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EU-28

Citrus Annual

Expected Rebound in EU-28 Citrus Production may Reduce Imports for MY 2018/19

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Report Highlights:

MY 2018/19 EU-28 citrus production is projected to reach 11.6 MMT, an eight percent growth compared to previous year. The regional increase is due to an expected rebound in Spanish production, the main EU-28 citrus producer. Favorable weather conditions experienced in the Southern EU countries with rainy spring and mild summer facilitated good flowering and fruit setting. Spain expects a 14.2 percent higher citrus production than the previous year at 7.2 MMT. Strategic markets destinations for EU-28 citrus exports continue to be Canada, the Middle East and China. The rebound of EU citrus production may result in a reduction of EU citrus imports. In addition, EU imports of U.S. grapefruit and orange juice are expected to continue on a downward trend.

Disclaimer: This report presents the outlook for citrus production, trade, consumption, and stocks for the EU-28. Unless stated otherwise, data in this report are based on the views of Foreign Agricultural Service analysts in the EU-28 and are not official \$A data.

This report would not have been possible without the valuable contributions from the following Foreign Service analysts:

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Harmonized System (HS) Codes:

Oranges 080510

Tangerines/Tangerines 080520, 080521, 080522, 080529

Lemons 080550

Grapefruits 080540

Orange Juice 200911, 200912, 200919

MY Marketing year:

Oranges October/September

Tangerines October/September

Lemons October/September

Grapefruits October/September

Orange Juice October/September

Abbreviations used in this report:

CAP Common Agricultural Policy

CMO Common Market Organization

EC European Commission

EU European Union

FAS Foreign Agricultural Service

FCOJ Frozen Concentrated Orange Juice

HA Hectares

GTA Global Trade Atlas

MY Marketing Year

MS EU Member State

MT Metric ton (1,000 kg)

MMT Million Metric Tons

PS&D Production, Supply and Demand

\$ U.S. Dollar

Executive Summary

EU citrus production is concentrated in the Mediterranean region. Spain and Italy represent the leading EU citrus producers, followed by Greece, Portugal, and Cyprus. For MY 2018/19 (October/September), Post expects overall citrus production to grow in Spain and Portugal due to favorable weather conditions. A rainy spring and a mild summer facilitated good flowering and fruit setting. The quality of the fruit is forecast to be excellent. EU domestic consumption of citrus may stay flat in MY 2018/19.

For MY 2018/19, EU-28 orange production is forecast at 6.5 MMT, 3.8 percent higher than MY 2017/18. Correspondingly, orange juice production in the EU-28 is forecast to rise 9 percent to 106,120 MT, as more oranges are available for processing. MY 2018/19 EU-28 tangerine production is forecast to rise 16 percent to 3.4 MMT, supported by expected growth in the main producing areas of Spain and Italy. Over the last years four years, total EU planted area for orange and tangerine has shrunk 1.1 and 2.6 percent respectively. The production growth despite the reduction in planted area signals farms are increasing efficiency and performance.

Similarly, MY 2018/19 EU-28 lemon production is forecast to grow by about 10 percent to 1.6 MMT. EU-28 grapefruit production is also forecast to grow 2.7 percent to 112,000 MT, due to the expected strong production rise in Spain, the major EU lemon and grapefruit producer. Total EU lemon and grapefruit area planted continues to expand by 3.5 and 4.4 percent respectively since 2015.

The EU-28 is a net importer of citrus. Spain and Italy, the leading EU citrus producers, export mainly to other EU countries. Other major market destinations for EU citrus are South Africa, North Africa and South America. In addition, in MY 2017/18 EU imports of U.S. grapefruit and orange juice dropped due to the reduction of U.S. citrus production. As a result of the rebound in EU citrus production, EU imports of citrus are expected to lower in MY 2018/19.

Post expects EU citrus exports to rise and continue their upward trend in strategic markets such as Canada, Middle East and China.

Commodities

I. ORANGES

Table 1: Production, Supply, and Demand (MT)

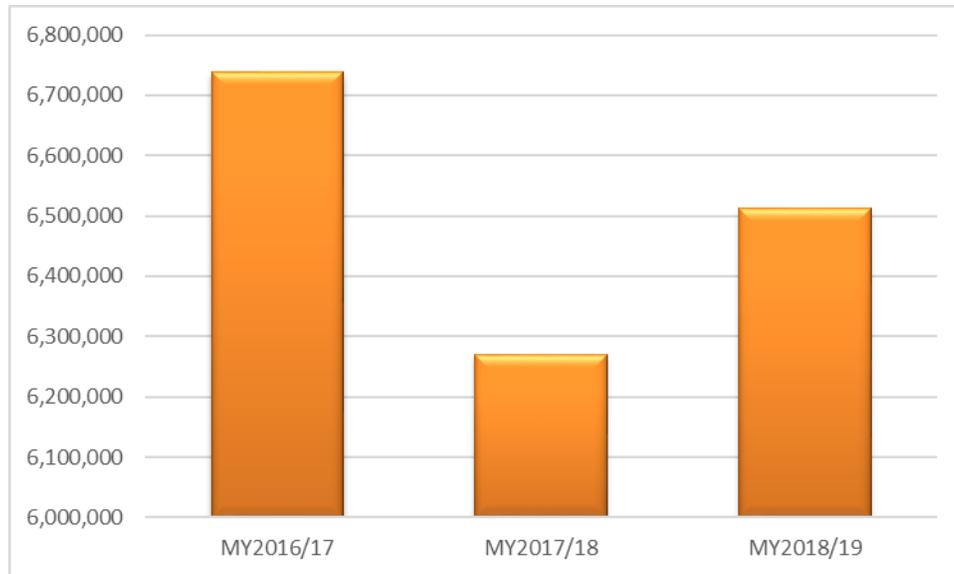
Oranges, Fresh Market Begin Year	2016/2017		2017/2018		2018/2019	
	Oct 2016		Oct 2017		Oct 2018	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	284,590	284,590	282,594	283,543		283,925
Area Harvested	270,678	269,568	265,790	266,912		266,598
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	6,778	6,739	6,420	6,269		6,512
Imports	995	995	1,090	1,042		995
Total Supply	7,773	7,734	7,510	7,311		7,507
Exports	293	293	315	324		350
Fresh Dom. Consumption	5,990	5,950	5,810	5,734		5,794
For Processing	1,490	1,491	1,385	1,253		1,363
Total Distribution	7,773	7,734	7,510	7,311		7,507
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Sources: FAS Madrid

PRODUCTION

EU orange production is concentrated in the Mediterranean region. Spain and Italy represent 80 percent of the EU's total production of oranges. The remaining 20 percent is distributed among other Member States (MS), such as Greece and Portugal. For MY 2018/19(October/September), EU-28 orange production is forecast at 6.5 MMT, 3.8 percent higher than MY 2017/18. Larger production expected mainly in Spain and Portugal is due to favorable weather conditions because of a good flowering, rainy spring and mild summer that facilitated a good fruit setting (See Chart 1).

