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Citrus

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Report Highlights:

Morocco's citrus production in MY 08/09 is expected to increase moderately due to good weather conditions in the spring and the alternate bearing nature of citrus. Moroccan fresh citrus exports are also projected to be higher than the previous year. Exports will continue to target the traditional EU market and remain strong in the Russian market because the Moroccan citrus export incentives to non-EU markets. Citrus planting should increase in the near future as a result of recent government policy measures.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Executive Summary

Morocco's citrus production, estimated at 1.35 million metric tons, is expected to increase moderately in 2008/09. At this production level, fresh citrus exports are projected to be higher than the previous year, with the bulk of the increase expected to come from small tangerine-like citrus fruits. There has been renewed interest from farmers to plant new citrus orchards due to the strong demand from the export markets and the incentives provided by the Moroccan government to increase investment in the agriculture sector that include citrus production. Citrus exporters will likely continue to focus on the traditional EU market because of the preferential access as well as target the less restrictive Russian market due to the export incentives provided by the Moroccan government. Exports to the United States will continue to be constrained by USDA/APHIS stringent import requirements due to the Mediterranean fruit fly problem in Morocco.

Production

Morocco's citrus production in 2008/09 is expected to increase moderately due to adequate weather conditions during the fruit setting in the spring and the alternate bearing nature of citrus. Heavy rains in mid October should help boost fruit size of the small citrus varieties (Tangerine and Mandarin like) and improve quality. Production is expected to be up for all major citrus varieties in the main producing areas. Fruit size and quality of the late orange varieties, namely Maroc-late, will still depend largely on weather conditions during the upcoming winter and early spring.

The following table provides data on production estimates for 2007/08 and forecast for the upcoming 2008/09:

Marketing Year	Production (1,000 Metric Tons)		
	07/08	08/09	% Incr.
Total Small Citrus Fruit	470.6	532.0	13.0%
Clementine	337.0	363.0	7.7%
Nour	82.0	117.0	42.7%
Ortanique	14.0	13.0	-7.1%
Nova	16.0	15.0	-6.3%
Afourer	19.0	20.0	5.3%
Others	2.6	4.0	15.4%
Total Oranges	732.4	790.0	7.9%
Navel	189.0	225.0	19.0%
Sanguine	71.4	77.0	7.8%
Maroc-Late	413.0	446.0	8.0%
Others	59.0	42.0	-28.8%
Other Citrus *	35.0	35.0	0.0%
Total Fresh Citrus	1,238.0	1,357.0	9.6%

Source: Ministry of Agriculture, EACCE (Export Quality Control Office)

*: includes lemon, grapefruits and others. Breakdown by variety not available.

Note: Estimates for production are issued by Citrus Producers Association and the EACCE and are to be interpreted with caution because of their relative objectivity.

The Souss region (vicinity of Agadir/Taroudent), generally, account for nearly half of Morocco's citrus production. This region continues to face critical water shortages which eliminate any chance of significant expansion of planted area. In contrast, the Gharb region in the northern part of Morocco (Vicinity of Kenitra/Sidi Kacem) appears to have the most potential for production growth. The Gharb has traditionally been considered as a region where production is limited by the age of orchards, the limited number of citrus varieties planted, and lack of investments. The water constraints in the Souss region, and the appealing export markets (EU and Russia) encouraged many leading producers to consider the Gharb as an alternative region to expand their citrus production.

Morocco's citrus production continues to be dominated by the traditional clementines, navels and Maroc-late. However, some new (locally developed) varieties such as the small citrus fruit Nour and Afourer have been very attractive to farmers because of their higher quality and late harvest that extends the export season for Nour through February and increases their demand in the export markets.

The table below provides data on major varieties exported by Morocco in 2006/2007:

Citrus Varieties / Species	Share of Total Exports
Small Citrus - Clementine	34.4%
Oranges – Maroc Late	26.8%
Small Citrus - Nour	15.8%
Oranges – Bloody Orange	6.7%
Oranges – Salutiana	5.5%
Oranges – Navel	5.1%
Small Fruit - Afourer	2.0%
Others Varieties / Citrus Species	3.7%
Grand Total	100.0%

Source: EACCE (Export Quality Control Office)

Note regarding the changes in area in the PS&D tables: The areas planted to citrus have been revised based on new information from the Ministry of Agriculture. The planted figures for 2007/2008 have been used as a base to estimate area for the other years. The number of trees has been estimated using a density of 450 trees per hectare for small fruit and 350 trees per hectare for oranges and other citrus fruits.

