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Global Agricultural Information Network

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Spain EU-27

EU-27 CITRUS ANNUAL

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Report Highlights:

EU-27 citrus orchards include orange, lemon, mandarin and grapefruit groves. Production is mainly located in the Mediterranean regions of Spain, Italy and Greece, with lesser production in France, Cyprus, Malta and Portugal. For MY 2009/10, citrus production is expected to remain relatively flat compared to previous seasons. The overall decline in Spanish citrus production was offset by production increases in Italy, Greece and Portugal.

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.

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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
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 fruit, is concentrated 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 and 6.6 million tons in MY2008/09. 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 MY2009/10, an EU-wide orange crop of 6.5 million tons is forecasted. The decline in Spanish production is offset by increases in other Mediterranean Member States.

Spain is the largest orange producer within the EU, representing over 50% of total orange production within the Union. The orange production estimate for MY 2008/09 is 20 percent higher than the MY 2007/08 level. Favorable weather conditions in the major production areas raised orange production to 3,453,000 MT for MY 2008/09, despite the fact that many oranges did not reach optimum commercial size. In contrast, forecasts indicate that orange production in MY2009/10 will drop off by 20 percent as compared to the previous market year, reaching only about 2,779,000 MT. However, this year's quality is expected to be higher and commercial size will be achieved. Alternate bearing and abandonment of unprofitable orchards caused the decline.

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 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 15 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.

Italian orange production in MY 2008/09 was 15 percent lower than in the previous year, although previous estimates indicated a further decrease. The main reason for this production decline was extremely unfavorable weather conditions 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. Frost 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 frost damaged the crop only in the eastern areas. Last year's crop volume has been revised upward as compared to previous estimates.

After the drop reported last year, orange production in 2009/10 is still tentatively forecasted to recover and return to more normal levels. For MY2009/10, weather development has been regular, although some trees were damaged due to intensive rains during late September, especially in Sicily.

A large part of Italian orange production consists of the "blood" varieties, planted chiefly in Sicily and used almost entirely for fresh consumption. Italy's 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. Trade data for the entire MY 2008/09 are not yet available. However, according to data collected so far, imports of oranges into Italy will exceed the export volume. Thus, Italy will become a net importer of oranges for the first time.

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 790,000 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 0.30 Euros/Kg – which discourages harvesting. The retail price for fresh oranges is between 0.80 - 1.00 Euro/Kg, depending on variety. Clearly, wholesalers and retailers benefit from these prices at the expense of citrus farmers – a further disincentive to citrus production.

In Portugal, oranges are the most important citrus product, accounting for almost 75% of total citrus production.

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

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 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	2,746,100	3,453,500	2,779,600
Italy	2,527,000	2,167,000	2,478,200
Greece	930,200	790,000	969,800
Portugal	210,763	117,200	202,600
Cyprus	78,000	62,400	65,000
Total	6,492,063	6,590,100	6,495,200

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. Recent consumer health concerns and a campaign to promote oranges and tangerines based on the benefits of Vitamin C, fiber and antioxidant content, should lead to increased orange juice consumption for MY 2009/10.

In Greece, 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, 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.

Import of oranges from third countries decreased in MY2008/09, while exports increased slightly. Low prices for citrus in the EU caused Southern Hemisphere exporters to seek more attractive markets. For MY2009/2010, recovery of European demand is forecasted, based on better quality and commercial size of domestic oranges. Good prices at the EU level, driven by stronger internal demand and reduced production, would discourage exporters from shipping their oranges overseas in MY2009/10.

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

Country of origin	MY 2005/06	MY 2006/07	MY 2007/08	MY2008/09
South Africa	290,426	450,140	459,864	375,300
Morocco	143,754	97,037	138,968	91,100
Egypt	113,732	109,516	109,487	126,200
Argentina	80,117	119,921	95,329	95,000
Uruguay	65,753	72,226	57,937	55,000
Brazil	44,906	36,455	26,775	27,000
Tunisia	18,844	16,459	25,785	20,000
Chile	10,103	8,984	21,297	12,400
Turkey	50,278	39,876	20,809	33,900
Israel	19,244	21,695	20,024	22,600
Others	44,528	69,963	63,055	70,500
TOTAL IMPORTS	881,685	1,042,272	1,039,330	929,000

Source: GTA and FAS estimates.

