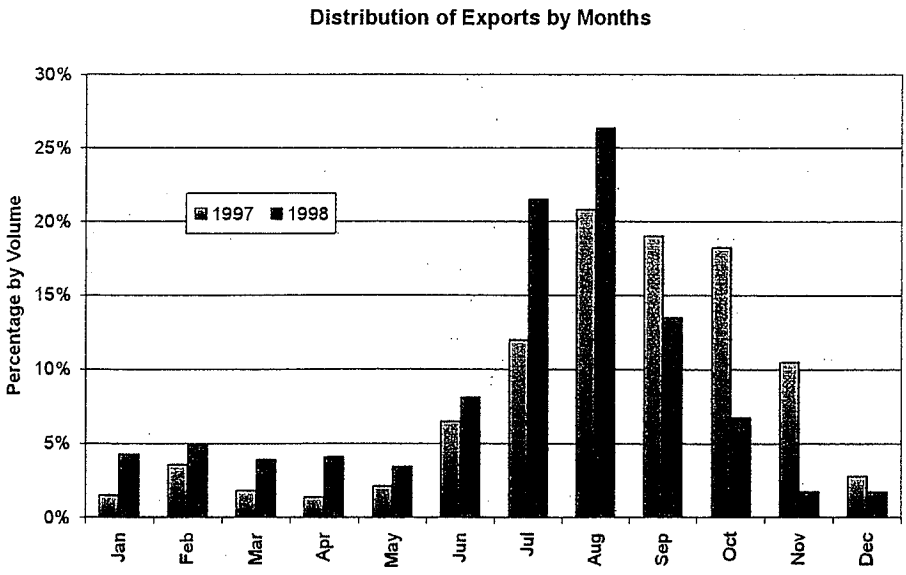
Queensland has been the dominant exporting State.



Source: - ABS

ABS statistics report the States from which shipments are made but these are not necessarily the States where the shipped tomatoes are produced. Tasmanian hydroponic fruit for Japan is shipped out of Victoria or NSW and some Queensland fruit is shipped out of NSW. Some Western Australia fruit is also shipped out of eastern ports.

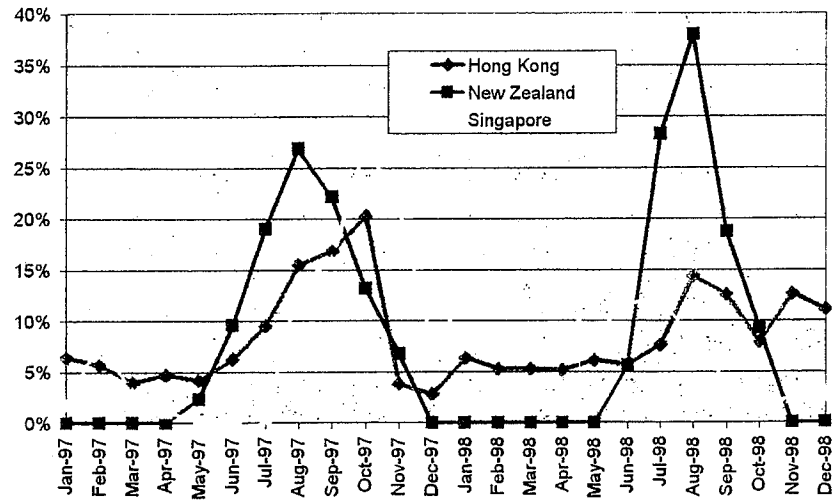
Most exports are shipped at the peak of the Queensland season.



Source: - ABS

Australia's presence in the New Zealand market coincides with the New Zealand out of season period.

Pattern of Shipments to Major Markets



Source: - ABS

Queensland growers generally are not happy with their experience of exporting. Recently enforced quarantine rules have stopped the export of gourmet fruit to New Zealand, Queensland's largest overseas market. The New Zealand and Singapore markets are seen to have become extensions of the Brisbane and Sydney markets, yielding growers domestic prices for export quality fruit. The desirable Japan and Taiwan markets are closed to Queensland growers. Growers who have invested in facilities and systems to produce superior quality packs for export feel that this effort has been unrewarded.

Export marketing skills programs such as "Fresh Double Red" have increased the number of growers conscious of export opportunities but some growers who have been supplying overseas markets for some time are feeling squeezed out by this activity.

While some industry participants are convinced that there are no undiscovered export market opportunities, others feel that meaningful export volume and price potential can be realised if growers can sell directly to Asian supermarket chains, bypassing the "middle men" and wholesale markets. Interaction with Asian supermarkets thus far has provided feedback that they would like to buy a range of commodities from the same source and are seeking year round, rather than seasonal supply. The Burdekin Bowen Xport Partnership and the Queensland Burnett Food Alliance are two grower alliances formed to try and deliver on this perceived requirement. Neither has yet exported tomatoes.

Victorian tomatoes have been exported to Asia for some time but a new export drive based on gourmet fruit commenced in 1999 following a grower visit to Singapore and Malaysia in November 1998. Good relations were established with market and supermarket buyers in Singapore and a useful quantity of gourmet fruit was subsequently shipped in 1999. The volume of exports was constrained by a unique seasonal problem that limited the availability of fruit. The Victorian farmer group intends to build on this opportunity for season 2000.

4.7 Export Planning

The current motivation for exporting arises from the ability of the Queensland and Victorian industries to oversupply the Australian market except when there are seasonal difficulties.

The Queensland Fruit and Vegetable Growers (QFVG) represents Queensland tomato growers and has a strategic plan for the development of the industry. The plan includes the development of a marketing system that will increase domestic consumption by 5% per year and exports by 10%. The plan also encompasses industry wide adoption of appropriate QA systems, and other measures necessary for the development of a competitive and sustainable industry.

The Bowen Burdekin Xport Partnership has been working up for two years and a co-ordinator has recently been employed. The Partnership does not yet have a business plan but aims to facilitate exports of all agriculture and horticulture crops in the region. At the same time, the Queensland Department of State Development is aiming to bring Bowen district growers together and appoint a Business Development Manager to facilitate exports. In September 1999, a meeting between State Development, QDPI, the Xport Alliance and the Bowen Collinsville Enterprise was held and agreed to development of a joint business plan.

The Queensland Burnett Food Alliance has been working up for three years and has fourteen members, each producing one commodity, including tomatoes. This alliance is organising a trade mission to Singapore mid September 1999.

Both alliances cover a range of commodities and aim to link with growers in other regions to obtain year round supply.

The Northern Victoria Fresh Tomato Industry Development Council is coordinating the Victorian industry's export effort.

Leading Victorian growers have good working relationships with key growers in Bundaberg and Bowen but there is no formal coordination of export market or supply chain development across the three regions.

4.8 Imports

Import volumes of fresh tomatoes into Australia are currently negligible.

No import tariff is applied to fresh tomato imports from any source. Quarantine regulations allow the import from New Zealand with an import permit and phytosanitary certificate. There is no list of quarantine barriers to entry from other countries, probably because no applications to import have been processed. It is understood that an application to import Dutch tomatoes has been lodged recently.

5. Potential of the Australian Fresh Tomato Industry to Export

5.1 Production Capacity for Export

The Victorian industry advises that it would like to be like to be exporting 1 million boxes per year within five years. This would require about an additional 10,000 tonnes of production, a 25% increase on current volume. Some of this would come from improved field and pack out yields. Northern Victoria has ample land and water resources that could be diverted to fresh tomatoes and the existing growers could easily accommodate a 20-25% increase in area.

The Queensland industry Strategic Plan is looking for a 5% increase in domestic off take and a 10% increase in exports annually over 5 years. This would require approximately an additional 30,000 tonnes of production for domestic sale and 3,000 tonnes for export, a total of 33,000 tonnes, or a 30% increase in production compared with current volumes. The industry believes that Queensland has the land water and skills to deliver that volume, some of which would probably come from field yield improvement.

5.2 FOB Pricing

Indications are that Australian growers would need to average farm gate prices of about $8.00-$9.00 per 10 kg carton for ground fruit or $11.00-$12.00 for trellis gourmet fruit to make a reasonable profit on export sales. This would be the average of a range of sizes and quality across the range of markets.

Profitable FOB prices might have to include about $1.00 per carton for inland freight (less from Northern Victoria, more from Bowen) and perhaps 15% for commissions and other costs. Approximate estimates are $1.10 per carton for ground fruit and $1.40 for gourmet. *These estimates are not definitive and should determined on a case by case basis.*

5.3 Logistics

Tomatoes need to arrive at their destination in saleable condition and with adequate shelf life remaining. Shipping times and schedules have to date necessitated airfreight to destinations other than New Zealand, which has been serviced by a combination of sea and airfreight. Tomatoes are stored and shipped at around 13°C to delay ripening as much as possible. Nine days from breaker to ripe can be achieved for round fruit, twelve for gourmet fruit. Ripe fruit can be stored for seven days at up to 20°C before it starts to lose flavour.

The cold chain within Australia is well developed and airfreight is reasonably frequent from the international airports and can deliver

Australian tomatoes to anywhere in the world in an acceptable time frame.

Achievement of the best outtake requires control of the cool chain from grower to supermarket or wholesale market. Product exported by agents working directly with growers has better potential to be presented to the end user in top condition than product exported off the market floor.

Airfreight is expensive and sea freight has been found to be fast enough and regular enough to supply the New Zealand market, supplemented with airfreight. Lead times and shipping times to service Asian markets are marginal at best.

Controlled atmosphere shipping has the potential to halve the rate of ripening and it is understood that some CA shipping experiments are in progress. However, the shelf life of hydroponic fruit that has not had the opportunity to come into contact with soil borne fungal diseases is likely to be more reliable than that of field grown fruit. (Source: - Dr Barry McGlasson, Adjunct Professor, Postharvest Horticulture, UWS Hawkesbury.)

5.4 Quarantine Issues

Mainland tomatoes are barred from access to several desirable markets, particularly Japan, China and Taiwan, owing to quarantine restrictions related to the risk of exporting Queensland and Mediterranean fruit fly. Under present quarantine protocols New Zealand allows the import of only five varieties of tomato from Queensland. Quarantine restrictions are governed by the World Trade Organisation (WTO) agreements and must be scientifically based. Negotiations with Taiwan and China are difficult, as these countries are not currently members of WTO.

The Queensland Department of Primary Industry is currently developing a post harvest "low cost" heat treatment of tomatoes to eliminate the possibility of fruit fly in tomato shipments and expect that this work will be completed during 2000 so that it can be the basis of international market access negotiations.

Negotiating overseas market access is a costly and time-consuming process and is outlined in Appendix 5.

Singapore, Hong Kong and Malaysia do not restrict the import of Australian tomatoes on quarantine or other grounds.

5.5 Quality Issues

Quality Certification, HACCP programs, IPM implementation and accurate true to label colour and size grading are becoming base

requirements for exports, as for the domestic market. Grower training and investment in these areas is well advanced.

Standardisation of QA certification processes throughout horticulture would be very helpful and it is understood that HRDC is addressing this issue.

5.6 Export Potential

The industry is perceived to have some great strengths and opportunities but there are also some weaknesses and threats.

5.6.1 Strengths

- Climate suitable for field tomatoes as well greenhouse fruit.
- Able to grow field tomatoes year round, Victorian season complimentary with Queensland
- Good technology, excellent grower skills
- Good cooperation between Queensland and Victorian growers
- Good support from State Departments of Agriculture, State Departments of Business Development, Commonwealth Supermarkets to Asia Program and Commonwealth Horticulture Research and Development Corporation.
- Land and water available for industry expansion.
- Australia's "Clean and green" image.
- English is widely spoken in our region.
- A considerable number of agents exporting tomatoes opportunistically.

5.6.2 Weaknesses

- Exports of product from domestic wholesale markets downgrade Australia's quality reputation and export pricing potential.
- Over-production leads to low domestic and export prices.
- Prevalence of fruit fly leads to market access problems.
- Shortage of labour for field operations.
- High cost of labour compared with many countries.
- The distance to export markets mandates use of expensive airfreight.
- Export marketing and market development is fragmented.
- Susceptibility of indeterminate plants to canker and wilt.
- Unreliable industry statistics.
- Some overseas customers say that Australian size and colour grading is not reliable.

5.6.3 Opportunities

- New market opportunities in region if access is achieved.
- Opportunity to improve out take quality and pricing potential through improved control of supply chain.
- Opportunity to improve export volume and pricing through development and defence of a brand or brands offering consistent quality and year round supply.

5.6.4 Threats

- Expansion of greenhouse technology in low labour cost countries may lead to greater import competition for Australia both in export and domestic markets.
- Risk of over-production in other countries that may depress export market prices.

6. Umbrella study / macro assessment of 46 potential world markets

6.1

In order to arrive at the list of markets of best opportunity, initially 46 countries were selected from North America, Europe, Asia and the Middle East. Production, import and export statistics (from FAO) were studied for these 46 markets. Please refer to Appendix 2 a of the report.

Based on the trade data, local production capability and the current economic outlook of the country, 22 markets which were representative of each of the above mentioned major world regions, were selected from the initial 46 countries. For each of these 22 potential markets, the following criteria were studied in detail:

- Import volume of fresh tomatoes in 1997 (latest available)
- Export volume of fresh tomatoes in 1997
- Total tomato crop production in 1997
- Quarantine policy and other food safety regulations for import of fresh tomatoes
- Import duty
- Quota (if any)
- Air freight rate ex Melbourne and Brisbane
- Transit time by sea

6.2

On the following page is a matrix of these 22 countries, with information on the factors specified above. Appendix 2 b further details this information for each country. Based on the factors studied, we have given our assessment of the potential for Australia to export to each of the selected markets. Accordingly, 3 categories of countries have been identified which would offer opportunity to Australia in the short/medium and long term. These 3 categories are :

- Existing export markets with potential for further increase in market share and growth – Singapore, Hong Kong, Malaysia and Indonesia;
- New markets of opportunity (if competitive) – U.A.E. and Canada;
- Markets currently not accessible due to quarantine restrictions or import regulations but may offer good opportunity when they become accessible – Japan, Taiwan, China, India, South Korea and U.S.A.

Section 7 of our report covers the in-depth market information on the first 2 categories of countries.

22 BEST PROSPECTS

COUNTRY	IMPORT (Mt)1997	EXPORT (Mt)1997	PROD. (Mt) 1997	QUARANTINE POLICY & OTHER FOOD SAFETY REGULATIONS	IMPORT DUTY	AIR FRT. EX BRIS. A$ / KG	AIR FRT. EX MEL. A$ / KG	TRANSIT TIME BY SEA (days)
				(For details please refer to Appendix 2b)				
1. U.S.A..	742,464	179,093	10,762,000	Permitted only from Tasmania	US$0.03-0.041/kg			21 (West Coast)
2. Germany	621,692	5,973	45,800	Permitted	9.2-15% on CIF value			37
3. France	366,710	62,845	805,000	Permitted	9.2-15% on CIF value			38 -42
4. U.K.	296,721	4,558	115,000	Permitted	9.2-15% on CIF value	2.45	2.22	38 -42
5. Canada	162,255	38,361	500,590	Permitted with no special requirements	Duty Free/C$ 0.0482/kg	1.78 (Vanc.)	1.87 (Vanc.)	30 (West Coast)
6. Saudi Arabia	129,978	5,457	465,000	Permitted with a PC+AQIS cont. insp. cert.	12% on CIF value	2.05	2.08	19 (P&O)
7. U.A.E.	70,588	2,056	545,000	Permitted with a PC+AQIS cont. insp. cert.	Duty Free	1.35	1.95	28 (NYK)
8. Poland	54,538	448	219,027	Restricted	20% on CIF			37+10
9. Czech Republic	52,040	679	23,130	Phyto testing required on arrival	0 - 13.1% on CIF			37+10
10. Singapore	12,612	852	0	Permitted with no special requirements	Duty Free	0.58	0.56	14
11. Malaysia	7,742	7,400	10,000	Permitted	Duty Free	0.59	0.53	9-14 (APL&MISC)
12. Indonesia	5,386	1,266	277,269	Permitted with PC & declarations	5% on CIF value	0.65	0.47	15 - 16
13. Hungary	3,876	1,495	219,706	Prohibited	20%-54.8% on CIF			37+10
14. New Zealand	3,654	91	100,000	BQA protocol required	Duty Free			4 - 8
15. Hong Kong	3,280	185	30	Permitted with no special requirements	Duty Free	0.8	0.79	21 - 23
16. Japan*	977	15*	779,800	Permitted only from Tasmania	3.7% on CIF value			15 - 28
17. Philippines	43	1	166,353	Prohibited	20% on CIF value			11-14(FESCO&COSCO)
18. South Africa	37	5,113	444,837	Prohibited	15% on FOB value	3	1.98	16 - 22 (MSC)
19. China	19	28,444	16,387,394	Prohibited	13% on CIF value			14 - 18
20. Taiwan#	14	0	118,818	Restricted	10% on CIF value			17 (P&O)
21. South Korea*	6*	495	189,000	Prohibited	47.5% on CIF value			11 - 14 (P&O)
22. India	0	690	5,300,000	Prohibited	15% on CIF value			22 - 28
23. Australia	60	6,968	400,000					
24. World Market	3,580,908	3,535,953	87,487,893					

Sources of information : Trade and production data from FAO; Quarantine Policy, tariffs and quota information from AQIS in Canberra, Austrade, APEC Tariff Database, Canadian Food Inspection Agency, Philippines Trade Office, EC office Canberra, Office of the Agriculture Counselor US Embassy Canberra, DFAT Canberra, MAFF & Plant Health and Seeds Inspectorate U.K.

Air freight rates ex Melbourne have been sourced from Hellmann Perishable Logistics, Melbourne and ex Brisbane from Air Export International, Brisbane. Information on sailing days/transit time by sea has been sourced from Fritz Flyway, Sydney.

7. In-depth analysis of the markets of best opportunity

7.1 Singapore

7.1.1 General Economic Outlook

"Singapore's economy is forecast to grow 5.4% this year (1999) and 5.7% next year (2000), according to a Reuters poll of 10 research houses. The forecasts are significantly higher than previous estimates of 2.7% and 4.2%. The upward revision was based on a recent spate of upbeat non-oil domestic exports data and strong second quarter growth. Economists said that robust demand for electronics and financial services, making up more than half of the country's GDP, would continue to fuel the economy through the next year." *Source : www.mediacity.com.sg*

Singapore is a more mature market than it's neighbours in South East Asia. According to a Food Market Report of the U.S. Department of Commerce – National Trade Data Bank, "Singaporeans are true yuppies. With per capita incomes of over US$ 22,000, these consumers are the nouveau riche of South East Asia. In 1995, Singapore became the ninth richest country in the world by per capita GDP standards, ahead of Great Britain and New Zealand. Eating habits are changing, with more exposure to westernisation through media, travel and education abroad. Singaporeans love to eat out, which is considered something of a national pastime." International fast-food chains have been popular for so many years.

7.1.2 Singapore Fresh Fruit & Vegetable Market

Almost all of Singapore's staple foods such as rice, meats, vegetables and seafood are imported from neighbouring countries. As is evident in all affluent societies, Singapore is also becoming more concerned with health and nutrition. This is likely to increase demand not only for health foods, but for healthful foods, such as fruits and vegetables.

However, as the economy felt the aftershocks of the Asian financial crisis of 1997, import volumes for specific commodities have dropped. This decrease is primarily due to declining consumer demand for high quality produce from U.S.A., Australia, New Zealand and Europe. Singaporean consumers have been substituting cheaper produce from nearby sources, such as China and Malaysia. With the economy fast moving back on track, the demand for high quality produce should slowly begin to climb again.

Despite the presence of and domination by low priced import of tropical vegetables from neighbouring Malaysia and Indonesia, Singapore is a thriving market for high quality temperate climatic vegetables. The rising flow of tourists have contributed to the increase in demand for high quality vegetables for the hotel-restaurant trade.

The trend indicates that even Chinese restaurants which traditionally used tropical vegetables in their dishes, are gradually turning to the use of airflown temperate vegetables like brussel sprouts, brocolli and asparagus.

a) Distribution Systems

Singapore has an open and transparent distribution system. The distribution chain is often quite short, with the importers acting as distributors and agents, dealing directly with the retailer. In recent times, this chain seems to have shortened even more, as supermarkets are getting more heavily involved in direct importation as a way to gain greater control over the supply chain and save money.

b) Retail Sector

The Singapore retail sector is well developed. Different retail chains attempt to exploit different niches. "Across the whole of food retailing, Survey Research Singapore (SRS) estimated that in 1994 supermarkets commanded between 35 and 40% of food sales, mini markets (smaller stores, both chains and independents) 20%; provision stores (the traditional 'mom and pop' stores) 25% and medical shops around 10%. In merchandising, all supermarkets chains emphasised the increasing importance they place on achieving greater market share in fresh foods." *Source : Food Retailing in South East Asia, Exploiting the Opportunities, RIRDC Research Paper No 95/10.*

Some of the popular retail chains in Singapore include :

- Cold Storage (part of the Dairy Farm Group), 22 supermarkets, catering to the middle and high income shoppers and a long time favourite of expatriates;
- NTUC Fair Price Co-operative, which is owned by the National Trade Union Congress of Singapore, 53 outlets, meets peoples' daily needs. A few outlets are aimed at high income shoppers, most outlets are located in housing estates;
- Shop N Save (part of the QAF Group), 22 outlets, aimed at the middle income mass market;
- Royal Ahold Asia Pacific, 14 outlets;
- Carrefour Singapore Pte Ltd.

Retail price mark up for fresh vegetables is usually around 50%.

Another important outlet for fresh produce is the "wet market". "The biggest outlet for consumer-ready products such as fruits, poultry and vegetables are the hawker centres. Every major housing estate has a hawker center (sometimes called a wet market). It is estimated that there are over 100 hawker centers in Singapore, each containing between 50 and 100 food sellers. Suppliers are expected to use their own promotional materials at these centers. Approximately 70 percent

of all U.S. fruits sold in Singapore are sold through these centers." *Source : Food Market Report of the U.S. Department of Commerce – National Trade Data Bank.*

c) Fastfood and Food Service Sector

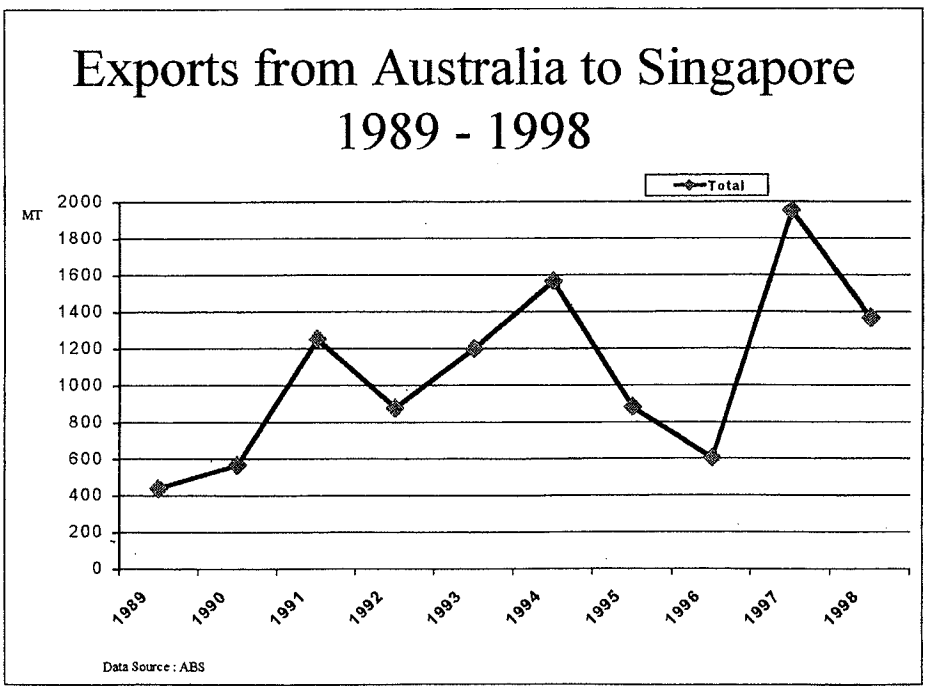
There are currently about 200 fast food restaurants in Singapore. Western-style food outlets have also become very popular in the country, with chains such as A&W, Burger King, Chilli's, Deli France, KFC, McDonald's, Pizza Hut etc.

Moreover, the big hotel industry in Singapore is also an important consumer of high quality fresh produce. Other food service sector distribution channels are airline catering, hospitals, defence forces etc.

7.1.3 The Fresh Tomato Market in Singapore

a) Exports of Fresh Tomatoes from Australia to Singapore

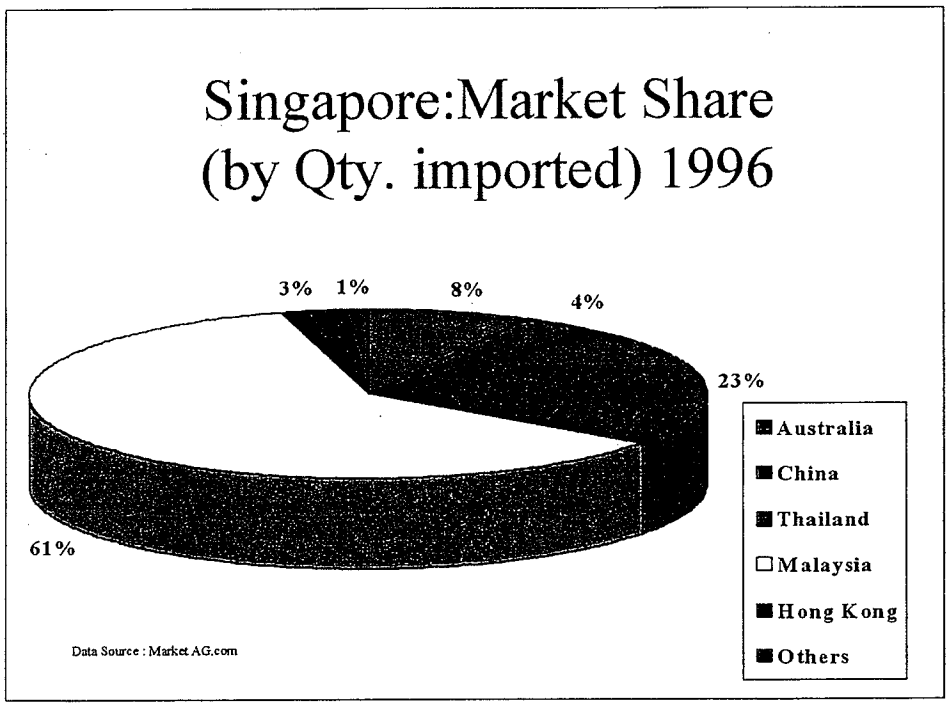
Singapore is currently Australia's second largest export market after New Zealand. As is evident from the graph below, the exports have grown from 442 tonnes (A$ 0.6 million F.O.B.) in 1989 to 1,369 tonnes (A$ 1.7 million F.O.B.) in 1998. The growth has fluctuated, peaking in 1997 (1,954 tonnes). The most recent fall to today's figures may be attributed to the regional economic situation. Market shrinkage for Australian tomatoes has also been identified as the Dutch are reported to be working with Malaysian growers to improve quality.



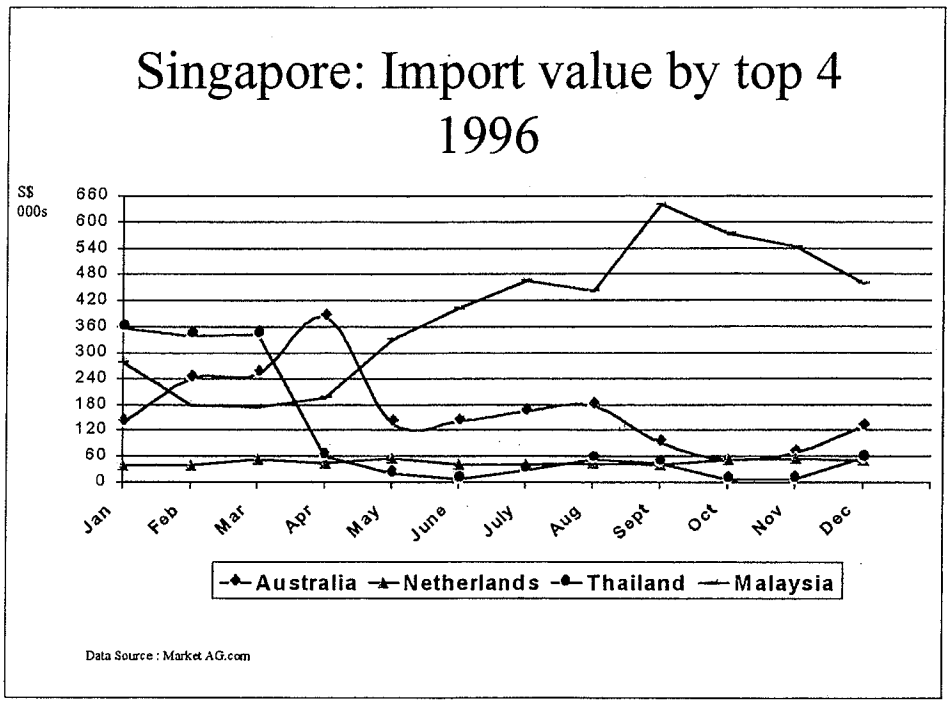
b) Market Share of Imported Tomatoes

Singapore imports tomatoes from Malaysia, Australia, Thailand, China and small quantities from Netherlands. The chart below depicts the share for each country, with the largest being Malaysia (61%), followed by Thailand (23%) and Australia (8%) as per 1996 quantity figures.

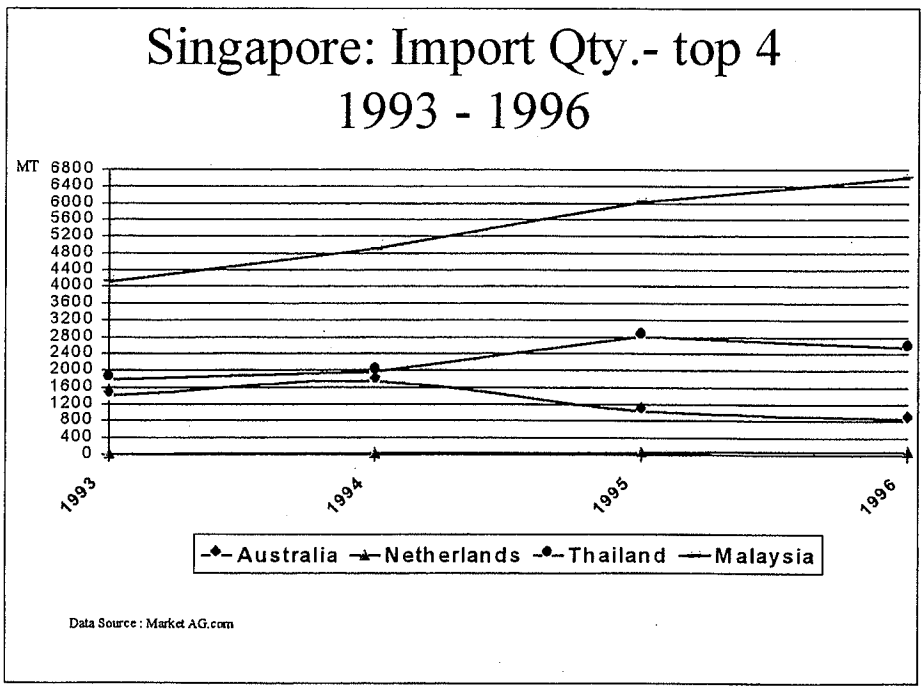
From discussions with the major supermarket chain Buying Managers, it was evident that three main quality (type) of tomatoes, namely Malaysian, Australian and Dutch tomatoes, were selling in three different price segments.



