

Lemon

A bumper campaign, with more expected to follow

Despite the inelasticity of demand for this product, the world lemon cultivation area has seen a spectacular boom for several years in a good many major exporter countries in the Northern and Southern Hemisphere. The volumes available for this 2017 counter-season campaign will start to reflect this progress, and let's also hope, encourage the upstream segment to slow the planting rate.

Seen from Europe, the season does not look exceptional like the 2016 campaign, which will remain in the memory for the historically high price levels achieved. On the one hand, the market context appears much more competitive, with leftover volumes from the Northern Hemisphere much bigger than in 2016. Spain, which provides 75 to 80 % of the supply to the EU-28, has regained an average production level after a big shortfall in the 2015-16 season. This origin will end its season with high volumes, with the harvest of the late variety Verna returning to a normal footing of 300 000 t (as opposed to 193 000 t in 2016), and going onto the market later than in 2016. Italy, the other big supplier to the Community market, also has bigger leftovers, with production more abundant than in 2015-16. On the other hand, the export potential of the big Southern Hemisphere exporter countries is registering a high level, above even the exceptional levels of 2016, achieved we should reiterate once more in a very different market context. Argentina has an average production of only approximately 1.4 million tonnes (as opposed to more than 1.6 million tonnes in 2016). The abundant flowering was in part cut short by a spell of frost, which was in addition followed by a very rainy spring and summer heatwave. Nonetheless, volumes dedicated to fresh exports are significantly above average. Rates of derivatives are registering good levels again this season, though they have fallen for essential oils (32 000 USD/tonnes in May 2017, as opposed to 39 000 USD one year earlier, and more than 50 000 USD in 2014 and 2015). Furthermore,



South Africa should overtake Argentina in 2017 in terms of fresh exports, and for the long term this time in view of the expansion of its cultivation area. Production and export potential have registered another considerable rise and a record level (17.5 million 15-kg boxes earmarked for the international market, i.e. 16 % more than in 2016). Only Chile, after diverting significant volumes away from its core market the United States to an extraordinarily attractive EC market in 2016, has a below-average potential.

Volumes exported outside the EU-28, which now represent 50 to 60 % of total volumes, should continue to grow at a steady but moderate rate (approximately + 15 000 t per year). There is real growth on the Middle Eastern and Asian markets, the world number two and number four markets respectively, but it is limited (6 000 t per year gained on average by the Middle East, and 3 000 t per year for Asia). The dynamic of the US market, which is in 5th position, could be more significant this year. Local production, mainly Californian, is slightly in shortfall (19 million 36.3-kg field crates, as opposed to more than 20 million the previous two seasons). The USA should siphon up some of the volumes from Argentina (15 000 to 20 000 t according to APHIS projections), as this country has just won back partial access to this big market, closed since 2001 (North-East States only in 2017 and 2018). Shipments to Russia, the world number three Southern Hemisphere lemon importer, should continue to stagnate, especially because of the weakness of its currency. In this context, volumes aimed at the EU-28 should be fairly big, and prices should see lower footings than in the past two seasons.

Lemon – European Union – Imports from Southern Hemisphere (summer season)

