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EU-27 CITRUS SEMI-ANNUAL

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Report Highlights:
EU-27 citrus orchards include orange, lemon, mandarin and grapefruit groves. Production is mainly in the Mediterranean regions of Spain, Italy and Greece, with lesser production in France, Cyprus, Malta and Portugal. While it is still early in the season, production for MY 2009/10 is expected to be similar to that of MY 2008/09.

Executive Summary:
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 Service analysts:

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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
Other Citrus 080590
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, like other citrus fruits, is located in the Mediterranean region. Oranges are the second largest EU fruit crop after apples, with nearly 6.5 million tons produced in MY 2007/08. More than 80 percent of the EU's total production of oranges is sourced in Spain, Italy and Greece. The remaining 20 percent is distributed among other Member States (MS), mainly France, Cyprus, Malta and Portugal.

Spain's orange production forecast for MY 2008/09 is 20 percent higher than the MY 2007/08 level. Favorable weather conditions in the major production areas have raised orange production to 3,367,000 MT for MY 2008/09. This higher figure is expected for MY 2008/09 even if many orchards do not reach optimum commercial size. While is it too early to predict the MY 2009/10 with any certainty, next year's harvest is expected to reach up to 3,200,000 MT.

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. Andalusia has seen the most rapid growth in citrus area in recent years. Orange production in Spain is focused on the fresh domestic and export markets.

Italian orange production in MY 2008/09 is estimated to be some 33 percent lower than in the previous year, mainly as a consequence of extremely unfavorable weather reported in late winter/early spring 2008, especially between the end of February and the beginning of March. During this period, temperatures dropped well below zero degrees Celsius in virtually all of the major producing areas of southern Italy. Frosts caused severe damage not only to late production of MY 2007/08, but more importantly the flowering of the 2008/09 crop. The most significant yield declines are reported in Calabria (38 percent) and Apulia (35 percent), while in Sicily frosts damaged the crop only in the eastern areas.

A large part of Italian orange production consists of the "blood" varieties, planted chiefly in Sicily and used almost entirely for fresh consumption. Trade data for the entire MY 2008/09 is not yet available. However, indications are that, for the first time, imports of oranges into Italy will likely match the export volume, with the possibility of Italy becoming a net importer.

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. While still early, the MY 2009/10 harvest is expected to fluctuate between 850,000 and 870,000 MT, a higher forecast as compared to last year's 790,000 MT.

Several negative factors are affecting the late MY 2008/09 harvest (i.e. Valencias) and citrus orchard management – and are expected to affect the next growing and marketing season as well. 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 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. Currently, offered grower prices for quality late oranges are frozen at low levels - around 0.30 Euros/Kg – which discourages harvesting. The retail price for fresh oranges is between 0.80 - 1.00 Euro/Kg, depending on variety. Wholesalers and retailers benefit from these prices at the expense of citrus farmers – a further disincentive to citrus production.

Oranges have been grown in the island of Cyprus since the 1950s. The main varieties are Navels, Ovals (Shamoutis) and Valencia lates.

Major EU Fresh Orange Producers by Volume in MT

COUNTRY	MY 2007/08	MY 2008/09	MY 2009/10
Spain	2,746,100	3,367,000	3,200,000
Portugal	210,763	215,000	215,000
Italy	2,527,000	1,693,000	2,400,000
Greece	930,200	790,000	870,000
Cyprus	78,000	62,400	65,000

Source: FAS offices

Consumption:

Oranges are Spain's favorite fresh fruit, with almost 20 kilos per capita consumed in 2008. Although 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, the demand for fresh oranges has dropped significantly over last year, reflecting the general financial crisis. Exports to traditional markets -- Czech Republic, Moldavia, Romania, Hungary, Russia and Slovenia -- are also affected due to strong competition from Spain. Annual domestic fresh orange consumption fluctuates between 450,000 and 470,000 MT.

Trade:

The EU is a net importer of oranges, with imports largely exceeding exports. Imports into the EU were valued at about US$ 777 million in MY 2007/08, some 5 percent less than in the previous marketing year. The value of exports in MY 2007/08 reached US$ 207 million, higher than the two previous seasons. 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, followed by Morocco, Egypt and Argentina. The major EU importers are Germany, the Netherlands and France.

