Required Report: Required - Public Distribution **Date:** December 15,2020

Report Number: IS2020-0023

Report Name: Citrus Annual

Country: Israel

Post: Tel Aviv

Report Category: Citrus

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Report Highlights:

Israel's planted area with citrus in marketing year (MY) 2020/21 is forecast to be 18,260 hectares (ha) up 3.7 percent from the area planted in MY 2019/20 of 17,600 ha. The productive area is estimated at 16,100 ha. In past years, the main challenges citrus farmers and exporters faced were weather conditions and market prices. This year for the first time, farmers had to manage COVID-19 restrictions, which affected their field work, packing house operations, and shipping logistics. Farmers were also not able to harvest their produce on-time and faced limited export and domestic market opportunities.

Overview:
In MY 2020/21, Post anticipates low production of Israeli citrus, falling considerably below the average total citrus production of 525 thousand metric tons (TMT) due to extreme weather conditions during the growing season. In MY 2019/20, Israeli citrus production fell well below initial 2019 estimates. Producers reported decreased production across all citrus varieties except for lemons. As a result, Post is revising down MY 2019/20 production estimates for oranges, tangerines, and grapefruit.

MY 2019/20 began with a promising start with above average yields and good weather conditions during the growing season. However, by March 2020, the market year was disrupted by the COVID-19 pandemic while 40 percent of the produce was not yet harvested. Similar to other countries aiming to control the spread of the virus, the government put in place movement restrictions that limited workplace operations, including the number of employees working per shift. Initially, COVID-19 had less impact on open air harvests, but the impact on indoor activities such as packing house operations was immediate. However, eventually field activities were also affected when the field workers were either unable, or chose not to work due to risk of infection.

The citrus industry also faced export logistics problems due to the limited availability of sea shipments. Domestic wet markets, restaurants, and hotels in Israel were closed for extended periods driving industry to find creative measures to sell their produce. One of these measures included direct sales from farmers to end users which was very uncommon prior to the COVID-19 outbreak. Government restrictions also negatively affected the demand for frozen orange juice (FOJ) in Israel because coffee shops and hotels that normally consume it in large quantities were closed.

The end of the citrus season was also characterized by low quality produce. This was largely due to damaged fruit harvested by unqualified volunteers with limited knowledge of best harvesting practices as well as slower work pace at packing houses causing fruit to spoil. In addition, the longer than average winter caused late ripening and low quality fruit.

Post estimates that MY2020/21 will be characterized by low production due to extreme weather conditions. Earlier this season, Israel faced a severe heatwave lasting over a week with very high temperatures and very low humidity, just as citrus trees began to flower. Later on in the season, there was a second, shorter heatwave also with extremely high temperatures. At the beginning of the harvesting season in November, farmers faced heavy rains exceeding average rainfall in many of the citrus growing areas.

Crop Area:
Israeli citrus production is located throughout the country with the exception of the far south, south of Beer-Sheva, in the North Negev area. Currently, 27 percent of citrus is grown in the north of the country, 34 percent in the central areas, and 36 percent in the south, the rest are located along the eastern border of the country. Post estimates the total planted area in MY 2020/21 to be at 18,260 ha, which is up 3.7 percent from the 17,600 ha of the previous season. Most of the new planted groves are of grapefruit varieties due to increasing demands in international markets.

In recent years, the main challenge for Israeli farmers has been the longer summers and shorter winters with a severe decrease of rainfall. Farmers find themselves having to irrigate also in the wintertime, a phenomenon that was rare in the past. Israeli farmers receive an allocation of water in the beginning of

the year and are prohibited from using more. Therefore, farm land for irrigated crops is limited and farmers are incentivized to plant high-value cash crops or those that use less water. In the longer term future, Post expects that citrus planted area will decrease and be replaced by grapes, olives, and figs which are more heat tolerant and demand for less water. In 1970, planted area for citrus was 42,000 ha, most of which were oranges. In MY 2019/20 the land occupied by citrus orchards is only 42 percent of the area in 1970.

Oranges – In MY 2020/21, Post forecasts production to remain low and below average based on production challenges outlined above, with area remaining at 4,100 ha. Demand from the institutional sector is expected to remain low due to government restrictions set to prevent the spread of COVID-19. The bulk of Israeli orange production will find its way to the local market and to the domestic processing industry – same as it was in the past years – as international market prices are still less attractive. Post estimates that MY2020/21 orange production to reach 58 TMT, a three percent decrease from MY 2019/20. This decrease reflects mainly two peaks of harsh weather conditions during the current growing season. Oranges now represent 23 percent of the total area for citrus.

