Required Report: Required - Public Distribution **Date:** December 15, 2021

Report Number: EG2021-0026

Report Name: Citrus Annual

Despite Production Challenges, Egypt is Likely to Continue to be the World's Largest Fresh Orange Exporter

Country: Egypt

Post: Cairo

Report Category: Citrus

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Report Highlights:

FAS Cairo anticipates Egypt to maintain its position as the number one orange exporter in MY 2021/22 despite production challenges. In marketing year (MY) 2021/22, FAS Cairo forecasts fresh orange exports to reach 1.45 million metric tons (MMT) down from 1.67 MMT in MY 2020/21. Post attributes the decrease in exports to lower production amid unfavorable climate conditions. Russia, Saudi Arabia, Netherlands, India, Bangladesh, United Arab Emirates, China, United Kingdom, Ukraine, and Oman are likely to remain Egypt's top ten export destinations for fresh oranges.

Planted Area:

In MY 2021/22, FAS Cairo forecasts total planted area in oranges at 168,000 hectares (ha), similar to the previous marketing year. MY 2020/21 planted area at 168,000 ha remains unchanged from the USDA official estimate. Most of the area planted with oranges is located in desert reclaimed lands which account for 70 percent of the total area. Plantations in the Nile Delta region account for 30 percent of the total orange planted area.

Post estimates MY 2021/22 total harvested area at 135,000 ha, a 6.9 percent decrease from last year. The decrease in area harvested is attributed to an approximately 7.2 percent decrease in the number of bearing trees from the previous year due to unfavorable weather conditions during flowering time that negatively impacted fruit set, and hence the harvest as a result.

Production:

In MY 2021/22, FAS Cairo forecasts orange production to decrease by almost 16 percent, or 570,000 MT to 3 MMT. The decrease in production is attributed to severe weather conditions and fluctuating temperatures during flowering of the trees which impacted fruit set and production. Orange production in the Nile Delta was also impacted by a 25-30 percent increase in fertilizer prices due to higher costs of production and larger exports by the fertilizer industry to capture higher prices in the global market. Typical land ownership in the Nile Delta is an acre or less.

Post is also revising the MY 2020/21 estimate upwards by 170,000 MT to 3.57 MMT from the USDA official projection of 3.4 MMT. We attribute the increase in production to higher yields and favorable weather conditions last season during the flowering time that positively impacted fruit set and hence the production as a result.

Most of Egypt's orange production come from commercial farms on reclaimed desert land established during the last three decades, rather than the Nile Valley where land ownership is fragmented and farmers cannot afford the necessary level of investment for sustainable orange production. Despite these challenges, replacing old orchards with newer trees, improving on-farm irrigation techniques, adopting up-to date nutrient management programs, and reducing post-harvest losses are ongoing efforts by growers associations and the government.

Orange is the major citrus crop in Egypt, representing about 80 percent of the total cultivated citrus area. Egypt's main orange varieties include the following:

Washington Navel Orange: Washington Navel is the key cultivar navel orange grown in Egypt and the best-known naval orange being exported. There are other lesser known navel orange cultivars such as Navelate, Cara Cara, New Hall, Navelina, Fisher, Leng, Fukumoto and Lane late. Fruit color break starts in late September and ripening fruit dates extend from November to March. The fruit is seedless, medium to large-sized, with relatively rough skin in some cultivar and soft skin in others. It has a sweet flavor with a fruit taste. The rind is orange with dark pulp.

Valencia Orange: Valencia ranks second after Navel oranges as far as area cultivated. Nubaria district is considered the largest production area for Valencia oranges in Egypt. Valencias have a long ripening season from March to July. The fruit pulp is juicy and it is medium to large-sized with a round to oval shape. The skin is soft and easily peeled, the seeds are small, and the rind and flesh are orange.

Other Varieties: There are other orange varieties like Baladi orange, Blood orange, Khalily orange, Yafawy oranges and Sweet orange. Cultivated areas of these varieties are small compared to Navel and Valencia orange, and they're mainly consumed fresh or as juice.

