Citrus Growers' Association
OF SOUTHERN AFRICA
Grower levies working for you!

FRUITROP

HS Market 2022
Towards lasting changes of trends ?

Anselme CLERON

CIRAD - PERSYST
Market News Service
Editor of FRUITROP Magazine
anselme.cleron@cirad.fr

CIRAD Market News Service
FRUITROP

Citrus Growers' Association OF SOUTHERN AFRICA
Grower levies working for you!

FRuiTROP

Pt 1 – SH in the global citrus market

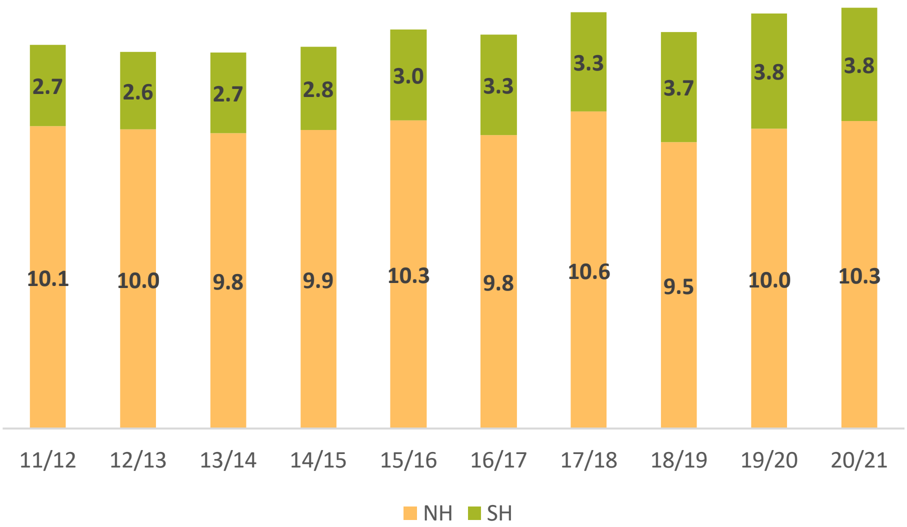
CIRAD Market News Service

FRuiTROP

HS Citrus - Only ¼ of the world citrus market but still expanding.

Citrus World Trade

(in million tonnes | source : customs)



	W. Trade	Growth / Year (average last 4y)	
	2022/ 1000 t	%	1000 t
Oranges	1 620	0%	4
Soft Citrus	993	10%	74
Lemon	906	6%	47
Grapefruit	242	0%	0
Total	**3 760**	**4%**	**125**

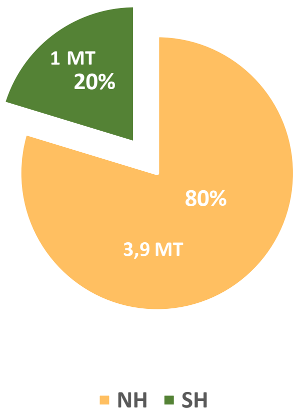
- **A 3.8 million tons market in 2022**

- **SH represents 27% of the world citrus trade (14 MT)**
  - Narrow market window
    SH citrus: around 5 months
    NH citrus: around 7 months
  - Citrus - Seasonal consumption
    Citrus = cold weather in temperate countries
    Seasonal fruit competition (stone fruits/berries)

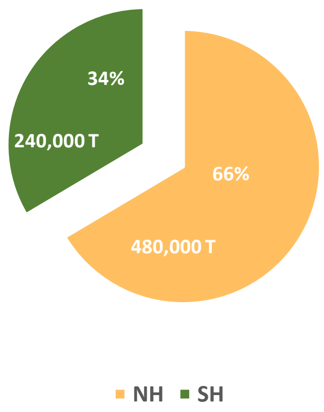
- **Flat till 2015 …but taking off afterwards**
  - Average growth rate over the last five years : 4% per annum
  - Northern Hemisphere citrus trade growth has idle over the last five years

SH citrus performing better than NH on a shorter market window

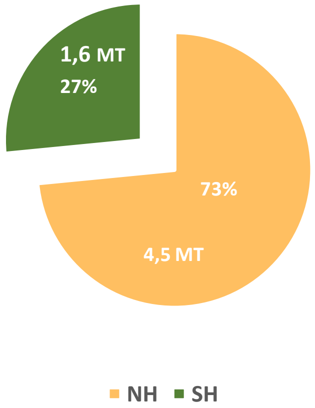
World Soft Citrus market shares 2021-22
(in 000 tons | source : customs)



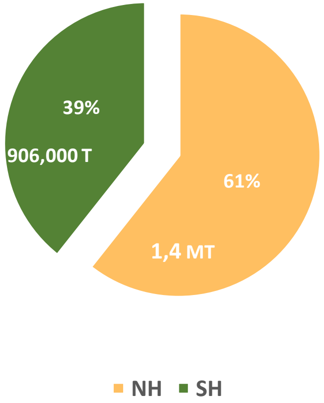
World Grapefruit market shares 2021-22
(in 000 tons | source : customs)



World Orange market shares 2021-22
(in 000 tons | source : customs)

