GLOBAL CITRUS SCAN (43)

John Edmonds (19 November 2014) Citrus Growers Association (CGA)

Lemon demand has risen 10-15%, says Limoneira exec

Citrus group Limoneira Company (NASDAQ: LMNR) has a “couple of arrows in the capital quiver”, according to CEO Harold Edwards, as Wall Street continues to respond well to positive lemon market fundamentals and the company’s investment choices. Speaking with www.freshfruitportal.com during the Produce Marketing Association (PMA) Fresh Summit last month, Edwards said the company’s supply prospects would be bolstered by investments in Arizona and Chile this year. “Lemons have been an amazing story, and it starts back in July last year when massive freezes started in the Southern Cone [Argentina and Chile]. That was the beginning of stunting supply, before going into the freezes in November and December in California and Arizona, which further restricted supply,” he said...He said the weather led to much higher pricing than expected in lemon markets as the company’s production came on-line in August. “Then when that California-Arizona freeze hit, it went even higher,” he said...“It started out as a result of supply restriction, but as new supplies have come in and we’re basically back to normal, what happened that was beyond belief for us is we think we experienced – not only in the United States but globally – somewhere between a 10-15% increase in demand in consumption.” He added that this spike followed decades of flat consumption for the acidic fruit in the United States. “The world began to eat more and more lemons as there was more modernization around the world, but because of that huge demand increase we’re now coming back into full production and pricing is still right up. It’s unreal,” he said.
He said the demand rise was partly supported by new uses for the fruit in cleaning, beauty and health products, along with positive messages for the health benefits of lemons in China. “It’s about how do you use lemons in your household for the smell or just to keep the house clean, as an alternative to a chemical-based cleaner? I think that had a lot of impact...Anybody who’s paying attention to that in China is buying lemons.” ...When asked whether some of the initial price hike could have come from higher lime prices, he said that in the beginning that probably was partly the case. “Most of the U.S.’s limes come out of Mexico, around Veracruz and that area, and there was a hurricane followed by another hurricane, followed by really cold weather, followed by really hot weather. It had a huge impact on the crop,” he said. “What’s interesting is that a lime tree flowers and fruits every 90 days, so as quickly as it’s a problem, it solves itself. “A normal box of limes sells for about US$12-15 a box. It went up to US$100, even US$120 in some cases, and right back down to US$15 in three months.” In the absence of any further acqusitions, Edwards expected growth of 500,000 cartons of lemons coming from California and Arizona for 2014-15, taking the U.S. total to 3.5 million MT, as well as an extra 100 000 cartons from Chile. This is still well short of Limoneira’s ultimate goal of producing 10 million cartons of lemons a year, including five million cartons from Southern Hemisphere sources. “The other thing which is really interesting in the Chilean opportunity is that Chileans consume 60-70% of the lemons they produce; we didn’t want to make big investments in poor markets that were totally dependent on export markets that would be one year in, one year out, given the fruit flow from other parts of the world,” he said. “This gives us a great opportunity to balance that; if the export markets are in then boom, we go. If they aren’t there, no problem, we’ll just keep it in Chile and sell there...
[Freshfruitportal.com; 7 November 2014]

Spain withdraws citrus to protect market

The Valencian citrus industry is to receive €1.3m for the withdrawal of 7K MT as a consequence of the Russian embargo on imports of EU fruit and vegetables.
[Reefertrends.com; 18 November 2014]

Spanish citrus sector angered by EU labeling decision

The General Court of the European Union has ruled the European Commission (EC) was right to introduce compulsory labeling for citrus fruits that are subject to postharvest processing using chemicals or preserving agents. Spain had brought an action before the General Court claiming the practice was discriminatory and should be scrapped .But a release announces that a judge has dismissed the action...The release explains how citrus fruit is different because the peel has a specific purpose in cooking and can be used in the preparation of many dishes, so it therefore needs a different kind of labeling approach...The reality is many fruits and vegetable farmers all over Europe use chemicals post-harvest,” said a source from the Valencian Farmers Association (AVA-ASAJA)“Europe says it is a different case for citrus because people often use the peel to cook, but many growers feel this makes no difference and this is just another example of the bullies of Europe telling everyone what to do when they do not know what they are talking about.”
[www.freshfruitportal.com; 18 November 2014]

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