

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Required Report - public distribution

Date: 12/11/2014

GAIN Report Number:

Israel

Citrus Annual

Annual Citrus Report 2014/2015

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Report Highlights:

Post forecasts Israel's MY 2014/15 (October-September) citrus production at 604 thousand metric tons (TMT), up nearly 17 percent from MY2013/14. The increase is attributable to record production of easy peelers and an increase in orange production due to favorable weather conditions. Post expects an increase of 21 percent in citrus exports in MY 2014/15, due to the increase in production as well as above average fruit size and quality. China's phyto-sanitary ban is likely to be removed in MY 2014/15; hence Israeli citrus is expected to be shipped to China in the coming months. In MY2013/14, Mandarin exports totaled 53 TMT, representing 32 percent of all Israeli citrus exports.

Executive Summary:

The total planted area to citrus was 19,400 hectares (HA) in 2014, 150 HA above 2013. The Or/Ori mandarin variety accounts for 5,600 HA or 29 percent of the area, and about 50 percent of the new plantings in 2014 were Or/Ori variety. Taken as a whole, mandarin varieties account for 48 percent of the total citrus planted area. About 500 HA of red grapefruit were uprooted in 2013 and 2014. In 2014 there are about 3,300 HA of planted grapefruit (white, red and sweetie), a record low.

Post forecasts that MY 2014/15 total citrus production should reach about 604 TMT, a 17 percent increase compared to MY 2013/2014. The increase is mainly due to favorable weather conditions during the blooming period in the spring of 2014. As a result, orange and easy peeler production is expected to reach 122.5 TMT and 223 TMT, respectively- a record high for easy peelers.

Post forecasts Israel's exports of citrus in MY 2014/15 to reach 202 TMT, up by 21 percent compared to MY2014/15. Export growth is being driven by increased production of both easy peelers and increased local production of oranges in MY 2014/15. Fruit size and quality are above average and will contribute to the expected increase in exports.

MY 2013/14 fresh fruit exports were 168 TMT out of which mandarins accounted for 47 percent and grapefruit for 46 percent of total exports. The mandarin variety, Or, accounted for 53 TMT, or 32 percent of all Israeli citrus exports.

The Chinese market was been closed to Israeli citrus since 2011 due to a detection of *Phytophthora* spp. fungi in a shipment. Recently, the Israeli Plant Protection and Inspection Services (PPIS) has agreed with China on a protocol outlining the conditions to recommence citrus exports into China. Under the agreement, the Chinese market will be open for Israeli citrus for the next two years; however, PPIS is waiting for the final Chinese approval to allow for Israeli citrus exports to resume in MY 2014/15.

About two-thirds of citrus deliveries to processing plants in the past three years were grapefruits, but as a result of the decreased grapefruit planted area, in MY 2014/15, only about half of the deliveries will be grapefruit. On the other hand, orange deliveries to the processing industry are expected to increase by about 60 percent compared to MY2013/14.

Commodities:

Production:

Crop Area

The bulk of the Israeli citrus industry is located in Central (48 percent) and Southern Israel (31 percent). However, there is also significant citrus production in Northern Israel (21 percent). The total planted area to citrus was 19,400 HA in 2014, an increase of 150 HA from 2013. Fruit-bearing trees account for roughly 16,500 HA, or 85 percent of the total planted area. The Or /Ori mandarin is the most widespread planted variety, accounting for 5,600 HA or 29 percent of the total area; Taken as a whole, mandarin varieties account for 48 percent of the total planted area, while area with red grapefruit has decreased significantly to 1,700 HA compared to 2,800 HA six years ago, a 40 percent decrease. Oranges have retained their planted area of 4,000 HA or 21 percent share.

About 500 HA of red grapefruit (star ruby and rio-red varieties) were uprooted in 2013 and 2014, equaling a reduction in production of 20,000-25,000 tons of red grapefruit (see table 2). In 2014 there are about 3,300 HA of planted grapefruit (white, red and sweetie) which is a record low. About 50 percent of the new plantings in 2014 were Or /Orri mandarin variety.

White pomelo plantings have almost doubled in terms of area planted in the past three years, from 160 HA to 300 HA. Most of the production is delivered to the local fresh market, but it's unlikely that the local market will be able to absorb additional output.

About 400 HA of lemons were planted in the last four years bringing current area for this type of citrus to 2,000 HA.

Table 1: Citrus Orchards by Variety, 2014, Hectares and Percentage

| | Hectares | % |
|--------------------------|---------------|-------------|
| Grapefruit | 3,300 | 17 |
| Oranges | 4,000 | 21 |
| Mandarins (easy peelers) | 9,400 | 48 |
| Lemons and Limes | 2,000 | 10 |
| Others | 700 | 4 |
| Total | 19,400 | 100% |

Source: The Plants Production and Marketing Board, Citrus Division, Israel.