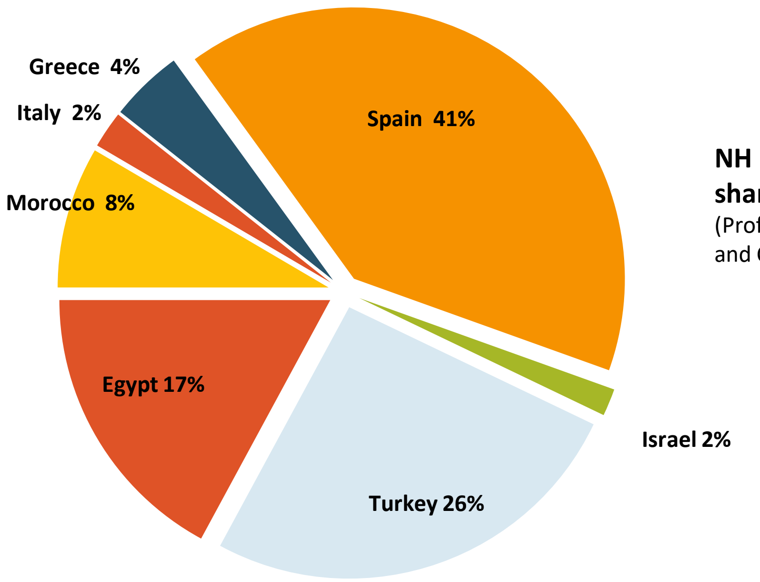


World Lemon market shares 2021-22
(in 000 tons | source : customs)

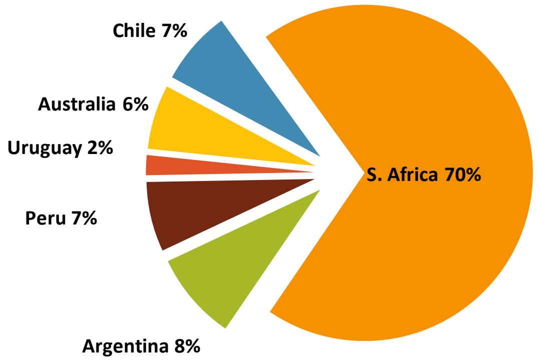


- **SH citrus between 20% to 40% of the global citrus market shares**
- **Growth trends are better than in the northern hemisphere for 2 citrus families**
  - SH soft citrus yearly growth : +10% over the last 4 years | NH only 2%
  - SH lemon yearly growth : +6% over the last 4 years | NH only 1%
- **Steadier trends for orange and grapefruits**
  - SH orange stable over last 4 years | NH receding slightly -1%
  - SH and NH grapefruit stable over last 4 years
- **SH operating and a short market windows**
  - 5-6 month for SH citrus vs 7-8 month for NH citrus

Suppliers Share distribution : HS offer less fragmented and lead by SAR



NH Citrus market shares in 21/22
(Professional sources and Customs)



SH citrus market shares in 2022
(Professional sources and Customs)

- **NH market remains remains in the control of 4 major suppliers**

  - **Spain** is leading but has been idling over the last five years (-1%) (3,5 MT exported in 21-22)
  - **Turkey** is gaining ground ; +3% of average growth rate over the last 4 years (2,2 MT exported in 21-22)
  - **Egypt** stable ; -2% of average growth rate over the last 4 years (1,5 MT exported in 21-22)
  - **Morocco** stable ; -2% of average growth rate over the last 4 years (725 000 MT exported in 21-22)

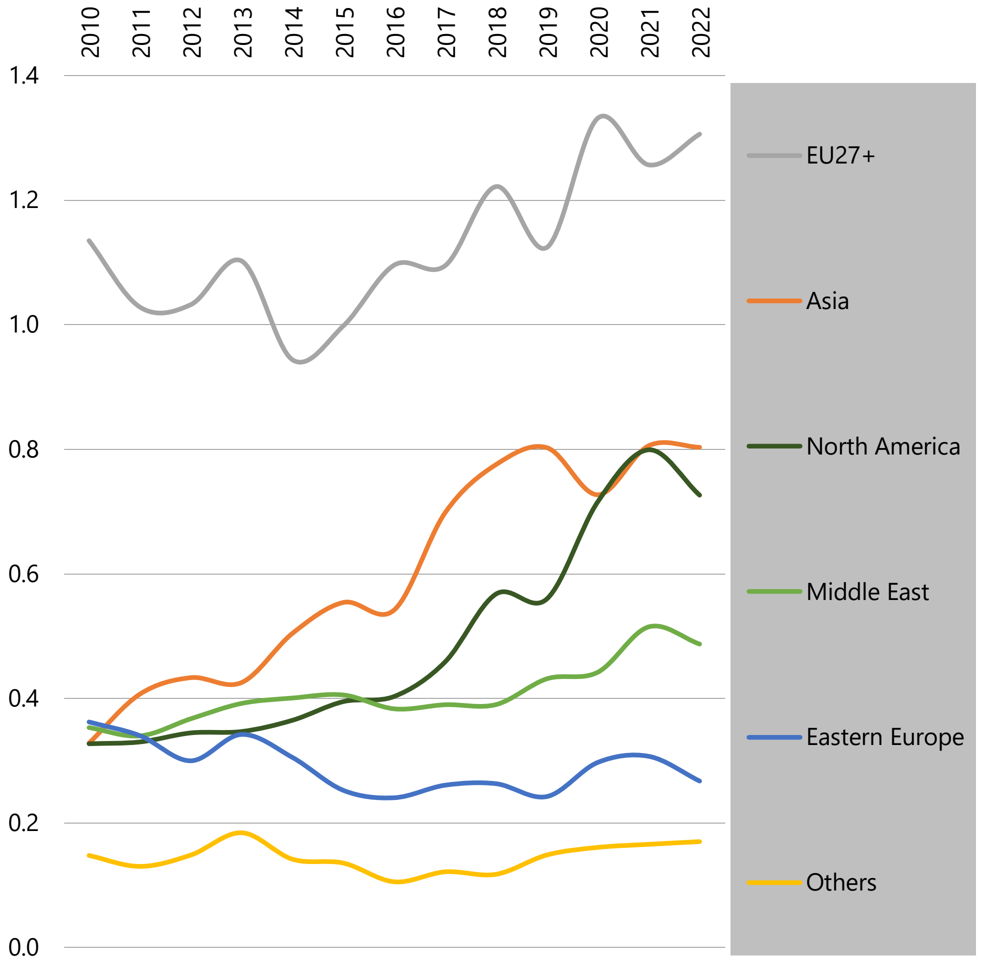
- **SH market keeps progressing thanks to one single propeller**

