

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Required Report - public distribution

Date: 10/22/2009

GAIN Report Number: MO9016

Morocco

CITRUS ANNUAL

2009

Approved By:

Hassan F, Ahmed, U.S. Embassy , Rabat

Prepared By:

Abdessalam Cherkaoui, U.S. Embassy, Rabat

Report Highlights:

Morocco's citrus production for MY 2009/10 is estimated at 1.441 million MT, an increase of about 13 percent over the previous year. Fresh citrus exports are projected to be 10 percent higher, at 532,000, with the EU and Russia remaining as major destinations. In order to encourage new citrus plantations, the Moroccan government has increased the payments of investment subsidies for new citrus orchards from 7,800 MDH per HA to 12,000 MDH (\$1,550 per HA).

Executive Summary:

Morocco's citrus production in MY 2009/10 is estimated at 1.441 million MT, a 13 percent increase over the previous year production. This increase is mostly due to production from new plantations and increased yield of small citrus varieties. This year harvest is reported to be of better quality, especially in terms of fruit sizes, due to sufficient rainfall in the previous season which had a beneficial impact on fruit quality. Total exports of fresh citrus for MY 2009/10 are projected at 532,000 MT, about 10 percent higher than exports in the previous year. The EU and Russian market remain as the main destinations for Moroccan citrus exports. At the present time, Moroccan citrus production can hardly keep up with growing demand from both export and local markets. Citrus exporters will likely continue to focus on the traditional EU market because of the preferential access, and also continue to target the less restrictive Russian market with incentives provided by the Moroccan government to increase exports to that market.

In recent years, Morocco has not been able to fill the duty-free quota granted by the EU for Clementines (168,000 MT) and oranges (326,000 MT). Under a new ambitious agricultural strategy called the "Green Plan", the government of Morocco is planning to increase the direct subsidies payments provided for new citrus plantations. In October 2009, a Ministry of Agriculture decree (# 2-09-601) was issued to increase the financial supports provided to citrus producers. New citrus plantations will receive direct investment payment of 12,000 MDH per hectare (\$1,550 HA), up from 7,800 MDH per hectare in the past two years.

Moroccan citrus exports to the U.S. (mostly small citrus) have almost tripled since the implementation of the U.S.-Morocco free trade agreement (FTA). Despite the significant increase, Moroccan citrus exports to the United States have been relatively constrained by USDA/APHIS stringent import requirements due to the Mediterranean fruit fly problem that exists in Morocco.

Production

Morocco's citrus production in 2009/10 is estimated to be increased about 13 percent compared to the previous year. Analysts indicate that the increase is mostly due to the entry into production of some new plantations, especially in the Haouz and Gharb regions (center and north of Morocco). Increased production of new small citrus varieties is also contributing to the increase in the overall production increase this year.

The Souss region (vicinity of Agadir/Taroudent), generally accounts for nearly half of Morocco's citrus production. This region continues to face critical water shortages which hamper the chance of expanding citrus area planted in the future. In contrast, the Gharb region in the northern part of Morocco (Vicinity of Kenitra/Sidi Kacem) appears to have high potential for production growth. Expansion of citrus production in the Gharb area has been constrained by aging orchards, limited number of citrus varieties planted, and the lack of new investment. Water scarcity in the Souss region, and the appeal of the export markets encouraged many leading citrus producers to reconsider the Gharb area as an alternative region to expand citrus production.

Morocco's citrus production continues to be dominated by the traditional Clementine, navels and Maroc-late (78 percent of the total production). However, some new (locally developed) varieties such as the small citrus fruit Nour and Afouer (11 percent of the production) have been very attractive to farmers. These varieties have the advantages of their higher quality and late harvest that extends their season through February and thus increases their demand in export markets.

