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MINUTES

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

20 November 2024

Chair: Agri E.2

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

The agenda of the meeting was approved.

2. Nature of the meeting

The meeting took place in hybrid format in Brussels, Rue de La Loi 130 (11th floor meeting room B) and online and via the Interactio platform.

Language regime: Interpretation from FR-EN-IT-ES-PL to FR-EN-IT-ES-PL

3. List of points discussed

3.1. Global trends in citrus production and trade: overview of 2023/24 and forecast for 2024/25 in the Northern Hemisphere

The 2023/24 citrus season shows a slight recovery in international trade, with global production expected to reach 13.9 million tonnes. However, there is a mixed panorama regarding supply in relation with the climate change. The Mediterranean region stands out with a record crop of nearly 26 million tonnes, 12% above the 4-year average. Turkey and Egypt are producing at record levels, but major exporters such as Spain and Morocco are facing significant challenges, affecting 35% of the Northern Hemisphere's citrus exports. In the southern hemisphere, Argentina has reported a large crop, contributing to the overall recovery.

The Red Sea crisis have had a significant impact on the Northern Hemisphere season. Access to Asian and Middle Eastern markets has become difficult, with Egypt particularly affected as 20% of its exports typically go to Asia and 25% to the Middle East. This crisis has forced large volumes to be diverted to alternative markets, as the EU one.

The global fruit trade continues to face downward pressure. After years of steady growth, with trade volumes increasing by an average of 1 million tonnes per year between 2010 and 2021, the trend has reversed. Since 2021, the global fruit trade has lost more than 1 million tonnes per year, with climate change likely to play a key role in this decline. All kind of fruit are affected.

For the 2024/25 season, forecasts point to a return to below-average production levels. Global citrus production is expected to fall from 25.9 million tonnes to 22.5 million

tonnes, an 11% decrease from the previous season and 4% below the 4-year average. Major exporters face significant declines. Spain, which accounts for 60% of the EU and UK winter citrus supply, is expected to suffer a severe decline due to drought and heat waves. Recent flooding in Valencia has affected 15 000 ha, direct crop losses appear to be limited, although potential impacts on fruit size and quality are expected.

Turkey and Egypt are also expected to experience production declines of 2% and 10% respectively. This marks an atypical sequence of low yields in the Western Mediterranean, which is most likely related to climate change.

In the 2023/24 season, world trade of **easy peelers** is expected to reach 4.8 million tonnes, reflecting a recovery but no real growth for the second consecutive year. This stagnation is partly due to insufficient fuel availability during the winter season, which has affected production and logistics. Spain and Morocco face significant challenges, with production down 7% and 10% respectively on the four-year average.

In contrast, the summer market for easy peelers continues to show steady growth, with an increase of 200,000 tonnes last season and a total increase of 450,000 tonnes over the last four seasons. South Africa and Chile have emerged as dominant players in this segment, contributing to this upward trend.

For exports, there is a slight recovery to the EU27 and the UK, although volumes remain well below the average of recent seasons. The winter season has been characterised by supply shortages, while the summer season has seen record volumes, increasing by 100 000 tonnes since 2019/20 to 400 000 tonnes. Eastern Europe is showing signs of recovery, although growth remains stagnant. Meanwhile, Egypt and China are emerging in the global market, and North America continues to show a slight increase in production.

For the 2024/25 season in the Mediterranean area, the forecast suggests a tight supply at the start, with an expected 8% decline compared to the 4-year average. All major exporters are forecast to face significant declines, with Morocco the only exception, where production is expected to remain stable. The shortage is expected to be particularly significant in the early part of the season, although supply levels are expected to rise slightly above average in the latter part of the season. This trend is in line with a reduction in area in major producers such as Spain and Morocco. However, Turkey stands out as an exception, increasing its area by 10,000 hectares since 2020.

