Minutes of Freshfel -SHAFFE Citrus Teleconference
22 April 2013

FreshfelłSHAFFE Secretariat

23 April 2013

Introduction:

- The discussion will by no means involve matters or topics which could influence market prices or volumes and that the exchange of data and information is strictly limited to matters which do not interfere with competition or anti-trust legislation.
- The minutes and data from the meeting will be made publicly available to ensure the transparency of the discussion also for non-members. This discussion is in line with the European Commission (DG AGRI) policy on market transparency and information of its expert group.
- The teleconference reviewed first the forecasts for production in Sothern Hemisphere countries, followed by a review of the current situation on key markets based on the Northern Hemisphere season outlook in the main Northern Hemisphere markets.
- Participants included representatives from South Africa, Australia, Argentina, Israel, USA, Greece, Cyprus, Spain and Turkey, with market representatives from Spain Input was also received from Uruguay and Chile.

A summary of the Southern Hemisphere season 2013

Production and export forecast for the countries, like Uruguay, Chile and Peru, was calculated by Freshfel ï SHAFFE secretariat based on the based on the indications provided by the representatives (marked in red).

PERU						
Production	2010	2011	2012	2013	Var 2013/2012	Var 2013/Av 03/12
Oranges	391.234	380.000	405.120	445.632	10,00%	23,68%
Mandarins/tangelos	292.852	250.000	276.000	303.600	10,00%	44,72%
Lemons /Limes	222.032	220.000	237.600	261.360	10,00%	10,77%
Grapefruit	4.000	4.000	4.650	5.115	10,00%	24,59%
Total	910.118	854.000	923.370	1.015.707	10,00%	25,37%
Export	2010	2011	2012	2013	Var 2013/2012	Var 2013/Av 03/12
Oranges	7.538	8.000	11.000	12.100	10,00%	127,07%
Mandarins/tangelos	58.575	60.000	69.700	76.670	10,00%	84,76%
Lemons /Limes	2.130	2.000	2.550	2.805	10,00%	134,87%
Grapefruit	278	250	390	429	10,00%	283,38%
Total	68.521	70.250	83.640	92.004	10,00%	91,15%

URUGUAY						
Production	2010	2011	2012	2013	Var 2013/2012	Var 2013/Av 03/12
Oranges	154.210	135.180	156.237	128.896	-17,50%	-9,20%
Mandarins	121.445	93.407	120.097	99.080	-17,50%	68,81%
Lemons	37.656	38.215	39.965	32.971	-17,50%	-57,34%
Grapefruit	1.897	3.570	2.480	2.046	-17,50%	-58,45%
Total	315.208	270.372	318.779	262.993	-17,50%	-7,03%
Export	2010	2011	2012	2013	Var 2013/2012	Var 2013/Av 03/12
Oranges	82.612	76.050	85.000	70.125	-17,50%	-10,47%
Mandarins/tangelos	51.991	43.100	45.000	37.125	-17,50%	-11,20%
Lemons /Limes	15.669	14.500	15.000	12.375	-17,50%	-13,61%
Grapefruit	34	355	182	150	-17,50%	-84,27%
Total	150.306	134.005	145.182	119.775	-17,50%	-11,55%

ARGENTINA						
Production	2010	2011	2012	2013	Var 2013/2012	Var 2013/Av 03/12
Oranges	833.486	1.130.074	429.000	600.000	39,86%	-30,13%
Mandarins	423.737	554.640	166.500	250.000	50,15%	-40,03%
Lemons	1.113.375	1.400.000	1.250.000	1.350.000	8,00%	-1,08%
Grapefruit	188.820	172.382	100.000	83.000	-17,00%	-60,49%
Total	2.559.418	3.257.096	1.945.500	2.283.000	17,35%	-19,91%
Export	2010	2011	2012	2013	Var 2013/2012	Var 2013/Av 03/12
Oranges	161.784	129.518	50.000	50.000	0,00%	-63,63%
Mandarins/tangelos	119.867	118.302	97.500	80.000	-17,95%	-11,29%
Lemons /Limes	259.831	244.105	257.400	300.000	16,55%	-4,15%
Grapefruit	10.999	10.484	2.400	3.000	25,00%	-86,31%
Total	552.481	502.409	407.300	433.000	6,31%	-23,03%

