

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Italian Citrus Fruit 2010-2011

Report Categories:

Citrus

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Report Highlights:

MY 2010/2011 production is expected to reach 3.3 MMT, down 500,000 MT from previous year mainly due to a citrus disease which adversely affected yields and quality. The forecast anticipates a 20-percent decline in orange production to 1.9 MMT, a 10-percent reduction in lemons, and no change in the production of easy peelers. MY 2010/2011 citrus fruit exports are forecast to further increase to around 380,000 MT after the MY 2009/2010 reached a record 341,000 MT, driven mainly by the increased production of blood oranges and clementines.

General Information:

Citrus is largely cultivated in southern Italy (Campania, Apulia, Basilicata, Calabria, Sicily, Sardinia) and to a minor extent in some areas of few central (Tuscany and Latium) and northern (Liguria) Italy. During the last 10 years total citrus area has remained stable. Even so, there has been an increase in clementines and grapefruit area, little change in orange area, and a decrease in other species. The slight decline in citrus area in Sicily was offset by increases in Apulia, Basilicata, and Calabria.

In the last decades, Italian citrus fruit producers have been losing competitiveness on both the foreign and domestic markets. Lack of organization, small farm size, increasing input costs, and strong competition from other Mediterranean countries, such as Egypt and Turkey, have gradually eroded the Italian share of the world, EU, and domestic markets.

MY 2009/2010 Italian citrus fruit production reached 3.8 million MT, a remarkable increase compared to the previous season. However, this increase led to an over-supply for easy peelers and oranges on the local market, causing process to decline sharply. MY 2009/2010 exports increased by more than 100 percent to 341,000 MT, driven mainly by blood oranges and clementines. MY 2010/2011 production is forecast to decrease to 3.3 MMT mainly due to a citrus disease which adversely affected yields and quality. The forecast anticipates a 20-percent decline in orange production to 1.9 MMT, a 10-percent reduction in lemons, and no change in the production of easy peelers. MY 2010/2011 citrus fruit exports are forecast to further increase to around 380,000 MT after the MY 2009/2010 reached a record 341,000 MT, driven mainly by the increased production of blood oranges and clementines.

I. ORANGES

Italian Orange Production, Supply and Demand (ha, '000 MT)

Oranges, fresh	2008/09	2009/10	2010/11
	MY begin 11/2008	MY begin 11/2009	MY begin 11/2010
	Current post data	Current post data	Current post data
Area Planted	102,297	102,033	100,334
Area Harvested	100,631	100,212	99,100
Production	2,167	2,421	1,937
Intra EU27 Imports	152	45	100
Extra EU27 imports	49	30	50
Total imports	201	75	150
TOTAL SUPPLY	2,368	2,496	2,087
Intra EU27 exports	54	140	155
Extra EU27 exports	21	35	35
Total exports	76	175	190
Fresh domestic consumption	1,942	1,891	1,547
For processing	350	430	350
TOTAL DISTRIBUTION	2,368	2,496	2,087