Trade

In Morocco, the export season starts about mid-October for Clementine-like varieties. Mid-season varieties (bloody oranges, Salutiana, Navel, etc.) provide a bridge through March/April where the Maroc-Late variety takes over until July.

MY 2008/09 citrus exports are projected to increase moderately (12 percent) to reflect the anticipated increase in production, provided that demand from the EU remains firm and not affected by the current financial turmoil and slow economic activities. No major changes in the trade patterns are anticipated.

The table below provides data on export estimates for 2007/08 and forecast for the upcoming 2008/09:

Marketing Year	Exports (1000 Metric Tons)		
	07/08	08/09	% Incr.
Total Small Citrus Fruit	272.2	331.8	21.9%
Clementine	184.0	218.0	18.5%
Nour	60.0	88.0	46.7%
Ortanique	10.5	8.6	-18.1%
Nova	6.0	6.0	0.0%
Afourer	11.7	11.2	-4.3%
Total Oranges	295.5	305.0	3.2%
Navel	29.0	36.5	25.9%
Sanguine	43.0	46.5	8.1%
Maroc-Late	192.5	193.5	0.5%
Others	31.0	28.5	-8.1%
Other Citrus *	14.5	15.2	4.8%
Total Fresh Citrus	582.2	652.0	12.0%

Source : E.A.C.C.E.

Note: Estimates for production and exports are issued by Citrus Producers Association and the EACCE and are to be interpreted with caution because of their relative objectivity.

Export Procedure

Moroccan citrus exports are all virtually handled by the private sector and are carried out by fully integrated cooperatives of small farmers and private companies (Moroccans as well as joint ventures with Europeans). In many cases, the exporting companies are advanced technologically and have shown great ability to adapt to constantly changing production and control requirements and meet importers' standards such as ISO standards, EUROPGAP, BRC-British Retail Consortium, HACCP, etc.

The non-EU markets, commonly known as "Contract Markets", include Russia, Lithuania, Saudi Arabia, Canada, and the U.S. In the past few year, these markets have accounted for over to 65 percent of total Morocco's exports, up from an average of 40 percent until 2004. This shift is mostly due to a greater focus on the Russian market. Annual arrangements for these markets are typically made between importers and Moroccan exporters to ship agreed-upon quantities and quality of fruits. These markets are mostly handled by the exporters' boards (such as MFB, Moroccan Fruit Board) that coordinate export logistics between its members.

All exported food and agricultural products are subject to quality control by the Ministry of Agriculture's Export Quality Control Office (known as EACCE, i.e. *Etablissement Autonome de Controle et de Coordination des Exportations*). The EACCE ensures that the standards and requirements of the importing country, as far as quality is concerned, are effectively met.

Long-term prospects for fresh citrus exports

Currently, Moroccan citrus production can hardly keep up with the growing demand from both export and local markets. In recent years, Morocco has not always been able to fill the duty-free quota granted by the EU for Clementines (168,000 MT) and oranges (326,000 MT). Often, prices in the local markets reach levels at which many farmers consider it more beneficial to sell their products locally and avoid the risks and delays in payment of selling to export markets.

Moroccan exporters have been focusing on the Russian market recently despite stiff competition from third countries (Egypt). The Russian market has been appealing to Moroccan exporters because of the difficulties they have been facing to comply with increasingly complex EU standards and requirements as well as the incentives that the government is providing when exporting to non EU countries (see policy section below).

The table below provides data on Moroccan exports of fresh citrus fruits by destination for the past seven years, showing the shift in export destination from EU countries to Russia.

(Exports in 1000 Metric Tons, Marketing Year Oct./Sept, by country of Destination)

Market Year Begin (Oct. - Sept.)	2002	2003	2004	2005	2006	2007 (9 months)
Russia	140.3	119.0	138.2	233.9	287.7	254.2
EU	253.8	229.5	260.9	191.5	167.3	125.5
-France	51.4	60.6	19.5	28.0	33.9	23.5
-Netherlands	60.8	46.9	68.7	89.5	66.4	43.4
--U.K.	51.7	38.9	53.6	33.6	32.2	28.6
Canada	24.9	22.9	21.6	35.8	53.4	38.1
U.S.A.	11.7	1.9	2.1	4.7	9.8	1.6
Saudi Arabia	5.4	4.9	2.6	4.0	2.9	2.5
Others	8.6	21.2	8.6	11.1	9.6	14.5
Total Citrus Exports	444.6	399.4	434.1	481.1	530.7	436.3

Source: Official Moroccan Trade Data (Office des Changes)

Exports to the United States

It is unlikely that exports to the United States would increase dramatically in a normal production year because of mitigation measures (cold treatment) required by APHIS for the Mediterranean fruit fly. In addition, since Morocco's production is not likely to show significant increase in the near future, exports to the United-States are expected to remain limited. A few Moroccan exporting companies have clearly set the United-States as a strategic market thus will continue to focus on the traditional nearby European and Russian markets. Occasionally, Moroccan exporters may respond to orders from U.S. importers depending upon Moroccan production.