EU-27 Imports of Oranges by Origin in MT

Country of origin	MY 2005/06	MY 2006/07	MY 2007/08
South Africa	287,654	439,456	434,684
Morocco	143,754	96,974	137,447
Egypt	113,732	109,031	107,372
Argentina	81,117	117,102	88,405
Uruguay	65,753	71,578	52,041
Tunisia	18,844	16,459	25,785
Others	167,923	171,497	145,579
TOTAL IMPORTS	**878,777**	**1,022,097**	**991,313**

Source: GTA

EU-27 Exports of Oranges by Destination in MT

Country of origin	MY 2005/06	MY 2006/07	MY 2007/08
Switzerland	55,279	55,877	53,885
Serbia	20,753	26,059	31,078
Norway	29,573	32,826	30,452
Croatia	20,114	25,829	22,761
Albania	17,266	19,268	21,289
Russia	12,059	8,913	17,436
Others	66,419	91,652	64,731
TOTAL EXPORTS	**221,463**	**260,424**	**241,632**

Source: GTA

Production, Supply and Demand Data Statistics:

Oranges, Fresh Production, Supply and Demand

Oranges, 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			
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	
Area Planted	285,642	304,142	310,537	285,615	303,650	310,532			309,914	(HECTARES)
Area Harvested	266,025	282,013	289,925	266,763	282,000	290,599			290,124	(HECTARES)
Bearing Trees	0	0	0	0	0	0			0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0			0	(1000 TREES)
Total No. Of Trees	0	0	0	0	0	0			0	(1000 TREES)
Production	6,281	5,999	6,492	5,935	6,000	6,162			6,785	(1000 MT)
Imports	968	1,000	991	950	1,000	1,000			800	(1000 MT)
Total Supply	7,249	6,999	7,483	6,885	7,000	7,162			7,585	(1000 MT)
Exports, Fresh	241	250	242	240	250	250			300	(1000 MT)
Fresh Dom. Consumption	4,855	4,619	5,423	4,667	4,750	5,302			5,495	(1000 MT)
For Processing	2,153	2,130	1,818	1,978	2,000	1,610			1,790	(1000 MT)
Total Distribution	7,249	6,999	7,483	6,885	7,000	7,162			7,585	(1000 MT)

Source: FAS Offices

Commodities:
Tangerines/Mandarins, Fresh

Production:

While Spanish farmers continue to replant their groves to extend the production season, the principal obstacle in mandarin production remains the production windfall during the initial months of the marketing year -- October, November and December. Spain is expecting similar production volumes as last MY, assuming that favorable weather conditions continue during fruit maturation.

For Italy, the same adverse weather conditions reported above for oranges also affected the MY 2008/09 tangerine crop, albeit to a lesser extent, thanks to later tree flowering in some areas which helped maintain yields. As a result, this year's crop is estimated at 11 percent below MY 2007/08. 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).

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

Major EU Fresh Tangerines Producers by Volume in MT

COUNTRY	MY 2007/08	MY 2008/09	MY 2009/10
Spain	2,024,700	2,212,400	2,100,000
Portugal	55,562	55,600	55,600
Italy	786,000	698,000	800,000
Greece	64,910	57,800	65,000
Cyprus	43,900	39,300	39,000

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, particularly within those MS who 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 Germany, France, the United Kingdom and the Netherlands.

EU-27 Imports of Tangerines by Origin in MT

Country of origin	MY 2005/06	MY 2006/07	MY 2007/08
Morocco	94,318	82,317	77,924
South Africa	53,500	67,774	68,626
Turkey	70,564	80,239	59,521
Argentina	38,810	32,143	34,268
Uruguay	36,393	33,820	29,853
Peru	25,728	18,471	29,154
Others	41,804	51,946	46,997
TOTAL IMPORTS	**361,117**	**366,710**	**346,343**

Source: GTA

EU-27 Exports of Tangerines by Destination in MT

Country of origin	MY 2005/06	MY 2006/07	MY 2007/08
Russia	31,190	36,274	69,077
United States	61,031	70,636	44,683
Switzerland	35,928	40,480	35,739
Ukraine	15,639	18,434	31,928
Norway	22,206	22,273	24,382
Belarus	13,176	13,329	20,095
Others	50,671	45,254	43,602
TOTAL EXPORTS	**229,841**	**246,680**	**269,506**

