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Southern Hemisphere citrus world trade

New challenges in a changing world

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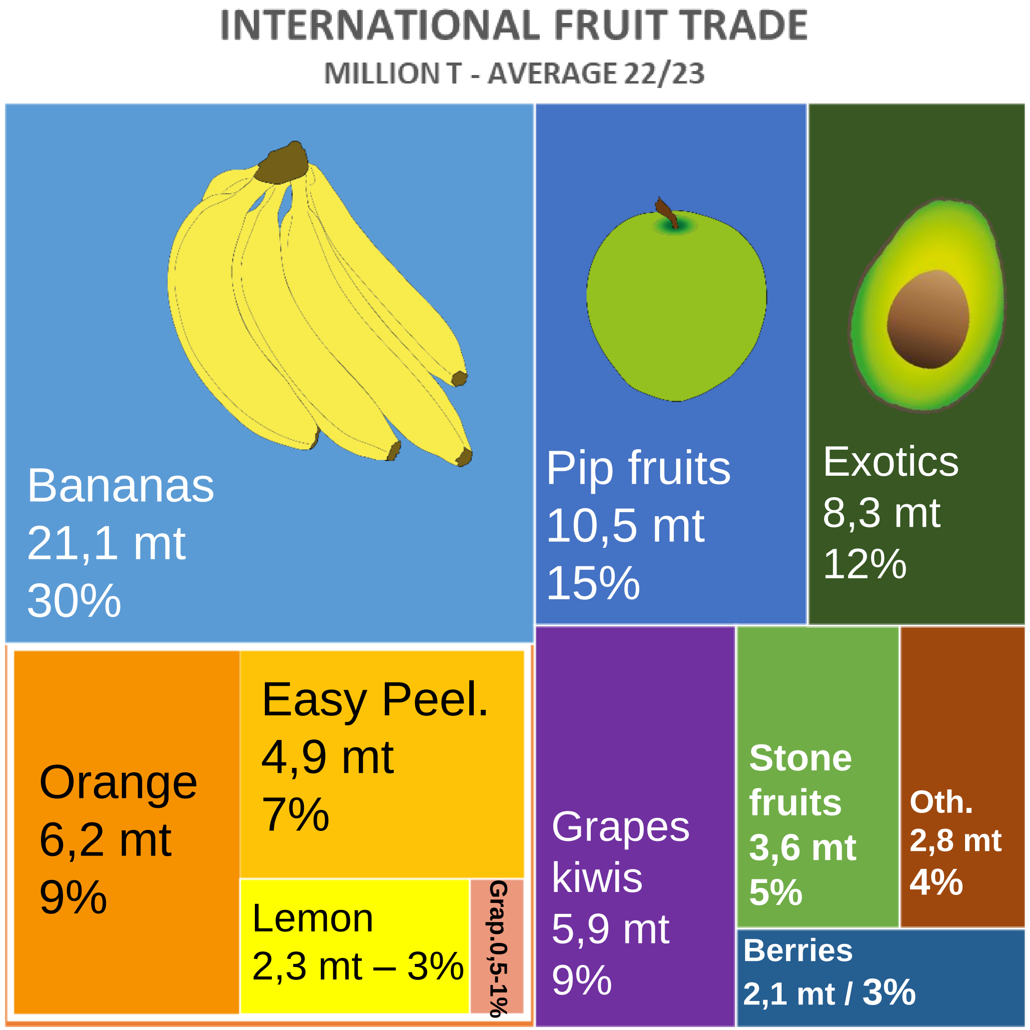
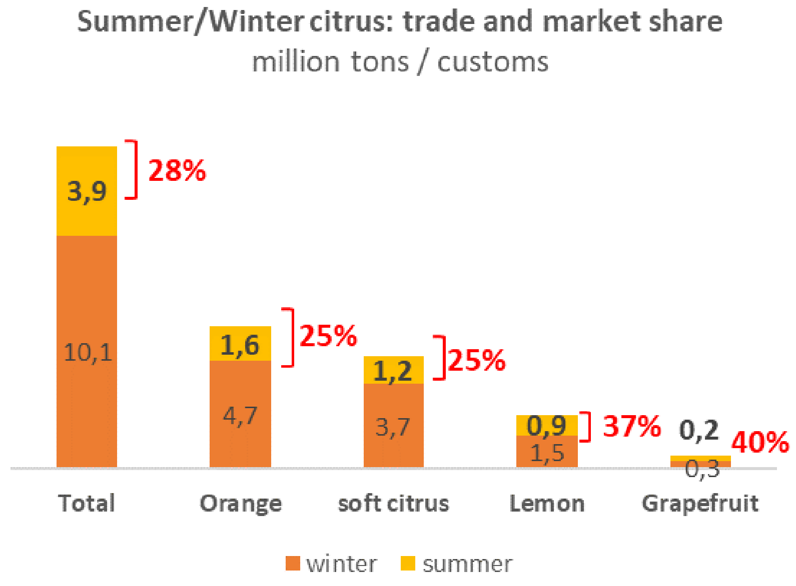
Part 1: Overview of the world citrus trade... in 4 slides

- A heavy goods market… coming out of steam

Citrus: a giant family in the international fruit trade



- **Citrus (NH+SH): around 22% of an international fruit trade**
  - **15 million tons on 70 million tons**
- **Second position after bananas (Cavendish and cooking bananas)**
  - Bananas + citrus >50% of the world fruit trade
- **By citrus family:**
  - Orange leading (by far if we add processed fruits)
  - EP in second position and not so far
  - Lime (1 mt not included in the study)
- **Summer citrus trade: 3.9 million tons**
  - 6% of the fruit trade
  - 28% of the citrus trade
    - temperature / summer fruit competition



International trade: a geographical specialization by outlet

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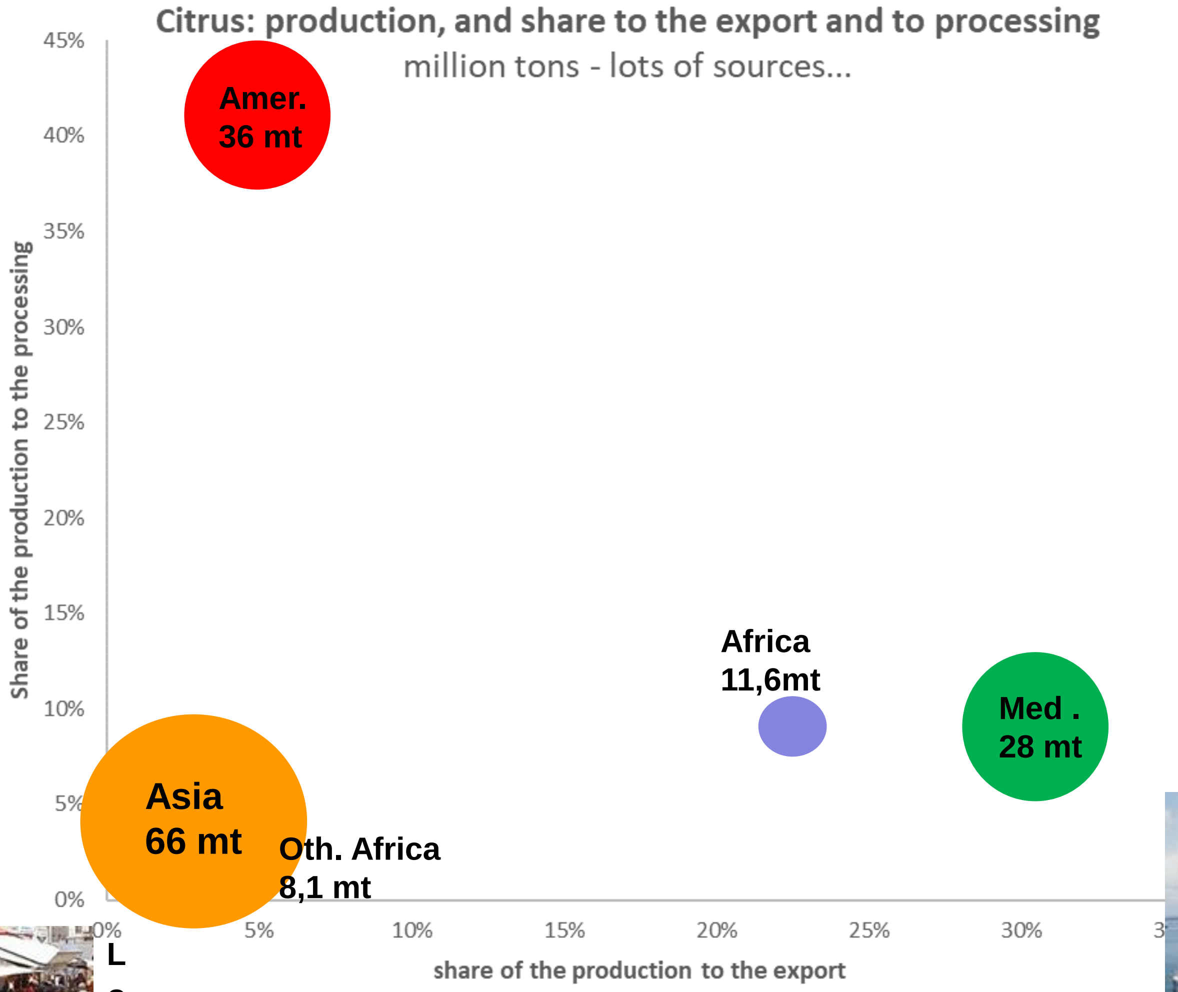

Local

Export

- World production (without lime/“other citrus”): around 145 mt
  - Asia ≈ 45%
  - Americas ≈ 25%
  - Mediterranean ≈ 19%
  - Africa ≈ 8%

Citrus producers: top 10 mt		
1	China	35,3
2	Brazil	13,4
3	India	12,0
4	Spain	6,3
5	Mexico	6,2
6	Turkey	6,0
7	USA	5,0
8	Nigeria	4,2
9	Argentina	3,9
10	**South Africa**	**3,4**

SAR
3.5mt

- A geographic specialization by outlet
  - Asia auto-consumming
  - Americas processing
  - Mediterranean exporting
  - Hybrid position of Africa… due to South Africa

