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GAIN Report #IT1028

## Italy

## Citrus

## Annual

## 2001

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### Report Highlights:

**Total Italian citrus production for the 2001/02 marketing year is forecast at 3.28 million tons. This significant increase from 2000/01 output levels (3.05 million tons) was due to more favorable weather conditions. In 2001/02 Italian orange juice output is forecast to increase significantly due to a large fruit supply. Italian citrus exports in 2000/01 increased due to a larger domestic output and for 2001/02 are expected to increase further except for lemon exports which have remained stable since 1999.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
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## SITUATION AND OUTLOOK

According to the Mediterranean Citrus Committee (CLAM), total Italian citrus production for the 2001/02 marketing year is forecast at 3.28 million tons. This significant increase from 2000/01 output levels (3.05 million tons) was due to more favorable weather conditions which helped Italian citrus output to recover its average yield. In fact while overall Italian citrus planted area remained stable, orange orchards declined slightly and mandarin orchards dropped but clementine and grapefruit crops increased.

The breakdown of production is as follows:

	Thousand Tons
Oranges	1980
Lemons	610
Mandarins	170
Clementines	470
Grapefruits	30
other citrus	20
Total	3280

Drought negatively affected Italian citrus crops during the summer of 2001 too. Almost all Italian orange production occurs in Sicily. Oranges cultivated in Sicily were particularly affected by drought and fruit size could therefore be smaller. In the rest of South Italy where most tangerines, grapefruits and some lemons are cultivated, climate conditions were more favorable. In 2001/02 only Italian lemon production is expected to remain stable because it was the only citrus crop not affected by drought in 2000/01.

Because lemons are harvested throughout the year, dry summer conditions only marginally affected them.

The increase in grapefruit output is due to increased planted area as orange and lemon producers, especially in the Calabria region in southern Italy, replaced some of their "blonde" oranges with grapefruit, which has better market potential. Most of the newly planted grapefruit are pink grapefruit varieties in order to meet consumer demand for sweeter grapefruit.

The market prospects for Italian oranges have declined over the last several years due mainly to strong competition in the European market from Spain, and marketing inefficiencies. Italian citrus producers have been unable to set up a marketing organization that is efficient enough to satisfy the needs of the large distribution companies both in Italy and in Northern and Eastern Europe. Italy has had some success marketing its Tarocco variety, a blood orange with red pulp that is unique to southern Italy and Sicily, as a specialty item. However, the Tarocco is only harvested from December to March so the Italian traders are unable to supply their customers during the full marketing season and they have not been able to capitalize on its uniqueness to build a strong seasonal demand.

Tangerine planted area increased because many growers planted new clementine crops and switched from mandarins to clementines as well. In fact most consumers prefer clementines

because they are seedless. However Spanish clementine production has recently begun competing heavily with Italian clementines in the European market and inside the Italian market as well.

In 2001/02 Italian orange juice output is forecast to increase significantly due to a large fruit supply.

Citrus fruits delivered to processors consist mainly of fruit that is in excess, or not of high enough quality, for the fresh market. However, non-concentrated orange juice production is expanding in Italy due to a growing consumer demand, especially for non-concentrated fresh orange juice, which is considered to be a healthier, and higher quality product. The demand for this type of juice, which is produced almost exclusively with domestically produced oranges, may lead to more fruit produced specifically for the juice sector.

In Italy, citrus fruit consumption is very dependent on availability and price with consumers willing to substitute other fruits based on price and a wish for variety. Consumption for 2001/02 is generally forecast to grow because of a large supply, especially oranges.

Consumption data provided in the PSDs include withdrawals. In 2000/01 withdrawals reached 47,600 tons of oranges, 25,520 tons of tangerines, mainly clementines, and 2,500 tons of lemons.

Grapefruit consumption rose in Italy during most recent years and is forecast to rise in 2001/02 too. Consumption increase is mainly due to a larger supply of pink grapefruit that is strongly preferred by Italian consumers.

