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Israel

Citrus Annual Report

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Report Highlights:

In 2011/12, Post forecasts total citrus production of about 578,000 MT, a 27 percent increase compared to the sharp drop in production the previous year. The increase is mainly due to normal growing conditions and preventative treatments for insect infestations which should allow a return to average yields. In addition, plantations of easy peelers, mainly Or variety, are reaching bearing and higher yielding ages. In MY 2010/11 local citrus production reached a record low of 455,000 tons, a 20 percent decrease compared to the previous year. The decrease was mainly a result of a white moth that attacked the flowers (during the blooming period) combined with a severe stormy weather (very strong winds) at the end of December.

In MY 2011/12, citrus exports are expected to increase about 17 percent from the previous year, and delivery to processing plants is expected to increase about 40 percent compared to the previous year. Exports have increased to the more distant markets and this trend is expected to continue, mainly to the U.S, Korea, and China. Export demand for easy peelers is the source of most of this growth.

Executive Summary

Main characteristics of 2010/11 season:

- In MY 2010/11 local citrus production reached a record low of 455,000 tons, a 20 percent decrease compared to the previous MY.
- Out of the total production, 155,000 tons (34 percent) were exported, 140,000 tons processed (31 percent), and the remainder consumed fresh (160,000 tons)
- A white moth that attacked the trees during the blooming period (spring 2010) caused heavy damages especially to the oranges, easy-peelers and lemons crop.
- Continuous uprooting of old Marsh grapefruit, old Shamutis and Sweetie orchards, reduced the total production.
- A severe stormy weather (very strong winds) at the end of December 2010 caused a loss of about 40,000 tons of fruit
- Although the record low production, export volumes decreased by only 14 percent compared to the previous MY.
- Exports have increased to more distant markets and this trend is expected to continue in MY 2011/12, mainly to the U.S, South Korea, and China.
- As a result of the record low citrus production, local market prices increased by about 15 percent. Therefore, income of the local growers was relatively good.
- Citrus processing industry prices were 50 percent higher compared to the previous year.
- Export prices were 10 percent higher compared to the previous season, excluding red grapefruits.

Main characteristics forecast for the 2011/12 season:

- In MY 2011/12, Post forecasts that supplies of local citrus will reach their normal growing yields combined with continued production increase in local easy peelers (mainly Or variety). Citrus production in Israel is forecast at 578,000 tons, a 27 percent increase compared to the previous year. Strong export demand for easy peelers (tangerines/mandarins) is driving the increase in planting and production.
- Out of the total production, approximately 181,000 tons (31 percent) is expected to be exported, 195,000 tons processed (34 percent), and the remainder consumed fresh (202,000 tons)
- In August 2011, planted area totaled 18,200 ha, of which about 14,573 ha (80 percent) were fruit-bearing. In CY 2011 and 2010, 1,954 ha of fresh citrus were planted (1,300 ha in 2010, and 654 ha in 2011), mainly tangerines (72 percent). On the other hand, due to low profitability, about 530 ha of citrus were uprooted in 2011 mainly shamouti oranges (238 ha,), Star-Rubi grapefruit (88 ha,) Valencia oranges (88 ha) and white grapefruit (46 ha). In CY 2011, planted area of the Or variety totaled 3,600 ha, which accounts for 20 percent of total citrus planted area.

Production

The forecast for 2011/12 is for a total production of about 578,000 MT, a 27 percent increase compared to the previous year. In MY 2010/11 local citrus production reached a record low of 455,000 tons, a 20 percent decrease compared to the previous year.
In MY 2010/11 the decrease was mainly a result of a white moth that attacked the flowers (during the blooming period) combined with a severe stormy weather (very strong winds) at the end of December 2010. In addition, continuous uprooting in the last few years of old Marsh grapefruit, old Shamutis and Sweetie orchards, reduced the total local citrus production in MY 2010/11.

Oranges – Due to the preventing treatment against the white moth that attacked the flowers in the previous year (spraying program), oranges production in MY 2011/12 is expected to increase about 30 percent to 131,000 tons. The two main varieties are Shamuti and Navels.

