

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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

Required Report - public distribution

Date: 7/08/2011

GAIN Report Number: SP1112

EU-27

Citrus Semi-annual

EU-27 Citrus Semi-Annual

Approved By:

Robert Hanson, Agricultural Attaché

Prepared By:

Diogo Machado, Agricultural Specialist

Report Highlights:

EU-27 citrus groves include orange, lemon, mandarin and grapefruit groves. Production is mainly located in the Mediterranean regions of Spain, Italy and Greece. For MY 2010/11, the total EU citrus production is expected to be stable with a 3 percent decrease in orange production, a 4 percent increase in mandarin production, a 4 percent increase in lemon production, and an 8 percent increase in grapefruit production.

Disclaimer: This report presents the situation for citrus (orange juice, oranges, grapefruits, lemons, tangerines, mandarins and other citrus) 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.

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

Stefano Baldi FAS/Rome covering Italy

Ornella Bettini FAS/Rome covering Greece and Cyprus

Diogo Machado FAS/Madrid covering Spain and Portugal

Barry Williams FAS/USEU Brussels

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

Orange November/October

Tangerine November/October

Lemon 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 is concentrated in the Mediterranean region. Oranges are the second largest EU fruit crop after apples, with over 6.5 million tons produced in MY 2008/09 and 6.3 million tons in MY2009/10. 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. For MY2010/11, an EU-wide orange crop of 6.1 million tons is forecasted. A 12 percent increase in Spanish production, along with an increase of four percent in Portugal and five percent in Cyprus is offset by a 20 percent decrease in Italy and a four percent decrease in Greece. The overall result is a three percent reduction in the production of fresh oranges in the EU, when compared to last season.

Spain is the largest orange producer within the EU, representing about 50% of total orange production within the Union. The season started with a delay of between one and two weeks in Spain, depending on the regions, and with good perspectives for early varieties. Orange production for MY 2010/11 in Spain is expected to reach 2,980,700 MT in what is considered an average season, half way between the last two, with good quality, although with a lower volume of commercial sizes. Industry sources note the good organoleptic quality of the fruit. The zone of Castellón and Valencia experienced some damage to fruit caused by winter frost but these were mostly localized events. Higher than average rainfall has resulted in the upward revision of production figures from the previous estimates. The dynamics of the current season have seen the market slow to absorb the quantities supplied and prices lower than expected.

MY 2010/11 Italian orange production is estimated at 1.9 MMT, 20 percent less from previous marketing year which was a record (around 2.5 MMT) due to heavy rains during flowering, to rotational bearing, and to the Citrus Tristeza Virus that hit the Tarocco varieties. Late, red varieties usually traded in March-April recorded a 30 percent production decrease, while earlier varieties traded in December and January production fell by 10 percent. The largest part of the crop is usually harvested between November and February, however despite the production decrease prices did not recover as expected, especially for Navel varieties and for some red varieties. Only late red varieties (such as Tarocco) were sold at higher, increasing prices.

MY 2010/11 (November/October) Greek orange production is expected to decrease by 5 percent compared to the previous year. Despite that, Greek industry contacts consider the expected production (922,000 MT) a good crop, both in terms of quality and quantity, even considering the current Greek economic crisis. The autumn rainfall helped improve the size. Peloponnese and Aitolokarnaia (western Greece) are the main orange-producing areas. Washington Navel, Commons, Valencia, Navelina, and Newhall are the major orange varieties grown in Greece.

Portuguese production of oranges in MY 2010/11 is expected to reach 220,000 MT following good weather conditions with sufficient rain. A new 10 year census recently released by the National Institute of Statistics revealed a 22% reduction in the orange tree area from 1999 to 2009 (-4,000 ha). Orange trees account for 83% of the country's 17,000 ha of citrus groves. Restructuring of farms has been occurring to try to gain competitiveness through economies of scale. This is seen by a 46% reduction in the number of citrus farms and an increase in the average area from 0.5 to 0.7 ha in the last 10 years. However total citrus area also decreased by 28% in the same time period reflecting remaining competitiveness problems in the sector.

