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Required Report - public distribution

Date: 6/13/2017

GAIN Report Number: SP1719

EU-28

Citrus Semi-annual

2017

Approved By:

Rachel Bickford, Agricultural Attaché

Prepared By:

Carmen Valverde, Agricultural Specialist

Report Highlights:

For MY 2016/17 EU-28 citrus production is projected to reach 10.867 MMT, 1.4 percent lower than the previous estimates and a decline of almost 1 percent when compared to MY 2015/16. This decline is due to the citrus tristeza virus (CTV) affecting Italian citrus groves. Spanish citrus production increased due to favorable weather conditions and offset some of the Italian losses. In addition, EU-28 grapefruit production is continuing the downward trend we've seen over the past few years. About 75 percent of EU-28 grapefruit consumption is supplied by imports. EU grapefruit imports from the United States were reduced by 14 percent compared to previous year, following a downward trend in the five last years. To compensate for the loss of the Russian market, the EU-28, led by Spanish producers, has reoriented their citrus exports to new markets such as Brazil, United Arab Emirates, Saudi Arabia and

China.

Disclaimer: This report presents the situation for citrus (orange juice, oranges, grapefruits, lemons, tangerines, mandarins and other citrus) in the EU-28. This report contains the views of the authors and does not reflect the official views of the U.S. Department of Agriculture (USDA). The data are not official USDA data.

This report was written with the contributions of the following Foreign Agricultural Service analysts:

Ornella Bettini FAS/Rome covering Italy

Dimosthenis Faniadis FAS/Rome covering Greece

Tania De Belder FAS/USEU Brussels

Carmen Valverde FAS/Madrid covering Spain and Portugal

Abbreviations used in this report:

CMO Common Market Organization

EC European Commission

EU European Union

FAS Foreign Agricultural Service

FCOJ Frozen Concentrated Orange Juice

GTA Global Trade Atlas

MS EU Member State(s)

MT Metric ton (1,000 kg)

TMT Thousand Metric Tons

MMT Million Metric Tons

MY Marketing year

Orange October / September

Tangerine October / September

Lemon October / September

Grapefruit October / September

Other Citrus October / September

Orange Juice October / September

PS&D Production, Supply and Demand

USD U.S. Dollar

HS Codes: Harmonized System codes for commodity classification used to calculate trade data

Oranges 080510

Tangerines/Mandarins 080520

Lemons 080550

Grapefruit 080540

Orange Juice

200911, 200912, 200919

Commodities:

Oranges, Fresh

Production, Supply and Demand Data Statistics:

Table 1: Production, Supply and Demand (MT)

Oranges, Fresh European Union	2014/2015		2015/2016		2016/2017	
	Market Year Begin: Oct 2014		Market Year Begin: Oct 2015		Market Year Begin: Oct 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	288,280	288,280	288,750	287,793	288,802	286,576
Area Harvested	274,286	274,286	270,873	270,989	270,278	270,140
Production	5,954	5,954	6,241	6,241	6,050	6,012
Imports	927	927	964	972	960	960
Total Supply	6,881	6,881	7,205	7,213	7,010	6,972
Exports	297	297	319	319	300	300
Fresh Dom. Consumption	5,333	5,333	5,599	5,608	5,400	5,357
For Processing	1,251	1,251	1,287	1,286	1,310	1,315
Total Distribution	6,881	6,881	7,205	7,213	7,010	6,972
HECTARES, 1000 MT						

Source: FAS Offices

Production

EU orange production is concentrated in the Mediterranean region. Spain and Italy represent nearly 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 2016/17, an EU-wide orange crop has been revised down 0.6 percent compared to previous estimations reaching 6,012 MMT, meaning 3.6 percent lower than MY 2015/16 (See Table 2).

Spain is the major orange producer in the EU-28. The latest official estimations from the Spanish Ministry of Agriculture, Fisheries, Food and Environment (MAPAMA) for orange production predict a one percent contraction compared to the previous forecast reaching 3,587 MMT but still achieving sixteen percent growth compared to MY 2015/16. Spanish orange production represents about fifty percent of the EU orange production.

The main Spanish orange producing areas are the Regions of Valencia, Andalusia, and Murcia. Valencia and Andalusia account for approximately 90 percent of Spanish orange production. Spanish producers try to cover 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. Oranges are grown with the objective of being consumed as fresh and

oranges of the *Navel* group are the most valued in the local market, especially *Naveline* and *Navelate*. *Valencia Late* variety is used to boost supply in the late part of the season. *Valencia late* varieties have a brighter color, and are more appropriate for juice.

Several years of economic crisis in the orange sector have led producers to abandon orange production in the Region of Valencia substituting it with more profitable niche products such as persimmon and kiwi.

Italy is the second largest European orange producer after Spain. Sicily and Calabria are the main orange-producing areas, accounting for 59 and 22 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 MY 2016/17 orange production is expected to drop severely by 38 percent compared to MY 2015/16 due to lack of summer rains and the citrus tristeza virus (CTV) that affected approximately 45,000 hectares (ha) of citrus groves in the provinces of Catania and Siracusa (Sicily). However, rainfall in September and October proved particularly beneficial for fruit calibers and quality that is expected to be excellent. Italy's MY 2015/16 orange production recovered significantly from the previous campaign thanks to ideal weather conditions. Furthermore, the introduction of new varieties and rootstocks of great quality enabled Italy to extend the production calendar.

Greece's MY 2016/17 orange production is expected to slightly decrease by 0.8 percent compared to the previous year. February frost damaged Navel and Commons varieties at the end of harvest. 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.

In **Portugal** the MY2016/17 season has developed within the normal parameters. Portuguese orange production estimates are 266,000 MT with good calibers and qualities. Previous estimation of Portuguese orange production during MY 2015/16 remains the same.

Table 2. Major EU Fresh Orange Production by Volume in MT

Country	MY 2014/15	MY 2015/16	MY 2016/17
Spain	3,483,600	3,086,800	3,587,000
Italy	1,360,000	1,937,000	1,200,000
Greece	859,000	920,072	917,000
Portugal	219,000	265,000	266,000
Cyprus	33,300	32,800	42,550
Total Production	5,954,900	6,241,672	6,012,550

Source: FAS offices

Consumption

MY 2016/17 EU-28 fresh orange consumption is forecast at 5.3 MMT. In addition, as previously estimated it is expected a slight rise of volumes to be sent to the industry (1.3 MMT in MY 2016/17) due to higher volume of oranges with lower calibers. Fresh consumption per capita in producing countries has traditionally been over the EU average. **Spain's** MY 2016/17 fresh orange consumption remains stable, while the quantity of oranges to be processed is expected to be 23 percent higher to absorb the increase in production. 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 in processing. **Italy's** MY 2016/17 fresh orange consumption is forecast to decrease with also fewer oranges expected to be sent to the industry due to the estimated decline of orange supply. Most oranges are consumed fresh. Blood varieties (*Tarocco*, *Moro*, and *Sanguinello*) are used primarily for fresh consumption. Late varieties (*Ovale* and *Valencia*) are destined to both processing and fresh markets. **Greece's** MY 2016/17 orange consumption is expected to increase driven by high production. Most oranges are consumed fresh. **Portuguese** orange consumption is expected to remain steady and are mostly consumed fresh.