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

Country of destination	MY 2005/06	MY 2006/07	MY 2007/08	MY 2008/09
Switzerland	55,250	55,841	53,883	55,400
Serbia	20,753	26,059	31,219	34,100
Norway	29,573	32,808	30,452	29,900
Croatia	20,114	25,838	22,761	22,800
Albania	17,266	19,264	21,289	21,600
Russia	12,059	8,897	17,439	16,000
Ukraine	11,349	6,481	15,904	6,700
Bosnia & Herzegovina	8,587	12,101	13,564	10,800
Others	46,400	72,705	35,298	44,700
TOTAL EXPORTS	221,351	259,994	241,809	242,000

Source: GTA and FAS estimates.

Production, Supply and Demand Data Statistics:

Table 4. 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	310,537	304,142	310,537	310,532	303,650	309,211		307,914	(HECTARES)
Area Harvested	289,925	282,013	289,925	290,599	282,000	288,755		287,124	(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	6,492	5,999	6,492	6,160	6,000	6,589		6,495	(1000 MT)
Imports	991	1,000	1,039	1,000	1,000	929		940	(1000 MT)
Total Supply	7,483	6,999	7,531	7,160	7,000	7,518		7,435	(1000 MT)
Exports	242	250	242	250	250	242		240	(1000 MT)
Fresh Dom. Consumption	5,423	4,619	5,771	5,300	4,750	5,681		5,775	(1000 MT)
For Processing	1,818	2,130	1,518	1,610	2,000	1,595		1,420	(1000 MT)
Total Distribution	7,483	6,999	7,531	7,160	7,000	7,518		7,435	(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 initial months of the marketing year -- October, November and December. Spain's tangerine production declined, but to a lesser extent than orange and lemon production. As fewer tangerines were left on trees on MY 2008/09, the effect of alternate bearing was less evident in the MY2009/10 harvest. Production is expected to decline by 9 percent in MY 2009/10 as compared to the previous marketing year. Lower supply should result in better prices for producers.

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, the MY2008/09 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).

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 become productive.

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 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.

Total European tangerine production declined in MY2009/10, as compared to the extraordinarily high production of MY2008/09, returning to 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. In addition, the decline in tangerine output due to a low-bearing year was milder compared to other citrus.

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

COUNTRY	MY 2007/08	MY 2008/09	MY 2009/10
Spain	2,024,700	2,212,400	2,026,000
Italy	786,000	765,000	800,000
Portugal	55,562	63,900	64,000
Greece	64,910	57,800	91,700
Cyprus	43,900	39,300	39,000
Total	2,975,072	3,138,400	3,020,700

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. Per capita consumption in Spain for 2008 was 6 kilos per capita.

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 2005/06	MY 2006/07	MY 2007/08	MY2008/09
Morocco	94,318	83,088	78,483	79,900
South Africa	54,789	68,412	70,348	65,400
Turkey	70,564	80,566	59,521	80,800
Argentina	39,254	33,062	36,217	40,700
Uruguay	36,507	34,197	31,209	35,100
Peru	25,728	18,471	30,981	21,500
Israel	19,238	27,306	22,668	24,600
Others	22,658	24,746	25,827	31,500
TOTAL IMPORTS	363,056	369,848	355,254	379,500

Source: GTA and FAS estimates

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

Country of destination	MY 2005/06	MY 2006/07	MY 2007/08	MY2008/09
Russia	31,190	36,304	69,086	52,900
United States	61,031	71,056	44,683	57,200
Switzerland	35,928	40,492	35,737	40,100
Ukraine	15,639	18,478	31,928	27,300
Norway	22,206	22,273	24,383	24,000
Belarus	13,176	13,329	20,105	22,600
Others	50,672	45,282	43,601	36,300
TOTAL EXPORTS	229,842	247,214	269,523	260,400