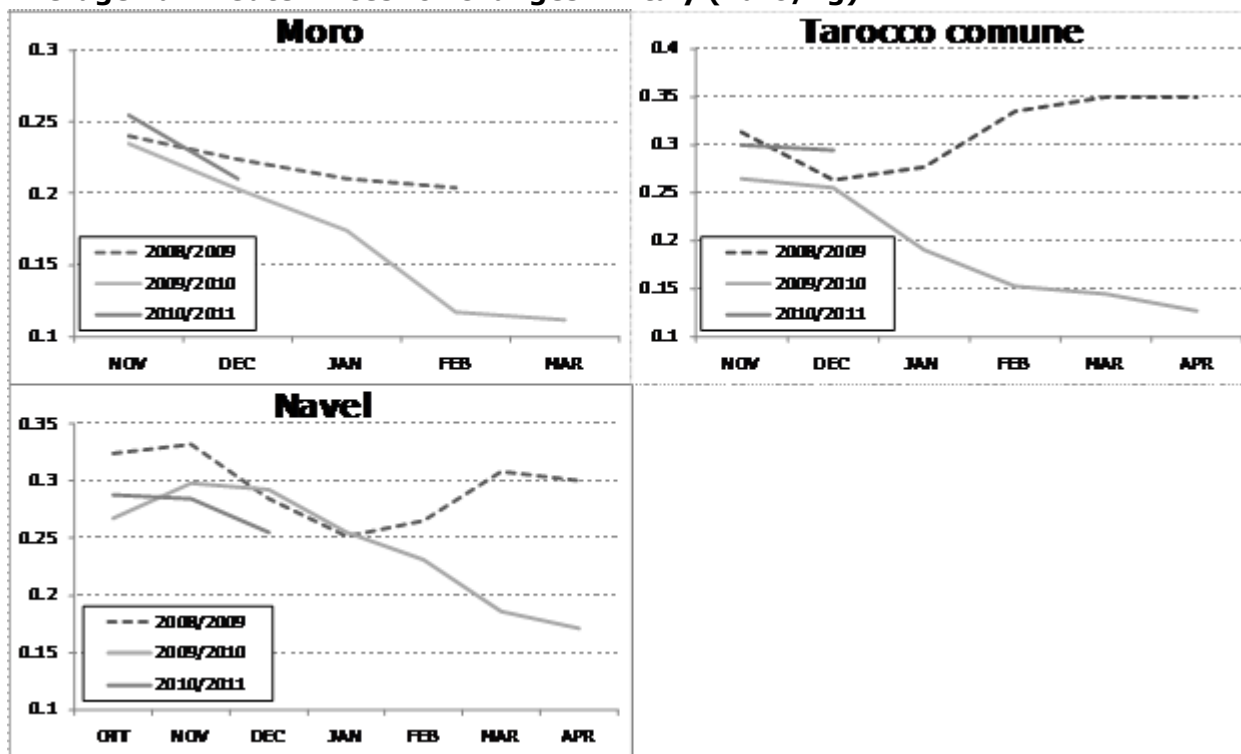
Italy produces around 4 percent of the world orange crop and 37 percent of EU-27 production. A large part of Italian orange production consists of the "blood" varieties, planted chiefly in Sicily and Calabria and used almost entirely for fresh consumption. The main orange varieties cultivated in Italy:

- Pigmented (red) oranges: Tarocco (T.comune, T.galici, T.gallo, T.scirè, T.nucellare etc.), Moro (M.comune or M.nucellare), Sanguinello (S. moscato cuscunà and S. moscato nucellare), Sanguigno;
- Blond oranges: Ovale or Calabrese and Biondo comune; and
- Navel oranges: Navelina, Washington navel.

PRODUCTION

Industry experts forecast a 20-percent decrease in MY 2010/2011 production to less than 2 MMT. This decrease is due to heavy rains during flowering as well as to rotational bearing, which creates wide cyclical swings in yields. MY 2010/2011 is a lower quantity year in this cycle. The production decline is likely to affect especially late varieties. Moreover, the Citrus Tristeza Virus hit the Tarocco varieties, adversely affecting yields and quality. Given that MY 2009/2010 production reached a record 2.5 MMT, even with the decline, MY 2010/2011 production still represents an average harvest. While prices were forecast to rebound after the sharp drop in MY 2009/2010, demand remains weak and prices have not yet risen significantly. Low prices are also maintained by strong competition from cheaper Spanish products.

Average Farm Gate Prices for Oranges in Italy (Euro/kg)



Source: ISMEA.

CONSUMPTION

Domestic demand has been decreasing for the last few years due to the economic crisis, which cut household purchasing power. MY 2010/2011 consumption is not expected to grow.

