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Voluntary - Public

Date: 4/15/2019

GAIN Report Number: SP1919

Spain

Post: Madrid

“Orange Vest” Protesters Step Out in Defense of Spanish Citrus

Report Categories:

Agriculture in the News

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Report Highlights:

On February 19, 2019, ASAJA, the Spanish Young Farmers Association, organized a protest at the headquarters of the European Commission in Madrid. The protesters demanding the EU enforce tariffs on South African citrus entering the European market. Spain is the largest citrus producer in the European Union and the sixth largest in the world. However, Spanish citrus producers maintain that the growing influx of citrus imports from South Africa and other African suppliers has lower prices in the European market to the detriment of their sector. Another similar protest took place on February 25. The Spanish Ministry of Agriculture has taken steps to address their concerns but has also encouraged the sector to “get better organized” in order to improve their margins.



*Orange Vest Protesters in Madrid
Photo Source: Spanish Media*

On February 19, 2019, ASAJA, the Spanish Young Farmers Association, organized a protest at the headquarters of the European Commission in Madrid demanding the EU apply the safeguard clause in the South African free trade agreement, to enforce tariffs on South African citrus entering the European market. Spain is the largest citrus producer in the European Union and the sixth largest in the world. Spanish citrus producers maintain that the growing influx of South African citrus has lower prices in the European market to the detriment of their sector. Citrus growers from all producing Spanish autonomous regions attended the protest, 600 people total, according to Municipal Police data.

The president of ASAJA, Pedro Barato, headed the demonstration also demanding reciprocity in the rules regulating imported fruit shipments coming into the European Union, the application of the safeguard clause against the importation of South African oranges, or the application of measures to alleviate the current situation.

The protests continued on February 25, with the third wave of demonstrations organized by the Platform for the Dignity of the Agricultural Producer, which brings together agrarian organizations, cooperatives and irrigators from Valencia and Tarragona (important Spanish citrus producing regions). In addition to triggering the safeguard clause in the South African agreement, the platform is asking the European Union, to ensure that South African citrus farmers are subject to the same phytosanitary treatments as Spanish producers.

Spanish Citrus Farmers Demand Brussels to Act in Response to Citrus Imports

With a five-year average production of 6.6 million tons, Spain is the primary citrus producer in the EU, with about 60 percent of total EU citrus production, and the sixth largest in the world. In 2018, favorable weather conditions in Spain, with a rainy spring and mild summer, facilitated good fruit setting. As a result, Spain expects a 14.2 percent higher citrus production than the previous year at 7.2 million tons.

The 2018 citrus season has been characterized by retractions in the quotations on the field, due primarily to the delay in the maturation of the fruits, and to the limited movement in the European market driven by milder autumn, which discouraged consumption.

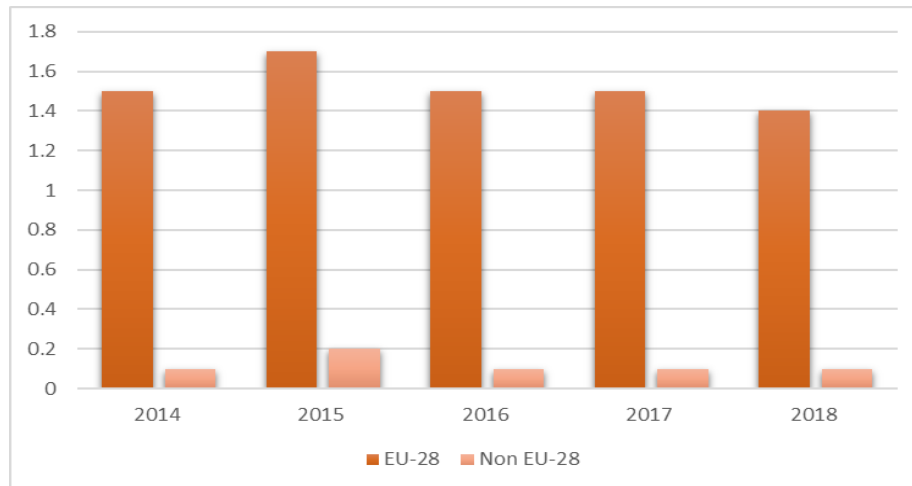
Spain is a net exporter of citrus. The major Spanish citrus export market is the EU. During the past three years, Spain has been facing a growing competition from South African, Moroccan and Egyptian citrus. The main Spanish citrus products affected by global competition are oranges and mandarins.

The EU signed free trade agreements with Morocco in 2000, with Egypt in 2004, and with South Africa in 2016. On June 10, 2016, the EU signed an [Economic Partnership Agreement](#) (EPA) with the South African Developing Committee (SADC) EPA Group comprising Botswana, Lesotho, Mozambique, Namibia, South Africa and Swaziland. Angola has an option to join the agreement in future. The agreement became the first regional EPA in Africa to be fully operational after Mozambique joined in February 2018.

