A report by
Pierre Gerbaud

Litchi

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In 2019-20, litchi trade activity was concentrated on the Indian Ocean zone campaign, a trend picking up from previous years. This is the time of year that the supply is at its biggest, and demand at its liveliest, thanks to the low prices charged to consumers. The availability of massive quantities of fruit during the end-of-year festivities of course contributes to boosting this consumption peak. Outside of this outreach period, the litchi reverts to being a rarer and more expensive exotic product. It satisfies the demand from a customer base comprising the better off, or die-hard fans of the product. The vague hopes of certain origins developing or consolidating their litchi shipments to European markets remain limited. Thailand and Israel continued to ship litchis respectively from April to July and July to September, though their volumes stagnated or ebbed. India, China, Vietnam and Mexico, with variable potential levels, struggled to assert themselves on the European markets. Their export calendars matched the peak of European berry production, which are more attractive to the public due to their distinctly lower prices. The litchi seemed to be slowing down, even at the end of the year, when consumer enthusiasm barely overran the short festive period. So there was little new in this 2019-20 campaign, apart from a few one-off batches from Brazil and Australia in December and January, with untreated fruit which made no more than a fleeting appearance for product costs and quality reasons.

Litchi – 2019-2020 campaign
Madagascar

Putting the previous campaign behind it

by **Pierre Gerbaud**, consultant
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The main objective of the Madagascan litchi industry this year was to restore some pride after a poor 2018-19 campaign. Poor sales and mediocre fruit quality, in a difficult context on the French market (social movements), led to economic results a long way short of operator expectations. So the organisation of the 2019-20 campaign was reviewed, in an attempt to regain a more positive trend. The first decision was to slightly reduce the volumes shipped, with a forecast of 15 000 to 15 500 tonnes instead of the usual 18 000 tonnes. Improvement in fruit quality was also a major concern in winning back a customer base often disappointed in the previous campaign. This year, the Madagascan industry enjoyed favourable conditions, with a very marked Southern summer which helped provide abundant, good-quality and fairly early production. With shipment forecasts falling and the harvest and trading getting off to a quick start, operators could expect a return to success.


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A fleeting and controversial air-freight campaign

The air-freight campaign was quick, and smaller than in previous years. With an estimated level of just over 200 tonnes, it was slightly down from previous seasons, which had registered around 400 tonnes. There were two main reasons for this. The first was the setting of a single opening date for the air-freight and sea-freight campaigns, while in previous years the air-freight litchi harvest had been earlier. This decision can be explained by operators' desire to improve fruit quality. By starting the harvest later, they ensured better taste quality and bigger sizing. Yet this single date shortened the air-freight fruit trading period. The second reason was the combination of the early arrival of the first sea-freight shiploads and the competitive market conditions for air-freight fruit.

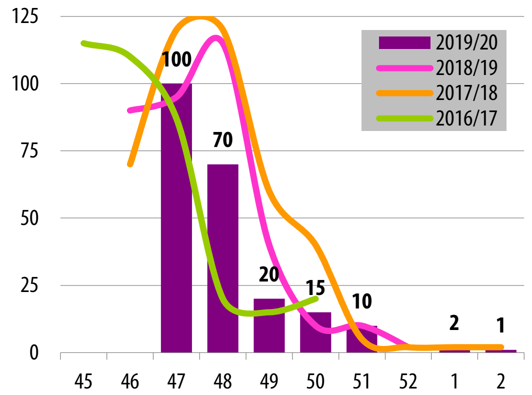
The first air-freight batches were received in Europe in week 47, while the other Indian Ocean origins had already been present for a week. Madagascan fruit, boasting good sizing and taste quality, was well received by the distribution sector, both in France and on other European markets. However, demand remained hesitant given the limited interest in this festive fruit. In addition, its high retail price put off a big proportion of consumers. Prices fell as volumes progressed, going from 8.00 euros/kg to 5.00 euros/kg between weeks 47 and 49. Hence operators considerably scaled back their imports for week 49, in view of the forthcoming arrival of the litchis on the two conventional ships scheduled for the campaign. The fall in the Madagascan supply was also underpinned by the lack of profitability of the last sales.

The rest of the air-freight campaign consisted of irregular shipments of on-stem fresh fruit. The qualitative fragility of the fresh fruit prevented a regular flow which could have offset the rapid withdrawal of Reunion litchis. As in previous years, some organic labelled batches were also shipped. They enjoyed a price differential of 1.00-1.50 euro/kg at the beginning of the campaign. But the influx of volumes over the following weeks reduced this margin, with prices tending to fall into line with those of conventional fruits.