The line graph on the following page shows how the total import value and seasonality of supply of the four major players has fared in the 12 months of 1996.



And, finally the graph below, depicts how the total quantity imported from Malaysia has been steadily rising since 1993 up to 1996. Quantity imported from Australia rose from 1993 to 1994 and since has been steadily declining till 1996. Imports from Thailand have also been fluctuating since 1993.



c) Varieties of Fresh Tomatoes

The Singaporeans generally use tomatoes for cooking, with only a small % of the population consuming fresh tomatoes in salads etc.

The tomatoes imported from Australia are a mix of rounds, gourmets and cherry varieties. The rounds and gourmet varieties are 70% ripe on arrival. Cherry tomatoes are usually sourced in small quantities only.

From Malaysia, the tomatoes sourced are more or less similar to the Australian gourmet, called "akada". Some product coming from Malaysia is being referred to by the buyers as a Dutch variety, which may have variants, within the group. The Dutch are said to have interests in the Cameron Highlands, providing technology to the tomato growers in the region. Cherry tomatoes are also imported from Malaysia. Singapore authorities check the Malaysian shipments very closely for chemical residues etc.

The imported Dutch tomatoes are mainly "beef steak" and "on-the-vine" (truss) varieties. These hydroponic tomatoes are considered of premium quality and in excellent quality packaging and presentation (packed in trays).

Cherry tomatoes are also hydroponically grown in Singapore and are popularly sold in supermarkets.

From the chart on market share, Thailand appears to have the second largest share after Malaysia. The supermarkets did mention that that they were sourcing Thailand tomatoes from the wholesale market in Singapore.

d) Price Structure

Colour, flavour, firmness of fruit and presentation determine the price. The buying price and retail sales price structure in relation to supermarkets, for various varieties (depending upon the quality), is in the following range :

Type	Buying Price (S$)	Retail Sales Price (S$)
Malaysian Tomatoes	1.20 – 2.60 / kg	1.80 – 3.90 / kg
Australian Tomatoes	1.65 – 4.60 / kg	2.50 – 6.90 / kg
Dutch Tomatoes	4.00 – 6.60 / kg	8.50 – 9.90 / kg

Notes :

i) A$ 1 = S$ 1.08 (as at 18th Sept.'99)

ii) Pricing information from Singapore retail chains

The tomatoes from Australia and Holland are all shipped by air. Malaysian tomatoes are trucked into Singapore from across the border. Some trials for sea freight shipments have been done from Australia, but have not been fully successful as yet.

e) Supply Chain

In most cases, since the supermarket chains do not have volumes big enough to import directly from the grower or the wholesaler in Australia, some chains are buying from an importer distributor in Singapore, who usually imports directly from Australian growers. However, in a large number of cases the exporters from the wholesale market in Australia are exporting to the wholesaler importers in Singapore, who in turn then supply to the supermarkets, wet market and the foodservice market.

7.2 Hong Kong

7.2.1 General Economic Outlook

"Hong Kong finally emerged from 15 months of recession with 0.5% GDP growth in the second quarter of 1999. The Hong Kong government is maintaining its budget forecast of 0.5% GDP growth in 1999, with consumer sentiment improving, although retail sales still declined 2% in volume in the second quarter and with tourist arrivals back up in the first half of 1999. *Source : The Australian Financial Review, 30th August 1999.*

Hong Kong continues to be the premier business hub of North/East Asia and one of the most commercially vibrant trading centres in the world. According to a Food Market Report of the U.S. Department of Commerce – National Trade Data Bank, on Hong Kong, "The trend towards westernisation first driven by British colonial influence has given way in recent years to rising incomes, increased travel and the large and growing number of overseas–educated youth. An ever increasing number of overseas companies locating to Hong Kong, has also created a new and large international community here, with a much greater diversity of foods and lifestyles than that of only a few years ago." There are a large number of Americans, British, in addition to the number of growing re-immigrants i.e. the ethnic Chinese returning from North America, the U.K., Australia and New Zealand. International fast-food establishments abound here and are extremely popular. Hong Kong has been and continues to be recognized as a trendsetter and showcase for China.

7.2.2 Hong Kong Fresh Fruit & Vegetable Market

The country is completely dependent on agricultural imports. Traditionally, the neighboring nations in the region have been large exporters of seafood, vegetables and fruit. China has been supplying Hong Kong most of its poultry, Chinese-type vegetables etc. However, China's potential as a supplier of fresh produce is being complicated by distribution inefficiencies, spot food shortages and the need to reserve increasing supplies to meet domestic demand. The void has been challenged by countries such as Australia, France, New Zealand, South Africa, Japan and the other South East Asian nations. Hong Kong is a free trade area, implying that there are no controls or duties on the importation of fresh fruit and vegetables.

Fresh fruit and vegetables are accepted as an integral part of a healthy diet and are therefore regularly consumed by members of all demographic groups. "Approximately 90% of fresh fruit and vegetables in Hong Kong are bought directly by consumers. Fresh fruit and vegetables are numbers one and two respectively in value in the average household grocery budget. Due to Hong Kong's relatively low fruit and vegetable production, exports of domestically grown goods

are negligible and do not affect the assessment of the trade. Re-exports of fruits and vegetables however are substantial." Source : Hong Kong Fresh Fruit and Vegetables Market Profile, FAS Online. The main re-export markets for fresh vegetables are Singapore, Japan and China. The vegetables that are re-exported to China are generally high quality items from countries such as the U.S. and Australia. Hong Kong thus serves as a gateway to the Chinese market and the flow of fresh fruit and vegetable imports into Hong Kong has been influenced recently by rapid growth in China.

a) Distribution Systems

According to the Hong Kong Fresh Fruit and Vegetables Market Profile, FAS Online, 8th June '96, there are around 50 importers of fresh fruit and vegetables in Hong Kong. Some of these companies wholesale their own products, but most products are distributed through independent wholesalers operating at government run wholesale markets. These markets fall under the jurisdiction of the Agriculture and Fisheries Department (AFD), and the Vegetable Marketing Organisation. Foreign suppliers of fresh produce sell products either to importers or wholesalers, or directly to larger retailers. Imported vegetables are sold for distribution in wet markets and small stores through 2 main AFD markets. In addition to these main markets there are also hundreds of small wholesale suppliers.

b) Retail Sector

The majority of fresh fruit and vegetables in Hong Kong are purchased by end users at traditional wet markets. However, traditional shopping habits are changing and the amount of fresh produce sold through supermarkets is steadily increasing, as is the supermarkets' share of total sales. "There are about 3,000 licensed fresh food stores in Hong Kong, and around 110 wet markets containing some 16,000 stalls. Of these, approximately 2,000 stalls are fruit and vegetable vendors (mainly vegetable)." *Source : Hong Kong Fresh Fruit and Vegetables Market Profile, FAS Online, 8th June '96.* Over the last few years, supermarkets have made efforts to expand their market share of fresh fruit and vegetables. By widening the selection available and advertising to entice the Chinese shopper away from the wet market, supermarkets appear to be succeeding. Some estimates claim that modern retailers now hold 25% of the market for fresh produce.

The advantages of shopping at the supermarket are several. One of them being that the shopper needs to shop only once or twice a week, whereas traditional wet market shopping must be done almost daily. Also, there has been increasing concern among the public about hygiene conditions in the wet market. The trend towards supermarket shopping will undoubtedly continue to grow.

Some of the popular retail chains in Hong Kong include :

- Wellcome (part of the Dairy Farm Group), 221 stores, holding an 18% market share of total foodstuff sales in Hong Kong;
- Park n' Shop (part of the Hutchinson Whampoa Group), 180 stores and currently concentrating it's efforts on expansion in mainland China;
- Jusco Stores (HK), chain of 7 general merchandise stores and targeting the middle income segment;
- DAH Chong Hong;
- China Resources Purchasing;
- Circle-K Convenience Stores.

Park n' Shop and possibly Wellcome import their fresh fruit and vegetable requirements direct.

"There are many food importers in Hong Kong, although probably one to two dozen handle the largest volumes of trade. These companies maintain warehouses, trucks, supply food stores, restaurants and airlines. Several of them operate retail stores, yet supply other companies as well." *Source : Food Market Report on Hong Kong, U.S. Department of Commerce – National Trade Data Bank.*

c) Fast food and Food Service Sector

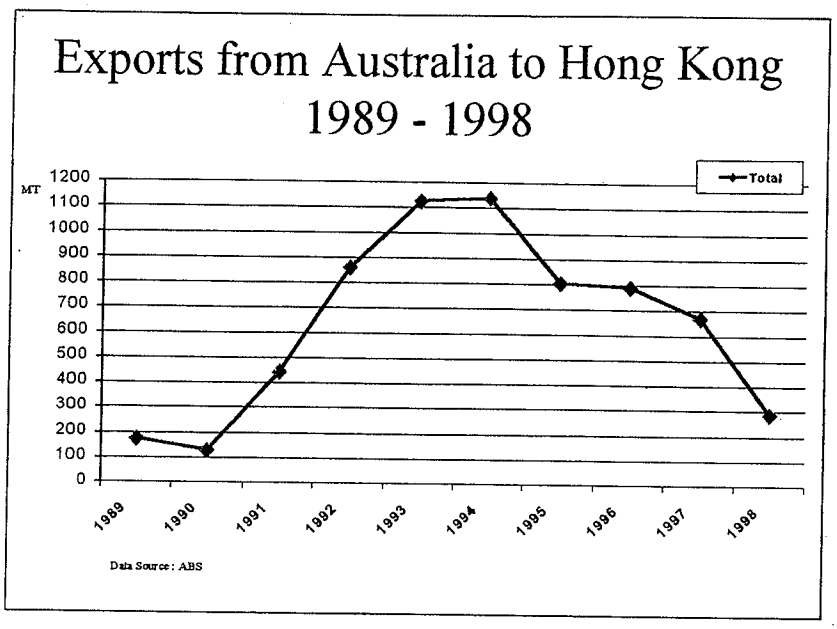
Tourism has escalated over the last few years, and hence the number of first class hotels increased accordingly. Hotels catering to foreigners make a point of using high quality produce imported from countries such as Australia, U.S.A. etc. Western style restaurants and particularly fast food shops have become increasingly popular, as the eating habits of the Chinese consumer steadily become more Westernized. Some of the popular fast-food chains in Hong Kong include Café de Coral (25% market share), McDonald's (20% share), Fairwood etc.

Most food service sectors buy fresh fruit and vegetables through importers / wholesalers.

7.2.3 The Fresh Tomato Market in Hong Kong

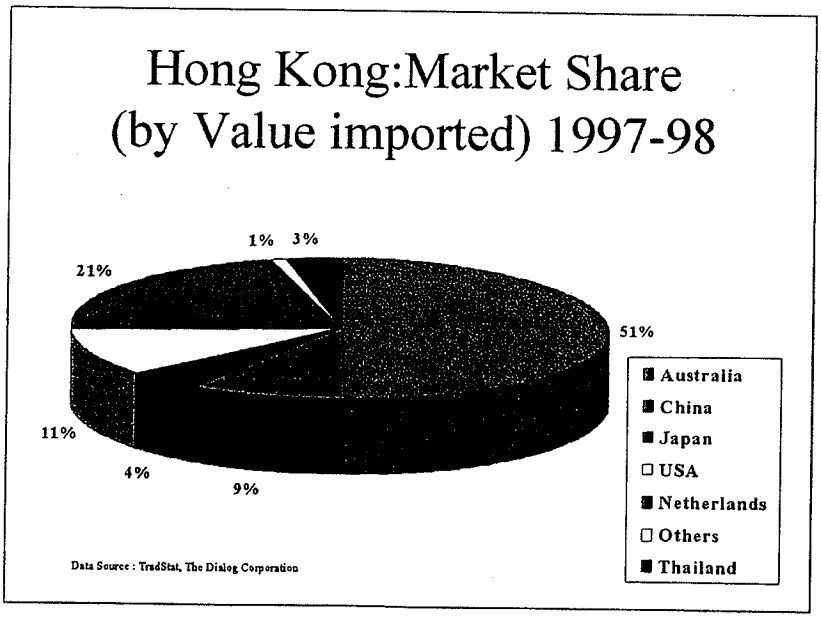
a) Exports of Fresh Tomatoes from Australia to Hong Kong

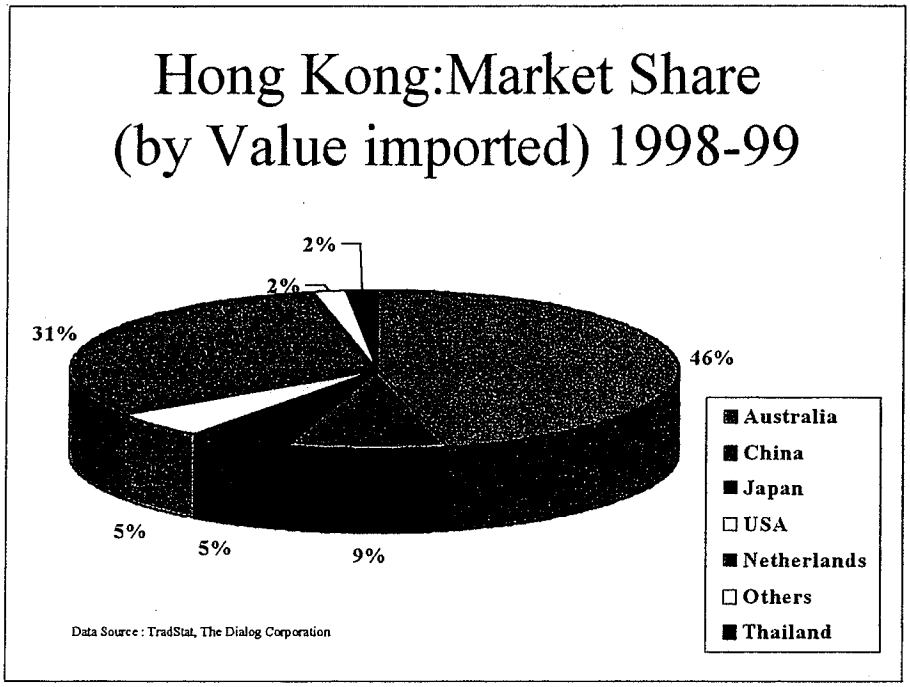
Hong Kong is currently Australia's third largest export market after New Zealand and Singapore respectively. As is evident from the graph on the following page, the exports have grown from 173 tonnes (A$ 0.5 million F.O.B.) in 1989 to 285 tonnes (A$ 0.5 million F.O.B.) in 1998. This indicates that though the quantity exported has grown by 112 tonnes, the value (in A$) has remained the same. The growth has fluctuated, peaking in 1994 (1141 tonnes) and since has been continuously declining.



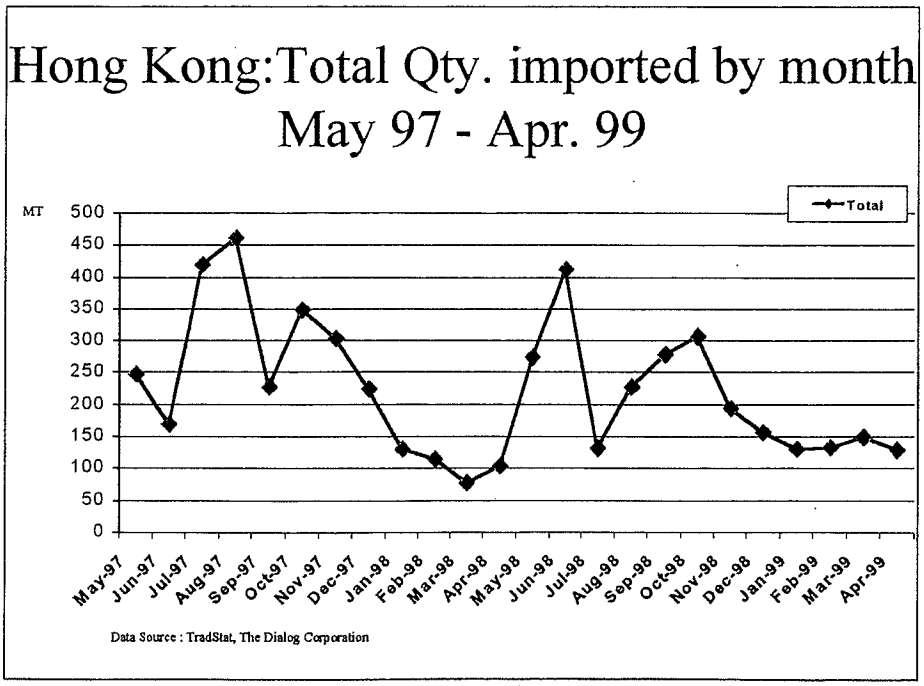
b) Market Share of Imported Tomatoes

Hong Kong imports tomatoes from Australia, Netherlands, U.S.A., China and small quantities from Japan and Thailand. The charts below depict the share for each country, and how it has changed from 1997-98 to 1998-99. Australia's share has declined from 51% in 1997-98 to 46% in 1998-99 and so did the U.S. from 11% to 5%. On the other hand, Netherlands increased its share from 21% to 31% over the same time period.

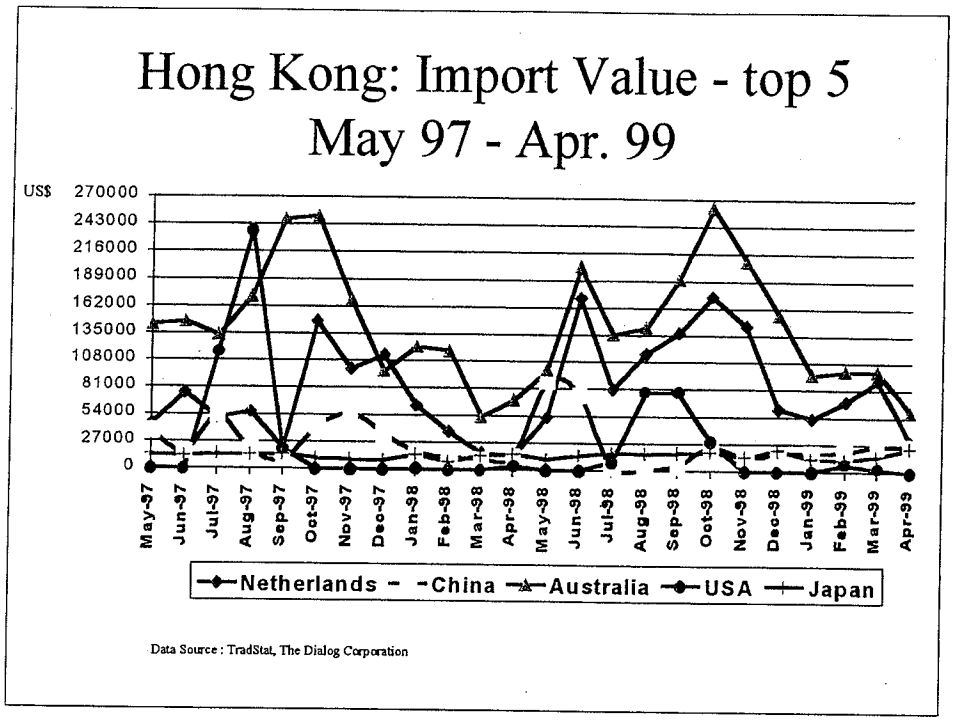




The line graph below shows how the total quantity imported into Hong Kong has fared in the last 24 months, from May '97 to April '99.



Though the overall trend is a declining one, the imports seem to peak in July-August in 1997 and in June again, in 1998.



And, finally the graph above, depicts how the total value of imported tomatoes compares between the 5 major sources of origin. Australia seems to be in the lead, closely followed by Netherlands.

c) Varieties of Fresh Tomatoes

The tomatoes imported from Australia are a mix of rounds, gourmets, romas and cherry varieties. The rounds and gourmet varieties are medium sized. The product is received in 10 kg cases. The tomatoes are then repacked for sale in supermarkets, in a combination of plastic bags and trays with netting, of one pound each. The cherry tomatoes are sold in trays of 250 gms.

From the U.S., tomatoes received are similar to the ones coming from Australia, in terms of appearance, quality etc.

The Dutch hydroponic tomatoes, are mainly gourmet, on-the-vine (truss), cherry and beef steak varieties. By "beef steak", one is actually referring to the large size of the fruit. The Dutch product is considered to be of premium quality and in excellent packaging and presentation (gourmet is individually packed in trays and truss tomatoes are in over wrapped trays, all received in 5 kg/7kg cases).

The tomatoes coming from China are mainly rounds, received by the catty (1.3 pounds), in bamboo baskets. The size of the fruit is usually a bit smaller than the Australian rounds but of a flavour similar to Australian product. The quality is usually a bit inferior to both the Dutch and Australian products.

Tomatoes coming from Thailand are mainly of cherry variety, also known as honey tomatoes, owing to their very sweet flavour. These are received in packed trays of 250gms.

There is also some product coming in from New Zealand, mainly truss variety, received in pre-packed trays.

One of the large supermarket chains indicated that their volume share for fresh tomatoes according to country of origin, is 50% Australia, 25% Holland, 15% China and 10% New Zealand and Thailand put together.

The Dutch, New Zealand and Australian tomatoes are mainly bought by the expatriate population and by young health conscious Chinese. The cheaper varieties, which are usually also of a lower quality, are bought by the rest of the Chinese population mainly for cooking.

d) Price Structure

Colour, flavour, firmness of fruit and presentation determine the price. The buying price and retail sales price structure in relation to supermarkets, for various varieties (depending upon the quality), is in the following range :

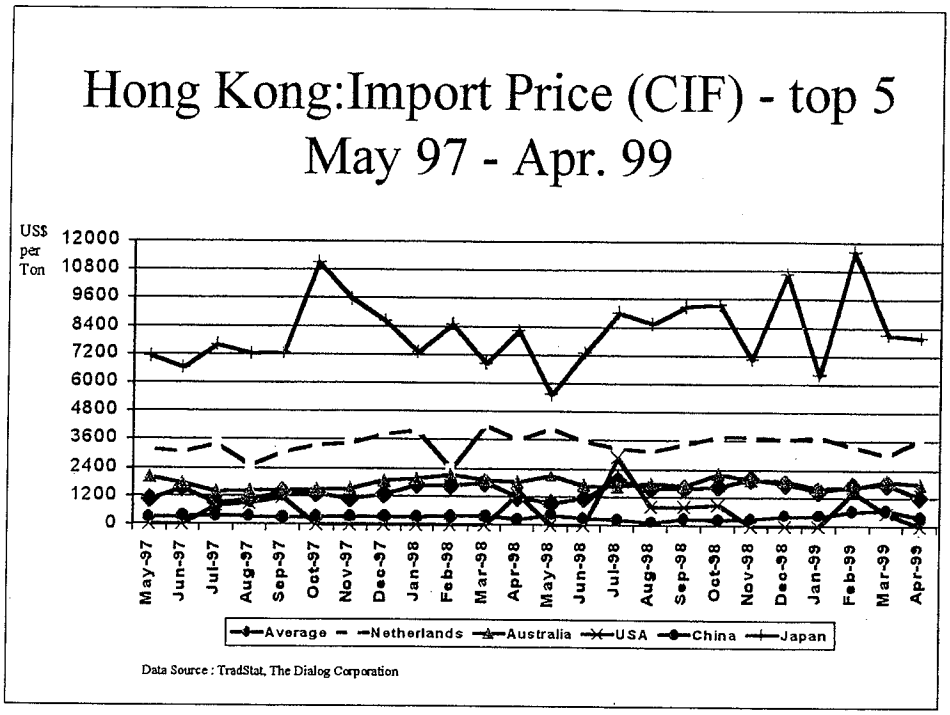
Type	Buying Price (HK$)	Retail Sales Price (HK$)
Australian Tomatoes (Round & Gourmet)	16.00 / kg	20.80 – 24.20 / kg
Australian Cherry		40.00 / kg (HK$ 10 per 250 gms)
Dutch Tomatoes		39.60 – 41.80 / kg
Chinese Tomatoes	5.30 / kg	6.90 – 8.80 / kg
Thai Cherry Tomatoes	21.30 / kg	27.70 – 40.00 / kg (HK$ 10-12 per 250gms)
New Zealand Tomatoes		39.60 – 41.80 / kg

Note : A$ 1 = HK$ 4.98 (as at 18th Sept.'99)

The tomatoes from Australia, Thailand and Holland are all shipped by air. Tomatoes from the U.S. are shipped by sea in controlled atmosphere containers at a very competitive sea freight rate of US$ 1,500 per 20-foot reefer. The Chinese tomatoes are transported by truck from the mainland.

The graph below compares the import price (C.I.F.) for the top 5 suppliers (countries of origin), over May '97 uptill April '99. The price for the Dutch tomatoes has consistently been above the average market price. They have always maintained a premium over the Australian price, which is closer to the average price. Though the

quantities of Japanese tomatoes imported are marginal, their price is way above the average market price (including the Dutch price line).



e) Supply Chain

In most cases, since the supermarket chains do not have volumes big enough to import directly from the grower or the wholesaler in Australia, some chains are buying from an importer distributor in Hong Kong, who usually imports directly from the Australian wholesale markets or in some cases growers. Some large supermarket chains are importing from brokers (wholesaler exporters) in Australia. These large supermarket groups follow the same supply chain (buying through brokers in each country) when sourcing their requirements from Holland, New Zealand, China and Thailand.

7.3 Malaysia

7.3.1 General Economic Outlook

"Latest indicators show that the Government's economic recovery measures have continued to yield positive results. The trade balance position continued to register another substantial surplus of RM 15.8 billion in the first quarter (of 1999), as export growth improved further by 4.6% in US$ terms. At the same time, the inflation rate moderated further to 4% during the quarter. Against a background of steady improvement in the economic fundamentals, consumer and investor confidence have gained strength. The improved economic condition is reflected by the significant moderation in contraction in real GDP to 1.3% in the first quarter of 1999 (-10.3% in the fourth quarter of 1998)." *Source : Malaysian Economy : Developments in the First Quarter of 1999, Bank Negara, Malaysia, 23rd June 1999.*

Malaysia shares common borders with Thailand, Singapore, Indonesia, Brunei and the Philippines. The economy is a balanced mix of traditional primary commodity production and fast-expanding manufacturing sector. Increasing urbanisation throughout Malaysia has led to change of lifestyle that is influencing consumer purchases. The population is multi-racial with the ethnic breakdown showing three main groups – Malay, Chinese and Indian. Malaysia has a growing tourist trade and a significant population of expatriates and business travellers. There is also a growing trend towards two-income families and a rising middle class population. "Malaysians love to eat out. On weekends, families usually dine away from home. Malaysian consumers are adventurous in their eating habits and interest in western-type foods is growing." *Source : Malaysia Food Market Report, U.S. Dept. of Commerce – National Trade Data Bank, 16th July'96.*

7.3.2 Malaysia Fresh Fruit & Vegetable Market

"With increasing demand in both local and export markets, farmers and big companies have embarked on large-scale cultivation of tropical fruits production and in downstream activities such as fruit processing. The market for fresh fruits and vegetables has been growing at a rate of 10% annually in volume terms in the past 5 years. Growth rates for the future are forecast at 5-10% per year, with rising affluence, expanding population growth, and increasing health consciousness contributing to the favourable outlook." *Source : Market Information Report (Malaysia), FAS Online, 31st July'97.* Cameron Highlands seems to be the major region for cultivation of tomatoes. The Dutch are providing technology and know how to the tomato growers in this region.

Besides local production, there is competition among imported fresh produce from Australia, United States and New Zealand.

South American countries such as Chile, Brazil and Argentina are also making inroads into the market. South African fresh fruits are also penetrating into the Malaysian retail market. Thailand, India and Pakistan are also bidding for a share of the Malaysian fresh fruit market.

Australia and New Zealand are also starting to invest more time and money in market promotion. "Australia's export efforts are aided particularly by the ability to promote a fairly wide range of products, including fresh fruits and vegetables. The Australians have intensified their promotional efforts in supermarkets and are advertising their products in English, Chinese and Malay language newspapers and on the four television channels. Australian and New Zealand food festivals are now being conducted on a regular basis at hotels and restaurants in Malaysia." *Source : Market Information Report (Malaysia), FAS Online, 31st July'97.*

a) Distribution Systems

The food distribution system in Malaysia consists mainly of private companies. There are numerous food importers and commission agents who place orders with foreign suppliers and distribute to supermarkets/grocery stores in the cities and to sundry shops in the rural regions. Several supermarket chains are also beginning to do direct importing.

Most products enter through the ports of Klang, Penang and Johor Baru (Pasir Gudang). Transhipment of food products through Singapore is declining with improvement in shipping facilities offered by the major ports in Malaysia. Highly perishable fresh produce is also shipped by air and there are several international airports in Malaysia. The railroad and highway systems in Malaysia are relatively well developed and products can be moved efficiently between cities and rural areas.

b) Retail Sector

Wet markets continue to be an important distribution channel for perishable foods such as fresh fruits and vegetables, particularly in rural areas. "Industry analysts suggested that the Government is not enthusiastic to preserve the role of wet markets and the independent traders in those markets. The importance of wet markets is also declining as consumer affluence increases and especially in urban areas, more affluent consumers come to value convenience, hygiene and relatively pleasant shopping environment over the cheaper offer available in wet markets." *Source : Food Retailing in South East Asia, Exploiting the Opportunities, RIRDC Research Paper No 95/10.*

Some of the popular retail chains (including supermarkets, hypermarkets and cash and carry warehousing centres) in Malaysia include :

- Royal Ahold (Tops) Retail Sdn Bhd, 42 supermarkets, targeting the middle to lower income segment (the locals rather than expatriates);
- Giant TMC Bhd (part of the Dairy Farm Group), 6 supermarkets and 2 hypermarkets, targeting mainly the middle income consumer and to a lesser extent the higher and lower income segments as well (depending upon the location of the store);
- Cold Storage and Well Save (both are part of the Dairy Farm Group), 8 stores (but sales 10 times lower than Giant's), targeting mainly the expatriates;
- Jaya Jusco Stores Berhad, Japanese owned chain of 6 supermarkets, the flagship store catering to the expatriates and high income consumers and the other five stores mainly targetting the middle to lower income segment;
- DFI Supermarkets (M) Sdn Bhd;
- Makro Cash & Carry Dist. (M) Sdn Bhd, chain of 7 stores, targeting middle and upper income segments of the market, 95% shoppers are end users and 5% are hotels and catering companies;
- Aktif Lifestyle Sdn Bhd (formerly known as Yaohan);
- Carrefour, French hypermarket chain.

c) Fast food and Food Service Sector

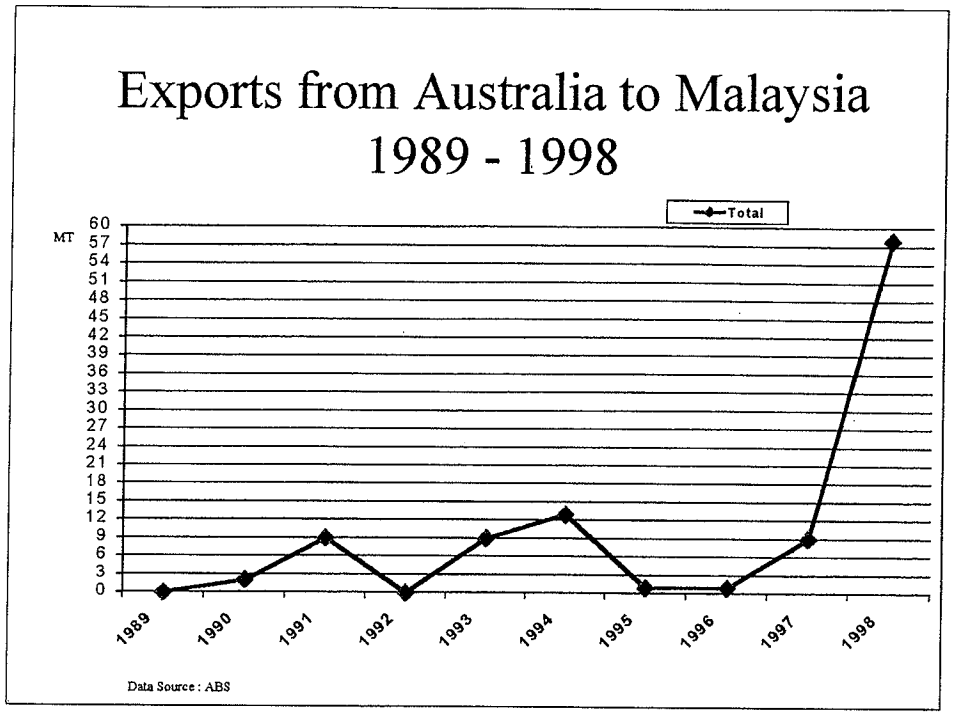
Quick service restaurants such as KFC, McDonald's, Pizza Hut, Delifrance, Kenny Roger Roasters and other franchised western-style restaurants, namely, TGI Fridays, Chili's and Roadhouse Grill are popular in Malaysia. In addition to these, the number of family type resturants serving Chinese, Thai, Italian and mexican foods has also increased. Local franchised chains such as Marrybrown and Sugar Bun are also expanding to major cities.

