USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

Required Report - public distribution

Date: 12/20/2010

GAIN Report Number: IS1014

Israel

Citrus Annual

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Report Highlights:

In 2010/11, citrus production in Israel is estimated at 588,000 tons, a 2 percent decrease compared to the previous year. The expected slight decrease in production is mainly due to unfavorable weather conditions in August 2010.
Citrus exports are expected to increase about 8 percent from the previous year, and delivery to processing plants is expected to decrease about 7 percent.
In recent years, the share of easy peelers has increased significantly and it is expected to further expand in the near future.

Executive Summary

In 2010/11, total citrus production is estimated at 588,000 tons, a 2 percent decrease compared to the previous year. Out of the total production, approximately 193,000 tons (33 percent) is expected to be exported, 170,000 tons processed (29 percent), and the remainder consumed fresh. The expected slight decrease is mainly a result of the extremely heat waves that Israel experienced in August 2010.

Exports in 2010/11 are forecast to increase about 8 percent compared to the previous year. The expected increase in exports is mainly due to the increase in local easy peelers production combined with the fact that citrus export season for Israel has started earlier this year as a result of the warm weather which caused early ripening mainly of the Sunrise variety (red grapefruit).

In 2009/10, despite the global economic recession combined with unfavorable exchange rates of the euro and U.S. dollar, citrus exports increased by 3 percent to 178,266 tons.

In August 2010, planted area totaled 17,600 ha, of which about 14,600 ha (83 percent) were fruit-bearing. In CY 2009, 1,216 ha of fresh citrus were planted, mainly easy peelers, red grapefruit, and newhole variety (oranges). On the other hand, due to low profitability about 900 ha of citrus were uprooted in 2009 mainly white grapefruit, sweetie, shamouti and Valencia oranges, and pomelo (white & chandler).

Commodities:

Grapefruit, Fresh

Lemons, Fresh

Oranges, Fresh and Juice

Citrus, Other, Fresh

Tangerines/Mandarins, Fresh

Production

The forecast for 2010/11 is for a total production of about 588,000 MT, a two percent decrease compared to the previous year. The decrease is mainly a result of extreme heat waves that Israel experienced in August 2010 combined with the uprooting of oranges, white grapefruit and pomelo. On the other hand, due to increased plantation of easy peelers varieties in recent years, easy peelers production is expected to continue to increase to 160,000 tons in 2010/11.

Oranges – Due to the extreme heat waves that Israel experienced in August 2010 combined with the uprooting of oranges in 2009 (Shamouti and Valencia varieties), oranges production in MY 2010/11 is expected to decrease about 6 percent to 139,000 tons.

Easy Peelers – In recent years, as a result of the increased new easy peelers plantations, easy peelers production increased and is expected to continue to increase in the coming years. In MY 2010/11, easy peelers production is estimated to total 160,000 tons, a 7 percent increase compared to the previous year.

Grapefruit – Due to the extreme heat waves that Israel experienced combined with the continued uprooting of white grapefruit and sweetie, grapefruit production in MY 2010/11 is expected to decrease about 4 percent to 226,000 tons.

Lemons – In 2010/11, it is estimated that local production of lemons will total approximately 50 tmt, a 4 percent increase compared to the previous year. The slight increase is mainly due to new lemon plantations in recent years.

Other Citrus - Due to continued aggressive competition from China, uprooting of white and red pomelo increased in 2010 and is expected to increase in the 2011 and 2012. As a result of the uprooting combined with the extreme heat waves that Israel experienced, other citrus production is estimated to decrease about 7 percent to 13 tmt in MY 2010/11.

Table 1: Citrus Production by Varieties, Thousand Tons

MY	Total Production	Orange	Easy Peelers	Lemon and Lime	Grapefruit	Other Citrus [1]
2007/8	560.0	125.0	145.0	35.0	242.0	13.0
2008/9	567.0	155.0	139.0	29.0	232.0	12.0
2009/10	595.0	148.0	150.0	48.0	235.0	14.0
2010/11*	588.0	139.0	160.0	50.0	226.0	13.0

Source: The Plants Production and Marketing Board, Citrus division, Israel

*Forecast: Based on information collected; [1] Other Citrus- Kumquat, Ethrog (Citron), Red & White Pomelo, Limquat.