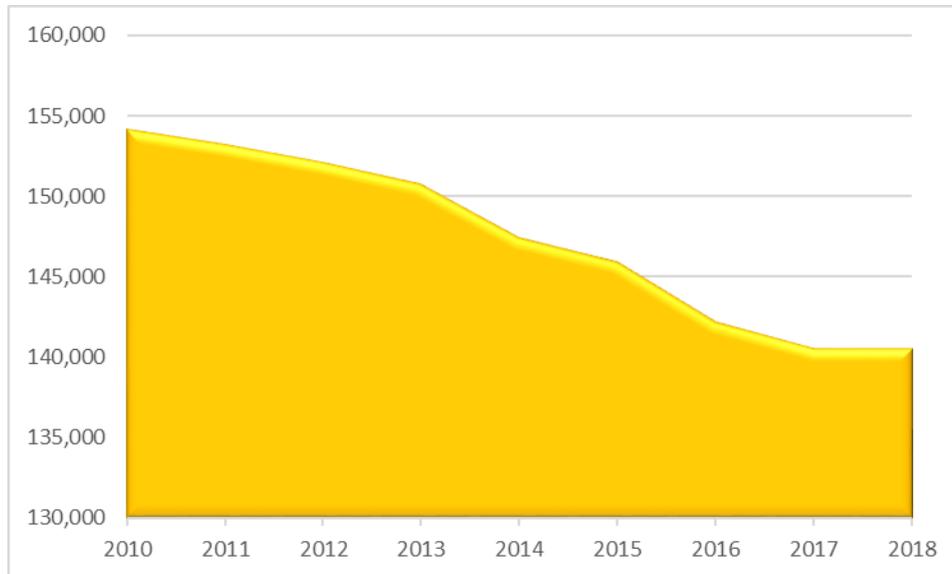
Chart 1. Orange Production in EU-28 by MY (MT)



Source: FAS Madrid with FAS EU offices data

Spain is the primary orange producer in the EU-28. According to the latest data from the Spanish Ministry of Agriculture, Fisheries, and Food (MAPA), Spain’s MY 2018/19 orange production is forecast at 3.7 MMT, 10.4 percent rise compared to the previous season. Spain’s MY 2017/18 orange production was one of the lowest in the last decade. The Spanish orange production growth is due to favorable conditions resulting in good fruit setting, despite the continuous reduction of the Spanish citrus area. In the last eight years, Spain has reduced its orange planted area by seven percent. In 2018, Spanish planted area for oranges stood at 140,510 ha. It is worth noting that after several consecutive years of economic slowdown hitting the Spanish orange sector has led farmers to leave orange production for more profitable products such as persimmons and avocado. Nevertheless, Spanish orange farms’ productivity and performance have kept Spain as the top orange producer and exporter in the EU (see Chart 2).

Chart 2. Orange Planted Area in Spain 2010-2018 (Ha)



Source: FAS Madrid with Eurostat data

Spanish fruit quality and size are expected to be good due to late rains during the fall season. The main Spanish orange producing areas are the Regions of Valencia and Andalusia accounting for approximately 90 percent of Spanish orange production. Spanish producers try to supply the market throughout the whole marketing year by growing both *early* and *late* varieties to extend the fruit availability. *Naveline*, *Navel*, *Navelate*, *Salustiane*, *Valencia* and *Sanguinello* are the leading orange varieties grown in Spain.

Italy is the second largest European orange producer after Spain. Sicily and Calabria are the main orange-producing areas, accounting for approximately 63 and 19 percent of total production, respectively. *Tarocco*, *Moro*, *Sanguinello*, *Naveline*, and *Valencia* are the leading orange varieties grown in the country. Moreover, *Ippolito* and *Meli* cultivars are gaining popularity. Italy’s MY 2018/19 orange harvest is forecast to drop 7.5 percent compared to the previous season due to summer rains and major flooding in Sicily during October and November. Fruit quality is forecast to be excellent.

MY 2017/18 Italian orange production declined 15 percent, more than previously anticipated, due to the summer drought that affected the Italian peninsula. However, beneficial rains that occurred at the end of September in the main producing regions, and favorable weather conditions in November, helped mitigate the drought effects.

Greece’s MY 2018/19 orange production is expected to decrease 4.2 percent compared to the previous year due to adverse weather conditions during fruit setting, and drought that decreased yields. Peloponnese and Etoloakarnania (western Greece) are the main orange-producing areas. *Washington*

Navel, *Commons*, *Skaggs Bonanza*, *Navelina*, *New Hall*, *Lanelate*, and *Valencia* are the chief varieties grown in Greece.

Over the last decade, Portugal has increased its orange production with more efficient and irrigated citrus farms. Orange production in Portugal is mainly located in Algarve, the southern region. Portuguese production is expected to increase by 15 percent compared to previous period due to favorable weather conditions.

Table 2. EU-28 Fresh Orange Production by Country and Year (MT)

Country	MY 2016/17	MY 2017/18	MY 2018/19
Spain	3,654,800	3,367,000	3,718,252
Italy	1,915,000	1,621,000	1,500,000
Greece	877,478	960,925	920,000
Portugal	266,000	299,000	344,000
Cyprus	26,450	21,940	29,980
Total Production	6,739,728	6,269,865	6,512,232

Source: FAS offices

CONSUMPTION

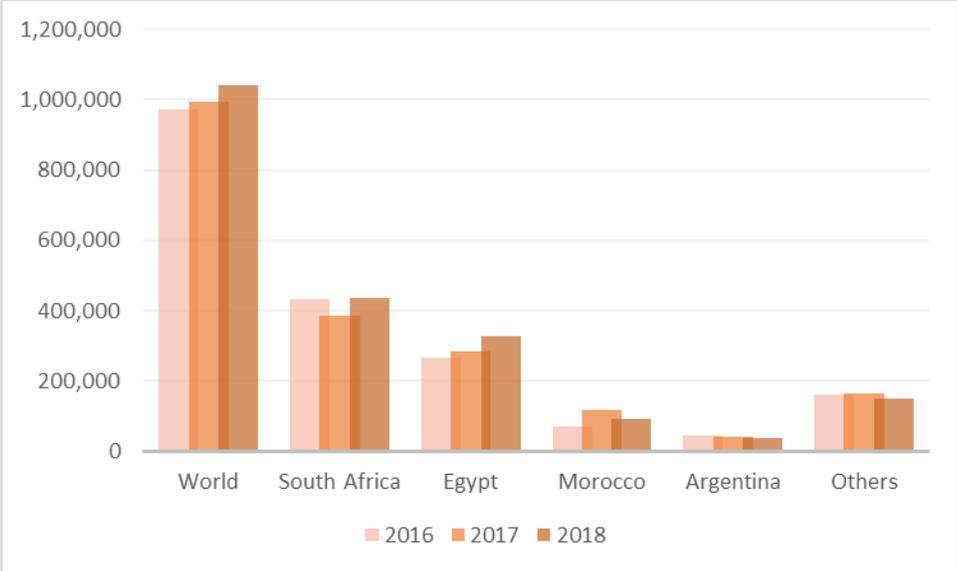
In the EU-28 oranges are mainly consumed fresh. Late varieties are destined to both the processing and fresh markets. Due to an increase in production, fresh and processed consumption may rise in MY 2018/19. Spain's per capita orange consumption is estimated at approximately 20 kg, continuing the downward trend of recent years. In Spain, most oranges are consumed fresh, especially *Navelina* and *Navelate* varieties. *Valencia Late* varieties are predominantly used for processing. In Italy, Blood varieties (*Tarocco*, *Moro*, and *Sanguinello*) are used primarily for fresh consumption. Late varieties (*Ovale* and *Valencia*) are destined to both the processing and fresh markets. Greece's orange consumption is expected to reduce due to an expected decrease in production.

EU oranges for processing are expected to grow 8.7 percent compared to previous period because of the increase in orange production, mainly in Spain. Spain is the major orange processor in the EU, as its domestic fresh consumption is expected to decrease in MY 2018/19, more oranges may be processed into orange juice.

