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Italy

Citrus

Annual

2004

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Report Highlights:
Italian citrus production in 2004/05 is expected to be particularly high for oranges (+6%) and tangerines (+7%). Increasing imports and difficulties in marketing domestic production on the fresh market are boosting processing of oranges and lemons. While Italian production is facing increasing difficulties on the fresh domestic market, Italian producers are trying to diversify their production by seeking EU protection of geographic indications.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Overview

Initial forecasts for the incoming 2004/05 marketing year are generally favorable for Italian citrus producers. Good climatic conditions during the blossoming period and very little phytosanitary problems are expected to result in high yields and good quality fruit. Growing imports and declining consumption of local production are increasingly shifting domestic production from fresh market to processing.

Orange

PSD Table Fresh Oranges

PSD Table

Country	**Italy**					
Commodity	**Oranges, Fresh**				(HECTARES)(1000 T	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [	Estimate [I	DA Official [	Estimate [I	DA Official [	Estimate [I
Market Year Begin		11/2002		11/2003		11/2004
Area Planted	109266	109266	108783	107008	0	106757
Area Harvested	109266	109266	108783	105288	0	105100
Bearing Trees	0	0	49714	49714	0	49115
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	49714	49714	0	49115
Production	1723	1723	1677	1835	0	1900
Imports	113	113	110	116	0	100
TOTAL SUPPLY	1836	1836	1787	1951	0	2000
Exports	87	87	103	86	0	100
Fresh Dom. Consumptior	979	919	884	948	0	950
Processing	770	830	800	917	0	950
TOTAL DISTRIBUTION	1836	1836	1787	1951	0	2000

Production

Italian orange production in 2003/04 was about 1.8 mln MT, about 6% up from the 2002/03 campaign. Quality and size of the fruits turned out better than the previous marketing year, when unfavorable weather conditions and eruptions of the Etna volcano created significant damage to Sicilian producers (see IT3026). Planted area is mostly stable over the years and yields per hectare are slightly improving as an effect of ongoing renovation of the plants.

Production in 2004/05 is expected to increase 3.5% from 2003/04 to about 1.9 million tons thanks to good climate conditions during the blossoming period. There are no major phytosanitary, problems for 90% of orange producers.

The main varieties in 2003/04 were the blood orange Tarocco, with about 59% of the country production, followed by Navel (17%), Biondo Comune "Blonde" (15%) and others (9%). Navel variety is expected to have the highest production increase (+16%) in 2005/05, while Tarocco and Biondo comune production should grow by about 5 to 6%.

Marketing and price

Market conditions largely depend on varieties. Italian standard light-colored production struggles to compete on the domestic and the European market with Spanish product, which is cheaper and of good quality. Large calibers are placed on the market for fresh consumption at a farm gate price in 2003/04 of $0.24 - $0.36 per kilo, while small calibers are processed into juice.

Demand for blood oranges is increasing for both fresh consumption and processing. Fruits are on average smaller than those of standard varieties, production costs are higher because of lower productivity, but prices and profitability are higher. The Farm gate price of blood varieties in 2003/04 ranged between $0.48 and $0.6 per kilo (compared to $0.24 - $0.36 per kilos of other varieties).

The Arancia Rossa di Sicilia is an EU protected geographic indication.

Trade

Despite the fact that the quality of domestic production in 2003/04 came back to normal after the volcano Etna volcano eruptions in 2003/04, imports of oranges for fresh consumption from other EU countries (mainly from Spain) remained high as a result of good product availability and low prices on the European market. Spain is by far the main supplier of fresh oranges. South Africa is the leader in counter-seasonal supplies with a significant upward trend in 2004. For the current (2004/05) season it is reasonable to expect a partial reduction of the trade deficit, mainly due to increasing domestic production and to the good export trend for blood orange varieties.

Consumption

Consumption of fresh oranges is showing a long-term trend for decline, in line with the trend of the fresh fruit sector. Consumers are increasingly shifting from blonde varieties to higher-priced blood varieties as they perceive them as more healthy.

