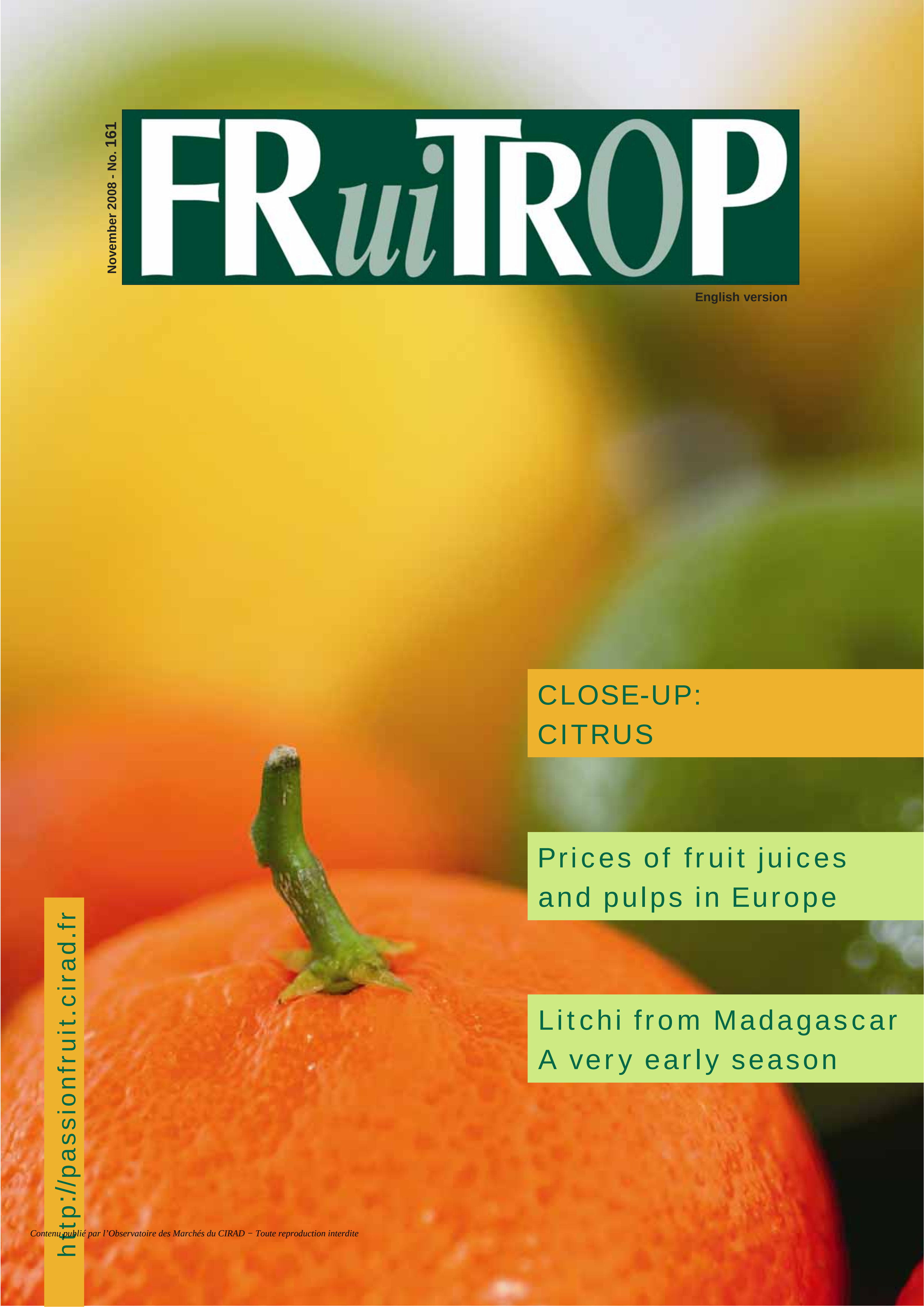

November 2008 - No. 161

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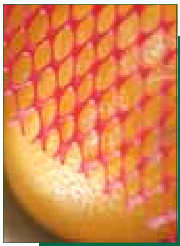
English version

