EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

Directorate E – Markets
**The Director**

Brussels,
AGRI.E.2/TLG/2022/9230654

**MINUTES**

***Meeting of the Expert Group Fruit and Vegetables Market Observatory –***

***CITRUS FRUIT***

**29 November 2022**

Chair: AGRI E.2

Delegations present: All Member States were present, except EUCOFEL, PROFEL and CEJA.

## 1. Approval of the agenda and of the minutes of previous meeting

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-ES.

## 3. List of points discussed

### *3.1. Global citrus production figures and trade trends for 2022 and forecast campaign 2022/23 for the Northern Hemisphere*

An external expert from CIRAD presented the forecast for the winter season 22/23 in the Mediterranean which will the lowest one since 2014/15 due to the impact of extreme weather events (exacerbated by climate change). He also provided detailed information on the 21/22 campaign for each specific product and referred to the evolution of the Russian and Ukrainian markets and impact of inflation in consumption.

The expected 22/23 citrus production in the Mediterranean will be the shortest one since 2014-2015. Production will be 21.3 M tonnes, which represents a decrease of -15% from last season and -11% on average of last 4 seasons. The reason is weather events that have affected all the Mediterranean producing countries even if in different ways: wet spring and hot summer in Spain (ES), drought in Morocco (MO), hot spell in Italy (IT) and cold in Türkiye (TR).

At the same time, citrus consumption is expected to be affected by a very high inflation all over Europe, but still citrus should remain among the cheapest fresh fruit options (apple and banana more expensive). Processing could be an option for oranges considering that Brazilian juice stocks are at their lowest since 2017/18.

The Russian-Ukrainian crisis poses a threat as 20% of the Mediterranean citrus exports are directed to these 2 countries and even if food are not part of the sanctions, logistics related to shipping and payment are more complicated. In these markets, the consumption of imported fruits seems to perform well and exporters are quite optimistic about maintaining decent volume during the winter season. Another element to be considered is the fact that the euro has lost 15% to the USA dollar in one year. Therefore, depending on the cost of freight there might be an incentive to send more production towards dollarized markets.

Easy peelers (small citrus): volumes stay unchanged in 21/22 but prices kept going down to reach the lowest of the decade for late hybrids. ES is by far the leader in production (70%) even if it is losing around 100.000 tonnes since 15/16. MO, the second player, is increasing its production around 40.000 tonnes since 15/16. The other players represent only 20% with IT reducing production and Egypt (EG) increasing production. Regarding consumption, it has been a slight improvement in all the leading markets except in UK. For 22/23 the production is estimated in 5.4 M tonnes, which represents a decrease of -17% from the previous year (-11% average of last 4 seasons). It will be the shortest crop of the decade and will affect mainly Nules clementines and late hybrids. Another concern is the quality of the fruit which has suffered from too high temperatures.

Oranges: as for easy peelers, volumes stay unchanged in 21/22 but prices are the poorest of the decade. ES is the main player concentrating around 2/3 of the market and EG is increasing production, reaching around 15-20% or the market. The other players did not show big changes. Regarding consumption, Scandinavia and France decreased a bit while DE and UK kept more stable. For 22/23 the production is estimated in 10.8 M tonnes, which represents a decrease of -13% from the previous year (-10% average of last 4 seasons). It will be the shortest crop of the decade and the quality will also be affected because of the too high temperatures.

Lemons: the production in 21/22 decreased and even if prices recovered a bit they are still far below the average. Consumption showed a growing trend until 2021 when it went down after the COVID boost. For 22/23 there will be a significant decrease (-20% from the previous year (-12% average of last 4 seasons) despite the huge increase of the orchards in ES (+12.000 ha) and TR (+22.000 ha).

Grapefruit: the production in 21/22 kept the decreasing trend and prices stabilized around 1 €/kg. ES gained some market share to Israel and the production in Florida is disappearing. Consumption is decreasing after the 2020 COVID boost. For 22/23 the production is expected to reach 399 M tonnes (-23% from the previous year and -17% average of last 4 seasons) due to the low production in ES (lowest production in 5 years) and TR (lowest production in 8 years) while Israel remains with good production.

