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Report Highlights:

In MY 2019/20, EU citrus production is projected to lower 11 percent to 10.4 MMT. This production forecast is four percent higher than previous estimates. Unfavorable weather conditions in Spain, the EU's main citrus producer, accounts for the projected drop in overall production. The decline in EU citrus production may encourage EU imports while EU citrus exports remain flat in response to higher domestic EU demand. Strategic export markets destinations for EU citrus continue to be Canada, the Middle East, and China. In MY2019/20, U.S. tariffs related to the World Trade Organization Case against EU aircraft subsidies will likely impact Spanish exports of clementines and lemons. During the Covid-19 pandemic, domestic demand for citrus held strong as consumers looked for foods to strengthen the immune system. As of the date of this report, EU citrus exports have not been directly impacted by the pandemic.

Disclaimer: This report presents the outlook for citrus production, trade, consumption, and stocks for the EU-28. Unless stated otherwise, data in this report are based on the views of Foreign Agricultural Service analysts in the EU-28 and are not official data.

This report would not have been possible without the valuable contributions from the following Foreign Service analysts:

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Harmonized System (HS) Codes:

Oranges 080510
Tangerines/Tangerines 080520, 080521, 080522, 080529
Lemons 080550
Grapefruits 080540
Orange Juice 200911, 200912, 200919

MY Marketing year:

Oranges October/September
Tangerines October/September
Lemons October/September
Grapefruits October/September
Orange Juice October/September

Abbreviations used in this report:

CAP Common Agricultural Policy
CMO Common Market Organization
EC European Commission
EU European Union
FAS Foreign Agricultural Service
FCOJ Frozen Concentrated Orange Juice
HA Hectares
TDM Global Trade Atlas
MY Marketing Year
MS EU Member State
MT Metric ton (1,000 kg)
MMT Million Metric Tons
PS&D Production, Supply and Demand
\$ U.S. Dollar

Lower Production and Increased Consumer Demand Could Fuel Imports

Executive Summary

EU citrus production is concentrated in the Mediterranean region. Spain and Italy represent the leading EU citrus producers, followed by Greece, Portugal, and Cyprus. For MY (October/September) 2019/20, Post expects overall citrus production to decline mainly in Spain due to unfavorable weather conditions. However, the quality of the fruit is forecast to be excellent. EU citrus consumption may rise compared to previous estimations in response to the Covid-19 pandemic. During the government-mandated lockdown in the EU, consumption of citrus fruit grew popular as consumers looked for food products to strengthen the immune system. This growth in citrus consumption combined with lower EU citrus supplies, pushed Spanish citrus prices upward during the first 16 weeks of 2020.

For MY 2019/20, EU orange production is forecast at 6.1 MMT, almost nine percent lower than MY 2018/19 but six percent higher than previous estimations. This production drop is expected mainly in Spain, EU's major orange producer, due to unfavorable weather conditions with heavy rains in spring and fall. Correspondingly, orange juice production in the EU is forecast to drop 21 percent compared to the previous year to 83,724 MT. This forecast aligns with the expected volume of EU oranges destined for processing in MY 2019/20. In addition, in MY 2019/20, EU-28 tangerine production is forecast to lower 14 percent to 2.7 MMT supported by the expected 23.8 percent drop in Spain. Over the last nine years, the EU's total orange planted has shrunk almost 13 percent and tangerine 8 percent, while citrus farms are increasing productivity and performance.

Similarly, MY 2019/20 EU lemon production is forecast to decrease 16 percent compared to previous period to 1.4 MMT. EU grapefruit production is also forecast to decline 11 percent to 96,000 MT, due to the expected strong decline in Spain, EU's major lemon and grapefruit producer. Total EU lemon and grapefruit area planted continues to expand, growing 8 percent since 2011.

For MY 2019/20, as a result of the decline in EU citrus production, EU imports of citrus are expected to grow slightly, mainly from Morocco and South Africa. EU citrus export destinations are mainly Switzerland, Norway, and Canada, with a recent significant rise in exports to China and Middle East. EU citrus exports are expected to continue trending upward in strategic markets such as Canada, Middle East and China. In addition, U.S. tariffs related to the World Trade Organization (WTO) case against EU aircraft subsidies may impact EU citrus exports, primarily Spanish clementines and lemons. During confinement measures in response to the Covid-19 pandemic, Spain's citrus sector, held strong responding to domestic and export demand. Thus far, EU citrus trade has been not negatively affected by the Covid-19 crisis.

Commodities

ORANGES

Table 1: Production, Supply, and Demand (MT)

Oranges, Fresh Market Begin Year European Union	2017/2018		2018/2019		2019/2020	
	Oct 2017		Oct 2018		Oct 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	280,924	280,924	278,449	278,449	277,727	278,680
Area Harvested	259,979	259,979	259,193	259,193	257,799	259,343
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	6,270	6,270	6,505	6,799	5,840	6,194
Imports	1,042	1,042	1,012	1,017	1,050	1,000
Total Supply	7,312	7,312	7,517	7,816	6,890	7,194
Exports	324	324	357	357	300	350
Fresh Dom. Consumption	5,834	5,835	5,911	6,080	5,545	5,764
For Processing	1,154	1,154	1,249	1,379	1,045	1,080
Total Distribution	7,312	7,312	7,517	7,816	6,890	7,194
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Sources: FAS Madrid

PRODUCTION

EU orange production is concentrated in the Mediterranean region. Spain and Italy represent 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 2019/20 (October/September), EU orange production is forecast at 6.19 MMT, almost nine percent lower than MY 2018/19 but six percent higher than previous estimates. The expected EU orange production mirrors the EU's nine-year average orange production standing at 6.2 MMT. This higher forecast is mainly due to expected higher orange production in Spain and Italy than previously estimated (see Table 2).

