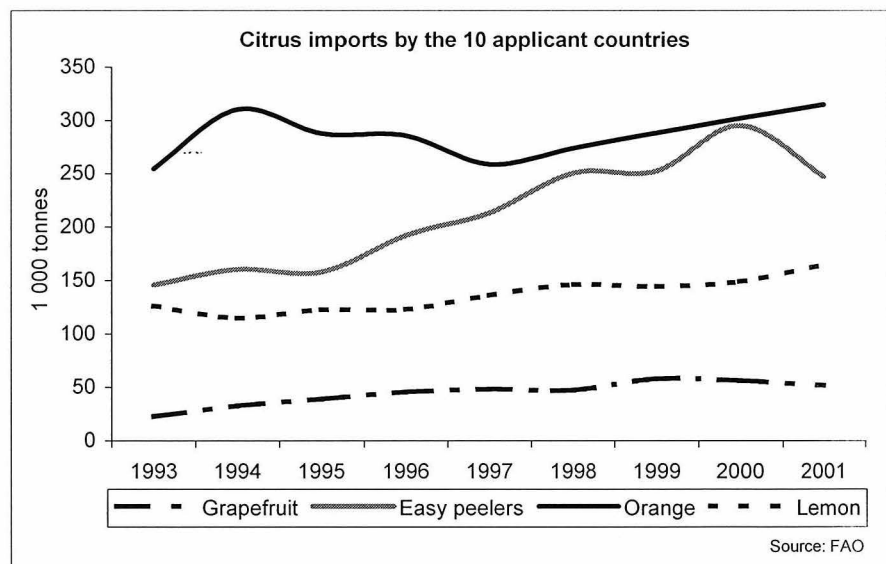


Enlargement of the EU

A boost for the market for Mediterranean citrus fruits?

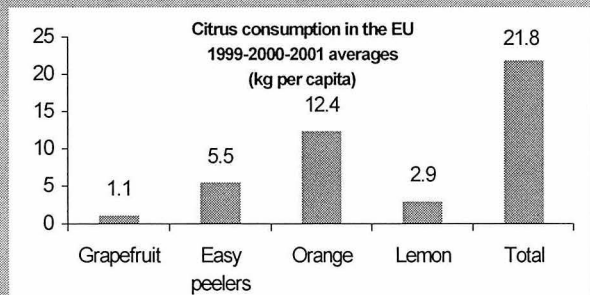
After two decades of rapid growth, the future EU member-countries and Eastern Europe in general form the destination for a significant proportion of the volumes of fresh citrus fruits traded in the world. These markets have therefore become essential for the balance of the international citrus trade, especially for exporting countries around the Mediterranean. *Fruitrop* presents a brief panorama and, above all, a view of the future. Indeed, the rise in the standard of living related to EU entry in 2004 should enable a substantial increase in consumption that has already reached a good level. Might this substantial scope for development be open to Mediterranean production?

The market formed by the future members of the EU is of growing importance in world trade in fresh citrus fruits. Imports by these countries exceeded 800 000 tonnes in 2001 and now form nearly 10% of world trade and more than 15% of the outlets for Mediterranean exports. These figures make it easier to understand why these destinations, which used to be mere overflows, have now become a centrepiece forming the key to the general balance of trade in citrus fruit from Mediterranean origins. The qualitative requirements of these markets have also developed in proportion to the quantities. It is true that citrus fruits seem to benefit from



Apparent EU citrus consumption in 2001

Consumption volumes in the EU have been calculated by adding imports to community production and deducting exports and quantities reserved for processing. The calculation shown was performed using the data for 2001. Comparison of the results with those for 1999 and 2000 gives the average consumption figures below.



