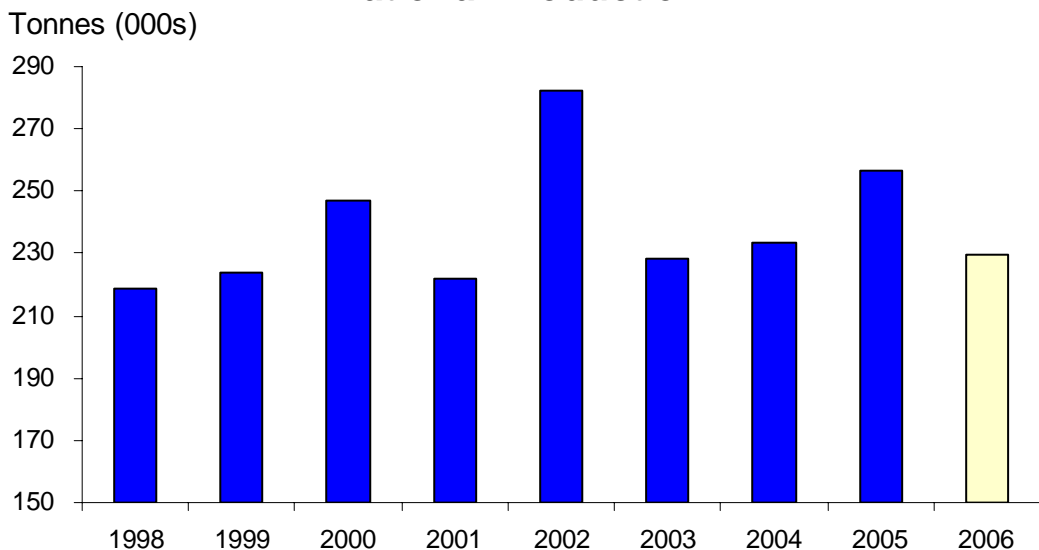


# Vegetable Spotlight – Onions

## Snapshot

- Onions are Australia's 8<sup>th</sup> largest vegetable crop, accounting for 5.8% of total vegetable production with a gross value of \$154.3m in 2005/06.
- Financial year 2006 was a poor year for onions, with both production and the area planted below previous levels.
- However, yields increased across all States.
- Tasmania and South Australia dominate Australian production.
- Australia runs a positive balance of trade in onions and exports a significant amount of fresh onions into Europe.
- Severe competition in the European market hurt exports in 2005 but there has been a recovery in the past two years.
- Imports are mainly dried onions from the USA.

## National Production

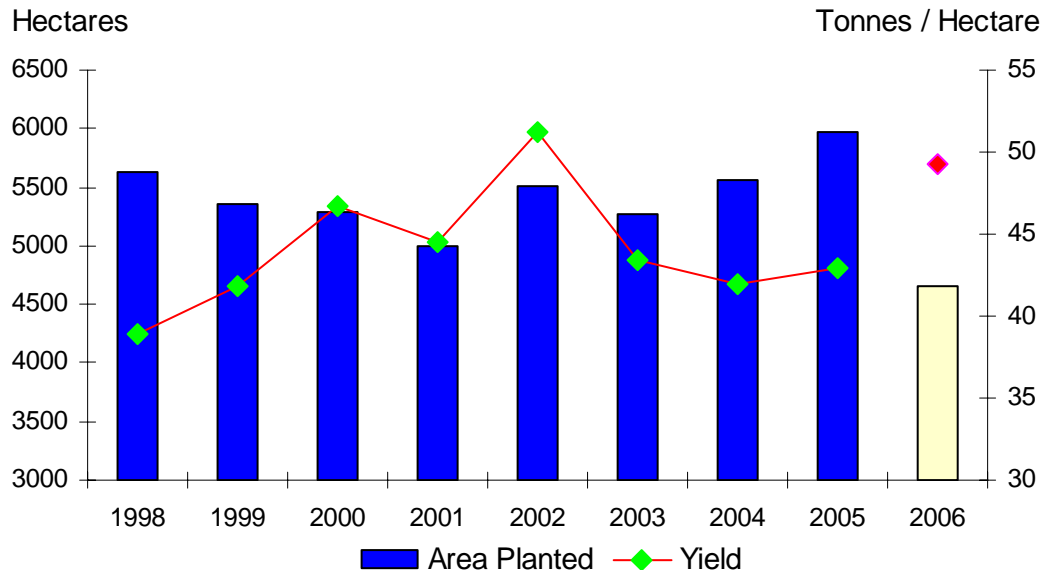


The Australian Bureau of Statistics employed a new methodology in collecting data for the 2005/06 Agricultural Census. As a result, the data generated from the census – such as production volumes, area planted and yields – are not directly comparable to historical statistics. Readers should use this material with caution.

