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Citrus Semi-annual

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Report Highlights:

This report is an update of the EU-27 Annual Citrus Report published in December 2009, covering the situation for fresh oranges, tangerines/mandarins, lemons/limes, grapefruit and orange juice.

Executive Summary:

Disclaimer: This report presents the situation for citrus (fresh oranges, tangerines, lemons, orange juice, grapefruit and orange juice) in the EU-27. This report contains the views of the authors and does not reflect the official views of the U.S. Department of Agriculture (USDA). The data are not official USDA data.

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Abbreviations used in this report:

CMO Common Market Organization
 EC European Commission
 EU European Union
 FAS Foreign Agricultural Service
 FCOJ Frozen Concentrated Orange Juice
 GTA Global Trade Atlas

HS Codes: Harmonized System codes for commodity classification used to calculate trade data.

Oranges	080510
Tangerines/Mandarins	080520
Lemons	080550
Grapefruit	080540
Orange Juice	200911, 200912, 200919

MS EU Member State(s)
 MT Metric ton (1,000 kg)

MY Marketing year

Oranges	November/October
Tangerines	November/October
Lemons	November/October
Grapefruit	November/October
Other Citrus	November/October
Orange Juice	November/October

PO Production Organization
 PS&D Production, Supply and Demand
 TMT Thousand Metric Tons
 USD U.S. Dollar

Commodities:

Oranges, Fresh

Production:

EU orange production, like other citrus fruit, is concentrated in the Mediterranean region. Oranges are the second largest EU fruit crop after apples, with more than 6.5 million MT produced in MY 2008/09 and 6.2 million MT in MY 2009/10. More than 80 percent of the EU's total production of oranges is sourced in Spain and Italy. The remaining 20 percent is distributed among other Member States (MS), mainly Cyprus, Greece and Portugal. The ongoing decline in Spanish production has not been offset by increases in other Mediterranean Member States.

Spain is the largest orange producer within the EU, usually representing approximately 50 percent of total orange production within the Union. The latest official figures indicate a reduction in production of 22 percent for MY 2009/10 compared to the MY 2008/09 level. The season has been abnormally short, due to last winter's unfavorable weather conditions -- very cold, wet and windy. Higher humidity also influenced the crop negatively, causing losses both in the field and in the warehouses.

According to data published by the Ministry of the Environment and Rural and Marine Affairs (MARM), the average price received by farmers at origin was 0.24 Euros/kilo for oranges and 0.33 Euros/kilo for mandarins – 30 percent higher than the previous season. The retail price for the season varied from 1.45 Euros to 1.85 Euros, very similar to last season's prices.

Citrus production in Spain is mainly located in four regions: Comunidad Valenciana, Murcia, Catalonia and Andalusia. Comunidad Valenciana is the most important region, not only in acreage but also with respect to their long tradition of citrus farming. The Comunidad Valenciana specializes in growing citrus, particularly small fruits and oranges. The drop-off in orange production in this region, where over 50 percent of Spain's oranges are grown, is nearly 25 percent as compared to the previous season. Andalusia has seen the most rapid growth in citrus area in recent years. Production is expected to decline in this region in MY2009/10 by about 22 percent. Orange production in Spain is focused on the fresh domestic and export markets, given that the profit for processing is less attractive than the margin for fresh.

The Italian domestic market for oranges has remained particularly depressed throughout MY 2009/10. Prices received by farmers averaged 0.24 Euros/kilo, or 23 percent less than in the previous year. Considering this unfavorable market situation, the Region of Sicily (the main producing region of Italy) issued a plan targeted at the withdrawal from market channels of 50,000 MT of oranges, to be processed into juice for humanitarian aid. The price paid to farmers was 0.21 Euros/kilo.

In MY 2008/09, Italian orange exports dropped sharply (44 percent) from the previous MY exports. Partial data for MY 2009/10 indicates that Italian exports have recovered significantly. Given declining imports, Italy is once again a net exporter of oranges this current year. This is a significant recovery for Italy from MY 2008/09, when orange imports (mainly from Spain) were about three times exports.

A large part of Italian orange production consists of the "blood" varieties, planted chiefly in Sicily and used almost entirely for fresh consumption. Domestic oranges supply the Italian market from

December until March. From then on, the market is covered by intra-EU exports sourced in Spain until the next Italian crop is available.

In Greece, all citrus crops were affected by high fruit losses in MY 2008/09 due to the warm weather of last summer and frozen conditions in the spring of 2008. There have been no significant changes since November 2008 in citrus output for MY 2008/09. The MY 2009/10 harvest is expected to total 969,800 MT, a higher forecast as compared to last year's 727,100 MT.

Several negative factors are affecting the late MY 2008/09 harvest (i.e. Valencias) and citrus orchard management. Heavy rains prevailed during February-April 2009, adversely affecting late fruit variety harvests. Reportedly, over 20 percent of the crop was considered waste during late harvesting and packing in the region of Peloponnesus. Furthermore, the Agricultural Bank of Greece has significantly reduced loans to farmers which is impacting operational liquidity.