The table below provides data on production finalized estimates for the 2008/09 and projection for the 2009/10 season:

Marketing Year	Production (1,000 Metric Tons)		
	08/09	09/10	% Incr.
Total Small Citrus Fruit	532.0	585.0	+10
Clementine	363.0	397.0	+ 9
Nour	117.0	129.0	+ 10
Ortanique	13.0	12.0	- 8
Nova	15.0	18.0	+ 20
Afourer	20.0	23.0	+ 15
Others	4.0	6.0	+ 50
Total Oranges	712.0	815.0	+14
Navel	215	244.0	+13
Sanguine	75	90.0	+20
Maroc-Late	390	448.0	+15
Others	32	33.0	+ 3
Other Citrus*	35.0	41.0	+17
Total Fresh Citrus	1,279.000	1,441.000	+13

Source: Ministry of Agriculture, DSS, DDFP and EACCE (Export Quality Control Office).

*: includes lemon, grapefruits and others. Breakdown by variety not available.

Note: Estimates for production are issued by Citrus Producers Association, DSS and the EACCE and are to be interpreted with caution because of their relative objectivity.

Note regarding the changes in area in the PS&D tables: Estimates for area planted to citrus and the numbers of trees have been revised to reflect more accurate data from the Moroccan Ministry of Agriculture's latest citrus census and recently published data on the sector. New densities of trees per hectare for the small fruits and oranges have also been used to estimate the total number of trees.

The table below provides data on major varieties exported by Morocco in 2008/2009:

Citrus Varieties / Species	Share of Total Exports
Small Citrus - Clementine	37
Oranges - Maroc Late	22
Small Citrus - Nour	18
Oranges - Bloody Orange	8
Oranges - Salutiana	4
Oranges - Navel	5
Small Fruit - Afourer	5
Others Varieties / Citrus Species	1
Grand Total	100

Source: EACCE (Export Quality Control Office)

Trade:

The citrus export season in Morocco starts about mid-October for Clementine-like varieties. Mid-season varieties (bloody oranges, Salustiana, Navel, etc.) provide a bridge through March/April where the Maroc-Late variety takes over until July.

This year's harvest is reported to be of better quality, especially in terms of fruit sizes. Heavy rain that Morocco experienced in the previous season had a beneficial impact on the evolution of the fruit size this year, which will result in greater percentage of exportable portion of the harvest. Export markets prefer particularly the large and medium sizes fruits.

MY 2009/10 citrus exports are projected to increase moderately (10 percent).

The table below shows exports estimates for 2008/09 and projection for the upcoming 2009/10 export season:

Marketing Year	Exports (1000 Metric Tons)		
	08/09	09/10	% Incr.
Total Small Citrus Fruit	293,509	309,000	+ 5
Clementine	180,668	200,000	+ 11
Nour	86,671	72,000	- 17
Ortanique	8,09	8,000	- 1
Nova	4,832	6,000	+ 24
Afourer	13,248	23,000	+ 74
Total Oranges	182,429	216,000	+ 18
Navel	25,732	35,000	+ 36
Sanguine	30,503	28,000	- 8
Maroc-Late	106,925	130,000	+ 22
Others	19,269	23,000	+ 19
Other Citrus*	7,208	7,000	- 3
Total Fresh Citrus	483,146	532,000	+ 10

Source : E.A.C.C.E.

Note: Estimates for exports are issued by Citrus Producers Association and the EACCE and are to be interpreted with caution because of their relative objectivity.

Export Procedures

Moroccan citrus exports are all handled by the private sector and are carried out by fully integrated cooperatives of small farmers and private companies (Moroccans as well as joint ventures with Europeans). In many cases, the exporting companies are advanced technologically and have shown great ability to adapt to constantly changing production and control conditions and meet importers' requirements such as ISO standards, EUREPGAP, BRC-British

Retail Consortium, HACCP, etc.

The non-EU markets, commonly known as “Contract Markets”, include Russia, Lithuania, Saudi Arabia, Canada, and the U.S. In the past few years, these markets have accounted for over 65 percent of total Morocco’s exports, up from an average of around 40 percent in 2004. This shift is mostly due to a greater focus on the Russian market. However the decline in the value of the Russian ruble against the Moroccan dirham may affect export to this country during the current year. Annual arrangements for these markets are typically made between importers and Moroccan exporters to ship agreed-upon quantities and quality of fruits. These markets are mostly handled by the exporters’ cooperatives such as the Moroccan Fruit Board (MFB) that coordinate export logistics among its members.