Following the presentation, members of the MO asked about the prices reported (the speaker clarified that prices were ex-packaging station) and about the options for the European citrus sector to improve its position in the global markets. On this last point, the speaker advocated for promoting citrus consumption focusing on the health dimension. He also referred to the potential of new varieties to enlarge the marketing season.

### *3.2. Stock taking of past campaign and update for the campaign 2022/23 on the EU market situation*

The vice-president of the World Citrus Organisation (WCO) provided information on citrus forecast for the Northern Hemisphere. He indicated that the production will decrease by -13% and it will affect all citrus products and all producing countries (mainly MO -33% and TR -27%) with the exception of EL (+11%) and EG (+8%). ES will decrease production by -15% but exports on by -8% which suggests that there will be less product available for processing. In IT and EL, the decrease in production and in exports show similar figures, around -20% for IT and -10% for EL. He stressed that EG is improving its positions in the markets because citrus production is increasing only by +8% but exports are increasing by +15%. In USA, citrus production will decrease by -5% because of the strong decrease in Florida (-32%), even if production has increased in California (+8.5%), Arizona (+21%) and Texas (+68%). USA citrus production has little impact in the EU markets as it is exported mainly to Canada (27% of the total), South Korea (23%), Japan (15%) and Hong Kong (11%).

On the Southern Hemisphere, the speaker referred to a +11.5% increase of citrus production for 2022, highlighting the increase by 6% in orange production in South Africa (ZA) and its capacity to open new markets and consolidate the existing ones.

Members of the MO asked about the strong decrease of production in Florida which, according to the speaker is due to climatic events (hurricanes), plant diseases (greening), loss of competitiveness and decrease of juice consumption (health concerns related to sugar content in juices). Another participant asked about the quality of the production, as this information would be necessary to complement the quantitative information provided. The speaker replied that, for the time being, the WCO does not have information on quality, only on quantities. On the question regarding the increase of production in EG, the experts indicated that it is probably linked to increase in surface (no data available) but also to improvements in productivity and better climatic conditions than in other Mediterranean producing countries. Other elements discussed were the opportunities for the EU citrus in the USA market (cold treatment required to export lemons) and the problems related to the increasing cost of freight and delays in ports. The expert also explained that ZA has overcome Argentina (AR) in the lemon market.

### *3.3. Stock taking of past campaign and update for the campaign 2022/23 on the EU market situation*

Following the detailed presentation on the market situation, the chair gave the floor to the participants to explain the situation in each MS.

A participant from IT indicated that the last marketing year was difficult because of the increase of supply but this year it would be more difficult and farmers have no margin left to adjust. The increase of energy costs, the reduction in consumption (-15% in oranges navel) and the competition with apples were mentioned as the main concerns. He pointed that awareness raising campaigns focussed on health aspects could increase consumption.

Participants from ES referred to the meteorological conditions (heat waves and drought) which has decreased production. Even if prices are higher than the previous year (about 10-15 cts higher), it will be difficult to cover the cost of production if cost increase does not reach retailers. As the previous speaker, they said that promotion is essential to increase consumption. All participants strongly criticised discounts on fruits and vegetables done in supermarkets because it has very negative impact on the sector.

### *3.4. Trends on citrus consumption in Europe*

The expert from Eurocommerce gave a presentation on trends in sales of fruits from a retail perspective. He explained that in August, households' confidence in the economic situation has rebounded slightly but it remains well below the long-term average. Inflation has affected all food prices but the impact on fruits (3.7% in Jan-Sept 2022) is below the average for all food products (5.4%).

The speaker provided information from France where the sales of fresh food products decreased by -2.8% in value during the first 8 months of 2022, compared to the same period in 2021. The sales of fresh fruit and vegetables decrease by -2.6% while other food categories experienced a sharper decrease (-4% for meat; -4.8% for cheese; -13.6% seafood). The organic products market is also declining, sales have decreased by -5% in value compared to the first 9 months of 2021. In IT, fruit prices have increased by +7% in comparison to 2021, and +18% in comparison to 2018. ES follows as similar trend: sales for fresh fruit have decreased by -10.8% in volume and -3.8% in value, in comparison to 2021. Decrease in sales is affecting all citrus products, in particular lemon that has register the lowest level of consumption in 5 years.