Oranges have been grown in the island of Cyprus since the 1950s. MY 2010/11 (November/October) Cypriot orange production is expected to slightly increase by 5 percent, thanks to the increased availability of irrigation supplies, despite the lack of rain since the last summer. Famagusta, Limassol, Larnaca, and Paphos districts are the major orange-producing areas. Navels, Ovals (Shamoutis), and Valencia are the main orange varieties grown in Cyprus.

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

Country	MY 2008/09	MY 2009/10	MY 2010/11
Spain	3,410,300	2,669,400	2,980,700
Italy	2,166,886	2,421,284	1,937,027
Greece	727,100	969,660	922,000
Portugal	201,592	211,300	220,000
Cyprus	24,100	70,900	74,500
Total	6,529,978	6,342,544	6,134,227

Source: FAS offices

Consumption:

Consumption of oranges in the EU is expected to remain above 5,800,000 MT for MY 2010/11. Oranges are Spain's favorite fresh fruit, with over 22 kilos per capita consumed in 2009, representing up to 20 percent of fresh fruit consumption. MY 2010/11 Greek orange fresh domestic consumption is expected to remain stable. Most oranges are consumed fresh (channeled to the fresh open markets and grocery stores). Commons variety is predominantly used in processing. MY 2010/11 Cypriot orange consumption is expected to grow by 7 percent, driven by the increased production. Most oranges are consumed fresh (channeled to the fresh open markets and grocery stores).

Trade:

The EU is a net importer of oranges, with imports largely exceeding exports. Imports into the EU were valued at about US \$744 million in MY 2009/10, some 17 percent above the previous marketing year. The value of exports in MY 2009/10 reached US \$215 million. Exports are expected to increase significantly in MY2010/2011 following higher demand from non-EU European countries like Serbia, Albania, Macedonia, Croatia, Russia, and Ukraine.

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 Egypt,

Argentina, and Morocco. 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 2007/08	MY 2008/09	MY 2009/10
South Africa	460,140	335,155	415,784
Egypt	109,744	131,498	133,744
Morocco	138,968	90,354	93,150
Argentina	95,335	81,588	90,473
Uruguay	57,937	60,357	71,611
Turkey	20,811	32,826	17,387
Others	156,965	114,709	141,394
Total Imports	1,039,900	846,487	963,543

Source: GTA and FAS estimates.

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

Country of Destination	MY 2007/08	MY 2008/09	MY 2009/10
Switzerland	53,820	55,535	58,342
Serbia	31,219	33,666	36,010
Norway	30,452	29,959	29,290
Croatia	22,717	22,848	22,423
Russia	17,439	14,350	21,396
Albania	21,289	21,781	21,326
Others	64,741	57,795	83,119
Total Exports	241,677	235,934	271,906

Source: GTA and FAS estimates.

Even though Italy exports less than 10 percent of domestic production, MY 2009/10 orange exports peaked at 173,000 MT more than doubled compared to the previous year and MY 2010/11 exports are also expected to perform well. Northern European countries are the main trade partners (Germany above all), but some Eastern EU-27 Member States (MS) are starting to increase their imports from Italy. Moreover, red varieties have been successfully promoted in the Spanish market, Italy's main competitor, finding consumers' appreciation.

MY 2010/11 Greek orange exports are expected to increase by 5 percent, as a consequence of the increased demand from Romania and Serbia that continue to be the main destination for Greek oranges. Navels and Tardives are mostly marketed from November through March. Greece imports its oranges mainly from South Africa, accounting for 41 percent of the total.

MY 2010/11 Cypriot orange exports are expected to remain steady from the previous year. United Kingdom and Russia are the main destination for Cypriot oranges, accounting for 63 percent of the total. Tardives variety is marketed during March and April. Cyprus imports small amounts of oranges from Greece and Netherlands.