Mediterranean in winter and SAR in Summer as main market players

Little dynamic during the last 10 years, apart for lemon

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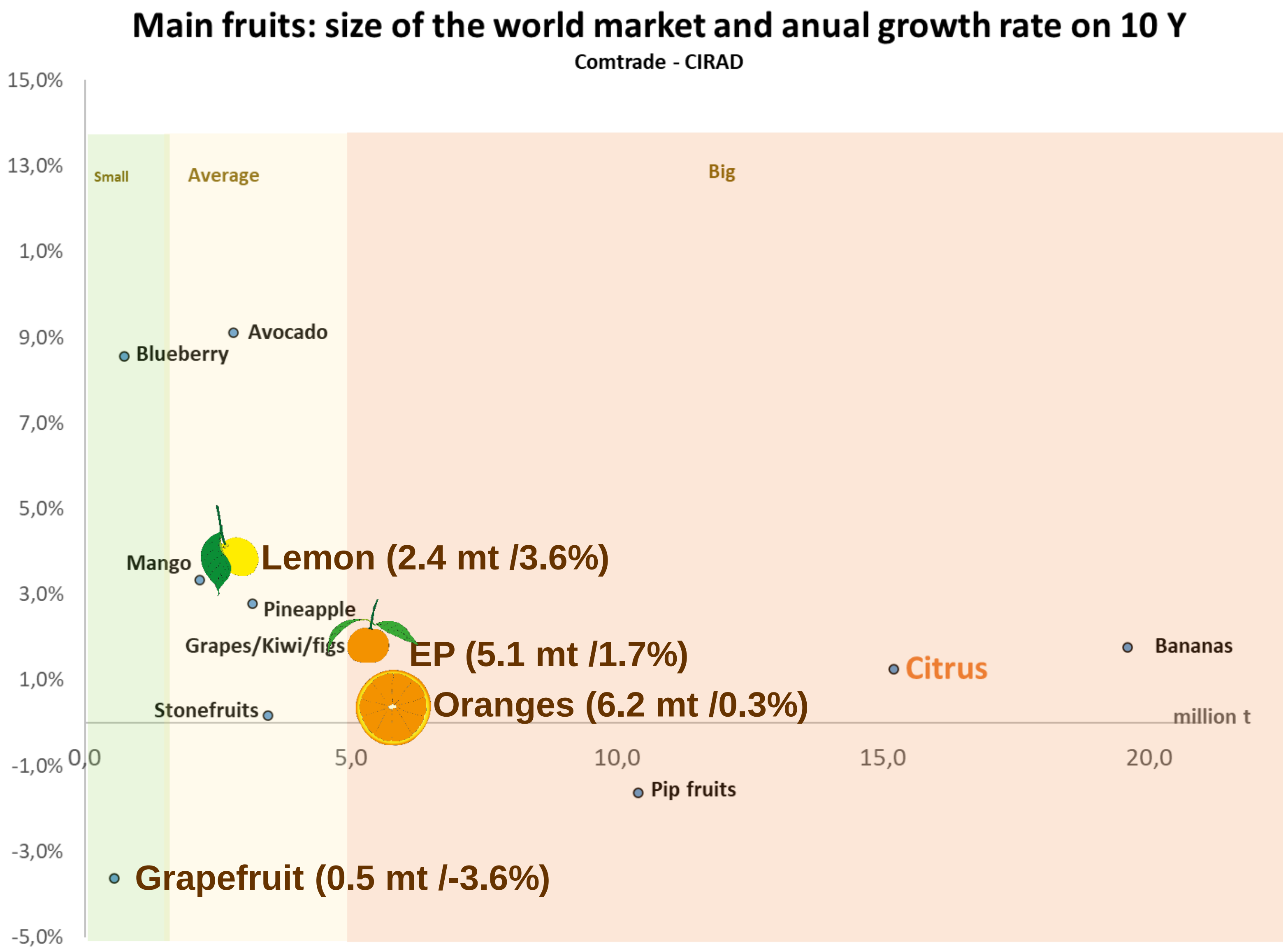
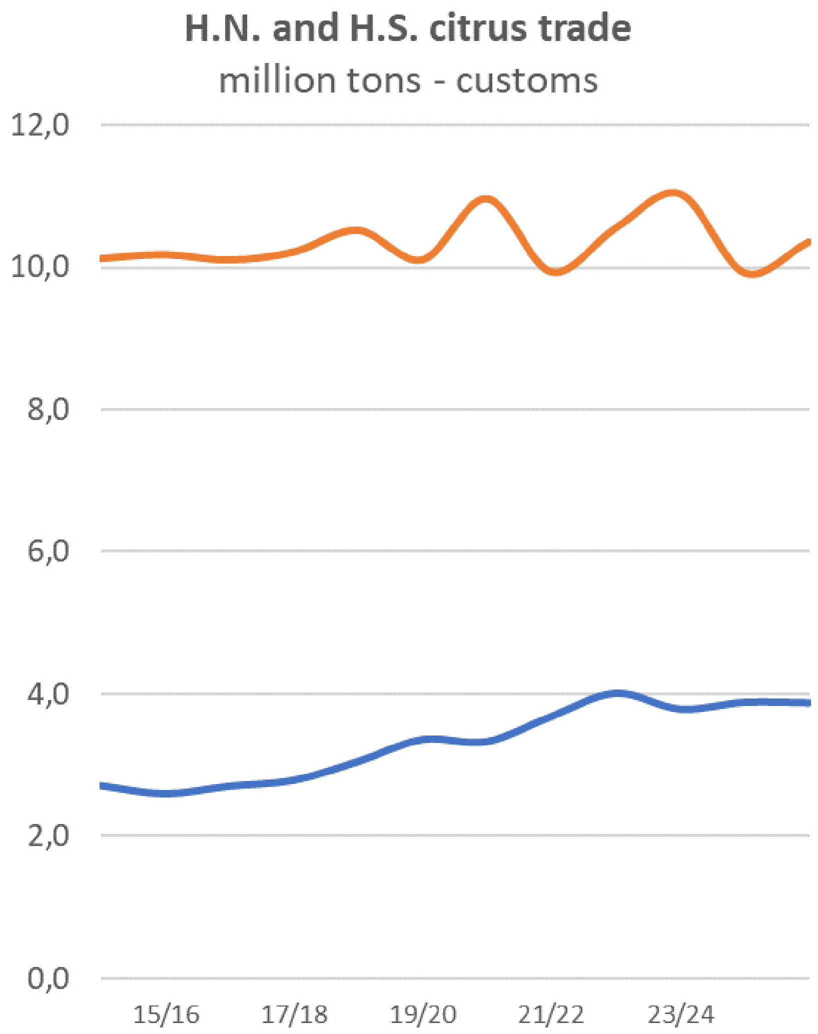


- **A growth of around 1.1%/year**
  - Significantly lower than banana (1.8%/Y)
  - Slightly below the fruit average (1.2%/Y)
- **Far lower than other families such as:**
  - Exotics at 4.6%/Y
    - Avocado at 9.1%/Y
    - Mango at 3.3%/Y
  - Berries at 3.2%/Y
    - Blueberries at 8.6%/Y
- **Significant differences by citrus families**
  - **Orange** almost stagnating, still with large volumes
  - **EP**: large market, slightly gaining ground
  - **Lemon**: the good surprise! Demand not at all inelastic : 2.4 mt – going up
  - **Grapefruit**: disappearing?

Even less dynamism these last seasons…



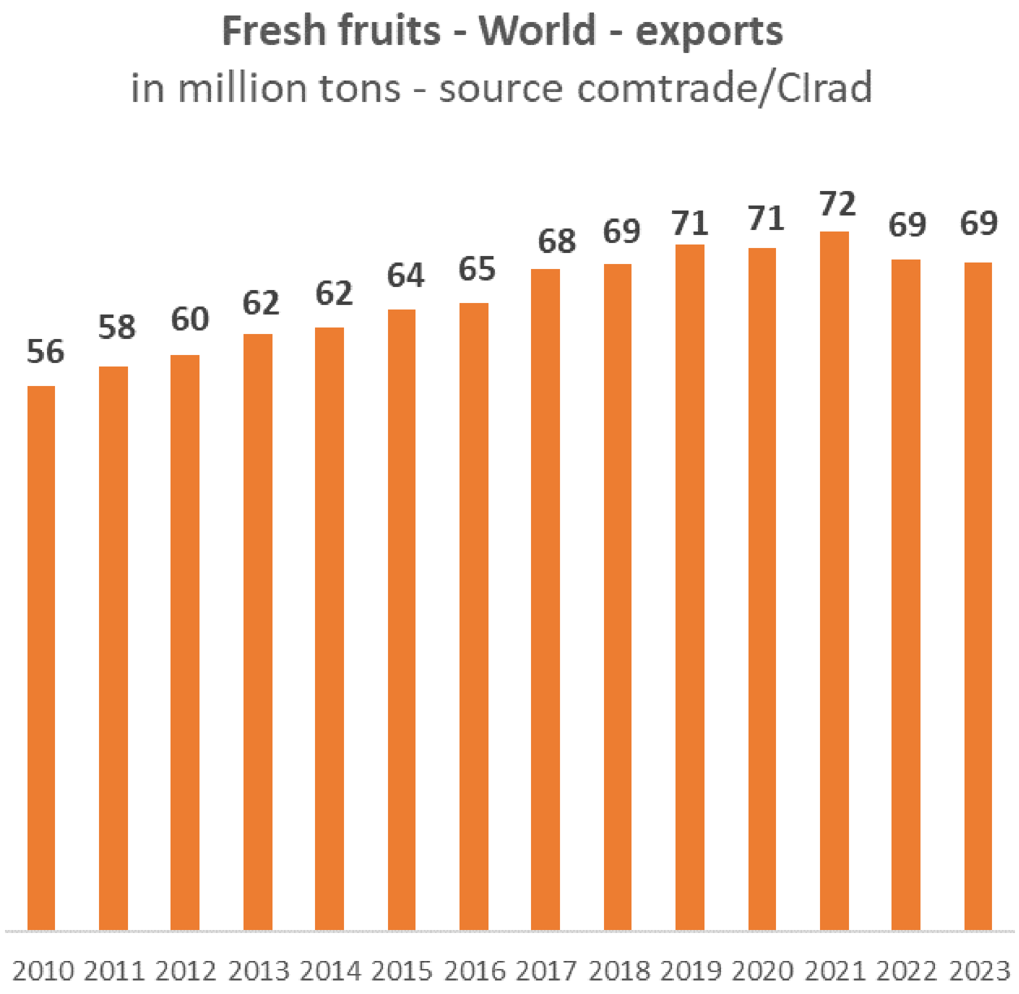
- **If we look more in detail, a slow down since the beginning of the new decade:**
  - Northern Hemisphere trade **almost stable** and oscillating between 10.0 to 10.5 mt in 2022/23 and 2023/24 instead of 10.0 to 11.0 million tons before
  - Southern Hemisphere trade **from a nice growth (**around +5%/year between 2013 and 2021) **to a slight decrease** (around 100 000 t lost between 2021 and 2024)

A further slowdown, partly related to a new market panorama

Part 2: Global challenges / welcome to a world of uncertainties…

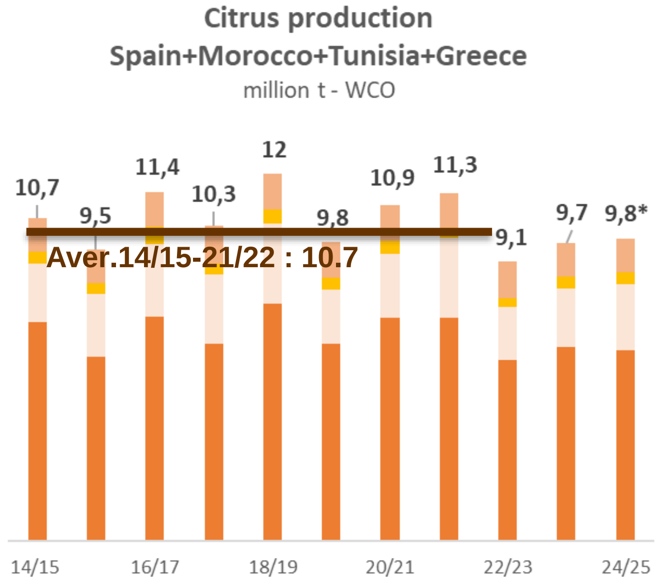
- A new climatic and political context, and changing consumers habits

Climate change: already a big problem for fruit trees…



- **A sharp decrease of the world fruit exchanges for 2 years**
  - Global fruit trade evolution:
    - 2010-2021: +1.5 million tons/year in average
    - Since 2021: more than 3 million ton/year lost!
- **Very possibly an impact of the climate change**
  - Almost all fruit kind affected: Med citrus, banana, …
  - Demand is not the problem: volumes down and prices up
- **Example of the Mediterranean citrus**
  - Region in the first line regarding drought issues
  - For countries with stable orchard: Spain, Greece, Tunisia, Morocco:

  Unprecedented succession of 3 very light crops!!!



