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2015-16 litchi campaign
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Other Indian Ocean sources
After a promising start, the weather conditions seem not only to have cut down the production capacities of the traditional Indian Ocean sources, but also those of countries exporting outside of the winter period, such as Israel. Litchi consumption is increasingly packed into the end-of-year holidays, leaving little marketing opportunity during the rest of the year.

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FruitTrop Magazine n°241
May-June 2016 edition : Litchi close-up. Southern Hemisphere citruses, European stone fruits, Southern hemisphere kiwi

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South Africa : Exports falling
South African litchi exports really do see considerable variation from one year to the next. In 2014-15, they amounted to approximately 2 180 tonnes, primarily aimed at the European markets. In 2015-16, sales are estimated at around 1 800 tonnes. It seems a long time since South Africa was shipping out 4 000 tonnes. While Madagascan production is estimated at 50 000 tonnes, South African production is distinctly smaller, at around 6 000 to 8 000 tonnes. It is mainly based in the Natal and Transvaal provinces, and comes from industrial orchards subjected to highly contrasting weather conditions. Successions of droughts, or conversely of excess precipitation, particularly affect fruit production. The South African sector is structured differently to its counterpart in Madagascar, where a small proportion of litchi production is aimed at exports and the local market. The latest figures available indicate that 26% of South African production is exported fresh, and 13 % distributed on the national market, where prices are also lucrative. The remaining 60 % is aimed at the processing industry. The coexistence of these three outlets, in addition to the weather variations, explains the fluctuations in the volumes dedicated to the export sector.

On the international market, South Africa faces Madagascan litchis at every turn, especially in Europe. To help manage this confrontation, South African professionals have for several years segmented their supply. This quest for different trade paths has been stepped up again this year.

The first South African shipments were made by air-freight in the second week of November. They comprised limited quantities of the Fai Zee Siu variety, a green coloured fruit when mature, but with a good taste quality and a small stone. After selling these batches at around 9.00 euros/kg, exporters concentrated their shipments on the Mauritius variety, which is common to the various Indian Ocean sources. This year, production mainly comprised small fruits. However, some XXL size batches were shipped, selling at high prices of between 5.00 and 6.00 euros/kg, with no major fluctuations against competing produce. These better sized fruits sold more readily on the wholesale markets aimed at the top-end segment. Withstanding the competition until the Christmas holidays, South Africa then diversified its supply with on-stem fresh Mauritius variety fruits, followed rapidly by the Red McLean variety, while the first sea-freight litchis entered the market. After a noteworthy previous campaign, this segment seems to have progressed this year. This supply, complementing the Reunion supply, extended the source’s air-freight campaign until February.
The sea-freight campaign began at the end of the year, with only a few containers aimed mainly at Northern Europe. The biggest quantities were shipped in the first days of January. Affected by the consumption downturn at the beginning of the year, South African litchis sold at prices which, while higher than for Madagascan produce, followed the same downward trend. Forsaking the French market congested by Madagascan merchandise, South African fruits earned better value on the other European Union markets, which had closed more rapidly to Madagascan produce. The campaign finished in early March with the receipt of the last Red McLean batches, which sold at around 1.50-1.75 euro/kg on a market which had grown indifferent.

Mauritius : Stability

With exports estimated at 165 tonnes for the 2015-16 campaign, Mauritius achieved equivalent sales to the previous campaign. To earn better value for their shipments, Mauritian professionals have for some years paid more attention to the quality of fruit earmarked for the European Union. Mauritius has long shipped litchis from the Indian Ocean first, in order to take advantage of good sales conditions. Yet experience has shown that this strategy is not necessarily the best, since it has often led to fruits going onto the market while still immature, and therefore exhibiting disappointing taste quality. Heightened monitoring of fruit maturity has helped genuinely improve the quality, though Mauritian exports have lost their early-season slot. Hence Mauritius now faces direct competition from the other Indian Ocean sources. However, Mauritian fruits are finding a niche on European markets thanks to their competitive cost price, due to the air-freight rate. Arriving at the same time as Madagascan produce in week 46, the first Mauritian shipments mainly comprised on-stem fresh fruit. This good taste quality merchandise, shipped in small quantities, sold at high prices, which took a rapid downturn in particular because of the perishability of the fruits and the poor sales generated by the wave of attacks in Paris. The suspension of the outdoor markets during the week following these events heavily disrupted sales. The price decrease hit fresh litchis harder than sulphur-treated litchis, which enjoyed a longer time on the market. Mauritian exports mainly comprised sulphur-treated fruits, with rates stabilising at around 6.00 euros/kg on
average from week 48, while Madagascan imports were dipping. The Mauritian litchi rates picked up a bit in the run-up to the Christmas holidays because of more dynamic demand, the fall in Madagascan shipments, but also the dip in Madagascan shipments. They dropped steeply in week 50 due to more pressing local demand and production problems. Severe pest attacks, especially by bats, appear to have destroyed the harvests predicted at the time. The Mauritian marketing campaign thus finished at the end of the year with marginal volumes.