Estimation of citrus consumption in the EU

Tonnes	Production	Imports	Exports	Processed	Apparent cons.	Cons. (kg/capit.)
Grapefruit	50 652	340 536	23 760	2 100	365 328	1.0
Easy peelers	2 440 507	292 483	375 111	376 900	1 980 979	5.3
Orange	5 932 029	909 373	658 362	1 411 700	4 771 340	12.7
Lemon	1 796 142	205 639	249 718	581 500	1 170 563	3.1
Total citrus	10 219 330	1 748 031	1 306 951	2 372 200	8 288 210	22.1

Source: FAO - Eurostat 2001 / EU population estimated to be 375 million

Evolution of citrus consumption by country

Tonnes	1993	1997	2001	Annual growth in %	
				00-01/93-94	00-01/97-98
Poland	251 354	303 291	394 940	6.7	6.5
Czech Rep.	124 985	142 126	130 630	0.2	-1.0
Hungary	100 716	69 376	98 332	1.4	9.6
Baltic countries	13 783	43 849	66 108	16.4	2.4
Slovakia	51 157	59 967	57 913	0.8	-1.9
Slovenia	30 369	32 408	36 108	6.2	11.2
Malta	8 105	9 481	144	-38.7	-75.8

Source: FAO

Cyprus, a special case

Cyprus is a special case as it is alone among the ten countries to have significant production stabilised at 120 000 to 130 000 tonnes for the past three years. (source: FAO).

This volume is far from the 170 000 to 200 000 tonnes produced at the beginning of the 1990s and shows the difficulties experienced by the sector in the past decade. Repeated droughts and increased competition on international markets led many producers to abandoning citrus growing. The areas under orange, lemon and above all white grapefruit thus decreased considerably. Production of the latter fruit even halved in five years. Only easy peelers escaped the slump and plantations of Mandora, Minneola, Nova and clementines have even developed, especially in the western part of the island.

Operators nonetheless seem to have regained a degree of optimism. Rainfall has been better in the past two seasons. Furthermore, the less lucrative varieties have been replaced (in particular, Star Ruby has replaced White Marsh grapefruit). Finally, actions performed to improve quality have been recognised. A large proportion of exporters now have Eurep Gap certification. Many have also applied for British Retail Consortium certification as the British market is by far the main outlet for Cypriot citrus.

a special status in these countries, to such an extent that banana, which is nonetheless the world fruit trade leader, has only a modest second place on these markets, with 640 000 tonnes in 2001.

A fast-growing key market

In addition to its importance in terms of the volumes imported, this market stands out by its rapid growth—at much greater rates than those observed in the EU. Indeed, consumption began to increase at the end of the 1980s after the liberalisation of the economies and has continued to increase since then. As an illustration of this, the annual growth rate during the period 1993-2000 reached a record level of nearly 4.5%, well above the poor world performance of 1.5%.

The crucial role played by easy peelers in this strong overall development is not surprising. The annual growth rate of this family of products approached 9% between the 1993-1994 and 2000-2001 seasons. Imported volumes totalled less than 10 000 tonnes per year at the end of the 1980s and then climbed strongly in the 1990s, reaching nearly 250 000 tonnes in 2001.

Easy peelers are now approaching the levels of orange, which still fairly clearly dominates supply (315 000 tonnes imported in 2001). Orange imports dipped in the mid-1990s and have increased again since 1998.

The growth of lemon has been steady but modest. The 164 000 tonnes imported in 2001, making the fruit No. 3 in the hit parade, may seem modest. But the market is capital for Mediterranean origins as it forms nearly a quarter of total exports. The grapefruit market is still small at about 50 000 tonnes.

The quantities marketed in each country are obviously closely correlated to population. Thus Poland, with a population of 40 million, accounts alone for 400 000 tonnes, that is to say half of the total volumes. The Czech Republic has the second largest population and is also in second position in terms of the quantities imported. Slovenia brings up the rear with its population of two million.

Evolution differs greatly from one country to another. Polish imports have increased strongly and steadily for ten years. Hungary suffered from recession at the beginning of the 1990s and is now displaying growth again. The rapid development of these two countries and the strong increase in shipments of easy peelers are linked. Likewise, consumption is continuing to increase in Slovenia and to a lesser degree in the Baltic countries. In contrast, it is stagnating in the Czech Republic and Slovakia.

Very different per capita consumption according to the country...

Examination of per capita consumption reveals considerable

Evolution of citrus consumption per family

Tonnes	1993	1997	2001	Annual growth in %	
				00-01/93-94	00-01/97-98
Orange	288 805	272 597	326 917	1.2	3.0
Easy peelers	145 573	213 636	246 892	8.6	5.2
Lemon	123 756	126 424	159 079	3.7	4.7
Grapefruit	22 335	47 841	51 287	10.2	4.3
Total	580 469	660 498	784 175	4.4	4.2

Source: FAO

differences between the ten applicant countries. Consumption in the Baltic countries is distinctly lower than the average in the region for all products except easy peelers. It is close to average in Hungary, Poland and Slovakia. In contrast, it is distinctly above average in the Czech Republic and is highest in Slovenia.