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	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	173,191	160,626	173,591	173,661	157,709	175,636		176,589	(HECTARES)
Area Harvested	155,927	154,374	157,827	157,191	151,500	160,121		161,060	(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	2,976	2,744	2,975	3,060	3,205	3,139		3,021	(1000 MT)
Imports	346	400	355	340	350	379		375	(1000 MT)
Total Supply	3,322	3,144	3,330	3,400	3,555	3,518		3,396	(1000 MT)
Exports	270	250	269	275	250	260		260	(1000 MT)
Fresh Dom. Consumption	2,638	2,368	2,753	2,675	2,714	2,987		2,883	(1000 MT)
For Processing	414	526	308	450	591	271		253	(1000 MT)
Total Distribution	3,322	3,144	3,330	3,400	3,555	3,518		3,396	(1000 MT)

Source: FAS offices

Commodities:

Lemons, Fresh

Production:

In Spain, according to the latest official data, lemon crop production for MY 2008/09 is 723,400 MT, an increase over the previous official estimate. This is a significant 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. Favorable MY 2008/09 weather

conditions 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 2009/10 contributed to this year's lower production number.

For MY 2009/10, the main producing regions in Spain, namely Murcia, Comunidad Valenciana and Andalusia, expect a decline in lemon production of about 15% as compared to MY 2008/09 output, at 620,300 MT. 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.

While industry sources agree on the percentage decline in production indicated by official data, they believe that the official figures underestimate production levels. Industry estimates MY 2008/09 and MY 2009/10 production at 945,000 MT and 800,000 MT, respectively. 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.

In Italy, lemon production declined from 556,000 MT in MY 2007/08 to 518,000 MT in MY 2008/09. About 90 percent of the domestic crop is produced in Sicily. For MY 2009/10, production is expected to rise following the marginal decline of last year, reaching 523,000 MT. In MY 2008/09, as EU reforms resulted in fewer lemons destined for processing, production of juice concentrate was estimated at about 11,000 tons.

Lemon production in Greece is expected to rebound in MY 2009/10, following the reduced crop of the previous market year, thanks to mild and humid weather during the summer.

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. Cypriot lemon production has been declining in recent years due to drought and lack of water for irrigation.

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

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 are expected to 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	513,800	723,400	620,300
Italy	556,000	518,000	523,000
Greece	46,500	30,000	33,500
Portugal	11,504	11,900	11,600
Cyprus	10,600	9,500	9,000
Total	1,138,404	1,292,800	1,197,400

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. 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 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 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.

According to available data, imports into the EU are expected to drop, mainly due to Spain's large MY 2008/09 Verna crop. Argentina and South Africa will be 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, trade estimates indicate an increase in Turkey's share of the EU-27 import market, 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.

For MY 2009/10, lower EU-27 lemon production resulting from the drop off in Spain's lemon production, will result in higher prices paid to producers.

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

Country of Origin	MY 2005/06	MY 2006/07	MY 2007/08	MY 2008/09
Argentina	191,408	219,454	269,051	111,300
Turkey	88,768	89,651	74,347	89,100
South Africa	42,349	30,647	64,979	41,400
Brazil	47,178	49,493	52,659	49,400
Mexico	10,595	13,255	14,808	24,100
Morocco	2	82	12,018	2,400
Others	16,815	15,447	27,289	15,200
TOTAL IMPORTS	397,115	418,029	515,151	322,900

Source: GTA and FAS estimates

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

Country of Destination	MY 2005/06	MY 2006/07	MY 2007/08	MY2008/09
Russia	38,992	28,496	22,081	33,700
Switzerland	12,692	12,797	11,223	14,500
Ukraine	7,640	5,265	4,727	8,400
Croatia	6,298	6,217	4,379	8,400
Norway	3,459	3,825	3,380	4,200
Serbia	2,980	3,277	3,023	3,400
Others	20,290	32,226	10,358	21,400
TOTAL EXPORTS	92,351	92,103	59,171	94,000