In the issuing discussion it was suggested than an increased cooperation between producers and retailers would bring benefit for the whole sector (producer would share their knowledge of the product and retailer share their knowledge about consumers). There was also discussion regarding promotional offers of fruit and vegetables at retailer level which according to producers should be banned because of their negative impact in the sectors. Another topic was about the options to better reach consumers communicating about the quality of products, health component, sustainability, etc. The expert from Eurocommerce replied that cooperation should be done in line with competition rules and that some actions are being done to increase prices to producers or shorten the supply chain. He also indicated that promotion is a sale's strategy to be decided by the retailer.

### *3.5. State of play of market transparency implementation*

The Commission briefly presented the price app of the AGRI data portal to the representatives. Representatives were told about the data sources and that an exchange with Member States is about to start in order to streamline the prices and make them comparable. They were invited to have a closer look on their own and give their feedback on the data.

The data portal: https://agridata.ec.europa.eu/extensions/DataPortal/fruit-and-vegetables.html

The app on fruit and vegetable prices – supply chain:

https://agridata.ec.europa.eu/extensions/DashboardFruitAndVeg/FruitAndVegetablePricesSC.html

Then the chair explained that the Commission services have started a reflection about the methodologies related to the collection of prices of certain fruit and vegetables submitted by Member States in accordance to Article 9 of the Commission Implementing

Regulation (EU) 2017/1185 and the level of detail into which Member States notify prices according to Annex VI of Commission Delegated Regulation (EU) 2017/891. In order to optimise the price notification system it would be necessary to have a common idea on what could be considered “representative varieties of oranges” and how to define representative price of oranges for each of the main producing Member States.

A participant from IT indicated that the main variety in Sicily and Calabria is tarocco and recommended separate price monitoring for blood oranges.

A participant from Spain suggested a group division which would mirror the production structure in Spain. It would include the following groups:

1. Navelina and whasington navel
2. Navel late, Valencia late
3. Chislet, power
4. juice oranges (salustiana)
5. juice oranges (valencia late)
6. blood oranges (not as important as in IT so 1 group would be enough)

Some experts indicated that this process would require a thorough reflection and expressed their readiness to join a working group to discuss it. The chair took note of experts interested in further work on this issue and indicated that the Commission services would reflect on that.

### *3.6. Any other business*

#### *3.6.1. Ailimpo report on water use in citrus production*

The president of Ailimpo presented the study on the use of water in lemon production in Spain aiming at improving resilience to climate change and calculate the water-footprint for lemons and grapefruits. He stressed that the Spanish lemon industry has been adapting to the lack of available water resources for hundreds of years, being prepared for a scenario of diminishing rainwater as a result of climate change. He referred to 4 strategies to save water which are controlled deficit irrigation, soil moisture monitoring tools, installing plastic mulch on the soil and covering irrigations ponds. Through optimization and reduction of water use for irrigation today producers need 63% less water to produce one kilo of lemons. According to the study, grapefruit and lemon have the lowest water footprint, 203 and 271 m3/t respectively. Orange would have 560, avocado 600, banana 790, apple 821, peach 910 and pear 922. The study also proves that the water footprint of Spanish lemons is lower that Argentina and South Africa lemons.

#### *3.6.2. Imports from South Africa*

An expert from NL took the floor to share with the rest of the group the result of a survey conducted with importers of oranges in NL regarding the introduction of cold treatment requirement in July 2022 for oranges imported by the EU from South Africa pointing out that this caused initially some problems for the importers in terms of delays, higher prices, quality defects (especially in organic) and uncertainties in making good on the contracts. The situation was said to have improved towards the end of the importing season in September and October.

## 4. Next meeting

The next meeting of the MO citrus in scheduled in November 2023. DG AGRI will confirm the date.

## 5. List of participants

See annex.

(e-signed)
Pierre BASCOU

Annex - List of participants

***Meeting of the Expert Group Fruit and Vegetables Market Observatory***
***Citrus Fruit***
***29 November 2022***

| *Associations' name* |
|---|
| **A.R.E.F.L.H.** |
| **COGECA** European agri-cooperatives |
| **COPA** European farmers |
| **ECVC** European Coordination Via Campesina |
| **EuroCommerce** |
| **FRESHFEL** |
| **WUWM** World Union of Wholesale Markets |
| **EXTERNAL EXPERT from CIRAD** |