China buys 33% more citrus from Spain, but growth prospects are not met

A few weeks after the conclusion of the citrus export campaign to China, the Asian giant has seen an increase in Spanish shipments. Purchases from traders in the Region of Valencia stand out the most, with a 33% growth. The 25,307 tonnes marketed so far in the 2017/2018 season consolidate this market as the second biggest non-EU destination, if we ignore Norway and Switzerland, which have slightly higher figures, but are linked to the EU-28 by a Free Trade Association Agreement (EFTA).

Canada, another distant destination which has recently benefited from the signing of the CETA with the EU, has substantially increased its citrus purchases, to a much greater extent than China. It has recorded an increase of up to 63% (almost 52,000 tonnes) and has become the main non-European destination for Spanish orange traders.

Sources of the Citrus Management Committee (CGC) claim that, after years with a certain euphoria, "the Chinese market has recorded slow growth." Some even dare to warn "that the market's growth potential may have been overestimated."

According to the CGC, the clear slowdown of Spanish shipments has also been a result of "the strong recovery of China's local production, which had been very much affected by citrus greening in previous years, and which is now beginning to benefit from the entry into production of new plantations of late orange varieties (from April), which have filled the gap that Spanish exporters were aiming for."

Egypt is a tough competitor

The truth is that, in the last three seasons, the spectacular increases in Spanish citrus fruit shipments motivated expectations of a faster development. "Spanish oranges have had to compete against the Egyptian in China and other international markets. The latter are much cheaper, benefiting since November 2016 from a huge depreciation of the local currency (the Egyptian pound) against the dollar," said the same sources.

In this context, Egypt managed to increase its orange shipments to China by 204% last season, exceeding 100,000 tonnes.

The "trade war" between China and the US has also not helped in bringing stability to this market. After Donald Trump's announcement in February of the introduction of a tax on foreign steel and aluminum imports, Beijing responded with the application of new tariffs on 128 products, which affected agro-food references worth 2,000 million Euro, including California citrus fruits. This retaliation measure entailed raising the tariff for oranges from the US, the third largest Chinese citrus supplier in terms of volume, to 27%. But that measure has ended up being short-lived, because the two countries eventually reached an agreement that prevented their trade war.

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