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FRuiTROP

English edition

CLOSE-UP

Grapefruit

Cherry imports: European market still restrained

Citrus and exotics: monthly review

http://passionfruit.cirad.fr

World grapefruit production

Fight or cry?

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Citrus canker

Although the decrease in grapefruit consumption is very clear, as is shown in the preceding article, what are the trends upstream at production? **FruiTrop** makes a detailed review of the dynamics of exporting countries in both hemispheres.

Trend still downward in Florida

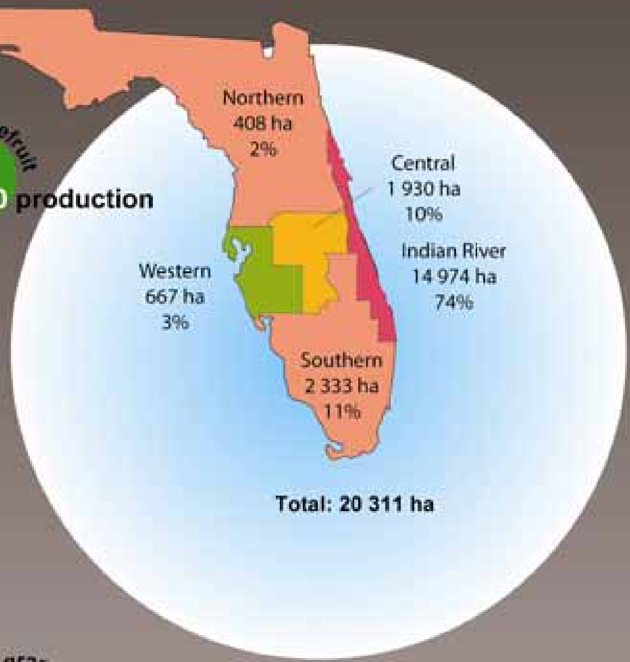
In Florida, adaptation of the production structure to the decrease in demand is not voluntary but something suffered unavoidably. The grapefruit industry there is the world leader by far in all aspects from processing to fresh exports. But the scale is changing. Although there has been better profitability in recent seasons, the sanitary problems suffered still darken the horizon and go a long way towards accounting for the strong decrease in production capacity in the 'Sunshine State'. The change in the total area under grapefruit clearly illustrates the seriousness of the situation. The number of trees has halved in six years from about 10 million before the 2004 hurricanes to hardly more than 5 million in 2010. Greening has had devastating effects and FDOC's most recent forecasts show that it will probably be the sector's biggest enemy in the years to come (see box).

One disease may hide another

Meanwhile citrus canker seems to be causing a very immediate tension in trade in fresh fruits. The hurricanes that swept the area in 2004 and