Orange juice

PSD Table Orange Juice

PSD Table

Country	**Italy**			65	Degrees Brix	
Commodity	**Orange Juice**				(MT)	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [	Estimate [I	)A Official [	Estimate [	)A Official [	Estimate [I
Market Year Begin		01/2003		01/2004		01/2005
Deliv. To Processors	770000	830000	800000	917000	0	950000
Beginning Stocks	24595	24595	25000	25000	25000	31000
Production	35536	37000	36920	40500	0	42000
Imports	19957	19957	20000	25000	0	22000
TOTAL SUPPLY	80088	81552	81920	90500	25000	95000
Exports	13335	13335	15000	15000	0	18000
Domestic Consumption	41753	43217	41920	44500	0	45000
Ending Stocks	25000	25000	25000	31000	0	32000
TOTAL DISTRIBUTION	80088	81552	81920	90500	0	95000

Policy

In compliance with the revised EU citrus common market organization, producers subscribe to contracts singularly or through their organizations with approved processing industries at the beginning of the campaign, but in any case by July 15 of each year. This is done in order to get EU payments for the year.

Every EU country is entitled to a production quota, so any above quota production results in a reduction of the farmer payment per ton in the following campaigns. However, it is possible that above quota production in one country can be compensated by below quota production of other member countries without incurring any reduction in the payment per ton of delivered product.

The orange quota for Italy is set at 600 million tons of fresh product per year. The full payment to farmers amounts to about €0.11 per ton of fresh product delivered.
Average deliveries to Italian processors of fresh oranges in the three years period between 2001/02 and 2003/04 were about 756 mln tons per year, about 156 mln tons above the allocated annual quota. The Italian overfill was partly offset by other countries under fill, such as Spain, Portugal and Greece. Payments to farmers delivering fresh oranges for processing will be cut by 15.5% in the 2004/05 campaign and will be as shown in the table.

Tab 1. EU payment for Italian orange deliveries to processors in 2004/05

Type of contract	Payment (Euro/ton delivered)
Multi-annual through associations	95.9
One-year through associations	83.3
Single farmer	75.0

Production

Orange juice production in 2003/04 was particularly high as high imports of oranges from other EU countries resulted in a significant excess of supply of fresh product in the Italian market. Apulia region alone fulfilled about 70% of the country allocated quota, mainly processing blond oranges that are otherwise difficult to place on the market for fresh consumption. Increasing demand for blood orange juice on the domestic and the EU market boosted orange processing in Sicily.

The reduction of EU payments was intended as a disincentive to orange juice production in 2004/05. According to industry associations, however, if fresh oranges do not move on the local market, these surplus quantities will encourage more deliveries to juice processors.

Marketing and trade

Imports are expected to decline in 2004/05 as a result of the high domestic supply but to maintain a long-term trend for growth. Concentrated (65 Brix) Brazilian orange juice is gaining market share in Italy as it is usually better priced than the European production.
Exports of blood orange juice (both single strength and concentrated) are increasing following increased demand by northern European countries for production of mixes.
The consortium of blood orange of Sicily started the procedure to gain the blood orange juice the EU recognition as protected Geographic Indication.

Consumption

Orange juice is consumed as shelf stable single juice (produced from single strength or re-hydrated concentrated), in mixes, but also as fresh refrigerated single-strength juice. Domestic consumption is increasing for all types and especially for the fresh.

Tangerines

PSD Table Fresh Tangerines

PSD Table

Country	Italy					
Commodity	Tangerines, Fresh				(HECTARES)(1000 T	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [
Market Year Begin		10/2002		10/2003		10/2004
Area Planted	34998	34998	34198	33141	0	33436
Area Harvested	33734	33734	33713	31842	0	32156
Bearing Trees	0	0	0	14756	0	14800
Non-Bearing Trees	0	0	0	0	0	0
TOTAL No. Of Trees	0	0	0	14756	0	14800
Production	540	540	459	497	0	532
Imports	98	98	99	115	0	110
TOTAL SUPPLY	638	638	558	612	0	642
Exports	30	30	30	30	0	30
Fresh Dom. Consumptior	480	480	465	417	0	427
Processing	128	128	63	165	0	185
TOTAL DISTRIBUTION	638	638	558	612	0	642

Production

Italian production of tangerines in 2003/04 was 8% lower than in 2002/03 but higher than previously forecasted. The reduction was mainly due to adverse weather conditions in the Calabria region that resulted in very low yields per hectare.
According to Ismea and the citrus producers' organizations, the current (2003/04) campaign is promising for both easy peels (+8%) and mandarins (+6%).

Trade

The low domestic production boosted significantly imports of easy peels from Spain. Exports are staying stable and mainly directed to Eastern European countries. No major trade changes are expected.

Marketing

Clementines of Calabria are an EU protected geographic indication.

Consumption

Consumption is declining in line with fresh fruit trend. Seedless easy peels are increasingly preferred to mandarins by Italian consumers.