CLOSE-UP:
CITRUS

Prices of fruit juices and pulps in Europe

Litchi from Madagascar
A very early season

http://passionfruit.cirad.fr



Mediterranean citrus Forecasts for the 2008-09 season

Strong potential returns from export

Exports from the Mediterranean area, the main centre supplying the international fresh citrus market, should increase again in 2008-09, after marking time in 2007-08. However, Mediterranean production is very slightly smaller than last season's moderate volume. But the very strong decrease in production in Italy, a country that exports little, masks the marked increase in that of the heavyweights of international trade. Spain, Turkey and Morocco, between them accounting for nearly 75% of Mediterranean exports, display very high production levels. The season will be the largest or second largest since 2000 and up by 7 to 8% on 2007-08. The export potential of 6.6 million tonnes is thus close to the historic record of 6.7 million tonnes in 2006-07. The increase is in oranges in particular and to a lesser degree in easy peelers, with the quantities of lemon and grapefruit being average to slightly lower than average.

The considerable rainfall in the western Mediterranean in the autumn may increase production levels even more, in particular by increasing fruit size as this tended to be medium to small when the first production estimates were made in September

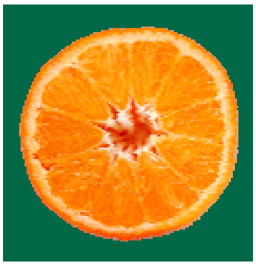
Easy peelers - Mediterranean 2008-09 export forecasts by country

000 tonnes	Seasons		Evolution	4 last seasons average	2008-09 / average
	2008-09	2007-08			
Spain	1 529	1 417	+ 8%	1 511	+ 1%
Morocco	332	272	+ 22%	276	+ 20%
Corsica	16	16	0%	20	- 21%
Israel	52	50	+ 4%	45	+ 14%
Turkey	280	222	+ 26%	262	+ 7%
Italy	63	73	- 14%	60	+ 5%
Cyprus	23	28	- 20%	33	- 32%
Greece	26	27	- 1%	29	- 10%
Egypt	7	7	0%	9	- 13%
Total	**2 328**	**2 112**	**+ 10%**	**2 245**	**+ 4%**

Easy peelers - Mediterranean 2008-09 export forecasts by variety

000 tonnes	Seasons		Evolution	4 last seasons average	2008-09 / average
	2008-09	2007-08			
Clementine	1 509	1 420	+ 6%	1 455	+ 4%
Satsuma	205	160	+ 28%	199	+ 3%
Mandarin/Wilking	157	142	+ 11%	175	- 10%
Ortanique	14	17	- 14%	39	- 63%
Nova	180	164	+ 10%	177	+ 2%
Others	262	211	+ 24%	201	+ 31%
Total	**2 327**	**2 114**	**+ 10%**	**2 246**	**+ 4%**

