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Citrus Semi-annual

Report

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Report Highlights:

For MY 2015/16 EU-28 citrus production is projected to reach 10.448 MMT, in-line with the previous estimates, meaning a decline of 6.1 percent when compared to MY 2014/15 mainly due to the lower citrus production expected in Spain due to unfavorable weather conditions as previously estimated. For MY 2015/16, EU orange, orange juice and grapefruit production is projected to be stable with previous

projections. EU tangerine production in MY2015/16 has been revised up 4 percent compared to previous estimations, due mainly to a 13 percent higher projection for Italian tangerine production. Figures for EU lemon production have been revised down 1.9 percent from previous estimations. While EU-28 citrus trade with Russia suffered an important decline due to the Russian ban, recently, EU-28 citrus exports to new strategic markets such as North America and Asia are increasing to compensate the loss of the Russian market.

Disclaimer: This report presents the situation for citrus (orange juice, oranges, grapefruits, lemons, tangerines, mandarins and other citrus) in the EU-28. 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)

TMT Thousand Metric Tons

MMT Million Metric Tons

MY Marketing year

Orange November/October

Tangerine November/October

Lemon November/October

Grapefruit November/October

Other Citrus November/October

Orange Juice November/October

PS&D Production, Supply and Demand

USD U.S. Dollar

Oranges, Fresh

Production

EU orange production is concentrated in the Mediterranean region. Spain and Italy represent nearly 80 percent of the EU's total production of oranges. The remaining 20 percent is distributed among other Member States (MS), such as Greece and Portugal. For MY 2015/16, an EU-wide orange crop has been revised down 0.8 percent compared to previous estimations reaching 6.055 MMT, meaning 17 percent higher than MY 2014/15.

In **Spain**, last official estimations made by the Spanish Ministry of Agriculture, Environment and Food (MAGRAMA) for Spanish orange production is expected at the same level as the previous forecast reaching 2.919 MMT. Spanish orange production represents almost 50 percent of the EU's oranges production. Spanish orange production in MY 2015/16 may decrease 17 percent compared to MY 2014/15 mainly due to the continuous high temperatures. Together with this reduction, this campaign the fruit is of premium quality.

After several years in a row of an economic crisis in the orange sector it leads to abandon the orange production in the Region of Valencia substituting it by more profitable niche products such as persimmon and kiwi.

Producers try to cover the whole marketing year by growing very early and very late varieties, which extends the fruit availability. Oranges are grown with the objective of being consumed as fresh and oranges of the *Navel* group are the most appreciated, especially *Navelina* and *Navelate*. *Valencia Late* variety is used to boost supply in the late part of the season. *Valencia late* varieties have a brighter color, and are more appropriate for juice.

The main Spanish regions for orange production are the Regions of Valencia, Andalusia and Murcia. Valencia and Andalusia produce 90 percent of the total Spanish orange crop.

Italy's MY 2015/16 orange production is expected to recover significantly from the previous campaign thanks to ideal weather conditions. Italian orange production is expected at the same level than previous forecast reaching 1.9 MMT. Moreover, the introduction of new varieties and rootstocks of great quality and resistant to the Tristeza virus enabled Italy to extend the production calendar. Quality is expected to be excellent. MY 2014/15 orange production dropped by 24.3 percent from MY 2013/14 due to the

lack of rain and the Citrus Tristeza Virus (CTV) that infected approximately 32,000 hectares of orange groves in the provinces of Catania and Siracusa (Sicily). Sicily and Calabria are the main orange-producing areas, accounting for 59 and 22 percent of total production, respectively. *Tarocco, Moro, Sanguinello, Naveline, and Valencia* are the chief orange varieties grown in Italy. Moreover, *Ippolito* and *Meli* varieties are gaining popularity.

Greece's MY 2015/16 orange production is expected to increase by 9.4 percent compared to the previous year due to favorable weather conditions during fruit set. Greece orange production is expected 1.5 percent higher than previous forecast reaching 0.94 MMT. Fruit quality is expected to be good. Peloponnese region and Etoloakarnania (western Greece) are the main orange-producing areas. *Washington Navel, Commons, Valencia, Navelina, and New Hall* are the chief varieties grown in Greece.

In **Portugal** the MY2015/16 season has developed within the normal parameters. Production of 265,000 MT is expected to be 21 percent higher than last year's level with good calibers and qualities. Previous estimation of Portuguese orange production during MY 2015/16 remains the same.

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

| Country | MY 2013/14 | MY 2014/15 | MY 2015/16 |
|-------------------------|------------------|------------------|------------------|
| Spain | 3,537,000 | 3,483,000 | 2,919,000 |
| Italy | 1,800,000 | 1,360,000 | 1,900,000 |
| Greece | 970,000 | 859,000 | 940,000 |
| Portugal | 208,000 | 219,000 | 265,000 |
| Cyprus | 34,600 | 33,300 | 31,400 |
| Total Production | 6,549,600 | 5,954,300 | 6,055,400 |

Source: FAS offices

Consumption

Consumption of oranges in the EU is expected to remain stable for MY 2015/16 compared to last estimation, reaching 5.2 MMT. Consumption per capita in producing countries has traditionally been over the EU average and are consumed fresh. **Spain's** MY 2015/16 orange consumption is expected to decline reaching 825,000 MT. Spanish fresh orange consumption continues its downward trend. Spain shows a level of domestic per capita consumption of about 20 kg. Due to lower supply and good quality and calibers, oranges for processing have decreased by 15.7 percent, reaching 794,000 MT. Oranges are sold all year round due to its high demand by consumers, but in Spain around 80 percent of sales are concentrated in the months of November to May. In **Italy** most oranges are consumed fresh. Blood varieties (*Tarocco, Moro, and Sanguinello*) are used mainly for fresh consumption. Late varieties (*Ovale and Valencia*) are destined to both fresh market and processing industry. In **Greece** total orange consumption is expected to increase driven by the higher production. Moreover, economic challenges affect consumer choice and purchase ability. **Portuguese** orange consumption is expected to remain steady.