In MY 2019/20, orange production fell below previous estimates. Post is revising production downwards to 60 TMT, which is an 11.8 percent decrease from MY 2018/19. The updated production numbers are based on industry-reported data and mainly reflect the effects of COVID-19. Due to the decline in production in MY 2019/20, Post is also revising downwards exports and domestic consumption. Exports fell to 2 TMT and domestic consumption dropped to 30 TMT.

Oranges, Fresh	**2018/2019**		**2019/2020**		**2020/2021**	
Market Year Begins	**Oct 2018**		**Oct 2019**		**Oct 2020**	
Israel	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted (HECTARES)	4100	4100	4100	4100	0	4100
Area Harvested (HECTARES)	3700	3700	3800	3500	0	3800
Bearing Trees (1000 TREES)	0	0	0	0	0	0
Non-Bearing Trees (1000 TREES)	0	0	0	0	0	0
Total No. Of Trees (1000 TREES)	0	0	0	0	0	0
Production (1000 MT)	68	68	76	60	0	58
Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	68	68	76	60	0	58

Exports (1000 MT)	3	3	4	2	0	3
Fresh Dom. Consumption (1000 MT)	42	42	44	30	0	27
For Processing (1000 MT)	23	23	28	28	0	28
Total Distribution (1000 MT)	68	68	76	60	0	58
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Mandarin/Tangerine – In MY 2020/21, Post forecasts total mandarin and tangerine production to reach 160 TMT, this decrease reflects two peaks of harsh weather conditions during the current growing season, negatively impacting production levels.

Post is revising downwards MY 2019/20 tangerine production estimates based on industry-reported data, which reflects the effects of COVID-19 production challenges as outlined above, impacting all Israeli citrus. Mandarin and tangerine production in MY 2019/20 was 182 TMT, 18 TMT below estimates. In line with decreased production, Post is also lowering fresh domestic consumption and export numbers, and raising processing figures by 14 percent. The processing sector received larger quantities of tangerines this year due to the closure of open-air markets and the hotel sector since March 2020, and the need to divert the harvested crops to different users.

Israel grows more than 15 varieties of mandarins and tangerines. However, Israeli growers mainly focus on one variety of tangerine: the *Or/Ori* variety. *Or* maintains high demand and strong prices in both local and export markets. Areas planted in other tangerine varieties are decreasing as farmers switch to the *Or* variety. Currently, there are no new varieties with better characteristics being propagated that could potentially replace the *Or* in the near future. The *Or* is estimated to make up 73 percent of the total tangerine production in MY 2020/21, and today holds 55 percent of the total exports of Israeli citrus and 88 percent of total mandarin/tangerine exports. Israeli growers face strong international competition mainly in the European markets, from tangerine producers in North Africa and Spain. Mandarins and tangerines now represent 41 percent of the total area for citrus.

Tangerines/Mandarins, Fresh	**2018/2019**		**2019/2020**		**2020/2021**	
Market Year Begins	**Oct 2018**		**Oct 2019**		**Oct 2020**	
Israel	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted (HECTARES)	8100	8100	8135	7235	0	7415

Area Harvested (HECTARES)	7600	7600	7850	7000	0	7000
Bearing Trees (1000 TREES)	0	0	0	0	0	0
Non-Bearing Trees (1000 TREES)	0	0	0	0	0	0
Total No. Of Trees (1000 TREES)	0	0	0	0	0	0
Production (1000 MT)	198	198	200	182	0	160
Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	198	198	200	182	0	160
Exports (1000 MT)	102	102	110	98	0	90
Fresh Dom. Consumption (1000 MT)	54	54	55	44	0	40
For Processing (1000 MT)	42	42	35	40	0	30
Total Distribution (1000 MT)	198	198	200	182	0	160
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Grapefruit – In MY 2020/21, grapefruit production is expected to remain low at 130 TMT, due to harsh weather conditions that occurred twice during the growing season. Due to increasing demands for red and white grapefruits in international markets, 580 ha of new plots were planted in MY 2019/20. Previously, farmers were decreasing their plantings of grapefruit due to low demand. However, in the last few years, there have been growing markets for the product in Asia, especially for red grapefruit. Japan, Korea, and China are all increasing imports and Israel intends to focus on these markets because of limited competition and good prices.

