

Mr John Cosgrove
Presiding Commissioner
Citrus Inquiry
Productivity Commission
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MELBOURNE VIC 8003

Dear Mr Cosgrove

Position Paper on Citrus Growing and Processing - Invited Comments

Thank you for the opportunity to comment on the Commission's position paper released in February 2002.

The paper highlights that Australia has a competitive advantage in fresh fruit and fresh juice and a competitive disadvantage in the frozen juice concentrate market. Australia can export high quality fresh navel oranges and mandarins when these products are out of season in the northern hemisphere. However, due to climate and the scale of our industry, the Australian citrus industry cannot compete with Brazilian citrus for frozen concentrate orange juice.

Citrus growers in Queensland are positioned to take full advantage of this market situation. Queensland produced about seventy per cent of the total Australian mandarin production in 1999-2000 and exported a significant proportion of this amount (reportedly twenty-one per cent in 2000).

The size of citrus farms can have a significant impact on their sustainability. It is noted that the Murray Valley industry is characterised by a large number of small enterprises, with a reported eighty-four per cent of orchards less than twenty hectares. Large farms afford the economy of scale that allow agricultural sectors to modernise, mechanise and become more efficient. Having larger orchards is positioning the Queensland citrus industry as a leader on the world export stage, with mandarins being the state's leading horticultural export (valued at \$24 million in 2000). The Mundubbera region of Queensland for example is characterised by a small number of relatively large enterprises (greater than fifty hectares).

As a member of the World Trade Organisation, Australia is bound to ensure that there are no artificial barriers to limit imports such as those products which may compete with domestic products. Our agricultural industries are critically dependent on a free and fair international trading environment. History has shown that the formation of artificial trade barriers leads ultimately to industries which are uncompetitive and unsustainable on the world stage. It is important to ensure that responses to the challenges facing the citrus industry in relation to frozen concentrate orange juice do not lead to an increase in trade barriers.

The position paper notes that biosecurity is a major impediment to international trade. Resourcing of Biosecurity Australia is an important issue in this regard. For the Queensland citrus industry, Queensland fruit fly and citrus black spot present major impediments to the accessibility of Queensland citrus to the markets of the United States. It would be desirable to further consider the level of funding of Biosecurity Australia, possibly supplemented by industry funding, in order to enhance outcomes achieved.

I look forward to receiving the Commission's final report at the end of April 2002.

Yours sincerely

Dr W A Hoey
Director-General