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Citrus

Trends in Spain's Citrus Sector

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Report Highlights:

The 1999/2000 citrus crop is forecast to reach 5.6 million tons, about 14 percent higher than last year's production. Bolstered by the larger domestic supplies, exports are forecast to increase by about 10 percent.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

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Executive Summary

Spain's total 1999/2000 citrus crop is forecast to reach 5.6 million tons, about 14 percent higher than last year, with orange, tangerine and lemon production expected to rise about 10, 15 and 27 percent, respectively. Favorable weather conditions, mainly rains at the end of summer and early fall, contributed to the higher crop. Nonetheless, tristeza was once again a common problem in Spain's citrus crop. Due to late season rains, the fruit is being harvested at a somewhat slower pace than normal. However, the sector views this as positive since it is preventing a large supply from entering the market and dampening prices. Total area devoted to citrus production remains relatively constant, with some orange area being replaced by tangerine groves. Production in Valencia (about 66 percent of output) continues to account for the majority of Spain's citrus crop, followed by Andalucia and Murcia.

With expected larger domestic availability combined with an ongoing promotion campaign, citrus consumption is forecast to increase somewhat in 1999/2000.

Total Spanish citrus exports during calendar year 1998 were 3.1 million metric tons, slightly above the previous year. About 80 percent is exported to other EU countries. With the higher expected crop, total citrus exports are forecast to increase about 10 percent in 1999/00.

As a major citrus producer and exporter, U.S. citrus exporters have few market opportunities in Spain. Orange juice consumption, however, continues to grow, and U.S. juice exporters may find opportunities in Spain.

NOTE: Current exchange rate is 154 pesetas/\$1.00
1 ECU = 166.38 pesetas - \$1.076.

Production

The production forecasts for the main citrus crops by region for marketing year 1999/2000 are as follows:

Spain's 1999/2000 Forecast Citrus Production						
Metric Tons						
Region	Sweet Oranges	Tangerines	Bitter Oranges	Lemons	Grapefruit	TOTAL
Valencia	1,663,559	1,743,833	0	308,911	3,015	3,719,318
Murcia	123,200	61,820	0	395,000	12,380	592,400
Andalucia	786,337	129,164	14,152	177,459	8,057	1,116,654
Catalonia	60,645	87,348	0	732	18	148,743
Balearic Is.	24,500	1,100	0	2,000	0	27,600
Others	32,880	1,015	0	8,400	100	42,395
TOTAL	2,691,121	2,024,280	15,637	892,502	23,570	5,647,110

Fresh Oranges

The 1999/2000 orange crop is forecast at 2.69 million tons, about 10 percent higher than the previous season. The expected increase in production can be mainly attributed to the favorable weather conditions. Rains in January improved soil conditions for the new crop, and rains at the end of Summer and early Fall improved the size and quality of the fruit. Nevertheless, there are concerns that further rains into December could have a negative impact on output. Harvest is progressing slower than usual due to rainy weather during fruit collection. As a result, there is not a glut of fruit on the market as often happens during the harvest period, and prices are higher. Producer prices for 1999/00 Navelina orange in October ranged from 400 to 450 pesetas per "arroba" of 12.8 kilograms, compared to 375 to 450 pesetas per "arroba" during the previous harvest last season. Tristeza and the citrus miner pest still hamper the citrus production. Spain continues to produce primarily table-type orange varieties, notably Navel oranges, which comprise approximately two-thirds of Spain's orange exports. Production of all other varieties, with the exception of the Valencia Late and Salustiana, continues to decline, being replaced by tangerines.

Fresh Tangerines

The 1999/00 tangerine crop is estimated at 2.02 million tons, a 15 percent increase from the previous year. Clementine is still the most important tangerine variety, accounting for about 61 percent of the total tangerine production. Like the orange crop, the tangerine crop this year benefitted from favorable weather conditions. Reportedly fruit quality and size are good. Producer prices for 1999/00 tangerines currently range from 400 to 450 pesetas for early Satsumas, 580 to 650 pesetas for Oroval and 650 to 700 pesetas for Clemenules per "arroba" of 12.8 kilograms. At the beginning of the previous season prices ranged from 400 to 800 pesetas per "arroba".