Table 2: Red Grapefruit, Planted Area, Hectares

| | 2011 | 2012 | 2013 | 2014 | Percent Change 2014 compared to 2011 |
|--------------|--------------|--------------|--------------|--------------|--------------------------------------|
| Rio Red | 713 | 712 | 656 | 621 | -13% |
| Star Ruby | 1,806 | 1,741 | 1,517 | 1,326 | -27% |
| Total | 2,519 | 2,453 | 2,173 | 1,947 | -23% |

Source: The Plants Production and Marketing Board, Citrus Division, Israel.

Production

Post forecasts that MY 2014/15 total production should reach about 604 TMT, nearly a 17 percent increase compared to MY 2013/14. The increase is mainly due to favorable weather conditions during the blooming period. As a result, orange and easy peeler production in MY 2014/15 is expected to reach 122,500 and 223,000 tons, respectively (for easy peelers it's a record high). In addition, an increasing number of mandarin trees (mainly Or) have entered the fruit-bearing stage over the last two years. Good weather conditions will allow for above average fruit size and quality.

The relatively low citrus production in MY2012/13 and MY2013/14 was mainly due to hot weather conditions in the spring, affecting easy peeler and orange production. In addition, winter storms in January 2013 and 2014 further reduced citrus production, resulting in lower fruit quality and size.

Table 3: Citrus Production by Varieties, thousand metric tons

| MY | Oranges | Mandarins | Lemons/Limes | Grapefruit | Other | Total |
|----|---------|-----------|--------------|------------|-------|-------|
|----|---------|-----------|--------------|------------|-------|-------|

| | | (easy peelers) | | | Citrus ¹ | Production |
|----------|-----|----------------|----|-----|---------------------|------------|
| 2007/08 | 125 | 145 | 35 | 242 | 13 | 560 |
| 2008/09 | 155 | 139 | 29 | 232 | 12 | 567 |
| 2009/10 | 148 | 150 | 48 | 235 | 14 | 595 |
| 2010/11 | 100 | 125 | 30 | 190 | 10 | 455 |
| 2011/12 | 116 | 166 | 53 | 245 | 6 | 586 |
| 2012/13 | 73 | 178 | 51 | 208 | 7 | 517 |
| 2013/14 | 69 | 139 | 64 | 236 | 9 | 517 |
| 2014/15* | 122 | 223 | 66 | 185 | 8 | 604 |

Source: The Plants Production and Marketing Board, Citrus Division, Israel.

*Forecast: Based on information collected.

(1) Other Citrus includes red and white pomelos, kumquat, limquat, ethrog (citron).

Table 4: Citrus Type Share of Total Production, Percentage

| MY | Oranges | Mandarins (easy peelers) | Lemons/Limes | Grapefruit | Other Citrus | Total Production |
|----------|---------|--------------------------|--------------|------------|--------------|------------------|
| 2007/08 | 22.3 | 25.9 | 6.3 | 43.2 | 2.3 | 100 |
| 2008/09 | 27.3 | 24.5 | 5.1 | 40.9 | 2.2 | 100 |
| 2009/10 | 24.9 | 25.2 | 8.1 | 39.0 | 2.8 | 100 |
| 2010/11 | 22.0 | 27.5 | 6.6 | 41.7 | 2.2 | 100 |
| 2011/12 | 19.8 | 28.3 | 9.0 | 41.8 | 1.0 | 100 |
| 2012/13 | 14.1 | 34.5 | 9.8 | 40.3 | 1.3 | 100 |
| 2013/14 | 13.3 | 26.9 | 12.4 | 45.6 | 1.8 | 100 |
| 2014/15* | 20.2 | 36.9 | 10.9 | 30.6 | 1.4 | 100 |

Oranges – Post forecasts that orange production in MY 2014/15 will reach 122,500 TMT, a significant increase of 78 percent from the previous year. The increase is mainly due to favorable weather conditions in MY 2014/15 compared to the previous year. Shamuti and navel oranges remain Israel’s two main orange varieties with a stable planted area of 4,000 HA. Out of the total orange supply in MY 2014/15, about 19,000 tons are expected to be exported, 78,000 tons will be consumed in the local fresh market, and 25,500 tons will be delivered to local processors.