Italian citrus exports in 2000/01 increased from the previous marketing year due to a larger domestic output. For 2001/02, Italian citrus exports are expected to increase further except for lemons whose exports remained stable since 1999. Italian orange exports continue to be delivered mainly towards EU countries and Switzerland. A small share is exported to Eastern European countries. In 2000/01 Italian citrus imports increased for oranges and lemons and declined for tangerines whereas for 2001/02 imports should decline.

In 2001/02 Italian orange imports started to shift significantly to countries outside the EU. Imports from South Africa, Cyprus and Argentina increased strongly whereas imports from Spain declined.

Italian grapefruit imports continue to decline due to a growing domestic output and a stable demand. Israel remains the major supplier of grapefruit to Italy while imports from the U.S. dropped due to the high value of the dollar. However, it is believed that small quantities of U.S. grapefruit are transhipped through other EU ports and thus do not show up on trade statistics. Imports of grapefruit increased in 2000/01 due to an increased consumption. However they could remain stable in 2001/02 due to a growing domestic output.

Italian exports of orange juice increased in 2000 and, according to preliminary numbers, are forecast to increase in 2001, too. As a result of the reform of the EU citrus regime, the Italian citrus processing sector has become more competitive. Deficiencies in domestic supply when local citrus production is poor are compensated for by large stocks and orange juice imports from Brazil entering the EU through Northern European ports.

Numbers in orange juice trade matrix tables were not converted into 65 Brix degree but are expressed as total of quantities supplied by the National Statistical Institute.

## POLICY

Under the European Union fruit and vegetable regime (EU Reg.2202/96), EU citrus processing limits for 2001/02 were lifted as follows:

Orange from 1,189,000 tons to 1,523,600 tons

Lemons from 444,000 tons to 510,600 tons

Tangerines from 320,000 tons to 384,000 tons

The Commission also set national limits in order to reduce subsidies only in member states where processed citrus exceed limits. For Italy the new limits for 2001/02 were set as follows:

Oranges 599,769 tons.

Lemons 290,426 tons.

Tangerines 106,428 tons.

Grapefruits 3,221 tons.

For 2001/02, Italian orange producers will get 9.85 Euros/100kg in an EU subsidy for oranges delivered to processors. This subsidy will be supplied directly to producers, through producer associations. Under the previous system the EU subsidy was provided through processors.

In 2001 a National Citrus Plan was implemented after approval from the EU Commission. The plan was funded by the Italian Government for about 60 million US\$ and will be completed in approximately three years.

About 23 million US\$ were set for variety renovation, about 5 million US\$ were provided to producer associations for quality improvement and the remaining 50 % of the budget was set for research, market information and a citrus planted area data base.

PSD TABLED

ORANGES

PSD Table						
Country	Italy					
Commodity	Fresh Oranges				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		11/1999		11/2000		11/2001
Area Planted	111000	111000	110000	110000	0	108000
Area Harvested	108000	108000	107000	107000	0	106000
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	1750	1750	1730	1800	0	1980
Imports	57	57	60	59	0	55
TOTAL SUPPLY	1807	1807	1790	1859	0	2035
Exports	135	135	110	143	0	150
Fresh Dom. Consumption	1072	1042	1080	1106	0	1185
Processing	600	630	600	610	0	700
TOTAL DISTRIBUTION	1807	1807	1790	1859	0	2035

## ORANGE JUICE

PSD Table						
Country	Italy				Degrees Brix	
Commodity	Juice, Orange				(MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Deliv. To Processors	600	630	600	610	0	700
Beginning Stocks	13000	13	7000	15	2000	11
Production	32000	40	32000	38	0	43
Imports	23000	30	23000	30	0	28
TOTAL SUPPLY	68000	83	62000	83	2000	82
Exports	31000	38	30000	41	0	42
Domestic Consumption	30000	30	30000	31	0	32
Ending Stocks	7000	15	2000	11	0	8
TOTAL DISTRIBUTION	68000	83	62000	83	0	82