TRADE

MY 2010/2011 orange exports are forecast to increase, despite lower production. Italy exports only 7 to 8 percent of domestic production, compared to Spain, which exports more than 50 percent. Good export performances are also backed by increasing support from the main producing regions in Italy (mainly Sicily), which are financing export and foreign promotion programs especially to China and to the United States.

Italian Main Orange Export Markets

	2007/2008	2008/2009	Nov-Sep 2008/2009	Nov-Sep 2009/2010
	000 MT	000 MT	000 MT	000 MT
EU-27	96.8	54.4	50.5	134.9
Germany	28.9	17.4	17.2	48.6
Austria	17.3	12.3	12.1	19.0
Poland	7.1	1.0	1.0	12.1
France	5.4	4.1	3.7	11.2
Slovenia	6.9	3.6	2.8	6.8
Other EU-27 MS	31.1	16.0	13.7	37.2
Non EU-27	37.4	21.2	20.9	30.5
Switzerland	19.4	15.0	14.9	21.0
Albania	12.0	4.1	4.1	3.9
Croatia	2.3	0.7	0.6	1.9
Total	134.2	75.5	71.3	165.4

Source: GTA.

II. LEMONS

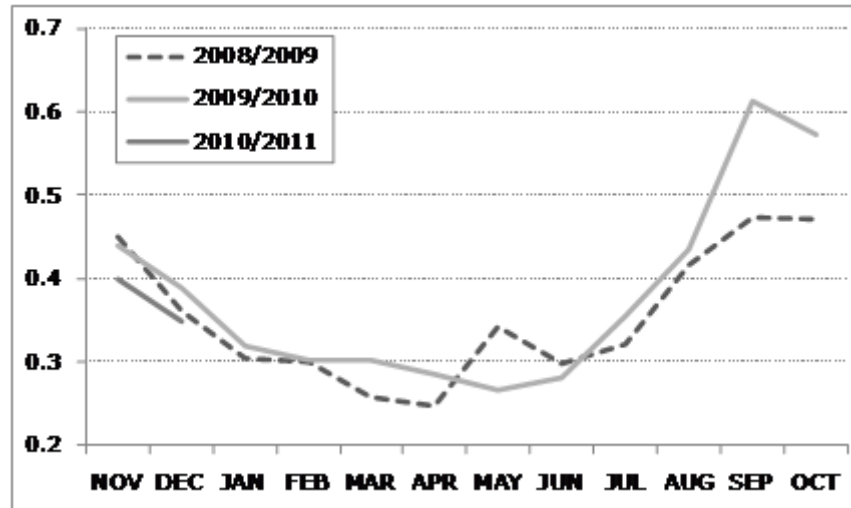
Italian Lemon Production, Supply and Demand (ha, '000 MT)

Lemons, fresh	2008/09	2009/10	2010/11
	MY begin 11/2008	MY begin 11/2009	MY begin 11/2010
	Current post data	Current post data	Current post data
Area Planted	30,114	30,080	27,608
Area Harvested	26,793	25,832	26,500
Production	519	545	490
Intra EU27 Imports	58	35	40
Extra EU27 imports	49	40	45
Total imports	107	75	85
TOTAL SUPPLY	625	620	575
Intra EU27 exports	39	45	60
Extra EU27 exports	2	3	10
Total exports	41	48	70
Fresh domestic consumption	504	492	415
For processing	80	80	90
TOTAL DISTRIBUTION	625	620	575

Italy produces around 4 percent of the world lemon crop and around 39 percent of EU-27 production. About 90 percent of the domestic crop is produced in Sicily. The main lemon varieties cultivated in Italy: Femminello comune (F.zagara bianca, F.siracusano, F. S.Teresa, etc.), Monachello, and Interdonato.

Industry experts forecast that MY 2010/2011 lemon production will decrease 10 percent to less than 500,000 MT. However, prices have been declining since the beginning of MY 2010/2011 because of increasing competition from other countries and weak domestic demand.