...and marked differences with EU consumption levels

Another important observation is that the average per capita consumption in the future EU member-countries is only half that of the inhabitants of the EU (about 11 kg per person in comparison with about 22 kg per person). This average masks considerable disparities between products. The difference is colossal for orange as consumption in these zones is only a third of that of the EU (the ratio is about 2:3 for the other citrus fruits).

Per capita citrus consumption (kg per person)					
	Orange	Easy peelers	Lemon	Grapefruit	Total
EU average	12.7	5.3	3.1	1.0	22.1
Slovenia	8.4	6.2	3.0	0.6	18.2
Czech Rep.	6.0	4.1	1.9	0.7	12.7
Slovakia	4.7	3.6	1.7	0.7	10.7
Average	4.4	3.4	2.2	0.7	10.7
Poland	3.5	3.1	2.7	0.9	10.2
Lithuania	4.3	3.5	1.0	0.4	9.1
Latvia	3.1	4.2	1.2	0.4	8.9
Hungary	6.0	2.3	1.3	0.3	9.9
Estonia	2.4	4.5	0.9	0.2	8.1
Russian Fed.	2.4	0.9	0.9	0.2	4.4

Source: FAO

A fair number of Mediterranean producers consider this marked difference to be a promise of better days or even salvation by. Indeed, orange consumption appears to be very well correlated with per capita GDP. This relation is very close for medium to low consumption and is probably much less marked as saturation is approached.

It can thus be supposed that the rise in the standard of living related to the entry of these countries to the EU should generate an increase in citrus consumption. It can be hoped that

these consumption levels become balanced in time.

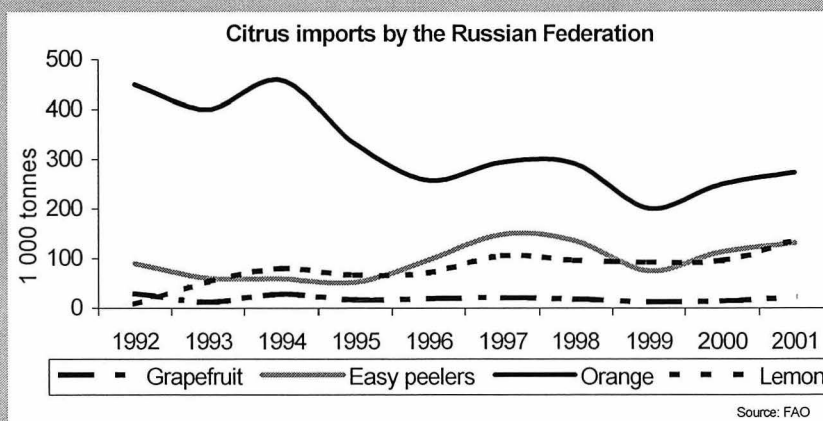
If this should prove to be the scenario, these markets could thus take a further 800 000 tonnes, that is to say double the present volumes. Orange would be the main beneficiary. It would be possible in theory to hope for an increase of more than 600 000 tonnes, corresponding approximately to nearly 20% of Mediterranean exports. But is such a development realistic? In any case, it is worth exploiting such scope. A few

Russia: consumption still small and strong potential

Russia's population makes it by far the main market in Eastern Europe. Its 145 million inhabitants represent more than double the combined population of the 10 countries applying for EU membership. However, citrus imports are modest in spite of this large potential. They reached only 600 000 tonnes in 2001 in comparison with a cumulated figure of more than 800 000 tonnes for the future members, even though they have half the population. The figure even fell to less than 400 000 tonnes in 1998 during the worst part of the slump.

Although easy peelers and lemon stood up fairly well during these difficult years, oranges were hard hit. Imports plummeted between the beginning and end of the 1990s. It is true that Azerbaijan, Georgia and, to a lesser extent, Uzbekistan, produce a small amount of oranges: 75 000 to 80 000 tonnes in the past two years. But per capita consumption is extremely low at about 4.5 kg, that is to say about 20% of consumption in the EU and slightly more than a third of that of the new member countries.

