

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Required Report - public distribution

Date: 5/15/2013

GAIN Report Number: MO 1305

Morocco

Citrus Semi-annual

2013

Approved By:

Sarah Hanson, Agricultural Attaché

Prepared By:

Idriss El Honsali, Agricultural Specialist

Report Highlights:

Morocco's citrus production for MY 2012/13 totaled 1.494 million MT, a 20 percent decline over MY 2011/2012. Orange production totaled 784,000 MT, while small citrus totaled 662,400 MT and other citrus totaled 47,500 MT. Most analysts believe the final citrus production for MY 2012/13 will be close to the Ministry of Agriculture's official estimate of 1.494 million MT. Favorable climate conditions and irrigation are expected to improve Morocco's citrus harvest for MY 2013/2014. In MY 2012/2013, fresh citrus exports from October to mid-April totaled 356,776 MT, about 18 percent lower than the previous year, and Morocco's orange exports totaled 47,731 MT, representing a 55 percent decline compared to MY2011/2012.

Commodities:

Oranges, Fresh

Tangerines/Mandarins, Fresh

Lemons, Fresh

Orange Juice

Production:

For MY 2012/13, cumulative rainfall significantly improved compared to the previous year, registering 434 mm from September 2012 to mid-April 2013, which was about 28 percent higher than average. Irrigation has a major role in Morocco's citrus production. Until mid-April, 2013 agricultural water dam reserves were estimated at 12.48 billion cubic meters, compared to 9.49 billion cubic meters the same period of the previous season. Based on a year on year comparison, the filling rate of agricultural water dam totaled 92 percent this season compared to 70 percent the previous season. Favorable climate conditions and available irrigation resources are expected to improve Morocco's citrus harvest in MY 2013/2014.

Morocco's citrus area for MY 2012/13 is estimated at 111,417 hectare (HA), of which there are 52,858 HA of oranges, 54,346 HA of small citrus fruits and 4,213 HA other citrus (lemons, limes and grape fruits). The total citrus productive area is estimated at 88,183 (HA), an increase of about 8.3 percent over the MY 2011/2012, with 45,045 (HA) of oranges, 39,870 (HA) small citrus and 3,268 (HA) other citrus.

The below table shows Morocco's citrus production by varieties for MY 2011/12 and the initial estimates for MY 2012/13.

Table 1: Citrus Production for MY 2011/12 and MY 2012/13

Marketing Year	Production (1,000 Metric Tons)		
	2011/2012	2012/2013	% Change
Total Small Citrus Fruit	763.9	662.4	-13%
Clementine	598.2	498.0	-17%
Nour	95.0	72.0	-24%
Ortanique	15.7	13.4	-15%
Nova	11.7	13.0	11%
Others(Nadorcott)	43.2	66.0	53%
Total Oranges	948.5	784.0	-17%
Navel	375.2	343.0	-9%
Sanguine	66.6	51.0	-23%
Maroc-Late	469.2	354.0	-25%
Salustiana	37.5	36.0	-4%
Lemon/Lime*	154	47.5	-69%
Total Fresh Citrus	1,866	1,494	-20%

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

*: includes grapefruits; breakdown by variety is not available.

In October 2012, the Government of Morocco initially projected citrus production at 1.494 million MT for MY 2012/13. This total, which is about 20 percent lower than MY 2011/2012, includes 784,000 MT of oranges, 662,400 MT of small citrus and 47,500 MT of other citrus. Morocco has not revised these initial estimates, and most analysts believe the final production numbers will be close to Morocco's official estimates. The MY 2012/13 citrus crop was significantly damaged by a severe heat waves during the first half of May and July 2012, with significant losses occurring to both small citrus and oranges plantations. The region of Souss-Massa was the most affected region. The orange variety Maroc-late was the most affected varieties where fruit size and quality were

significantly below average. For PS&D purposes, Post production estimates are in line with the official ones. While it is still too early to predict citrus production for MY 2013/2014, favorable production factors are expected to boost Morocco's harvest.