TRADE

The EU-28 is a net importer of oranges. During MY 2017/18, following a significant decline in EU orange production, the EU-28 imported 1,042,415 MT of oranges. This import volume was almost five percent higher compared to the previous season and valued at \$773 million, 4.7 percent higher than the previous year (See Chart 3). South Africa and Egypt continued to be the leading suppliers to the EU-28 market. Other important suppliers are Morocco, which experienced a 22 percent drop, and Argentina. EU-28 orange imports from Egypt continue on an upward trend. EU-28 orange imports in MY 2018/19 are likely to decrease due to the expected increase in EU orange production.

Chart 3. EU-28 Imports of Oranges by Origin and MY in MT

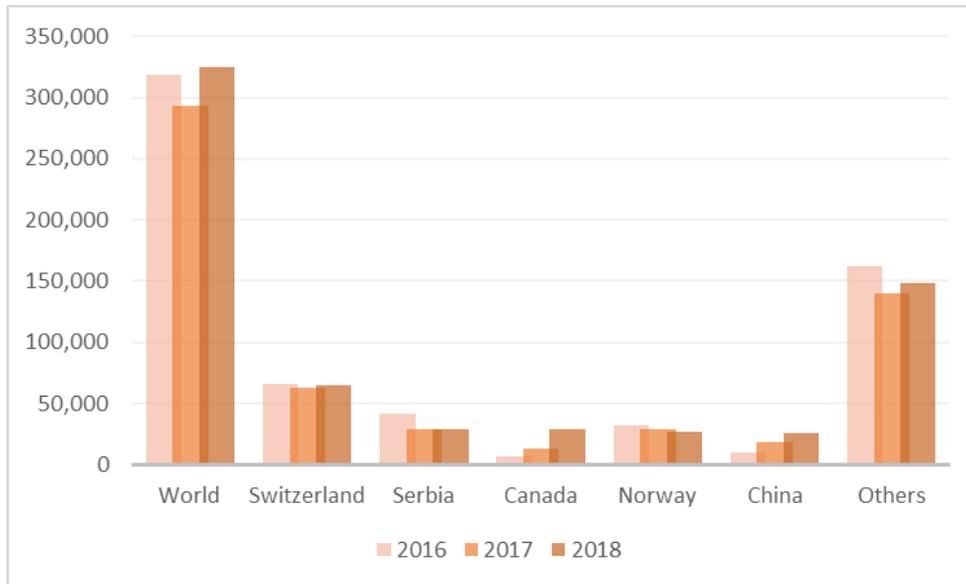


Source: GTA

During MY 2017/18, the volume of EU-28 orange exports rose 10 percent to 324,691 MT and valued at \$290 million. Main export destinations are Switzerland, Serbia, Canada, Norway, and China (see Chart 4). In MY 2017/18, EU orange exports to Canada and China jumped 118 and 40 percent respectively, representing the third and fifth markets for EU-28 oranges mainly exported by Spain. In addition, countries in Middle East such as Saudi Arabia and United Arab Emirates significantly increased imports of Spanish oranges.

On August 7, 2014, the Russian government banned a range of agricultural and food products, including fresh citrus, from the United States, the EU, Canada, Australia, and Norway, in response to U.S. and EU sanctions over Russian actions in Ukraine (see Policy Section). To compensate for the loss of the Russian market, the EU-28 has reoriented their orange exports to new markets such as Canada, China, and Middle East. In MY 2018/19, EU-28 orange exports are forecast to grow due to the expected growth of EU orange production.

Chart 4. EU-28 Exports of Oranges by Destination and MY in MT



Source: GTA

Spain is the major European orange producer and exporter of oranges within the EU-28, exporting a total 1.5 MMT in MY 2017/18. The main market is the EU-28, with 90 percent of their total exports of oranges. Over the last five years, exports of Spanish oranges to China have experienced significant increases due to higher citrus demand in the Asian country. Similarly, Spanish exports of oranges to Canada continue on an upward trend and this trend is expected to continue in MY 2018/19. Given the expected increase in Spanish orange production during MY 2018/19, Spanish orange exports may also grow in the next marketing year.

Orange Juice

Table 3: Production, Supply, and Demand (Brix 65)

Orange Juice Market Begin Year	2016/2017		2017/2018		2018/2019	
	Oct 2016		Oct 2017		Oct 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Deliv. To Processors	1,491,000	1,491,000	1,385,000	1,253,000		1,363,000
Beginning Stocks	15,000	15,000	15,000	15,000		15,000
Production	115,508	115,585	107,368	97,135		106,120
Imports	689,209	688,432	675,000	699,063		690,000
Total Supply	819,717	819,017	797,368	811,198		811,120
Exports	63,493	63,063	65,000	55,494		60,000
Domestic Consumption	741,224	740,954	717,368	740,704		736,120
Ending Stocks	15,000	15,000	15,000	15,000		15,000
Total Distribution	819,717	819,017	797,368	811,198		811,120
(MT)						

Source: FAS Offices

Production

For MY 2018/19, EU-28 orange juice production is forecast at 106,120 MT, a rise of 9 percent compared to the previous year. As Spain is the leading orange juice processor in the EU, higher Spanish orange production will lead to increased processing. The total volume of oranges channeled to processing depends on the crop quality and quantity of oranges destined for the fresh markets at home and abroad.

Consumption

While orange juice is the most popular juice within the EU-28, it competes with other non-alcoholic drinks and other fruit juices. In recent years, such competition has effectively reduced consumption of orange juice in the EU-28. In MY 2018/19, EU-28 orange juice consumption is forecast to continue on this downward trend. Fourteen countries within the EU-28, including Spain, are developing a promotional season called “*Fruit Juice Matters*” (www.fruitjuicematters.eu) to improve consumer perception and encourage fruit juice consumption.

Trade

The EU-28 is a net importer of orange juice. During MY 2017/18, the EU-28 imported 699,063 MT of orange juice, valued at approximately \$1.4 billion. Brazil is the leading supplier to the EU-28 market, representing nearly 90 percent of total imports, followed by Mexico, Egypt, South Africa and the United States. In MY 2017/18, the volume of EU imports of U.S. orange juice dropped 66 percent compared to the previous year, valued at almost \$9 million dollars. The drop is mainly due to the lack of U.S. orange juice production in MY 2017/18.

For MY 2018/19, Post expects EU imports of orange juice to lower as a result of the expected rise in EU orange juice production.

Table 4: EU-28 Imports of Orange Juice by Origin in MT (Brix 65)

Country of Origin	MY 2015/16	MY 2016/17	MY 2017/18
Brazil	699,697	595,773	627,805
Mexico	21,549	35,509	23,105
Egypt	2,641	5,304	8,300
South Africa	12,077	6,661	5,364
United States	17,207	15,496	5,216
Others	24,857	29,687	29,271
Total Imports	778,030	688,432	699,063

Source: GTA

In MY 2017/18, the EU-28 exported 55,494 MT of orange juice, valued at \$150 million. Main export destinations are Saudi Arabia, Japan, China, and Russia. EU orange juice exports to China have been on an upward trend over the last three years. In addition, in MY 2017/18 EU-28 orange juice exports to the United States reached 2,001 MT and were valued at \$6 million. In MY 2018/19 EU-28 orange juice exports are expected to increase with the rise in the EU orange production.

