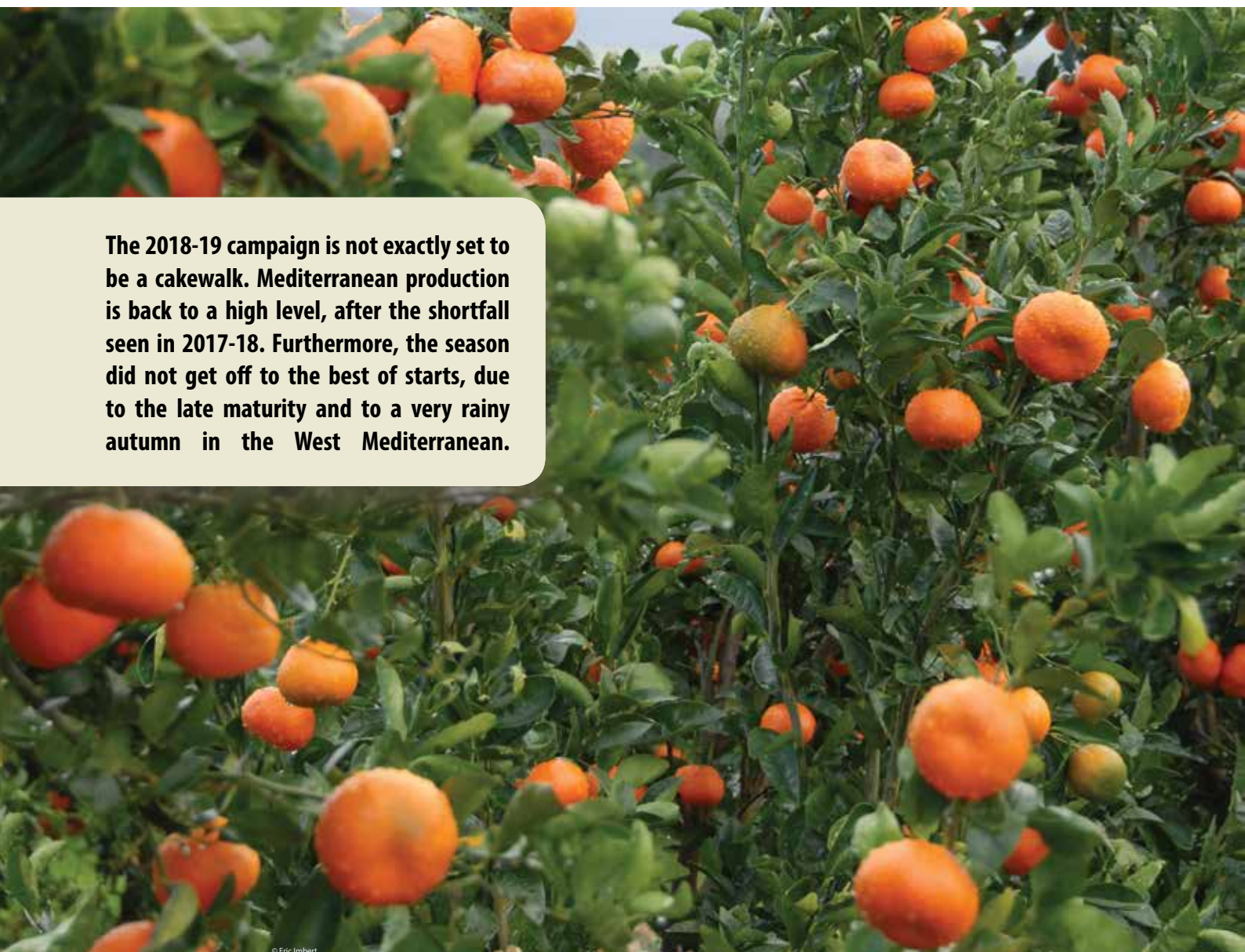


Citruses

Forecasts for 2018-19

Back to decent volumes

by **Eric Imbert**, CIRAD
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The 2018-19 campaign is not exactly set to be a cakewalk. Mediterranean production is back to a high level, after the shortfall seen in 2017-18. Furthermore, the season did not get off to the best of starts, due to the late maturity and to a very rainy autumn in the West Mediterranean.