Spain is the sixth global citrus producer and first global citrus exporter of mainly oranges, mandarins, and lemons. Other EU countries are the primary export destination for Spanish citrus. Twenty percent of Spain's citrus production is destined for domestic fresh consumption, 18 percent for processing, mainly into citrus juice, and 60 percent for exports.

Spain is the primary orange producer in the EU. According to official data, Spain's MY 2019/20 orange production is forecast to decline 15.2 percent from the previous season to 3.3 MMT. Spanish orange planted area has been stable since MY2017/18. The reduction in Spanish orange production is due to unfavorable conditions in the Spain's main orange production regions of Valencia and Andalusia,

affected by heavy rains during the fall of 2019 and high temperatures before the summer of 2019. During the first 16 weeks of 2020, the average Spanish orange price in the first sixteen weeks of the year reached 0.73 euro/kg compared to 0.63 euro/kg during the same period last year. The average orange price paid to farmers also peaked to 0.31 eur/kg. This significant increase was due to the shortage in Spanish orange supplies in MY 2019/2020 and strong domestic and export orange demand triggered by the lockdown.

Over the last decade, Spain has reduced its orange planted area by nine percent. In MY 2018/19, Spanish planted area for oranges stood at 139,132 ha, the highest orange planted area in the EU. It is worth noting that after several consecutive years of economic slowdown citrus farmers left orange production for more profitable products such as persimmons and avocado. Nevertheless, the productivity of Spanish orange farms utilizing efficient varieties, and performance have kept Spain as the top orange producer and exporter in the EU.

Accounting for approximately 90 percent of the Spanish orange production, Valencia and Andalusia are Spain's major orange producing regions. Spanish producers try to supply the market throughout the whole marketing year by growing both *early* and *late* varieties to extend the fruit availability. *Naveline*, *Navel*, *Navelate*, *Salustiane*, *Valencia* and *Sanguinello* are the leading orange varieties grown in Spain.

Italy is the second largest European orange producer after Spain. Sicily and Calabria are the main orange-producing areas, accounting for approximately 63 and 19 percent of total production, respectively. *Tarocco*, *Moro*, *Sanguinello*, *Naveline*, and *Valencia* are the leading orange varieties grown in the country. Moreover, *Ippolito* and *Meli* cultivars are gaining popularity. Italy's MY2019/20 production is expected to remain stable compared to the previous season.

Greece's MY 2019/20 orange production is expected to decrease slightly by 0.4 percent compared to the previous year due to substandard fruit setting in southern Greece. Peloponnese and Etoloakarnania (western Greece) are the main orange-producing areas. *Washington Navel*, *Commons*, *Skaggs Bonanza*, *Navelina*, *New Hall*, *Lanelate*, and *Valencia* are the chief varieties grown in Greece.

Over the last decade, Portugal has increased its orange production with more efficient and irrigated citrus farms. Orange production in Portugal is mainly located in Algarve, the southern region. According to official data, in MY2019/2020, Portuguese production is expected to rise slightly to 347,000 MT compared to previous season due to favorable weather conditions and the addition of new citrus trees into production. Based on Portuguese official data, the expected Portuguese citrus production for MY2019/20 will be the highest level on record since 1986.

In late May 2019, Portugal signed a protocol with China to harmonize and streamline export procedures. The Portuguese Ministry of Agriculture is now working to increase market access for several fruit sectors, including oranges from Algarve. According to this ministry, negotiations are already well advanced. The Portuguese Administration has identified increasing Portuguese food products to non-EU countries as one of its priorities. To date, based on Trade Data Monitor (TDM) figures, Portuguese citrus exports to China have not yet started.

Table 2. EU Fresh Orange Production by Country and Year (MT)

Country	MY 2017/18	MY 2018/19	MY 2019/20
Spain	3,369,000	3,930,000	3,331,000
Italy	1,621,000	1,592,000	1,586,000
Greece	961,000	913,000	910,000
Portugal	299,000	344,000	347,000
Cyprus	20,000	20,000	20,000
Total Production	6,270,000	6,799,000	6,194,000

Source: FAS Madrid

CONSUMPTION

In the EU, oranges are mainly consumed fresh. Late varieties are destined for both the processing and fresh markets. In MY 2019/20, orange consumption is expected to increase by five percent compared to the previous estimation. During the Covid-19 pandemic, EU consumers sought citrus fruits for their health benefits and as good natural sources of vitamin C. Seen as a food immunity product, the Covid-19 pandemic improved the position of citrus products among EU consumers. Spain's per capita orange consumption is estimated at approximately 20 kg. In Spain, most oranges are consumed fresh, especially Navelina and *Navelate* varieties. *Valencia Late* varieties are predominantly used for processing. In Spain, the increase in orange consumption during the lockdown led to a rise in citrus prices including orange prices. In Italy, blood varieties (*Tarocco*, *Moro*, and *Sanguinello*) are used primarily for fresh consumption. Late varieties (*Ovale* and *Valencia*) are destined for both the processing and fresh markets. In Greece and Portugal, most oranges are also consumed fresh, with a higher rate consumption expected for 2020 due to the Covid-19 pandemic.

EU oranges destined for processing are approximately 18 percent of EU orange production. In MY 2019/20, the volume of oranges for processing, mainly into orange juice, is expected to decline 21 percent compared to previous period because of the drop in EU orange production. In addition, in MY 2019/20, oranges for processing are expected to be three percent higher than the previous forecast due to higher orange production estimations. Spain is the major orange processor in the EU, and around 20 percent of Spanish orange production is used in processing. In Spain, there are more than 30 citrus processors for both domestic and international markets.