Official sources report that grower prices in Greece have dropped over the past six months by an average of 4.5 to 5.5 percent. Current prices offered to growers for quality late oranges are frozen at low levels - around 0.14 Euros/Kg – which encourages a varietal change towards late navel types. The retail price for fresh oranges is between 0.60 - 1.00 Euro/Kg, depending on quality and fruit size.

Total EU-27 orange production declined slightly in MY2009/10 after peaking in MY2008/09, driven by the sharp decrease in Spain's yields. Alternate bearing in orange trees (an "off" year) is the main cause of the production decline in Spain. Production increases in other MS mitigated the overall decline.

Table 1. Major EU Fresh Orange Producers by Volume in MT

COUNTRY	MY 2007/08	MY 2008/09	MY 2009/10
Spain	2,740,300	3,410,300	2,654,400
Italy	2,527,000	2,167,000	2,359,000
Greece	930,200	727,100	969,800
Portugal	210,800	177,200	194,100
Cyprus	24,800	24,100	24,800
Total	6,433,100	6,505,700	6,202,100

Source: FAS Offices

Consumption:

Oranges are Spain's favorite fresh fruit, with almost 20 kilos per capita consumed in 2008, representing up to 20 percent of fresh fruit consumption. While fresh orange consumption is very high, it is declining as processed citrus products become more important and more convenient in consumers' diets. This is particularly true in the case of children, who are not consuming the recommended amount of fresh fruits. Consumers are eating fewer fresh oranges, increasingly opting

for processed products such as juices. When consumers do choose fresh oranges, higher quality standards are demanded.

In Greece, demand for fresh oranges has dropped over last year, reflecting the general financial crisis. Exports to traditional markets – Germany, Croatia, Poland, Czech Republic, Moldavia, Romania, Hungary, Slovenia and many others – are, however, maintained or increased. Exports are up 25% this year. Annual domestic fresh orange consumption fluctuates between 250,000 and 300,000 MT.

Trade:

The EU is a net importer of oranges, with imports largely exceeding exports. Imports into the EU were valued at about USD 634 million in MY 2008/09, almost 25 percent less than in the previous marketing year. The value of exports in MY 2008/09 reached USD 181 million. Intra-EU trade is very important, considering the volume of oranges produced within the EU. The main customers of the major EU producing countries are other EU Member States.

The major supplier of oranges to the European market is South Africa, which supplies the European Market from June until October when the Northern hemisphere harvest starts, followed by Morocco, Egypt and Argentina. The major EU importers are Germany, France, the Netherlands and the United Kingdom.

Table 2. EU-27 Imports of Oranges by Origin in MT

Country of Origin	MY 2006/07	MY 2007/08	MY 2008/09
South Africa	439,456	460,140	334,516
Egypt	109,031	109,744	130,933
Morocco	96,974	138,968	90,290
Argentina	117,102	95,335	81,236
Uruguay	71,578	57,937	60,362
Turkey	39,875	20,811	32,827
Others	148,081	156,966	113,666
TOTAL IMPORTS	1,022,097	1,039,901	843,830

Source: GTA

Table 3. EU-27 Exports of Oranges by Destination in MT

Country of Destination	MY 2006/07	MY 2007/08	MY 2008/09
Switzerland	55,877	53,885	55,546
Serbia	26,059	31,078	33,669
Norway	32,826	30,452	29,957
Croatia	25,829	22,761	22,853

Albania	19,268	21,289	21,798
Russia	8,913	17,436	14,353
Others	91,652	64,731	57,813
TOTAL EXPORTS	260,424	241,632	235,989

Source: GTA

Production, Supply and Demand Data Statistics:**Table 4. Oranges, Fresh Production, Supply and Demand**

Oranges, Fresh EU27	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Nov 2007			Market Year Begin: Nov 2008			Market Year Begin: Nov 2009			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Planted	310,537	304,142	310,918	309,211	303,650	309,297	307,914		309,652	(HECTARES)
Area Harvested	289,925	282,013	286,001	288,755	282,000	284,526	287,124		285,104	(HECTARES)
Bearing Trees	0	0	0	0	0	0	0		0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	0		0	(1000 TREES)
Total No. Of Trees	0	0	0	0	0	0	0		0	(1000 TREES)
Production	6,492	5,999	6,433	6,589	6,000	6,506	6,500		6,202	(1000 MT)
Imports	1,040	1,000	1,040	843	1,000	844	940		940	(1000 MT)
Total Supply	7,532	6,999	7,473	7,432	7,000	7,350	7,440		7,142	(1000 MT)
Exports	242	250	242	236	250	236	240		240	(1000 MT)
Fresh Dom. Consumption	5,772	4,619	5,713	5,601	4,750	5,519	5,780		5,482	(1000 MT)
For Processing	1,518	2,130	1,518	1,595	2,000	1,595	1,420		1,420	(1000 MT)
Total Distribution	7,532	6,999	7,473	7,432	7,000	7,350	7,440		7,142	(1000 MT)

Source: FAS Offices

Commodities:

Tangerines/Mandarins, Fresh

Production:

While Spanish farmers continue to replant their groves with new varieties to extend the production season, the principal obstacle to mandarin production remains the production windfall during the first three months of the marketing year -- October, November and December. The latest official forecast shows a decline of almost 10 percent in MY 2009/10 as compared to the previous marketing year. Lower supply should result in better prices for producers.