SAR is the only real market driver i.e. +7% of average growth rate over the last five years (2,6 MT exported in 2022)

Pt 2 – SH Market in more depths

SH Citrus – A paradigm shift in 2020 ?

Southern Hemisphere citrus - Exports by destination
(million tonnes | Professional sources and Customs)



- **SH focused on 3 main destinations**

  - UE27+UK 35% of market share i.e. 1.3 MT
  - Asia 21% of market share i.e. 800 000 tonnes
  - North America 19% of market share i.e. 727 000 tonnes

- **No more significant growth since 2020**

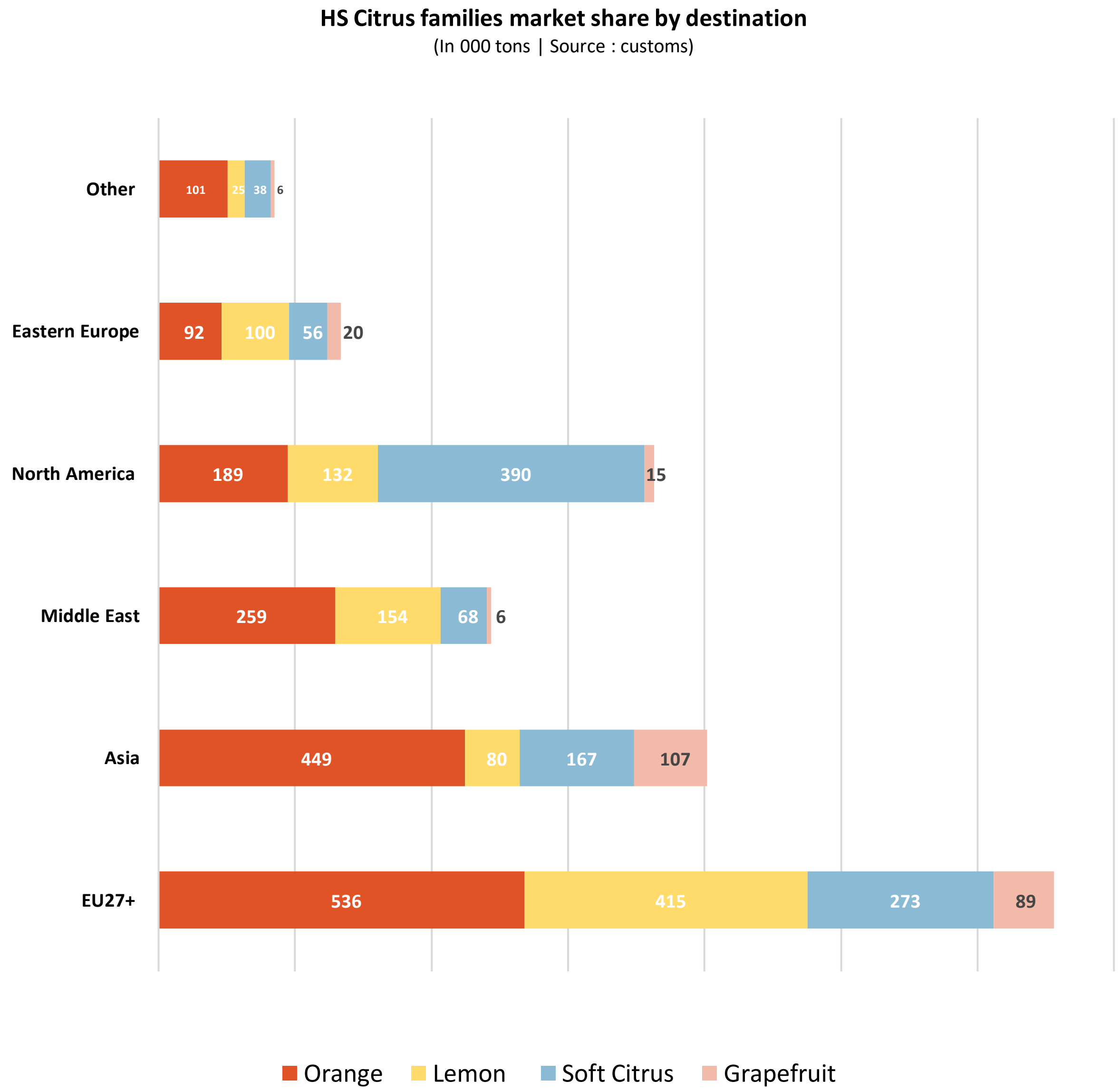
  - The 3 main market drivers are slowing down
  - No other clear growth relay : Middle East and Eastern Europee are trending down

