

# Orange

## Nice and less nice surprises

2017 will probably be a season of high prices. The overall supply is set for only an average level, while the European market is astonishingly open and consumption growth on the North American and above all Asian markets should continue.

The South African behemoth, which now controls more than three-quarters of the world market, is registering only an average production level, lower than expected. This is down to Navel, whose export potential should be considerably below average (- 10 to - 15 % according to the CGA estimates from early May). A wave of unprecedented physiological fruit droppage has hit the Eastern Cape, which packs in approximately 40 % of production, with some of the fruits also exhibiting skin defects. This phenomenon, probably due to the drought and high temperatures which have ravaged the south of the country, has also affected, though to a lesser degree, the Western Cape, which is home to a quarter of production. Conversely, the export potential for Valencia type oranges, produced mainly in the north of the country spared these climate vagaries, should return to average.

Australia, which despite its high production costs is managing to maintain its place as the world number two exporter by concentrating its flows to the developing markets in Asia, is set for a high potential similar to 2016. The four main South American players now represent barely 15 % of world exports. Argentina should continue its plunge into the depths, with unfavourable weather in the Entre Rios region on top of the country's structural problems of competitiveness. The export potentials for Uruguay, Chile and Peru are reportedly stable, and 10 to 15 % above average.



The Community market, which remains the main outlet for Southern Hemisphere oranges although it now absorbs just over one third of volumes, appears to be very open. Which is surprising, going against the initial harvest forecast and the structural trend of Spanish production. The Spanish campaign for late and super-late table oranges such as Lanelate wound down as early as in 2016, with production proving more limited than forecast due to climate disruptions in the winter and a fairly early start to the campaign. Furthermore, Asia, whose market share has climbed to 25 % in recent years, should continue to surge. This phenomenon is, due largely to the consumption boom in China, whose orange imports from the Southern Hemisphere have tripled in ten years, to in excess of 200 000 t. Similarly, the growth trend in the United States and Canada should continue, especially with the lean Californian harvest (1.9 million tonnes, i.e. approximately 130 000 t below average).

**Orange – European Union – Imports from Southern Hemisphere**

in tonnes	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
South Africa	260 034	341 031	296 973	448 674	453 956	333 211	416 018	338 664	396 015	433 637	380 210	428 472	403 441
Argentina	79 584	75 607	81 906	114 628	96 350	81 413	86 702	80 720	47 971	49 653	44 737	36 607	49 128
Zimbabwe	16 215	30 153	13 342	25 488	16 582	13 517	23 705	11 645	19 257	28 903	31 918	27 642	28 000
Uruguay	51 825	75 145	64 930	72 261	57 700	59 293	71 279	57 610	36 012	50 268	48 413	34 508	27 779
Brazil	50 414	20 459	47 937	34 066	26 091	16 217	33 903	26 872	13 276	21 248	18 690	21 192	23 261
Peru	81	166	454	5 921	12 361	2 678	6 192	9 892	7 254	10 565	8 672	6 315	10 232
Swaziland	13 645	10 375	13 654	19 274	14 878	12 983	9 566	11 879	12 005	9 801	2 494	6 526	5 070
Chile	4 019	4 426	10 105	9 006	21 385	8 609	6 899	4 716	5 730	2 208	1 557	800	547
Australia	1 113	4 315	1 041	5 250	1 730	1 640	1 045	243	553	487	318	188	179
<b>Total</b>	<b>476 929</b>	<b>561 676</b>	<b>530 340</b>	<b>734 565</b>	<b>701 032</b>	<b>529 560</b>	<b>655 309</b>	<b>542 240</b>	<b>538 071</b>	<b>606 770</b>	<b>537 007</b>	<b>562 251</b>	<b>547 636</b>