Trade

The EU is a net importer of oranges, with imports largely exceeding exports. Imports of oranges into the EU were 926,039 MT or 13 percent higher than previous year, valued at about US \$668 million in MY 2014/15 or 5 percent higher than previous campaign, whereas the value of exports in MY 2014/15 was US \$205 million and 296,937 MT meaning 24 and 14 percent lower than previous year respectively. Intra-EU trade plays a key role considering that oranges production is concentrated in the Mediterranean area. Other EU MS represent the main destination of the major EU producers. Projected EU trade in MY 2015/16 may remain stable.

The major supplier of oranges to the European market is South Africa, which supplies the market from June until October, when the Northern Hemisphere harvest starts, followed by Egypt and Morocco. On May 27, 2014, the Plant Health Standing Committee of the European Commission decided to increase the control measures on South African citrus imports into the EU resulting in decreased orange imports from South Africa in MY 2013/14. During MY 2014/15 imports from South Africa increased 22.6 percent with 461,585 MT. Egypt and Morocco imports have also increased during MY 2014/15, while imports of oranges from Argentina and Uruguay continue its downward trend.

The major EU export destinations are Switzerland, Serbia, Norway and Belarus. MY 2014/15 EU 28 orange exports to Russia registered a decline of 83 percent as a consequence of the Russian ban since August 7, 2014 (See Policy Section). EU-28 orange exports, mainly from Spain, showed in MY 2014/15 a decline due to lower orange supply but continuing their presence in new markets such as Canada, Saudi Arabia, United Arab Emirates, Hong Kong, China, or Brazil to compensate also the loss of the Russian market.

Spain is the major European orange producer and a net exporter of oranges within the EU-28 with 1,843,337 MT in MY 2014/15, which means a growth of 12 percent compared to the previous year but valued 3 percent lower. The main market is the EU-28, with 91 percent of their total exports of oranges. Spain has reoriented their orange exports to new markets in MY 2013/14 and MY 2014/15 such as Canada, Saudi Arabia, United Arab Emirates, Hong Kong, China, or Brazil.

Italy's MY 2014/15 orange imports increased by 37 percent compared to the previous year, mainly because of increased volumes from Spain (+47 percent), the leading supplier to the Italian orange market, accounting for approximately 67 percent of total imports. In MY 2014/15, Italy exported 119,565 MT of oranges, mainly to Germany, Switzerland, Austria, and France.

Table 2. EU-28 Imports of Oranges by Origin in MT

| Country of Origin | MY 2012/13 | MY 2013/14 | MY 2014/15 |
|-------------------|------------|------------|------------|
| South Africa | 425,237 | 376,467 | 461,585 |
| Egypt | 179,579 | 181,171 | 192,265 |

| | | | |
|----------------------|----------------|----------------|----------------|
| Morocco | 48,810 | 67,224 | 82,591 |
| Uruguay | 53,823 | 39,228 | 41,616 |
| Argentina | 49,383 | 41,806 | 40,875 |
| Others | 125,948 | 113,607 | 107,943 |
| Total Imports | 882,780 | 819,503 | 926,039 |

Source: Global Trade Atlas (GTA).

Table 3. EU-28 Exports of Oranges by Destination in MT

| Country of Destination | MY 2012/13 | MY 2013/14 | MY 2014/15 |
|------------------------|----------------|----------------|----------------|
| Switzerland | 62,606 | 57,191 | 61,222 |
| Serbia | 42,080 | 42,753 | 38,178 |
| Norway | 31,042 | 26,766 | 27,932 |
| Belarus | 12,686 | 16,398 | 11,665 |
| Algeria | 25,890 | 24,896 | 17,139 |
| Others | 148,530 | 178,331 | 140,801 |
| Total Exports | 322,834 | 346,335 | 296,937 |

Source: GTA

Production, Supply and Demand Data Statistics:

Table 4. Oranges, Fresh Production, Supply and Demand

| Oranges, Fresh European Union | 2013/2014 | | 2014/2015 | | 2015/2016 | |
|----------------------------------|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|
| | Market Year Begin: Oct 2013 | | Market Year Begin: Oct 2014 | | Market Year Begin: Oct 2015 | |
| | USDA Official | New post | USDA Official | New post | USDA Official | New post |
| Area Planted | 294,028 | 294,028 | 286,908 | 290,327 | 287,402 | 287,870 |
| Area Harvested | 277,436 | 277,436 | 272,786 | 274,786 | 273,373 | 273,181 |
| 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 | 6,550 | 6,550 | 5,959 | 5,954 | 6,107 | 6,055 |
| Imports | 819 | 819 | 927 | 926 | 800 | 850 |
| Total Supply | 7,369 | 7,369 | 6,886 | 6,880 | 6,907 | 6,905 |
| Exports | 346 | 346 | 297 | 297 | 300 | 300 |
| Fresh Dom. Consumption | 5,548 | 5,549 | 5,214 | 5,210 | 5,254 | 5,259 |
| For Processing | 1,475 | 1,474 | 1,375 | 1,373 | 1,353 | 1,346 |
| Total Distribution | 7,369 | 7,369 | 6,886 | 6,880 | 6,907 | 6,905 |

