

OVERVIEW GLOBAL APPLE MARKET

The new apple harvest from New Zealand has been slightly delayed on the European market, although European traders are still selling stocks from the old harvest. In Poland, growers have finally decided to start selling. For the Jonagold, this entails a fiercely competitive market in which Dutch traders are involved. Belgium and France have a lower stock due to the impact of hail damage last year, but traders there are actually happy. Spain still has huge volumes in stock and Italy is only moderately optimistic. Exporting is tough. North Africa is absorbing less, Russia is still closed and in Asia they go toe-to-toe with American competition. The Americans have a lot of apples in storage and are therefore focusing on exports, with shipments to various destinations, including India. Traders there are happy with the large import volumes.

Macedonia invests in apple cultivation

Macedonian apple growers have always had a good relationship with Russia. Since the introduction of the boycott on Europe, hardly anything has changed in that situation and the sector has benefited from the reduced competition. The Macedonian government has made investments to help in the professionalization of producers and thus allowing them to become more competitive on the global market. The country's production consists mainly of Red Delicious, Golden Delicious and Idared apples. The start of the upcoming season is still far away and is expected for September or early October. The prices for old crops are low, with an average of 30 cents per kilo. At the start of the new season, prices usually range between 40 and 50 cents per kilo.

Poland recovered from boycott

Sales have finally been resumed. Growers have kept their apples in storage in recent months, hoping for better prices, but this has now come to an end. According to a trader, the quality of the apples on the market has thereby improved. There are fewer illegal exports to Russia, which is positive for the supply. The sector is now assuming that the boycott will be long-

lasting and that there won't be any demand for Polish apples from Russia. "They have their own quality apples, and combined with imports from China, their shelves are full," explains a trader. Exporters are looking to China and India, who are still interested in Polish apples.

A trader says that they are certain that there will be an oversupply of apples again this year. The weather has been good and although it is still early to make informed estimates, if the situation doesn't change it will be a great year. "The best sign that the sector has recovered from the boycott is that the export estimates for this year are better than before the introduction of the veto," said a trader.

Portugal: small, but growing

This country on the Iberian Peninsula is a small player in the apple market in comparison with other countries. In terms of production volumes, it is not at the level of France, Italy and Spain. The Portuguese season starts at around the same time as in those countries and usually kicks off in mid-July and lasts until March. Currently, there are small volumes available which are no longer exported. The main variety is the Royal Gala.

The domestic market is a big market for the growers, but there are also exports to countries such as Brazil, the UK and Ireland. An exporter says that in the last two seasons they have also been making shipments to the United Arab Emirates. The exporters tend to choose markets that are willing to pay more for the apples. Typically, the fruit has a good colour and the apples are crunchy and this makes it possible to ask for a higher price. Each year, the production increases by several percentage points.

Fewer French apples in storage

Stocks are 6% lower than in the previous season, which is not surprising after a 7% smaller production; however, the volumes in temperature-controlled storage are 4% higher. In February, the price for the Golden stood 3% above the five year average; however, the exports of this variety to Algeria stopped, which caused prices to fall by 3%. The prices for the Gala remain stable.

The start of the season, which takes place in September and October, was marked by high prices. This situation continued until early November. In December, the demand for apples fell, with the exception of the club varieties. In the European market, France competes with Italy and Poland. The Gala and the large sizes sold better than the Golden and Granny Smith.

Netherlands: Good price for good Elstar, but struggling market for Jonagold

A nice price is paid on the Dutch market for good quality Elstar apples, although the average price for those not in the Class I category have been lower. The Elstar in stock is selling quickly. According to traders, there isn't much interest in exporting them, because they are simply too expensive for that. With the Jonagold we see the opposite trend, as Poland has plenty of them, so the market has become very competitive. The growing Polish apple production is a major threat to the Netherlands. Traders say they import plenty of Jonagored from Poland at a price that is impossible in the Netherlands. The price paid for good calibre Elstar apples is significantly higher than that paid for good calibre Jonagold apples. Traders affirm they are not afraid of a dramatic end of the season because the stock of Dutch apples is too small. The processing industry thereby sets the bottom price in the market. Meanwhile, the first New Zealand apples have arrived in the Netherlands, but given the greater focus of their exports to the Asian market and the fact that harvesting and the packing process has been delayed by the rain, their impact on the market will remain limited for now.

Belgium optimistic, but cautious

The Belgian market is showing a normal development. Last year, the market was very stiff, but things are better this year. According to a trader, this is primarily due to the shortages in other countries. Belgium also started the season with smaller volumes. Hailstorms in June took a toll on the harvest. In October there was already 30% less volume in storage. In January, India opened its borders to Belgian apples, which is more than a month earlier than in the previous year. This market demands mostly red-coloured varieties. The Red Prince and Jonagored do well.

A trader says that the current situation is primarily due to the smaller harvest volume in Europe. Last year, a total of 12 million tonnes of apples were harvested; a figure which could have reached 15 million tonnes if there had been no losses. According to the trader, there is no market for those extra three million tonnes and, had they hit the market, it would have been a disaster for the sector.