Fresh Lemons

The 1999/00 lemon crop is estimated at 892,000 tons, about 27 percent above the previous year. The continuing recuperation of the lemon orchards following the dry years of the mid-90s, combined with good rainfall in 1999, are factors leading to the rise in output this year. Producer prices for 1999/00 Fino lemons currently range from 80 to 40 pesetas per kilo compared to 80 to 27 pesetas per kilogram the previous season.

Orange Juice

An estimated 680,000 metric tons (about 11 percent down from the previous year) of fresh oranges were delivered to processors in 1998/99, resulting in 42,500 tons of orange juice (65 Brix). Deliveries during 1999/00 are expected to be higher due to the larger crop, and about a 3.5 percent rise in output is expected. In Spain, oranges are not grown exclusively for juice production. Oranges for juice are primarily those that have been rejected for fresh consumption. Like orange production, most orange juice plants are located in the Valencia region and some in Andalucia.

2.9 kilograms of fresh oranges yield 1Kg of single strength orange juice, 16 kilograms yield 1 Kg. Of concentrated orange juice.

Other Fresh Citrus

Only bitter oranges are included under the "Other Citrus" category. The 1999/00 bitter orange output is estimated at 15,000 metric tons, about 7 percent higher than the previous year.

Crop Area

The data in the table below and in the PS&Ds are based on a survey taken in 1997, the last official data published. However, area under citrus production has not changed significantly in the most recent three years. The most notable change has been a slight increase in tangerine and lemon area and a decline in that for oranges. The success of Spain's tangerine sector in recent years has led to producers replacing orange groves with tangerines. New early and late season tangerine varieties are replacing traditional varieties, as the export and domestic market pay comparatively higher prices for these types of tangerines. Further expansion in citrus area is deterred by the presence of pests, primarily Tristeza. The estimated area devoted to citrus crops is presented in the table on the following page.

Spain's Citrus Area - 1997**Hectares**

	Sweet Oranges	Tangerines	Lemons	Grapefruits **	Other* Citrus**	TOTAL
Valencia	83,828	89,516	14,225			
Murcia	9,400	1,657	22,141			
Andalucia	32,885	5,539	6,533			
Catalonia	3,168	4,220	70			
Balearic Is.	2,753	274	284			
Others	997	44	282			
TOTAL	133,031	101,250	43,535	992	1,368	280,176

* Includes: Bitter Oranges, Limes and Other Citrus Fruits.

** No production by region data available, 1996 data.

Consumption

Due to expectations for higher domestic availability, total citrus consumption is expected to increase in 1999/00. However, the industry is concerned that consumption growth will not be sufficient to prevent surplus supply and declining prices. Fresh orange consumption, accounts for 27 percent of total fruit consumed in Spain and more than half of the citrus fruit consumed. Per capita citrus consumption is estimated at around 30 kilograms. Among other citrus fruits, bitter oranges are produced mainly for processing into marmalades and other preparations. About 80 percent is used in the domestic market and the rest is exported to other EU countries. Faced with strong competition from other beverages, orange juice consumption is not forecast to grow in 1999/00. Orange juice represents about 35 percent of the local fruit juice market. Total annual per capita consumption of orange juice is estimated at about 6 liters.

In an effort to increase consumption and exports of oranges and clementines, about 585 million pesetas will be spent in a promotional campaign. The participants are Intercitrus, which represents the citrus sector; ICEX, Spain's agency responsible for export promotion; and the Autonomous Government of Valencia. Farmers and citrus traders will contribute 0.10 peseta/Kg, with the remaining funds coming from the government agencies. The countries where the promotion will take place are the United Kingdom, France, Germany, Poland, Hungary and the Czech Republic.

Trade**Fresh Oranges**

Orange exports are estimated to have decreased during the 1998/99 marketing year due to lower domestic supplies. During the first 8 months of marketing year 1998/99 (November-98/June-99), orange exports totaled 1,203,945 metric

tons. Based on that pace, exports are estimated to have reached about 1.25 million tons, about 10 percent below the previous season's exports. Exports in 1999/00 are forecast to increase due to expectations for a larger crop. Spain's traditional markets are Germany, France, Holland, Belgium and the United Kingdom. Orange exports generally begin in October and continue through the following September, with about 40 to 50 percent exported in October and December, and progressively declining thereafter.

In calendar year 1998, Spain imported 57,460 fresh oranges, about 7 percent below the previous year. Most of these imports were from South Africa, Argentina and Uruguay. Imports are forecast to decrease in 1999/00 in line with the higher production expectations.