There are also a fairly large number of tourist and business class hotels in the country.

7.3.3 The Fresh Tomato Market in Malaysia

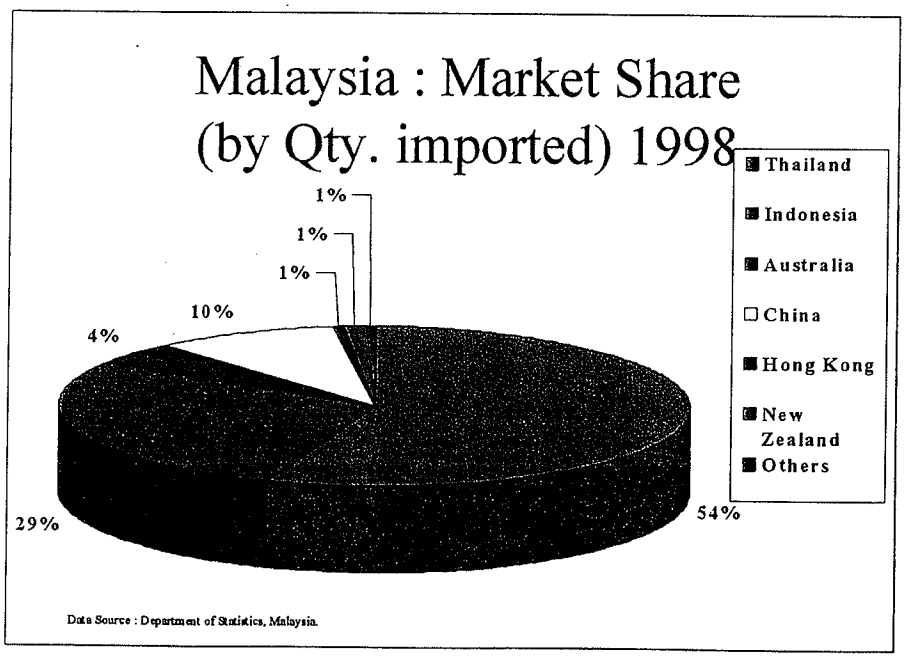
a) Exports of Fresh Tomatoes from Australia to Malaysia

Malaysia is currently Australia's fifth largest export market for fresh tomatoes. As is evident from the graph on the following page, the exports have grown from 1.9 tonnes (A$ 3,790 F.O.B.) in 1990 to 57.5 tonnes (A$ 79,427 F.O.B.) in 1998. The growth has been fluctuating from 1990 up until 1997, with the quantity always remaining below the 13 tonnes mark and then suddenly exports shoot up from 8.6 tonnes in 1997 to 57.5 tonnes in 1998, a growth of 569%.

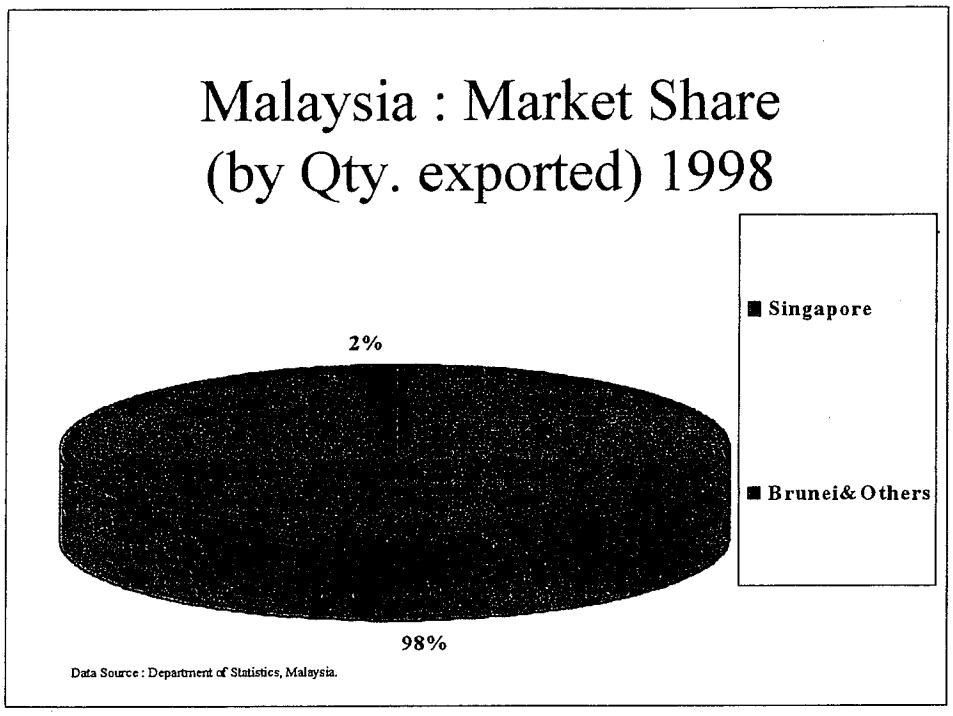


b) Market Share of Imported Tomatoes

Malaysia imports tomatoes from Thailand, Indonesia, Australia, China and small quantities from Hong Kong and New Zealand. The chart below depicts the share for each country. According to the figures received from the Department of Statistics, Malaysia, the total imports for 1998 stood at 5,790 tonnes (RM 5 million), with Thailand having the largest share (3211 tonnes), followed by Indonesia, China and finally Australia.



Malaysia is also an exporter of fresh tomatoes. In 1998, the country exported 9,893 tonnes (RM 12 million), with 98% exports to Singapore and the balance 2% to Brunei and others.



c) Varieties of Fresh Tomatoes

The tomatoes grown locally in the Cameron Highlands are mix of rounds, gourmet and cherry varieties. Most tomatoes are field grown and fully ripened in the field itself. Local tomatoes are cultivated all the year round, though the crop does depend on the monsoons. The Dutch have interests in the Highlands, providing technology for tomato cultivation. In fact, some retail chains indicated that three main varieties of tomatoes are cultivated in the Highlands – Dutch/Holland variety, U.S. variety and Australian variety. Other chains also spoke about the Denmark variety and Japanese variety. The Dutch variety is characterised by having a bigger and firmer fruit, reddish in colour and is usually grown hydroponically. The Denmark variety is greenish in colour. The Japanese variety (also called "Momo Taro") is pinkish in colour. Other varieties are much similar to each other. In the retail chains, tomatoes are sold loose as well as in trays of 2 and 4 pcs.

The tomatoes imported from Australia are a mix of rounds, romas and cherry varieties. Some hydroponically grown tomatoes are also imported from Australia. The rounds have 70% colour and are not so sweet. The product is received in 10 kg cases. The tomatoes are then repacked for sale in supermarkets in trays of 4 pcs. each.

The Dutch hydroponic tomatoes, are mainly rounds, on-the-vine (truss) and cherry. The Dutch product is considered to be of premium quality and in excellent packaging and presentation (pre-packed in trays of 400-500 gms each, all received in 5 kg cases).

Most of the retail chains sell locally grown tomatoes. Only a small number may also sell imported varieties (mainly Australian and Dutch in limited quantities).

Tomatoes are mainly used for cooking, with only a very small quantity being consumed as raw/fresh. Cherry tomatoes are used in salads.

The information above has been based on the discussions held with the Buying Managers of prominent retail chains in Malaysia.

d) Price Structure

Colour, flavour, firmness of fruit and presentation determine the price. The buying price and retail sales price structure in relation to major retail chains, for various varieties (depending upon the quality), is in the following range :

Type	Buying Price (RM)	Retail Sales Price (RM)
Australian Rounds	6.5/kg	12.90/kg
Australian Roma	10.10/kg	
Australian "super salad bunch"	20.8/kg	
Australian Cherry	16.64/kg	
Australian "hydroponic tray"	18.20/kg	
Australian "super salad tray" (hydroponic)	23.40/kg	
Dutch Tomatoes	20-25% higher than Australian	
Local Holland Variety	3 – 4.50/kg	5.40 – 12/kg
Local Australian Variety	2.50/kg	4.00 – 11 /kg
Local U.S. Variety	2.50/kg	4.00 – 10/kg
Local Beef Steak Variety		16/kg
Local Cherry		7/kg
Local Truss (Stalk)		9/kg
Local Japanese Variety	7/kg	9.5 – 11/kg

Note : A$ 1 = RM 2.40 (as at 18th Sept.'99)

The tomatoes from Australia and Holland are all shipped by air. Locally grown Cameron Highland tomatoes get delivered to the retailer by road, sometimes within a day after being harvested.

e) Supply Chain

The retail chains usually buy the local product from the wholesale market. Some may also source from packers. The imported product either is bought from an importer distributor in Malaysia or from brokers (wholesaler exporters) in Australia. Quantities for imported tomatoes are not big enough to be imported directly from growers.

7.4 Indonesia

7.4.1 General Economic Outlook

"Signs of economic stabilisation abound : GDP, which shrank by 14% in 1998, rose 1.4% in the first quarter of this year (1999), compared with the previous quarter; inflation has cooled to 38% from over 70% last year; the rupiah has strengthened and interest rates have fallen. The benchmark Jakarta stock index rose 12% to a 23-month high the day after the vote. It has since slid back, but remains at levels not seen since early 1998. Recovery prospects need to be kept in perspective, however. The 7% annual growth rate Indonesia enjoyed for almost 20 years is a thing of the past. " *Source : Far Eastern Economic Review, 24th June, 1999.*

"The retail food sector has apparently bottomed out and is showing signs of recovery. Many supermarkets reported their sales – both in volume and value – for 1998 actually increased. According to industry officials, this is mainly a result of more stable exchange rates during the latter half of the year (1998). It is also a reflection that the middle and upper class urban population has either maintained much of its purchasing power or reduced the number of times that they eat out at restaurants. Growth continues in the retail sector as both Carrefour and Continent opened new hypermarket outlets in Jakarta over the past 6 months. The Hotel Restaurant Industry (HRI) sector in Bali is well on its way to full recovery, with peak season occupancy rates returning to the average pre-crisis level of 90%. Jakarta hotels, which are more dependent on business travellers, are slower to recover. Occupancy rates in some hotels (four and five star) are reportedly about one-half pre-crisis levels." *Source : USDA FAS GAIN, Attache Query Report, 1st April, 1999.*

7.4.2 Indonesia Fresh Fruit & Vegetable Market

Indonesia's tropical climate makes it suitable for production of many tropical fruits and vegetables. Fresh vegetables in the market are mainly supplied locally. Although open to imports, their generally higher prices limit demand. There is also an element of unfamiliarity in utilising imported products in local menus. Indonesia has a fairly large production base for the following vegetables : maize, cassava, sweet potatoes, soyabeans, spring onions, potatoes, tomatoes, carrots, cabbages, mustard greens etc. Other items locally produced include cucumbers, chilli peppers, mushrooms, peas, lettuce, green beans and asparagus. Some of these products may be imported when local shortfalls occur.

The most common imported vegetables are asparagus, broccoli and celery. These products face increasing competition as domestic produce improves in quality. Local vegetable production

is increasing, both for fresh consumption and canning. Some Indonesian companies are now exporting both fresh and canned products. "Indonesian consumers perceive canned foods as 'socially' superior to fresh product, but nevertheless consumption of high quality fruit and vegetables is slowly growing, predominantly among urban consumers." *Source : The East Asian Agribusiness Market, Export Potential For North Queensland, QDPI, Jan. 1995.*

a) Distribution Systems

"Indonesia's geographical character (over 13,000 islands) has resulted in industries and central distribution points being concentrated at seaports and in coastal regions. Marketing and distribution systems are consequently limited to small geographic regions. Retailers and small wholesalers from outlying regions are expected to come and seek out their supply. Large intermediaries often assume several functions simultaneously, such as importing, representing manufacturers, wholesaling and retailing. A large wholesaler does not sell to a specific link in the channel, but to a range of other intermediaries. Wholesale distributors tend to control import-oriented distribution channels." *Source : Exporting Food To Indonesia, A Guide for Australian Small to Medium Enterprises, CSIRO, Feb.1997.* However, the trend is now slowly changing, as the large chains are going direct, by-passing the wholesalers where possible, to reap the benefits of shorter supply chains.

b) Retail Sector

The food retail sector in Indonesia is dominated by small independent family outlets and wet markets, when aggregated account for almost 98% of sales. "Nationally, supermarkets account for only about 2% of food sales, wet markets about 44% and small shops, stalls and barrows about 54% of food retailing. Small independent family outlets include one-man barrows vending food and small or traditional restaurants. Wet markets (wholesale and retail) are generally owned and operated by the local or provincial governments. Department stores and supermarkets, most of which are owned and operated by Indonesian conglomerates, are relatively new to Indonesia. Prices tend to be higher than in traditional outlets and they target the more affluent consumer. They are located mainly in the urban centres of Java." *Source : Exporting Food To Indonesia, A Guide for Australian Small to Medium Enterprises, CSIRO, Feb.1997.*

Some of the popular retail chains in Indonesia include :

- Hero Supermarkets (part of the Dairy Farm Group), 65 stores, targeting the middle and upper income consumers, including expatriates, depending on the location of the outlet;
- Golden Truly, had about 28 stores before the crisis, many were burned down and currently only about 3 operating;

- Makro (cash & carry), 8 stores, targeting middle and upper income consumers, 70% sales to hotels & catering industry and the balance 30% to end-users ;
- The Club Store (earlier known as Pricemart), 2 stores, targeting middle and upper income consumers, 75% business is retailing and 25% is semi-wholesaling (supplying to small capital stores);
- PT Matahari (department stores, have moved to food retailing);
- PT Ramayana (department stores, have moved to food retailing);
- KemChicks.

"It is estimated that almost half of the country's supermarkets were burned and/or looted in the May 1998 riots, although many have since reopened. Owners of surviving supermarkets report higher than expected sales in rupiah terms owing to the demise of some of their competition (other supermarkets, small stores and markets). In mid-1998, the major constraint on supermarket business was lack of product. In general, supermarkets are substituting local for imported goods whenever possible, but demand remains for imported fruit, alcohol and dry goods." *Source: Pacific Food Outlook, 1998-1999, Pacific Economic Cooperation Council.* However, with economic recovery coming in slowly, the situation in the retail (food) sector can only improve in the future (medium to long term).

c) Fast food and Food Service Sector

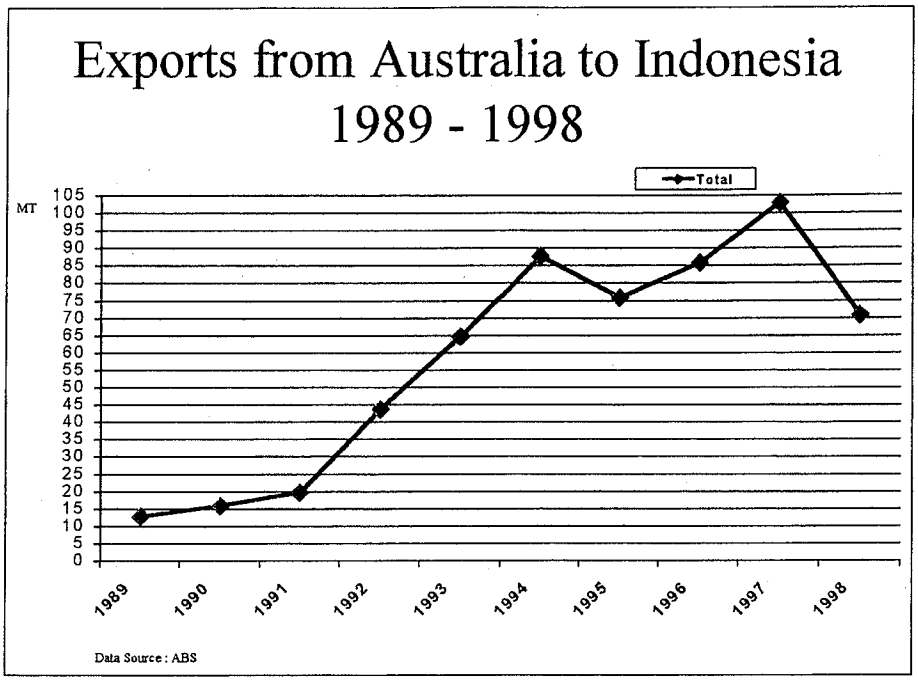
International food chains such as KFC, Pizza Hut, Burger King, Texas Fried Chicken, McDonald's, Jollybee etc. are popular with the locals. Although many fast food restaurants were burned and/or looted in the May 1998 riots, many have since reopened.

The Indonesian market offers good prospects for quality products, especially fresh produce, for the hotel and catering industry. The Hotel Restaurant Industry sector is on its way to recovery and should be a good target market for imported fresh produce in the medium to long term.

7.4.3 The Fresh Tomato Market in Indonesia

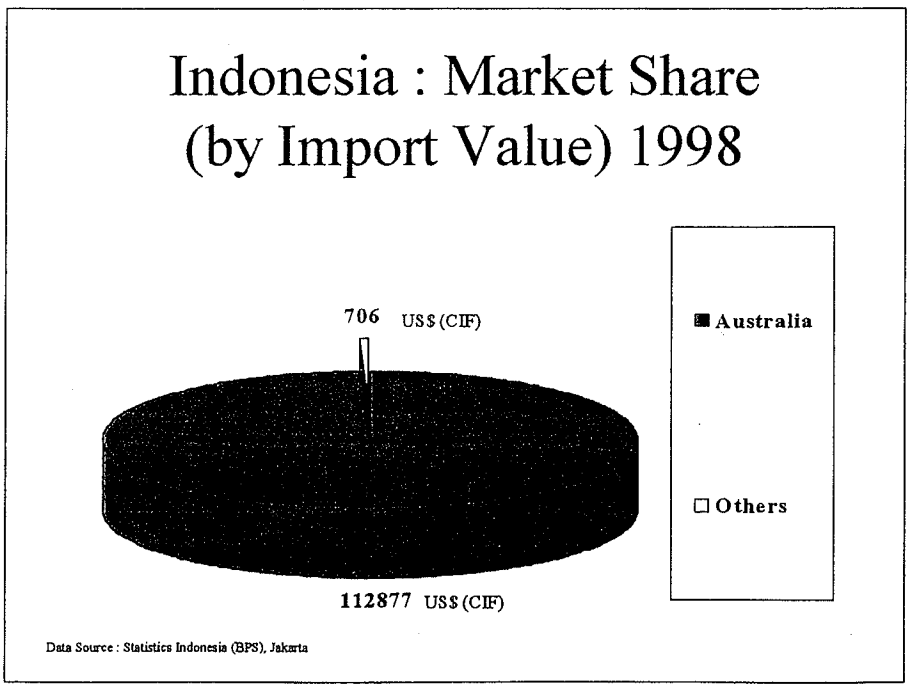
b) Exports of Fresh Tomatoes from Australia to Indonesia

Indonesia is currently Australia's fourth largest export market for fresh tomatoes. As is evident from the graph on the following page, the exports have grown from 13 tonnes (A$ 39,699 F.O.B.) in 1989 to 71 tonnes (A$ 221,183 F.O.B.) in 1998. However, this is still small by any standard. The growth has been steady from 1989 till 1994, with a decline in 1995, followed by growth till 1997, and a sharp dip again in 1998. The 1998 fall may be attributed to the regional economic situation.



b) Market Share of Imported Tomatoes

Indonesia imports tomatoes from Australia, Netherlands, U.S.A., Malaysia and Singapore. The charts below depict the market share for imported tomatoes in 1998. In value terms, Australia had 99 % of the share at US$ 112,877 (C.I.F).



The table below contains import data for 1996, 1997 and 1998, procured from the Data Dissemination Division, BPS - Statistics Indonesia.

TABLE : IMPORT BY COMMODITY (HS) AND COUNTRY OF ORIGIN			
HS CODE/ SITC	**DESCRIPTION/ COUNTRY OF ORIGIN**	**NET WEIGHT (KG)**	**CIF VALUE (US$)**
1996			
70200000	TOMATOES, FRESH OR CHILLED.		
5440000			
	SINGAPORE	80	159
	AUSTRALIA	95,405	218,440
	UNITED STATES	1,000	4,052
	MALAYSIA	45,000	13,567
	*TOTAL BY COMMODITY	141,485	236,218
1997			
70200000	TOMATOES, FRESH OR CHILLED.		
5440000			
	AUSTRALIA	5,362,740	10,971,835
	SINGAPORE	995	11,215
	UNITED STATES	294	1,924
	JAPAN	1	62
	NETHERLANDS	3,187	10,256
	MALAYSIA	54	62
	AUSTRIA	31	70
	SUDAN	100	1,319
	NETHERLANDS ANTILLES	69	369
	TURKEY	18,900	15,829
	*TOTAL BY COMMODITY	5,386,371	11,012,941
1998			
70200000	TOMATOES, FRESH OR CHILLED.		
5440000			
	SINGAPORE	51	141
	AUSTRALIA	108,646	112,877
	UNITED STATES	14	42
	NETHERLANDS	115	294
	AUSTRIA	61	229
	*TOTAL BY COMMODITY	108,887	113,583

The data on the previous page indicates that Australia has been the major exporter of fresh tomatoes to Indonesia in all the three years. Other significant exporters have been Malaysia (in 1996) and Turkey (in 1997). Netherlands also exported small quantities in 1997 and 1998.

The 1997 figures for Australia seem to be incorrect due to the exceptionally large volume and value indicated above, which do not correlate/match with the ABS figures for the same year. The Australian figures for 1996 and 1998 mentioned in the table also do not match with the ABS figures. However, between the figures received from the Indonesian Department of Statistics and from ABS, the ABS data seems to be more accurate.

c) Varieties of Fresh Tomatoes

Our discussions with wholesaler importers and Buying Managers of large retail chains indicate that mainly locally grown tomatoes are sold in the retail and foodservice market. Local tomatoes are cultivated and are available all 12 months of the year. The varieties popular are :

- "Tw" (or Taiwan variety, also called "Arthaloka") – field grown, medium to large sized fruit, orange to red in colour (75 % colour) and good flavour;
- "Gondol" – field grown, round, small sized, lower grade;
- "Rianto" (or Holland variety) – hydroponically grown, of premium quality, mostly sold in the premium price segment in supermarkets and also bought by hotels;
- Cherry or cocktail tomatoes – hydroponic cultivation.

Tomatoes are sold loose, in 2kg plastic bags and in pre-packed trays of 6-8 pcs. each.

One of the large supermarket chains indicated that their volume share of the above varieties was 70% "Tw", 25-30% "Rianto" and roughly 2% cherry.

A very small number of boutique type outlets catering to the expatriates, may sell Australian tomatoes at premium prices.

Indonesians use tomatoes mainly for cooking. Small quantities may also be used in salads and desserts.

d) Price Structure

The buying price and retail sales price structure in relation to retail chains, for various varieties (depending upon the quality), is in the following range :

Type	Buying Price (IDR)	Retail Sales Price (IDR)
"Tw"	1,100 – 2,000/kg	1,600 – 2,300 / kg
Hydroponic ("Rianto")	2,550 – 3,000/kg	3,000 – 3,500/kg

Note : A$ 1 = IDR 4851 (as at 18th Sept.'99)

The retail mark up is usually 15-20% on the buying price.

e) Supply Chain

The locally grown product may be sourced by the retail chains directly from the growers, as well as from the wholesalers and the co-operatives. Some of the big chains source as per their set quality standards.

For imported tomatoes, quantities being limited, the supply chain is long as the retailer usually sources the product from an importer distributor in Indonesia, who buys from the broker/wholesaler exporter in Australia.

7.5 U.A.E.

7.5.1 General Economic Outlook

"The rebound in oil prices to levels not seen since January 1998 has brightened prospects for economic recovery next year in the U.A.E., Australia's most important market in the Middle East. Dubai banks' analysts forecast last week that, while 1999 would see a continuing recession with the economy likely to contract by 2%, a tentative recovery was on the cards for 2000. Such an upturn would have encouraging implications for Australian exporters and service providers targeting the Middle East. Many of them use Dubai as a regional base because of its advanced infrastructure, communications and transport links and amenable living conditions. The U.A.E. is a key export market for Australia. *Source : UAE path to prosperity, The Australian, 3rd May, 1999.*

"The U.A.E. Government has worked to provide high living standards for its citizens and large expatriate population through the expansion of the economy and infrastructure. Consumer demand for food has increased. The U.A.E. is not self-sufficient in food production, and requires large amounts of imports. Due to the expansion of the U.A.E.'s manufacturing base and food processing industry, a large percentage of these imports are re-exported to neighbouring Gulf countries." *Source : New Markets Middle East, The United Arab Emirates, QDPI, 1999.* Because of the high national incomes and small population of the region, the per capita GDP of U.A.E. at US$ 17,900 in 1997 (Business Monitor International), is among the highest in the world. Total disposable income is very close to per capita GDP due to the absence of income taxes and social security and other income deductions.

7.5.2 U.A.E. Fresh Fruit & Vegetable Market

"Convenience and healthier eating are two major trends sweeping the Gulf region. Poultry, seafood, fresh fruits and vegetables, cholesterol-free, sugar-free and low-salt products are expected to benefit from this trend. " *Source : Attache Query Detail, 1st August, 1997, FAS Online.*

"Few would naturally associate agricultural abundance with the desert emirates of the UAE. Nevertheless, despite its unfavourable soil (coastal soils are highly saline and the hinterland has a sandy soil rich in potassium) and extremely difficult climatic conditions, the U.A.E. has made major strides in developing a thriving agricultural industry which defies all misguided preconceptions. Vegetables are one of the most important crops: the U.A.E. produced almost 769,883 tonnes of vegetables in 1997, primarily **tomatoes**, egg plant and cabbage. Vegetables occupy less than one fourth the total area, but have the largest

share in output, both in quantity and value. As in the case of production, tomatoes are the chief item of export, and had a 30% share in the Dh 25 million worth of exports in 1995. Kuwait accounted for virtually all the tomato exports." *Source : Economic Development, Agriculture And Fisheries,* www.uaeinteract.com.

In a bid to create employment, in recent years farming and agriculture have been given incentives by the Federal Government of the U.A.E., but the real impact of domestic production is negligible (less than 10% of market demand). Estimates show that the U.A.E. imports more than A$ 3 billion of agricultural products annually. Out of this, 70% is re-exported to countries in the region, mainly Oman, Bahrain and Qatar. Australia, India, Iran, Jordan, Lebanon, Chile and Turkey are the major fresh fruit and vegetable suppliers to the Gulf region. Australian foods in general enjoy a "clean" image, which gives them an edge.

a) Distribution Systems

"Import and distribution of foods and agri products is carried out by the private sector. Government intervention is limited to health regulations and labelling requirements. Large importers may be integrated with logistics and distribution companies, who supply to wholesalers and retailers. Some of the large importers and distributors run their own retail outlets as well. Most of the distribution industry is advanced, with sophisticated warehousing (cold chains) and inventory systems. The smaller organisations that do not own their own warehouses still have access through rented facilities. By and large, the distribution trade is well organised, with large distributors penetrating the market well, and with sufficient influence to push product." *Source : Food & Beverages – United Arab Emirates, August 1999, Austrade Dubai.* With the trend towards shorter supply chains, many large supermarket groups may import direct from the country of origin.

"Fresh produce is usually imported by specialised companies that also handle fresh eggs and little else. Most operate their own wholesale shops at the major produce markets where they supply retailers, small fruit shops, ship chandelling firms and other wholesalers." *Source : Attache Query Detail, 1st August, 1997, FAS Online.*

b) Retail Sector

"The local retail sector consists of modern supermarket chains, member-owned consumer co-operatives and small neighbourhood grocery stores called cold stores. The number of cold stores is dwindling, however, victims to larger, up-scale outlets. To streamline operations and reduce costs, many companies (large retail chains) have consolidated their purchasing and distribution

offices in the U.A.E., the (Gulf) region's trading hub. First-time visitors often are surprised by the Gulf's ultra-modern retail outlets." *Source : Attache Query Detail, 1st August, 1997, FAS Online.*
Well fitted-out supermarkets, with refrigerated shelving and well-designed display areas ensure good storage conditions and product visibility. Nearly all the major supermarkets boast a fresh produce corner. The U.A.E. operates a large number of chain supermarkets, with the majority located in Dubai and Abu Dhabi.

Some of the popular retail chains in U.A.E. include :

- Al-Maya Lal's Group, established in 1979, 30 stores (including 14 supermarkets), depending on the location of the store catering to all kinds of consumers, 50% of which are European, 20% Indian, 15% local Arabs and the balance 15% from other nationalities;
- Consumer Co-op Union, established in 1981, 82 stores;
- Giant Supermarkets, established in 1986, 10 stores;
- Modern Bakery & Supermarkets, established in 1975, 12 stores;
- Spinneys, established in 1961, 9 stores;
- T. Choitram & Sons, established in 1975, 31 stores.

"An increasing number of retailers are charging for prime end-aisle space in their supermarkets. Shelf-space charges are not yet prevalent, but many stores require local suppliers to stock and maintain their own shelf-space. It is also common practice for retailers to request promotional assistance or price reductions, directly or in the form of free products." *Source : Attache Query Detail, 13th June 1996, FAS Online.*

c) Fast food and Food Service Sector

Casual dining and fast-food restaurant sectors have experienced dramatic growth in the U.A.E. Trade contacts estimate that non-traditional fast-food sales will increase about 25% over the next several years. The tourist industry is rapidly expanding, which has led to a dramatic increase in the number of up-scale restaurants. Dubai is the Gulf region's premier tourist destination. The typical tourist is European, 40 years old and affluent. All 5-star hotels prominently feature several up-market restaurants, many of which use imported food products because of their high quality and safety.

