



Brussels,
AGRI.E.2/TLU/bb/2023/12214752

MINUTES

Meeting of the Expert Group Fruit and Vegetables Market Observatory –

CITRUS FRUIT

24 November 2023

Chair: AGRI E.2

Organisations present: All Member organisations were present, except PROFEL and AREFLH.

1. APPROVAL OF THE AGENDA

The agenda was approved.

2. NATURE OF THE MEETING

The meeting was hybrid, with physical and virtual participation via Interactio. It was non-public and had interpretation in FR, EN, IT and ES.

3. LIST OF POINTS DISCUSSED

3.1. Global trends in citrus production and trade

An external expert from CIRAD gave an update on the world citrus trade 2022/23 and the forecast for 2023/24. The world trade on citrus in 2022/23 dropped at 13.4 million tonnes (mt), almost 1-million-ton loss mainly due to the lowest harvest in 10 years in the Mediterranean. Growth slowed down for all citrus families, except for easy peelers, because of inflation and supply problems linked to climate change. This trend affects not only citrus but also other fruits.

A record-breaking crop is expected in 2023/24 in the Mediterranean, increasing from 21.4 to 24.6 mt (+9% / 4-season average). The forecast is however complex since there are many differences by citrus families and by producing countries. The expected production evolution is in line with the planting trends that are increasing in Turkey and Egypt while remain stable in the EU citrus producing MS.

The easy peelers production is expected to recover to 7.6 mt (it was 6.8 in 2022/23) due to a massive Turkish crop that will reach 2.4 mt (+28% YoY) which is in line with the planting trends. Serious shortage is however expected in the USA, UK and EU27 due to the decrease of production in Spain that will affect specially clementines. Calibre for fruit will also be affected, size low to medium because of lack of rainfall.

Orange production will also recover to 12.2 mt (it was 10.7 in 2022/23) due to production increase in Turkey and Egypt. However, it will be the lowest crop of the decade in Spain, 2.6 mt which is 21% below the 4-year average. The stock of orange juice is at the lowest for year and prices have doubled in comparison to 2022 reaching 5.000 US\$/ton of 65B concentrate.

Production of lemons will also recover from 3.3 to 4.2 mt mainly because of the increase in Spain 1.4 mt (+15% / 4-year average) and Turkey 1.8 million tons (+50% / 4-year average), despite of the decrease in Italy 0.39 mt (-15%/4-year average). This increase is in line with the planting trends in Spain (+9.000 ha in 5 years) and Turkey (+20.000 ha in 5 years). The share of organic is increasing in Spain and Italy where 22% and 35% respectively of the orchards are certified or in conversion. Contrary to the situation in orange juice, lemon concentrate has reached the worst prices of the last 10 years (1.100 US\$/t of concentrate 400 GPL FOB Argentina).

Replying to questions, the expert indicated that Egypt and Turkey have still potential to increase production and planting in the future. Exports to the EU might increase for this marketing year to compensate the lower EU production, particularly from Egypt because Turkey production is more oriented to Eastern markets and EU market might be difficult for Turkey in terms of sanitary requirements (e.g. MLRs). He also explained that late varieties are developing as they have better quality, nicer colour and higher sugar level. Regarding the decrease of exports to China, he referred to the impact of covid as well as possible increase of domestic production. He also explained that due to the low level of orange juice there could be an effect of substitution in the juice market and multi fruit juice could be an option.

3.2. Forecast for 2023/24 for the Northern Hemisphere

The vice-president of the World Citrus Organisation (WCO) provided detailed information on the 2023/2024 citrus forecast for the Northern hemisphere for each of the main producing countries and for each type of citrus. He indicated that orange production is expected to increase to 14.6 mt (+11.5% YoY but -5%/four-year average) and soft fruits to 8.4 mt (+10% YoY and +6.5%/four-year average) due to the production increase in Turkey and Egypt. On the other hand, main EU producing countries such ES and IT are stable.

Quality of production will be affected by weather events (heat waves, droughts, high night temperature) that have an impact on fruit size and colour and contribute to the spread of plant pests. Depending on the quality of the product it will be destined for export or for the internal market and to be consumed fresh or processed. It might be difficult to find markets for the high production in Turkey therefore a part of it could remain unharvested. On lemon, there has been a record production in Argentina and Turkey and Egypt will also increase production.

Replying to questions, the expert stressed that the increase of surface in Egypt and Turkey is a clear trend but these countries might not have facilities to process all

production, in particular Turkey. He also explained that Egypt can compete in the EU market because of lower production costs, including labour costs, but Turkey faces difficulties to access the EU market because of the pesticide levels. In his view, the EU should not compete in price but should communicate better to consumers the added value of the EU production in terms of food safety, sustainability, environmental impact, landscape, etc. He also explained that the potential of the Chinese market did not consolidate, that citrus face the competition of other fruits and inflation has affected consumption of all fruits. Due to weather events that have affected the quality of fruits more production might go to processing as supermarkets are very demanding with the appearance of fruits (e.g. fruits with skin damaged because of wind). He explained that consumers of fresh product will not move to processed product, but younger consumers might have a preference for processed.

3.3. Stock taking of the 2022/23 campaign and forecast for the campaign 2023/24 in the EU producing countries

Spain

The COGECA expert referred to the market situation in Spain. He said that despite the high prices registered, profitability has been low. He referred to the lack of water in some producing regions, the impact of plant pest in production and the increase of production and post-harvest costs.