All exported food and agricultural products in Morocco are subject to quality control by the Ministry of Agriculture’s Export Quality Control Office (known as EACCE, i.e. *Etablissement Autonome de Controle et de Coordination des Exportations*). The EACCE ensures that the standards and requirements of the importing country, as far as quality is concerned, are effectively met.

Long-term prospects for fresh citrus exports

Currently, Moroccan citrus production can hardly keep up with growing demand from both export and local markets. In recent years, Morocco has not been able to fill the duty-free quota granted by the EU for Clementines (168,000 MT) and oranges (326,000 MT). Often, prices in the local markets reach levels at which many farmers consider it more beneficial to sell their products locally and avoid the risks and delays in payment of selling in the export markets.

Moroccan exporters have been focusing on the Russian market recently despite stiff competition from third countries. The Russian market has been appealing to the Moroccan exporters because of the difficulties they have been facing to comply with increasingly complex EU standards and requirements as well as the incentives that the government is providing when exporting to non EU countries (see policy section below). During the MY 2008/09, the Russian market absorbed about 45% of the total small fruits export and 43% of oranges compared to 30 % and 53 %, respectively for the EU.

The table below shows on Morocco’s exports of fresh citrus fruits by destination for the past three years, and first 6 months of 2009. Though there has been growing importance of the Russian market, the EU market still holds an important position as an important export destination for Morocco’s citrus.

Exports to the United States

Despite the fact that Moroccan citrus exports to the U.S. (mostly small citrus) have almost tripled since the implementation of the Free Trade Agreement (FTA) between the two countries, it is unlikely these exports would continue their sharp climb in a normal production year. This is because of the additional costs of the mitigation measures (cold treatment) required for countries exporting to the U.S. that have Mediterranean fruit fly. In addition, since Morocco’s citrus production is not likely to show significant increase in the near future, exports to the United-States are expected to remain modest. A few Moroccan exporting companies have clearly set the United-States as a strategic market, thus will continue to focus on the traditional nearby European and Russian markets. Occasionally, Moroccan exporters may respond to orders from U.S. importers depending upon Moroccan production.

(Exports in 1000 Metric Tons, Marketing Year Oct. /Sept, by country of Destination)

Market Year Begin (Oct. - Sept.)	2006	2007	2008	2009 6 months Jan-June
Russia	273.9	297.1	281.8	90.2
EU	248.7	190.4	248	100.6
-France	74.2	40.1	65.2	15.7
-Netherlands	97.8	71.7	85.8	46
--U.K.	35.9	40.6	47.0	20.8
Canada	43.1	57.8	46.0	13.5
U.S.A.	5.2	12.3	15.1	3.6
Saudi Arabia	2.8	2.0	4.3	1.1
Others	9.6	10	12.9	37.8
Total Citrus Exports	581.0	593.7	608.1	246.8

Source: Official Moroccan Trade Data (Office des Changes)

Policy:

The citrus production and export sector is among the most organized/well managed sectors in Morocco. Due to its impact on foreign exchange revenues (about \$350 million a year) and job creation in rural areas and the economy in general, it has received a great deal of support from the Moroccan government. In the past several years, new citrus plantings have been growing at an average of about 2,000 hectares per year. This growth rate was deemed insufficient by the industry to keep up with the demand. More recently, however, there is an increased interest in new citrus plantation and renewal of orchards that could reach 3,500-4,000 hectares per year due to several factors:

- Consistently higher demand for exports and Morocco's inability to fill up its preferential quotas in the E.U. market (168,000 MT for Clementine and 326,000 MT for oranges). The Moroccan government has been subsidizing exports to Russia and other non-EU markets (see table).
- The leasing (in 2006 and in 2008) of some government-owned farms to private sector investors made several thousands of hectares of Morocco's best farms available to new agricultural investment. It is likely that a good part of this leased land would be devoted to citrus production.
- The Ministry of Agriculture's recent announced intention to increase investment premium on citrus planting (see table). Most of the increase is expected to occur in the northern and northern central parts of the country (Kenitra, Larach, Berkane, Beni Mellal, etc.).