TRADE

The EU is a net importer of oranges. According to TDM, during MY 2018/19, following a significant rise in EU orange production, the EU imported 1,017,405 MT of oranges. This import volume was 2.44 percent lower compared to the previous season and valued at \$725 million (see Chart 1). South Africa and Egypt, which experienced a 12 percent drop, continued to be the leading suppliers to the EU market, mainly shipping to the Netherlands and Portugal. Other important suppliers are Morocco and Argentina. During the first semester of MY 2019/20, EU imports of oranges declined 19 percent mainly due to a strong drop in imports from South Africa and Egypt. While the peak season of EU orange imports is during the summer period, a slight decrease in EU orange imports in MY 2019/20 is expected despite the decline in EU orange production.

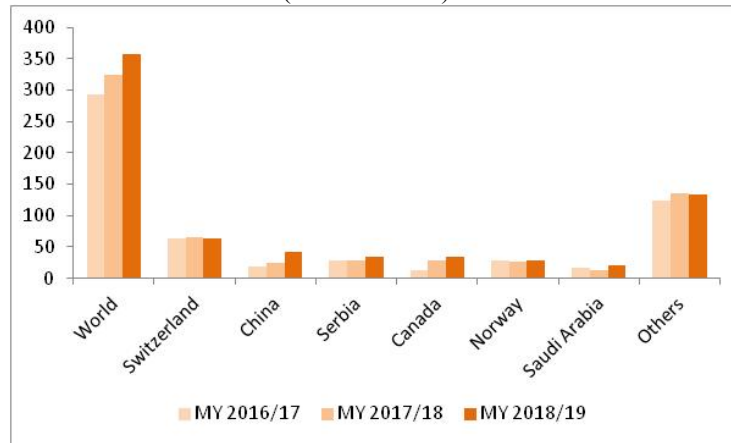
Chart 1. MY EU Imports of Oranges by Origin
(Thousand MT)



Source: TDM

Spain is the major citrus supplier to the EU. Eighty-five percent of Spain's orange exports are destined to other EU markets and fifteen percent to non-EU countries. Due to the rise in EU imports of oranges from third countries, in February 2019, a Spanish Agricultural Association organized several protests at the headquarters of the European Commission in Madrid. The protesters demanded that the EU enforce tariffs on South African citrus entering the European market. 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. Currently, the Spanish citrus industry is restructuring. In this restructuring, the Spanish Ministry of Agriculture and the sector agreed on 16 basic measures aimed to adjust the citrus supply, improving the structure, and promoting export markets to revitalize the citrus industry and to guarantee its future. The Spanish Ministry of Agriculture has taken [steps](#) (in Spanish only) to address these concerns but has also encouraged the sector to “get better organized” in order to improve their margins ([see GAIN Report](#)).

Chart 2. MY EU Exports of Oranges by Destination
(Thousand MT)



Source: TDM

According to TDM, during MY 2018/19, the volume of EU orange exports rose 10 percent to 357,081MT and valued at \$287 million. Main export destinations are Switzerland, China, Serbia, Canada, and Norway (see Chart 2 above). In MY 2018/19, EU orange exports to China and Canada jumped 66 and 16 percent respectively. The Middle East and Brazil are also growing markets for EU orange exports.

On August 7, 2014, the Russian government banned a range of agricultural and food products, including fresh citrus, from the United States, the EU, Canada, Australia, and Norway (see Policy Section). This resulted in a total loss of \$34 million in EU orange exports to Russia since 2013. To compensate for the loss of the Russian market, the EU's major orange exporters have reoriented their exports to new markets such as Canada, China, and Middle East. During the first semester of MY 2019/20, EU orange exports remained stable compared to previous season, despite the lockdowns in response to the Covid-19 crisis.

Spain is the major European orange producer and exporter within the EU, exporting a total 1.7 MMT in MY 2018/19 valued at \$1.2 billion. Spain's main market is the EU, with 85 percent of their total exports of oranges, mainly to Germany, France, the Netherlands, Italy, and the United Kingdom. Over the last five years, exports of Spanish oranges to China have increased significantly in response to higher citrus demand in the Asian country. In MY 2018/19, China became the first non-EU market for Spanish oranges. Similarly, exports of Spanish oranges to Canada continue trending upward and this trend is expected to continue in MY 2019/20. The upturn in EU orange demand, motivated by increased consumer interest in strengthening their immune system during the Covid-19 pandemic, drove Spanish orange exports to reach the highest monthly level on record in March 2020. During the first semester of MY 2019/20, Spain's orange exports increased almost seven percent despite the peak of the Covid-19 crisis.

ORANGE JUICE

Table 3: Production, Supply, and Demand (Brix 65)

Orange Juice	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	1,154,000	1,154,000	1,249,000	1,379,000	1,045,000	1,080,000
Beginning Stocks	15,000	15,000	15,000	15,000	15,000	15,000
Production	89,460	89,460	96,825	106,903	81,010	83,724
Imports	704,474	704,474	657,637	657,92	670,000	670,000
Total Supply	808,934	808,934	769,462	779,823	766,010	768,724
Exports	58,273	58,295	59,776	59,819	58,000	58,000
Domestic Consumption	735,661	735,639	694,686	705,004	693,010	695,724
Ending Stocks	15,000	15,000	15,000	15,000	15,000	15,000
Total Distribution	808,934	808,934	769,462	779,823	766,010	768,724

Source: FAS Madrid

PRODUCTION

For MY 2019/20, EU orange juice production is forecast at 83,724 MT, a rise of 3.3 percent compared to the previous estimations. This forecast is in line with the expected growth in the volume of EU oranges destined for processing this season. Additionally, in MY 2019/20, EU orange juice production forecast is expected to be 21 percent lower than previous year, in line with the reduction in EU orange supply. As Spain is the leading orange juice processor in the EU, lower Spanish orange production will lead to decreased processing. Italy and Greece also expect to channel fewer oranges into processing due to their reduction on orange supplies. The total volume of oranges channeled to processing depends on the crop quality and quantity of oranges destined for the fresh markets at home and abroad.