HECTARES, 1000 TREES, 1000 MT

Source: FAS Offices

Orange Juice

Production

The volume of oranges dedicated for processing depends on the quantity and quality of orange production. EU-28 orange juice production has been revised down 0.5 percent compared to previous forecast with 104,345 MT (Brix 65), meaning a decline of almost 2 percent compared to MY 2014/15.

This production is in line with the reduction expected deliveries of oranges to be processed by the industry. 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.

Consumption

While orange juice is the most popular juice within the EU-28, it competes with other non-alcoholic drinks and juices made from other fruits. Despite the reduction on the purchasing power and the competition of other drinks, the European consumption is projected to be stable. The preferred packaging type by European consumers is the Tetra Pac carton. The convenience of orange juice is reflected in its better adaptation to modern consumption habits than whole fresh oranges.

Trade

In MY 2014/15 EU-28 imports have decreased by 15 percent. Brazil continues to be the main supplier of orange juice to the EU with around 90 percent of total imports. In MY 2014/15 the EU-28 imported 17,735MT from the United States meaning 66 percent decrease valued USD 40 million being surpassed by Mexico,. EU-28 exports have decreased by 12.5 percent in MY 2014/15 with main export destinations to be Switzerland and Japan surpassing Saudi Arabia.

Table 17. EU-28 Imports of Orange Juice by Origin in MT (Brix 65)

| Country of Origin | MY 2012/13 | MY 2013/14 | MY 2014/15 |
|----------------------|----------------|------------------|----------------|
| Brazil | 562,447 | 915,191 | 811,591 |
| Mexico | 31,267 | 28,129 | 19,474 |
| United States | 11,024 | 52,074 | 17,735 |
| South Africa | 10,192 | 11,941 | 11,873 |
| Switzerland | 13,021 | 16,784 | 1,657 |
| Others | 37,260 | 26,744 | 27,208 |
| Total Imports | 665,211 | 1,050,863 | 889,536 |

Source: GTA

Table 18. EU-28 Exports of Orange Juice by Destination in MT (Brix 65)

| Country of Destination | MY 2012/13 | MY 2013/14 | MY 2014/15 |
|------------------------|---------------|---------------|---------------|
| Saudi Arabia | 5,261 | 7,002 | 5,447 |
| Japan | 3,509 | 3,822 | 5,447 |
| Switzerland | 6,029 | 5,622 | 3,406 |
| Algeria | 6,709 | 5,141 | 3,731 |
| Others | 32,191 | 35,515 | 31,910 |
| Total Exports | 53,699 | 57,102 | 49,941 |

Source: GTA

Production, Supply and Demand Data Statistics:

Table 19. Orange Juice Production, Supply and Demand (Brix 65)

| Orange Juice European Union | 2013/14 | | 2014/15 | | 2015/16 | |
|--------------------------------|-----------------------------|-----------|-----------------------------|-----------|-----------------------------|-----------|
| | Market Year Begin: Oct 2013 | | Market Year Begin: Oct 2014 | | Market Year Begin: Oct 2015 | |
| | USDA Official | New post | USDA Official | New post | USDA Official | New post |
| Deliv. To Processors | 1,474,600 | 1,474,000 | 1,374,500 | 1,373,000 | 1,353,000 | 1,346,000 |
| Beginning Stocks | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Production | 114,314 | 114,267 | 106,554 | 106,438 | 104,887 | 104,345 |
| Imports | 705,000 | 1,050,863 | 785,000 | 889,536 | 780,000 | 850,000 |
| Total Supply | 834,314 | 1,180,130 | 906,554 | 1,010,974 | 899,887 | 969,345 |
| Exports | 57,102 | 57,102 | 50,076 | 49,941 | 50,000 | 50,000 |
| Domestic Consumption | 762,212 | 1,108,028 | 841,478 | 946,033 | 834,887 | 904,345 |
| Ending Stocks | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 | 15,000 |
| Total Distribution | 834,314 | 1,180,130 | 906,554 | 1,010,974 | 899,887 | 969,345 |
| MT | | | | | | |

Source: FAS Offices

Tangerines/Mandarins, Fresh

Production

Total European tangerine production in MY2015/16 has been revised up 4 percent compared to previous estimation, reaching 3,035 thousand MT due mainly to a 13 percent higher estimation of tangerine production in Italy. EU-28 tangerine production during MY 2015/16 is expected to decrease by 12.6 percent compared to previous year due to the decline of Spanish tangerine production.