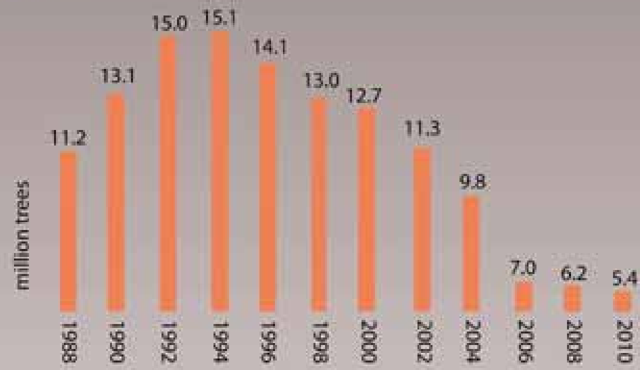
Florida grapefruit

Florida grapefruit 2010 production

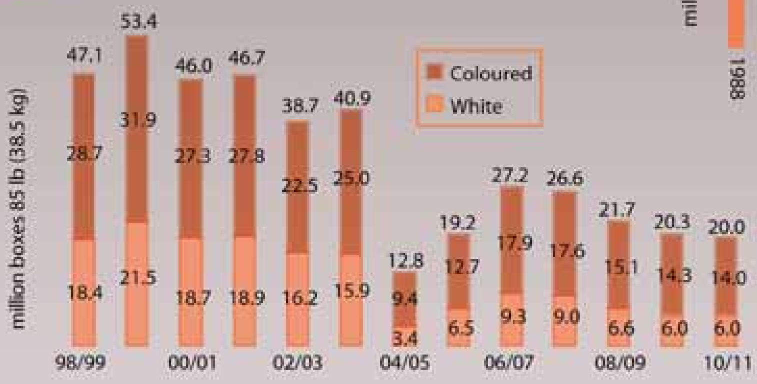


Florida grapefruit Margin at production

Florida grapefruit Planted areas



Florida grapefruit Production



Florida grapefruit Exportations

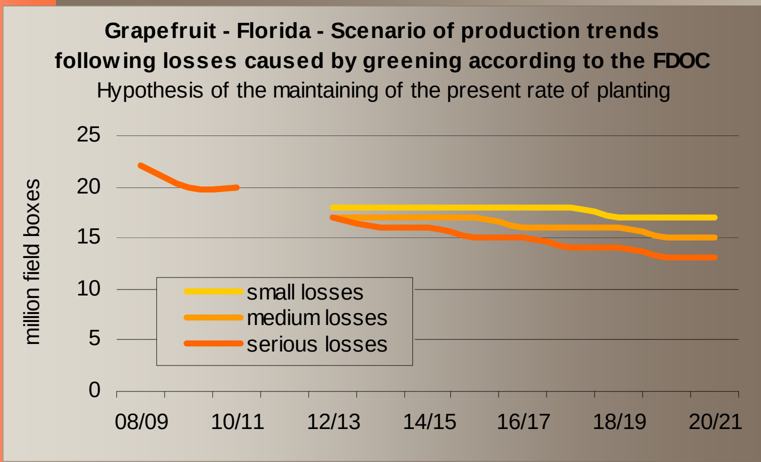
Million boxes 42.5 lb / 19.25 kg

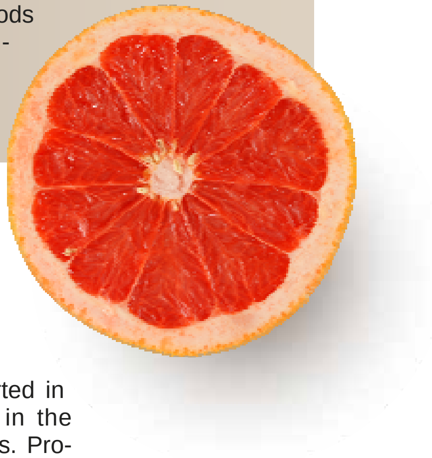
Season	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11
Total, incl.	**33.9**	**31.9**	**31.8**	**28.3**	**30.1**	**13.4**	**12.5**	**20.6**	**19.8**	**17.4**	**17.4**	**15.5**
Japan	10.9	10.7	11.2	10.2	12.1	4.8	4.6	7.9	7.0	6.0	6.3	5.4
USA	13.2	11.6	11.1	9.9	9.0	4.9	4.8	6.8	6.2	6.0	6.1	5.5
EU	6.4	6.6	6.6	6.2	6.9	2.8	2.1	4.4	5.0	3.9	3.5	3.1
Canada	2.3	2.2	2.2	1.6	1.8	0.8	0.8	1.3	1.2	1.1	1.2	1.1
Others	1.1	0.7	0.7	0.3	0.6	0.1	0.2	0.3	0.5	0.3	0.4	0.4

Source: USDA / Processing and presentation: Chez Vincent, Cirad-FruiTrop

Greening in Florida

Although the horizon is not completely black in Florida, the future is not too good according to the long-term production forecasts (horizon 2020-2021) published by the Florida Department of Citrus in February. The scenarios described and which vary mainly according to the degree of incidence of greening and the rate of replanting all indicate a continued decrease in production. The most probable one is not likely to be the worst. It is true that greening has spread strongly, with 8 to 9% of the trees in Florida displaying symptoms—a figure that can probably be doubled given the number of healthy carriers of the disease. However, the comparatively old age of the orchards and the progress made in control of the disease (mainly in management of the psyllid vector by means of the organisation of joint spraying, including coverage of abandoned groves) lead to considering that the extreme tree loss scenarios can be avoided. However, there remains a recent phenomenon whose importance has yet to be measured. This is the appearance of resistance to certain insecticides. The present replanting rate representing half of the trees lost and nursery production capacity suggest that the most optimistic scenarios should also be discarded. On the basis of this double assumption, the harvest would decrease from about 20 million boxes to 15 million by the end of the decade (- 25%). According to the FDOC, these production levels would enable the sector to maintain its viability while waiting for new management methods and in particular greening-resistant plants.

