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Morocco

Citrus Semi-annual

2012

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Report Highlights:
Total Moroccan citrus production for 2011/12 is estimated at 1.86 million MT, about 6 percent higher than the previous year. This includes 949, 000 MT of oranges, 764,000 MT of small citrus, and 154,000 MT of other citrus. Agricultural experts believe that actual production would be lower than the current official estimate that has not been revised since October. Drought situation and severe cold conditions during the January-February have impacted the quality and size of citrus fruits, especially oranges. Fresh citrus exports during October 2011-May 2012 totaled 451,181 MT, about 15 percent lower than the quantity exported in the same period of 2010/11. Orange exports were drastically lower, reaching only 55 percent of the export target set by the government. The 2012/13 citrus crop has been significantly damaged by severe heat waves during the first half of May, with much of the losses occurring to small citrus plantations. This has prompted citrus growers to request emergency assistance from the Moroccan government.

Production:

Morocco's citrus area in the 2011/12 season is estimated at 96,100 hectare (HA), of which there are 45,500 HA of oranges, 42,100 HA of small citrus fruits and 8,500 HA other citrus (lemons, limes and grape fruits). Total citrus productive area is estimated at 81,400 HA, an increase of about 2 percent over the previous year. This includes 41,200 HA of oranges, 32,200 HA small citrus and 7,800 HA other citrus. The Souss region (Agadir and Taroudent) accounts for nearly half of Morocco's citrus production, and about 80 percent of its total citrus exports. This region continues to face critical water shortages which impede plans for future expansion of the citrus areas. In contrast, the Gharb region in the northern part of Morocco (Kenitra and Sidi Kacem) appears to have high potential for production growth. The expansion of citrus production in the Gharb area, however, has been constrained by aging orchards, limited number of citrus varieties, and the lack of new investment. Water scarcity in the Souss-Massa region and the appeal of the export markets encouraged many leading citrus producers to consider the Gharb area as an alternative region to expand citrus production.

The table below shows Morocco's citrus production estimates by varieties for the 2010/11 season and the initial projection for the 2011/12 season.

Table 1: Citrus Production for MY 2010/11 and 2011/12

	Production (1,000 Metric Tons)		
Marketing Year	**2010/2011**	**2011/2012**	**% Change.**
Total Small Citrus Fruit	**716**	**763.9**	**7%**
Clementine	538	598.2	11%
Nour	110	95	-14%
Ortanique	14.4	15.7	9%
Nova	13.4	11.7	-13%
Others(Nadorcott)	40.2	43.2	7%
Total Oranges	**904**	**948.5**	**5%**
Navel	343	375.2	9%
Sanguine	59.6	66.6	12%
Maroc-Late	465	469.2	1%
Others (Salustiana)	36.4	37.5	3%
Others Citrus *	**135.5**	**154**	**14%**
Total Fresh Citrus	**1,755**	**1,866**	**6.3%**

Source: Ministry of Agriculture, DSS, and Export Quality Control Office (EACCE).
*Includes lemon and grapefruits and breakdown by variety is not available.

Total Moroccan citrus production in the 2011/12 season is estimated at 1.866 million MT, according to an early estimate made by the Ministry of Agriculture back in October 2011. This total, which is about 6 percent higher than the previous year, includes 949, 000 MT of oranges, 764,000 MT of small citrus, and 154,000 MT of other citrus. The preliminary average yields are estimated at 23.7 MT/HA for small citrus and at 23 MT/HA for oranges. Small citrus production is dominated by Clementine-type varieties, such as Nules, Deverdis and Late Clementine. Production of small citrus varieties, Nova and Nour, is projected to decline by 14 and 13 percent, respectively, due to the natural alternate bearing cycle. It should be noted that there are more than 47 citrus varieties currently existing in Morocco, several of which are new hybrid varieties, such as Nadorcott (Afourer), Ortanique and Nova, which are gaining popularity compared to local varieties. These varieties have the advantage of being a higher quality and late harvest that extends the season through February and thus increases their availability to the export markets.

