

GLOBAL OVERVIEW MANDARINS

The conditions in the global mandarin market are very dependent on where one looks at the moment. Some production countries have had more luck than others, with Australia expecting a good harvest, whilst North America, Italy and Spain are suffering the negative effects of poor weather during their respective growing seasons. Though sales are generally quite positive across the board (bar Germany, where interest seems to be lacking at the moment), the threat of surplus fruit if the Russian market closes as a result of the ongoing invasion of Ukraine looms over the mandarins market globally.



The Netherlands: Good sales of Nadorcott and Tango with leaf

A Dutch importer indicates that quite a lot of citrus is being sent from Spain to the Netherlands. "With mandarins, it's mainly Nadorcott and Tango with leaf that's the order of the day. Those

sales are going pretty well. Prices are at a level of around 10 Euro for the small sizes to 12.50-13 Euro for the large sizes. Furthermore, the situation in Ukraine and Russia has had consequences for the import trade. You see that everyone is a bit reluctant to load. The whole market trend is much calmer than normal.”

Germany: Dip in demand for mandarins as weather improves

The campaign ended slowly: with spring-like temperatures, interest ebbed noticeably. The supply situation also became more limited, with Turkish imports disappearing from the range. Only a few Italian and Spanish clementines were still available. Mandarins came primarily from Spain, Israel, Turkey, Morocco and Italy. Their availability also became increasingly limited. The traders were often forced to reduce their previous demands, as this was the only way to achieve timely clearance. The quality of the offers did not necessarily play a role: even attractive lots were not always spared from reductions. However, consistent valuations were also recorded in some places.

From January onwards, Israeli Orri will be increasingly on offer. "Orri-clementines have been going strong for several years, moving more volume each year, although current demand is rather manageable," a wholesaler stresses.

France: Mandarins on the rise, but still overshadowed by popularity of clementines

French citrus growers were plagued this season by poor weather hampering production, causing prices to increase due to lower supplies. This in turn led to a decrease in consumption, as consumers were put off by the higher prices. This was less so for mandarins, which has won some market share over the traditional popular clementine. As agroecology become increasingly appreciated by French consumers, so does the mandarin, which fits into this context well.

Italy: Positive mandarin season despite some issues with production

Mandarins and clementines are certainly among the favourite fruits of Italian families, as shown by the latest statistics: more than 18.5 million families bought them in 2021, accounting for 71.1% of the total. Unlike other categories, however, mandarins and clementines did not show strong development in the years of the pandemic. Despite this, the frequency of purchases has picked up, averaging 7.6 times per year. On average, an Italian family buying mandarins spends €2.53 per purchase, with a quantity of almost 1.5 kg. The organic product is bought by more than 4.2 million families, although it has not shown a particularly positive trend in the last two years.

The 2022 season of the medium-late Tang Gold mandarin in Basilicata, Calabria and Apulia started off very well, before the war situation in Eastern Europe slowed down consumption. In fact, in a context of commercial uncertainty, premium products tend to suffer more than traditional ones, not so much in terms of price as in terms of frequency of purchase. However, there is no shortage of orders, but there is not the classic buzz typical of this period. In any

case, there is no depreciation in the product. Quotations are in line with last year, if not slightly higher. In the fields there is no decrease in quantity for this variety. The weather has been favourable, both in terms of rainfall and temperature.

In Sicily, the mandarin season ended some time ago, with the exception of the late variety from Ciaculli. "Compared to 2021, this year's production yield is 30% lower in some areas, in others the percentage has reached 40-50%. This will cause the campaign to end early. We will go on for another ten days or so. The season has shown many positive aspects, especially in terms of quality," reports the Consortium, "We are closing yet another positive campaign, after twenty years of activity. However, fixed production costs have risen dramatically and, with the war in Ukraine, the situation has become even more exasperating. We have absorbed all these increases, but so far nobody has paid us a cent."

"The intense heat of last summer, together with flooding and frost, have certainly led to a production that has been characterised by yields and sizes that are below the standards of Sicilian production," adds a citrus producer from the Plain of Catania. "Moreover, the harvests are about to end in these days instead of April for the late product, with a negative impact on company budgets. Prices have reached quotations above the average of the previous year with 0.80 Euro/kg for mandarins. Obviously we are talking about the top end product, i.e. of good quality and size, even though there was not much of it. The higher income, however, was cancelled out by the extensive damage to the citrus groves caused by various climatic episodes and by the increase in the cost of everything needed to grow the crops, from fertilisers to materials, energy and finally fuel".

Organic is also popular on clementines and tangerines. Italy's largest organic company says that 25% of its organic mandarins and clementines are exported abroad. Switzerland, Germany, France, Sweden and Austria are the main exporting countries. The year 2021 was characterised by a 10% drop in production, but better prices than the previous year.

Spain: Record harvest of small sizes causes issues for Spanish season

The second phase of the Spanish clementine and mandarin campaign is coming to an end with unsatisfactory results. Preceded by Clemenules and Clemenvilla, for which prices were good due to the low availability caused by pests, the second phase of the campaign was dominated by referent protected varieties such as Nadorcott, Tango, Orri, being followed by Murcott. These varieties have had the biggest yields in Spain this year historically and generally with small sizes.