CONSUMPTION

While orange juice is the most popular juice within the EU, it competes with other non-alcoholic drinks and other fruit juices. In recent years, such competition has effectively reduced consumption of orange juice in the EU. In MY 2019/20, EU orange juice consumption is forecast to continue on this downward trend.

TRADE

Table 4: EU Imports of Orange Juice by Origin in U.S. Dollars (Brix 65)

Country of Origin	MY 2016/17	MY 2017/18	MY 2018/19
Brazil	1,230,903,849	1,290,650,895	1,200,166,258
Mexico	90,826,944	61,688,204	72,777,565
South Africa	10,578,736	9,033,135	24,243,296
Egypt	10,529,077	14,301,412	16,395,943
Israel	11,898,236	14,034,008	11,819,551
Argentina	7,202,507	5,399,288	8,443,976
Costa Rica	5,826,909	7,366,673	5,291,694
Morocco	5,389,360	3,718,217	4,935,852
Turkey	8,997,580	9,201,736	4,824,723
Belize	3,948,415	4,511,204	3,739,767
Ghana	6,136,760	6,490,608	2,754,055
United States	34,020,919	8,669,794	2,630,735
Others	13,063,394	13,485,708	10,451,466
World	1,439,322,686	1,448,550,882	1,368,474,881

Source: TDM

The EU is a net importer of orange juice. According to TDM, during MY 2018/19, the EU imported 657,6920 MT of orange juice, valued at \$1.37 billion. Brazil is the leading supplier to the EU market, representing nearly 89 percent of total imports, followed by Mexico, South Africa, and Egypt. The United States used to be the third orange juice supplier to the EU. However, since 2015, EU imports of U.S. orange juice have declined. In MY 2018/19, the volume of EU imports of U.S. orange dropped 77 percent compared to the previous period to 1,200 MT and valued at \$ 2.6 million (see Table 4). For MY 2019/20, Post expects EU imports of orange juice to grow as a result of the expected decline in EU orange juice production.

In MY 2018/19, the EU exported 59,819 MT of orange juice, valued at \$149 million. Main export destinations are Switzerland, Saudi Arabia, Norway, Japan, South Korea, and China (see Table 5). In addition, in MY 2018/19, EU orange juice exports to the United States reached 2,608 MT and valued at \$6.8 million. In MY 2019/20, EU orange juice exports are expected to decrease in line with the decline in the EU orange production.

Table 5: EU Exports of Orange Juice by Destination in U.S. Dollars (Brix 65)

Country of Destination	MY 2016/17	MY 2017/18	MY 2018/19
Switzerland	21,453,026	17,885,669	19,404,506
Saudi Arabia	11,316,876	12,678,640	14,448,632
Norway	12,759,889	13,130,092	11,370,553
Japan	11,725,835	13,909,589	10,186,268
South Korea	9,355,175	8,667,995	9,780,412
China	6,747,623	10,248,903	8,003,279
United States	8,351,413	6,380,092	6,826,506
Others	75,836,239	67,508,290	69,201,586
World	157,546,076	150,409,270	149,221,742

Source: TDM

TANGERINES/MANDARINS**Table 6: Production, Supply, and Demand (MT)**

Tangerines/Mandarins, Fresh	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
European Union	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	155,506	155,506	155,464	155,464	155,915	155,953
Area Harvested	142,131	142,131	142,656	142,768	142,707	143,001
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	2,913	2,915	3,213	3,211	2,643	2,761
Imports	483	483	483	483	500	500
Total Supply	3,396	3,398	3,696	3,694	3,143	3,261
Exports	217	217	246	246	245	245
Fresh Dom. Consumption	2,953	2,955	3,095	3,093	2,694	2,790
For Processing	226	226	355	355	204	226
Total Distribution	3,396	3,398	3,696	3,694	3,143	3,261

(HECTARES) ,(1000 TREES) ,(1000 MT)

Source: FAS Madrid

PRODUCTION

MY 2019/20 EU tangerine production is forecast to lower 14 percent from the previous year to 2.7 MMT and 4.4 higher than previous estimations. The expected EU tangerine production is 13 percent lower than the nine-year average production of 3.1 MMT. This lower production is expected mainly in Spain, the major EU tangerines producer, and is due to unfavorable weather conditions with heavy rains in spring and fall.

In the last nine years, EU has reduced its tangerine planted area by eight percent. In MY 2019/20, EU planted area for tangerine may stand at 155,953 ha. During 2011-2018 period, Spain decreased its tangerine planted area by 10.5 percent. In MY 2018/19, Spanish tangerine area stood at around 108,000 ha.

According to the latest data from the Spanish Ministry of Agriculture, Fisheries, and Food (MAPA), Spain's MY 2019/20 tangerine production is forecast to strongly decline to approximately 1.8 MMT. Spain's main tangerine-producing areas are the Regions of Valencia, Andalusia, and Catalonia. Spain continues to develop new early and late seedless varieties to extend fruit availability throughout the year.

Italy's main tangerine-producing areas are Calabria accounting for 53 percent of total production, Sicily accounting for 20 percent, and Apulia with 15 percent. *Comune* or *Oroval* and *Monreal* are the leading clementine varieties grown in the country. *Avana* and *Tardivo di Ciaculli* are the chief tangerine cultivars. Italy's MY 2019/20 tangerine production is forecast to significantly rise to 20.4 percent from the previous season.

Greece's MY 2019/20 tangerine production is expected to remain flat compared to the previous year. Iliia and Argolida in the Peloponnese area are reporting a slight loss comparing to last year, while in the Laconia and Crete the production is increased. *Clementine* is the major tangerine variety grown in Greece; new plantings include *Nova*, and *Ortanique* varieties. Meanwhile, according to Portuguese official data, the tangerine production in Portugal for MY 2019/20 is expected to remain unchanged.