The preliminary average yields in MY 2012/2013 are estimated at 16.6 MT/HA for small citrus, 17.4 MT/HA for oranges, and 14.4 MT/HA for lemon/limes which was lower by 30, 24, and 11.3 percent respectively. In MY 2012/2013, the production area for oranges and small citrus increased by 9 and 23.8 percent respectively compared to the previous year. However, the expanded harvest area did not offset the impact of the unfavorable weather, and hence final production is expected to decline by 17, 13, and 21.6 percent respectively.

Small citrus production is dominated by Clementine-type varieties, such as Nules, Deverdis and Late Clementine. Production of small citrus varieties, Nova and Nadorcott, is projected to increase by 11 and 53 percent respectively, due to production of new orchards coming on line. It should be noted that there are more than 47 citrus varieties in Morocco, several of which are new hybrid varieties, such as Nadorcott (Afourer), Ortanique and Nova that are gaining popularity compared to local varieties. These varieties have the advantages of being a higher quality and harvested later which extends the marketing season through February and thus increases their availability to the export markets.

Orange varieties are mainly dominated by Valencia Late (Maroc Late) and W. Navel, with market shares of 45 and 44 percent respectively. Due to weak export market demand, more than 80 percent of Morocco's oranges production is absorbed by the local market. In MY 2012/2013, the orange variety Maroc-late was most affected by the unfavorable weather conditions, and hence declined by 115,000 MT compared to MY 2011/2012. Due to lower return on investment, the growth in the orange-planted area has been noticeably slower than the growth in small citrus area.

Consumption:

In MY 2012/2013, Morocco's domestic consumption of oranges, small citrus, and lemon/limes is estimated at 355,000 MT, 624,000 MT, and 43,000 MT respectively. In MY 2012/2013, Morocco's domestic consumption level for small citrus, oranges, and lemon/limes declined by 8, 4.3, and 18.9 percent respectively, which reflects lower availability in the market. Morocco's per capita annual consumption is estimated at 19 kg for oranges, 11 kg for small citrus, and 1.3 kg of lemon/limes.

Morocco's orange juice consumption is currently estimated at about 50 million liters, of which 20 million liters comes from local processing of fresh citrus and the rest is imported juice and concentrates.

Trade:

Morocco's citrus exports are mostly dominated by small citrus and oranges. About 70 percent of exports consist of Clementine, Maroc Late, and Nour varieties. Nadorcott Export has been significantly increasing and accounted for 21.5 percent of Morocco's small citrus exports in MY 2012/2013. Morocco's fresh citrus export season starts about mid-October with Clementine-like varieties. The mid-season varieties, such as bloody oranges, Salustiana, and Navel, provide a bridge through March/April period when the Maroc-Late variety takes over until July. Fresh citrus exports from October to mid-April in MY 2012/2013 totaled 356,776 MT, about 18 percent lower than the quantity exported during the same period of MY 2011/12, and about 80 percent of the initial export target set by the Moroccan government at the beginning of the export season.

In MY 2012/13 Morocco's citrus exports experienced several difficulties, including cold weather during the November -December period, which slowed maturity, and hence delayed exports for more than two weeks. As a result of the deterioration in orange quality, the percentage of the non-exportable oranges was significantly higher and negatively impacted the export volume this year. In addition, weaker demand from EU buyers and attractive citrus prices in the local markets reduced export performance as well.