Trade

The EU is a net importer of oranges, with imports largely exceeding exports. Imports of oranges into the EU were 972,568 MT or almost 5 percent higher than previous year, valued at about US \$665 million in MY 2015/16 or 0.5 percent lower than previous campaign, whereas the value of exports in MY 2015/16 was US \$220 million and 319,082 MT meaning 7.75 and 7.5 percent higher than previous year respectively. Intra-EU trade plays a key role considering that oranges production is concentrated in the Mediterranean area. Other EU MS represent the main destination of the major EU producers. Projected EU trade in MY 2016/17 may remain stable.

The major supplier of oranges to the European market is South Africa, followed by Egypt, Morocco, Argentina and Uruguay. On May 27, 2014, the Plant Health Standing Committee of the European Commission decided to increase the control measures on South African citrus exports to the EU-28. EU-28 orange imports from South Africa are increasing in the last years in The Netherlands, United

Kingdom and Portugal while Spain is experiencing a total reduction of orange imports from South Africa in the same period. Egyptian imports have also increased during MY 2015/16, while imports of oranges from Uruguay continue its downward trend (See Table 3 and Graph 1).

During MY 2015/16, the EU-28 exported mainly to Switzerland, Serbia and Norway. Due to the Russian ban, EU-28 orange exports MY 2014/15 decrease 85 percent both quantity and value meaning a loss of USD 25 million and continue with the downward trend in MY 2015/16. EU-28 orange exports experienced a recovery in MY 2015/16 by continuing increasing their presence in new markets such as Brazil, China, Saudi Arabia, United Arab Emirates and Argentina to compensate the loss of the Russian market (See Table 4 and Graph 2).

Spain is the major European orange producer and a net exporter of oranges within the EU-28 with 1,587,776 MT in MY 2015/16, which means a decline of 15 percent compared to the previous year due to lower production in MY 2015/16. The main market is the EU-28, with 91 percent of their total exports of oranges mainly to Germany, France, The Netherlands, United Kingdom and Italy. Since the Russian ban Spain has reoriented their orange exports to new markets such as: Brazil, China, United Arab Emirates, Saudi Arabia or Argentina. Spanish orange imports in MY 2015/16 increased 27 percent compared to previous year due to a decline in production. Spain's orange imports are mainly from other member states and Argentina and Egypt, with important increases in the last year from Uruguay and Morocco.

Italy's MY 2015/16 orange imports (145,733 MT) went down by 33 percent compared to the previous campaign, mainly due to reduced volumes from Spain (-51 percent), the leading supplier to the Italian orange market, accounting for approximately 48 percent of total imports. Italy's MY 2015/16 orange exports (143,796 MT) increased by 18 percent from MY 2014/15, mainly due to increased volumes to other member states.

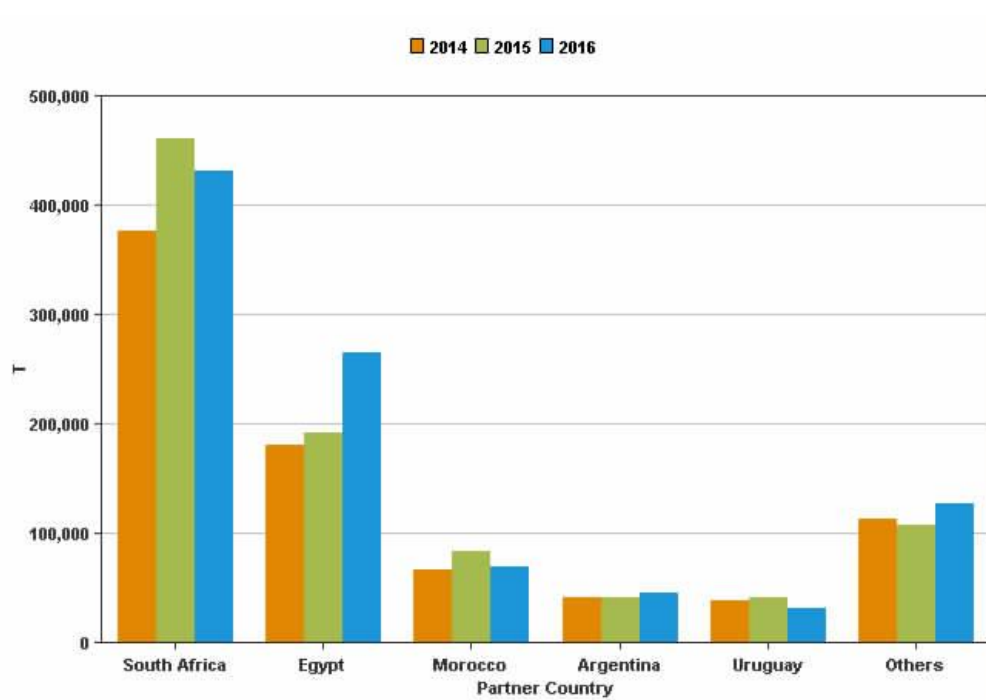
Greece's MY 2015/16 data show a 10-year record increase in orange exports driven by higher production and development of new markets; Greece exported 443,789 MT of oranges, mainly to other member states. Greece's MY 2015/16 orange imports reached 4,177 MT, mainly from South Africa (1,826 MT)

Table 3. EU-28 Imports of Oranges by Origin in MT

Country of Origin	MY 2013/14	MY 2014/15	MY 2015/16
South Africa	376,467	461,815	431,644
Egypt	181,172	192,925	266,069
Morocco	67,224	83,297	69,719
Argentina	41,806	40,875	46,293
Uruguay	39,228	41,641	31,395
Turkey	16,656	8,828	29,471
Others	96,950	98,294	97,977
Total Imports	819,503	927,675	972,568

Source: Global Trade Atlas (GTA).