Under its new ambitious agricultural strategy called the "Green Plan", the government of Morocco is planning to increase the direct subsidies provided for new citrus plantation. In October 2009, a Ministry of Agriculture decree (# 2-09-601) was issued to increase the financial supports provided to citrus producers. New citrus plantations will receive direct investment payment of 12,000 MDH per hectare (\$1,550 HA), up from 7,800 MDH per hectare in the past two years.

In addition to the incentives that are not crop specific, citrus farmers have been benefiting from specific incentives meant to boost investment and establishment of new citrus orchards. The table below provides data on major investment incentives and subsidies relevant to citrus production, marketing and exports:

Activity	Subsidy/incentive	Comment
Cold Storage Warehouse	10-15% of cost with a maximum of 1.0-1.5 million dh/project.	Not specific to citrus. Subsidy depends on operation size and ownership (individual company vs. cooperative)
Packing Houses	10-15% of cost with a maximum of 120-150 dirhams/Cubic Meter	Not specific to citrus. Subsidy depends on operation size and ownership (individual company vs. cooperative)
Digging wells, Localized Irrigation equipments, De-stoning of fields	60 percent of cost with a maximum cumulated of 22,000 dh (36,000 dh if a basin is built).	Not specific to citrus. Plus a premium of 2000dh/hectare for water saving irrigation techniques
Investment Premium	12,000 dirhams/hectare when certified plants are used.	Specific to fresh citrus. Expected to increase to 12,000 dh/hectare starting 2008/09.
Export promotion For diversification of outlets (subsidy if exported to non EU countries)	200 dirhams for each MT exported to Russia or for each incremental exports to other non-EU destinations (use 2000/2001 exports as basis)	Specific to fresh citrus. Will probably be phased out for Russia as this market accounts today for over half of the export market.

Indicative Exchange Rate (dh/\$): 7.75

Processed Citrus

Morocco is currently a net importer of citrus juice and concentrate. Following the bankruptcy of the sole Moroccan producer of citrus juice concentrate (FRUMAT) five years ago, Morocco has become an importer of juice concentrates from Brazil, Egypt, Greece, Argentina and is likely to remain so in the future. Today, there are three manufacturing plants of single strength juice in Morocco that are hardly able to meet demand in the local market. Given the high prices of the fresh citrus in the local market, these processors will continue to face a strong competition from the imported juices.

Production, Supply and Demand Data Statistics:

Fresh Oranges, Morocco	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data	Jan	
			Data			Data		Data	
Area Planted	43,115	43,115	43,115	45,000	45,000	45,000		45,700	HECTARES
Area Harvested	41,000	41,000	41,000	42,000	42,000	42,000		41,000	HECTARES
Bearing Trees	14,350	14,350	14,350	14,700	14,700	14,700		15,000	1000 TREES
Non-Bearing Trees	740	740	740	1,050	1,050	1,050		1,100	1000 TREES
Total No. Of Trees	15,090	15,090	15,090	15,750	15,750	15,750		16,100	1000 TREES
Production	732	732	732	790	790	790		815	1000 MT
Imports	0	0	0	0	0	0		0	1000 MT
Total Supply	732	732	732	790	790	790		815	1000 MT
Exports	266	296	296	170	305	305		216	1000 MT
Fresh Dom. Consumption	460	430	430	614	479	479		593	1000 MT
For Processing	6	6	6	6	6	6		6	1000 MT
Total Distribution	732	732	732	790	790	790		815	1000 MT