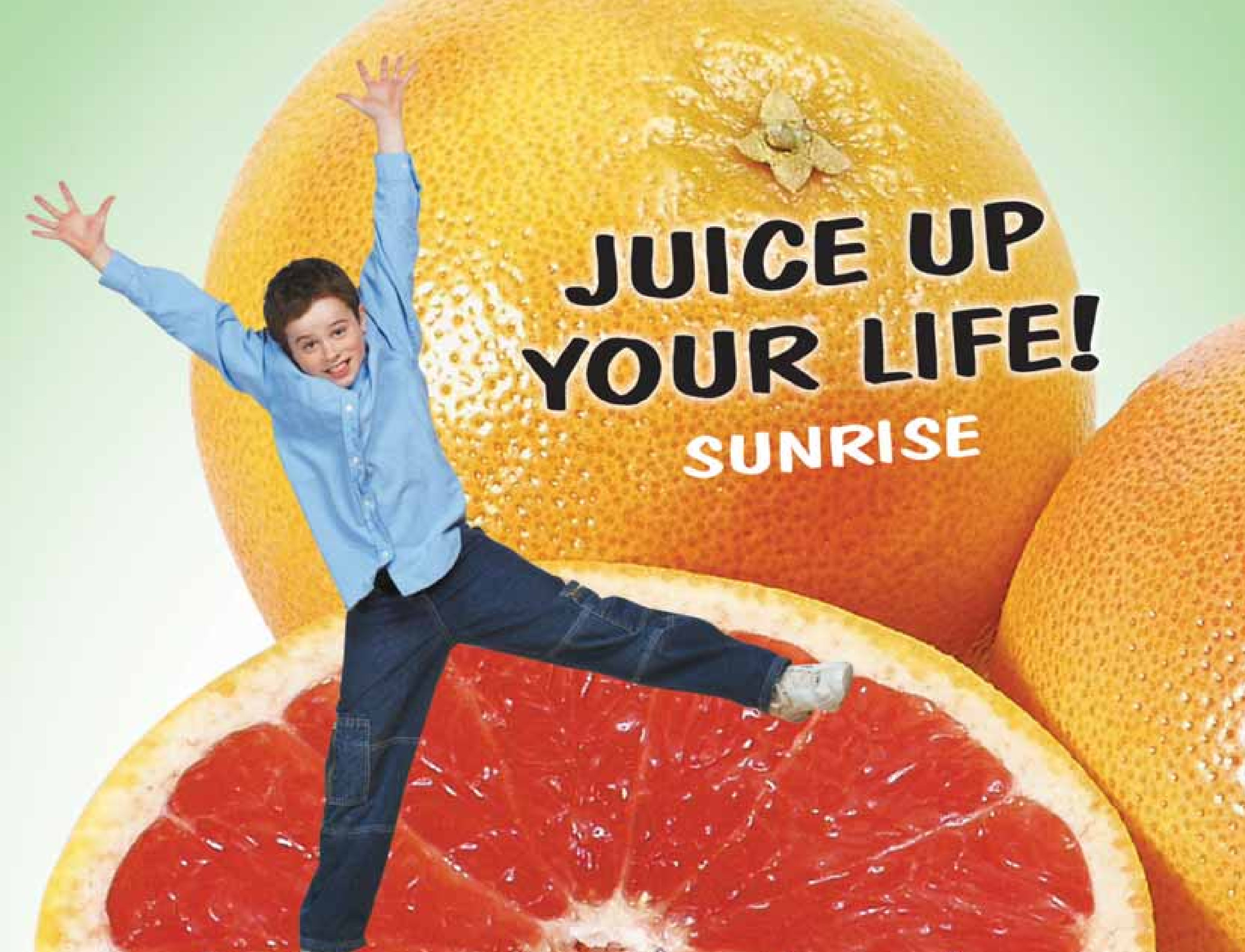
Source: CLAM



Easy peelers

strong export potential but production well spread out in time

Export potential is at a high 2.3 million tonnes, some 4% higher than the average. Spain, controlling some two-thirds of the market, will have a distinctly larger harvest than the 'small' one in 2007-08 and the total will be slightly above the normal level. In addition, the two other large exporters Morocco and Turkey announce very large potential exports. The staggering of production seems satisfactory during the critical mid-season period with no surpluses and a level close to average. The harvests of 'Fine' in Morocco and 'Clemenvilla' in Spain will be large, but Spanish 'Nules' clementine supplies that are clearly dominant at this time of the year with production exceeding a million tonnes should be no more than average unless fruit size has increased strongly after the rain in October. It remains to be seen whether the late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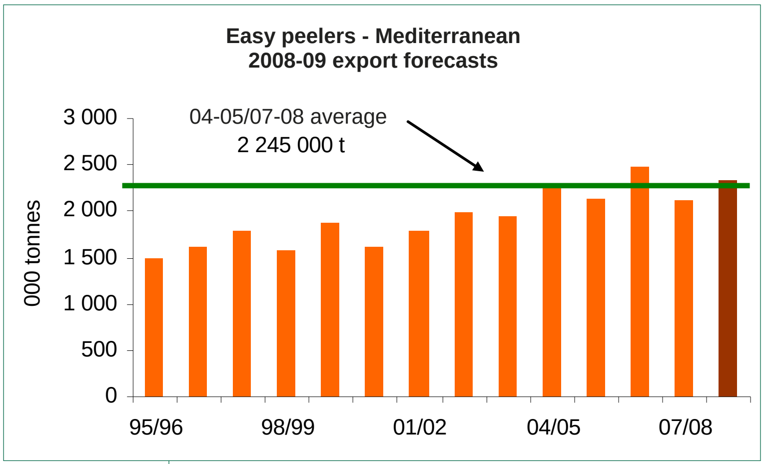
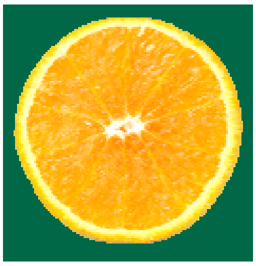
sales of early clementines—precisely because of this heavy autumn rain—will result in carried-over volumes and a heavy market. The volumes of early varieties to be sold will be large, at levels similar to those observed in 2006-07. Early clementine production is continuing to gain momentum in Spain. However, the quality of cultivars such as 'Clemenruby', 'Oronules' and 'Clemenpons' leads to forecasting fairly fluid sales, especially as the measures set up for the withdrawal of the smallest fruits may reduce the volumes available. Supplies should also be ample at the end of the season. The harvest of 'Nour' clementine in Morocco will return to a strong level. Production of late Spanish varieties will continue to increase as the new cultivars are counter-balancing the structural decline of 'Fortuna'. Likewise, the Israeli harvest of 'Or'—one of the varieties forming a reference at the end of the season—should be fairly large