For Italy, the latest official statistics indicate an increase of 13 percent in production as compared to the previous year due to more favorable winter weather conditions. About 20 percent of the total crop is represented by traditional mandarins, cultivated mainly in Sicily, while the remaining 80 percent consists of hybrid varieties which prevail in other southern regions (Calabria and Apulia).

Tangerines are the second most important citrus product in Portugal, after oranges. The Algarve is the most representative region. The production of tangerines has been increasing in Portugal for the last three market years since new orchards have come into production.

In Cyprus, all types of tangerines and hybrids represent about 25 percent of total citrus production. Increasing demand for easy-peelers in both the domestic and world markets has encouraged growers to expand their production of Mandorlas and Minneolas. New experimental strains on modern root stock hold high expectations for the coming decade. Major varieties include Mandorlas, Tangelo, Minneolas, Nova and Clementines.

Total European tangerine production declined in MY2009/10, as compared to the extraordinarily high production of MY2008/09, but still above MY 2007/08 levels. As the tangerine production and harvesting season is very short, marketing is highly concentrated with almost no fruit left on trees at the end of the last marketing year.

Table 5. Major EU Fresh Tangerine Producers by Volume in MT

COUNTRY	MY 2007/08	MY 2008/09	MY 2009/10
Spain	1,987,400	2,227,900	2,009,900
Italy	786,000	765,000	864,000
Portugal	58,400	66,300	66,300
Greece	64,910	59,800	91,700
Cyprus	39,900	41,100	41,900
Total	2,936,610	3,160,100	3,073,800

Source: FAS Offices

Consumption:

Mandarins and tangerines are easy to peel and have easily adapted to modern eating habits. Consumption is increasing within the EU, including in those MS which do not produce mandarins and tangerines.

Trade:

The major suppliers of tangerines to the European market are Morocco, South Africa and Turkey. The major EU importers are the United Kingdom, France, Germany and the Netherlands. Despite the decline in European production, no major changes are expected in imports and exports.

Table 6. EU-27 Imports of Tangerines by Origin in MT

Country of Origin	MY 2006/07	MY 2007/08	MY 2008/09
Turkey	80,239	59,522	81,102
Morocco	82,317	78,483	80,384
South Africa	67,774	70,348	65,209
Argentina	32,143	36,217	45,932
Uruguay	33,820	31,210	33,786
Israel	27,306	22,668	24,656
Others	43,111	56,814	44,318
TOTAL IMPORTS	366,710	355,262	375,387

Source: GTA

Table 7. EU-27 Exports of Tangerines by Destination in MT

Country of Destination	MY 2006/07	MY 2007/08	MY 2008/09
United States	70,636	44,683	56,934
Russia	36,274	69,085	52,181
Switzerland	40,480	35,737	39,448
Ukraine	18,434	31,887	25,971
Norway	22,273	24,383	23,575
Belarus	13,329	20,105	21,882
Others	45,254	43,598	38,035
TOTAL EXPORTS	246,680	269,478	258,026

Source: GTA

Production, Supply and Demand Data Statistics:**Table 8. Tangerines/Mandarins, Fresh Production, Supply and Demand**

Tangerines/ Mandarins, Fresh EU- 27	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Nov 2007			Market Year Begin: Nov 2008			Market Year Begin: Nov 2009			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Planted	173,5 91	160,6 26	173,4 91	173,6 36	157,7 09	175,6 36	176,5 89		176,3 13	(HECTARES)
Area Harvested	157,8 27	154,3 74	157,7 27	160,1 21	151,5 00	160,1 21	161,0 60		161,0 53	(HECTARES)
Bearing Trees	0	0	0	0	0	0	0		0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	0		0	(1000 TREES)
Total No. Of Trees	0	0	0	0	0	0	0		0	(1000 TREES)
Production	2,975	2,744	2,937	3,139	3,205	3,160	3,000		3,074	(1000 MT)
Imports	355	400	355	374	350	375	375		350	(1000 MT)
Total Supply	3,330	3,144	3,292	3,513	3,555	3,535	3,375		3,424	(1000 MT)
Exports	269	250	269	258	250	258	260		250	(1000 MT)
Fresh Dom. Consumption	2,753	2,368	2,715	2,984	2,714	3,006	2,865		2,921	(1000 MT)
For Processing	308	526	308	271	591	271	250		253	(1000 MT)
Total Distribution	3,330	3,144	3,292	3,513	3,555	3,535	3,375		3,424	(1000 MT)

Source: FAS Offices

Commodities:

Lemons, Fresh

Production:

In Spain, according to the latest official data, lemon crop production for MY 2009/10 will reach 611,400 MT. This is a significant improvement over the MY 2007/08 crop of 506,700 MT when high temperatures and strong winds during the blooming season caused flowers to drop. The favorable weather conditions in MY 2008/09 resulted in surplus production and fruit was left on the trees. As commercial size was not achieved, higher volumes of lemons were either processed or remained unharvested. The high quantity of unharvested lemons in MY 2008/09 contributed to the lower production number.