Lemons

PSD Table Fresh Lemons

PSD Table

Country	**Italy**					
Commodity	**Lemons, Fresh**				(HECTARES)(1000 T	
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [	Estimate [	DA Official [	Estimate [	A Official [	Estimate [
Market Year Begin		10/2002		10/2003		10/2004
Area Planted	33382	33382	31492	33284	0	33280
Area Harvested	33207	33207	31313	33274	0	33270
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	486	528	512	526	0	526
Imports	99	99	75	88	0	75
TOTAL SUPPLY	585	627	587	614	0	601
Exports	32	32	35	35	0	35
Fresh Dom. Consumptior	263	305	262	284	0	271
Processing	290	290	290	295	0	295
TOTAL DISTRIBUTION	585	627	587	614	0	601

Production

Lemon production in 2003/04 was about 526,000 tons, in line with the previous three marketing years and about 20% down from the 2000 volumes. Despite minor reductions in the planted acreage, the reduced volume is largely attributable to decreasing yields per hectare. This is mainly a consequence of scarce renewal and the aging of the plants.
Lemons in Italy are harvested in two different times of the year. Winter production (Primo Fiore) is about 75% of the volume produced, while spring varieties Bianchetto and Verdello account for respectively 15% and 10%.
Production is expected to remain low in 2004/05 as scarce domestic demand for fresh consumption and competition with imported products are depressing market prices.

Utilization

Domestic consumption of fresh product is decreasing. Ready-to-use juices, both imported and produced domestically, are increasingly replacing fresh lemons for domestic cooking purposes. Consumers often prefer imported lemons as they are better priced.

Processing absorbs a large part (about a 30%) of the domestic production. Processed volumes are growing as domestic product is increasingly hard to place on the fresh market.

Marketing

While domestic production is facing increasing difficulties on the fresh domestic market, Italian producers are trying to diversify their production by seeking EU protection of geographic indications. There are two EU protected geographic indications for lemons.

Lemon Juice

PSD Table Lemon Juice

PSD Table

Country	**Italy**					
Commodity	**Lemon Juice**			(MT)		
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [	Estimate [I	)A Official [	Estimate [	)A Official [	Estimate [I
Market Year Begin		10/2002		10/2003		10/2004
Deliv. To Processors	290000	290000	290000	295000	0	295000
Beginning Stocks	7424	7424	5567	5567	6567	6567
Production	75000	75000	75000	77000	0	77000
Imports	0	3000	0	3800	0	3500
TOTAL SUPPLY	82424	85424	80567	86367	6567	87067
Exports	2857	13237	4000	12000	0	12500
Domestic Consumption	74000	66620	70000	67800	0	68067
Ending Stocks	5567	5567	6567	6567	0	6500
TOTAL DISTRIBUTION	82424	85424	80567	86367	0	87067

Production is growing in line with increased deliveries. Imports of ready-to-use juice are replacing imports of fresh product for cooking purposes.

Grapefruit

PSD Table Fresh Grapefruit

PSD Table

Country	**Italy**					
Commodity	**Grapefruit, Fresh**			(HECTARES)(1000 T		
	2002	Revised	2003	Estimate	2004	Forecast
	USDA Official [	Estimate [I	)A Official [	Estimate [	)A Official [	Estimate [I
Market Year Begin		06/2002		06/2003		06/2004
Area Planted	1450	310	1450	310	0	310
Area Harvested	1250	245	1300	245	0	245
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	30	7	26	7	0	7
Imports	32	34	38	38	0	38
TOTAL SUPPLY	62	41	64	45	0	45
Exports	4	4	5	5	0	5
Fresh Dom. Consumptior	55	34	57	39	0	39
Processing	3	3	2	1	0	1
TOTAL DISTRIBUTION	62	41	64	45	0	45

According to updated data from the official Italian statistical office (ISTAT), grapefruit production in the country is currently about six to seven thousand tons per year. Although no accurate time series for Italian grapefruit is available, domestic production has been constantly losing ground in the last 4-5 years as imports from Israel and South Africa dominate the market.

Deliveries to processors are about 1 to 2 thousand tons per year, well below the 3 thousand ton threshold set by the EU for the country.