Source: GTA

Production, Supply and Demand Data Statistics:

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			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		New Post	
			Data			Data			Data	
Area Planted	166,791	160,626	173,191	167,345	157,709	173,661			174,092	(HECTARES)
Area Harvested	149,722	154,374	155,927	150,607	151,500	157,191			157,567	(HECTARES)
Bearing Trees	0	0	0	0	0	0			0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0			0	(1000 TREES)
Total No. Of Trees	0	0	0	0	0	0			0	(1000 TREES)
Production	2,920	2,744	2,976	2,975	3,205	3,064			3,160	(1000 MT)
Imports	342	400	346	340	350	340			340	(1000 MT)
Total Supply	3,262	3,144	3,322	3,315	3,555	3,404			3,500	(1000 MT)
Exports, Fresh	269	250	270	250	250	275			275	(1000 MT)
Fresh Dom. Consumption	2,498	2,368	2,638	2,570	2,714	2,677			2,777	(1000 MT)
For Processing	495	526	414	495	591	452			448	(1000 MT)
Total Distribution	3,262	3,144	3,322	3,315	3,555	3,404			3,500	(1000 MT)

Commodities:
Lemons, Fresh

Production:
In Spain, according to official sources, lemon crop production for MY 2008/09 is expected to reach 688,900 MT. This is a big improvement over the MY 2007/08 crop of 513,800 MT when high temperatures and strong winds during the blooming season caused flowers to drop, resulting in small lemons. Favorable MY 2008/09 weather conditions will result in surplus production and fruit left on the trees. The figure expected for MY 2009/10 should reach similar levels. According to industry, official sources grossly underestimate production levels. Industry estimates MY 2008/09 production at 1 million MT.

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. Approximately 50 percent of EU-27 lemons are produced in Spain.

In Italy, the decline in lemon production in MY 2007/08 is expected to partially recover in MY 2008/09, despite crop damage caused by low temperatures in spring 2008. About 90 percent of the domestic crop is produced in Sicily.

In Cyprus, the crop includes the local lemon variety *Lepithiotico,* Lisbon and Eureka. Lemons are thin-skinned and juicy with high per capita domestic consumption.

Major EU Fresh Lemons Producers by Volume in MT

COUNTRY	MY 2007/08	MY 2008/09	MY 2009/10
Spain	513,800	688,900	700,000
Italy	556,000	584,000	560,000
Greece	46,500	30,000	37,000
Portugal	11,504	11,600	11,600
Cyprus	10,600	9,500	9,000

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. Average consumption in 2008 was 1.93 kilos per capita with total household lemon consumption at 88,000 MT.

Trade:

The EU is a net importer of lemons, with imports largely exceeding exports. Imports into the EU were valued at about US$ 698 million in MY 2007/08, more than double the value of imports in MY 2005/06. The value of exports in MY 2007/08 reached US$ 87 million, higher than the two previous seasons despite the lower export volume. Intra-EU trade is very important, taking into account the volume of lemons produced within the EU.

According to international sources, imports into the EU are expected to be reduced mainly due to Spain's large MY 2008/09 Verna crop. This will likely most affect trade with Argentina.

The major supplier to the European market is Argentina, along with other Southern Hemisphere countries. The major EU importers of lemons are the Netherlands, Germany, France and Italy. The main extra-EU destination for lemons is Russia.

EU-27 Imports of Lemons by Origin in MT

Country of origin	MY 2005/06	MY 2006/07	MY 2007/08
Argentina	191,408	218,853	254,728
Turkey	88,768	89,631	74,286
South Africa	42,399	30,566	63,914
Brazil	47,019	47,169	50,642
Mexico	10,595	13,026	14,621
Morocco	2	82	11,937
Others	16,816	15,342	26,859
TOTAL IMPORTS	**397,007**	**414,669**	**496,987**

