# FROM THE DESK OF THE CEO (15/14)

*Justin Chadwick (25 April 2014)*

***QUOTE OF THE WEEK "Don't be afraid to go out on a limb, it's where all the fruit is" Shirley McLaine***

## GLOBAL CITRUS TELECONFERENCE 22 APRIL 2014

On Monday SHAFFE and Freshfel held their first global teleconference for 2014 – on the line were representatives from Argentina, Uruguay, South Africa, USA, Turkey and from the market in Spain. In addition the secretariat had received information from Peru, Chile, Australia and Italy. The **Argentinean** delegate reported that the figure with regard to lemons was dynamic as the impact of drought and frost was assessed. Export **lemon** volumes are anticipated to fall from 275 000 tons in 2013 to 200 000 tons in 2014. Exports to EU were restricted to supermarket programs as Spanish product was still plentiful in the market. Russian exports in containers started this week, with the first vessel scheduled for next week. Although the Russian market was looking good – the exchange rate and political situation was of concern. **Orange** production was normal but the trade was slow. Exports will be in the region of 50 000 tons. Russia was well supplied with Egyptian oranges. **Soft citrus** production was good at 260 000 tons – exports are anticipated at 90 000 tons. The EU market was less attractive as duties had increased to 16%. Russia had received a fair amount of kinnows from Pakistan. **Grapefruit** exports from Argentina are now negligible. Inflation in Argentina is at 25 to 30% impacting negatively on costs of production (especially labour).

**Uruguay** has recovered after a few poor years – total citrus production up by 22% and exports up by 38%. **Orange and lemon** exports are both up by over 40%, while soft citrus increases by over 30%. Nules are being harvested this week, while oranges have been delayed a week because of plentiful stocks in the market. More citrus will be sent to the US in 2014 – between 6 000 and 8 000 pallets.

**Peru** exports top the 100 000 level for the first time ever – 10% up on 2013 levels. This is led by **soft citrus** exports which are expected to reach 94 000 tons (also 10% higher than last year).

**Chile** expects a decrease in early navels with a resultant 10% decrease in both **orange** production and exports. Clementines will also decrease as a result of the drought, although late mandarins will increase as new plantings start to mature, the overall soft **citrus** production and exports will be down by 5%.

**Australian** citrus production and exports are anticipated to increase by 5% (this still needs to be confirmed).

Overall the southern hemisphere citrus production for 2014 is expected to fall by 6%; lemons show the biggest decrease (25%) as a result of Argentina's weather issues. Grapefruit production is similar to 2013; while oranges (2%) and soft citrus (7%) record increased production. Export volumes are not as badly affected and overall volumes are anticipated to decrease by 1% - a 9% drop in lemons (which means that most of the production decline will be felt by the processing industry) is offset by a 9% increase in soft citrus exports. Orange exports are unchanged from 2013 while grapefruit decrease by 6%.

The **Spanish** Fino season is ending at 690 000 tons with an increase in exports to EU countries and some difficulties in Russia due to competition from Turkey. Verna is expected to increase by 20% compared to 2013 – with product available through to the end of July. **Italy** experienced a large volume of smaller sized **oranges** which was difficult to market. A lot of these oranges were simply not harvested due to poor domestic market conditions. For lemons the domestic market was better than previous years and considered stable. Exports of **lemons** declined. **Turkey** had a good volume of citrus for exports – soft citrus increased by 30%, oranges by 40%, grapefruit by 15% and lemons by 15%. Overall quality was satisfactory – the season is all but over. **US** production was impacted by citrus greening and freezing temperatures; and now the drought conditions in California. In terms of the transition to southern hemisphere fruit there are interesting market dynamics that will create supply gaps during May and into June; soft citrus gaps should appear as we enter May, since California has limited supplies of Late Mandarins, and the quality is suspect; the balance of the Navel crop will be kept closer to home because of freeze damage, and we can expect the trade to be looking for new crop from the southern hemisphere.

Market feedback from Europe is that it has been a tough citrus campaign characterised by a lot of small oranges of indifferent quality. Extreme weather had influenced both supply and demand – high temperatures and hail. There was still a lot of fruit in warehouses and concerns regarding the fruits shelf life. Prices have been low throughout the season.