Tangerines/ Mandarins (Easy Peelers) – Post forecasts total mandarin production in MY 2014/15 at 223 TMT, a record high and a 61 percent increase from the previous year. In the last two marketing seasons, the full production potential of the easy peelers was not achieved due to unfavorable weather conditions. The Or/Orri variety, the main mandarin variety, captured about 46 percent or 64 TMT of the total mandarin production in MY 2013/14. Out of the 64 TMT, 83 percent (53 TMT) was exported and the rest (11 TMT) was consumed fresh locally. Other main local produced varieties are Suntina, Mineola, Topaz, Orri, Michal, Murcott and Hadas.

Grapefruit – Although there has been a significant decrease in the past three years of red grapefruit varieties’ planted area, the star ruby “sunrise” variety is the main citrus variety exported by Israel with a 35 percent market share, as well as 72 percent of citrus deliveries to the processing industry . Post

forecasts that in MY 2014/2015, Israel will produce 185 TMT of grapefruit, a 22 percent decrease from last year.

Lemons and Limes – MY 2014/15 lemon and lime production is expected to total 66 TMT, a 3 percent increase from MY 2013/14 and 29 percent up from MY 2012/13. The increase is driven by increased planted area in the last four years. Almost all lemons and limes are locally consumed; however, as a result of a shortfall in Argentinian lemon production, Israel has exported about 1,330 tons of lemons (up 360 percent compared to the same period last year) since the beginning of the current marketing year. In MY 2014/15, around 4,000 tons are expected to be exported, 59,800 tons will be consumed fresh locally, and about 2,200 tons will be sent to local processors.

Other Citrus – In the last three years, white pomelo planted area has increased by nearly 88 percent. White and red production is mostly consumed domestically. Other citrus are expected to total 8 TMT in MY 2014/15, of which 2,500 tons will be exported, 4,500 tons for local consumption and 500 tons will be processed domestically.

Table 5: Citrus Utilization, Destination, metric tons

| Period MY | Total Exports | | Delivery to Processors | | Local Fresh Market | | Total Percent |
|--------------|---------------|------|------------------------|------|--------------------|------|---------------|
| | Quantity | % | Quantity | % | Quantity | % | |
| 2007/08 | 172,059 | 30.7 | 212,097 | 37.9 | 175,844 | 31.4 | 100 |
| 2008/09 | 173,576 | 30.6 | 223,310 | 39.4 | 170,277 | 30.0 | 100 |
| 2009/10 | 179,238 | 30.0 | 182,203 | 30.6 | 234,531 | 39.4 | 100 |
| 2010/11 | 154,996 | 34.1 | 139,906 | 30.7 | 160,000 | 35.2 | 100 |
| 2011/12 | 180,388 | 30.4 | 231,454 | 39.5 | 176,424 | 30.1 | 100 |
| 2012/13 | 166,723 | 31.2 | 174,493 | 39.0 | 176,000 | 29.8 | 100 |
| 2013/14 | 167,439 | 32.5 | 177,000 | 34.2 | 172,000 | 33.3 | 100 |
| 2014/15* | 202,500 | 33.6 | 151,700 | 25.1 | 249,800 | 41.3 | 100 |

Source: The Plants Production and Marketing Board, Citrus Division, Israel.

*Forecast: Based on information collected.

Consumption:

Consumption

Post estimates local consumption of fresh citrus fruit in MY 2014/2015 at nearly 250 TMT, a 55 percent increase from the previous year. The significant increase is mainly due to the increased supply of oranges and easy peelers, which will provide attractive pricing in the local fresh market.

Most lemon (90 percent) and orange (64 percent) production is consumed fresh by the local market, while just 40 percent of the easy peelers' production is consumed domestically, due to higher profitability of the Or/Orri mandarin variety in the export market,.

Table 6: Fresh Citrus Consumption by the Local Market, MY

| | 2013/14 | | 2014/15* | |
|--------------------------|-----------------|------|-----------------|------|
| | Quantity (tons) | % | Quantity (tons) | % |
| Oranges | 46,000 | 28.6 | 78,000 | 31.2 |
| Grapefruit | 24,000 | 8.1 | 10,000 | 4.0 |
| Easy Peelers (mandarins) | 37,000 | 23.0 | 97,500 | 39.0 |

| | | | | |
|---------------|----------------|------------|----------------|------------|
| Lemons | 58,000 | 36.0 | 59,800 | 23.9 |
| Others | 7,000 | 4.3 | 4,500 | 1.9 |
| Total | 172,000 | 100 | 249,800 | 100 |

Source: The Plants Production and Marketing Board, Citrus Division, Israel.

*Forecast: Based on information collected.

The Processing Industry

Two groups control Israel's three citrus processing plants. The plants are "Gan Shmuel", "Pri- Nir" and "Pri- Mor". Post estimates deliveries to processing plants in MY 2014/15 will total 152 TMT, down 14 percent from the previous year. The decrease is driven mainly by a decrease in grapefruit production, as grapefruit deliveries are expected to drop by 27 percent compared to the previous year.