Source: GTA

EU-27 Exports of Lemons by Destination in MT

Country of origin	MY 2005/06	MY 2006/07	MY 2007/08
Russia	38,992	28,496	22,081
Switzerland	12,696	12,823	11,229
Ukraine	7,640	5,265	4,727
Croatia	6,298	6,218	4,379
Norway	3,459	3,857	3,379
Serbia	2,980	3,277	3,004
Others	20,289	32,227	10,354
TOTAL EXPORTS	**92,354**	**92,163**	**59,153**

Source: GTA

Production, Supply and Demand Data Statistics:

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			
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	
Area Planted	84,491	83,629	86,019	81,542	83,373	85,263			84,925	(HECTARES)
Area Harvested	81,780	78,851	83,274	77,432	78,800	82,589			82,376	(HECTARES)
Bearing Trees	0	0	0	0	0	0			0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0			0	(1000 TREES)
Total No. Of Trees	0	0	0	0	0	0			0	(1000 TREES)
Production	1,127	1,136	1,139	1,210	1,445	1,325			1,318	(1000 MT)
Imports	487	350	497	400	300	350			300	(1000 MT)
Total Supply	1,614	1,486	1,636	1,610	1,745	1,675			1,618	(1000 MT)
Exports, Fresh	60	40	59	50	50	70			50	(1000 MT)
Fresh Dom. Consumption	1,150	943	1,325	1,106	1,142	1,388			1,351	(1000 MT)
For Processing	404	503	252	454	553	217			217	(1000 MT)
Total Distribution	1,614	1,486	1,636	1,610	1,745	1,675			1,618	(1000 MT)

Commodities:
Grapefruit, Fresh

Production:

Grapefruit from Cyprus is regarded as amongst the best worldwide and represents over 30 percent of total exported citrus fruit. The key variety is the white-flesh Marsh seedless variety which is grown mostly in the Limassol area. New plantations have been established in Paphos district where the red-flesh variety was introduced.

Half of Spain's grapefruit production is found in the region of Murcia. The main variety planted is Rubyred.

Major EU Fresh Grapefruit Producers by Volume in MT

COUNTRY	MY 2007/08	MY 2008/09	MY 2009/10
Spain	41,000	40,000	40,000
Cyprus	35,500	32,000	34,000
Greece	7,300	6,500	7,000
Italy	7,000	7,000	7,000
Total	90,800	85,500	88,000

Source: FAS offices

Trade:

The EU imports grapefruit from third countries as domestic supply is far from meeting demand. The main origins for imported grapefruit are South Africa and the United States, while the main destinations for EU-27 exports are Russia and Switzerland.

EU-27 Imports of Grapefruit by Origin in MT

Country of origin	MY 2005/06	MY 2006/07	MY 2007/08
South Africa	73,377	91,868	83,427
United States	44,671	65,343	79,164
Turkey	114,932	75,939	73,696
China	9,659	25,423	66,086
Israel	56,607	62,549	62,086
Argentina	17,870	23,430	16,649
Others	46,178	44,384	35,911
TOTAL IMPORTS	**363,294**	**388,936**	**417,019**

Source: GTA

EU-27 Exports of Grapefruit by Destination in MT

Country of origin	MY 2005/06	MY 2006/07	MY 2007/08
Russia	3,125	6,494	9,381
Switzerland	2,846	2,138	2,211
Belarus	374	1,728	1,947
Ukraine	472	1,274	1,712
Croatia	783	1,520	1,371
Serbia	1,087	975	1,223
Others	2,102	2,722	3,182
TOTAL EXPORTS	**10,789**	**16,851**	**21,027**

Source: GTA

Production, Supply and Demand Data Statistics:

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			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		New Post	
			Data			Data			Data	
Area Planted	0		2,170	0		2,165			2,165	(HECTARES)
Area Harvested	0		1,878	0		1,873			1,873	(HECTARES)
Bearing Trees	0		0	0		0			0	(1000 TREES)
Non-Bearing Trees	0		0	0		0			0	(1000 TREES)
Total No. Of Trees	0		0	0		0			0	(1000 TREES)
Production	82		91	80		86			88	(1000 MT)
Imports	400		417	400		400			400	(1000 MT)
Total Supply	482		508	480		486			488	(1000 MT)
Exports, Fresh	17		21	17		20			20	(1000 MT)
Fresh Dom. Consumption	439		487	439		466			468	(1000 MT)
For Processing	26		0	24		0			0	(1000 MT)
Total Distribution	482		508	480		486			488	(1000 MT)

Commodities:

Citrus, Other, Fresh

Trade:

Most other citrus imports are kumquats with Israel the major supplier of other citrus to the EU-27.

