

Uruguay: Citrus producers to double sales in U.S.

This was a very positive year for Uruguayan exporters because they managed to place 6,000 tons worth US \$ 6.5 million. The star product was the tangerine, especially the seedless varieties and the easy peeling varieties.

According to Esteban Montes, citrus advisor of the Ministry of Livestock, Agriculture and Fisheries, the volume placed indicates that, "Uruguay's citrus production had an impressive debut in the market, as the products prices increased and achieved outstanding values".

The price difference, when compared with what the EU -the main market for citrus- pays, is substantive. Thus, Montes stated, doubling the volume placed "is an achievable goal and a base that will enable further growth."

Uruguayan oranges and tangerines pay a 16% tariff in the European Union while they have tariff advantages and a better price in the USA. Therefore, it is logical that the citrus sector wants to continue diverting their tangerines to the US in 2015 and increase the export volume in that market.

Uruguay's Brand

Montes said that one of the country's challenges, beyond increasing the volume sold to America, is to accentuate the country's brand, mainly in strategic supermarket chains.

America has a working system where it is very common to place the fruit in nets, either by kilo or units. This system means that, many times, the origin of the product isn't on the product. Therefore, "we are evaluating the possibility of reaching certain supermarket lines, putting on the net a band with Uruguay's logo and the QR code. The consumer can read this code with his phone and enjoy a video where we show the benefits and quality of Uruguayan citrus production." The government and the business sector are studying this initiative.

Renewal

At the same time, the citrus industry should continue its varietal conversion process, which must be accelerated to the extent that the producers' economy allows it to.

Uruguay has 7,200,000 citrus plants and 3,000,000 of these are varieties that no longer have market value. "We have to urgently convert that set of varieties that the market doesn't want, or for which it pays less, as it has other options at the time of purchase, such as South Africa, Peru and Chile," Montes unabashedly admitted.

As part of this renewal, the goal is to continue betting on seedless varieties, with a good colour and which are easy to peel, this is what the consumer prefers.

"That's valid for all markets, even for destinations we're looking at in the short term, as is the case in China. The consumer has changed its consumption logic and that's what we have to do," Montes said, and added that it was another challenge for 2015.

A year with strong changes in the markets

2014 will go down in citrus history as a year with a clear market diversification. A key objective of the company was to reduce their dependence on EU destinations. "We sent 85% of our products to the European markets and we managed to decrease that to 57% this year. That was a great achievement," said Esteban Montes.

The European Union was followed by Russia, Brazil and the United States, where the Uruguayan fruit managed to enter and position itself after more than twenty years of failed negotiations.

Russia's complicated scenario gives South Africa an advantage

Uruguayan oranges are also affected by the complications of the Russian market, as the ruble has had a sharp devaluation and the demand has lost strength due to economic problems. Maintaining the insertion achieved in that destination is a huge challenge for Uruguayan companies as the citrus sector expects Russia's economic situation will get worse and the Uruguayan citrus sector has a strong competitor: South Africa.

If South Africa sold its products at prices below those offered by Uruguayan companies, business would be difficult.

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