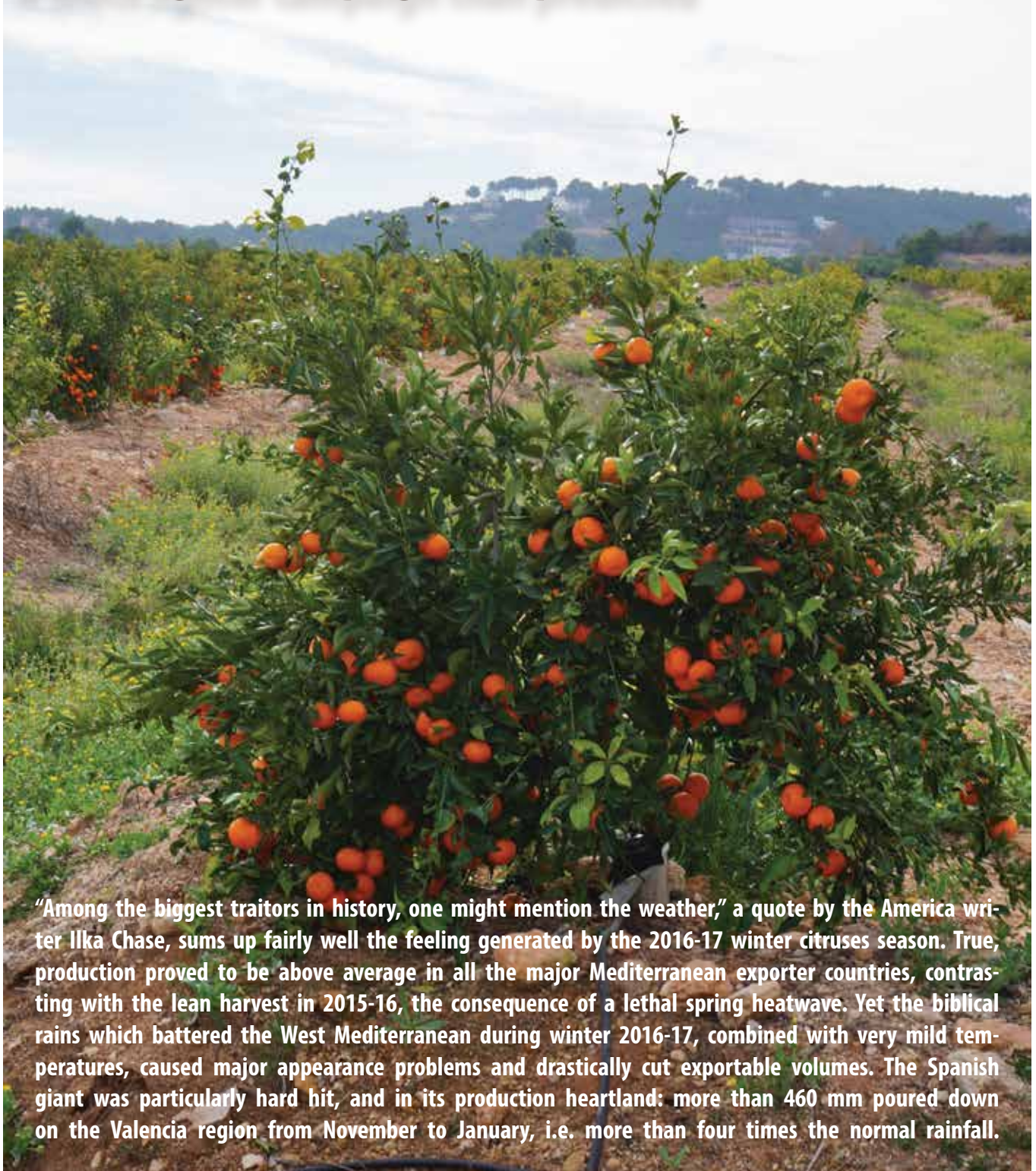


Citruses

2016-2017 winter season review

A much lighter campaign than predicted



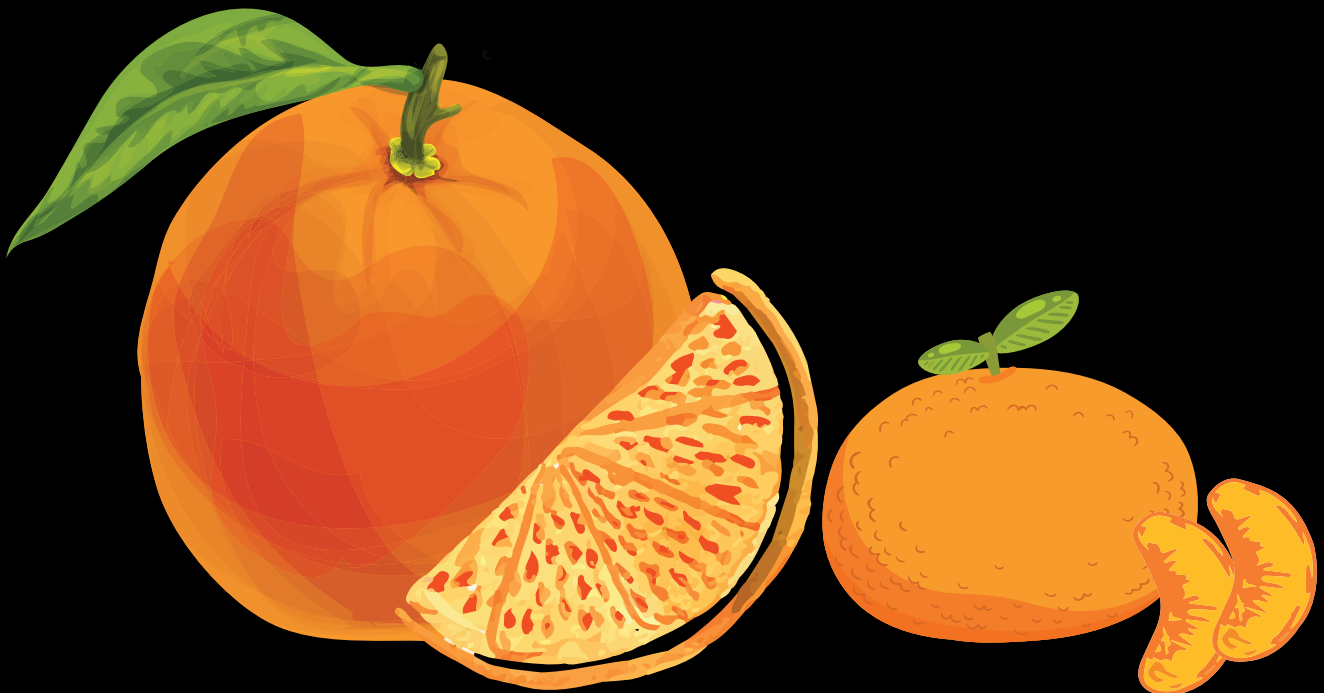
“Among the biggest traitors in history, one might mention the weather,” a quote by the America writer Ilka Chase, sums up fairly well the feeling generated by the 2016-17 winter citrus season. True, production proved to be above average in all the major Mediterranean exporter countries, contrasting with the lean harvest in 2015-16, the consequence of a lethal spring heatwave. Yet the biblical rains which battered the West Mediterranean during winter 2016-17, combined with very mild temperatures, caused major appearance problems and drastically cut exportable volumes. The Spanish giant was particularly hard hit, and in its production heartland: more than 460 mm poured down on the Valencia region from November to January, i.e. more than four times the normal rainfall.