In MY 2013/14 deliveries to the processing industry were up by one percent compared to the previous year. Pricing was good for most varieties, except for red grapefruit. Four years ago the price of red grapefruit was close to \$180/ton, currently it is pricing at about \$100/ton, a 44 percent drop. The price decrease in recent years is due to increased red grapefruit production worldwide (mainly in Turkey and South Africa) while there has been decreased consumption of red grapefruit. However, due to limited local production of white grapefruit, prices have increased in the last two years, currently selling for about \$170 per ton.

About two-thirds of citrus deliveries in the past three years were grapefruit, and in MY 2014/15 only about half of the deliveries will be of grapefruit. Orange deliveries to the processing industry have continued to decline, a trend that began in MY 2004/5 when deliveries went from 77 TMT to 16 TMT by MY 2013/14, a 76 percent decline. Due to the expected significant increase in orange production, deliveries of oranges to the processing industry in MY 2014/15 are expected to increase significantly, by about 60 percent compared to the previous MY and will total about 25.5 TMTs.

Table 7: Delivery to Local Processing Plants

| | 2010/11 | | 2011/12 | | 2012/13 | | 2013/14 | | 2014/15* | |
|-------------------|----------------|------------|----------------|------------|----------------|------------|----------------|------------|----------------|------------|
| | Tons | % | Tons | % | Tons | % | Tons | % | Tons | % |
| Oranges | 24,634 | 18 | 38,092 | 16 | 25,550 | 15 | 16,000 | 9 | 25,500 | 17 |
| Grapefruit | 88,182 | 63 | 153,008 | 66 | 117,198 | 67 | 134,000 | 76 | 98,000 | 65 |
| Mandarins | 23,037 | 16 | 37,723 | 16 | 29,969 | 17 | 24,300 | 14 | 25,500 | 17 |
| Lemons | 2,368 | 2 | 2,631 | 1 | 1,776 | 1 | 2,700 | 1 | 2,200 | 1 |
| Total | 139,906 | 100 | 231,454 | 100 | 174,493 | 100 | 177,000 | 100 | 151,700 | 100 |

Source: The Plants Production and Marketing Board, Citrus Division, Israel.

*Forecast: Based on information collected.

Trade:

Trade

Post forecasts Israel's exports of citrus in MY 2014/15 to reach about 202.5 TMT, up 21 percent compared to the previous marketing year. Export growth is being driven mainly by increased production of both easy peelers (due to Or/Orrri mandarin's very good receptivity in the European market) and oranges. Fruit size and quality are above average and will contribute to the expected increase in exports.

Total citrus exports in MY 2013/14 were unchanged compared to the previous marketing year of 168 TMT, of which 47 percent were mandarins and 46 percent grapefruit. Mandarins and grapefruit account for about 90 percent of the Israeli fresh citrus exports, a trend that is expected to continue in the coming years. The Star Ruby grapefruit and Or mandarin varieties alone account for 36 and 32 percent of total citrus exports, respectively. Oranges on the other hand, continue to see their export market share significantly drop. Oranges dropped to 4.1 percent within the citrus export mix in MY 2013/2014; down from 15.5 percent in MY 2008/2010. The significant decrease (down 43.3 percent from MY2011/12) in orange exports in MY 2012/13 and MY 2013/14 compared to the previous years is attributed mainly to the sharp decrease in production driven by unfavorable weather conditions. Nonetheless, due to favorable weather conditions in MY 2014/15, orange exports are expected to rebound reaching about 19 TMT, or a 176 percent increase compared to MY 2013/14.

Average export prices in MY 2013/14 were generally unchanged compared to the previous marketing year for all citrus varieties.

Table 8: Fresh Citrus Exports by Varieties, metric tons

| | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2013/14 % Chg. vs. 2012/2013 | 2014/15* |
|------------------------|----------------|----------------|----------------|----------------|---------------------------------|----------------|
| Oranges | 12,464 | 13,007 | 7,369 | 6,880 | -7% | 19,000 |
| Grapefruit | 82,731 | 79,905 | 78,632 | 76,600 | -2.6% | 77,000 |
| Mandarins | 56,269 | 83,399 | 78,170 | 77,900 | -0.3% | 100,000 |
| Lemon and Limes | 501 | 1,174 | 766 | 3,281 | 428% | 4,000 |
| Other Citrus | 3,031 | 2,893 | 1,786 | 2,778 | 55.5% | 2,500 |
| Grand Total | 154,996 | 180,378 | 166,723 | 167,439 | 0.4% | 202,500 |

Source: The Plants Production and Marketing Board, Citrus Division, Israel.