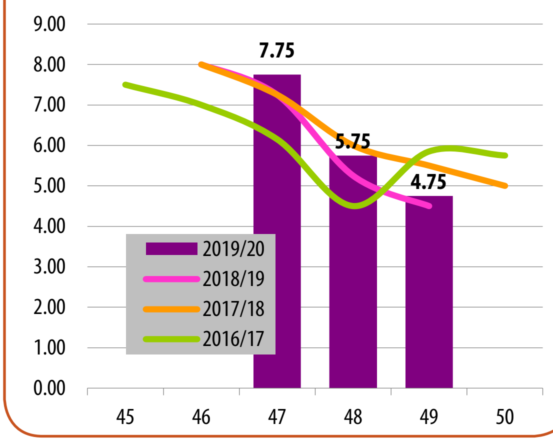
A decent sea-freight campaign, but no more

Taking advantage of this year's fairly early harvest, operators were banking on an optimal trading time during the end-of-year festivities, accompanied by an overall fall in volumes. The objective of this strategy was to get back to satisfactory economic results for the industry. After the poor 2018-19 campaign, this was a particularly important gambit in terms of consolidating litchi exports out of Madagascar. So the logistics were adapted to this strategy, with a first conventional ship taking the northern route (via the Suez Canal), to advance the campaign further, and obtain a longer trading period. This approach was favoured by the official opening date of the campaign (17 November). The first ship docked at the port of Sète on 3 December. This arrival, the earliest in the decade, was achieved thanks to some compromises in relation to the initial plans. To ensure trading went smoothly, the first ship had to arrive at Sète before the start of the declared social movements in France, the recipient country of the cargo scheduled for 5 December. The uncertainty over the forwarding capacities loomed over this decision. To meet the deadline, the ship had to leave Madagascar earlier than planned. That is why loading was not finalised, with 5 800 tonnes of merchandise instead of the initially planned 7 500 tonnes. The downside of this logistical adaptation was the rushed loading in Madagascar, after professionals had allowed a longer loading time to enable exporters to take extra care with fruit quality.

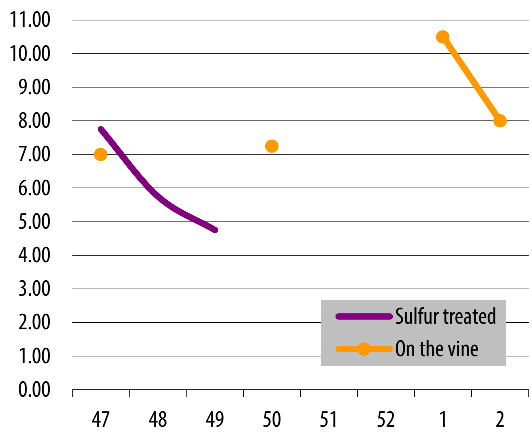
Air-freight Madagascan litchi
Evolution of incoming shipments in France
(in tonnes per week / source: Pierre Gerbaud)



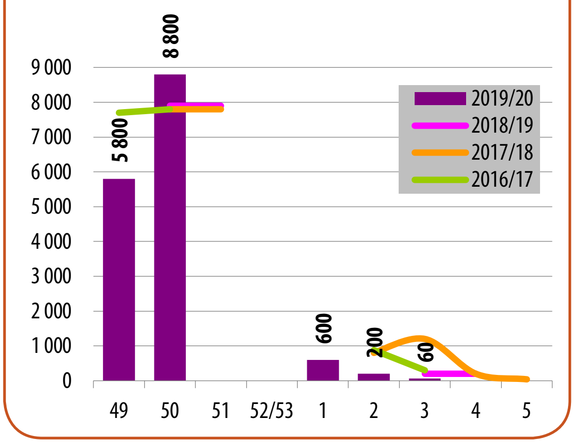
Air-freight Madagascan litchi
Evolution of average import price in France
(in euro/kg per week / source: Pierre Gerbaud)



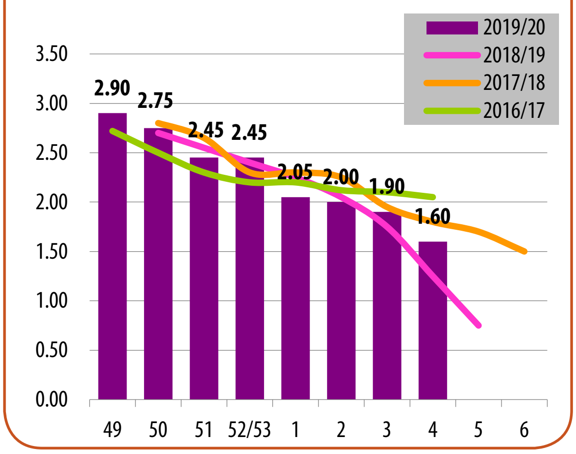
Air-freight Madagascan litchi
Average import price in France in 2019-20
(in euro/kg per week / source: Pierre Gerbaud)