## Current Australian Onion Production

- Australian onion production totalled 229,669 tonnes in 2006.
- The area planted was 4,657 hectares.
- The average yield per hectare over the year was 49.3 tonnes.

## Area Planted v Yield

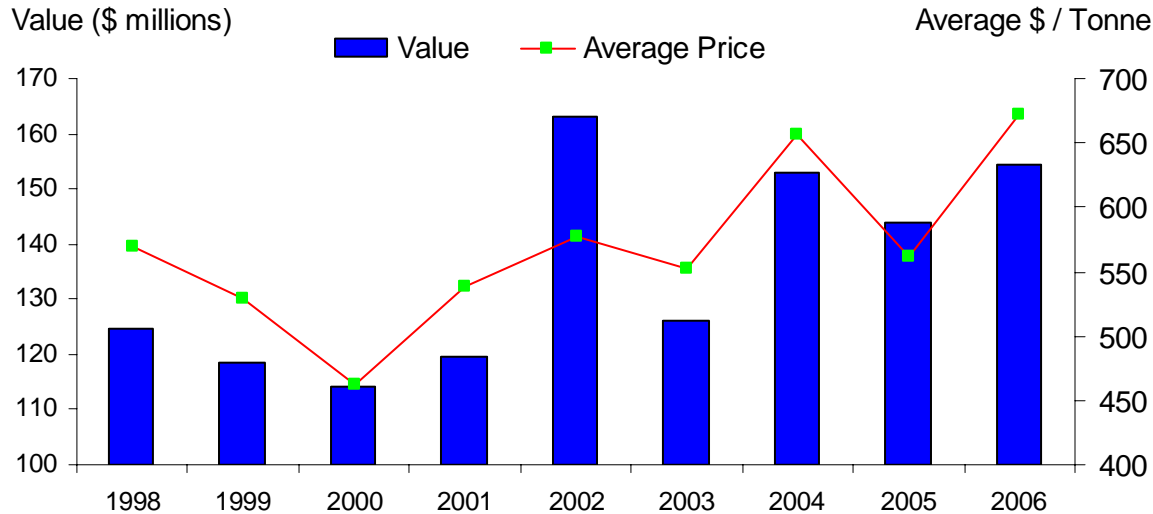


## Long Term Production Trends

- The key measurements of onion production had not shown consistent movements over the last decade.
- The latest figures indicate a unexpectedly large drop in the area planted, perhaps a sign that past levels were misrepresented.