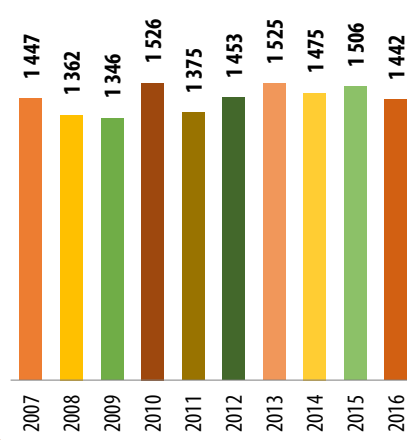
Source: Eurostat

**Orange – Southern Hemisphere – Export forecast**

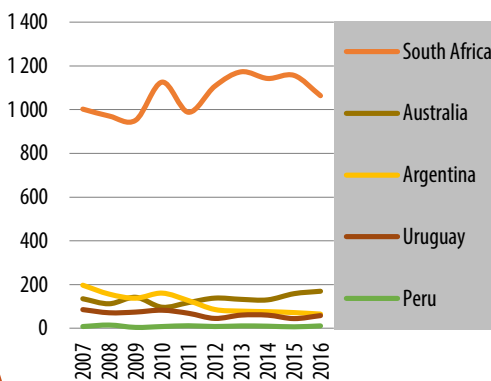
in tonnes	2017	compared to	
		2016	2013-2016 average
South Africa	1 100 000	+ 3 %	+ 3 %
Argentina	45 000	- 31 %	+ 61 %
Peru	1 000	- 91 %	+ 836 %
Uruguay	60 000	+ 4 %	- 7 %
Australia	165 000	- 3 %	- 11 %
Chile	75 000	0 %	- 9 %
<b>World</b>	<b>1 446 000</b>	<b>0 %</b>	<b>+ 3 %</b>

Professional sources, Shaffe, CGA

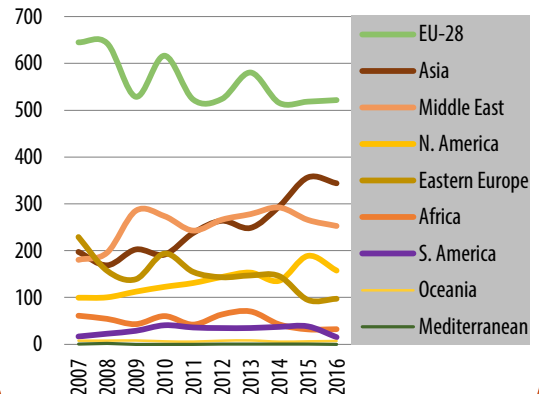
**Orange - Southern Hemisphere - Exports**  
(in 000 tonnes / source: Customs)



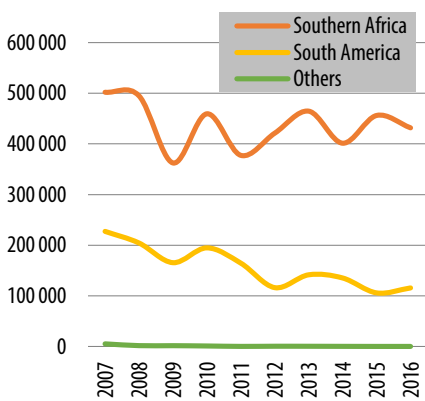
**Orange - Southern Hemisphere Exports by supplier country**  
(in 000 tonnes / source: Customs)



**Orange - Southern Hemisphere Exports by destination**  
(in 000 tonnes / source: Customs)

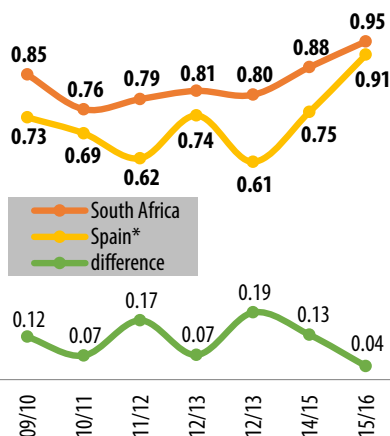


**Orange - EU-28 - Imports from Southern Hemisphere**  
(in tonnes / source: Eurostat)



**Orange - France - Average import price**

\* Navelate, February to May (in euro/kg / source: CIRAD)

