

MEDIA RELEASE

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Creating an internationally competitive Australian vegetable industry

A Global Comparative Analysis project initiated by the Australian Vegetable Industry Development Group (AVIDG) and funded by the vegetable industry's R&D levy has shown that when compared to China, the Australian industry must move quickly to improve its international competitiveness.

The project involved extensive on-ground research within China and was completed with the active involvement of the Vegetable Industry Exporter Network, which includes some of Australia's leading vegetable exporters.

The project focused primarily on China and investigated current trends relating to international trade in fresh and processed vegetables.

The findings show a steady growth in international trade in vegetable products, dominated by supply from China, whose exports have risen from US\$2bn to US\$5bn over the past 10 years.

"While international trade is expanding, Australian vegetable exporters are losing market share overseas and imports are rising. Australia's exports have fallen by 50% since the peak in 2003 and now represent less than 10% of the industry's Gross Value of Production," says AVIDG Chairperson, Mr Richard Bovill.

China has low labour costs and supportive government policies on rural development that have helped to sustain this growth. China continues to gather momentum as a major vegetable exporter, increasingly driven by large well-resourced businesses that are addressing issues relating to productivity, environmental constraints and food safety.

The study also found that China presents few opportunities to Australian vegetable exporters. Small niches exist for premium offerings in affluent urban areas.

Mr Bovill said the research had built on other projects invested in by the AVIDG.

"This project was shaped by recommendations from two projects that have already been completed - the Vegetable Industry Export Business Plan and the Market Information Audit.

"Having internationally competitive Australian vegetable supply chains is one of the key strategic imperatives outlined in the industry's strategic plan, Vegvision 2020," Mr Bovill said.

The Vegetable Industry Exporter Network and Horticulture Australia Ltd will now consider the report's findings and the options for a strategic response by the Australian industry.

The report from the Global Comparative Analysis Foundation Project can be read or downloaded from the AVIDG website by visiting www.avidgroup.net.au

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Notes to Editor:

- China is the world's largest producer of vegetables, with a Gross Value of Production (GVP) of A\$45 billion.
- China is the world's largest exporter of vegetable products in the order of A\$6 billion in 2007.
- In 2004 the Australian Bureau of Statistics estimated Australia's GVP at \$2.35 billion (approximately 6% of China)
- Australia's value of vegetable exports is about 3% of that of China's.