

# GLOBAL OVERVIEW ONIONS

## Detail Introduction :

The global onion market is very varied at the moment. In Europe the outlook is generally good, with Spain experiencing particularly high prices, and Germany seeing an increase in demand. This is needed as in many countries continue to feel the squeeze of higher costs of production, as well as logistics. For the part, the harvests seem to be positive, although France has seen fewer larger sizes this season, and in America poor weather during the growing season has led to less produce from the Pacific Northwest.

## The Netherlands: High costs, low import and export of onions

Dutch onion exports are particularly tame these days. "Processing onions is very expensive everywhere at the moment. The costs for transport and processing have risen dramatically", says a Dutch exporter. "There are no shortages in Europe, Brazil is not on the market yet and things are also very quiet overseas. Miraculously we have been able to send onions to Ivory Coast for a long time, but otherwise it is very tame. Exports have been far too low for the last four to five weeks. Exports are still ahead of last year, but there are also a lot of onions in the whole of Europe."

Dutch onion exports already passed the 1 million tonne mark for the 2021-2022 season in the first week of March. That is three weeks earlier than last year. According to another exporter, the expected reduction in acreage for the 2022/2023 season will ensure less pressure on the market next year. "Also internationally we expect that growers will opt in larger numbers for potatoes and grain because of the upward pressure on the price of these products due to the tensions on the world market. This is therefore likely to result in less interest in onion cultivation."

Imports of onions are also down a lot. "However, it is expected that considerably fewer New Zealand onions will be shipped to Europe this season. "Figures indicate that there are already 50% fewer New Zealand onions coming to Europe," says Derk van Stokkum. Due to weather conditions, New Zealand has a smaller harvest at its disposal anyway, especially in the thicker sizes (65+). In addition, in the Netherlands and elsewhere in Europe there are high yields of good quality onions. Large retail customers will therefore continue to buy European onions for a long time and will not switch to imported onions until the end of May at the earliest, expects a Dutch importer.



#### Germany: Demand increases by 10%

A large wholesaler from South West Germany sells onions sourced from Lower Saxony, the Netherlands, Lower Rhine and Bavaria. Since Bavaria has problems quality-wise, they can offer only little this year. Therefore, he will primarily receive onions from Lower Saxony. From mid to late April on, the company will purchase onions from New Zealand and South Africa, which will be offered until June, when they will be replaced again by the marketing of Palatine onions. Currently they receive around 350 tons each week. The trader says that compared to recent years, the demand has increased by about 10% this year. Lower Saxony has expanded its volumes, while the Netherlands is marketing its goods strongly in the North of Germany. Into April the market will be switching to imported goods, which in turn may mean that the domestic goods will no longer find buyers.

In Frankfurt, onions from Turkey are sold at €13 and 80 mm+ household onions at €11 per 25 kg bag, which are supplemented at a high volume level, while a voice from Hamburg says that onions from Chile will not be available until the 14th week, and quotations for Spanish cold storage goods were picked up on Monday. Although household onions from New Zealand and Australia are also expected, the bulging domestic production did not allow the same venture.

#### France: Good quality but lack of larger sizes of onions

With the onion season already well underway, professionals now have the goods stored in refrigerated storage. The 2021/22 season is characterized by a good quality, both for yellow and red onions. However, there is a lack of large sizes for all onions, which is also observed at the European market. The French production of red onions is being almost finished, wholesalers will therefore for some, soon switch to the Egyptian product. It's almost April, so prices are slightly up, because you must now add the costs of storage and sorting. Onion consumption is identical to last year's, so a rather good and regular consumption.

### Italy: High prices for white onions

The onion market in Italy is going through the transition between the last stocks of domestic produce and the start of imports. A trader from the northern Italy says that currently white onions are in demand, but not much volume available and prices are quite high. On the other side of the spectrum, the red onions are stalled a bit and shows normal prices, around average for the period. Italian onions, both yellow and red, are still in stock, with good quality thanks to optimal storage. The first shipments of onions from India have arrived in Italy, but not at low costs, also due to the increase in container freight.

In addition, there are some problems with some retail chains that do not want to pay higher prices to producers and traders due to increased general prices.

### Spain: Price 80% higher than this time last year

The onion stocks are much lower than last year in Spain, so prices are around 80% higher compared to the same period last season, in which price levels were too low. In about 20 days the harvest of the first early varieties will kick off in Andalusia, where the acreage has dropped down significantly due to the bad rains last season and the current high costs. The fuel, fertilizers and energy costs are so high and the profit margins are so tight for onions that many Spanish growers are switching to other products with more attractive profits. The sowing period of mid and late varieties - the most representative of Spain in terms of volume - is still in progress and the abundant rains in March have made it difficult to enter the fields. This and the high costs are already causing a noticeable drop of around 40% in the acreage. The impact in the international markets will be therefore very significant.

### Egypt: Egyptian onion market feels effects of COVID

The spring onion season in Egypt has concluded. After a slow start, things were much more stable by the end of January. As well as shipping prices increasing, some containers were even sent to the wrong destination, leading to spoilage of the produce once it had actually arrived at the correct destination. This meant that 85% of the produce had to be discarded. Demand for spring onions was negatively affected by lockdowns which were put in place to deal with a new wave of the coronavirus. Demand was very slow in the beginning of the season, especially before the Christmas time. Prices were also very low and disappointing as a result. After the holidays, the quantities in the market started to drop. Exporters started to realize they'll have to deal with the current market situation differently than usual, due to COVID.

