

European easy peelers market

A very good year in prospect



While for many people easy peelers are hard to distinguish, the late hybrids are for the professionals a family in their own right. Not because of their shape or colour, but rather their importance in the economic success of the season. Whereas profitability is often very much a random affair during the first part of the campaign, often overloaded with clementines, Nadorcott and other Orri are as a rule a lifesaver. To quote just one figure relating to the French market, late hybrids represented approximately 35 % of the overall easy peelers supply for winter 2016-17, but nearly 50 % of the turnover. So the second part of the season is under the microscope, especially since the production potential is very much on the upgrade, with the bulk of planting efforts involving these highly profitable varieties in recent years.



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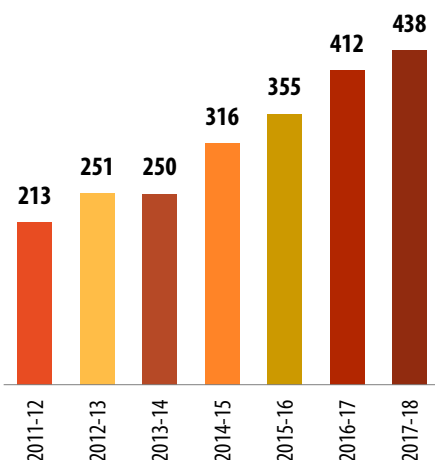
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Alternate bearing effect hitting Israeli production hard

The 2016-17 season was marked by a big rise in the late easy peelers supply, going from 355 000 t to more than 410 000 t, across all origins and varieties. The 2017-18 season should bring near-stability, going against the surge in surface areas of recent years. The considerable fall expected in Israeli Orri exports will practically wipe out the increase by the other supplier countries. Israeli exporters have a reported export potential of approximately 75 000 t, down nearly 30 % from 2016-17. There are no particular climate problems to bemoan. However, there is a particularly marked alternate bearing effect on production, following on from last season's very big rise. Furthermore, while the proportion of volumes dedicated to the Community market will remain predominant, it could continue to drop because of the euro's ongoing weakness against the shekel. The dollarised Asian and North American markets are gaining ground, as is attested by their share of the turnover going from 25 % to 30 % within a few campaigns for easy peelers (Orri, Nadorcott, Tango).

Easy peelers - Evolution of exports
Orri, Nadorcott and Tango varieties
(in 000 tonnes / professional sources)



Young orchards making up for the effects of climate in Spain

For the Spanish citrus industry, 2017-18 is a lean campaign, particularly for easy peelers, total production of which, across all cultivars, is approximately 15% below the four-year average. However, the late varieties are the exception, with export potential on the up, for both Nadorcott and Orri. These cultivars, with a fairly dispersed cultivation area, were less affected than clementines, highly concentrated in the Valencian Community, where the climate problems were at their most intense in more than 40 % of Orri and Nadorcott plantations in Andalusia, and in 15 to 20 % in the Murcia region. Most of all, the young orchards entering into production or coming into their prime readily counter-balanced the damaging effects of climate. Hence the export potential is reportedly about 10 % up on 2017 for Nadorcott (172 000 t) and Orri (28 000 t). Furthermore, this season operators will also have to contend with the first significant Tango volumes. Exports should be around 25 000 t. Note that the frost which hit the south of Valencia in early December (especially Ribera Alta) could slightly reduce the potentials for all these varieties.

Easy peelers – Mediterranean Basin – Exports

in 000 tonnes		2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Trend 2017-18
Morocco	Nadorcott	42	67	65	99	106	126	140	+ 11 %
Spain	Nadorcott	122	135	132	150	157	156	172	+ 10 %
	Or					26	26	28	+ 8 %
	Tango							25	-
Israel	Or	49	49	53	67	65	104	73	- 30 %
Total		213	251	250	316	355	412	438	+ 6 %

Professional sources





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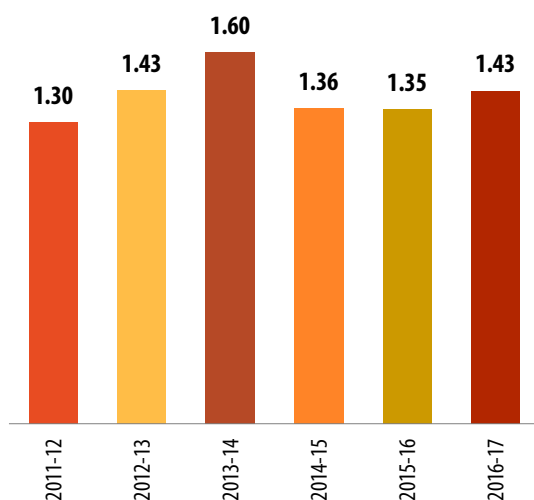
A similar trend in Morocco

The situation is fairly similar in Morocco. Just as in Spain, the late easy peelers harvest registered a rise against the general downward trend in production (15-20 % according to ASPAM). Also, the young orchards coming into their prime are helping counter-balance the adverse effects of the climate (protracted and intense heatwave during the summer and part of autumn). Hence the six big production centres in the country, situated in isolated zones dedicated solely to Nadorcott and Navels, in order to prevent cross-pollination problems and therefore seeding, should enable a minimum export level of 135 000 to 140 000 t (approximately + 10 % on 2017), depending on how the sizing develops. If the division of volumes by market remains similar to 2016-17, the EU-28 should receive just under 50 % of the potential (nearly 30 % for North America, and 20 % for Russia).