Production, Supply and Demand Data Statistics:

Table 4. Oranges, Fresh Production, Supply and Demand

Oranges, Fresh EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		Market Year Begin: Nov 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	320,934	313,226	324,873	315,165	323,174	313,466
Area Harvested	296,501	289,437	299,697	290,664	296,459	289,552
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total No. Of Trees	0	0	0	0	0	0
Production	6,530	6,530	6,418	6,343	6,110	6,134
Imports	846	846	950	964	1,100	900
Total Supply	7,376	7,376	7,368	7,307	7,210	7,034
Exports	236	236	272	272	200	325
Fresh Dom. Consumption	5,780	5,869	5,809	5,933	5,652	5,764
For Processing	1,360	1,271	1,287	1,102	1,358	945
Total Distribution	7,376	7,376	7,368	7,307	7,210	7,034

HECTARES, 1000 TREES, 1000 MT

Source: FAS offices

Commodities:

Tangerines/Mandarins, Fresh

Production:

Total European tangerine production is expected to increase and reach over 3,216,000 MT in MY2010/11. Spain's tangerine production is expected to increase by approximately 10 percent to 2,196,000 MT in MY 2010/11. The weather has been favorable despite the occurrence of frosts in December and January. Calibers are expected to be lower than last season.

Tangerines are the second most important citrus product in Portugal, after oranges. The Algarve is the most representative region with 80% of the total producing area. The production of tangerines expected to remain constant at 64,000 MT in MY 2010/11.

In Italy MY 2010/11 clementines (seedless) harvest was slightly lower than the one in the previous year due to cold temperatures recorded between December and January which negatively affected the final production and the fruit quality in Apulia region. In Calabria, where most of the Italian crop is harvested, production was about the same as the previous year. However prices were too low to cover input costs (even lower than previous MY), therefore many farmers left the fruits on trees. Growing competition especially from Spain, Morocco and Egypt together with decreasing domestic consumption are keeping prices at low levels, severely hampering the clementines sector in Italy. Lack of early and late varieties and oversupply in the December-January period are seen as the main reasons behind such a market crisis. Mandarins (with seeds) are responsible for about 20 percent of total Italian easy peelers harvest and basically represent a niche market. MY 2010/11 production and consumption are expected to remain stable compared to previous year.

MY 2010/11 (November/October) Greek tangerine production is expected to increase by 10 percent. Favorable exchange rates encouraged producers to reach a higher level of production, also expanding the planted area. The main producing areas include the prefectures of Igoumenitsa, Arta, Mosologgi, and Thesprotia, located in northern Greece. Clementine is the major tangerine variety grown in Greece.

All types of tangerines and hybrids represent 39 percent of total citrus production in Cyprus. MY 2010/11 (November/October) Cypriot tangerine production is expected to grow by 5 percent, due to the increased availability of irrigation supplies, despite the lack of rain since the last summer. Famagusta, Limassol, Larnaca, and Paphos districts are the major orange-producing areas. Mandoras, Tangelo, Minneolas, Nova, and Clementines are the main tangerine varieties grown in Cyprus.

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

Country	MY 2008/09	MY 2009/10	MY 2010/11
Spain	2,227,900	2,000,100	2,196,400
Italy	765,139	826,825	750,000
Greece	71,000	110,000	121,000
Cyprus	41,100	82,000	85,050
Portugal	66,904	63,599	63,599
Total	3,172,043	3,082,524	3,216,049

Source: FAS Offices

Consumption:

Total EU-27 consumption in MY2010/11 is forecasted to be above 2,850,000 MT. Consumption is increasing within the EU, particularly within those MS who produce mandarins and tangerines. Per capita consumption in the EU for 2009/10 is calculated at 5.9 kilos and in Spain is thought to have reached 7.2 kilos.

Trade:

The major suppliers of tangerines to the European market are Morocco, Turkey, and South Africa. The major EU importers are the United Kingdom, France Germany and the Netherlands. Russia remains the largest export market. Both imports and exports have increased in volume in MY 2009/10. In 2009/10 EU imports were worth over US \$429 million and EU exports amounted to nearly US \$310 million.

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

Country of Origin	MY 2007/08	MY 2008/09	MY 2009/10
Morocco	78,483	80,384	115,230
South Africa	70,347	65,300	65,003
Turkey	59,522	81,106	64,894
Argentina	36,217	46,638	39,907

Uruguay	31,209	33,828	37,646
Israel	22,668	24,787	36,148
Others	56,816	44,560	57,816
Total Imports	355,262	376,603	416,644

Source: GTA and FAS estimates

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

Country of Destination	MY 2007/08	MY 2008/09	MY 2009/10
Russia	69,085	52,192	58,738
United States	44,683	56,932	46,091
Switzerland	35,737	39,445	38,965
Ukraine	31,887	26,280	27,298
Norway	24,382	23,576	24,565
Belarus	20,105	21,859	19,069
Others	43,599	37,950	52,156
Total Exports	269,478	258,234	266,882