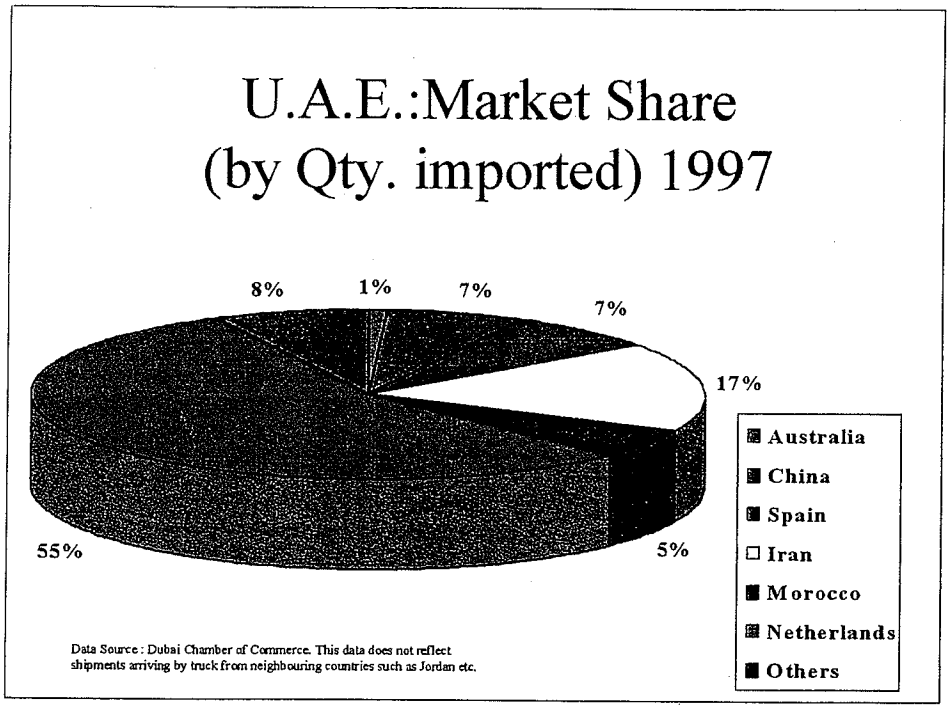
7.5.3 The Fresh Tomato Market in U.A.E.

a) Exports of Fresh Tomatoes from Australia to U.A.E.

Statistics obtained from ABS indicate that in the last 10 years (1989 to 1998) Australia exported insignificant quantities of fresh tomatoes to the U.A.E. – 375 kgs (A$ 1,225 F.O.B.) in 1996 and 4.3 tonnes (A$ 7,700 F.O.B.) in 1997.

b) Market Share of Imported Tomatoes

According to 1997 import statistics obtained from the Dubai Chamber of Commerce, U.A.E. imports fresh tomatoes mainly from Netherlands (55%), Iran (17%), Spain (7%) and China (7%). Australia's share in the same year was only 1%. However, we have been advised by the Austrade Dubai office that these statistics do not include shipments received by road, from the neighbouring Gulf countries.



The table below shows the import statistics received from Austrade Dubai (which include all imports – by road, air/sea):

	Country	Value (Dhs)	Weight (kg)	% of total
1	Jordan	94,948,698	63,769,535	94.60%
2	Netherlands	1,456,403	132,311	1.45%
3	Saudi Arabia	1,408,713	938,873	1.40%
	TOTAL *tomato import*	***100,290,812***	***65,905,030***	

Note : A$ 1 = Dhs 2.38 (as at 24th Sept.'99)

From the table above, Jordan appears to have the largest share (94.6%), with Netherlands and Saudi Arabia having marginal shares (1.4% each) and the balance 2.5% being other countries.

c) Varieties of Fresh Tomatoes

Local production (which is all 12 months of the year), is in small quantity and hence may not pose much threat to imported tomatoes, as demand exceeds local production by a sizeable margin. The locally grown tomatoes are round, medium to large in size, red in colour, of lower quality and received in 12 kg cartons.

Holland has been supplying tomatoes to this market for a long time. Tomatoes imported from Netherlands are of the following types :

- On-the-vine (truss) – come in three colours of red, orange and yellow;
- Beef – red in colour, large sized fruit and received in 7kg cartons;
- Cherry – red and orange in colour, in 250 gms packs, 10 packs of 250gms are received in a carton;
- Sea – red in colour, received in 6kg cartons.

All above varieties are of premium quality (consistently graded) and in excellent packaging.

The target customers for Dutch tomatoes are the up-scale supermarkets such as Spinneys, Choitram and Al-Maya Lal's etc. and some 5-star hotels. The cherry and sea varieties are more popular with the hotels and beef and on-the-vine are sold mainly in supermarkets. Small quantities also get re-exported to Maldives and other neighbouring countries.

Tomatoes imported from other Gulf countries such as Jordan and Saudi Arabia are ordinary round varieties. Jordanian tomatoes come in 10 kg cartons and Saudi tomatoes in 8 kg cartons. The quality is reasonable, though lower when compared to Dutch product.

The feedback on Australian cherry tomatoes received from one of the chains in U.A.E (which they imported once in 1998), was that as compared to the Dutch product our packing size and quality are not as good. Australian pack size (20 packs x 250 gms in a carton) is too big as compared to Dutch cherry tomatoes, which come in a packing size of 10 x 250 gms. Secondly, the quality of the plastic tray (punnet) of the Dutch product was far superior than the Australian one. Thirdly, the import price of the Australian product was higher than the Dutch one. This chain also indicated their volume split between Dutch and local product, which was 200 cartons / day of local product and only 100 cartons / week of Dutch product.

d) Price Structure

Colour, flavour, firmness of fruit, consistency in size and presentation determine the price. The buying price and retail sales price structure in relation to supermarkets, for various varieties (depending upon the quality), is in the following range :

Type	Buying Price (Dhs)	Retail Sales Price (Dhs)
Local tomatoes	1.16 – 2.08 / kg	1.35 – 2.43 /kg
Dutch "On-the-vine"	7.20 / kg	12 / kg
Dutch "beef"	8 / kg	11 / kg
Dutch Cherry	3.85 / 250gms	5.25 / 250gms
Jordan tomatoes	0.90 – 1.20 / kg	2 / kg
Saudi tomatoes	1.25 / kg	2 / kg

Note : A$ 1 = Dhs 2.38 (as at 24th Sept.'99)

The buying / wholesale prices fluctuate almost everyday for the local tomatoes and by about 7-8% every week for imported Dutch tomatoes.

The tomatoes are sold loose and in pre-packed trays and bags, in the retail market.

e) Supply Chain

In most cases, since the supermarket chains do not have volumes big enough to import directly from the grower or the wholesaler overseas, some chains are buying from an importer wholesaler /distributor in the U.A.E., who usually imports from the overseas wholesale markets / brokers or in some cases growers/networks. Some large supermarket chains may also import directly from wholesaler exporters overseas.

7.6 Canada

7.6.1 General Economic Outlook

"Canada has an affluent, high-tech industrial economy that resembles the United States in its per capita output, market oriented economic system, and pattern of production." *Source : Canada 1998 Country Report on Economic Policies And Trade Practices, Tradeport.* The country has high living standards with a per capita GDP of US$ 21,700 (1997 est.). The Canadian economy grew at a solid annualized pace of 3.3% in the second quarter of 1999. The forecast is that recent strong gains in overall GDP are likely to be sustained in the near term.

"Canada's population is on a slow upward path and is estimated at 30 million people. While Canadians spend about 10% of their disposable income in food stores, restaurant and take out fare are accounting for a growing number of meals and snacks in the Canadian diet. In addition, products that are perceived as healthy are increasingly popular." *Source : Attache Query Detail, 11th August, 1997, FAS Online.*

7.6.2 Canada Fresh Fruit & Vegetable Market

"On a per capita basis, Canada has one of the highest consumption rates of fresh vegetables in the world. In Canadian retail grocery stores, more space is devoted to fresh produce than any other food sector. Canadian immigration over the last decade has tended to be dominated by persons whose traditional dietary habits include large amounts of fresh vegetables. Canada remains the number one market for U.S. exports of fresh vegetables. Due to climactic factors, the domestic growing season for fresh vegetables is short. A modern transportation and wholesale network that can ensure prompt delivery to Canadian buyers makes it possible for the United States to satisfy Canadians' year-round demand for fresh vegetables. The 1998 total fresh vegetable market size is estimated at US$ 1,340 million, with imports of US$ 860 million." *Source : Attache Query Detail, 11th August, 1997, FAS Online.*

"Field vegetables grown for the fresh market have been decreasing over the last three years and are being replaced by greenhouse (GH) vegetables and fresh-cut vegetables due to consumer preference and convenience. In 1997, Canadian GH vegetable production expanded 21%, continuing the trend since 1994. New varieties of tomatoes including "on the vine" types in association with improved crop management techniques helped increase production. The rapid growth of fast-food restaurants in the 1980's encouraged the development and use of fresh-cut products. Freshly prepared, ready to eat salads, now with cut tomatoes, will have a shelf-life of up to 14 days utilizing unique

Modified Atmosphere Packaging technology. In 1998, imports of fresh vegetables reached 1,193 thousand tonnes worth C$ 1.1 billion. Canada imported 82% of fresh vegetables from the US, with 10% coming from Mexico in 1998. The most commonly imported fresh vegetables were cabbage, **tomatoes**, lettuce and onions, some of which are imported in bulk and repacked in Canada for retail." *Source : 1998/99 Canadian Vegetables Situation and Trends (excluding potatoes), Agriculture & AgriFood Canada.*

a) Distribution Systems

Growers, food brokers, distributors, wholesalers, retail chains, groups and independent grocers define the distribution structure in Canada. Major chain store sales dominate retail grocery and fresh produce sales in Canada. Canadian chains buy fresh produce, foods and grocery products directly from all over the world, and from local sources such as growers, wholesalers and distributors. The trend is towards shorter supply chains, cutting out middlemen, in order to bring about greater efficiencies, consistency in supply, quality and pricing and finally reducing costs.

b) Retail Sector

"Canadian Grocer estimated total retail grocery product sales through all outlets at C$ 64 billion in 1996. Of this total, sales through supermarkets, grocery stores and convenience stores represented some C$ 48 billion, sales through other food stores (butchers, bakeries, health food shops etc.) totaled C$ 4.8 billion, and estimated sales through alternative formats (warehouse club stores, mass merchandisers, drug stores etc.) were C$ 10.6 billion." *Source : Attache Query Detail, 11th August, 1997, FAS Online.*

Some of the popular retail chains on the West Coast of Canada include:

- Thrifty Foods, Saanichton, B.C.;
- Quality Foods, Qualicum Beach, B.C., 9 stores;
- Overwaitea Food Group, Langley, B.C., one of the largest supermarket chains in the region;
- Canada Safeway, Calgary, Alta., one of the largest supermarket chains in the region;
- Westfair Foods, Calgary, Alta;
- H.Y. Louie Co. Ltd., Vancouver, B.C.

c) Fast food and Food Service Sector

The country has a large number of American and other international fast food chains. The sector is fast expanding owing to a rise in the number of meals Canadians consume outside the home, whether purchased from fast food franchises or restaurants. Growth in the number of women in the work force has

contributed to a reduction in the number of meals consumed at home.

With a sizeable tourist trade, the hotel industry is also reasonably big.

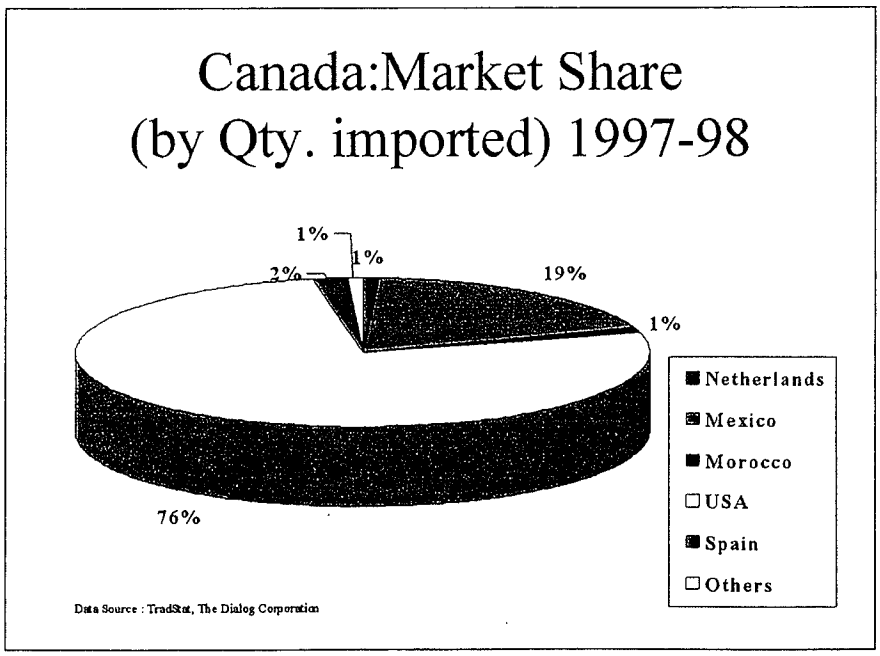
7.6.3 The Fresh Tomato Market in Canada

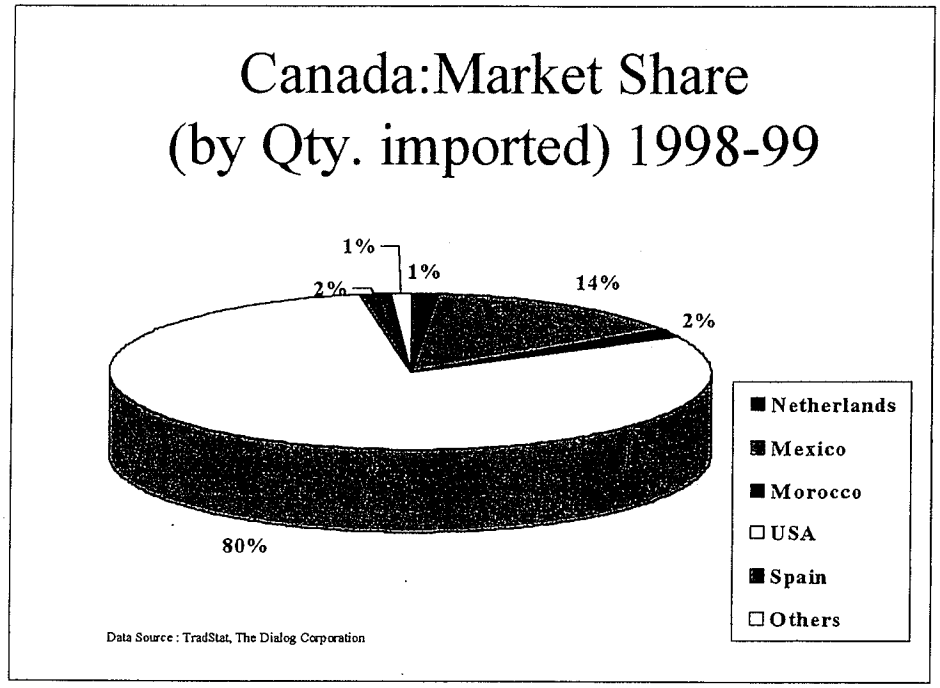
c) Exports of Fresh Tomatoes from Australia to Canada

According to the ABS export data, for the last ten years (1989 to 1998), the only exports of Australian fresh tomatoes to Canada was in 1990, when 57 tonnes worth A$ 57,297 (F.O.B.) were shipped (by air). However, our discussion with the Director - Fresh Produce, of one of the supermarket chains in B.C., reveals that about 4 years ago, North America had a bad tomato crop and at that time this chain received some air shipments of fresh tomatoes from Australia. The airfreight costs were as high as C$ 1.50/pound (C$ 3.30/kg). The most competitive airfreight rates currently available are in the range of A$ 1.78 – 1.87 (ex Bris./Melb. to Vancouver).

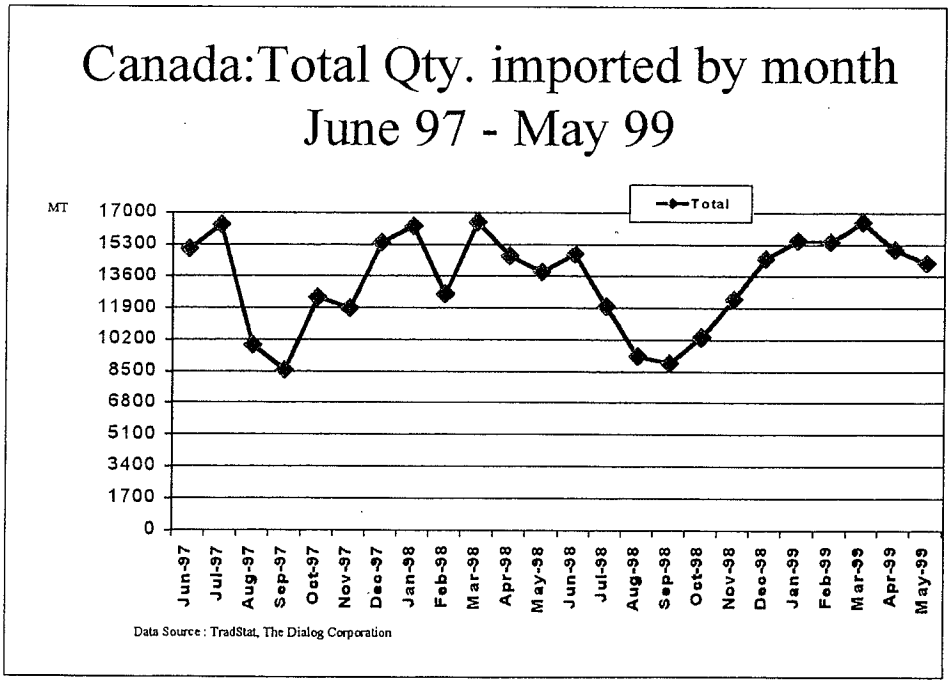
b) Market Share of Imported Tomatoes

Canada imports tomatoes from U.S.A., Mexico, Spain, Netherlands and Morocco. The charts below and on the following page depict the share for each country, and how it has changed from 1997-98 to 1998-99. U.S.A.'s share has grown from 76% in 1997-98 to 80% in 1998-99. On the other hand, Mexico's share declined from 19% to 14% over the same time period.

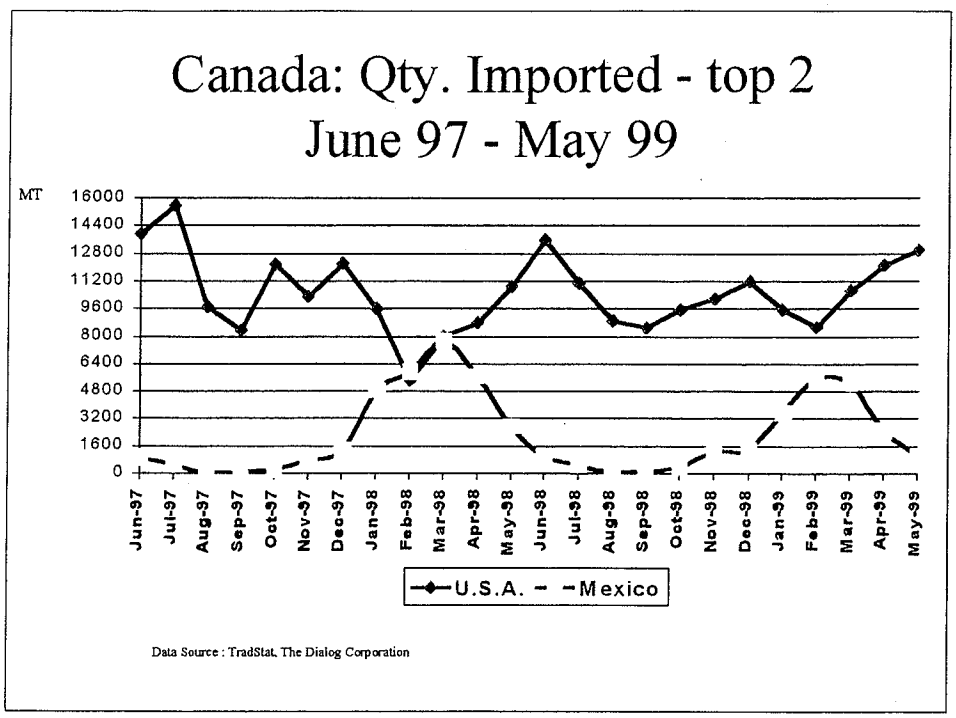




The line graph below shows how the total quantity imported into Canada has fared in the last 24 months, from June '97 to May '99.



The imports seem to fall in the Aug. – Sept. period in 1997, as well as in 1998, which is the season for locally grown field tomatoes. The peak in imports occurs in the Jan.- March period in both 1997 and 1998, which is extreme winter in Canada.



And, finally the graph above, depicts how the total quantity of imported tomatoes compares between the 2 major sources of origin, over the last 24 months. It is interesting to note that when the volume of American tomatoes falls in the Feb. – March period in 1997 and 1998, the Mexican volumes pick up during that time. In the Aug. – Sept. period in both the years, the import volume for Mexican tomatoes is nil, this period being the season for local field cultivation.

Canada is also an exporter of fresh tomatoes. "In 1996, Canadian exports of both field-grown and greenhouse tomatoes were 21,770 tonnes, valued at C$ 53.4 million, almost all to the U.S. It is estimated that field-grown tomatoes constitute the majority of exports to the U.S. during August and September while GH tomatoes are exported during the other months." *Source : Profile Of The Canadian Greenhouse Tomato Industry, Oct. 1997, Agriculture and Agri-Food Canada.*

c) Varieties of Fresh Tomatoes

Canada produces both field grown and hothouse (greenhouse or GH) tomatoes. The season for the field grown tomatoes is short, generally between July and October, with production peaking in August and September. The varieties cultivated are :

- Beef steak – large sized fruit (3-4 inches), firm fruit, high colour (red);
- Roma – small quantities;
- Cherry.

Field tomatoes are more flavoursome as compared to the imported Californian and Mexican tomatoes.

"The Canadian GH tomatoes are available from March to December with a peak production in May. There is a move toward trying to provide a year round supply, however, the economics of producing a crop when light levels and temperatures are at their lowest will limit supplies from December to February. Almost all greenhouse vegetable production uses various forms of hydroponics. Greenhouse tomatoes are considered to be higher quality tomatoes than field grown tomatoes and do not compete directly on price. Some key greenhouse tomato cultivars are Trust, Dombito, Belmondo, Perfecto and Capello. These present desirable characteristics including : more consistent quality than field grown tomatoes; higher yields per hectare; large fruit (200 grams and greater); low tendency for growth cracks and fruit softening; and, good flavour. In contrast to field tomatoes, Canadian greenhouse tomatoes are allowed to ripen naturally on the vine and are harvested as "breakers" when they start to turn colour. The green calyx is left on to emphasize freshness and to differentiate the product from field grown. Tomatoes are placed in a cell package in 15lb (6.8 kg), single layer flats. Another recent trend is the marketing of vine-ripe clusters on the stem of smaller sized tomatoes (truss). Harvesting at the early vine ripe stage makes tomatoes much more susceptible to damage from shipping but provides a considerable improvement in taste and texture. In 1996, greenhouse tomatoes represented approximately 59% of all Canadian tomato production for the fresh market, up from 28% in 1994." *Source : Profile Of The Canadian Greenhouse Tomato Industry, Oct. 1997, Agriculture and Agri-Food Canada.* The popular varieties are rounds, Italian roma (loose and on-the-vine), cherry (on-the-vine), Japanese style tomatoes.

Tomatoes are imported from California from July/August up until late November. These are cultivated primarily in the Baha and Senora regions. The variety imported is beef steak, vine ripes and shipped in 60% colour. Tomatoes are also imported from Florida, from March to October. These are mainly gas greens i.e. are ripened with ethylene in the box.

The tomatoes imported from Mexico also belong to the beef steak variety and fall into both the vine ripe and gas green categories. Some roma varieties are also imported in the winter months, i.e. from December to March.

In terms of quality and flavour, both the Californian and Mexican tomatoes are not as good as locally grown field and hydroponic production. However, these imported tomatoes have a firm fruit and good appearance. The Californian and Mexican tomatoes are received in cases of 22 pounds each, are palletised, fruit waxed and graded in size.

Tomatoes are imported from Spain 8 months in a year and mainly on-the-vine varieties. Small quantities of on-the-vine varieties are also imported from Netherlands.

Other varieties popularly sold in the retail market include zebra, yellow taxi and a type of tomato, which is green in colour when ripe. Tomatoes are sold in pre-packed trays in supermarkets.

d) Price Structure

"Greenhouse tomatoes are well differentiated in the market and are usually priced at a premium to domestic and southern U.S. field grown tomatoes. However, market prices between greenhouse and field grown tomatoes are interrelated. Depressed market conditions caused by an over supply of field tomatoes will also depress the market for greenhouse tomatoes. The reverse seldom happens because of the much larger volume of field tomatoes on the market at all times." *Source : Profile Of The Canadian Greenhouse Tomato Industry, Oct. 1997, Agriculture and Agri-Food Canada.*

Colour (60% and uniformly graded), size of fruit (65mm – 80mm and uniformly graded), degree of ripeness (70% upon receipt and uniformly graded) and good flavour determine the price. The landed price / buying price to the wholesaler, for various varieties (depending upon the quality), is in the following range :

Type	Landed / Buying Price (C$)
Californian Tomatoes	0.60 – 0.70 / kg
Mexican Tomatoes	0.60 – 0.70 / kg
Local GH Tomatoes (summer)	1.40 – 1.50 / kg
Local GH Tomatoes (winter)	2.00 – 3.00 / kg
Local Field Tomatoes	0.50 – 0.60 / kg

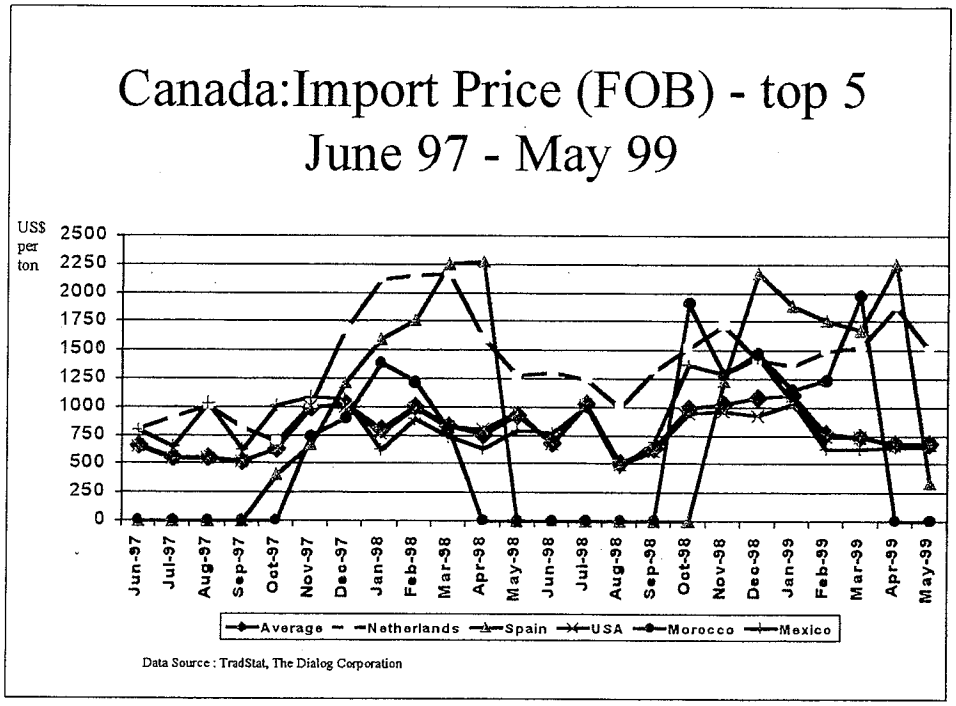
Note : A$ 1 = C$ 0.95 (as at 18th Sept.'99)

Retail price indications procured from one of the supermarkets in Canada West Coast is as follows :

Variety	Summer Retail Price (C$)
Roma (field)	0.50 – 1.50 / kg
On-the-vine (field)	1.60 / kg
Rounds "Beef"	3.30 / kg
Cherry-on-the-vine (hydroponics)	24.90 / kg

Tomatoes from California, Florida and Mexico are all shipped by road into British Colombia. Tomatoes coming in from Spain, Netherlands etc. are shipped by air.

The graph below compares the import price (F.O.B.) for the top 5 suppliers (countries of origin), over June '97 up until May '99. It is evident that Netherlands and Spain are both priced at a premium level and hence are much above the average price line. Since U.S. and Mexico put together make the bulk of the imports, the average price line and the ones for U.S. and Mexico are overlapping.



e) Supply Chain

The major supermarket chains usually source direct from local growers in Canada and also import directly from the overseas markets, either through brokers in those markets or from growers/networks. The wholesaler in Canada may also import through brokers or even growers in overseas markets and usually supplies to smaller retails stores in Canada and to the restaurant trade.

8. Supply Chain Efficiencies

"It is becoming increasingly evident that achievement of the desired market position cannot be achieved solely through the company's own efforts. Because each company is just one link in the production chain, with upstream and downstream links, it has to cooperate. The more effectively it does this, the stronger its competitive position in the market." *Jan van Roekel, Managing Director, Agri Chain Competence Foundation (the Netherlands).* Export success depends on the cooperative strength of the whole supply chain, from producer to consumer.

According to "Chains of Success", September 1998, publication developed by the Department of Primary Industries and Energy, competition is becoming 'chain versus chain' rather than 'company versus company'. The social, economic and business factors contributing to the emergence of chain versus chain competition include :

- The shift from supply driven to demand driven chains;
- Globalisation of markets; and
- Global sourcing, resulting from the continued concentration of supermarket and food service chains.

Three business incentives for chain formation are :

- Meeting very specific and varied end user and consumer demands;
- Capturing efficiencies and controlling costs; and
- Reducing risks (quality, quantity and food safety).

Long term relationships need to be built up, typically requiring the guarantee of year round supplies. The chain creates global competitiveness (with chain participants acting as a collective group) when it delivers volume, quality, safety, service and consumer satisfaction better than competing chains.

From our discussions with Queensland and Victorian growers and overseas buyers (supermarkets / retail chains), the feedback received leads us to believe that rather than being able to develop new overseas markets for Australian fresh tomatoes, the existing export business could be under threat unless matters such as consistency of supply, quality, pricing etc. are addressed.

Most of the negative comment and pessimistic outlook on export markets that was experienced in the field in fact relate to the current situation / supply chain. The problems are directed to two separate but related issues:

- Consistency of quality and supply;
- Supply chain efficiencies and price / profitability.

Much of the product that is being exported, is ex Australian wholesale markets and is of inconsistent quality and on a "spot" basis. Supply chains which are based on the domestic wholesale markets and where the domestic wholesaler is in fact the exporter / broker and sources product from a variety of suppliers and prices and exports on a "spot" or opportunistic basis are not conducive to establishing a good image for

Australian tomatoes. Asian and New Zealand markets are seen as an extension of Brisbane / Sydney markets. Export quality gets mixed with the not so good. It is claimed that new players have entered the market without commitment, backup, or quality and have ruined it for those who developed the market initially. Complaints are received from overseas buyers about inconsistent grading.

These domestic wholesale market based export supply chains in fact can create unnecessary double handling of product, with resultant addition to costs, damage to fruit, and delays in transporting offshore effecting shelf life of time sensitive product. In addition, extended supply chains make it more difficult for growers to get close to the ultimate overseas customer with resultant gaps in understanding market needs.