EU-27 Imports of Other Citrus by Origin in MT

Country of origin	MY 2006/07	MY 2007/08	MY 2008/09
Israel	748	760	767
South Africa	190	270	199
Argentina	167	32	146
Jamaica	78	160	61
Tunisia	9	2	44
China	50	380	29
Others	256	466	113
TOTAL IMPORTS	**1,498**	**2,070**	**1,359**

Source: GTA

EU-27 Exports of Other Citrus by Destination in MT

Country of origin	MY 2006/07	MY 2007/08	MY 2008/09
Switzerland	40	60	339
Russia	115	140	185
Bosnia & Herzegovina	0	14	22
Ukraine	75	46	21
Belarus	0	7	15
Norway	26	299	15
Others	65	84	72
TOTAL EXPORTS	**321**	**650**	**669**

Source: GTA

Production, Supply and Demand Data Statistics:

Other citrus, Fresh Production, Supply and Demand

Citrus, Other, 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		
	Annual Data Displayed	New Post	Annual Data Displayed	New Post	Annual Data Displayed	New Post	
		Data		Data		Data	
Area Planted		5,800		5,800		5,800	(HECTARES)
Area Harvested		5,800		5,800		5,800	(HECTARES)
Bearing Trees		0		0		0	(1000 TREES)
Non-Bearing Trees		0		0		0	(1000 TREES)
Total No. Of Trees		0		0		0	(1000 TREES)
Production		38		40		40	(1000 MT)
Imports		1		1		1	(1000 MT)

Total Supply			39			41			41	(1000 MT)
Exports, Fresh			1			1			1	(1000 MT)
Fresh Dom. Consumption			38			40			40	(1000 MT)
For Processing			0			0			0	(1000 MT)
Total Distribution			39			41			41	(1000 MT)

Commodities:
Orange Juice

Production:
Following implementation of the new Common Agricultural Policy (CAP) for the citrus sector in 2008, orange juice production in Italy has become marginal. The old coupled aid for citrus used within the processing sector 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. Orange processing has declined dramatically this MY as many plants swiftly closed down due to two major factors.

Oranges delivered to the processing industry dropped dramatically 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 due to unfavorable weather conditions (see the Fresh Orange Production section above). The volume of processed oranges was about 530,000 tons in MY 2007/08, but is expected to be halved in the current MY.

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. So far, Spain’s juice producers have an assured supply of oranges.

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 (60º 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 this MY, 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 has the highest demand within the EU-27, it competes with other non-alcoholic drinks and juices made from other fruits. The convenience of orange juice is reflected in its better adaptation to modern consumption habits than whole fresh oranges.

Trade:

EU-27 Imports of Orange Juice by Origin in MT

Country of origin	MY 2005/06	MY 2006/07	MY 2007/08
Brazil	808,232	538,211	628,986
Switzerland	92,614	80,228	107,283
United States	16,946	6,587	12,701
Cuba	13,014	8,952	10,771
Israel	12,393	12,384	9,811
Argentina	4,371	2,736	2,583
Others	26,149	17,738	10,124
TOTAL IMPORTS	**973,719**	**666,836**	**782,259**

Source: GTA

EU-27 Exports of Orange Juice by Destination in MT

Country of origin	MY 2005/06	MY 2006/07	MY 2007/08
Switzerland	1,652	2,137	2,582
Norway	979	1,470	1,746
Algeria	375	349	1,215
Russia	1,030	1,092	1,166
Japan	626	698	985
United States	371	306	611
Others	6,576	7,610	6,417
TOTAL EXPORTS	**11,609**	**13,662**	**14,722**

Source: GTA

Production, Supply and Demand Data Statistics:

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			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		New Post	
			Data			Data			Data	
Deliv. To Processors	2,153,000	2,130,000	1,818,100	1,978,000	2,000,000	1,510,100			1,590,100	(MT)
Beginning Stocks	10,000	10,000	10,000	15,000	15,000	15,000			15,000	(MT)
Production	148,385	146,800	89,364	136,324	137,840	81,506			84,306	(MT)
Imports	620,000	670,000	782,259	600,000	650,000	790,000			790,000	(MT)
Total Supply	778,385	826,800	881,623	751,324	802,840	886,506			889,306	(MT)
Exports	15,000	10,000	14,722	15,000	10,000	10,000			10,000	(MT)
Domestic Consumption	748,385	801,800	851,901	721,324	777,840	861,506			864,306	(MT)
Ending Stocks	15,000	15,000	15,000	15,000	15,000	15,000			15,000	(MT)
Total Distribution	778,385	826,800	881,623	751,324	802,840	886,506			889,306	(MT)

Commodities:

Select

Policy:

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	0%	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)

Source: FAS offices

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 lower 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 due 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, and extend the production season.

School Fruit Scheme

In November 2008, a political agreement was reached within the Agriculture Council on the Commission's proposal for an EU-wide scheme to provide fruits and vegetables to school children. European funding of €90 million per year will pay for the purchase and distribution of fresh fruit and vegetables in schools. This money will be matched by national and private funds in those MS which chose to make use of the program. The School Fruit Scheme aims to encourage good eating habits in young people which studies show tend to be carried on into later life.

The World Health Organization (WHO) recommends a daily net intake of 400 grams of fruit and vegetables per person. The majority of Europeans fail to meet this target and the downward trend is particularly evident among the young.

Besides providing fruit and vegetables to a target group of schoolchildren, the scheme will require participating MS to set up strategies including educational and awareness-raising initiatives and the sharing of best practices. An estimated 22 million children in the EU are overweight. More than 5 million of these are obese and this figure is expected to rise by 400,000 every year. Improved nutrition can play an important role in combating this problem.

National authorities must design a strategy tailored to national preferences in conjunction with public health and education authorities and involving industry and interest groups. The scheme will begin at the start of the 2009/2010 school year.

More information on the School Fruit Scheme is available at the following link: http://ec.europa.eu/agriculture/markets/fruitveg/sfs/index_en.htm

Maximum Residue Level for Fruits

The maximum residue levels (MRLs) are being harmonized throughout the EU. For detailed up-to-date information, please visit:
http://useu.usmission.gov/agri/pesticides.html

EU Marketing Standards for Fruits and Vegetables

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

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 fruit, vegetable and nut shipments. APHIS issues phytosanitary certificates in accordance with the 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.

For an overview of EU mandatory and voluntary certificates, please visit:
http://useu.usmission.gov/agri/certificates-overview.html

Tariffs

Imports of fruits and vegetables are subject to what is known as the Entry Price System (EPS), a complex tariff system aimed at protecting EU producers of 'sensitive' products, such as citrus fruits.

Fruits and vegetables imported at or over an established entry price are charged an ad valorem duty only. Produce valued below the entry price are charged a tariff equivalent in addition to the ad valorem duty. The tariff equivalent is graduated for products valued between 92 and 100 percent of the entry price. The ad valorem duty and the full tariff equivalent are levied on imports valued at less than 92 percent of the entry price.

Tariff duties for 2009 are published in the EU Commission Regulation (EC) 1031/2008.

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 154

Marketing:
Trade Shows

Trade shows in Europe offer excellent opportunities for U.S. exporters to make contact with potential clients or business partners from EU countries and other continents.

The most important trade shows related to the food processing sector 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 from **February 3-5, 2010.** More than 2,000 companies from across the entire fresh produce value chain will be present – including global players as well as small and medium-sized suppliers from all 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 from **February 17, 20, 2010.**

Author Defined:

Related reports from FAS EU offices

Report number	Title	Date released
E48134	EU-27 – Citrus Annual http://www.fas.usda.gov/gainfiles/200812/146306649.pdf	12/01/2008
E48001	EU-27 Market Development Reports. Fruits and Vegetables http://www.fas.usda.gov/gainfiles/200801/146293410.pdf	01/07/2008
GR7020	Greece – Annual Report	01/14/2008

	http://www.fas.usda.gov/gainfiles/200801/146293459.pdf	
SP7032	Spain - Annual Report http://www.fas.usda.gov/gainfiles/200711/146292931.pdf	11/05/2007

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.