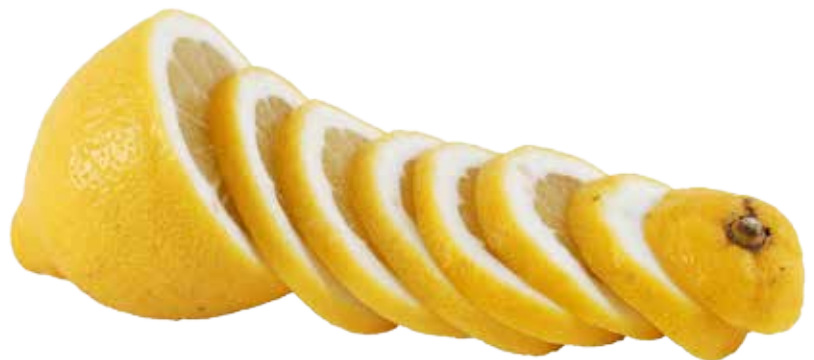
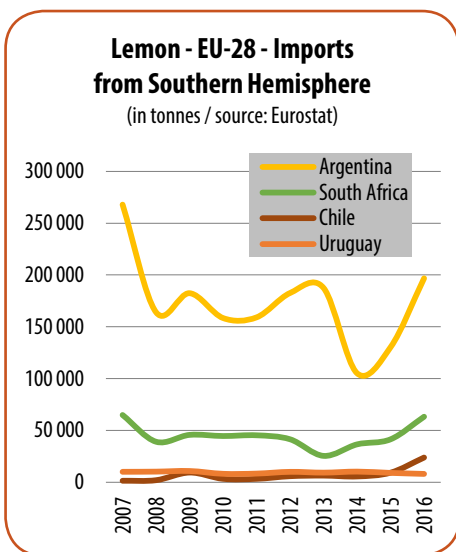
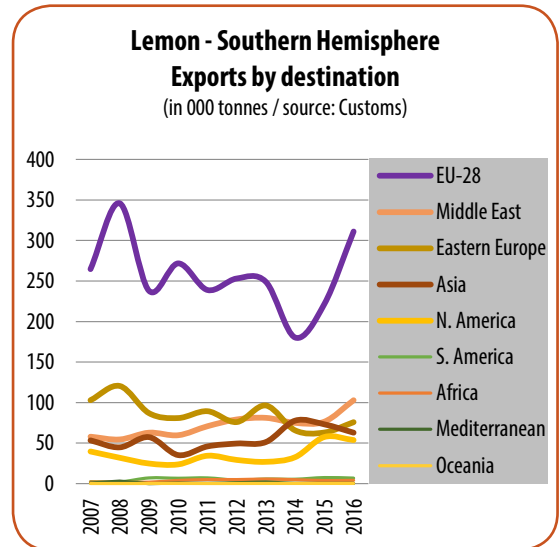
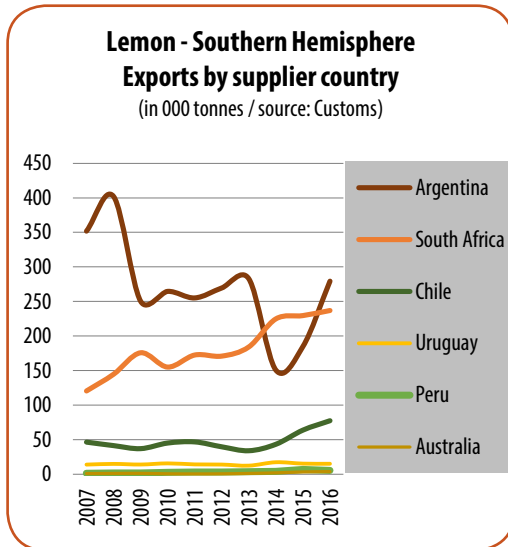
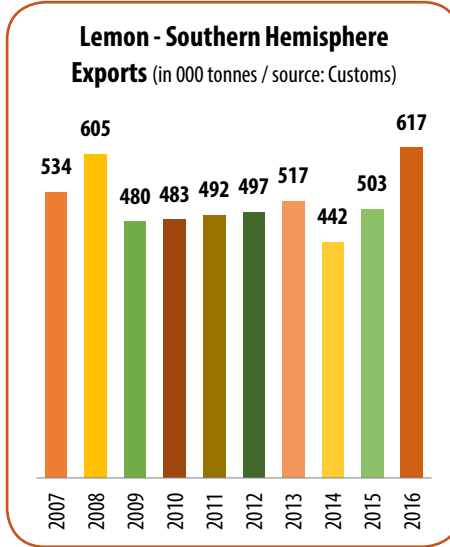
in tonnes	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Argentina	249 449	185 303	219 942	267 893	163 969	182 387	158 391	159 063	182 580	187 449	105 118	130 267	196 745
South Africa	46 571	42 466	30 722	64 830	39 007	45 633	44 532	45 233	41 385	25 363	36 482	41 364	63 163
Chile	95	25	187	1 353	1 888	9 275	3 211	3 217	5 751	6 333	5 505	9 168	23 761
Uruguay	13 512	11 983	9 342	10 002	10 166	10 762	8 064	8 280	9 959	9 194	10 194	8 933	7 948
Dom. Rep.	3	38	99	237	1 172	1 947	1 198	1 943	1 256	632	658	1 075	1 115
Zimbabwe	415	-	2	3	-	-	-	-	2	32	120	119	-
Brazil	1 573	2 366	96	477	652	5	136	-	92	249	190	408	-
Total	311 618	242 182	260 389	344 793	216 854	250 009	215 532	217 737	241 025	229 253	158 266	191 335	292 732