Table 5: EU-28 Exports of Orange Juice by Destination in MT (Brix 65)

Country of Destination	MY 2015/16	MY 2016/17	MY 2017/18
Japan	5,781	5,351	8,375
Saudi Arabia	6,527	5,981	6,225
China	2,228	3,263	5,522
Russia	2,628	5,058	4,801
South Korea	3,009	4,102	3,877
Switzerland	3,513	3,252	2,351
Others	25,284	31,997	21,367
Total Exports	52,065	63,063	55,494

Source: GTA

Tangerines/Mandarins

Table 6: Production, Supply, and Demand (MT)

Tangerines/Mandarins, Fresh Market Begin Year	2016/2017		2017/2018		2018/2019	
	Oct 2016		Oct 2017		Oct 2018	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	156,647	156,647	156,486	155,491		154,953
Area Harvested	143,791	143,885	142,994	142,881		143,142
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	3,421	3,421	3,077	2,939		3,416
Imports	452	452	470	481		450
Total Supply	3,873	3,873	3,547	3,420		3,866
Exports	236	236	215	216		235
Fresh Dom. Consumption	3,265	3,265	3,010	2,893		3,276
For Processing	372	372	322	312		355
Total Distribution	3,873	3,873	3,547	3,421		3,866
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Source: FAS Offices

Production

MY 2018/19 EU-28 tangerine production is forecast to rise 16 percent from the previous year, to 3.4 MMT. Favorable weather conditions during spring and summer in the EU's main producing areas, Spain and Italy, account for the rise in total production. Fruit quality is forecast to be excellent.

According to the latest data from the Spanish Ministry of Agriculture, Fisheries, and Food (MAPA), Spain's MY 2018/19 tangerine production is forecast to increase 18.5 percent to 2.3 MMT compared to the previous season. Favorable weather conditions with rainy spring and mild summer in Spain's main producing regions contributed to the increase in production. In addition, late rainfalls are expected to improve fruit sizes. Spain's main tangerine-producing areas are the Regions of Valencia, Andalusia, and Catalonia. New *early* and *late* varieties continue to be developed to extend fruit availability.

Italy's tangerines production consists of over 80 percent seedless clementines and nearly 20 percent tangerines. Calabria, Sicily, and Apulia are Italy's main tangerine-producing areas, accounting for approximately 53, 20, and 15 percent of total production, respectively. *Comune* or *Oroval* and *Monreal* are the leading clementine varieties grown in the country. *Avana* and *Tardivo di Ciaculli* are the chief tangerine cultivars. Italy's MY 2018/19 tangerine production is forecast to grow 14.8 percent compared to MY 2017/18 due to favorable weather in Calabria, Italy's main producing region.

Italy’s MY 2017/18 tangerine production dropped 16 percent compared to the previous season due to a summer drought affecting the Italian peninsula. However, beneficial rains at the end of September in the main producing regions, and favorable weather in November helped mitigate the drought effects, while guaranteeing a high quality product.

Greece’s MY 2018/19 tangerine production is expected to slightly increase at approximately 2 percent compared to the previous year. Thesprotia and Laconia areas are reporting a loss compared to last year, while in the Argolida production increased. *Clementine* is the major tangerine variety grown in Greece; new plantings include *Nova*, *Page* and *Ortanique* varieties.

Meanwhile, the tangerine production in Portugal for MY 2018/19 is expected to remain flat.

Table 7: EU-28 Fresh Tangerine Production by Country and Year (MT)

Country	MY 2016/17	MY 2017/18	MY 2018/19
Spain	2,342,000	1,995,000	2,365,000
Italy	828,000	697,000	800,000
Greece	176,023	174,703	178,000
Portugal	41,000	40,000	40,000
Cyprus	34,000	33,000	33,000
Total Production	3,421,023	2,939,703	3,416,000

Source: FAS Offices

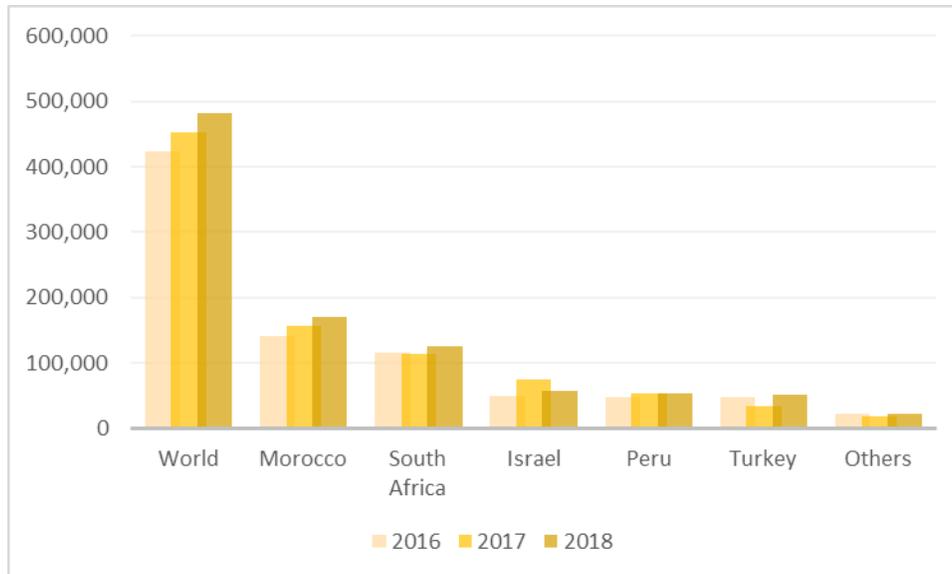
Consumption

EU-28 tangerine are mainly consumed fresh. MY 2018/19 EU-28 fresh tangerine consumption and for processing are forecast to increase in line with the rise in production. Spain is the major consumer of tangerine in the EU-28 for both fresh and processing. Italy and Portugal also consume large quantities of clementines and tangerines. Greece also consumes fresh clementines mainly along the west coast.

Trade

The EU-28 is a net importer of tangerines. During MY 2017/18, EU-28 imports of tangerines increased 6.5 percent to 481,741 MT. A decrease in EU tangerine production during the period triggered the increase in imports, which were valued at \$590 million. Morocco and South Africa continue to be the leading suppliers to the EU-28 market, followed by Israel, Peru and Turkey (See Chart 5). In MY 2017/18, imports from the United States increased 52 percent in volume valued at \$9 million. As a result of the estimated growth in EU tangerine production for MY 2018/19, EU imports of tangerine are expected to lower.

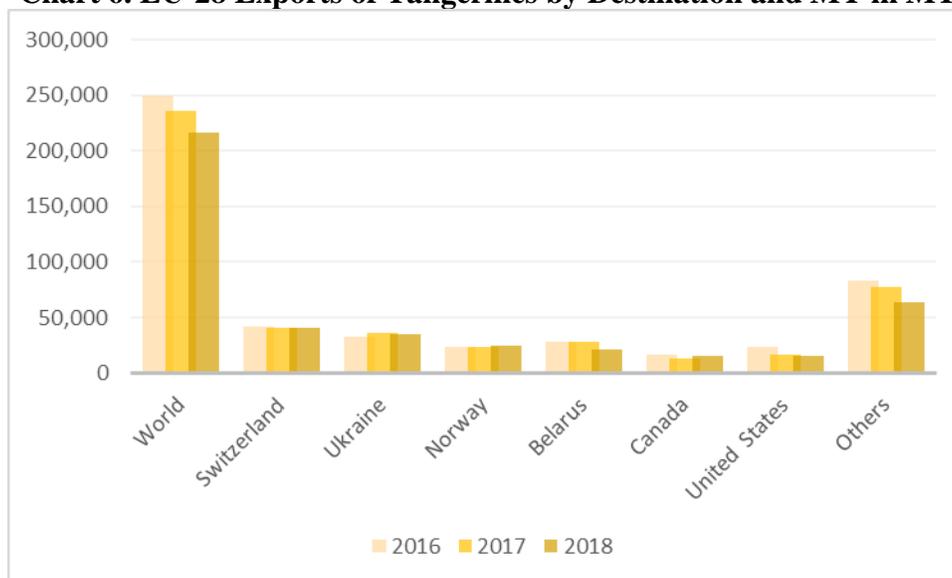
Chart 5. EU-28 Imports of Tangerines by Origin and MY in MT



Source: GTA

During MY 2017/18, the EU-28 exported of tangerines lowered by 8 percent to 216,825 MT, valued at \$ 225 million. Main export market destinations are Switzerland, Ukraine, Norway, and Belarus (See Chart 6). In MY 2017/18, exports to the United States, primarily from Spain, decreased 10 percent to 15,295 MT, continuing the downward trend since MY 2012/13. New alternative markets in third countries such as Canada, and Middle East continue to grow. EU-28 tangerines exports in MY 2018/19 are forecast to grow due to the expected growth of EU tangerine production, mainly in Spain the EU's leading tangerine exporter.