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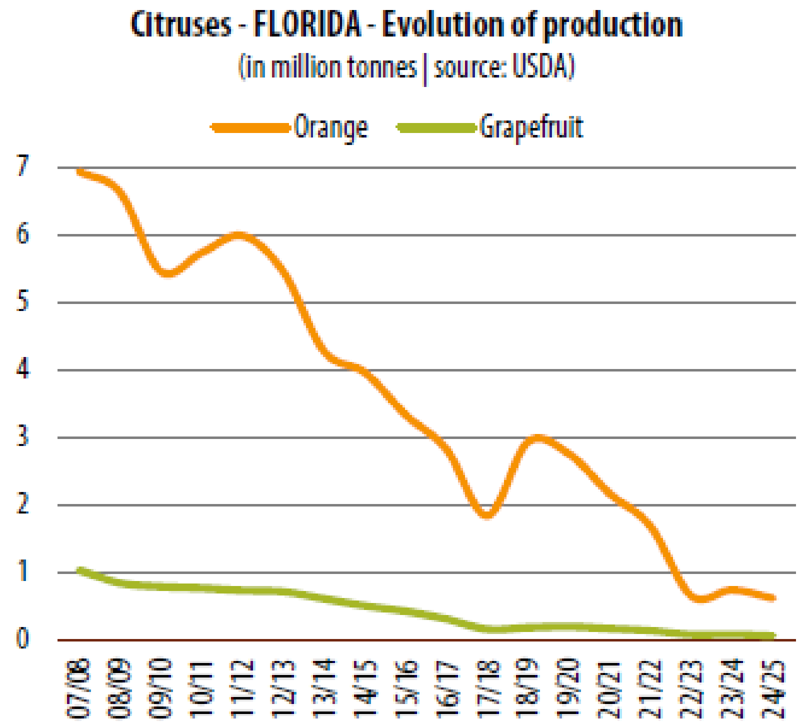
Phytosanitary issues: one of the other side of the climate change

- **Cold winter period shorter => Diapause period shorter**
  - **Pest pressure increasing:**
    - Examples in the Mediterranean:
      - Med fly (*Ceratitis capitata)* / Cotonet (*Planococcus citri)*
  - **Control more difficult** in a context of decrease of the active principle available and the MRL in a great part of the producing countries



- **Hotter temperatures more suitable for invasive diseases**
  - Favourable for the spreading of citrus greening
  - *Diaphorina citri* now close to the Mediterranean producers
    - Israel: 2022
    - Cyprus: September 2023

- Reminder: consequences of the greening in Florida
  - Discovered in 2005
  - Consequences:

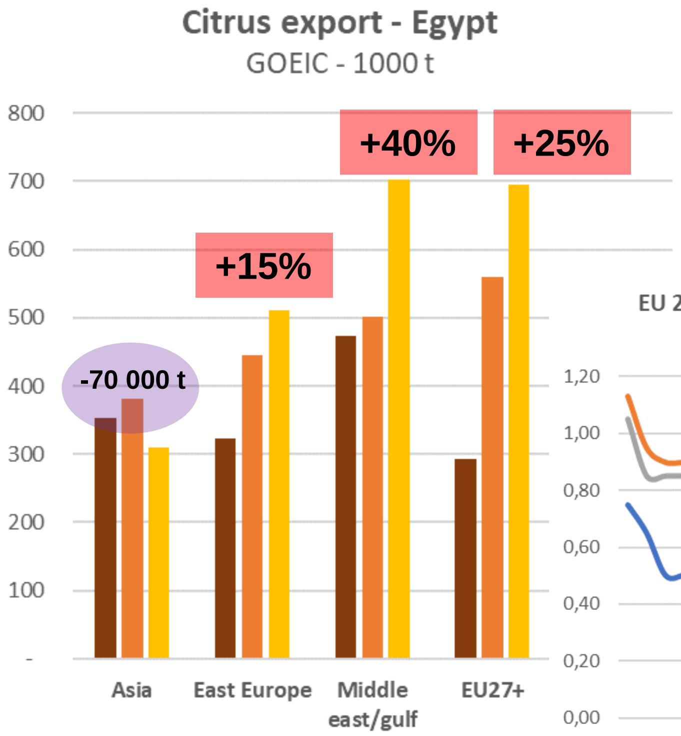
Floridian production : 20 years after….

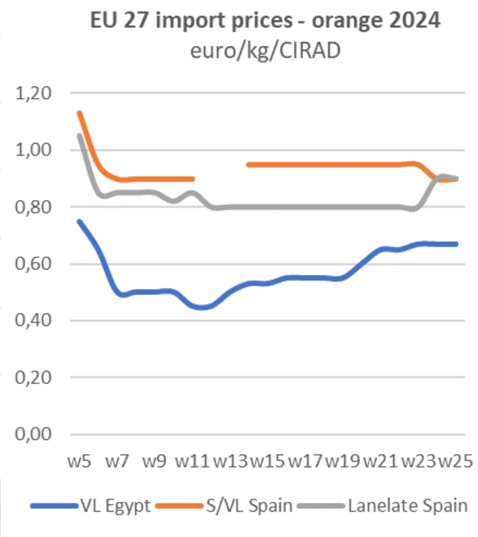
	aver. 02/05	aver. 22/25
	1 000 t	
Oranges	8 976	612
grapefruit	1 664	62

Divided by 15 and almost 30!!!

For the producers: extra cost/production losses
At the country scale: growing importance of epidemiosurvey

Growing political uncertainties, affecting both production and trade





- **Direct impact on consumption / production in the areas in crisis**
  - Consumption in Ukraine / production in Israel: local impact

- **Growing market access issues - a far more global impact!**
  - **Conflicts affecting the trade routes:**
    - Suez crisis: access to the Asian markets for Egyptian citrus

    => Fruits diverted to other markets… with a destabilizing effect!

  - **“Custom rearmament”**
    - **From the WMO world with no trade barriers… to the Trump one!**
      - Impact of the new US trade policy on the exports to the USA?
        - Avocado from Mexico: how to export 1.2 m t/Y with 25% duty?
      - Impact at the world scale / retortions of the other countries?
        - How will the EU27, China and the rest of the world react?
        - Global revision of the trade agreements?

- **New political alliances… and a new market structure?**
  - Example of Russia for citrus: China coming back
    - 100 000 t of EP imported in 2023/24

To a normal / partly new / new world market organization?

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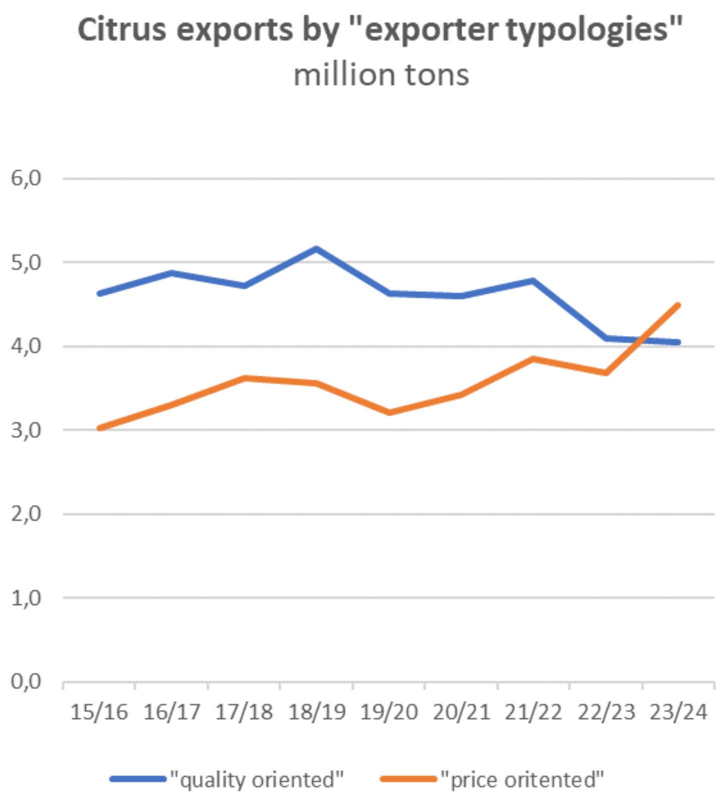
To a low cost model in some markets?



- **The more price competitive suppliers gaining ground during the winter season**
  - **“Quality oriented” suppliers : Spain, Israel, Morocco, Italy**
    - Long high end variety range
    - High certification
    - High segmentation

=> Exports tending down (not to forget climate issues in 2022/23 and 2023/24)

  - **“Price oriented” suppliers: Egypt, Turkey**
    - Shorter and more basic variety range
    - Basic certification level
    - Little segmentation

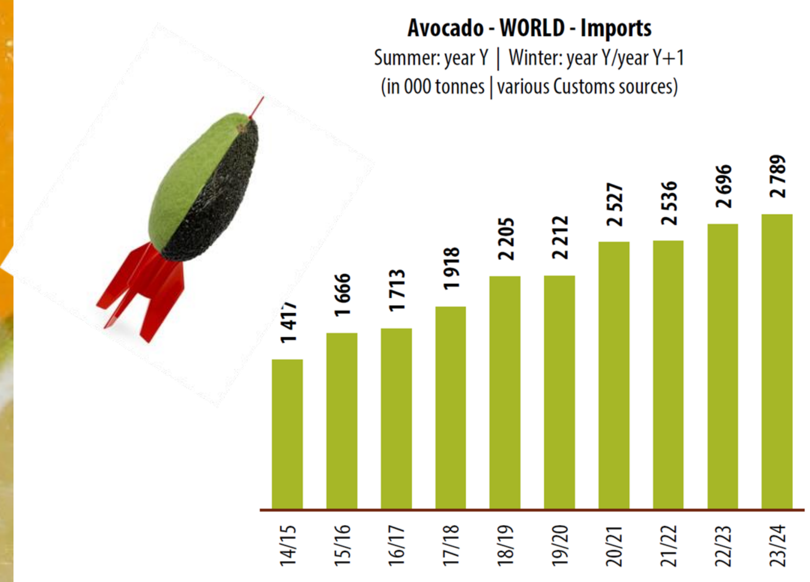
⇒ Export +1.5 mt not only on price oriented markets
⇒ Egypt: +400 000 t in the EU27+
⇒ Turkey: +50 000 t in the EU27 market

- **In line with the evolution downstream**
  - Weak economy in many countries - Purchasing power down
  - Hard discount gaining ground:
    - Around 20% of the food distribution in the EU27 (up to 40% in DE)

- **A “financialization” of the trade at the import stage:**
  - Pension funds coming back to the food business
  - 25% of the Spanish citrus trade in the hand of 5 pension funds (study 2021)

On the long term: impact of this model on consumption?

