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Spain

Citrus

Annual

2004

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Report Highlights:

FAS/Madrid forecasts record tangerines (clementines) exports for marketing year (MY) 2004/05. Spanish exporters also set the previous export record in MY 2003/04, a good year for them, as they also achieved an overall-citrus export record. (DPM39SH5)

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Madrid [SP1]
[SP]

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Executive Summary

FAS/Madrid expects that worldwide demand for Spanish citrus, especially clementines, will continue growing in the near-to-medium term. The combination of an effective medfly detection and eradication plan, efficient export facilities, and reform of the cotton sector will likely mean continued growth in production and exports.

Common Agricultural Policy (CAP) reform of cotton production subsidies may result in further orange tree plantings here in Spain. In anticipation, it appears, Spanish operators have recently built up an additional 500,000-ton-fruit-processing capacity. The increased juicing capacity is for 11-brix juice, which is popular domestically and throughout the European Communities.

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Production

Oranges

PSD Table

Country	Spain						UOM
	Oranges, Fresh						
Commodity	2002	Revised	2003	Estimate	2004	Forecast	(HECTARES)(1000 TREES)(1000 MT)
	USDA Official Estimate [New]	Estimate [New]	USDA Official Estimate [New]	Estimate [New]	USDA Official Estimate [New]	Estimate [New]	
Market Year Begin	11/2002		11/2003		11/2004		MM/YYYY
Area Planted	142000	135500	136000	145072	0	148000	(HECTARES)
Area Harvested	132000	132000	126000	130000	0	131000	(HECTARES)
Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	(1000 TREES)
TOTAL No. Of Trees	0	0	0	0	0	0	(1000 TREES)
Production	2867	2867	3091	3113	0	2800	(1000 MT)
Imports	151	154	100	100	0	170	(1000 MT)
TOTAL SUPPLY	3018	3021	3191	3213	0	2970	(1000 MT)
Exports	1434	1500	1600	1650	0	1430	(1000 MT)
Fresh Dom. Consumption	1013	634	941	670	0	700	(1000 MT)
Processing	571	887	650	893	0	840	(1000 MT)
TOTAL DISTRIBUTION	3018	3021	3191	3213	0	2970	(1000 MT)

Note: In the PSD tables, the number for fresh consumption is residual and includes losses of weight during export, other losses and non-harvested citrus.

Most Spanish orange producers are part-time farmers who, as a result, do not depend totally on orchard incomes. They tend, therefore, to be more financially able and willing to invest in new fruit production technologies, including irrigation systems, conversion to new varieties and investment in new orchards. We believe that they will continue to prefer the Lanelate and Navelate varieties (see table below) for new and converted acreages in the short-to-medium term.

Even though we are forecasting a drop in orange production for 2004/05, FAS/Madrid expects an increase in the overall area planted to oranges in the near-term, in particular in Andalucia, where we expect CAP reform of cotton to be most significant, and because of the recent increase in orange juice processing capacity in the region.

Area (Has)

	CY 1994	CY 1997	CY 2002	CY 2005 Forecast
Variety of orange				
Navelina	57,896	43,687	47,458	50,000
Valencia Late	22,054	23,572	21,499	21,000
Lanelate	1,789	7,516	15,951	20,000
Navelate	9,844	9,779	11,862	14,000
Salustiana	8,364	7,483	9,739	11,000
Washington Navel	17,230	13,092	9,401	7,000
Other	25,053	32,416	19,588	27,000
Total	142, 230	137,545	135,498	150,000

Fresh Tangerines

PSD Table

Country

Spain

Commodity

Tangerines, Fresh

(HECTARES)(1000 TREES)(1000 MT)

Market Year Begin	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official Estimate [New]	Estimate [New]	USDA Official Estimate [New]	Estimate [New]	USDA Official Estimate [New]	Estimate [New]	
Area Planted	106000	114062	116000	110247	0	116000	(HECTARES)
Area Harvested	97000	98000	100000	105000	0	110000	(HECTARES)
Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	(1000 TREES)
TOTAL No. Of Trees	0	0	0	0	0	0	(1000 TREES)
Production	1952	1952	2081	2081	0	2350	(1000 MT)
Imports	4	8	4	4	0	4	(1000 MT)
TOTAL SUPPLY	1956	1960	2085	2085	0	2354	(1000 MT)
Exports	1422	1443	1500	1550	0	1750	(1000 MT)
Fresh Dom. Consumption	291	333	300	333	0	354	(1000 MT)
Processing	243	184	285	202	0	250	(1000 MT)
TOTAL DISTRIBUTION	1956	1960	2085	2085	0	2354	(1000 MT)

Note: In the PSD tables, the number for fresh consumption is residual and includes losses of weight during export, other losses and non-harvested citrus.