Transition to a better context than in 2017

While the combined potential for these three varieties (Orri, Nadorcott, Tango) appears similar to 2016-17 (440 000 t, i.e. barely 6 % more than in 2016-17), the market context seems much more open and healthy. On the one hand, the clementine campaigns finished very early, leaving the market clear in early January. Furthermore, while the overall quality of the supply of this varietal group was not free from flaws at the end of the season, due to the highly advanced maturity of the produce and the short spell of frost in early December in Spain, it nonetheless ended up with a much better level than in 2017. Hence the handover proceeded with a much higher price footing, enabling a good start to the season. So this buoyant climate and the expected near-stability of volumes should enable a good average price level for the campaign, perhaps even higher than in 2016-17.

Easy peelers - Late hybrids (Orri, Nadorcott) from Spain, Israel and Morocco
Price index at import stage in France
 (in euro/kg / source: CIRAD)





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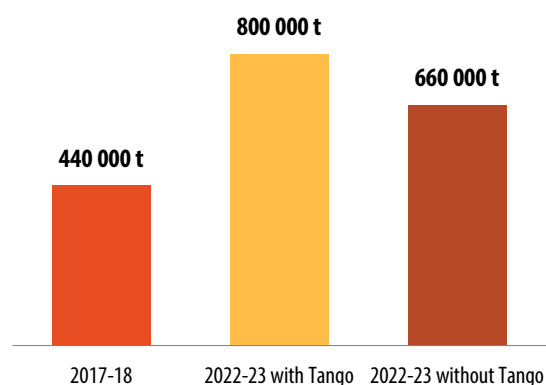
Big increase in potential over the coming years

The near-stability of the supply in 2017-18 must not lead us to forget the big increase in volumes expected in the medium term. The Orri and Nadorcott cultivation area was practically frozen in both Spain (approximately 2 000 ha of Orri and 4 500 ha of Nadorcott) and in Morocco (approximately 6 000 ha of Nadorcott), as well as in Israel (5 300 ha, after the uprooting of approximately 200 ha situated in unproductive zones). Furthermore, the net is closing in around the "pirate" orchards planted without licences. Tagging tools are under development (such as the geoportal launched by Orri Running Committee, which among other things indicates whether a plantation is correctly referenced by means of the GPS on a standard smartphone) and legal actions leading to uprooting have been implemented. Nonetheless, given the extent of the plantations under license, we might regard that the 440 000 t available this season represents only ap-

proximately two thirds of the export potential eventually expected (which should be around 650 000 t). And this is without counting the Tango volumes, the evaluation of which is a very thorny issue! Despite the importance of the subject for all the sector players, Eurosemillas is refusing any to make any communication over surface areas. The estimates gathered from the professionals range from 3 000 to 3 500 ha for Spain alone, bearing in mind that significant surface areas – though measured in hundreds rather than thousands of hectares – have been planted in Turkey and Egypt. In this context, we should add at least 140 000 to 150 000 t to the total late hybrids export potential. So this would take the total to just under double the current figure, if Tango is indeed marketable as-is. Which is a considerable nuance, since the courts have not yet ruled on whether Tango is essentially derived from Nadorcott.



Easy peelers - Late hybrids export potential
(professional sources)



Easy peelers – Mediterranean Basin
Orchard size and export potential

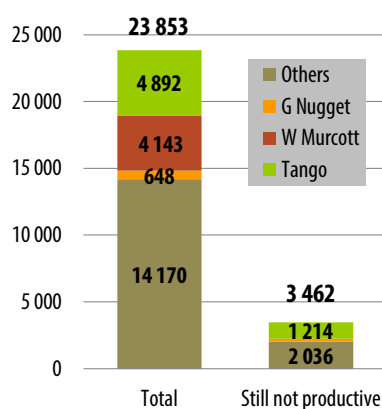
Sources and varieties	Orchard size	Export potential in	
		2017	2022-23
Morocco Nadorcott	6 000 ha (2017)	140	250
Spain	Nadorcott	172	200
	Or	28	70
	Tango	25	140
Israel Or	5 300 ha (2017)	75	140
Total		440	800

