

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Morocco

### Citrus Annual

#### 2014 Morocco Citrus Annual

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**Report Highlights:**

Post estimates Morocco's total citrus production for MY2014/15 at 1.70 million MT, a decline of 23 percent compared to the exceptional production registered in MY 2013/14. The decline is explained by the natural alternating production cycle, combined with the effects of several heat waves that hit Morocco during blossoming and fruit setting. Exports are expected to drop following reduced domestic production and a government decision to implement strict controls measures on exports in order to avoid quality problems and preserve the 'Morocco Label'. Moreover, heavy rain and floods that occurred in late November have paralyzed the export supply chain with the full impact on exports still unknown at the time of this report. Post projects total citrus exports for MY2014/15 to reach around 440,000 MT, approximately 30 percent lower than exports in MY 2013/14. Russia will maintain its

position as the top destination for Moroccan citrus, despite the authorities' decision to limit the volume of citrus exported to Russia by a quota of 120,000 MT. This measure followed serious default in payments during MY2013/14 that resulted in severe financial losses for Moroccan producers and exporters.

## **Commodities:**

Select

## **Production:**

### ***Fresh Citrus Production***

Morocco's MY2014/2015 citrus production experienced unfavorable weather conditions in the main production zones with a significant shortage in rainfall in the beginning of the season and floods and heavy rain during the harvest and export period. For MY 2014/15, Morocco's citrus production is estimated by the Moroccan Ministry of Agriculture (MoA) at 1.906 million MT, a decline of 14.3 percent compared to production officially announced in MY 2013/14. Orange production is estimated at about 868,800 MT while small citrus production is estimated at 1.003 million MT and others citrus is estimated at 34,300 MT. The decline is explained by the naturally occurring alternating production cycle (following an exceptional production volume in MY2013/14) and bad weather conditions, including several heat waves that hit Morocco during blossoming and fruit setting which significantly damaged the production. The heat and lack of precipitation have also impacted fruit size and the color.

According to trade sources, total production will be lower than the latest official MoA estimates. Many of the orchards in the Agadir region have suffered up to 40-50 percent losses in the Clementine's fruit-setting. For PS&D purposes, post estimates that Morocco's total citrus production for MY2014/15 will be approximately 1.70 million MT, including 750,000 MT of oranges, 925,000 MT of small citrus and 25,000 MT of others citrus.

Total planted area for citrus for MY 2014/15 is estimated by the MoA at 117,997 hectare (HA), of which 54,536 HA are oranges, 60,227 HA are small citrus fruits and 3,235 HA are other citrus (lemons, limes and grape fruits). The expanded harvest area is not likely to offset the impact of the unfavorable weather, and hence production is officially expected to decline by 13% for oranges and by 15% for small citrus. The Souss region (Agadir and Taroudent) that accounts for nearly half of Morocco's citrus production, and about 70 percent of its total citrus exports has faced critical water shortages the last two years which has impeded plans for future expansion of the citrus areas. In contrast, the Gharb region in the northern part of Morocco (Kenitra and Sidi Kacem) appears to have high potential for production growth. The expansion of citrus production in the Gharb area, however, has been constrained by aging orchards, limited number of citrus varieties, and lack of new investment. Water scarcity in the Souss region, and the appeal of the export markets encouraged many leading citrus producers to consider the Gharb area as an alternative region to expand citrus production.

Small citrus production is dominated by Clementine-type varieties, such as Nules, Deverdis and Late Clementine. Orange varieties are mainly dominated by Valencia Late (Maroc Late) and W. Navel. The table below shows the Moroccan Ministry of Agriculture’s citrus production estimates for MY 2013/14 and MY 2014/15.

**Table 1: Citrus Production**

	Production			
	2012/2013	2013/2014	2014/2015	% Change
Marketing Year (1,000 Metric Tons)				
Total Small Citrus Fruit	662,4	1,185	1,003	-15%
Total Oranges	784	1,001	868,8	-13.2%
Lemon/Lime/Others**	47,5	40	34	-15%
Total Fresh Citrus	1,494	2,226	1,906	-14.3%

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

\*\* : includes grapefruits

One of the goals of the Green Morocco Plan is to increase citrus production to 2.9 million MT by 2018 and boost exports to 1.3 million MT. The plan is aimed at increasing employment and producing consistent supplies during a longer harvest season. The Moroccan Citrus Producers Association (ASPAM) is in charge of implementing the strategy. ASPAM is aiming to lengthen the citrus production period by increasing the plantings of late-maturing varieties such as Nadorcott and Nour.