Policy

The citrus production and export sector is among the most organized/well managed sectors in Morocco. Due to its impact on foreign exchange revenues (about \$350 million a year) and job creation in rural areas and the economy in general, it has received a great deal of support from the Moroccan government.

In recent years, new citrus plantings run an average of about 2,000 hectares per year which was deemed insufficient by the local industry to keep up with the demand. Nowadays, however, there is an increased interest in citrus plantation and renewal of orchards that could reach 3,500-4,000 hectares per year due to several factors:

- Consistently higher demand for exports and Morocco's inability to fill up its preferential quotas in the E.U. market (168,000 MT for Clementine and 326,000 MT for oranges) as well as growing exports to Russia. The Moroccan government has been subsidizing exports to Russia and other non-EU markets (see table).
- The leasing of some government farms to the private sector for investment in 2006 and in 2008 made several thousands of hectares of Morocco's best farms available to private sector investors. It is likely that that a good part of this leased land will be devoted to citrus productions.
- The Ministry of Agriculture's recent announced intention to increase investment premium on citrus planting (see table). Most of the increase is expected to occur in the northern and northern central parts of the country (Kenitra, Larach, Berkane, Beni Mellal, etc.)

In addition to the incentives that are not crop specific, citrus farmers have been benefiting from specific incentives meant to boost investment and establishment of new citrus orchards. The table below provides data on major incentives and subsidies relevant to citrus production, marketing and exports:

Activity	Subsidy/incentive	Comment
Cold Storage Warehouse	10-15% of cost with a maximum of 1.0-1.5 million dh/project.	Not specific to citrus. Subsidy depends on operation size and ownership (individual company vs. cooperative)
Packing Houses	10-15% of cost with a maximum of 120-150 dirhams/Cubic Meter	Not specific to citrus. Subsidy depends on operation size and ownership (individual company vs. cooperative)
Digging wells, Localized Irrigation equipments, De-stoning of fields	60 percent of cost with a maximum cumulated of 22,000 dh (36,000 dh if a basin is built).	Not specific to citrus. Plus a premium of 2000dh/hectare for water saving irrigation techniques
Investment Premium	7,800 dirhams/hectare when certified plants are used.	Specific to fresh citrus. Expected to increase to 12,000 dh/hectare starting 2008/09.
Export promotion For diversification of outlets (subsidy if exported to non EU countries)	200 dirhams for each MT exported to Russia or for each incremental exports to other non-EU destinations (use 2000/2001 exports as basis)	Specific to fresh citrus. Will probably be phased out for Russia as this market accounts today for over half of the export market.

Indicative Exchange Rate (dh/\$): 8.0

Processed Citrus

Morocco is currently a net importer of citrus juice and concentrate. Following the bankruptcy of the sole Moroccan producer of citrus juice concentrate (FRUMAT) three years ago, Morocco has become an importer of juice concentrates from Brazil, Egypt, Greece, Argentina and is likely to remain so in the future. Today, there are three manufacturing plants of single strength juice in Morocco that are hardly able to meet demand in the local market. Given the high prices of the fresh citrus in the local market, these processors will continue to face a strong competition from the imported juices.

Oranges, Fresh Morocco	2006			2007			2008		
	2006/2007			2007/2008			2008/2009		
	Market Year Begin: Oct 2006			Market Year Begin: Oct 2007			Market Year Begin: Oct 2008		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Area Planted	41000	41000	42000	42000	42000	43115		45000	(HECTARES)
Area Harvested	40000	40000	40500	41000	41000	41000		42000	(HECTARES)
Bearing Trees	12300	12300	14175	12600	12600	14350		14700	(1000 TREES)
Non-Bearing Trees	300	300	525	300	300	740		1050	(1000 TREES)
Total No. Of Trees	12600	12600	14700	12900	12900	15090		15750	(1000 TREES)
Production	721	721	721	659	659	732		790	(1000 MT)
Imports	0	0	0	0	0	0		0	(1000 MT)
Total Supply	721	721	721	659	659	732		790	(1000 MT)
Exports, Fresh	238	238	238	210	210	296		305	(1000 MT)
Fresh Dom. Consumption	477	477	477	443	443	430		479	(1000 MT)
For Processing	6	6	6	6	6	6		6	(1000 MT)
Total Distribution	721	721	721	659	659	732		790	(1000 MT)