Promotion: still the weak link of the industry



- **Promotion work in the fruit industry!**
  - The avocado example: volume multiplied by 2 in less than ten years
    - Between 2014/15 and 2020/21: ≈ +200 000 t
    - Between 2020/21 and 2023/24: ≈ +90 000 t
- **System of parafiscal tax**
  - Around 5 cents of US$/kg commercialized – mandatory for all suppliers in the US
  - Promotion budget around 70/80 millions of US$/year
  - Use for generic promotion and mainly for country promotion
  - Campaigns mainly focused on health benefits
  - Efforts to develop a similar system in the EU27, but not mandatory
- **Very strong health benefits to back a powerful campaign also for citrus… but no strong professional willing…**
  - World Citrus Organization initiative to be reinforced

World Citrus Organisation

Citrus exposed to the fierce competition of dessert alternative, part of them being much more **CONVENIENT** and **powerfully marketed**

- **Convenience:** more than ever a key word, especially for gen Z
  - Juices against fresh fruits / dairy products

- **Fresh cut citrus**: a solution?
  cost? Technology issues

Sustainability… more and more a keyword, especially in Europe

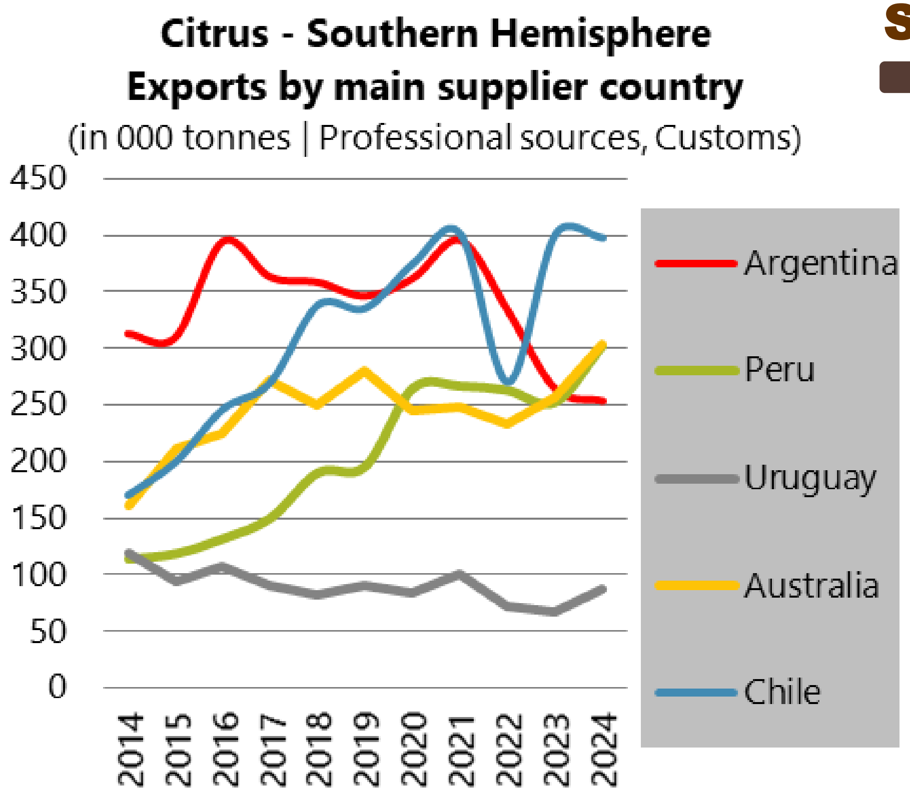
- **EU27 regulations - Environment: “Farm to Fork strategy” (Green deal) a very clear path, in 4 main directions**
  - Less use of **phytosanitary products**: “ongoing” MRL↘ / Number of authorized active ingredients↘
  - **Biodiversity protection**: ongoing for certain products – 2022/23 Reduction of deforestation – cocoa, coffee, soy, wood,…
  - **Carbon footprint** – ongoing for “heavy industry” (Carbon Tax + Carbon Border Adjustment Mech. – 2026)

    => nothing in agriculture
  - **Water footprint** – start => nothing in agriculture… but high public pressure… quick changes?

- **EU27 Regulation - Social aspects:**
  - **“Due diligence” - Monitoring compliance with the fundamental rights of workers / based on ILO** Freedom of association, child labour, forced labour, equal pay,…
  - **German initiative “Lieferkettengesetz” –** More ambition: work on the “living wage” – banana chain

- **More to come:**
  - **French regulation and EU27:** « environmental labelling », similar to the nutritional labelling – Global Scoring French Initiative – project also advanced in the European law “Product Environmental Foodprint – PEF**”**
  - **Certifications evolution / Supermarkets requests**

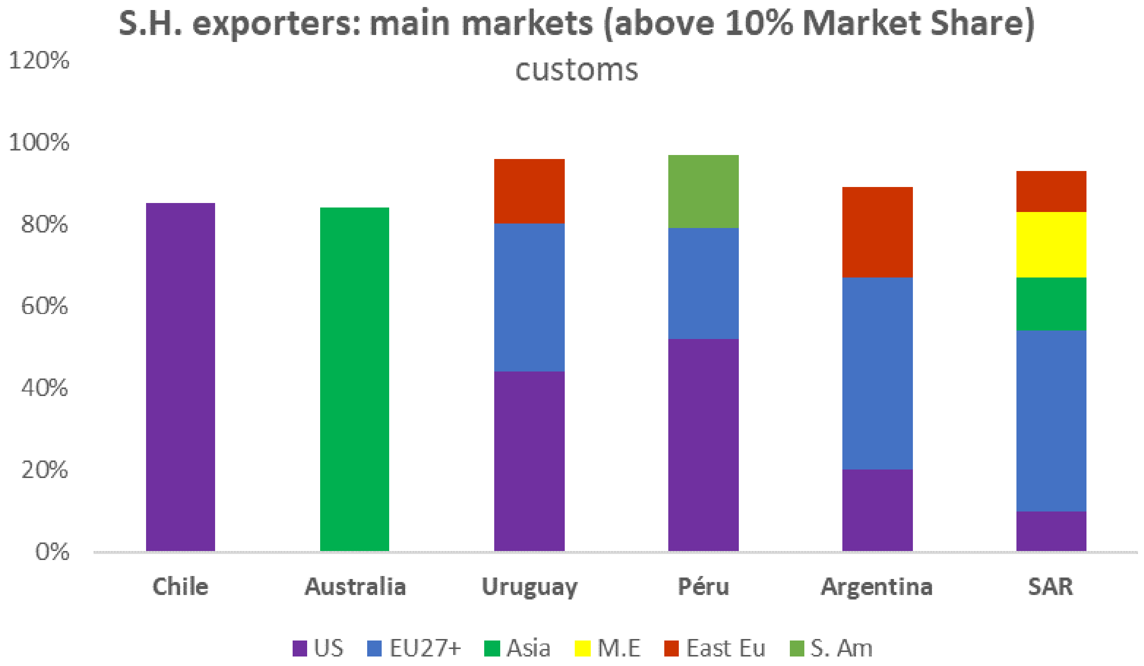
SH market suppliers: and the winners is?... South Africa!



- **South Africa… and the others**
  - 2.5/2.6 mt these last seasons
  - 1 million tons of exports more between 2012 and 2021
  - From 60% to 70% of the market

- **South American exporters… Mixed panorama**
  - Argentina/Uruguay loosing ground
  - Chile: back to stability after a nice growth till 2020
  - Peru/Australia: surge in 2024 after a long period of stability

- **Keys of the South African success?**
  - **Market diversification/market access** – The Rainbow nation!
  - Large and fast evolving **variety range**, with a high proportion of top quality licensed cultivars (EP, oranges)
  - **Pedoclimatic conditions** (Med. climate in the South, tropical in the North)
  - **NOT TO FORGET**: strong structure **(CRI, CGA, exporter forum),** with connection with the local/international institutions



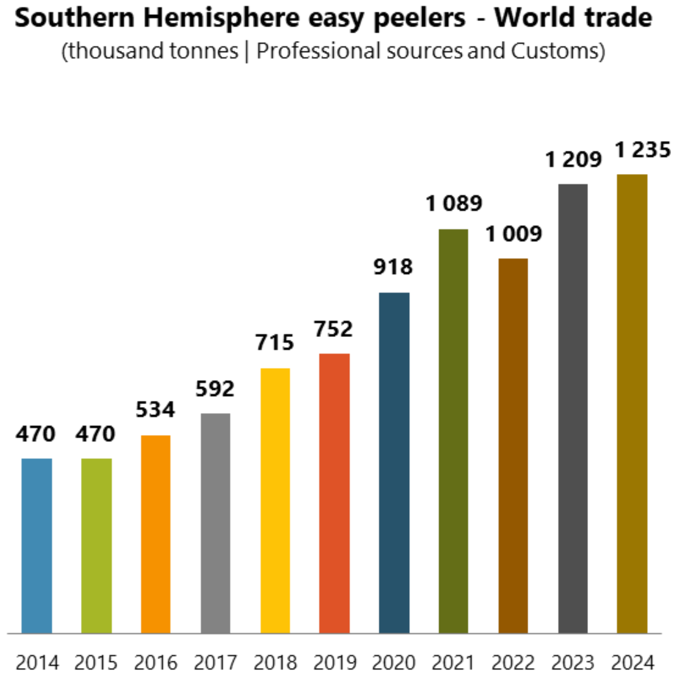
cri
Citrus Growers' Association of Southern Africa
Grower levies working for you!
fpef fresh produce EXPORTERS' FORUM SOUTH AFRICA

Main citrus family review

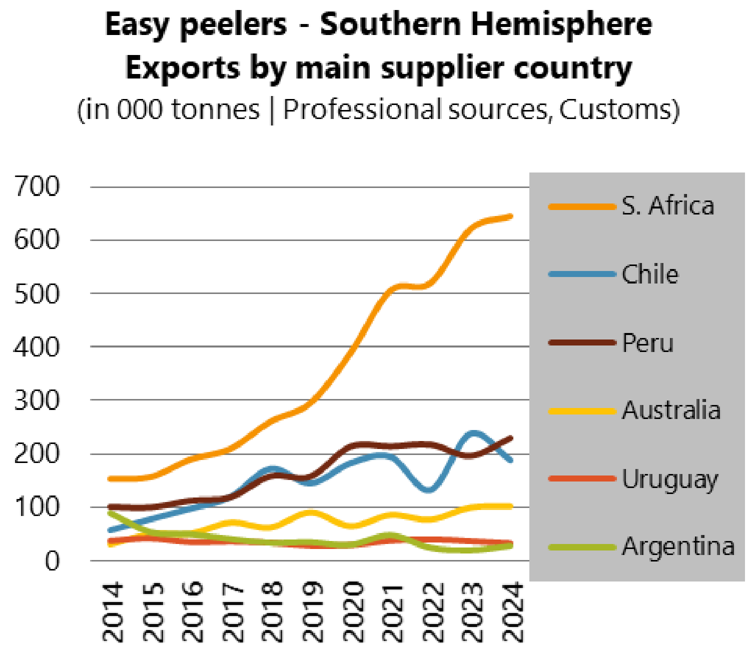
- **Limited margins of growth**

SUMMER E.P. in a snapshot – growing, especially for SAR!