The table below provides a breakdown on Morocco's exports of fresh citrus fruits by varieties for MY 2010/2011 and MY 2011/12 and partial year exports (October to mid-April) for MY 2012/2013

Table 2: Morocco's Citrus Exports (MT) by varieties

Marketing Year	Exports (1000 Metric Tons)		
	2010/2011	2011/2012	*2012/2013
Total Small Citrus Fruit	349.141	343.671	306.818
Clementine	214.233	205.970	173.932
Nour	78.789	77.147	58.752
Ortanique	9.279	7.579	4.377
Nova	6.514	7.792	2.352
Nadorcott	40.326	45.183	65.901
Total Oranges	175.144	137.971	47.731
Maroc-Late	100.488	82.096	14.774
Navel	23.725	13.552	5.298
Sanguine(Bloody)	25.429	22.872	17.119
Salustianas	25.502	19.210	9.190
Lemon/Lime*	5.082	5.522	2.227
Total Fresh Citrus	529.367	487.164	356.776

Source: EACCE/

* Data for MY 2012/2013 is October until mid-April

The section other in small citrus and oranges was omitted from this this table

For MY 2012/2013, small citrus exports from October to mid-April totaled 306,818 MT, about 11 percent lower than exports during the same period in MY 2011/2012. However, this total exceeded the government's export target for the marketing year by 3.3 percent. No additional small citrus exports are projected for the remainder of MY 2012/2013. Orange exports from October to mid-April in MY 2012/2013 totaled 47,731 MT, about 44 percent lower than exports the previous period, and representing 33.7 percent of Morocco's export target. Most of the decline in orange exports occurred in Salustianas and Maroc-Late exports, which represent about 60 and 11.5 percent of Morocco's total orange export targets respectively. There will be no significant additional exports of Salustiana past mid-April. In a normal year 66 percent of Maroc Late exports, occur between April and May, although this year exports are expected to be very weak, mostly due to the deterioration in fruit quality caused by the severe cold weather conditions in December 2012, and higher demand in the local market. Total orange exports for MY 2012/13 are projected at 100,000 MT compared to an initial projection of 141,500 MT.

Exports of other citrus, mainly lemons, totaled 2,227 MT from October to mid-April in MY 2012/2013, a decline of 60 percent compared to the same period the previous year.

Table 3: Morocco's Small Citrus Exports by Country (MT)

Marketing Year	2010/2011	2011/2012	*2012/2013
Russia	183,386	197,417	188,134
Total E.U	93,361	83,788	67,634
<i>England</i>	17,756	23,640	20,027

<i>France</i>	24,809	23,169	17,504
<i>Netherland</i>	29,597	16,887	17,950
<i>Sweden</i>	7,813	9,325	8,516
<i>Lithuania</i>	7,584	7,347	1,850
<i>Germany</i>	1,892	1,807	1,375
<i>Finland</i>	1,701	699	131
<i>OtherE.U</i>	2,209	914	281
Canada	42,589	41,469	34,676
U.S.A	20,874	15,978	11,384
Saoudi.A	6,381	4,415	4,444
Others	2,550	604	546
Total Small Citrus	349,141	343,671	306,818

Source: EACCE (Export Quality Control Office)

* Data for MY 2012/2013 is from October until mid-April

In MY 2012/13, Russia maintained its position as the top destination for Morocco's citrus exports, followed by EU markets. Morocco's citrus exports to Russia from October to mid-April MY 2012/13 totaled 227,679 MT, of which 188,134 MT were small citrus varieties, 21,549 MT oranges, and 1,796 MT lemons. In MY 2012/2013 Morocco's small citrus and orange exports to Russia declined by 5 percent and 47 percent respectively, compared to the same period the previous year

Table 4: Morocco's Orange Exports by Country (MT)

Marketing Year	2010/2011	2011/2012	*2012/2013
Russia	72,283	53,344	21,549
Total E.U.	99,323	81,107	25,001
<i>Netherland</i>	51,055	48,509	14,294
<i>England</i>	17,983	14,392	3,745
<i>France</i>	10,640	7,095	1,386
<i>Germany</i>	3,309	3,632	2,509
<i>Belgium</i>	2,941	2,942	566
<i>Sweden</i>	8,579	2,226	1,840
<i>Lithuania</i>	1,608	1,073	540
<i>OtherE.U.</i>	3,208	1,238	121
U.S.A	22	0	0
Canada	107	232	254
Senegal	1,133	943	411
Saoudi.A	382	903	99
Others	1,894	1,442	417
Total Orange	175,144	137,971	47,731

