Acceptance of Phytosanitary Irradiation

Australia, New Zealand and South East Asia

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Chapman University, March 2017

Overview

- Regulation update
- Examples of success
- Common factors in success
- Barriers and progress
- Summary

Consumer Acceptance

Consumer acceptance is only possible through wider acceptance

- Federal Government
- Farmers and Producers
- Exporters and Importers
- Foreign Governments
- Retailers

No single product will satisfy 100% of consumers

Quality & Freshness are primary values in consumer decision making process

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Australian Regulation Update

FSANZ approved blueberries and raspberries for a total of 26 crops that can be traded within Australia

Australia now has 8 trading partners with PI protocols:
Cook Islands, India, Indonesia, Malaysia, New Zealand, Thailand, United States and Vietnam

India, Cook Islands and Thailand are all new pathways

First PI shipments during 16/17: Cherries to Indonesia, Lychee to USA

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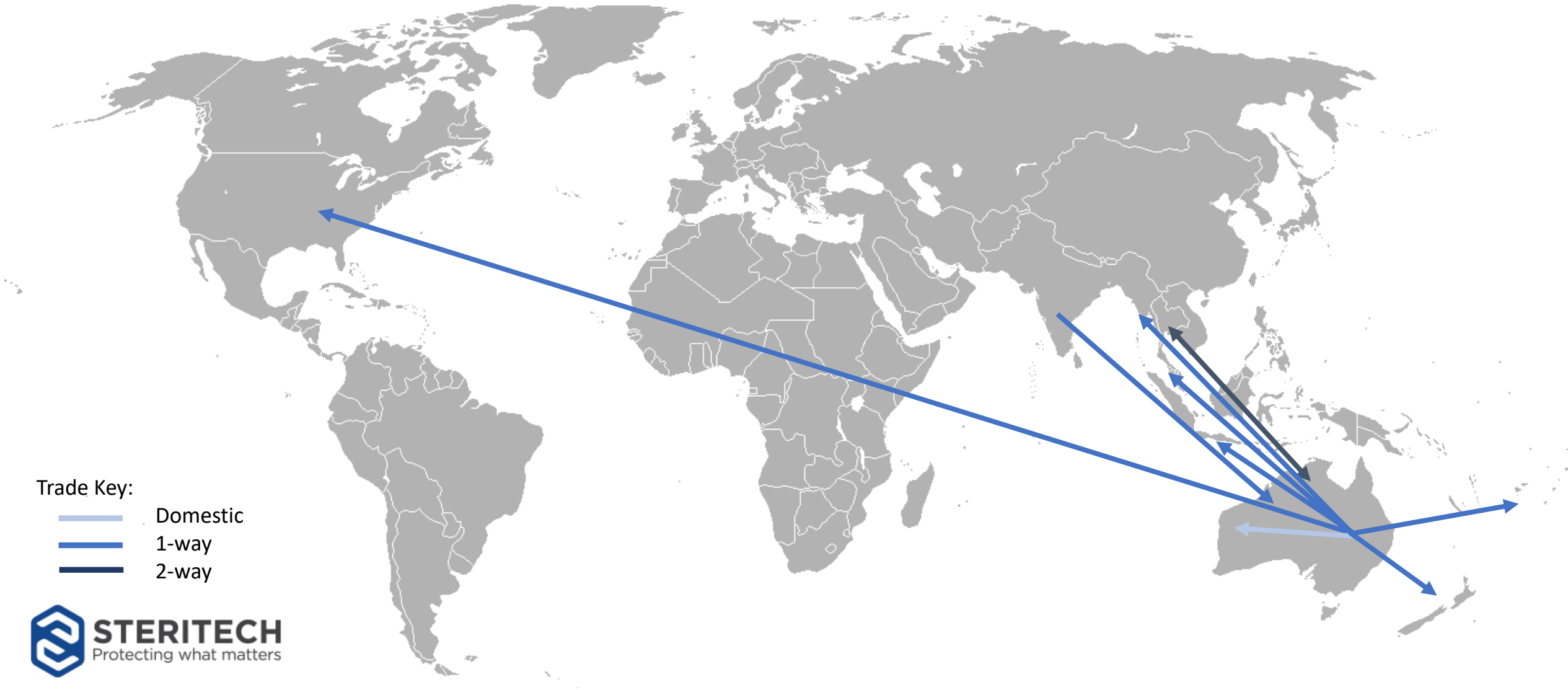
Australian PI Fruit Trade Map



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Australian Trading Successes

Demand is the greatest sign of acceptance

Mangoes: New Zealand

Grapes: Vietnam

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Australian Mangoes

In 2004, NZ legislated irradiation as the required treatment for all Australian mangoes.

Today, Australia's single most valuable mango export market under any protocol is New Zealand.