According to the Ministry of Agriculture **Spain's** total tangerine/mandarin production decreased 1.7 percent compared to previous campaign, reaching 1,934 MMT in MY 2015/16, meaning a reduction of 19% compared to MY 2014/15. This is mostly due to the reduction in production of clementine by 22.6 percent, Satsuma by 19.5 percent and hybrids of mandarins by 8 percent. Grades and color are expected to be normal. The main Spanish regions of tangerine/mandarin production are the Region of Valencia, Andalusia and Catalonia. Valencia covers the 75 percent of the total Spanish tangerine/mandarin production. The industry continues to expand the range of varieties used to cover more of the calendar spectrum. *New early* and *late* varieties continue being developed to extend the fruit availability.

Italy's tangerine production consists of over 80 percent seedless clementines and nearly 20 percent mandarins. Italy's MY 2015/16 tangerine production is expected to remain steady compared to previous year but 13 percent higher compared to previous estimations. The decrease in clementine production by approximately 4.3 percent (708,000 MT in MY 2015/16 compared to 740,000 MT in MY 2014/15) is expected to be compensated by the 20 percent growth in the mandarin production (151,000 MT in MY 2015/16 compared to 126,000 MT in MY 2014/15). Calabria, Sicily, and Apulia are Italy's main tangerine-producing areas, accounting for 50, 23, and 14 percent of total production, respectively. *Comune* or *Oroval* and *Monreal* are the leading clementine varieties grown in Italy. *Avana* and *Tardivo di Ciaculli* are the chief mandarin varieties.

Greece's MY 2015/16 tangerine production is expected to pick up after a low production year, at 161,500 MT. The main producing areas include the prefectures of Igoumenitsa, Arta, Mesologgi, and Thesprotia, located in West Greece and prefecture of Laconia in Peloponnese. *Clementine* is the major tangerine variety grown in Greece. MY 2016/17 tangerine area is forecast to increase thanks to introduction of the new varieties (*Nova* and *Ortanique*).

In **Portugal** the MY2015/16 season has developed within the normal parameters. The Algarve is the most representative region with 80 percent of the total producing area. The production of tangerines is projected at the same levels of last year with normal calibers and quality.

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

| Country | MY 2013/14 | MY 2014/15 | MY 2015/16 |
|-------------------------|------------------|------------------|------------------|
| Spain | 2,199,000 | 2,389,900 | 1,934,800 |
| Italy | 789,000 | 866,000 | 859,000 |
| Greece | 148,000 | 140,300 | 161,500 |
| Portugal | 35,000 | 39,000 | 41,000 |
| Cyprus | 42,000 | 39,000 | 39,000 |
| Total Production | 3,213,000 | 3,474,200 | 3,035,300 |

Source: FAS Offices

Consumption

MY 2015/2016 EU-28 fresh tangerine consumption is forecasted to stay flat. Most tangerines are consumed fresh, consuming large quantities of clementines and mandarins during winter holidays when the bulk of production hits the market.

Trade

The EU-28 is a net importer of tangerines. The major suppliers of tangerines to the European market are Morocco, South Africa, Israel, Peru and Turkey. During MY 2014/15, the EU-28 imported 367,234 MT of tangerines, stable compared to previous year, valued USD 436 million a decline of 5.5 percent. Imports from the United States increased 24 percent in MY 2014/15 compared to previous year, reaching 6,347 MT which were valued at US \$ 9.4 million, following the upward trend of the last 5 years.

During MY 2014/15 the EU-28 exported 286,832 MT of tangerines, meaning 18 percent decreased compared to previous year, valued at US \$250 million, or 31percent decreased. MY 2014/15 EU-28 tangerine exports to Russia registered a decline of 95 percent compared to previous year as a consequence of the Russian ban since August 7, 2014. EU-28 exports of tangerines to the United States decreased 20 percent in MY 2014/15 reaching 32,487 MT, following the downward trend of the last 5 years.

MY 2015/16 EU-28 tangerine exports are forecast to stay flat as a result of the Russian ban and the decrease in production.

Spain is a net exporter of tangerines. In MY 2014/15 Spain increased its tangerine exports by 4 percent reaching 1,657,290 MT, valued at USD 1,655 million. About 90 percent of Spain's tangerine exports are going to EU-28. In MY 2014/15 Spain exported to the United States 32,410 MT of tangerines, 20 percent less than previous year. Spain has reoriented their tangerine exports to new markets in MY 2013/14 and MY 2014/15 such as Canada, United Arab Emirates, Saudi Arabia or Brazil.

Italy's MY 2014/15 tangerine imports reached 98,714 MT, an increase of 22 percent from MY 2013/14, mainly thanks to increased volumes from Spain (+21 percent), the leading supplier to the Italian tangerine market, representing 84 percent of total imports. In MY 2014/15, Italy exported approximately 88,119 MT of tangerines, 14 percent more than the previous year, mainly because of increased quantities to Poland (+38 percent) and Romania (+25 percent), the leading destinations for Italian tangerines.

For MY 2015/16, **Greek** tangerines exports are expected to boost driven by higher demand from Balkan countries, mainly Romania, Bulgaria, and Serbia.