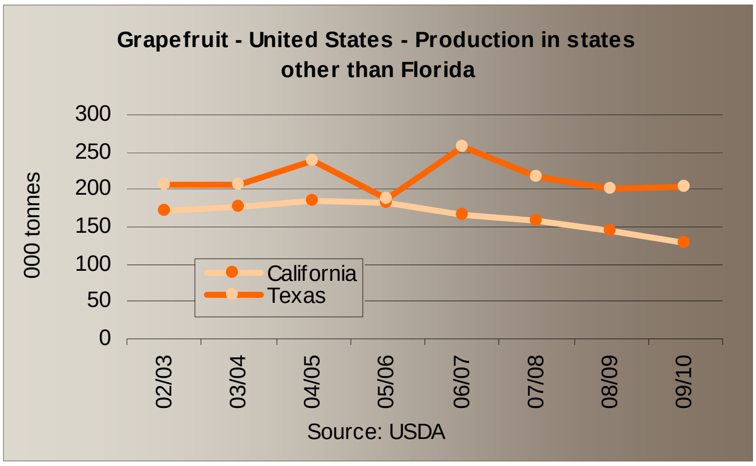




2005 made the policy of eradicating this disease impossible. Citrus canker has since spread to all the counties. Although, unlike greening, the disease does not kill the tree it reduces yields and causes blemishing of the surface of the fruits, making them unsuitable for sale fresh. It is also a quarantine disease on certain export markets and these impose sanitary procedures. The regulation in force to protect EU production is very strict and requires not only the monitoring of fruits at the packing station but also an orchard registration procedure after inspection. The preliminary export statistics for the 2010-11 season seem marked by the worsening of the problems caused by this disease. Small fruits size and probably canker as well have caused a distinct decrease in the proportion of production devoted to the fresh fruit market, which has dropped from about 48% in 2009-10 to 43%. As a result, exports that had stabilised at slightly more than 10 million boxes in 2008-09 and 2009-10 decreased by a million boxes in 2010-11. This is double punishment for growers who, in addition to seeing their crop dwindle also suffer from a decrease in the proportion of production that can be sold fresh, the more profitable segment of the market.

No enthusiasm in the other US producer states

No particular enthusiasm is to be reported in the other grapefruit producing states in the United States. Areas are stable in Texas. Production potential is still 200 000 to 250 000 t, with the harvests of the last two seasons towards the lower end of the range because of

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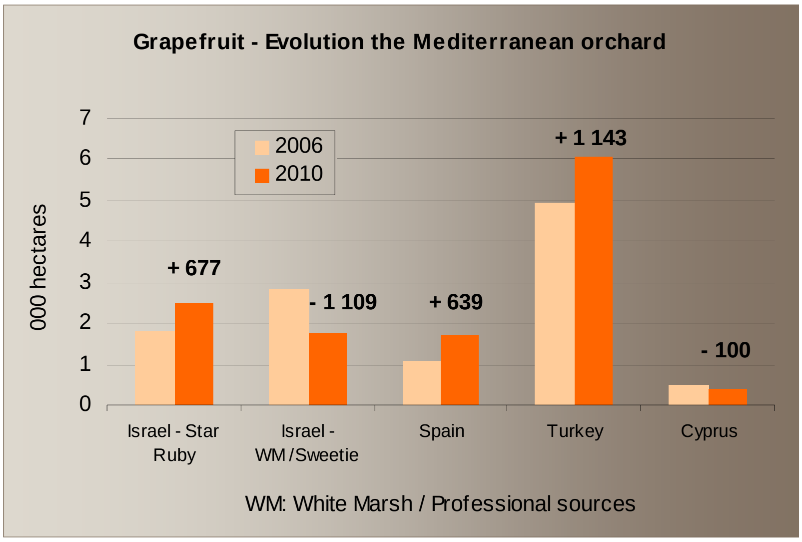
meteorological events. Most of the fresh fruits forming some 55% of production are still sold on the domestic market. In contrast, production is clearly decreasing in California. Producers are hard-hit by the decrease in demand with even the Inland Empire groves (Hemet, Temacula) affected, even those these have a summer production calendar that protects them from competition from the large producer states mentioned above. The Californian harvest dwindled from about 180 000 t in the mid-2000s to hardly 130 000 t in 2010.