In the 2023/24 season, the world market for **oranges** continues to decline in both the winter and summer segments, and it is expected to reach 6.2 million tonnes. This trend highlights the continued erosion of the winter market and signals a slight decline in the summer trade as well. The Mediterranean region, a key player in the winter season, is experiencing an average crop overall, but Spain stands out with a record low crop - 20% below the four-year average. Given that Spain accounts for 30% of the winter orange trade, this shortfall has significant global implications.

The Red Sea crisis has further complicated matters during the northern hemisphere season, particularly for Egypt. Difficulties in accessing Asian and Middle Eastern markets have forced Egyptian exporters to adopt aggressive pricing strategies in order to win new markets. Despite these efforts, there are no signs of a trend reversal, with global orange trade remaining stable at around 2.6 million tonnes for both the Northern and Southern hemisphere seasons. Notably, Spain's export volumes have fallen below 1 million tonnes for the first time, while Egypt has achieved record volumes by offering highly competitive prices.

In Eastern Europe, there has been a notable recovery in orange imports, bucking the region's long-term downward trend. Meanwhile, the Asian market is showing less interest in imported oranges. Factors contributing to this decline include China's preference for cheaper local fruit and the economic recession in Bangladesh, with both markets together accounting for 50% of Asian imports. However, India shows potential as an emerging market. In North America, demand remains flat, while the Middle East continues to face supply challenges due to the Red Sea crisis.

For the 2024/25 season, the forecast indicates a return to a short crop in the Mediterranean, with production expected to fall from 12.4 million tonnes to 11.3 million tonnes, a 5% drop compared to the four-year average. Spain and Egypt, the two largest exporters, are forecast to have light harvests, down 8% and 10% respectively. Together, these countries account for two-thirds of the world trade in oranges during the northern hemisphere season. Italy is also expected to have a limited crop, while Turkey and Greece are forecast to maintain volumes close to their average.

The **lemon** market has shown a small but steady increase in sales, growing by 4% per year since 2007 and stabilising since 2020. In the 2023/24 season, production reaches record levels in both the Mediterranean and the southern hemisphere. Meanwhile, the lime market also stabilises and experiences a recession in 2023 with a decrease of 45 000 tonnes compared to the previous year.

In terms of trade, the EU27 and the UK have returned to their usual winter-summer balance. After a dip in the 2022/23 season, lemons have recovered and now account for 70% of the total market, compared to 63% the previous year. The summer season saw lower activity overall, with South Africa continuing to gain ground on Argentina. Over the past five years, South Africa has increased its share of the summer market from one third to three quarters. Eastern Europe and Russia saw a slight increase in demand during the winter season, but no overall growth. Similarly, North America has seen stable local production, imports and demand, with only a slight increase in activity. Argentina overtook Chile in terms of exports, while markets in the Middle East and Asia remained unchanged.

Looking ahead to the 2024/25 season, lemon production in the Mediterranean area is expected to fall from a 4.2 million tonnes to a slightly above average 3.9 million tonnes. The juice industry remains relatively unattractive, and Argentina faces a significant challenge with 15,000 hectares of orchards uprooted in the last two years, representing a 30% reduction in area. As a result, lower volumes are expected from Argentina, while the two major exporters, Spain and Italy, are forecast to fall below their average production levels. In contrast, Turkey and Egypt are expected to maintain significantly higher volumes.

Spain's late-season varieties are forecast to produce well below average, while Turkey may experience a slight shortage of early-season lemons. Despite these challenges, Mediterranean countries continue to invest in expanding their lemon orchards. Spain planted an additional 53,000 hectares in 2022/23 and Turkey increased its orchard area by 1,000 hectares in 2023.

Participants expressed concern about the situation in the Valencia region due to the flooding. Preliminary estimations indicate that between 15,000 to 30,000 ha of citrus are affected. Many of the operators may not recover, especially small farms. The impact in terms of infrastructure is significant, but in terms of the total volume of citrus production affected, it can be around 5% of the total Spanish citrus production so supply of international markets would be ensured.

Participants expressed significant concerns about pest control and sanitary standards and the potential impact of the Mercosur trade agreements. Experts noted that while fresh citrus production in Latin America is declining, South Africa is emerging as a dominant supplier and is expected to play an even greater role in the future. However, South America remains a key player in processed citrus products.