Sea-freight Madagascan litchi
Evolution of incoming shipments in Europe
(in tonnes per week / source: Pierre Gerbaud)

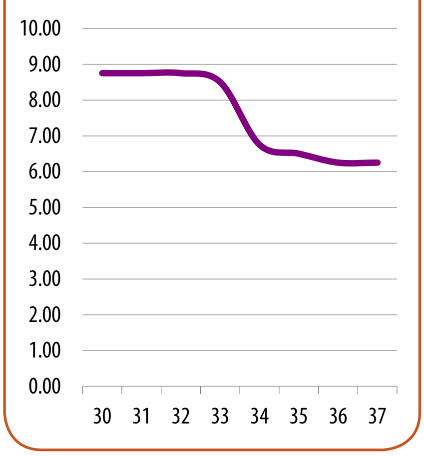


Sea-freight Madagascan litchi
Evolution of average import price in France
(in euro/kg per week / source: Pierre Gerbaud)

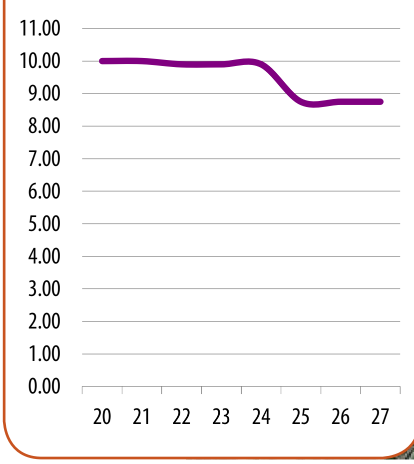


Trading in the end went satisfactorily. The social movements did not disrupt ship loading, and the merchandise was able to be routed to the various recipient markets. Unloading extended over several days, but the pallet unloading process ensured availability of the merchandise. This sea-freight campaign enjoyed good sales at the beginning, with prices slightly higher than the previous year. The big European supermarket chains were rapidly fed, and at the end of week 50, most of the cargo had been sold off. The remainder ensured the market supply until the arrival of the second ship into Zeebrugge. Unloading of this ship started on Friday 13 December, and continued on Monday 16 and Tuesday 17 December. This new cargo topped up the supply for the Christmas and New Year holidays. The fruit from the first ship sold at dipping, yet still high, prices. Rates of fruit from the second ship fell, as was only logical, in the face of the sales intensity over the end-of-year festivities. All the chains implemented promotions, with attractive prices to stimulate litchi consumption. Certain chains offered the Madagascan litchi from 2.99 euros/kg. Although lively and substantial, sales proved to be less dynamic than the previous year, doubtless indicating a certain weariness with the product at a time when the French market's ambiance was being rather hampered by the recurrent social movements. The additional trading week partly offset this more sluggish atmosphere.

Air-freight Israeli litchi - Average import price in the Netherlands in 2019
(in euro/kg per week | source: Pierre Gerbaud)



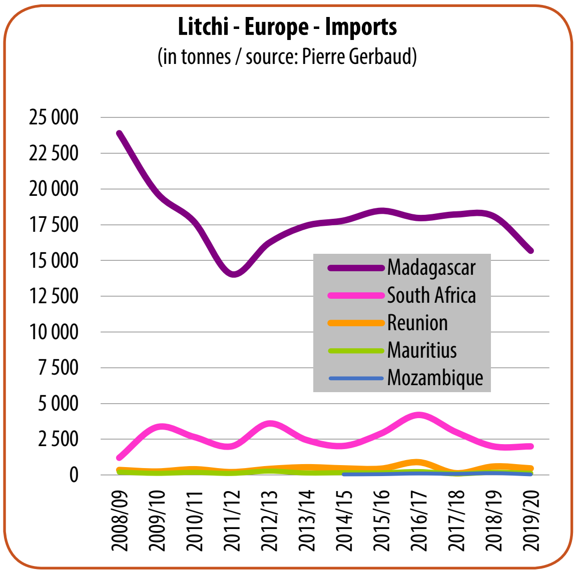
Air-freight Mexican litchi - Average import price in the Netherlands in 2019
(in euro/kg per week | source: Pierre Gerbaud)