Orange
a record season

Orange - Mediterranean 2008-09 export forecasts by variety					
000 tonnes	Seasons 2008-09	Seasons 2007-08	Evolution	4 last seasons average	2008-09 / average
Navel/navelina	1 543	1 392	+ 11%	1 400	+ 10%
Blond	219	187	+ 17%	228	- 4%
Blood	117	159	- 27%	142	- 18%
Late	1 307	1 205	+ 8%	1 093	+ 20%
Total	**3 186**	**2 943**	**+ 8%**	**2 863**	**+ 11%**

Orange - Mediterranean 2008-09 export forecasts by country					
000 tonnes	Seasons 2008-09	Seasons 2007-08	Evolution	4 last seasons average	2008-09 / average
Spain	1 555	1 274	+ 22%	1 292	+ 20%
Morocco	305	296	+ 3%	268	+ 14%
Israel	42	30	+ 38%	31	+ 35%
Tunisia	20	26	- 23%	22	- 10%
Turkey	150	148	+ 1%	180	- 17%
Italy	68	113	- 40%	100	- 32%
Cyprus	14	18	- 20%	22	- 35%
Greece	250	230	+ 9%	247	+ 1%
Egypt	780	809	- 4%	699	+ 12%
Total	**3 184**	**2 944**	**+ 8%**	**2 863**	**+ 11%**

Source: CLAM

Production smaller than average at less than 10 million tonnes gives a false picture of the large volumes that will be available for export in 2008-09. The collapse of Italian production mentioned above is most marked for this family of fruits as frost hit a large proportion of the production of 'Moro' and 'Tarocco'. The countries supplying international trade display production ranging from very high in Egypt, Turkey and Morocco to record in Spain. As a result, the export potential in the Mediterranean is the largest ever, exceeding 3.1 million tonnes. Supply will be large throughout the season. The Spanish 'Naveline' harvest, supplying the market in the first part of the season, is large but not as plethoric as in 2006-07. The volumes available should remain large in mid-season. 'Navel' production will be medium to large among the Spanish, Egyptian, Turkish and Greek specialists in the heart of international trade in this variety during the winter season. The last part of the season will be generously supplied with both dessert and juice oranges. The 'Lanelate'/'Navelate' harvest in Spain will reach a record level, exceeding a million tonnes for the first time. Likewise, the production of 'Valencia Late', the main juice orange, will be

