GLOBAL CITRUS SCAN (27)

John Edmonds (25 July 2014) Citrus Growers Association (CGA)

Spain: European retailers requesting cost of orange production

Several supermarket chains across Europe are trying to find out the actual costs of producing oranges and mandarins in Spain through their suppliers to have more information that will enable them to collaborate with the growers.
However, the insistence on requesting this data to various Valencian citrus firms has led many to think that the real intention behind finding out the actual production costs is to be able to adjust purchase prices based on such information.
No one seems to be speaking out, and this is generating plenty of confusion that may bring negative consequences for growers. Can anyone really believe that importers wish to learn more about growing costs to adjust prices in favour of growers? The intention is surely to push them further down.
The problem is that each one informs its clients in their own way, without following any accurate scientific models, when there is more than enough information available, provided by the Valencian Institute of Agricultural Research (IVIA).
Pedro Caballero, a researcher at the Institute, has conducted detailed studies on citrus production costs taking all parameters into account.
His most recent study is from 2012. He estimated the cost of producing a kilo of oranges at 0.21 Euro, and one of mandarins at 0.26 Euro. If anything, it would be necessary to update them with the cost increases of the past two years, especially in regards to fertilisers and electricity, which is the main source of energy for the pumping of irrigation water, which is used in greater amounts as a result of the current periods of drought.
Therefore, it is completely unnecessary for anyone to risk reporting data to their clients which may be inaccurate or based on more or less approximate assumptions, as we have a fully scientific and accurate information service.
[Freshplaza.com; 9 July 2014]

Argentina: Producers seek to keep orange export markets

According to Mariano Capraruolo, executive director of the CECNEA (Chamber of Citrus Exporters), "the situation is very bad. Two years ago, there was a very heavy frost in el Litoral, Entre Rios and south of Corrientes, which greatly affected the production. It was the biggest frost in 70 years and we almost lost the entire production. Honestly, it was a disaster. Then we received some national assistance, as the Agricultural Emergency was declared, but it was too little, almost non-existing, for exports." "That, coupled with all the other competitive problems we have, (that we are out of the market because our competitors have other advantages, the rise in costs and the international crisis) has placed our companies in a very complicated situation. We're trying to keep the markets with a few dollars of pre-financing, with high input costs and a large tax burden. The situation is very, very difficult," he said. "We exported a lot less, we've been completely out of the orange market for some time. It's been years since we've been able to place it in England and other markets. We've tried to tried to keep some markets with our Tangerines, such as the European Union, Russia and Southeast Asia but we're worried because that requires a lot of money and effort and we do not know if we can continue to take care of the farms because it's been a while since production costs exceeded profits," said Capraruolo....He added: "If the exchange rate improves next year and we have a reduction in tariffs, or we find another way to get inputs... The problem is that we don't have the quality to overcome our competitors in the market. It's a very unsettling situation." Regarding crop prospects, Capraruolo, said: "We only have a little more than last year, but not much more. Last year, the exports from our area didn't exceed the 100,000 tons and I'm not sure if were going to be able to export this year because we are behind in tangerines by 10% and we're not doing anything with our oranges. If we manage to export the same amount as in 2013, it would be a triumph. Honestly, what would change our business' scale is opening Brazil, where costs are very important, and where we could export by land. However, there is a political issue there because, despite being a member of Mercosur, we have been unable to enter Brazil." "Bottom-line, the problem we are facing is that the high priced inputs, tax contributions, exchange rate, global crisis and the difference with our competitors in the foreign markets has left us with very few businesses available. When that happens we are unable to sell at the same price as our competitors because we would be loosing money," he concluded.
[infocampo.com.ar; 25 July 2014]

Asian Citrus Holdings says typhoon Rammasun impact "significant"

Asian Citrus Holdings Ltd Tuesday said Typhoon Rammasun has had a significant impact on its business in China. The orange plantation company said the typhoon, which hit Vietnam and China Monday, had caused widespread damage in Guangxi, China, where its Hepu Plantation is located. Asian Citrus said the damage in the area was significant and it would take some time for the group to assess the physical and financial losses caused by the storm.
[Freshplaza.com; 23 July 2014]

If you need more information on any of these issues, or if there is anything else that CGA can assist with, please contact us at 031 7652514, or johne@cga.co.za
YOUR LEVY WORKING FOR YOU – GROWER LEVIES ARE USED TO FUND THE ACTIVITIES OF CGA