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Report Name: Red Sea Disruptions Challenge Egyptian Citrus Exports

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Prepared By: FAS/Cairo Staff

Approved By: Jenny Morgan

Report Highlights:

Attacks by Houthi rebels in Yemen on commercial vessels have resulted in many shipping companies rerouting away from two of the world's busiest shipping routes — the Red Sea and Suez Canal. The risks posed by these attacks (primarily in the Bab al-Mandab corridor) have disrupted global trade and the supply chain, including Egyptian citrus exports. Given the challenges of accessing certain key markets, primarily in Asia, FAS/Cairo is amending its forecast for Egyptian orange exports for marketing year 2023/2024 (October to September) – reducing the forecast by 250,000 metric tons (to 1.75 million metric tons).

Houthi Attacks on the Red Sea Disrupt Trade

Houthi attacks on commercial ships near the Bab al-Mandab Strait are disrupting global trade (see Figure 1). Since December 15, 2023, several container-shipping companies have paused their services through the Red Sea -- the route through which traffic from the Suez Canal normally passes.¹ Increased transit fees and war risk insurance premiums have encouraged companies to seek alternative routes around the Cape of Good Hope.² As a result, an increasing number of shipping vessels have diverted to a much longer route. Consequently, this has increased travel time by an average of two weeks for a container ship from Europe to Asia (Figure 1).

Figure 1: U.S. Gulf Export Routes



Source: <https://www.eia.gov/todayinenergy/detail.php?id=60842>

The drought in the Panama Canal has also led to disruptions to global trade, as only 24 boats are permitted to pass through the canal per day (as of the date of this report).³ For ships departing from the United States via the Gulf of Mexico, which are bound for Asia and which cannot pass through the Panama Canal, there are three alternative routes — Egypt’s Suez Canal, Chile’s Strait of Magellan, and South Africa’s Cape of Good Hope. The latter two are reliable but require much longer journeys. The shortest option has been the Suez Canal, as it has the highest capacity — over 100 ships per day (more than four times the Panama Canal’s current capacity).⁴

Egyptian Citrus Exports

Almost 80 percent of Egypt’s citrus exports are oranges, followed by tangerines, and a small number of lemons, limes, and grapefruit. Egyptian orange exports primarily consist of winter varieties, such as

¹ See, e.g., <https://www.forbes.com/sites/arielcohen/2024/02/07/the-world-is-going-into-the-red-from-the-red-sea-crisis/>, <https://www.foodbusinessnews.net/articles/25488-red-sea-shipping-disruptions-beginning-to-impact-supply-chain>, and <https://www.middleeasteye.net/news/egypt-suez-canal-revenues-plunge-almost-half-following-red-sea-attacks>.

² See <https://maritime-executive.com/editorials/suez-canal-earnings-fall-as-vessels-re-route-around-africa>

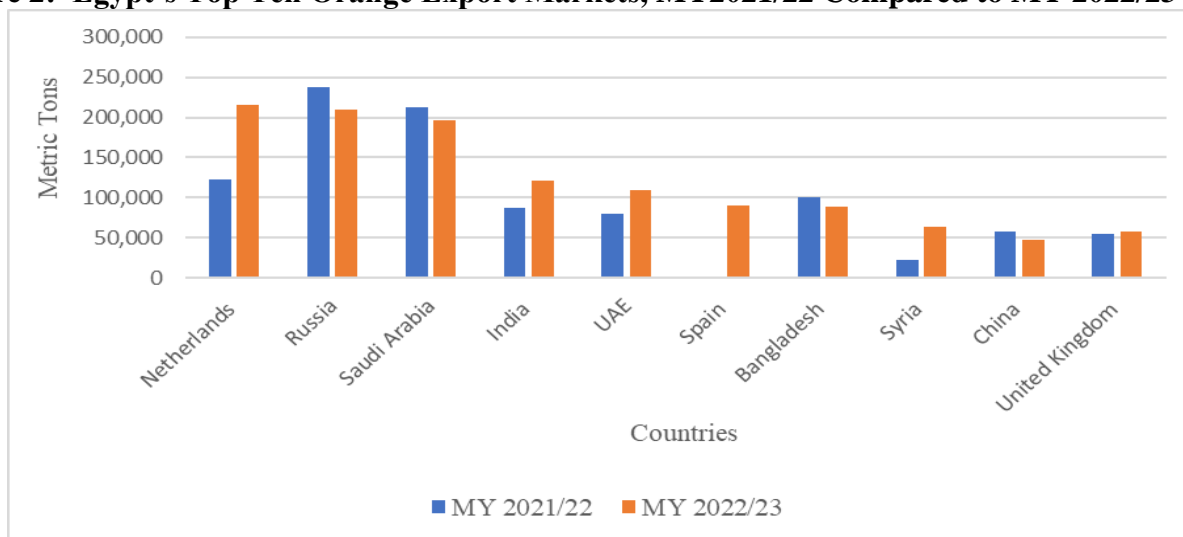
³ See <https://pancanal.com/en/panama-canal-to-increase-daily-transits-to-24-starting-in-january/>

