

AUSSIE ORANGES SQUEEZE INTO CHINA'S CITRUS MARKET

EXPORT CASE STUDY | JANUARY 2018

Producing some of Australia's juiciest oranges, Gunnible Pastoral Company has expanded its business into Asia with the help of the China-Australia Free Trade Agreement (ChAFTA).

Gunnible Pastoral Company at Gunnedah NSW has been producing Salustiana oranges for 12 years on the Hoddle family citrus orchard, which spans over 40 hectares.

The 2017 season was particularly encouraging, yielding over 1,600 tonnes of oranges for domestic and overseas markets. Another 10 hectares are to be planted in 2018.

Chinese market a big opportunity for Australian citrus

Having only begun exporting to China in July 2016, in just over a year, Gunnible has tripled its orange exports from 100 to 300 tonnes.

Director of Gunnible Pastoral Company and Citrus Australia Limited, Robert Hoddle, says this increase in exports is due to a large demand for citrus fruit by the Chinese consumers.

'Of all the North Asian markets, China has the greatest demand for Australian citrus exports, which makes it our most important market,' he says.

'Currently, the Chinese market is growing about 20 to 30 per cent year on year, which I think is only set to increase due to the popularity of citrus fruit in the region.'

China is also a counter-seasonal country to Australia, Hoddle explains, giving Gunnible the advantage of exporting produce with less competition from other international markets or China's domestic producers.

'The great thing about China, of course, is that it is in the northern hemisphere, so what we produce



'Of all the North Asian markets, China has the biggest demand for Australian citrus exports, which makes it really important to us.'

Robert Hoddle, Director, Gunnible Pastoral Company

seasonally here is opposite to what they produce there. We've also got an advantage over other major citrus producers such as those in South Africa, Peru, Chile and Brazil in that we're much closer to China for shipment – shipping is 13 days from Brisbane, which is pretty fast,' he says.

Free trade agreements make exporting easier

Prior to ChAFTA, Australian citrus exports to China faced a tariff of 11 per cent. Under ChAFTA, the tariff has been reduced to 6.1 per cent, with a further reduction to come on 1 January 2019.

Along with the tariff reductions, Hoddle believes ChAFTA has made the process of exporting easier for Gunnible, clarifying regulatory processes and reducing red tape for Australian exporters.



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Exporting helps partnerships flourish

Gunnible has overcome many challenges on its exporting journey. Hoddle says logistics has continued to be a challenging area for the company.

To assist the company to meet Chinese certification requirements, Gunnible uses Mildura Fruit Company to pack their produce in Mildura and ship through the port of Melbourne to China.

Hoddle says this partnership has allowed Gunnible to build industry connections within Australia and in China.

'Mildura Fruit Company is the biggest exporter of Australian citrus. They command power in the Chinese market,' Hoddle says, explaining that a strong working relationship with such an established and respected company has proven to be beneficial when it comes to developing its export business.

Choose international partners wisely

One of the main lessons learned by Gunnible from its business ventures in China is the importance of finding the right local partner.

'In China you can get a lot of enquiries from people wanting to do business with you,' says Hoddle. 'It is important to choose a partner who is already strong in the market, with distribution networks in place.'

'Make sure you are clear on the quality parameters before agreeing to an order,' advises Hoddle.

'Citrus is a natural product which can involve variations so a good relationship with your client can ensure expectations are met every time.'

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