© Carolina Dawson



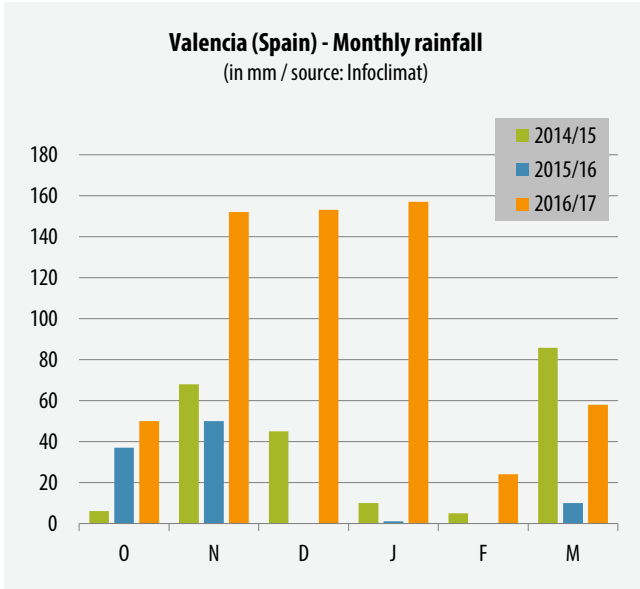
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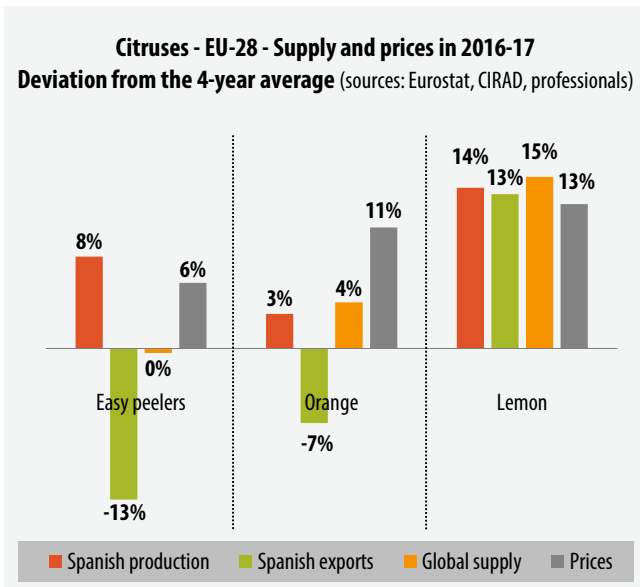
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A season bearing the footprint of a Spanish exports shortfall

Despite production returning to a level 6 % above the four-year average, Spanish exports ended up 6 % below the corresponding benchmark - lower even than in the lean 2015-16 season for the hardest hit products, such as easy peelers (in particular clementines) and oranges (in particular Navelines). This failure of the Iberian giant, which on its own controls more than two-thirds of the EC supply across all citruses, played a structuring role in the development of the season and in other supplier countries' export trade-offs.



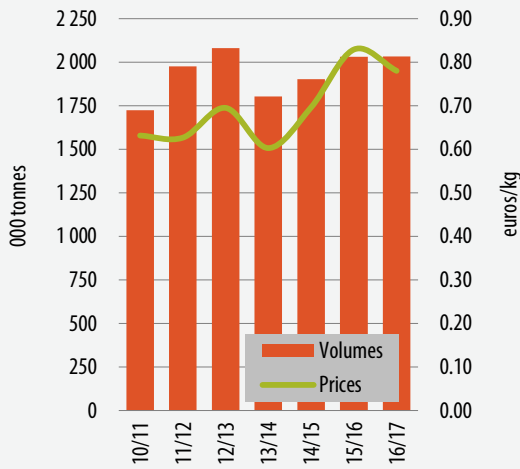
Positive balances, at least overall

Overall, the economic balance was positive. For easy peelers, the orange and lemon, the campaign average prices registered a fall from the historic 2015-16 season, marked by a strong under-supply, yet maintained a level 6 to 10 % below average. However, for these three products, the supply ranged from near-average (easy peelers and orange) to rather heavy (lemon). Furthermore, we must emphasise the great performance registered once again this season by the latter product, which illustrates the consumption boom it is enjoying (see consumption article). As for the grapefruit, prices reached a record level, both for tropical and Mediterranean fruits. Yet unlike the other citrus families, the reason lies in a particularly limited supply, the structural fall more marked than in previous years due to a temporary production dip from Turkey.