*Forecast: Based on information collected.

Chart 1: Major Citrus Export Varieties, MY 2013/14, Percentage of Total Exports

Source: The Plants Production and Marketing Board, Citrus Division, Israel.
Suntina, Minneola and Or are mandarin varieties

In the last three years “Mehadrin” has been the country’s largest grower and exporter of quality citrus, as well as a leading exporter of other fruits and vegetables. There are about 50 authorized private citrus exporters in Israel.

Due to a limited boycott of Israeli citrus, Sainsbury, the UK supermarket chain, stopped buying Israeli citrus in MY 2013/14 and is not expected to continue purchases of Israeli citrus in MY 2014/15.

Chart 2: Export Market Destinations, Fresh Citrus, Market Share

Source: The Plants Production and Marketing Board, Citrus Division, Israel.

Europe-European markets import about 88 percent of Israel’s citrus exports. Specifically, Western Europe absorbs 66 percent of Israeli citrus exports (mainly UK, Scandinavian countries, France, Italy and Germany), while Russia and the Ukraine combined take in 23.5 percent.

Russia – The recent ban by Russia of European and American agricultural products, has not affected Israeli exports to Russia.

Japan - Exports to Japan of grapefruit (sweetie) in MY 2013/14 decreased by 16 percent from the previous marketing year. Post finds that red pomelo exports decreased by 43 percent in MY 2013/14 compared to MY 2012/13, due to shipping earlier than normal and lower quality, therefore. After a hiatus of several years, there have been some exports of red grapefruit to Japan. Due to the fact that the Yen has weakened against the US dollar, the profitability of Israeli citrus exports to Japan is declining. Overall, it is expected that total Israeli citrus exports to Japan in MY 2014/15 will be unchanged from MY2013/14.

Table 9: Israeli Fresh Citrus Export to Japan, number of cases

| | 2011/12 | 2012/13 | 2013/14 | 2013/14 % Chg. vs. 2012/2013 |
|-----------------------|---------|---------|---------|------------------------------|
| Sweetie | 220,112 | 228,816 | 192,964 | -16% |
| Red Pomelo | 1,092 | 2,520 | 1,428 | -43% |
| Red Grapefruit | 0 | 2,496 | 0 | -100% |

Source: The Plants Production and Marketing Board, Citrus Division, Israel.

China – Three years ago China closed its market to Israeli citrus due to a sanitary/phyto-sanitary (SPS) issue. Phytophthora spp., a fungi, was detected in one of the shipments from Israel and since that time

no Israeli citrus has been approved for import by China. However, recently the Israeli Plant Protection and Inspection Services (PPIS) have agreed on an SPS protocol with China. Under the terms of the agreement, the Chinese market is expected to be opened for Israeli citrus for the next two years provided that conditions of the agreement are met. PPIS is still waiting for the official Chinese approval so that exports can resume in MY 2014/15.

Other-Increased exports to long distance markets are taking place and mainly go to South Korea, Japan, and United States and Canada. The United States and the Canadian markets account for 2-3 percent of the total Israeli citrus exports.

Exports by Citrus Varieties:

Oranges – Post estimates exports of oranges to reach 19 TMT in MY 2014/15, an increase of 176 percent compared to the previous marketing year. The expected increase in exports is mainly due to higher local orange production this season. Due to bad weather conditions in MY 2012/13 and 2013/14, local orange production was significantly lower compared to the previous year leading to a significant decrease in orange exports in MY 2012/13. Israeli Shamuti is, far and away, the main export variety.

Table 10: Oranges Varieties Exports, metric tons

| | 2011/12 | 2012/13 | 2013/14 | 2013/14 % Chg. vs. 2012/2013 |
|-----------------|---------------|--------------|--------------|------------------------------|
| Navels | 567 | 663 | 187 | -72% |
| Shamuti | 10,733 | 5,224 | 6,177 | 18% |
| Valencia | 1,717 | 1,482 | 516 | -65% |
| Total | 13,017 | 7,369 | 6,880 | -7% |

Source: The Plants Production and Marketing Board, Citrus Division, Israel.

Tangerines/ Mandarins (Easy Peelers) – Post forecasts total mandarin exports in MY 2014/15 to reach about 100 TMT, up 28 percent compared to MY 2013/14. The increase is due to a record easy peeler production (mainly Or variety), as well as its continued increased demand.

In My 2013/14, Or variety exports totaled about 53 TMT, and captured 32 percent of all Israeli citrus exports. Or mandarins are exported mainly to France (40 percent of total exports).