mauritian litchi - evolution of arrivals in europe

Reunion: Stabilisation and segmentation

Litchi exportations from Reunion registered a slight downturn in 2015-16 from the previous year. Approximately 440 tonnes were shipped, as opposed to 460 tonnes in 2014-15. Reunion remains the main fresh litchi supplier to the French market, since few batches are forwarded to other European markets. Indeed, access to other outlets would require transport times that would be detrimental to the quality of this highly perishable merchandise. The Reunion litchi marketing campaign got off to a slow start in mid-November, with volumes very limited given the strong local demand at the beginning of the season. The supply then intensified with steeply falling rates after the attacks in France; the same commercial hiatus which affected Mauritian produce. It was not until the run-up to the Christmas holidays that demand revitalised, coinciding with bigger litchi shipments. As in previous years, Reunion fruits were warmly welcomed by the hard core of habitual consumers used to the high retail prices of this top-end produce. From week 52, their rates dipped distinctly, while the quantities also dwindled. This trend went against that of previous seasons, when the reduction in volumes caused sale prices to strengthen. It seems that this year fruit quality was more fragile at the end of the season, which explains the deteriorating rates.

Just a few years ago, this distinction in fruit presentation brought recurrent criticism - how could the same price possibly be paid for the branches as for the fruit? These criticisms have apparently evaporated, and retailers are willing to pay high prices for produce which, besides its intrinsic quality, helps create an attractive look in-store. On-stem or trussed litchis develop a different identity, closer to the natural product, freshly picked, or even akin to an organically grown fruit, untreated and healthier. This idea is actually not so far removed from reality, at least in terms of certification. What appeared an extravagance just a short time ago has apparently become well established in consumer mentality, in a context where organic produce, rational agriculture and locality have gradually made headway in the minds of consumers.

In conclusion, I cannot resist sharing an anecdote from this past campaign. A Madagascan litchi exporter told me about the experience she had with her 6 or 7 year-old daughter. Faced with a simultaneous choice of litchis from Reunion and Madagascar, the girl rushed to pick up the Reunion fruits, ignoring the Madagascan ones. Does not the truth come from the mouths of babes and sucklings? Of course we are erring away from the domain of trade towards the subjective aspect of taste. But does this anecdote not give us food for thought?
Mozambique: Hanging in there

The 2014-15 campaign saw the emergence of this new source on the European market. Most often shipped previously by South African exporters, Mozambique litchis made their big breakthrough last year. The scenario has repeated itself this year, with volumes slightly down from 60-80 tonnes in 2014 to 50-60 tonnes in 2015. Air-freight shipments began in week 47. The fruit quality enabled high sale prices (9.00 euros/kg) for limited quantities. Rates then dipped to around 5.50-6.50 euros/kg until week 51, when shipments ceased. Slightly earlier than South African shipments, Mozambique litchis kick off the continental Indian Ocean sources campaign. Along the same lines as the South African model, their sizing helps open up a market window at the beginning of the campaign, more particularly on the wholesale markets where retailers seek produce standing out from the general supply. These prized litchis are gradually becoming part of the market landscape. The source’s production potential will probably enable volumes to increase in the coming years, though still in association with its neighbour South Africa.

Other sources

Among the sources supplying the European market outside of the Indian Ocean period, some seem to have been hit by weather phenomena that have affected production, and consequently exports. First of all, we can mention Thailand, whose export calendar follows that of the Indian Ocean. It was in place on the markets in May and June, whereas its export period extended from April to August just a few years ago. Its quantities were limited to around 150 to 200 tonnes, exclusively by air-freight. Sale prices remained high given the narrow distribution of the produce. Thailand has yielded to South Africa its traditional place as the number two litchi supplier to the European market.
The weather conditions proved particularly unfavourable for Israel, the main supply source during the summer period. In addition to these natural factors there was probably also a certain lack of interest in the product. For around a decade, Israeli exports have been constantly decreasing. From around a thousand tonnes down to approximately 800 tonnes, they seemed to have stabilised in recent years at around 400 tonnes. For the 2015 campaign, exports to Europe seem to have been measured in only tens (60 to 80 tonnes). This produce was available only late in the year, in August and September, with highly variable quality.

As every year, Mexico exported some litchi batches to Europe, concentrated in June. These sea-freight fruits amounted to a total of 60 to 80 tonnes, with prices on a downward trend.

Finally, Vietnam, an emerging source for the litchi, has been attempting to enter the European market. Vietnamese litchis, present from June to mid-July, reportedly amounted to around one hundred tonnes. Some of this merchandise comprised fresh on-stem fruits, which sold at fairly steady prices, especially on the French market. This source, whose exports of small exotic fruits (passion fruit, rambutan, pitahaya, etc.) have boomed in recent years, is trying to add the litchi to its range. While the majority of the produce it exports is available more or less year-round, the litchi is more seasonal and available only at the beginning of the European summer, a time when demand is more focused on seasonal fruits (peach, cherry, strawberry, etc.), which are widely distributed and often cheap. Despite the satisfactory demand for exotic fruits, necessarily limited to this period, besides the more ethnic-based demand from consumers of Asian origin, it is difficult to see hopes of the Vietnamese litchi making any further progress at this time of year.

We can say for sure that the time of the litchi being present practically year-round on European markets seems to be receding. Even the concentrated supply period at the end of the year has shown some weaknesses this time around. Is this indifference to the produce or stabilisation of consumption prior to a second wind?