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South Africa / Marocco / Israel / USA / Italy / Argentina
Prune plum
afrique du sud / Maroc / Italie / Argentine
South Africa / Morocco / Italy / Argentina
Raisin grappe
Afrique du sud / Chili / Italie
South Africa / Chile / Italy
Agrumes citrus fruits
Afrique du sud / Maroc / Israel / Etats-Unis / Italie / Argentine
South Africa / Marocco / Israel / USA / Italy / Argentina
Tomate tomato
Maroc / Italie / Israel
Marocco / Italy / Israel
Litchi lychee
Afrique du sud / Madagascar / Israel
South Africa / Madagascar / Israel
Avocat avocado
Israel / Mexique / Pérou / Chili / Kenya / AFS
Israel / Mexico / Peru / Chile / Kenya / South Africa
Pomme/Poire apple/pear
Afrique du Sud / Chili / Argentine
South Africa / Chile / Argentina
Mangue mango
Afrique du sud / Brésil / Pérou / Côte d'Ivoire / Israel
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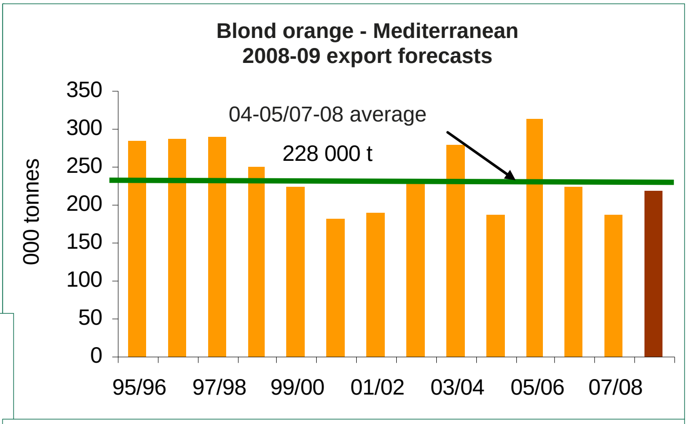
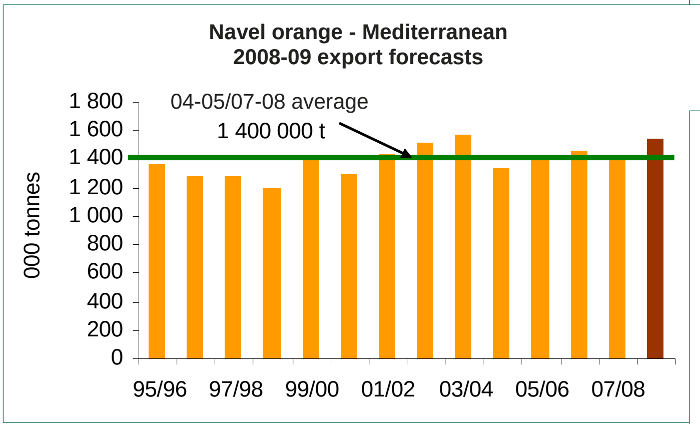
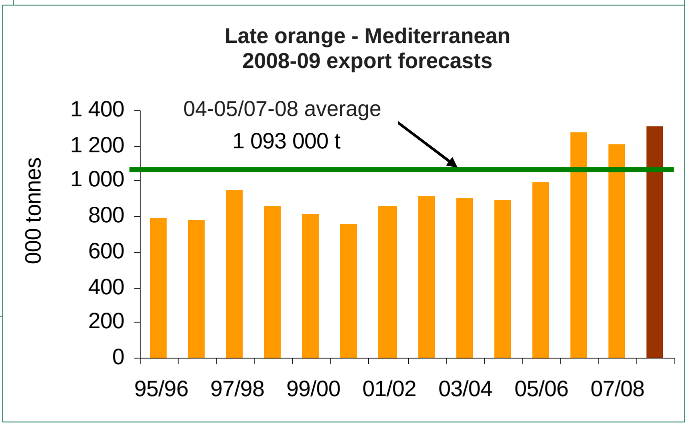
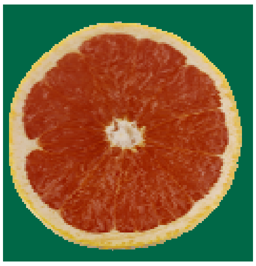
large in Spain and Morocco, the leading producers of this variety for export. Finally, the Egyptian late orange harvest (all varieties) will continue to increase very rapidly as exports have increased from less than 100 000 t at the beginning of the decade to more than 350 000 t in recent seasons









Grapefruit

smaller volumes from Florida and a larger role for the Mediterranean

The 2007-08 season was marked by a return to fairly large supplies for the EU market, with levels similar to those of before the 2004 hurricanes in Florida. Volumes should be smaller in 2008-09.

Arrivals from Florida should decrease, after exceeding 5 million boxes in 2007-08. First, production is down by about 14%, with 23 million field boxes expected after nearly 27 million in 2007-08. Furthermore, the rise in the value of the dollar against the euro should encourage considerable caution among importers who pay firm prices for these goods, particularly in the current context of economic crisis. Finally, the volumes available for Europe should be smaller than last year when small fruit size obliged exporters to limit their shipments to the very profitable Japanese market. After starting late in recent seasons because of hurricanes or small fruit size, the schedule of arrivals will return to normal. The first batches were delivered in mid-October.

The prospects of a significant increase in production in the coming seasons seem fairly hypothetical. The orchard census conducted in 2008 shows the total is still dwindling, with some 800 000 less trees in 2008 than in 2006. The number of trees halved from 2000 to 2008.

