GLOBAL CITRUS SCAN (2016_32)

John Edmonds (18 August 2016) Citrus Growers Association (CGA)

South Africa: SRCC's 'one billion rand' citrus investment plan

…One of South Africa's top citrus exporters has successfully completed the first stage of an ambitious investment plan set out for the coming decade, in order to not only keep up with growing production but also with an increasing need for market flexibility. Sundays River Citrus Company (SRCC) managing director Hannes de Waal tells www.freshfruitportal.com the phase involved a new pack house building in Kirkwood with a capacity line for one million cartons. "We will put in a second one million carton capacity line probably in two years from now, and then when that is done we intend in a two-year phase to have a similar facility," he says. "We have an investment schedule which over the next 10 years will probably run into a billion rand (US$75 million)." Apart from Kirkwood, SRCC also has pack houses in Summerville and Hermitage, and it is in the latter where the next investment will take place. "We're still deciding whether we'll do two mega capacity lines or smaller lines for more flexibility- that would be probably with four or five smaller lines because today you have to provide for markets with so many different requirements," he says…"We've recently acquired for black economic empowerment purposes an 800 hectare farm which our growers are buying for their farmworkers, and that volume plus the growth we see from our growers at the moment will obviously get us to a point where we'll need to build another one or two million carton capacity."… "We exported 9.2 million cartons last year. We think t's going to come down to 8.3-8.5 million because of the drought, but the long-term growth that we are experiencing at this point will probably take us into the area of 12 million cartons in six years' time. "We also have a cold store of 2,800 pallet capacity and we'll probably double it over the next 10 years to make sure we can cater to this growth, and to make sure we can handle the sterilization markets." He says this is particularly the case for different Asian markets where cold treatment is sometimes required, especially in the orange varieties. "Lemons are a different thing. You cannot sterilize lemons – nowhere in the world can take the regime of -0.5°C for 22 days, it just doesn't work," he says. "At the same time, anything else that we did put through the treatment this year – oranges and Novas – we've had excellent results." SRCC learned some of these lessons the hard way in its export program to China, with two or three years where the group got hurt by sterilization regimes and also had container failures…"Between our logistics and cold store staff, agronomy and packing people, we got excellent results so far this year. "It's not on a lot of fruit but we've convinced ourselves that we can go into the Chinese market on oranges." He says the Chinese lemon market has been "pretty bad" in the past, and even though it's getting stronger there was a short while where it "didn't live up to expectation".
De Waal says SRCC sends around half of its fruit to the Middle East, working in an arrangement with major distributors that isn't going to change anytime soon. Europe will also continue to be a strong market, but the challenge of meeting black spot requirements – one that has pushed the company to adjust its processes "quite a lot" – means the group needs to look for new opportunities elsewhere.
Aside from South East Asia, one of the bright spots has been Russia. "We've opened an office in Russia recently and we obviously will consider how we tackle distribution of fruit in the years to come," he says.He says the office in St Petersburg was opened up with one of SRCC's smaller previous customers…"They also give us access to retailers, and that's a fairly new scene in Russia – it's an open playing field, very competitive. We like Russia a lot and this is why we think it's opportune to take such a step right now. It's not the best paying market but we end up shipping in excess of a million cartons there ever year…
Overall, de Waal is very upbeat for the future. "We are in a fantastic phase here in South Africa. We are a very well positioned organization – we've got wonderful new varieties coming on and we have a fantastic grower base and great customers…
[Freshfruitportal.com; 18 August 2016]

E.U."Good market for grapefruit, lemons and mandarins"

The sales of citrus is going notably well. "The market for mandarins, grapefruit and lemons has been at a good level for a while. The sales of oranges are varied. Uruguay Navels are doing well, RSA Navels are more difficult for the larger sizes in particular, but the Maroc Oranges are selling really well," says Jan van der Voort of Anaco Greeve. "Maroc oranges are going for prices between 11 and 14 Euro." "The lemon market has been exceptionally good all summer. The supply is higher than last year, but the market remains good. At the moment the prices of the lemons are between 16 and 17 Euro and Nadorcott and Orri mandarins are being sold for a price between 16 and 19 Euro. Other mandarin varieties such as Valley Gold and African Sunset are more difficult to sell." … He looks towards the rest of the season positively…In general we can't complain about the demand for citrus."
[Freshplaza.com; 16 August 2016]

Strong finish to Australian navel season

All indications suggest 2016 will be another record export campaign for Australian navel oranges. According to…Citrus Australia, the country's export programmes have been bolstered by reduced crops from South Africa, favourable exchange rates across a number of currencies and a season that has produced clean, flavoursome fruit in the ideal size range…
[www.fruitnet.com/Asiafruit; 16 August 2016]