Table 7: EU Fresh Tangerine Production by Country and Year (MT)

Country	MY 2017/18	MY 2018/19	MY 2019/20
Spain	1,967,000	2,385,000	1,816,000
Italy	697,000	577,000	695,000
Greece	176,881	174,147	175,000
Portugal	40,000	40,000	40,000
Cyprus	35,000	35,000	35,000
Total Production	2,915,881	3,211,147	2,761,000

Source: FAS Madrid

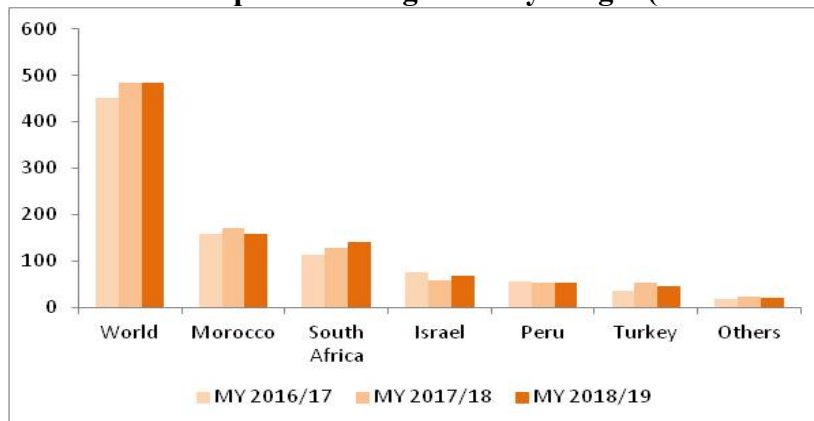
CONSUMPTION

EU tangerines are mainly consumed fresh. MY 2019/20 EU fresh tangerine for consumption and processing are forecast to decrease in line with the drop in production. Spain is the major consumer of tangerines in the EU for both fresh consumption and processing. Italy and Portugal also consume large quantities of tangerines. Greece consumes fresh tangerines mainly along the west coast.

TRADE

The EU is a net importer of tangerines. According to TDM, during MY 2018/19, EU imports of tangerines remain stable at 483,399 MT and valued at \$536 million. Morocco and South Africa continue to be the leading suppliers to the EU market, followed by Israel, Peru, and Turkey (see Chart 3). In MY 2018/19, the volume of imports from the United States decreased 22 percent and valued at \$6 million. For MY2019/20, EU imports of tangerines are expected to grow as a result of the estimated reduction in EU tangerine production.

Chart 3. MY EU Imports of Tangerines by Origin (thousand MT)

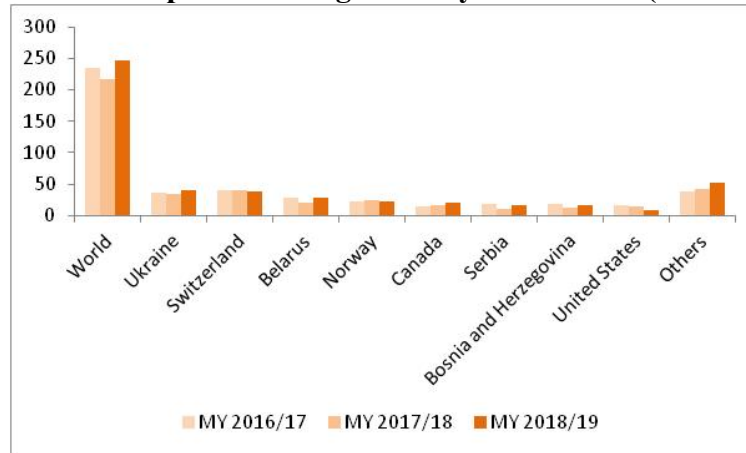


Source: TDM

During MY 2018/19, the EU exports of tangerines rose 13.5 percent to 246,410 MT, and valued at \$ 221 million. EU's main export market destinations are Ukraine, Switzerland, Belarus, Norway, and Canada (see Chart 4). In MY 2018/19, EU exports to the United States, mainly from Spain, decreased 39 percent to 9,283 MT and valued at \$8 million, continuing its downward trend. In the last decade, Spain's tangerine exports to the U.S. dropped 85 percent due to increasing competition from South America, Morocco, and South Africa. In addition, U.S. tariffs related to the WTO case against EU subsidies on aircraft imposed on October 18, 2019, resulted in the suspension of shipments of Spanish tangerines from the port of Castellon. Meanwhile, new alternative markets in third countries such as Canada, Middle East, Brazil, and China continue to grow. Also, due to the Russian ban, EU tangerine exports to Russia plummeted \$106 million since 2013. In MY2019/20,

EU tangerines exports are forecast to remain flat despite the expected reduction of EU tangerine production, to maintain the growing markets outside the EU.

Chart 4. MY EU Exports of Tangerines by Destination (thousand MT)



Source: TDM

In MY18/19, Spanish exports of tangerines increased 8 percent to 1,489,145 MT valued at \$1.4 billion. Ninety-three percent of these exports were sent to other EU Member States. Canada, the Middle East, Brazil, and China continue to be important new strategic markets for Spanish tangerine exports. Due to the Russian ban, Spain lost \$37 million of tangerine exports to Russia. Despite the lockdown in response to the Covid-19 pandemic, the Spanish tangerine sector remains strong, satisfying domestic and export demands.