Experts discussed the potential of summer market demand and the advantage for southern hemisphere producers who has good quality products at this period. Experts also refer to the role of investment funds in the citrus sector that are less interested in promoting local production than in reaping the economic benefits.

3.2. Global citrus juice market: state of play and impact in the fresh market. The role of the European citrus processing industry

The global citrus juice market faces significant challenges primarily due to climate change, pests, and diseases. These factors negatively impact both crop volume and quality, affecting both the fresh and processing sectors. Growers are increasingly forced to adapt their producing methods to mitigate these impacts and ensure production.

Balancing supply with consumer demand remains a crucial aspect of the citrus market. Understanding consumer behaviour is essential for maintaining market stability.

Brazil dominates the global orange juice sector, while Argentina leads in lemon juice production. Both countries play a significant role in setting global trends.

In Europe, particularly in Spain, the citrus market is more focused on the fresh market. Spain holds a leadership position in this market, due to its high-quality fruit production despite higher costs. Processing citrus is considered secondary. Growers prioritize fresh market production because it provides the highest revenue and long-term viability. While processing accounts for only 20-30% of production, usually lower quality fruits that are not suited for the fresh market, the prices set for processed citrus often establish a benchmark for the fresh market.

Since mid-2023, **orange juice** prices have reached record highs due to supply constraints. Three main regions—Brazil, Mexico, and Florida—dominate global orange juice production, collectively representing 88% of the market in both 2014 and 2024, but with a sharp increase in Brazil's share compensating for the sharp decrease in Florida. Brazil's production largely determines global market trends, with minimal influence from European markets. Global citrus production declined by 4-5% in the last season, primarily due to adverse climatic conditions. In terms of emerging market, Egypt has shown potential in the citrus industry, with ongoing investments. However, its current business model focuses on fresh fruit production, and its future role in the processing sector remains uncertain.

Demand for **orange juice** remains limited, but recent price increases at the retail level indicate a market that will remain very tight in 2024/24 season. Despite an overall decline in demand, the market is expected to remain constrained through 2024/25, similar to the situation in 2023/24, due to the low supply. This market situation could impact the fresh fruit sector, emphasizing the need for balancing fresh and processed citrus production to ensure long-term stability.

For **lemon juice**, Argentina and Spain dominate the sector. Argentina is leading in lemon processing but reducing its cultivation area. This shift reflects efforts to balance fresh and processed markets. Spain plays a significant role in lemon juice processing but primarily focuses on fresh lemon production, maintaining stability in this segment.

While the fresh lemon market remains stable, the increased supply of lemons for processing has led to rising juice stocks. This surplus has driven lemon juice prices downward. The market faces a challenge in managing the balance between fresh and processed production. Ensuring profitability requires closely monitoring planting trends and consumer demand.

Experts pointed to competition within producing countries between the processing and fresh fruit markets, which put pressure on exports. Prices paid by the industries influence the price for the fresh market.

Experts raised the case of Florida that has a lot of problems with HLB disease. This has dramatically reduced production that most probably will remain low. Brazil, that is also affected by HLB, is making efforts in research and development with good results. Egypt, for the time being, is not seen as a relevant actor in industries for processed citrus fruits but this could change in the coming years.

3.3. Stock taking of the 2023/24 citrus campaign and forecast for the 2024/25 campaign in the EU producing Member States

Spain

In the 2023/24 citrus export season, Spain had very low export volumes globally, particularly for oranges and mandarins. The only increase in export volumes was seen in lemons, though at adjusted prices. Oranges had a good average value, but the early season performed better than the late season. Similarly, mandarins had a strong early season, but the late season was less favourable.

The first part of the season was similar to the previous year, with low early **clementine** production, which is structural, and high prices. However, sales slowed in mid-December, delaying the end of the clementine season and making it difficult to transition to later varieties. Spain faced logistical challenges, with fewer packing stations operating and a reduced workforce capacity during peak times.