Easy Peelers – In recent years, as a result of the increased new easy peelers plantations, tangerines production increased (excluding the previous year when tangerines also suffered from the white moth and the stormy weather), and is expected to continue to increase in the coming years. It is estimated that in 2015, easy peelers production will total about 200,000 tons, compared to 169,000 tons in MY 2011/12, a 25 percent increase.

Due to increased plantations of the leading "Or" variety in recent years, it is expected that by 2015, "Or" variety production will reach about 100,000 tons, a 20 percent of total citrus production, and will be the growth engine of the Israeli citrus sector in the coming years.

Grapefruit – Due to preventative measures against the white moth (spraying program), grapefruit production in MY 2011/12 is expected to increase about 7 percent to 205,000 tons.

Lemons – In 2011/12, it is estimated that local production of lemons will total approximately 60,000 tons, a 100 percent increase compared to the previous year. This significant increase is mainly due the prevented treatment against the white moth combined with newly bearing lemon plantations.

Other Citrus - Due to continued aggressive competition from China combined with uprooting of white and red pomelo in recent years, other citrus production is expected to stabilize at 10,000-12,000 in the coming years.

Table 1: Citrus Production by Varieties, Thousand Tons

MY	Total Production	Orange	Easy Peelers	Lemon and Lime	Grapefruit	Other Citrus [1]
2007/8	560.0	125.0	145.0	35.0	242.0	13.0
2008/9	567.0	155.0	139.0	29.0	232.0	12.0
2009/10	595.0	148.0	150.0	48.0	235.0	14.0
2010/11	455.0	100.0	125.0	30.0	190.0	10.0
2011/12*	578.0	131.0	169.0	61.0	205.0	12.0

Source: The Plants Production and Marketing Board, Citrus division, Israel
*Forecast: Based on information collected

Table 2: Species Share Out of Total Production, Percent

MY	Oranges	Easy Peelers	Lemon	Grapefruit	Other Citrus	Total
2007/8	22.3	25.9	6.3	43.2	2.3	100
2008/9	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*	22.7	29.2	10.5	35.5	2.1	100

Table 3: Citrus Disposition, by Destination, Tons

Period	Total Exports		Delivery to Processors		Local Fresh Market		
MY	Quantity	%	Quantity	%	Quantity	%	Total Percent
2007/8	172,059	30.7	212,097	37.9	175,844	31.4	100
2008/9	173,413	30.6	223,310	39.4	170,277	30.0	100
2009/10	179,039	30.0	182,203	30.6	234,531	39.4	100
2010/11	154,708	34.1	139,906	30.1	160,000	35.8	100
2011/12*	181,000	31.3	195,000	33.7	202,000	35.0	100

Source: The Plants Production and Marketing Board, Citrus division, Israel

Table 4: Fresh Citrus Production by Varieties, Tons, MY 2011/12

Variety	2011/12	Market Share
Shamuti	58,500	10.1%
Valencia	28,000	4.8%
Navels	42,000	7.3%
Others	2,500	0.4%
Total Oranges	**131,000**	**22.6%**
White Grapefruit	63,000	10.9%
Sunrise	111,000	19.2%
Sweetie	30,000	5.2%
Others	1,000	0.2%
Total Grapefruit	**205,000**	**35.5%**
Or	53,500	9.3%
Ora	10,300	1.8%
Hadas	2,000	0.3%
Topaz	9,000	1.6%
Mor	4,000	0.7%
Morcot	9,200	1.6%
Michal	24,000	4.2%
Minneola	17,100	3.0%
Merav	4,400	0.8%
Nova	22,900	3.9%
Chasuma	8,500	1.5%
Rishon	1,900	0.3%
Others	2,200	0.4%

Total Easy Peelers	**169,000**	**29.4%**
Total Lemon	**60,000**	**10.4%**
Lime	1,500	0.3%
White Pomelo	6,800	1.1%
Red Pomelo	3,300	0.5%
Limquat	150	0.0%
Kumquat	1,000	0.2%
Other	250	0.0%
Total Other Citrus	**13,000**	**2.1%**
Grand Total	**578,000**	**100%**

Source: The Plants Production and Marketing Board, Citrus Division, Israel
Other Citrus- Kumquat, Ethrog (Citron), Red & White Pomelo, Limquat.