Fresh Tangerines/Mandarins, Morocco	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data	Jan	
			Data			Data		Data	
Area Planted	36,400	36,400	36,400	37,500	37,500	37,500		37,500	HECTARE
Area Harvested	35,000	35,000	35,000	36,000	36,000	36,000		36,500	HECTARE
Bearing Trees	15,750	15,750	15,750	16,200	16,200	16,200		16,500	1000 TREES
Non-Bearing Trees	630	630	630	675	675	675		700	1000 TREES
Total No. Of Trees	16,380	16,380	16,380	16,875	16,875	16,875		17,200	1000 TREES
Production	471	471	471	530	532	532		585	1000 MT
Imports	0	0	0	0	0	0		0	1000 MT
Total Supply	471	471	471	530	532	532		585	1000 MT
Exports	272	272	272	330	332	293		309	1000 MT
Fresh Dom. Consumption	199	199	199	200	200	239		276	1000 MT
For Processing	0	0	0	0	0	0		0	1000 MT
Total Distribution	471	471	471	530	532	532		585	1000 MT

Fresh Lemons/Limes, Morocco		2007			2008			2009		
		2007/2008			2008/2009			2009/2010		
		Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
		USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data	Jan	
				Data			Data		Data	
Area Planted	3,140	3,140	3,140	3,200	3,200	3,200		3,200	HECTARES	
Area Harvested	3,000	3,000	3,000	3,100	3,100	3,100		3,100	HECTARES	
Bearing Trees	1,050	1,050	1,050	1,085	1,085	1,085		1,100	1000 TREES	
Non-Bearing Trees	35	35	35	35	35	35		35	1000 TREES	
Total No. Of Trees	1,085	1,085	1,085	1,120	1,120	1,120		1,135	1000 TREES	
Production	15	15	15	15	15	15		15	1000 MT	
Imports	0	0	0	0	0	0		0	1000 MT	
Total Supply	15	15	15	15	15	15		15	1000 MT	
Exports	0	0	0	0	0	0		0	1000 MT	
Fresh Dom. Consumption	15	15	15	15	15	15		15	1000 MT	
For Processing	0	0	0	0	0	0		0	1000 MT	
Total Distribution	15	15	15	15	15	15		15	1000 MT	

Fresh Citrus, Other, Morocco		2007			2008			2009		
		2007/2008			2008/2009			2009/2010		
		Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
		USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data	Jan	
				Data			Data		Data	
Area Planted	5,000	3,100	3,100	3,160	3,160			3,160	HECTARES	
Area Harvested	5,000	3,000	3,000	3,050	3,050			3,100	HECTARES	
Bearing Trees	1,500	1,050	1,050	1,070	1,070			1,100	1000 TREES	
Non-Bearing Trees	15	35	35	50	50			50	1000 TREES	
Total No. Of Trees	1,515	1,085	1,085	1,120	1,120			1,150	1000 TREES	
Production	10	20	20	20	20			20	1000 MT	
Imports	0	0	0	0	0			0	1000 MT	
Total Supply	10	20	20	20	20			20	1000 MT	
Exports, Fresh	0	15	15	15	15			15	1000 MT	
Fresh Dom. Consumption	10	5	5	5	5			5	1000 MT	
For Processing	0	0	0	0	0			0	1000 MT	
Total Distribution	10	20	20	20	20			20	1000 MT	

Juice	Orange Morocco		2008			2008		2009		MT
			2008/2009			2008/2009		2009/2010		
			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		
			USDA Official Data		Old Post	USDA Official Data	Old Post	USDA Official Data	Jan	
		Data		Data		Data				
Deliv. To Processors	6,000	6,000	6,000			6,000		6,000	MT	
Beginning Stocks	0	0	0			0		0	MT	
Production	600	600	600			600		600	MT	
Imports	1,000	1,000	1,000			1,000		1,000	MT	
Total Supply	1,600	1,600	1,600			1,600		1,600	MT	
Exports	0	0	0			0		0	MT	
Domestic Consumption	1,600	1,600	1,600			1,600		1,600	MT	
Ending Stocks	0	0	0			0		0	MT	
Total Distribution	1,600	1,600	1,600			1,600		1,600	MT	