



By Mike Knowles

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European fruit and veg trade contends with coronavirus

Fresh produce companies are facing up to a very different set of challenges as the outbreak continues



Empty supermarket shelves in Italy, where the coronavirus outbreak has caused panic buying and cast a shadow over export shipments. Photo: Stefano Malagoli

Europe's fresh produce trade is coming to terms with the sudden, dramatic and, at times, confusing impact of the recent coronavirus outbreak.

Exporters in particular are finding they face greater hurdles in accessing Asian markets, while importers have been left to await the resumption of key supply lines, as well as a potential redirection of produce originally bound for Asia into their own markets.

Logistical headaches remain one of the biggest headaches, especially following a sharp decline in the availability of refrigerated containers in Asia, after shipping lines responded to China's slowdown by reducing capacity.

"It is very difficult to get a clear view of what is going on," commented Marc Peyres, export director of French topfruit and kiwifruit exporter Blue

Whale, a major supplier to markets across Asia.

"At this moment, anything can happen. The main impact seems to be the major disruptions to logistics and a lot of uncertainty over the availability of containers. As such, for many destinations in Asia, companies are trying to put their costs up from March."

Marc Evrard, commercial director of Belgian cooperative BFV, said blanket news coverage of Covid-19 had raised concerns considerably. "People are starting to think that the coronavirus is everywhere," he observed. "There is a lot of uncertainty and not enough facts, but the side effects have been harmful."

Despite the difficulties in reaching China, however, sales of Conference pears are booming, according to Evrard, as consumers seek out products with health benefits.

"The problems we see are mostly logistical. We are seeing a shift away from corner shops, markets and wholesale towards supermarkets and online. In the main Chinese cities, restaurants and bars are suffering as people choose to stay home, but that creates a different opportunity for fruit and vegetables."

Nacho Juarez of Anecoop, one of the leading suppliers of Spanish citrus to China, revealed that around 70 per cent of the company's shipment volume to China had been affected due to logistical issues and falling sales.

"Shipments to South Korea have also been hit quite seriously, although the impact on the rest of Asian programmes is much lower, say around 10 per cent," he noted.

Juarez said he expected the outbreak to affect Anecoop's exports to Italy too in

the following weeks. "The crisis will have serious consequences for the fresh produce trade – as we're dealing with perishable products we have limited room for manoeuvre," he said. "All we can hope is that our receivers commit as seriously as possible, as the shipping companies decline responsibility."

Speaking to Fruitnet in mid-February, Jorge García Monfort of García Ballester said the situation was making exporters tread more carefully.

"Our exports to China have only just got underway, so we still have three weeks left before the first container is due to arrive," he stated. "However, the situation has made us more cautious and we've reduced the number of containers [we planned to ship to China] until the information begins to flow better and we see that the risk has been reduced."

Within China, Evrard added, it was proving difficult for truck drivers to get permits to cross into different parts of the country. "There is also a shortage of reefer containers and a lack of plug-ins for refrigeration," he noted. "Shipping lines have also started to charge premiums. They are not stopping at certain ports, and then charging extra for transshipments to the scheduled destination."

Shift in supply

The knock-on effect of China's drastic decline in import demand could lead to significant volumes of fruit being re-routed towards Europe and other parts of the world, some suggested.

"Temporarily we expect Southern Hemisphere sending higher volumes to Europe and USA," commented Ole Schack Petersen, group senior vice-president and chief strategy officer at LCL. "Less is going to China and Asia for two reasons: the lines are reducing capacity to Asia, and nobody knows if those markets will be open when the produce gets there."

Towards the end of last week, however, there were signs that demand was beginning to recover.

"We have seen Chinese importers wanting to book space and to start filling stocks and the supply chain again," said Schack Petersen, "but shippers are not able to load, as there is less capacity – or the rates are very high where it is available."

As reported last week, China's pork imports have risen considerably in the past year following a recent African swine flu epidemic, but a decrease in that trade – especially from Europe, as well as Brazil and North America – in the past few weeks has freed up some container space, easing the pressure on fruit exports from South America and South Africa.

"This is urgently needed as many containers are stuck in China or elsewhere in Asia, to later move to China with products shipped December and January and before China closed down," Schack Petersen added.

Jacques du Preez, product manager for topfruit and stonefruit at South African export association Hortgro, suggested the coronavirus crisis had not yet had a massive impact on his country's exports, although he agreed there would likely be some troublesome trade headwinds in the weeks to come – especially considering that the Far East and Asia represented South Africa's biggest topfruit export market in 2019.

"So far, we haven't really felt it directly but it will have an impact on us at some time – just how big the impact will be needs to be seen," he told Fruitnet. "We're close to the end of our stonefruit season and [anyway] we send very little stonefruit to the east, but for topfruit I believe there will be an impact, although not sure how big it will be."

He added: "One of our concerns is global trade that will be disrupted, and what the knock-on effect will be on countries like for instance Chile and NZ, which supply a lot of fruit into east Asia. Should demand drop, will they change their strategy towards exporting to our more traditional markets like the EU and the UK? Will suppressed demand

and normal supply lead to discounted prices in eastern markets?"

Imports slowly recovering

In Europe, meanwhile, supplies of fresh fruit from China were reported to be moving slow after a virtual standstill.

Other sources have apparently also been affected. Off the record, some importers even spoke of buyers and importers putting sourcing programmes for Asian exotics on temporary hold.

Chinese garlic and onions were two of the major products affected most by temporary stoppages, although according to importers in Europe there were signs those supply lines could reopen some time in the first half of March as supplies slowly come back online.

"Business from and to China has been affected already, but we can see that exports for garlic and ginger will restart again during week 10 or 11, which is a positive sign," said Hugo Vermeulen, procurement director of Netherlands-based Jupiter Group EU.

"The other issue which has an effect on the produce business is the lower availability of reefer containers due to the delay and re-routing of containers in China and its regions," Vermeulen told Fruitnet. "Now the we are seeing the virus spreading in Europe will for sure bring new challenges for all of us."

[In Italy, meanwhile, mounting concern over the emerging coronavirus outbreak has sent shockwaves through the country's fresh produce business, prompting heightened demand in the domestic market as well as casting a doubt over how the country's export business might fare in the coming weeks. Click here to read more...](#)

Additional reporting by Carl Collen, Tom Joyce and Maura Maxwell