Source: GTA and FAS estimates

Production, Supply and Demand Data Statistics:

Table 8. Tangerines/Mandarins, Fresh Production, Supply and Demand

Tangerines/Mandarins, Fresh EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		Market Year Begin: Nov 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	171,721	169,403	167,540	166,922	165,981	165,363
Area Harvested	156,109	154,120	152,251	151,962	151,207	150,918
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total No. Of Trees	0	0	0	0	0	0
Production	3,160	3,172	3,094	3,083	3,290	3,216
Imports	377	377	416	417	360	360
Total Supply	3,537	3,549	3,510	3,500	3,650	3,576
Exports	258	258	267	267	340	360
Fresh Dom. Consumption	2,991	2,930	2,958	2,810	2,970	2,769
For Processing	288	361	285	423	340	447
Total Distribution	3,537	3,549	3,510	3,500	3,650	3,576

HECTARES, 1000 TREES, 1000 MT

Source: FAS offices

Commodities:
Lemons, Fresh

Production:

At the EU-level, the production of lemon is expected to reach 1,200,000 in MY 2010/11, a 3.5 percent increase from the previous year, as Italy's decrease is compensated by all other producing countries.

In Spain lemon crop production for MY 2010/11 is 640,100 MT, a 15 percent increase over the previous year. Lemon production in Spain is concentrated in three regions located in the southern Mediterranean area: Murcia, Valencia 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.

Harvests forecasts from the main lemon and grapefruit inter-professional association (AILIMPO) are higher for MY2010/11 at 900,000 MT in Spain. The same body had forecasted these numbers to be 810,000 MT at the beginning of the season but has since revised production upwards due to the higher caliber and weight of fruits. As can be seen there continues to be an important disparity between official numbers (published by the Ministry of Agriculture) and the numbers from the industry body. A detailed analysis of this problem was submitted in March by the industry to the EU Citrus Experts Group.

While lemons represent 5% of Portugal's citrus crop, production levels have remained stable over the last three seasons.

In Italy MY 2010/2011 lemon production is expected at 490,000 MT, 10 percent less than previous MY as expected but at a good quality level. Farm gate prices were quite stable (€ cent/kg 0.30/0.40) at the beginning of the MY despite strong competition from Spain but then decreased in spring to € cent/kg 0.25/0.32 due to a consumption decline.

MY 2010/11 (November/October) Greek lemon production is expected to increase by 39 percent, due to favorable weather. The main producing areas include the prefectures of Korinthos, Achaia, Piraeus, and Ilias, located in northern Greece. The major lemon variety grown in Greece is Maglini, whose fruit is strongly aromatic, with a quite sour juice. It has a thin, shiny peel and when fully ripe has a yellow color.

MY 2010/11 (November/October) Cypriot lemon production is expected to increase by 7 percent, thanks to the increased availability of irrigation supplies, despite the lack of rain since the last summer. Lapithos village is the main lemon-producing area. Lapithiotiki (a local variety), Eureka, and Lisbon are the major lemon varieties grown in Cyprus.

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

Country	MY 2008/09	MY 2009/10	MY 2010/11
Spain	687,900	558,200	640,100
Italy	518,528	544,532	490,000
Greece	29,600	33,000	46,000
Portugal	12,050	12,050	12,050
Cyprus	15,000	10,800	11,500
Total	1,263,078	1,158,582	1,199,650

Source: FAS Offices

Consumption:

EU-27 consumption is forecasted to be above 1,300,000 MT in 2010/11. The estimated average consumption of fresh lemons has stabilized at around 2.6 kg per capita. As lime production within the EU is minor, consumer demand is met through imports.

In Spain, lemon consumption is fairly stable throughout the year. Despite a substantial price increase in recent years, consumption of lemons has not declined. Average consumption in MY 2009/10 was 3 kilos per capita with total lemon consumption at 135,000 MT, 67 percent of which sold to households.