Graph 1. EU-28 Imports of Oranges by Origin in MT



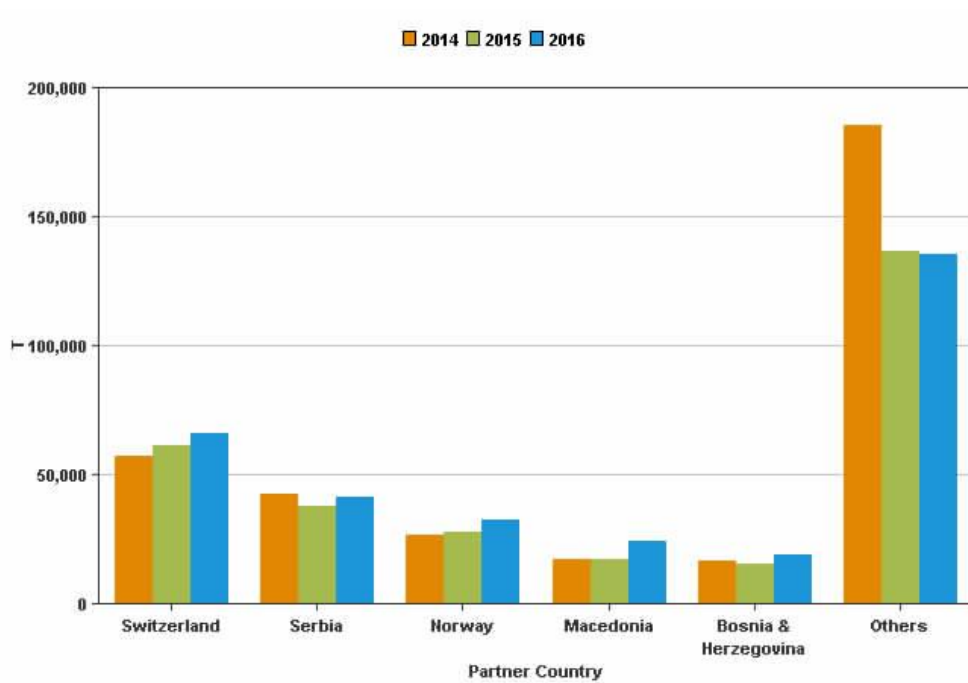
Source: GTA

Table 4. EU-28 Exports of Oranges by Destination in MT

Country of Destination	MY 2013/14	MY 2014/15	MY 2015/16
Switzerland	57,192	61,226	66,251
Serbia	42,733	38,163	41,252
Norway	26,767	27,934	32,411
Macedonia	17,295	17,106	24,176
Bosnia & Herzegovina	16,950	15,384	19,278
Others	185,378	137,018	135,714
Total Exports	346,315	296,831	319,082

Source: GTA

Graph 2. EU-28 Exports of Oranges by Destination in MT



Source: GTA

Orange Juice

Production, Supply and Demand Data Statistics:

Table 5. Orange Juice Production, Supply and Demand (Brix 65)

Orange Juice European Union	2014/15		2015/16		2016/17	
	Market Year Begin: Oct 2014		Market Year Begin: Oct 2015		Market Year Begin: Oct 2016	
	USDA Official	New post	USDA Official	New post	USDA Official	New post
Deliv. To Processors	1,251,000	1,251,000	1,287,000	1,286,000	1,310,000	1,315,000
Beginning Stocks	15,000	15,000	15,000	15,000	15,000	15,000
Production	96,980	96,980	99,771	99,693	101,476	101,941
Imports	889,659	889,661	776,873	777,824	775,000	775,000
Total Supply	1,001,639	1,001,641	891,644	892,517	891,476	891,941
Exports	49,867	49,870	52,015	52,049	50,000	50,000
Domestic Consumption	936,772	936,771	824,629	825,468	826,476	826,941
Ending Stocks	15,000	15,000	15,000	15,000	15,000	15,000
Total Distribution	1,001,639	1,001,641	891,644	892,517	891,476	891,941
MT						

Source: FAS Offices

Production

The volume of oranges dedicated for processing depends on the quantity and quality of orange production. In MY 2016/17 EU-28 orange juice production has been revised up 0.45 percent compared to previous forecast with 101,941 MT (Brix 65), meaning a growth of 2.25 percent compared to MY 2015/16 following the upward trend of the last few years. This production is in line with the expected rise in deliveries of oranges for processing. The European citrus sector is strongly orientated towards the fresh produce market. Margins are better for fresh fruit intended for fresh consumption for both domestic and export demand.

Consumption

While orange juice is the most popular juice within the EU-28, it competes with other non-alcoholic drinks and juices made from other fruits. Despite the competition of other drinks, MY 2016/17 EU-28 orange juice consumption is forecast to be stable. The convenience of orange juice is reflected in its better adaptation to modern consumption habits than whole fresh oranges. Fourteen countries within the EU-28, among them Spain, are developing a promotional campaign called “*Fruit Juice Matters*” (www.fruitjuicematters.eu) to increase the fruit juice consumption and perception. In Spain the promotional campaign with private funds is called: “*Zumo de Fruta en Serio*” developed by ASOZUMOS, the Spanish Association of Fruit Juice.

Trade

EU-28 is a net importer of orange juice, heavily dependent on third countries to reach the EU-28 orange juice demand. In MY 2015/16 EU-28 imports have decreased by 12.5 percent as internal EU-28 orange juice production is following an upward trend, reaching 777,826 MT (Brix 65) valued at USD 1,425 million. Brazil continues to be the main supplier of orange juice to the EU with around 90 percent of total imports. In MY 2015/16 the EU-28 imported 17,184 MT from the United States meaning three percent decrease valued USD 39 million and being surpassed by imports from Mexico (Table 6).

EU-28 orange juice exports have increased by 4.4 percent in MY 2015/16 with main export destinations to be Saudi Arabia and Japan. EU-28 orange juice exports to China are following an upward trend the last years, reaching 2,231 MT in MY 2015/16 valued at USD 4 million (Table 7).

Table 6. EU-28 Imports of Orange Juice by Origin in MT (Brix 65)

Country of Origin	MY 2013/14	MY 2014/15	MY 2015/16
Brazil	915,191	811,595	699,597
Mexico	28,129	19,508	21,548
United States	52,074	17,761	17,185
South Africa	11,942	11,872	12,074
Others	43,527	28,926	27,421
Total Imports	1,050,862	889,661	777,825

Source: GTA

Table 7. EU-28 Exports of Orange Juice by Destination in MT (Brix 65)

Country of Destination	MY 2013/14	MY 2014/15	MY 2015/16
Saudi Arabia	7,002	5,448	6,522
Japan	3,822	5,448	5,781
Switzerland	5,621	3,420	3,515
Algeria	5,140	3,732	3,109
Others	35,516	31,823	33,122
Total Exports	57,104	49,871	52,049

Source: GTA

Tangerines/Mandarins, Fresh

Production, Supply and Demand Data Statistics:

Table 8. Tangerines/Mandarins, Fresh Production, Supply and Demand

Tangerines/Mandarins, Fresh	2014/15	2015/16	2016/17
European Union	Market Year Begin: Oct 2014	Market Year Begin: Oct 2015	Market Year Begin: Oct 2016

	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	160,291	160,291	158,120	158,857	158,148	157,627
Area Harvested	153,558	153,558	150,865	151,445	150,862	151,037
Production	3,474	3,474	3,054	3,076	3,302	3,231
Imports	367	367	420	422	350	350
Total Supply	3,841	3,841	3,474	3,498	3,652	3,581
Exports	287	287	250	250	260	260
Fresh Dom. Consumption	3,206	3,206	2,922	2,976	3,064	2,963
For Processing	348	348	302	272	328	358
Total Distribution	3,841	3,841	3,474	3,498	3,652	3,581
HECTARES, 1000 MT						

Source: FAS Offices

Production

Total European tangerine production in MY2016/17 has been revised down 2 percent compared to previous estimates, reaching 3,231 thousand MT due mainly to a lower estimation of tangerine production in Spain. EU-28 tangerine production during MY 2016/17 is expected to increase by 5 percent compared to previous year due to the rise of Spanish tangerine production (See Table 9).