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Lemon

Record harvest for the two leaders

The 2018-19 season marks a change of gear for Mediterranean production. After several years' uninterrupted growth in the cultivation area, the combined harvest of the main regional players will reach a historic level, exceeding 2.5 million tonnes for the first time. This is approximately 16 % above average for recent campaigns, i.e. nearly 300 000 t.

It is Spain that is chiefly responsible for this increase, with a record harvest of approximately 1.3 million tonnes (28 % above the four-year average). This is a major rise, both for the late Verna variety (+ 46 %) and Primofiori (+ 22 %). There should be a very big harvest during the period from November to January, when the stock graded onto the high-producing *Macrophylla* are at peak production. The industrial sector should take in more substantial volumes than in previous campaigns. Prices are maintaining stable and attractive levels, both for concentrate (approximately 3 200 USD/t for 400 gpl concentrate FOB Argentina), and for essential oils (between 30 000 and 33 000 USD/t into Europe, depending on the origin). Nonetheless, despite this buffering effect, large volumes will remain available for the fresh market.

Turkey too should enjoy a record harvest, estimated at 800 000 t according to the information collected from the press and professionals (15 to 20 % above average). Devaluation of the Turkish lira should encourage producers to up their focus on exports more than in previous seasons. The local market will probably have lower demand, with the increase in cost prices due to the higher cost of dollarized inputs weighing down on retail sales. Conversely, Turkish exporters may be even more aggressive than usual on the international market, thanks to the exchange rate gain. Furthermore, the shipments statistics as at the end of October registered a rise of more than 80 % by volume at prices approximately 25 to 30 % lower than in 2017-18.

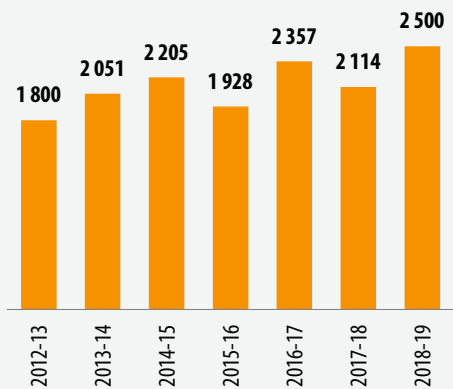
Italy is to be the only origin that will see its production go down (- 8 % according to official sources).

Demand has exhibited an excellent dynamic in recent seasons. So with average growth in consumption per capita of approximately 100 g/year, the EC market should be able to take in an additional 50 000 t. Meanwhile, the industrial sector will probably be a good customer, with derivatives prices remaining high. Nonetheless, despite a good start to the season, the average campaign price should drop considerably from its excellent level in previous seasons ■

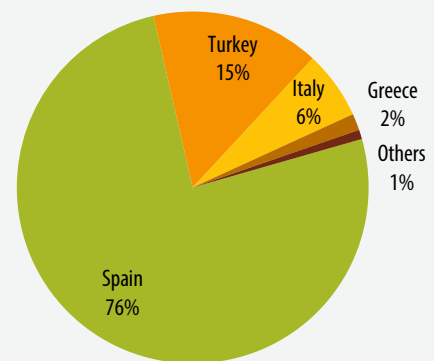
EU MARKET
Approx. 650 000 tonnes
during the winter season

On the up:
 + 30 000 tonnes in 4 years
 (+ 60 000 t with Southern Hemisphere volumes)

Lemon - EU-28 - Production from main supplier countries
 (in 000 tonnes / various sources)



Lemon - EU-28 - Supply 2016-17 / 2017-18 average
 (in 000 tonnes / source: Eurostat)



