Acceptance of Phytosanitary Irradiation

Australia, New Zealand and South East Asia
Overview

• Regulation update
• Examples of success
• Common factors in success
• Barriers and progress
• Summary
Consumer Acceptance

Consumer acceptance is only possible through wider acceptance

- Federal Government
- Farmers and Producers
- Exporters and Importers
- Foreign Governments
- Retailers

No single product will satisfy 100% of consumers

Quality & Freshness are primary values in consumer decision making process
Australian Regulation Update

FSANZ approved blueberries and raspberries for a total of 26 crops that can be traded within Australia.

Australia now has 8 trading partners with PI protocols: Cook Islands, India, Indonesia, Malaysia, New Zealand, Thailand, United States and Vietnam.

India, Cook Islands and Thailand are all new pathways.

First PI shipments during 16/17: Cherries to Indonesia, Lychee to USA.
Australian PI Fruit Trade Map

Trade Key:
- Domestic
- 1-way
- 2-way

STERITECH
Protecting what matters
Australian Trading Successes

Demand is the greatest sign of acceptance

Mangoes: New Zealand
Grapes: Vietnam
Australian Mangoes

In 2004, NZ legislated irradiation as the required treatment for all Australian mangoes.

Today, Australia’s single most valuable mango export market under any protocol is New Zealand.

• 1.9m mango pieces, 10 week window, consumer population 4.4mil
• 100% irradiated, 100% labelled
• Sold by all major supermarkets and notable independents
• *Australian mangoes commanded dominant market share in sales* $
• NZ imported as many Australian mangoes as China, South Korea and Japan combined under VHT protocols.
• Australian Mangoes compete for shelf space with S. Am. mangoes that wholesale 30-50% cheaper

By utilizing PI the Australian industry is able to deliver a vibrant, flavorful mango that NZ consumers now have a strong preference for

*PI is now critically important to the Australian mango industry, treating approx. 30% of all exports*
Australian Table Grapes

• The Vietnam market reopened in 2016 with air (PI) and sea (ITCD) protocols
• Australia exported a total of 4500 pallets, 850 / 14% of which were treated by Steritech
• YTD Steritech has treated over 550 pallets for Vietnam, expecting to eclipse last years volumes
• PI air freight arrived 6 weeks before the first ITCD shipments
• Demand for air freight escalates towards the end of the season as product availability and shelf life naturally reduces
• Australia’s largest growing region is 1600km from Steritech’s QLD facility as apposed to 350km to Melbourne export hub

• Additional freight costs are in excess of $3.30 per box

• Limited, demand exceeds supply for air freight from Brisbane to Vietnam

• Scheduling domestic freight added 5 days to the reaction time of air freight shipments.
Transit times:
18+ days  Sea via Melbourne (ITCD)
4-7 days   Air via Brisbane
1-3 days   Air via Melbourne – 2019 option
Common Factors of Success

QUALITY and FRESHNESS

• NZ consumers showed preference for Australian mangoes because of superior flavor and appearance

• Vietnamese consumers paid a premium for air freight grapes because they were fresher and crisper than sea freight

• PI delivers fruit faster and fresher with better shelf life

• PI is a competitive advantage in securing premium markets
Retail Comparison
Australia VS Peru
(Same store, Texas 2015)

High maturity, ripe
Australian mangoes
3.98 each
(irradiated)

Un-ripe, green
S. Am. mangoes
USD 1.98 each
(non-irradiated)
Perceived and Actual Barriers

• Consumers don’t always do as they say
• Quality, flavor and price are primary factors in consumer purchasing decisions for fresh fruit
• NZ and Vietnam examples suggest the lack of availability at retail is our greatest barrier widespread consumer acceptance
  • Regulations and protocols
  • Industry education
  • Efficient access to treatment
Understanding and Education

The benefits of PI must be understood to build industry interest:

- **Quality** Maintains Cold Chain
- **Efficiency** High volume, palletised
- **Effectiveness** Reliability, universal dose rates
- **Flexibility** Treats packaged product

Competitive advantages translate to: Higher grower returns
Availability and Access

• Protocols and access to facilities are critical to growing the global PI industry

• Protocols are pursued at the request of Australian growers. Positive experiences are demonstrating value and increasing interest

• Steritech’s new Melbourne facility announcement has had a direct impact on industry interest for new PI protocols in multiple crops
Melbourne Facility

- Agreement is a significant sign of government support for PI
- Subsequent media is promoting positive education and awareness
Increasing Industry Interest

- Success in PI export markets is demonstrating real value to Australian industry
- Understanding PI benefits continues to increase among growers and exporters
- Steritech’s services continue to evolve to reduce costs and maximise quality
- As a result, Australian growers are now pro-actively advocating and prioritising the protocol option for market access requests
First and Freshest To Market

Merchandising is important, reinforcing consumer perception of a product and driving sales.

Retailers value unique opportunities to differentiate them from ROM.

Air freight PI protocols create a consumer marketing halo effect over all Australian branded products.
Summary

• Initial acceptance at all levels takes time and requires education
• When given a choice, consumers will choose higher quality, fresher fruit
• Facilities must be well positioned and equipped for efficient handling of fresh produce
• We cannot seek to please everyone but we can provide them with a choice
• Success will occur if PI can improve arrival quality and freshness