Average Farm Gate Prices for Lemons in Italy (Euro/kg)



Source: ISMEA.

III. TANGERINES/MANDARINS/CLEMENTINES

Italian Tangerines Production, Supply and Demand (ha, '000 MT)

	2008/09	2009/10	2010/11
	MY begin 11/2008	MY begin 11/2009	MY begin 11/2010
	Current post data	Current post data	Current post data
Tangerines/Mandarins/Clementines, fresh			
Area Planted	38,047	38,640	37,081
Area Harvested	37,061	37,407	36,363
Production	765	827	835
Intra EU27 Imports	87	60	60
Extra EU27 imports	5	4	4
Total imports	92	64	64
TOTAL SUPPLY	857	891	899
Intra EU27 exports	41	100	102
Extra EU27 exports	10	10	11
Total exports	51	110	113
Fresh domestic consumption	761	711	716
For processing	45	70	70
TOTAL DISTRIBUTION	857	891	899

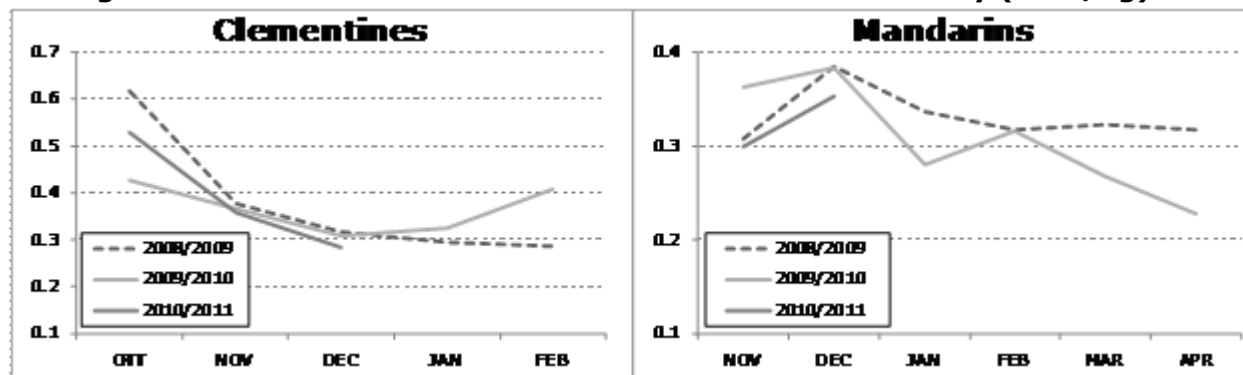
Italy produces around 3 percent of the world tangerine crop and around 24 percent of EU-27 production. About 20 percent of the total crop is represented by the traditional mandarins, cultivated mainly in Sicily, while the remaining 80 percent consist of hybrid varieties, which prevail in Calabria and Apulia.

PRODUCTION

MY 2010/2011 production is forecast to increase slightly to 835,000 MT. According to estimates, early easy peelers from Calabria show good quality. Nevertheless, Italian tangerine producers are facing difficulties due to falling prices triggered by increasing supplies on the world market. Growing imports, especially from Spain, combined with decreasing domestic consumption are

severely hampering the tangerine sector in the main Italian producing regions (Sicilia, Calabria, and Basilicata). If prices do not increase over their current level, farm margins are expected to be negative.

Average Farm Gate Prices for Clementines and Mandarins in Italy (Euro/kg)



Source: ISMEA.

CONSUMPTION

MY 2010/2011 consumption of mandarins and clementines is forecast to remain stable.

TRADE

Italy exports nearly 10 percent of its mandarin and clementine production, mainly to other EU-27 countries and to Eastern European markets. Despite strong competition from other easy peeler producing countries, MY 2009/2010 exports more than doubled and MY 2010/2011 exports are not expected to decrease.