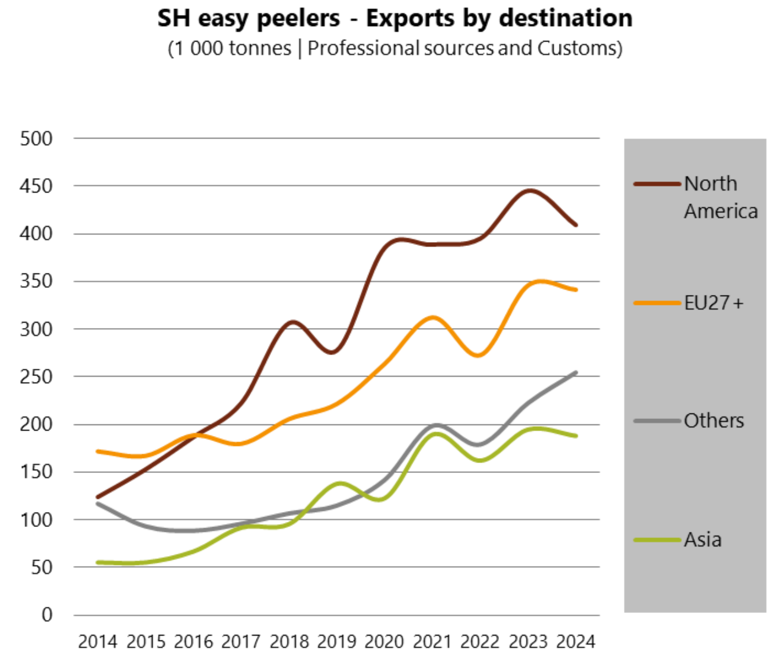
A 1.2 mt market in 2024
24% of the EP global trade



- **An impressive growth!**
  Last 10 years: + 800 000 t
  +10%/Y
  From 10% to 24% of the EP trade
- Even if **slightly decreasing**:
  Last 4 years: + 320 000 t
  +8%/Y



- **South Africa leader and by far main growth driver**
  50% of the export / 63% of growth
- **Peru and Chile** following, but **growth limited** these last 4 Y
- **Little participation of Argentina and Uruguay. Stable to decreasing**



- **North America, the EU27+, Asia** together are representing **75% of the trade**
- **Growth tending to slow** down in North America and Asia
- Still a **steady growth in the EU27+**
  - +7%/Year
- **All the other markets weaking up**: Eastern Europe, Mediterranean, Asia

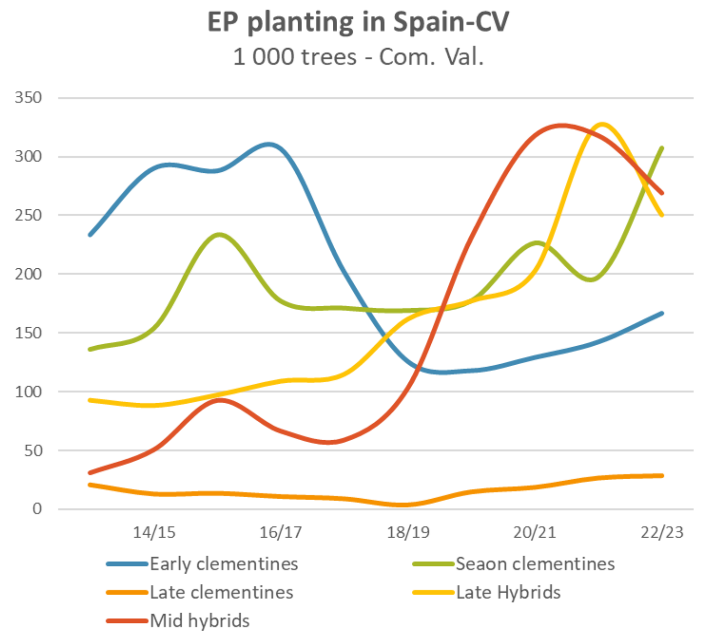
SUMMER EASY PEELERS in a snapshot –

Late easy peelers – MEDITERRANEAN
Planted areas by variety estimate

in hectares	Tango®	Nadorcott®	Orri®
Morocco		10 400	
Spain	4 000	8 500	2 200
Israel			3 900
Italy	100*	110	130
Total	**4 100**	**19 010**	**6 230**

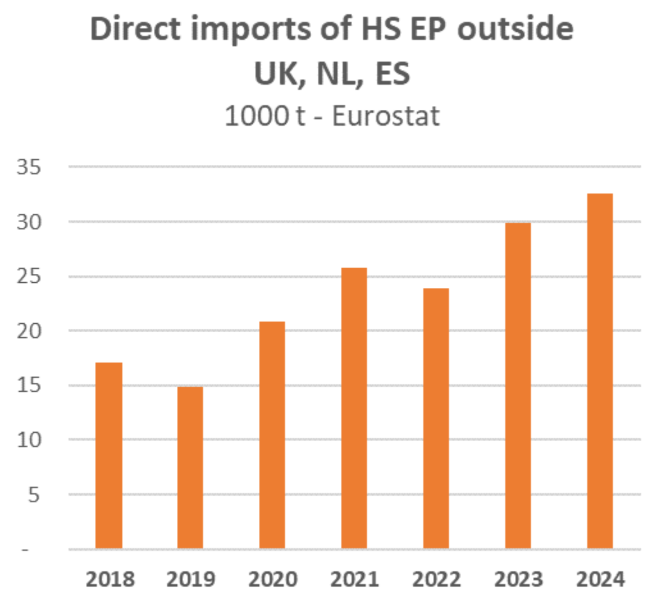
* According to the production level mentioned in an article from Valencia Fruit 02-2023
Professional sources and press in 2023

- **The late hybrids effect: a market window change that makes a lot of sense!**
  - A **more open market window**:
    - Cooler climate more suitable to citrus consumption
    - Less competition of local fruits in both Europe and the US
  - **Summer EP are the reference** quality wise till mid October:
    - Nadorcott, Tango, Orri better in taste than early clementines

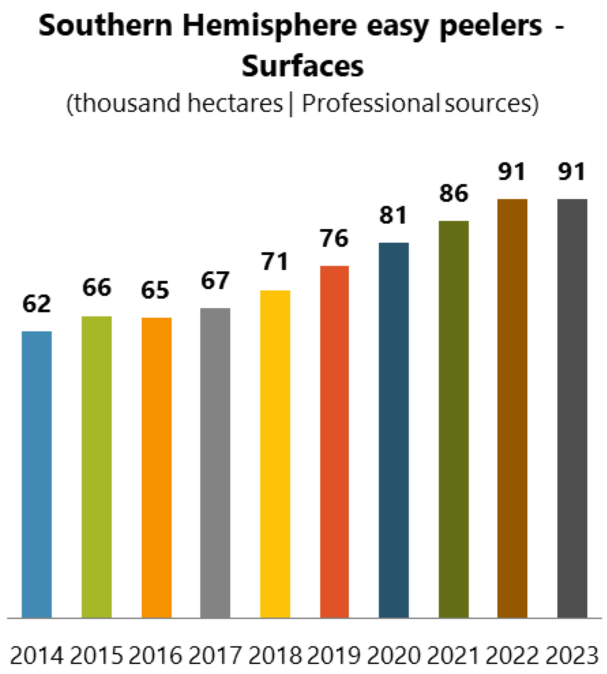


- **A possibly "safe" market window in the future**
  - **Limited interested for the early market: in the Med. countries** end of summer / autumn
  - Nadorcott, Tango, Orri better in taste than early clementines
  - **Lots of additional volumes to come in the Mediterranean on the late market (winter/spring)**
    - 23 000 ha of Nadocott/Tango – 6 000 ha of Orri / licensed orchards
    - An export potential around 1.1/1.2 mt… + unlicensed orchards (Turkey,…)
    - Around 700 000 t exported these last seasons

SUMMER EASY PEELERS in a snapshot –



	kg/capita 2024	Yealy growth rate
USA	3,0	0%
Canada	1,3	8%
EU27+UK	0,7	13%
Russia	0,4	5%

