

## CHAPTER FIFTEEN

### THE IMPACT OF THE POSSIBLE IMPORTATION OF NEW ZEALAND APPLES

#### Introduction

15.1 This chapter examines three issues which arise should the importation of New Zealand apples into Australia proceed. They are the impact of importation upon the Australian apple industry, the impact of importation upon trade with other nations, notably Japan, and the possibility that State governments will implement their own restrictions on the movement of New Zealand apples.

#### The Australian Apple Industry

15.2 During the conduct of the inquiry, various parties raised the impact that possible competition from New Zealand growers would have on Australian apple growers. The Committee notes the suggestion of Mr Veens from the QFVG in hearings on 12 February 2001 that New Zealand growers could potentially import apples that are cheaper than those currently available in Australia.<sup>1</sup>

15.3 By contrast, Mr Bowden from JA and BM Bowden and Sons, one of the biggest apple producers in Australia, indicated his belief that the industry in Australia would be able to compete successfully with New Zealand growers.<sup>2</sup> Similarly, Mr Corboy from the AAPGA suggested:

If they (New Zealanders) want to send stuff across here across the most expensive bit of water in the world and pay \$5 or \$6 a carton of freight for it, if I cannot compete with them I should not be in business.<sup>3</sup>

15.4 On a related matter, various parties also raised the impact of New Zealand apples upon the Australian apple market. Some parties suggested that the Australian apple market would collapse were New Zealand growers granted access. For example, Mr McMahon from the Queensland Fire Blight Task Force stated:

If you study the Australian market over the last 20 years you will find it only takes a 10 per cent increase or decrease in the amount of commodity on

---

1 Evidence, RRAT, 12 February 2001, p 57

2 Evidence, RRAT, 9 March 2001, p 426

3 Evidence, RRAT, 13 February 2001, p 114

our market to collapse the market ... If you get a 10 per cent increase in the crop, we will all be growing apples for less than nothing.<sup>4</sup>

15.5 Similarly, in its written submission, the NSW Chamber of Fruit and Vegetable Industries claimed that with all the publicity surrounding the fire blight issue, it is possible that the importation of apples from New Zealand could result in a consumer backlash.<sup>5</sup>

15.6 In this regard, Mr Clark from the NSW Chamber of Fruit and Vegetable Industries indicated in hearings that following the discovery of fire blight in the Melbourne Botanic Gardens in 1997, the price of juicing fruit fell from \$120 per tonne to \$60 per tonne. In addition, Mr Clark compared the average price of eating apples (per box) each year (May through to April) for Red Delicious and Granny Smith apples from 1995-1998. This is shown in Table 15.1 below.

*Table 15.1: The Average Cost of Eating Apples (1995 – 1998)*

Year	Average Price (per box)	
	<i>Red Delicious</i>	<i>Granny Smith</i>
1995	\$24	\$20
1996	\$29	\$27
1997	\$15	\$13
1998	\$23	\$19

Source: Evidence, RRAT, 9 March 2001, p 408

15.7 As indicated in the above table, the price of Red Delicious and Granny Smith apples fell considerably from May 1997 to April 1997, compared with the comparable 12-month periods in 1996 and 1998. Mr Clark suggested a similar fall in the price of the high demand Pink Lady apples from \$15 or \$16 per tray (as opposed to boxes above) early in the season in 1995 and 1996, to \$8 per tray early in the season in 1997.<sup>6</sup>

15.8 Given these conflicting arguments on the impact of competition on the Australian apple industry, the Committee wishes to reiterate that Australia's WTO obligations are to facilitate free and open trade where possible. Accordingly, the impact of competition on the Australian industry is not in itself an argument against importation of apples from New Zealand.

### **Australian Trade with other Nations**

15.9 During the Committee's hearing in Huonville in Tasmania, Senator O'Brien raised the possibility that other countries, notably Japan, which currently accept

4 Evidence, RRAT, 12 February 2001, p 69

5 Submission 35, p 2

6 Evidence, RRAT, 9 March 2001, p 408

Australian apples would revisit the import of Australian apples if Australia were to accept apples from New Zealand.

