



## OVERVIEW GLOBAL ORANGE MARKET

The last oranges from the northern hemisphere are still on the market. Mediterranean countries are bringing their last volumes to the market, while the first imports from South Africa are also available. Dutch traders hope for a better overseas citrus season after the oversupply of oranges during the European season. South Africa, however, seems to be waiting a little before starting to export to Europe. Although the volume of oranges is large and the export figures exceed those of last year, there are concerns about, for example, the cheaper Valencias from Egypt that are available in Europe. Moreover, South African producers have been harvesting a larger amount of small calibres, which are better suited for the countries in the Middle East. In Latin America, Chile aims to export more. Brazil expects a smaller harvest and in Uruguay part of the production will be lost due to the impact of hailstorms. Mexico is striving for a protocol for a fruit fly-free region, which will open up the global market. In Argentina, the first oranges have already hit the market.

### South Africa exporting more Navels to the Middle East

In week 26, exports amounted to 11.5 million boxes (15 kg) of oranges. The majority of these are Navels; roughly 10.8 million boxes. According to a trader, the Navels are small this year, although those from the Eastern Cape seem larger than those from the north. Since the Middle East is a good market for small sizes, a lot has been shipped to that destination. The large volume has put the market under pressure in that region. More than half a million boxes (15 kg) more than in the previous season were exported to the Middle East this campaign.

In Europe, there is a lot of cheap summer fruit available, and Egyptian Valencia oranges, for example, are on the market (according to an exporter, the quality of those Valencias is not great). Furthermore, the last Spanish oranges are also available. The market for Navels seems to be under pressure everywhere, according to a trader. He points out that the internal quality of the Navels from the East Cape is good.

The first small volumes of Valencia oranges arrived in week 22. The season started about two weeks later than usual due to a slow colouring and a late winter. But if the temperature drops below 10 degrees Celsius, the colouring will go well. Due to the later supply, the world market will be emptier when the fruit becomes available. The first Valencias are now on their way to Europe. However, it is



too early to give reliable estimates for the season. Traders say that the demand from the industry is good, according to some, it is even greater than what they are able to supply.

### **Chile expects exports to increase**

The Navel season lasts from June to October. This year, the country's total citrus exports are expected to grow by 15%. Since there was a lot of rain last year, sufficient water is available for irrigation. "We expect that this will contribute to a larger harvest, especially for the mandarins," says a trader. Navel exports amount to around 51,000 tonnes and are the third most important. Mandarins (100,000 tonnes) and lemons (78,000 tonnes) lead the ranking. The US is, by far, the most important market for Chilean citrus, but a trader explains that they are looking for other markets, including those in Europe.

### **Smaller harvest in Brazil**

The prospect for 2018/2019 (marketing year 2017/2018) is to reach 393 million boxes. This entails a 27% drop compared to the previous season. These figures were revealed in a recent USDA report. Due to last year's production and the high temperatures recorded in October 2017, citrus trees have been under stress, which has had a negative impact on the yield this year. A large share of the oranges in Brazil is processed into frozen juice concentrate. The total volume is estimated at 1.032 million tonnes; a considerable drop compared to last year's 1.447 million tonnes. The total export of fresh oranges declined slightly compared to last year and amounts to 0.6 million boxes.

### **Mexico strives for fruit fly-free region**

In order to increase exports to Europe and Japan, growers in Nuevo Leon are working on a phytosanitary pilot plan recognised by the National Health, Safety and Agro-Food Quality Service (Senasica). This means that the region must be certified as fruit fly-free. With this certification, growers can deliver citrus with a better quality and shelf life. In the pilot stage, the plan aims for the export of Valencia oranges to distant destinations. A large share of the citrus production ends up in the domestic market. For export to the US and Japan, disinfection with methyl bromide is currently required. Thanks to the aforementioned recognition, growers would be able to export without having to enforce that measure. Between 900 and 2,000 hectares in the regions of Linares, Montemorelos and General Teran are expected to benefit from the move.