SOUTH AFRICA						
Production	2010	2011	2012	2013	Var 2013/2012	Var 2013/Av 03/12
Oranges	1.525.509	1.362.890	1.454.444	1.650.157	13,46%	27,91%
Mandarins	158.726	166.948	184.142	165.180	-10,30%	-52,49%
Lemons	229.943	232.472	239.309	265.434	10,92%	33,26%
Grapefruit	340.927	395.237	390.899	419.001	7,19%	11,41%
Total	2.255.105	2.157.547	2.268.794	2.499.772	10,18%	12,96%
Export	2010	2011	2012	2013	Var 2013/2012	Var 2013/Av 03/12
Oranges	1.045.254	951.417	1.076.896	1.088.176	1,05%	21,57%
Mandarins/tangelos	113.034	103.564	114.000	122.657	7,59%	15,92%
Lemons /Limes	144.829	161.317	155.000	167.106	7,81%	30,78%
Grapefruit	187.056	236.612	195.000	224.365	15,06%	12,26%
Total	1.490.173	1.452.910	1.540.896	1.602.304	3,99%	20,60%

AUSTRALIA						
Production	2010	2011	2012	2013	Var 2013/2012	Var 2013/Av 03/12
Oranges	350.000	460.000	380.000	430.000	13,16%	-10,02%
Mandarins	115.000	110.000	100.000	104.000	4,00%	3,11%
Lemons	30.000	28.000	28.000	25.000	-10,71%	-0,62%
Grapefruit	11.000	8.000	7.000	11.000	57,14%	37,36%
Total	506.000	606.000	515.000	570.000	10,68%	-6,85%
Export	2010	2011	2012	2013	Var 2013/2012	Var 2013/Av 03/12
Oranges	91.311	112.102	137.858	140.000	1,55%	20,00%
Mandarins/tangelos	22.745	35.650	33.596	35.000	4,18%	20,42%
Lemons /Limes	433	297	446	500	12,11%	-40,13%
Grapefruit	474	364	867	1.000	15,34%	115,88%
Total	114.963	148.413	172.767	176.500	2,16%	20,05%

CHILE						
Production	2010	2011	2012	2013	Var 2013/2012	Var 2013/Av 03/12
Oranges	220.000	225.000	226.000	223.974	-0,90%	33,88%
Mandarins	59.000	64.000	68.000	63.750	-6,25%	77,08%
Lemons	225.000	228.000	232.000	219.235	-5,50%	18,12%
Grapefruit	8.000	8.000	8.000	7.692	-3,85%	5,37%
Total	512.000	525.000	534.000	514.651	-3,62%	29,90%
Export	2010	2011	2012	2013	Var 2013/2012	Var 2013/Av 03/12
Oranges	52.645	63.238	69.078	72.532	5,00%	110,80%
Mandarins/clementines	41.110	47.681	57.149	53.550	-6,30%	92,56%
Lemons /Limes	45.585	47.289	39.759	37.270	-6,26%	-0,96%
Grapefruit	1.503	1.373	1.300	1.000	-23,08%	-41,75%
Total	140.843	159.581	167.286	164.352	-1,75%	61,82%

TOTAL SH						
Production	2010	2011	2012	2013	Var 2013/2012	Var 2013/Av 03/12
Oranges	3.474.439	3.693.144	3.050.801	3.478.659	14,02%	5,53%
Mandarins	1.170.760	1.238.995	914.739	985.610	7,75%	-15,75%
Lemons	1.858.006	2.146.687	2.026.874	2.154.000	6,27%	3,17%
Grapefruit	554.644	591.189	513.029	527.854	2,89%	-13,54%
Total	7.057.849	7.670.015	6.505.443	7.146.123	9,85%	-0,26%
Export	2010	2011	2012	2013	Var 2013/2012	Var 2013/Av 03/12
Oranges	1.441.144	1.340.325	1.429.832	1.432.933	0,22%	13,07%
Mandarins	407.322	408.297	416.945	405.002	-2,86%	20,48%
Lemons	468.477	469.508	470.155	520.056	10,61%	5,11%
Grapefruit	200.344	249.438	200.139	229.944	14,89%	2,18%
Total	2.517.287	2.467.568	2.517.071	2.587.935	2,82%	11,39%

