

# DUDLEY MARROWS

MARROWS ESTATES PTY. LTD.

ACN 001 388 085  
Horticultural Enterprises



*"Summer Gold"*

14 March, 2002

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The Presiding Commissioner and Deputy Chairman,  
Citrus Growing and Processing Inquiry,  
Productivity Commission,  
LB2 Collins Street,  
**EAST MELBOURNE. VIC. 8003**

Dear Sirs,


1. Terms of reference seem to be specific to the citrus industry, if so, the Position Paper brings in many sidetracking, result effecting, extraneous matters, eg off farm income and comparisons with other industries.
  - 2 (a) The position paper has not grasped the profound "overnight" collapse of industry economics resulting from Australia's very early acceptance of global "free" trade; abrupt, dramatic reduction of tariffs facilitating entry of Brazilian FCOJ.
  - (b) Changes compounded by Australia not even at this very late stage being able to achieve a "level playing field" neither of tariffs nor of the many forms of assistance and advantages held by international competitors.
  - (c) Changes which have resulted in our competitors having a greater destination profit margin enabling them, aided by international merchandising, with their far greater production to:
    - i. better service international markets – indeed enter Australian markets
    - ii. both increase production generally; and specifically, through new varieties<sup>i</sup> and cold storage, close off most, if not all, economic supply windows we presently have access to. There will be no shortage of Navels<sup>ii</sup>.
- Indeed with the ever widening seasonal availability of Navels (and other citrus varieties), aided by international merchandising, Californian Navels are now competing on our own markets, seasonal wise, with both our Valencias and our Navels.
3. Unless commensurate trade conditions are achieved (now very doubtful), regrettably Australia's future in international marketing will be such that our largely Government sponsored<sup>iii</sup>, potentially valuable industry without regard to its great social value<sup>iv</sup>, will savagely, destructfully contract; contrary to the outlook comment on your page 166, the outlook is not favourable.
  4. For your inspection if of interest, in loyalty to my industry and soldier settlers, I have compiled some 19 pages of loose, pencilled comments. To substantiate why the outlook, short term for many, long term for most, is not favourable, some of the more pertinent comments are:

- 1) *It is not a short time, fluctuating industry, it is a long term establishment industry, different from most other industries, with no certainty of markets when production is achieved.*
- 2) *The very low price for FCOJ fruit, both Navels and Valencias, does have a significant impact on total returns. It does set a low base price which in turn effects prices above. With the advent of FCOJ import there was a dramatic effect on prices.*
- 3) *Your comment on page 157 – normally left to operate on their own decisions! Government interventions, property size, percentage of Valencias, tariffs (free trade), lower levels of assistance, abandonment of decentralization, nonkept decision delaying promises – level playing field, fair trade, fair go, equal sacrifices destroy that implication. Equal sacrifices – community wide?*
- 4) *Your page 155 – does our industry have to protect Brazil?*
- 5) *Various forms of assistance mentioned; on the other hand, wherever possible, Governments cost cutting have loaded the industry with responsibilities previously carried out by their departments.*
- 6) *Figure 2, page 181 dramatically shows the rapid fall (also refer 2 above) of assistance, down some 88% in only 8 years; new plantings have not yet come into commercial production. A much more significant fall than in any other agricultural industry covered – including intensive livestock - ?dairying. Refer your coverage on page 162. Citrus has not the flexibility of the dairy industry – we cannot sell our trees or change to meat trade! Assistance has been given to a wide range of other industries, both agricultural and industrial. Most likely to protect jobs and national prestige? Why not the citrus industry, a very heavy user of sorely needed "grass roots" jobs. Attached is copy of a Victorian Farmers Union comparison of support, Australia v others. Would be revealing to see a similar comparison covering the citrus industry!*
- 7) *Cost of production. Did the Commission take fully into account the total lengthy time/cost of replacing trees; including such as trees which because of uncertain optimum quality production at only 25 years of age, and optimum age trees which need reworking due to change of market requirement. Over part of this refurbishment phase the 2000-2001 Murray Valley Citrus Marketing Board benchmarking study recorded an average negative net return of \$903.00 a hectare.*
- 8) *Uncertainty of market requirement. Have enclosed coverage of our attempt to be early into the newly opened "Taiwan" market – a Taiwanese importer ;had visited our property and was highly impressed. Note that present market requirements are being covered by USA Navels and local Chinese oranges; a possible opening for Valencias being in September and October.  
Consider international supermarkets influence prevailed with relation to USA Navels – plus greater frequency of shipping. Cheap Chinese oranges; China's citrus production potential is unknown, certainly of lower cost. Wonder how HAL has appraised our competitive opportunities in other newly opening markets.*
- 9) *Re import into USA limited to one importer; note that both Taiwan and Korea have a three importer limit.  
Consider our window of opportunity in USA is steadily closing; new varieties greater competition! New Late Navel varieties developed in Australia!*
- 10) *Again must return to your specific terms of reference your page 11 – "and are driven by concern for the well being of the whole community". Surely this is a matter for*