End of the planting trend in Israel

Although spared from the scourge of greening, Mediterranean production is also stagnating or even decreasing. Rendered euphoric for a while by the gap left by Florida, producers have become more cautious as demand is slow. Israel is probably where the grapefruit speculative bubble burst most clearly. The second part of the 2000s was marked by the large-scale plant-



ing of 'Star Ruby', with a little more than a thousand hectares newly planted or renewed from 2005 to 2007. Given the limited labour and water resources, this dynamics was at the expense of the least profitable varieties. Three varieties were grubbed up in particular: 'Marsh', delivered to a saturated juice market, 'Sweetie', which fell victim of lack of enthusiasm from the Asian clientele and 'Goliath', felled by Chinese shaddock. The enthusiasm for 'Star Ruby' has waned in recent years: the annual planting rate was still slightly over 100 ha in 2009 but no more than about 30 hectares in 2010. Easy peelers, and especially 'Or', formed practically all the 1 200 to 1 300 ha of citrus planted in the last two years. However, production should increase in the coming years. The 4 400 ha of 'Star Ruby' counted in 2010 should finally give production of about 300 000 t.

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Dwindling profitability halts planting in Turkey

Grapefruit no longer seems to be a star crop for Turkish growers. In spite of the 150 000 t exported in 2009-10 and an increase of 50 000 t per year since the mid-2000s, the wave of planting has fizzled out, as in Israel. However, this source still possesses one of its major assets, that is to say its very strong anchorage in the Eastern European markets where the Turkish sector profits from its proximity and the special family organisation that makes it possible to ensure payment in countries were the risk of bad debts is very high. Furthermore, Iraq is now a new market and is playing an important role, especially for small fruits. Volumes of the latter were still insignificant in 2005 but exceeded 4 000 t in 2010. However, profitability has decreased considerably and is now disappointing, as is shown by the customs values mentioned in the preceding article. In this context, the total area has stabilised at about 6 000 ha according to official sources, with growers preferring to develop the production of much more lucrative easy peelers. The increase in grapefruit production expected in the years to come should be more moderate than that of the last part of the 2000s and be limited to the increase in production of the last groves planted. The reconversion of a large proportion of the areas under 'Marsh' and 'Ruby Red' into 'Star Ruby' (and also 'Rio Red' which lengthens the season) should probably help to strengthen exportable potential to a volume slightly greater than the growth of production.

Cyprus running dry

Some countries have to face very handicapping weather conditions. This is the case of Cyprus where the grapefruit sector, and the citrus sector in general, is declining in particular as a result of recurrent drought throughout the 2000s. The production recovery observed in recent seasons was very much a one-off affair and not the reflection of dwindling orchards. The total area has decreased by two-thirds in 15 years and was estimated to be about 500 ha in 2009. Exports totalled some 50 000 t per year at the beginning iof the second half of the 2000s but were only 15 000 t in 2008-09 before the conjunctural recovery to 25 000 t that has already been mentioned.

A little planting in Spain... for lack of an alternative

Growth of the sector in Spain seems much weaker than it was just after the Florida hurricanes, when the planted area increased by nearly 400 ha from 2006 to 2008, exceeding a total of 1 400 ha. However, it seems to have recovered after a short pause in 2009. Official and professional figures show that the area is still developing in Murcia and more moderately in Andalusia (from Janda to Cadiz, from La Costa to Huelva and above all near Seville where most of production is concentrated in the La Vega/La Campina zone). The context accounts for this remaining measure of dynamism. The economic situation is difficult in Spain and although producers' returns are decreasing, they are still greater than those of other citrus crops like lemon and orange that experience regular crises.

What is happening around the pyramids?

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Might Egypt be one of the last Mediterranean sources whose production is increasing significantly, to the point of joining the major supplier countries? It is difficult to assess production levels and dynamics (professionals talk in terms of 60 000 t). Grapefruit is still very marginal in comparison with orange which is the leading citrus crop in the country with two million tonnes. However, the development of grapefruit at the international scale shows that the sector is developing. Exports increased from about 1 000 t in the mid-2000s to nearly 20 000 t in 2009-10. Production today is shipped mainly to Saudi Arabia (two-thirds of the total) and to Eastern Europe (10% of the total, shipped mainly to Russia).

Corsica: an original approach based on quality is paying off and will soon be registered!

Growers in Corsica have concentrated on quality in recent years. The excellent position that this source has gained on the French market is the obvious symbol of a successful approach. The optimisation of fruit sugar content thanks to a harvest that starts only in April, absence of treatment after harvesting and a limited grove to sales time are strong signs of credibility with both retail distributors and consumers. These criteria should shortly be guaranteed by a PGO. But the area under grapefruit is stable and limited to about 150 hectares. The technical difficulties involved in growing fruits that can be sold fresh with a good yield make most producers cautious.