For MY 2009/10, the main producing regions in Spain, namely Murcia, Comunidad Valenciana and Andalusia, experienced a decline in lemon production of about 11% as compared to MY 2008/09

output. As MY 2009/10 fruit size is closer to commercial standards, more fruit will meet fresh export requirements and less fruit will be processed or remain on the trees.

Alternate bearing, which is typical of lemon trees, coupled with abandonment of orchards led to a lower crop in MY 2009/10. Competition from third countries in the Mediterranean area with lower lemon prices, such as Turkey, is discouraging domestic production.

Lemon production in Spain is concentrated in three regions located in the southern Mediterranean area: Murcia, Comunidad Valenciana and the Provinces of Malaga and Almeria in Andalusia. The dominant varieties in Spain are Verna (or Berna) -- a tender and juicy variety with few seeds, representing 30 percent of total production; and Mesero -- also known as Fino or Primofiori, which represents 70 percent of total production and favored by the processing sector. Verna is a summer variety, harvested from May to September, while Fino is a winter variety, harvested from October to April.

According to the latest official statistics, Italian lemon production declined from 519,000 MT in MY 2008/09 to 486,000 MT in MY 2009/10. About 90 percent of the domestic crop is produced in Sicily. In MY 2008/09, as EU reforms resulted in fewer lemons destined for processing.

Lemon production in Greece is expected to rebound in MY 2009/10 following the reduced crop of the previous marketing year, thanks to mild and humid weather during the summer. Nevertheless, lemon production has declined to the point where exports are essentially nil and Greece has become a big importer of lemons all year round.

At the EU-level, the lemon crop peaked in MY 2008/09 due to higher production in Spain, despite declines in Italy, Greece and Cyprus. For MY 2009/10, production increases in Greece and Italy offset the Spanish losses, resulting in similar output to MY 2007/08.

Table 9. Major EU Fresh Lemons/Limes Producers by Volume in MT

COUNTRY	MY 2007/08	MY 2008/09	MY 2009/10
Spain	506,700	687,900	611,400
Italy	556,000	519,000	486,000
Greece	46,500	29,600	33,500
Portugal	11,500	11,900	11,900
Cyprus	14,200	15,000	15,000
Total	1,134,900	1,263,400	1,157,800

Source: FAS Offices

Consumption:

In Spain, lemon consumption is fairly stable throughout the year. Despite a substantial price increase in recent years, consumption of lemons has not declined. At the EU level, the estimated average consumption of fresh lemons has stabilized at around 2 kg per capita. As lime production within the EU is minor, consumer demand is met through imports.

Trade:

The EU is a net importer of lemons, with imports largely exceeding exports. Imports into the EU were valued at about USD 400 million in MY 2008/09, 45 percent less than the value of imports in the previous marketing year. The value of exports in MY 2008/09 reached USD 75.4 million.

Intra-EU trade is critical to the sector, taking into account the volume of lemons produced in the Mediterranean MS and the demand in non-producing MS. The main intra-EU importers are Germany, the Netherlands, France and the United Kingdom.

According to available data, MY 2008/09 imports into the EU dropped, mainly due to Spain's large MY 2008/09 Verna crop. Argentina and South Africa were the most affected by this production surplus. In MY2008/09, low prices at the EU level discouraged exporters from shipping their lemons to the EU, while European Union exports grew. Conversely, Turkey's share of the EU-27 import market has significantly increased, despite the large MY 2008/2009 EU lemon crop and overall reduction in EU imports.

The major supplier to the European market is Argentina, followed by Turkey. The major EU importers of non-EU lemons are the Netherlands, Germany, France and Italy. The main extra-EU destination for European lemons is Russia. There is growing demand in Ukraine and Croatia while the demand from Switzerland and Norway remains strong.

Table 10. EU-27 Imports of Lemons/Limes by Origin in MT

Country of origin	MY 2006/07	MY 2007/08	MY 2008/09
Argentina	218,853	269,098	163,673
Turkey	89,631	74,351	103,880
Brazil	47,169	52,681	51,782
South Africa	30,566	65,002	39,276
Mexico	13,026	14,808	24,288
Uruguay	9,709	10,002	10,099
Others	5,715	29,308	10,314
TOTAL IMPORTS	414,669	515,250	403,312

Source: GTA

Table 11. EU-27 Exports of Lemons/Limes by Destination in MT

Country of Destination	MY 2006/07	MY 2007/08	MY 2008/09
Russia	28,496	22,081	32,047
Switzerland	12,823	11,222	13,867
Croatia	6,218	4,379	7,851
Ukraine	5,265	4,705	6,840
Norway	3,857	3,380	4,132
Bosnia & Herzegovina	3,606	2,957	4,114
Others	31,898	10,420	18,240
TOTAL EXPORTS	92,163	59,144	87,091

Source: GTA

Production, Supply and Demand Data Statistics:**Table 12. Lemons, Fresh Production, Supply and Demand**