The **orange** season had the lowest export volumes in recent years, partly due to an exceptionally short Navelina season caused by the drought in Andalucia, which led to record-high prices for the fruit. The second half of the season was difficult, with fierce competition from Egypt, which entered the European market earlier than usual and broke export records with aggressive prices. This large supply impacted the entire market, leading to a significant loss in Spanish sales until May.

For the 2023/24 season, South Africa continued to export at high levels, especially mandarins, despite a moderate loss in oranges. Spain faced large volumes of oranges from Egypt, while Morocco lost volumes due to drought.

For the 2024/25 season, the Spanish national forecast confirms low volumes, especially for early mandarins. The rainy autumn is causing damage in some areas near Valencia, while drought is affecting production in the south even if the situation is better than in the previous season.

In general, there is growing concern about the progressive decline in per capita consumption of citrus fruit, particularly oranges. Competition from Egypt is another serious concern as the logistical problem of the Suez Canal are expected to continue so Egypt will still see the EU market as an alternative to the South-Eastern markets. Spain will struggle to maintain its leadership as a supplier country within the EU against new entrants. Other challenges are climate change, that threatens the sustainability of

production, and the need to address declining per capita citrus consumption through sectoral action.

Italy

For the 2023/24 season, the area under citrus fruit in Italy increased slightly to 86,000 hectares, an increase of 1.2% over the previous year. This growth is largely attributable to Sicily, which remains the leading orange-producing region, accounting for two-thirds of Italy's total production. Sicily added 700 hectares, focusing on high quality blood oranges. The sector is undergoing significant restructuring, with tristeza disease-resistant varieties bringing greater uniformity to production. Many small marginal holdings run by non-professional growers are disappearing, while modern irrigated plantations are becoming more common.

Calabria also showed growth in production area, indicating strong potential. Harvest volumes increased by 20%, although fruit sizes were smaller. Despite this, overall production remains below the 3-year average, mainly due to climate change, with extreme temperature spikes affecting yields. The majority of Italian orange production is consumed domestically.

At the start of the 2023/24 season, reduced supply and lower demand for both fresh and processed oranges put downward pressure on prices. In particular, blood oranges and juice production faced inexplicably low prices, possibly due to insufficient demand. Prices fell further in February and March 2024.

Forecasts for the 2024/25 season predict similar conditions. Droughts have severely affected orchards, leaving many plant roots completely dry. This is likely to prevent the development of smaller fruit, with earlier ripening expected due to hot, dry conditions. While these factors will increase the sugar content of the oranges, production will face challenges. Despite the potential decline in production, total area and fruit size are expected to increase, particularly for blood oranges, indicating a shift towards larger, higher quality fruit.

Greece

The 2023-24 season was mainly characterised by lower prices and moderate production. Domestic demand is around 35% for oranges and small citrus and 60% for lemons. In two months, the trend will be 60% for domestic markets and the rest for imported citrus fruits.

For the 2024-25 season, the production volume should be at the same level, especially for lemons, leading to lower prices for all citrus fruits in Greece.

3.4. Trends on citrus consumption in Europe

In terms of the general economic context, the inflation crisis slowed down in the second quarter of 2023 and remained stable in the following months. Similarly, in terms of retail turnover, there has been a modest recovery since the end of the inflation crisis (July 2023).

Looking at consumer attitudes towards grocery shopping in 2024 compared to 2023, it is noticeable that consumers are willing to spend more on certain products, such as organic, dairy alternative and meat alternative products. In terms of other trends, it was noted that food to go is expected to grow faster than grocery shopping as people go out more and purchasing power recovers. Consumer confidence is stable but at a new normal, below pre-COVID levels.

A brief overview of trends in sales and consumption of vegetables was also given for France and Italy. In France, orange sales in August 2024 were 7.1% lower compared to the same period last year. In Italy, a decrease of juice, by 3.4% and of citrus, by 7.6%, in sales volume was highlighted in Q1 2024 compared to the same quarter of the previous year, while for the prices there is an increase, respectively by 2.2% and by 2.3%.