One of the major problems facing citrus production in Morocco is the presence of the virus disease Tristeza, which kills infected trees. This disease affects mostly citrus cultivars grafted on the highly susceptible sour orange rootstock (Bigaradier) that represents 95 percent of Morocco’ citrus rootstock. In order to avoid the spread of the disease, the Government of Morocco (GOM) has taken some preventive measures that include providing subsidies to citrus growers in the affected region to uproot, burn, and replace infected trees. According to a decree by Ministry of Agriculture published in August 2010, the Moroccan government will provide citrus farmers with 28,000 Dirham per hectare for the uprooting of infected trees and replanting of new citrus orchards in the affected area.

This year’s harvest is reported to be of average quality, especially in terms of fruit sizes. Heat and dry conditions throughout most of the production season had a negative effect on fruit color and will result in some production not being fit for the export. Export markets particularly prefer large and medium sized fruits.

### ***Processed Citrus Production***

The citrus processing sector in Morocco continues to face stiff competition in sourcing raw materials in the fresh citrus market. This is mainly due to the low prices offered by orange juice processors compared to prices offered in the fresh citrus market. There are five citrus processing plants currently operating in Morocco, of which three are producers of single strength orange juice that can hardly meet demand from local buyers.

In MY 2013/2014, fresh oranges delivered to juice processors totaled 70,000 MT. For MY 2014/15, and in conjunction with a reduced orange production, fresh oranges delivered to juice processors will be about 50,000 MT.

ASPAM's long-term goal of allocating 200,000 MT of fresh citrus production for juice processing annually by 2018 may be a hard target to reach since the prices for fresh citrus continues to be more attractive.

### Trade:

According to the Office des Changes, total citrus exports in MY 2013/2014 amounted to 626,955 MT. Orange exports in MY 2013/2014 totaled 110,000 MT and small citrus exports totaled 501,393 MT. Morocco's citrus exports for MY 2014/15 are expected to decrease as a result of the lower domestic production and the recent floods that have damaged roads and hurt the export supply chain.

Post projects total citrus exports for MY2014/15 to reach around 440,000 MT, about 30 percent lower than exports in MY 2013/14 with orange exports estimated at 80,000 MT and small fruit exports estimated at 350,000MT. The below table provides a breakdown on Morocco's exports of fresh citrus fruits for MY 2012/2013 to MY 2014/15.

**Table 2: Morocco's Citrus Exports (MT) by varieties**

Marketing Year	Exports		
	(1000)		
	2012/2013	2013/2014	2014/2015*
Total Small Citrus Fruit	241,235	501,393	350,000
Total Oranges	82,430	110,000	80,000
Lemon/Lime*	13,124	15,562	10,000
Total Fresh Citrus	336,789	626,955	440,000

Source: Moroccan Office des Changes

\*Post Estimates

Morocco's citrus exports are mostly dominated by small citrus and oranges. About 80 percent of exports consist of Clementine, Maroc Late, Nour and orange varieties. Morocco's fresh citrus export season begins with Clementine-like varieties. The mid-season varieties, such as bloody oranges, Salustiana, and Navel, provide a bridge through the March/April period at which point the Maroc-Late variety takes over until July.

Despite a record production of 2.2 million MT in MY2013/14, Moroccan exporters experienced several difficulties including serious default of payments. In addition, MY2013/14 exports started early with lower

quality citrus being shipped that later affected the ‘Morocco Label’ in general. The Russian market, which accounts for more than 50% of Moroccan citrus exports, was not able to absorb the quantity exported last year which resulted in dropping prices of fruit leading to severe losses for Moroccan farmers who sell on consignment.

As a result, for the MY 2014/15 crop, the Moroccan authorities announced the creation of a citrus fruit coordination committee that can better adapt to changing international market conditions, as well as deal with critical logistical aspects of exporting. The committee’s first decision was to delay the start of the export season by one month, that being October 13<sup>th</sup>, in order to avoid quality problems tha occurred last marketing year. Regarding the Russian market, the Moroccan government announced that they will limit the volume of citrus exported by a quota of 120,000 MT after exports amounted to 300,000 MT in MY2013/14 with a huge default payment for Moroccan exporters and farmers. In MY 2013/2014, Russia maintained its position as the top destination for Morocco’s citrus exports, followed by EU markets.

### *Small Citrus*

Morocco’s small citrus exports to Russia in MY2013/2014 totaled 280,277 MT representing 55% of total Morocco small citrus exports. Morocco’s small citrus exports to the United States (mostly Clementine varieties) totaled 42,011 MT in MY 2013/2014. Most of these exports, about 90 percent consisted of Clementine. The expansion of Morocco’s citrus exports to the U.S. market has been constrained by U.S. consumers’ preference for larger fruit sizes as well as logistics. To counter the logistical constraint, Morocco exported citrus directly from Agadir to the United States for the first time in November 2012. Previously, Morocco was forced to send these shipments via Europe for cold treatment. The direct shipping to the U.S. and the implementation of the U.S.-Morocco Free Trade Agreement (FTA), are expected to raise Morocco’s citrus exports to the United States. It should be noted that Morocco’s citrus exports to the United States in 2006/2007 were about 7,800 MT and grew under FTA terms.