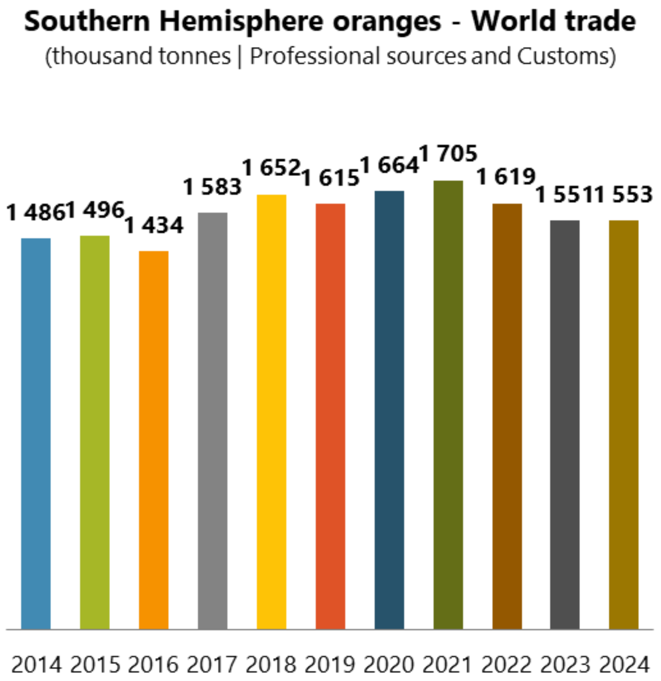


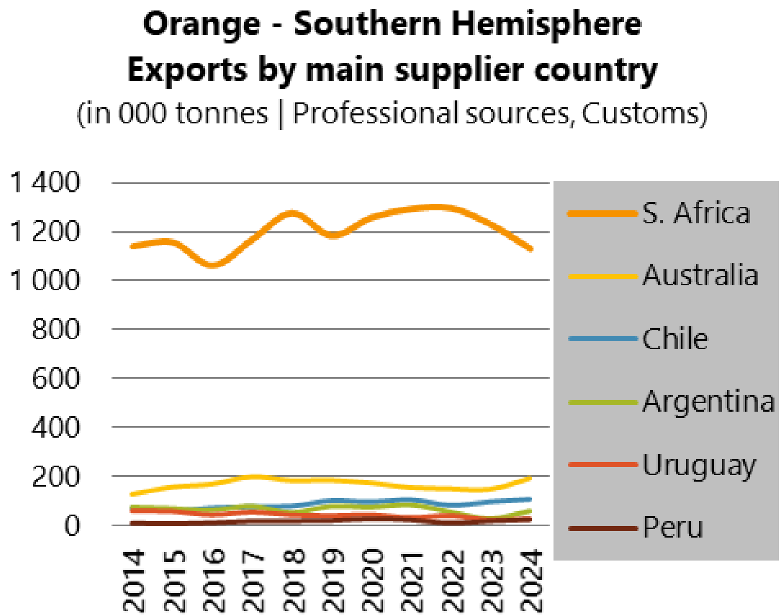
- **Some good signs regarding consumption, apart in the US**
  - Good dynamic in high potential markets: EU27, Canada, Russia
  - USA almost stabilized around 3.0 kg/capita
- **The market begins to become global in the EU27**
  - 10 years ago: SH citrus = 2/3 UK + 1/3 North EU27
  - Today SH citrus = 2/3 EU27 + 1/3 UK
- **Some signs of “de-nordization” in the continent**
  - Difficult to put numbers / analyze of intra EU trade complicated
  - Significant growth of the direct imports in France, Italy,…
- **Structural changes in Europe positive for SH EP**
  - Uprooting of early clementine in Spain
  - Globalized distribution companies keener to SH citrus
- **But a lot of volumes to come in the SH countries!**
  - Huge wave of planting until recently (2022)
  - Close to 30 000 ha planted in 8 years
  - In total : 30 000 ha of Tango/W Murcott “like” + 3 500 ha of Orri
  - 1.7 mt of export at full swing? +500 000 t / 2024 ?

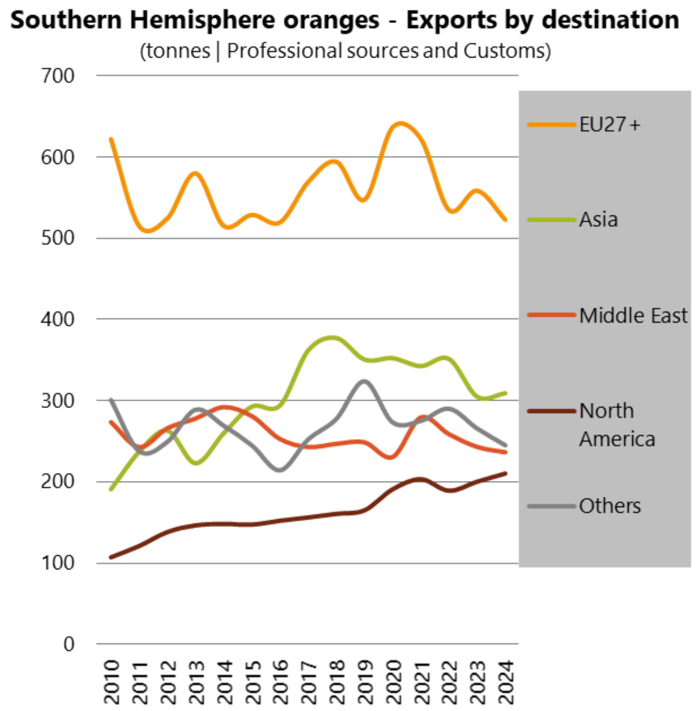
ha Prof. Sources	SAR 2 023	Peru 2 023	Chile 2020/21	Uru. 2 023	Australia 2 023	Total
Tango TM	3 642	2 000	1 130	511	409	7 692
W.M/ Nad.TM/Af	8 939	4 000	5 700	607	2 793	22 039
Orri TM	1 932	920	303	274	35	3 464
Total	**14 513**	**6 920**	**7 133**	**1 392**	**3 237**	**33 195**

ORANGES in a snapshot – SAR leading by far… but volumes down

A 1.55 mt market in 2024
25% of the orange global trade







- **From a slight growth until 2021**
  2014-2021: ≈ + 200 000 t
  +30 000 t/Y
- To a **slight decrease since then**
  2021-2024: ≈ -150 000 t
  -50 000 t/Y

- **South Africa… what else?**
  75% of the SH exports…
  The only "global" player
- **Australia** 150 000-190 000 t, almost entirely directed to Asia
- **South America:** limited and losing ground

- **Bad news… from everywhere:** 4 on the 5 key markets decreasing
- A succession of 3 poor summer seasons in **the EU27+… in spite of 3 poor winter ones**
- **Asia: from key driver till 2017… to sharply decreasing**: 80 000 t lost
- **North America: not the biggest… but the only one increasing**

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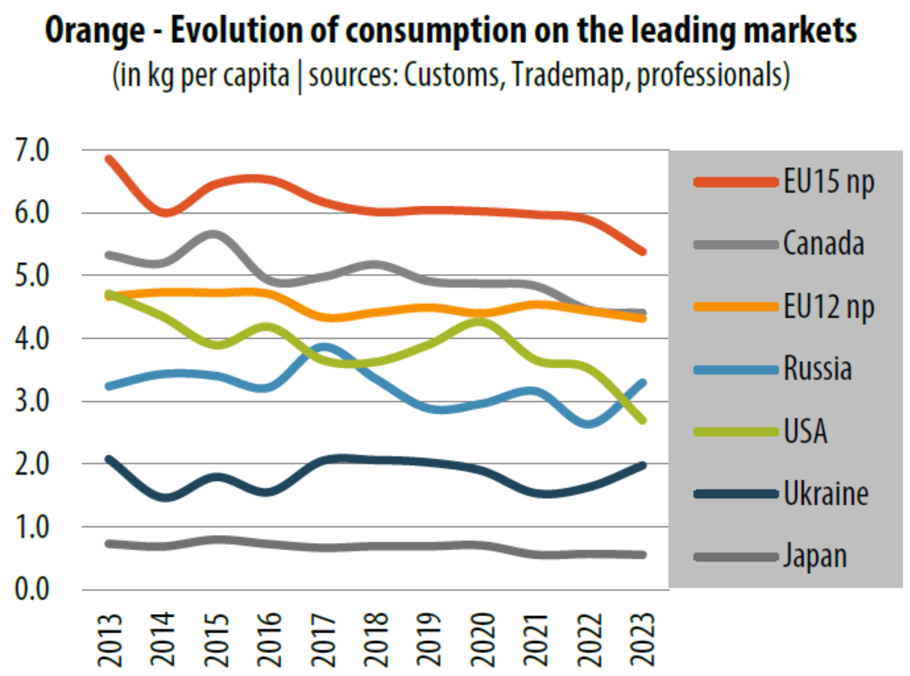
ORANGES – bad consumption trend



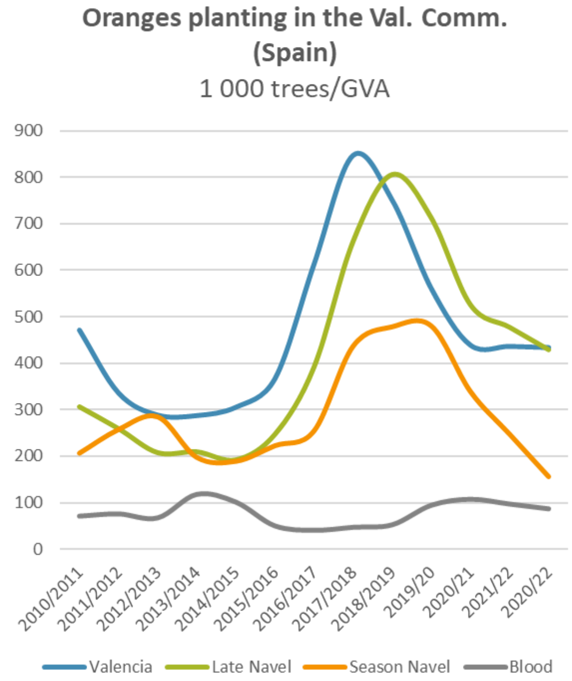
- **Less and less interest from the consumer… almost everywhere…**
  - Huge decrease on some key markets: from1 to 2 kg/cap on 10 years.

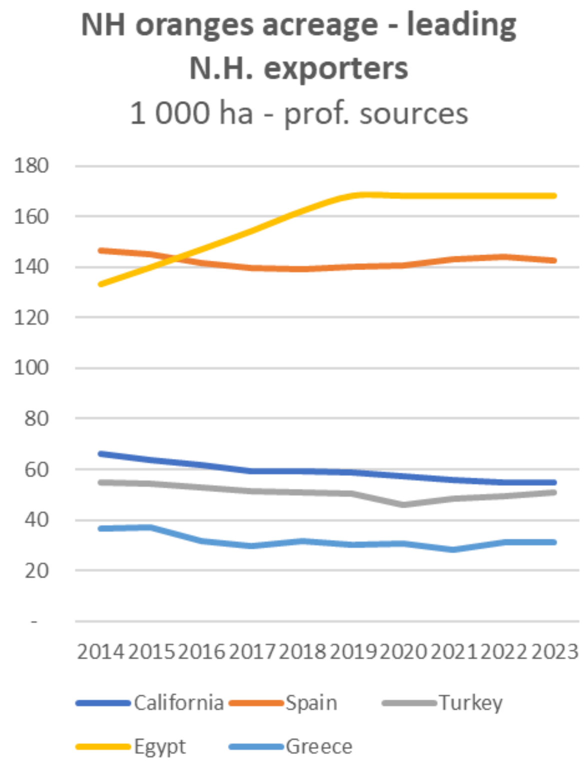
	cons. (kg/cap)		% W.market
	2023	evol.10Y	
EU27+UK	5,4	-1,5	42%
North Am.			7%
USA	2,7	-2	
Canada	4,4	-0,9	
East Eur.	4,3		11%

- Other world market resisting better (slight surge in Russia/Ukraine)