MY 2010/11 Greek lemon consumption is expected to increase by 19 percent, due to growing production and resulting attractive prices. Greek lemon production is totally destined for the fresh market. Greece has become increasingly reliant on imported lemon juice to meet the consumer demand, because of the increase in tourism and in consumption of soft drinks. The yield for lemon juice is 15-17 Kg of fresh lemons to produce 1 Kg of lemon juice, depending on the quality of the fruit.

MY 2010/11 Cypriot lemon consumption is expected to slightly decrease as a consequence of the increased demand from Austria and Greece. Lapithiotiki variety boasts the highest per capita domestic consumption, due to its distinctive aroma and taste. It has a thin skin, oval shape, rich flesh, firm yellow rind, and the majority of the fruits are seedless.

Trade:

The EU is a net importer of lemons, with imports largely exceeding exports. Imports into the EU were valued at about US \$540 million in MY 2009/10, while the value of exports in MY 2009/10 reached US \$80 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 producer MS. The main intra-EU importers are Germany, the Netherlands, France and the United Kingdom.

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.

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

Country of Origin	MY 2007/08	MY 2008/09	MY 2009/10
Argentina	269,099	163,756	182,615
Turkey	74,350	103,880	128,376
Brazil	52,682	53,356	55,528
South Africa	65,002	39,340	45,667
Mexico	14,808	24,421	24,925
Uruguay	10,002	10,098	10,832
Others	29,307	10,314	21,376
Total Imports	515,250	405,165	469,319

Source: GTA and FAS estimates

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

Country of Destination	MY 2007/08	MY 2008/09	MY 2009/10
Russia	22,081	32,035	24,429
Switzerland	11,222	13,867	13,450
Ukraine	4,705	6,838	6,213
Croatia	4,379	7,850	5,444
Norway	3,380	4,127	3,340
Bosnia & Herzegovina	2,957	4,113	2,589
Others	10,420	18,226	11,084
Total Exports	59,144	87,056	66,549

Source: GTA and FAS estimates

According to the Spanish industry the beginning of the season was hard due to:

- Lower caliber of the fruit in September/October (last season fruit)
- Turkey started exporting at very low prices aided by export credits and low costs
- A remaining stock of lemons from Argentina in the market.

However rain has allowed calibers to reach bigger sizes and Spanish exports are achieving good volumes if very concentrated in intra EU trade.

The lemon juice market has been very favorable bearing in mind that Argentina has had two years with low production. Demand for products that use lemon juice as an ingredient has also risen at world level. This allowed prices to keep at a good level since September (at around 0.12 euro/kg) covering harvesting costs and part of the production costs. A record volume of lemon delivered for processing is expected by the Spanish Industry Association.

Production, Supply and Demand Data Statistics:

Table 12. Lemons, Fresh Production, Supply and Demand

Lemons/Limes, Fresh EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		Market Year Begin: Nov 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	84,182	83,909	83,189	82,916	80,717	80,444
Area Harvested	79,177	78,933	77,295	77,051	77,491	77,247
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total No. Of Trees	0	0	0	0	0	0
Production	1,263	1,263	1,164	1,159	1,195	1,200
Imports	405	405	467	469	450	420
Total Supply	1,668	1,668	1,631	1,628	1,645	1,620
Exports	87	87	65	67	70	80
Fresh Dom. Consumption	1,364	1,364	1,353	1,393	1,390	1,319
For Processing	217	217	213	168	185	221

Total Distribution	1,668	1,668	1,631	1,628	1,645	1,620

HECTARES, 1000 TREES, 1000 MT

Source: FAS Offices

Commodities:
Grapefruit, Fresh

Production:

Grapefruit from Cyprus, the largest EU-27 grapefruit producer, is regarded as amongst the best worldwide. MY 2010/11 (November/October) Cypriot grapefruit production is expected to grow by 5 percent, thanks to the increased availability of irrigation supplies, despite the lack of rain since the last summer. White Marsh Seedless, mostly grown in the Limassol area, is the major grapefruit variety grown in Cyprus. New plantations have been established in the district of Paphos where the Red varieties (Star Ruby, Red Blush, and Rio Red) were introduced to meet the increased market demand.

Grapefruit production also increased in Spain. According to the industry this is bringing good prospects for Spanish exports, even considering that demand seems to have waned somewhat. Spain is the European Member State with the second highest grapefruit production, although 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.