Lemon – EU-28 – Evolution of supply

in 000 tonnes	2017-18	Evolution over 4 years
Spain	461 236	+ 9 185
Turkey	104 490	+ 9 185
Italy	38 730	+ 3 775
Greece	12 635	+ 4 384
Others	5 629	+ 2 329

Source: Eurostat

Mediterranean lemon – 2018-19 production forecasts

in 000 tonnes	2018-19	Comparison	
		2017-18	Last 4 years average
Spain	1 300	+ 19 %	+ 13 %
Italy	400	- 8 %	- 6 %
Turkey	800	+ 29 %	+ 28 %
Total	2 500	+ 18 %	+ 16 %

Sources: Ailimpo, Maroc Citrus, ISTAT, USDA

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Easy peelers

A heavily laden campaign and a hesitant start only making matters worse!

2018-19 is set to bring a heavily laden campaign. Spain, which controls approximately 70 % of the EC supply, should see its harvest regain a level slightly above the four-year average, after the considerable shortfall in 2017-18, with a particularly marked rise at the beginning and end of the season. The export potential is on the increase for early clementines (14 % above average in the Valencian Community), since the young Clemenruby and especially Oronules orchards are coming into their prime. Similarly, there will be a generous late hybrids harvest, again due to the development of large surface areas of Orri, Nadorcott and Tango planted in recent years (big increase in the combined production of these three varieties, more than 60 % above average, though to keep things in perspective this represents a volumes rise of approximately 60 000 t). Conversely, the harvest of the Nules mid-season clementine, which on its own represents more than one-third of Spanish easy peeler production, will do no better than regain an average level (approximately 770 000 t in the Valencian Community). The sizing appears limited at the beginning of the season, though the October rains should help the mid-season and late varieties compensate for this.

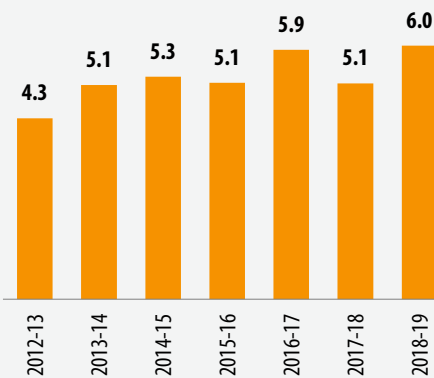
Unsurprisingly given its expanding cultivation area under the "Maroc Vert" plan, Morocco is set for a record 2018-19 harvest. Production should be approximately 25 % above average, with expected volumes estimated at nearly 1.4 million tonnes. There is a considerable increase for mid-season or late clementines (Nour). Conversely, the late hybrids harvest should do no better than approach the 2017-18 level (alternate bearing effect counterbalancing the Nadorcott stock coming into its prime). Just as in Spain, the sizing is to be limited at the beginning of the season. Development of sales to the EU-28 and North America remains a strategic avenue, with the approximately 30 000 ha of easy peeler orchards planted since 2006 entering their prime. These markets have responded positively in recent campaigns (Moroccan shipments up by approximately 100 000 t since 2012-13 to the EU-28, and by 80 000 t to North America). This season more than ever they will be important targets, since competition from Turkey is set to be fierce in Russia, which remains Morocco's main market, taking in nearly one third of total volumes. According to professional sources, the Turkish easy peelers harvest will maintain a rapid growth rate in 2018-19, while devaluation of the national currency is a major asset in terms of competitiveness on the international market.

EU MARKET

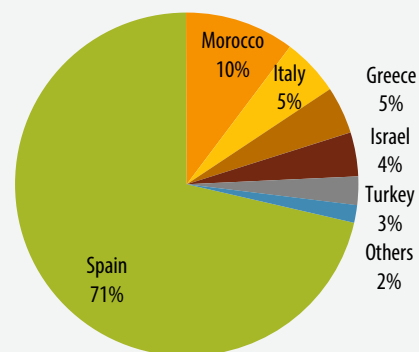
Approx. 1.6 million t during the winter season

Very slight growth:
+ 100 000 t in 10 years

Easy peelers - EU-28 - Production from main supplier countries
(in million tonnes / various sources)



Easy peelers - EU-28 - Supply 2016-17 / 2017-18 average
(in 000 tonnes / source: Eurostat)



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After the big dip in 2017-18, Israel will regain a high easy peelers production level, albeit not a record (223 000 t, i.e. 13 % above average). Orri will continue to represent the bulk of exports. Europe will remain the main market for Israeli exporters. Nonetheless, the diversification trend toward the US market, and above all to the Asian markets, should continue.