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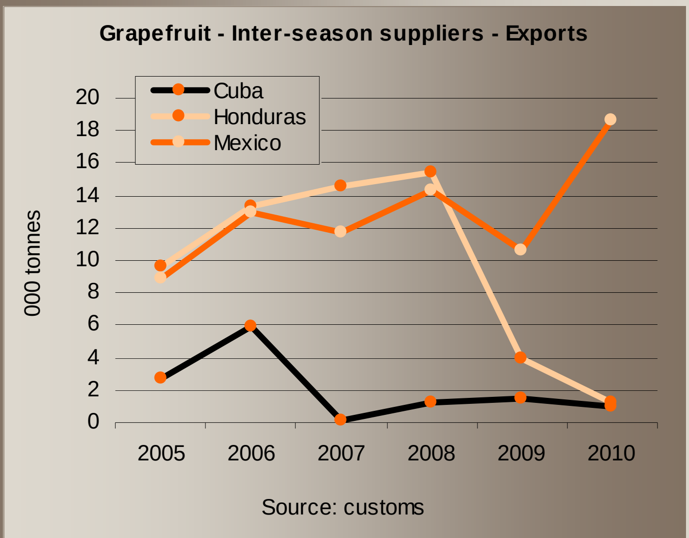

Grapefruit — Inter-season origins — Exports

tonnes	2005	2006	2007	2008	2009	2010
Cuba	2 717	5 951	159	1 268	1 500	1 000
Honduras	9 648	13 372	14 537	15 477	3 998	1 269
Mexico	8 870	12 923	11 674	14 338	10 656	18 697
Total	**21 235**	**32 246**	**26 369**	**31 083**	**16 154**	**20 966**

Sources: national customs, COMTRADE

Profound reorganisation of the porfolio of supplier countries during the inter-season

Deep-seated changes have also taken place in recent seasons in Central America, with most of the source countries shipping during the window running from the end of the winter season to the beginning of the summer crop. The historical leaders have lost their positions in a context of dwindling demand. Europe imports most of the fruits for this special segment and its average imports have decreased from about 25 000-30 000 t to 20 000-25 000 t in recent years.

Honduras, which exported 10 000 to 15 000 t per year, mainly to the EU, has practically disappeared from the grapefruit export scene. Shipments totalled only 6 000 t in 2009 and hardly exceeded 1 000 t in 2010. Faced with recurrent problems of fruit keeping quality, the main operator, a sugar group, has ceased diversification into fruit and is refocused on its core activity.

Cuba has declined in a similar way. The sector was already fragile in economic terms and was considerably weakened by several hurricanes and by the arrival of greening in 2008. Exports have been marginal since 2007. Might we see a recovery in the coming seasons, as it has been promised in numerous press releases in recent months? The 2007 plan for the re-launching of citrus growing could have made it possible to replant large areas at Jaguey Grande, the main production zone on the island, and to re-launch operations at Ceiba, where 6 000 ha had had to be grubbed up. However, the effects of the plan have yet to be seen. According to the national statistics office, both the orchard area and production are still decreasing. The 2010 citrus harvest was estimated to have been 320 000 t. This is 40% of that of 2004!

Mexican toronja is taking over during the inter-season

It is clear that Mexico has gained the inter-season shares lost by the other sources. The planted area is fairly stable at an estimated 450 ha in Yucatán, a historical supplier of the European market. Although a psyllid vector of greening was detected in 2009, the disease seems to have spared the commercial groves. The export potential is therefore unchanged at some 5 000 to 8 000 t per year, shipped mainly to the EU and Canada. The figure should return towards the bottom of the range this season after a strong decrease in production in 2010 for meteorological reasons. The improvement is to be sought on the Pacific coast in Michoacán, hitherto known more for its avocados. Production potential has existed for a long time. The citrus area is protected from the hurricanes that sometimes hit the Gulf of Mexico and is the second largest in Mexico after the state of Vera Cruz. However, most of the crop was sold on the domestic market until the end of the 2000s when a producer launched sales on the international market and made the state the country's leading export area. Volumes have continued to increase in recent years as the planted area has increased. The total exceeded 10 000 t last year. Supply is now divided equally between pink ('Ruby Red') and red fruits ('Star Ruby' and 'Rio Red'), whose share has increased in recent years.