Lemons/Limes, Fresh EU- 27	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Nov 2007			Market Year Begin: Nov 2008			Market Year Begin: Nov 2009			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Planted	84,81 9	83,62 9	77,86 9	86,94 3	83,37 3	79,39 3	86,82 9		78,94 4	(HECTARES)
Area Harvested	81,77 4	78,85 1	74,82 4	82,70 4	78,80 0	74,22 3	83,98 0		73,85 0	(HECTARES)
Bearing Trees	0	0	0	0	0	0	0		0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	0		0	(1000 TREES)
Total No. Of Trees	0	0	0	0	0	0	0		0	(1000 TREES)
Production	1,139	1,136	1,135	1,303	1,445	1,264	1,180		1,158	(1000 MT)
Imports	515	350	515	402	300	403	450		400	(1000 MT)
Total Supply	1,654	1,486	1,650	1,705	1,745	1,667	1,630		1,558	(1000 MT)
Exports	59	40	59	87	50	87	60		60	(1000 MT)
Fresh Dom. Consumption	1,404	943	1,400	1,223	1,142	1,186	1,380		1,261	(1000 MT)
For Processing	191	503	191	395	553	394	190		237	(1000 MT)
Total Distribution	1,654	1,486	1,650	1,705	1,745	1,667	1,630		1,558	(1000 MT)

Source: FAS Offices

Commodities:

Grapefruit, Fresh

Production:

Spain continues to be the European Member State with the highest grapefruit production, although it is not significant when compared to other Spanish citrus crops. Half of Spain's grapefruit production is found in the region of Murcia. The main variety planted is Ruby Red.

Grapefruit from Cyprus, the second largest EU-27 producer, is regarded as amongst the best worldwide and represents over 30 percent of total exported citrus fruit. The key variety is the white Marsh seedless variety which is grown mostly in the Limassol area. New plantations have been established in Paphos district where the red variety was introduced. In other EU-27 MS, grapefruit production is minor and rather stable.

Overall EU grapefruit production declined in MY 2009/10 compared to MY 2008/09, mainly due to slightly lower production in Spain.

Table 13. Major EU Fresh Grapefruit Producers by Volume in MT

COUNTRY	MY 2007/08	MY 2008/09	MY 2009/10
Spain	41,120	43,600	40,700
Cyprus	26,700	27,100	27,900
Greece	7,500	6,500	6,000
Italy	7,000	7,000	7,000
Total	82,320	84,200	81,600

Source: FAS Offices

Trade:

The EU imports grapefruit from third countries as domestic supply is not sufficient to satisfy demand. The dominant importers within the EU are France, the Netherlands, Germany and Belgium. The major sources for imported grapefruit in MY 2008/09 were South Africa, China, Israel, Turkey and the United States.

Regarding exports, the main destinations for EU-27 grapefruit are Russia and Switzerland.

Table 14. EU-27 Imports of Grapefruit by Origin in MT

Country of Destination	MY 2006/07	MY 2007/08	MY 2008/09
South Africa	91,868	87,072	88,454
China	25,423	67,086	69,848
Israel	62,549	62,175	66,533
Turkey	75,939	73,709	65,567
United States	65,343	79,318	63,760
Argentina	23,430	23,757	15,393
Others	44,384	36,803	29,800
TOTAL IMPORTS	388,936	429,920	399,355

Source: GTA

Table 15. EU-27 Exports of Grapefruit by Destination in MT

Country of Destination	MY 2006/07	MY 2007/08	MY 2008/09
Russia	6,494	9,382	7,246
Switzerland	2,138	2,211	3,013
Belarus	1,728	1,951	2,491
Serbia	975	1,232	1,737
Ukraine	1,274	1,712	1,410
Croatia	1,520	1,371	1,241
Others	2,722	3,179	3,903

TOTAL EXPORTS	16,851	21,038	21,041
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Source: GTA

Production, Supply and Demand Data Statistics:**Table 16. Grapefruit, Fresh Production, Supply and Demand**

Grapefruit, Fresh EU- 27	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Nov 2007			Market Year Begin: Nov 2008			Market Year Begin: Nov 2009			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Planted	2,194		2,164	2,197		2,167	2,189		2,159	(HECTARES)
Area Harvested	1,839		1,809	1,842		1,812	1,834		1,804	(HECTARES)
Bearing Trees	0		0	0		0	0		0	(1000 TREES)
Non-Bearing Trees	0		0	0		0	0		0	(1000 TREES)
Total No. Of Trees	0		0	0		0	0		0	(1000 TREES)
Production	91		82	86		85	86		82	(1000 MT)
Imports	430		430	399		399	400		400	(1000 MT)
Total Supply	521		512	485		484	486		482	(1000 MT)
Exports	21		21	21		21	20		20	(1000 MT)
Fresh Dom. Consumption	495		486	460		458	461		457	(1000 MT)
For Processing	5		5	4		5	5		5	(1000 MT)
Total Distribution	521		512	485		484	486		482	(1000 MT)

Source: FAS Offices

Commodities:

Orange Juice

Production:

The European citrus sector is strongly orientated towards the fresh produce market, which almost always commands a premium over prices offered by processors. Margins are better for fresh fruit intended for fresh consumption for both domestic demand and export. Processing is a buffer for production surpluses and fruit that does not meet commercial standards. More fruit is processed in those years when fruit size is small, quality is low or when production is above normal levels.