Chart 6. EU-28 Exports of Tangerines by Destination and MY in MT



Source: GTA

In MY17/18, Spanish exports of tangerines increased 1 percent to 1,391,170 MT. Ninety-three percent of these exports were sent to other EU Member States. Spanish exports of tangerines to the United States continue to follow a downward trend, due to logistical issues and high competition from South America and Morocco. Canada and the Middle East continue to be important new strategic markets for Spanish tangerine exports.

Lemons

Table 8: Production, Supply, and Demand (MT)

Lemons/Limes, Fresh Market Begin Year	2016/2017		2017/2018		2018/2019	
	Oct 2016		Oct 2017		Oct 2018	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	73,504	73,004	73,317	74,912		75,925
Area Harvested	63,648	64,648	64,396	64,973		66,049
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	1,536	1,534	1,484	1,472		1,617
Imports	520	520	520	606		540
Total Supply	2,056	2,054	2,004	2,078		2,157
Exports	79	79	75	65		80
Fresh Dom. Consumption	1,693	1,691	1,644	1,731		1,751
For Processing	284	284	285	282		326
Total Distribution	2,056	2,054	2,004	2,078		2,157
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Source: FAS Offices

Production

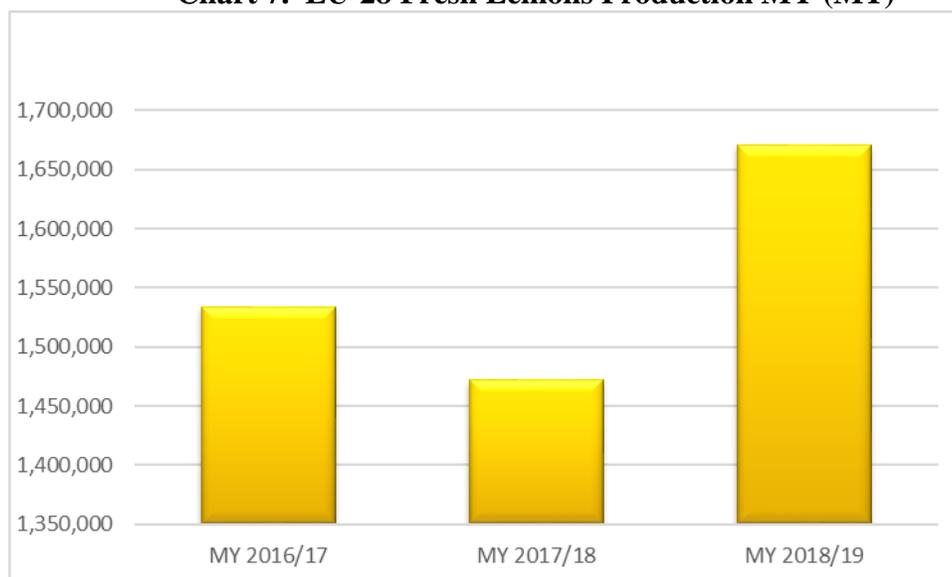
MY 2018/19 EU-28 lemon production is forecast to grow almost 10 percent, due to the strong rise expected in Spain, the largest lemon EU-28 producer (See Chart 7). According to the latest data from the Spanish Ministry of Agriculture, Fisheries, and Food (MAPA), Spain's MY 2018/19 lemon production is forecast at 1,108,094 MT, an increase of 19.4 percent compared to the previous year. Favorable weather conditions resulted in good flowering and fruit setting. In addition, in recent years Spain has increased its total planted area for lemons. Fruit quality is forecast to be excellent. *Fino* lemon is expected to increase by 14 percent due to the entry of new plantations in the last years. *Verna* lemon is expected to rebound; increasing by 90 percent as production of *Verna* lemon in the previous season was shorter than normal levels. Spain will continue to consolidate its leading commercial position in Europe with quality and phytosanitary guarantee. Following Argentina, Spain is the second largest lemon producer in the world but the first global exporter of lemons for fresh consumption. Spanish lemon production is concentrated in the regions of Murcia and Valencia, and the Provinces of Malaga and Almeria in Andalusia. *Fino* and *Verna* are the leading lemon varieties grown in Spain, accounting for 70 and 30 percent of the total production, respectively. The *Fino* variety is predominantly used for processing.

Italy is the second largest European lemon producer after Spain. Sicily is the main lemon-producing area, accounting for 88 percent of domestic production. *Femminello Siracusano*, *Lunario*, *Interdonato*, *Limone di Sorrento*, and *Limone di Procida* are the leading lemon varieties grown in the country. Italy's MY 2018/19 lemon production is forecast to decrease 8 percent compared to the previous year due to hailstorms occurred in the spring. However, quality is forecast to be excellent.

Greece's MY 2018/19 lemon production is expected to remain flat. The main lemon-producing areas include the prefectures of Achaia, Korinthos, Crete, and Laconia, located in southern Greece. The major lemon variety grown in Greece is *Maglini*, whose fruit is strongly aromatic, with quite a bitter juice. It has a thin, shiny peel and when fully ripe has a yellow color. The early varieties *Interdonato* and *Eureka* are also grown in Greece.

Portuguese official data reflects that lemon production will may remain flat in MY 2018/19 with normal fruit sizes and quality.

Chart 7. EU-28 Fresh Lemons Production MY (MT)



Source: FAS Madrid with FAS EU offices data

Table 9: EU-28 Fresh Lemons Production by Country and MY (MT)

Country	MY 2016/17	MY 2017/18	MY 2018/19
Spain	995,000	928,000	1,108,094
Italy	447,000	435,000	400,000
Greece	68,829	85,003	85,000
Portugal	16,000	16,000	16,000
Cyprus	8,000	8,000	8,000
Total Production	1,534,829	1,472,003	1,617,094

Source: FAS Offices

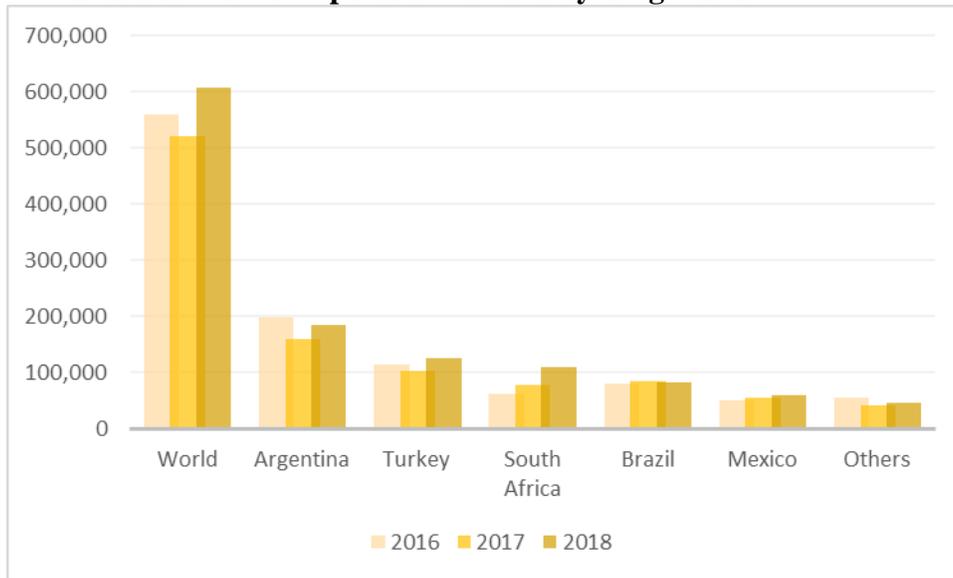
Consumption

EU-28 lemons are mainly consumed fresh. MY 2018/19 EU-28 fresh lemon consumption and lemons for processing are forecast to increase in line with the growth in EU lemon production. EU-28 per capita lemon consumption stands at 3 kg. According industry sources, Spain has become the second global producer of processed lemons. Greece has become increasingly reliant on imported lemon juice to meet consumer demand for soft drinks.