- **Various probable structural causes:**

  - Impact of the pandemic with long-lasting effects on some markets.
  - Exponential increase in freight costs and low space available.
  -Strong volatility of exchanges rates.

- **If it proves to be only conjontural will the growth resume later?**

Key market distribution by citrus families



- A quite **diversified market portfolio**
- **Key role of EU 27 + UK for lemons**

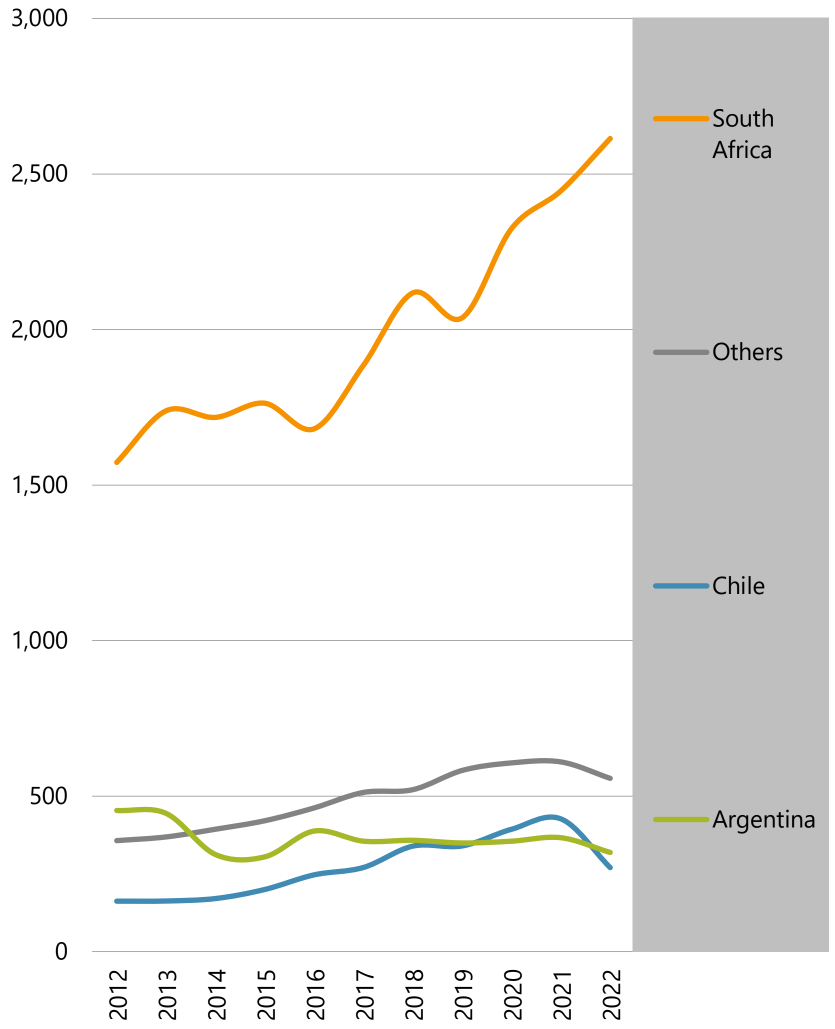
  +170 000 tonnes gained over the last 10 years
- **Asian demand growing for grapefruit**

  + 69 000 tonnes gained over the last 10 years
- **North American SH soft citrus gaining grounds**