In line with production declines in other Israeli citrus, Post is lowering MY 2019/20 grapefruit production estimates by 7.7 percent, from 155 TMT to 143 TMT. Post is also lowering fresh domestic consumption and export numbers and increasing the processing figures by 8 percent. The grapefruit processing sector received larger quantities of produce this year due to the closure of open-air markets and the hotel sector as of March this year, creating the need to divert the harvested crops to different users. Since January 2020, there were also difficulties in shipping grapefruit to Asian markets due to disruptions caused by COVID-19. Despite the challenges of harvesting and exporting during the COVID-19 outbreak, Israel managed to export 59 TMT of grapefruit, which represents a nine percent increase over MY 2018/19 quantities mainly due to increased demand from the Russian market.

Grapefruit, Fresh	2018/2019		2019/2020		2020/2021	
Market Year Begins	**Oct 2018**		**Oct 2019**		**Oct 2020**	
Israel	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted (HECTARES)	2950	2950	3275	3855	0	4335
Area Harvested (HECTARES)	2700	2700	3000	2750	0	3100
Bearing Trees (1000 TREES)	0	0	0	0	0	0
Non-Bearing Trees (1000 TREES)	0	0	0	0	0	0
Total No. Of Trees (1000 TREES)	0	0	0	0	0	0
Production (1000 MT)	139	139	155	143	0	130
Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	139	139	155	143	0	130
Exports (1000 MT)	54	54	75	59	0	63
Fresh Dom. Consumption (1000 MT)	8	8	8	6	0	7
For Processing (1000 MT)	77	77	72	78	0	60
Total Distribution (1000 MT)	139	139	155	143	0	130
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Lemons – In MY 2020/21, production is expected to be 70 TMT, 5 TMT lower than MY 2019/20 due to harsh weather conditions.

In MY 2019/20, unlike all other citrus varieties, lemons – due to their longer shelf life and longer harvest season – were not affected by COVID-19 restrictions and harvests occurred as expected. On the other hand, there was lower demand for lemons in international markets and exports dropped to almost zero and Post is lowering MY 2019/20 export estimates to this as a result. Due to restrictions associated with the COVID-19 outbreak on the institutional sector, there was also less demand for fresh lemons in the domestic market. In line with this, Post is also decreasing MY 2019/20 domestic consumption from

the previous estimate to 66 TMT. Although the institutional sector was closed for almost two months, domestic consumption increased 10 percent over MY 2018/19 consumption. This might be attributed to increased home cooking trends during the COVID-19 outbreak and stands in line with the increased consumption of other staple food items. In MY 2019/20, the processing sector was able to absorb 9 TMT, 5 TMT over the previous forecast.

Lemons/Limes, Fresh	**2018/2019**		**2019/2020**		**2020/2021**	
Market Year Begins	**Oct 2018**		**Oct 2019**		**Oct 2020**	
Israel	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted (HECTARES)	2150	2150	2150	2150	0	2150
Area Harvested (HECTARES)	1750	1750	1850	1850	0	2000
Bearing Trees (1000 TREES)	0	0	0	0	0	0
Non-Bearing Trees (1000 TREES)	0	0	0	0	0	0
Total No. Of Trees (1000 TREES)	0	0	0	0	0	0
Production (1000 MT)	68	68	75	75	0	70
Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	68	68	75	75	0	70
Exports (1000 MT)	2	2	3	0	0	1
Fresh Dom. Consumption (1000 MT)	60	60	68	66	0	64
For Processing (1000 MT)	6	6	4	9	0	5
Total Distribution (1000 MT)	68	68	75	75	0	70
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Consumption:
Post expects local consumption of all fresh citrus for MY 2020/21 to decrease to 144 TMT, due to tight supply and increased demands overseas which might lead to increased consumer price in the domestic market (see Table 1).

In MY 2019/20, local consumption of fresh citrus was extremely low due to tight supplies and closure of wet markets in Israel. Also, official reports do not capture sales that were made by growers directly to the public. This was uncommon in past years, but this year, in an attempt to support local farmers, it became a trend to purchase from them directly. Additionally, the quality of the fruit supplied to the local market was lower than usual and prices were relatively high, also associated with the COVID-19 outbreak. Local fresh citrus consumption in MY 2019/20 was 16 percent lower than previous estimates, as well as down by 14 percent from MY 2018/19. This decline in fresh consumption was mainly due to the COVID-19 outbreak which impacted the sector due to the closure of open-air markets, hotels and restaurants at peak season, lack of harvesting hands in March and April, and reports of customers limiting their stores visits and purchasing only staple food products.

The Israeli fresh citrus market is price sensitive. When international prices drop, exporters tend to shift sales back to the domestic market, where prices tend to remain high and demand frequently outstrips supply. The tight supply situation in MY 2019/20 created this dynamic, but this year some store owners also took advantage of the situation by increasing prices artificially.