A more difficult end to the campaign

Following on from the end-of-year festivities, sales became more difficult. This usual downturn was marked at the beginning of 2020, with prices taking off. Interest in the product dwindled, with the big chains focusing their communication more on non-food product ranges. However the product remained listed in stores, albeit with a reduced reserved space on their shelves. The last phase of trading proved more complicated, with substantial quantities still available and inevitable ageing of the fruit. The outdoor markets were quickly closed, and prices granted by the operators were insufficient to maintain a high tempo. In the second half of January, the access channels to the supermarket sector quickly closed, especially since the fruit available was more fragile in quality. What incoming container shipments there were in the first half of January added to the leftovers from the second conventional ship. Sales then differentiated according to fruit keeping, though without prices strengthening, as has been the case in certain years. The Madagascan litchis campaign wound down quickly at the end of the month, without enjoying the renewed interest sometimes observed at Chinese New Year (25 January) in certain consumption centres. Furthermore, populations of Asian origin, usually eager to celebrate this big event, were less enthusiastic this year because of the situation in China, with the Covid-19 epidemic burgeoning.

In spite of an earlier start, a longer trading period before the end-of-year festivities and a reduction in volumes, it has to be recognised that the Madagascan litchi no longer enjoys such a strong fashionability effect as it did in the past. Concentration of consumption around the end-of-year festivities has been consolidated, but seems to be subsiding at a rate of knots. The 2019-20 campaign nonetheless was much better than the previous one, especially thanks to the good organoleptic quality of the fruit, and the good overall keeping. This is an essential point, since the apparent consumer disaffection has arisen from the deterioration in the taste quality of this fruit over previous years. This campaign doubtless helped win back fans, but is just one campaign sufficient to convince the majority of consumers? ■



Litchi — Indian Ocean — European Union estimated imports

Tonnes	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Total	**23 445**	**20 955**	**16 350**	**20 510**	**20 560**	**20 480**	**22 020**	**20 666**	**21 570**	**21006**	**18 300**
Madagascar	19 750	17 715	14 040	16 220	17 430	17 790	18 475	17 970	18 220	18 100	15 680
South Africa	3 340	2 660	2 000	3 600	2 450	2 030	2 900	4 200	3 000	2 000	2 000
Reunion	240	400	200	420	540	460	440	885	150	591	460
Mauritius	115	180	110	270	140	160	150	250	100	185	120
Mozambique						40	55	106	100	130	40

Professional sources, data collected and processed by P. Gerbaud

Litchi – 2019-2020 campaign
South Africa

A troubled campaign

by **Pierre Gerbaud**, consultant
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South Africa, the number two supplier to the European market behind Madagascar, had a troubled litchi campaign this year. Export volumes were estimated at 2 000 tonnes, down from the previous year. Air-freight shipments totalled approximately 300 tonnes. As in the previous season, production seems to have been disrupted by great meteorological variations. The succession of heatwaves alternating with abundant rainfall impeded not only the vegetative period during the last fruit growth phase, but also the harvest operations. Picking litchis in rainy weather, aside from the practical difficulties, can cause quality problems to the fruit and how it keeps. This is one of the problems that the origins came up against during this campaign.

A two-phase air-freight campaign

This year, South Africa began its export campaign at the same time as Reunion and Mauritius in week 46. The first batches on the market comprised the Mauritius variety, while it had begun the previous year's shipments earlier, with the Early Delight variety. The mixed experience of the 2018-19 campaign seems to have got the better of this variety, which is unpopular among consumers. Very quickly, volumes swelled alongside those from other origins, causing market saturation, with demand remaining very moderate at this period still a long way off the end-of-year festivities. The fairly high prices at the beginning of the campaign also represented a brake on consumption. They saw a constant decline over the following weeks. The uneven quality of the South African fruit did nothing to help it sell. With highly variable coloration between incoming batches and of medium sizing, South African litchis did not generate any particular enthusiasm, especially since Madagascan fruit this year exhibited quality deemed to be satisfactory and fairly homogeneous. The slowness of sales in the face of still fairly sluggish demand led to the formation of stocks, when the first sea-freight litchis entered the market. The air-freight campaign for destalked/sulfur-treated fruit ended under difficult conditions, with prices falling steeply and approaching those demanded for the first sea-freight litchis.

