

# Global Citrus Scan (2019\_25)

(John Edmonds 30 August 2019)



Citrus Growers Association (CGA)

## **"Valencia prices some of the best I've seen but lemon window for new entrants has closed"**

It's a tough season, tough as nails, says Hannes de Waal, managing director of the Sundays River Valley Citrus Company (SRCC) based in Kirkwood, Eastern Cape, but it is redeemed by a single factor: the weakening exchange rate, almost R17 to the euro and R15.22 to the US Dollar... The rate to the Dollar is really a great help to us," he says. (During January, the Rand strengthened to below R13.50 to the Dollar, which contributed to the difficulties of the past South African table grape season.) Valentias are the highlight, especially for Valencia producers in the Western and Eastern Cape. Around Letsitele, drought has caused a drop in volumes (estimated at around 20% by northern growers). At the SRCC they had an average fruit set with average size distribution (72, 64, 88), plus some smaller 105s and 125s, and the European and Middle Eastern markets are paying very good prices for smaller Valentias at the moment. "It's some of the highest prices I've ever seen for Valentias, and it's just down to plain old supply and demand, driven by the growth of the in-store juicing category, hence the requirement for smaller fruit," Hannes explains... Hannes is very wary of the prospects for late entrants to the lemon category... "World production has grown tremendously... if you're not already in the citrus industry, you have to be thinking very carefully before you plant lemons. That window has closed." "Year-on-year lemon prices are 20% to 30% lower," he continues. "In Europe we see prices 15 to 30% lower; in the Middle East the bottom lemon prices are 20 to 25% lower than they were last year." ... On mandarins, prices drop 5 to 10% year-on-year as the forecast growth in volumes starts manifesting itself. "It's a different mandarin game to before, the market is changing and the growth in soft citrus is very clear." The early navel season was a difficult period. "The wholesale market in Europe isn't an easy market anymore. The average for Egyptian Valentias is about the same as domestic prices in South Africa, because their transport costs are so low... As usual, late navels lifted the market outlook, and prices were fair, but the trend of dampened navel prices was accentuated this year by Spain's large harvest, Hannes says. European retailers switched over to Southern Hemisphere stock much later than usual... I estimate the switch-over to Southern Hemisphere supply came as much as 10 to 12 weeks later than usual." ... He recounts that some growers harvested 10 to 20% more on an orchard, only to see the same export volumes as other years, as wind damage and poor packouts wipe out volume gains... "We're in a very competitive world. South African fruit isn't alone on the market, clients don't have to buy our fruit. The government is not sufficiently sensitive to the disruptions caused to the industry by unregulated labour action or protests that block roads. It is going to have to extend protection to industries like the citrus industry, because companies go under in an unfavourable environment." "We're very sympathetic to the socio-economic realities of South Africa," he continues, "and we invest a lot in projects and employment creation, but we need government in our corner." ... [Freshplaza.com; 26 August 2019]

## **California citrus exports affected by China trade war**

... California Citrus Mutual President Casey Creamer said exports to China last year were off 46 percent with a 50 percent loss in value to the industry. California's fresh-market citrus production generates about \$7 billion in economic value to the state, according to a published economic report... Other impacts to world citrus markets may be seen in lower producer returns as that fruit must be absorbed elsewhere in the marketplace. As much of California's fresh citrus winds up in domestic markets, the inclusion of fruit once destined for China into US markets will continue to soften grower returns domestically and give retailers the upper hand on setting grower prices, Creamer said.

[Freshplaza.com; 29 August 2019]

## **Egypt: 1.75 million tons of citrus exported since season start**

Head of the Central Department of Agricultural Quarantine at Ministry of Agriculture, Ahmed al-Attar, said that Egypt has exported 1,752,000 million tons of citrus abroad since the beginning of the new export season... In January, the Cabinet's media center denied reports of a drop in Egypt's agricultural exports of citrus fruits, clarifying that Egypt's exports of citrus fruits had surged in 2018, as Egypt is reportedly the world's second exporter of citrus fruits. In December 2018, Attar said that citrus fruits and potatoes are the most exported types in Egypt in 2018, adding that the country has exported about 1.7 million tons of citrus fruits since the beginning of the year...

[Freshplaza.com; 26 August 2019]