

OVERVIEW GLOBAL ONION MARKET

Every onion trader who has large calibres in storage is in luck, as low volumes are reported worldwide, although each market has its own standards when it comes to sorting middle-sized onions from large ones. In the US, there is a huge shortage of very large sizes. Spanish traders would have preferred to have more onions of calibre 90 and larger, and that also applies to other European countries. For a number of countries, such as Brazil and China, the end of the season is in sight, which could create some opportunities for trade. In South Africa, a considerably smaller production volume is expected as a result of the drought in the Western Cape.

The Netherlands: What is happening in the second half of the season, after the record exports of the first half?

This year, one export record after another has been recorded in the Dutch export market. From the start of the season until the turn of the year, a volume of no less than 680,000 tonnes of Dutch onions was exported, largely to Africa. Export weeks with 35,000 tonnes shipped are no exceptions. With this, the small Netherlands is moving towards a 20% export share of the world market. The big question is where the exporters will be able to ship the remaining half million tonnes in the second part of the season, after the loss of the African markets. There was a little demand last week from Brazil; a market that is also desperately needed in order to sell the large volume of onions available. The quality differences are currently becoming greater. In contrast to last year, the prices at origin have recently increased slightly. 8 to 9 cents are currently being paid for an average quality. It is true that even better prices have been reached, but that only applies to scheduled deliveries and above-average size and colour, and those batches are in the minority. Export prices are still under pressure, however, and packers and exporters don't have the best prospects for the smaller sizes.

Belgium: Quiet market

According to a trader dealing mostly with retailers, there is currently not much demand and supply. The market is actually rather quiet. He believes that this is due to the lack of cold, as winter weather is needed for people to consume onions. More than enough onions appear to be available, so there is more supply than sales. The larger onions are the most demanded, as their volume is limited. The small sizes are intended for export.

French onion market "is quiet"

"The onion market is practically at a standstill," says a trader to describe the situation. There is almost no market. Everyone asks for large onions (60-80), but these calibres are not available. Almost no one asks for the smaller ones, and there are plenty of them. As a result, the small sizes are cheap (8 to 9 cents per kilo) and are intended for export. The 60-80 onions reach 22 to 23 cents per kilo.

Germany: Large supply results in low prices

The onion market in Germany is currently relatively stable. The supply of German onions is pretty big this year, so the price level is currently on the low side. According to the traders, this also applies to imports from the Netherlands. The products from Southern Europe and Austria, on the other hand, have been very expensive for a number of months.

As regards popularity, the standard yellow onions are still the most popular in supermarkets. These are mainly calibre 40 to 70. Meanwhile, the large calibres with a cross section of more than 80 mm are mostly demanded by the processing industry and large buyers. Also, shallots and red onions have been popular for a number of years. There are a lot of mixed packs available in supermarkets with yellow, red and white onions; however, the white onions are still a niche product in Germany. Traders point out that small 1, 3 and 5 kg packages dominate the market.

Spain: Less in storage, but no shortages

At the moment, there are 15% fewer onions in storage than in the same period a year earlier. No quality problems are reported, but there is a shortage of large calibres (90 and larger). Prices on the spot market are high, but the programs with retailers can be covered well. The Spanish sector considers calibres from 85 to 90 as middle-sized, while in other parts of Europe these are actually considered large calibres. In general, prices are better than last year due to the smaller harvest volume. This is again the result of the heat in the summer months, which has caused some growers to lose up to 30% of the volume.

According to Spanish sources, the Dutch have had problems with quality because of the abundant rainfall in September. This would have motivated Dutch onion traders to rush their onion sales, knowing that in the long term the quality would not be sustainable. Furthermore, a number of important export destinations for the Dutch onions are closing, which means that they have to find alternatives quickly. Spanish traders buy the Dutch onions at low prices, lower than the production

costs in Spain, after which they end up on the local market. Due to the shortages in the Netherlands, France and Germany, Spanish traders are preparing for shortages around April, which would mean a good market for the first new Spanish onions. When it comes to exports, negotiations are underway with MERCOSUR to set up exports to Latin America, although there are countries such as Brazil that are trying to protect their domestic production against European competition.

Italy sees prices rising

There is said to be a smaller supply in Italy, but the situation is not yet comparable with that in the Spanish market. "The market has changed compared to a month ago," says a trader. "The prices were dramatic until November." He mentions a price of 30 cents for 10 kilo packs. From December, the prices went up to around 50 cents.

The heat of the past summer is still having an impact on the market. The onions are discoloured due to the high temperatures. Growers who were cautious enough to harvest before the heat wave are now reaping the benefits. In the export field, there is demand from Spain, Northern Europe and the Arab countries.