Consumption:

In MY 2021/22, FAS Cairo forecasts that fresh oranges domestic consumption will decrease by 19.3 percent to reach 1.25 MMT. Decrease in local consumption is attributed to lower production and more growers directing their produce towards exports as worldwide orange demand is on the rise. Globally, consumers have increased their utilization of fresh oranges amid the COVID-19 pandemic due to its high vitamin C content.

In MY 2021/22, utilization of oranges by the processing sector is forecast to decrease by approximately 14.3 percent from the previous marketing year as a result of the anticipated lower fresh orange production and higher costs of the processing sector production and transportation which is reflected in consumer prices. MY 2020/21 fresh domestic consumption and processing estimates remains unchanged from the USDA official estimate.

Trade:

In MY 2021/22, FAS Cairo forecasts orange exports to decrease by approximately 13.2 percent to reach 1.45 MMT. We attribute this decrease to anticipated lower production which will affect the export volume. FAS Cairo anticipates Egypt to maintain its position as the number one orange exporter in MY 2021/22, despite production challenges due to severe climate conditions.

Post is revising upward the estimates of fresh orange exports in MY 2020/21 to 1.67 MMT from the USDA official estimate of 1.5 MMT.

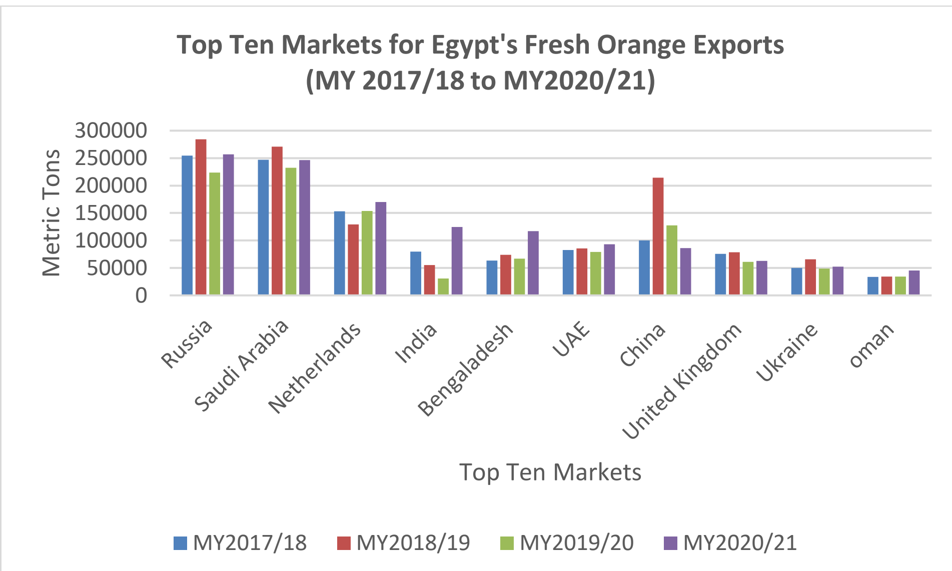
Post attributes this increase in exports to higher production, more growers linked to international markets and a rise in global prices amid increased consumer demand.

The majority of orange exporters are producers and own packing facilities that are approved for export by the government. They also buy from local farmers if their production is not sufficient to meet their export obligations. Other exporters own packing facilities but do not produce oranges, and thus rely on local farmers. In these cases, the exporters are responsible for transporting the crop to their packing facilities.

The Central Administration for Plant Quarantine (CAPQ) of the Ministry of Agriculture and Land Reclamation (MALR) and the Agricultural Export Council (AEC) have agreed to start the orange export season on December 15, 2021 for the MY 2021/22. The export season for oranges usually starts with shipments to the Arabian Gulf followed by Russia, Ukraine, and then to the European Union and East Asia.

