

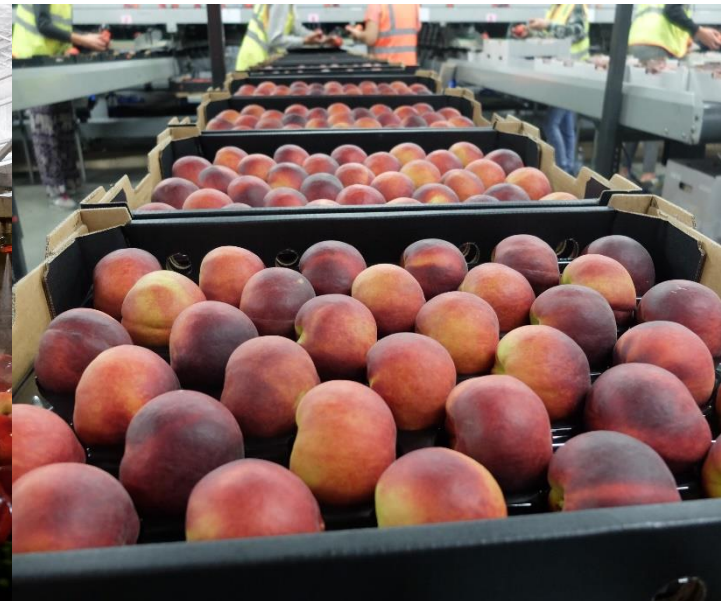
# Capturing the benefits of market access for Australian family farms