After a modest 2017-18 campaign, the small Corsican production should return to a higher level in 2018-19. Volumes shipped should be around 30 000 t (+ 10 to + 15 % on 2017-18). Just as in Spain, the season got off to a very gradual start due to disruption by significant spells of rain. The sizing is currently focused on 3, but it should rise as the season progresses.

The campaign got off to a difficult start, contrary to what a fairly high price level would lead us to think. The delayed maturity and then the at times biblical rains which hit the whole of the western Mediterranean limited the volumes available in October. The season for certain varieties such as Clemenruby had to be cut short, with the fruit's keeping life dissatisfactory. The supply returned to a high level in early November, with the Nules variety gradually embarking on its campaign. The mid-season is set to be heavily laden, with a return to an average production level spelling large volumes for this variety. The supply pressure should remain high during the latter part of the season, with a late hybrids harvest approximately 100 000 t up on last year (+ 20 %) ■

Easy peelers – EU-28 – Evolution of supply

in 000 tonnes	2017-18	Evolution over 4 years
Spain	1 111	- 166
Morocco	171	+ 66
Italy	75	+ 9
Greece	72	+ 23
Israel	56	+ 15
Turkey	51	+ 5
Others	32	+ 17

Source: Eurostat

**Mediterranean easy peelers
2018-19 production forecasts**

in 000 tonnes	2018-19	Comparison	
		2017-18	Last 4 years average
Spain	2 229	+ 15 %	+ 2 %
Turkey	1 400	+ 7 %	+ 20 %
Morocco	1 374	+ 35 %	+ 26 %
Italy	800	+ 37 %	+ 13 %
Israel	223	+ 37 %	+ 13 %
Total	6 026	+ 18 %	+ 12 %

Sources: GVA, Junta Andalucía, Maroc Citrus, CMBI, ISTAT, USDA



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Grapefruit

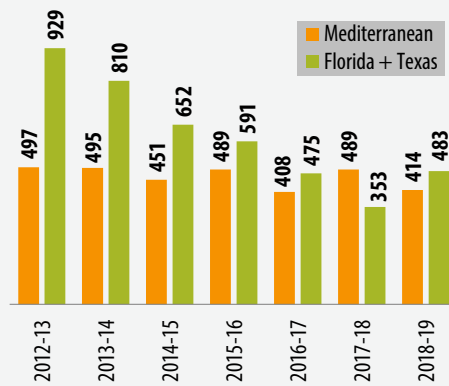
**A bit more tropical,
but less Mediterranean**

Production potentials present a very mixed picture. The supply of tropical grapefruit should be slightly up. After a 2017-18 season marked by a cyclical trough due to the losses caused by Hurricane Irma, Floridian production should see a significant climb of approximately 80 000 t (+ 44 %). Nonetheless, it will remain more than 25 % below the four-year average, with the cultivation area's underlying shrinking trend remaining in place (trees lost at a rate of 200 000 to 300 000 per year in recent campaigns). Exports should increase, in considerably more modest proportions than production. Sizing, at its lowest level since the beginning of the decade according to the survey published by the FDOC in October, appears at present to be highly restrictive on exports. The Texan grapefruit will make a good reinforcement this season. This origin, also very high quality, will enjoy volumes registering a considerable rise (expected harvest 6.2 million 36.2-kg boxes, as opposed to 4.8 on average for recent seasons). The season seems to be somewhat running late for both suppliers.