Table 6. EU-28 Imports of Tangerines by Origin in MT

| Country of Origin | MY 2012/13 | MY 2013/14 | MY 2014/15 |
|----------------------|----------------|----------------|----------------|
| Morocco | 64,055 | 104,646 | 98,442 |
| South Africa | 80,673 | 84,396 | 96,868 |
| Israel | 40,633 | 41,397 | 56,326 |
| Peru | 44,768 | 48,041 | 46,958 |
| Turkey | 36,854 | 46,779 | 40,928 |
| Uruguay | 15,913 | 16,914 | 10,302 |
| United States | 4,791 | 5,097 | 6,347 |
| Argentina | 15,981 | 12,182 | 4,084 |
| Others | 13,164 | 9,823 | 6,979 |
| Total Imports | 316,832 | 369,275 | 367,234 |

Source: GTA

Table 7. EU-28 Exports of Tangerines by Destination in MT

| Country of Destination | MY 2012/13 | MY 2013/14 | MY 2014/15 |
|------------------------|----------------|----------------|----------------|
| Belarus | 33,067 | 33,952 | 45,607 |
| Switzerland | 39,731 | 41,352 | 39,414 |
| Ukraine | 57,310 | 51,473 | 34,871 |
| United States | 46,839 | 40,568 | 32,487 |
| Norway | 24,632 | 25,132 | 24,442 |
| Serbia | 21,593 | 19,646 | 21,979 |
| Canada | 12,456 | 9,854 | 18,122 |
| Others | 168,891 | 127,660 | 69,910 |
| Total Exports | 404,519 | 349,637 | 286,832 |

Source: GTA

Production, Supply and Demand Data Statistics:

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

| Tangerines/Mandarins, Fresh European Union | 2013/14 | | 2014/15 | | 2015/16 | |
|---|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|
| | Market Year Begin: Oct 2013 | | Market Year Begin: Oct 2014 | | Market Year Begin: Oct 2015 | |
| | USDA Official | New post | USDA Official | New post | USDA Official | New post |
| Area Planted | 161,294 | 161,294 | 160,483 | 160,483 | 162,212 | 160,943 |
| Area Harvested | 148,818 | 148,818 | 153,719 | 153,719 | 152,440 | 150,785 |
| 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 | 3,231 | 3,213 | 3,483 | 3,474 | 2,917 | 3,035 |
| Imports | 369 | 369 | 362 | 367 | 450 | 400 |
| Total Supply | 3,600 | 3,582 | 3,845 | 3,843 | 3,367 | 3,435 |
| Exports | 349 | 349 | 289 | 287 | 290 | 260 |
| Fresh Dom. Consumption | 2,948 | 2,848 | 3,158 | 3,161 | 2,753 | 2,847 |
| For Processing | 303 | 385 | 398 | 395 | 324 | 328 |

| | | | | | | |
|-------------------------------|-------|-------|-------|-------|-------|-------|
| Total Distribution | 3,600 | 3,582 | 3,845 | 3,843 | 3,367 | 3,435 |
| | | | | | | |
| HECTARES, 1000 TREES, 1000 MT | | | | | | |

Source: FAS Offices

Lemons, Fresh

Production

EU lemon production is expected to reach 1,261 thousand MT in MY 2015/16, 21 percent decrease from the previous year driven by the decrease in Spanish lemon production. Figures have been revised down 1.9 percent from previous estimations.

According to the Spanish official data, **Spain**'s lemon production in MY 2015/16 is expected to be 4.9 percent lower than previously estimated resulting in an decrease of 31.6 percent compared to previous year, reaching 744,800 thousand MT, recovering the normal production parameters. The decline is due to unfavorable weather conditions during spring 2015 with warm temperatures and lack of rain,

affecting the flowering and fruit set. Quality is expected to be good due to the good crop practices of lemon farmers.

Lemon production in Spain is concentrated in three regions located in the southern Mediterranean area: Murcia, Region of Valencia and the Provinces of Malaga and Almeria in Andalusia. The dominant varieties in Spain are *Fino* which represents 70 percent of total production and is favored by the processing sector and *Verna*, a tender and juicy variety with few seeds, representing 30 percent of total production. There is an interest to replace *Fino* varieties by *Verna* varieties, representing in the short-term, 60 percent of total production for *Fino* varieties and 40 percent of total production for *Verna* varieties. With *Verna* variety there is higher profitability and less competition with Turkey.

Italy's MY 2015/16 lemon production is expected to remain flat. Quality is expected to be better than the past year. Moreover, no insect problems and the abundant rainfall made the lemons even juicier. Sicily produces more than 86 percent of Italy's lemons. *Femminello Commune (F. Zagara Bianca, F. Siracusano, F. S. Teresa)*, *Monachello*, and *Interdonato* are the main lemon varieties grown in Italy.

Greece's MY 2015/16 lemon production is expected to increase by 7.7 percent. The main lemon-producing areas include the prefectures of Achaia, Korinthos, Laconia, and Crete, located in southern Greece. The major lemon variety grown in Greece is *Maglini*, whose fruit is strongly aromatic, with a quite sour juice. The early variety *Interdonato*, and the varieties *Verna* and *Eureka* are also grown in Greece.

In **Portugal** the MY2015/16 season has developed within the normal parameters. The production of lemon is projected at the same level as last year with normal calibers and quality.