*decision by our Government. Your primary responsibility is the citrus industry.*

- 11) Further your page xxxi – "it could cause problems in international trade negotiations". Certainly such negotiations have caused great problems for the citrus industry. The question is, is the citrus industry to be sacrificed on the altar of, as yet unachieved, global free trade; or, for the benefit of other industries?*
- 12) Your page 39. In practice suggest you add another 3 years – covering land and water purchasing, land and irrigation preparing, and obtainment of the required number and variety of nursery trees required.*
- 13) Your page 41. You can inspect both our property and our financial position; endeavouring to convert plantings to such as we consider most likely meet the need in 2000+ we are still in deficit after some 8 years!  
Is it understood that there is a great difference of economics between such as the smaller post war, post the golden years, growers and those who benefited with reserves from the golden years. Growers who could not afford to reorganize their plantings and get bigger, and those that had the reserves to tackle the problem – or were not bedeviled with a 75% Valencia planting.*
- 14) Generally, adverse comments seem to come from secondary handlers. Surely, unless citrus growing, in its own view, is reasonably profitable and stable, any secondary industry cannot be likewise – unless it has other options.*
- 15) Stop Press: Re photocopy of relevant front page of The Melbourne Age of 7.3.02. In particular section headed "George Bush's Steel Trap". Australia should aim to protect its very many jobs right through from land preparation to ship loading. Essential grass roots, jobs.  
Would it be legal to protect the citrus industry being threatened by rising imports? Has Australia ever really tried to protect the industry?*
- 16) Australia surely has some responsibility to soldier settlement and other small sized properties they sponsored.*

Yours sincerely,



**Dudley MARROWS, ASA**  
**DSO, DFC**

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<sup>i</sup> In particular Navels developed by Australia which can hold into January, an impending seasonal supply increase of some two months

<sup>ii</sup> The Commission should appraise the Government assisted Spanish citrus industry (refer attachment), indeed the whole European Union; particularly reports by recent industry representatives thereto. An extract from one report is attached.

<sup>iii</sup> Both of the World Wars I and II in an industry that was then highly profitable, Governments established small individual area soldier settlements. An additional "enducement" for ex service people to uptake land was that decentralization was necessary. Similar type settlements were later opened up for the general public. Now – get big or get out – how? When, as instructed, have 75% of Valencias

<sup>iv</sup> Labour requirement being great, whole communities, together with transport facilities were created. There have been statements that Mildura is in danger of turning into a "ghetto". Combined with the effect of globalisation on other local irrigation industries, there is now a shortage of "grass roots" employment and, whilst the Commission properly express concern for the community as a whole - the total Australian community the Commission's terms of reference is relative to the citrus industry. On the positive industry's side, its value to the community is great; and could be much greater.

## Ref. Endnote 11.

To conclude, as in Australia no two seasons are the same with:

- Price
- Production
- Weather

Citrus is now in the market all year round. Their aim is to maintain quality, while attempting to lower production costs.

The conditions that they have for production and marketing of the citrus is very different to Australia, with them having more emphasis on fertigation due to their soil structure, and yet they have a distinct advantage with the majority of their markets being up to a maximum of one week of transport away from their orchards. For example they can pick fruit on a Monday and it can be graded and packed and in the supermarket in Norway or Finland by the end of the week.

Even with these differences, the research being conducted is along similar lines to Australia. They are attempting to even out the alternative bearing patterns and are attempting to find new varieties for the market requirements. Research is also being conducted into new rootstocks for replanting and high density planting situations.

There may be a possibility of greater collusion between the two countries on these and other topics due to our seasonal differences between the northern and southern hemispheres.

Spain has some 290,000 hectares of citrus - with possibility of great expansion

Other European area nations also have large citrus plantings.