Source: EACCE /* Data for MY 2012/2013 is October until mid-April

Morocco's small citrus exports to the United States (mostly Clementine varieties) totaled 11,384 MT from October to mid April in MY 2012/13. About 47 percent of these exports consisted of Clementine Deverdis, 24 percent Nour, and 12 percent equally for Clementine Natural and Nadorcott. The expansion of Morocco's citrus exports to the U.S. market has been constrained mainly by U.S. consumers' preference for larger fruit sizes rather than logistic.

In November 2012, this logistical constraint was somewhat countered as Morocco exported citrus directly from Agadir to the United States for the first time. Previously, Morocco was forced to send these shipments via Europe for cold treatment. The direct shipping to the United States and the implementation of the U.S.-Morocco Free Trade Agreement (FTA) are expected to raise Morocco's citrus export to the U.S. market. The U.S.-Morocco Free Trade Agreement (FTA) that was signed in 2006 has already made a positive impact on increasing Morocco's citrus exports; from 7,807 MT in MY 2006/2007 to 15,977 MT in MY 2011/2012.

The citrus processing sector in Morocco continues to face stiff competition in sourcing raw materials from the fresh citrus market. This is mainly due to the low prices offered by orange juice processors compared to prices offered in the fresh citrus market. There are five citrus processing plants currently operating in Morocco, of which three are producers of single strength orange juice. Juice manufacturers can hardly meet demand for local consumers. In MY 2012/2013, fresh oranges delivered to juice processors totaled 60,000 MT. Post believes Morocco will still rely heavily on concentrated juice imports to meet its domestic demand. In MY 2012/2013, Post estimates Morocco's orange juice imports and exports at 4,000 MT and 3,700 MT respectively. Informal economic activity that occurs in the northern region of the country affects orange juice stocks and consumption data that is reflected in Post's PSD numbers.

Policy:

The Moroccan government plans to continue support an ambitious strategy to increase Morocco's citrus production to 2.9 million MT and to allocate 200,000 MT of fresh citrus production annually for juice processing by 2018. In 2012, about 20,000 HA of government-owned land was auctioned for leasing to agricultural investors (both local and foreign) in order to establish new agricultural projects that include citrus plantations. In April 2013, the government launched a bid to lease some additional 6,200 HA of land to potential investors. It is expected that a large part of the newly leased land will be devoted to citrus plantations that are oriented to export activities.

The Moroccan government also continued to provide a set of incentive measures to support citrus growers and encourage new investment in citrus production. The Ministry of Agriculture decree (# 2-09-601) issued in October 2009 increased the support payments for new citrus plantations to 12,000 MDH per hectare (\$1,550 HA), up from 7,800 MDH per hectare (\$1,000 HA) the preceding two years. In addition, there are other incentives that are not crop specific such as digging wells and purchasing of irrigation equipment that are available to citrus growers to establish new citrus orchards.

It should be noted that in February 2012, Morocco and the European Union concluded long negotiations of a free trade agreement (FTA) on agricultural that went into effect August 30, 2012. The new agreement will increase Morocco's small citrus fruit export quota by 22 percent, from 143,700 MT to 175,000 MT. However, this quota increase is not expected to have a significant impact on the Morocco's overall citrus exports to the EU, since Moroccan citrus quotas have remained partially underutilized in previous years. For example, during MY 2012/13, Morocco's orange export quota to the EU market was set at 306,800 MT, of which 25,001 MT was utilized as of mid-April 2013, while the small citrus fruits quota of 175,000 MT was filled at 67,634 MT.