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

| Country | MY 2013/14 | MY 2014/15 | MY 2015/16 |
|-------------------------|------------------|------------------|------------------|
| Spain | 818,500 | 1,089,000 | 744,800 |
| Italy | 412,000 | 429,000 | 430,000 |
| Greece | 55,500 | 55,700 | 60,000 |
| Portugal | 13,000 | 13,000 | 16,000 |
| Cyprus | 9,000 | 11,000 | 10,000 |
| Total Production | 1,308,000 | 1,597,700 | 1,260,800 |

Source: FAS Offices

Consumption

EU-28 consumption is forecast to be around 1.3 MMT in MY2015/16 stable compared with the last years. The industry is also projected to process 35 percent lower lemons compared to previous

estimation and 52 percent less compared to MY 2014/15 mainly due to the high decrease expected in Spain. Lemons are primary used for fresh consumption. The lemon per capita consumption in the EU for 2015/16 is estimated at 2.7 kilos.

In **Spain** the demand of lemons destined for processing is expected to decrease in MY 2015/16 almost 70 percent compared with previous campaign. Due to good cultivation practices it is expected an excellent quality of lemons with a high commercial performance that allows supplying the existing fresh lemon demand. However, the volume of lemons available for the processing industry will have an important reduction.

The European lemon producer countries mostly destine the lemons for the fresh market. Greece has become increasingly reliant on imported lemon juice to meet consumer demand for soft drinks.

Trade

The EU-28 is a net importer of lemons, with imports exceeding exports. Imports into the EU reached 399,040 MT meaning a growth of 5 percent valued at US \$513 million in MY 2014/15, while the value of exports in MY 2014/15 was US \$113 million with 105,617 MT or 5 percent increase. Intra-EU trade is critical to the sector, taking into account the volume of lemons produced in the Mediterranean Member States and the demand in non-producer Member States.

The major supplier to the European market is Argentina, followed by Turkey, Brazil followed by Mexico and South Africa. The main extra-EU destinations for European lemons are Switzerland and Belarus. In MY 2014/15, exports of lemons to new strategic markets such as Canada, United States, North Africa or Asia experienced important increases. EU lemons exports to Russia decreased by 92 percent in MY 2014/15 due to the Russian ban.

Spain as the main European lemon producer, exported in MY 2014/15 a total volume of 673,921 MT, of which 90 percent was sent to other EU MS. New markets such as North America, North Africa and Asia experienced important increases.

Table 10. EU-28 Imports of Lemons/Limes by Origin in MT

| Country of Origin | MY 2012/13 | MY 2013/14 | MY 2014/15 |
|--------------------------|-------------------|-------------------|-------------------|
| Argentina | 189,331 | 105,127 | 130,671 |
| Turkey | 80,048 | 99,426 | 78,714 |
| Brazil | 61,094 | 77,333 | 76,185 |
| Mexico | 40,609 | 35,114 | 42,906 |
| South Africa | 28,658 | 36,370 | 40,655 |
| Others | 22,980 | 26,756 | 29,909 |
| Total Imports | 422,720 | 380,126 | 399,040 |

Source: GTA

Table 11. EU-28 Exports of Lemons/Limes by Destination in MT

| Country of Destination | MY 2012/13 | MY 2013/14 | MY 2014/15 |
|------------------------|---------------|----------------|----------------|
| Switzerland | 15,377 | 16,371 | 18,887 |
| Belarus | 4,678 | 8,994 | 17,477 |
| Canada | 1,349 | 8,039 | 10,878 |
| Ukraine | 7,599 | 7,596 | 6,537 |
| Norway | 4,984 | 5,649 | 6,111 |
| United States | 473 | 1,679 | 4,882 |
| Others | 42,046 | 52,283 | 40,845 |
| Total Exports | 76,506 | 100,611 | 105,617 |

Source: GTA

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

| Lemons/Limes, Fresh European Union | 2013/14 | | 2014/15 | | 2015/16 | |
|---------------------------------------|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|
| | Market Year Begin: Oct 2013 | | Market Year Begin: Oct 2014 | | Market Year Begin: Oct 2015 | |
| | USDA Official | New post | USDA Official | New post | USDA Official | New post |
| Area Planted | 73,225 | 73,225 | 73,034 | 73,034 | 71,890 | 72,561 |
| Area Harvested | 66,133 | 63,311 | 65,906 | 62,906 | 66,012 | 63,115 |
| 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 | 1,308 | 1,308 | 1,599 | 1,598 | 1,286 | 1,261 |
| Imports | 380 | 380 | 397 | 399 | 400 | 400 |
| Total Supply | 1,688 | 1,688 | 1,996 | 1,997 | 1,686 | 1,661 |
| Exports | 100 | 100 | 105 | 105 | 100 | 100 |
| Fresh Dom. Consumption | 1,276 | 1,276 | 1,511 | 1,511 | 1,307 | 1,380 |
| For Processing | 312 | 312 | 380 | 381 | 279 | 181 |
| Total Distribution | 1,688 | 1,688 | 1,996 | 1,997 | 1,686 | 1,661 |
| HECTARES, 1000 TREES, 1000 MT | | | | | | |

Source: FAS Offices

*Please note: Area Harvested has been revised down due to an update from Greece.***Grapefruit, Fresh****Production**

Overall EU grapefruit production is projected to decline 10 percent reaching 97,000 MT in MY 2015/16, stable with the previous estimations.

Spain's grapefruit production is projected to remain stable MY 2015/16 compared to previous estimations with 62,900 MT, meaning 19.3 percent lower than previous campaign. Spain's grapefruit production is found in the region of Murcia (60 percent), Andalusia (25 percent) and region of Valencia (12percent). The main variety planted is Ruby Red. This is a very small market for Spain and indeed for the EU, as most of consumption is supplied by imports.

