



Unión Europea
Fondo Europeo Agrícola
de Desarrollo Rural



JUNTA DE ANDALUCÍA
Consejería de Agricultura y Pesca

Study on the Oranges Value Chain. 2009/2010



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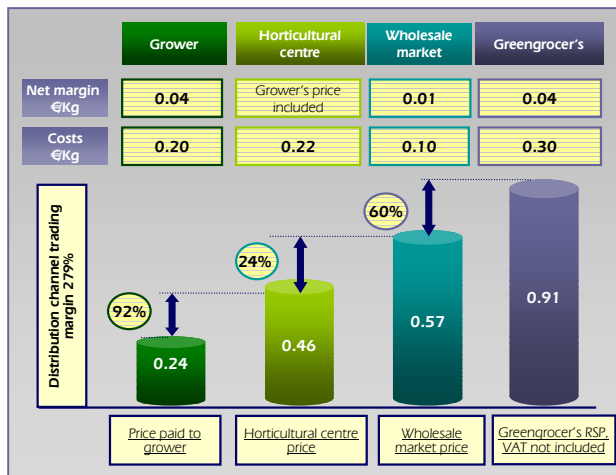


Objective

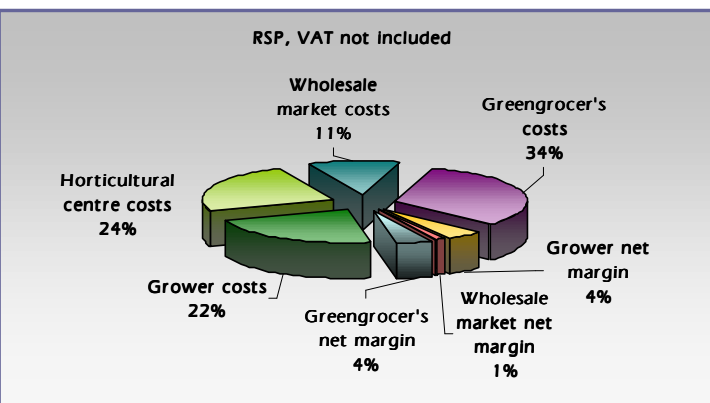
The Regional Ministry of Agriculture and Fisheries of Andalusia develops, since 2006, a series of actions designed to bring clarity and information about the formation of prices and markets performance of Andalusian agricultural products.

This study analyses the results of the value chain of citrus marketed in the national market in the 2009/10 season. Notable changes in origin can be seen compared to previous years due to the weather incidences of this season.

Prices, Costs and Margins in the traditional distribution channel



Share of the different links of the chain in the RSP*

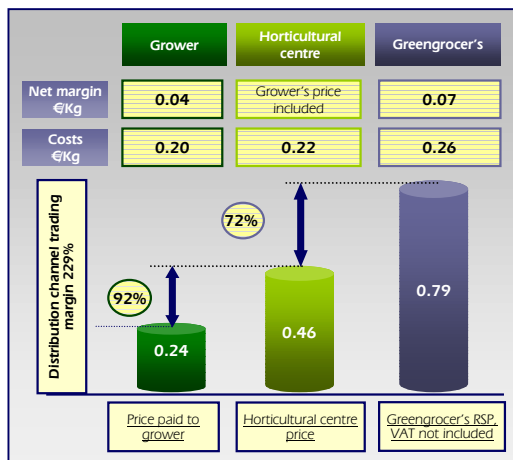


Net margin or profit: Result of discounting the mark-up costs incurred in marketing. $PM = [(sale\ price - purchase\ price - costs) / purchase\ price] * 100$
 * RSP, VAT not included