Italian traders seek new markets

The apple marketing sector is not very optimistic. Exporters are still struggling with the consequences of the Russian boycott, which made it necessary to seek new markets. In the meantime, exporters have learned to assume that the boycott will be long-lasting. The North African market has been absorbing smaller volumes this season. Since the introduction of the Russian boycott, these countries had been important markets for the Italians, but exporters have switched to other destinations due to the volatile situation. Their sights have been set on the huge markets of India and China. An exporter tells that the Red Delicious campaign had a good start in Brazil; however, that market has disappeared with the start of the South American season. Demand from the Emirates was low.

Traders expect the stocks to be sold out before the start of the new season. After a dip in the first two months of this year, the market recovered in March. There is also hope that the Algerian border will be re-opened for the apples. That would allow for a positive end of the Golden and Red Delicious campaigns.

Huge volumes in stock in Spain

There are huge volumes in stock of medium and small calibre Golden apples, so the market conditions for Spanish apples are far from ideal. In addition to this, there are some quality issues due to the bad weather conditions during the harvest, so it will be tricky to achieve good results. A trader says that the sector was too optimistic at the start of the season and consequently put an excessive volume in storage, with the current situation as a result.

The closed Algerian market and the lower imports from Egypt have also taken a toll. Add to that the Polish competition and the Russian boycott and the result, according to a trader, is an oversupplied European market.

The season for the Gala has already come to an end in Spain. The prices for the red apples are comparable to those of last year. The Granny Smith showed an upward trend, as demand has been greater than the supply. The demand for the Fuji is also high.

According to official figures, the apple harvest has been 3% greater, amounting to 496,800 tonnes. The results for each province are as follows: Catalonia (+11%), Aragon (stable), Murcia (+25%) and Castile-Leon and La Rioja (-3%). The three regions accounting for the highest share of the production are Catalonia (62%), Aragon (20%) and Castile-Leon (6%). The most cultivated varieties are the Golden (55%), Fuji, Granny Smith and Reineta.

Spain is a net importer of apples. The country imports two times more than it exports. France is its main supplier, accounting for 104,000 tonnes. Italy follows with 91,014 tonnes. In recent seasons, investments have been made in promotional campaigns in order to boost the fruit's consumption. Spanish exports go mostly to Portugal, France, Brazil, Morocco, the United Kingdom, the UAE and Colombia.

Turkey switching to summer fruit

The season is over and growers are looking forward to the start of the new season in August. Apples are considered a winter fruit. The season kicks off in August with the early varieties. In October, larger volumes hit the market, with traditional varieties like the Granny Smith and Red Delicious, which are intended for export. The season lasts until March.

At the moment, some small volumes from storage are still sold, but the market is already switching over to summer fruit. Imported apples are subject to a 60% tariff.

The export season went well. Tests were carried out with exports to India, Asia and the Middle East. Some exporters want to expand their position in these markets.

US Red Delicious mostly for export

Compared to previous years, there is a big volume available. The latest Red Delicious harvest was about 18% greater than that of the previous year. For other varieties, the figures are also comparable to or higher than in the previous year. Currently, there is more supply than demand, so prices are under pressure.

There is sufficient demand on the world market to keep prices stable. For the next few weeks there are even prospects of increases. The demand for Red Delicious in the US is lower; consumers seem to prefer the Honey Crisp and Gala, so there are more exports of this variety. Demand on the world market is on the rise. India, among other countries, is a popular destination for the fruit.

China: Lower quality due to reduced investment

Due to the weak performance in the 2015 and 2016 campaigns, the investments made in the apple growing sector have fallen. The consequence of this was observed last year, as despite the slightly greater production, the quality was inferior. Apple production in China is concentrated in the provinces of Shandong, Liaoning and Hebei.

Premium apples are still reaching good prices, but the lower quality classes have it more difficult. The low prices make exports attractive, with India, Russia and South East Asia being the most popular markets. Since the second half of the year 2016, the situation has improved slightly. Growers expect a bigger harvest in the coming season. Furthermore, estimates point to price increases of between 10% and 15%.

India good for apple imports

The Indian market is open for apples from countries such as Belgium, China, Italy and the US. Although the Belgians are happy with this market, there is a cautious mood. Belgian exporters fear that the US will flood the market with its apples. India demands mostly red-coloured varieties. This season, Washington has 30% more red apples in stock.

An Indian exporter is optimistic about the season for US apples. Last year, the import market was affected by the strong domestic harvest, but this year's import volumes are expected to be equal or greater than in 2015.

Italy has already been present in this market for five years, while Belgium is still trying to gain a foothold. An importer says that Belgian apples are widely promoted. He thinks that the Belgians are seeking new markets since the introduction of the Russian boycott. Price is an important factor in the Indian market. A small change in price has a significant impact on the import market. The import tariffs, set by the government at 50%, are also high.

Russian production is growing slowly

Growers have profited from the boycott, although there is still much import of apples. According to the growers, this is partly due to the situation in recent years, as competing against Polish imports was impossible. State aid covering up to 75% of the production costs would have an impact on the market, according to growers who receive up to 15% support. Despite the State aid, investors are not keen to invest in the top fruit. One reason is that a new orchard only starts yielding fruit after six years. For investors, this is a long time to wait for returns. Furthermore, the amount of old trees disposed of annually is comparable to that of new ones planted, which results in the production volume barely growing.

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