Spain increases orange exports out of the EU

The considerable reduction of the harvest volume expected for the current season has not taken a negative toll on the total export volumes. In fact, as of 31 April,and according to the latest data processed by the CGC, foreign sales of this citrus fruit amounted to 1.27 million tonnes, compared to 1.34 million tonnes by the same date of the previous year. This slight 5.2% fall contrasts with the forecasts released in October, which predicted a significant decline, of up to 11%, in the national production of oranges. By 17 June, the total volume exported to non-EU countries (which unlike that to the EU, is known almost in real time) was even greater than in the previous year (159,182 tonnes, compared to 132,533 tonnes in the previous campaign). For the national association of private citrus fruit traders, this must be attributed "to the better use of the harvest that is usually achieved when this is smaller, as well as to the positive regulatory role that the juice processing industry can have on the fresh market when it comes to prices."

In general terms, there has been stability in the supply of oranges in the EU, as well as in its main markets, Germany and France, where the results have been even slightly better. However, there has been a different trend in the third most important and traditional market: the United Kingdom, where sales have deteriorated. "There is uncertainty regarding Brexit, and the depreciation of the pound against the Euro (around 20% since the referendum went ahead) has made the operations more difficult and given wings to the supply from third countries," pointed out sources from the CGC.

The frequent messages issued in the summer of 2017 by some agrarian organizations, before the official harvest estimates were announced, about alleged limitations of the harvest, shaped the market for the first oranges of the season, the Navelinas. European buyers extended the campaign of the Valencias from the southern hemisphere. For many weeks, this had an impact on the demand for Spanish oranges. The juice industry, which has been offering good prices at origin during the campaign,contributed to its recovery and "once the stocks from the southern hemisphere stored in cameras run out, the Navel campaign returned to normality,with a stable demand."

Such a situation has been observed again in the final part of the current season,already with the late Navel and Valencia oranges. "In March, semi-official institutions issued the erroneous message that the campaign was going to end abruptly, which apparently led to some European platforms starting their programs in the southern hemisphere earlier, when there is still a good volume of Spanish oranges available," warned the source from the CGC.

During most of the second season (from January-February to April-June), a high share of the oranges in the Navel group suffered a considerable gap between the prices paid at origin and the retail prices paid in Europe. The greater supply and the aggressive marketing of the oranges coming from Morocco and especially from Egypt, due to the massive depreciation of the Egyptian pound with respect to the Euro and the dollar, "have made the campaign tough at many times."The distortions generated by this unfair competition, which is linked to lower social and environmental standards, became more evident in emerging markets, such as the Chinese. In China, rising sales of cheaper oranges of irregular quality has entailed a failure for Spanish oranges to achieve the goals that had been set. In other third countries, such as Canada, the strong momentum recorded last season has continued, with growth close to 60%.

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