**Table 3: Morocco’s Small Citrus Exports by Country (MT)**

<b>Marketing Year</b>	<b>2013/2014*</b>
Russia	280,277
<i>England</i>	10,377

<i>France</i>	24,610
<i>Netherland</i>	47,999
<i>Sweden</i>	24,089
Canada	46,275
U.S.A	42,011
Saudi Arabia	6,313
Others	19,442
<b>Total Small Citrus</b>	<b>501,393</b>

Source: Moroccan Office des Changes/\*Estimate

### *Oranges*

The share of oranges exported in total Morocco citrus exports is steadily declining from an average of 400,000 in the early 90s, to almost 110,000 tons in MY2013/14. Netherland and Russia attracted 60% of the Moroccan oranges in MY2013/14.

**Table 4: Morocco's Orange Exports by Country (MT)**

<b>Marketing Year</b>	<b>2013/2014*</b>
Russia	24,463
Netherland	43,182
U.S.A	417
Canada	829
Senegal	5,918
<b>Total Orange</b>	<b>110,000</b>

Source: Moroccan Office des Changes/\* Estimate

### *Orange Juice*

Post maintains its previous estimates that Morocco's total orange juice imports in MY2013/14 will be around 3,000 MT and exports at 4,000MT. Office des Changes figures shows that imports and exports from October 2013 to July 2014 reached respectively 2,858 MT and 3,465 MT.

Post believes Morocco will still continue to import concentrated juice. For MY 2014/2015, post estimates Morocco's orange juice imports at 4,000 MT and exports at 3,000 MT.

### *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 own advanced technology 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. 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.

The non-EU markets, commonly known as “Contract Markets”, include Russia, Lithuania, Saudi Arabia, Canada, and the U.S. The Russian market is expected to remain as the main export destination despite the payments problems of last 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 coordinates export logistics among its members. As previously noted, following the default payment issue of last year the GOM instituted a quota and quality procedures for exports.

**Policy:**

The citrus production and export sector is among the most organized and well managed sectors in Morocco. Due to its impact on foreign exchange revenues (about \$350 million annually) and job creation in rural areas and the economy in general, this sector has received a great deal of support from the Moroccan government. The Moroccan government plans to continue support with an ambitious strategy to increase Morocco’s citrus production to 2.9 million MT by 2018 and to allocate 200,000 MT of fresh citrus production annually for juice processing by 2018 as well.

In 2012, about 20,000 HA of government-owned land was auctioned for leasing to agricultural investors (both local and foreign) in order to establish new agricultural projects that include citrus plantations. In April 2013, the government launched a bid to lease some additional 6,200 HA of land to potential investors. It is expected that a large part of the newly leased land will be devoted to citrus plantations that are oriented to export activities.

**Subsidies and incentives**

The Moroccan government also continued to provide a set of incentive measures to support citrus growers and encourage new investment in citrus production. The Ministry of Agriculture decree (# 2-09-601) issued in October 2009 to increase the support payments for the new citrus plantations to 12,000 MDH per hectare (\$1,550 HA), up from 7,800 MDH per hectare. In addition, there are other incentives that are not crop specific for citrus growers which have helped boost investment and the planting of new citrus orchards. In 2012, the government announced plans to extend the crop insurance program to fruits trees including citrus plantations. The program is intended to mitigate financial losses due to droughts, floods, hurricanes, sand storms, and hail. The implementation scheme has not been announced yet, but citrus farmers are hopeful about the program.

Currently, Morocco provides export subsidies for a few fresh products including citrus. The export subsidies, as laid out in the Ministry’s Agricultural Development Fund, are aimed at diversifying export destinations to markets other than the European Union (EU). In 2013, the export subsidy for fresh citrus was maintained at 200 Dirham per MT (about \$24/MT) for exports to Russia and non-EU destinations.