In this context, the other sources should benefit from a more open market in 2008-09. Thus the export volumes planned by Israeli professionals are similar to those of 2007-08 in spite of a fall in production as a result of alternate bearing and frost. The extension of the orchard area was strong, especially for grapefruit since 2003, but was interrupted for religious reasons in 2007-08 (planting is forbidden by the Hebrew calendar in certain years). It should start again in spring 2009. Likewise, the decrease in the Turkish harvest will not necessarily have a negative effect on exports, especially as fruit size has increased after strongly limiting exports in 2007-08. Spanish exports should be fairly stable and distinctly larger than the average. In contrast with the last season, fruit size should tend to be medium to small. In contrast, imports of shaddock from China will probably increase. Volumes exceeded 40 000 t in 2007-08 and generated very poor economic returns

Grapefruit - Mediterranean - 2008-09 export forecasts

000 tonnes	Seasons		Evolution	4 last seasons average	2008-09 / average
	2008-09	2007-08			
Spain	40	38	+ 5%	36	+ 12%
Israel	87	81	+ 7%	82	+ 6%
Cyprus	15	17	- 9%	22	- 30%
Turkey	120	131	- 8%	126	- 5%
Italy	0	0	0%	3	- 100%
Greece	1	1	+ 44%	1	- 2%
Total	**263**	**268**	**- 2%**	**270**	**- 2%**

Source: CLAM

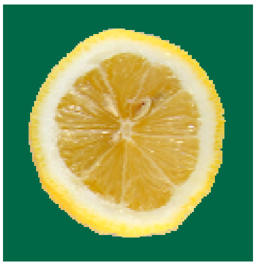
Concern about the behaviour of the Russian market

The behaviour of the Russian market is a subject for major concern. Thanks to strong economic growth and the modernisation of the distribution system, consumption of Mediterranean citrus has increased strongly in recent years, reaching about 300 000 t of easy peelers and oranges and nearly 100 000 t of lemons. The destination for some 10 to 15% of all Mediterranean exports, Russia has become a key component of world market balance during the winter period, in particular for countries such as Turkey, Egypt and Morocco that ship a large proportion of their exports to this market.

The new regulations that have come into force for pesticide residues are both ridiculous and a handicap for exporters. The tolerance for certain basic treatment substances is sometimes a tenth of that allowed on the other large world markets and is sometimes perfectly unrealistic. Bilateral agreement protocols have been established between certain supplier countries and the Russian authorities so that exports can continue. Nevertheless, the strict control perfomed at the border or upstream may make exporters reluctant. This may result this season in decisions between markets less favourable to Russia and the transfer of some produce to the EU.

And the effects of the economic crisis?

The impact of the economic slump is another reason for concern and the possible effects on the Eastern European markets are beginning to be measured. The strong decrease in the bank guarantees of certain Ukrainian and Russian import companies is an additional risk factor encouraging the switching of goods to the



Lemon

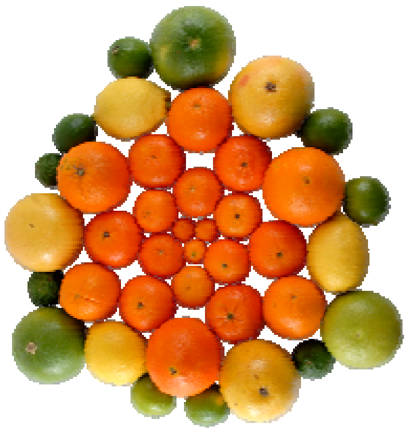
another productive season, but the deficit remains

Supply will be larger than in the 2007-08 season, when a historical low level was attained, but supply will nonetheless remain slightly short. Spanish production will return to an average level, enabling normal supplies for exports, the domestic market and industry. In contrast, supplies from Turkey should remain markedly short, probably as a result of the frost that hit orchards at the beginning of 2008. In this context, complementary sources may continue to play a significant role, especially on the Eastern European markets that are supplied mainly with 'Interdonato' and 'Kütdiken' from Mersin. Italy, where lemon—unlike the other citrus crops—was not hit by frost may manage well. The volumes available in Egypt are still very limited, with production based mainly on local Mediterranean sweet lemon varieties. Production by the other traditional suppliers around the Mediterranean is still dwindling to marginal status, in particular as a result of lasting drought in Cyprus that has led to the abandoning of numerous orchards and plantations in Greece that were not restored after the fatal frost in the mid-2000s