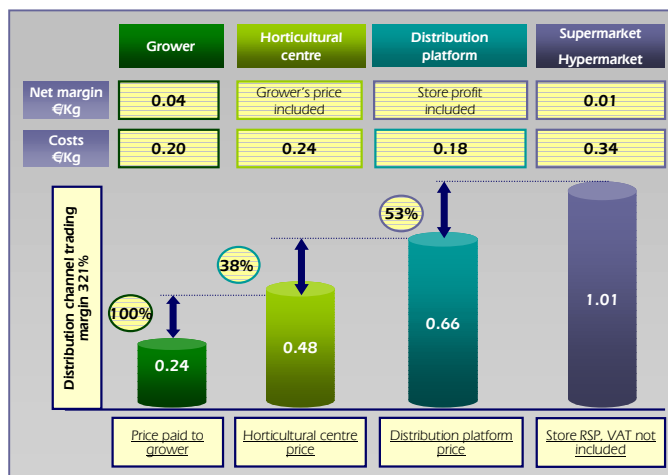
Prices, Costs and Margins in the traditional distribution channel in production areas

In producing areas, the channel is particular because wholesalers are not present. The retailer acquires the product directly in horticultural centre, transferring part of the savings involved in the deletion of an operator of the channel to a decrease of RSP.

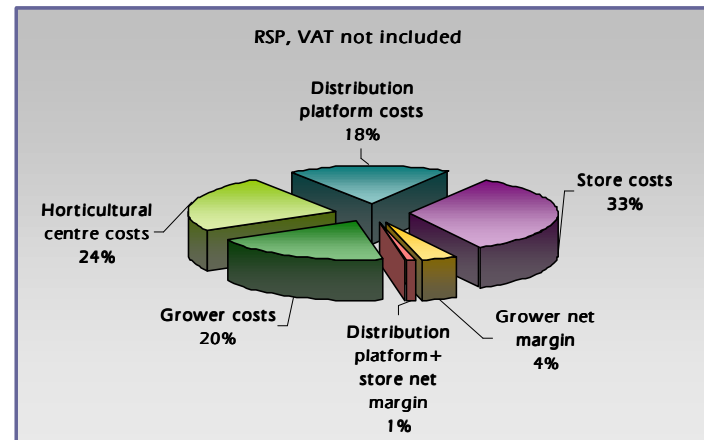
The RSP in citrus areas is 15% lower, as well as the costs of the establishment of the retailer, which decrease by 13%. Greengrocers' benefit increases compared to the traditional channel overall, from 4% to 9% of the RSP (VAT not included) in each case.



Prices, Costs and Margins in the modern distribution channel



Share of the different links of the chain in the RSP*



Net margin or profit: Result of discounting the mark-up costs incurred in marketing. $PM = [(sale\ price - purchase\ price - costs) / purchase\ price] * 100$
 * RSP, VAT not included

Conclusions

- As a consequence of the weather incidences of the 2009/10 season, there is a significant decrease in the productive yield estimated at 23% in the orange production. The unit production cost (€/ Kg) increases significantly compared to previous seasons.
- The decrease in the volumes offered produces an increase of 33% in the price paid to the grower compared to the previous season.
- The net margin obtained by orange producers is 4% of the price paid to the farmer.
- Horticultural centre costs are high and represent 24% of the RSP (VAT not Included).
- The economic crisis requires a model of low prices which is transferred to trading companies in two ways: increased demand for low cost packaging and strong pressure to reduce costs.
- In the traditional distribution channel of oranges, wholesaler costs represent 11% of greengrocers' RSP (VAT not included), whereas the margin amounts to 1%. Wholesalers play a key role in the supply to the most important retailer at national level in the distribution of citrus: greengrocers'.
- The abolition of the figure of the wholesaler in the producing areas determines lower levels of citrus RSP in the greengrocers'.
- Both in the modern and the traditional distribution channels, the higher costs of the orange value chain fall in the retailer, 34 and 35% of the RSP (VAT not included).
- In the modern distribution channel, higher costs fall in the organised distribution model as the result of adding the costs of the distribution platform (18% of oranges RSP, VAT not included).
- Unit margin in greengrocers' is higher than in the store, as a result of the business dimension of this kind of retailer.