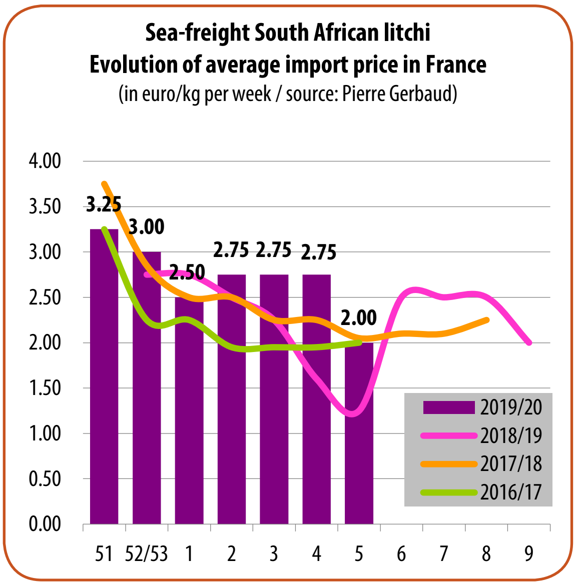
At the start of the campaign, South Africa also exported some batches under the organic label, which earned an additional 1.50 to 2.00 euros/kg. This supply remained marginal, but showed a new sales segment opening up.

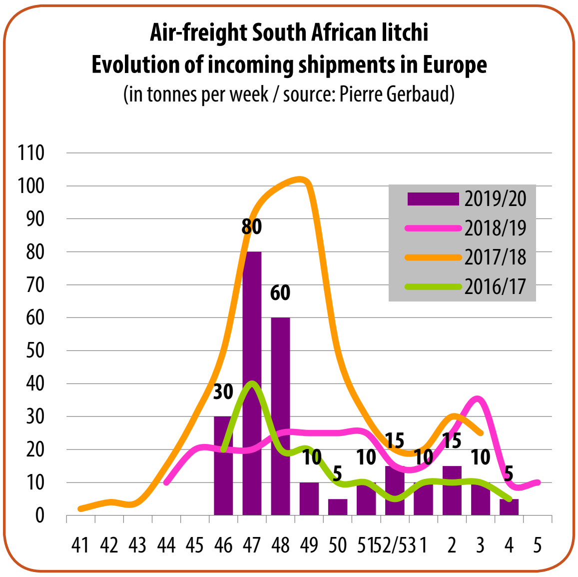

© Philippe Cao Van

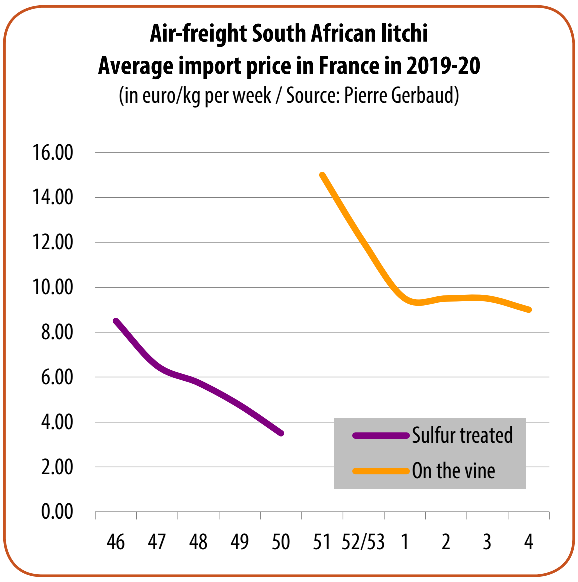
The South African air-freight supply changed after the sea-freight litchis entered the market from week 51. South African operators abandoned sulfur-treated litchis, to concentrate their shipments on fresh on-stem or trussed litchis. The hurried halt to the Reunion campaign cleared this market sector for South African fruit, which obtained high prices. Initially comprising Mauritius, the South African supply changed at the beginning of the year, with Red McLean variety fruit. This obtained lower prices, though levels were still high because of the moderate volumes available. The supply of this produce came to an end in late January.