In soft citrus fruit, export decreased every month of the 2022-23 season even if dynamics at the beginning and at the end of season were different. Early varieties, starting mid-September, are being replaced by late varieties from South Africa that have good quality and stay can long in the market shelves. He explained that early varieties are more difficult to grow and have lower yield, 20.000 kg/ha in comparison to 40.000 kg/ha for late varieties.

The production of oranges was also low in particular at the end of the season where imports increased because the ES production was not enough to supply the EU markets. He explained that Egypt has hugely increased exports to the EU, because of the lower production costs, and to Brazil, because no taxes are paid, contrary to Spain oranges that pay 8-10% duties. On varieties, Egypt is planting *Valencia late* which is better adapted than navel to the conditions in the Nile valley.

The 2023/24 season has started with some delay but it is ongoing in all the regions. Production might be even lower than expected, calibre of fruit is small, colour is poor and wind has also damaged production. In some regions not only the production but also the trees are at risk. Prices are much higher than in previous seasons, but the trend is not yet reflected in the contracts with the distribution at EU level. Another important factor is the decrease in citrus consumption, particularly in oranges.

Italy

The COGECA expert confirmed that the situation in Italy is in line with the global trends described. She referred to the good quality of the production and the reduction of purchasing power that affects consumption. Italian production is mainly intended for Italian consumption, but production is also sent to other EU markets and the Japanese market is opening. Tarocco in Italy is mainly consumed fresh while in the rest of the

world is consumed as processed. The surface of citrus remains stable, with some increase for blood oranges, and the production in 2023/24 is estimated to drop by 6 or 7% YoY.

Greece

The WUWM expert confirmed that Greece is facing similar problems as ES and IT. In 2022/23 the production was around 870.000 t which was higher than in the previous season. Prices paid were also higher than in the previous season, around 69 EUR/100kg.

The orange production in 2023/24 is expected to decline by 10% YoY and the production of lemon by 15% YoY. It is also expected that quality will be lower and calibres that are small should improve when rain starts. He explained that around 80% of the production stays in the Greek market and that main export markets are RO, PL, CZ and AT.

3.4. Lemon and grapefruit: trends in production in Spain - (Ailimpo/Freshfel)

The president of Ailimpo stressed the importance of market transparency which has a positive impact on credibility and contributes to increase sales. He referred to the expansion of organic lemon in the last 10 years due to conversion and also to new plantations (7 million lemon trees planted). In 2022 the area in organics seems to stabilize and it represents 22% of the total lemon area in Spain, close to the 25% set in the European Green Deal. Full production is expected in 2026 or 2027, reaching a total production of 1.7 or 1.8 million tons, which will compete with the Turkish production.

Regarding grapefruit, surface in organic has also increase a lot, perhaps too much, and there is the risk that it will not be possible to sell all this production as organic. There have been also new plantations, 1 M grapefruit trees planted in the last 8 years.

He explained that there are two main drivers for farmers to convert into organic. The first one is the motivation to be more sustainable and the second one is the price difference, even if it has been decreasing in the last years. He said that organic and conventional have similar yield but conversion is a demanding process. He also anticipated a period of contraction due to the expected level of production compared to the current level of consumption. It will be important that all actors in the value chain work together to face this situation in a transparent manner keeping in mind that what matters is profitability.

3.5. Challenges for the citrus sector: PRE-HLB, preventing HLB for ensuring citrus survival in Europe

The researcher from the IBMCP of the Polytechnic University of Valencia gave an overview of this research project that aims at developing and implementing actions to protect the EU citrus sector from HLB.

HLB, also known as greening disease, is caused by the bacteria *Candidatus Liberibacter* and it is considered the most devastating citrus disease. It affects all citrus varieties and there are no feasible treatments nor resistant varieties. The two main vectors of the disease have already been identified in the EU: *Trioza erytraea* in PT and ES and *Diaphorina citri*, the most dangerous one, in CY. In Florida, where the HLB has

devastated the citrus sector, the vector was first detected in 1998 and only 7 year later HLB was present.

He stressed that in the short term, the EU should focus on contingency plans, but it is essential to use genomic technics to create resistant varieties. Another crucial issue is to raise awareness on the risk of illegal introduction of plant material in the EU because even countries with stricter border control, such as USA, were not available to prevent the spread of HLB. Other preventive actions would be the removal of abandoned citrus orchards as well as avoid marketing of fruits with leaves.

3.6. Trends on citrus consumption in Europe - (Eurocommerce)

The expert from Eurocommerce presented an overview of the macro-economic situation. He said that inflation is slowly decreasing even if food inflation remains high. It is due to the long-term contracts between retailers and suppliers but decrease in prices is expected by next year if all other conditions stay the same. Energy prices seem to be increasing again which is a concern for all the actors of the value chain, including consumers. Sales in all products are decreasing in volume but increasing in value.

He referred to the changes in consumer habits that buy more at discounters, prefer cheaper brands, buy less fresh product and have decreased purchase of organic products. However, if there are no new crisis, this behaviour could change again as soon as price reductions arrive to the retailers.

He also referred to the specific situation in some MS stressing that fruit inflation was higher in DE (23.7%). Even if sales in volume have decreased everywhere it is expected that the situation will tend to stabilise to levels pre-crisis.

4. NEXT MEETING

The next meeting of the MO citrus is scheduled 20 November 2024.

5. LIST OF PARTICIPANTS

See annex.

(e-signed)
Pierre BASCOU

List of participants
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<i>Associations' name</i>
COGECA European agri-cooperatives
COPA European farmers
ECVC European Coordination Via Campesina
EUCOFEL
EuroCommerce
FRESHFEL
WUWM World Union of Wholesale Markets
EXPERTS: CIRAD and Polytechnic University of Valencia