Fresh Tangerines

During the first 8 months of marketing year 1998/99 (November-98/June-99), tangerine exports totaled 946,382 tons. Based on that pace, exports are estimated to have reached about 1.24 million metric tons, about 8 percent below the previous season. With expectations for growth in domestic availability, in 1999/00 exports are forecast to increase. In calendar year 1998 Spain exported 1,237,408 metric tons of tangerines, about 7 percent below the previous year. Spain's tangerine exports to the United States amounted to 27,119 metric tons, representing a 29 percent decrease from the previous year's exports of 37,869 metric tons. However, during marketing year 1998/99, exports to the U.S. are estimated to have been a record 46,000 tons.

In terms of overall supply and demand, imports are relatively insignificant.

Fresh Lemons

During the first 8 months of marketing year 1998/99 (November-98/June-99), lemon exports totaled 364,550 metric tons. Based on that pace, exports are estimated to have reached about 500,000 metric tons, about 10 percent below the previous season. Due to expectations for an increase in the crop, lemon exports in 1999/00 are expected to increase. The bulk of exports continue to be destined for other EU countries. In calendar year 1998, Spain exported 528,933 metric tons, 8 percent above the previous year. Exports to the United States in calendar year 1998 were 12,475 metric tons, more than double the previous year.

In calendar year 1998 Spanish lemon imports were 18,706 metric tons, down 17 percent from the previous year. Most of the lemons imported came from Argentina (15,760 tons). Due to an increase in production, imports are forecast to decline in 1999/00.

Orange Juice

Following a slight decrease in 1998/99, orange juice exports are forecast to increase slightly in 1999/00, while imports are forecast to decrease, consistent with expectations for greater domestic output. In order to be consistent with the figures in the P,S&D table where production is based on 65 degrees Brix, other figures have been estimated using this parameter. About 50 percent of the total tonnage imported is concentrated orange juice, and the remaining is "single strength," while a large percentage of orange juice exported, mainly to other EU countries, is "single strength".

Other Fresh Citrus

About 316 metric tons of bitter oranges were exported during calendar year 1998, while only 11 tons were imported. Trade in this product is forecast to remain minimal in 1999/00.

Policy

EC Regulation 1169/97 established rules for implementing Council Regulation 2202/96, which introduced a Community aid scheme for producers of certain citrus fruits. During the 1997/98 marketing year, the new Citrus Common Market Organization came into effect. The system provides a subsidy to growers who deliver their crops to processors, replacing the old minimum price and processing subsidy. Subsidies are only available on a fixed quantity of fruit delivered. EC 2202/96 established a processing threshold for oranges of 1,189,000 tons. If the average for a consecutive three year period exceeds the limit, the subsidy will be cut proportionally (1% cut for each 1% increase).

EC Regulation 2260/99, dated October 26, 1999, reduces the 1999/2000 processing aid for oranges because the maximum quantity available for processing subsidies was exceeded. Based on the three previous marketing years, it was established that the processing threshold was exceeded by 359,838 tons. As a result, the amount of aid for oranges as outlined in the Annex to Regulation 2202/96 for the 1999/2000 marketing year must be reduced by 30 percent.

The amount of aid for oranges delivered for processing for the 1999/2000 marketing year shall be EUR 8.00/100 Kg, EUR 6.96/100 Kg, and EUR 6.27/100 Kg for multiannual contracts, annual contracts, and individual producers, respectively.

Marketing

As a major citrus producer, Spain offers few opportunities for U.S. orange, tangerine or lemon exporters. Spain does play an important role as a U.S. competitor, particularly in Europe, where Spain's fruit is generally more price competitive. Potential does exist for U.S. frozen concentrated orange juice exports, but U.S. exporters would face stiff competition from other orange juice producing countries, particularly Brazil and Israel. Brazil currently dominates the import market, mainly in the form of unsweetened concentrates (6 to 1 concentration for the most part), which are blended with domestic products to improve their quality and reduce costs. Nonetheless, U.S. citrus processors/exporters have possible market opportunities in citrus blends. Tetra-pack containers, jars, and tin cans are the principal containers used in marketing orange juice in Spain. Starting in January, import demand for juice generally runs for about 10 months, with approximately 70 percent imported between January and June.