### China: Export price increase

The sales season of onions from Shandong and Gansu is almost over. The price of yellow onions left in storage is rising. Only Yunnan is currently harvesting fresh onions and market demand is huge. The onion harvest in Yunnan was somewhat delayed this year. The onions from Yunnan normally enter the market in large volumes in the middle of March, but this year it was late March before Yunnan onions began to enter the market in large volumes.

The price is relatively high because weather conditions were not great, so the overall production volume declined. The current price of 80mm red onions outside the warehouse is around 2.0-2.2 yuan [0.31-0.34 USD] per kg, while the price of yellow onions is around 2.8-3.0 yuan [0.44-0.47 USD] per kg.

The prices of various vegetables went up as a result of snowfall in Yunnan as well as pandemic control measures earlier in the season. The price increase of onions is relatively small compared to some other types of vegetables. Moreover, the relatively low price stimulates market demand, so domestic product movement is quick.

As for export, the relatively high price creates difficulties for onion exporters. The factory price of peeled onions is normally around 300-400 USD per ton. The current price is around 800 USD per ton. The high price is a result of reduced production volume, and pandemic control measures. Many production areas got temporary lockdowns, and the difficulties with the harvest, processing, and distribution push the price up. Moreover, oil prices are rising and that has an impact on transport costs, which in turn affects the price of nearly all products.

The production volume of Yunnan onions is relatively small, but there are no other production areas that can supply the onion market at the same time. That is why market demand is strong. Yunnan primarily exports onions to Korea, Japan, and Southeast Asia. We expected the price of onions to come down in late March as the supply volume expands, and so we started to prepare for the first export orders, but the price went up instead. We have no choice but to delay our export plans.

North America: Lower supply and high demand give good prospects for onion season

The spring season for onions has begun out of both Mexico and Texas.

"The quality and demand for onions are both excellent," says one shipper. "Vidalia is up next and will begin April 12th. Our crop there is looking good so far and we anticipate a normal year. Then we'll get into Walla Walla, WA in June."

Along with supplies of onions out of Mexico and Texas, other areas coming on with fresh crop include Idaho in April, then California and Washington later this year.

"Due to weather issues in the Pacific Northwest last summer, the overall supply of onions is much lower this year than last. We will wrap up our Northwest storage crop next month and be fully into our new crop until the fall," says the shipper.

Not surprisingly, demand is stronger this year for onions compared to last year. "The market is very strong and is higher than last year. We can attribute this to the lack of storage onions in the Northwest," he says, noting domestic storage crop is at a record low this year.

Meanwhile, challenging the industry are a variety of issues including freight rates at an all-time high and rising costs. However, the shipper notes that the onion industry was beginning to change before the pandemic, but it was a shift only accelerated by COVID. "Growers only planting for confirmed sales, labour challenges, and the general price of onions in stores... all of these factors have drastically changed the planning procedure."

outlook when it comes to our grower partners," he says.

Looking ahead, with more fresh onions coming into the market, more choices will be available for consumers. And with spring and summer around the corner, promotions will be too. "Consumers are excited to grill and enjoy warmer temperatures. Grilling, picnics, parties, special events and holidays are all great opportunities for sweet onions and we encourage our customers to promote with confidence," says the shipper.

Peru: "Right now, freight for onions would cost more than the product itself"

The export onion industry in Peru has experienced constant growth in recent years thanks to its main market, the United States, which in 2021 represented the destination of more than 60% of Peruvian shipments.

The long season in the country, which lasts from week 27 to 12, ends as the North American fields begin to have their own harvest. However, shipments of Peruvian onions have also gained strength in Europe, with Spain in the lead, and Central America, and continue to reach new markets; among the last to receive shipments from Peru are Canada, Portugal, Belgium or Haiti. In this last destination, exports have started with increasing volumes.

However, currently the increase in logistics costs is posing a great challenge for the sector and stands as the greatest limitation to continue growing, since as recognized by an important exporter of this industry "at the moment, the freight of the onions would cost more than the product itself."

"For now, the onion plantings have already started. From what I see, they are going at the rate they have always been, but in the sector we have all started with uncertainty, hoping that between now and June the freight issue will normalize."

Australia: Onion exports up by 23 percent

While most fruit and vegetable crops suffered a hit during the pandemic, volumes of onions were up, according to the latest figures. For the year ending June 2021, 271,930 tonnes were produced (an increase of 3% on the previous year) and valued at \$203million (down 17 percent) with 9 percent sent to processors. In terms of exports, volumes jumped back after a significant drop off in 2020; 44,885 tonnes were exported for a value of \$30.4million. Although the value remained roughly the same, the volume was up 23 percent. In terms of domestic consumption, 75 percent of Australian households purchased onions, with the majority of production occurring in South Australia and Tasmania.

Meanwhile, New Zealand and the UK signed a historic free trade agreement, earlier this month. In a social media post, the country's peak onion body says it is a "great outcome for NZ onion growers and exporters. This agreement will eliminate tariffs on NZ onions and put us on an even playing field with other countries which already have no tariffs, such as Holland."