Southern Hemisphere forecast

South Africa:

- Lemons: Expectations positive. Two Cape regions indicate later lemons, overall the packing expectation is about 18% of the total estimated crop will be packed before week 19 ï last year 17%.
- Oranges: Early Navels: wary of late Egyptian oranges in Russia and the Middle East.
- Grapefruit: Alternate ñonò year. Bigger volume, Estimated 15% on increase in red grapefruit.
- Growth in late mandarin types and Novas relative to other Mandarins.
- Quality. Comments from Regions:
  - Northern areas (Onderberg, Letsitele, Hoedspruit): Grapefruit good quality, size better, colour better than last year; bigger crop.
  - Sundayôs Riv Lemons sizing up only last year but still smaller than 10year average. Soft citrus very good quality. Navels generally bigger, less fruit drop.
  - Boland: Lemons two weeks later than last year*. Navels also a bit later.
  - W. Cape: Lemons maybe slightly later than normal*. Soft citrus sizes very good; good quality. Navels sizes bigger; some hail damage.
- Although the two Cape regions indicate later lemons, overall the packing expectation is about 18% of the total estimated crop will be packed before week 19 ï last year 17%.
- Sizes of fruits are generally bigger than last year. A good expectation for quality, CBS is treated. However CBS treat in EU could influence all SH suppliers with CBS.
- There was some hail in Western Cape; damage still needs to be quantified.
- Exchange rate more favorable than last year with a weaker Rand
- Increased costs to export will make processing and local market more attractive. Increased costs include labour (minimum wage increased 52%), shipping, transport, energy and other inputs.
- Data are now comprehensive from the Southern Africa cone covering Swaziland (already in the past) , Mozambique (partially in the past but now more comprehensive)and Zimbabwe (limited data in the past).

2013	ORANGES	SOFT CITRUS	GRAPEFRUITS	LEMONS
	Kn tonnes			
PRODUCTION*	1 650 157	165 180	419 001	265 434
DOMESTIC MARKET*	159 283	12 172	4 709	13 043
PROCESSING*	312 700	19190	195 225	81 700
EXTERNAL TRADE**	1 088 176	122 657	224 365	167 106

**Southern Africa estimate for citrus to be packed for export in 2013 (includes South Africa, Zimbabwe, Mozambique, Swaziland)

*Estimates based on proportions in 2011.

Peru:

- Citrus exports expect for an increase in total production of 10%.
- Normal weather, no treats to fruit production.
- Strong domestic market for local consumption.

Argentina:

- In general no major remarks in citrus quality. However there was frost damage on soft citrus and oranges.
- Processing trends are stable. Outstanding challenge to increase consumption in the domestic market. Plans to open new markets, (re) - negotiations on import tariffs.
- No changes in Argentinaô sofficial policies. General macroeconomic conditions continue to affect the competitiveness of all t y p e exportô. Therefore exports are lower than in previous years. Delays in import licenses in some markets.
- The exchange rate has been substantial variations between the official rate and the unofficial.

- Internal costs are rising. Especially the labor costs. Ocean freight costs have been increased significantly. Argentinean government continues significantly delaying indirect tax refunds to exporters. The negative consequences of this official policy will continue to deepen.