## Value of Onion Production

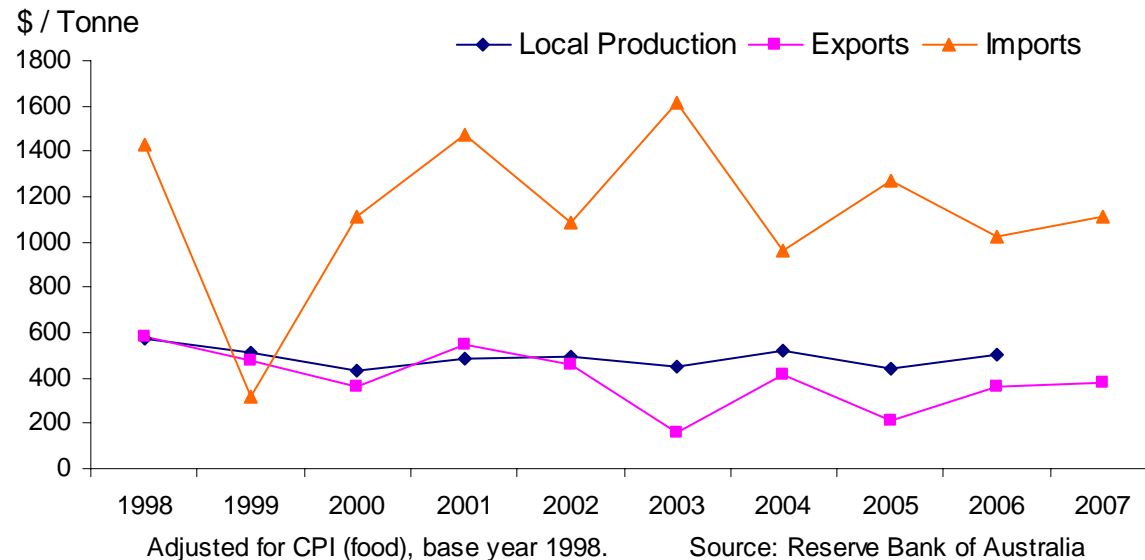
### Value of Production



### Domestic Value of Production

- The gross value of onions grown in Australia in 2006 was \$154.3 million.
- This is an increase of 7% on the previous 12 months, despite lower production figures.
- The national gross unit value (average price per tonne) rebounded 20% following a 14%.
- Retail price rises in Australian capital cities have not been passed on to growers.

### Inflation Adjusted Value per Tonne

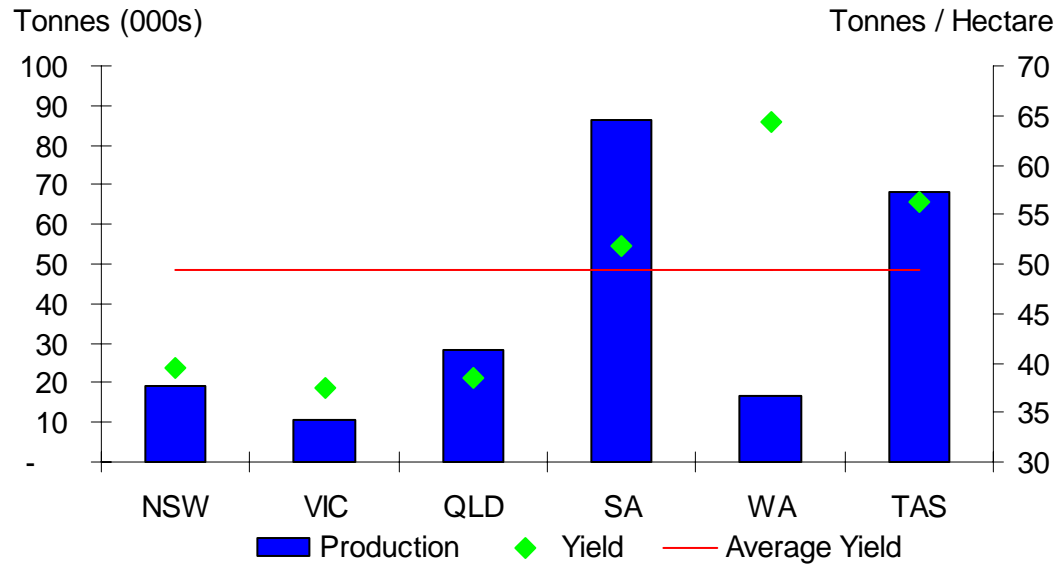


### Onion Pricing in Australia

- In Australian dollar terms, the per unit value of onion imports has generally been greater than that of exports and local production.
- After accounting for inflation, the average price of onions across all sectors has fallen slightly since 1998.
- Relatively lower onion prices have not affected volumes of production or trade.

## State Onion Production

### Production v Yield



- South Australia (38%) and Tasmania (30%) combine to produce over two thirds of the national onion crop.
- Historically, yields in WA have been considerably higher than the national average, albeit for a low tonnage.
- Despite being the highest producing state, output levels in SA have generally been the most volatile in the country.
- Production is generally concentrated in the states with higher returns per hectare.

