

MFC
MELBOURNE FRUIT COMPANY

China

- World's fastest growing economy – average 10% over last 30 years
- World's second largest economy (USA No.1)
- World's largest exporter and importer of goods
- Population of 1.35 billion
- Since economic reforms of 1978, poverty reduced from 64% to 10% of population



MFC
MELBOURNE FRUIT COMPANY

Infrastructure

- High Speed Rail Networks
- National Expressway System
- New And Large Capacity Airports
- Large Sea Ports- Shanghai
- Cold Chains



MFC
MELBOURNE FRUIT COMPANY

Asia & Australia

- Since 2004, Australia businesses have conducted more trade with Asia than with the rest of the world combined
- Trade with China, Japan & South Korea – almost 50% of total international trade
- United States = 10%, European Union = 15%
- Major commodities into China, Korea
 - Meat, Minerals,
- Citrus – barely scratching the surface



MFC
MELBOURNE FRUIT COMPANY

Citrus into Asia (1)

- Traditional Asia
(Malaysia, Indonesia, Singapore, Hong Kong)
 - Well established
 - Growth in western style supermarkets
 - Government exercising more controls
 - Labelling laws in Malaysia
 - Import restrictions in Indonesia
- Japan
 - Well established market
 - Long trading history
 - Like the Australian product compared with Chile

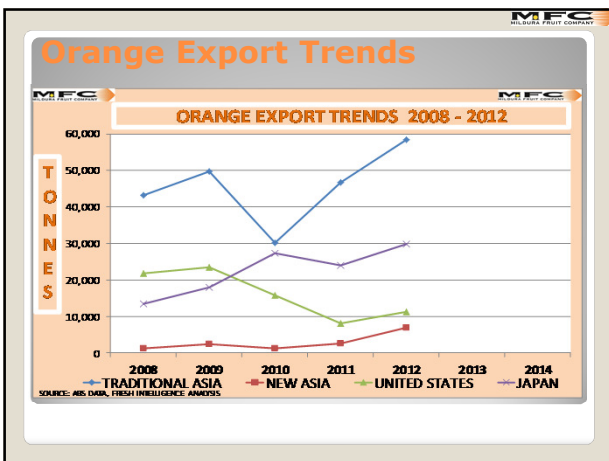


MFC
MELBOURNE FRUIT COMPANY

Citrus into Asia (2)

- Emerging Asia
(Korea, China, Thailand) + Philippines
- Like Oranges – large consumers of local product and imported Californian navel
- Wealthy areas (Eastern China – Shanghai)
- Growing high end retail
- Niche opportunities – eg On-line & TV shopping in China





MFC
MELBOURNE FRUIT COMPANY

Opportunities – can we compete?

- **Negatives**
 - High cost producer
 - Cold Sterilisation (added cost & risks)
 - Relatively small volumes (world perspective)
 - Different culture, new customers & relationships
 - Tough protocol (Korea, China & Thailand)
 - Competition (South Africa & South America)
- **Positives**
 - Safe product
 - Good flavours, good colour, robust fruit



MFC
MELBOURNE FRUIT COMPANY

Viability for the future?

- **Prerequisites**
 - These emerging markets require high inputs to qualify
 - Currently Class 1 markets
 - For China minimum prices are set by HAL
 - Regulated to establish and maintain orderly marketing
- **Self-control**
 - Important that the industry is disciplined..... not erode what we are all trying to achieve
 - Strong markets, with
 - Strong pricing