It would seem that an efficient supply chain could bypass the domestic wholesale markets, and be direct from grower / packing house to foreign market importer (be it a wholesaler or retail chain). This provides advantages in a shorter and thus faster chain, less double handling and thus lower cost and less chance of damaged product, a direct relationship between grower and foreign buyer which infers / creates a reliable and consistent supply, and a needs based market focus.

Under this model, product would be offered to foreign buyers on a contractual basis with preferably a fixed seasonal price, an agreed quantity and delivery frequency, and an agreed quality in size, colour, taste, and condition / freshness.

This infers contractual arrangements with selected growers, control of or influence over the supply chain, and close relationships with foreign buyers and resultant feedback from the marketplace.

It is desirable that someone or some organisation or enterprise needs to have control of / influence over the supply chain from farm gate to overseas buyer. There is no reason why growers or groups of growers could not be the supply chain managers.

Many grower export networks have failed, others have had success. Research has shown that much depends on the personalities of a network's membership, who are the drivers of the network, and the structure and governance issues under which it operates. It requires growers to recognise that although they may compete against one another in the local market, in overseas markets it is growers in other countries or other Australian export networks who are the competitors. This can sometimes be hard to grasp for business owners who are very much individuals and used to operating independently. The Australian tomato industry however seems to exhibit considerable recognition of this and a demonstrable ability to work together.

Supply chains worldwide are undergoing change especially with horticultural and time sensitive products. As mentioned earlier, in many

ways competition for retail or food service business is becoming supply chain against supply chain rather than grower/processor versus grower/processor. In any case, supply chains are undergoing rationalization in a drive for efficiency, consistency of quality and supply, and a demand based responsiveness.

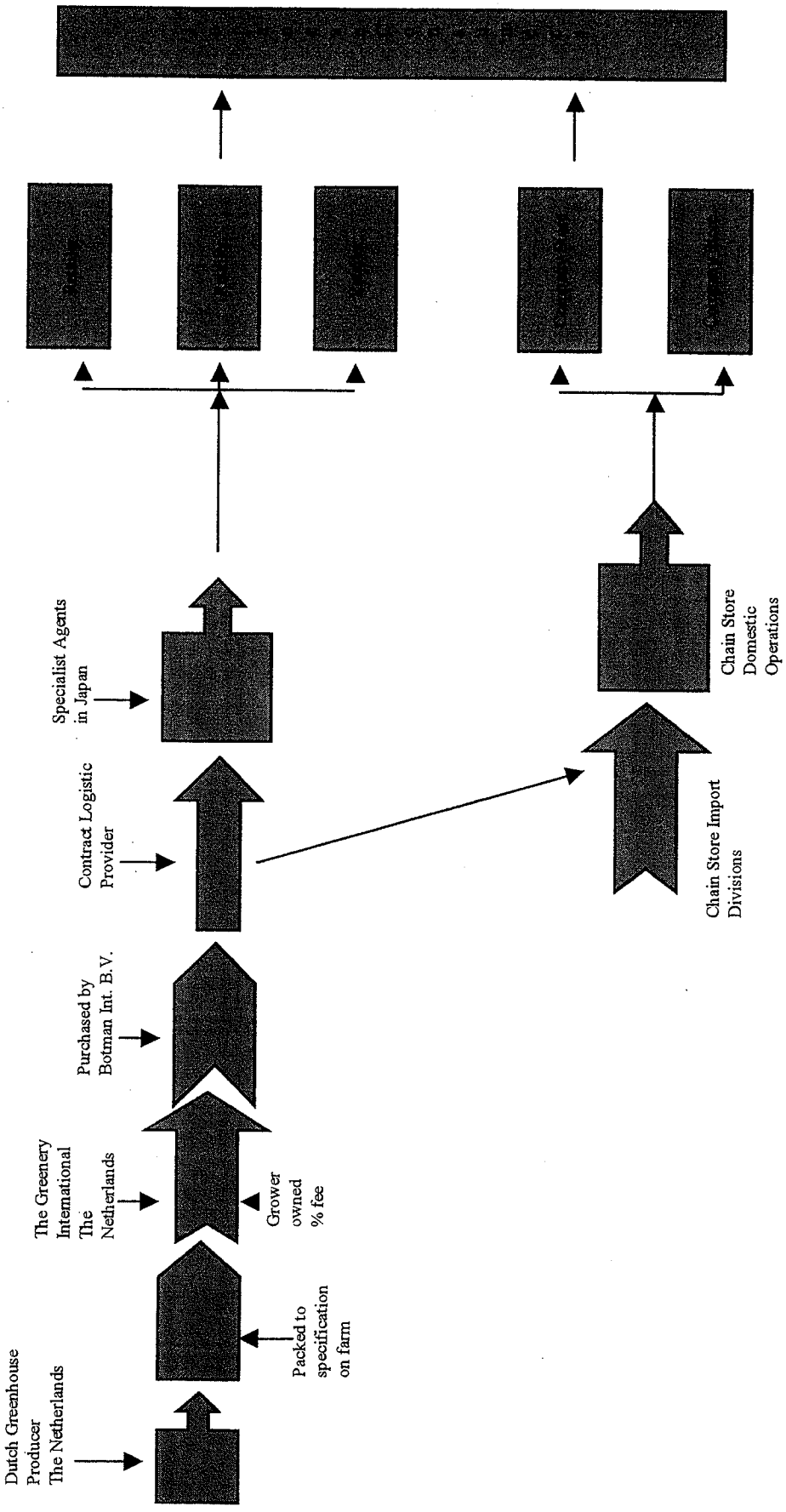
The Dutch are in many ways to the fore in this and have adopted a strategy to gain 'ownership' of the supply chain from farm gate to import into the overseas market or even into the customers' warehouse.

An example is the Dutch company Botman International BV which is a specialist export trading company marketing fresh, high quality, Dutch fruit and vegetables, including tomatoes, to Japan and other countries. Turnover is US$50 million with 25% of this being exported into Japan. The company is privately owned with Cebeco, a major Dutch agricultural and horticultural co-operative, holding an equity position. Their customers do not just purchase their produce but also "purchase" a unique and complete service along the supply chain, which they have taken an active role in managing.

There is no reason why growers or groups of growers can not fill the role of sole or shared "managers" of the supply chain from farm gate to foreign importer.

The chart on the following page details the structure of the supply chain for Botman International B.V.

Botman Supply Chain to Japan



Source : "Chains of Success", 1998 publication developed by the Commonwealth Department of Primary Industries and Energy

9. Findings, Conclusions and Recommendations

9.1 Increasing Competition For Australia In International Markets

a) Findings / Conclusions : The market share held by Australia in existing export markets may decline in future for several reasons unless remedial steps are taken. Firstly, competition is increasing internationally, with the growing presence of Dutch tomatoes around the world, including S.E. Asian markets. The Dutch product though priced at a premium, is far superior than Australian product in grading, quality, packaging and presentation. Local production in some of these markets is also catching up and slowly replacing many market niches held by imported tomatoes, e.g. Malaysia and Indonesia. New Zealand is moving towards year round production of tomatoes, with almost 98% of their tomatoes now cultivated in glasshouses. In some overseas markets such as the U.A.E., the Government provides large subsidies to local tomato growers, in order to boost the domestic agricultural sector. Competition from the U.S. is also growing, with the Americans now apparently having the technology to sea freight tomatoes in controlled atmosphere containers for long distances, e.g. tomatoes being sea freighted from U.S. to Hong Kong. The sea freight option gives the opportunity for the product to be priced much more competitively as against air freight shipments.

Tomatoes can be a difficult product to differentiate and hence may fall under the category of commodities. Past studies have shown that over a period of time, prices in real terms (i.e. excluding inflation) of all commodities have declined, with increase in supply due to greater efficiency in production and higher yields. As in the case of all commodities and tomatoes are no exception, price plays a major / primary role, influencing sales in all international markets.

The table below shows average farm gate prices for round and gourmet varieties.

Variety	Round	Gourmet
Price / kg A$	0.80-0.90	1.10-1.20

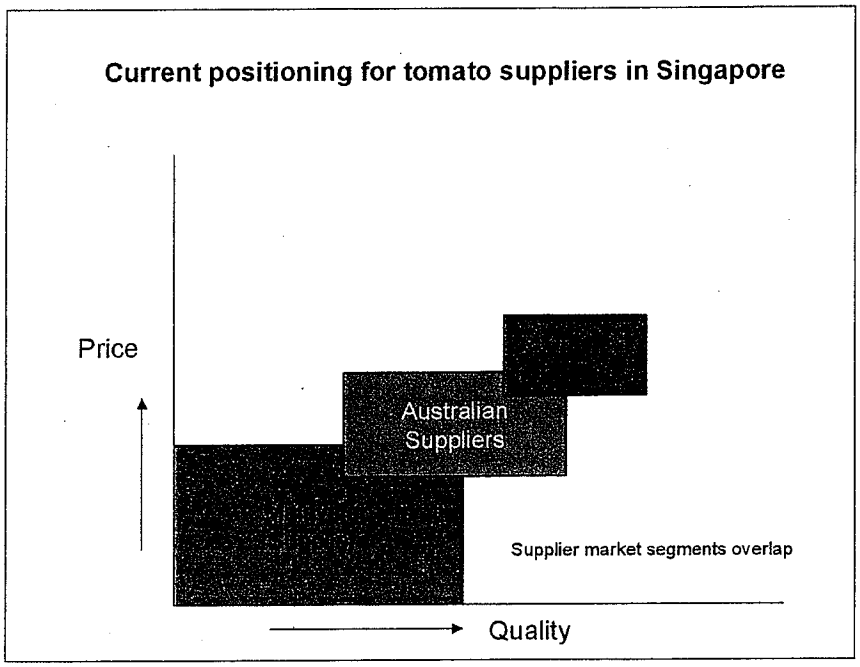
The table on the following page shows the retail sales price for tomatoes from various sources, in each of the 6 selected markets. These prices are only indicative and applicable to conventional varieties (round/gourmet).

RETAIL PRICE (PER KG)							
Country	Malaysian Tomatoes	Australian Tomatoes	Dutch Tomatoes	Chinese Tomatoes	New Zealand Tomatoes	Locally grown Tomatoes	Jordan / Saudi Tomatoes
S'pore S$	1.80-3.90	2.50-6.90	8.50-9.90				
A$	1.70-3.60	2.30-6.40	7.90-9.20				
H.K. HK$		20.80-24.20	39.60-41.80	6.90-8.80	39.60-41.80		
A$		4.20-4.90	7.95-8.40	1.40-1.80	7.95-8.40		
Malay. RM		12.90				4.00-11.00	
A$		5.40				1.70-4.60	
Indo. IDR						1,600-3,500	
A$						0.35-0.75	
U.A.E. Dhs			11.00			1.35-2.45	2.00
A$			4.80			0.60-1.05	0.90
Can. C$						3.30	
A$						3.50	

Source: Discussions with foreign buyers (retail chains / importers) in each market.

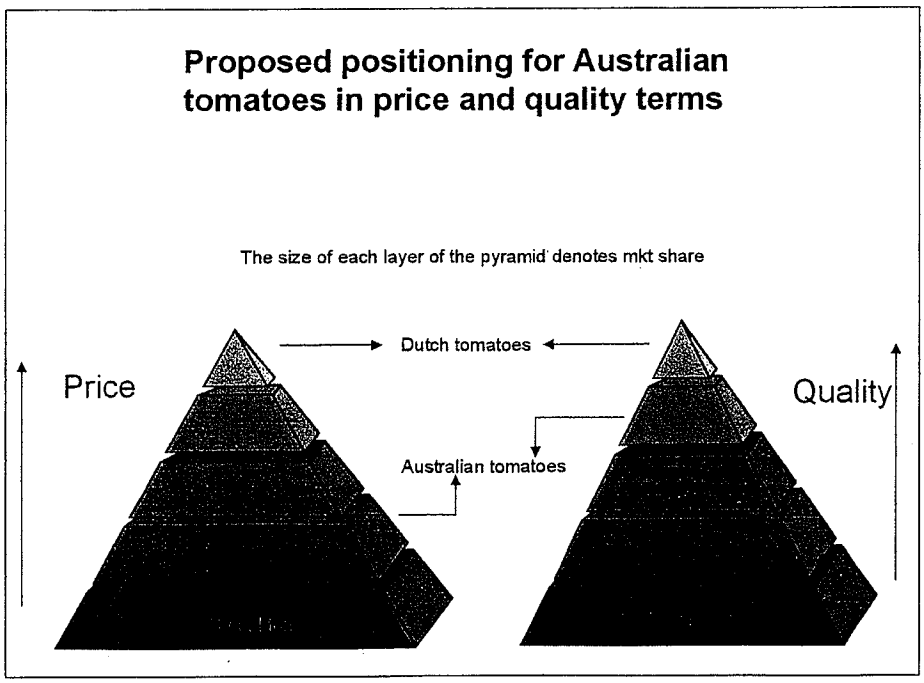
Exchange rates (as at 18th Sept. '99):

A$ 1 = S$ 1.08
A$ 1 = HK$ 4.98
A$ 1 = IDR 4851
A$ 1 = Dhs 2.30
A$ 1 = C$ 0.95
A$ 1 = RM 2.40



From the table and the graph above, we can conclude that Australia is in the middle up league, between mass locally produced, low priced, lower quality product at one end and the "Rolls Royce" Dutch tomatoes at the other end. Australian tomatoes would not be able to target the lower end i.e. the mass market, due to extremely low prices and very little scope for upward movement in price in that segment.

b) Recommendation :



In order to retain and grow existing market share, Australian growers need to respond to increasing competition and focus on improving the existing quality of their product, bringing them closer to what is currently produced by the Dutch. This improvement must also address issues pertaining to grading, packaging and presentation. International prices for tomatoes continue to fall due to over supply. And hence in terms of pricing, two options exist. The first being that these mentioned improvements must take place whilst maintaining the status quo in pricing. The other option would be to maintain existing quality and reduce price by bringing about supply chain efficiencies. The next section (9.2) talks in detail on Supply Chain. However, one needs to keep in mind that competing at the lower end of the market would mean competing on price only and with Australian tomatoes subject to air freight costs, it necessitates Australia to competing in the medium to high end of the market, producing and delivering tomatoes as close to greenhouse quality as possible.

There are various types of customers in the international arena. Some are "spot buyers" who would source Australian tomatoes on an opportunistic basis, e.g. in the event of failure of local crop / low supply of cheaper produce. For such buyers, price would play the primary role and quality etc. would become secondary. On the other hand, there are buyers who source high quality product (properly graded), with consistent available supply and at a price negotiated for the season. ***This category of customers is ready to pay a higher price in return. It is this segment of the market that the Australian suppliers should target to build a long-term business in the region. The Australian suppliers need to proactively seek the customers they want.***

9.2 Supply Chain

a) Findings / Conclusions : From the discussions held with overseas buyers and with tomato growers in Queensland, two major issues emerge – i) inconsistency in quality, supply and pricing and ii) supply chain inefficiencies affecting price/profitability. Supply chains which are based on our domestic wholesale markets, where the domestic wholesaler is in fact the exporter / broker and sources product from a variety of suppliers, at different prices, of different quality and exports on a "spot" or opportunistic basis, are both inefficient and adversely affect the reputation of Australian tomatoes in overseas markets.

These domestic wholesale market based export supply chains can create unnecessary double handling of product, with resultant addition to costs, damage to fruit and delays in transporting offshore, effecting shelf life of time sensitive products. In addition, growers can be prevented through these "middlemen" from getting close to the ultimate overseas customer, with resultant gaps in

understanding market needs. Growers who have invested in facilities and systems to produce superior quality product and packaging for export feel that this effort has been unrewarded as export quality gets mixed with inferior product and hence the Australian image is compromised by lower quality fruit being shipped by agents.

b) Recommendation : It is proposed that a number of Australian owned enterprises be established to undertake the role of "ownership" of the complete supply chain in the export of tomatoes. The "product" these enterprises offer would be more than just tomatoes - it would be the assurance of supply and the control of the value chain from farm gate to the buyer's country (or even warehouse), as well as accountability for the understanding and dissemination of customers' needs. Various models for supply chain integration and management may be considered:

i) Tomato grower export networks – within a region or multi-regional, in order to offer continuity of supply over a longer season. Such a network would likely need to employ / outsource a manager on a part / full time basis, to control the supply chain and develop overseas markets. Such a network would provide transparency of operation to growers and allow growers to share in its financial success. Alternately some large growers may, in fact, be capable of independently managing / controlling the chain.

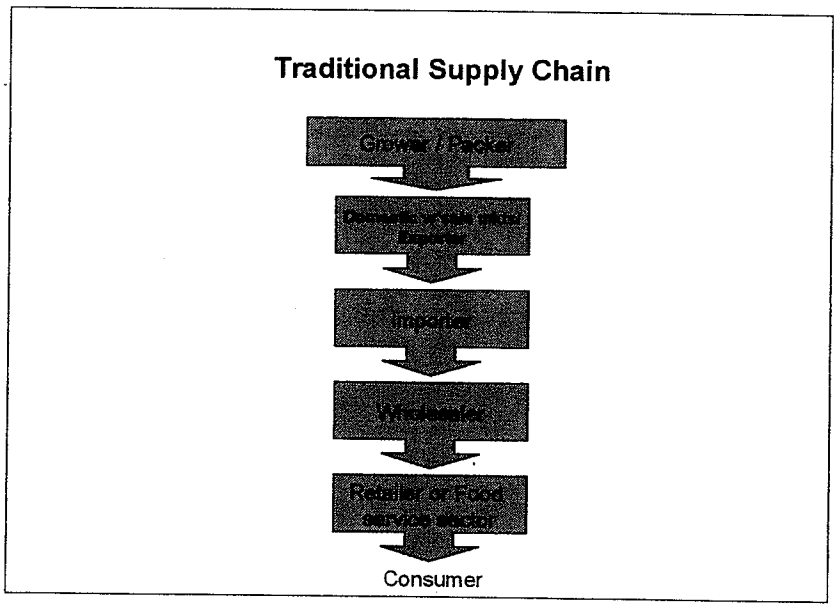
ii) Mixed produce grower export networks, within a region. Growers of various kinds of fresh produce coming together would help gain economies of scale and critical mass in shipments and freight rates to specific foreign buyers / supermarket chains, eliminating the need for wholesale distribution at the import end. Such a network would likely need to employ / outsource a manager on a part / full time basis, to control the supply chain and develop overseas markets. Such a network would provide transparency of operation to growers and allow growers to share in its financial success. Examples of this model already exist. The Burdekin Bowen Xport Alliance and the Queensland Burnett Food Alliance are two endeavours to develop links with overseas chains. These alliances are primarily regional and are involved with a range of other crops in addition to tomatoes.

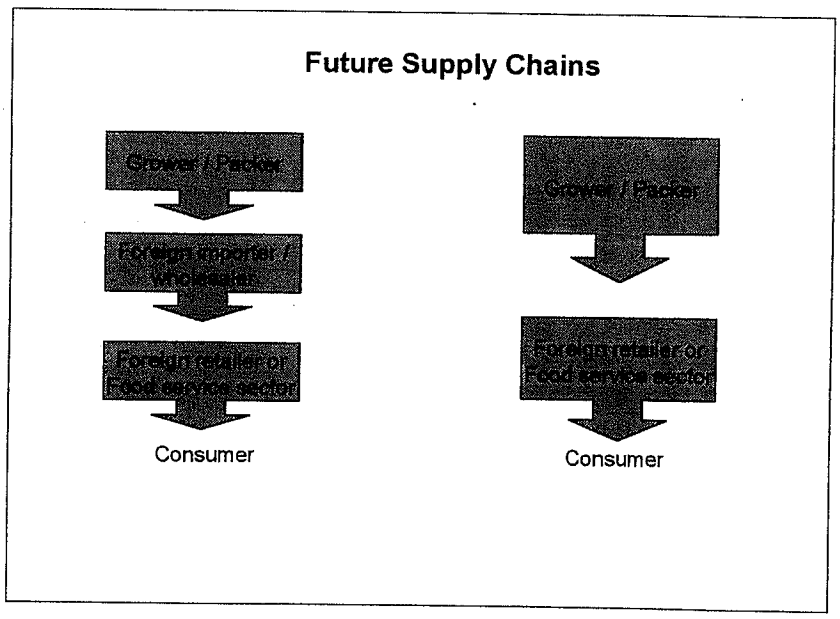
iii) A privately owned organisation, such as an existing produce exporter, e.g. a domestic market wholesaler or a domestic supermarket chain, who is willing to make contractual supply arrangements with selected growers, overseas buyers and freight providers and manage a completely integrated supply chain. Examples of this model

are "Antico" and "The Dairy Farm Group" Global Procurement Office, both located in Sydney Markets. This enterprise may choose to market the tomatoes (and other produce) under a common brand, supported by promotion etc. or may market the produce under the growers' brands.

It is recommended that growers / grower groups take initiative to gain control and ownership of the supply chain and not leave it to an enterprise such as the one discussed under model (iii) above.

The charts below detail the structure of traditional supply chains and the chains of the future.





9.3 Inconsistent Standards And Quality

a) Findings / Conclusions : Feedback received from overseas buyers has suggested that Australian tomatoes often lack consistency in grading and quality, in comparison to tomatoes imported from Netherlands. The Dutch tomatoes are very efficiently graded in terms of size, colour/ripeness. This gives them an edge over the Australian tomatoes and for this the Dutch are able to charge a premium, thus making airfreight from Holland viable. Secondly, local production in countries such as Malaysia is improving in terms of quality standards followed by the growers, with the assistance of Dutch technology being available in the region. New Zealand is moving towards 100% hydroponic cultivation and the quality of their glasshouse tomatoes is perceived by the end users as much superior to both Australian field and hydroponic tomatoes. The glasshouse tomato industry in New Zealand is claimed to be using better technology and being more professional than Australian hydroponic cultivation.

b) Recommendation : With global competition now intensifying in export markets, it is necessary for the Australian tomato industry to adhere to international specifications and standards. The Dutch growers have set the precedent with their ability to consistently supply high quality product at an international level. Australian growers could be well served to utilise the benchmark set by the Dutch in order to successfully compete on the international stage, albeit without increasing prices. ***Currently in Australia, there is no universally accepted set of standards for judging quality (including grading as per size, colour and ripeness) and hence there is a need to establish these set of standards for the Australian producers to follow.***

Setting up of a peak industry body which would define and facilitate implementation of national standards benchmarked against international standards, merits consideration.

9.4 Branding

a) Findings / Conclusions : Currently tomatoes are exported under each individual grower's brand. Many a time product with shorter shelf life and of lower quality may be shipped via the wholesale markets, which adversely affects the brand name of that individual grower and the overall reputation of Australian tomatoes in international markets. The grower has no control over lower quality produce being exported from the wholesale markets on an opportunistic basis. This also damages the potential to get good value for quality fruit.

b) Recommendation : Branding would help in several ways. One would be in differentiating the Australian product from locally produced tomatoes (such as Malaysian). This could lift the image of Australian produce and discourage lower quality produce from being exported from the Sydney/Brisbane/Melbourne wholesale markets on an opportunistic basis. If quality Australian product is recognizable in overseas markets by a brand or brands, which is not available to opportunistic exporters, then these exports even if of lower quality, should not damage the potential to get good value for quality fruit.

The "Australia fresh" umbrella brand and promotional support program of the Australian Horticultural Corporation (AHC) is one option under branding. The "Australia fresh" is designed to identify and create a preference for Australian fruit and vegetables in Australia's export markets. Some of Australia's leading exporters have chosen to be associated with this scheme. Under the scheme, the exporter (be it a grower, grower network or a domestic market wholesaler / exporter) must meet a stringent set of quality criteria and have a quality management system in place before he can be licenced to use the "Australia fresh" logo.

"Australia fresh" licencees have the option of using the mark in association with their own company brand. An added benefit of being associated with the "Australia fresh" program is the range of promotional activities. Trade, retail and consumer promotions are conducted in major export markets. The "Australia fresh" logo can be easily recognized on fruit stickers and cartons and is featured on point-of-sale material, in advertising and public relations activities.

It is recommended that growers consider this branding option.

Another option under umbrella branding would be a brand owned by the private organization controlling the supply chain (such as an existing produce exporter), which is one of the suggested models under section 9.2. This enterprise would make contractual supply arrangements with selected growers to pack produce under the organization's brand, as per stringent set of quality criteria and quality management systems enforced by this enterprise. The brand could be supported by promotional activities to enhance awareness among overseas retail buyers and/or consumers.

Another option for growers / grower groups to retain control of their brand image in export markets is to develop a specific export brand, which is retained only for export direct from the packing shed to overseas markets and thus never appearing in the domestic wholesale markets.

9.5 Existing Markets

a) Findings / Conclusions :

i) South East Asia - The crisis affecting the South East Asian region has had an impact on Australia's fresh tomato exports to its current markets of Singapore, Hong Kong, Indonesia and Malaysia. The demand for imported produce has been adversely affected as a result of large falls in purchasing power (specially in countries such as Indonesia) and the consequent purchase of cheaper foods (encouraging consumption of locally cultivated produce). With the current political situation in East Timor, Australia's relations with Indonesia are under strain, which may further impact on trade. However countries such as Hong Kong and Malaysia are already on an economic rebound, Indonesia may take longer to recover.

Secondly, in these countries wet markets have traditionally held a major share in the total sales of fresh produce. However, shopping habits are changing and the amount of fresh produce sold through supermarkets is steadily increasing, as is the supermarkets' share of total sales. This trend towards supermarket shopping will continue to grow, which could benefit Australia as the supermarkets attract higher disposable income consumers, who have a propensity to buy up market produce. Another trend, as mentioned in section 8.2, is the move towards shorter and more efficient supply chains, especially in reference to sourcing by supermarkets/large retail chains. And, as already mentioned in section 8.1, is the growing competition from both imported (Dutch, American etc.) and locally produced tomatoes.

ii) New Zealand – It is Australia's largest export market for fresh tomatoes. Australia has been supplying in New Zealand's off season for field production. However, the country is fast moving towards glasshouse cultivation on a larger scale and it is claimed that now 98% of tomatoes are grown in glasshouses. This leads to local supply being available 12 months of the year. ***Seasonal opportunities for Australia are thus diminishing***.

Secondly, there are restrictions on the varieties of tomatoes that can currently be exported from Australia to New Zealand. Only five varieties are allowed, and these do not include gourmet. Moreover, none of these five varieties are grown in Victoria. The majority of exports to New Zealand are therefore out of Queensland. Since there is only a thin line separating one variety from another, varieties such as gourmet may be exported under the names of those allowed. The country has stepped up on policing these restrictions in order to protect their local growers.

Thirdly, the feedback we received from a large international retail chain and from a senior official of the New Zealand Vegetable and Potato Growers' Federation Inc. Fresh Tomato Sector, indicated that the quality of product imported from Australia ranged from ordinary to poor. Inconsistency in grading, small size of fruit, short shelf life, low in flavour and diseased fruit were some of the problems pointed out. This is many a time caused by lower quality produce being exported from the wholesale markets on a spot/ opportunistic basis.

All the factors mentioned above may lead to a declining share for Australia in the New Zealand fresh tomato market.

b) Recommendation :

i) South East Asia - Besides, the recommendations already mentioned under section 9.1, 9.2, 9.3 and 9.4, following are other areas identified for improvement.

At the packing sheds, stamping the date of packing on the export carton would minimise the possibilities for product with a shorter shelf life to be exported.

Packaging and presentation could be improved too. Most retail chains sell imported (and/or local) tomatoes in pre-packed trays containing 4-6 tomatoes each. These trays are packed by the retailer, as tomatoes from Australia are exported in 10kg bulk cartons. Pre-packing the tomatoes at the supply end before shipment, would not only improve presentation (and help the retailer), but it would also reduce wastage due to product damage in transportation and shipment. One of the supermarkets also believed that selling the tomatoes at the retail end in trays as against loose, encourages larger quantity purchases by the end-user.

Greater support to the supermarket chains in terms of funding for promotion would help increase awareness of the availability of Australian "clean and fresh" good quality produce amongst end users. The majority of Asian consumers use tomatoes for cooking, with only a small percentage consuming fresh tomatoes in salads, garnishes etc. Hence, promotion of tomatoes as a fruit rather than a vegetable, may help increase consumption.

Participation in food fairs (which have a focus on fresh produce), in Asia would further provide exposure to Australian growers and products. Many business deals are concluded at such fairs. Two upcoming food fairs in Singapore are the Health Food Exhibition in March 2000 and the Asia Food Fair in April 2000.

ii) New Zealand – Earlier mentioned recommendations on supply chain (section 9.2), on following international specifications and standards (section 9.3) and on branding (section 9.4) apply to the New Zealand market too. We also propose targetting the middle segment, in terms of price and quality. The Australian field tomatoes must be priced under the New Zealand glasshouse hydroponic tomatoes, as glasshouse product may be perceived to be of premium quality and thus premium priced. Targetting the middle segment, would help reduce the negative impact being created by spot market sales aiming at the lower end of the market.

QDPI scientists are working on developing a generic dimethoate treatment, under which additional trials for four new varieties (including gourmet) are being conducted and approval from the Ministry of Agriculture, Fisheries and Forestry, New Zealand is expected during the year 2000. Additionally, the "Low Cost Heat Treatment" disinfestation technology, likely to be available in the year 2000 may further help in removing these varietal barriers. These market access initiatives would also give an opportunity for entry of Victorian tomatoes into New Zealand.

9.6 Future Markets

a) Findings / Conclusions : The markets of Japan, Taiwan, China, South Korea, India and U.S.A. are currently not accessible due to either quarantine restrictions or import regulations. Of these markets, Japan and Taiwan appear the most promising for Australian mainland tomatoes, if and when they become accessible.

With respect to Japan, importing is prohibited from mainland Australia because of tobacco blue mould (TBM) and fruit flies, though imports are permitted from Tasmania. The Horticulture Industry Market Access Committee (HIMAC) in Canberra has Japan on their list of countries to secure access. The issue is variety related (in terms of resistance to diseases and pests). HIMAC has approached Japan to initiate a pest risk assessment (PRA). Japan recently came back to the HIMAC after conducting a preliminary PRA and has identified TBM, Mediterranean fruit fly and Queensland fruit fly as the issues with Australian tomatoes. It requested HIMAC to provide information on how Australia intends to control these pests. Also if there is any "area freedom" (including greenhouse production) in Australia. AQIS in Canberra inform that the industry is not yet ready to respond to these issues, as the treatment ("Low cost heat") is still in development. Secondly, Australia has limited greenhouse production and the current greenhouses may not be acceptable to the Japanese as pest-free. The greenhouses must conform to Japanese standards.

The Japanese market opened to Dutch tomatoes in the early 1990s and to American tomatoes in 1997. The Dutch have established a good supply chain for tomato export into Japan. The Americans are also in the process of creating a market for their product. South Korea became an important supplier of fresh tomatoes to the Japanese market in 1998. Hence, if and when Australia is granted access, presumably in the next 2 or 3 years, it will face tough competition from the established international players.

With respect to Taiwan, the cold treatment for fruit flies prescribed by the Bureau of Plant Health Inspection and Quarantine in Taiwan, is not feasible with tomatoes. Taiwan is currently not a member of WTO, so negotiations with the country are more difficult and hence the "access" question is somewhat remote. Nevertheless if this issue can be addressed, Taiwan represents reasonable potential.