The Italian Plan, vide following, is pertinent

#### 2002 CITRUS TOUR TO SPAIN

E. E. Muir & Sons are planning a third overseas Citrus Study Tour - this time to Spain and will be co-hosted by Decco Spain. The visit will be approximately 14 days from 11 to 24 March. A broad look at the Spanish industry is being planned to cover orchards, research centres, nurseries, packing houses and markets around Sevilla, Heulva and Valencia.

Cost will be \$6000 - \$6500 per person plus personal costs.

Expressions of interest are invited on a form which can be sent to you by Muirs. Contact Ron Allison on Phone 03 9931 0133 or Fax 03 9931 0155.

#### DIARY

5-7 Sept. Fresh 2001 Conf. & Exhib. Sydney

#### MVCM Board News 27/7/01 ITALY IMPLEMENTS \$60 MILLION CITRUS PLAN

After waiting two years on approval from the EU Commission, Italy recently began implementing the Citrus Plan it proposed in 1999. The plan will reportedly provide \$60 million in national aid to the citrus sector, with \$25 million being used for a variety renovation program and \$35 million for structural enhancement market organisation and promotion programs. In addition, the government has spent \$15 million to buy and process 61,000 tons of oranges, lemons and tangerines to be delivered to developing countries under a humanitarian aid program. The Sicilian Regional Authority will be using \$12 million to buy and process 55,000 tonnes of citrus during 2001 which will be used for humanitarian but also to support the Sicilian citrus sector.

We will send this information on to the Ministers for Trade and Agriculture Ed.

David Holman

From: Richard [richard@fullbloom.com.tw]

Sent: Monday, 7 January 2002 2:31 PM

To: David Holman; Colleen Dangerfield

Subject: Jan-07-02

Good morning.

Thanks your email on Jan/04.

Re: Valencia \*

Local crop is cheap and in good flavor. Sorry no interests now. Thanks your offer.

Re: Snow Giant W/F peaches

Please keep us posted about this fruit. We do have interests.

Re: W/F nectarines

Please keep us posted the next offer.

Re: Plums

Please also keep us posted about this.

Regards,  
Richard

DEAR ALAN,

I SENT SEVERAL PHOTOGRAPHS OF THE SAMPLE VALENCIA YOU SENT ME TO TAIWAN. HE WAS QUITE IMPRESSED WITH THE QUALITY OF THIS LATE FRUIT ALTHOUGH SOME WERE A LITTLE SOFT. COLOUR WAS EXCELLENT AND SKIN TEXTURE FAIR.

UNFORTUNATELY THEY ARE SELLING NEW SEASON USA NAVAL AND LOCAL CHINESE ORANGES WHICH TOGETHER COVER ALL REQUIREMENTS. LOCAL CHINA ORANGES ONLY COST USD 7.00 FOR 15 KG AND ALTHOUGH A BIT GREEN THEY ARE VERY SWEET + JUICY.

OUR BEST OPPORTUNITY FOR VALENCIA IS IN SEPTEMBER + OCTOBER.  
BEST WISHES DMD

8/01/02

# Solidarity over export trade

Exports are our future – access to markets is crucial. This was the clear message to the Government at a special briefing for the Trade and Agriculture Ministers in August last year.

In a remarkable demonstration of the importance of trade to the dairy industry, the CEO or Chairman of every major dairy processing company in Australia took part in the Canberra ministerial briefing.

The industry message to the government was simple: Exports are our future and access to markets is crucial. Whatever their product focus, whether cooperative or proprietary, the companies had one common objective, to grow export share.

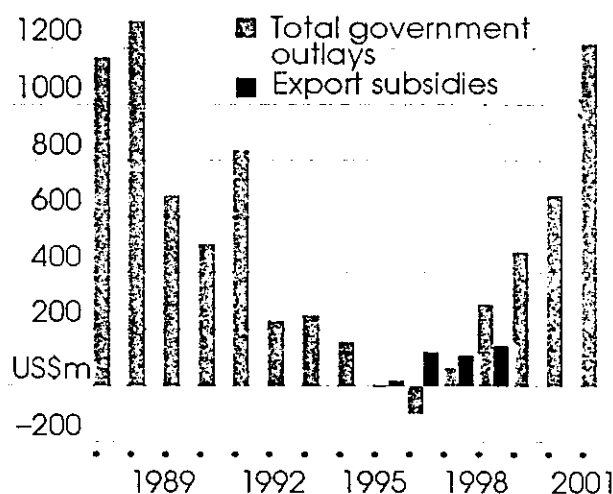
UDV members can help to keep this message coming through to governments by continuing to take an interest in international trade issues. Keep reminding your Parliamentary representatives that export opportunities, including fair terms of access to foreign markets, are essential to your farm business and your cooperative investments.