Overall EU grapefruit production has been increasing in the last two marketing years and is expected to reach nearly 112,000 MT in MY 2010/11.

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

Country	MY 2008/09	MY 2009/10	MY 2010/11
Cyprus	27,100	48,000	50,500
Spain	43,600	42,000	48,000
Italy	7,200	7,250	7,000
Greece	6,500	5,800	5,800
Portugal	282	282	294
Total	84,682	103,332	111,594

Source: FAS Offices

Consumption:

EU-27 consumption is forecasted to be around 444,000 MT in 2010/11. The Spanish industry believes there is the potential for growth in the consumption of grapefruit. This is because official data shows

that 84% of people do not yet consume grapefruit and 54% associate it with slimming diets. For grapefruit, only 5,000 MT are expected to be delivered to industry.

MY 2010/11 Cypriot grapefruit consumption is expected to remain stable. Cypriot grapefruits are both consumed fresh and channeled to food and beverage manufacturers. MY 2010/11 Greek grapefruit consumption is expected to remain stable. Most grapefruits are consumed fresh.

Trade:

The EU imports grapefruit from third countries as domestic supply is currently just above 20 percent of demand. The largest importers within the EU are France, the Netherlands, Germany and Belgium. The major sources for imported grapefruit in MY 2009/10 were China, Turkey, South Africa and Israel. Regarding exports, the main destinations for EU-27 grapefruit are Russia and Switzerland. MY 2009/10 realized a decline in exports to Switzerland and Belarus and higher exports to Russia and Ukraine.

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

Country of Origin	MY 2007/08	MY 2008/09	MY 2009/10
South Africa	87,072	88,501	79,007
Turkey	73,709	65,567	75,621
China	67,087	69,884	72,934
Israel	62,175	66,425	61,228
United States	79,318	63,760	54,646
Argentina	23,757	15,328	9,129
Others	36,802	29,842	32,580
Total Imports	429,920	399,307	385,145

Source: GTA and FAS estimates

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

Country of Destination	MY 2007/08	MY 2008/09	MY 2009/10
Russia	9,382	7,246	8,273
Switzerland	2,211	3,009	2,393
Belarus	1,951	2,490	2,090
Ukraine	1,712	1,410	1,606
Serbia	1,232	1,737	1,431
Croatia	1,371	1,241	1,273
Others	3,179	3,900	4,400
Total Exports	21,038	21,033	21,466

Source: GTA and FAS estimates

Production, Supply and Demand Data Statistics:

Table 16. Grapefruit, Fresh Production, Supply and Demand

Grapefruit, Fresh EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		Market Year Begin: Nov 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	2,575	2,575	2,439	2,439	2,436	2,436
Area Harvested	2,040	2,041	1,943	1,944	1,936	1,937
Bearing Trees	0	0	0	0	0	0
Non-Bearing Trees	0	0	0	0	0	0
Total No. Of Trees	0	0	0	0	0	0
Production	85	85	102	103	108	112
Imports	399	399	387	385	380	380
Total Supply	484	484	489	488	488	492
Exports	21	21	21	21	21	22
Fresh Dom. Consumption	435	435	448	445	438	444
For Processing	28	28	20	22	29	26
Total Distribution	484	484	489	488	488	492

HECTARES, 1000 TREES, 1000 MT

Source: FAS Offices

Commodities:
Orange Juice

Production:

The European citrus sector is strongly orientated towards the fresh produce market. Margins are better for fresh fruit intended for fresh consumption for both domestic and export demand. 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 or when production is above normal levels. Total EU orange juice production is expected to decrease in MY 2010/11 following lower deliveries of oranges to be processed.

In Italy, oranges delivered to the processing industry dropped in MY 2008/09, due not only to implementation of the new Common Market Organization (CMO) policy, which removed coupled aid for citrus, but also as a result of the sharp decline in production and low quality fruit caused by

unfavorable weather conditions. Italy’s processed citrus sector recovered partially in MY 2009/10 to about 450,000 tons, although the rate of such recovery relates directly to the international market, particularly the Brazilian juice sector. According to industry experts, orange deliveries to the processing industry are expected to decline by 30 percent in MY 2010/11 due to the reduced domestic production and to a gradual decrease in orange juice consumption.