Table 2: Species Share Out of Total Production, Percent

MY	Oranges	Easy Peelers	Lemon	Grapefruit	Other Citrus	Total
2007/8	22.3	25.9	6.3	43.2	2.3	100
2008/9	27.3	24.5	5.1	40.9	2.2	100
2009/10	24.9	25.2	8.1	39.0	2.8	100
2010/11*	23.6	27.2	8.5	38.4	2.3	100

Table 3: Citrus Disposition, by Destination, Tons

Period	Total Exports		Delivery to Processors		Local Fresh Market		
MY	Quantity	%	Quantity	%	Quantity	%	Total Percent
2007/8	172,059	30.7	212,097	37.9	175,844	31.4	100
2008/9	173,413	30.6	223,310	39.4	170,277	30.0	100
2009/10	178,266	30.0	182,203	30.6	234,531	39.4	100
2010/11*	193,000	32.8	170,000	28.9	225,000	38.3	100

Source: The Plants Production and Marketing Board, Citrus division, Israel

Planted Area

In August 2010, planted area totaled 17,600 ha, of which 14,800 ha (84 percent) were fruit-bearing. Out of total planted area, 11,250 ha (64 percent) are relatively young orchards which were planted between the years 2000 and 2010. About 3,200 citrus growers exist in Israel.

In 2009, about 1,216 ha of citrus were planted, mainly easy peelers, red grapefruit and newhole orange.

Out of total new citrus plantations from 2009 through 2011, 74 percent are expected to be easy peelers varieties (see table 4). On the other hand, about 900 ha of fresh citrus were uprooted in 2009, mainly sweetie (200 ha), white grapefruit (200 ha), Shamouti/orange variety (200 ha), Valencia/orange variety (200 ha), and pomelo (white & chandler).

Most of the citrus planted area is grown along the coastal plain, mostly in central and southern parts of the country.

Table 4: New Citrus Plantations, Ha, CY

	Ha				
	2009	2010 est.	2011 est.	Total (ha)	% Of Total
Oranges	204	99	111	414	10.9
Grapefruit	133	28	26	187	4.9
Lemons	170	48	94	312	8.2
Easy peelers	681	1,000	1,115	2,796	73.8
Others	28	24	26	78	2.2
Total	**1,216**	**1,198**	**1,372**	**3,787**	**100**

Source: The Plants Production and Marketing Board, Citrus Division, Israel

Consumption

In 2010/11, it is estimated that local consumption of fresh citrus will total approximately 225 tmt, a 3 percent decrease from the previous year. The decrease is mainly a result of the expected slight decrease in local citrus production.

In recent years local citrus consumption has increased significantly. The increased local consumption is mainly due to the decrease in deliveries to the processing plants combined with increased per capita consumption.

It should be mentioned that a portion of the local citrus production is sold in the West Bank (the figures are not known). As the economic situation in the West Bank is improving, more Israeli citrus will be sent to the West Bank. In 2009, the GDP growth rate of the West Bank totaled 7.2 percent. In addition, the Palestinian economy in the West Bank is estimated to have grown an annual 9 percent in the first half of 2010, according to the International Monetary Fund.

The Processing Industry

The forecast for 2010/11 is for a continued decrease in deliveries to the processing plants. Total deliveries are expected to decrease about 7 percent to 170,000 MT. The expected continued decrease is a result of expected lower prices for white grapefruit and oranges paid by the Israeli industry in 2010/11.

Due to the above mentioned reason, uprooting of oranges (Shamouti and Valencia varieties) and white grapefruits increased in CY 2009 and 2010.