Planted Area

In August 2011, planted area totaled 18,000 ha, of which about 15,000 ha (83 percent) were fruit-bearing. In CY 2011 and 2010, a total of 1,954 ha of fresh citrus were planted (see table below), mainly easy peelers (72 percent). Out of total new mandarins plantations, about 50 percent were "Or" variety. On the other hand, due to low profitability, about 530 ha of citrus were uprooted in 2011 mainly shamouti (238 ha, orange), Star-Rubi (88 ha, grapefruit) Valencia (88 ha, orange), white grapefruit (46 ha) and easy peelers (71 ha). All in all, in 2011 the trade-off between uprooting and new plantations was positive and totaled 124 ha, meaning more plantations than uprooting.

In addition, it is expected that uprooting in CY 2012 will total about 500 ha, while new plantations will total about 1,000 ha. Meaning total citrus area will continue to increase in 2012.

It is expected that in CY 2015 about 5,000 ha would be "Or" and "Odem" mandarins varieties. In CY 2011, planted area of the Or variety totaled 3,600 ha, which accounts for 20 percent of total citrus planted area.

Table 5: New Citrus Plantations, Ha, CY

	2010	**2011**	**Total (ha)**	**% Of Total**
Oranges	135	116	251	13.8%
Grapefruit	29	13	42	2.3%
Lemons	53	53	106	5.8%
Easy peelers	942	461	1,403	77.0%
Others	9	11	20	1.1%
Total	**1,168**	**654**	**1,822**	**100%**

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

According to table 6, in the first 2 age groups (0-5 and 5-10), the main varieties are easy peelers, while in the old age group (above 20 years), the main varieties are Shamuti, Valencia, grapefruit and lemons.

Table 6: Citrus Orchards by age, Out of total Planted Citrus Area

	2011

0-5 years	29.3%
5-10 years	13.4%
10-15 years	11.6%
15-20 years	14.6%
Above 20 years	31.1%
Total	**100%**

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

Consumption

In 2011/12, it is estimated that local consumption of fresh citrus will total approximately 202,000 tons, a 21 percent increase from the previous year. The expected increase in local consumption is mainly due to the expected increase in local citrus production and resulting lower prices.

As a result of the shortage of local citrus supplies and higher prices in the previous year, local consumption decreased by about 15-20 percent. On the other hand, as a result of the record low citrus production, local market prices increased by about 15 percent. All in all, income of the local growers was relatively good and compensated for the low crop.

It should be mentioned that a portion of the local citrus production is sold in the West Bank (the figures are not known). As the economic situation in the West Bank is improving, more Israeli citrus will be consumed in the West Bank. The West Bank can be one of the most important growth engines for the Israeli citrus industry in the coming years.

The Processing Industry

With more normal supply in MY 2011/12, deliveries to the processing plants are forecast at 195,000 tons, a nearly 40 percent increase compared to the previous year.

As a result of the record low citrus production in MY 2010/11, deliveries to the processing plants reached a record low of 140,000 tons, a 23 percent decrease compared to the previous MY, and 50 percent decrease compared to MY 2006/7. Although citrus processing industry prices in MY 2010/11 were 50 percent higher compared to the previous year, most of the citrus fruits were delivered to the local fresh market and for exports, and as a result deliveries to the processing plants reached a record low.

All in all, deliveries to the processing plants have decreased in recent years (see table 7). The main reason for the decrease is due to the fact that in recent years the prices that the local processing industry paid to the growers were significantly lower than prices that were paid by the export and local fresh markets.

Table 7: Delivery to the Processing Plants, MY, Tons

	2007/8	**2008/9**	**2009/10**	**2010/11**

	Tons	%	Tons	%	Tons	%	Tons	%
Oranges	83,750	20	53,500	24	45,772	25		18
Grapefruit	156,750	68	141,674	63	107,076	59		63
Easy Peelers and Others	42,500	12	28,136	13	29,355	16		19
Total		100		100		100		100

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

Trade

Despite record low production in the 2010/11, export volumes decreased by only 14 percent compared to the previous MY and totaled 155,000 tons.
Income of the local growers from exports was better than the previous year.

Export prices in MY 2010/11 were about 12 percent higher compared to the previous season, excluding red grapefruits.