Moroccan citrus experts believe that the actual production in 2011/12 would be lower than the official estimate of 1.8 million MT that was issued by the Ministry of Agriculture in October. The drought situation and severe cold conditions during the January-February period have impacted the quality and size of the citrus fruits. The orange variety Maroc-late was the most impacted by the cold weather conditions during the January-February period, where fruit size and quality were significantly below average. It should be noted that the Ministry of Agriculture has not revised its initial production estimates. For PS&D purposes, Post estimates that Morocco's total citrus production would not exceed 1.725 million MT, including 850,000 MT of oranges, 730,000 MT of small citrus, and 145,000 MT of other citrus.

It is reported that the citrus crop for the 2012/13 season has been significantly damaged by the strong heat waves that hit Morocco during the first half of May, with much of the losses occurring in the small citrus fruits. The region of Souss-Massa-Draa has reportedly suffered the most from the damage to its citrus plantations from the hot weather conditions. According to local agricultural experts, many of the orchards in the region have suffered up to 60-70 percent losses in the Clementine's fruit-settings, which could be devastating to their next season harvest. The disastrous production anticipated for the next citrus harvest has prompted the Moroccan Citrus Grower Association (ASPAM) to request emergency assistance from the government to deal with the situation, such as rescheduling farmers' loan payments and extend the periods for paying electricity and water charges.

Processed Citrus Production

The citrus processing sector in Morocco continues to face stiff competition in sourcing raw materials in the fresh citrus market. This is mainly due to the low prices offered by orange juice processors compared to prices offered in the fresh citrus market. There are five citrus processing plants currently operating in Morocco, of which three are producers of single strength orange juice that can hardly meet demand from local market buyers. Fresh oranges delivered to juice processors have been revised upward, from an early estimate of 50,000 MT to 60,000 MT. Morocco's juice imports in 2011 are estimated at 7,919 MT, a decline of 3 percent compared to the previous year. In the meantime, juice exports in increased by 90 percent, to 4,869 MT in 2011. The upward trend for Morocco's juice exports continued during the first quarter of 2012, with exports rising more than 100 percent to 1,369 MT.

ASPAM's long-term goals include allocating 200,000 MT of fresh citrus production annually for juice processing by 2018. This quantity would be the equivalent of about 60 million liters of juice. Morocco's orange juice market is currently estimated at about 50 million liters, of which 20 million comes from local processing of fresh citrus and the rest is imported juice and concentrates.

Trade:

Morocco's citrus exports are mostly dominated by small citrus and oranges. About 80 percent of exports consist of Clementine, Maroc Late, Nour and orange varieties. Morocco's fresh citrus export season starts about mid-October with Clementine-like varieties. The mid-season varieties, such as bloody oranges, Salustiana, and Navel, provide a bridge through March/April period when the Maroc-Late variety takes over until July. Fresh citrus exports during the October-May period of 2011/2012 totaled 451,181 MT, about 15 percent lower than the quantity exported during the same period of 2010/11, and about 79 percent of the export target set by the Moroccan government at the beginning of the export season.

In the 2011/12 season Morocco's citrus exports experienced several difficulties, including export shipment delays for more than two weeks due to the severe cold weather during the December-January period, weaker demand from EU buyers and more attractive citrus prices in the local markets compared to some export destinations. The cold weather conditions have negatively impacted the caliber and fruit quality of the orange shipments this season. As a result of the deterioration in orange quality, the percentage of the non-exportable orange fruits has been significantly higher and negatively impacted the export volume this year.

It should be noted that Morocco has improved its citrus export logistics with the opening in 2011 of a new shipping line between the port of Agadir (the leading citrus export region) and the port of St. Petersburg in Russia, the leading export destination market. In addition, a new shipping line between the port of Tanger and port of Jabel-Ali in the United Arab Emirate became operational in early 2012. This shipping line should help increase the competitive position of Morocco's citrus exports in the Arab Gulf States' markets. ASPAM is currently considering, with the Ministry of Agriculture and the export agency Maroc Export, the feasibility of establishing citrus storage facilities and distribution platforms in some of the potentially large exports markets. The table below provides a breakdown on Morocco's exports of fresh citrus fruits by varieties for the October-May period in 2010/2011 and 2011/12.