Signs of recovery have nevertheless been noted in the past two years. The economic situation is still difficult but is tending to improve, enabling consumption to start again. Exporters are now trusting their Russian trade partners again. The import companies that have resisted have sufficient funds to make the firm payments required by exporters. In addition, after frequent inadequacy in the past, the banking sector can now provide serious guarantees. It is true that this improvement is recent but it is no less promising for the future in the light of the particularly large potential of this market.



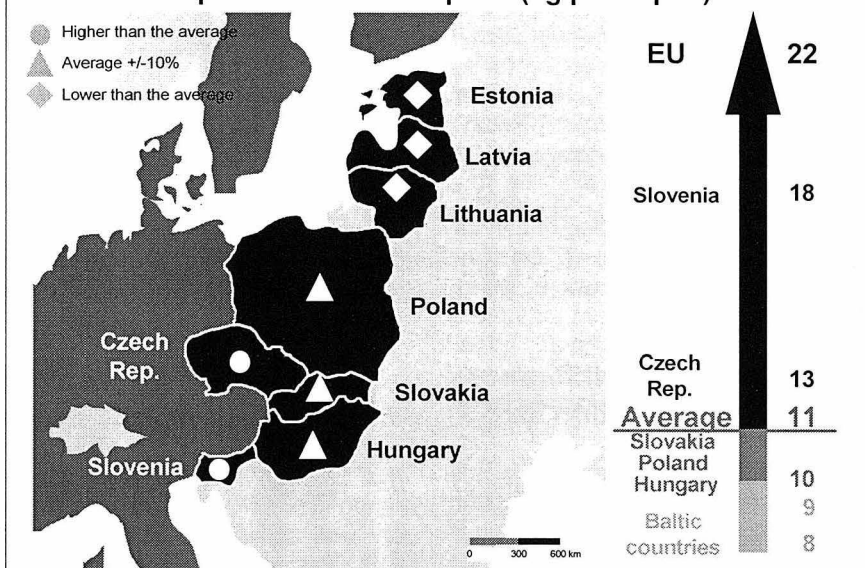
Prospects of the ten applicant countries

	Consumption (kg/cap)		Further import potential (1 000 t)
	present	target	
Orange	4.4	12.7	610
Easy p.	3.4	5.3	142
Lemon	2.2	3.1	69
Grapefruit	0.7	1.0	21
Total	10.7	22.1	842

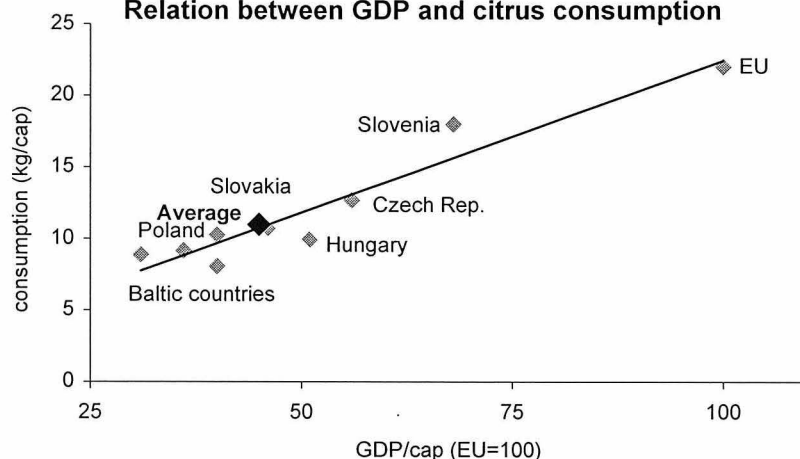
promotion operations covering these markets would be welcome. The prospects for easy peelers are particularly good as a gain of some 140 000 tonnes can be hoped for. If the growth rate observed in recent years (about 5.5%) is maintained—and this is not illusory in the light of consumer enthusiasm for this family of produce—this objective could be attained towards 2010. Adding the equally interesting North American market prospects, and probably the Japanese market in the near future, leads to considering that Mediterranean clementines and hybrids have a fine future ■

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Per capita citrus consumption (kg per capita)



Relation between GDP and citrus consumption



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