LEMONS

Table 8: Production, Supply, and Demand (MT)

Lemons/Limes, Fresh Market Begin Year European Union	2017/2018		2018/2019		2019/2020	
	Oct 2017		Oct 2018		Oct 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	75,419	75,419	77,128	77,128	77,743	77,929
Area Harvested	65,762	65,762	65,762	66,046	66,653	66,914
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	1,472	1,472	1,684	1,683	1,470	1,417
Imports	610	611	545	548	600	600
Total Supply	2,082	2,083	2,229	2,231	2,070	2,017
Exports	65	65	82	82	80	80
Fresh Dom. Consumption	1,785	1,786	1,894	1,871	1,766	1,716
For Processing	232	232	253	278	224	221
Total Distribution	2,082	2,083	2,229	2,231	2,070	2,017
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Source: FAS Madrid

PRODUCTION

MY 2019/20 EU lemon production is forecast to decrease 16 percent compared to previous season. This represents a 3.6 percent reduction compared with previous estimates. The overall decline is due to the expected strong production drop in Spain, the largest EU lemon producer, and in Italy due to unfavorable weather conditions (see Table 9). According to the latest data from the Spanish Ministry of Agriculture, Fisheries, and Food (MAPA), Spain's MY 2019/20 lemon production is forecast at 923,000 MT, a decrease of almost 20 percent compared to the previous year. In addition, in recent years Spain has increased its total planted area for lemons. Spain will continue to consolidate its leading commercial position in Europe with quality and phytosanitary guarantees. Following Argentina, Spain is the second largest lemon producer in the world but the first global exporter of lemons for fresh consumption. Spanish lemon production is concentrated in the regions of Murcia and Valencia, and the Provinces of Malaga and Almeria in Andalusia. The leading lemon varieties grown in Spain are *Fino* accounting for 70 percent of total production, and *Verna*, representing 30 percent. The *Fino* variety is predominantly used for processing. During the first 16 weeks of 2020, average price for Spanish lemons peaked at 0.98 eur/kg due to a lower lemon supply and higher demand compared to last year. The average lemon price paid to Spanish growers also peaked at 0.43 eur/kg.

Italy is the second largest European lemon producer after Spain. Sicily is the main lemon-producing area, accounting for 88 percent of domestic production.

Femminello Siracusano, Lunario, Interdonato, Limone di Sorrento, and Limone di Procida are the leading lemon varieties grown in the country. Italy’s MY 2019/20 lemon production is forecast to decrease 5.7 percent compared to the previous year due to heavy rains in spring that affected flowering.

Greece’s MY 2019/20 lemon production is expected to remain flat. The main lemon-producing areas include the prefectures of Achaia, Korinthos, Crete, and Laconia, located in southern Greece. The major lemon variety grown in Greece is *Maglini*, whose fruit is strongly aromatic, with quite a bitter juice. The early varieties *Interdonato* and *Eureka* are also grown in Greece.

Portuguese official data reflects that lemon production will slightly increase in MY 2019/20 with normal fruit sizes and quality.

Table 9: EU Fresh Lemons Production by Country and MY (MT)

Country	MY 2017/18	MY 2018/19	MY 2019/20
Spain	928,000	1,149,000	923,000
Italy	435,000	424,000	383,000
Greece	85,000	88,395	88,500
Portugal	16,000	16,000	17,000
Cyprus	8,000	6,000	6,000
Total Production	1,472,000	1,684,258	1,471,000

Source: FAS Madrid

CONSUMPTION

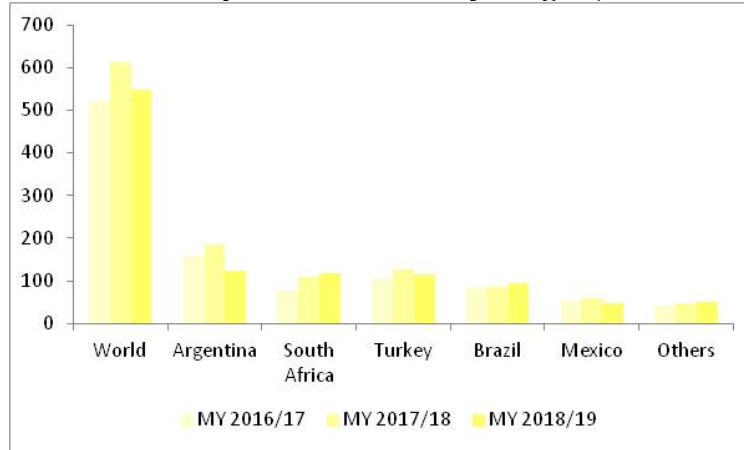
EU lemons are mainly consumed fresh. In MY 2019/20, EU fresh lemon consumption and lemons for processing are forecast to decrease in line with the decline in EU lemon production. EU per capita lemon consumption stands at 3 kg. According to industry sources, Spain has become the second global producer of processed lemons. Spanish lemon industry estimates that between 20 to 25 percent of Spanish lemon production is destined for processing. Greece has become increasingly reliant on imported lemon juice to meet consumer demand for soft drinks.

TRADE

The EU is a net importer of lemons. During MY 2018/19, the EU imported 548,348 MT of lemons or 10 percent less due to the increase in EU lemon production during this season. By value, EU imports declined 29 percent to \$575 million compared to previous year. Argentina, South Africa, Turkey, and Brazil continue to be the leading suppliers to the EU market, followed by Mexico

(see Chart 9). Given the expected decline in EU lemon production in MY 2019/20, EU imports of lemons are expected to grow slightly.