Cyprus, the second largest EU-28 grapefruit producer, is regarded as amongst the best worldwide. 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 in **Italy** and **Greece** is expected to be stable.

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

| Country | MY 2013/14 | MY 2014/15 | MY 2015/16 |
|-------------------------|---------------|----------------|---------------|
| Spain | 58,000 | 78,000 | 62,900 |
| Cyprus | 20,000 | 20,000 | 20,000 |
| Italy | 7,500 | 5,400 | 7,500 |
| Greece | 6,000 | 5,900 | 6,800 |
| Portugal | 0 | 0 | 0 |
| Total Production | 91,500 | 109,300 | 97,200 |

Source: FAS Offices

Consumption

EU-28 consumption of fresh grapefruit is forecast to remain stable at around 415,000 MT in 2015/16. The Spanish industry believes there is the potential for growth in the consumption of grapefruit as the majority of people still do not consume grapefruit. Cypriot grapefruits are both consumed fresh and channeled to food and beverage manufacturers.

Trade

The EU is a net importer of grapefruits. The EU imports grapefruit from third countries, as domestic supply is currently enough to supply a quarter of internal demand. Imports for MY 2013/14 were valued at US\$ 322 million while exports were US\$ 20 million. The largest importers within the EU are France, the Netherlands, Germany and Belgium. The major sources for imported grapefruit in MY 2013/14 were South Africa, China and Turkey. Imports from China and Turkey decreased 16 percent and 19 percent respectively while imports from South Africa increased 15 percent. The imports from the United States declined 11 percent and were valued at US\$ 44 million. Regarding the exports, the main destinations for EU-28 grapefruit are Belarus and Switzerland.

Table 14. EU-28 Imports of Grapefruit by Origin in MT

| Country of Origin | MY 2012/13 | MY 2013/14 | MY 2014/15 |
|-------------------|------------|------------|------------|
| South Africa | 103,610 | 78,380 | 90,451 |
| China | 63,570 | 91,512 | 76,599 |
| Turkey | 52,756 | 88,248 | 70,826 |

| | | | |
|----------------------|----------------|----------------|----------------|
| Israel | 47,044 | 41,034 | 38,734 |
| United States | 40,676 | 42,998 | 38,271 |
| Others | 28,801 | 17,668 | 24,312 |
| Total Imports | 336,457 | 359,840 | 339,193 |

Source: GTA

Table 15. EU-28 Exports of Grapefruit by Destination in MT

| Country of Destination | MY 2012/13 | MY 2013/14 | MY 2014/15 |
|------------------------|---------------|---------------|---------------|
| Belarus | 3,216 | 4,356 | 3,405 |
| Switzerland | 2,299 | 2,801 | 2,312 |
| Russia | 5,638 | 5,489 | 2,090 |
| Others | 9,182 | 6,738 | 6,986 |
| Total Exports | 20,335 | 19,384 | 14,793 |

Source: GTA

Production, Supply and Demand Data Statistics:

Table 16. Grapefruit, Fresh Production, Supply and Demand

| Grapefruit, Fresh European Union | 2013/14 | | 2014/15 | | 2015/16 | |
|-------------------------------------|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|
| | Market Year Begin: Oct 2013 | | Market Year Begin: Oct 2014 | | Market Year Begin: Oct 2015 | |
| | USDA Official | New post | USDA Official | New post | USDA Official | New post |
| Area Planted | 3,178 | 3,178 | 3,206 | 3,206 | 3,050 | 3,050 |
| Area Harvested | 2,288 | 2,588 | 2,416 | 2,416 | 2,494 | 2,494 |
| 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 | 92 | 92 | 109 | 109 | 95 | 97 |
| Imports | 360 | 360 | 339 | 339 | 354 | 350 |
| Total Supply | 452 | 452 | 448 | 448 | 449 | 447 |
| Exports | 19 | 19 | 15 | 15 | 16 | 15 |
| Fresh Dom. Consumption | 417 | 417 | 415 | 415 | 416 | 415 |
| For Processing | 16 | 16 | 18 | 18 | 17 | 17 |
| Total Distribution | 452 | 452 | 448 | 448 | 449 | 447 |
| | | | | | | |

HECTARES, 1000 TREES, 1000 MT

Source: FAS Offices

Policy Section

New Common Agriculture Policy (CAP) Reform

The single Common Market Organization (CMO) provides a framework for market measures under the CAP, which is outlined in [Regulation\(EU\) No 1308/2013 and entered into force on January 1, 2014](#). The CAP 2020 reform consists of four [basic regulations](#), supplemented by delegated acts. [Commission Delegated Regulation \(EU\) No 499/2014](#), which entered into force on May 16, 2014, amended the implementing rules for the fresh and processed fruit and vegetables sectors ([Commission implementing Regulation \(EU\) No 543/2011](#)).

Producer Organizations (POs) are still the key elements in the EU's CMO for fruit and vegetables. POs are legal entities established by producers to market commodities, including citrus fruit. EU subsidies are not paid to individual producers but are channeled through POs. In order to qualify for EU subsidies, PO must submit an operational program financed through an operational fund. The EU's financial contribution is paid directly into the POs operational fund. The calculation of the estimated amount of operational fund is based on the operational program and the value of marketed production. Operational programs are approved under the new regulation as of January 20, 2014.

