

AUSTRALIAN FRUIT JUICE ASSOCIATION

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**Dr John Salerian
Assistant Commissioner
Citrus industry Inquiry
Productivity Commission
LB2 Collins Street East
PO MELBOURNE VIC 8003**

Dear Dr. Salerian,

Further to our Submission of 10 December 2001 and receipt of your Position Paper for the Citrus Growing and Processing Industry, we concur with the key messages presented in the overview with the exception that there are likely to be net benefits in discontinuing the Industry's sole importer arrangement in the United States.

If this recommendation was adopted by the Government, it could result in undue pressure being placed on HAL to discontinue this vital component of the US Citrus Marketing Program from which the Citrus Growers receive substantial benefits. It should be noted that the importing agent arrangement which has been in place since Australia gained access to the US market for navel oranges in 1992, has been directly responsible for the most successful development of this market.

The US Market arrangement has achieved outstanding returns for the growers and the flow-on effect is substantial with high returns in other export markets and in the Australian domestic market. In the 12 months to 30 June 2001 the FOB value of Australian navel oranges shipped to the US market averaged \$1748 per tonne of fruit.

The single importing agent arrangement has brought about these achievements which has also effectively controlled the distribution of the Australian oranges to strategic market areas of the USA.

We are concerned that if these single importing arrangement were discontinued, it would eliminate the orderly marketing results achieved in the US market which is very complex and could result in declining volumes in return.

We understand that the Australian Citrus industry Council has expressed similar concerns and we would support their Submission in this regard.

Yours sincerely,

**ROLF SCHUFFT
SECRETARY**