Tangerine planted area by varieties

	CY 1994	CY 1997	CY 2002	CY 2005 Forecast
Variety of tangerines			Area (hectares)	Area (hectares)
Clemenules	33,764	37,123	38,256	40,000
Marisol	3,005	8,807	9,781	11,000
Ortanique	0	2,451	8,323	14,000
Clemenvilla	5,987	6,320	8,318	8,500
Hernandina	5,256	7,610	7,376	6,000
Satsumas	13,969	12,167	9,463	7,000
Other Clementines	17,033	21,282	32,545	31,500
Total	79,014	95,760	114,062	118,000

Fresh Lemons

PSD Table

Country

Spain

Commodity

Lemons, Fresh

(HECTARES)(1000 TREES)(1000 MT)

Market Year Begin	2002		2003	2004		UOM
	Revised	Estimate	Official	Forecast	Estimate [New]	
	11/2002	11/2003	11/2004	MM/YYYY		
Area Planted	43000	45208	45300	44510	0	44000 (HECTARES)
Area Harvested	41500	42000	43000	42000	0	42000 (HECTARES)
Bearing Trees	0	0	0	0	0	0 (1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0 (1000 TREES)
TOTAL No. Of Trees	0	0	0	0	0	0 (1000 TREES)
Production	920	920	1066	1071	0	900 (1000 MT)
Imports	60	63	40	30	0	30 (1000 MT)
TOTAL SUPPLY	980	983	1106	1101	0	930 (1000 MT)
Exports	500	519	566	570	0	500 (1000 MT)
Fresh Dom. Consumption	281	265	340	319	0	240 (1000 MT)
Processing	199	199	200	212	0	190 (1000 MT)
TOTAL DISTRIBUTION	980	983	1106	1101	0	930 (1000 MT)

Note: In the PSD tables, the number for fresh consumption is residual and includes losses of weight during export, other losses and non-harvested citrus.

Lemon Planted Area (hectares) by variety

	CY 1994	CY 1997	CY 2002	CY 2005
Variety of lemon				
Fino	11,713	20,797	22,686	25,000
Verna	27,944	23,230	18,919	15,000
Other	4,309	2,717	3,603	4,000
Total	43,966	46,744	45,208	44,000

During the last few years, farmers have been replacing the Verna variety with the higher-quality Fino variety in order to remain competitive with lemons from South America.

Grapefruit

	MY2000/01	MY 2001/02	MY 2002/03	MY 2003/04	MY 2004/05
Production	25,000	29,000	37,000	42,000	30,000
Import	7,171	9,454	8,058	9,000	11,000
Export	25,452	29,026	34,608	30,000	25,000

Other Fresh Citrus (Bitter Oranges)

PSD Table

Country	Spain						
	Citrus, Other, Fresh						
Commodity	2002		2003	Estimate	2004	Forecast	UOM
	USDA Official	Estimate [New]	USDA Official	Estimate [New]	USDA Official	Estimate [New]	
Market Year Begin	11/2002	11/2003			11/2004	MM/YYYY	
Area Planted	700	1700	700	1650	0	1600	(HECTARES)
Area Harvested	670	1100	670	1050	0	1000	(HECTARES)
Bearing Trees	0	0	0	0	0	0	(1000 TREES)
Non-Bearing Trees	0	0	0	0	0	0	(1000 TREES)
TOTAL No. Of Trees	0	0	0	0	0	0	(1000 TREES)
Production	18	18	16	16	0	15	(1000 MT)
Imports	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	18	18	16	16	0	15	(1000 MT)
Exports	3	4	3	1	0	1	(1000 MT)
Fresh Dom. Consumption	0	0	0	0	0	0	(1000 MT)
Processing	15	14	13	15	0	14	(1000 MT)
TOTAL DISTRIBUTION	18	18	16	16	0	15	(1000 MT)

The remaining bitter orange production, in Andalucia, remains under pressure as producers generally net higher returns from sweet oranges. The Spanish bitter oranges are processed into marmalade.