Tables**Table Oranges**

PSD Table						
Country	Spain					
Commodity	Fresh Oranges				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		11/1997		11/1998		11/1999
Area Planted	133800	133800	133800	133800	0	133500
Area Harvested	121700	121700	121700	121700	0	125000
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	2744	2744	2423	2442	0	2691
Imports	56	56	50	57	0	45
TOTAL SUPPLY	2800	2800	2473	2499	0	2736
Exports	1382	1382	1350	1250	0	1400
Fresh Dom. Consumption	768	656	650	569	0	636
Processing	650	762	473	680	0	700
TOTAL DISTRIBUTION	2800	2800	2473	2499	0	2736

Export Trade Matrix			
Country	Spain		
Commodity	Fresh Oranges		
Time period	CY	Units:	Metric Tons
Exports for:	1997		1998
U.S.	2	U.S.	86
Others		Others	
Germany	351488	Germany	333505
France	319833	France	316075
Netherlands	151419	Netherlands	158976
Belgium	77408	Poland	90235
Poland	73363	United Kingdom	79880
United Kingdom	61476	Belgium	72372
Italy	46004	Italy	68091
Czech Republic	37328	Czech Republic	38442
Switzerland	24730	Portugal	31312
Austria	24428	Sweden	29872
Total for Others	1167477		1218760
Others not Listed	119365		145503
Grand Total	1286844		1364349

Import Trade Matrix			
Country	Spain		
Commodity	Fresh Oranges		
Time period	C.Y.	Units:	Metric Tons
Imports for:	1997		1998
U.S.		U.S.	
Others		Others	
South Africa	20818	South Africa	15780
Argentina	11619	Argentina	13654
Uruguay	8552	Uruguay	13274
Brazil	6766	France	2484
Netherlands	5823	Netherlands	2159
Morocco	2403	Germany	1908
Zimbabwe	1978	Swaziland	1776
France	1959	Italy	1248
Total for Others	59918		52283
Others not Listed	2175		5177
Grand Total	62093		57460

Fresh Tangerines

PSD Table						
Country	Spain					
Commodity	Fresh Tangerines				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		11/1997		11/1998		11/1999
Area Planted	97072	101250	97072	102000	0	102500
Area Harvested	82800	86000	82800	87000	0	87500
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	1970	1970	1763	1763	0	2024
Imports	2	2	0	4	0	2
TOTAL SUPPLY	1972	1972	1763	1767	0	2026
Exports	1344	1382	1238	1240	0	1400
Fresh Dom. Consumption	350	340	325	325	0	375
Processing	278	250	200	202	0	251
TOTAL DISTRIBUTION	1972	1972	1763	1767	0	2026

Export Trade Matrix			
Country	Spain		
Commodity	Fresh Tangerines		
Time period	C. Y.	Units:	Metric Tons
Exports for:	1997		1998
U.S.	37869	U.S.	27119
Others		Others	
Germany	395382	Germany	358090
France	285562	France	248111
United Kingdom	132030	United Kingdom	125383
Netherlands	99726	Netherlands	89947
Belgium	53945	Poland	74202
Italy	49362	Italy	55788
Poland	48442	Belgium	44692
Czech Republic	36439	Czech Republic	37287
Switzerland	35741	Switzerland	33149
Austria	29524	Austria	23326
Total for Others	1166153		1089975
Others not Listed	113724		120314
Grand Total	1317746		1237408

Import Trade Matrix			
Country	Spain		
Commodity	Fresh Tangerines		
Time period	C.Y.	Units:	Metric Tons
Imports for:	1997		1998
U.S.		U.S.	
Others		Others	
Morocco	330	Netherlands	2093
South Africa	269	Uruguay	677
Uruguay	217	Morocco	389
Netherlands	164	Italy	306
Cyprus	111	United Kingdom	246
Total for Others	1091		3711
Others not Listed	213		505
Grand Total	1304		4216

Fresh Lemons

PSD Table						
Country	Spain					
Commodity	Fresh Lemons				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		11/1997		11/1998		11/1999
Area Planted	42600	43500	42600	43500	0	43500
Area Harvested	42100	42100	42100	42100	0	43000
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	647	647	701	701	0	892
Imports	18	18	10	15	0	10
TOTAL SUPPLY	665	665	711	716	0	902
Exports	558	558	600	500	0	650
Fresh Dom. Consumption	60	60	60	90	0	107
Processing	47	47	51	126	0	145
TOTAL DISTRIBUTION	665	665	711	716	0	902