The increased income from export is mainly due to new plantations of profitable citrus varieties (mainly easy peelers, and especially "Or" variety) on the account of non-profitable citrus varieties (mainly oranges and white grapefruits).
"Or" variety retail prices in the EU markets were 1.5-1.8 Euros per kg, while prices for other easy peelers varieties were 0.7-1.2 Euros per kg.

Export demand for tangerines (mainly "Or" variety) is the most important growth engine for the Israeli citrus sector in the coming years.

Out of total citrus exports in 2010/11, 53 percent and 36 percent were the grapefruit and tangerines varieties, respectively. In recent years, easy peelers exports have increased (excluding 2010/11), and is expected to continue to increase in the coming years, led mainly by the "Or" variety (55 percent of total tangerines exports).
On the other hand, the market share for oranges has continued to decrease by 33 percent, from 12 percent market share in 2009/10 to 8 percent market share in 2010/11. The decreased oranges exports is mainly due to growing competition from other countries (Spain, Italy, Morocco, Turkey and Egypt).

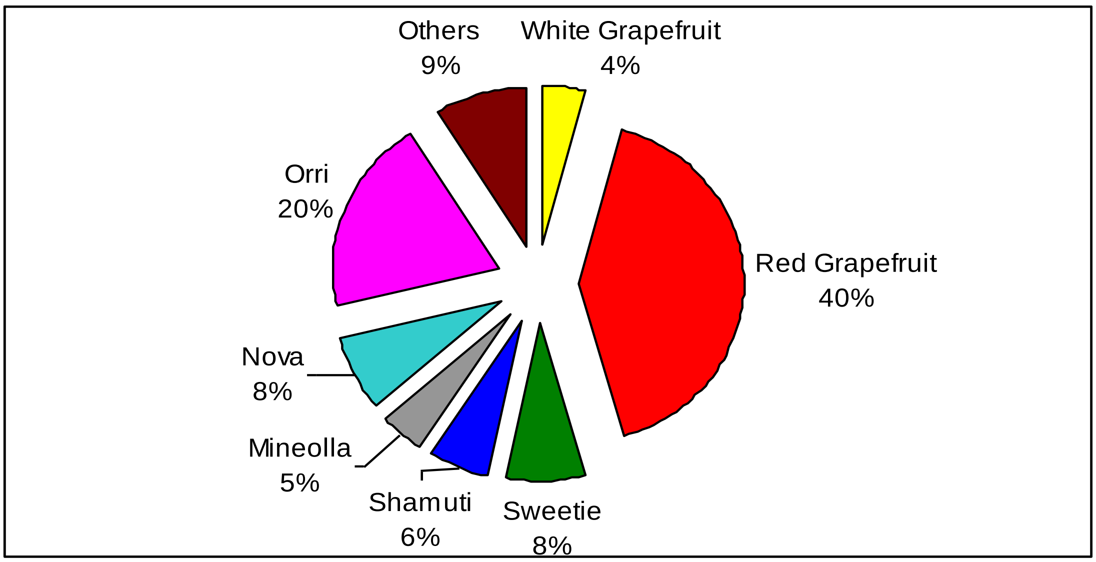
Exports in 2011/12 are forecast to increase about 17 percent compared to the previous year and will total 181,000 tons. The expected increase in exports is mainly due to the expected recovery of local citrus production.

Table 8: Fresh Citrus Exports by Varieties, Tons, MY

Variety	2008/9	2009/10	2010/11	2011/12*	2010/11 % Change Compared to 2009/10
Oranges				20,000	**- 42.5%**
Grapefruit			82,651	85,000	**- 2.0%**
Easy Peelers			56,072	70,000	-
Lemon			501	3,000	**- 73.3%**
Other Citrus			3,016	3,000	**- 6.0%**
Grand Total				**181,000**	**-13.6%**

Source: The Plants Production and Marketing Board, Citrus Division, Israel
* Forecast: Based on information collected.