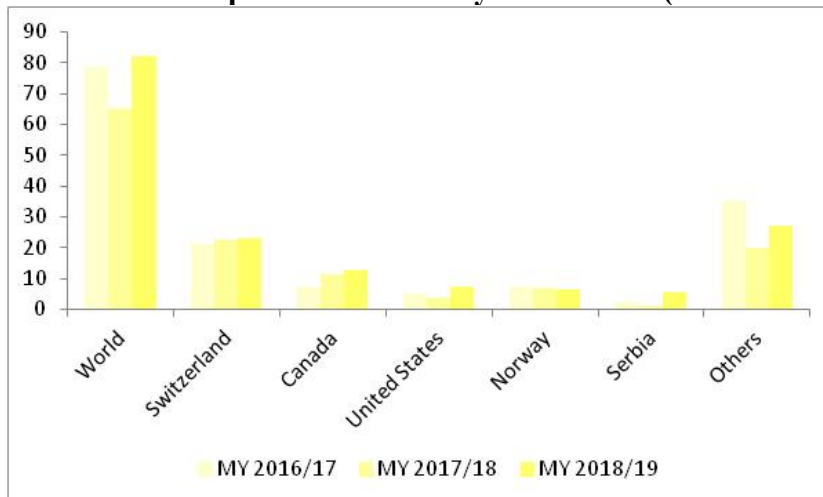
Chart 5. MY EU Imports of Lemons by Origin (thousand MT)



Source: TDM

During MY 2018/19, the EU exported 82,102 MT of lemons, 25 percent more due to a growth in total supply. Exports stayed flat compared to the previous season and valued at \$106 million. Main export destinations, mainly shipped from Spain, are Switzerland, Canada, United States, and Norway. In MY2018/19, EU lemon exports to the United States, mainly from Spain, jumped 86 percent to 7,197 MT and valued at \$9 million. The United States became the EU’s third largest export destination (see Chart 6). In addition, U.S. tariffs related to the WTO Case against EU aircraft subsidies will likely impact Spanish lemon exports to the United States. In MY 2018/19, Spanish lemon exports rose 13 percent to 699,974 MT and valued at \$789. Spanish strategic lemon markets outside the EU continue to be Switzerland, Canada, Serbia, and Brazil. Spanish lemon industry expects to at least maintain lemon exports in MY 2019/20 despite de decline in lemon production.

Chart 6. MY EU Exports of Lemons by Destination (thousand MT)



Source: TDM

GRAPEFRUIT

Table 10: Production, Supply, and Demand (MT)

Grapefruit, Fresh Market Begin Year European Union	2017/2018		2018/2019		2019/2020	
	Oct 2017		Oct 2018		Oct 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	3,157	3,137	3,332	3,311	3,332	3,312
Area Harvested	2,817	2,817	2,894	2,914	2,894	2,904
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	107	107	108	108	89	96
Imports	374	374	323	324	375	370
Total Supply	481	481	431	432	464	466
Exports	17	17	16	16	15	17
Fresh Dom. Consumption	447	447	394	395	434	434
For Processing	17	17	21	21	15	15
Total Distribution	481	481	431	432	464	466
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Source: FAS Madrid

PRODUCTION

MY 2019/20 EU grapefruit production is forecast to lower 11 percent to 96,000 MT. This estimation is almost eight percent higher compared to previous forecast as estimates for Spanish grapefruit production are higher than previously expected. According to the Spanish grapefruit industry, Spain's MY 2019/20 grapefruit production is forecast to decline 15.5 percent to 68,100 MT. Leading grapefruit producing areas include the Regions of Murcia, Andalusia, and Valencia. *Ruby Red* is the main grapefruit variety planted in Spain. Cyprus is the second largest grapefruit producer in the EU. *White Marsh Seedless*, mostly grown in the Limassol area, is the leading Cypriot grapefruit variety (see Table 11).

Table 11: EU Fresh Grapefruit Production by Country and Year (MT)

Country	MY 2017/18	MY 2018/19	MY 2019/20
Spain	78,000	80,600	68,100
Cyprus	21,000	19,000	20,000
Italy	4,833	5,160	5,160
Greece	3,000	3,155	3,200
Portugal	200	210	260
Total Production	107,033	108,125	96,720

Source: FAS Madrid

CONSUMPTION

EU grapefruits are mainly consumed fresh with consumption significantly surpassing grapefruit production. In MY 2019/20, EU fresh grapefruit consumption is forecast to remain flat compared to previous estimates. Spain and Cyprus are the main grapefruit processors in the EU.

TRADE

The EU is a net importer of grapefruits to satisfy the EU grapefruit domestic demand. EU grapefruit imports comprise around 75 percent of EU's total grapefruit supply. During MY 2018/19, EU imports of grapefruit decreased 13 percent to 324,603 MT compared to previous period, valued at \$285 million. China, South Africa, Turkey and Israel are the leading suppliers to the EU market. Imports from the United States dropped 11 percent to 13,000 MT and valued at \$17 million (see Chart 11). Mexico is also another active supplier to the EU market. Due to the expected drop in EU grapefruit production, EU imports are expected to increase in MY2019/20.

During MY 2018/19, the EU exported 16,255 MT of grapefruits, a 7 percent decrease compared to previous year and valued at \$17 million. EU exports shipped mainly to Switzerland, Ukraine, and Belarus. In MY 2019/20, despite an expected shorter EU grapefruit supply, EU grapefruit exports may increase slightly continuing the trend during the first six months of this marketing year.

POLICY SECTION

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 consists of four [basic regulations](#), supplemented by delegated acts. 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, POs 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 regulation as of January 20, 2014.

On June 1, 2017, [Commission Delegated Regulation 2017/891](#) entered into force to increase the support for withdrawals from the market for fruit and vegetable Producer Organizations (POs). This framework also seeks to make POs more attractive to non-members, provide greater clarity about what actions are eligible for EU funding and set a maximum percentage of produce that can be marketed outside the organization at 25 percent to create short supply chains whereby producers sell directly to consumers. It simplifies and clarifies legislation with regard to payments to transnational POs and their associations.

EU Marketing Standards for Fruits and Vegetables

Fresh fruit and vegetable imports into the EU are checked for compliance with EU-harmonized marketing standards which apply at all marketing stages and include criteria such as quality, size, labeling, packaging, and presentation. [Commission implementing Regulation \(EU\) No 543/2011](#) provides 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).

