

# Messy ending to South Africa's Valencia season



"Lemons performed pretty well after everyone was readying themselves for complete disaster. But the nosedive that Valencias took was not anticipated. Everyone was expecting a corker of an orange season and it turned out the opposite, especially the last third," recounts the local buyer for a European importer who asks not to be named.

Four months ago, it seemed so simple: orange export prices would need to meet or exceed a basement price laid by the historically high orange juice price (caused by huanglongbing in Brazil's orange groves) or else growers would rather safely bank their oranges through a local juicing programme.

"And then there were just so many things that happened on the production side this year: there was frost, there was rain, floods, hail, creasing, so many variables which made it very difficult," he continues. "Buyers were expecting less volume, even that the market could run empty. All signals indicated a very early finish to South Africa's Valencias."

Several downgrades to the Valencia export estimate strengthened this perception.

Meanwhile, behind the scenes a scenario was playing out which for weeks was not evident in the shipping data: for three weeks in September vessels did not load for Europe from Port Elizabeth as a result of gale force winds and high ocean

swells, followed by port inefficiencies to deal with the backlog.

"We continued harvesting and packing during those weeks," says an Eastern Cape grower-exporter, "we kept on sending fruit to the overflowing cold rooms, and this is significant because before fruit has been loaded, it does not appear in the shipping data, which is what buyers are watching, so they didn't know what was happening."



### **"Big wave" caught orange importers off guard**

Buyers were "screaming for fruit" until the first half of October when three vessels arrived in one week in Europe and the shortage suddenly became a glut.

"Our citrus arrived in a big wave and then there were further delays especially sending to Italy, Spain and Portugal by sixteen to as much as 21 days... Suddenly there was way more fruit than they had been led to believe and Spain being early on Navelinas... it was a huge challenge," says the exporter who also speaks on condition of anonymity.

The representative of a European importer maintains that news of the large concurrent shipments underway had not been clearly signalled to buyers and they panicked, he says, sitting on volumes that were not moving. Many have incurred big losses because the price basically collapsed.

"Buyers had agreed to a price based on expectations of lower available volumes and then the opposite happened and they dropped the price to sell."

Some flatly refused to accept receipt of their belated orders. "Some simply said: 'I needed your fruit three weeks ago, now you've sent it all in one go. And not only you but the whole of South Africa.' A season like this shows up which of your clients act like they really are your partners," says the grower-exporter.

They tried to divert their oranges to Canada, he continues, but in Montréal they ran into the protracted portworker strike. "Sometimes it feels like you just can't win."

According to the Citrus Growers' Association, a total of 48.7 million cartons of Valencias were packed this year. "Notably, this is 4.7 million less than in the 2023 season and is a significant 16% shortfall from the initial estimates." The juice dynamic's effect on the fresh market merits a close look, it adds. "It is possible that the processing option could influence marketing decisions for the next two seasons, or even longer."

"I think the lesson to be learned is that a high juice price doesn't necessarily translate to high prices in fresh markets," observes the buyer. "You can get importers to agree to minimum guaranteed prices but you can't predict what a consumer will be willing to pay for citrus while there's a lot of summer fruit around."

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