Chart 1: Exports by Major Varieties, MY 2010/11, Percentage of Total Exports



- Easy Peelers - Or, Nova, Mineolla
- Oranges Shamuti
- Sweetie is a kind of Grapefruit

In recent years, there was a change in the Israeli export markets, and in the last two years Russia became one of the best two markets for Israeli citrus with a twenty percent market share, while the other best market for Israeli citrus is still the U.K. also with a twenty percent market share. About fifty percent of Israeli citrus exports go to the EU market, and 10 percent to more distant markets.

Exports have increased to more distant markets, e.g., the United States, South Korea and China and this trend is expected to continue in MY 2011/12.

Japan and S. Korea - Exports of the sweetie variety to Japan in 2010/11 decreased 7 percent from the previous year (from 3,750 tons to 3,500 tons), and a continued decrease is expected in 2011/12. On the other hand, it is expected that in 2011/12 a first shipment of the “Or” variety (easy peeler) will be shipped to Japan (about 200 tons). In addition, Sweetie exports to S. Korea are expected to increase by about 100 percent in 2011/12 compared to the previous years, from 500 tons to 1,000 tons.

U.S. and Canada – It is expected that exports of Israeli citrus to N. America will increase by about 100 percent in 2011/12, from 1,500 tons to about 3,000 tons. Export are mainly of easy peelers, "Or" and "Nova" varieties.

Table 9: Israeli Fresh Citrus Export to Japan, Cases, MY

MY	2009/10	2010/11	2011/12
Sweetie	268,152	246,344	213,472
Red Pomelo	4,064	5,208	1,092
White Grapefruit	4,536	11,552	0

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

Oranges – Due to continued competition from other orange suppliers combined with a record low citrus production (mainly Shamouti), exports of oranges in MY 2010/11 decreased by nearly 54 percent compared MY 2008/9. Shamouti exports decreased by 50 percent in 2010/11 compared to the previous 2 years, and totaled 8,696 tons.

It is expected that oranges exports in MY 2011/12 will increase to about 20,000 tons, a 60 percent increase compared to the previous year. The increase is mainly due to the forecast that supplies of local citrus (including oranges) will recover in MY 2011/12.

Table 10: Oranges Varieties Exports, MY, Tons

	2008/9	2009/10	2010/11	2010/11 % Change Compared to 2009/10
Navels	1,843	1,895	663	-65%
Shamuti	17,449	17,302	8,696	-50%
Valencia	7,705	2,461	3,051	24%

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

Easy Peelers – Although total easy peelers exports decreased by nearly 18 percent in MY 2010/11 compared to the previous year, "Or" variety exports reached a record high of 31,000 tons, a 19 percent increase compared to the previous year. "Or" variety exports are expected to continue to increase in MY 2011/12 and will total about 36,000 tons, a 16 percent increase, and the Israeli Citrus Board local trade forecasts that "Or" variety exports in MY 2014/15 will reach about 92,000 tons, a 190 percent increase compared to MY 2010/11. Most of the "Or" variety is exported from January through March.

Total easy peelers' exports are estimated to total about 70,000 tons, nearly 25 percent increase compared to the previous year.

Table 11: Easy-Peelers Varieties Exports, MY, Tons

	2008/9	2009/10	2010/11	2010/11 % Change Compared to 2009/10
Mineolla	6,901	11,667	6,964	**-40%**
Nova	17,829	18,628	11,684	**-37%**
Or	17,956	25,973	30,986	**19%**
Others	12,009	11,716	6,438	**-45%**

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

Grapefruit – In 2010/11, exports of red grapefruit increased by 5 percent compared to the previous year. Red grapefruit exports are expected to continue to grow by 5 percent in 2011/12. Out of total grapefruit exports, 77 percent are red grapefruit. On the other hand, exports of White grapefruit in 2010/11 continued to decrease by 38 percent from the previous year and totaled 6,627 mt. In addition, exports of sweetie variety decreased nearly 3 percent compared to the previous year. The decrease was mainly due to decrease in sweetie exports to Japan.

Total grapefruit exports in MY 2011/12 are expected to increase slightly compared to the previous year and will total about 85,000 tons, a 2 percent increase compared to the previous year.