  +287 000 tonnes gained over the last 10 years

SH market is tightening around a single dominant player: South Africa

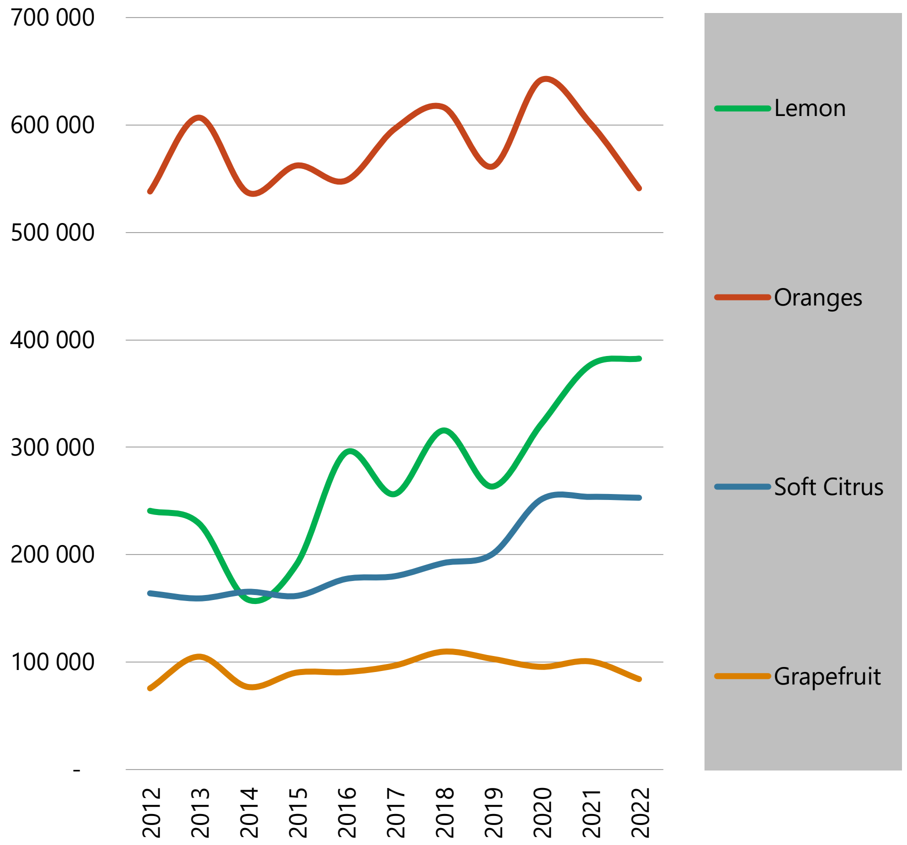
Citrus - Southern Hemisphere
Exports by main supplier country
(in 000 tonnes | Professional sources, Customs)



- **South African citrus : 70% of the global SH market (2,6 MT in 2022)**
  - Other supplier left far behind and keep losing maket share to SAR.
  - Argentina Second in ranking with only 7% (319 000 tons)
- **SAR orange : 75% of the global SH market (1,2 MT in 2022)**
  - Next in line, Australia with only 10% (151 000 tons)
- **SAR lemon : 62% of the global SH market (557 000 tons 2022)**
  - Second in ranking, Argentina with 28% of market share (251 000 tons)
- **SAR soft citrus : 52% of the global SH market (520 000 tons in 2022)**
  - Second in ranking, Peru with 22% of market share (216 000 tons)
- **SAR grapefruit : 98% of the global SH market (238 000 tons in 2022)**
  - Virtualy no competitors on the summer market

Focus EU 27+ UK summer market – Some questionable trends

EU 27+ UK- HS Citrus imports
(in tons | sources: Customs, Trade map, professionals)



- **EU27+UK HS Citrus imports (1,3 MT in 2022) idling since 2020**

  - With some disparities amongst citrus families

- **SH orange and grapefruit imports are plumetting lower than pre-covid levels**

  - Orange imports down 541 000 tonnes in 2022 i.e. **–11%/ 4 years average**

  Due to the increasing overlap with Mediterranean origins in late Navels and Valencias

  - Grapefruit imports down 84 000 tonnes in 2022 i.e. **–18%/ 4 years average.**

  A trend that reflects the structural decline in demand (less interest in the product)