CAP after 2020

On 1 June 2018, the European Commission presented legislative proposals on the CAP beyond 2020. The aim of the new proposals is to be more responsive to current and future challenges such as climate change. The CAP will continue to support European farmers, but the overall budget is lower compared to the previous period. For information on the CAP after 2020, please see: https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-cap_en

COVID – 19: School Scheme Extended

The European “School Fruit Scheme” originated in 2009 as a measure to combat child obesity. It includes three elements: free distribution of fruit and vegetables in schools, informational campaigns on healthy eating habits, and monitoring and evaluation. As in previous years, \$264 million (€250 million) of EU funds were allocated in the school year 2019/2020 to all of the [Member States](#) (MS).

However, on April 30, 2020, the Commission published [Commission Implementing Regulation \(EU\) 2020/600](#), which extends the definition of ‘school year’ until September 30, 2020. The temporary closure of educational establishments, as part of the measures implemented in response to the COVID-19 pandemic, disrupted the implementation of the school scheme in the 2019/2020 school year. In

addition, time limits for the submission of aid applications for the accompanying educational measures have also been extended. There is also a possibility to reallocate unrequested Union aid amongst the Member States participating in the school scheme in the 2021/2022 school year.

COVID – 19: Flexibility in operational programs

On April 30, 2020, the Commission also published [Commission Delegated Regulation \(EU\) 2020/592](#) to address the market disturbance in the fruit and vegetables and wine sectors caused by the COVID-19 pandemic and the measures linked to it. Producer organizations may implement crisis and prevention measures as part of their operational programs to increase their resilience to market disturbances. Under normal conditions, these crisis prevention and management measures may not exceed one third of the expenditure under the operational program, but according to this regulation that rule does not apply in the year 2020.

Promotion Measures

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 current promotion budget has reached \$255 million (€200 million) in 2020. There will no longer be a need for national co-funding; EU associations will be able to apply directly for a program.

Certification of Fruit Shipments to the EU

Fruit, vegetable, and nut shipments exported to the EU require a phytosanitary certificate. A USDA/Animal Plant Health Inspection Service inspector issues these 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. [Directive 2019/523](#) amends Annexes I to IV of [Directive 2000/29/EC](#) and sets (new) protective measures against the introduction of harmful organisms for the import of several fruit and vegetable products from September 1, 2019. However, it is worthwhile to check the specific article in [Directive 2019/523](#) for each of the product/harmful organism combinations since these are all different. Most requirements (e.g. for citrus and mango) are applicable for all third countries, but there are also requirements for certain products (apple, pear, blueberry) which only apply to the United States (U.S.), Canada and Mexico. The new legislation has established the obligation for non-EU countries to communicate some information for importing certain commodities under specific import requirements.

On the following website you can find official information submitted by non-EU countries: https://ec.europa.eu/food/plant/plant_health_biosecurity/non_eu_trade/declarations_en

In addition, [Directive 2000/29/EC](#) will be repealed on December 14, 2019 and will be replaced by [Regulation 2016/2031](#) of the European Parliament and of the Council concerning protective measures against pests of plants. There is more information available on the DG Health and Food Safety (DG SANTE) website: http://ec.europa.eu/food/plant/plant_health_biosecurity/non_eu_trade/index_en.htm

[Commission Regulation 1756/2004](#) provides for a possibility to carry out plant health checks at reduced frequency when justified. The European Commission published the updated list of products on [January 1, 2020](#). The Commission monitors imports of fruit and vegetables on an annual basis to determine how to adjust the frequency of testing consignments.

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.

Tariff levels for 2020 are published in [Commission Implementing Regulation 2019/1776](#). The tariffs for citrus fruit remain unchanged compared to the levels of 2018 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 until 2017. The last emergency measures for fruit and vegetables were phased out on June 30, 2018. Overall, the EU granted \$588 million (€500 million) of aid to EU producers of fruit and vegetables corresponding to 1.7 million tons of withdrawals from the market.

Please find more information on the Commission's response to the Russian ban here: http://ec.europa.eu/agriculture/russian-import-ban/index_en.htm

Upcoming MRL reviews under Article 12 of Regulation 396/2005

Plant protection products (PPPs) along with MRLs and import tolerances are an increasingly important issue in the EU since there is a significant reduction in the number of active substances approved for use. Regulation (EC) No 1107/2009 and Regulation (EC) No 396/2005 regulate PPPs and MRLs, respectively. There is a consistent review of active substances for which the approval is up for renewal, as well as their associated MRLs.

Existing MRLs are also being reviewed through a process known as an Article 12 review. The first list below indicates the upcoming MRL reviews under this Article 12 process. The second list includes the active substances which are, or will soon be, up for renewal. It is important to note that these lists are not all-inclusive. Due to the complexity of the renewal process and the importance of the issue, **stakeholders are encouraged to actively engage early in these review processes by reaching out to the applicant.** Together with the applicant, they can ensure that the necessary data is available for the review or if trials for data collection are in progress or should be initiated etc., especially if the substance is not used or authorized in the EU. It is highly recommended to contact the assigned "Rapporteur Member State" (RMS) which will carry out the first evaluation of the active substance and existing EU pesticide MRLs. **Stakeholders are encouraged to engage with FAS on substances and MRLs of importance to their commodities.**

1) Article 12 review

<https://www.efsa.europa.eu/sites/default/files/pesticides-MRL-review-progress-report.pdf>

2) Active substances up for review

	Last day of Application:
Ametoctradin	July 20, 2020
Mandipropamid	July 20, 2020
Bixafen	September 30, 2020
Halosulfuron-methyl	September 30, 2020
Spiromesifen	September 30, 2020
Fluopyram	January 31, 2021
Penflufen	January 31, 2021
Pyriofenone	January 31, 2021
Sedaxane	January 31, 2021

Attachments:

No Attachments