Trade

The EU-28 is a net importer of lemons. During MY 2017/18, the EU-28 imported 606,629 MT of lemons or 16 percent more due to the decrease in EU lemon production during that season. By value, EU-28 imports rose 34 percent to \$804 million compared to last year. Argentina, Turkey, South Africa, and Brazil continue to be the leading suppliers to the EU-28 market, followed by Mexico (See Chart 8). Given the expected rise in EU lemon production in MY 2018/19, EU imports of lemons are expected to fall.

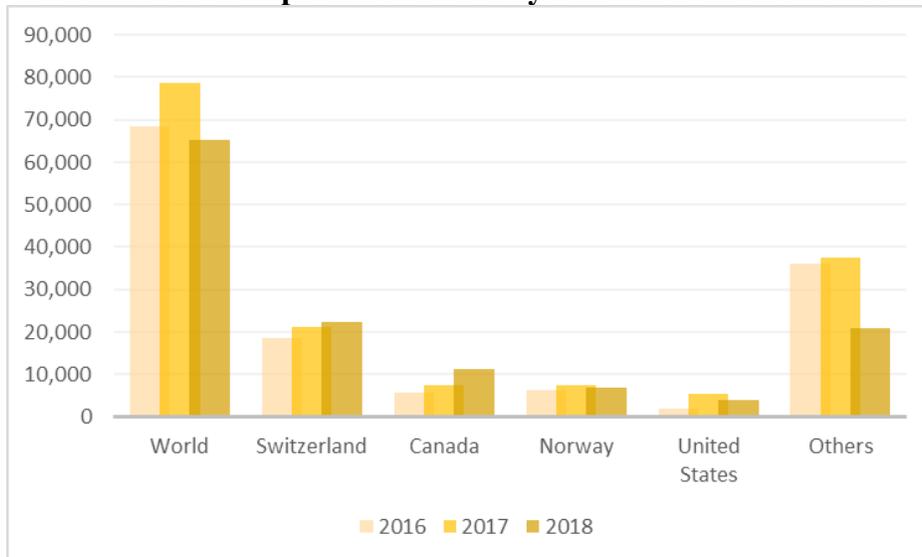
Chart 8. EU-28 Imports of Lemons by Origin and MY in MT



Source: GTA

During MY 2017/18, the EU-28 exported 65,279 MT of lemons, 17 percent less due to a drop in total supply. Exports were valued at \$106 million or 6 percent higher. Main export destinations are Switzerland, Canada, and Norway. EU-28 lemon exports to the United States in MY 2017/18 amounted to 3,872 MT, mainly from Spain (See Chart 9). In MY 2017/18, Spanish strategic lemon markets outside the EU-28 continue to be Switzerland, Canada, United States, Middle East and Brazil. Given the projected growth in EU lemon production, Post expects EU-28 lemon exports in MY 2018/19 to increase.

Chart 9. EU-28 Exports of Lemons by Destination and MY in MT



Source: GTA

Grapefruit

Table 10: Production, Supply, and Demand (MT)

Grapefruit, Fresh Market Begin Year	2016/2017		2017/2018		2018/2019	
	Oct 2016		Oct 2017		Oct 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
European Union						
Area Planted	3,223	3,093	3,247	3,171		3,181
Area Harvested	2,773	2,555	2,816	2,745		2,751
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	107	106	112	108		112
Imports	326	326	350	373		370
Total Supply	433	432	462	481		482
Exports	15	15	17	17		17
Fresh Dom. Consumption	399	398	426	444		445
For Processing	19	19	19	20		20
Total Distribution	433	432	462	481		482
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Source: FAS Offices

Production

MY 2018/19 EU-28 grapefruit production is forecast to go up 3.7 percent compared to previous season to 112,000 MT. A projected increase in Spanish production, EU's main grapefruit producer, accounts for the growth in total EU production. According to the Spanish Ministry of Agriculture, Spain's MY 2018/19 grapefruit production is forecast to grow 5 percent due to regular flowering and fruit setting. Leading grapefruit producing areas include the Regions of Murcia, Andalusia, and Valencia. *Ruby Red* is the main grapefruit variety planted in Spain. Cyprus is the second largest grapefruit producer in the EU-28. *White Marsh Seedless*, mostly grown in the Limassol area, is the leading Cypriot grapefruit variety. In MY 2018/19 Cypriot grapefruit production is expected to remain stable as in the rest of the main EU-28 grapefruit producers.

Table 11: EU-28 Fresh Grapefruit Production by Country and Year (MT)

Country	MY 2015/16	MY 2016/17	MY 2017/18
Spain	73,000	79,000	83,000
Cyprus	25,000	21,000	21,000
Italy	4,858	4,833	4,835
Greece	3,119	2,941	3,000
Portugal	200	210	240
Total Production	106,177	107,984	112,035

Source: FAS Offices

Consumption

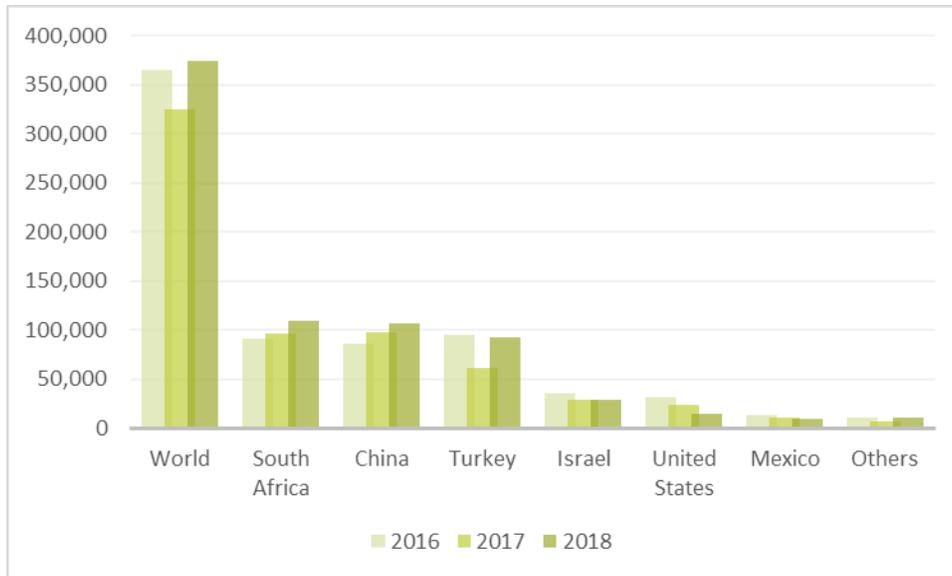
EU-28 grapefruits are mainly consumed fresh with a consumption significantly surpassing grapefruit production. MY 2018/19 EU-28 fresh grapefruit consumption is forecast to remain stable as well as grapefruits for processing. Spain and Cyprus are the main grapefruit processors in the EU-28.