TRADE MATRIXES

Export Trade Matrix

Country	Italy		
Commodit	Oranges, Fresh		
Time Period	Year	Units:	MT
Exports for:	2002		**2003**
U.S.		U.S.	356
Others		Others	
Germany	36345	Germany	21171
Austria	18116	Switzerland	17042
Switzerland	16319	Austria	13028
Poland	7214	Croatia	3326
Albania	4829	France	2925
Croatia	4198	Sweden	2967
France	3427	Belgium	2882
Belgium	3325	Slovenia	1846
Sweden	3293	Malta	1772
Denmark	2968	Slovakia	1675
Total for Others	100034		68634
Others not Liste	28429		12739
Grand Total	128463		81729

Import Trade Matrix

Country	Italy		
Commodit	Oranges, Fresh		
Time Period	Year	Units:	MT
Imports for:	2002		**2003**
U.S.		U.S.	
Others		Others	
Spain	49725	Spain	62557
S. Africa	16059	S. Africa	24461
Netherlands	4784	Netherlands	6684
France	4395	France	6197
Belgium	3284	Belgium	3153
Egypt	1648	Egypt	2602
Uruguay	1612	Uruguay	2191
Argentina	1558	Morocco	2397
Germany	1045	Germany	1750
Total for Others	84110		111992
Others not Liste	3522		6947
Grand Total	87632		118939

Import Trade Matrix

Country	Italy		
Commodit	Tangerines, Fresh		
Time Period	Year	Units:	MT
Imports for:	2002		**2003**
U.S.		U.S.	
Others		Others	
Spagna	65988	Spagna	102199
Francia	4601	Francia	9307
Cipro	1635	Cipro	2516
Marocco	723	Marocco	914
Uruguay	992	Uruguay	153
Brasile	0	Brasile	557
Grecia	1535	Grecia	302
Germania	149	Germania	231
Argentina	194	Argentina	131
Paesi bassi	282	Paesi bassi	97
Total for Others	76099		116407
Others not Liste	389		343
Grand Total	76488		116750

Country	Italy		
Commodit	Lemons, Fresh		
Time Period	Year	Units:	MT
Exports for:	2002		**2003**
U.S.		U.S.	
Others		Others	
Austria	7126	Germany	7978
Germany	5453	Austria	7546
France	1687	France	4119
Croatia	1528	Hungary	1458
Slovenia	1344	Croatia	1440
Czeck Rep	1146	Bosnia - Herz.	1287
Switzerland	948	Slovenia	1272
Hungary	843	Switzerland	1003
United Kingdom	619	Romania	1194
		United Kingdon	658
Total for Others	20694		27955
Others not Liste	4246		4461
Grand Total	24940		32416

Country Italy
Commodit Lemons, Fresh

Time Period	Year	Units:	MT
Imports for:	2002		**2003**
U.S.		U.S.	
Others		Others	
Spain	46984	Argentina	46918
Argentina	33693	Spain	30914
S. Africa	3158	S. Africa	3822
Belgium	1611	Turkey	2405
Netherlands	1440	Uruguay	1582
Total for Others	86886		85641
Others not Liste	5493		5627
Grand Total	92379		91268

Country Italy
Commodit Lemon Juice

Time Period	Year	Units:	MT
Exports for:	2002		**2003**
U.S.	125	U.S.	82
Others		Others	
Japan	4930	Japan	3325
France	3213	France	2344
Germany	2892	Germany	1815
United Kingdom	1919	United Kingdon	1365
Netherlands	616	Switzerland	897
		Netherlands	477
Total for Others	13570		10223
Others not Liste	2989		2354
Grand Total	16684		12659

Import Trade Matrix

Country	Italy		
Commodit	Lemon Juice		
Time Period	Year	Units:	MT
Imports for:	2002		**2003**
U.S.		U.S.	
Others		Others	
Argentina	370	France	2537
Spain	197	Spain	313
France	188	Germany	124
Total for Others	755		2974
Others not Liste	119		83
Grand Total	874		3057

Export Trade Matrix

Country	Italy		
Commodit	Grapefruit, Fresh		
Time Period	Year	Units:	MT
Exports for:	2002		**2003**
U.S.		U.S.	
Others		Others	
France	1325	Austria	1480
Austria	1364	Czeck Rep	942
Germany	748	Germany	516
Czeck Rep	728	Netherlands	422
Total for Others	4165		3360
Others not Liste	3361		3215
Grand Total	7526		6575

Import Trade Matrix

Country Italy

Commodit Grapefruit, Fresh

Time Period	Year	Units:	MT
Imports for:	2002		**2003**
U.S.		U.S.	
Others		Others	
S. Africa	9879	S. Africa	10575
Netherlands	6548	Netherlands	7014
Israel	5899	Israel	6757
Cyprus	5483	Cyprus	6111
Germany	1886	Germany	1954
Spain	1803	Spain	1381
France	1027	France	1109
		Belgium	2792
Total for Others	32525		37693
Others not Liste	3672		2382
Grand Total	36197		40075