Source: GTA and FAS estimates

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			
	Annual Data displayed		New post Data	Annual Data displayed		New post Data	Annual Data displayed		New post Data	
Area Planted	86,019	83,629	84,819	85,263	83,373	86,943		86,829	(HECTARES)	
Area Harvested	83,274	78,851	81,774	82,589	78,800	82,704		83,980	(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	1,139	1,136	1,139	1,325	1,445	1,303		1,179	(1000 MT)	
Imports	497	350	515	350	300	323		450	(1000 MT)	
Total Supply	1,636	1,486	1,654	1,675	1,745	1,626		1,647	(1000 MT)	
Exports	60	40	60	70	50	95		60	(1000 MT)	
Fresh Dom. Consumption	1,324	943	1,403	1,388	1,142	1,136		1,399	(1000 MT)	
For Processing	252	503	191	217	553	395		188	(1000 MT)	
Total Distribution	1,636	1,486	1,654	1,675	1,745	1,626		1,647	(1000 MT)	

Source: FAS Offices

Commodities:

Grapefruit, Fresh

Production:

Spain is the European Member State with the 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.

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 2008/09 compared to MY 2007/08 and stabilized in MY 2009/10 with a good crop in Cyprus offsetting the decline in Spain.

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

COUNTRY	MY 2007/08	MY 2008/09	MY 2009/10
Spain	41,000	40,000	38,000
Cyprus	35,500	32,000	34,000
Greece	7,300	6,500	6,000
Italy	7,000	7,000	7,000
Total	90,800	85,500	86,000

Source: FAS Offices

Trade:

The EU imports grapefruit from third countries as domestic supply is less than 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 2008/09 were South Africa and the United States, while Israel and China are increasing their share of total imports.

Regarding exports, the main destinations for EU-27 grapefruit are Russia and Switzerland. MY 2008/09 is expected to realize a decline in exports to Russia and higher exports to Switzerland and Eastern Europe.

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

Country of Origin	MY 2005/06	MY 2006/07	MY 2007/08	MY 2008/09
South Africa	73,377	91,869	87,149	95,900
United States	44,671	65,343	79,318	64,000
Turkey	114,932	75,939	73,697	63,900
China	9,659	25,423	67,086	67,700
Israel	56,607	62,550	62,175	70,100
Argentina	17,870	23,430	23,779	18,000
Others	46,178	44,383	36,665	31,100
TOTAL IMPORTS	363,294	388,937	429,869	410,700

Source: GTA and FAS estimates

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

Country of Destination	MY 2005/06	MY 2006/07	MY 2007/08	MY2008/09
Russia	3,125	6,494	9,382	7,400
Switzerland	2,846	2,138	2,211	3,000
Belarus	374	1,727	1,951	2,600
Ukraine	472	1,274	1,712	1,800
Croatia	783	1,520	1,371	1,100
Serbia	1,087	975	1,232	2,000
Others	2,102	2,723	3,182	3,400
TOTAL EXPORTS	10,789	16,851	21,041	21,300

Source: GTA and FAS estimates

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		
	Annual Data displayed	New Post Data	Annual Data displayed	New Post Data	Annual Data displayed	New Post Data	
Area Planted	2,170	2,194	2,165	2,197		2,189	(HECTARES)
Area Harvested	1,878	1,839	1,873	1,842		1,834	(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	91	91	86	86		86	(1000 MT)
Imports	417	429	400	411		400	(1000 MT)
Total Supply	508	520	486	497		485	(1000 MT)
Exports	21	21	20	21		20	(1000 MT)
Fresh Dom. Consumption	487	494	466	472		461	(1000 MT)
For Processing	0	5	0	4		4	(1000 MT)
Total Distribution	508	520	486	497		485	(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 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 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. Orange processing declined dramatically in MY 2008/09 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 caused by unfavorable weather conditions (see the Fresh Orange Production section above). The volume of processed oranges in Italy was about 530,000 tons in MY 2007/08. The volume of processed oranges for MY 2008/09 dropped sharply by 34 percent to about 350,000 tons. Italy's processed citrus sector is expected to recover partially in MY 2009/10 to about 430,000 tons, although the rate of such recovery relates directly to the international market, particularly the Brazilian juice sector.

