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Webinar analyses impact of Ukraine conflict



Southern Hemisphere exporters face “difficult decisions” on where to divert fruit destined for Russia and Ukraine

Growers and exporters from around the world gathered for an online webinar to analyse the impact of the Russia-Ukraine conflict last week. The event was organised by Asoex, Freshfel Europe, the Southern Hemisphere for Fresh Fruit Exporters (SHAFFE) and Simfruit.

Nelli Hajdu, secretary general of SHAFFE, said Southern Hemisphere exporters face an uncertain situation as Russia is an important market for apples, pears and citrus, which account for 80 per cent of SHAFFE country's shipments.

She said “difficult decisions” needed to be made about what to do with the fruit that cannot be sent to Russia while disruptions to shipping services are causing further concern.

“Added to all this is the rise in container prices that we are already seeing, as well as congestion in ports. In short, it is very

especially in logistics and supplies,” he said.

difficult to know how the season is going to develop, it is a season of survival, since many are looking for a way to continue producing and others to sell their products,” Hajdu added.

Philippe Binard, general delegate of Freshfel Europe, said European exporters had faced similar situations in the past. He pointed to the sudden closure in 2014 of the Russian market, which at that point had been the main destination for European fruit and vegetables, taking around 2.2m tonnes a year.

“Therefore adapting to the consequences that this conflict may have is not new to us. After the Russian embargo in 2014, came the economic embargo on Algeria, and then last January of this year came the embargo on Belarus, affecting 600,000 tonnes, and now with Ukraine, 200,000 more tonnes are affected,” Binard said.

“Total fresh fruit exports from SHAFFE member countries reached US\$54m in

Binard noted that situation is further complicated by the increase in input and logistics costs resulting from Covid.

“What this new conflict adds are impact on production and exports of the expected shortage of fertilisers and wood for pallets, products that come mainly from Russia and Ukraine. If a pallet used to cost €8, today it costs €15, that is, it is becoming more and more expensive to produce and export,” he said.

Asoex's marketing director for Europe and Asia, Charif Christian Carvajal, who moderated the event, indicated that costs have increased by 10-15 per cent overall. He pointed out that at the same time, consumer's purchasing power has decreased due to inflation.

“That is why, as SHAFFE, we've formed a Global Coalition of Fresh Produce Trade Associations to jointly address the cost increases that impact the industry,

were withdrawing decisions on issuing loans to agricultural producers to carry

<http://www.fruitnet.com/americafruit/article/1474/parts-of-san-diego-quarantined-as-psyllid-count-mounts>

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Europe will not be able to absorb everything

Binard noted that Europe did not have the capacity to absorb an extra 9.5m tonnes of produce originally destined for Russia, Ukraine and Belarus. "We are at a time where everyone has to be very responsible about where their products are going to go and how they will be redistributed in the world market," he said.

Regarding apples, he said European stock levels are running at around 3m tonnes, while last season they fluctuated between 2.6m and 2.7m tonnes, "so we have 300,000 more tonnes to sell".

"In the second part of the season, a lot of apples are sent to Belarus and Ukraine, but not today. Perhaps an alternative could be Egypt, but there is a situation with its import system that hinders the capacity of importers," Binard noted.

Southern Hemisphere exports to conflict zone

According to Hajdu, Ukraine imported US\$795m of fresh fruit in 2020, the main suppliers being Turkey (citrus), Ecuador and Costa Rica (bananas and pineapples), which together made up 48 per cent of all fresh fruit imports that year.

2020, accounting for only 7 per cent of the total fruit import market in Ukraine. Among the main suppliers to Ukraine from SHAFFE member countries is South Africa, which mainly exported citrus worth US\$16m and which represented 30 per cent of the total value of exports registered by SHAFFE member countries in 2020," she explained.

In Russia, meanwhile, fresh fruit exports from SHAFFE member countries totalled 643,084 tonnes in 2020, the bulk of which was apples, pears and citrus.

South Africa and Argentina are the main suppliers, concentrating 69 per cent of the exports of the SHAFFE countries to that market.

What will happen in Russia?

Regarding the current situation in the Russian market, Irina Koziy, editor of Fruitnews Russia, said it was difficult to predict what could happen if the conflict worsens.

"There is already a massive depreciation of the rouble against world currencies, Russian importers are faced with the requirement of prepayment before the start of any shipment and the inability to make payments through Russian banks, shipping companies and many exporters refuse to pay," she said.

Koziy added that banks

out spring work, and the Central Bank was offering loans at a "frightening" interest rate of 20 per cent.

"For ordinary fruit and vegetable buyers, the most favourable scenario would be a 50 per cent to 100 per cent increase in rouble prices in light of the rouble exchange rate change and more complicated logistics," she said.

Import/export figures

Providing an overview on trade in Russia, Carvajal said: "the distribution of fruit within the Russian market is quite concentrated in the central region, with Moscow taking around 30 per cent of total imports".

He said Russia imported 5.58m tonnes of fruit in 2021, the main products being citrus (30 per cent), bananas (26 per cent), apples and pears (15 per cent), stonefruit (8 per cent) and table grapes and berries (7 per cent each).

In the specific case of Chile, Carvajal explained that Chilean shipments to the Russian market have been showing a downward trend for some seasons now. In 2020/21, shipments totalled just over 50,000 tonnes, while in 2017/18 Chile exported 80,000 tonnes of fruit to Russia.