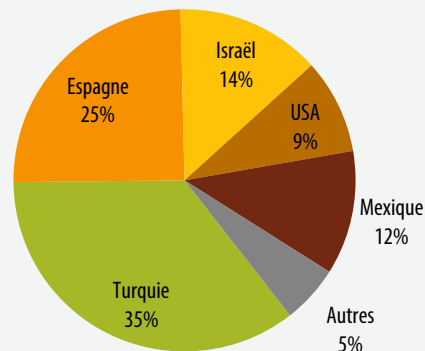
Conversely, the Mediterranean has a downward production trend. This movement is mainly due to a big alternate bearing effect in Turkey. After a very heavily laden 2017-18 campaign, as the record exports level attests, the harvest seems much more limited this season according to the information collected from the professionals. Little change is expected in Spain, whose harvest appears set to be similar for 2018-19 (76 000 t) and near-average. This stability illustrates an apparently static cultivation area over recent seasons. No change either in Israel, with production expected to be approximately 150 000 t. It is still too soon to see the first effects of this country's small-scale replanting trend, which is also of modest intensity (approximately 100 ha planted per year for a coloured grapefruit cultivation area which has shrunk to 1 350 ha). The more lucrative Asian markets have gained a lot of ground to the detriment of the EU-28 in recent campaigns (Israeli exports to the Community down by approximately 10 000 t in recent years, i.e. - 25 %). They will remain highly attractive in 2018-19, with probably no more than a slight rise in Floridian exports to these destinations ■

EU MARKET
Approx. 200 000 t
during the winter season
 In decline:
 - 40 000 t in 4 years

Grapefruit - EU-28 - Production from main supplier countries
 (in 000 tonnes / various sources)



Grapefruit - EU-28 - Supply 2016-17 / 2017-18 average
 (in 000 tonnes / source: Eurostat)



Grapefruit – EU-28 – Evolution of supply

in 000 tonnes	2017-18	Evolution over 4 years
Turkey	92 492	+ 4 790
Spain	49 420	+ 957
Israel	28 829	- 12 835
United States	14 391	- 53 935
Mexico	13 411	- 13 155
Others	6 551	- 8 066

Source: Eurostat

**Mediterranean grapefruit
2018-19 production forecasts**

in 000 tonnes	2018-19	Comparison	
		2017-18	Last 4 years average
Turkey	190	- 29 %	- 14 %
Israel	148	+ 2 %	- 7 %
Spain	76	0 %	- 3 %
Total	414	- 15 %	+ 10 %

Sources: Ailimpo, Maroc Citrus, ISTAT, USDA

Tropical grapefruit – 2018-19 production forecasts

in 000 tonnes	2018-19	Comparison	
		2017-18	Last 4 years average
Florida	258	+ 44 %	- 26 %
Texas	225	+ 29 %	+ 33 %
Total	483	+ 37 %	- 7 %