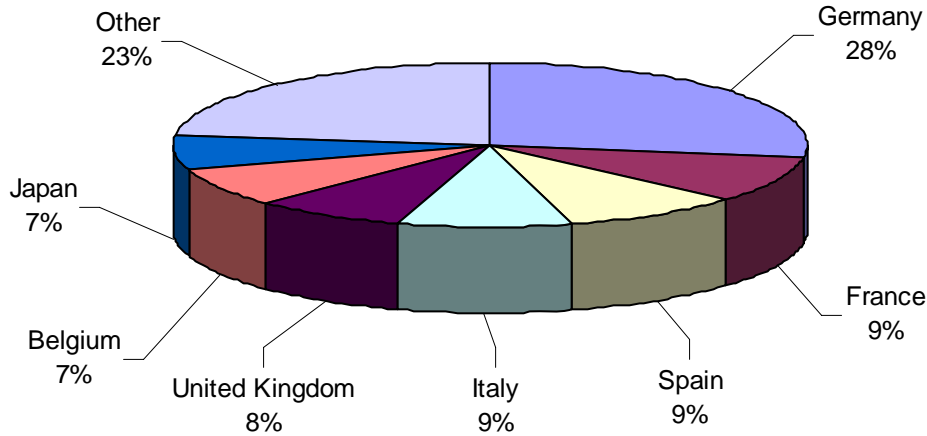
### Onion Consumption

| Vegetable | Average for 3 years ending 1999(kg) | Average for 3 years ending 2006(kg ) |
|-----------|-------------------------------------|--------------------------------------|
| Onions    | 9.0                                 | 9.2                                  |
| Potatoes  | 68.0                                | 61.9                                 |
| Carrots   | 11.1                                | 11.5                                 |
| Tomatoes  | 22.0                                | 24.2                                 |

- Data on consumption is fragmented and anecdotal.
- AUSVEG Ltd estimates suggest that annual consumption of onions has remained fairly steady in recent years at 9.2 kg per capita.
- Comparisons with estimates of per capita consumption of some other major vegetables are presented in the table to the left.

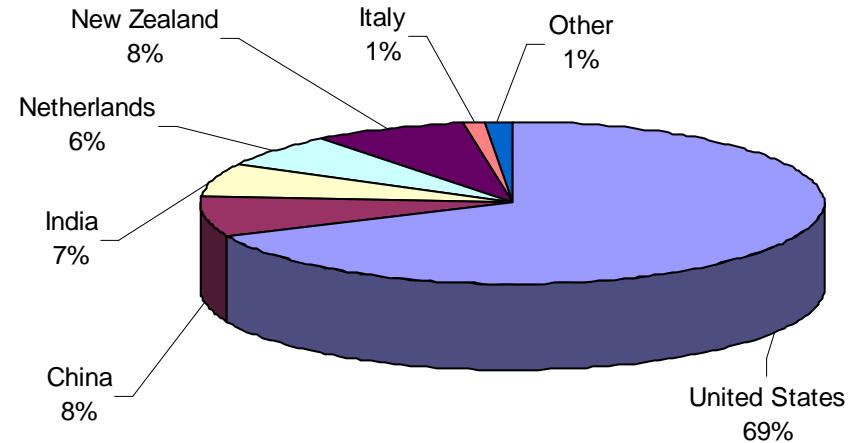
## Characteristics of Australian Onion Trade

### Australian Exports



Total Value of Exports = \$27.9 million

### Australian Imports

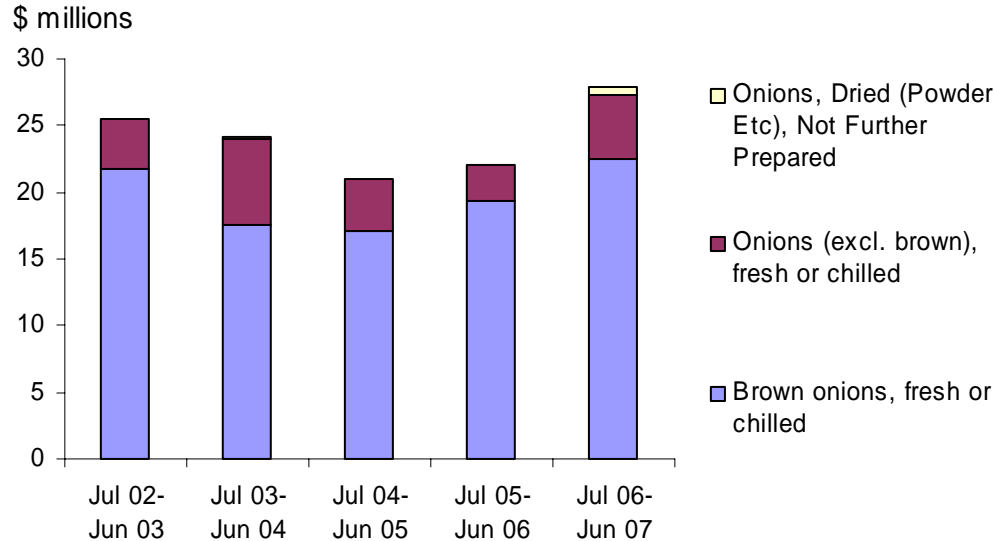


Total Value of Imports = \$14.1 million

- Australia runs a strong positive balance of trade in onions.
- Exports are almost exclusively fresh, with substantial markets developed during the 1990s in Europe, where competition is strong.
- The majority of onions exported are sourced out of Tasmania.
- The sudden jump in exports to Germany is due to onions that previously entered the EU via Belgium.
- Small quantities of fresh onions are imported but the majority of imports (60%) are dried onions from the US.