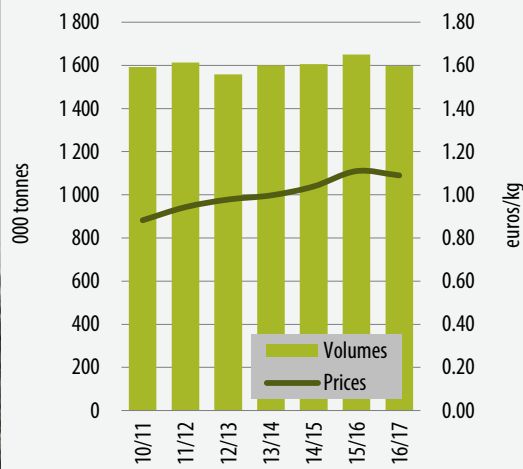


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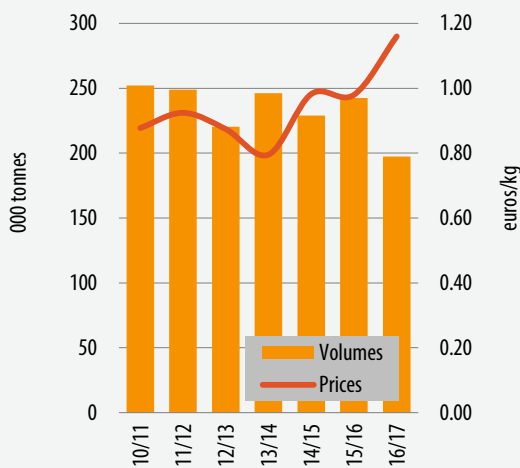
Orange - EU-28 - Imported volumes and average import price in France (sources: Eurostat, CIRAD)



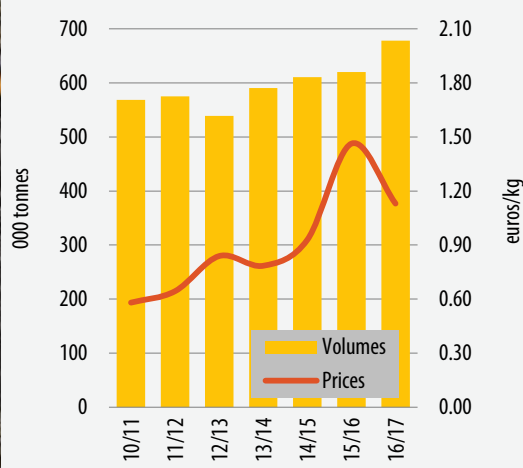
Easy peelers - EU-28 - Imported volumes and average import price in France (sources: Eurostat, CIRAD)



Grapefruit - EU-28 - Imported volumes and average import price in France (sources: Eurostat, CIRAD)



Lemon - EU-28 - Imported volumes and average import price in France (sources: Eurostat, CIRAD)



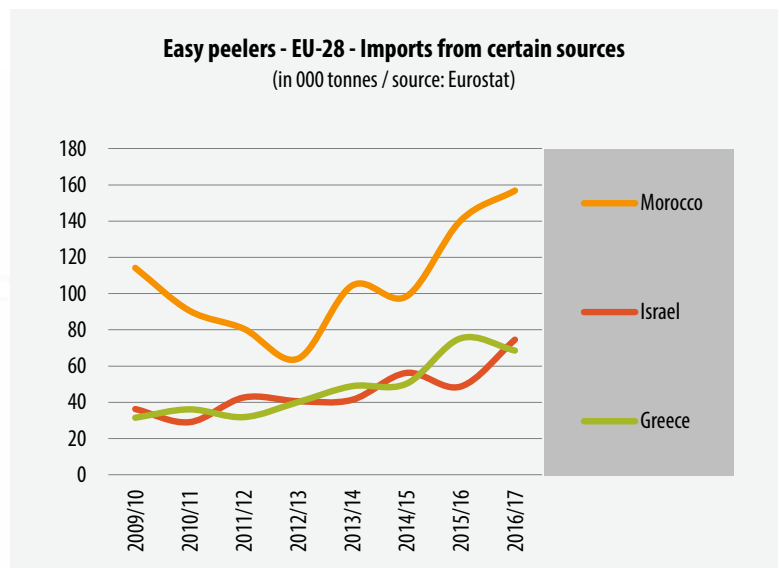
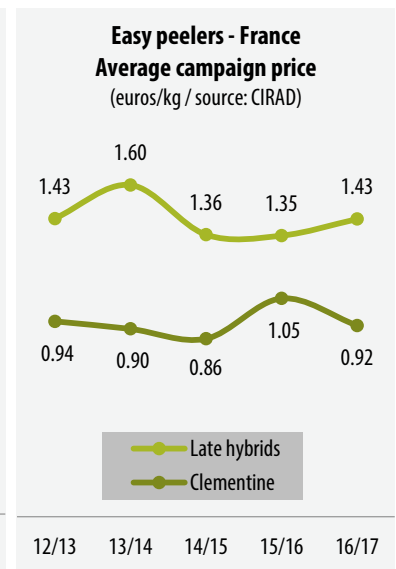
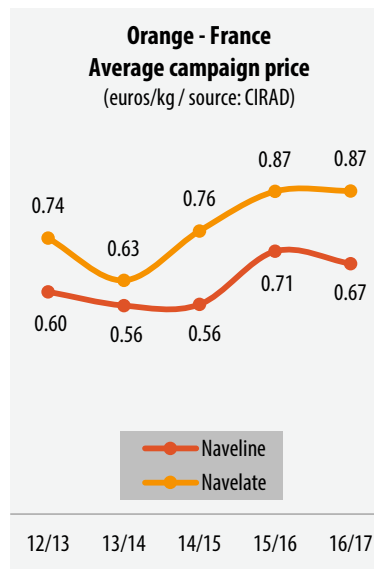
A dark cloud over certain varieties