Tangerines/Mandarins Fresh Morocco	2006			2007			2008		
	2006/2007			2007/2008			2008/2009		
	Market Year Begin: Oct 2006			Market Year Begin: Oct 2007			Market Year Begin: Oct 2008		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Area Planted	32000	32000	35000	33675	33675	36400		37500	(HECTARES)
Area Harvested	31000	31000	34000	32000	32000	35000		36000	(HECTARES)
Bearing Trees	9600	9600	15300	10100	10100	15750		16200	(1000 TREES)
Non-Bearing Trees	300	300	450	300	300	630		675	(1000 TREES)
Total No. Of Trees	9900	9900	15750	10400	10400	16380		16875	(1000 TREES)
Production	535	535	535	421	421	471		532	(1000 MT)
Imports	0	0	0	0	0	0		0	(1000 MT)
Total Supply	535	535	535	421	421	471		532	(1000 MT)
Exports, Fresh	292	292	292	230	230	272		332	(1000 MT)
Fresh Dom. Consumption	243	243	243	191	191	199		200	(1000 MT)
For Processing	0	0	0	0	0	0		0	(1000 MT)
Total Distribution	535	535	535	421	421	471		532	(1000 MT)

Lemons, Fresh Morocco	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Oct 2006			Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan	
			Data			Data			Data	
Area Planted	1000	1000	3050	1000	1000	3140			3200	(HECTARES)
Area Harvested	1000	1000	2900	1000	1000	3000			3100	(HECTARES)
Bearing Trees	280	280	1015	280	280	1050			1085	(1000 TREES)
Non-Bearing Trees	10	10	30	10	10	35			35	(1000 TREES)
Total No. Of Trees	290	290	1045	290	290	1085			1120	(1000 TREES)
Production	25	25	15	25	25	15			15	(1000 MT)
Imports	0	0	0	0	0	0			0	(1000 MT)
Total Supply	25	25	15	25	25	15			15	(1000 MT)
Exports, Fresh	0	0	0	0	0	0			0	(1000 MT)
Fresh Dom. Consumption	25	25	15	25	25	15			15	(1000 MT)
For Processing	0	0	0	0	0	0			0	(1000 MT)
Total Distribution	25	25	15	25	25	15			15	(1000 MT)

Citrus, Other, Fresh Morocco	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Oct 2006			Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan	
			Data			Data			Data	
Area Planted	5000	5000	3050	5000	5000	3100			3160	(HECTARES)
Area Harvested	5000	5000	2980	5000	5000	3000			3050	(HECTARES)
Bearing Trees	1500	1500	1043	1500	1500	1050			1070	(1000 TREES)
Non-Bearing Trees	15	15	25	15	15	35			50	(1000 TREES)
Total No. Of Trees	1515	1515	1068	1515	1515	1085			1120	(1000 TREES)
Production	10	10	20	10	10	20			20	(1000 MT)
Imports	0	0	0	0	0	0			0	(1000 MT)
Total Supply	10	10	20	10	10	20			20	(1000 MT)
Exports, Fresh	0	0	15	0	0	15			15	(1000 MT)
Fresh Dom. Consumption	10	10	5	10	10	5			5	(1000 MT)
For Processing	0	0	0	0	0	0			0	(1000 MT)
Total Distribution	10	10	20	10	10	20			20	(1000 MT)

Orange Juice Morocco	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Oct 2006			Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displayed		Jan Data	
Deliv. To Processors	6000	6000	6000	6000	6000	6000			6000	(MT)
Beginning Stocks	0	0	0	0	0	0			0	(MT)
Production	600	600	600	600	600	600			600	(MT)
Imports	1700	1700	1064	1700	1700	1000			1000	(MT)
Total Supply	2300	2300	1664	2300	2300	1600			1600	(MT)
Exports	0	0		0	0					(MT)
Domestic Consumption	2300	2300	1664	2300	2300	1600			1600	(MT)
Ending Stocks	0	0		0	0					(MT)
Total Distribution	2300	2300	1664	2300	2300	1600			1600	(MT)