Following implementation in 2008 of the new Common Agricultural Policy (CAP) for the citrus sector, orange juice production in Italy became marginal. The old coupled aid for processed citrus had been in force since 1996. Payments were made to growers based on actual quantities delivered to the processing industry. The new CAP citrus scheme removed coupled payments but allowed

individual MS to delay implementation. Italy decided to end the payments immediately with no transition period.

According to industry sources, Italian production of frozen concentrated orange juice in 2009/10 totaled about 30,000 tons, slightly above last year's level. Production could have been higher, but extremely low farm gate prices pushed some producers to not harvest fruit.

Spain specializes in pasteurized "not from concentrate" orange juice, which does not compete directly with concentrated orange juice originating from Brazil or the United States. Spain's implementation of the CAP citrus reform included a two-year transitional period in order to achieve a smoother shift to the new legal framework. Smaller oranges are destined for orange juice processing with larger sizes devoted to fresh consumption. For MY 2009/10, the drop-off in Spain's domestic orange crop will result in fewer oranges processed as compared to the previous MY when the small size of the fruit resulted in an increase in the quantity of oranges sent to processing.

Greece has opted for a 5-year transition period for citrus. The quantity of fresh oranges expected to be processed in Greece during MY 2008/09 is estimated at 250,000 to 300,000 MT – with production of 15,000 to 17,000 MT of concentrate (60° Brix). The total MY volume of oranges channeled to processing is directly dependent on crop quality and the quantity of oranges absorbed within the fresh market, both domestic and foreign. Indications are that 260,000 MT will be processed in MY 2008/09, as compared to 288,000 MT in MY 2007/08. For MY 2009/10, the normal processed volume is expected to be 290,000 MT.

Consumption:

While orange juice is the most popular juice within the EU-27, it competes with other non-alcoholic drinks and juices made from other fruits. The preferred packaging type for European consumers is the carton. The convenience of orange juice is reflected in its better adaptation to modern consumption habits than whole fresh oranges. Another factor affecting consumption is the current economic situation that has led to higher demand for private label juice at the expense of brand labels.

Trade:

Brazil continues to be the main supplier of orange juice to the EU with almost 90 percent of total imports of high brix degree orange juice in the EU market. Trade data for MY 2008/09 indicates that Switzerland, the second major source of orange juice imports, lost significant market share to Brazil in MY 2008/09.

Table 17. EU-27 Imports of Orange Juice by Origin in MT

Country of origin	MY 2006/07	MY 2007/08	MY 2008/09
Brazil	688,986	638,062	776,740
Switzerland	84,990	105,214	56,233
United States	13,748	9,582	15,439
Cuba	10,277	10,689	8,526
Israel	13,261	8,398	6,153
Argentina	3,176	2,594	5,120
Others	10,792	7,908	11,510
TOTAL IMPORTS	825,230	782,447	879,721

Source: GTA

Table 18. EU-27 Exports of Orange Juice by Destination in MT

Country of Destination	MY 2006/07	MY 2007/08	MY 2008/09
Switzerland	2,176	2,582	2,097
Norway	1,503	1,746	1,540
Algeria	362	1,227	1,019
Japan	754	980	838
Russia	1,100	1,166	679
Saudi Arabia	638	567	623
Others	7,140	6,462	5,688
TOTAL EXPORTS	13,673	14,730	12,484

Source: GTA

Production, Supply and Demand Data Statistics:**Table 19. Orange Juice Production, Supply and Demand**

Orange Juice EU-27	2007			2008			2009			
	2007/2008			2008/2009			2009/2010			
	Market Year Begin: Nov 2007			Market Year Begin: Nov 2008			Market Year Begin: Nov 2009			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Deliv. To Processors	1,518,000	2,130,000	1,518,000	1,595,000	2,000,000	1,595,000	1,420,000	1,420,000	(MT)	
Beginning Stocks	10,000	10,000	10,000	15,000	15,000	15,000	20,000	15,000	(MT)	
Production	113,706	146,800	113,706	102,306	137,840	102,306	105,800	107,806	(MT)	
Imports	785,000	670,000	782,447	878,000	650,000	879,721	825,000	825,000	(MT)	
Total Supply	908,706	826,800	906,153	995,306	802,840	997,027	950,800	947,806	(MT)	
Exports	14,736	10,000	14,730	12,476	10,000	12,484	11,000	12,000	(MT)	
Domestic Consumption	878,970	801,800	876,423	962,830	777,840	969,543	924,800	920,806	(MT)	
Ending Stocks	15,000	15,000	15,000	20,000	15,000	15,000	15,000	15,000	(MT)	
Total Distribution	908,706	826,800	906,153	995,306	802,840	997,027	950,800	947,806	(MT)	

Source: FAS Offices

Policy:

The EU Common Market Organization for Fruits and Vegetables (CMO) was last reformed in 2007 with [Council Regulation 1182/2007](#). The reform aims to bring the fruit and vegetable sectors in line with other agricultural sectors that have already been reformed under the Common Agricultural Policy (CAP). The old-style production-linked payments are to be replaced by decoupled payments. The shift from production support to direct aid to producers is designed to improve the competitiveness, market orientation and sustainability of the sector. The new CMO entered into force on January 1, 2008. [Commission Regulation 1580/2007](#) (last amended by Regulation 441/2009) lays down rules for the implementation of the reform.