## Current Trade Data

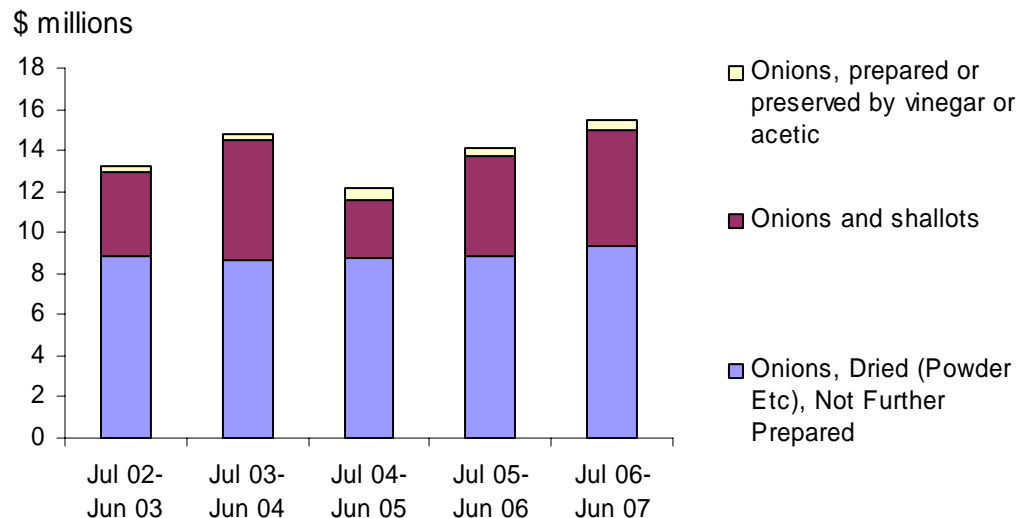
### Value of Exports



### Exports

- Export values jumped 27% over the 2006/07 financial year.
- Total exports of fresh onions over that period totaled \$27.9 million, their highest mark since 2001/02.
- The six largest European destinations for Australian onions increased their combined level of imports by 37% for the year.
- This offset a fall in exports to Japan, which was the seventh largest export market in 2007, down from second position in 2006.

### Value of Imports



### Imports

- The level of imports increased 10% over the last 12 months for a combined value of \$15.4 million, the most recorded since 2002.
- Dried onion imports rose 5.5% to \$9.4 million, while fresh onions were up 14.4% to \$5.6 million.
- The US continues to dominate as the source country for onion imports supplying 68% of fresh onion imports by value and 73% of dried onion imports.

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## Market Segments

- The onion market consists of the fresh market segment, dehydrated segment and frozen segment. Despite the different uses, onion consumption in Australia is dominated by the fresh market segment.
- Onions can be grown all year around and the harvest season can extend from August in Queensland to April in Tasmania.
- Brown onions are the predominant onion grown in Australia and is also the main onion exported.
- White and red onions are also produced and there is a growing export market in the latter.
- Shallots a smaller version of the onion family are grown and widely used as an ingredient in cooking.
- There is a growing trade in the food service area for more exotic onions.

## Market Access

- Domestic production and trade are free.
- Imports of fresh onions are duty free. There is a small tariff on dried and preserved onion imports of 5% which reduces to 4% for developing countries.
- Access to foreign markets is reasonable with freight costs being the major barrier to expanded exports.
- Exports to the European Union (78% of total exports) incur a tariff of 9.6%
- Exports to Japan incur a tariff of 8.5% (7% of total exports) whilst Indonesia and Taiwan impose a tariff of 25% (3% and 1% of total exports respectively).

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For more economic analysis of vegetable production, visit the  
AUSVEG webpage at:  
[www.ausveg.com.au](http://www.ausveg.com.au)

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