"Tango and Nadorcott yields have been particularly high this year, with the small sizes 4 and 5 dominating," says a Valencian grower and exporter. At the same time, the competition from Morocco has been fierce as they flooded markets with low price fruit in destinations such as France, the United Kingdom and the Netherlands. "Even in Germany, where Spanish mandarins have always dominated, it has been more difficult than ever."

In fact, the large volumes of Tango and Nadorcott caused selling prices to start between 15 to 20 cents lower than last season, even though production and logistics costs have risen, tightening profit margins. Except for the big sized mandarins, whose prices were positive, medium and small sized mandarin prices have remained quite below (-25%) the average prices of the last 5 years. Sales kept a very slow pace due to a low demand during this whole second part of the season.

South Africa: Threat of Russian market closure looms large over mandarin season

The mandarin season hasn't yet started in South Africa, it is expected to start in just over a month with early mandarin varieties which ripen a few weeks ahead of Tango and Nadorcott .

The tremendous increase in freight rates will have an impact on mandarin exports as will the possible closure of the Russian market (of which some in the industry reckon there's a very high probability) which takes around 70% of South Africa's class 2 and low standard class 1 mandarins.

More mandarins than usual could be marketed locally, but it is a very expensive product to produce, so domestic sales is not really an option. Exporters will be looking hard for an alternative market for the large volumes that would have gone to Russia. "We might have to send that fruit for juicing so that we don't completely destroy the mandarin market."

"The crop is looking really nice for everyone," says a packhouse manager. "We're just deeply worried about the prices, we had a horrible year last year with the looting [the civil unrest of July 2021] and oversupply and freight costs that have shot up."

At least citrus producers are this year forewarned of the troubles, unlike last year, an exporter remarks.

Many mandarin production areas in Limpopo and Mpumalanga experienced hail over the past summer, but mandarins are mostly under net.

North America: California mandarin season will likely end its tough season early

"The supplies of mandarins have been dramatically light on the back side of the deal. Tangos and Murcotts are light and the crop seems to be getting lighter. We're having fruit drop and poor quality so both are even lighter than expected," says one shipper. The lighter crop is largely due to last summer's heat wave. "Last year, much of the fruit was left on the trees longer into the bloom season and then it compromised the new set."

The shipper handles nine different varieties of mandarins and is on its last three varieties after just finishing up the Pixie variety. "We still have Tangos and W. Murcotts and Gold Nuggets. Gold Nuggets may last a little longer. They have lost some favor in the marketplace due to their rind sensitivity but we're still a big player in Gold Nugget," he says.

As for sizing of the fruit, it's all over the board with dramatic amounts of small, undersized fruit and now larger fruit is coming on. "So some are out of the peak size ranges which are the 20 series and into the 18 series. You don't want to see many 10s and 15s per 5 lb. bag," he says.

All of this means there will likely be an early end to the season around May 5th following a slightly earlier start in mid-January. Last year fruit was available into July.

Along with California fruit, there is Moroccan fruit in on the West Coast and some Israeli Orri mandarins on the East coast. "And I wouldn't be surprised if there was some Spanish fruit on the Eastern seaboard of Canada," he says. "There are packers and sellers who don't have a good foothold of volume here in the Central Valley of California so they count on these imports as part of their programs. And it's pretty good fruit and it competes. Especially with the trucking costs to the East coast from the West. That's \$8,500-\$10,000 for a truck."

As for demand, it's not been brisk on mandarins. "Prices are high, freight is high and trucks are hard to get," he says. Contract pricing, which was reset in the first week of February, is 20 percent higher than last year while spot market pricing is between 15-20 percent higher.

And while prices aren't expected to increase, input costs will. "We just got word that that our plastic prices are going up 30 percent. Corrugated is going up again--it ratcheted up at the start of the season--and freight is getting higher. People at home have less money to spend because they're spending more on fuel prices. We have more challenges ahead but the future still looks bright for the mandarin deal," says the shipper.

Australia: Strong Australian mandarin expected

The Australian mandarin season is set to begin in the coming weeks, with mandarins from Queensland to be the first to ramp up. Volumes across the category are expected to be fairly strong, although some fruit may be marked due to some unfavourable weather conditions throughout the spring and early summer. Export-wise, an industry representative has stated that the United States citrus production may be a little short this year, providing empty markets in Asia and other regions for Australian growers if they can get the fruit there given current sea freight challenges. While, like most industries around the world, the Russia-Ukraine conflict could also have an effect on Australian citrus, if not through direct trade, the potential flow-on effects of having more fruit in the international market. Although, domestic challenges such as labour shortages continue to provide challenges for growers.

The strong citrus crop this year will be welcome news after small declines in volume and value according to statistics. For the year ending June 2021, 163,499 tonnes of mandarins were produced in Australia (down 5%) valued at \$341.9million (down 4%), after increases of 10 and 20 per cent respectively in the previous years. Exports were also down by 23 per cent in both

volume (to 59,563 tonnes) and value (to \$143.8m), with the largest single-country market being China, taking 23 per cent of Australian mandarin exports. Queensland was the largest producing state with 32,991 tonnes.

Next week: Global Overview Melons and Watermelons!

Publication date: Fri 11 Mar 2022