Marketing:

Morocco improved its citrus export logistics with the opening of a new shipping line between the port of Agadir (the leading citrus export region) and the port of St. Petersburg in Russia in 2011. In addition, a new shipping line between the port of Tanger and port of Jabel-Ali in the United Arab Emirate became operational in early 2012. This shipping line should help increase the competitive position of Morocco's citrus exports in the Arab Gulf States' markets. ASPAM is currently considering, in collaboration with the Ministry of Agriculture and the export agency Maroc Export, the feasibility of investing in citrus storage facilities and distribution platforms in some of

the potentially large exports markets. These projects have been stalled due to financial difficulties, though renting logistical platforms could be considered as an alternative option.

Production, Supply and Demand Data Statistics:

Production, Supply and Distribution in Morocco (1000 MT)

Tangerines/Mandarins Fresh Morocco	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	41,485	41,485	42,100	42,100		54,346
Area Harvested (HECTARES)	31,321	31,321	32,200	32,200		39,870
Bearing Trees (1000TREES)	13,926	13,926	14,316	14,316		17,720
Non-Bearing Trees (1000TREES)	3,700	3,700	3,900	3,900		6,294

Total No. Of Trees (1000TREES)	17,626	17,626	18,216	18,216		24,014
Production (1000 MT)	716	716	730	730		662
Imports (1000 MT)	0	0	0	0		0
Total Supply(1000 MT)	716	716	730	730		662
Exports (1000 MT)	349	349	345	344		307
Fresh Dom. Consumption (1000MT)	367	367	385	386		355
For Processing	0	0	0	0		0
Total Distribution (1000MT)	716	716	730	730		662

Oranges, Fresh Morocco	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	45,283	45,283	45,500	45,500		52,858
Area Harvested (HECTARES)	42,416	42,416	41,200	41,200		45,045
Bearing Trees (1000TREES)	14,950	14,950	14,500	14,500		16,090
Non-Bearing Trees (1000TREES)	955	955	1,520	1,520		2,700
Total No. Of Trees (1000TREES)	15,905	15,905	16,020	16,020		18,790
Production (1000 MT)	904	904	850	850		784
Imports (1000 MT)	0	0	0	0		0
Total Supply(1000 MT)	904	904	850	850		784
Exports (1000 MT)	175	175	120	138		100
Fresh Dom. Consumption (1000MT)	689	689	670	652		624
For Processing	40	40	60	60		60
Total Distribution (1000MT)	904	904	850	850		784

Lemons/Limes, Fresh Morocco	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	4,345	4,345	4,600	4,600		4,213
Area Harvested (HECTARES)	3,570	3,570	3,700	3,700		3,268
Bearing Trees (1000TREES)	1,419	1,419	1,428	1,428		1,626
Non-Bearing Trees (1000TREES)	255	255	347	347		365
Total No. Of Trees (1000TREES)	1,674	1,674	1,775	1,775		1,991
Production (1000 MT)	50	50	60	60		47
Imports (1000 MT)	0	0	0	0		0
Total Supply (1000 MT)	50	50	60	60		47
Exports (1000 MT)	5	5	6	7		4
Fresh Dom. Consumption (1000MT)	45	45	54	53		43
For Processing (1000MT)	0	0	0	0		0
Total Distribution (1000MT)	50	50	60	60		47

Orange Juice Morocco	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: Oct 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors (MT)	40,000	40,000	50,000	60,000		60,000
Beginning Stocks (MT)	0	0	0	1,000		300
Production (MT)	4,000	4,000	5,000	6,000		6,000
Imports (MT)	1,300	4,141	3,300	3,500		3,700

Total Supply (MT)	5,300	8,141	8,300	10,500		10,000
Exports (MT)	2,100	1,915	2,000	4,200		4,000
Domestic Consumption (MT)	3,200	5,226	6,300	6,000		6,000
Ending Stocks (MT)	0	1,000	0	300		0
Total Distribution (MT)	5,300	8,141	8,300	10,500		10,000