15.10 This issue is particularly relevant to Tasmania, which currently accounts for 75 per cent of all apples exported from Australia. As discussed elsewhere in this report, Tasmanian growers have only recently gained access to the Japanese Fuji apple market, following over 10 years and the expenditure of at least \$1.5 to \$2 million on trade negotiations by the Tasmanian Department of Primary Industries, Water and Environment.<sup>7</sup>

15.11 In her response to this issue, Ms Williams from the Tasmanian Department of Primary Industries, Water and Environment acknowledged the possibility that Japan could tighten its import policy if Australia accepted apples from New Zealand, but suggested that other trading partners would not be influenced:<sup>8</sup>

I would expect that, provided a satisfactory protocol could be negotiated, [the threat of the introduction of fire blight] may not pose too big a problem.<sup>9</sup>

15.12 At the same time however, Ms Williams indicated her belief that if an outbreak of fire blight were to occur in Australia, the Japanese authorities would almost certainly impose the same protocols on Australia as are currently imposed on New Zealand. In turn, the Australian authorities would need to do a considerable amount of work to implement any Japanese protocols, leading to a delay of years before exports to Japan could resume.<sup>10</sup>

15.13 That said, the Committee notes evidence from Mr Clark of the NSW Chamber of Fruit and Vegetable Industries that following the discovery of fire blight in the Royal Botanic Gardens in Melbourne, the trial export of Fuji apples from Tasmania to Japan was halted for two years.<sup>11</sup>

15.14 The Committee also notes the suggestion of a representative of BA that were countries such as Japan to implement more restrictive import measures against Australia based on New Zealand access to the Australian market, then Australia would be entitled to take immediate action in the WTO. However, such action could possibly take up to three or four years to complete.

### **State Border Prohibitions**

15.15 Western Australia currently prohibits the entry of apples from eastern Australia due to historical concerns over several pests which are present in the eastern

---

7 Evidence, RRAT, 14 February 2001, pp 186-187

8 Evidence, RRAT, 14 February 2001, p 185

9 Evidence, RRAT, 14 February 2001, p 188

10 Evidence, RRAT, 14 February 2001, p 188

11 Evidence, RRAT, 9 March 2001, p 407

states, but not Western Australia.<sup>12</sup> The Western Australian Government is proposing to conduct its own Pest Risk Analysis for apples from the eastern states.<sup>13</sup> The Committee notes that the draft IRA specifically states at page 20 that it does not consider the case of WA:

Biosecurity Australia will conduct a separate assessment on issues specific to Western Australia in the future. The principal reason for this exception is that systems for quarantine management of a significant pest not present in Western Australia – that is, apple scab – are not available at this point of time.<sup>14</sup>

15.16 In its written submission, the Western Australian Fruit Growers' Association noted that WA is free from apple scab and codling moth, but that BA failed to make any comment regarding the possible spread of such pests to WA in the draft IRA. Mr Jarvis from the WA Fruit Growers' Association continued in hearings:

There is no doubt that Western Australia has the cleanest and greenest image in fruit growing—probably in the world. We do not have apple scab in the apple growing area, we do not have codling moth—and that goes for pears as well—and we sure as hell do not want fire blight. In the draft IRA given to us by Biosecurity Australia, we were surprised to see that they might not see Western Australia as part of Australia. They were going to attend to Western Australia at a later date.<sup>15</sup>

15.17 In this regard, Mr Jarvis noted that the WA industry has previously eradicated three outbreaks of apple scab and two of codling moth. For example, in 1989, there was an outbreak of apple scab in the Manjimup area. The industry put in place a 20 cent levy per carton which raised \$575,000 as compensation for the eradication of the pest in Manjimup.<sup>16</sup>

15.18 The New Zealand High Commissioner to Australia, Mr Murdoch, raised the possibility of state border restrictions on apple trade during hearings. He indicated his Government's concern at the ban on the import of salmon products imposed by the Tasmanian Government, and the precedent it sets for Tasmania or other states to refuse access to apples from New Zealand. As such, he noted on behalf of the New Zealand Government its belief that the Australian Commonwealth Government is under an obligation as a WTO signatory to operate a nationally enforceable quarantine regime.<sup>17</sup>

---

12 Submission 52, Introduction

13 Biosecurity Australia, *Draft Import Risk Analysis on the Importation of Apples from New Zealand*, October 2000, p 26

14 *Ibid*

15 Evidence, RRAT, 16 February 2001, p 286

16 Evidence, RRAT, 16 February 2001, pp 288-289, 291

17 Evidence, RRAT, 5 April 2001, p 409

15.19 In this regard, the Committee notes that the Tasmanian ban on salmon has been raised at Council of Australian Government meetings. The Commonwealth has indicated that if unilateral actions by the states continued, then the Commonwealth has the option of taking back all powers over external trade using its external affairs power.<sup>18</sup>

---

18 Cited in Submission 63, p 3