Orange Juice

PSD Table

Country Commodity	Spain		65 Degrees Brix				UOM
	Orange Juice		(MT)				
Market Year Begin	2002	Revised	2003	Estimate	2004	Forecast	
	USDA Official Estimate	DA Official Estimate	DA Official Estimate	DA Official Estimate	DA Official Estimate	DA Official Estimate	
	11/2002	11/2002	11/2003	11/2003	11/2004	11/2004	MM/YYYY
Deliv. To Processors	571000	887340	650000	893100	0	840000	(MT)
Beginning Stocks	1000	1000	1000	500	1000	500	(MT)
Production	56000	77497	56700	78000	0	73500	(MT)
Imports	27000	36360	30000	42000	0	47000	(MT)
TOTAL SUPPLY	84000	114857	87700	120500	1000	121000	(MT)
Exports	56000	87357	73000	92000	0	92000	(MT)
Domestic Consumption	27000	27000	13700	28000	0	28500	(MT)
Ending Stocks	1000	500	1000	500	0	500	(MT)
TOTAL DISTRIBUTION	84000	114857	87700	120500	0	121000	(MT)

FAS/Madrid forecasts a drop in juice production in MY 2004/05, because of a reduced sweet orange crop. As a result, some of the juice processing capacity, including some of the newly expanded capacity, will not likely be used in MY 2004/05. We do not see an opportunity for expanded sweet-orange imports due to phytosanitary regulations that would likely impede most potential imports.

Note: On average, 2.4 kilograms of fresh oranges yield 1 Kg of single strength orange juice (11 Brix) of good quality; 11.5 Kg of fresh fruit yield 1 Kg. of concentrated orange juice (65 Brix).

Total-Citrus Crop

Area

The EU's reform of cotton subsidies, which decouples 65 percent of the direct payments received by cotton farmers, will likely result in Spanish farmers choosing to plant crops well suited to the hot and dry climate. One of those benefactors will likely be sweet oranges. Most of the cotton area, some 92,000 hectares, is irrigated and highly suitable for citrus production.

Spanish Citrus Area, CY 2005 (Hectares) (Forecast)			
Region	Sweet Oranges	Tangerines	Lemons

Spanish Citrus Area, CY 2005 (Hectares) (Forecast)			
Valencia	73,000	97,500	12,000
Murcia	13,500	5,000	25,500
Andalucia	58,000	4,500	2,500
Catalonia	2,000	10,000	30
Balearic Is.	2,000	200	320
TOTAL	150,000	118,000	42,000

Spanish Citrus Area, CY 2003 (Hectares)			
Region	Sweet Oranges	Tangerines	Lemons
Valencia	73048	93,624	12,400
Murcia	13,338	4,284	26,279
Andalucia	53,828	3,705	2,705
Catalonia	1,825	8,450	30
Balearic Is.	1,880	183	344
TOTAL	145,072	110,247	44,510

Spanish Citrus Area, CY 2002 (Hectares)			
Region	Sweet Oranges	Tangerines	Lemons
Valencia	75,865	96,500	13,482
Murcia	11,932	4,781	28,188
Andalucia	42,636	3,724	2,779
Catalonia	3,168	4,220	70
Balearic Is.	1,899	156	349
TOTAL	135,500	114,062	45,207

Spanish Citrus Area, CY 1988 (Hectares)			
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Spanish Citrus Area, CY 1988 (Hectares)			
Region	Sweet Oranges	Tangerines	Lemons
Valencia	80,229	102,059	13,253
Murcia	8,621	354	26,435
Andalucia	33,097	1,558	8,730
Catalonia	4,146	1,616	17
Balearic Is.	2,267	56	433
TOTAL	132,545	106,424	49,283

Production

Spanish Citrus Production - 2004/05 (Forecast) (1,000 tons)						
	Oranges	Tangerines	Lemons	Grape fruit	Bitter Oranges	Total
Valencia	1572	1977	294	4		3847
Murcia	184	55	427	18	0	684
Andalucia	978	210	157	8	15	1368
Catalonia	42	110	1	0	0	153
Balearic Islands	20	3	2	0	0	25
Total	2796	2355	881	30	15	6077