Table 20. Overview of Implementation of the Fruit and Vegetables Reform for Citrus

Country	Products	Implementation of the Fruit and Vegetable Reform (Coupled Support Payment)	Decoupled Support Payment from Production	Transitional Period
Spain	Citrus Fruits	Until end 2009: 100% of the envelope for citrus fruits intended for processing	As of 01/01/2010: 100% decoupling	01/01/2008-12/31/2009 (2 years)
Portugal	Citrus Fruits	-	As of 01/01/2008: 100% decoupling	-
Italy	Citrus Fruits	-	As of 01/01/2008: 100% decoupling for both fresh and processing	-
Greece	Citrus Fruits	Until end 2012: 60% of the envelope for citrus fruits intended for processing	40%	01/01/2008-12/31/2012 (5 years)
Cyprus	Citrus Fruits	Until end 2010: 100% of national envelope for citrus fruits Until end 2012: 75% of national envelope for citrus fruits	Until end 2010: 0% Until end 2012: 25%	01/01/2008-12/31/2010 (3 years) 01/01/2011-12/31/2012 (2 years)

For further details on the CMO for fruits and vegetables, please refer to report E48001 available at: <http://www.fas.usda.gov/gainfiles/200801/146293410.pdf>

In Greece, for MY 2008/09 it was reported that processors pressured farmers to reduce grower prices due to the economic “crisis,” exploiting the fact that coupled payments are included in contracts signed with farmers. In the period November 2008 to February 2009, farmers who delivered oranges to processors received between 0.022 and 0.035 Euro/Kg for the early season commons and 0.050 to 0.070 Euro/Kg later in the season for Valencias. These prices do not differ much from last year.

For Greek farmers with established rights, the EU single payment support (SPS) will be at 1,300 Euros/Ha for output between 10,000 and 30,000 Kg and 4,200 Euros/Ha for 30,001 kg and over. The acreage allotted to each payment category will be announced by the GOG Ministry of Agriculture in May 2009.

In Spain, early estimates indicated that coupled support during the transition period would be at 321 Euros/Ha for lemons, 63 Euros/ha for grapefruit and 290 Euros/Ha for oranges, mandarins, tangerines and clementines. These payment rates have already been published by the Government of Spain. However, as the acreage declared was lower than expected for all citrus except grapefruit, support allocated to farmers has increased. For the current MY 2008/09, the coupled payment will be 1,214.45 Euros/Ha for lemons, 61.24 Euros/ha for grapefruit and 597.85 Euros/Ha for oranges, mandarins, tangerines and clementines.

A 2008-2013 citrus plantation restructuring program is being implemented in Spain. The aim of this program is to restructure up to 18,000 citrus hectares throughout Spain, focusing on adopting new

varieties to meet consumer demand, improve overall quality, save water and extend the production season. In 2009, applications for 9,950 hectares were submitted for this aid.

School Fruit Scheme

A key objective of the reform of the Fruit and Vegetable regime was to reverse the declining consumption of fruit and vegetables. The consumption of fruits and vegetables has been falling in the EU, particularly among children. The World Health Organization recommends 400g per day of fruit and vegetables, but children's intake is falling below. The lack of available produce is apparently one of the factors responsible for low consumption of fruit and vegetables. According to some, this contributes to increased weight problems and obesity in the EU, especially among young children.

The European School Fruit Scheme (SFS) is one measure to combat childhood obesity. [Commission Regulation 288/2009](#) lays down the rules for applying Council Regulation 1234/2007 as regards Community aid for supplying fruits and vegetables, processed fruits and vegetables and banana products to children in educational establishments within the framework of a School Fruit Scheme. All schemes would consequently include three elements: free distribution of fruit and/or vegetables in schools; a series of accompanying measures, such as informational campaigns on healthy eating habits; and monitoring and evaluation.

The definitive allocation of Community aid per Member State participating in the School Fruit Scheme was established for the period 1 August 2009 to 31 July 2010 in the Annex to [Commission Decision C\(2009\) 5514](#). European funds worth €90 million per year will pay for the purchase and distribution of fresh fruits and vegetables for schools. The program will be reviewed after 3 years. The scheme began at the start of the 2009/2010 school year. Information and documents on the School Fruit Scheme are available on the internet at: http://ec.europa.eu/agriculture/markets/fruitveg/sfs/index_en.htm

Maximum Residue Level for Fruit

Maximum Residue Levels (MRLs) for pesticides, including import tolerances, have been harmonized throughout the EU since September 2008.