Spain is the major producer of tangerines within the EU-28. According to the Ministry of Agriculture Spain's total tangerine/mandarin production is expected to increase 19 percent compared to previous campaign, reaching 2.374 MMT in MY 2016/17. This is mostly due to the growth in production of *Clementine* by 17 percent reaching 1.590 MMT, *Satsuma* by 72 percent reaching 202,000 MT and hybrids of mandarins by 11 percent reaching 582,000 MT. Grades and color are expected to be normal. The main Spanish regions of tangerine/mandarin production are the Region of Valencia, Andalusia and Catalonia. The industry continues to expand the range of varieties used in order to have product throughout most of the year. Breeders are continuously creating new early and late varieties to extend the season.

Italy's tangerine production consists of over 80 percent seedless clementines and nearly 20 percent mandarins. Calabria, Sicily, and Apulia are Italy's main tangerine-producing areas. Italy's MY 2016/17 tangerine production is expected to drop by 25 percent compared to the previous campaign due to lack of summer rains and CTV that affected approximately 45,000 hectares (ha) of citrus groves in the provinces of Catania and Siracusa (Sicily). However, quality is estimated to be good, thanks to beneficial late summer rainfall. *Comune* or *Oroval* and *Monreal* are the leading clementine varieties grown in the country. *Avana* and *Tardivo di Ciaculli* are the chief mandarin cultivars.

Greece's MY 2016/17 tangerine production is expected to decrease 9.6 percent compared to the previous year, due to unsatisfactory fruit set. The loss will be mainly in the Peloponnese area, while in the western areas of Igoumenitsa, Arta, Mesologgi, and Thesprotia the loss will be moderate due to the new plantings entering into production. *Clementine* is the major tangerine variety grown in Greece; new plantings include *Nova*, *Page* and *Ortanique* varieties.

In **Portugal** the MY2016/17 season has developed within the normal parameters. The Algarve is the most representative region with 80 percent of the total producing area. The production of tangerines is projected at the same levels of last year with normal calibers and quality.

Table 9. Major EU Fresh Tangerine Production by Volume in MT

Country	MY 2014/15	MY 2015/16	MY 2016/17
Spain	2,389,900	1,994,300	2,374,600
Italy	866,000	836,000	626,000
Greece	140,257	161,502	146,000
Cyprus	39,000	44,000	44,000
Portugal	39,000	41,000	41,000
Total Production	3,474,157	3,076,802	3,231,600

Source: FAS Offices

Consumption

MY 2016/2017 EU-28 fresh tangerine consumption is forecasted to stay flat with almost 3 million MT. Most tangerines are consumed fresh, consuming large quantities of clementines and mandarins during winter holidays when the bulk of production hits the market.

Trade

The EU-28 is a net importer of tangerines. The major suppliers of tangerines to the European market are Morocco, South Africa, Israel, Turkey and Peru. During MY 2015/16, the EU-28 imported 422,492 MT of tangerines, 15 percent increase compared to previous year due to a reduction in production, valued USD 485 million a rise of 11 percent. Imports from the United States decreased 39 percent in MY 2015/16 compared to previous year, reaching 3,840 MT which were valued at USD 5 million (See Table 10 and Graph 3). During MY 2016/17 EU-28 imports may decrease due to the growth in tangerine production.

During MY 2015/16 the EU-28 exported 249,904 MT of tangerines, meaning 13 percent decreased compared to previous year, valued at US \$219 million, or 12 percent decreased mainly to Switzerland, Ukraine, Belarus, Norway and the United States. MY 2015/16 EU-28 tangerine exports to Russia registered a decline of almost USD 70 million percent compared to MY 2013/14 as a consequence of the Russian ban in place since August 7, 2014. EU-28 exports of tangerines to the United States come mainly from Spain and decreased 28 percent in MY 2015/16 reaching 23,302 MT valued at USD 22 million, following the downward trend of the last five years (See Table 11 and Graph 4). EU-28 tangerine exports to new markets such as China-Hong Kong experienced an important growth. During MY 2016/17 EU-28 exports may slightly increase due to the tangerine availability.

Spain is a net exporter of tangerines. In MY 2015/16 Spain decreased its tangerine exports by 11 percent reaching 1,485,937 MT, valued at USD 1.5 billion. About 90 percent of Spain's tangerine exports are going to EU-28 mainly to Germany, France United Kingdom and Poland. In MY 2015/16 Spain exported to the United States 23,225 MT of tangerines, 28 percent less than previous year, following the downward trend of the last 5 years.

Spanish exports of mandarins to Asia follow an upward trend as alternative markets to Russia, with an important increase in MY 2015/16 to China-Hong Kong. Spanish exporters have reoriented their tangerine exports to new markets such as Canada, United Arab Emirates, Brazil, Saudi Arabia or China-Hong Kong.

Spain's MY 2015/16 tangerine imports amounted 19,992 MT, with almost 90 percent coming from other member states mainly from Portugal.

Italy's MY 2015/16 tangerine imports (83,342 MT) declined 15 percent compared to the previous campaign, mainly due to reduced volumes from Spain (-15 percent), the leading supplier to the Italian tangerine market, accounting for 83 percent of total imports. In MY 2015/16, Italy exported approximately 84,402 MT of tangerines, 4 percent lower than MY 2014/15, mainly due to reduced quantities to Poland and Romania, the leading destinations for Italian tangerines.

For MY 2015/16, **Greek** tangerines exports boosted driven by higher demand mainly from Romania, Bulgaria and Poland. Greece imported 2,141 MT of fresh tangerines mostly from Italy and Cyprus.