Although the Australian dairy industry has achieved record export sales in the past two years, international prices for the primary commodities are weaker in early 2002 than a year earlier. The policy outlook is even more uncertain.

The majority of producers in the two largest dairying regions, Europe and North America, remain strongly opposed to the liberalisation of dairy markets. They oppose any reduction of the high levels of farm support that continues to threaten to overflow international markets with EU and North American product. ABARE data shows government subsidies and other supports for US dairying are now higher than those in the EU.

Subsidies for dairy farmers have been building rapidly in the United States despite 1986 legislation that called for their progressive elimination. The current draft farm bill legislation in the US Congress will probably mean a steep increase in payouts over the next five or more years.

**I US dairy: export subsidies and US government support outlays**



Source: ABARE 2001

The strong rules on export subsidies agreed in the World Trade Organisation over the past decade will protect Australian export markets, to a degree, from disruption due to these high levels of support for production.


But the deterioration of US industry support for dairy trade liberalisation, particularly at farm level, will make the negotiations in the new round of WTO talks, launched in late November 2001, more difficult.

The Australian dairy industry Trade Committee (comprising representatives from the ADIC and the Australian Dairy

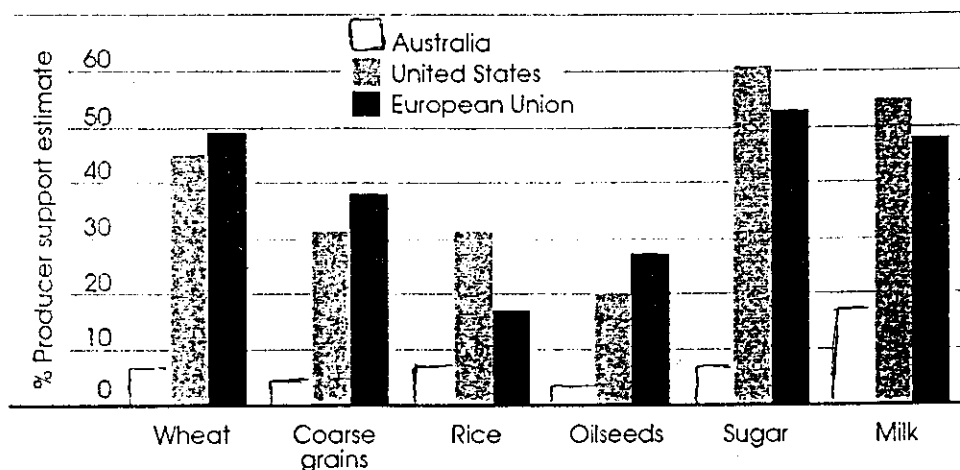
Corporation) will continue to work to improve contacts in regions that support WTO action to liberalise markets, such as Asia and Latin America. They will also support the Australian government in WTO negotiations, particularly with data and analysis on international dairy markets.

It is crucial industry builds government and community support for the effort to liberalise dairy markets. An important task will be building common ground with other industries in the highly protected markets of North America and Europe that would like to see liberalisation of dairy trade.

Although the current outlook is cloudy, there is a bright gleam on the horizon. The prize for the industry if the WTO talks lead to market liberalisation is well worth the struggle. Just a 50 per cent cut in protection and export subsidies could have dramatic effects on our market opportunities. Prices for dairy products on world markets would be significantly higher according to ABARE – 10 to 40 per cent up on 1999 prices – and the size of the world market would swell by 15 to 20 per cent on 1999 levels.

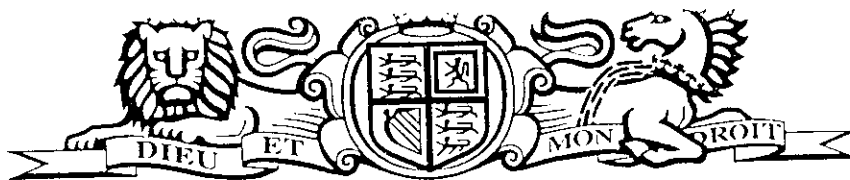
For more about the opportunities that trade offers the dairy industry or to help the industry trade committee get the message across to governments call the ADC on 9694 3777 or the ADIC on 9642 8044 for a copy of the industry trade brochure. 