Due to lower prices for oranges and white grapefruits paid by the local industry in MY 2009/10 combined with increased uprooting, deliveries decreased by 18 percent compared to MY 2008/9.

Out of total white grapefruit production, about 90 percent are delivered to the processing industry.

Table 5: Delivery to the Processing Plants, MY, Tons

	2006/7		2008/9		2009/10	
	Tons	%	Tons	%	Tons	%
Oranges	83,750	30	53,500	24	45,772	25
Grapefruit	156,750	55	141,674	63	107,076	59
Easy Peelers and Others	42,500	15	28,136	13	29,335	16
Total	**283,000**	**100**	**223,310**	**100**	**182,203**	**100**

Source: The Plants Production and Marketing Board, Citrus Division, Israel

Citrus Products, Production, Consumption and Trade

The Israeli processors produce mainly concentrates, juice, bases, puree and slices. About 70 percent of their products are exported (mainly to the EU) and the rest is consumed in the local market. The annual local consumption of juices and nectars per capita stands at 4-

5 liters and has been increasing in recent years as a result of a decrease in consumption of carbonated soft drinks. In recent years, as a result of increased uprooted oranges and grapefruit orchards, delivery to the processing industry has decreased significantly (36 percent decrease from 2006/7).

Led by recovering global economy and lower availability of local oranges for processing, it is expected that imports of orange juice will increase by about 10 percent in MY 2010/11.

Trade

Citrus growers in Israel currently raise some 590,000 tons of fruit, of which about 30 percent is exported as fresh fruit. While export quantity in 2009/10 increased by only 1 percent compared to 2006/7, exports value increased significantly. In 2009/10, Israel's citrus exports value totaled approximately $140 million (FOB), a 22-percent increase over the past four years.

The increased exports value is mainly due to new plantations of profitable citrus varieties (mainly easy peelers and red grapefruits) on the account of non-profitable citrus varieties (mainly oranges and white grapefruits).

In recent years, there was a change in the Israeli export markets, and in MY 2009/10 Russia became the No. 1 market for Israeli citrus, on the account of the U.K. market. Other main markets include France, Italy, Holland and Sweden. About 50 percent of Israeli citrus exports and exported to the EU market. It is known that Israeli citrus also reaches the Gulf states through a third party without the origin marked.

Exports in 2010/11 are forecast to increase about 8 percent compared to the previous year and will total 193,000 tons. The expected increase in exports is mainly due to the increase in local easy peelers production combined with the fact that citrus export season for Israel has started earlier this year as a result of the warm weather which caused early ripening mainly of the Sunrise variety (red grapefruit).

Out of total citrus exports in 2009/10, 47 percent and 38 percent were the grapefruit and easy-peelers varieties, respectively. In recent years, easy peelers exports have increased significantly, and is expected to continue to increase in the coming years, led by the Or, Suntina and Minneola varieties. On the other hand, the market share for oranges has continued to decrease by 25 percent, from 16 percent market share in 2008/9 to 12 percent market share in 2009/10.

Out of total citrus exports, about 80 percent is controlled by 2 export companies (MTEX and Agrexco), and the rest is controlled by 37 companies.

Oranges – Due to continued competition from other orange suppliers combined with increased orange orchards uprooting (mainly Shamouti and Valencia varieties), exports of oranges in MY 2009/10 decreased by nearly 40 percent compared MY 2006/7. Valencia exports decreased by 60 percent in 2009/10 to 2,330 tons. It is expected that oranges exports in MY 2010/11 will continue to decrease by about 5 percent compared to the previous MY.

Easy Peelers – In recent years, easy peelers exports have increased significantly and it's expected to continue to increase by about 15 percent in MY 2010/11. In MY 2009/10 Or variety exports reached a record high of 26,000 tons, a 45 percent increase compared to the previous year.