The table below provides a list of major investment incentives and subsidies relevant to citrus production, marketing and exports:

**Table 6: Subsidies and Incentives Provided to the Citrus Sector**

Activity	Subsidy/incentive	Comment
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Aggregation Project centered around conditioning station	1,500 dirhams/hectare for the aggregation project	Specific to citrus to encourage aggregation project
Conditioning Station	10% of the cost of construction and equipment, with a maximum of 4.75 million Dirhams.	Specific to citrus. Subsidy depends on global cost of the conditioning station,
Digging new wells and installing irrigation equipment	100 percent of cost with a maximum cumulated of 33,000 dh (an additional maximum of 18,000 dh/ha could be added if a water basin is built).	Not specific to citrus.
Investment Premium for new citrus plantation	12,000 dirhams/hectare when certified plants are used.	Specific to fresh citrus.
Export promotion to diversify export destinations (subsidy if exported to non EU countries)	200 dirhams for each MT exported to Russia or incremental exports to other non-EU destinations (use exports in My 2000/2001 as basis)	Specific to fresh citrus. Could probably be phased out for Russia as this market accounts today for almost 50 percent total exports.
Export promotion to diversify export destinations (subsidy provided to exports to non EU or Russian markets)	500 dirham/MT for exports outside the Russian and EU markets, and exceeding export levels for periods between September 1, 2000 and August 31, 2001.	Specific to fresh citrus.

Indicative Exchange Rate: 1USD = 8.89MDH

### Production, Supply and Demand Data Statistics:

Production, Supply and Distribution in Morocco (1000 MT)

Oranges, Fresh	Morocco	2012/2013	2013/2014	2014/2015	
		Market Year Begin: Oct 2012	Market Year Begin: Oct 2013	Market Year Begin: Oct 2014	
US	New Post	US	New Post	US	New Post



	D A O f f i c i a l		D A O f f i c i a l		D A O f f i c i a l	
Area Planted	52,858	52,858	53,300	53,300	54,536	54,536
Area Harvested	45,045	45,045	45,000	45,000	46,000	46,000
Bearing Trees	16,090	16,090	16,644	16,644	16,800	16,800
Non-Bearing Trees	2,700	2,700	1,747	1,747	1,500	1,500
Total No. Of Trees	18,790	18,790	18,391	18,391	18,300	18,300
Production	784	784	1,001	1,001	750	750
Imports	0	0	0	0	0	0
Total Supply	784	784	1,001	1,001	750	750
Exports	82	82	110	110	80	80
Fresh Dom. Consumption	642	642	821	821	620	620
For Processing	60	60	70	70	50	50
Total	784	784	1,001	1,001	750	750

Distribution	84		,000		
TS=TD		0		0	0
Comments					
AGR Number					

Comments To Post

Tangerines/ Mandarins, Fresh	Morocco	2012/2013	2013/2014	2014/2015		
		Market Year Begin: Oct 2012	Market Year Begin: Oct 2013	Market Year Begin: Oct 2014		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	54,346	54,364	60,800	57,201		60,227
Area Harvested	39,870	39,870	43,600	42,000		43,600
Bearing Trees	17,720	17,720	18,320	18,320		18,300

Non-Bearing Trees	6,294	6,412	6,412		6,412
Total No. Of Trees	24,014	24,732	24,712		24,712
Production	662	1,160	925		925
Imports	0	0	0		0
Total Supply	662	1,160	925		925
Exports	307	501	350		350
Fresh Dom. Consumption	355	659	575		575
For Processing	0	0	0		0
Total Distribution	662	1,160	925		925
TS=TD	0	0	0		0
Comments					
AGR Number					

Comments To Post

Lemons, Fresh Moroc	2012/2013	2013/2014	2014/2015
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CO						
		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014
	U S D A  O f f i c i a l	New Post	U S D A  O f f i c i a l	New Post	U S D A  O f f i c i a l	New Post
Area Planted	4,213	4,213	4,800	3,577		3,235
Area Harvested	3,268	3,268	3,405	3,000		2,800
Bearing Trees	1,626	1,626	1,702	1,702		1,500
Non-Bearing Trees	365	365	450	450		300
Total No. Of Trees	1,991	1,991	2,152	2,152		1,800
Production	47	47	43	43		25
Imports	0	0	0	0		0
Total Supply	47	47	43	43		25
Exports	3	3	10	10		10
Fresh Dom. Consumption	44	44	33	33		15
For Processing	0	0	0	0		0

Total Distribution	47	43	43	25
TS=TD	0	0	0	0
Comments				
AGR Number				

Comments To Post

Orange Juice Morocco	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	U S D A O f f i c i a l	New Post	U S D A O f f i c i a l	New Post	U S D A O f f i c i a l	New Post
Deliv. To Processors	60,000	60,000	70,000	70,000	50,000	50,000
Beginning Stocks	300	300	0	0	0	0
Production	6,000	6,000	7,000	7,000	5,000	5,000
Imports	3,700	3,700	3,000	3,000	4,000	4,000

Total Supply	10,000	10,000	9,000
Exports	4,000	4,000	3,000
Domestic Consumption	6,000	6,000	6,000
Ending Stocks	0	0	0
Total Distribution	10,000	10,000	9,000
TS=TD	0	0	0
Comments			
AGR Number			
Comments To Post			