Table 2: Morocco's Citrus Exports in the 2011/12 season from October to May

Marketing Year	**Exports (Metric Tons)**		
	2010/2011	**2011/2012**	**% Change.**
Total Small Citrus Fruit	**349,133**	**343,396**	**-2%**
Clementine Deverdis	150,948	132,388	-12%
Nour	78,789	76,992	-2%
Clementine Natural	63,281	73,580	16%
Ortanique	9,277	7,580	-18%
Nova	6,514	7,792	20%
Nadorcott	37,824	41,467	10%
Other (Nadorcott)	2,500	3,597	44%
Total Oranges	**175,141**	**102,261**	**-42%**
Maroc-Late	99,139	44,307	-55%
Sanguine(Bloody)	25,089	22,363	-11%
Salustianas	25,172	19,209	-24%
Navel Natural	15,418	6,885	-55%
Navel (Deverdis &	7,692	6,550	-15%
Other Oranges	2,631	2,947	12%
Other Citrus (Lemon)	**5,083**	**5,524**	9%
Total Fresh Citrus	**529,357**	**451,181**	-15%

Source: EACCE

Small citrus exports during October-May 2011/2012 totaled 343,396 MT, about 2 percent higher than exports in the previous year, and about 98 percent of the government's export target for the marketing year. No additional small citrus exports are projected for the reminder of the marketing year. Orange exports during October-May 2011/2012 totaled 102,261 MT, about 42 percent lower than exports during the same period of the previous year, and 48 percent of the export target. Most of the decline in orange exports occurred in Maroc-Late exports, which represent about 60 percent of Morocco's total orange exports. Maroc-Late exports reached only 35 percent of their export target this season, mostly due to deterioration in the fruit quality that was caused by the severe cold conditions, as well as to a higher demand for oranges in the local markets. It is projected that total orange exports for the 2011/12 season would not exceed 120,000 MT.

Exports of some varieties like Navels Deverdis and Navels Lane-Late declined this year due to increased demand for these varieties in the domestic market, where the Moroccan consumers prefer the sweeter taste that these varieties offer, while European customers prefer more acidic tasting oranges. Exports of other citrus, mainly lemons, during October-May 2011/2012 totaled 5,524 MT, an increase of 9 percent over the same period in 2010/2011.

Table 2: Small Citrus Export by Destination October- May

Marketing Year	**2010/2011**	**2011/2012**	**Change**
	MT	**MT**	
Russia	**183,384**	**197,189**	**8%**
Total E.U	**93,355**	**83,742**	**-10%**
England	17,755	23,644	33%
France	24,809	23,171	-7%
Netherlands	29,595	16,885	-43%
Sweden	7,811	9,325	19%
Lithuania	7,583	7,347	-3%
Germany	1,892	1,757	-7%
Other EU	3,910	1,613	-59%
Canada	42,586	41,467	-3%
U.S.A	20,876	15,977	-23%
Saudi Arabia	6,380	4,417	-31%
China	60	0	-100%
Others	2,492	604	-76%
Total Small citrus	**349,133**	**343,396**	**-2%**

Source : EACCE

In the 2011/12 marketing season, Russia maintained its position as the lead destination for Morocco's citrus exports, followed by the EU markets. Citrus exports to Russia during October-May 2011/12 totaled 244,949 MT, of which 197,189 MT were small citrus varieties, 45,693 MT oranges, and 2,067 MT lemons. This represents a decline of 5 percent compared to exports during the same period in the previous year. The Russian market absorbed about 54 percent of Morocco's fresh citrus exports, while the EU market accounted for 31 percent. The rise in Morocco's exports to the Russian market was mostly due to the opening of a new direct shipping line between Morocco and Russia last year, as well as to the difficulties that Morocco's citrus suppliers have been facing in order to comply with increasingly complex EU import requirements and standards, compared to the Russian market requirement.