Source: Eurostat

Lemon – Southern Hemisphere – Export forecast

in tonnes	2017	compared to	
		2016	2013-2016 average
South Africa	260 000	+ 10 %	+ 19 %
Argentina	260 000	- 7 %	+ 16 %
Uruguay	15 000	0 %	+ 1 %
Chile	72 000	- 7 %	+ 32 %
World	607 000	0 %	+ 18 %

Professional sources, Shaffe, CGA



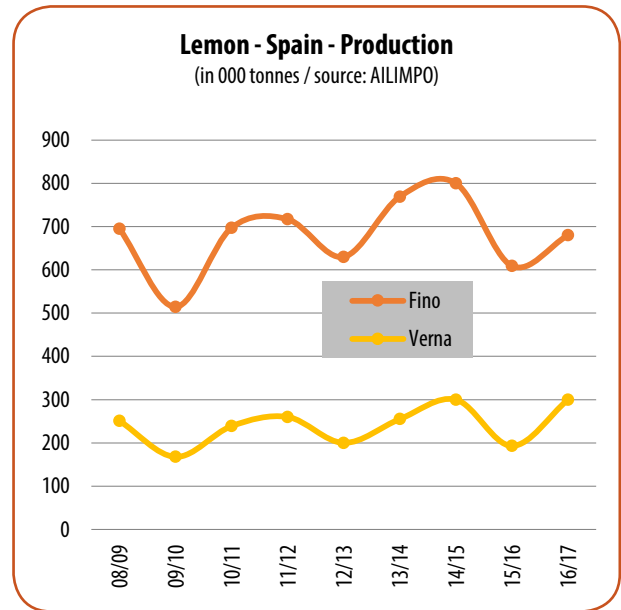
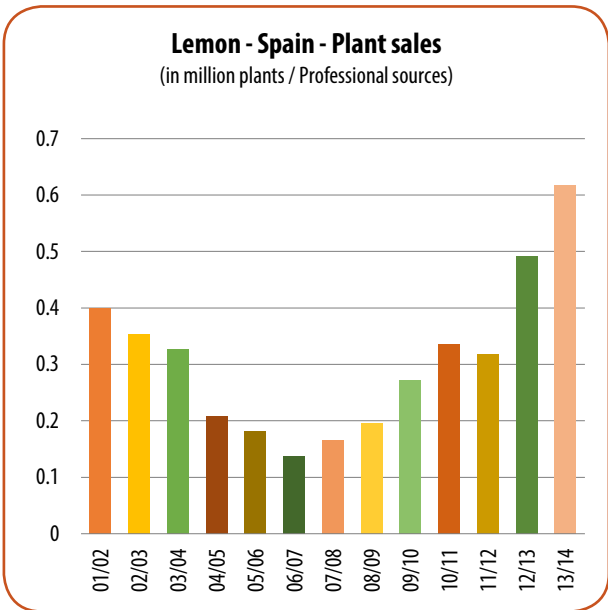
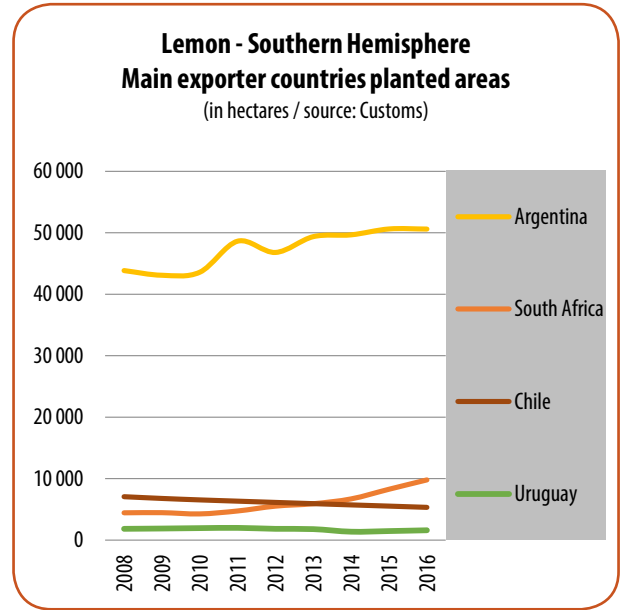
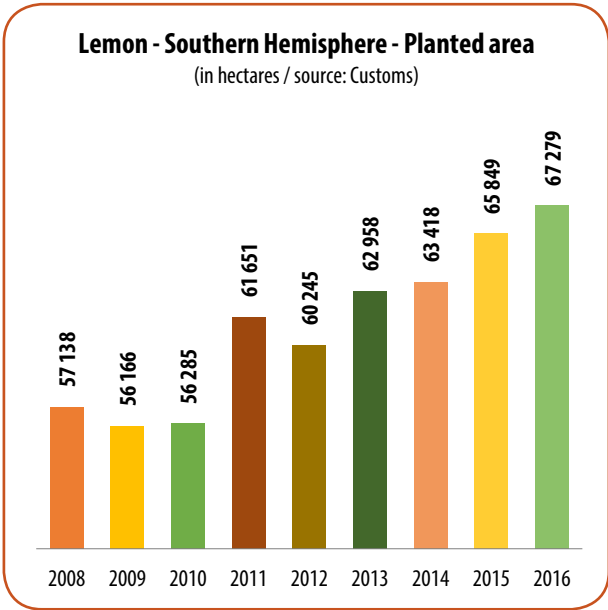
© Regis Domergue