- **SH lemon and soft citrus restiting better but …**

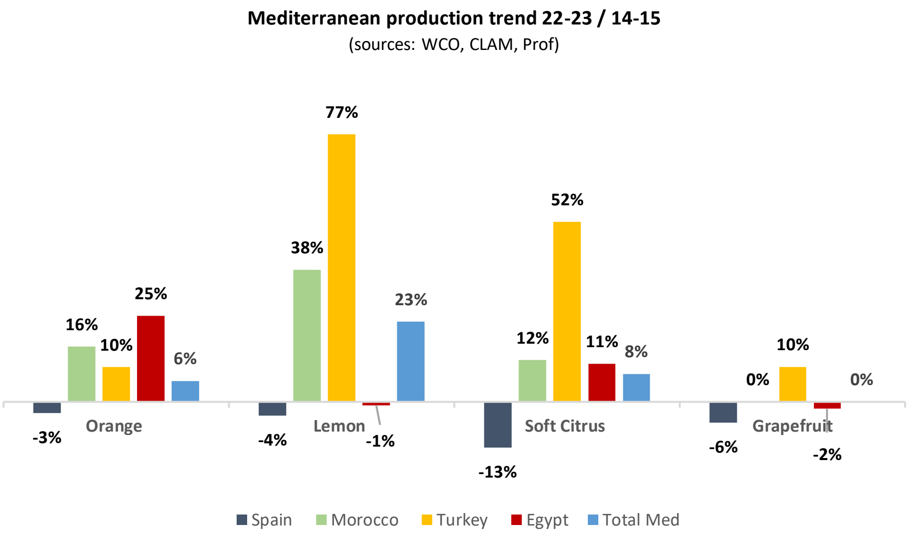
  - Lemon imports are idling in 2022

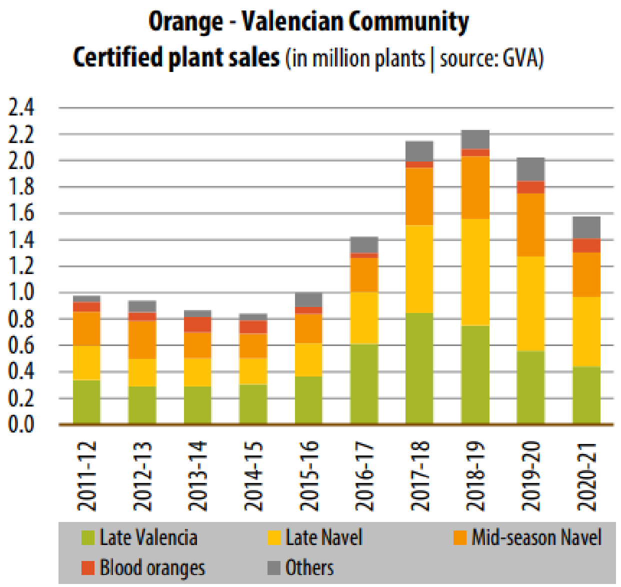
  Cyclical trend ? Or shortening of market window du to the increase in mediterranean production?

  - Soft citrus import have stopped progressing over the last two years

  European demand remains seasonal and more focused on late hybrids.

EU 27+ UK summer market shrinkage – Structural change in the Mediterranean production





- **A growing Mediterranean production** (+ 1,7 MT in 8 years)

  - Significant increase on SH competitors on the UE market

  - Strong growth of Turkish crop : Lemon and SC +600 000 tonnes

  - Awakening of the Egyptian production : Oranges +680 000 tonnes in 8 years

- **Major structural changes in the Mediterranean orchards**

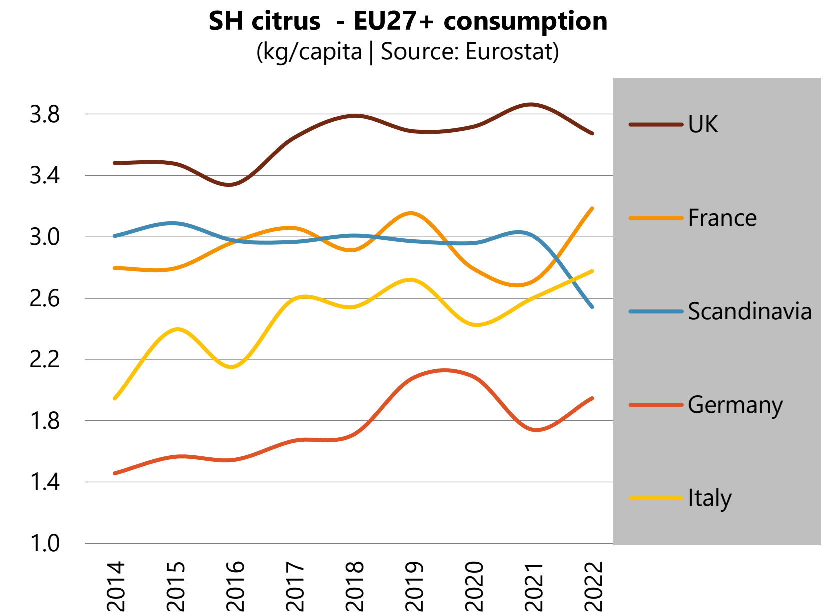
  - **Oranges** : renewal movement of the late orange orchard in Spain on late varieties (Late Navels and Valencias) in an effort to stretch the market window

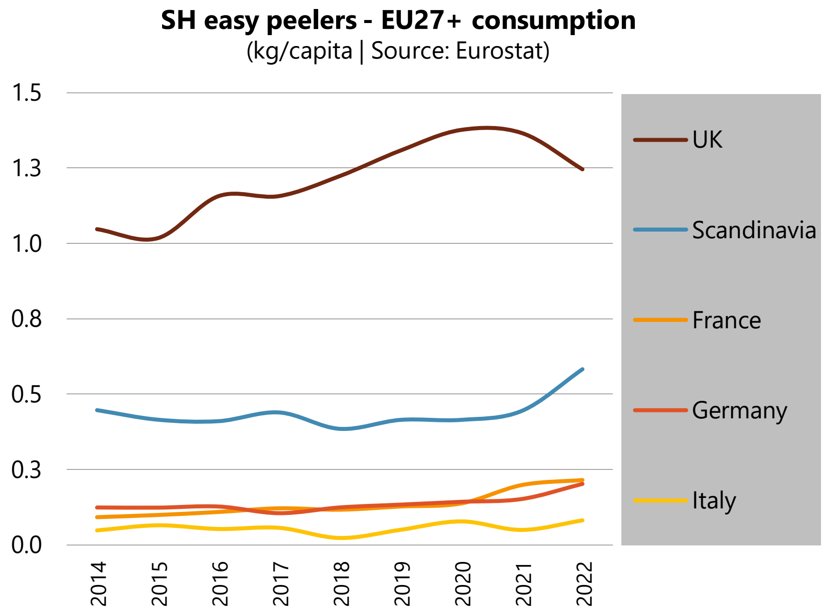
  - **Soft Citrus** : strong growth from Spain and Morocco in the late hybrids (Nadorcott, Tango) but no interaction with SH soft citrus

  - **Lemon** : development of the Spanish orchard but on the early variety (Fino)

  - **Grapefruit :** No more growth.