2013	ORANGES	SOFT CITRUS	GRAPEFRUITS	LEMONS
	Kn tonnes			
PRODUCTION	600.000	250.000	83.000	1.350.000
DOMESTIC MARKET	350.000	135.000	40.000	75.000
PROCESSING	200.000	35.000	40.000	975.000
EXTERNAL TRADE	50.000	80.000	3.000	300.000

- In regard of the main categories , soft citrus most of the varieties are up to last year low level , except Nova which remain low and satsumas which are affected by the development of late varieties in the NH. For lemons, climatic conditions were outstanding with good cold nights and warm days, and also good water supply . The first shipments were bound last week to Russia and to North Europe.

Australia:

- Favourable weather and water supply is contributing to a good crop. Recovery from the flood damage in northern regions has been good and there are no significant changes to the region forecast.
- Many of navel orange plantings are reaching full production. Mandarin supplies are increasing from southern regions.
- High volumes of market preferred average size expected. Very good quality expected for all varieties. To date climate has been mild and ideally suited for a good quality crop. Increasing volumes of late navels as some areas reach full production, while for mandarins there begin to increase from southern regions.
- Trade distorting issues in Asia, particularly Indonesia and Thailand is reducing incentive to export to these areas.
- Establishing trade to South Korea and China (direct) are priorities and further increases anticipated off small bases. Japan and Hong Kong remain the leading destinations.
- New marketing arrangements for trade to the United States will provide new opportunities though will take time to establish new marketing channels, moving away from one single channels. The market access conditions for the USA to China and the embargo introduced for the later part of the season could have an impact that will need to be monitored for the summer fruit season from the SH.
- High volumes of market preferred sizes will be a key advantage.
- Australian dollar remains high (above USD for third year). Concerns about the weakening JPY.

2013	ORANGES	SOFT CITRUS	GRAPEFRUITS	LEMONS
	Kn tonnes			
PRODUCTION	430 000	104 000	11 000	25 000
DOMESTIC MARKET	110 000	69 000	10 000	24 000
PROCESSING	180 000	-	-	500
EXTERNAL TRADE	140 000	35 000	1 000	500

Uruguay:

- No official estimations are available yet. The season started mid March, slow, but fruits are of good quality with very low impact of diseases. Sizes are quite bigger than 2012 season; however there is less fruit in general.
- Last yearô s frost has influenced the lower volumes for this season. Even though as sizes are bigger, total volume may be around 2011 season.
- Even if no official estimations have been made, a reduction of 15-20 % in total production may be expected compared to 2012 season.
- USA gave access for Uruguayan citrus fruit: oranges, mandarines and lemons. Now the final rule has to be finalized and published and Work Plan has to be defined. Uruguay expects pilot export for this season.
- Brazil is likely to develop as a strong market outlet for Uruguayan fruit, moving away from classical market in Russia or Europe. Brazilian market is attractive and in the vicinity

- First navelina shipments were shipped. Uruguay will also have fewer novas in soft citrus categories.

Chile:

- Navels expected to continue increasing in volumes as new orchards come into bearing, specially on early Navels
- Clementines should decrease in size and volumes due to prolonged droughts and the resulting scarcity of water for irrigation, especially in Region IV.
- Late mandarins should grow - at a lower growth rate than last season- because of young orchards coming to bearing and an increasing in market demand.
- Lemons should decrease in export volumes due to a very strong domestic market. There are not too many young plantings.
- Europe increased its imports of Chilean oranges, lemons and mandarins. USA increased its imports of Chilean oranges, clementines and mandarins.
- Very difficult situation, dollar value has reached levels close to Ch$ 470 per dollar. Main concern is exchange rate to Dollar and Euro.
- In Region IV, new plantings of Oranges, late mandarins and clementines. Development depends on rains.
- No major disease risks are foreseen. Fruit suffer from drought in northern areas.
- Very strong local market for lemons.
- Harvest expected to start at a normal date:
    - Clementines: Mid April
    - Lemons: Mid April
    - Navels: Late May
    - Late Mandarins: Late August
- Drought in northern areas will have an effect on fruit sizes and production, especially in Clementines.
- In Navels, Clementines and Late Mandarins, main market focus will be directed to US Programs.
- Many lemons growers are trying to increase volumes for local market instead of exporting due to more stable domestic prices over the season.
- Season 2012: prices were lower in lemons, mid season and late oranges and clementines than last season, remaining relatively stable in late mandarins.
- Total area remains relatively stable; due to the lack of rains growers are planting fewer navel oranges, clementines and mandarins this year than last year, especially in Region IV.
- Difficult situation, the US$ dropped its value again after it was beyond Ch$ 520 during the last quarter of 2011. Now is close to Ch$ 472 per dollar and puts pressure on growers and exporters.