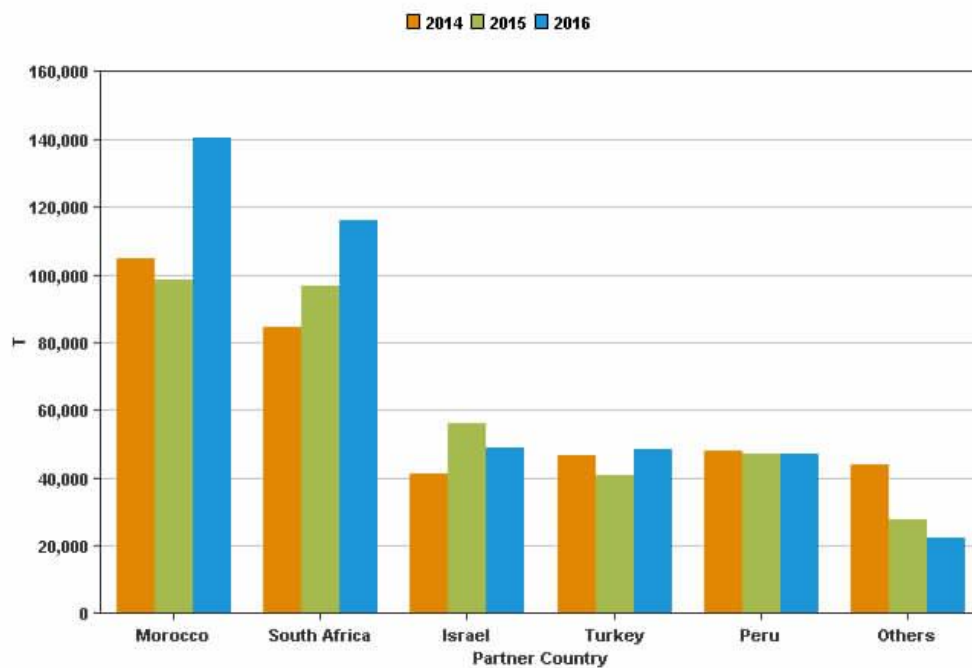
Table 10. EU-28 Imports of Tangerines by Origin in MT

Country of Origin	MY 2013/14	MY 2014/15	MY 2015/16
Morocco	104,646	98,442	140,265
South Africa	84,396	96,871	115,872
Israel	41,397	56,326	48,761
Turkey	46,779	40,928	48,377
Peru	48,040	46,958	47,092
Uruguay	16,914	10,313	6,235
Argentina	12,182	4,084	3,962
United States	5,096	6,347	3,840

Others	9,825	6,989	8,088
Total Imports	369,275	367,258	422,492

Source: GTA

Graph 3. EU-28 Imports of Tangerines by Origin in MT



Source: GTA

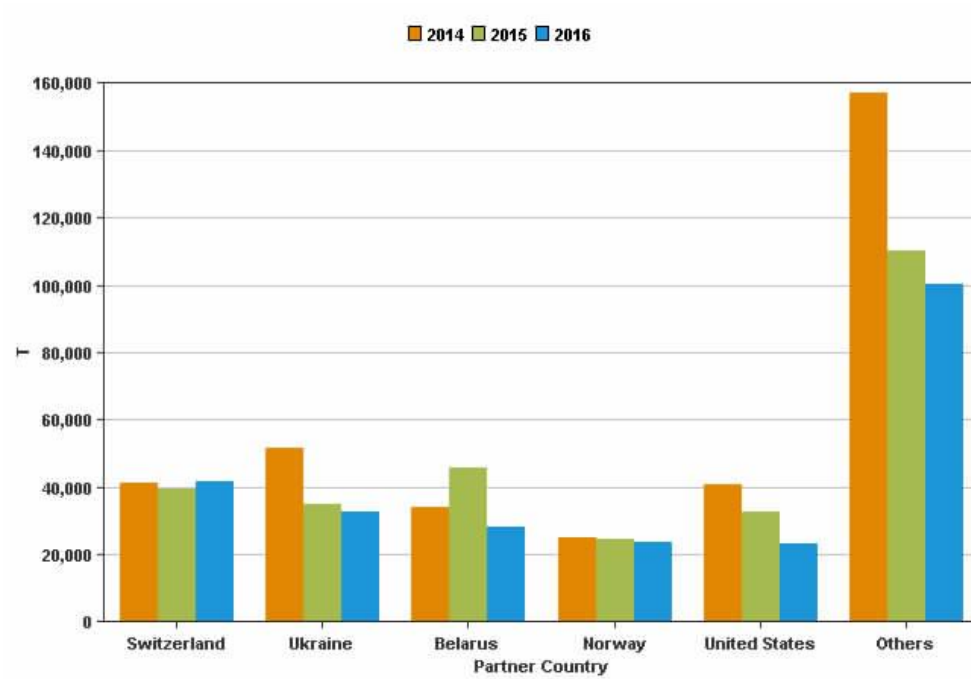
Table 11. EU-28 Exports of Tangerines by Destination in MT

Country of Destination	MY 2013/14	MY 2014/15	MY 2015/16
Switzerland	41,351	39,418	41,627
Ukraine	51,473	34,872	32,867
Belarus	33,952	45,535	28,121
Norway	25,132	24,349	23,666
United States	40,568	32,487	23,302
Serbia	19,645	21,971	17,514

Canada	9,854	18,122	16,545
Others	127,663	69,892	66,262
Total Exports	349,638	286,646	249,904

Source: GTA

Graph 4. EU-28 Exports of Tangerines by Origin in MT



Source: GTA

Lemons, Fresh

Production, Supply and Demand Data Statistics:

Table 12. Lemons, Fresh Production, Supply and Demand

Lemons/Limes, Fresh European Union	2014/15		2015/16		2016/17	
	Market Year Begin: Oct 2014		Market Year Begin: Oct 2015		Market Year Begin: Oct 2016	
	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	72,434	72,434	71,471	71,990	71,484	71,331
Area Harvested	62,377	62,377	61,774	62,342	62,446	63,734
Production	1,598	1,597	1,269	1,269	1,554	1,523
Imports	399	399	539	557	400	400
Total Supply	1,997	1,996	1,808	1,826	1,954	1,923
Exports	105	105	68	68	90	90

Fresh Dom. Consumption	1,539	1,538	1,514	1,532	1,553	1,541
For Processing	353	353	226	226	311	292
Total Distribution	1,997	1,996	1,808	1,826	1,954	1,923
HECTARES, 1000 MT						

Source: FAS Offices

Production

EU lemon production is expected to reach 1,523 thousand MT in MY 2016/17, a 20 percent increase from the previous year, driven by the rise in Spanish and Italian lemon production. Figures have been revised down two percent from previous estimates (See Table 13).

Spain is the largest lemon producer in the EU-28. Lemon production in Spain is concentrated in three regions located in the southern Mediterranean area: Murcia, Region of Valencia and the Provinces of Malaga and Almeria in Andalusia. The dominant varieties in Spain are *Fino* which represents around 70 percent of total production and is favored by the processing sector and *Verna*, a tender and juicy variety with few seeds, representing around 30 percent of total production. There is an interest to replace *Fino* varieties by *Verna* varieties, representing in the short-term, 60 percent of total production for *Fino* varieties and 40 percent of total production for *Verna* varieties. With *Verna* variety there is higher profitability and less competition with Turkey. In MY 2016/17 Spanish lemon production may increase 20 percent compared to previous year due to favorable weather conditions with expected very good calibers and qualities.

