

Demand for citrus in the U.S. market is generally strong across the categories as the Southern Hemisphere import season gets underway, but there are concerns as to potential disruptions in supplying countries due to the Covid-19 pandemic, according to Seald Sweet's CEO.

Speaking to FreshFruitPortal.com, Mayda Sotomayor said that so far there have been no delays or issues bringing in fruit to the U.S. market, where citrus has over recent weeks been enjoying excellent sales at U.S. retailers.

But with Latin America becoming the new epicenter of the pandemic - and with South Africa still being affected by Covid-19 - it remains to be seen if shipments can continue smoothly throughout the import season.

"We're very blessed and lucky that we're in the citrus business," Sotomayor said, adding that many of the company's retail partners say they have had high growth in citrus sales across the board - likely driven by the vitamin C content - and expect that to continue.

"We're preparing ourselves to try and meet that demand and get as much product into the U.S. of the specs and quality that our customers want."

The gradual reopening of foodservice and easing of movement restrictions could impact retail demand, but Sotomayor believes that people are going to want to continue to eat healthily.

However, she said the situation with Covid-19 in key supplying countries like Chile, Peru, Argentina and South Africa was a cause for concern. Governments all around the world have set limits on things like hours of operation and how many people can be inside a facility, while in some places there have been port delays after workers tested positive for the virus.

"We are uncertain about two things. Firstly the labor situation in most of these countries - and what the upcoming winter months could do to the number of coronavirus cases in these countries - and also the logistical problems that it could create," she said.

"Until now we have seen very limited to almost no delays or problems, but we foresee that as we get into the season with more volume, there's a good possibility of that occurring.

"So we're optimistic, but also very vigilant and constantly in contact with our growers to better understand the situation."

Sotomayor also noted there has been a trend towards sales of bagged produce over recent

months, like driven by consumers buying in larger quantity and not wanting produce that other shoppers may have touched. She expects this trend to continue into the future.

## **Larger mandarin volumes likely to be absorbed**

Looking at specific citrus categories, oranges have been the star of weekly sales growth in U.S. retailers' fruit sections, growing by nearly 80% year-on-year in the week ending May 24, according to IRI data.

Sotomayor expected South Africa - a substantial player in the U.S. Navel market - to maximize its opportunity this year with a larger crop. Chile is anticipating a normal size orange crop.

But Chile is expecting a significant increase in its late-season mandarins, which, combined with Peru's strong easy peeler crop, could result in heavy supplies for the U.S. market.

However, Sotomayor said the market would likely be able to absorb these volumes.

"Mandarin demand has continuous growth every year, it's just amazing. It's a great piece of fruit," she said.

"I don't see that demand diminishing - it surprises me every year how that product continues to grow. And a lot will depend on the quality that comes in. If quality is good and it's good eating fruit, then I think demand will exceed whatever supply."

Meanwhile, Argentina had been expecting a large increase in lemon exports, but with the season now underway it looks like volumes will be only slightly above last year. Sotomayor said that the quality of the initial arrivals in the U.S. has been better than in previous seasons.

Lemons have been performing well at retail in terms of sales, but they have been the hardest hit citrus category from the closure of foodservice.

Sotomayor said that as long as the market doesn't receive too many smaller sizes - which generally go to foodservice - the supplies should be easily absorbed.