Italian Main Mandarin Export Markets

	2007/2008	2008/2009	Nov-Sep 2008/2009	Nov-Sep 2009/2010
	000 MT	000 MT	000 MT	000 MT
EU-27	64.2	41.4	39.8	95.5
Poland	15.3	6.0	5.9	23.5
Germany	6.2	5.3	5.0	13.5
Slovenia	8.8	7.8	7.5	11.5
Romania	5.1	5.4	5.3	8.3
Hungary	10.8	6.0	5.9	7.8
Other EU-27 MS	18.0	11.0	10.1	30.9
Non EU-27	13.7	9.5	9.1	16.1
Albania	7.6	5.7	5.4	7.0
Russia	2.0	1.6	1.6	2.6
Ukraine	0.3	0.2	0.2	2.2
Total	77.9	50.9	49.0	111.6

Source: GTA.

IV. ORANGE JUICE

Italian Orange Juice Production, Supply and Demand (MT)

Orange Juice	2008/09	2009/10	2010/11
	MY begin 11/2008	MY begin 11/2009	MY begin 11/2010

	Current post data	Current post data	Current post data
Deliv. To processors	350,000	430,000	350,000
Beginning Stocks	0	0	0
Production	26,300	30,000	26,000
Intra EU-27 Imports	18,694	18,000	18,000
Extra EU-27 Imports	3,919	2,000	1,500
Total imports	22,613	20,000	19,500
TOTAL SUPPLY	48,913	50,000	45,500
Intra EU-27 Exports	30,515	40,000	35,000
Extra EU-27 Exports	4,041	4,000	4,000
Total exports	34,555	44,000	39,000
Domestic consumption	14,358	6,000	6,500
Ending Stocks	0	0	0
TOTAL DISTRIBUTION	48,913	50,000	45,500

Oranges delivered to the processing industry are likely to return to MY 2008/2009 levels, mainly due to the decline in domestic production. The MY 2009/2010 volume of processed oranges was about 430,000 MT and is expected to decrease to 350,000 MT in MY 2010/2011. MY 2010/2011 orange juice production is expected to decrease accordingly.

In February 2010, Sicily decided to withdraw around 50,000 MT of oranges from the market to be destined for processing plants. The region adopted this market intervention tool in order to help farmers who were sharply hit by the MY 2009/2010 price decline. The region government should pay the producers €0.21/kg. The orange juice produced from this intervention is being delivered to "Banco Alimentare", a food aid facility.

V. GRAPEFRUIT

Italian Grapefruit Production, Supply and Demand (ha, '000 MT)

Grapefruit, fresh	2008/09	2009/10	2010/11
	MY begin 11/2008	MY begin 11/2009	MY begin 11/2010
	Current post data	Current post data	Current post data
Area Planted	308	303	300
Area Harvested	258	253	250
Production	7	7	7
Intra EU27 Imports	8	7	8
Extra EU27 imports	25	21	23
Total imports	33	28	31
TOTAL SUPPLY	40	35	38
Intra EU27 exports	4	8	7
Extra EU27 exports	0	0	0
Total exports	4	8	7
Fresh domestic consumption	36	27	31
For processing	0	0	0
TOTAL DISTRIBUTION	40	35	38

ASSOCIATIONS

Ass.I.Tra.P.A. (Association of citrus fruit processing companies)

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Abbreviations and definitions used in this report

CMO Common Market Organization
EU European Union
FCOJ Frozen Concentrated Orange Juice
Ha hectare; 1 ha = 2.471 acres
MT Metric ton = 1000 kg
MS EU-27 Member State
MMT Million metric tons

MY Marketing year

Oranges, Tangerines/Mandarins, Lemons, Grapefruit, Orange Juice: November/October

Trade data cited in this report was derived by using the following tariff codes:

Oranges: 080510

Tangerines/mandarins: 080520

Lemons: 080550

Grapefruit: 080540

Orange juice: 200911-200912-200919