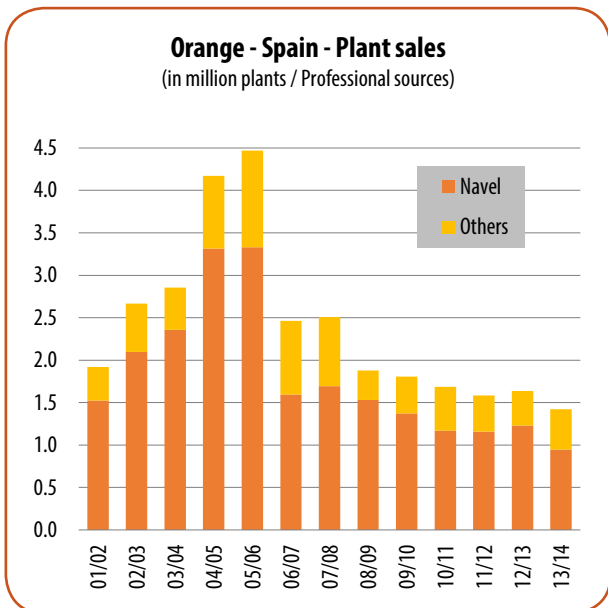
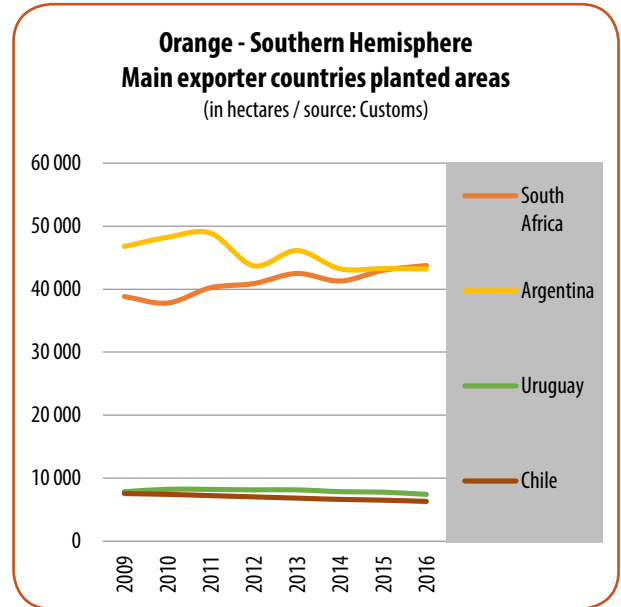
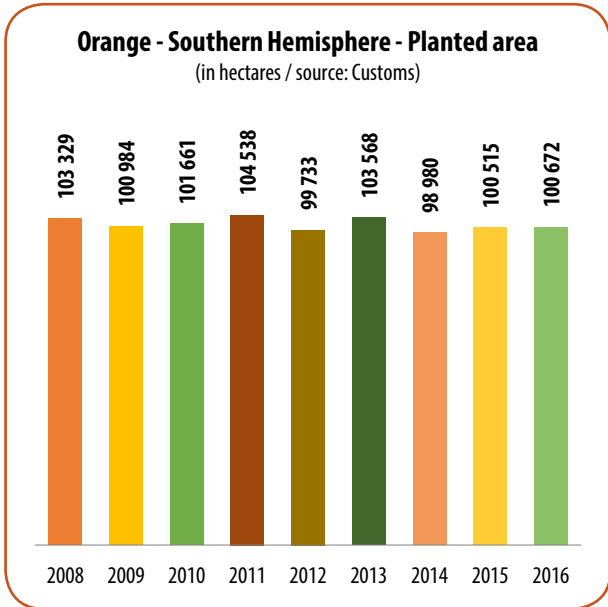




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## Medium-term forecasts

We should not overestimate the prospects for the development of world trade. The two growth markets this season, namely Asia and North America, are alone in exhibiting a steady development dynamic. They alone have risen by on average 30 000 t per year over the past five years (20 000 t for Asia and 10 000 t for North America). The fine openness of the Community market observed since 2016 is in no way structural. The imports trend should remain rather in decline. Indeed the late and super-late cultivation area has practically stabilised in Spain since the beginning of the decade, though production of young trees has not reached full maturity. Imports from the Middle East seem to have stabilised, and Eastern Europe is fluctuating between stability and decline, depending on the value of the rouble. The growth vectors of Africa and South America are still hypothetical. Nonetheless, the world cultivation area seems to have gotten the measure of these limited prospects. Only the South African cultivation area is currently growing (+ 700 ha per year on average for the past five years, primarily in Valencia). It is shrinking or has shrunk for all South American exporters. Nearly 6 000 ha were lost during the same period in Argentina, which has seemingly been following a stabilisation trend for the past two years. Uruguay and Chile have seen their surface areas contract by 800 to 900 ha.



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### Late Navel oranges – Mediterranean Basin – Harvest calendar

Varieties	D	J	F	M	A	M	J
Washington Navel							
Lane Late							
Rhode Summer Navel							
Barnfield							
Powell Summer navel							
Chislett Summer Navel							

Professional sources

### Valencian Community

(50-55 % of Spanish orange production)  
2014-2016 estimate

- Washington Navel: 130 000 to 150 000 t
- Lanelate and Navelate: 450 000 to 550 000 t
- Powel/Chislett/Barnfield/Rhode: 75 000 to 100 000 t