3.5. Citrus outlook

The Commission services presented the medium-term outlook for oranges. An expert survey launched in July and August 2024 was highlighted as a valuable and useful source of information and experts will be invited to contribute again next year.

The projections for orange production indicate a stabilisation of the area by 2035/36. However, yields are expected to increase by 0.1% per year, resulting in total usable production remaining more or less unchanged at 5.3 million tonnes. The share of processed oranges is expected to increase by 1.1%.

Consumption of oranges is expected to increase slightly by 0.2%, while consumption of processed oranges is expected to decrease slightly by 1.3%.

The trade projections indicate that exports of fresh oranges are expected to increase slightly, while exports of processed oranges are expected to decrease. The main drivers for exports are uncertainty about the geopolitical situation, the opening of new export markets, and quality and product segmentation. On the other hand, imports of fresh oranges are expected to decrease by 0.4% per year, while imports of processed oranges are expected to increase slightly by 1.2%.

Experts referred to the difficulties of predicting market trends in the medium and long term.

3.6. Production costs and margins

The Commission services presented recent work on the analysis of production costs for the sector. The aim is to improve knowledge and create a dashboard providing a comprehensive overview of the sector, including structural data and recent trends.

It was highlighted that the project is mainly based on data from the Farm Accountancy Data Network (FADN), which provides microeconomic data at farm level. The project team has selected a sample of farms that specialise in orange production and have more than 40% of their output from this crop. Additional data on production, yields and costs used in the calculation are taken from Eurostat.

The methodology for calculating the net margin was presented, with information on each step. The methodology was applied to data from Spain and Italy. Spain was used as an example to illustrate the trend of declining net margin and increasing operating costs in recent years, as well as the relationship between costs and margin, linked to the FADN calculation of gross and net margin.

The project, which is still ongoing, aims to provide a useful tool for stakeholders in the sector, including farmers, processors, and policy makers. Experts were invited to provide feedback and it has been announced that they will receive a set of questions afterwards, to share experiences and improve the methodology. Experts showed their interest in the project and will contribute sharing similar work that they are conducting.

4. Conclusions/recommendations/opinions

The 2023/24 citrus season was marked by the continued impact of climate change, leading to below-average export volumes from the Northern Hemisphere. Four of the five leading Mediterranean exporters—Spain, Greece, Italy, and Turkey—experienced crop reductions ranging from 2% to 10% below the 4-year average. Morocco is the exception, with a slight increase of 3% above the average. This season's challenges extend across key citrus categories, with easy peelers, oranges, and grapefruits all affected. The lemon market returning to average potential after previous highs in 2023/24.

For the 2024/25 season, forecasts point to a return to below-average production levels. Global citrus production is expected to fall from 25.9 million tonnes to 22.5 million tonnes, an 11% decrease from the previous season and 4% below the 4-year average. Major exporters face significant declines. Spain, which accounts for 60% of the EU and UK winter citrus supply, is expected to have similar production as in the previous seasons as still affected by drought and heat waves.

Adding to the complexity, an uncertain political landscape is influencing trade flows. The Red Sea crisis is significantly affecting orange and lemon exports, complicating access to Asian and Middle Eastern markets. This has led to a redirection of Egyptian citrus exports toward the EU market, often at aggressive prices to capture market share. Meanwhile, geopolitical shifts are reshaping trade patterns, with China emerging as a key player in the Russian market.

5. Next meeting

The next meeting of the MO citrus fruit is provisionally scheduled on 11 November 2025. As suggested by experts, it will probably be a full day meeting.

6. List of participants

All organisations were present (see the enclosed list)

List of participants– Minutes
Meeting of the Expert Group Fruit and Vegetables Market Observatory – Citrus Fruit
20 November 2024

ORGANISATION
A.R.E.F.L.H.
COGECA
COPA
FRESHFEL
PROFEL
WUWM
AD HOC EXPERT - 1