Table 11: Mandarins (easy-peelers) Varieties Exports, metric tons

| | 2011/12 | 2012/13 | 2013/14 | 2013/14 % Chg. vs. 2012/2013 |
|---------------------|---------------|---------------|---------------|------------------------------|
| Or/Orri | 46,476 | 48,918 | 53,274 | 9% |
| Mineolla | 9,088 | 5,947 | 6,818 | 15% |
| Suntina | 16,279 | 13,174 | 10,500 | -20% |
| Topaz/Tangor | 2,929 | 2,856 | 957 | -66% |
| Others | 8,627 | 7,275 | 6,351 | -13% |
| Total | 83,399 | 78,170 | 77,900 | -0.3% |

Source: The Plants Production and Marketing Board, Citrus Division, Israel.

Grapefruit - The limited supply of South African grapefruit in European markets in conjunction with high pricing have increased Israeli grapefruit exports since the beginning of MY 2014/15. However, post estimates that demand will cool down during the year, which will result in overall Israeli grapefruit exports to be unchanged from the previous marketing year for a total of about 77 TMT in MY 2014/15.

In MY2013/14, despite the decrease in local production and lower prices for fresh grapefruit in Europe, exports of Israeli grapefruit declined marginally compared to the previous two marketing years. In this period, exports of red grapefruit did not change compared to the MY2012/13 totaling 59 TMT, though white grapefruit experienced a 31 percent decrease to 3.8 TMT. The Star Ruby (red grapefruit) variety accounts for 36 percent of total citrus exports.

Table 12: Grapefruit Varieties Exports, metric tons

| | 2011/12 | 2012/13 | 2013/14 | 2013/14 % Chg. vs. 2012/2013 |
|-------------------------|---------------|---------------|---------------|------------------------------|
| White Grapefruit | 4,521 | 5,588 | 3,850 | -31% |
| Red Grapefruit | 60,075 | 59,843 | 59,031 | -1.4% |
| Sweetie | 15,309 | 13,192 | 13,502 | 2.3% |
| Total | 79,905 | 78,632 | 76,383 | -2.9% |

Source: The Plants Production and Marketing Board, Citrus Division, Israel.

Other Citrus – Due to an extreme cold wave in Argentina, the main lemon supplier to Europe, its lemon shipments to Europe declined during the months of August – October 2014. Israeli exporters have stepped in to supply this gap. Lemon exports in MY2014/15 are forecast at 3 TMT and lime exports at 1 TMT. The first few weeks of the MY 2014/15 season, lemon exports totaled 1.4 TMT, representing a 356 percent increase compared to the same period one year ago. In the same period, lime exports increased nearly 70 percent or 707 tons from the 421 tons that were exported in all of MY 2013/14.

Table 13: Lemons and Other Citrus Varieties Exports, metric tons

| | 2011/12 | 2012/13 | 2013/14 | 2013/14 % Chg. vs. 2012/2013 |
|----------------------------|--------------|--------------|--------------|------------------------------|
| Lemons | 958 | 583 | 2,860 | 391% |
| Red Pomelo | 1,118 | 973 | 1,071 | 10% |
| White Pomelo | 1,291 | 451 | 1,166 | 158% |
| Limquat and Kumquat | 484 | 362 | 541 | 49% |
| Lime | 216 | 183 | 421 | 130% |
| Total | 4,067 | 2,552 | 6,059 | 137% |

Source: The Plants Production and Marketing Board, Citrus Division, Israel.

Marketing: Marketing

In Israel, fruit and vegetable consumption exceeds daily recommended amounts. Israelis, much like their European counterparts, are moving away from traditional citrus fruits such as oranges and grapefruit and switching to easier peeling, more compact sweeter mandarins. Industry sources confirm that this trend is expected to continue in the medium-term.

Surveys highlight that for consumers, citrus' freshness and its flavor along with appearance and juiciness are its greatest appeal. Consumers also welcome the convenience of seedless citrus varieties, such as the "Or" and "Michal" varieties.

Policy

Exports of U.S.-origin citrus to Israel are not currently permissible. A Pest Risk Assessment (PRA) has not been conducted for U.S. citrus. Indications are that even should Israel's Plant and Protection Service conduct a PRA for U.S. citrus, high shipping costs will hinder U.S. citrus exports. In addition, Israel does not import any fresh citrus, and this is not expected to change in the coming years.