The South African grapefruit sector at a crossroads

It tends to be a time for asking questions in South Africa, the world leader during the summer season. It is true that exports have been practically stable in recent years at about 200 000 t. However, the downward trend of the Western European and Japanese markets that take some 80% of volumes is a worrying feature. Shipments to Russia are tending to increase but are still moderate, with slightly over a million boxes in 2010, that is to say about 10% of the total volume. In addition, the alternative markets are still limited in scale and are not wildly dynamic. Will the new stimulus for exports come from the United States, open since 2010 to certain grapefruit production regions that are free of black spot? It is still too soon to be sure. Given these features, it can be understood that producers display great caution in their investments. However, the sector is at a crossroads: about 40% of the 9 000 ha of grapefruit groves is more than 15 years old and should be replaced within five years to maintain productivity and hence satisfactory profitability. The current planting of 300 to 400 ha per year is clearly not enough to attain this objective. Will South African production decrease in the medium term? Nothing is final yet as producers have been investing in the downstream part of the chain since 2010, using advertising campaigns to re-launch demand in Japan and the United Kingdom.

Dancing over in Argentina?

It is the moment for radical decisions in Argentina, the second largest exporter in the southern hemisphere. Faced with a decrease in profitability and the poorer image of certain brands than those of their South African competitors, a large number of growers have decided to throw in the sponge. Thus 30% of the planted area of

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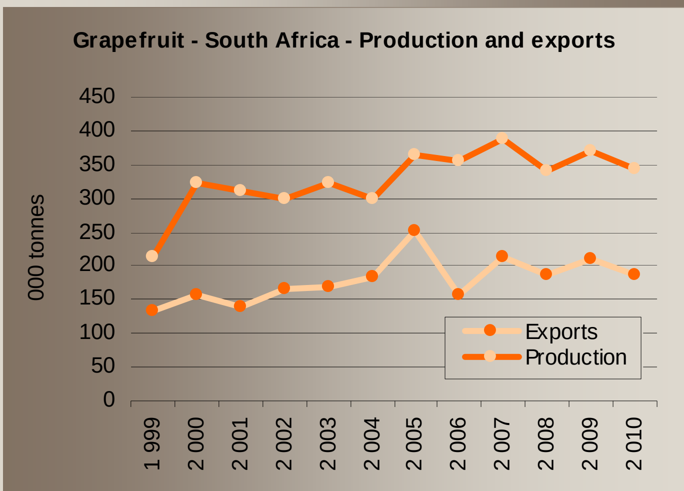
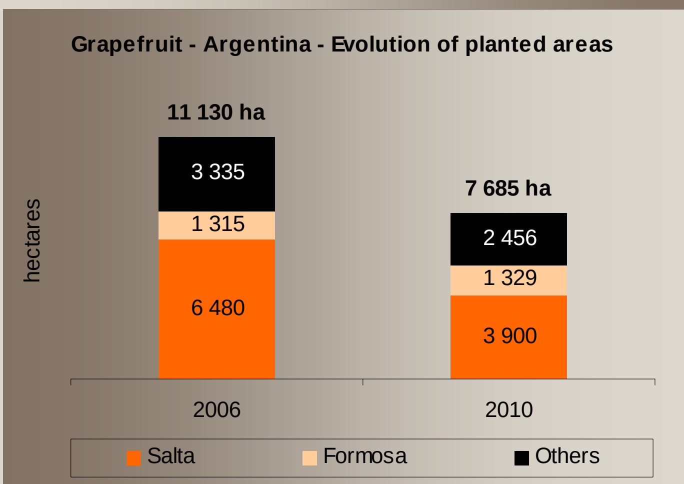