## LEMON

PSD Table						
Country	Italy					
Commodity	Fresh Lemons				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		10/1999		10/2000		10/2001
Area Planted	36000	36000	35000	35000	0	35000
Area Harvested	36000	36000	35000	35000	0	35000
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	543	543	503	610	0	610
Imports	39	39	40	41	0	41
TOTAL SUPPLY	582	582	543	651	0	651
Exports	33	33	30	33	0	33
Fresh Dom. Consumption	208	208	203	222	0	218
Processing	341	341	310	396	0	400
TOTAL DISTRIBUTION	582	582	543	651	0	651

## TANGERINES

PSD Table						
Country	Italy					
Commodity	Fresh Tangerines				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		11/1999		11/2000		11/2001
Area Planted	35000	35000	35000	35000	0	37000
Area Harvested	34000	34000	34000	34000	0	35000
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	594	594	594	592	0	640
Imports	72	72	80	56	0	53
TOTAL SUPPLY	666	666	674	648	0	693
Exports	67	67	59	74	0	79
Fresh Dom. Consumption	477	414	453	376	0	404
Processing	122	185	162	198	0	210
TOTAL DISTRIBUTION	666	666	674	648	0	693

## GRAPEFRUIT

PSD Table						
Country	Italy					
Commodity	Fresh Grapefruit				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1999	Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		06/1999		06/2000		06/2001
Area Planted	700	700	1400	1400	0	1400
Area Harvested	500	500	1000	1000	0	1200
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	12	12	20	20	0	30
Imports	28	28	24	30	0	30
TOTAL SUPPLY	40	40	44	50	0	60
Exports	3	3	5	5	0	8
Fresh Dom. Consumption	35	35	35	40	0	45
Processing	2	2	4	5	0	7
TOTAL DISTRIBUTION	40	40	44	50	0	60

## TRADE MATRIXES

## FRESH ORANGES

## Exports

Export Trade Matrix			
Country	Italy		
Commodity	Fresh Oranges		
Time period		Units:	
Exports for:	1999		2000
U.S.	341	U.S.	504
Others		Others	
Germany	41643	Germany	45215
Belgium	3907	Belgium	4445
France	2600	France	5894
Sweden	3455	Sweden	3481
Austria	28955	Austria	21079
U.K.	2442	U.K.	2010
Ceek. Rep.	6178	Ceek. Rep.	6963
Switzerland	21040	Switzerland	20057
Total for Others	110220		109144
Others not Listed	24622		33272
Grand Total	135183		142920

## Imports

Import Trade Matrix			
Country	Italy		
Commodity	Fresh Oranges		
Time period		Units:	Tons
Imports for:	1999		2000
U.S.		U.S.	
Others		Others	
Netherlands	6070	Netherlands	6987
France	2583	France	5740
Spain	44035	Spain	35125
Germany	777	Germany	916
Greece	159	Greece	791
South Africa	1057	South Africa	3463
Cyprus	863	Cyprus	1142
Argentina	242	Argentina	1059
Total for Others	55786		55223
Others not Listed	1235		3931
Grand Total	57021		59154

## ORANGE JUICE

## Exports

Export Trade Matrix			
Country	Italy		
Commodity	Juice, Orange		
Time period		Units:	Tons
Exports for:	1999		2000
U.S.	653	U.S.	405
Others		Others	
Germany	8148	Germany	11163
Netherlands	4675	Netherlands	3740
Belgium	5614	Belgium	6737
France	6906	France	8011
Total for Others	25343		29651
Others not Listed	8423		9870
Grand Total	34419		39926

## Imports

Import Trade Matrix			
Country	Italy		
Commodity	Juice, Orange		
Time period		Units:	Tons
Imports for:	1999		2000
U.S.	67	U.S.	117
Others		Others	
Germany	8977	Germany	10144
Netherlands	12458	Netherlands	12010
Austria	7638	Austria	9547
Spain	2400	Spain	2543
Belgium	4323	Belgium	4972
Total for Others	35796		39216
Others not Listed	6137		4057
Grand Total	42000		43390