Lemon

Medium-term forecasts

The shift to a considerably higher supply tempo will be even more distinct in the coming years. The South African cultivation area has literally exploded, with surface areas more than doubling between 2010 and 2016 (from 4 000 ha to nearly 10 000 ha, with the rise affecting both the historic Sundays River zone in Eastern Cape and the more recently developed Limpopo, an early-season zone). The planting rate has still tended to increase in recent years (from 600 000-700 000 plants from 2010 to 2013 to nearly 2.3 million in 2016). Hence the South African export potential should exceed 30 million boxes by 2021. Argentina is not to be outdone with this product, the only one to escape the debacle of the citrus export sector. The cultivation area gained 7 000 ha between 2010 and 2015, taking surface areas to in excess of 50 000 ha (more than 38 000 ha of which in the Tucuman zone). Meanwhile, productivity has increased, especially with the near-disappearance of the lowest-tech smaller facilities (now 90 % of production is concentrated in the hands of plantations of more than 50 ha in Tucuman). Just two countries, which between them control just 15 % of the world market, saw their surface areas wane. This applies to Chile, where 1 000 ha were lost out of a total of 6 300 ha between 2010 and 2016 (mainly in the Valparaiso region). It also applies to Uruguay, whose cultivation area is smaller than in 2011 (just under 1 600 ha in total, i.e. a fall of 400 ha) due to the collapse of the historical production centre in the south of the country (Montevideo, Canelones). However, the north (Salto, Paysandu) is seeing distinct growth.

Meanwhile, the competition from the winter origins is promising to be increasingly intense in the EU-28. Economic results, also excellent in recent seasons for Spain, have encouraged producers to resume planting. Plant sales went from approximately 300 000 at the beginning of the decade to 500 000 in 2012-13, and more than 600 000 in 2013-14, the last figure available.



Lemon – Spain – Marketing calendar

Varieties	O	N	D	J	F	M	A	M	J	J	A	S
Primofiori/Fino												
Verna Cosecha												
Rodrejo												

Professional sources



Eureka



Fino



Verna