Italy is the second largest European lemon producer after Spain. Sicily is the main lemon-producing area, accounting for 86 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 2016/17 lemon production is expected to be 'on average' compared to the poor MY 2015/16 campaign, thanks to autumn rainfall that proved particularly beneficial for fruit quality and calibers.

Greece's MY 2016/17 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. It has a thin, shiny peel and when fully ripe has a yellow color. The early varieties *Interdonato* and *Eureka* are also grown in Greece.

In **Portugal** the MY2016/17 season has developed within the normal parameters. The production of lemon is projected at the same level as last year with normal calibers and quality.

Table 13. Major EU Fresh Lemons/Limes Production by Volume in MT

Country	MY 2014/15	MY 2015/16	MY 2016/17
Spain	1,089,000	775,800	933,100

Italy	429,000	394,000	490,000
Greece	55,100	68,500	69,000
Portugal	13,000	16,000	16,000
Cyprus	11,000	15,000	15,000
Total Production	1,597,100	1,269,300	1,523,100

Source: FAS Offices

Consumption

EU-28 consumption is forecast to be around 1.5 MMT in MY2016/17 stable compared with the last few years. The industry is also projected to process almost 30 percent more lemons compared to previous year mainly due to an increase in total supply especially from Spain. Lemons are primary used for fresh consumption. The lemon per capita consumption in the EU for 2016/17 is estimated at 2.7 kilos. Greece has become increasingly reliant on imported lemon juice to meet consumer demand for soft drinks.

Trade

The EU-28 is a net importer of lemons (See Table 14 and Graph 5). In MY 2015/16 imports into the EU reached 557,469 MT meaning a growth of almost 40 percent compared to previous year valued at USD 847 million due to a drop in production, while the value of exports in MY 2015/16 was USD 99 million with 68,532 MT or 35 percent decrease compared to last year (See Table 15 and Graph 6). Intra-EU trade is critical to the sector, taking into account the volume of lemons produced in the Mediterranean Member States and the demand in non-producer Member States.

The major supplier to the European market is Argentina, followed by Turkey, Brazil, South Africa and Mexico. EU-28 lemon imports from Morocco and Tunisia experienced an important increase in MY 2015/16. The main extra-EU destinations for European lemons are Switzerland, Belarus, Norway and Canada. Spain, the leading EU lemon producer, exported 22 percent less lemons than previous campaign in MY 2015/16 reaching 524,879 MT, due to a decline in Spanish production. However, the value rose 16 percent to USD 826 million confirming the leading commercial position of Spanish lemons, of which 94 percent was sent to other EU Member States. EU lemons exports to Russia decreased by 92 percent in MY 2014/15 due to the Russian ban.

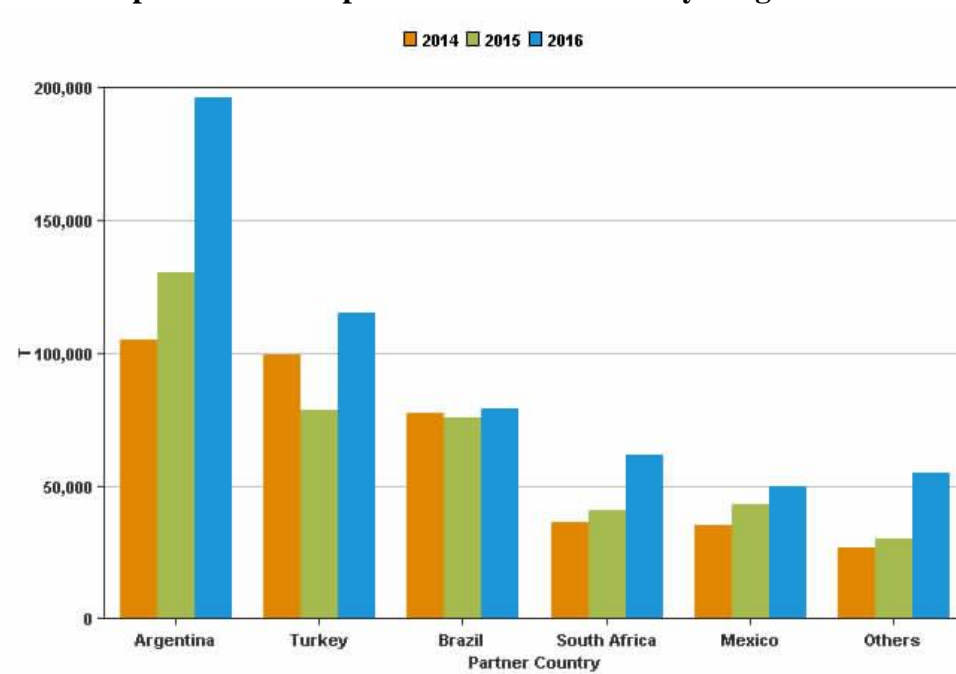
Table 14. EU-28 Imports of Lemons/Limes by Origin in MT

Country of Origin	MY 2013/14	MY 2014/15	MY 2015/16
Argentina	105,153	130,648	196,533
Turkey	99,447	78,839	115,296
Brazil	77,333	75,949	78,992
South Africa	36,370	40,787	61,934
Mexico	35,114	42,950	49,674
Others	26,756	29,928	55,040

Total Imports	380,173	399,101	557,469
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Source: GTA

