**MARKET SITUATION REPORT RELEVANT TO COVID-19 IMPACTS**

**Report: 7**

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This reports seeks to communicate the current situation in each key citrus market in relation to the current impact brought about by COVID-19. Every effort has been made to ensure the information is reliable, but conditions in each market may well shift quickly and exporters should be engaging their trading partners directly in each market.

**General (All markets):**

* Generally, the demand for citrus across markets seems to be holding up.
* Prices remain good, and higher than normal in markets where supply is short. Fruit availability relates to changes in logistics chains and the ability to get fruit through ports and cold stores.

**European Union:**

* No new information on the markets here. Retail sales remain up while food services sector remains closed.
* Reports of sales being up 15% in the last 10 days, except for France.
* Freshfel have written to the EU Commission looking to improve the economic sustainability of business in the fresh produce sector – mainly protecting them from greater uncertainty, higher inputs and transport costs.
* EU Commission is looking at promoting “local” product under the pandemic.

**Middle East**

* No additional feedback here.
* There might be market pressure in the next couple of weeks, as a result of two vessels offloading and berthing in the next few days, that sailed South African waters.

**Bangladesh**

* Importers are meeting government on weekly basis to discuss imported fruit and vegetables. At this stage backlog and documentation problem remain.

**China**

* China has successfully contained the COVID 19, and life is gradually back to normal, but government and people are still being careful to prevent the 2nd outbreak.
* The port congestion has already eased, it was serious in Shanghai, Qingdao, Dalian... The congestion was caused by huge amount of frozen meat which are resting in the port, longest one with up to 3-4 months, the problem was gradually solved in end Feb to early March. Operation in all Chinese port came back to normal now, no more congestion as the inland logistics no longer in freeze.
* Cold Stores remain relatively full with Egyptian citrus. Valencia oranges were most affected as restaurants, hotels etc. trade has declined.
* Logistics is returning to normal, as is the flow of documentation.
* Wet markets are operating – back to normal.
* Chinese wholesalers are experiencing a difficult time, although volume reduced around 20%, sales are still slow, there is not much grapefruit and mandarin in the market, citrus is mainly orange, Egyptian orange is problematic now. Late season navel and lemon not getting good price as before.
* Restaurants are open, but much less business, no tourism.
* Consumers became conservative in shopping as expected income has decline. More online shopping is taking place for fruit.
* Less export of domestic fruits, more to sell domestically.
* The low price in wholesale market doesn’t transfer 100% to retail channels, now the retail channels are experiencing higher prices, as people still need to buy essential things there, people may not go to restaurants, but supermarket is still a must.

**Japan**

* DALRRD are looking into options to ensure fruit arriving in Japan will be cleared there. These discussions look promising as the Japanese have responded with feasible options from which DALRRD must choose from.
* Citrus types other than grapefruit, are in higher demand. USA grapefruit shipments are still entering the market and preference is given to other citrus types from countries such as Australia.

**South Korea**

* DALRRD is busy implementing the pre-clearance procedure as communicated by South Korea. The program should commence soon.

**USA**

* Demand through retail outlets remains high.
* IRI have indicated that year on year sales for oranges are about 60% up (Source: <http://www.theproducenews.com/news-dep-menu/29000-potatoes-oranges-driving-fresh-produce-sales>)

**Russia**

* No additional information.
* In view of government restrictions on citizens’ movements due to COVID-19, retail sales in fruits sector shrunk.
* Maersk opened a new cold storage facility in Russian.

**India**

* The weakening of the Indian Ruppee has pushed up costs and put some pressure on margins.
* Fortunately for fresh fruits the government has allowed port clearance and trading but sales and markets are slow due to restricted number of retailers operating and people not stepping out to shop.
* Currently the market is good for citrus overall as a category. All varieties.
* There was congestion initially (in last week of March and first week of April) but things are smooth now and ports and clearance is working smoothly without any issues.
* In terms of cold store capacity – there should be sufficient capacity by the time SA citrus arrives.
* Transport: Disruptions occurred initially but not anymore. Transport, distribution and warehousing is smooth and normal now.
* In terms of wholesale markets: They are operating but in a very restricted and partial manner. Because it is inevitable that a crowd gathers in these areas, the measures are not fool proof and 100% secured. This is the reason the overall demand has also reduced.
* From a retail perspective: Most of the sales are home deliveries model so people are not really stepping out to shop. This is the second reason for decline in sales.

Compiled by

Paul Hardman and Werner Van Rooyen