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.

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 by 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:

In MY2009/10, total imports were lower than in the previous market year, with a high share of Brazilian imports. Brazil continues to be the main supplier of orange juice to the EU with more than 80 percent of total imports of high Brix degree orange juice to the EU market. Trade data confirms increasing supplies from the United States and a continuous decrease in the ranking of Switzerland within the juice sector trade in MY 2009/2010. EU-27 exports have also increased in MY2009/10 with main export destinations to be Switzerland, Norway and Algeria.

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

Country of Origin	MY 2007/08	MY 2008/09	MY 2009/10
Brazil	640,829	805,183	684,988
United States	10,343	16,290	28,205
Cuba	12,587	9,197	12,779
Israel	13,996	8,261	10,438
Switzerland	103,642	55,410	7,136
Argentina	3,747	6,183	5,847
Others	34,564	62,799	29,378
Total Imports	819,707	963,323	778,772

Source: GTA and FAS estimates

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

Country of Destination	MY 2007/08	MY 2008/09	MY 2009/10
------------------------	------------	------------	------------

Switzerland	6,435	5,411	5,704
Saudi Arabia	2,561	2,959	5,273
Algeria	3,785	3,289	4,296
Norway	4,777	3,877	2,814
Japan	2,657	2,381	1,950
Russia	3,022	1,715	1,383
Others	22,002	20,523	23,955
Total Exports	45,238	40,154	45,375

Source: GTA and FAS estimates

Production, Supply and Demand Data Statistics:

Table 19. Orange Juice Production, Supply and Demand

Orange Juice EU-27	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		Market Year Begin: Nov 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	1,359,832	1,271,503	1,286,900	1,101,500	1,357,600	945,500
Beginning Stocks	15,000	15,000	15,000	15,000	15,000	15,000
Production	105,417	98,569	99,763	85,390	105,244	73,297
Imports	909,200	963,323	769,326	778,772	800,000	800,000
Total Supply	1,029,617	1,076,892	884,089	879,162	920,244	888,297
Exports	12,514	40,154	14,095	45,375	13,000	45,000
Domestic Consumption	1,002,103	1,021,738	854,994	818,787	892,244	828,297
Ending Stocks	15,000	15,000	15,000	15,000	15,000	15,000
Total Distribution	1,029,617	1,076,892	884,089	879,162	920,244	888,297
MT						

Source: FAS Offices

Policy:

A new Common Market Organization (CMO) for fruit and vegetables, together with a fresh set of implementing rules, has been in place with effect from January 1, 2008. The European Commission asserts that the aim of the reformed CMO is to improve the competitiveness and market orientation of the fruit and vegetable sector, reduce income fluctuations resulting from crises, promote consumption – so contributing to improved public health – and enhance environmental safeguards. New measures set out to encourage growers to join Producer Organizations (POs). POs are offered a wider range of tools for crisis management; the fruit and vegetable sector is integrated into the Single Payment Scheme (SPS); a minimum level of environmental spending is required; EU funding for promotion and organic production is increased; and export subsidies for fruit and vegetables are abolished.

[Council Regulation \(EC\) No 1182/2007](#) outlines the reform of the fruit and vegetable sector.

[Commission Regulation \(EC\) No 1580/2007](#) (as last amended by Regulation (EC) No 905/2010) provides for the implementing rules.

Details of the reform

Producer Organizations (POs): POs will gain greater flexibility and their rules will be simplified.

There will be additional support (60 percent Community co-financing rather than 50 percent) in areas

where production covered by POs is less than 20 percent, and, in particular, in the new Member States, to encourage the creation of POs. Member States and POs will develop Operational Programs based on a national strategy.

Crisis Management: This will be organized through Producer Organizations (50 percent financed by the Community budget). Tools will include green harvesting/non-harvesting, promotion and communication tools in times of crisis, training, harvest insurance, help in securing bank loans and financing of the administrative costs of setting up mutual funds. Withdrawals can be carried out by POs with 50 percent co-financing. Withdrawals for free distribution to schools etc will be 100 percent paid by the Community. Community aid to POs will remain limited to 4.1 percent of the total value of marketed produce, but this may rise to 4.6 percent provided that the excess is used only for crisis prevention and management. For three years, state aid may be granted to extend crisis management measures to non members who enter into a contract with a PO. Compensation for non members will be no more than 75 percent of the Community support received by PO members.