Table 1: Fresh Citrus Consumption by the Israeli Market (TMT)

Product	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**
Oranges	60	46	42	42	30	27
Grapefruit	10	8	8	8	6	7
Easy Peelers	63	68	42	54	44	40
Lemons/Limes	55	60	60	68	66	64
Others	7	6	6	6	6	6
Total	**195**	**188**	**158**	**178**	**152**	**144**

*Source: Israeli Citrus Board, Media

Processing Sector
The Israeli citrus processing industry is highly consolidated, as are many other sectors of Israeli food and agriculture production. In the case of citrus, two large firms control the country's local production. The primary producers are Gan-Shmuel (Pri-Mor) and Pri-Niv. These plants produce mainly liquid products both for the local market and for export. A plant called Pri-Gat also produces frozen juice that is sold locally and exported.

Farmers see the domestic processing industry as their last resort. In general, prices paid by the domestic industry would not support an orchard, but this year the domestic industry was a perfect escape for the fruit that was not exported due to the decreased availability of sea shipments during the COVID-19

outbreak, as well as for the fruit that was diverted from open-air markets, which have been closed. MY 2019/20 weather conditions were good and citrus groves produced high quality fruit but, unlike past years, good quality fruit was also sent to processors as a last resort since no other possibilities were left for farmers and packing houses to sell their produce. In MY 2019/20, there was an increase of 7 TMT of total citrus delivered to the processors as a result of decreased opportunities for exports and less demands in the domestic markets for fresh citrus (see Tables 2 and 3).

Table 2: Citrus Delivered for Processing (TMT)

Processing	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**
Oranges	35	46	30	30	23	28	28
Grapefruit	117	92	80	68	77	78	60
Easy Peelers	45	40	55	32	42	40	30
Lemons/Limes	2	2	4	4	6	9	5
Total	**199**	**160**	**169**	**134**	**148**	**155**	**123**

*Source: Israeli Citrus Board and Israeli media

Table 3: Total Citrus Utilization (TMT)

Period	**Total exports**		**Delivery to processors**		**Local fresh market**	
MY	**Quantity**	**%**	**Quantity**	**%**	**Quantity**	**%**
2014/15	163	30	199	36	186	34
2015/16	158	31	160	31	195	38
2016/17	189	35	168.5	31	188	34
2017/18	163	36	134	30	152	34
2018/19	161	34	148	31	164	35
2019/20	159	34	155	33	152	33
2020/21	158	37	123	29	144	34

*Source: Israeli Citrus Board, Israeli local media, and Israeli Central Bureau of Statistics

Frozen Orange Juice

As Israel is an importer of FOJ, its world price has a direct effect on the prices paid by the industry to growers. As global prices of FOJ increase, the domestic industry will demand higher volumes,

impacting procurement prices. In MY 2019/20, 28 TMT of oranges were delivered to the processors, up 21.7 percent from MY 2018/19 figures. Post expects these figures to remain the same in MY 2020/21.

Consumption of local fresh citrus is driven by sales at coffee shops and hotels, as well as supermarket chains and open-air? markets. While the former is a new and developing market, the latter remains highly competitive and sensitive to international price fluctuations. This year due to limitations placed by the government of Israel, hotel and resort operations as well as restaurants and coffee shop operations were restricted. As a result, domestic consumption of FOJ has declined as well.

Orange Juice	**2018/2019**		**2019/2020**		**2020/2021**	
Market Year Begins	**Oct 2018**		**Oct 2019**		**Oct 2020**	
Israel	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Deliv. To Processors (MT)	23000	23000	30000	28000	0	28000
Beginning Stocks (MT)	100	100	100	100	0	100
Production (MT)	2300	2300	3000	2800	0	2800
Imports (MT)	22700	22700	22700	13600	0	15000
Total Supply (MT)	25100	100	25800	16500	0	17900
Exports (MT)	16500	16500	15900	11100	0	12300
Domestic Consumption (MT)	8500	8500	9800	5300	0	5500
Ending Stocks (MT)	100	100	100	100	0	100
Total Distribution (MT)	25100	25100	25800	16500	0	17900
(MT)						

Trade: Post forecasts that Israel's exports of citrus in MY 2020/21 will reach 157 TMT (not including niche varieties captured as Others in Table 4). This is down one percent from the MY 2019/20. The decreased exports are explained by lower production due to harsh climatic conditions early this season that affected the citrus groves and the lower yields. There are reports published by the local citrus board that indicate high international demand for citrus, but it seems that the growers may not be a position to

fill the demand. Total citrus exports in MY 2019/20 were also low at 159 TMT, due to the lack of shipping options to international markets due to the COVID-19 outbreak (see Table 4).