Spanish Citrus Production - 2003/04 (1,000 tons)						
	Oranges	Tangerines	Lemons	Grapefruit	Bitter Oranges	TOTAL
Valencia	1771	1714	348	5	0	3838
Murcia	179	60	545	25		809
Andalucia	1031	186	158	12	16	1403
Catalonia	42	103	1	0	0	146
Balearic Is.	20	2	2	0	0	24
Others	70	16	17	0	0	103
TOTAL	3113	2081	1071	42	16	6323

Spanish Citrus Production - 2002/2003 (1,000 tons)						
	Oranges	Tangerines	Lemons	Grapefruit	Bitter Oranges	TOTAL
TOTAL	2867	1952	920	37	18	5794

Spanish Citrus Production - 2001/2002 (1,000 tons)						
	Oranges	Tangerines	Lemons	Grapefruit	Bitter Oranges	TOTAL
TOTAL	2723	1641	951	29	15	5359

Trade

Spanish Citrus Exports (1,000 tons) (MY)						
	Oranges	Tangerines	Lemons	Grapefruit	Bitter Oranges	TOTAL
MY 04/05 Forecast	1430	1750	500	30	1	3711
MY 03/04 Estimate	1650	1550	570	28	1	3800
MY 02/03	1504	1443	519	35	3	3504
MY 01/02	1569	1266	546	29	4	3414
MY 00/01	1246	1230	530	25	0	3031

Orange Juice Exports

CN Code	200912 (MT)	20091998 (MT)	200911(million Euros)
	Not frozen Brix<20%	Not frozen Brix>20%	Frozen
MY 04/05 Forecast	110,000	63,000	18
MY 03/04 Forecast	107,000	65,000	18
MY 02/03	109,795	62,071	19
MY 01/02	76,895	62,738	14

Trade

Fresh Oranges

Import Trade Matrix

Country Spain
Commodity Oranges, Fresh

Time Period MY(Nov/O) Units: MT
Imports for: 2001 2002
U.S. 0 U.S. 0

Others		Others	
South Africa	38035		50060
Uruguay	16027		26273
Argentina	16495		22596
Brazil	8046		19318
France	1340		10661
Netherlands	5458		7617

Total for Others 85401 136525
Others not Listed 16359 17274
Grand Total 101760 153799

Export Trade Matrix

Country Spain
Commodity Oranges, Fresh

Time Period MY(Nov/O) Units: MT
Exports for: 2001 2002
U.S. 0 U.S. 0

Others		Others	
Germany	425570		418518
France	352576		350889
Netherlands	161856		160016
UK	100467		110115
Italy	43930		74160
Belgium	70681		72888
Poland	88661		68851
Sweden	37016		41693
Switzerland	24639		27937
Czech Repu	25025		27244

Total for Others 1330421 1352311
Others not Listed 92275 148296
Grand Total 1422696 1500607

Tangerines

Country Spain
Commodity Tangerines, Fresh

Time Period **MY(Nov/Oc** Units: **MT**
 Imports for: **2001** **2002**
 U.S. **0** U.S. **0**
 Others Others

France	1573		1553
Uruguay	1121		1542
Israel	0		1082
Morocco	76		532
Argentina	1488		864

Total for Others 4258 5573
 Others not Listed **2252** **2544**
 Grand Total 6510 8117

Fresh Tangerines

Export Trade Matrix
Country Spain
Commodity Tangerines, Fresh

Time Period **My(Nov/Oc** Units: **MT**
 Exports for: **2001** **2002**
 U.S. **33303** U.S. **63630**
 Others Others

Germany	351489		367108
France	282869		316007
UK	125752		129416
Italy	62264		91318
Poland	83627		90521
Netherlands	75158		86294
Belgium	39328		41694
Sweden	25235		35351
Czech Republic	28155		34440

Total for Others 1073877 1192149
 Others not Listed **159732** **187746**
 Grand Total 1266912 1443525

Fresh Lemons

Import Trade Matrix

Country Spain

Commodity Lemons, Fresh

Time Period Units:
 Imports for: **2002**
 U.S. U.S.

	Others	Others
Argentina	35987	54649
Netherlands	236	2399
France	1583	2382
Uruguay	1564	2114
South Africa	544	732
Brazil	193	475
Total for Others	40107	62751
Others not Listed	<input type="text" value="401"/>	<input type="text" value="308"/>
Grand Total	40508	63059

Country Spain

Commodity Lemons, Fresh

Time Period Units:
 Exports for: **2002**
 U.S. U.S.