Grapefruit – In 2009/10, exports of red grapefruit (Sunrise variety) increased by nearly 2 percent compared to the previous year. Red grapefruit exports are expected to continue to grow by 5-15 percent in 2010/11. Out of total grapefruit exports, 72 percent are red grapefruit. On the other hand, exports of White grapefruit in 2009/10 decreased by 7 percent from the previous year and totaled 10,700 mt. In addition, exports of sweetie variety decreased nearly 8 percent compared to the previous year. The decrease was mainly due to decrease in sweetie exports to Japan.

Other Citrus - Due to continued aggressive competition from China, post estimates that exports of the white and red pomelo varieties to Europe will continue to decrease in MY 2010/11. In MY 2009/10 pomelo exports decreased by 55 percent compared to the previous year to 2,260 mt.

Japan - Exports of the sweetie variety to Japan in 2009/10 decreased 3 percent from the previous year (from 277,936 cases to 270,391 cases). On the other hand, due to continued decreased grapefruit production in Florida, exports of Israeli white grapefruit to Japan totaled 8,520 cases compared to 4,064 cases in 2008/9. Due to the expected continued decrease in grapefruit production in Florida, Israeli white grapefruit exports to Japan are forecast to continue to increase in 2010/11.

Table 6: Fresh Citrus Exports by Varieties, Tons, MY

Variety	2006/7	2007/8	2008/9	2009/10	2009/10 % Change Compared to 2008/9	2009/10 % Change Compared to 2006/7
Oranges	35,180	30,396	27,768	21,591	-22	-39
Grapefruit	82,130	81,110	84,836	84,234	-1	-3
Easy Peelers	51,641	50,112	54,275	67,445	24	31
Lemon	2,316	4,024	1,827	1,775	-3	-23
Other Citrus	5,957	6,417	4,707	3,221	-32	-46
Grand Total	**177,224**	**172,059**	**173,413**	**178,266**	**3**	**1**
Total Export Value, $ Million (FOB)	**$115**	**$129**	**$130**	**$140**	**8**	**22**
Value per Ton	**$649**	**$750**	**$750**	**$785**	**5**	**21**

Source: The Plants Production and Marketing Board, Citrus Division, Israel

Table 7: Export Markets, MY 2009/10

	Tons	Market Share
Russia	42,784	24
England	23,175	13
France	17,826	10
Italy	16,044	9
Holland	14,261	8
Sweden	14,200	8
Germany	5,348	3
Japan	3,565	2

U.S. & Canada	3,350	2
Other	37,713	21
Total	**178,266**	**100**

Source: The Plants Production and Marketing Board, Citrus Division, Israel

Table 8: Israeli Fresh Citrus Export to Japan, Cases, MY (till December)

MY	2008/9	2009/10	2010/11
Sweetie	277,936	268,152	246,344
Red Pomelo	0	4,064	5,208
White Grapefruit	0	4,536	11,552

Source: The Plants Production and Marketing Board, Citrus Division, Israel

Value of Citrus Production

In MY 2009/10, the total value of citrus production increased by 53 percent compared to MY 2000/1. While production in recent years decreased, the value of citrus production increased significantly (from $240 million in MY 2000/1 to $366 million in MY 2009/10). The increased production value is mainly due to new plantations of profitable citrus varieties on the account of non-profitable citrus varieties.

Table 9: Value of Citrus Production, MY

	2000/1	2006/7	2009/10	2009/10 % Change Compared to 2000/1
Production (tons)	785	650	600	-24%
Value (FOB, $ million)	$240M	$310M	$366M	53%
Average FOB Revenue per 1 fruit-bearing ha	$1,041	$1,820	$2,495	140%

Source: The Plants Production and Marketing Board, Citrus Division, Israel

Production, Supply and Demand Data Statistics:

PSD Tables

Fresh Grapefruit

Grapefruit, Fresh Israel	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	**4,850**	**4,850**	**4,897**	**4,840**		**4,750**
Area Harvested	**4,200**	**4,200**	**4,250**	**4,260**		**4,210**
Bearing Trees	**0**		**0**			
Non-Bearing Trees	**0**		**0**			
Total No. Of Trees	**0**	**0**	**0**	**0**		**0**
Production	**232**	**233**	**245**	**235**		**226**
Imports	**0**		**0**			
Total Supply	**232**	**233**	**245**	**235**		**226**
Exports	**85**	**85**	**80**	**84**		**90**
Fresh Dom. Consumption	**5**	**6**	**6**	**44**		**32**
For Processing	**142**	**142**	**159**	**107**		**104**
Total Distribution	**232**	**233**	**245**	**235**		**226**
HECTARES, 1000 TREES, 1000 MT						

Fresh Oranges

Oranges, Fresh Israel	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	**4,650**	**4,600**	**4,618**	**4,550**		**4,350**
Area Harvested	**4,150**	**4,150**	**4,100**	**4,010**		**3,900**
Bearing Trees	**0**		**0**			
Non-Bearing Trees	**0**		**0**			
Total No. Of Trees	**0**	**0**	**0**	**0**		**0**
Production	**155**	**155**	**160**	**148**		**139**
Imports	**0**		**0**			
Total Supply	**155**	**155**	**160**	**148**		**139**
Exports	**28**	**28**	**29**	**22**		**20**
Fresh Dom. Consumption	**73**	**73**	**65**	**80**		**81**
For Processing	**54**	**54**	**66**	**46**		**38**
Total Distribution	**155**	**155**	**160**	**148**		**139**
HECTARES, 1000 TREES, 1000 MT						

Fresh Tangerines/Mandarins

Tangerines/Mandarins, Fresh Israel	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	5,200	5,050	5,884	5,600		6,100
Area Harvested	4,700	4,000	4,900	4,250		4,600
Bearing Trees	0		0			
Non-Bearing Trees	0		0			
Total No. Of Trees	0	0	0	0		0
Production	139	139	150	150		160
Imports	0		0			
Total Supply	139	139	150	150		160
Exports	55	54	65	67		77
Fresh Dom. Consumption	58	57	55	56		57
For Processing	26	28	30	27		26
Total Distribution	139	139	150	150		160
HECTARES, 1000 TREES, 1000 MT						

Fresh Lemons/Limes

Lemons/Limes, Fresh Israel	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1,660		1,711	1,830		1,830
Area Harvested	1,300		1,500	1,550		1,570
Bearing Trees	0		0			
Non-Bearing Trees	0		0			
Total No. Of Trees	0	0	0	0		0
Production	30	29	55	48		50
Imports	0	5	0			
Total Supply	30	34	55	48		50
Exports	3	2	3	2		3
Fresh Dom. Consumption	25	31	48	44		45
For Processing	2	1	4	2		2
Total Distribution	30	34	55	48		50
HECTARES, 1000 TREES, 1000 MT						

Other Citrus

Citrus, Other, Fresh Israel	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Jan 2008		Market Year Begin: Jan 2009		Market Year Begin: Jan 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted		650		600		555
Area Harvested		600		560		540
Bearing Trees		0		0		0
Non-Bearing Trees		0		0		0
Total No. Of Trees		0		0		0
Production		12		14		13
Imports		0		0		0
Total Supply		12		14		13
Exports, Fresh		5		3		3
Fresh Dom. Consumption		7		11		10
For Processing		0		0		0
Total Distribution		12		14		13
HECTARES, 1000 TREES, 1000 MT						

Orange Juice

Orange Juice Israel	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Oct 2008		Market Year Begin: Oct 2009		Market Year Begin: Oct 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	54,000	54,000	66,000	46,000		38,000
Beginning Stocks	360	360	460	460		500
Production	4,900	4,900	5,900	4,200		3,500
Imports	26,700	26,700	27,200	26,340		29,050
Total Supply	31,960	31,960	33,560	31,000		33,050
Exports	15,800	15,800	17,000	15,000		16,500
Domestic Consumption	15,700	15,700	16,000	15,500		16,100
Ending Stocks	460	460	560	500		450
Total Distribution	31,960	31,960	33,560	31,000		33,050
MT						