Graph 5. EU-28 Imports of Lemons/Limes by Origin in MT



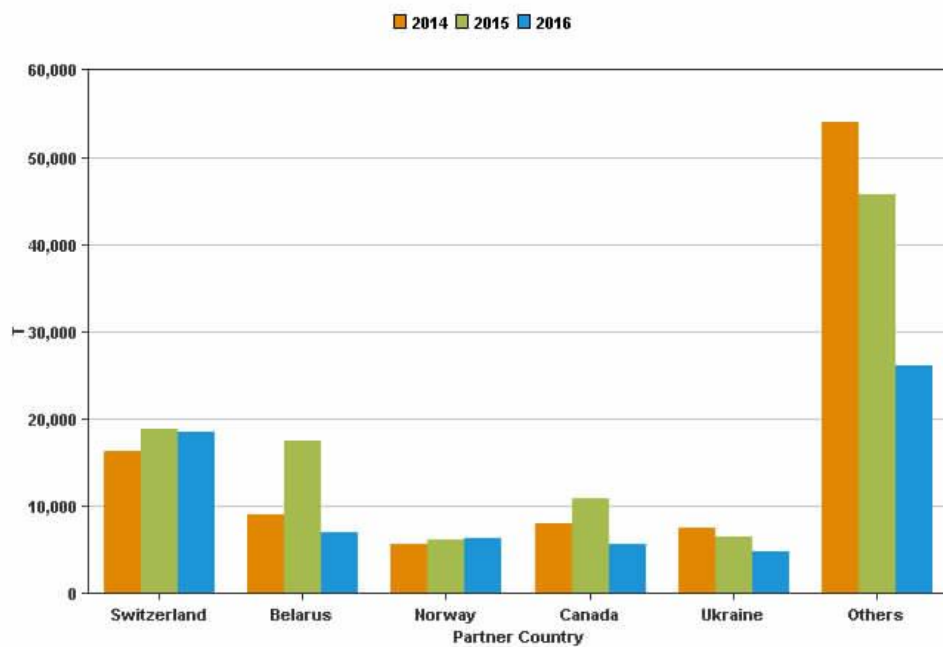
Source: GTA

Table 15. EU-28 Exports of Lemons/Limes by Destination in MT

Country of Destination	MY 2013/14	MY 2014/15	MY 2015/16
Switzerland	16,370	18,888	18,531
Belarus	8,994	17,477	6,968
Norway	5,649	6,112	6,374
Canada	8,039	10,878	5,674
Ukraine	7,596	6,537	4,824
Others	53,955	45,701	26,161
Total Exports	100,603	105,593	68,532

Source: GTA

Graph 6. EU-28 Exports of Lemons/Limes by Destination in MT



Source: GTA

Grapefruit, Fresh

Production, Supply and Demand Data Statistics:

Table 16. Grapefruit, Fresh Production, Supply and Demand

Grapefruit, Fresh European Union	2014/15		2015/16		2016/17	
	Market Year Begin: Oct 2014		Market Year Begin: Oct 2015		Market Year Begin: Oct 2016	
	USDA Official	New post	USDA Official	New post	USDA Official	New post
Area Planted	3,208	3,208	3,275	3,045	3,273	3,043
Area Harvested	2,450	2,450	2,403	2,372	2,490	2,360
Production	109	109	102	102	115	101
Imports	339	339	364	364	335	350
Total Supply	448	448	466	466	450	451
Exports	15	14	14	13	15	15
Fresh Dom. Consumption	415	416	434	435	416	417
For Processing	18	18	18	18	19	19

Total Distribution	448	448	466	466	450	451
HECTARES, 1000 MT						

Source: FAS Offices

Production

Overall EU-28 grapefruit production has been revised down 12 percent compared to previous estimation, reaching 101 thousand MT due mainly to a lower production in Spain. EU-28 grapefruit production is expected to decline two percent compared to previous year (See Table 17). About 75 percent of EU-28 grapefruit consumption is supplied by imports while EU-28 grapefruit production is following a downward trend during the last years.

Spain is the major grapefruit producer within the EU-28. Spain's grapefruit production is projected to decrease 0.9 percent in MY 2016/17 compared to campaign reaching 67,800 MT. Spain's grapefruit production is concentrated in the region of Murcia (60 percent), Andalusia (25 percent) and region of Valencia (12percent). The main variety planted is *Ruby Red*.

Cyprus, the second largest EU-28 grapefruit producer, is regarded as amongst the best worldwide. *White Marsh Seedless*, mostly grown in the Limassol area, is the major grapefruit variety grown in Cyprus. New plantations have been established in the district of Paphos where the Red varieties (*Star Ruby*, *Red Blush*, and *Rio Red*) were introduced to meet market demand.

Grapefruit production in **Italy** and **Portugal** is expected to be stable and we predict an almost nine percent decrease in Greece.

Table 17. Major EU Fresh Grapefruit Production by Volume in MT

Country	MY 2014/15	MY 2015/16	MY 2016/17
Spain	77,900	68,400	67,800
Cyprus	20,000	24,000	24,000
Italy	5,400	4,900	5,000
Greece	5,900	4,500	4,100
Portugal	200	200	200
Total Production	109,400	102,000	101,100

Source: FAS Offices

Consumption

EU-28 consumption of fresh grapefruit is forecast to remain stable at around 417,000 MT in 2016/17. The Spanish industry believes there is the potential for growth in the consumption of grapefruit as the majority of people still do not consume grapefruit. Cypriot grapefruits are both consumed fresh and

channeled to food and beverage manufacturers. EU-28 grapefruits for processing are estimated at 19,000 MT for MY 2016/17.

Trade

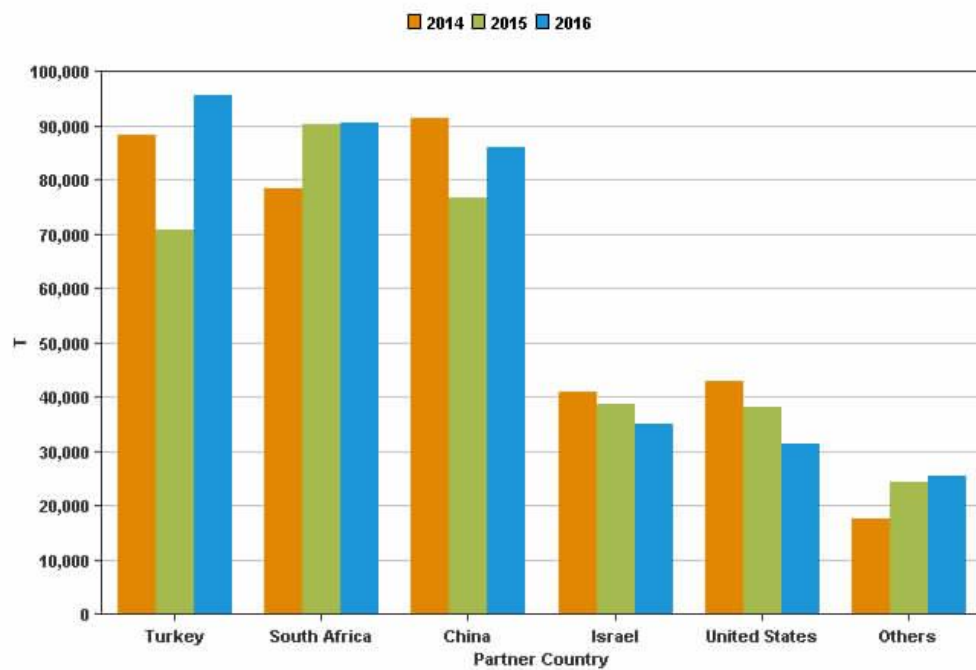
The EU-28 is a net importer of grapefruits. The EU-28 imports a large quantity of grapefruits as domestic supply is currently enough to supply only quarter of internal demand. EU-28 imports for MY 2015/16 amounted for 364,381 MT valued at USD 310 million while EU-28 exported 13,551 MT valued at USD 12 million. Turkey, South Africa, China, Israel and the United States were the leading suppliers to the EU-28 market. Imports from the United States were valued at almost USD 38 million or 14 percent reduction compared to previous year, following a downward trend in the last five years (See Table 18 and Graph 7). EU-28 grapefruit exports are mainly going to Switzerland, Belarus and Ukraine (See Table 19 and Graph 8). Exports to Russia decreased 71 percent in MY 2015/16 losing USD 5 million since MY 2013/14.