Table 12: Grapefruit Varieties Exports, MY, Tons

	2008/9	2009/10	2010/11	2010/11 % Change Compared to 2009/10
White Grapefruit	11,480	10,764	6,627	-38%
Red Grapefruit	60,338	61,111	63,973	5%
Sweetie	13,362	12,439	12,051	-3%

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

Other Citrus – Despite the continued aggressive competition from China, in MY 2010/110 pomelo (red and white) exports increased by 7 percent compared to the previous year to 2,424 mt. However, post forecasts that due to the continued pomelo aggressive competition from China combined with the uprooting of the pomelo in recent years, pomelo exports in the coming years will decrease by about 10 percent.

Production, Supply and Demand Data Statistics:

Fresh Grapefruit

Grapefruit, Fresh Israel	2009/2010	2010/2011	2011/2012
	Market Year Begin: Oct 2009	Market Year Begin: Oct 2010	Market Year Begin: Oct 2011

	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	4,840	4,840	4,750	4,700		4,660
Area Harvested	4,260	4,260	4,210	4,180		4,140
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	235	235	225	190		205
Imports	0	0	0	0		0
Total Supply	235	235	225	190		205
Exports	84	84	90	83		85
Fresh Dom. Consumption	44	44	31	19		21
For Processing	107	107	104	88		99
Total Distribution	235	235	225	190		205
HECTARES, 1000 TREES, 1000 MT						

Fresh Oranges

Oranges, Fresh Israel	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	4,550	4,550	4,350	4,350		4,400
Area Harvested	4,010	4,010	3,900	3,900		3,950
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	148	148	140	100		131
Imports	0	0	0	0		0
Total Supply	148	148	140	100		131
Exports	22	22	20	12		20
Fresh Dom. Consumption	80	80	82	63		65
For Processing	46	46	38	25		46
Total Distribution	148	148	140	100		131
HECTARES, 1000 TREES, 1000 MT						

Fresh Tangerines/Mandarins

Tangerines/Mandarins, Fresh Israel	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	5,600	5,600	6,100	6,100		6,500
Area Harvested	4,250	4,250	4,600	4,600		4,800
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	150	150	160	125		169
Imports	0	0	0	0		0
Total Supply	150	150	160	125		169
Exports	67	68	77	56		70
Fresh Dom. Consumption	56	55	57	47		52
For Processing	27	27	26	22		47
Total Distribution	150	150	160	125		169
HECTARES, 1000 TREES, 1000 MT						

Fresh Lemons/Limes

Lemons/Limes, Fresh Israel	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	1,830	1,830	1,830	1,830		1,845
Area Harvested	1,550	1,550	1,570	1,570		1,580
Bearing Trees	0	0	0	0		0
Non-Bearing Trees	0	0	0	0		0
Total No. Of Trees	0	0	0	0		0
Production	48	48	50	30		61
Imports	0	0	0	0		0
Total Supply	48	48	50	30		61
Exports	2	2	3	1		3
Fresh Dom. Consumption	44	44	45	27		55
For Processing	2	2	2	2		3
Total Distribution	48	48	50	30		61
HECTARES, 1000 TREES, 1000 MT						

Other Citrus

Citrus, Other, Fresh Israel	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jan 2009		Market Year Begin: Jan 2010		Market Year Begin: Jan 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted		600		555		560
Area Harvested		560		540		540
Bearing Trees		0		0		0
Non-Bearing Trees		0		0		0
Total No. Of Trees		0		0		0
Production		14		10		12
Imports		0		0		0
Total Supply		14		10		12
Exports, Fresh		3		3		3
Fresh Dom. Consumption		11		7		9
For Processing		0		0		0
Total Distribution		14		10		12
HECTARES, 1000 TREES, 1000 MT						

Orange Juice

Orange Juice Israel	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Oct 2009		Market Year Begin: Oct 2010		Market Year Begin: Oct 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	46,000	46,000	38,000	25,000		46,000
Beginning Stocks	460	460	500	500		800
Production	4,200	4,200	3,500	2,300		4,200
Imports	26,340	26,340	29,050	30,000		26,400
Total Supply	31,000	31,000	33,050	32,800		31,400
Exports	15,000	15,000	16,500	16,100		15,600
Domestic Consumption	15,500	15,500	16,100	15,900		15,400
Ending Stocks	500	500	450	800		400
Total Distribution	31,000	31,000	33,050	32,800		31,400
MT						