In MY 2020/21, Egyptian orange exports reached 111 countries compared to 104 countries in MY 2019/20 with Russia, Saudi Arabia, Netherlands, India, Bangladesh, United Arab Emirates, China, United Kingdom, Ukraine, and Oman as Egypt’s top ten export destinations for oranges. Post expects that the top ten export destinations in MY 2021/22 will remain unchanged from MY 2020/21 (Figure 1).

Figure 1: Top Ten Markets for Egypt’s Fresh Orange Exports



Source: Egyptian Agriculture Export Council (AEC)

Successful joint efforts by the Egyptian government and the private sector to open new markets such as New Zealand, Brazil, and Japan and other markets over the last few years – will increase orange exports. These joint efforts have also contributed to the application of a modernized tracking systems for oranges exports during the stages of cultivation, production, packaging and export.

The success of Egypt's export policy in opening new markets and establishing a traceability system have contributed to Egypt being the top orange exporter in the world during the past 5 years with a total volume of 8.32 MMT. All of these developments support a positive outlook for Egyptian orange exports as well as encouraging agribusinesses to invest in establishing new facilities or expanding capacity.

Egypt’s exports of fresh oranges to its top ten destinations in MY 2020/21 amounted to 1.27 MMT compared to 1.06 MMT in MY 2019/20, an increase of almost 20.5 percent. In MY 2020/21, Egypt’s fresh orange exports to the top ten destinations constituted 75 percent of total exports compared to 77 percent of total exports in MY 2019/20.

This drop is due to a smaller overall export volume in MY 2019/20 (1.37 MMT) compared to 1.67 MMT of fresh orange exports in MY 2020/21. It is also reflected in higher export volumes to key markets as well as exploring new export ones.

In MY 2020/21, the most significant increase in Egypt's fresh orange exports were to India with a more than threefold increase compared to the previous marketing year due to higher demand by Indian consumers amid the COVID-19 pandemic. Exports to Bangladesh have also increased a great deal, by 75 percent. Exports to Russia increased by 15 percent and Egyptian orange exports to Saudi Arabia have also increased, by 6 percent. Exports to the Netherlands increased by 11 percent in MY 2020/21 compared to MY 2019/20.

In contrast, Egyptian orange exports to the Chinese market dropped by roughly 32 percent in MY 2020/21 compared to the previous marketing year due to inflated freight prices.

Marketing:

Russia: Turkey and South Africa are Egypt's main competitors in the Russian market. However, Egypt's total exports to Russia in CY 2021 (Jan-Sep) was at 238,560 MT exceeding both origins by a wide margin – South Africa at 36,929 MT and Turkey shipped 34,822 MT. Egypt's total exports to Russia in CY 2020 was at 211,113 MT, also exceeding both origins by a wide margin – Turkey at 112,353 MT and South Africa shipped 77,045 MT. (Source: Trade Data Monitor, LLC)

Saudi Arabia: Egypt's main competitors in the Saudi Arabian market are traditionally South Africa, Spain, and Lebanon. In CY 2021 (Jan-Sep), Egypt's exports of fresh oranges to the Saudi Arabian market amounted to 245,569 MT exceeding the three origins by wide margins. South African exports amounted to 61,740 MT, Spain's exports at 10,788 MT, followed by Lebanese fresh orange exports at 8,380 MT. In CY 2020, Egypt was also the leading exporter to Saudi Arabia with a total of 254,486 MT versus 89,373 MT exported by South Africa. followed by Lebanon at 24,358 MT, and Spain at 15,348 MT. (Source: Trade Data Monitor, LLC)

EU- 28: Egypt's main competitors in the European Union are South Africa and Morocco. In CY 2020, South Africa exported 453,745 MT versus 211,697 MT exported by Egypt followed by Morocco at 74,864 MT. In CY 2021 (Jan-Aug), Egypt's exports of fresh oranges to the European Union have increased by 22 percent compared to the same period in CY 2020 amounting to 308,384 MT, and exceeding South Africa which shipped 158,932 followed by Morocco at 45,454 MT. (Source: Trade Data Monitor, LLC)

India: South Africa is Egypt's competitor in this market. In CY 2020, Egyptian exports amounted to 26,665 MT while South Africa supplied 11,000 MT to the Indian Market. In CY 2021 (Jan-Sep), Egypt's exports of fresh oranges to India amounted to 126,271 MT exceeding the South African origin by wide margins. In CY 2021 (Jan-Sep), South Africa shipped only 12,179 MT to India. (Source: Trade Data Monitor, LLC).