Trade

The EU-28 is a net importer of grapefruits to satisfy the EU grapefruit domestic demand. EU grapefruit imports comprise 75 percent of EU's grapefruit domestic consumption. During MY 2017/18, EU-28 imports of grapefruit rose to 14 percent to 373,805 MT, valued at \$ 333 million. Rising imports from South Africa, China, Turkey and Israel solidified these exporters as the leading suppliers to the EU-28 market. Imports from the United States dropped 33 percent to \$20 million, and accounted for 14,525 MT (See Chart 10). Mexico is also another active supplier to the EU-28 market.

Due to the expected growth in EU grapefruit production, EU grapefruit imports are expected to slightly decrease in MY2018/19.

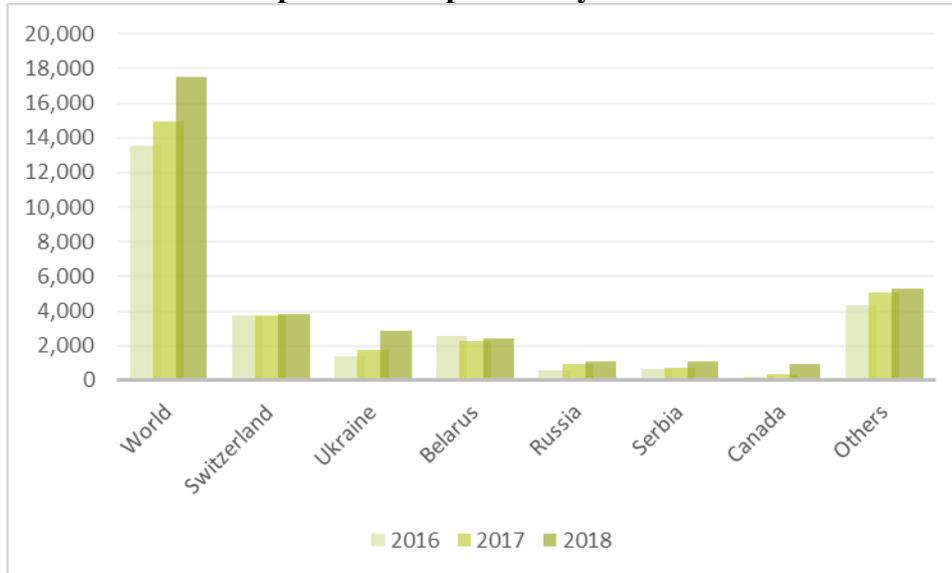
Chart 10. EU-28 Imports of Grapefruits by Origin and MY in MT



Source:GTA

During MY 2017/18, the EU-28 exported 17,504 MT of grapefruits, a 17 percent increase compared to previous year and valued at \$17.5 million. EU-28 exports shipped mainly to Switzerland, Ukraine, and Belarus. EU grapefruit exports to Canada continue growing year after year reaching \$1 million in MY 2017/18 (See Chart 11).

Chart 11. EU-28 Exports of Grapefruits by Destination and MY in MT



Source: GTA

EU Policy

Citrus fruit falls under the European Union (EU) fruit and vegetables regime and is part of the Common Agriculture Policy (CAP). The following sections explain the main elements of the EU fruit and vegetables policy that refer to the citrus sector. The second part explains the Russian embargo. The third part lists the upcoming Maximum Residue Levels (MRL) reviews under Article 12 of Regulation 396/2005.

I. EU Policy Related to Citrus Fruit

1. The Common Agriculture Policy (CAP)

[Regulation \(EU\) No 1308/2013](#) outlines a framework for market measures under the CAP by the single Common Market Organization (CMO) and it entered into force on January 1, 2014. The CAP 2020 reform consists of four [basic regulations](#), supplemented by delegated acts, and amends the implementing rules for the fresh and processed fruit and vegetables sectors ([Commission implementing Regulation \(EU\) No 543/2011](#)).

On June 1, 2017, [Commission Delegated Regulation 2017/891](#) entered into force and amended regulation 543/2011. The new framework seeks to make Producer Organizations (POs) more attractive to non-members and provide greater clarity about what actions are eligible for EU funding. The framework seeks to set the maximum percentage of produce that can be marketed outside the organization to 25 percent in order to create shorter supply chains where producers can sell directly to consumers. It also simplifies and clarifies legislation with regard to payments to transnational POs and their associations. In addition, it increases the support for withdrawals for fruit and vegetable from the market POs.

These market measures under the CAP aim to:

a) Create a more competitive and market-oriented sector

The POs are still the key elements in the EU's CMO for fruit and vegetables. POs are legal entities established by producers to market commodities, including citrus fruit. These POs are eligible to receive EU subsidies instead of individual producers. In order to qualify for EU subsidies, a PO must submit an operational program financed through an operational fund and directly receives the EU's financial contribution. The basis for the calculation of the estimated amount of the operational fund is the operational program and the value of the marketed production. The approval of operational programs happens under Regulation (EU) No 1308/2013.

Fresh fruit and vegetable imports into the EU have to comply with EU-harmonized marketing standards. These standards apply at all marketing stages and include criteria such as quality, size, labeling, packaging, and presentation. Commission Implementing Regulation (EU) No 543/2011 provides for a general marketing standard for all fresh fruits and vegetables. Specific marketing standards are still in

place for ten products, including citrus fruit. The specific marketing standards are set out in Part B of Annex I to this Regulation: citrus fruit can be found in Part 2 of that same section (p.111).

b) Diminish crisis-related fluctuations in producers' income

To achieve this objective, the EU offers funding under the operational programs for:

- Product withdrawal
- Green harvesting/non-harvesting;
- Promotion/communication tools;
- Training measures;
- Harvest insurance;
- Assistance to secure bank loans, and support for administrative costs associated with setting up mutual funds.

In their national strategies, the national authorities must determine which of these instruments can receive funds in their respective countries. The POs may take out loans on commercial terms to finance crisis prevention and management measures. The repayment of the capital and the interest on those loans may be eligible for financial assistance under the operational programs of the POs.

c) Encourage increased consumption of fruit and vegetables in the EU

The European “School Fruit Scheme” originated in 2009 as a measure to combat child obesity. It includes three elements: free distribution of fruit and vegetables in schools, informational campaigns on healthy eating habits, and monitoring and evaluation. As in previous years, the EU funds of \$264 million (€250 million) were allocated in the school year 2018/2019 to all of the [Member States](#) (MS).

[Commission Implementing Decision C\(2018\) 1762](#) on the new School Scheme for Milk, Fruit and Vegetables applies since August 1, 2018.

The sector may also benefit from the European [promotion](#) budget for agricultural products and [quality schemes](#). The Commission reformed its promotion policy with an extension of the product scope and a greater focus on export markets. The current promotion budget of \$76 million (€60 million) will increase annually until it reaches \$255 million (€200 million) in 2020. There will no longer be a need for national co-funding; EU associations will be able to apply directly for a program.

d) Increase the use of environmentally friendly cultivation and production techniques

At least ten percent of operational program funding must be spent on environmental actions that go beyond mandatory environmental standards. The EU Member States with recognized POs must draw up a National Framework for Environmental Action (NEF) as part of their “national strategy for sustainable

operational program.” The NEF must contain a non-exhaustive list of environmental actions and the conditions applicable to them in the MS concerned.