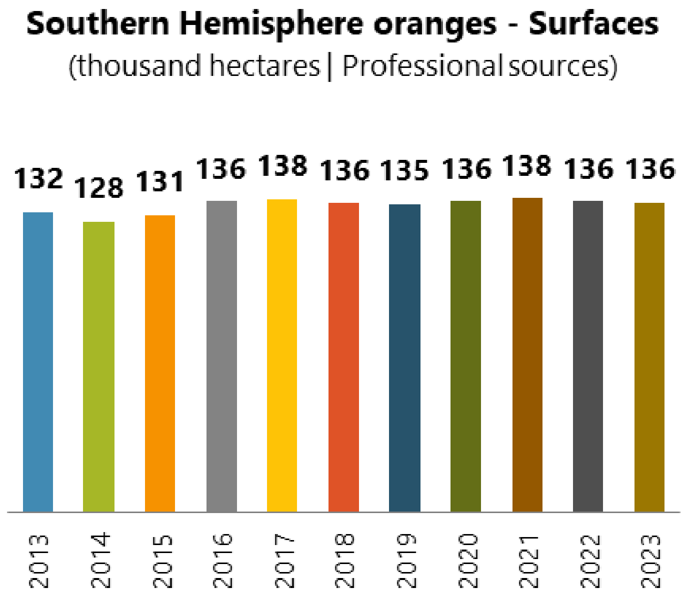
→ Convenience issue on the high GDP markets

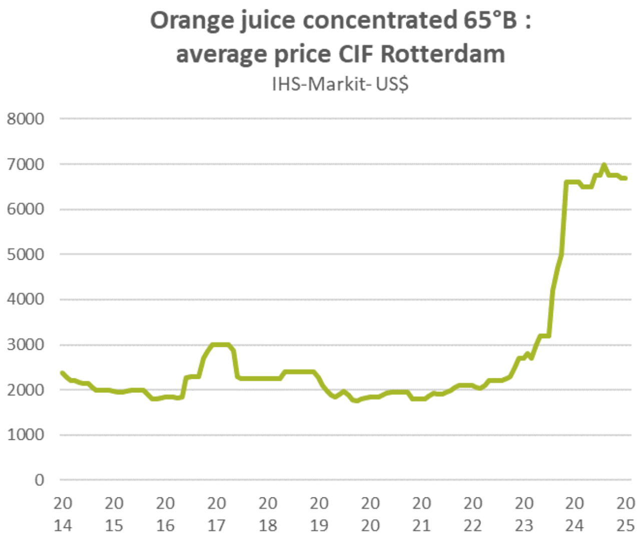
- **More pressure to come at the beginning of the summer season from the NH**
  - A stable to slightly decreasing acreage for all the mid sized players
  - A major exception: **Egypt**!
    - Possibly +30 000/35 000 ha – Late oranges mainly
  - **Spain**: stable acreage… hiding a renewal/development of the late variety

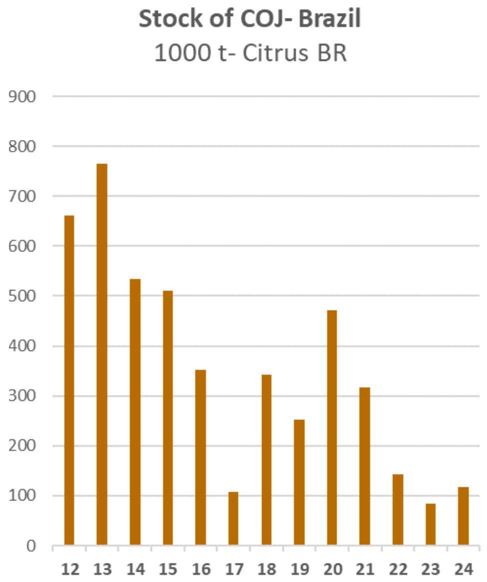




ORANGES – hopefully some good news







- **Orchard almost stabilized in all the key playing countries**
  - Total acreage almost stable at 136 000 ha
  - South Africa and Argentina slightly up
    - Around + 4 000 ha in 10 years
  - Uruguay/Chile slightly down

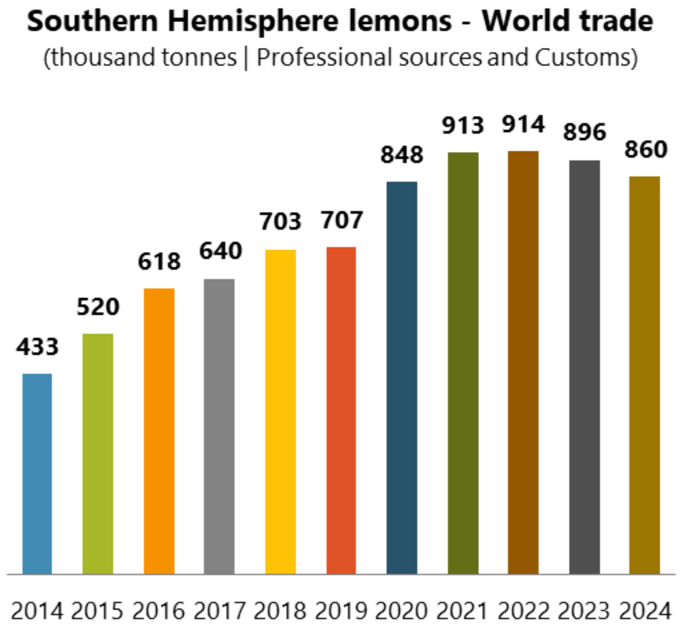
- **Processing : a good alternative from 2024… until when ?**
  Mainly linked to a poor 2024/25 crop in Brazil
  - Climate change + Nino effect: very hot waves
  - Greening: more than 45% of the trees affected

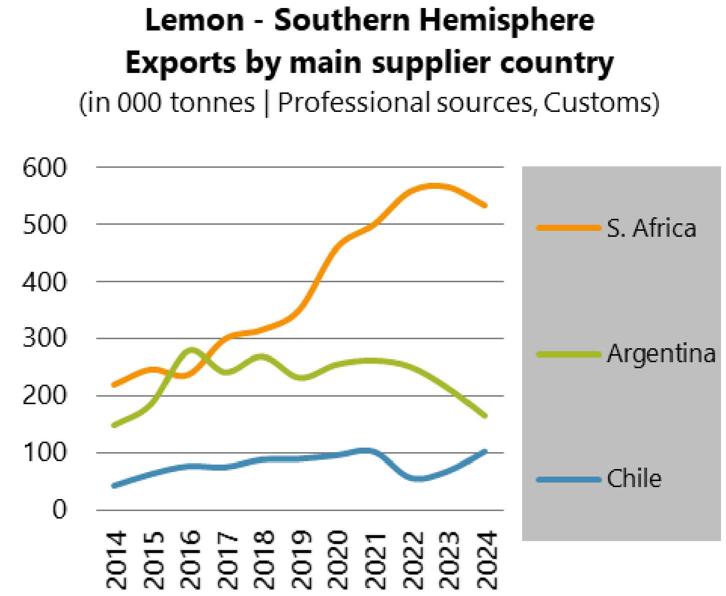
- **For 2025/2026… prices down but still very attractive?**
  Brazil very possibly back to a better crop, but stocks down
  No major game changer, even if some newcomers are expected (Egypt,…)

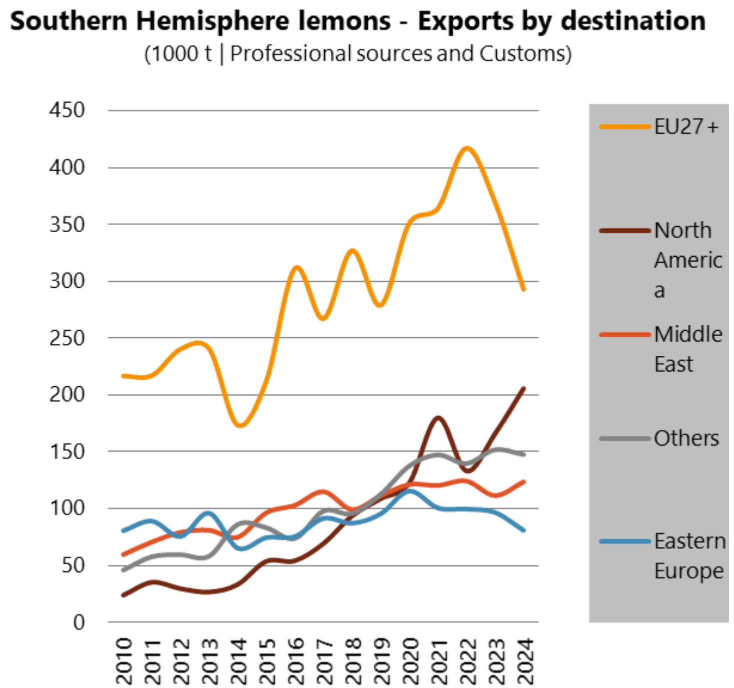
- **On the mid/long term… back to pressure?**
  Less greening impact in Brazil (new North production areas)
  New players such as Egypt
  Demand pattern

LEMON in a snapshot – Not a golden market any longer

A 860 000 t market in 2024
36% of the global lemon trade





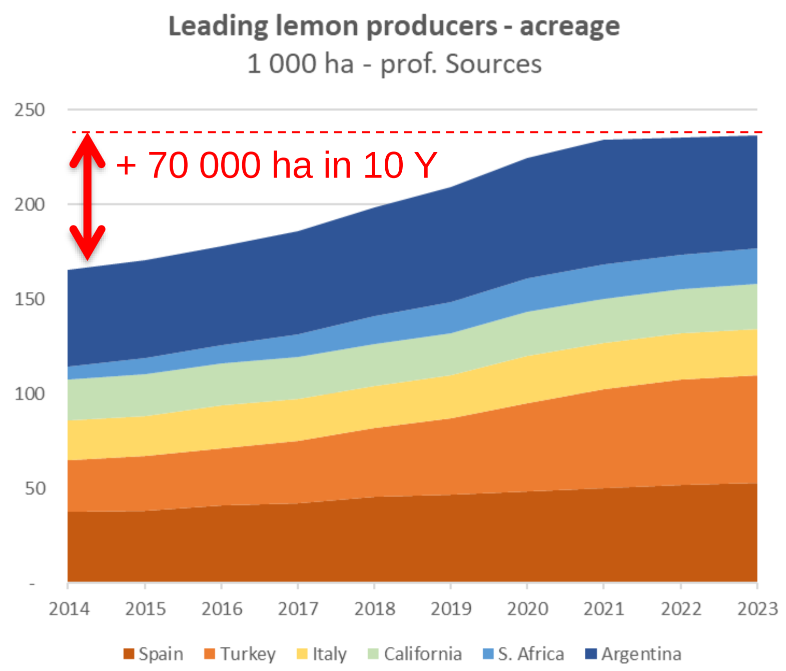


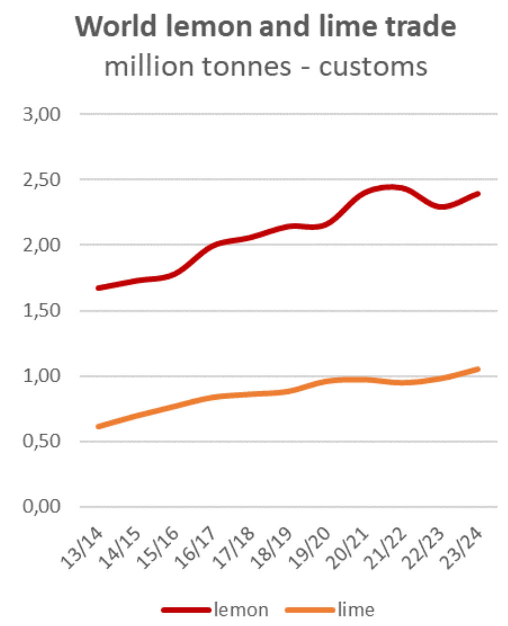
- **From a sharp growth until 2021**
  2014-2021: ≈ + 500 000 t
  +70 000 t/Y
- To an **erosion…**
  2021-2024: ≈ -50 000 t
  -15 000/20 000t/Y

- **A limited number of players and South Africa more and more leader**
  61% of the SH exports…
- **Argentina** quickly loosing ground since 2022, excepted in the US
- **Chile flat…**

- **60% of the trade in the EU27 and US**
- **EU27+:** still leading by far (33% of the market)… but **Spain is back** and now in full steam
- In North America… we trust… **Only market gaining ground.** But 75% in the hands of Chile/Argentina
- All the other markets stable to down

LEMON – Caution is the keyword!