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Cutri Fruit



# Cutri Fruit

## Vertically integrated stone fruit business



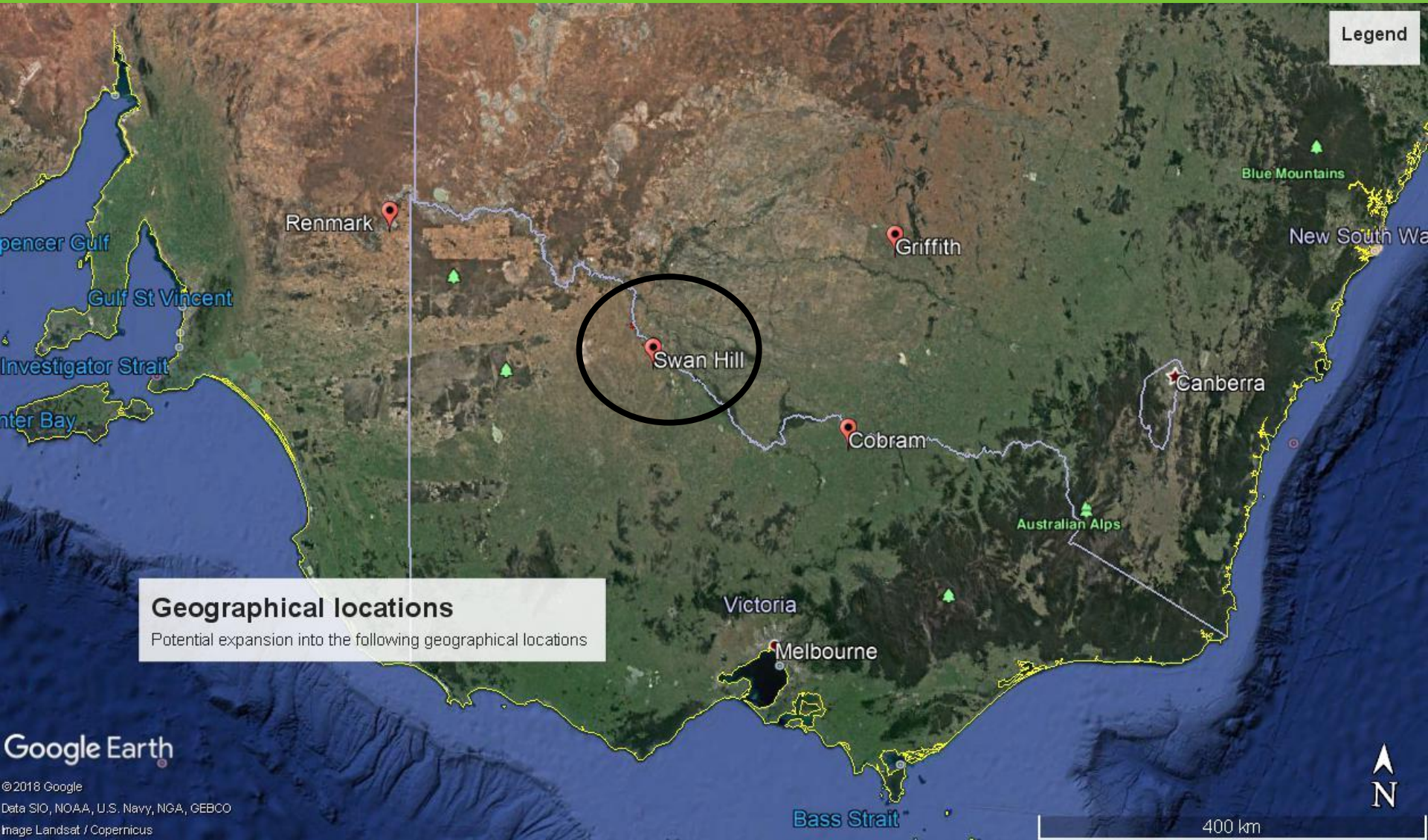
# Cutri Fruit business overview

- 3<sup>rd</sup> generation family owned business
- Australia's largest stone fruit orchard
- Experienced exporter of stone fruit for over 30 years
- Australia's largest exporter of peaches
- 50% of produce exported
- 325 Ha planted, 350 Ha unplanted