A quick sea-freight campaign

The first South African containers were received from week 51, i.e. slightly earlier than the previous campaign. Yet from the outset, South African litchis struggled to find their place on the markets, despite quantities falling below those initially scheduled. The first reason was intrinsic to the product. Quality appeared to be more heterogeneous than in previous years in terms of coloration and stage of maturity. The sizing was also smaller than in the past. A slip was quickly seen from the traditional sizes toward a lower size class than declared. True, the biggest fruit obtained the highest rates, but it did not represent the majority of the batches available. The smallest-sized fruit came directly into competition with Madagascan litchis, which overall were larger-sized than previously, and exhibited good organoleptic quality. Smaller sizes found value harder to come by, and the high prices were tough to sustain. In addition, fruit quality rapidly deteriorated, and numerous batches developed mould, and needed to be sorted or removed from the market. Good quality litchis sold fairly steadily in January, taking advantage of the gradual withdrawal of the Madagascan competition, which was also of more fragile quality. The campaign was quickly halted in early February, while the previous year it extended until the end of the month ■







Litchi – 2019-2020 campaign
Mozambique

An origin in South Africa’s shadow

by **Pierre Gerbaud**, consultant
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For the past several years, Mozambique has crept into the band of Indian origins supplying the European litchi market, first by air-freight, with limited volumes (80 to 100 tonnes), and then gradually by sea-freight, with a gradually expanding supply. The air-freight campaign seems to have remained modest, with tonnages fluctuating from year to year. Without reliable statistics, it is difficult to estimate the importance of this origin. Yet the planting of new orchards would seem to indicate that its potential is on the rise. The production zones in the south of the country top up the South African production in the north, taking advantage of the logistics of this well-structured neighbour for fruit exports. This year, Mozambique modelled its trading campaign on South Africa’s, starting in week 46. Sulfur-treated fruit packed in 2-kg boxes traded on the same price footing as South African fruit. It continued trading until week 50, with rates falling but following the market trend dictated by the larger volumes from Madagascar. In week 50, rates of the last air-freight batches fell because of the first sea-freight Madagascan batches entering the market.

From week 51, sea-freight litchis took over. As for sea-freight fruit, prices fell into line with prices for South African produce. They registered little variation (2.50-3.00 euros/kg) over the four weeks of the campaign. Sales proved to be more difficult at the beginning of the year, since they involved fruit out of storage, with quality gradually deteriorating. Demand was also much lower after the end-of-year festivities.

Mozambique is gradually establishing itself in the litchi industry landscape, with generally good-quality produce, inspired largely by South Africa. The technical and logistical support of this “mentor” enables complementarity between the two origins, whose production zones undergo major meteorological variations, affecting exportable quantities of fruit ■

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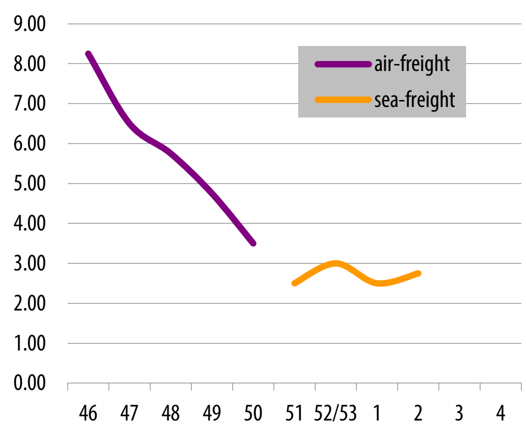
Air-freight Mozambican litchi
Average import price in France in 2019-20
(in euro/kg per week | source: Pierre Gerbaud)



Litchi – 2019-2020 campaign
Reunion

A campaign of setbacks

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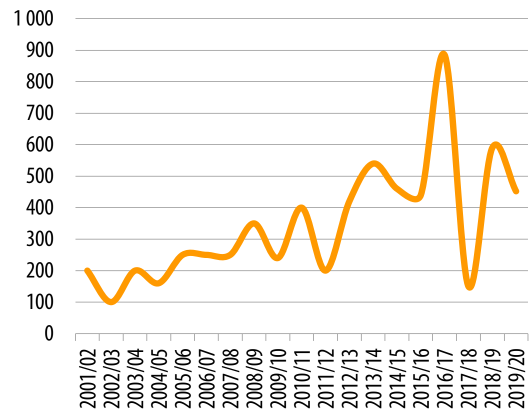
After a practically non-existent litchi campaign in 2017-18, Reunion was back on the road to growth the following year, shipping nearly 600 tonnes. The 2019-20 campaign appears to have been down to around 450 tonnes shipped to Mainland France. However, this result is still around average for previous seasons, barring the record from 2016-17 at nearly 900 tonnes. Conversely, Reunion has consolidated its position as the dominant origin for fresh air-freight litchis, which it has made its speciality. For the first time, Reunion inaugurated the litchi campaign, starting in week 45, i.e. a good week earlier than in previous years. True, volumes were marginal and limited to a few boxes, but they kicked off an early season which would prove atypical and difficult. These initial shipments enjoyed the novelty effect, and sold at particularly high prices (20.00 euros/kg), even for this origin renowned for the excellence of its produce. Yet the campaign only really started the following week, with the arrival of fruit from the other Indian Ocean origins (South Africa, Mozambique, Madagascar and Mauritius). The rise in availability led to a considerable, gradual fall in prices, back to a level more in line with normal from previous campaigns. Reunion's produce found itself facing competition from fresh litchis from Mauritius, but the substantial presence of destalked/sulfur-treated fruit also weighed down on sales despite the differentiated segmentation of the fruit placed on the market. Moreover, at the beginning of the season, demand remained hesitant and the high retail prices charged remained discouraging.