Table 18. EU-28 Imports of Grapefruit by Origin in MT

Country of Origin	MY 2013/14	MY 2014/15	MY 2015/16
Turkey	88,248	70,864	95,710
South Africa	78,380	90,406	90,615
China	91,513	76,639	86,135
Israel	41,034	38,755	34,989
United States	42,998	38,270	31,422
Others	17,668	24,432	25,510
Total Imports	359,841	339,366	364,381

Source: GTA

Graph 7. EU-28 Imports of Grapefruit by Origin in MT



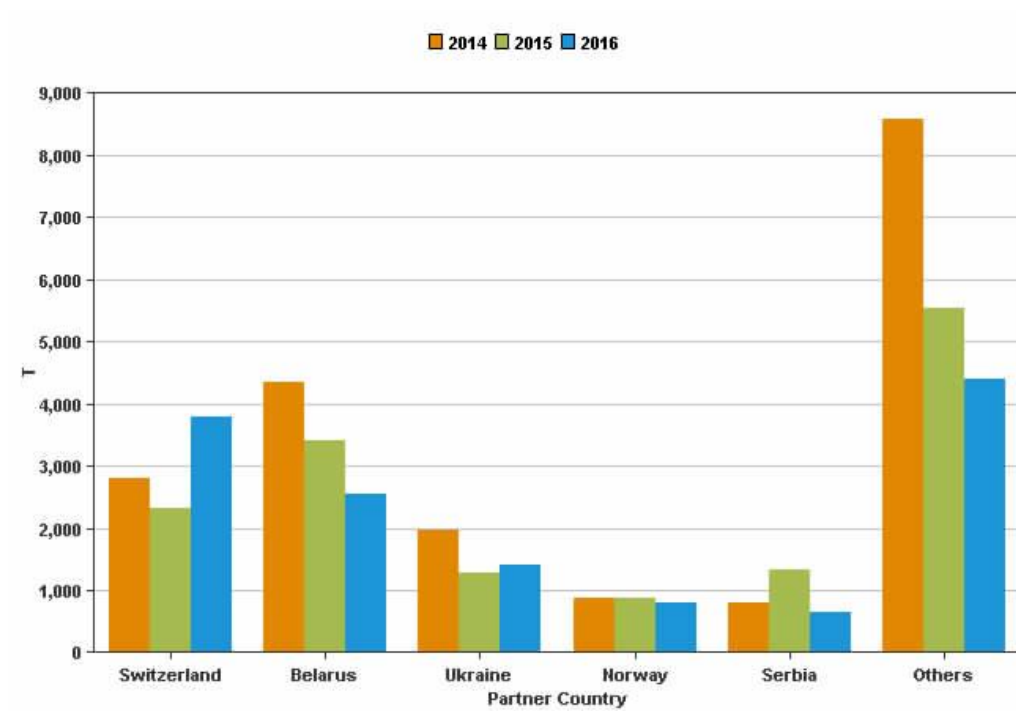
Source: GTA

Table 19. EU-28 Exports of Grapefruit by Destination in MT

Country of Destination	MY 2013/14	MY 2014/15	MY 2015/16
Switzerland	2,801	2,319	3,781
Belarus	4,356	3,405	2,536
Ukraine	1,965	1,279	1,404
Others	10,261	7,742	5,830
Total Exports	19,383	14,745	13,551

Source: GTA

Graph 8. EU-28 Exports of Grapefruit by Destination in MT



Source: GTA

EU Policy

New 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 2020 reform 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 new regulation as of January 20, 2014.

On June 1, 2017, [Commission Delegated Regulation 2017/891](#) entered into force to increase the support for withdrawals for fruit and vegetable Producer Organizations (POs). The new 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 will also simplify and clarify legislation with regard to payments to transnational POs and their associations. POs can make use of the new provisions for the next programming period (2018).

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 for 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).

Certification of Fruit Shipments

Plant products need a phytosanitary certificate to be exported to the EU. Phytosanitary certificates issued by an APHIS inspector are required to accompany fruit, vegetable, and nut shipments. APHIS issues phytosanitary 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. More information can be accessed on DG Health and Consumer Protection's website http://ec.europa.eu/food/plant/plant_health_biosecurity/non_eu_trade/index_en.htm

[Commission Regulation 1756/2004](#) provides for plant health checks to be carried out at reduced frequency when justified. The list of products recommended for plant health checks at reduced levels was issued on [October 22, 2015](#). On an annual basis, the Commission monitors imports of fruit and vegetables to determine how to adjust the frequency of testing consignments.

New CAP School Scheme

The European “School Fruit Scheme” (SFS) originated in 2009 as a measure to combat child obesity and includes three elements: free distribution of fruit and vegetables in schools, information campaigns on healthy eating habits, and monitoring and evaluation. As in previous years, the EU funds of \$164

million (€150 million) were allocated in the school year 2016/2017 to 25 [Member States](#) that decided to participate in the program - with Sweden, Finland and United Kingdom opting out.

[Regulation EU No 2016/791](#) on the new School Scheme for Milk, Fruit and Vegetables will apply as of August 1, 2017.

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 of \$76 million (€60 million) will increase annually until it reaches \$255 million (€200 million) in 2020. National co-funding will no longer be needed and EU associations will be able to apply directly for a program.

Maximum Residue Level for Fruit

Maximum Residue Levels (MRLs) for pesticides, including import tolerances, have been harmonized throughout the EU since September 2008. As a marketing tool, some retail chains in the EU adopt private standards that exceed EU regulations by requiring their suppliers to adhere to stricter company policies that limit the maximum residues to 30, 50, or 70 percent of the respective EU MRL.

Please find the link to the [EU MRL database](#), as well as to the International [MRL database](#) developed by USDA for MRLs worldwide.

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 2017 are published in [Commission Implementing Regulation 2016/1821](#). The tariffs for citrus fruit remain unchanged compared to the levels of 2014 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 on September 29, 2014.

[Commission Delegated Regulation \(EU\) 2016/921](#) introduced the new aid scheme for fruit and vegetable producers as the ban continues through 2017. It extends the previous scheme but with a lower budget and ceilings for volumes to be withdrawn. As before, the Commission proposes an additional quantity of up to 3000 tons for all Member States to further stabilize the market. The aid for market withdrawals and free distribution entered into force on July 1, 2016, and producers of fruit and vegetables have until July 31, 2017, to apply for their allocation.

More information on the Commission's response to the Russian ban can be found here:

http://ec.europa.eu/agriculture/russian-import-ban/index_en.htm