Table 3: Oranges Exports by Destination October-May

Marketing Year	2010/2011	2011/2012	Change
	MT	MT	
Russia	**72,286**	**45,693**	**-37%**
Total E.U	**99,319**	**54,513**	**-45%**
Netherlands	51,055	31,224	-39%
England	17,984	11,250	-37%
France	10,634	4,034	-62%
Germany	3,309	3,501	6%
Sweden	8,580	2,099	-76%
Belgium	2,941	1,614	-45%
Other E.U.	4,816	791	-84%
U.S.A	22	0	-100%
Canada	107	132	23%
Senegal	1132	647	-43%
Saudi Arabia	382	626	64%
Others	**1,893**	**650**	**-66%**
Orange Export	**175,141**	**102,261**	**-42%**

Source : EACCE

Morocco's small citrus exports to the U.S. (mostly Clementine varieties) during October-May 2011/2012 totaled 15,977 MT, about 23 percent lower than exports in the previous season. About 52 percent of these exports were Clementine Deverdis, 20 percent Nour, 19 percent Clementine Natural, and 9 percent Nova. The expansion of Morocco's citrus exports to the U.S. market last year was constrained by U.S. consumers' preference for larger fruit sizes and the severe cold weather in Morocco during the peak of the export season to the U.S. In addition, transport and logistical limitation slowed down Moroccan citrus exports into the U.S. market. However, the U.S.-Morocco Free Trade Agreement (FTA) that started in 2006 has made a positive impact on increasing Morocco's citrus exports, from 7,807 MT in 2006/2007 to 15,977 MT in 2011/2012. Morocco's citrus exports to China totally disappeared in the 2011/2012 season, following a modest start into that country market in the previous season with 60 MT of Clementine Deverdis and Nova varieties.

Policy:

The Moroccan government continued to support the ambitious strategy of ASPAM to increase Morocco's citrus production to 2.9 million MT by 2018. In 2012, about 20, 000 HA of government-owned land have been auctioned for leasing to agricultural investors (both local and foreign) to establish new agricultural projects, including citrus plantations. It is expected that a large part of the newly leased land will be devoted to citrus plantation targeted mostly at the export markets.

The Moroccan government also continued to provide a set of incentive measures to support citrus growers and encourage new investment in citrus production. The Ministry of Agriculture decree (# 2-09-601) issued in October 2009 increased the support payments for new citrus plantations to 12,000 MDH per hectare ($1,550 HA), up from 7,800 MDH per hectare ($1,000 HA) in the past two years. In addition, there are other incentives that are not crop specific such as digging wells and purchasing of irrigation equipment that are available to citrus growers to establish new citrus orchards.

It should be noted that in February 2012, Morocco and the European Union concluded long negotiations of a free trade agreement (FTA) on agricultural. The agricultural agreement with the EU is expected to enter into effect in June 2012. The new agreement will increase Morocco's small citrus fruit export quota by 22 percent, from 143,700 MT to 175,000 MT. This quota increase, however, is not expected to have a significant impact on the Morocco's overall citrus exports to the EU, since Moroccan citrus quotas have remained partially underutilized in several previous years. In the 2011/12 season for example, Morocco's orange export quotas to the EU market was set at 306,800 MT, of which 257,468 MT were utilized as of May 2012, while the small citrus fruits quota, which was set at 143,700 MT had a total of 80,019 MT utilized.

Production, Supply and Demand Data Statistics:
Citrus Production, Supply and Demand Data Statistics:

Production, Supply and Distribution in Morocco (1000 MT)

Tangerines/Mandarins Fresh Morocco	2009/2010			2010/2011			2011/2012		
	Market Year Begin: Oct 2009			Market Year Begin: Oct 2010			Market Year Begin: Oct 2011		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted (HECTARES)	37,500	37,500	37,500	41,485	41,485	41,485	42,100	42,100	42,100
Area Harvested (HECTARES)	36,500	36,500	36,500	31,321	31,321	31,321	32,200	32,200	32,200
Bearing Trees (1000TREES)	16,500	16,500	16,500	13,926	13,926	13,926	14,316	14,316	14,316
Non-Bearing Trees (1000TREES)	700	700	700	928	3,700	3,700	3,900	3,900	3,900
Total No. Of Trees (1000TREES)	17,200	17,200	17,200	14,854	17,626	17,626	18,216	18,216	18,216
Production (1000 MT)	635	635	635	716	716	716	765	764	730
Imports (1000 MT)	0	0	0	0	0	0	0	0	0
Total Supply(1000 MT)	635	635	635	716	716	716	765	764	730
Exports (1000 MT)	323	323	323	349	349	349	349	349	345
Fresh Dom. Consumption (1000MT)	312	312	312	367	367	367	416	415	385
For Processing	0	0	0	0	0	0	0	0	0
Total Distribution (1000MT)	635	635	635	716	716	716	765	764	730