[Regulation 1107/2009](#) concerning the placing on the market of plant protection products will become fully applicable as of June 14, 2011. How this affects MRLs will only be determined after the new legislation is fully implemented. More information on MRLs is available at:

http://ec.europa.eu/food/plant/protection/pesticides/index_en.htm or <http://www.fas.usda.gov/posthome/useu/pesticides.html>

Certification of Plant Products

Unlike animal products, certification of plants and plant products is not harmonized within the EU. Phytosanitary certificates issued by an APHIS inspector are required to accompany U.S. shipments. APHIS issues phytosanitary certificates in accordance with international regulations set

down 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. An overview of EU mandatory and voluntary certificates can be found at: <http://www.fas.usda.gov/posthome/useu/certificates-overview.html>.

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. More information can be accessed on the DG Health & Consumer Protection's website http://ec.europa.eu/food/plant/organisms/imports/inspection_en.htm.

Commission Regulation [1756/2004](#) provides for plant health checks to be carried out at reduced frequency when this can be justified (list of products recommended for plant health checks at reduced levels [updated June 26, 2009](#)).

Tariffs

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 that provides a high level of protection to EU producers. Within 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.

In April 2008, a study, financed by the Commission of the European Union and carried out by a consultancy, assessed the impact of changing the EPS. The report concluded that the EPS could be considered as a means of signaling market disturbances rather than as a relevant trade restriction. The entire report can be found at: http://ec.europa.eu/agriculture/eval/reports/fruitveg/index_en.htm.

Whether or not the EU will maintain the EPS will be discussed within the context of the Doha Round trade talks. The EPS is not necessarily discriminatory for U.S. exporters, who tend to sell high quality products which are usually relatively high priced and do not face any additional duty. Replacing the EPS with fixed tariffs could result in higher *ad valorem* duties.

Tariff levels for 2010 are published in EU Regulation 948/2009. For details please refer to: <http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2009:287:SOM:EN:HTML>

Oranges see page 86
Tangerines see page 87
Lemons see page 87
Grapefruit see page 87
Other Citrus see page 87
Orange Juice see page 155

Marketing:

EU Marketing Standards for Fruits and Vegetables

On July 1, 2009, [Commission Regulation 1221/2008](#) entered into force, providing a general marketing standard for all fresh fruits and vegetables and repealing specific marketing standards for 26 products. For 10 types of fruit and vegetables, including citrus, specific marketing standards will remain in place.

Fresh fruit and vegetable imports into the EU are checked for compliance with EU-harmonized marketing standards. These standards apply at all marketing stages and include criteria such as quality, size, labeling, packaging and presentation.

For detailed up-to-date information, please visit: <http://useu.usmission.gov/agri/Fruit-Veg.html>

EU Agricultural Product Quality Policy

Certain citrus products come under the EU Protected Geographical Indication Scheme (PGI). The aim of this program is to promote and protect names of quality agricultural products and foodstuffs. PGIs relate to agricultural products and foodstuffs which are closely linked to a specific geographical area. At least one of the stages of production, processing or preparation takes place in the identified area.

Table 21. EU-27 Citrus Protected Geographical Indications

Country	Name	Products
Spain	Citricos Valencianos	Oranges, Tangerines and Lemons
	Clementinas de las Tierras del Ebro	Clementines
Italy	Limone Femminello del Gargano	Lemons
	Limone di Sorrento	Lemons
	Limone Costa d'Amalfi	Lemons
	Clementine di Calabria	Clementines
	Clementine del Golfo di Taranto	Clementines
	Arancia del Gargano	Oranges

	Arancia Rossa di Sicilia	Oranges
Greece	Tangerines Chiou	Tangerines
Portugal	Citrios do Algarve	Oranges, Tangerines

Trade Shows

Trade shows in Europe offer excellent opportunities for U.S. exporters to meet potential clients or business partners from EU countries and other continents. The most important trade shows related to the fruit and vegetable sectors are:

Fruit Logistica

Berlin, Germany

Frequency: Every year

Web: <http://www.fruitlogistica.de>

Fruit Logistica is one of the most important trade shows for fresh and dried fruits in Europe. The next show will take place on **February 9-11, 2011**. More than 2,000 companies from across the entire fresh produce value chain will participate, including major global players as well as small and medium-sized suppliers from around the world.

Bio Fach

Nuremberg, Germany

Frequency: Every year

Web: <http://www.biofach.de>

Bio Fach is one of the most important trade shows for organic products in Europe. The next show will take place on **February 16-19, 2011**.

Other Related Reports from FAS EU Offices

Report Number	Title	Date released
E49092	EU-27 - Citrus Annual	12/22/2009
LINK	EU-27 – Citrus Semi Annual	06/15/2009
E48134	EU-27 – Citrus Annual	12/01/2008
E48001	EU-27 – Market Development Reports - Fruits and Vegetables	01/07/2008
GR7020	Greece – Annual Report	01/14/2008

These reports can be accessed through website <http://useu.usmission.gov/agri/> or through the FAS website <http://www.fas.usda.gov/scriptsw/attacherep/default.asp>.