- 1.9m mango pieces, 10 week window, consumer population 4.4mil
- 100% irradiated, 100% labelled
- Sold by all major supermarkets and notable independents
- *Australian mangoes commanded dominant market share in sales $*

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- NZ imported as many Australian mangoes as China, South Korea and Japan combined under VHT protocols.
- Australian Mangoes compete for shelf space with S. Am. mangoes that wholesale 30-50% cheaper

By utilizing PI the Australian industry is able to deliver a vibrant, flavorful mango that NZ consumers now have a strong preference for

PI is now critically important to the Australian mango industry, treating approx. 30% of all exports

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Australian Table Grapes

- The Vietnam market reopened in 2016 with air (PI) and sea (ITCD) protocols
- Australia exported a total of 4500 pallets, 850 / 14% of which were treated by Steritech
- YTD Steritech has treated over 550 pallets for Vietnam, expecting to eclipse last years volumes
- PI air freight arrived 6 weeks before the first ITCD shipments
- Demand for air freight escalates towards the end of the season as product availability and shelf life naturally reduces

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- Australia’s largest growing region is 1600km from Steritech’s QLD facility as apposed to 350km to Melbourne export hub
- Additional freight costs are in excess of $3.30 per box
- Limited, demand exceeds supply for air freight from Brisbane to Vietnam
- Scheduling domestic freight added 5 days to the reaction time of air freight shipments.

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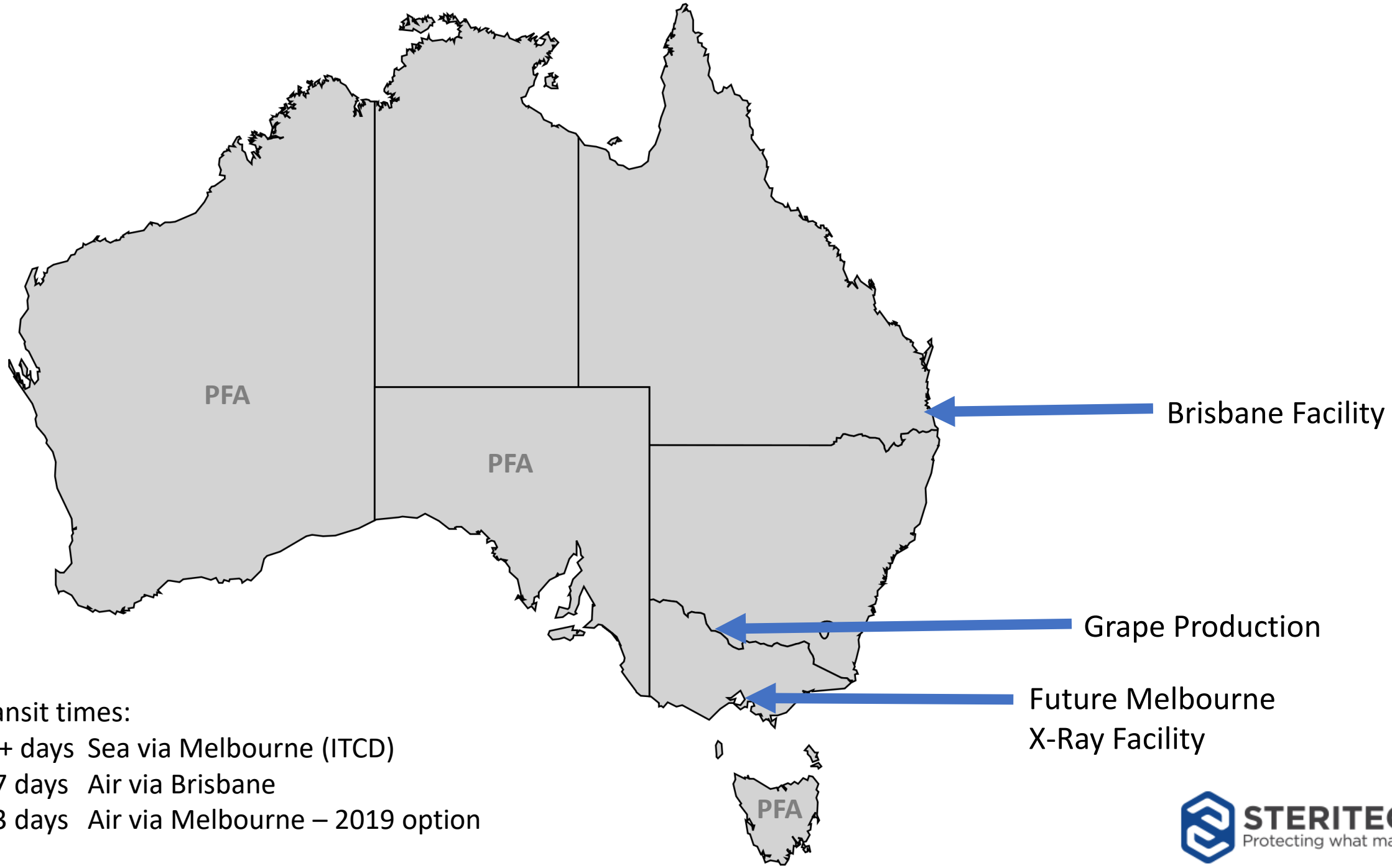

Transit times:

18+ days Sea via Melbourne (ITCD)

