Russian market has been very good for South African pears, but slight stonefruit oversupply

High uncertainty around Russia could result in diversion of South African fruit

“I must have had over a hundred calls this morning from people who want my take on what’s going to happen in Russia,” says Francois Hugo whose fruit export company Pomona Fruit has for years focused on Russia, primarily in retail. “I can give you the prices of pears on the market but I don’t know what’s going to happen with geopolitics.”

Pomona Fruit has been sending strong volumes of stonefruit (peaches, nectarines and plums), pears (Williams BC and Packhams) and grapes to Russia this year, with the first lemons on the water.

South African stonefruit in a Russian supermarket

What Russia watchers like himself do know, he says, referring to the 2014 invasion of Crimea which was a terribly tense time for the company, is that Russian Ruble strength will definitely be volatile for a while and Russians will have to pay more for fruit.

“The biggest risk for us is that Russia is banned from the SWIFT banking system, but many of our retail clients have a presence outside Russia as well, which gives them more room to manoeuvre. We’re even considering bitcoin and cryptocurrency.”

There are today South African exporters who are making the decision to rather divert St Petersburg-bound containers with lemons, pears, grapes and stonefruit to Rotterdam, which could have a much wider domino effect, especially seeing that Russia takes specific cultivars (like Satsumas) and counts (like large oranges, for which the market in southern Europe is limited).

“It’s not as if the whole of Russia is going to stop eating fresh produce. I think access to fresh produce is a human right.”

Absence of European Conference pears creates big SA opportunity

“The season has gone really well so far and currently the pear market for South African pears in Russia is fantastic,” Francois says. “The demand is unbelievable because of the import freeze on European Conference pears and consequently the unavailability of alternative product. We’re seeing very high prices on pears. South African pears get first option.”

Russia has received 21% of South African pears up until week 7.

Stonefruit has also done very well, but it was slightly overloaded to St Petersburg resulting in an oversupply of South African plums. Plum exports to Russia are 47% YTD higher than the 2020/21 season.

“The important thing is not to be dramatic. If my marine insurance and my credit insurance withdraw, then the decision to export is de facto made for me, because the risk would then be too large for us to physically handle. Then we would have to reconsider our retail programmes but that said, Russian demand for fruit won’t disappear. My viewpoint is you make your moves to keep your farmers and your money safe as far as possible.”

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