Export Trade Matrix			
Country	Spain		
Commodity	Fresh Lemons		
Time period	C.Y	Units:	Metric Tons
Exports for:	1997		1998
U.S.	5066	U.S.	12475
Others		Others	
Germany	109135	Germany	104130
France	87453	France	86721
Poland	67296	Poland	76036
Netherlands	56689	Netherlands	59875
Italy	32255	Italy	49857
United Kingdom	28927	United Kingdom	31008
Belgium	15204	Belgium	14411
Switzerland	12477	Switzerland	11853
Czech Republic	10976	Czech Republic	11665
Total for Others	420412		445556
Others not Listed	60493		70902
Grand Total	485971		528933

Import Trade Matrix			
Country	Spain		
Commodity	Fresh Lemons		
Time period	C.Y.	Units:	Metric Tons
Imports for:	1997		1998
U.S.	1	U.S.	
Others		Others	
Argentina	20227	Argentina	15760
Uruguay	1091	Netherlands	840
Netherlands	647	France	768
France	304	Uruguay	687
Total for Others	22269		18055
Others not Listed	263		651
Grand Total	22533		18706

Fresh Citrus, Other

PSD Table						
Country	Spain					
Commodity	Fresh Citrus,Other				(HECTARES)(1000 TREES)(1000 MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		11/1997		11/1998		11/1999
Area Planted	700	700	700	700	0	700
Area Harvested	670	670	670	670	0	670
Bearing Trees	140		140		0	0
Non-Bearing Trees	6		6		0	0
TOTAL No. Of Trees	146	0	146	0	0	0
Production	15	15	14	14	0	15
Imports	0	0	0	0	0	0
TOTAL SUPPLY	15	15	14	14	0	15
Exports	3	1	3	1	0	1
Fresh Dom. Consumption	0	0	0	0	0	0
Processing	12	14	11	13	0	14
TOTAL DISTRIBUTION	15	15	14	14	0	15

Export Trade Matrix			
Country	Spain		
Commodity	Fresh Citrus,Other		
Time period	C.Y	Units:	
Exports for:	1997		1998
U.S.		U.S.	
Others		Others	
EU Countries	300	EU Countries	316
Total for Others	300		316
Others not Listed			
Grand Total	300		316

Import Trade Matrix			
Country	Spain		
Commodity	Fresh Citrus,Other		
Time period	CY	Units:	
Imports for:	1997		1998
U.S.		U.S.	
Others		Others	
Israel	21	Israel	6
EU Countries	5		
Total for Others	26		6
Others not Listed			5
Grand Total	26		11

Orange Juice

PSD Table						
Country	Spain			65	Degrees Brix	
Commodity	Juice, Orange				(MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		11/1997		11/1998		11/1999
Deliv. To Processors	650	762	473	680	0	700
Beginning Stocks	0	0	0	5100	0	4600
Production	42	47600	30	42500	0	44000
Imports	64	37000	50	35000	0	32000
TOTAL SUPPLY	106	84600	80	82600	0	80600
Exports	86	56500	58	52000	0	54000
Domestic Consumption	20	23000	22	26000	0	26000
Ending Stocks	0	5100	0	4600	0	600
TOTAL DISTRIBUTION	106	84600	80	82600	0	80600

Export Trade Matrix			
Country	Spain		
Commodity	Juice, Orange		
Time period	C.Y.	Units:	Metric Tons
Exports for:	1997		1998
U.S.	8	U.S.	89
Others		Others	
France	97785	France	111370
Germany	8012	Germany	12679
United Kingdom	3352	United Kingdom	6138
Portugal	3190	Portugal	3496
Total for Others	112339		133683
Others not Listed	8046		9307
Grand Total	120393		143079

Import Trade Matrix			
Country	Spain		
Commodity	Juice, Orange		
Time period	C.Y.	Units:	Metric Tons
Imports for:	1997		1998
U.S.	1156	U.S.	1303
Others		Others	
Germany	18266	Germany	29607
Brazil	7802	Portugal	17428
Netherlands	7581	Netherlands	6448
		Brazil	5984
		Mexico	3005
Total for Others	33649		62472
Others not Listed	7357		8838
Grand Total	42162		72613