The next phase of the campaign proved to be more complicated. The quantities shipped by Reunion rapidly soared, while the Christmas holidays and New Year's Day, a period of greater demand, were still a long way off, and demand remained faint. The sales tempo did not match the volumes available, leading to the formation of stocks particularly damaging for highly perishable fresh litchis. The market saturation forced operators to make big price concessions (5.00-8.50 euros/kg according to the fruit presentation and freshness), in an attempt to get sales moving. Reunion's dominance in terms of tonnages also had repercussions on fresh Mauritian fruit, with its prices registering a considerable fall.

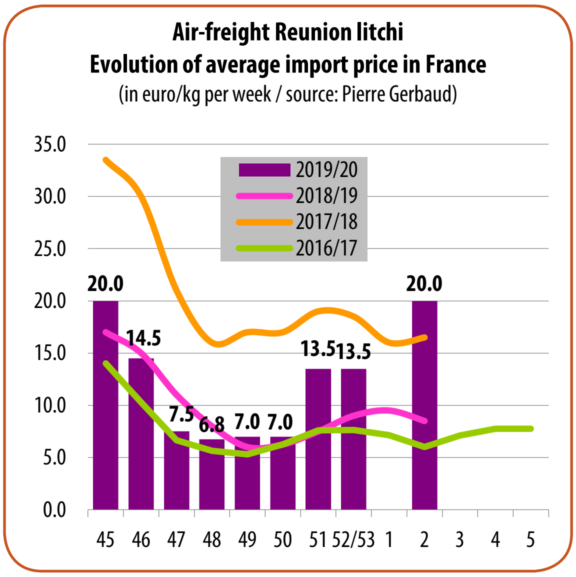
© Guy Bréhinier

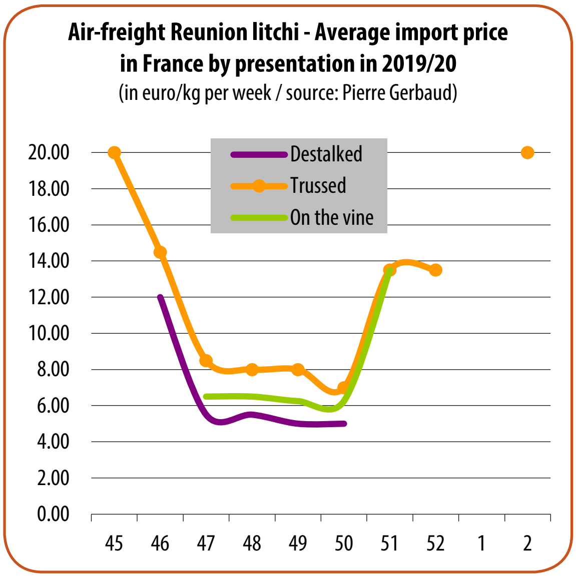
Reunion litchi
Evolution of exports to Europe
(in tonnes / source: Pierre Gerbaud)