However, this bright balance is tempered by a dark cloud hanging over certain citrus families. Not all varieties were in the same boat, for either easy peelers or the orange. Major quality and appearance problems, due to the above-mentioned climate vagaries, distinctly tarnished the clementine and Naveline orange campaigns. Prices ranged from disappointing (Naveline), to very disappointing and below-average (clementine) for both these varietal groups.



Suppliers of late hybrids, and entry-level oranges and grapefruits, consolidating their rise

As regards the suppliers, Spain's loss of form in certain products did not cause any transformation of market shares, but simply accentuated the underlying trends perceptible in recent seasons. On the easy peelers market, late slot extra-Community specialists continued their rise to prominence. Morocco illustrated this trend particularly clearly, based both on the growth of its Nadorcott cultivation area and on an increasingly marked repositioning toward the Community market, once more the leading outlet across all citrus in 2016-17. Israel also has an increasingly strong presence in this niche, thanks to increasing Orri production (and a slightly less unfavourable euro/shekel exchange rate this season).



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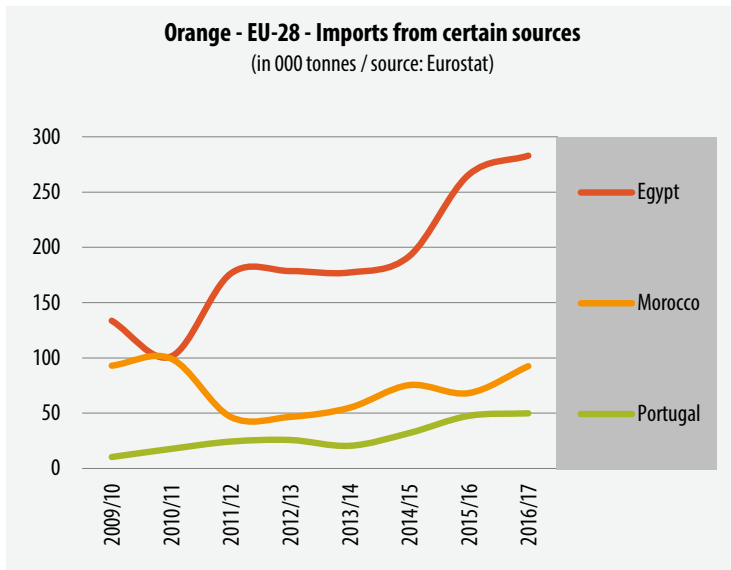
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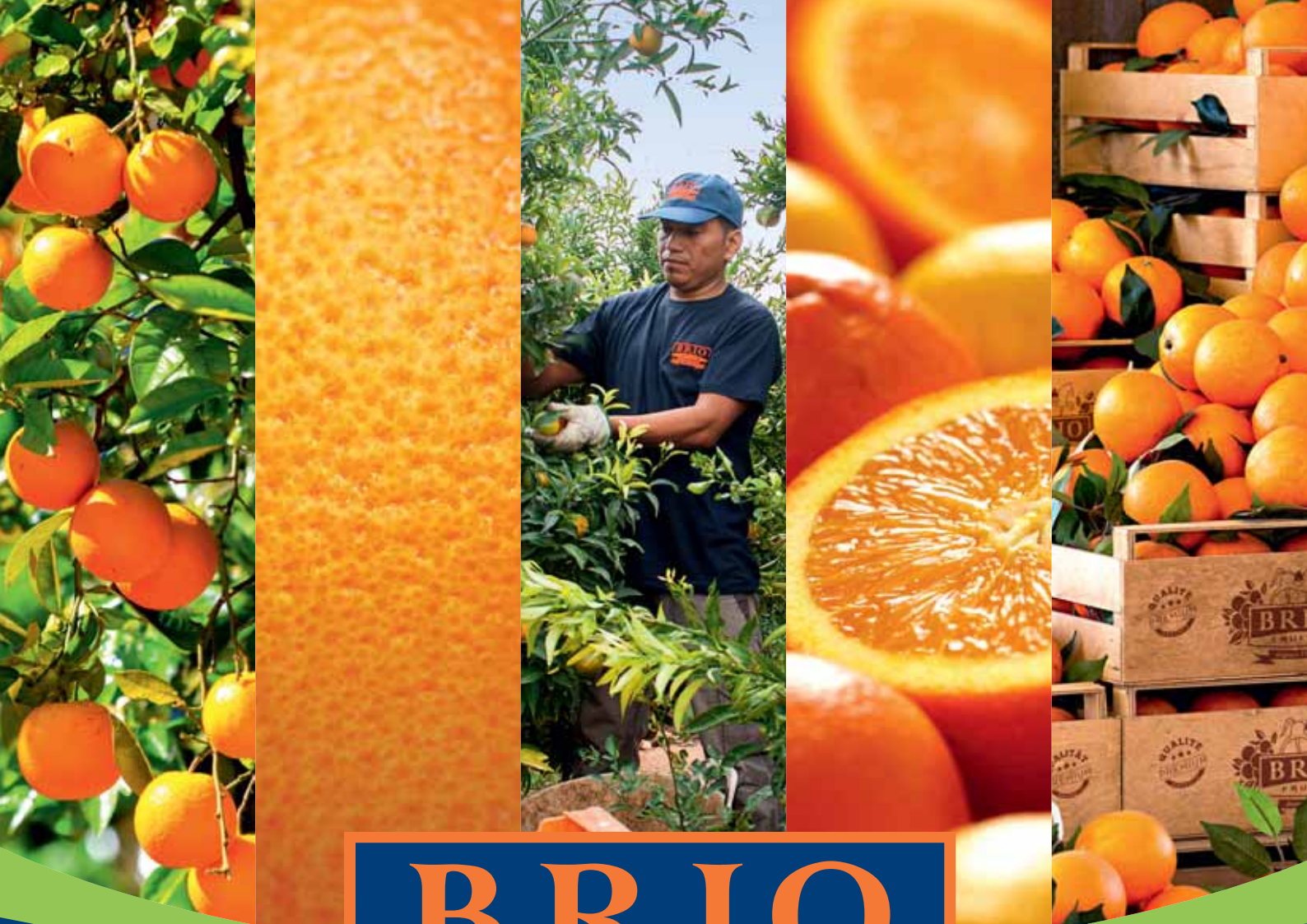