Another country on the list of the HIMAC for pursuing market access for tomatoes is the U.S. Though imports are allowed from Tasmania, import of Australian mainland tomatoes is prohibited due to the prevalence of fruit flies. If and when access is granted, factors such as competition from domestic production, imports from Mexico, Canada & Europe and high airfreight costs from Australia will at best ensure USA is but a low volume niche market.

b) Recommendation : A new technology for fruit fly disinfestation called "Low Cost Heat Treatment" is being developed by the Queensland Department of Primary Industry (QDPI). This treatment is a generic treatment and would apply to all varieties of tomatoes as well as other fruits and vegetables. It is likely to be available for commercialisation by the year 2000. It would help HIMAC/AQIS in their market access negotiations with Japan, New Zealand and U.S.A. It is believed that once access into Japan is granted, other markets such as Taiwan and South Korea may also grant access, as regulations for these markets are comparable.

The HIMAC is chaired by the Australian Horticultural Corporation and has members representing various Commonwealth departments and agencies and research funders such as AQIS, Horticulture and Wine Division of Agriculture, Fisheries and Forestry (AFFA) and the Department of Foreign Affairs and Trade (DFAT). The committee also includes industry groups representing the grower, packer and exporter sectors of the industry. The committee considers market access impediments that are phytosanitary, or quarantine related, sanitary (e.g. pesticides) and other barriers including duties, quotas, tariffs and licences for the horticultural industries. The process involved in pursuing market access is detailed in Appendix 5.

HIMAC has to pursue access for a large number of commodities. ***To ensure that priority is given to fresh tomatoes, consistent lobbying by all vested parties through all relevant channels (e.g. local M.P.s , Minister for Agriculture, Minister for Trade etc.) is recommended.***

Supply chain rationalization and efficiencies need to be put in place before being fully capable of exploiting any benefits from increased market access.

9.7 Possible Markets

a) Findings / Conclusions : Markets such as U.A.E., Canada and the countries amongst the 22 Prospects reviewed in the first "cut" offer limited potential, due to high airfreight costs. The high freight costs price the Australian product out of the markets and this is unlikely to change in the foreseeable future. Sea shipments are currently not feasible due to distance and techniques being used by U.S. are not utilized by Australian exporters. In Canada, besides local field and greenhouse production, there is strong competition from imported U.S. and Mexican tomatoes. These Southern imports are particularly geared to supplying Canada in its off-season. Similarly in the U.A.E., in addition to imports from Jordan and Netherlands, the U.A.E. government provides subsidies to the local tomato growers. The European Union has a large tomato-growing base, with countries such as Spain, Netherlands, Italy etc. producing large volumes, in different varieties and of international standards. The opportunity to supply when Northern Europe is not in season, is also very limited, due to supply coming out of Southern Europe and Northern Africa. The high airfreight costs from Australia to Europe, make the price uncompetitive.

b) Recommendation : There may be a niche market opportunity to export to the Canadian West Coast in the December to March period, provided Australia is able to meet international specifications and be in a position to supply the "best eating tomato", in terms of having an ideal brix level of 6, 65-80 mm in size, 70% ripe on receipt with 60% colour and importantly being properly graded. There is a percentage of the Canadian population who are willing to buy high quality produce from Australia, at a premium, provided the premium does not double the price compared to other tomatoes available.

Overall however, these far-flung markets offer little opportunity primarily due to the freight issue. Once the Australian tomato industry raises quality standards, benchmarks itself against world's best practice and brings about efficiencies with improved supply chain structures, it may be in a position to target the niche

market segment currently being supplied by the Dutch in each of these countries.

Further research is also recommended in the area of extending shelf life of tomatoes, with specific reference to sea freighting tomatoes in controlled atmosphere (CA) containers over relatively longer distances. It is not clear whether quality tomatoes can be reliably delivered to overseas markets by sea freight using CA technology but considerable savings are available if this is possible. Outcomes might be more reliable for hydroponic fruit compared with tomatoes grown in soil. The U.S. are successfully sea freighting tomatoes to Hong Kong using CA shipping technology.

Appendix 1 Literature Review

"Assessment of trade Opportunities in Indonesia for Australian Grown Asian Vegetables- September 1996, ExpHORT 2000 Publication No.3." By Wendy Morgan, Industry Manager, Vegetables, Institute for Horticultural Development- *Knoxfield.*

Wendy Morgan Visited Jakarta in September 1996 to explore the potential for Victoria to grow Asian vegetables for export to Indonesia. Asian vegetables include Chinese cabbage, lobak, lotus root, etc. The report notes that Indonesia has imported some Australian Western vegetables, excluding tomatoes, and indicates that *"Australian produce is seen as expensive with a major concern commonly expressed that Australian produce is not good quality for the price. In reality, Australia has the opportunity to continue to supply these vegetables which are not easy to grow and need cool storage after harvest".*

The report also notes: *"Infrastructure issues which add cost to difficulties exporting to Indonesia include:*

- *poor quarantine facilities*
- *absence of cold chain (air & sea terminal, inspection, transport, distribution centres)*
- *disorganised distribution by small scale road transport*
- *unpredictable costs at any stage of the market chain"*

Tomatoes for fresh market consumption are grown in at least twelve provinces of Indonesia. The report does not mention tomatoes to Indonesia as an opportunity for Victoria.

By 'phone, Wendy advised that that a considerable expansion of hydroponic tomato production is taking place in Indonesia, as in Malaysia.

"Victorian Greenhouse Industry Survey Report 1999, ExHORT 2000 Publication No.58." By Dr Ghassan Al Soboh & Bill Ashcroft, Department of Natural Resources and Environment.

"Victoria's Greenhouse/Hydroponic industry was surveyed in November 1998, to determine its size, location, products, and identify industry problems and needs so that they may be addressed in the future." Tomato is the dominant crop, approximately 99% of the total.

The industry is very fragmented. There are thought to be 100 greenhouse vegetable growers in Victoria, of which 65 belong to the Hydroponic Farmers Association. Total production is not known precisely but 41 of the growers produced a total of 2,725 tonnes of tomatoes. The 48 growers who responded to the survey cultivated a total of 8.8ha. 92% produce vegetables hydroponically, 8% use a soil media.

Respondents to the survey highlighted a range of problems relating to production, quality control and marketing and are looking to DNRE for support. The fact that there was a 74% participation in the survey may be an indication of the seriousness of these concerns. The report recommends the introduction of a levy to fund some of the development work required and suggests that marketing needs to be better coordinated.

The survey did not explore profitability.

"Vegetable Market Intelligence Study, September 1997" By Meyers Strategy Group for Daratech Pty Ltd.

This report contains valuable data relating to the importation of fresh tomatoes into Japan, South Korea, Taiwan, Indonesia, Malaysia, Hong Kong, Thailand, Philippines and Singapore and prospects for Victorian and other Australian exporters. The data is directly pertinent to the current project.
Japan- Good potential for exports but import restrictions prevent access for Victorian product. Japan prefers pink and very sweet tomatoes. Some imports from Tasmania.
South Korea- Lack of demand for imports. Imports of Australian tomatoes prohibited due to quarantine issues.
Taiwan- Low demand for imports.
Indonesia- Australia is the leading import supplier but import demand is very low.
Malaysia- Open market with a window of opportunity between December and February when there are domestic shortages. Most imports come via Singapore and Thailand is the leading supplier. Most imported tomatoes used for cooking.
Hong Kong- Open market and no local production. Opportunity for import of premium quality and cherry tomatoes.
Thailand- Market met by local supply. 60% import duty. Limited opportunity for Australian exporters.
Philippines- Market met by local production. Limited opportunity for Australian exporters.
Singapore- Open market of significant size. Malaysia and Thailand are the most significant suppliers of imports, Australia's share is 10%. Opportunity to grow this share by supplying premium quality.

"Emerging Trends in the International Vegetable Industry August 1997, ExpHORT 2000 publication No.14." By Paul Daly, Megan Hill & Ralph Cadman, Department of Natural Resources and Environment.

Two years of domestic and international journals were reviewed, issues tracked in the media and discussions held with local industry. The Australian vegetable industry was seen to be relatively static over the past four years but with new opportunities developing in Asia. During this period US vegetable exports tripled.

To compete with production in third world countries, leading suppliers increasingly rely on downstream value adding of products and services. National and global coordination of operations is becoming important. More produce is being sold directly to supermarkets, bypassing wholesale markets and auctions. International seed companies are being drawn into linkages with producers and supermarkets. Food safety is becoming a critically important issue and there is a strong trend in the USA toward increased regulation. There is increasing interest in the health benefits of various foods.

Specifically relating to tomatoes, customers are demanding improved flavour, leading to varietal development, vine ripening and the development of transgenic varieties. UK supermarkets are looking for exclusive varieties and the Dutch industry has developed diversity. Over the next few years the UK market may be supplied 50% with standard round tomatoes and 50% by a range of speciality tomatoes that cost more to produce but are of higher value.

The Australian industry is seen to have remained static for five years.

"Stocktake of Quarantine Constraints for Queensland Fresh Horticultural Commodities February 1995- Working Document." By Pauline Peterson of QDPI. Project 1A of Queensland Agribusiness Export Strategy Intitiative No.6, "Removal of Quarantine Impediments".

The report was prepared as a working document for industry discussion and to aid the prioritisation of disinfestation research. The stocktake covered ten Asian countries plus Brunei and 37 commodities including tomatoes.

The position regarding tomatoes was found to be: -
Brunei- Imports permitted with Phytosanitary Certificate (PC) and Import Permit (IP). No import tariff. Imports from Australia in 1993/94 (Imports) 35 tonne.
China- No trade protocol so quarantine not yet an issue. 45% tariff,
Hong Kong- Imports permitted. No tariff. Imports 1559 tonne.
Indonesia- Permitted with PC, and either area freedom of approved disinfestation treatment. 30% tariff. Imports 79 tonne.
Japan- Imports prohibited. 5% tariff.
Korea- Imports prohibited. 50% tariff.
Malaysia- Imports prohibited. No tariff. Imports 29 tonne. (Quoted data).
Philippines- Imports prohibited. 30% tariff.
Singapore- Imports permitted. No tariff. Imports 1,537 tonne.
Taiwan- Imports prohibited. 10% tariff.
Thailand- Imports restricted. PC required. 60% or 6.25Bacht/Kg tariff.

The import restrictions identified relate to Queensland Fruit Fly, Mediterranean Fruit Fly and Tobacco Blue Mold. A project is recommended to develop a heat treatment and testing regime to combat these problems and overcome the

prohibitions. Capital cost $150,000, and program cost $160,000 per year for three years.

"Export Market Opportunities For Quarantine Restricted Queensland fruit and Vegetables". By Francene Brown, Agribusiness Marketing Services, Queensland Department of Primary Industry.

Import constraints for forty commodities into seven Asian countries were identified in a previous report "Stocktake of Quarantine Constraints for Queensland Fresh Horticultural Commodities". From this, an industry and departmental consultative group identified eight commodities and five Asian markets as the major areas for future research. This further research covered the potential for fresh tomato exports to four countries, Japan, Taiwan, Philippines and Korea. The research was reported in April/June 1995.

Japan. Queensland imports are banned owing to concerns relating to Queensland fruit fly, Mediterranean fruit fly and tobacco blue mould. A profitable niche opportunity is seen for Queensland tomatoes in the September -December period if the bans were lifted. Detailed market research is recommended prior to the commencement of disinfestation work.

Taiwan. Quarantine concerns relate to Queensland fruit fly, Mediterranean fruit fly and tobacco blue mould, but imports of tomatoes from any source are banned. There is seen to be an opportunity for Queensland tomatoes in the May to December period, if not year round, if the market is opened and Quarantine issues addressed.

Philippines. Queensland imports are prohibited owing to concerns about Queensland and Mediterranean fruit fly. A small niche market for Queensland imports may exist in the food service area or in the September-December period if Brisbane prices are low compared with other countries.

Korea. Queensland imports are banned owing to concerns relating to Queensland fruit fly, Mediterranean fruit fly and tobacco blue mould. At best, only small niche market opportunities are seen for Queensland tomatoes.

"New Markets Middle East- The United Arab Emirates". By Morgan Gronold, Tania Bauman, Noel Cheeseman and Youhanna Yassa of Queensland Department of Primary Industry following 1999 study tour.

UAE is a significant market for vegetables, fruit and other foods for local production and re-export. The market is liberal but has unique rules. Australia has a share of the market. Tomatoes are not mentioned as a crop of opportunity for Australia.

"New Markets Middle East- The Kingdom of Saudi Arabia". By Morgan Gronold, Tania Bauman, Noel Cheeseman and Youhanna Yassa of Queensland Department of Primary Industry following 1999 study tour.

Saudi Arabia is an attractive destination for food exports. A lot to learn to enter the market but Australia has a small presence. Tomatoes are not mentioned as a crop of opportunity for Australia.

"Fresh Double Red - Parts 1 & 2". By Bob Bennett of Bennett Communications November 1996. (http://www.affa.gov.au/rural/agribusiness/doublered.html)

The Marketing Skills Program of the department of Primary Industries and Energy funded a fresh tomato export marketing skills development project from 1993. In the process, a number of Bundaberg and Bowen tomato growers formed a company "Fresh Double Red" to promote and organise sustained fresh tomato exports to Asia. The growers realised that cooperative action enhanced marketing strength and that Bowen and Bundaberg together could supply quality product through a much greater time-span each year. The competitive rivalry between the two regions was a problem to be overcome. The program included a trade mission to Hong Kong and Taiwan in February/March 1994.

In **Kong Kong,** the group learned that the market was smaller than thought, various quality/price layers were observed. Growers saw some of there own domestic product in Hong Kong that had been exported off the Sydney Market, not always in good condition. The group saw a need to pack high quality material for lower volume but high value outlets, avoiding the wet markets and to improving control of the supply chain. The use of sea freight would make Australian product very competitive but the sea freight expertise was thought to be lacking. Some new exports to Hong Kong followed soon after the visit. In **Taiwan**, Welcome Supermarkets showed interest but Australian product is banned on quarantine grounds so many thought the Taiwan visit to be a waste of time.

A number of Fresh Double Red participants have resigned for various reasons. However, the process showed the value of intra and inter-district grower cooperation, which might also enable better control of domestic marketing to be achieved. There was also a suggestion that linking with some other commodities might enhance export opportunities. The trade mission (11 people) was thought to be too large and repeated visits by one or two people would be preferable.

"Competitive Advantage through Global Networks". By Ray Collins and Tony Dunne- University of Queensland Management studies, Gatton College. November 1996. (http://www.affa.gov.au/rural/agribusiness/globalnetworks.html)

Australian Horticulture has failed to establish its credentials as an exporter of products of consistent quality, which provide value for money and are backed by conscientious service. One reason advanced is the lack of practical means by which growers can discover what export opportunities exist and then learn how to take advantage of them. This is the background to the DPIE Marketing skills program introduced in 1988 to provide export marketing research and training for groups of primary producers.

Gatton College has initiated, managed or facilitated six such groups. Three have failed, three are thought likely to succeed. One thought likely to succeed is the Bowen/Bundaberg tomato growers program that resulted in the formation of "Fresh Double Red Pty Ltd".

The paper concludes that such groups are more likely to be successful if they contain key people who are willing to embrace change, represent a wide geographic base but a narrow product range, and do not have a strong history of competition with each other. Then the group must generate reliable information, develop a marketing orientation and take ownership of the process.

Potato Export Market Development, A supply chain approach to drive the industry (Stage 1). By David McKinna et al for DNRE, ExpHORT Publication No.78, July 1999.

This report is of interest because of parallels between the potato and tomato industry export aspirations.

While there is excellent opportunity for potato exports, primarily in the Asian region, the export sector needs to develop in unison with the domestic market. There is excellent potential to grow the value of the domestic market through a combination of increasing per capita consumption and increasing the value through product differentiation and promotional strategies.

Returns from potato exports are modest but they have the potential to greatly improve overall returns because they generate scale economies that greatly improve the profitability of both domestic and export crops. Seven strategies to develop export markets are recommended: -

- Industry clusters
- Voluntary Uniform Product Description and Labelling/Quality Assurance System
- Promotion
- Export Market Development
- Market Intelligence
- Market Access
- Freight Negotiation

Appendix 2a

PRODUCTION, IMPORT & EXPORT STATISTICS BY COUNTRY

Country	1998 Production		1997 Imports		1997 Exports	
	Qty (Mt)	%	Qty (Mt)	%	Qty (Mt)	%
World	89,827,949		3,580,908		3,535,953	
Argentina	675,000	0.75	5,308	0.15	1,039	0.03
Australia	400,000	0.45	60	0.00	6,968	0.20
Brazil	2,692,015	3.00	533	0.01	2,495	0.07
Canada	500,590	0.56	162,255	4.53	38,361	1.08
Chile n/a	1,197,495	1.33	0	0.00	3,186	0.09
China	16,387,394	**18.24**	19	0.00	28,444	0.80
Czech Republic	23,130	0.03	52,040	1.45	679	0.02
Dem People's Rep of Korea	60,000	0.07	0	0.00	0	0.00
Egypt*	5,980,000	6.66	17	0.00	12,353	0.35
France	800,000	0.89	366,710	**10.24**	62,845	1.78
Germany	42,462	0.05	621,692	**17.36**	5,973	0.17
Greece	2,085,110	2.32	8,081	0.23	4,349	0.12
Hong Kong	30	0.00	3,280	0.09	185	0.01
Hungary	294,500	0.33	3,876	0.11	1,495	0.04
India	5,300,000	**5.90**	0	0.00	690	0.02
Indonesia	260,867	0.29	5,386	0.15	1,266	0.04
Ireland	7,000	0.01	14,773	0.41	457	0.01
Israel*	385,900	0.43	1,700	0.05	11,000	0.31
Italy	5,369,483	**5.98**	30,003	0.84	132,559	3.75
Japan	800,000	0.89	977	0.03	15	0.00
Jordan	640,000	0.71	0	0.00	61,586	1.74
Malaysia	10,000	0.01	7,742	0.22	7,400	0.21
Mexico	1,987,561	2.21	25,872	0.72	687,637	**19.45**
Morocco	1,242,400	1.38	0	0.00	188,653	**5.34**
Netherlands	560,000	0.62	268,437	**7.50**	607,769	**17.19**
New Zealand	66,500	0.07	3,654	0.10	91	0.00
Oman	34,000	0.04	7,508	0.21	3,750	0.11
Pakistan	313,072	0.35	844	0.02	261	0.01
Philippines	138,340	0.15	43	0.00	1	0.00
Poland	355,979	0.40	54,538	1.52	448	0.01
Portugal	1,085,000	1.21	11,481	0.32	2,469	0.07
Republic of Korea*	189,000	0.21	6	0.00	495	0.01
Russian Federation	1,650,000	1.84	206,000	**5.75**	69	0.00
Saudi Arabia	465,000	0.52	129,978	3.63	5,457	0.15
Singapore	0	0.00	12,612	0.35	852	0.02
South Africa	445,000	0.50	37	0.00	5,113	0.14
Spain	3,553,600	3.96	4,320	0.12	958,918	**27.12**
Sri Lanka	36,435	0.04	8	0.00	1	0.00
Sweden	19,900	0.02	56,534	1.58	661	0.02
Syrian Arab Republic	468,440	0.52	0	0.00	83,104	2.35
Thailand	112,000	0.12	5	0.00	2,148	0.06
Turkey	6,600,000	**7.35**	30	0.00	132,010	3.73
U.A.E.	550,000	0.61	70,588	1.97	2,056	0.06
U.K.	115,000	0.13	296,721	**8.29**	4,558	0.13
U.S.A.	10,762,000	**11.98**	742,464	**20.73**	179,093	**5.06**
Vietnam n/a	0	0.00	0	0.00	0	0.00
Others	15,167,746	**16.89**	404,776	**11.30**	286,994	**8.12**

Source: FAOSTAT Website Database

Import and Export figures for 1998 are not yet available.

Appendix 2b

Detailed information on the selected 22 Best Prospects

The information and data in this section is drawn from different sources and does not always correlate. The sources of information are :

- Trade and production data from FAOSTAT website database. The average price per kg for exports and imports has been calculated from the FAO data on quantity and value.

- The volume figures for processing tomatoes marked with * are from an American seed company and are unconfirmed. The processing figures for all the other countries are from the "Tomato News" journal, which is in close touch with the World Processing Tomato Industry Council.

- Quarantine Policy and other food safety regulations have been obtained from the Australian Quarantine and Inspection Service, Plant Quarantine Policy Branch, Department of Agriculture, Fisheries and Forestry, Canberra. Additional information was obtained from sources such as Canadian Food Inspection Agency, Office of the Agriculture Counsellor US Embassy Canberra, MAFF & Plant Health and Seeds Inspectorate U.K., Main Inspectorate of Plant Protection Warsaw Poland, European Trade Association for Fresh Produce Traders (EUCOFEL) Belgium, Directorate Plant Production Health and Quality, National Department of Agriculture Republic of South Africa, The State Plant Protection Inspection Warsaw Poland, Plant Protection and Agro-Environment Management Department Ministry of Agriculture and Regional Development Budapest Hungary, Bureau of Animal and Plant Health Inspection and Quarantine Council of Agriculture Executive Yuan Taiwan.

- Tariffs and quota information have been obtained from the Austrade hotline Melbourne, Department of Foreign Affairs and Trade Canberra, APECTARIFF website database, Office of the Agriculture Counsellor US Embassy Canberra, Delegation Of The European Commission To Australia and New Zealand Canberra, Chief Imports Agriculture Canada, Philippines Trade Office and "Removal of Quarantine Impediments" QAES (Feb.'95) by Pauline Peterson QDPI.

- Airfreight rates ex Melbourne have been sourced from Hellmann Perishable Logistics, Melbourne and ex Brisbane from Air Export International, Brisbane. Information on sailing days/transit time by sea has been sourced from Fritz Flyway, Sydney.

- Information on major suppliers (countries) and their % share in total imports of each of the 22 markets has been obtained from :

1. U.S. Fruit and Vegetable Imports Calendar Year 1998, FAS Online;
2. Profile of The Canadian Greenhouse Tomato Industry, by John Vandenberg and Brian Rattray, Agriculture and Agri-Food Canada, Oct. 1997;
3. Market AG.com website database;
4. Austrade Milan, Austrade Dubai, Austrade Czech Republic;
5. Statistics Indonesia (BPS), Jakarta;
6. Statistics New Zealand, Overseas Trade;
7. Department of Statistics, Malaysia;
8. Central Department of Statistics, Saudi Arabia;
9. TradStat, The Dialog Corporation.

United States of America

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	11,917,600	10,762,000	-9.70	
Processing	10,348,000	9,045,000		
Fresh Mkt	1,569,600	1,717,000	9.39	
Import Fresh	737,150	742,464	0.72	1.01
Export Fresh	161,279	179,093	11.05	0.87
Total Dom. Mkt. Fresh	2,145,471	2,280,371	6.29	
	Per Capita Consumption'97		8.39 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.

Major Suppliers : Mexico (75%), Canada (13%) and Netherlands.

Exports from Australia to U.S.A. in 1998 : 776 kilo (A$ 9,120)

Quarantine policy and other food safety regulations : Permitted only from Tasmania, along with an Import Permit and Phytosanitary Certificate. Mainland tomatoes prohibited due to fruit fly. On the list of the Horticulture Industry Market Access Committee in Canberra for pursuing market access into the U.S. APHIS is currently reviewing the Australian pest list. The issue has been given top priority, though they have not indicated a timeframe for the completion of the PRA. Access may be granted to tomatoes grown in certain regions (Sunraysia, Riverland and Riverina) free of fruit fly, and this may take 2-3 years.

Import duty : US$ 0.03 – 0.041 per kg, if entered during the period July 15 – August 31 in any year. If entered during the period Nov. 15 to the last day of the following Feb., the duty is US$ 0.03 per kg. If entered during the period March1 - July 14 or the period Sept. 1 – Nov. 14 in any year, the duty is US$ 0.041 per kg.

Quota : No quotas apply to Australia.

Market information : Besides it's own domestic production and imports from Mexico, the Netherlands is re-establishing it's reputation as a leading supplier of premium quality tomatoes to the U.S., after the sector was dealt a major blow by a flood of cheaper imports from Spain and Morocco in the early 1990s. The Dutch were granted access to the American market in the late 1980s and in the last few years USDA has extended its relaxation of import controls to cover

other countries such as Spain, Morocco, Chile, France and Belgium.

According to Eurofruit magazine, March 1999, the vine tomato revolution which took place in Germany at the start of the decade, is being repeated in the US and although Dutch tomatoes are very much a premium product occupying a niche position in the US market, there is still considerable room for growth.

Unlike Europe, there is a ready market for environmentally-friendly green house tomatoes among the health-conscious Americans, and the richer flavour of the vine variety is highly sought-after.

According to Foodnews of August 6, 1999, tomatoes were the largest fresh market import (among fresh vegetable imports in the US), at US$ 758 million. Round tomato varieties accounted for two-thirds of this total, followed by romas, valued at US$ 195 million, and cherry tomatoes, which were valued at US$ 61 million.

In 1996, the US produced 1.4 million tonnes of tomatoes for the fresh market, valued at US$ 879 million. The proportion of overall US tomato production supplied by greenhouse production is estimated to be less than 1%.

Opportunity for Australia :

In the short-term there appears to be opportunity for exports only out of Tasmania. If in the medium term access is granted to mainland tomatoes, exports shall have to be shipped by air (minimum airfreight rate A$ 1.80/kg ex Brisbane to L.A.), as transit time by sea to the US west coast is a minimum of 21 days and hence the Australian product shall have to be very competitively priced to find a market in the US.

Germany / France / U.K.

Germany

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	49,125	45,800	-6.77	
Processing	Nil	Nil		
Fresh Mkt	49,125	45,800	-6.77	
Import Fresh	592,781	621,692	4.88	0.99
Export Fresh	7,551	5,973	-20.90	1.05
Total Dom. Mkt. Fresh	634,355	661,519	4.28	
	Per Capita Consumption'97		8 kg	

France

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	775,709	805,000	3.78	
Processing	285,000	286,000	0.35	
Fresh Mkt	490,709	519,000	5.77	
Import Fresh	347,732	366,710	5.46	0.72
Export Fresh	60,732	62,845	3.48	0.90
Total Dom. Mkt. Fresh	777,709	822,865	5.80	
	Per Capita Consumption'97		13.95 kg	

U.K.

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	117,000	115,000	-1.71	
Processing	Nil	Nil		
Fresh Mkt	117,000	115,000	-1.71	
Import Fresh	276,708	296,721	7.23	1.01
Export Fresh	6,709	4,558	-32.06	1.17
Total Dom. Mkt. Fresh	386,999	407,163	5.21	
	Per Capita Consumption'97		6.89 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.

Major Suppliers to :

Germany - Spain (40%), Netherlands (36%), Italy (10%), Belgium and Luxemburg (9%)

France - Spain (43%), Morocco (37%), Belgium (7%), Italy (5%) and Netherlands (5%)

U.K. - Spain (70%), Netherlands (23%), Italy (2%) and France (1%)

Exports from Australia in 1998, to:	
Germany -	Nil
France -	Nil
U.K. -	Nil
Quarantine policy and other food safety regulations :	As per The Plant Health and Seeds Inspectorate, U.K., there are no quarantine restrictions on Australian tomatoes. However, as advised by the Ministry of Agriculture Fisheries and Forestry (MAFF) London, EU quality standards need to be met. A copy of the EU quality standards is attached in Appendix 6. According to information received from EUCOFEL (European Trade Association for Fresh Produce Traders), in Brussels, EU has a single phytosanitary regime, which applies to all member states alike. All products need to be inspected for quality and phytosanitary requirements upon arrival. For tomatoes no special phytosanitary requirements apply. There is no quarantine regulation for tomatoes from Australia.
Import duty :	9.2% – 15% on CIF value, depending upon time of the year of import and import price.
Quota :	No quotas apply in the EU member states on Australian tomatoes.
Market information :	Europe is a big producer of tomatoes and hence all supply to the EU markets is from within Europe all year round. U.K. produces glasshouse tomatoes from May to August and for the rest of the year (September to April) the product is mainly supplied out of Spain and Morocco (as per information from the Fresh Produce Consortium, London). The popular varieties are Beef, Fresh Plum, Vine, Cherry and speciality tomatoes (sold under horticulture names) such as mini plum etc.
Opportunity for Australia :	Tomatoes are grown and supplied within the EU throughout the year. There is no duty payable between the EU member states and airfreight costs from Australia (minimum of A$ 2.22/kg ex Melbourne to London) make the product very expensive. Thus, Australian tomatoes would not be competitive in the EU markets unless they are able to create a niche for themselves, with some unique variety, features etc., for which they can charge a premium covering the high costs mentioned above.

Canada

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	500,590	500,590	0.00	
Processing	454,000	453,000		
Fresh Mkt	46,590	47,590	2.15	
Import Fresh	158,400	162,255	2.43	0.81
Export Fresh	21,936	38,361	74.88	1.64
Total Dom. Mkt. Fresh	183,054	171,484	-6.32	
	Per Capita Consumption'97		5.57 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.

Major Suppliers : U.S..A. (79%), Mexico (17%), Spain (1%), Morocco (1%) and Netherlands (1%)

Exports from Australia to Canada in 1998 : Nil

Quarantine policy and other food safety regulations : As per information received from the Canadian Food Inspection Agency, Australian tomatoes are permitted into Canada with no special requirements.

The Canadian Fresh Fruit and Vegetable Regulations prescribe requirements for quality, packaging and labelling for tomatoes and these regulations need to be followed. The Canadian chemical (pesticide and herbicide) limits should also be observed.

Import duty : As advised by Chief - Imports, Agriculture Canada, the import duty is C$0.0482 per kg but not less than 13% of f.o.b. value. The C$ 0.0482 per kg tariff only applies when there is a "snap back" program in place for the commodity. That means, when the imported product's prices are very low compared with the domestic prices, the "snap back" program is actioned. The "snap back" tariff for the US and Mexico is C$ 0.029 per kg but not less than 8% of the f.o.b. value.

It seems that fresh tomatoes are not on "snap back" at this time. Thus there is no tariff applicable on fresh tomatoes at this time. It is free for all countries.

All Canadian companies, who deal in fresh product internationally, should be licensed by the Canadian government.

Quota :	No quotas for Australian tomatoes.
Market information :	In 1996, Canada produced approximately 44,577 tonnes of field tomatoes for the fresh market with an estimated value of C$ 23 million. The remaining field tomato production went to processing. Also in 1996, Canada grew 62,966 tonnes of greenhouse tomatoes valued at C$ 98.7 million for the fresh market. Greenhouse grown tomatoes account for an increasing proportion of Canadian fresh tomato production. Canadian field-grown tomatoes are generally produced between July and October. Greenhouse tomatoes are available from March to December. The Canadian greenhouse tomato industry has grown at a rate of more than 20% per year and further expansion is planned. Canada's export of fresh tomatoes increased from C$ 24 million in 1995 to C$ 153 million in 1998, a growth of 522%. Though tomatoes take second place after cabbage among the country's ten major imported fresh vegetables, Canada's import of fresh tomatoes only showed a marginal increase from 154,000 tonnes in 1995 to 156,000 tonnes in 1998, a growth of 1%.
Opportunity for Australia :	Due to preferential tariff arrangements between NAFTA and high air freight rates out of Australia into Canada (minimum A$1.78 per kg from Brisbane to Vancouver), there appears to be limited opportunity (if any) for Australian tomatoes.

Saudi Arabia

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Production	457,996	465,000	1.53	
Processing*	N/A	54,000		
Fresh Mkt	407,996	411,000	0.74	
Import Fresh	129,978	129,978	0.00	0.41
Export Fresh	5,457	5,457	0.00	0.39
Total Dom. Mkt. Fresh	532,517	535,521	0.56	
	Per Capita Consumption'97		26.25 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.
4. Since the processing figure for 1996 is not available, we have taken the figure for 1995, which is 50,000 tonnes, for calculation of Fresh Mkt.