Source: USDA



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Orange

Big harvests in Spain and Egypt

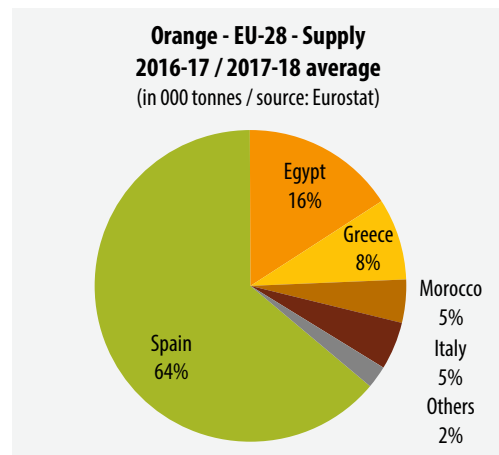
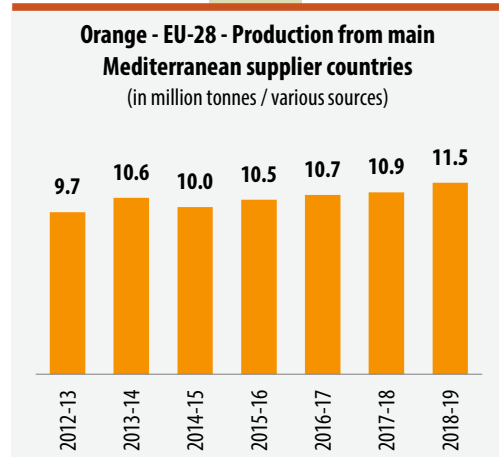
The campaign is set to be very heavily laden. Spain, which on its own controls more than 60 % of the EC market, is enjoying a harvest which, without setting a record, nonetheless has registered a level more than 10 % above the four-year average. Table orange availability is high. In the Valencian Community, the Naveline harvest is approximately 6 % above average (i.e. approximately 200 000 t). There is a rise of more than 20 % for Lane late table oranges (i.e. approximately 150 000 t), the cultivation area of which has expanded greatly in recent years. Juice oranges are apparently the only varietal group to see their production do no more than return to an average level. The sizing is limited at the beginning of the season, yet it could rise following the early autumn rains. The derivatives market should remain promising and slightly relieve the supply pressure on the fresh market. The prospect of a fall in the Brazilian harvest, in a context of limited stocks, has raised concentrate rates to approximately 2 400 USD/t into Rotterdam (see orange juice article). So Spanish producers should send bigger volumes than last season to the industrial sector (1.1 million tonnes scheduled in 2018-19, i.e. 200 000 t more than last season).

Egypt is set for an even bigger production than in 2017-18 for Navel, though somewhat smaller for juice oranges (Valencia and Baladi). Within the space of a few years, this country has become the number two supplier to the EU-28 during the winter season, and is now shadowing Spain, with 17 % growth in market share in 2017-18. This season once more will bring sufficient volumes to feed the development of all its markets, including China, shipments to which have boomed in recent seasons (more than 100 000 t in 2017-18, whereas this market was practically non-existent a few years earlier).

The trend is mixed for the top-up suppliers to the EC market. The harvest should be considerably below average in Italy. A significant share of the flowering was lost, due to the spring 2018 rains in Sicily. The impact of the heavy spell of rains which battered this island in the autumn is still hard to estimate. It seems that some of the young orchards have been lost, but the consequences on the production of this season appear rather limited. Conversely, Morocco has large volumes. Production is registering a level approximately 25 % above average, with the young orchards planted under the "Maroc Vert" plan coming into their prime (approximately 16 000 ha of new planting between 2006 and 2017, including nearly 7 000 ha of late Navel).

The Spanish campaign started fairly late (delayed maturity especially in terms of coloration, rains in production), in a context still heavily laden with Southern Hemisphere oranges (big late shipments from South Africa). Supply pressure increased considerably from mid-October, with growth in Spanish shipments. The pressure should remain very significant during the mid-season and remain high during the first part of the campaign, when large volumes of late Navel and similar varieties will be placed on the market. However the industrial sector should play something of a buffering role ■

EU MARKET
Approx. 1.9 to 2.0 million t
during the winter season
 Stable since 2011-12



Orange – EU-28 – Evolution of supply

in 000 tonnes	2017-18	Evolution over 4 years
Spain	1 138 728	- 72 081
Egypt	325 055	+ 147 751
Greece	154 438	- 51 794
Italy	108 528	+ 25 234
Morocco	78 388	+ 23 444
Others	89 906	+ 19 395

Source: Eurostat

Mediterranean orange – 2018-19 production forecasts

in 000 tonnes	2018-19	Comparison	
		2017-18	Last 4 years average
Spain	3 639	+ 13 %	+ 8 %
Egypt	3 200	0 %	+ 9 %
Turkey	1 950	+ 2 %	+ 13 %
Italy	1 500	- 7 %	- 4 %
Morocco	1 180	+ 26 %	+ 25 %
Total	11 469	+ 5 %	+ 9 %

Sources: GVA, Junta Andalucía, Maroc Citrus, ISTAT, USDA



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