The extra-Community origins too continued their rise on the orange market. Egypt and to a lesser degree Morocco continued their rise, probably to feed a growing need for “entry-level” fruits aimed at the eastern EU-28 markets or juice machines. We might note that this quest for cheap fruits also seems to be the order of the day for the grapefruit. It has benefitted Turkey in recent years (except for the temporary dip in 2016-17), which has not only evaded the consumption decline, but actually seen its volumes rise. These trends, affecting both the orange and grapefruit markets, are raising questions as to the ability of EC producers to hold on, given that they obviously do not have the same costs structure as Morocco, Egypt and Turkey.



The first torments of climate change

To conclude, we cannot help but wonder over the consequences of this succession of campaigns marked by climate events. The 2015-16 season bore the stigmas of major spring and summer heatwaves. As we have seen in this article, the abnormal level of winter rains completely changed the scenario for 2016-17, and 2017-18 is registering a major shortfall also due to an abnormal climate situation. True, optimists will say that natural regulatory mechanisms of supply are helping sustain prices, in particular in the industries with a structural over-supply. Nonetheless, how can producers in the most exposed zones withstand these increasingly regular shocks? Those in the EC, who must face both high production costs and the need to invest in innovation or communication to stand out from the competition, are clearly in the front line. This is a serious matter, even before we consider the other even more damaging consequences of ongoing climate change ■

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