### Uruguay hit by hail

Late last month, a large hail storm caused damage to several hundred hectares of vegetables and fruit crops in the Salto area. Some 570 hectares of citrus plantations have also been affected. A first estimate points to several million Euro worth of damage. There is also talk of the loss of 7,110 tonnes of citrus. Although the damage suffered by the growers affected is considerable, only about 6% of the country's total production has actually been hit.

### Argentina starts new season

The first new citrus harvest recently arrived to the market in Buenos Aires. The orange season started with the Marris Early, Trovita and Hamlin varieties. Most citrus crops are located in two regions: the north-west (Jujuy, Salto, Tucumán, Catamarca) and the north-east (Formosa, Chaco Corrientes, Misiones, Entre Rios), as well as in the city of San Pedro de Buenos Aires. In total, the country has 132,346 hectares devoted to citrus cultivation. Just over half (55%) of the acreage in Jujuy is planted with oranges. With the start of the season, there comes also the threat of diseases. This may change if the rain persists. So far, however, the rain has been good for the harvest.

### Australian citrus experiencing boom times and start of New Zealand season

The Australian citrus industry is experiencing boom times, with some growers reportedly getting up to three times more than five years ago. The citrus harvest started in early May and this season demand is expected to outstrip the supply, with China accounting for almost a quarter of all citrus fruits exported last year. For the year ending June 2017, 506,391 tonnes of oranges were produced, with 42 percent shipped to be processed, predominantly for juicing. The value of the production stood at \$333.5 million. While there was a less than one percent increase in terms of volume, the value grew by 10% compared to a year earlier.

New controls were enforced this week after Citrus Canker was detected at properties in Western Australia and the Northern Territory earlier in the year. They will allow for the trade of citrus fruits from registered businesses, as the industry is trying to contain the spread from contaminated properties.

Meanwhile, the New Zealand Navel orange season is also approaching, with a start date expected in late June and volumes predicted to be similar to those of 2016, with around 9,700 tonnes.



### US: Lower Valencia harvest in California

Although the supply of domestic oranges is currently stable, traders see the traditional dip in the demand approaching. At the moment, there are Valencia oranges from California on the market, but due to the summer and school holidays, the demand is falling. The small sizes are especially affected by this trend. Almost all Valencia oranges are grown in District 1, central California. Many large calibres are currently being harvested in that region. In District 2, Oxnard and Venture, smaller sizes are harvested. The Valencia production is 15% lower this year compared to the previous one, and last year there had already been a 15% drop compared to the previous season. There were also fewer Navels available, according to a trader.

The season in California kicked off in mid-March with the export of the first Valencia. "When the Valencia campaign starts, we are still in the middle of the Navel season, but if the Navel supply drops, exporters start with the Valencia," describes a trader. The demand is expected to increase again from mid-August. The domestic season continues until about mid-September. A trader expects the same scenario as last year. "Last year, we were finished with the Valencia in early September and we had to wait another four weeks before the Navels arrived. It was the first time in 14 years that we had a gap in the supply of oranges from California. "In Texas, the season is coming to an end, but Florida will remain on the market for a few more weeks.

### Italy: Blood oranges for Chinese New Year

The country is the second largest producer in Europe after Spain. Most of the oranges are grown in Sicily and in Calabria. These regions account for 59% and 22% of the total production. The most cultivated varieties are the Tarocco, Moro, Sanguinello, Naveline and Valencia. Besides these, the Ippolito and Meli are also gaining ground. The season for the market year 2017/2018 has been considered exceptional, considering the quality. Although the harvest was 6% lower due to the drought in the summer, the rain had a positive impact on the fruit in September.

A trader estimates the harvest to be 25 to 30% smaller, not only because of the drought, but also because of the impact of the Citrus Tristeza Virus (CTV). Every year, more plants are affected by this virus, causing production to fall. The CTV is mainly a problem for growers in Sicily.