Bangladesh: Egypt's main competitor in the Bangladeshi market are mainly India and South Africa. In CY 2021 (Jan-Sep), Egypt's exports of fresh oranges to Bangladesh amounted to 107,000 MT, India at 62,531 MT and South African exports amounted to 40,127 MT. In CY 2020, India was the leading exporter to Bangladesh with a total of 127,914 MT versus 66,000 MT exported by South Africa and another 66,000 MT exported by Egypt. (Source: Trade Data Monitor, LLC)

China: South Africa is Egypt's main competitor in this market. In CY 2020, Egyptian exports to the Chinese market amounted to 112,373 MT while South Africa supplied 105,000 MT. In CY 2021 (Jan-Sep), Egypt's exports of fresh oranges to the Chinese market amounted to 86,130 MT, and South African exports amounted to 66,861 MT. (Source: Trade Data Monitor, LLC)

United Arab Emirates: In CY 2020, South Africa exported 89,527 MT versus 138,611 MT exported by Egypt. In CY 2021 (Jan-Aug), Egypt's exports of fresh oranges to the UAE market amounted to 49,432 MT, and South African exports amounted to 76,420 MT (Source: Trade Data Monitor, LLC).

United Kingdom: Egypt's competitors in the UK market are mainly Spain and South Africa. In CY 2021 (Jan-Sep), Egypt's exports of fresh oranges to the United Kingdom amounted to 64,000 MT, Spain at 66,000 MT, and South African exports amounted to 45,386 MT. In CY 2020, Spain was the leading exporter to the United Kingdom with a total of 93,500 MT versus 67,800 MT exported by South Africa, followed by Egypt which shipped 55,217 MT to the UK market. (Source: Trade Data Monitor, LLC)

Ukraine: In CY 2020, Egyptian exports to Ukraine amounted to 41,600 MT while Turkey supplied 30,639 MT. In CY 2021 (Jan-Sep), Egypt's exports of fresh oranges to the Ukrainian market amounted to 48,192 MT and Turkish exports amounted to 5,291 MT, a 70 percent decline compared to the same period in CY 2020. (Source: Trade Data Monitor, LLC)

Oman: In CY 2020, Egypt exported 35,770 MT to Oman versus 13,171 MT exported by South Africa. In CY 2021 (Jan-Sep), Egypt's exports of fresh oranges to Oman amounted to 35,000 MT, and South African exports amounted to 10,000 MT (Source: Trade Data Monitor, LLC).

Production, Supply, and Distribution

Oranges, Fresh	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Egypt	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HECTARES)	168000	168000	168000	168000	0	168000
Area Harvested (HECTARES)	140000	140000	145000	145000	0	135000
Bearing Trees (1000 TREES)	13000	13000	13910	13910	0	12910
Non-Bearing Trees (1000 TREES)	10000	10000	10000	10000	0	10000
Total No. Of Trees (1000 TREES)	23000	23000	23910	23910	0	22910
Production (1000 MT)	3200	3200	3400	3570	0	3000
Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	3200	3200	3400	3570	0	3000
Exports (1000 MT)	1375	1375	1500	1670	0	1450
Fresh Dom. Consumption (1000 MT)	1490	1490	1550	1550	0	1250
For Processing (1000 MT)	335	335	350	350	0	300
Total Distribution (1000 MT)	3200	3200	3400	3570	0	3000
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Attachments:

No Attachments