**A Comparison of support for US highly supported products, 1998-2000**



Source: ABARE 2001

THE



AGE

THURSDAY MARCH 7, 2002

# Australia steels for US fight

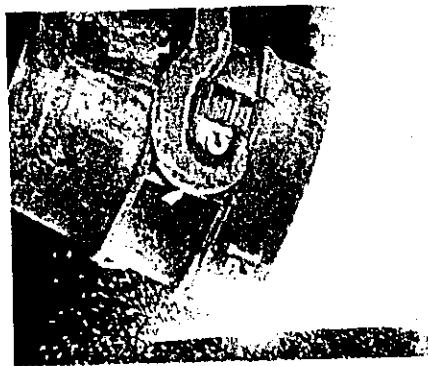
Tim Colebatch  
Canberra  
Gay Alcorn  
Washington

Australia looks set to join a virtual class action before the World Trade Organisation as industrialised countries vowed yesterday to overturn President George Bush's decision to slap a 30 per cent tariff on steel imports to the United States.

Abandoning his free trade rhetoric in favor of political interests, Mr Bush said he was imposing tariffs under WTO safeguard rules to "help (American) steelworkers, communities that depend on steel, and the steel industry adjust ... to the large influx of foreign steel."

The tariffs are primarily aimed at steelmakers in Japan, South Korea, China, Taiwan and the European Union. But they will also hit Australia's biggest steelmaker, BHP Billiton, which last year exported \$400 million of steel to the US, half of which will now face a 30 per cent tariff.

EU trade commissioner Pascal Lamy immediately denounced the



move as "a clear violation of WTO rules" and vowed that the Europeans would challenge it before the world's trade umpire. The WTO has the power to order the US Government to withdraw the tariffs or face retaliation by the countries affected.

Australian Trade Minister Mark Vaile said Australia was "extremely concerned" by the US move, coming at the start of a new trade round in which the world was looking to the Bush administration for leadership, and will look for ways to fight it.

"This is not a good decision," he said. "This is not a good time for

this decision ... (It) is likely to create short and medium-term challenges for the Australian steel industry and will do nothing to encourage global reform in the steel industry."

Mr Vaile will summon steel industry leaders to Canberra within a fortnight to discuss the implications. He said trade officials would examine the US decision carefully and if there were grounds to challenge it in the WTO, Australia would join a challenge.

The president of BHP Flat Products, Lance Hockridge, said the company would have to look indi-

## GEORGE BUSH'S STEEL TRAP HOW IT WORKS

- **AIM** To protect jobs of 200,000 US steelworkers and win political support in steel-making states by imposing new tariffs (taxes) on imported steel.
- **WHAT IT DOES** Imposes 30 per cent tariff on imports of rolled coils of steel, and between 8 and 30 per cent on other steel products. Tariffs to last for three years from March 20, reducing to 24 per cent next year and 18 per cent in 2004.
- **WHO IT HITS** Main targets are steel exporters in Europe, Japan, Korea, China and Taiwan, but it will also hit BHP, which exports about \$400 million of steel a year to the US.
- **IS IT LEGAL?** Maybe. World Trade Organisation rules do allow countries to take such action to protect industries threatened by rising imports.

vidually at each contract with US customers to decide whether it was still worth selling to the US. But he said the Port Kembla mill was an efficient producer that had already cut costs and developed new export markets, and production cuts might be unnecessary.

"Those of us in the rest of the world who are more competitive will still see our steel arrive in the US — but in finished goods rather than as raw steel products," he said in Canberra.

The tariffs, imposed from March 20, will last for three years. Most steel imports into the US will face a

30 per cent tariff, winding down to 24 per cent next year and 18 per cent in 2004. But others will face tariffs of from 8 to 15 per cent, while steel slabs, which account for about half of Australia's exports to the US, will be free of tariffs within a global quota which should leave Australian exports unaffected.

Despite intense lobbying from the Australian Government, including Prime Minister John Howard on his recent trip to the US, Australia was unable to win an exemption from the tariffs, unlike countries such as Canada and Mexico which have free trade agreements with



America, increased initiating a free trade agreement with the US, nor the Senate vote to give up the agreement, he said. "It has been better for the industry ago."

But La Craig Eimer said the decision of the US administration to free the US to grant Australian steel exportations by agreement. The World Trade Organisation steel industry for 40 years.

But its influence President Bush protecting Republican swinging re-

COMMENT: Most US tariffs BUS

A ballet with legs