Moro and Tarocco oranges stand out for the colour of their flesh. The market for this citrus is growing, not only in Italy, but also in Europe. In the United Kingdom, for example, the demand is on the rise. Small volumes have also been exported to distant destinations. For example, there are plans to export



the oranges to China for the celebration of the Chinese New Year in 2019. Cooperation with the web giant Alibaba was sought for this. The webshop is said to be interested in supplying Italian citrus. The Tarocco season has lasted until June, which is longer than usual.

The season has had two faces: there has been a high demand for good quality oranges, but little supply. Meanwhile, there has been a great supply of average quality oranges, but little demand.

The campaign has been good for Sicilian organic oranges. This year, there was a great production available, unlike in the previous season (2016/2017), when frosts destroyed a considerable share of the harvest. There is a lot of competition with other countries in the region. Italian growers are unable to compete in terms of prices with the productions from North Africa or other Southern European countries.

### **Germany: Oversupply of Egyptian oranges**

The citrus market in Germany is currently relatively quiet, but stable. This naturally has everything to do with the large supply and the demand for seasonal summer fruits, such as melons and stone fruit, as well as domestic soft fruit. Due to the huge availability of Egyptian (juicing) oranges (Valencia), several traders have largely or entirely stopped getting imports from South Africa. The oversupply, however, is still resulting in very low (purchase) prices of about 8 Euro per 15 kg. This situation is completely different to last year's, when the supply was smaller and the summer season was also more stable in terms of prices. As far as table oranges are concerned, the Spanish Navel Late is currently in an outstanding position, with traders very happy about the fruit's quality. The price of these oranges amounts to around 15 Euro per 15 kg.

The Egyptian orange campaign is expected to continue for about a month longer (KW 30). According to the traders, the demand and prices will not increase significantly until October, once the European stone fruit season is finally over. Although the popularity of red fleshed varieties (like the Cara Cara) is growing rapidly in many Western European wholesale markets, there are also traders who do not believe that this will be a long-term trend and are sticking to classic oranges. This is mainly due to the relatively short season of these red-coloured (blood) oranges, which makes the risk factor too high for some.



### **Belgium: Oranges largely ignored**

In this period of the year, oranges are largely ignored. There is almost no demand and supply of oranges. Importers also see that few oranges are consumed. This is because there is a large supply of summer fruit. The last oranges came from Spain, but because of the low demand, there is also little supply needed.

### **Netherlands: Light at the end of the tunnel after disastrous orange market**

In recent weeks, selling prices of 6-7 Euro per 15 kilos have not been rare, so the market situation has been disastrous. The main cause for this has been the huge supply. Even in terms of quality, not all products were top-notch. Morocco shipped many oranges which used to go to Russia to the European market, and Egypt was also on the market. In the meantime, the supply from these countries is coming to an end and some see light at the end of the tunnel for the orange market. Next week, the first Valencia oranges will arrive from South Africa, after some Navels have already been shipped. Given the great price difference, customers initially had to get used to the high prices, but now people are looking for good oranges. Also, South Africa has exported 20-30% fewer oranges so far, which makes the situation look rosier for the coming weeks. Prices are now at a level above the 10 Euro, with 12 Euro paid for the Navels. With the holidays approaching, prices are not expected to change too much, but given the expected lower supply, orange prices should remain at a normal level.

### **France welcomes first South African volumes**

According to a French trader, the table orange season has been reasonable. "The quality has been good and the volumes have been on par with the demand. We can be satisfied with how the season has gone. We will still be able to supply Spanish production for another two weeks. Next week, the last varieties will be harvested. Other traders have already received the first volumes from South Africa." The trader adds that there is also a good demand for table oranges in July and August.

In the juicing orange market, things are a lot more complicated. "It is a completely different market compared to that of table oranges, and it is difficult to get in. Many countries are hitting the market at the same time, including Morocco, Spain, Greece and Egypt, and there are very specific requirements for juicing oranges when it comes to storage and the period within which the fruits may be consumed." This trader claims to only supply table oranges.