The EU is the SADC EPA Group's largest trading partner. South Africa accounts for the largest part of exports to the EU. Other products from the region include agricultural products (beef from Botswana, fish from Namibia, and sugar from Swaziland). South Africa's agricultural exports to the EU are much more diversified and range from fruit to wine. The EU exports a wide range of goods to the SADC EPA countries, including vehicles, machinery, electrical equipment, pharmaceuticals and processed food.

During Marketing Year (MY) 2017/2018 (October/September), Spain exported 1,563,341 tons of oranges, 4 percent less than the previous season and valued at almost \$1.4 billion. Ninety percent of Spanish orange exports go to other EU countries, and only 10 percent to markets outside EU countries. (See Chart 1).

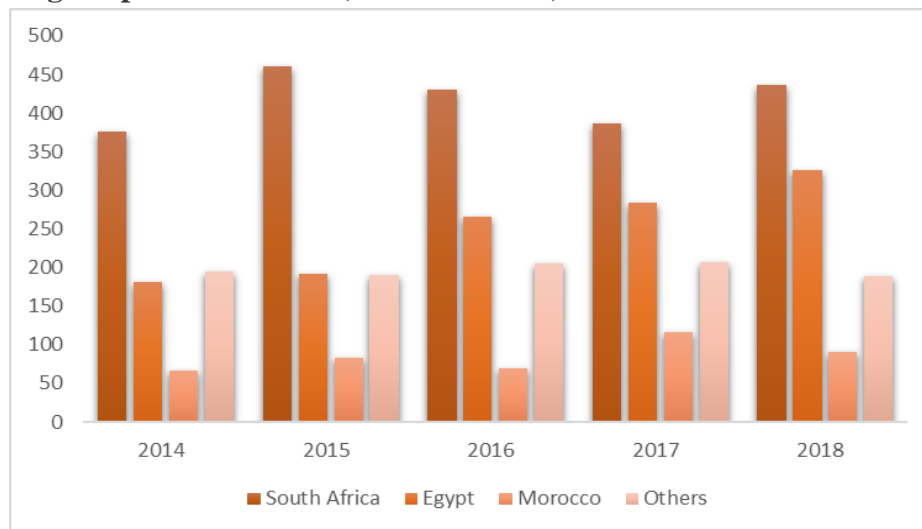
Chart 1. Spain's orange exports 2014-2018 (million tons)



Source: GTA

At the same time, in MY 2017/2018, the EU imported 1,043,411 tons of oranges, 5 percent higher than previous season and 4.7 percent more in value at \$773 million. Major orange suppliers to the European market were South Africa, Egypt and Morocco (see Chart 2). Most of these non-EU oranges are entering through Netherlands, Portugal and the United Kingdom. South African orange exports to the EU grew 11 percent in volume compared to 2016, when the agreement came into force.

Chart 2. EU orange imports 2014-2018 (Thousand tons)



Source: GTA

Regarding mandarins, in MY 2017/2018, Spain exported 1,374,725 tons, with 93 percent of its exports destined to other EU countries. This volume means a reduction of 7.5 percent compared to 2016. In MY 2017/2018, the EU imported 482,186 tons of mandarins, 14 percent more than in 2016. EU's mandarin imports came mostly from Morocco, exhibiting a 17.6 percent rise, and South Africa with an

increase of 9 percent.

The Spanish citrus producers contend they have suffered heavy losses at the beginning of this season and attribute them partly to the overlap of the late varieties imported from South Africa and the early ones produced in Spain, mainly in Valencia and Andalusia. For this reason, producers are asking Brussels to apply the safeguard clause of the trade agreement with the African country. However, according to the article below (Spanish only), the European Commission does not believe that imports are disrupting the sustainability of the Spanish citrus sector.

<https://www.freshplaza.com/article/9066185/no-evidence-that-citrus-crisis-is-caused-by-imports-from-third-countries/>.

It is worth noting that according to Spanish citrus sources, most of the citrus area growth occurring in South Africa belongs to Dutch owners.

Spanish Government Response

After numerous meetings with representatives of the agrarian organizations, the Spanish Ministry of Agriculture, Fisheries and Food decided to authorize the opening of a quota for acquisition of up to 50,000 tons of citrus for MY 2018/19, for transformation into juice and free distribution to the disadvantaged people. The financing to producers for these withdrawals reaches \$14 million (12.5 million euro).

The Spanish Ministry of Agriculture is also monitoring imports of citrus from third countries, with the aim of detecting possible developments against the interests of the Spanish citrus sector. In the meantime, and to support such possible actions, the Spanish Ministry of Agriculture has asked the European Commission for specific follow-up on this issue.

In addition, the Spanish administration has highlighted the need for the Spanish citrus sector to get better organized and to bring together their production to improve marketing activities. In addition, the administration has recommended that the citrus sector carry out proactive actions endorsed and financed by the EU, such as product withdrawal or varietal reconversion. According to the Minister of Agriculture, these efforts would lead to an improvement in prices and margins for Spanish citrus farmers. See related article below (in Spanish only) <http://valenciafruits.com/luis-planas-sector-citricos-tiene-futuro/>