⁴ See, e.g., [New Record for Daily Transits of the Suez Canal \(maritime-executive.com\)](https://maritime-executive.com/news/new-record-for-daily-transits-of-the-suez-canal)

Naval oranges, and are primarily exported from December through the beginning of March. Exports usually start with shipments to the Arabian Gulf, followed by Russia, and then to the European Union and Asia. Egypt also exports summer orange varieties between February through the end of July, of which 70 percent are comprised of Valencia oranges. Although Valencia oranges tend to have a longer shelf life, tend to be more expensive.

Egypt’s marketing year (MY) for citrus runs from October through September, and Egyptian orange exports reached 126 countries in MY 2022/23, compared to 104 countries in MY 2021/22. The top orange export destinations in 2022/23 were the Netherlands, Russia, Saudi Arabia, India, United Arab Emirates, Spain, Bangladesh, Syria, China, and United Kingdom (see Figure 2).

Figure 2: Egypt’s Top Ten Orange Export Markets, MY2021/22 Compared to MY 2022/23



Source: Agriculture Export Council

For the past five years, Egypt has been the second largest global exporter of citrus, slightly smaller than South Africa. Before the Houthi attacks, most Egyptian citrus exports transited through the Red Sea, whether directly across to the Port of Jeddah for the Saudi Arabian market, or through the Bab al-Mandab Strait for other Middle Eastern and Asian markets. However, on February 1, 2024, a major commercial operator of vessels that was transporting Egyptian Citrus exports through the Bab al-Mandab Strait, CMA CGM, announced its suspension of operations in the Red Sea, further pushing exporters to route around the Cape of Good Hope.⁵ Accordingly, Egyptian citrus exporters are increasingly having to bear the challenges of longer transit times.⁶

Egyptian citrus exports were anticipated to be competitively positioned in MY 2023/24, in part on the heels of increased production resulting from optimum weather conditions and temperatures during the flowering of the trees.⁷ In fact, in MY 2023/24, FAS/Cairo initially forecasted Egyptian orange exports to increase by 25 percent and reach 2 million metric tons -- ensuring Egypt would retain its position as one of the world’s leading citrus exporters, by volume. (See [Egypt’s GAIN Citrus Annual](#) for more

⁵ See <https://www.cma-cgm.com/news/4602/cma-cgm-operations-in-the-red-sea-update>

⁶ See [Red Sea crisis will certainly impact orange sales from Egypt \(freshplaza.com\)](#)

⁷ See [Egyptian citrus prices will be more competitive than those of Turkey and Greece • EastFruit \(east-fruit.com\)](#)

details).⁸ However, due to the trade disruptions in the Red Sea, FAS/Cairo is amending its forecast for Egyptian MY 2023/24 citrus exports and reducing the total export volume by 250,000 MT (or 12.5 percent) – to 1.75 million metric tons. (See Table 1: Production, Supply, and Distribution of Egyptian Citrus)

Table 1: Production, Supply, and Distribution of Egyptian Oranges

Oranges, Fresh Market Year Begins Egypt	2022/2023		2023/2024	
	Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	168000	168000	168000	168000
Area Harvested (HECTARES)	151200	151200	151200	151200
Bearing Trees (1000 TREES)	43200	43200	43200	43200
Non-Bearing Trees (1000 TREES)	1000	1000	1000	1000
Total No. Of Trees (1000 TREES)	44200	44200	44200	44200
Production (1000 MT)	3600	3600	3700	3700
Imports (1000 MT)	0	0	0	0
Total Supply (1000 MT)	3600	3600	3700	3700
Exports (1000 MT)	1600	1600	2000	1750
Fresh Dom. Consumption (1000 MT)	1700	1700	1400	1600
For Processing (1000 MT)	300	300	300	350
Total Distribution (1000 MT)	3600	3600	3700	3700

NOTE: These numbers are not official U.S. Government statistics

Egyptian Orange Exports to the Arabian Peninsula

Exports to Saudi Arabia continue to flow normally to the port of Jeddah, per existing trade routes through the Red Sea, in an area significantly north of the Houthi attacks. However, for citrus destined for other Gulf countries, the longer route around the Cape of Good Hope has added an average of two weeks, inevitably impacting the quality of Egypt’s citrus exports.⁹

According to the Egyptian Ministry of Transportation, Iraq, Egypt, and Jordan have plans to start operations on a new land route called the “Arab Trade Line,” that would link the port of Nuweiba in the Sinai to the port of Aqaba in Jordan. However, in order to make use of this transit corridor, significant investments in overland routes through the Sinai would be necessary.¹⁰

Other Producers Pressuring Egyptian Market Share in Asia

Egypt’s citrus exports to Asian destinations (mainly India, Bangladesh, China, Singapore, Malaysia, and Japan) are facing mounting challenges due to higher freight rates, with a commensurate loss of quality due to a shorter shelf-life, given the increased transit time.