Major Suppliers : Syria (65%), Turkey (17%), Lebanon (9%), Egypt (7%) and Holland (0.04%)

Exports from Australia to Saudi Arabia in 1998 : Nil, 11 tonnes (A$ 22,000 F.O.B.) in 1997

Quarantine policy and other food safety regulations : Permitted with a phytosanitary certificate and AQIS container inspection certificate.

Import duty : 12% on c.i.f. value

Quota : No quota

Market information : The Kingdom is currently self-sufficient in tomatoes. There are some imports from the neighbouring Middle Eastern countries such as Syria, Turkey etc. and marginal quantities also from Holland. The country exported 5,457 tonnes in 1997, mainly to other Middle East markets such as U.A.E. etc.

Opportunity for Australia : Since Saudi Arabia is a big producer of tomatoes and for its import requirements, gets supply out of other countries in the Middle East region, it does not offer much export opportunity to Australia. The minimum airfreight ex Brisbane is A$ 2.05 per kg, which again makes the product uncompetitively priced. Sea freight is not an option as the minimum sailing time is 19 days (P&O).

United Arab Emirates

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	520,941	545,000	4.62	
Processing*	N/A	42,000		
Fresh Mkt	478,941	503,000	5.02	
Import Fresh	70,588	70,588	0.00	0.42
Export Fresh	2,056	2,056	0.00	0.31
Total Dom. Mkt. Fresh	547,473	571,532	4.39	
	Per Capita Consumption'97		219.82 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.
4. Since the processing figure for 1996 is not available, we have taken the figure for 1997, which is 42,000 tonnes, for calculation of Fresh Mkt.

Major Suppliers : Jordan (95%), Holland (1.45%) and Saudi Arabia (1.4%)

Exports from Australia to U.A.E. in 1998 : Nil, 4.3 tonnes (A$ 7,700 F.O.B.) in 1997

Quarantine policy and other food safety regulations : Permitted with a phytosanitary certificate and AQIS container inspection certificate.

Import duty : Duty Free.

Quota : No quota.

.Market information : Please see section 7.5 for detailed information on this market.

Opportunity for Australia : As is mentioned above, besides local production, there is a big quantity imported from neighbouring Middle Eastern countries such as Jordan, at very competitive prices. There is a small quantity imported from Holland, catering to the very premium price segment of the market. The airfreight costs from Australia are high (min. ex Bris./Melb. A$ 1.35 – 1.95 / kg). There may be a small window of opportunity to supply to the highest price segment, currently catered to by the Dutch. However, quality of product and packaging should be comparable (if not better) to the tomatoes coming from Holland.

Poland

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	230,492	219,027	-4.97	
Processing*	85,000	55,000		
Fresh Mkt	145,492	164,027	12.74	
Import Fresh	52,872	54,538	3.15	0.55
Export Fresh	492	448	-8.94	0.66
Total Dom. Mkt. Fresh	197,872	218,117	10.23	
	Per Capita Consumption'97		5.65 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.

Major Suppliers : Information not available.

Exports from Australia to Poland in 1998 : Nil.

Quarantine policy and other food safety regulations : According to information received from the Main Inspectorate of Plant Protection in Warsaw, fresh vegetables must be accompanied by a phytosanitary certificate and the consignment is subject to inspection on arrival (border inspection if entering the country by road). Additionally, the tomatoes must be free from harmful organisms such as Med. fruit fly, a certain type of moth, bacteria etc. However, it still needs to be investigated if AQIS inspectors could certify the consignment to be free from these specified pests and diseases.

Import duty : 20% on C.I.F., varies with the time of year of import. 1st Jan. to 31st March - 20%, 1st April to 30th April - 0.45 ECU/kg, 1st May to 14th May - 0.42 ECU/kg, 15th May to 31st May - 0.35 ECU/kg, 1st June to 30th Sept. - 0.25 ECU/kg, 1st Oct. to 31st Oct. - 0.25 ECU/kg, 1st Nov. to 31st Dec. - 20%. VAT exempt. No preferential treatment to EU suppliers.

Quota : Information not available.

Market information : Not available.

Opportunity for Australia : Besides local production, there are imports from western and southern Europe, which is a big tomato growing region. An important exporter to Poland is Holland. The market does not offer opportunity to Australia due to the distance and the associated high airfreight costs. Sea freight is not an option as the minimum time it would take

to reach a port in Europe would be at least 37 days, plus another 10 days for trucking the product across into Poland.

Czech Republic

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	28,458	23,130	-18.72	
Processing*	N/A	20,000		
Fresh Mkt	8,458	3,130	-62.99	
Import Fresh	41,292	52,040	26.03	0.45
Export Fresh	162	679	319.00	0.62
Total Dom. Mkt. Fresh	49,588	54,491	9.89	
	Per Capita Consumption'97		5.30 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.
4. Since the processing figure for 1996 is not available, we have taken the figure for 1997, which is 20,000 tonnes, for calculation of Fresh Mkt.

Major Suppliers : Spain (59%), Slovakia (13%) and Holland (7%)

Exports from Australia to Czech Republic in 1998 : Nil

Quarantine policy and other food safety regulations : As per information from Austrade in the Czech Republic, phytosanitory testing is required on arrival. However, they advise that there are no major barriers in this regard.

Import duty : 1st Nov. to 14th May – Duty Free, 15th May to 31st Oct. – 13.1% on CIF value (8% preferential tariff for EU). Local importer needs an import licence from 16th Aug. to 15th Oct. Over and above the import duty, there is a 5% VAT on the duty paid value.

Quota : No quota.

Market information : Not available.

Opportunity for Australia : As is indicated by the production and trade figures mentioned above, the country is a net importer. Spain, Slovakia and Holland are the major exporters to the Czech Republic. Competition is high and price structure very competitive. The market does not offer opportunity to Australia due to the distance and the associated high airfreight costs. Sea freight is not an option as the minimum time it would take to reach a port in Europe would be at least 37 days, plus another 10 days for trucking the product across into Czech.

Singapore

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	0	0	0.00	
Processing	Nil	Nil		
Fresh Mkt	0	0	0.00	
Import Fresh	10,856	12,612	16.18	0.63
Export Fresh	996	852	-14.46	0.38
Total Dom. Mkt. Fresh	9,860	11,760	19.27	
	Per Capita Consumption'97		3.68 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.

Major Suppliers (in 1996) : Malaysia (61%), Thailand (23%), Australia (8%), China (4%), Hong Kong (3%), Netherlands (0.9%) and U.S.A. (0.2%)

Exports from Australia to Singapore in 1998 : 1,369 tonnes (A$ 1.66 million F.O.B.)

Growth in exports from Australia : to Singapore (1997 – 1998) -30%

Quarantine policy and other food safety regulations : Permitted with no special requirements. However, strict food safety regulations (including compliance with the MRLs set for pesticides etc.) are enforced by the Ministry of Environment.

Import duty : Duty free

Quota : No quota

Market information : Please see section 7.1 for detailed information on this market.

Opportunity for Australia : It is the second largest export market for Australia, after New Zealand. Exports of fresh tomatoes from Australia to Singapore grew from 442 tonnes in 1989 to 1,369 tonnes in 1998. Australia faces competition from Malaysia, Thailand and Netherlands in this market. There are opportunities for Australia to improve market share by benchmarking its quality and packaging etc. against the Dutch product, without charging premium prices. Moreover, sea freighting the product (once technology is developed by Australia) can further improve the price competitiveness of the product. The current airfreight rate ex Melb./Bris. to Singapore 0.56 –0.58/kg.

Malaysia

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	10,000	10,000	0.00	
Processing	Nil	Nil		
Fresh Mkt	10,000	10,000	0.00	
Import Fresh	7,742	7,742	0.00	0.28
Export Fresh	10,353	7,400	-28.52	0.19
Total Dom. Mkt. Fresh	7,389	10,342	39.97	
	Per Capita Consumption'97		0.46 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.

Major Suppliers : Thailand (55%), Indonesia (29%), China (10%), Australia (4%) and Netherlands (0.12%)

Exports from Australia to Malaysia in 1998 : 57 tonnes (A$ 79,427 F.O.B.)

Growth in exports from Australia : to Malaysia (1997 – 1998) 565%

Quarantine policy and other food safety regulations : Permitted. Shipments are subject to random inspection by Malaysian authorities at port of arrival, for compliance with the MRLs set for pesticide/chemical residues.

Import duty : Duty free

Quota : No quota

Market information : Please see section 7.3 for detailed information on this market.

Opportunity for Australia : It is the fifth largest export market for Australia for fresh tomatoes. Exports of the product grew from 1.9 tonnes in 1990 to 57.5 tonnes in 1998. In spite of the growth, the total export volume is still small. Malaysia grows tomatoes in the Cameron Highlands almost all the year round and we are told that the Dutch are providing technology to the Malaysians for upgrading their cultivation skills. Besides their large domestic production, Australia faces competition from imports from Thailand, Indonesia, China. Price seems to play a major role in determining source of supply and hence competition is tough for Australia. Moreover, sea freighting the product (once technology is developed by Australia) can further improve the price competitiveness of the product. The current air freight rate ex Melb./Bris. to KL is 0.53 – 0.59/kg.

Indonesia

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	336,534	277,269	-17.61	
Processing	Nil	Nil		
Fresh Mkt	336,534	277,269	-17.61	
Import Fresh	142	5,386	3692.96	2.04
Export Fresh	3,451	1,266	-63.31	0.27
Total Dom. Mkt. Fresh	333,225	281,389	-15.56	
	Per Capita Consumption'97		1.37 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.

Major Suppliers : Australia (99.8%), Netherlands (0.1%) and Austria (0.06%)

Exports from Australia to Indonesia in 1998 : 71 tonnes (A$ 221,183 F.O.B.)

Growth in exports from Australia : to Indonesia (1997 – 1998) -31%

Quarantine policy and other food safety regulations :

Permitted with PC and one of the following declarations :

a) Grown and packed in an area free from Med. fruit fly and Qld. fruit fly or
b) For produce from areas not free of the fruit flies, one of the following required :
   i) precooling at specified temperatures for certain no. of days or
   ii) intransit cold treatment or
   iii) MB fumigation, which should be also mentioned on PC.

Import duty : 5% on CIF value. Import licence from the Indonesian government to be applied for by the importer.

Quota : No quota

Market information : Please see section 7.4 for detailed information on this market.

Opportunity for Australia : It is the fourth largest export market for Australia for fresh tomatoes. Exports of the product grew from 1.3 tonnes in 1989 to 71 tonnes in 1998. In spite of the growth, the total export volume is still small. Australia is the largest exporter of tomatoes to Indonesia. Indonesia grows tomatoes all 12 months of the year. Price seems to play a major role in

determining source of supply and hence Australia faces tough competition from local product available at considerably low prices. Moreover, sea freighting the product (once technology is developed by Australia) can further improve the price competitiveness of the product. The current air freight rate ex Melb./Bris. to Jakarta is 0.47 – 0.65/kg.

The crisis in S.E. Asia has led to demand for imported produce being adversely affected as a result of large falls in purchasing power, specially in countries such as Indonesia. As a consequence, there is purchase of cheaper foods, encouraging consumption of locally cultivated produce. With the current political situation in East Timor, Australia's relations with Indonesia are under strain, which may further impact on trade.

Hungary

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	263,370	219,706	-16.58	
Processing	182,000	90,000		
Fresh Mkt	81,370	129,706	59.40	
Import Fresh	3,075	3,876	26.05	0.43
Export Fresh	1,396	1,495	7.09	0.28
Total Dom. Mkt. Fresh	83,049	132,087	59.05	
	Per Capita Consumption'97		12.94 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.

Major Suppliers : Information not available.

Exports from Australia to Hungary in 1998 : Nil

Quarantine policy and other food safety regulations : As per information received from the office of The State Plant Protection Inspection, Poland, and clarification from AQIS, Canberra, Australian tomatoes are prohibited due to Med. fruit fly and certain other specified pests and diseases present in Australia. Additionally, an Import Permit is to be applied for before export. AQIS have suggested that the exporter could contact an importer of the product in Hungary, who could apply for an import permit, which would clearly list out all the requirements clearly.

Import duty & Quota : 1st Dec. to 28th Feb. – 20% on CIF value, 1st March to 30th April – 35%, 1st May to 30th Nov. 54.8%. There is a GATT-quota for 2554 tonnes. If imported within quota, duty is 12% on CIF value. Over and above the import duty, there is a VAT of 12% on the duty paid value.

Market information : Not available.

Opportunity for Australia : Besides a large local production base, there are small imports from western and southern Europe. An important exporter to Poland is Holland. The market does not offer opportunity to Australia due to the distance and the associated high airfreight costs. Sea freight is not an option as the minimum time it would take to reach a port in Europe would be at least 37 days, plus another 10 days for trucking the product across into Hungary.

New Zealand

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	138,100	100,000	-27.59	
Processing	117,000	34,300		
Fresh Mkt	21,100	65,700	211.37	
Import Fresh	6,157	3,654	-40.65	1.57
Export Fresh	204	91	-55.39	2.18
Total Dom. Mkt. Fresh	27,053	69,263	156.03	
	Per Capita Consumption'97		18.23 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.

Major Suppliers : Australia (99.997%) and Tonga (0.003%)

Exports from Australia to New Zealand in 1998 : 2,703 tonnes (A$ 4.6 million F.O.B.)

Growth in exports from Australia to New Zealand (1997 – 1998) : -26.7%

Quarantine policy and other food safety regulations : Bilateral Quarantine Agreement (BQA) protocol required. Currently only five commercial varieties acceptable (Duke, Sunny, Floradade, Tristar and Hayslip). These varieties were used in the development of the fruit fly disinfestation treatment (dimethoate dip). QDPI working on developing a generic dimethoate treatment under which the Horticulture Industry Market Access Committee is currently seeking access for 4 additional varieties (including gourmet) and the approval from MAF, New Zealand is expected by next year. Additionally, a new technology for disinfestation called the "Low Cost Heat Treatment" is being developed by QDPI, which would be a generic one and would apply to all varieties of tomatoes, as well as other fruits and vegetables. This treatment is also likely to be ready and then be commercialised by next year.

Import duty : Duty free. 12.5% GST applicable on imported and local goods.

Quota : No quota

Market information : New Zealand produces both field grown and greenhouse tomatoes. The field grown tomatoes are available from mid. Jan. until mid. March, sometimes longer depending on the weather. The glasshouse tomatoes (hydroponics) are

available almost all the year round. 98% of tomato production in New Zealand is now greenhouse. There are approx. 700 growers of the product, including some who are swinging to tomatoes from cucumbers and capsicums. Today consumption of fresh and processed tomatoes is second to potatoes and the average New Zealand household spends NZ $ 0.90 a week on fresh tomatoes.

There are many varieties of tomatoes sold in New Zealand but only a few are marketed by name. They are "acid free", "beef steak", "cherry" or "cocktail". All New Zealand tomatoes are ripened on the vine which makes them tastier than some imported varieties which are ripened using ethylene gas. Sometimes New Zealand growers use a product to speed up ripening at the end of the crop, but this is done while the fruit is still on the vine, so no flavour is lost.

The wholesale price of tomatoes ranges from NZ$ 0.50 - 0.70/kg. The retail price in summer is usually between NZ$ 1 - 2.49/kg and in winter between NZ$ 5 – 7/kg. The Australian tomatoes sell for NZ$ 1 – 3/kg less than the locally grown product. The quality of New Zealand greenhouse tomatoes is far superior than the Australian greenhouse product, as the New Zealand technology and production methods are more professional.

New Zealand exported 247 tonnes of tomatoes (F.O.B. value NZ $ 767,340) in 1998. Major exports were to French Polynesia (58%), Australia (24%), Fiji (6%), Hong Kong (3%), New Caledonia (2.7%), Wallis and Futuna Islands (2.3%) and Japan (0.9%). Though New Zealand has access to the Japanese, Taiwanese and American markets (as they do not have the fruit fly), exports to these countries is marginal.

Opportunity for Australia :

New Zealand is Australia's largest export market for fresh tomatoes. Exports of the product grew from 132 tonnes in 1989 to 2,703 tonnes in 1998. Shipments are sent by sea, as well as by air. Sailing time by sea is approx. 4 days. In terms of imports, Australia has almost 100% share of the market, with insignificant imports from Tonga. However, Australia does face strong competition from local product. The feedback we received from a large international retail chain and from a senior official of the Fresh Tomato Sector, New Zealand Vegetable and Potato Growers' Federation Inc., was that the quality of product imported from Australia ranged from ordinary to poor. Inconsistency in grading, small size of fruit, short shelf life, low in flavour and diseased fruit were some of the problems pointed out. Moreover, slowly New Zealand is increasing its capacity to produce glasshouse tomatoes, which are replacing imported Australian tomatoes, and thus giving Australia a declining share in the market. Holland has also recently applied to MAFF, New Zealand, requesting market access for their tomatoes into New Zealand. Once that is granted,

competition would intensify in the market place. In order to retain and grow share in this market, Australia shall have to start building its reputation again as a supplier of quality tomatoes, with consistency in grading, supply and pricing to the buyers.

Hong Kong

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	32	30	-6.25	
Processing	Nil	Nil		
Fresh Mkt	32	30	-6.25	
Import Fresh	3,797	3,280	-13.62	1.21
Export Fresh	378	185	-51.06	0.43
Total Dom. Mkt. Fresh	3,451	3,125	-9.45	
	Per Capita Consumption'97		0.46 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.

Major Suppliers : Australia (37%), China (35%), U.S.A. (15%), Netherlands (8%) and Thailand (4%)

Exports from Australia to Hong Kong in 1998 : 284 tonnes (A$ 0.54 million F.O.B.)

Growth in exports from Australia : to Hong Kong (1997 – 1998) -57%

Quarantine policy and other food safety regulations : Permitted with no special requirement.

Import duty : Duty free

Quota : No quota

Market information : Please see section 7.2 for detailed information on this market.

Opportunity for Australia : It is the third largest export market for Australia, after New Zealand and Singapore. Exports of fresh tomatoes from Australia to Hong Kong grew from 172 tonnes in 1989 to 284 tonnes in 1998. Australia faces competition from China, Zimbabwe, U.S.A., Netherlands and Thailand in this market. There are opportunities for Australia to improve market share by benchmarking its quality and packaging etc. against the Dutch product, without charging premium prices. Moreover, sea freighting the product (once technology is developed by Australia) can further improve the price competitiveness of the product. U.S. is using specially developed cooling techniques for sea freighting their tomatoes to Hong Kong and the transit time is about 8-10 days. The current air freight rate ex Bris./Melb. to Hong Kong is A$ 0.80/kg.

Japan

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	796,400	779,800	-2.08	
Processing	72,000	67,000		
Fresh Mkt	724,400	712,800	-1.60	
Import Fresh	502	977	94.62	3.39
Export Fresh	15	Not avail.		
Total Dom. Mkt. Fresh	724,887			
	Per Capita Consumption'96		5.73 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.

Major Suppliers : South Korea (49.7%), Netherlands (28%), U.S.A (22%), Canada (0.08%) and New Zealand (0.07%)

Exports from Australia to Japan in 1998 : 12 tonnes (A$ 62,350 F.O.B.)

Growth in exports from Australia : to Japan (1997 – 1998) 10%

Quarantine policy and other food safety regulations : Permitted only from Tasmania. Prohibited from mainland Australia. The Horticulture Industry Market Access Committee (HIMAC) has tomatoes on their list for pursuing access into Japan. The issue is variety related (in terms of resistance to diseases and pests). HIMAC has approached Japan to initiate a pest risk assessment. Japan recently came back to the HIMAC after conducting a preliminary PRA and has identified TBM, Qld. fruit fly and Med. fruit fly as the issues with Australian tomatoes. The HIMAC now would need to go back to Japan with information on how Australia would be controlling these pests. Access based on area freedom is also being pursued with Japan. Production in glasshouses and in other areas such as Sunraysia, Riverland and Riverina in Victoria and N.S.W. could qualify as regions free of fruit flies. HIMAC advised that it is waiting for the "Low Cost Heat Treatment" to be ready with experimental results etc. before it can go back to Japan with more information. It may take 2 years or longer before access may be granted by Japan.

Import duty : 3.7% on CIF value + 5% VAT on the duty paid value

Quota : No quota

Market information :

According to Asiafruit magazine (July/Aug.'96), Japan is the world's largest cherry or "mini" tomato market. "Mini tomatoes" are sold in Japanese supermarkets and used in foodservice throughout the country. The cherry tomato varieties most popular in Japan are "Mini Carol" from Sakata seeds, "Super Sun Cherry" and "Sun Cherry Extra". The latter varieties have high resistance to disease and have good colour and flavour.

The Dutch were granted access into the Japanese market in the early 1990s and introduced their truss tomatoes (tomatoes-on-the-vine) in early 1996. Certain varieties of U.S. tomatoes were granted access into Japan in April 1997 and in May this year, the Japanese MAFF completely lifted the varietal restrictions on U.S. grown fresh market tomatoes. The target market has been the foodservice sector. Tomato growers in Holland, Canada, Korea and Australia (Tasmania) are all competing with the United States for a share of the Japanese market. Access was granted to Tasmanian product in late 1996 after many trials and tests.

The local production season in Japan peaks over the summer months, from May to September. The leading fresh tomato variety in Japan is the locally produced "Momo taro". It has been in production for 15 years and dominates the domestic market. The preferred Japanese varieties tend to be pinker rather than true red and sweeter than the current Australian varieties and hence one idea would be to test a number of Japanese varieties in our production houses to select the most suitable ones and determine ideal production blueprints for the Australian conditions.

While the U.S. exporters agree that opportunities in Japan have definite potential, shipments are hampered by transit times. It takes between 16-17 days to ship from Florida to Asia. Shelf life is used up on the ocean. Unless airfreight costs come down dramatically, it seems that the vast majority of product will continue to be sea freighted, at a great expense for traders. Lack of adequate storage facilities for tomatoes in Japan could also be a problem. Domestic product is often picked and consumed within 3-4 days. With US tomatoes already on the water for a couple of weeks, product needs to be repacked and stored as quickly and efficiently as possible.

Opportunity for Australia :

Once access is granted to Australian mainland tomatoes, the market should offer a good potential export destination for our product. However, since major producers such as Holland and U.S.A. have already been granted access much before us, Australia shall have to face tough competition from both local and imported product when it does get access. Imports from South Korea also would have an advantage over Australia due to the geographical proximity Korea has to Japan. Korea exports tomatoes to

Japan by sea, which takes about 12-13 hours from Korean ports to Japanese ports by ship, and 3-4 days from Korean farmers to Japanese consumers.

Philippines

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	162,644	166,353	2.28	
Processing*	66,000	52,000		
Fresh Mkt	96,644	114,353	18.32	
Import Fresh	1	43	4200.00	0.60
Export Fresh	4	1	-75.00	
Total Dom. Mkt. Fresh	96,641	114,395	18.37	
	Per Capita Consumption'97		1.55 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.

Major Suppliers : Very small quantities through Singapore (country of origin unknown)

Exports from Australia to Philippines in 1998 : Nil, 12 tonnes (A$ 23,733 F.O.B.) in 1997

Quarantine policy and other food safety regulations : Prohibited due to fruit flies.

Import duty : 20% on CIF value

Quota : No quota

Market information : According to "Export Market Opportunities For Quarantine Restricted Qld. Fruit & Vegetables" by Francene Brown, June 1995, Philippines produces tomatoes all the year round. Popular varieties cultivated are "Marikit", "Marilag" and "Maigaya". Imports have been minimal and the local production seems to be declining, although it is doing so from a high base figure.

Opportunity for Australia : Australia does not have market access due to quarantine restrictions. Since the product is not on the list of the Horticulture Industry Market Access Committee for pursuing access for tomatoes into the Philippines, it does not appear to be a potential market in the short / medium term. Moreover, the crisis in S.E. Asia had an adverse impact on the Philippines economy and though the recovery is expected in the future, it would be a slow process. If the market opens up in the long term, there may be niche market opportunities in the tourist hotels and salad bars. Estimating the volume and value of such a market would require further research.

South Africa

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	451,622	444,837	-1.50	
Processing	180,000	170,000		
Fresh Mkt	271,622	274,837	1.18	
Import Fresh	16	37	131.25	0.51
Export Fresh	4,149	5,113	23.23	0.23
Total Dom. Mkt. Fresh	267,489	269,761	0.85	
	Per Capita Consumption'97		6.02 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.

Major Suppliers : Information not available.

Imports from Australia to South Africa in 1998 : Nil

Quarantine policy and other food safety regulations : Prohibited due to requirement of country freedom from Qld. fruit fly. Area freedom status not acceptable.

Import duty : 15% on FOB value + 14% VAT

Quota : No quota

Market information : Not available.

Opportunity for Australia : Australia does not have market access due to quarantine restrictions. Since the product is not on the list of the Horticulture Industry Market Access Committee for pursuing access for tomatoes into South Africa, it does not appear to be a potential market in the short / medium term. Moreover, South Africa has a fairly large local production in the same season as Australia and the airfreight from Australia (ex Melb./Bris. A$ 1.98 – 3/kg) would make the product uncompetitive in the destination country.

China

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	15,537,394	16,387,394	5.47	
Processing	610,000	480,000		
Fresh Mkt	14,927,394	15,907,394	6.57	
Import Fresh	17	19	11.76	1.00
Export Fresh	18,294	28,444	55.48	0.21
Total Dom. Mkt. Fresh	14,909,117	15,878,969	6.51	
	Per Capita Consumption'97		12.66 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.

Major Suppliers : Information not available.

Exports from Australia to China in 1998 : Nil

Quarantine policy and other food safety regulations : Prohibited. Exports allowed to the hotel trade only in small quantities.
China is not a member of the WTO as yet and there is likelihood of it becoming a member in the upcoming WTO meeting in Seattle. Upon China's entry to the WTO, there would be greater pressure on the country to follow the regulations regarding opening up its market.

Import duty : 13% on CIF value + 13% VAT on duty paid value

Quota : Information not available.

Market information : Not available.

Opportunity for Australia : Australia does not have market access due to quarantine restrictions. Since the product is not on the list of the Horticulture Industry Market Access Committee for pursuing access for tomatoes into China, it does not appear to be a potential market in the short / medium term. However, China upcoming membership possibility into the WTO, should offer opportunities for greater market access. China itself has a large local production base for tomatoes, having the largest tomato crop volume in the world. Australian tomatoes are thought to be entering China (illegally) through Hong Kong.

Taiwan

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production		118,818		
Processing	24,000	13,000		
Fresh Mkt		105,818		
Import Fresh	13	14	Not avail.	
Export Fresh		0	Not avail.	
Total Dom. Mkt. Fresh		105,832		
	Per Capita Consumption'97		4.83 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. FAO data not available for Taiwan due to political reasons

Major Suppliers : Israel (68.70%), Philippines (16.5%), Netherlands (8.60) and U.S.A. (6%)

Exports from Australia to Taiwan in 1998 : Nil, 9.9 tonnes (A$ 23,760 F.O.B.) in 1996

Quarantine policy and other food safety regulations : Restricted. According to the latest information received from the Bureau of Animal and Plant Health Inspection and Quarantine, Taiwan, since Med. fruit fly is known to occur in Australia, the fresh tomato consignments should be treated by one of the following schedules during transportation. It is required to keep the treating temperature until inspected by the Taiwanese inspector at the port of entry :

a) 32 °F (0°C) no less than 12 days or
b) 35° F (1.9°C) no less than 14 days or
c) 38°F (2.11°C) no less than 18 days.

Besides, a PC issued by AQIS at origin stating that the fresh tomatoes have been inspected and found free of Med. fruit fly, Potato tuber moth and Qld. fruit fly is required. The tomato consignment is not allowed to be trans-shipped through the countries or districts where the above mentioned quarantine pests are known to occur unless the consignment is transported by sealed container or carton with a screen of 1.6mm meshes on holes (if any).

Import duty : 10% on CIF value

Quota : No quota

Market information : Taiwan has a local production base of tomatoes. According to the Department of Agriculture-Statistics Office, Taiwan, the country produced a tomato crop of 96,875 tonnes in 1998. Local production occurs all the year round. As

mentioned in the "Export Market Opportunities For Quarantine Restricted Qld. Fruit & Vegetables" by Francene Brown and Jim Breinl, April 1995, there are three main production periods – Oct. to Dec. (known as winter crop), Jan. to April (known as 1st crop) and May to Sept. (known as 2nd crop). There are two main types of tomatoes grown locally : "Fanquie" (or normal type) and "Xiaofanqui" (or cherry/cocktail/mini tomato).

The is also competition from imports from Israel, Philippines, Netherlands and U.S.A., as per import by country of origin figures for 1997.

Opportunity for Australia :

Quarantine restrictions block market access to Australian product. Moreover, the prescribed cold treatment is not feasible for tomatoes. Once access is granted to Australian mainland tomatoes into Japan, Taiwan with similar restrictions may also grant access to Australian product. Secondly, Taiwan is awaiting membership into the WTO and there appears to be a possibility of its entry after China's accession to the same. Once the market opens up to Australian tomatoes, it should offer a good potential export destination for our product. However, since major producers such as Israel, Netherlands and U.S.A. have already begun exporting to Taiwan, Australia shall have to face tough competition from both local and imported product when it does get entry. Opportunities may exist for supplying to five star hotels, salad bars and the increasing number of sophisticated chain stores in Taiwan.

South Korea (Republic of Korea)

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	222,943	189,000	-15.22	
Processing	Nil	Nil		
Fresh Mkt	222,943	189,000	-15.22	
Import Fresh	Not avail.	Not avail.		
Export Fresh	306	495	61.76	2.69
Total Dom. Mkt. Fresh				
	Per Capita Consumption'97		4.05 kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.

Major Suppliers : Information not available.

Exports from Australia to South Korea in 1998 : Nil

Quarantine policy and other food safety regulations : Prohibited due to fruit fly and TBM. Access has to be negotiated.

Import duty : 47.5% on CIF value + 10% VAT on the duty paid value

Quota : No quota

Market information : According to "Export Market Opportunities For Quarantine Restricted Tomatoes to the Republic of Korea" by Cecelia Kelly, Marketing and Trade Services, Department of Primary Industries, April 1998, the domestic market for tomatoes is supplied solely by Korean production, with scant imports. The majority of tomatoes produced are grown in the field with approx. 11% being grown in greenhouses. Greenhouse production makes year round supply possible. Greenhouse tomatoes are of a far higher quality than field grown tomatoes in terms of flavour, size and appearance, commanding a higher price. Field tomatoes are cultivated from May to July. Popular tomato varieties include "mini-tomato", "truss", "recento" and "momo-taro".

The country exports fresh tomatoes mainly to Japan. According to "Tomato Exports to Japan in 1998" by W.L. Brant, USDA Attache Query Detail, Korea exported 3,063 tonnes of tomatoes valued at more than US$ 6.8 million in 1998, mainly to Japan. This is an increase by 519% based on volume and 409% based on value from a year ago. This briskness in Korea's tomato exports was attributable to the

devaluation of local currency in the international market, Korean economic situation, inclement weather conditions in Japan etc. However, Korea is not anticipated to see brisk tomato exports again in the future years, although Korean farmers and traders show strong willingness to maintain their sales outlet in overseas markets. The Korean government provides financial support for tomato exporters based on export performance – one year loan at 5% interest covering 70% of export amount.