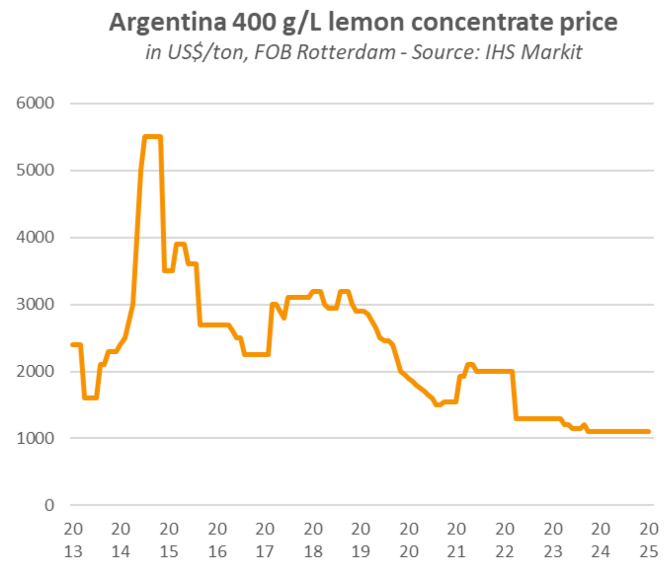


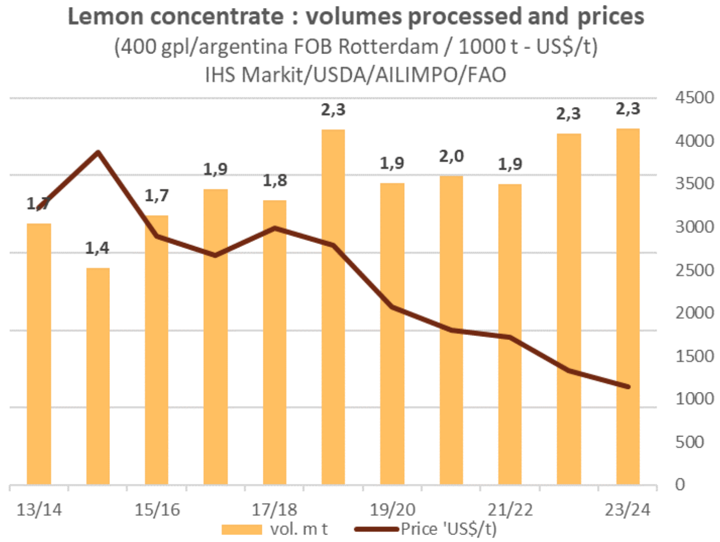
- **More production to come for the fresh market… from everywhere**
  - Leading NH players (Spain, Turkey, Italy, California)
    - +50 000 ha in 10 years
    - Within 30 000 ha in 5 years or less
  - Leading SH players (SAR, Argentina)
    - 10 000 ha uprooted since 2021 (Argentina => mainly processing)
    - But still +20 000 ha in 10 years

  ⇒ All together: 70 000 ha planted the last ten years
  ⇒ 38 000 ha the last 10 years: + 1.5 mt to come?

- **Demand is not as bright… Beyonce come back!**
  - A craze for lemon and lime during the last decade
    - Interest for the diet/health attributes of lemon
    - Powerfull ambassadors such as Beyoncé
    - +100 000 t/year for lemon and 40 000 t/Y for lime
  - Not the same interest since 2020/21… when production is taking off
    - Both markets almost flat

LEMON – the juice market on the floor





- **No escape on the processing market… for the moment**
  - Prices on the floor since 2022
  - Lowest level on 12 years of records

- **A rebound on the mid term?**
  - Significant uprooting in Argentina since 2021
    - From 52 000 ha of citrus in Tucuman to 42 000 ha in 2024
    - Around 15% of the production capacity lost
- **Some very rough numbers : from 2.3 to 2.1 mt to the processing?**
  - If Argentina decrease its delivery to the industry by 15%
    - From 1.4 mt to 1.2 mt
  - If the other market players don't process more…
    - Spain around 300 000 t / SAR around 200 000 t

A more in depth study needed

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To sum up… some KEYWORDS

- **A much more UNCERTAIN world: climatic or politic changes or issues**
    - **INFORMATION** is a key
    - Capacity to **QUICKLY ADAPT** to a new market - challenges/opportunities

- **Limited margin of growth** of all the citrus markets for the moment because of demand limitations (orange, grapefruit, lemon) and/or because of the additional production expected (EP, lemon)
    - Capacity to **innovate**: new varieties (new market window or segment), new product (fresh cut through partnership in the consumption countries)
    - Capacity to **open further new markets**
    - Capacity to resist to a **greater competition**

- The **South African industry has lot of strength in this new “uncomfortable” context**
    - Wide range of accessible markets and wide range of competitive citrus suitable for each of them
    - Strong industry organization: capacity to develop suitable strategies, to communicate to the stakeholders, to negotiate and apply the protocols to open new markets
    - Strong base to innovate: CRI research / CGA development

- **Promotion**: a common challenge to deal with, with the other market players worldwide
    - Using the great natural health assets of citrus to develop consumption
    - Reinforcing the WCO to operate commonly and powerfully

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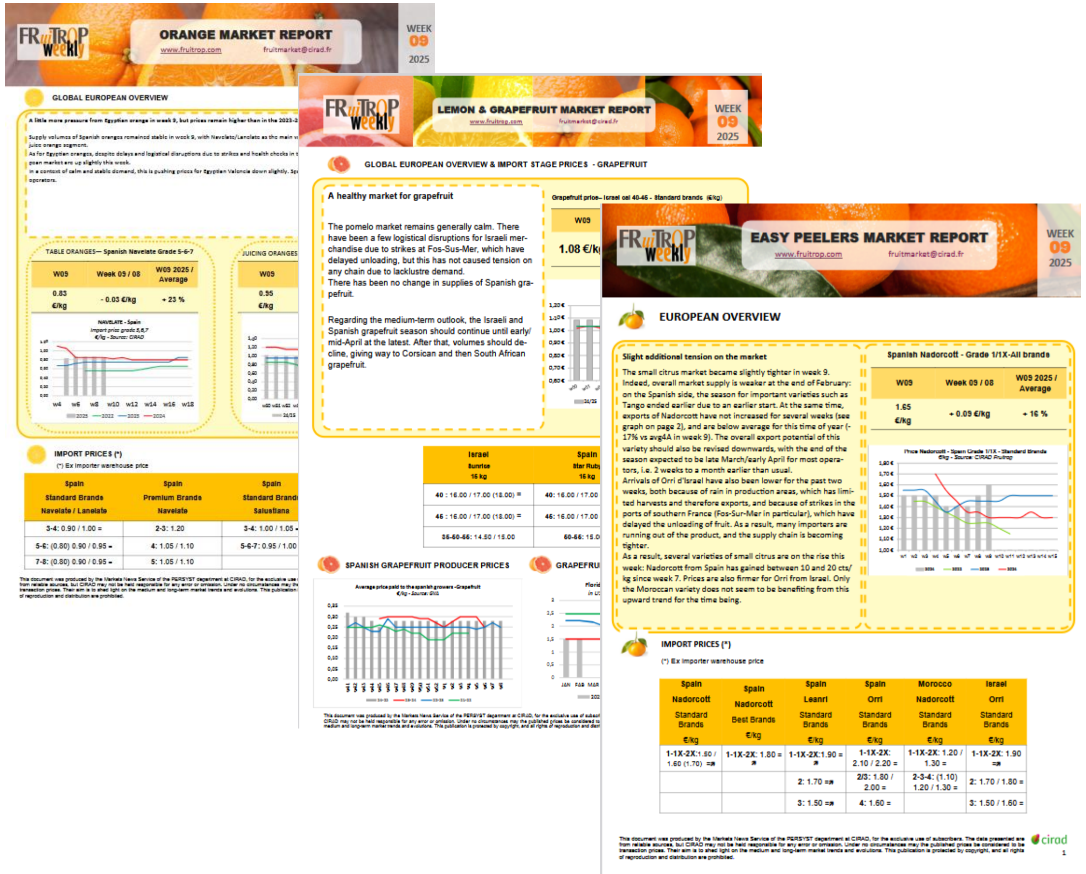

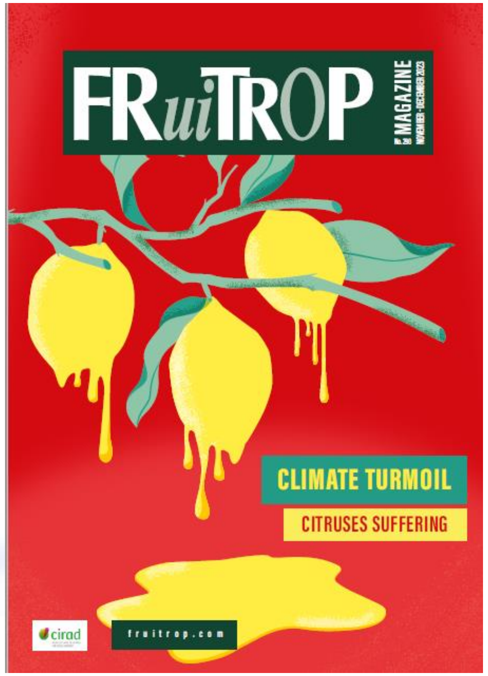

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