⁸ See also, <https://english.ahram.org.eg/NewsContent/3/12/513838/Business/Economy/Egypt-plans-to-export--mln-tons-of-citrus-in-curre.aspx>

⁹ See <https://www.chrobinson.com/en-us/resources/insights-and-advisories/global-forwarding-insights/>

¹⁰ See [Egypt, Iraq and Jordan finalizing plans to start operations on 1st-ever Arab Trade Line - Urban & Transport - Egypt - Ahram Online](#)

Moreover, as more ships are rerouting around the Cape of Good Hope, South African ports have been challenged by the increased traffic.¹¹ According to C.H. Robinson, “vessels are dwelling up to 19-20 days at Durban port and 6-7 days at Port Elizabeth.”¹² With longer transit times, due, in part, to the inability to refuel quickly, exports to Asia are bound to become increasingly challenged.

Freight rates have also reportedly increased by as much as \$6,000 per container for exports destined for Asia which route around the Cape of Good Hope.¹³ As a result, the quantity arriving in the market has fallen and the quality of the fruit has been significantly impacted, resulting in a shortage in many Asian countries.¹⁴ While Egyptian oranges are the preferred citrus fruit among many Asian consumers, the current disruption in citrus trade could lead to market opportunities for other suppliers (e.g., from the People’s Republic of China).

Russia Remains a Steady Market

Russia continues to be one of the largest export markets for Egyptian citrus (particularly oranges) and supplies have not been significantly impacted from the Red Sea trade disruptions. As Egyptian exports route through the Mediterranean Sea, shipments have been able to continue as normal, even with reduced world-wide vessel availability according to industry sources (which may begin to ease post-Lunar New Year).¹⁵

The European Market

As exports to Asia become increasingly challenged, Egyptian exporters have increasingly diverted product to the European market.¹⁶ However, competition with major citrus exporting countries (such as South Africa and Turkiye) has led to a glut of citrus. Egyptian orange exports have made marked gains into some European markets.¹⁷ For example, many Spanish producers have raised concerns as they look to evaluate the effects of burgeoning Egyptian exports on their own citrus sales.¹⁸

The Domestic Market

The Egyptian domestic market is also witnessing increased utilization of oranges as more have been directed towards the processing sector. Current prices for Egyptian citrus (primarily oranges) are lower than normal, due to more supply in the domestic market. As food inflation remains relatively high and product remains available,¹⁹ it is expected we will see increased domestic consumption in MY 2023/24.

Attachments:

No Attachments.

¹¹ See <https://www.africanews.com/2024/02/01/capacity-gaps-slow-competitiveness-of-south-africas-ports-business-africa/>

¹² See <https://www.chrobinson.com/en-us/resources/insights-and-advisories/global-forwarding-insights/>

¹³ See <https://www.cnb.com/2024/01/03/red-sea-crisis-shipping-costs-delays-inflation.html>

¹⁴ See [Red Sea crisis causes drop in Egyptian orange exports \(tridge.com\)](https://www.tridge.com/news/red-sea-crisis-causes-drop-in-egyptian-orange-exports)

¹⁵ See <https://www.freightwaves.com/news/is-the-red-sea-effect-on-container-shipping-being-overblown>

¹⁶ See [Red Sea Crisis Disrupts Egypt’s Orange Exports | Produce Report](https://www.produce.com/news/red-sea-crisis-disrupts-egypt-oranges)

¹⁷ See <https://east-fruit.com/en/news/from-nile-to-iberian-shores-egypts-unprecedented-orange-export-boom-to-spain/>

¹⁸ See (in Spanish) [The rise in imports and prices mark the second part of the citrus campaign - EFEA Agro](https://www.efeaagro.com/news/la-auge-de-las importaciones y los precios marcan la segunda parte de la campaña de cítricos - EFEA Agro)

¹⁹ See <https://tradingeconomics.com/egypt/food-inflation#:~:text=Cost%20of%20food%20in%20Egypt,source%3A%20CAPMAS%2C%20Egypt>