Source: CGA

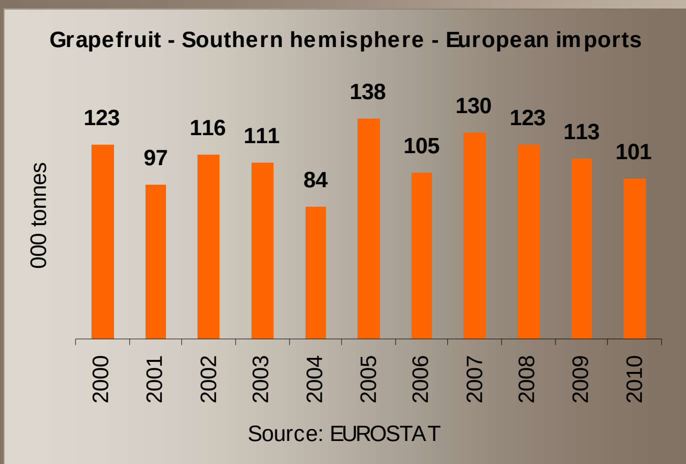


Source: FEDERCITRUS

A larger summer grapefruit season than in 2010 in the EU but a more open market

After a light 2010 season, supply of the community market should return to a stronger level in summer 2011. The potential of South Africa, the leading exporter during the summer season, should be some 13 million 17-kg boxes (that is to say about 220 000 t). Although this is a strong 16% up on the last season, it should be seen in relative terms as this is only 8% more than the average for the last 8 years. The question of allocation by destination becomes a more thorny one. Will Japan, the main destination for South African grapefruit, be able to take the usual volumes, given the disorganisation of its infrastructure? The reply seems to be fairly positive downstream as the Florida season seems to have stimulated demand. Upstream, fruit size was initially forecast to be small but finally should not be a limiting factor as the proportion of large fruits will be greater than expected during the start of the season. This should also make it possible to maintain substantial shipments to the Russian market where there is demand for large fruits.

These conditions mean that the volumes destined for the EU should be entirely manageable, especially as another advertising campaign in the UK should stimulate demand. In addition, competition from Argentina should be very limited. The withdrawal from the sector of an increasing number of growers is seen increasingly distinctly in exports. Thus even if an increase in export potential is announced for 2011, the volumes should hardly exceed 10 000 t and will remain well short of the 20 000 to 30 000 t seen until 2009. Cumulated exports at the end of May did not exceed 4 000 t against 5 000 t in 2010 and more than 10 000 t from 2007 to 2009. Finally, the trading window should be larger at the beginning of the season because of the fairly early dwindling of shipments from winter sources. In contrast, volumes from Mexico should return to a stronger level after a light season from fruits from the Yucatán in 2010. Normal volumes are forecast in this province and those from Michoacán should increase slightly. The first fruits should be delivered towards mid-August, with quantities increasing from the beginning of September.



Grapefruit — World exports

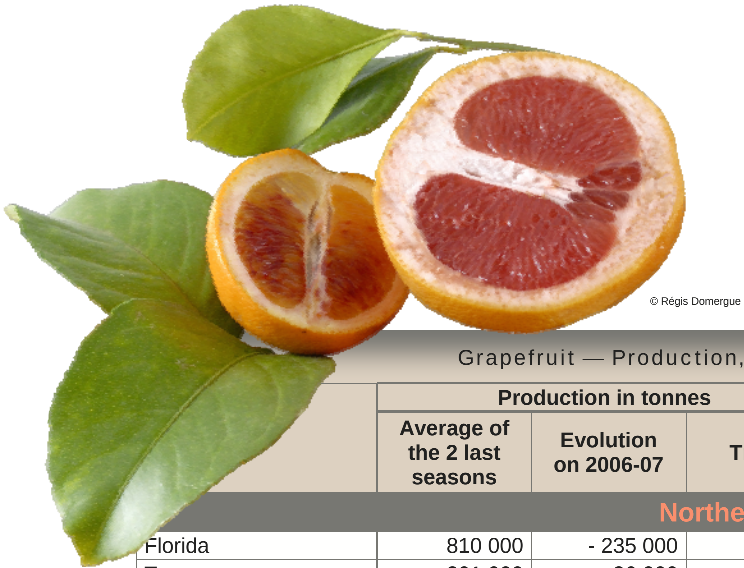
tonnes	2003	2004	2005	2006	2007	2008	2009	2010
South Africa	169 035	184 451	251 345	157 792	214 620	186 400	199 504	187 056
Argentina	28 995	31 358	35 813	19 987	29 276	33 306	17 892	10 999
Chile	933	3 255	1 358	3 946	1 540	1 813	1 474	1 554
Peru	1	20	20	23	131	28	206	*278*
Uruguay	1 557	1 867	1 385	2 335	1 200	265	300	*146*
Australia	nd	nd	nd	nd	415	248	400	474
Total	**200 520**	**220 952**	**289 920**	**184 082**	**247 181**	**222 060**	**219 776**	**200 507**

Professional sources

11 000 ha (2006) has been grubbed up. This means 3 500 ha. This massive trend first affected Salta province, the site of more than half of the area and most of the operators growing export grapefruit. Growers have often replaced grapefruit by crops like sugar cane or soya that are more profitable and less exposed to the serious phytosanitary threats that, unfortunately, seem to be approaching (an Asian psyllid that is a vector of the most severe form of greening but which did not carry the disease was identified in May in Tucuman province). This accounts for the drastic fall in production, which fell to less than 200 000 t in 2010 in comparison with 260 000 to 270 000 t in the mid-2000s. The decrease in exports has been just as marked, with hardly 10 000 t in 2010 against 25 000 to 30 000 t until 2008.