Opportunity for Australia :

Quarantine restrictions block market access to Australian product. Once access is granted to Australian mainland tomatoes into Japan, South Korea with similar restrictions may also grant access to Australian product. South Korea is currently on the list of the Horticulture Industry Market Access Committee for pursuing access for Australian tomatoes into Korea. Once the market opens up to Australian tomatoes, it should offer niche market opportunities for our product, mainly in tourist hotels and salad bars. Estimating the volume and value of such a market would require further research.

India

Parameters	Vol. 1996 M.Tonnes	Vol. 1997 M.Tonnes	%Change	Avg.Price/kg (US$) 1997
Total Production	5,300,000	5,300,000	0.00	
Processing	85,000	100,000		
Fresh Mkt	5,215,000	5,200,000	-0.29	
Import Fresh	0	0	0.00	
Export Fresh	690	690	0.00	0.17
Total Dom. Mkt. Fresh	5,214,310	5,199,310	-0.29	
	Per Capita Consumption'97		5.31kg	

Note :
1. Fresh Mkt – Calculated as (Total Production – Processing)
2. Total Domestic Market Fresh – Calculated as (Fresh Mkt + Import Fresh) – Export Fresh
3. Export price is f.o.b. and import price is c.i.f.

Major Suppliers : None

Exports from Australia to India in 1998 : Nil

Quarantine policy and other food safety regulations : If more than 2 kgs, only permitted with an Import Permit (IP) and Phytosanitary Certificate (PC), provided certain specified pests and diseases are not present in Australia. Some of the pests and diseases mentioned are certain fungi and nematodes (present in Vic. and W.A.).
Moreover, the current import regulations do not permit entry of the product for import and sale in the open market. The recently released list (in April'99) of food products (including fresh fruits and vegetables) allowed to be imported into India, does not include fresh tomatoes. Upon discussions with the AHC regarding possibility of the market opening up for tomatoes, AHC had no information on the same from the Indian government or otherwise.

Import duty : 15% on CIF value + import surcharge of 10% on duty + special additional duty of 4% on the total duty paid value

Quota : Information not available.

Market information : The country has a large local production base. In Northern India tomatoes are grown both in autumn and spring seasons. On the hills, only one crop is grown. Seedlings with 5-6 true leaves may be transplanted for the autumn crop in July-August and for the spring crop in Jan.-Feb. New varieties such as "Pusa Sadabahar" can be grown throughout the year. There are more than 200 recognised varieties under cultivation in India. Some of the new developments in tomato production in India include soil less culture, greenhouse cultivation, hybrid varieties

development and hybrid seed production involving emasulation and hand pollination, staking/plant support to promote fruiting and reduce sunscald, fruit rot and crop improvement/breeding for increased shelf life, long fruiting period etc. Source : National Seed Corporation and Indian Agriculture Research Institute, New Delhi.

Imports are prohibited by the Indian government. Tomatoes are mainly used for cooking by the Indian people, with very small quantity consumed as fresh in salads etc. There is also a small but growing tomato processing industry in the country.

Opportunity for Australia :

Currently entry prohibited due to quarantine reasons and import regulations. Moreover, the distance (high airfreight from Australia) and the insufficient infrastructure for transportation, handling and storage of fresh produce indicates limited opportunities. The locally produced fruit is very competitively priced. There may be niche market opportunities for sale to five star hotels and upcoming international fast food chains, if access is granted in the future. However, more research would be required to confirm that.

Appendix 3 List of people interviewed / consulted for this study

Personnel in Australia

1. Mr Kim James
   Program Manager
   HRDC, WA

2. Mr. Ross Wall
   Secretary Fresh Tomato Industry Development Council;
   Member of Victoria Agriculture Business Initiative Team and
   Senior Marketing Officer, DNRE, Victoria

3. Mr. Peter Pearce
   Executive Officer
   Queensland Fruit & Vegetable Growers, Brisbane

4. Mr. Ray Holland
   Sales Manager
   Irrotrol Systems

5. Mr. Bill Ashcroft
   DNRE Section Leader
   Vegetables & Viticulture, Victoria

6. Mr. Roger Ashburner
   Senior Vegetable Agronomist, Victoria

7. Mr. Frank Rossignuolo
   President
   Northern Victoria Fresh Tomato Industry Development Council

8. Mr. Tony Mercuri
   Tomato grower and exporter, Victoria

9. Mr. Ilhan Tanrikula
   Tomato grower and exporter, Victoria

10. Mr. Joe Vraca
    Tomato grower and exporter, Victoria

11. Ms. Margy Milgate
    Market Development Officer
    Queensland Fruit & Vegetable Growers, Brisbane

12. Mr. Tony Walsh
    Australian Manager
    Market Gardeners Limited (exporter)
    Brisbane

13. Mr. Bob Eiseman
Principal Policy Officer
Horticulture Industry Services
QDPI, Brisbane

14. Mr. Peter Smith
Senior Rural Trade Officer
QDPI, Brisbane

15. Mr. Michael Dyash
Manager, Industry Market Development
Queensland Horticulture Institute
QDPI, Cairns

16. Mr. Glyn Parry
Director
Carter & Spencer Group (exporter)
Brisbane

17. Mr. Simon Wills
Marketing Officer
New Markets Project
Rural Market Development
QDPI, Brisbane

18. Ms. Robyn Ekstrom
Marketing Officer
Rural Market Development
QDPI, Brisbane

19. Mr. Ross Wright
Senior Horticulturalist
North Region, QDPI

20. Mr. Dale Williams
Chair of Bowen Grower Group

21. Mr. Phil Anning
Principal Extension Horticulturalist
Bowen Research Station

22. Ms. Sandra Eatough
Grower, Bowen

23. Mr. Derrick Mayne
Burdekin Bowen Export Partnership Co-ordinator

24. Mr. Andrew Wilcox
Grower, Bowen

25. Mr. Andrew Philip & Mr. Dave Ryan
Grower, Bundaberg

26. Mr. David Depra
Hydroponic grower, Bundaberg

27. Mr. Neville Wilcox
Grower, Bowen

28. Ms. Judy Greenville
Queensland Burnett Food Alliance

29. Mr. Matthew Magin
Principal State Development Officer
Department of State Development
Queensland

30. Mr. Bruce McGrath
Rural Industries Business Services
QDPI

31. Mr. Vic Haseloff
State Manager Victoria
Hellmann Perishable Logistics (freight forwarder)
Melbourne

32. Ms. Veronica Robinson
Air Export International (freight forwarder)
Brisbane

33. Ms. Christine Nash
Sea freight Manager
Fritz Flyway (freight forwarder)
Sydney

34. Dr. Barry McGlasson
Adjunct Professor
Postharvest Horticulture
UWS Hawkesbury
N.S.W.

35. Mr. Peter McPherson
Export Manager
Chiquita Brands South Pacific

36. Mr. Peter Hansford
Director
DNRE Agribusiness Unit, Victoria

37. Mr. Peter McGee
Sundown Foods
Knoxfield, Victoria

38. Mr. Ross Clarke
Market Development Officer – North Asia
DNRE, Victoria

39. Mr. Russell Sully
Manager – Industry Development
DNRE, Victoria

40. Mr. David Holman
John Holman (exporter)
Melbourne Markets

41. Mr. Geoffrey Goon
Managing Director
R.J. Goon & Sons (exporter)
Sydney Markets

42. Mr. Geoffrey Hagarty
Australian Food and Produce Company (exporter)
Sydney Markets

43. Mr. Hugh Molloy
Export Manager
Antico International
Sydney Markets

44. Mr. Bryan Balmer
Senior Market Development Officer – South East Asia
DNRE, Victoria

45. Mr. Tom Pennell
Austrade Hotline
Melbourne

46. Dr. Indranee Liyanage
Senior Professional Officer
Plant Quarantine Policy Branch
AQIS, Canberra

47. Ms. Lois Ransom
Senior Manager
Horticulture Market Access
Plant Quarantine Policy Branch
AQIS, Canberra

48. Mr. Fred Lloyd
Export Facilitator
AQIS, N.S.W.

Personnel Overseas

Names of personnel contacted in overseas markets have been withheld, as the information supplied by them was given "in confidence".

49. Thrifty Foods (supermarkets)
B.C., Canada

50. Alpha One Produce Ltd. (wholesaler)
B.C., Canada

51. Golden Truly Supermarket
Jakarta, Indonesia

52. Fairwood Holding Ltd. (fast-food chain)
Hong Kong

53. Makro Cash & Carry Dist. (M) Sdn. Bhd.
Malaysia

54. The Club Store
Jakarta, Indonesia

55. Hero Supermarkets
Jakarta, Indonesia

56. Al Maya Lal's Group of Companies
Dubai, U.A.E.

57. Makro Cash & Carry
Indonesia

58. Davison Orchards & Farm Market (grower)
B.C., Canada

59. Jusco Stores (HK) Ltd.
Hong Kong

60. P.K. Trading Limited (importer of fresh vegetables)
Vancouver, Canada

62. P.T. Salitrosa Aus Asia (importer of fresh produce)
Jakarta, Indonesia

63. Park n' Shop
Hong Kong

64. Royal Ahold (Tops) Retail Sdn. Bhd.
Malaysia

65. Barakat Vegetable and Fruit (importer)
Dubai, U.A.E.

66. Giant TMC Bhd. (supermarkets)
Malaysia

67. Etak International Ltd. (importer)
Hong Kong

68. Jaya Jusco Stores Berhad
Malaysia

69. New Zealand Vegetable and Potato Growers' Federation Inc.

70. Overwaitea Food Group
B.C., Canada

71. Cold Storage (supermarkets)
Singapore

72. NTUC Fair Price Co-operative Ltd.
Singapore

73. Shop n' Save
Singapore

74. Wholesaler and Secretary,
Singapore Fruit and Vegetable Importers and Exporters Association

75. Dairy Farm Group
Global Procurement Division
Flemington Market, Sydney

76. Royal Ahold Asia Pacific, Singapore

77. Mr. Pankaj Savara
Business Development Manager
Austrade office
Dubai, U.A.E.

78. Mr. K.M. Cheng
Senior Business Development Adviser
Austrade, Malaysia

79. Mr. Karel Stastny
Senior Business Development Officer
Austrade, Czech Republic

80. Ms. Rachel Hibberd
Austrade, London

Appendix 4

EXPORT OF TOMATOES, FRESH OR CHILLED

	CAL YR 1989			CAL YR 1990			CAL YR 1991			CAL YR 1992			CAL YR 1993		
	Kg	$'000	$/Kg	Kg	$'000	$/Kg	Kg	$'000	$/Kg	Kg	$'000	$/Kg	Kg	$'000	$/Kg
New Zealand	132,471	$325	$2.46	965,635	$1,557	$1.61	1,768,870	$2,820	$1.59	2,398,577	$3,082	$1.28	2,557,706	$3,866	$1.51
Singapore	442,155	$655	$1.48	567,010	$737	$1.30	1,253,047	$1,239	$0.99	880,647	$929	$1.06	1,202,313	$1,295	$1.08
Hong Kong	172,588	$496	$2.87	129,097	$401	$3.11	443,256	$735	$1.66	860,417	$1,335	$1.55	1,126,759	$1,961	$1.74
Indonesia	13,475	$40	$2.95	16,413	$39	$2.41	19,900	$55	$2.75	44,300	$122	$2.75	65,300	$166	$2.55
Malaysia				1,910	$4	$1.98	8,611	$9	$1.02				8,565	$8	$0.96
Brunei	4,825	$15	$3.13	13,656	$44	$3.22	2,970	$9	$3.14	1,275	$3	$2.19	402	$2	$3.92
Japan	137,892	$796	$5.77												
Fr Polynesia	6,985	$12	$1.66	36,000	$78	$2.16	42,661	$65	$1.53	11,485	$19	$1.66	1,700	$3	$1.55
Fiji	14,149	$19	$1.34	50,672	$82	$1.62	40,559	$66	$1.63	18,060	$22	$1.24	38,350	$54	$1.42
PNG	6,370	$18	$2.78	224	$1	$4.96	24,386	$22	$0.91	5,797	$11	$1.94			
N Caledonia	114,776	$226	$1.97	83,065	$201	$2.41	30,804	$63	$2.04	27,534	$51	$1.86	1,600	$4	$2.23
USA															
Philippines	36,853	$78	$2.12	1,500	$3	$1.73									
Saudi Arabia															
Thailand															
UAE															
Vanuatu	740	$2	$3.04	600	$2	$2.93	960	$1	$1.33	1,493	$3	$1.82	2,874	$6	$2.09
Netherlands															
Kuwait															
Taiwan										4,200	$4	$0.95	4,350	$6	$1.26
Canada				56,850	$57	$1.01									
Samoa (US)	12,114	$30	$2.49	5,383	$13	$2.34									
Seychelles				30,000	$18	$0.60									
Ship & Aircraft	6,372	$12	$1.91	7,740	$14	$1.82	1,810	$3	$1.70						
Other	4,601	$13	$2.72	1,300	$1	$1.13							2,192	$6	$2.83
Totals	**1,106,366**	**$2,736**	**$2.47**	**1,967,055**	**$3,252**	**$1.65**	**3,637,834**	**$5,087**	**$1.40**	**4,253,785**	**$5,581**	**$1.31**	**5,012,111**	**$7,376**	**$1.47**

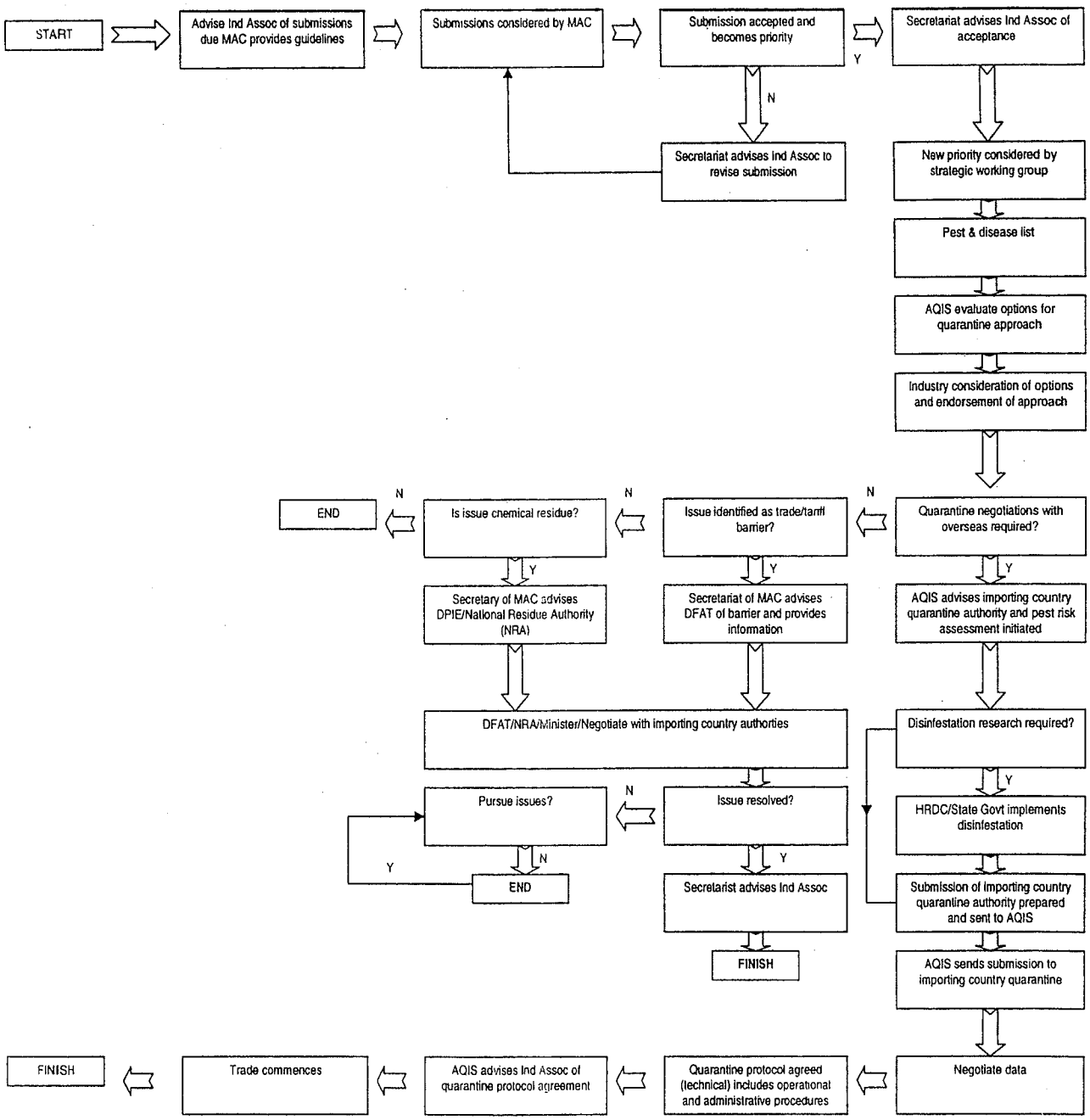
Appendix 4

EXPORTS OF TOMATOES, FRESH OR CHILLED

	CAL YR 1994			CAL YR 1995			CAL YR 1996			CAL YR 1997			CAL YR 1998		
	Kg	$'000	$/Kg	Kg	$'000	$/Kg	Kg	$'000	$/Kg	Kg	$'000	$/Kg	Kg	$'000	$/Kg
New Zealand	3,111,179	$4,491	$1.44	3,391,269	$6,322	$1.86	3,607,364	$6,398	$1.77	3,687,056	$5,096	$1.38	2,703,167	$4,653	$1.72
Singapore	1,566,424	$1,787	$1.14	884,571	$1,324	$1.50	605,900	$808	$1.33	1,953,594	$1,983	$1.02	1,369,223	$1,658	$1.21
Hong Kong	1,140,958	$2,010	$1.76	803,497	$1,699	$2.11	791,497	$1,632	$2.06	667,857	$1,084	$1.62	284,519	$548	$1.93
Indonesia	88,115	$194	$2.20	76,371	$223	$2.92	86,075	$248	$2.88	103,321	$258	$2.50	71,079	$221	$3.11
Malaysia	12,800	$30	$2.35	1,400	$3	$2.14	1,310	$3	$2.12	8,641	$9	$1.00	57,459	$79	$1.38
Brunei	300	$1	$2.50	1,736	$4	$2.53	34,486	$59	$1.71	36,333	$81	$2.24	20,889	$62	$2.99
Japan				1,400	$2	$1.38	126	$2	$14.29	11,301	$73	$6.49	12,451	$62	$5.01
Fr Polynesia	2,110	$8	$3.80	800	$2	$2.32							6,006	$18	$3.05
Fiji	53,371	$59	$1.11	46,093	$80	$1.73	61,385	$87	$1.42	61,927	$87	$1.40	5,378	$13	$2.38
PNG				1,780	$4	$2.31	300	$1	$2.00	550	$1	$2.21	2,580	$6	$2.19
N Caledonia	2,680	$7	$2.68	10,219	$24	$2.36	94,265	$202	$2.14	40,431	$100	$2.46	930	$2	$2.46
USA	4,500	$7	$1.57							162	$2	$9.54	776	$9	$11.75
Philippines				400	$1	$2.50	8,783	$22	$2.52	12,295	$24	$1.93			
Saudi Arabia				1,000	$6	$5.50	4,000	$8	$2.00	11,000	$22	$2.00			
Thailand							11,765	$14	$1.21	8,989	$11	$1.19			
UAE							375	$1	$3.27	4,300	$8	$1.79			
Vanuatu	500	$1	$2.45	1,220	$3	$2.67	900	$2	$2.40	3,828	$3	$0.70			
Netherlands										3,590	$17	$4.74			
Kuwait										2,391	$14	$5.72			
Taiwan				1,440	$2	$1.60	9,900	$24	$2.40						
Canada															
Samoa (US)															
Seychelles															
Ship & Aircraft															
Other	300	$1	$2.33	1,759	$6	$3.28	1,160	$9	$7.71	2,530	$14	$5.44			
Totals	**5,983,237**	**$8,596**	**$1.44**	**5,224,955**	**$9,704**	**$1.86**	**5,319,591**	**$9,520**	**$1.79**	**6,620,096**	**$8,886**	**$1.34**	**4,534,457**	**$7,332**	**$1.62**

Source Australian Bureau of Statistics

Appendix 5 THE PATHWAY TO MARKET ACCESS



EC Marketing Standards for Tomatoes

REGULATION 778/83 AMENDED BY REGULATIONS 1657/92 AND 888/97

I. DEFINITION OF PRODUCE

This standard applies to tomatoes of the varieties (cultivars) grown from Lycopersicum esculentum Mill, to be supplied fresh to the consumer, tomatoes for industrial processing being excluded.

Tomatoes may be classified into three commercial types, according to shape:

- 'round' (ie of spherical type, including 'cherry' tomatoes),
- 'ribbed',
- 'oblong' (or 'elongated').

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II.PROVISIONS CONCERNING QUALITY

Minimum Requirements, 'Extra' Class, Class I, Class II.

The purpose of the standard is to define the quality requirements for tomatoes after preparation and packaging.

A. Minimum requirements

In all classes, subject to the special provisions for each class and the tolerances allowed, the tomatoes must be:

- intact,
- fresh-looking,
- sound, produce affected by rotting or deterioration such as to make it unfit for consumption is excluded,
- clean, practically free of any visible foreign matter,
- free of abnormal external moisture,

- free of any foreign smell and/or taste.

The development and condition of the tomatoes must be such as to enable them:

- to withstand transport and handling, and
- to arrive in satisfactory condition at the place of destination.

B. Classification

'Extra' Class, Class I, Class II.

The tomatoes are classified into the three classes defined below:

(i) 'Extra' Class

<

Tomatoes in this class must be of superior quality. They must have firm flesh and have the characteristics typical of the variety as regards shape, appearance and development.

Their colouring, depending on their state of ripeness, must satisfy the requirements set out in the last sub-paragraph of paragraph A above.

The tomatoes must be free from 'green backs' and other defects, except for very slight superficial defects, provided this affects neither the quality nor the general appearance of the produce, nor the general presentation in the package.

See Tolerances

(ii) Class I

Tomatoes in this class must be of good quality, reasonably firm and have the characteristics typical of the variety.

They must be free of unhealed cracks and visible 'green backs'.

The tomatoes may show the following slight defects provided they do not affect the general appearance, quality, conservation or presentation of the product:

- slight defect in shape and development,
- slight defect in colouring,
- slight skin defects,
- very slight bruises.

Furthermore 'ribbed' tomatoes may show:

- healed cracks not more than 1 cm long,
- no excessive deformations,
- small umbilicus, but no suberisation,

- suberisation of the stigma up to 1 cm2,
- fine blossom scar in elongated form (like a seam), but not longer than two-thirds of the greatest diameter of the fruit.

See Tolerances

(iii) Class II

This class includes tomatoes which do not quality for inclusion in the higher classes, but satisfy the minimum requirements specified above.

The tomatoes must be reasonably firm and must not show unhealed cracks.

The tomatoes may show the following slight defects provided they retain their basic characteristics as regards quality and presentation:

- defects in shape, development and colouring,
- skin defects or bruises, provided the fruit is not seriously affected,
- healed cracks not more than 3 cm in length.

Furthermore 'ribbed' tomatoes may show:

- more marked deformations than allowed under Class I, but without being mis-shapen,
- umbilicus,
- suberisation of the stigma up to 2 cm2,
- fine blossom scar in elongated form (like a seam).

See Tolerances

III. PROVISIONS CONCERNING SIZING

A. Minimum size, B. Sizing scale

Sizing is determined by the maximum diameter of the equatorial section. The following provisions shall not apply to 'cherry' tomatoes.

A. Minimum size

For tomatoes classified in the 'Extra' Class and Classes I and II, the minimum size is set at:

- for 'round' and 'ribbed' tomatoes: 35 mm,
- for 'oblong' tomatoes: 30 mm.

888/97

B. Sizing scale

The following sizing scale has been adopted:

- 30 mm and over but under 35 mm(1) Only for 'Oblong' tomatoes
- 35 mm and over but under 40 mm
- 40 mm and over but under 47 mm
- 47 mm and over but under 57 mm
- 57 mm and over but under 67 mm
- 67 mm and over but under 82 mm
- 82 mm and over but under 102 mm
- 102 mm and over.

Observance of sizing scale is compulsory for 'Extra' Class and Class I tomatoes.

See Size Tolerances

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IV.PROVISIONS CONCERNING TOLERANCES

Tolerances in respect of quality and size shall be allowed in each package for produce not satisfying the requirements for the class indicated.

A. Quality tolerances

(i) 'Extra' Class

5% by number or weight of tomatoes not satisfying the requirements for the class, but meeting those for Class I or, exceptionally, coming within the tolerances for that class.

(ii) Class I

10% by number or weight of tomatoes not satisfying the requirements for the class, but meeting those for Class II or, exceptionally, coming within the tolerances for that class.

(iii) Class II

10% by number or weight of tomatoes satisfying neither the requirements for the class nor the minimum requirements, with the exception of produce affected by rotting, pronounced bruising or any other deterioration rendering it unfit for consumption.

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B. Size tolerances

For all classes, 10% by number or weight of tomatoes conforming to the size immediately below and/or above that specified, with a minimum of 33 mm for 'round' and 'ribbed' tomatoes, and 28 mm for 'oblong' tomatoes in the 'Extra' Class and Classes I and II.

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V. PROVISIONS CONCERNING PRESENTATION

A. Uniformity B. Packaging

A. Uniformity

The contents of each package must be uniform and contain only tomatoes of the same origin, variety or commercial type, quality and size (if the produce has to be sized).

The ripeness and colouring of tomatoes in the 'Extra' Class and Class I must be practically uniform. In addition, the length of 'oblong' tomatoes must be sufficiently uniform.

The visible part of the contents of each package must be representative of the entire contents.

B. Packaging

The tomatoes must be packed in such a way as to protect the produce properly.

The materials used inside the package must be new, clean and of a quality such as to avoid causing any external or internal damage to the produce.

The use of materials and particularly of paper or stamps bearing trade specifications is allowed provided that the printing or labelling has been done with a non-toxic ink or glue.

Paragraph deleted by 1657/92.

The packages must be free from all foreign matter.

VI. PROVISIONS CONCERNING MARKING

Each package must bear the following particulars in letters grouped on the same side, legibly and indelibly marked and visible from the outside.

A. Identification

Packer and/or Dispatcher: Name and address or officially issued or accepted code mark. However, in the case where a code mark is used, the reference "packer and/or dispatcher (or equivalent abbreviations)" has to be indicated in close connection with the code mark.

B. Nature of produce

888/97 - 'Tomatoes' and the commercial type, if the contents are not visible from the outside. These details must always be provided for 'cherry' tomatoes and for Class II tomatoes:

- grown under protection (glass or plastic) and of a size between 20 and 35 mm,
- 'oblong', and of a size between 20 and 30 mm.
- Name of variety (optional).

C. Origin of produce

Country of origin and, optionally, district where grown or national, regional or local place name.

D. Commercial specifications

- Class.
- When sized, size expressed as minimum and maximum diameters or, alternatively, the word 'unsized'.

E. Official control mark (optional)

TRUSSES

COMMISSION REGULATION (EC) No 918/94,AS AMENDED BY REGULATION 3301/94

of 26 April 1994

derogating from Regulation (EEC) No 778/83 laying down quality standards for tomatoes, as regards tomatoes attached to the stalk (trusses of tomatoes).

THE COMMISSION OF THE EUROPEAN COMMUNITIES

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 1035/72 of 18 May 1972 on the common organisation of the market in fruit and vegetables, as last amended by Regulation (EC) No 3669/93 and in particular Article 2(2) thereof.

Whereas Commission Regulation (EEC) No 778/83, as last amended byRegulation (EEC) No 1657/92, laid down quality standards for tomatoes; whereas demand for products in a different presentation has developed; whereas experience gained on the market has shown that there is a particular demand for tomatoes attached to the stalk (trusses of tomatoes); whereas it should be permitted to market such produce for a limited trial period with the aim of seeing whether there is a continuing demand from consumers;

Whereas the measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Fruit and Vegetables,

HAS ADOPTED THIS REGULATION

Article 1

1. Until the end of the 1995 marketing year and by derogation from the quality standard for tomatoes as laid down in the Annex to Regulation (EEC) No 778/83 the marketing of tomatoes attached to the stalk (trusses of tomatoes) is permitted, provided that such tomatoes are classified in the 'extra' class or class 'I' and comply with all the criterea laid down for the class in question, other than the exceptions mentioned in paragraph 2.
2. Tomatoes attached to the stalk (trusses of tomatoes) must be packed in packages of uniform contents.

The stalks of tomatoes attached to the stalk (trusses of tomatoes) must be fresh, healthy, clean and free from all leaves and any visible foreign matter.

As regards sizing, the minimum size for tomatoes attached to the stalk (trusses of tomatoes) is set at 35mm. The sizing scale laid down in Heading III Provisions concerning sizing' point B of the annex to Regulation (EEC) No 778/83 shall not apply to such tomatoes.

As regards marking, each package containing tomatoes attached to the stalk (trussesof tomatoes) must

bear , besides the particulars mentioned in Heading VI 'Provisions concerning marking' points A,C,D, and E of the Annex to Regulation (EEC) No 778/83. the words 'trusses of tomatoes'.

Article 2

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 26 April 1994

For the Commission

Rene STEICHEN

Member of the Commission

COMMISSION REGULATION (EC) NO 2522/97

of 25 November 1997

amending Regulation (EC) No 918/94 derogating from Regulation (EEC) No 778/83 laying down the quality standards for tomatoes, as regards tomatoes attached to the stalk (trusses of tomatoes)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 1035/72 of 18 May 1972 on the common organisation of the market in fruit and vegetables (1), as last amended by Commission Regulation (EC) No 1363/95 (2), and in particular Article 2(2) thereof,

Whereas Commission Regulation (EC) No 918/94 (3), as last amended by Regulation (EC) No 2728/95 (4), derogates from Commission Regulation (EEC) No 778/83 (5), as last amended by Regulation (EEC) No 1657/92 (6), so as to authorise for a trial period the marketing of tomatoes attached to the stalk (trusses of tomatoes) during the 1994 marketing year; whereas that period was extended to the 1997 marketing year by Regulation (EC) No 2728/95; whereas the marketing year for tomatoes runs from 1 January to 31 December of a given year;

(1) OJ No L 118, 20. 5. 1972, p. 1.

(2) OJ No L 132, 16. 6. 1995, p. 8.

(3) OJ No L 106, 27. 4. 1994, p. 5.

(4) OJ No L 341, 30. 12. 1994, p. 44.

(5) OJ No L 86, 31. 1. 1983, p. 14.

(6) OJ No L 172, 27. 6. 1992, p. 53.

Whereas it would appear appropriate definitively to insert the provisions authorising the marketing of

tomatoes attached to the stalk (trusses of tomatoes) in Regulation (EEC) No 778/83; whereas, however, pending the result of the reform of the common organisation of the market in fresh fruit and vegetables, the said trial period should be extended for a further marketing year;

Whereas the measures provided for in this Regulation are in accordance with the opinion of the Management Committee for Fruit and Vegetables,

HAS ADOPTED THIS REGULATION:

Article 1

In Article 1(1) of Regulation (EC) No 918/94, '1997' is replaced by '1998'.

Article 2

This Regulation shall enter into force on the third day following its publication in the *Official Journal of the European Communities*.

It shall apply from 1 January 1997.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 25 November 1996.

For the Commission

Franz FISCHLER

Member of the Commission

For further details about the HMI, our Code of Practice, and to obtain the EC Marketing Standards, details about our Training Centre, or to use our response form click here.

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