Inclusion of fruit and vegetables in the Single Payment Scheme (SPS): Land covered by fruit and vegetables will become eligible for payment entitlements under the decoupled aid scheme which applies in other farm sectors. All existing support for processed fruit and vegetables will be decoupled and the national budgetary ceilings for the SPS will be increased. The total amount that will be transferred to the SPS is around €800 million. For tomatoes, Member States will be allowed to apply transitional payments for a four-year transitional period (2008-2011), provided that the coupled proportion of the payment does not exceed 50 percent of the national ceiling. For non-annual crops, they will be allowed to apply transitional payments for five years, provided that after December 31, 2010, the coupled proportion does not exceed 75 percent of the national ceiling. Member States may if they so choose postpone the distribution of fruit and vegetable entitlements for up to three years.

Environmental measures: The inclusion of fruit and vegetables in the SPS means that [Cross Compliance](#) (i.e. mandatory environmental standards) will be compulsory for those farmers receiving direct payments. In addition, POs must devote at least 10 percent of expenditure in each Operational Program to environmental measures. There will be a 60 percent Community co-financing rate for organic production in each Operational Program.

Encouraging greater consumption: Higher consumption of fruit and vegetables was one of the goals identified in the [Commission's White Paper on Nutrition](#), published in May 2007. POs will be able to include promotion of fruit and vegetable consumption in their operational programs. There will be an additional €6 million under the general promotion regulation for the promotion of fruit and vegetables targeted at children in educational establishments. There will be an €8 million budget for free distribution of fruit and vegetables to schools, hospitals and charitable bodies, which will be 100 percent financed by the Community up to a limit of 5 percent of the quantity marketed by a PO. The Council asked the Commission to carry out a feasibility study into the creation of a school fruit and vegetable scheme.

Transitional soft fruit payment: To allow producers of strawberries and raspberries for processing to adapt to market circumstances, they will receive a transitional direct payment worth €230 per hectare for maximum period of 5 years for a set number of hectares. Member States may pay a national top-up so that the total shall not exceed €400/hectare.

Separate fruit and vegetable payment for Single Area Payment Scheme (SAPS) countries:

Countries applying the Single Area Payment Scheme will be able to introduce a decoupled fruit and vegetable payment to historical producers of fruit and vegetables. Member States had to decide by November 1, 2007 the amount to be deducted from the SAPS envelope to cover this and the criteria used for the allocation of the fruit and vegetable payment.

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 (PPPs) will become fully applicable from June 14, 2011 and is setting out the rules for the authorization of plant protection products (PPPs). How this will affect MRLs can only be determined after the new legislation is fully implemented.**

For more information, see 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 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 2011 are published in EU Regulation 861/2010. For details please refer to: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:284:0001:0887:EN:PDF>

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 related 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 20. Citrus PGIs in the EU-27

Country	Name	Products	Scheme
Spain	Citricos valencianos	Oranges, Tangerines and Lemons	PGI
	Clementinas de las Tierras del Ebro;	Clementines	PGI
Italy	Limone Femminello del Gargano	Lemon	PGI
	Limone di Sorrento	Lemon	PGI
	Limone Costa d'Amalfi	Lemon	PGI
	Clementine di Calabria	Clementines	PGI
	Clementine del Golfo di Taranto	Clementines	PGI
	Arancia del Gargano	Orange	PGI
	Arancia Rossa di Sicilia	Orange	PGI
Greece	Tangerines Chiou	Tangerines	PGI
Portugal	Citricos do Algarve	Oranges, Tangerines	PGI

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 8-10, 2012**. More than 2,400 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 15-18, 2012**.

Other Related Reports from FAS EU Offices

Report number	Title	Date released
SP1020	EU-27 – Citrus Annual	12/15/2010
GR1009	Greece – Cyprus Citrus 2010	12/14/2010
IT1102	Italian Citrus Fruit 2010 - 2011	01/20/2011
E48001	EU-27 – Market Development Reports - Fruits and Vegetables	01/07/2008

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