Professional sources

EU-28 an essential outlet for these future volumes

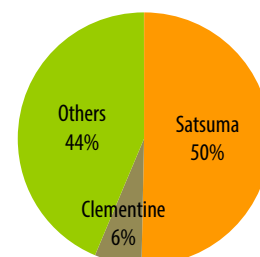
The European Union should remain the natural outlet for the bulk of Spanish and Israeli volumes, although the diversification markets of North America or Asia will probably continue to take in some additional volumes. Conversely, the division of the Moroccan supply could change, in terms of a more central role for the Community market. This country currently exports only just under 50 % of its supply to the EU-28. True, there are growth prospects in North America, which currently takes in approximately 20 % of volumes. However, they must not be overestimated since production of late hybrids is continuing to surge in the USA (nearly 10 000 ha of young orchards of varieties such as Nadorcott, Tango and Golden Nugget, of which nearly 15 % is not yet in production). However, the Russian market, which currently takes in 20 % of volumes, could be less open. Competition from Turkey, mainly perceptible from October to December currently because of its cultivation stock still primarily comprising Satsuma, will make strong headway in the second part of the season, with the entry into production of large surface areas of W. Murcott (no official survey, but probably several thousand hectares).

Easy peelers - California - Evolution of planted areas (in ha / source: CDFA 2016)



Easy peelers - Turkey Planted varieties

(in 000 ha / source: Turkstats 2016)



Total
46 500 ha

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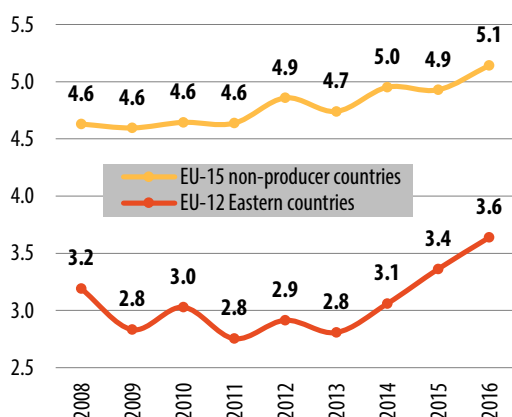
Consumption increasing, with basic varieties on the wane

While the additional volumes expected on the Community market are not trifling, its growth dynamic is not trifling either. The consumption analysis published recently in **FruiTrop** (November/December 2017) showed that volumes are rising at a rate of approximately 100 g/capita/year in the former EU-15 (i.e. approximately 40 000 t) and by more than 250 g/capita/year in the eastern part of the Community since the return of economic growth in 2014 (25 000 t/year). We might assume that this dynamic relates largely to the late easy peelers market in the West of the EU, whereas it is probably the mid-season varieties, with more accessible prices, which are favoured in the Eastern part. Furthermore, we must highlight that some of these volumes of late hybrids will not add to the overall supply, but will replace lower quality varieties, which the market is tending to abandon. This applies in particular to Ortanique, handicapped by its large size and hard-to-peel skin, which has already practically disappeared from Moroccan and Israeli export ranges, though it still accounts for approximately 150 000 t of production in Spain.

Bringing together the supply and demand prospects is difficult, given the number of hypotheses and uncertainties, especially as this analysis does not lend itself to providing the degree of finesse of a market study. Nonetheless, this is a major issue and it seems necessary to have an indication. When we undertake this exercise, the trend seems to indicate that the balance of the European market could become compromised when the surface areas currently planted have reached their full production potential (if Tango can be exploited without restrictions). A conclusion that can only provide incentive to further efforts in terms of controlling surface areas, promotions and opening up new markets ■

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Easy peelers - EU-28 - Consumption
(in kg per capita / source: Eurostat, processed by CIRAD)



Late easy peelers (Nadorcott, Orri, Tango) from Spain, Morocco and Israel 5-year evolution of supply and demand on the Community market

Hypothesis: share of volumes bound for the EU

Offer

	2017-18	in 5 years' time
Morocco	50 %	60 %
Spain	90 %	90 %
Israel	70 %	65 %

Professional sources

Expected volumes growth in 5 years' time

in 000 tonnes		World		EU-28	
		2017-18	in 5 years' time	2017-18	in 5 years' time
Morocco	Nadorcott	140	250	70	150
Spain	Nadorcott	172	200	155	180
	Orri	28	70	25	63
	Tango	25	140	23	126
Israel	Orri	75	140	53	91
Total		440	800	325	610
Volumes growth			360		285

Professional sources

Hoped-for 5-year growth in consumption in the EU

Demand

	2017-18	in 5 years' time
EU-28	30 000 t/year	150 000 t
East EU	6 250 t/year	31 250 t
Total	36 250 t/year	181 250 t

Source: CIRAD estimate, see FruiTrop 253

5-year hypotheses

Western EU

- Current growth maintained (no ceiling effect)
- Three-quarters of total growth attributable to the late easy peelers market

Eastern EU

- Current growth maintained (no ceiling effect)
- One quarter of total growth attributable to the late easy peelers market



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