Take up the challenge or give up?

It is clear that all the producer countries in the world have taken the measure of the decrease in global demand. With rare exceptions, the hope of gaining market shares that Florida lost because of the hurricanes in the mid-2000s has been replaced by a feeling of resignation. World cultivated areas are stable or decreasing as in recent years in the Mediterranean, in the southern hemisphere and in Central America, contributing to maintaining a balance between the decrease in world demand in all supply calendar segments. However, there remains the winter market to take the production of the groves planted in the Mediterranean in the mid-2000s that have not yet attained their full crop potential (probably 100 000 to 120 000 t as the areas under coloured grapefruit are estimated to total 2 000 ha). The Eastern European markets are the only ones to display growth dynamics and seem to be able to take these volumes, given the per capita consumption of only 500 g per person per year in Russia and hardly more than 1 kg per person per year in the eastern EU member countries. The price conditions remain to be seen. Even if on paper at least 'it works', it can be regretted that the grapefruit industry, especially in the Mediterranean region, favours this resignation that condemns the planted areas to stability. A good grapefruit can clearly attract more than one consumer in two or perhaps in four, this being the current penetration on many European markets. The attitude of producers in South Africa who wish to give the fruit a fresh chance by investing downstream before taking serious decisions as regards planting should be considered once again. The ball is in the court of the Mediterranean inter-branch associations who can encourage their members to take up the challenge by starting discussions of a parafiscal tax for promotion purposes and a quality charter. Will producers go along with this? It would be reassuring if their response were as rapid as their decision to plant in the mid-2000s after the collapse of production in Florida ■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Grapefruit — Production, planted areas and world exports

	Production in tonnes			Orchard in ha		Exports in tonnes	
	Average of the 2 last seasons	Evolution on 2006-07	Trend	2010	Evolution on 2006	Average of the 2 last seasons	Evolution on 2006-07
Northern hemisphere							
Florida	810 000	- 235 000	↘	20 300	- 5 400	218 000	- 46 000
Texas	201 000	- 36 000	=	7 500	=	nd	
California	137 000	- 25 000	↘	3 900	=	nd	
Total USA	**1 148 000**	**- 296 000**	↘	**31 700**	**- 5 400**	**246 000**	**- 74 000**
Israel	208 000	- 25 000	↘	3 630	- 70	71 000	=
Turkey	285 000	+ 81 000	=↗	6 060	+ 1 140	150 000	+ 18 000
Spain	54 000	+ 9 000	=↗	1 509	+ 448	50 000	+ 12 000
Cyprus	49 000	+ 8 000	↘↘	400	- 100	28 000	+ 9 000
Total Mediterranean	**596 000**	**+ 73 000**		**11 599**	**+ 1 418**	**299 000**	**+ 39 000**
Yucatan	11 700	+ 5 000	=	446	+ 40		
Michoacan	56 000	+ 6 000	=↗	4 420	+ 181		
Total Mexico	428 000	+ 41 000		18 466	+ 1 001	14 700	+ 2 400
Cuba	143 800	- 11 000	↘	5 600	- 400	1 250	- 1 800
Honduras	11 500	- 8 500	↘↘	550	- 850	2 600	- 11 300
Total inter-season	**223 000**	**- 8 500**		**11 016**	**- 1 029**	**18 550**	**- 10 700**
Total N. hemisphere	**1 744 000**	**- 223 000**		**54 315**	**- 3 982**	**563 550**	**- 45 700**
Southern hemisphere							
South Africa	356 000	- 15 000	=↘	9 140	+ 690	199 000	- 5 000
Argentina	213 000	- 49 000	↘↘	7 685	- 3 500	14 300	- 15 000
Total S. hemisphere	**569 000**	**- 64 000**		**16 825**	**- 2 810**	**213 300**	**- 20 000**

Professional sources, customs