[Commission Delegated Regulation \(EU\) No 499/2014](#), amending the implementing rules for the fresh and processed fruit and vegetables sectors ([Commission implementing Regulation \(EU\) No 543/2011](#)), introduced new elements regarding the operational programs and clarified the criteria with which the POs must comply in order to be eligible for EU funding. It also introduced a sanction mechanism in the case of non-compliance.

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. [Commission implementing Regulation \(EU\) No 543/2011](#) provides for a general marketing standard for all fresh fruits and vegetables. Specific marketing standards are still in place for ten products, including citrus fruit. The specific marketing standards are set out in Part B of Annex I to this Regulation: for citrus fruit can be found in Part 2 of that same section (p.111).

Certification of Fruit Shipments

Plant products need a phytosanitary certificate to be exported to 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 international regulations established 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.

[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 and Consumer Protection's website http://ec.europa.eu/food/plant/plant_health_biosecurity/non_eu_trade/index_en.htm

[Commission Regulation 1756/2004](#) provides for plant health checks to be carried out at reduced frequency when justified. The list of products recommended for plant health checks at reduced levels was issued on [October 22, 2015](#). On an annual basis, the Commission monitors imports of fruit and vegetables to determine how to adjust the frequency of testing consignments.

New CAP School Scheme

The European “School Fruit Scheme” (SFS) originated in 2009 as a measure to combat child obesity and includes three elements: free distribution of fruit and vegetables in schools, information campaigns on healthy eating habits, and monitoring and evaluation. As in previous years, the EU funds of \$164 million (€150 million) was allocated in the school year 2016/2017 to 25 [Member States](#) that decided to participate in the program - with Sweden, Finland and United Kingdom opting out.

The Regulation on the new School Scheme for Milk, Fruit and Vegetables was published in the Official Journal on May 24, 2016. [Regulation EU No 2016/791](#) will apply as of **August 1, 2017**.

The sector may also benefit from the European [promotion](#) budget for agricultural products and [quality schemes](#). The Commission reformed its promotion policy with an extension of the product scope and a greater focus on export markets. The promotion budget will increase gradually from \$76 million (€60 million) to \$255 million (€200 million) annually until 2020. National co-funding will no longer be needed and EU associations will be able to apply directly for a program.

Maximum Residue Level for Fruit

Maximum Residue Levels (MRLs) for pesticides, including import tolerances, have been harmonized throughout the EU since September 2008. As a marketing tool, some retail chains in the EU adopt private standards that exceed EU regulations by requiring their suppliers to adhere to stricter company policies that limit the maximum residues to 30, 50, or 70 percent of the respective EU MRL.

Please find the link to the [EU MRL database](#), as well as to the International [MRL database](#) developed by USDA for MRLs worldwide.

Tariffs

EU 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. In 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.

Commission Delegated Regulation (EU) No 499/2014 has introduced provisions on the entry price system, which aligns the clearance of goods that are subject to the entry price to the Custom Code. These provisions, applicable since October 1, 2014, introduced a flat rate, which is the standard import value, to clear customs when products are sold on consignment.

Tariff levels for 2016 are published in [Commission Implementing Regulation 2015/1754](#). The tariffs for citrus fruit remain unchanged compared to the levels of 2014 and can be found on [page 96](#) for oranges, tangerines, lemons, grapefruit and other citrus fruit, while the tariff for orange juice can be found on [page 163](#).

The United States tends to sell high quality products at higher prices which typically do not face additional duties.

Russian ban on agricultural products

On August 7, 2014, the Russian government implemented a ban for one year on a range of agricultural and food products, including citrus fruit, from the United States, the European Union (EU), Canada, Australia, and Norway, in response to U.S. and EU sanctions over Russian actions in Ukraine. The CMO rules (see Regulation 1308/2013 in part I) provide various market management tools to stabilize markets and the Commission is also empowered under the reformed CAP to take "exceptional measures" in case of market disruption.

As such, the Commission introduced specific market support measures for the first time for citrus fruit, including oranges, mandarins, and clementines on September 29, 2014.

[Regulation 1031/2014](#) provided a program of \$208.5 million (€165 million) to withdraw surplus volumes from the market for four product categories until the end 2014. [Regulation 1371/2014](#) laid down additional emergency market measures for perishable fruit & vegetables until the end of June 2015. [Commission Delegated Regulation \(EU\) 2015/1369](#) extended the market support measures for the European fruit and vegetables sector again until June 30, 2016. The ban is expected to continue through 2017.

The budget for a new aid scheme for fruit and vegetable producers that will run until the end of June 2017 will be substantially reduced, as operators have found new markets since the beginning of the Russian import ban. The Commission plans to table a delegated act to extend the current scheme in the coming weeks with a lower budget and ceilings for volumes to be withdrawn. As before, the

Commission will propose an additional quantity of up to 3000 tons for all Member States to further stabilize the market. The aid for market withdrawals and free distribution is expected to enter into force on July 1, 2016, and producers of fruit and vegetables have until July 31, 2017, to apply for their allocation.

More information on the Commission's response to the Russian ban can be found here:

http://ec.europa.eu/agriculture/russian-import-ban/index_en.htm

Executive Summary:

Commodities:

Citrus, Other, Fresh