	Others	Others
Germany	88972	107482
France	71819	90457
Poland	55845	70220
Russia	29073	40274
UK	33885	37146
Netherlands	24508	24309
Italy	36546	38908
Czech Republic	8801	12953
Ukraine	1626	5940
Total for Others	351075	427689
Others not Listed	<input type="text" value="71721"/>	<input type="text" value="86801"/>
Grand Total	443912	518835

Fresh Other Citrus

Import Trade Matrix

Country Spain

Commodity Citrus, Other, Fresh

Time Period Units:
 Imports for:
 U.S. U.S.

Others		Others	
France	39		35
Ecuador	0		14
Portugal	0		2
Netherlands	274		

Total for Others
 Others not Listed
 Grand Total

Export Trade Matrix

Country Spain

Commodity Citrus, Other, Fresh

Time Period Units:
 Exports for:
 U.S. U.S.

Others		Others	
Italy	339		2041
France	2319		385
UK	46		160
Germany	1031		32

Total for Others
 Others not Listed
 Grand Total

Orange Juice

Import Trade Matrix

Country Spain

Commodity Orange Juice

Time Period Units:
 Imports for:
 U.S. U.S.

	Others	Others
Netherlands	8172	18121
Belgium	2184	5327
Germany	4796	6928
Brazil	954	2591
Portugal	1330	1533
Total for Others	17436	34500
Others not Listed	<input type="text" value="2549"/>	<input type="text" value="1860"/>
Grand Total	19985	36360

Export Trade Matrix

Country Spain

Commodity Orange Juice

Time Period Units:
 Exports for:
 U.S. U.S.

	Others	Others
France	61566	65921
Germany	11716	13571
Portugal	1400	1623
UK	511	822
Israel	762	631
Austria	47	482
Italy	350	356
Total for Others	76352	83406
Others not Listed	<input type="text" value="4054"/>	<input type="text" value="3917"/>
Grand Total	80423	87357

Policy

- EU Regulation 1092/2001 lays down detailed rules for the application of Council Regulation 2202/96, which introduced an aid scheme for producers of certain citrus fruits. The scheme provides a subsidy to growers who deliver their crops to processors. Subsidies are only available on a maximum quantity (or "threshold") of fruit delivered.

Citrus processing thresholds for (MT)				
	Oranges	Lemons	Grapefruit	Mandarins
Community thresholds (tons)	1,500,236	510,600	6,000	384,000
Spanish thresholds	600,467	192,198	1,919	270,186
Payments for processing (Euros/100 kilograms) with no penalties				
Multiyear contracts	11.27	10.47	10.47	10.47
Contract covering a single marketing year	9.80	9.10	9.10	9.10
Individual producers	8.82	8.19	8.19	8.19

The quantity of grapefruit delivered to processors in MY 2003/04 was over the processing quota established for Spain; consequently, on October 15, 2004 (Commission Regulation (EC) No1794/2004), the EU Commission reduced the 2004/05 payment for Spanish grapefruit delivered to processor by 16.45 percent. Thus, the payment been established as follows:

Payments for processing grape fruit (2004/05)	Multiyear contract	Contract covering a single marketing year	Individual producers
Euros/100 kilograms	8.75	7.6	6.84

Consumption

FAS/Madrid forecasts that tangerine domestic consumption will increase, because production is going up, and will likely reach a new record in My 2004/05. We forecast stable fresh orange and lemon consumption for MY 2004/05.

Marketing

In an effort to increase consumption and exports of Spanish citrus, the EC, the Spanish Regional Governments and the citrus industry will spend over than 8 million euros on eight promotional campaigns during MY 2004/05, mainly, in EU countries. Other than the EC, participants include; Intercitrus, which represents the citrus sector; ICEX, Spain's agency responsible for export promotion; and the regional governments of Valencia, Murcia, Catalonia and Andalucia. According to press sources, Intercitrus, together with ICEX, will also promote Spanish clementine consumption in the United States during November and December 2004, in Atlanta, Saint Louis, Charlotte, Houston and Dallas where Spanish may be less well known.

As a major citrus producer and exporter, Spain holds few opportunities for U.S. citrus exporters, who compete in the same season. In the European market, Spanish exports have a transportation advantage, even though the decline in the U.S. dollar vis-à-vis the Euro may be reducing some of that advantage.