Table 4: Citrus Exported (TMT)

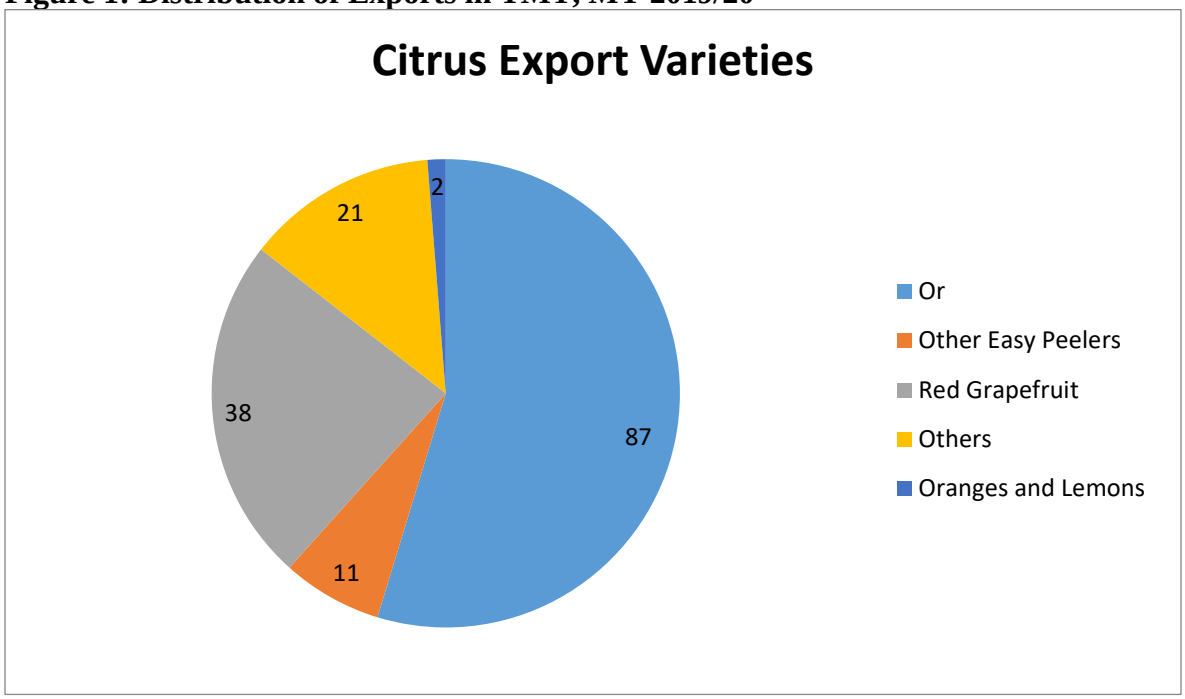
Export	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**
Oranges	6	7	4.5	4	3	2	3
Grapefruit	61	61	61	68	54	59	63
Easy Peelers	93	87	119	88	102	98	90
Lemons/Limes	3	3	3	1	2	0	1
Others	NA	NA	1.5	2	1.5	NA	1
Total	**163**	**158**	**189**	**163**	**162.5**	**159**	**158**

*Source: Israeli Citrus Board, Central Bureau of Statistics

Israel is seeking new export markets that will be able to absorb its produce with little competition from other countries. Currently, the aim is to increase exports of grapefruit mainly to Asian markets due to the lack of competition and favorable prices. These markets give a higher dollar value for the product compared to closer markets such as Europe where Israeli produce faces stiff competition from other exporting countries such as Morocco and Spain. Also elongated export seasons of the southern hemisphere compete with the early yield of Israeli citrus. The Israeli citrus industry intends to expand shipments to China, Japan, and South Korea, as well as gain access to other markets, such as Australia and India. Currently, these two markets are closed for Israeli citrus exports due to sanitary and phytosanitary issues.

Two varieties make up 79 percent of citrus exports from Israel – red grapefruit with 38 TMT and the *Or* mandarin variety with 87 TMT (see Figure 1).

Figure 1: Distribution of Exports in TMT, MY 2019/20



*Source: Israeli Citrus Board

Policy:

Exports of U.S. citrus to Israel are currently not permissible. A Pest Risk Assessment (PRA) has not been conducted for U.S. citrus. Indications are that even if Israel's Plant Protection Inspection Services conducted a PRA for U.S. citrus, high shipping costs would limit the commercial viability. In addition, Israel does not import any fresh citrus fruit and is not expected to do so in the coming years.

Attachments:

No Attachments