Table 14: Tariff-rate Quotas, U.S. Fresh Citrus, Orange and Grapefruit Juices, U.S.-Israel Agreement on Trade in Agricultural Products

| Description | Total Quota (metric tons) | Duty |
|--|---------------------------|------|
| Oranges* | 1,689 | 0% |
| Lemons* | 506 | 0% |
| Grapefruit* | 1,689 | 0% |
| Other citrus (non-easy peelers)* | 1,689 | 0% |
| Frozen Orange Juice (packages over 100 kg) | 4,154 | 0% |
| Frozen Grapefruit Juice (packages over 100 kg) | 1,016 | 0% |

* Requires a Pest Risk Assessment (PRA). Without a PRA the product cannot enter Israel.

** Within the quota it is duty-free. Kilograms = kg.

Table 15: Imports of Frozen Orange Juice

| Year | HS Code | Value (thousands of \$) |
|--------------|----------|-------------------------|
| 2013 | 20091111 | \$29,306 |
| | 20091120 | \$4 |
| | 20091130 | \$1,505 |
| | 20091190 | \$1 |
| Total | | \$30,816 |
| 2012 | 20091111 | \$28,617 |
| | 20091120 | \$1 |
| | 20091130 | \$462 |
| | 20091140 | \$102 |
| Total | | \$29,182 |

Source: Israeli Bureau of Statistics

Israeli processors produce concentrates, juice, bases, puree, and slices. About 70 percent of these products are exported to the European Union (EU), the rest is consumed domestically. Annual per

capita consumption of juices and nectars is roughly 4-5 liters. This amount is increasing due to the decrease in consumption of carbonated soft drinks.

With local orange production contracting in recent years, FCOJ imports have increased significantly. In calendar year 2009, frozen orange juice imports were valued at \$14.5 million, while in 2012 and 2013 they reached \$29 and nearly \$31 million, hence more than a 100 percent increase. However, due to expected increase in local orange production in MY 2014/15, it is expected that FCOJ imports will decrease compared to the previous two years and will total about \$25 million in 2014 (\$38.2 million in 2013). These imports are mainly from Brazil (\$14.3 million in 2013) and the United States (\$3.5 million in 2013).

Production, Supply and Demand Data Statistics:

| Oranges, Fresh Israel | 2012/2013 | | 2013/2014 | | 2014/2015 | |
|-------------------------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|-------------|
| | Market Year Begin: Oct 2012 | | Market Year Begin: Oct 2013 | | Market Year Begin: Oct 2014 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted | 4,150 | | 4,100 | 4,000 | | 4,000 |
| Area Harvested | 3,950 | | 3,900 | 3,900 | | 3,900 |
| Bearing Trees | 0 | | 0 | | | |
| Non-Bearing Trees | 0 | | 0 | | | |
| Total No. Of Trees | 0 | 0 | 0 | 0 | | 0 |
| Production | 73 | | 100 | 69 | | 122 |
| Imports | 0 | | 0 | | | |
| Total Supply | 73 | 0 | 100 | 69 | | 122 |
| Exports | 7 | | 8 | 7 | | 19 |
| Fresh Dom. Consumption | 40 | | 47 | 46 | | 77 |
| For Processing | 26 | | 45 | 16 | | 26 |
| Total Distribution | 73 | 0 | 100 | 69 | | 122 |
| HECTARES, 1000 TREES, 1000 MT | | | | | | |

| Tangerines/Mandarins, | 2012/2013 | 2013/2014 | 2014/2015 |
|-----------------------|-----------|-----------|-----------|
|-----------------------|-----------|-----------|-----------|

| Fresh Israel | | | | | | |
|----------------------------------|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|
| | Market Year Begin: Oct 2012 | | Market Year Begin: Oct 2013 | | Market Year Begin: Oct 2014 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted | 8,700 | | 8,750 | 9,000 | | 9,400 |
| Area Harvested | 6,388 | | 6,500 | 6,900 | | 7,300 |
| Bearing Trees | 0 | | 0 | | | |
| Non-Bearing Trees | 0 | | 0 | | | |
| Total No. Of Trees | 0 | 0 | 0 | 0 | | 0 |
| Production | 178 | | 180 | 139 | | 223 |
| Imports | 0 | | 0 | | | |
| Total Supply | 178 | 0 | 180 | 139 | | 223 |
| Exports | 78 | | 70 | 78 | | 100 |
| Fresh Dom. Consumption | 70 | | 80 | 37 | | 97 |
| For Processing | 30 | | 30 | 24 | | 26 |
| Total Distribution | 178 | 0 | 180 | 139 | | 223 |
| HECTARES, 1000 TREES, 1000 MT | | | | | | |