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. In MY 2008/09, the smaller size of the oranges resulted in an increase in processing. Consequently, Spain's juice producers enjoyed an ample supply of oranges; thus, negating the expected decline in European orange juice production. For MY 2009/10, the drop off in Spain's domestic orange crop will see fewer oranges processed as compared to the previous MY.

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 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.

Total EU orange juice production diminished in MY 2008/09, driven mainly by the decline in oranges delivered to processing in Italy as a consequence of CAP reform. An oversupply of oranges in Spain in MY 2008/09 limited the EU-wide drop. A slight recovery in orange juice production in MY 2009/10 is expected, driven again by production increases in Italy and Greece.

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 MY2008/09, total imports are expected to be flat compared to the previous market year, with a higher 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. Current incomplete trade data indicates a decline in the ranking of Switzerland within the juice sector trade so far in MY 2008/2009.

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

Country of Origin	MY 2005/06	MY 2006/07	MY 2007/08	MY2008/09
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Brazil	808,232	688,986	741,549	798,900
Switzerland	92,614	84,990	107,293	51,500
United States	16,946	13,748	12,978	19,800
Cuba	13,014	10,277	11,302	6,700
Israel	12,393	13,261	9,810	6,500
Argentina	4,371	3,176	2,639	7,800
Others	26,148	10,793	10,124	5,400
TOTAL IMPORTS	973,718	825,230	895,695	896,600

Source: GTA and FAS estimates

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

Country of Destination	MY 2005/06	MY 2006/07	MY 2007/08	MY2008/09
Switzerland	1,652	2,176	2,582	1,700
Norway	979	1,503	1,746	1,300
Algeria	371	362	1,227	1,000
Russia	1,030	1,124	1,166	600
Japan	626	754	985	900
Croatia	517	621	668	500
United States	371	314	612	200
Others	6,060	6,818	5,750	5,200
TOTAL EXPORTS	11,605	13,673	14,736	11,400

Source: GTA and FAS estimates

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		
	Annual Data displayed		New Post Data	Annual Data displayed		New Post Data	Annual Data displayed	New Post Data	
Deliv. To Processors	1,818,100	2,130,000	1,518,000	1,510,100	2,000,000	1,595,000		1,420,000	(MT)
Beginning Stocks	10,000	10,000	10,000	15,000	15,000	15,000		15,000	(MT)
Production	89,364	146,800	113,706	81,500	137,840	102,306		105,806	(MT)
Imports	782,259	670,000	895,695	790,000	650,000	896,600		895,000	(MT)
Total Supply	881,623	826,800	1,019,401	886,500	802,840	1,013,906		1,015,806	(MT)
Exports	14,722	10,000	14,736	10,000	10,000	11,400		10,000	(MT)
Domestic Consumption	851,901	801,800	989,665	861,500	777,840	987,506		990,806	(MT)
Ending Stocks	15,000	15,000	15,000	15,000	15,000	15,000		15,000	(MT)
Total Distribution	881,623	826,800	1,019,401	886,500	802,840	1,013,906		1,015,806	(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)

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 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 fruit and vegetables has been falling in the EU especially among children. The World Health Organization recommends 400g a day of fruit and vegetables, but children's intake is falling below this. The lack of available produce is apparently one of the factors responsible for the 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](#) is laying 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, in 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 from 1 August 2009 to 31 July 2010 in the Annex to [Commission Decision C\(2009\) 5514](#). European funds worth €90 million each year will pay for the purchase and distribution of fresh fruit and vegetables to schools and the system 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 (PPPs), will become fully applicable as of June 14, 2011 and will set the rules for authorization of plant protection products (PPPs). How this affects MRLs will 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 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 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 21. 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 3-5, 2010**. 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 17-20, 2010**.

Other Related Reports from FAS EU Offices

Report number	Title	Date released
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
SP7032	Spain – Annual Report	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>.