For information on the CAP after 2014, please see: http://ec.europa.eu/agriculture/cap-post-2013/index_en.htm

CAP after 2020

On June 1, 2018, the European Commission presented legislative proposals on the CAP beyond 2020. The aim of the new proposals is to be more responsive to current and future challenges such as climate change. The CAP will continue to support European farmers, but the overall budget is lower compared to the previous period. For information on the CAP after 2020, please see:

https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-cap_en

2. Certification of Fruit Shipments

Fruit, vegetable, and nut shipments exported to the EU require a phytosanitary certificate. A SA/Animal Plant Health Inspection Service (APHIS) inspector issues these certificates in accordance with international regulations established by the [International Plant Protection Convention of the Food and Agriculture Organization of the United Nations](#). This standard-setting body coordinates cooperation between nations to control plant and plant product pests and to prevent their spread.

[Council Directive 2000/29/EC](#) contains provisions concerning compulsory plant health checks. This includes documentary, identity, and physical plant health checks to verify compliance with EU import requirements. There is more information available on the DG Health and Food Safety (DG SANTE) website:

http://ec.europa.eu/food/plant/plant_health_biosecurity/non_eu_trade/index_en.htm

[Commission Regulation 1756/2004](#) provides for a possibility to carry out plant health checks at reduced frequency when justified. The European Commission published the updated list of products on [January 1, 2018](#). The Commission monitors imports of fruit and vegetables on an annual basis to determine how to adjust the frequency of testing consignments.

3. Maximum Residue Levels for Fruit

Maximum Residue Levels (MRLs) for pesticides, including import tolerances, have been harmonized throughout the EU since September 2008. As a marketing tool, some retail chains in the EU adopt private standards that exceed EU regulations by requiring their suppliers to adhere to stricter company

policies that limit the maximum residues to 30, 50, or 70 percent of the respective EU MRL. Please find the link to the [EU MRL database](#), as well as to the [global MRL database](#) for MRLs worldwide.

4. Tariffs

EU imports of fresh fruit and vegetables are subject to the Entry Price System (EPS), which has been in place in its current form since the Uruguay Round. It is a complex tariff system, which provides a high level of protection to EU producers. In this system, fruits and vegetables imported at or above an established entry price are charged an ad valorem duty only. Produce valued below the entry price are charged a tariff equivalent in addition to the ad valorem duty. The tariff equivalent is graduated for products valued between 92 and 100 percent of the entry price. The ad valorem duty and the full tariff equivalent are levied on imports valued at less than 92 percent of the entry price.

Tariff levels for 2019 are published in [Commission Implementing Regulation 2018/1602](#). The tariffs for citrus fruit remain unchanged compared to the levels of 2018 and can be found on page 96 for oranges, tangerines, lemons, grapefruit and other citrus fruit, while the tariff for orange juice can be found on page 163.

The United States tends to sell high quality products at higher prices, which typically do not face additional duties.

5. EU's Decision on Citrus Canker

[Commission Implementing Directive 2017/1279](#), published on July 14, 2017, amends the requirements set forth in Council Directive 2000/29/EC for citrus fruit exported from areas where *Xanthomonas citri* (Citrus canker) is known to exist. The previous regulation required certification that “no symptoms...have been observed in the field of production and in its immediate vicinity”, which was overly burdensome and would require expensive and time-consuming inspections of entire groves. The new regulation, effective as January 1, 2018, instead requires that groves be appropriately managed and that the fruit be free of symptoms of canker.

II. Russian ban on agricultural products

On August 7, 2014, the Russian government implemented a (then) one-year ban on a range of agricultural and food products, including citrus, from the United States, the EU, Canada, Australia, and Norway, in response to U.S. and EU sanctions over Russian actions in Ukraine. Rather than allow the ban to expire, Russia opted to extend it; the (current) ban runs until December 31, 2019.

The CMO rules (see Regulation 1308/2013 in part I) provide various market management tools to stabilize markets and the Commission is empowered under the reformed CAP to take "exceptional measures" in case of market disruption. As such, the Commission introduced specific market support

measures for the European fruit and vegetable sector since the start of the ban in 2014 until 2017. The last emergency measures for fruit and vegetables were phased out on June 30, 2018. The impact on the citrus sector is very limited, since exports to Russia have not been significant in terms of volumes. Overall, the EU granted \$588 million (€500 million) of aid to EU producers of fruit and vegetables corresponding to 1.7 million tons of withdrawals from the market.

Please find more information on the Commission’s response to the Russian ban here:

http://ec.europa.eu/agriculture/russian-import-ban/index_en.htm

III. Upcoming MRL reviews under Article 12 of Regulation 396/2005

Plant protection products (PPPs) along with MRLs and import tolerances are an increasingly important issue in the EU since there is a significant reduction in the number of active substances approved for use. Regulation (EC) No 1107/2009 and Regulation (EC) No 396/2005 regulate PPPs and MRLs, respectively. There is a consistent review of active substances for which the approval is up for renewal, as well as their associated MRLs.

Existing MRLs are also being reviewed through a process known as an Article 12 review. The first list below indicates the upcoming MRL reviews for the main fresh citrus commodities under this Article 12 process. The second list includes the active substances which are, or will soon be, up for renewal. It is important to note that these lists are not all-inclusive. Due to the complexity of the renewal process and the importance of the issue, **stakeholders are encouraged to actively engage early in these review processes by reaching out to the applicant.** Together with the applicant, they can ensure that the necessary data is available for the review or if trials for data collection are in progress or should be initiated etc., especially if the substance is not used or authorized in the EU. It is highly recommended to contact the assigned "Rapporteur Member State" (RMS) which will carry out the first evaluation of the active substance and existing EU pesticide MRLs. **Stakeholders are encouraged to engage with FAS on substances and MRLs of importance to their commodities.**

1) Article 12 review

	Orange, lemon, tangerine and grapefruit	RMS*	Start of data collection	Expected date of RO**
Fenbuconazole	x	UK (SI)	10/11/2016	07/26/2018
Fluopyram	x	DE (AT)	10/13/2017	03/22/2019
Hexythiazox	x	FI	12/21/2016	12/18/2018
Fenazaquin	x	EL	2/14/2018	

	Orange, lemon, tangerine and grapefruit	RMS*	Start of data collection	Expected date of RO**
		(DE)		
Sodium Hypochlorite	x	NL (IE)	3/15/2018	03/12/2019
Imidacloprid	x	DE	5/2/2016	01/15/2019
Fluxapyroxad	x	UK (FR)	6/15/2018	06/14/2019
Spirotetramat	x	AT	7/15/2018	07/11/2019
Acequinocyl	x	NL (DE)	8/15/2018	
Fluopicolide	x	UK (AT)	9/15/2017	01/29/2019

*RMS: rapporteur member state

**Expected date of Reasoned Opinion by the European Food Safety Authority (EFSA)

2) Active substances up for review

Last day of application 12/31/2018	RMS
1-Naphthylacetamide (1-NAD)	HU / FR
1-Naphthylacetic acid (1-NAA)	HU / FR
8-Hydroxyquinoline incl. oxyquinoleine	ES / NL
Acrinathrin	FR / ES
Azimsulfuron	EL / FR
Azoxystrobin	UK / NO
Fluazifop-P	FR / IT
Fluquinconazole	UK / SK
Fluroxypyr	SE / SI
Imazalil (aka enilconazole)	NL / BE
Kresoxim-methyl	SE / FR
Oxyfluorfen	ES / HU
Prochloraz	BE / DE
Prohexadione	FR / IE
Spiroxamine	AT / EE
Tefluthrin	HU / DK
Terbutylazine	ES / HR