| Grapefruit, Fresh Israel | 2012/2013 | | 2013/2014 | | 2014/2015 | |
|-------------------------------|-----------------------------|----------|-----------------------------|----------|-----------------------------|----------|
| | Market Year Begin: Oct 2012 | | Market Year Begin: Oct 2013 | | Market Year Begin: Oct 2014 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted | 4,000 | | 3,800 | 3,800 | | 3,300 |
| Area Harvested | 3,800 | | 3,750 | 3,750 | | 3,250 |
| Bearing Trees | 0 | | 0 | | | |
| Non-Bearing Trees | 0 | | 0 | | | |
| Total No. Of Trees | 0 | 0 | 0 | 0 | | 0 |
| Production | 208 | | 210 | 236 | | 185 |
| Imports | 0 | | 0 | | | |
| Total Supply | 208 | 0 | 210 | 236 | | 185 |
| Exports | 79 | | 78 | 78 | | 77 |
| Fresh Dom. Consumption | 12 | | 12 | 24 | | 10 |
| For Processing | 117 | | 120 | 134 | | 98 |
| Total Distribution | 208 | 0 | 210 | 236 | | 185 |
| HECTARES, 1000 TREES, 1000 MT | | | | | | |

| Lemons/Limes, Fresh Israel | 2012/2013 | | 2013/2014 | | 2014/2015 | |
|-------------------------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|-------------|
| | Market Year Begin: Oct 2012 | | Market Year Begin: Oct 2013 | | Market Year Begin: Oct 2014 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted | 1,920 | | 2,000 | | | 2,000 |
| Area Harvested | 1,860 | | 1,870 | | | 1,900 |
| Bearing Trees | 0 | | 0 | | | 0 |
| Non-Bearing Trees | 0 | | 0 | | | 0 |
| Total No. Of Trees | 0 | 0 | 0 | 0 | | 0 |
| Production | 51 | | 55 | 64 | | 66 |
| Imports | 0 | | 0 | | | 0 |
| Total Supply | 51 | 0 | 55 | 64 | | 66 |
| Exports | 1 | | 2 | 3 | | 4 |
| Fresh Dom. Consumption | 49 | | 51 | 58 | | 60 |
| For Processing | 1 | | 2 | 3 | | 2 |
| Total Distribution | 51 | 0 | 55 | 64 | | 66 |
| | | | | | | |
| HECTARES, 1000 TREES, 1000 MT | | | | | | |

| Citrus, Other, Fresh Israel | 2012/2013 | | 2013/2014 | | 2014/2015 | |
|--------------------------------|--------------------------------|-------------|--------------------------------|-------------|--------------------------------|-------------|
| | Market Year Begin: Jan 2012 | | Market Year Begin: Jan 2013 | | Market Year Begin: Jan 2014 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted | | 470 | | 500 | | 600 |
| Area Harvested | | 430 | | 450 | | 430 |
| Bearing Trees | | | | 0 | | 0 |

| | | | | | | |
|-------------------------------|--|---|--|---|--|---|
| Non-Bearing Trees | | 0 | | 0 | | 0 |
| Total No. Of Trees | | 0 | | 0 | | 0 |
| Production | | 7 | | 9 | | 8 |
| Imports | | 0 | | 0 | | 0 |
| Total Supply | | 7 | | 9 | | 8 |
| Exports, Fresh | | 2 | | 2 | | 3 |
| Fresh Dom. Consumption | | 5 | | 7 | | 5 |
| For Processing | | 0 | | 0 | | 0 |
| Total Distribution | | 7 | | 9 | | 8 |
| | | | | | | |
| HECTARES, 1000 TREES, 1000 MT | | | | | | |

| Orange Juice Israel | 2012/2013 | | 2013/2014 | | 2014/2015 | |
|--------------------------------|--|---------------------|--|---------------------|--|---------------------|
| | Market Year Begin: Oct 2012 | | Market Year Begin: Oct 2013 | | Market Year Begin: Oct 2014 | |
| | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Deliv. To Processors | 26,000 | 26,000 | 45,000 | 16,000 | | 25,500 |
| Beginning Stocks | 500 | 500 | 100 | 100 | | 100 |
| Production | 2,400 | 2,400 | 4,150 | 1,500 | | 2,400 |
| Imports | 27,000 | 27,000 | 24,300 | 28,000 | | 26,300 |
| Total Supply | 29,900 | 29,900 | 28,550 | 29,600 | | 28,800 |
| Exports | 13,500 | 13,500 | 13,000 | 13,500 | | 13,000 |
| Domestic Consumption | 16,300 | 16,300 | 15,500 | 16,000 | | 15,700 |
| Ending Stocks | 100 | 100 | 50 | 100 | | 100 |
| Total Distribution | 29,900 | 29,900 | 28,550 | 29,600 | | 28,800 |
| | | | | | | |
| MT | | | | | | |