Exports	2012	2013	Var %
Oranges	69.078	72.532	5%
Lemons	39.230	37.270	-5%
Clementines	34.759	27.800	20%
Mandarines	22.390	25.750	15%
Total	165.457	163.352	-1%

Northern Hemisphere season

European countries

Spain:

- Mandarines: Export figures (1.587.000 tonnes) are similar to the previous season and are now ended. Prices have been better than last season, especially in January. Season is almost finished. 40% less processed mandarines, than last year.
  Oranges: Export figures (1.265.000 tonnes) up to 30th march, are 15% higher than last season. The amount of oranges available is similar to last season (like 500.000 tonnes). The market is better than last season, and we are in a very good quality season. 40% less processed oranges than last year.

Intra trade (EU only)	73,200	94,000	26,900	1,520
Processing	80,000	450,000	90,000	
Export (third countries)	2,200	22,300	2,200	

Turkey:

2013/2014 (data in tones)	Soft Citrus	Orange	Lemon	Grapefruit
Intra trade (EU only)	45.224.857	11.940.605	87.535.412	68.743.206
Export (third countries)	494.223.524	317.418.970	290.871.331	80.901.108

- In comparison to the same period of the previous season, there is an increase by 31% in soft citrus, by 39% in oranges, by 16% in lemons and by 15% in grapefruits.
- The citrus sector has not suffered from any disease problem this year.
- The quality has been quite satisfactory for all citrus varieties
- The most of the fruits have been under the normal size since the crops on the trees are more than the previous year.
- Citrus season of Turkey is about to finish. Only some grapefruits have remained to be shipped.

USA:

- Two factors have greatly influenced the citrus marketing campaign of 2013/2014 in the USA. They are the damaging impact of Citrus Greening in Florida and its potential to spread to California, and the successive days of freezing temperatures this winter in California. These factors have influenced fruit quality, sizing and production volumes.

- Yet an even greater threat is on the horizon with the continuing drought conditions in the Central Valley of California. Next year the impact could be significant, if there is not relief.

- Florida Citrus:

  - 2UDQJH 9DULHWLHV 3URMHFWLRQ PLOOLRQ 07 EHORZ lowest in 30 years. Fresh Valencia Oranges marketing will continue into June, but weekly volumes will be light. Fruit sizing has been small.
  - Grapefruit: Projection: 620,000 MT. The harvest is complete, but some sales will continue into early May. The crop is down by 12% from last season, and eating quality was below normal
  - Tangerines: Projection: 127,386 MT. Picking has stopped and commercial shipments are complete. This crop was down by 10%

- Texas Citrus:

  - Orange Varieties: Projection: 77,466 MT. There was a +12 increase but off a small base.
  - Grapefruit: Projection: 220,727 MT. The crop was normal with good sizing and eating qualities. Future concern with outbreak of Citrus Greening is receiving considerable publicity.

- California:

  - Orange Varieties: Projection: 2.0 million MT (1.5 million MT Navels).

    - The Navel Orange crop is down 1% from last season, but freeze damage continues to show up in the fruit. Sizing is to the smaller sizes, and the industry is making a good use of bags to move more fruit, although the trade is showing some resistance. The industry will try to market through May in order to move the late varieties.
    - The Valencia crop is about the same as last season, and picking has not started as the industry tries to complete the Navel crop. We expect some harvesting to start in May.

  - Grapefruit: Projection: 145, 500 MT. This is a normal crop, and the industry expects strong pricing.