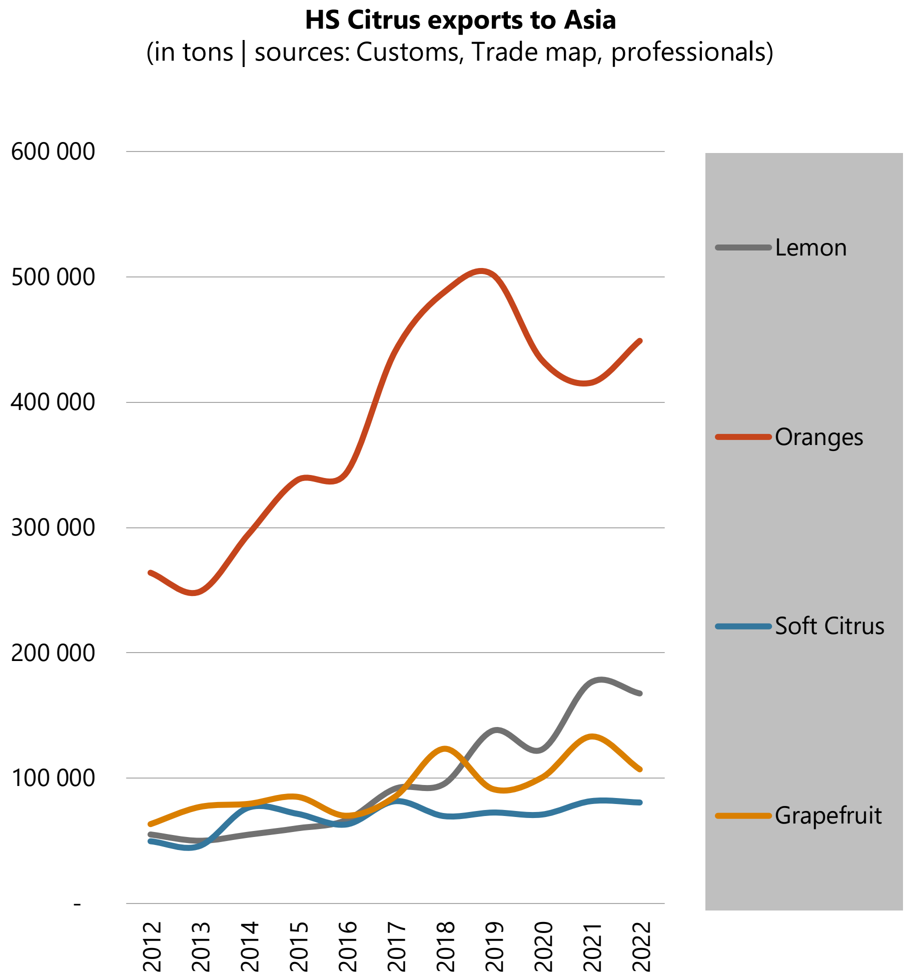
EU 27+ UK summer consumption – Soft Citrus to stand out ?





- **No real strong development of summer consumption**
  - UK and France leading with 3,6 and 3,2kg / capita respectively
  - European seasonal consumption trend (summer fruits)
- **SH orange and lemon consumption - long term stability**
  - An average 1,2 kg/capita for summer oranges.
  - Strong covid related demand surge for lemons in 2021 then back to steadiness
- **SH soft citrus - start of a shift in consumption habits ?**
  - UK far ahead other market but quite stable trend over the last 4 years.
  - Progress in 2022 on German and French market where there is greater interest in qualitative late hybrids.
- **SH grapefruit – a global erosion of consumption.**
  - The gradual decline in the winter market is also affecting the summer market.
  - All market are afflicted, incl. leader France and Italy : -88g and -50g /year/capita over the last 5 years.

Asia – an untapped potential ?



- **Second largest destination for SH citrus – 800 000 tonnes in 2022**

- **Asia a significant destination for orange but the main market driver has broken down**

  - **Chinese market** (280 000 T -18%/4 years average) momentum ceased with Covid pandemic, no real recovery afterwards

  - **Indian** and **South East Asian** market are emerging

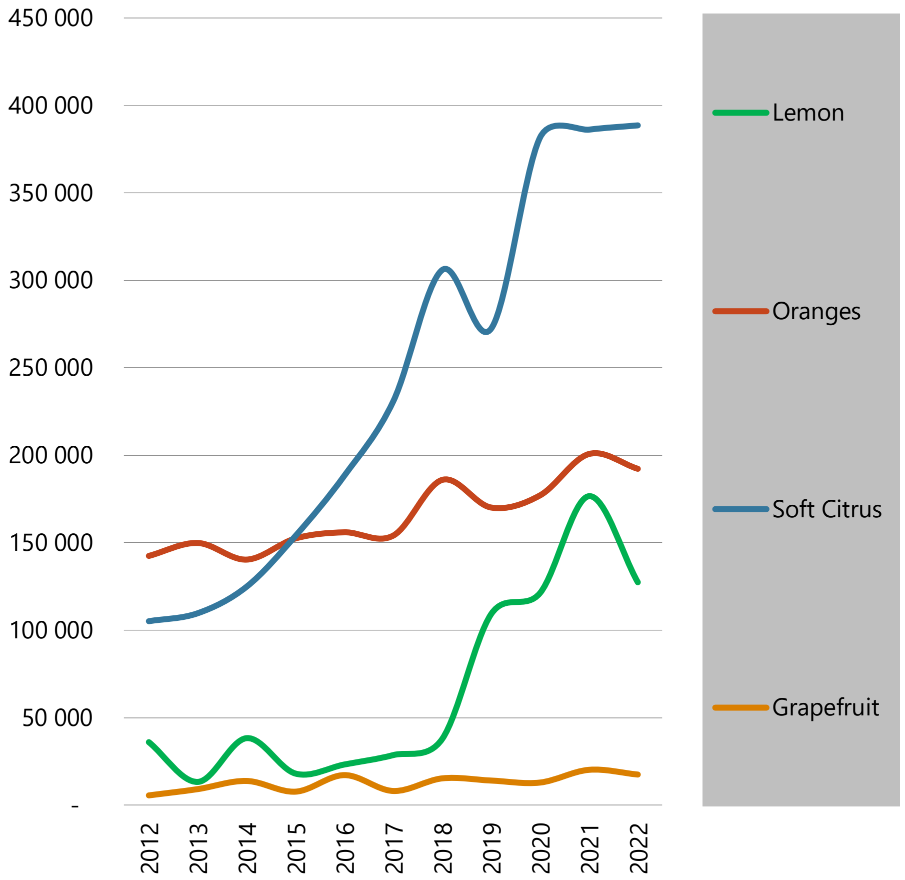
- **Some interesting trends for lemons and grapefruit**