4-7 days Air via Brisbane

1-3 days Air via Melbourne – 2019 option

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Common Factors of Success

QUALITY and FRESHNESS

- NZ consumers showed preference for Australian mangoes because of superior flavor and appearance
- Vietnamese consumers paid a premium for air freight grapes because they were fresher and crisper than sea freight
- PI delivers fruit faster and fresher with better shelf life
- PI is a competitive advantage in securing premium markets

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Retail Comparison
Australia VS Peru

(Same store, Texas 2015)

High maturity, ripe
Australian mangoes
3.98 each
(irradiated)

Un-ripe, green
S. Am. mangoes
USD 1.98 each
(non-irradiated)

Perceived and Actual Barriers

- Consumers don’t always do as they say
- Quality, flavor and price are primary factors in consumer purchasing decisions for fresh fruit
- NZ and Vietnam examples suggest the lack of availability at retail is our greatest barrier widespread consumer acceptance
    - Regulations and protocols
    - Industry education
    - Efficient access to treatment

Understanding and Education

The benefits of PI must be understood to build industry interest:

- Quality — Maintains Cold Chain
- Efficiency — High volume, palletised
- Effectiveness — Reliability, universal dose rates
- Flexibility — Treats packaged product

Competitive advantages translate to: Higher grower returns

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Availability and Access

- Protocols and access to facilities are critical to growing the global PI industry
- Protocols are pursued at the request of Australian growers. Positive experiences are demonstrating value and increasing interest
- Steritech's new Melbourne facility announcement has had a direct impact on industry interest for new PI protocols in multiple crops

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Melbourne Facility

- Agreement is a significant sign of government support for PI
- Subsequent media is promoting positive education and awareness

BY GABRIELLE EASTER @gab_produceplus

Thursday 16th March 2017, 15:27 Melbourne

Steritech coming to Melbourne

Irradiation service provider Steritech has announced it's opening a new treatment facility at Melbourne Market

Melbourne Market has been given an export boost with irradiation service provider Steritech to open a new x-ray treatment facility at the fruit and vegetable wholesale market.

The Victorian state government has invested A$4.9m in the facility, which will allow fresh produce exporters to meet phytosanitary market access requirements without having to ship produce to Steritech's only other Australian facility fore fresh produce irradiation, based in Brisbane.

The project includes building 3,396m² of warehousing and coolstorage at the Epping-based market, just 15 minutes from Melbourne's international airport.

Melbourne Market CEO Mark Maskiell said Steritech established a facility at the market would be a significant step forwards in "expanding the Market's role into other areas of the supply chain to create a hub of international significance".

"This is a massive win for growers across our state, a boost for jobs, exports and a Victorian first," said Victorian minister for agriculture Jaala Pulford. The new facility will significantly reduce transport and handling costs and further boost Victoria's growing A$1.1bn horticultural industry."

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Farmers praise expected market boost from new X-ray technology

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The billion dollar Victorian horticulture industry is set to get a major boost with the announcement of a new X-ray treatment facility to be built at the Melbourne Wholesale Fruit and Vegetable Market in Epping.

The Victorian Farmers Federation praised the State Government's investment in the new facility, which is expected to give fruit and vegetable growers a market advantage by reducing transport costs for horticulture exporters by 10 per cent.

"This is a significant investment that shows the Victorian Government is committed to ensuring our horticulture industry remains competitive in the global market," VFF President David Jochinke said.

"The facility will help our Victorian producers meet the growing international demand for their products, while also extending the shelf life of their produce."

X-ray treatment is a phytosanitary measure that uses innovative new technology for fresh horticultural produce, enabling growers to meet export market access requirements.

The facility, to be built by decontamination processor Steritech, includes a 3,396 square metre warehouse, buildings, and cool rooms.

"When the new plant is up and running, our producers no longer need to transport export-bound produce all the way up to Queensland for treatment, which doesn't just reduce transport and handling costs, but has the added benefit of lowering product wastage," Mr Jochinke said.

The new facility was funded by the $200 million Agriculture Infrastructure and Jobs Fund, created out of a deal brokered by the VFF and the State Government to inject funding into Victoria's agricultural infrastructure, up-skill the sector and create new market opportunities.

Mr Jochinke said the farmer group would keep working to ensure key priorities for the farm sector

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Increasing Industry Interest

- Success in PI export markets is demonstrating real value to Australian industry
- Understanding PI benefits continues to increase among growers and exporters
- Steritech's services continue to evolve to reduce costs and maximise quality
- As a result, Australian growers are now pro-actively advocating and prioritising the protocol option for market access requests

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First and Freshest To Market

Merchandising is important, reinforcing consumer perception of a product and driving sales

Retailers value unique opportunities to differentiate them from ROM

Air freight PI protocols create a consumer marketing halo effect over all Australian branded products

Summary

- Initial acceptance at all levels takes time and requires education
- When given a choice, consumers will choose higher quality, fresher fruit
- Facilities must be well positioned and equipped for efficient handling of fresh produce
- We cannot seek to please everyone but we can provide them with a choice
- Success will occur if PI can improve arrival quality and freshness

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