# Location



# Full integration



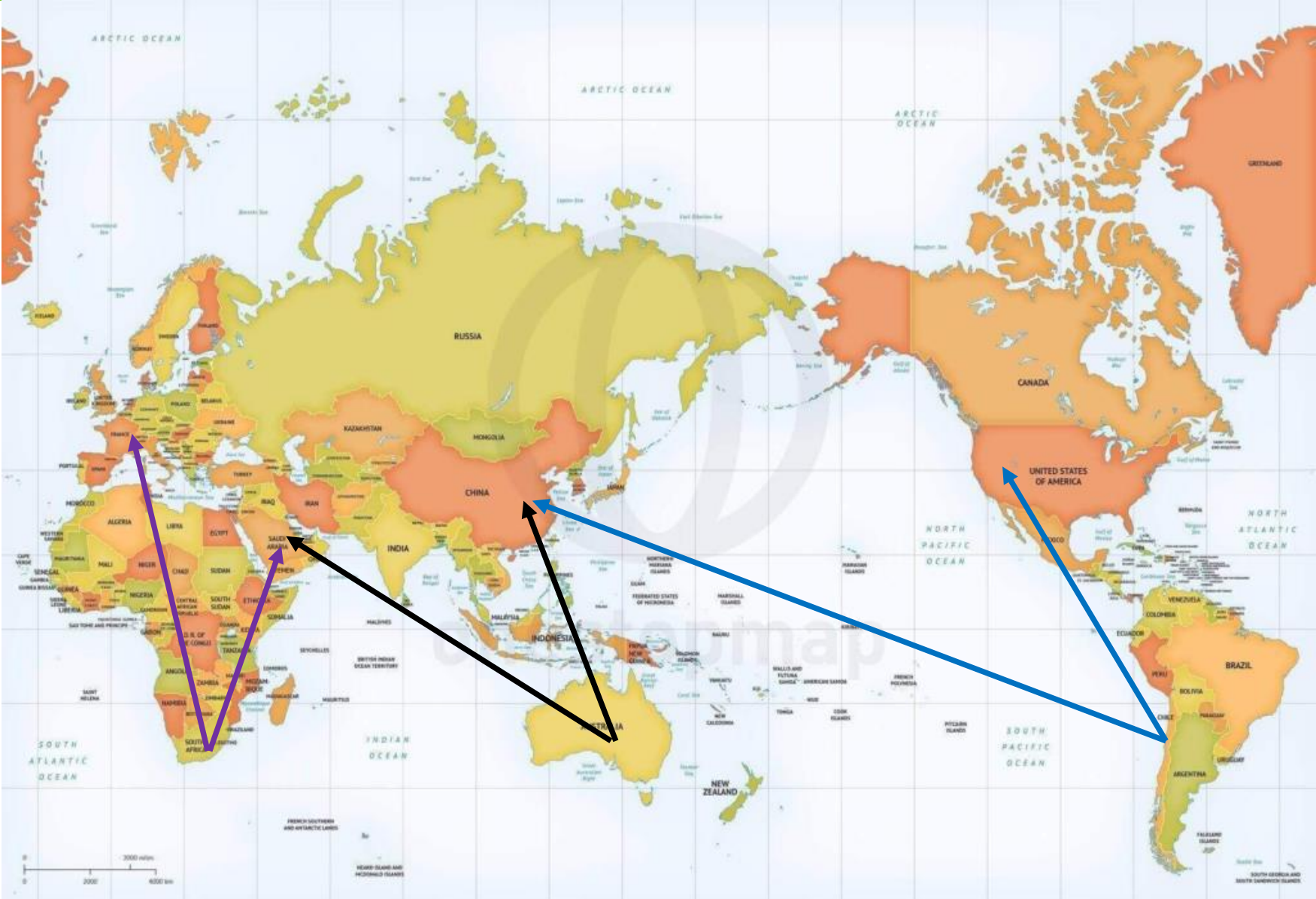
# Stone fruit export history

- Taiwan market closed in 2004 (for 3 years)
  - Previously a strong market
  - Market lost to Chilean supply (lower prices)
- No new markets for Australia stone fruit for 12 years
  
- China market access
  - Nectarines 2016-17
  - Apricots, Plums and Peaches 2018-19
  
- Industry “bet” on market access to China and ramped up supply
  - Domestic market oversupplied for 4-5 years



# Stone fruit

## Southern Hemisphere supply





Southern Hemisphere competitors are low cost producers

How do we compete ?

How do we capture the benefit of Chinese market access?

# Capturing the benefits of market access

- Define quality, define “premium”
  - Understand the customers definition of quality
    - Develop product specifications
      - Optimal size
      - Colour
      - Brix (taste)
      - Firmness
      - Packaging
      - Requirements for each market channel
      - Australia vs Chile vs South Africa

# Capturing the benefits of market access

- Deeper dive into the market
  - Asia Gateway voucher (Vic Government)
  - Wholesale, retail and online channels
  - Regional product preferences
  - On the ground presence



# Capturing the benefits of market access

- Timing windows for your product
  - Vs Chile timing
  - Vs other Australian regions
  - Vs other Australian producers
  - Vs “variety” timings
  - Vs timing of Chinese New Year

# Capturing the benefits of market access

- Ease of doing business (or otherwise)
  - Pricing terms (fixed price, MGP, consignment)
  - Payment terms !!!!
  - Understand the importance (or otherwise) of your product to your customer
    - Cherry example
  - Supply chains in China (cold chain is a work in progress)
  - Border / Sovereignty issues

# Constraints / Challenges

- Air freight availability
  - Competing with Seafood, meat, milk powder
  
- Sea freight availability
  - Sailing times don't always match up to when the fruit is ready



# Why would you export?

1. Premium returns available
2. Volume of sales
3. Develop and build long term customer relationships
4. Confidence to invest & build scale

# Outcomes of market access



- Loop all the above information into a matrix to determine the following
  - What crop you grow (ie peach vs nectarine, white peach vs yellow peach, clingstone vs freestone, sub-acid vs acid)
  - When you grow (timing)
  - What specification you grow (size, brix etc)
  - How much you grow (volume)