  - Growing demand for lemons (+17% annual growth rate/ 5years) and moderately for grapefruits (+5% annual growth rate)

  - **Japan** recedes and gives way to **South East Asia**

USA and Canada - a still healthy market trend

US + Canada HS Citrus imports
(in tons | sources: Customs, Trade map, professionals)



- **Third largest destination for SH citrus – 726 000 tonnes in 2022**

  - Solid growth for 3 of the four citrus families

- **A continuous soar of the lemon import (+ 100 000 T in 5 years)**

  - Except for 2022 due to a significant US crop
  - Very good consumption trend (2,4kg/capita in 2021)

- **A strong development in soft citrus until 2020**

  - Then flat afterwards link to the increase of Californian orchards? + 4 000 ha between 2014 and 22 mainly on late hybrids

- **More stable trend for orange and grapefruit imports**

  - Demand for grapefruit sustained by domestic production shrinkage (+13% annual growth rate/ 5years)

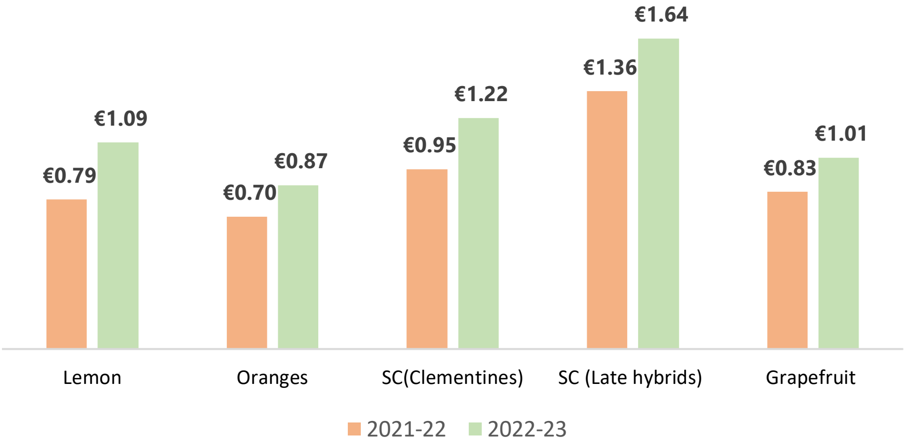
  - Slow progression for orange (+5% annual growth rate) but consumption in **North America** clearly underdeveloped because of consumption habits (convenience food)

Current European market context – A very clear and open market for SH citrus

In 000 tonnes	2022-23 compared to 2022-22	2022-23 compared to last 4 years average
Spain	-15%	-14%
Turkey	-27%	-17%
Egypt	5%	5%
Italy	-21%	-15%
Morocco	-33%	-23%
Greece	11%	7%
Isreal	0%	8%
Tunisia	-17%	-28%
Cyprus	0%	-1%
France	21%	19%
Total	-15%	-11%

Source : WCO, Professionnal

Average import price - Winter citrus season
(in €/kg | Source : Cirad)



- **Early end of the NH season – no overlap for a majority of the citrus families**

  - Mediterranean season amongst the smallest for the past decade

- **Late citrus varieties are the most impacted by the shortfall**

  - Spanish late oranges production forecast down -27% below the 4 year average
  - Spanish Verna lemon down -32% below the 4 year average

- **Significant increase in import prices**

  - an average increase of +26% in 2022-23 for all citrus fruits
  - Lemons is the best performer +38%/2021-22
  - SC late hybrids remains the most profitable citrus

FRuiTROP CIRAD Market News Service

To Sum up : Will these changes last?

- **South Africa is increasingly prominent in the southern hemisphere market**

- **Structural changes in NH orchards will continue to reinforcing the overlap on SH seasons**

- **But most of the global slowdown is due to cyclical and momentary causes** (Covid, Ukrainian War, Economical crisis) **and growth might resume in the coming years.**

- **Growing concern for sustainability on EU markets.**

Thank you !