Oranges, Fresh Morocco	2009/2010			2010/2011			2011/2012		
	Market Year Begin: Oct 2009			Market Year Begin: Oct 2010			Market Year Begin: Oct 2011		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted (HECTARES)	45,700	45,700	45,700	45,283	45,283	45,283	45,500	45,500	45,500
Area Harvested (HECTARES)	41,000	41,000	41,000	42,416	42,416	42,416	41,200	41,200	41,200
Bearing Trees(1000TREES)	15,000	15,000	15,000	14,950	14,950	14,950	14,500	14,500	14,500
Non-Bearing Trees (1000TREES)	1,100	1,100	1,100	955	955	955	1,520	1,520	1,520
Total No. Of Trees (1000TREES)	16,100	16,100	16,100	15,905	15,905	15,905	16,020	16,020	16,020
Production (1000 MT)	823	823	823	904	904	904	949	949	850
Imports (1000 MT)	0	0	0	0	0	0	0	0	0
Total Supply (1000MT)	823	823	823	904	904	904	949	949	850
Exports (1000 MT)	161	161	161	175	175	175	215	215	120
Fresh Dom. Consumption (1000MT)	627	627	627	689	689	689	684	684	670
For Processing (1000MT)	35	35	35	40	40	40	50	50	60
Total Distribution (1000MT)	823	823	823	904	904	904	949	949	850

Lemons/Limes, Fresh Morocco	2009/2010			2010/2011			2011/2012		
	Market Year Begin: Oct 2009			Market Year Begin: Oct 2010			Market Year Begin: Oct 2011		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted (HECTARES)	3,200	3,200	3,200	4,345	4,345	4,345	4,600	4,600	4,600
Area Harvested (HECTARES)	3,100	3,100	3,100	3,570	3,570	3,570	3,700	3,700	3,700
Bearing Trees (1000TREES)	1,013	1,013	1,013	1,419	1,419	1,419	1,428	1,428	1,428
Non-Bearing Trees (1000TREES)	33	33	33	255	255	255	347	347	347
Total No. Of Trees (1000TREES)	1,046	1,046	1,046	1,674	1,674	1,674	1,775	1,775	1,775
Production (1000 MT)	46	46	46	50	50	50	60	60	60
Imports (1000 MT)	0	0	0	0	0	0	0	0	0
Total Supply (1000 MT)	46	46	46	50	50	50	60	60	60
Exports (1000 MT)	6	6	6	5	5	5	7	7	6
Fresh Dom. Consumption (1000MT)	40	40	40	45	45	45	53	53	54
For Processing (1000MT)	0	0	0	0	0	0	0	0	0
Total Distribution (1000MT)	46	46	46	50	50	50	60	60	60

Orange Juice Morocco	2009/2010			2010/2011			2011/2012		
	Market Year Begin: Oct 2009			Market Year Begin: Oct 2010			Market Year Begin: Oct 2011		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Deliv. To Processors (MT)	35,000	35,000	35,000	40,000	40,000	40,000	50,000	50,000	60,000
Beginning Stocks (MT)	0	0	0	0	0	0	0	0	0
Production (MT)	3,500	3,500	3,500	4,000	4,000	4,000	5,000	5,000	6,000
Imports (MT)	1,209	1,209	1,209	1,300	4,141	4,141	3,300	3,300	2,500
Total Supply (MT)	4,709	4,709	4,709	5,300	8,141	8,141	8,300	8,300	8,500
Exports (MT)	1,930	1,930	1,930	2,100	1,915	1,915	2,000	2,000	3,800
Domestic Consumption (MT)	2,779	2,779	2,779	3,200	6,226	6,226	6,300	6,300	4,700
Ending Stocks (MT)	0	0		0	0	0	0	0	
Total Distribution (MT)	4,709	4,709	4,709	5,300	8,141	8,141	8,300	8,300	8,500