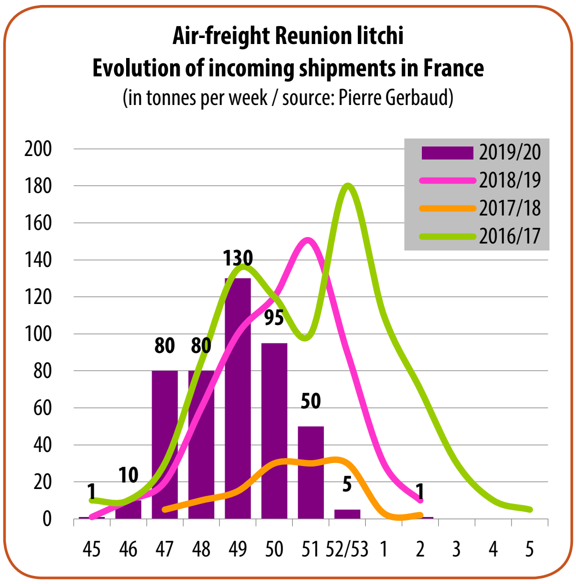


In the first half of December, Reunion's campaign was reconfigured. From week 50, as demand was invigorated, shipments slowed down, going against the usual and logical trade trend. Supply and demand passed each other in opposite directions. At the end of week 50, rates strengthened to back above 10.00 euros/kg for on-stem or trussed fruit, given the fall in availability. Another factor aggravated the sales conditions. The fruit exhibited more fragile quality, and above all a shorter keeping time. Incoming batches earned satisfactory value, but their rapid development most often required rushed sales, i.e. at clearance prices. The reduction in the supply and the increasingly significant quality problems hastened the end of the origin's campaign. At the end of the year, there were practically no Reunion litchis left on the market, with operators preferring to halt procurement rather than offer poor-quality fruit, synonymous with merchandise being returned by the retailers. Curiously, a final shipment was observed in the second week of January, which uncharacteristically sold at the initial campaign price.

Reunion's campaign started early, but also wound down quickly with the end-of-year festivities still in full swing. The inversely proportional supply and demand curve, and the considerable fall in fruit quality ultimately, left the image of a ruined campaign, for this origin which does enjoy a good brand image among the distribution sector and consumers. The 2019-20 Reunion campaign serves to remind us, as if it were necessary, that commercial targets in the fruit sector remain dependent on natural conditions ■







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Litchi – 2019-2020 campaign
Mauritius

A step backward

by Pierre Gerbaud, consultant
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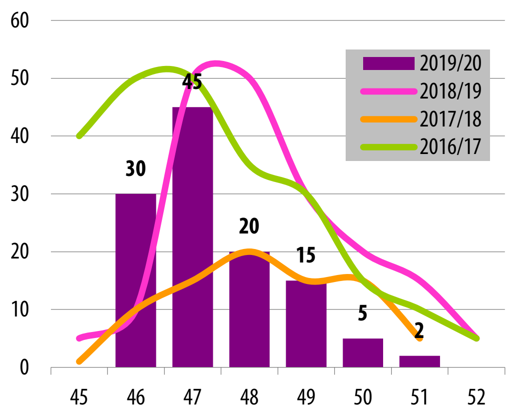
The Mauritian litchi trading campaign had a fairly chaotic and difficult year. Shipments were estimated at around 120 to 150 tonnes, as opposed to approximately 185 tonnes for the previous campaign. Mauritian exports are dependent on the country's production, but also on conditions on the European markets. It remains the smallest Indian Ocean origin in terms of volumes. However, the 2019 campaign was set up very like the other origins in the region, with a marked southern summer, favourable for litchi production. The first shipments were received in Europe at the end of week 45, to enter the market in week 46, i.e. in the second third of November. This was the period when all the Indian Ocean origins were beginning their season. Under the effect of novelty and still restrained quantities, Mauritian litchis sold at high prices, whether for fresh/on-stem fruit (10.00-11.50 euros/kg) or destalked/sulfur-treated fruit (8.00-9.00 euros/kg). With the arrival of sulfur-treated fruit from Madagascar and South Africa in week 47, Mauritian produce fell into line with the competition's prices (6.00-7.00 euros/kg). Mauritian exporters thereafter preferred to ship only on-stem or trussed fresh fruit, to avoid commercial confrontation with the origins providing distinctly bigger volumes. So the campaign continued with practically solely fresh fruit. However, the situation did not improve for Mauritian produce, due to the strong competition from Reunion fruit, shipped in quantity and enjoying a higher market profile and a better brand image. Mauritian litchis sold at around 6.00 euros/kg, a long way off the prices at the start of the campaign. The campaign came to a hasty end, with volumes rapidly shrinking. Only marginal quantities remained during the end-of-year festivities, while demand gathered pace and prices bounced back. This premature stoppage was seemingly due to the difficult sales conditions on the European markets, but also to an abrupt fall in volumes of fruit available for export. Mauritian orchards had sustained heavy damage from pests. This phenomenon had already occurred in the past, thereby limiting the litchi trade in terms of both volume and campaign length. Nonetheless, this campaign will be remembered for the ongoing qualitative improvements in Mauritian fruit. The fruit quality, especially in the trussed segment, is often just as good as the competition from Reunion ■

Mauritian litchi
Evolution of incoming shipments in Europe
(in tonnes per week / source: Pierre Gerbaud)



Mauritian litchi
Evolution of average import price in France
(in euro/kg per week / source: Pierre Gerbaud)