Albanians are big onion consumers

There are no official figures, but according to a trader's estimates, 60,000 tonnes of onions are produced in the country. Almost nothing is exported from this, because the demand in the country is exceptionally high. According to official figures, Albanians are the second largest consumers of onions, only behind the Libyans, with about 33 kilos of onions per person per year. "Given that the consumption is so large, prices remain stable and low all year round," says a trader. Onions are mainly cultivated in the cooler south east of the country. The season runs from the end of autumn to the mid-winter months. Investments are being made in storage facilities with support from the government.

US: Shortage of large sizes

There is currently production from Washington and Oregon on the market. In these States, the growers have had a good harvest and they will be on the market with good quality onions until the end of March or the first week of April. Oregon harvested slightly less than usual, but Washington harvested a normal volume. Although traders are satisfied with the quality, there is a shortage of the "super colossal" size as a result of the cold in Washington during the season. Due to a lack of large sizes, the

market conditions are good for the time of the year. The supply remains stable and the growers in the North West are waiting to see what will happen in Texas. Moreover, the first onion imports from Mexico have also arrived.

South Africa: Fewer onions due to drought in Western Cape

The lower supply of onions has had an impact on the price of the middle sizes. The price is higher than in recent years, standing at R50 (3.38 Euro) per 10 kilos. The price is expected to rise even further as the season starts in the Western Cape. This region planted less, which is expected to result in a smaller volume available on the market from Easter. This situation will last from March to June. The North Cape will be on the market in the next two months. A trader describes the situation as an "uneven market period."

In the Western Cape, the planting of new onions has drastically decreased due to the drought in the area. Some growers report having planted 30 to 50% of the normal acreage, while others have not planted anything yet. The growers prefer to use the water for fruit. Some expect a shift of onion cultivation to regions where sufficient water is available. A trader even ventures to predict that the market will collapse from October. Internationally, the oil price continues to have an impact on the demand for onions. With a price of \$ 70 per barrel, demand from neighbouring Angola is increasing, which puts the market under pressure.

Tanzania stops exporting to South Sudan

Tanzanian onion exporters have stopped exporting to Juba, South Sudan. They are concerned about the safety of the carriers on the route via Kenya to the unsafe South Sudan. Although the market there is lucrative for the exporters, especially for traders from Arusha, fewer and fewer drivers are willing to drive to the north of Kenya and South Sudan. The export to Mombasa, Kenya remains unhindered.

Peru is committed to exporting more sweet onions

The South American country has planned to export 109,200 tonnes of sweet onions between August last year and January 2018. That is 5% more than the 104,000 tonnes shipped a year earlier. By far, the largest share of that export, between 85 and 90 percent, is intended for the US. The rest goes to Europe and Latin America. The export figure corresponds to 98% of the domestic production, with only 2% remaining on the domestic market.

Brazil is preparing for the end of the season

In the third week of January, a lot of rainfall was recorded in the Lebon Régis region, which took a toll on the crops there. The harvest will still continue until February, so the quality of the onions that were still on the land could be affected. Furthermore, growers report a greater availability of small sizes as a result of the drought in September last year. In the weeks before this rain shower, the price was already slightly up due to a smaller supply from the north east of the country, so the total supply is lower.

China: Smooth onion export season nearing its end

Halfway through 2017, the supply from South Korea fell as a result of extremely dry weather, which offered opportunities to Chinese exporters. On the one hand, exports from China have increased; on the other hand, the industry reacted by demanding more to be sure that enough onions are in stock later in the season.

Exports to Korea, however, declined in the second half of the year. The reason for this is the weaker Korean economy, which caused import demand to fall. The exporters have until the start of the Chinese New Year (early February) to increase trade to South Korea; after that, the export season is over.

China is a large producer of onions. The most important production areas can be found in Shandong, Inner Mongolia and Gansu. Around 40 to 50% of the onions are exported within the South East Asia region. The bulk of the export consists of yellow onions, as India and Pakistan set the conditions on the red onion market thanks to their lower prices.

Oceania expects losses due to rain and drought

The season is expected to be difficult in Australia and New Zealand. In New Zealand, growers have been hit by bad weather, with too much rain followed by drought in recent months. Some expect losses of up to 15%. The harvest runs from November to April, after which the export season starts in January and runs until May. Last year was a good export season for New Zealand, with exports increasing by 53% to \$ 81.1. On a global scale, however, Oceania remains a small player, accounting for 3.3% of the market.

Neighbouring Australia reports prices of 2.50 Australian dollars (1.60 Euro) for 10 kilo packs of onions. A disappointing price for the growers after the record prices achieved last year.

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