Lemon - Mediterranean - 2008-09 export forecasts

000 tonnes	Seasons		Evolution	4 last seasons average	2008-09 / average
	2008-09	2007-08			
Spain	440	305	+ 44%	418	+ 5%
Cyprus	5	6	- 9%	8	- 36%
Turkey	230	224	+ 3%	307	- 25%
Greece	2	2	+ 11%	3	- 28%
Italy	60	50	+ 21%	35	+ 72%
Egypt	23	23	0%	22	+ 4%
Total	**760**	**610**	**+ 25%**	**793**	**- 4%**

Source: CLAM



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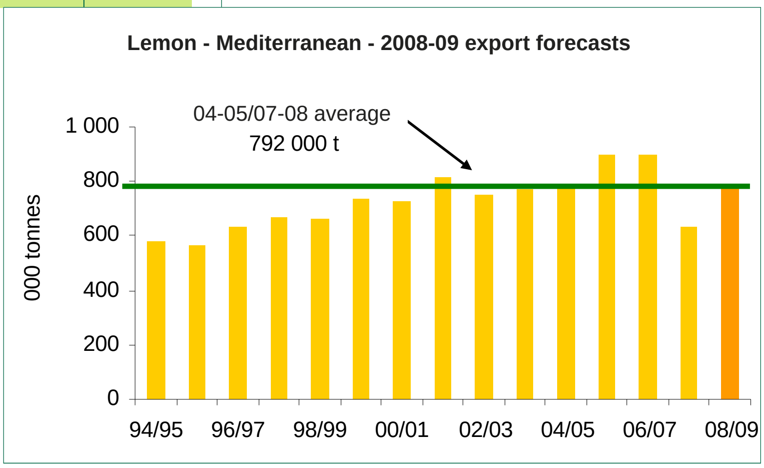

other markets. For example, the announcement in early November of the cash problems of SORUS, one of the three leading Russian importers, caused a movement of panic in the Ecuadorean banana sector that supplies this very big customer.

In addition, on a medium-term basis, the slowing of economic growth, the corollary of the financial crisis, may well affect the consumption of fresh produce. It is necessary to think straight however. Citrus fruits are among the cheapest items on retail fruit shelves in Western Europe and they should be less affected by consumers' economic problems than exotics and other more expensive fruits. In contrast, the risk may be greater on the Eastern European markets

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Few apples and pears in Western Europe while Eastern Europe brings home the pips!

European pip fruit production was seriously affected by the particularly unfavourable weather conditions in spring 2008 that led to fairly marked losses in most of the production zones in Western Europe. Finally, the Western European (EU-15) apple harvest was down by 7% in comparison with 2007 (6.6 millions de tonnes), that is to say a deficit similar to that of 2006 and the second-smallest harvest of the decade. In contrast, production in the Eastern European countries has returned close to normal with 3.3 million tonnes, that is to say + 103% in comparison with 2007) after last years very large deficit. Total production of EU-27 should therefore reach 9.97 million tonnes (+ 13.6% in comparison with 2007); this is an average level and smaller than the 10 to 11 million tonnes still harvested at the beginning of the decade. The 2008 pear harvest is the smallest in recent years with 2.16 million tonnes, a decrease of 14% in comparison with 2007.

Citrus — Mediterranean — 2008-2009 export forecasts													
000 tonnes	Total	France	Spain	Morocco	Algeria	Tunisia	Italy	Israel	Cyprus	Greece	Turkey	Egypt*	Gaza*
Total easy peelers	2 327.9	16.0	1 529.0	331.8	-	-	63.0	52.0	22.5	26.2	280.0	7.4	-
Satsuma	205.0	-	75.0	-	-	-	-	-	-	-	130.0	-	-
Clementine	1 508.5	16.0	1 100.0	306.0	-	-	60.0	-	-	22.0	4.5	-	-
Mandarin/Wilking	157.4	-	92.0	-	-	-	3.0	-	-	-	55.0	7.4	-
Ortanique	14.4	-	-	8.6	-	-	-	5.0	0.8	-	-	-	-
Nova	180.4	-	112.0	6.0	-	-	-	16.0	0.9	-	45.5	-	-
Others	262.2	-	150.0	11.2	-	-	-	31.0	20.8	4.2	45.0	-	-
Total oranges	3 203.7	-	1 555.0	305.0	-	20.0	68.0	42.0	14.4	250.0	150.0	762.3	37.0
Navel/Navelina	1 570.1	-	790.0	36.5	-	-	16.0	5.0	-	200.0	125.0	397.6	-
Salustiana	158.5	-	130.0	28.5	-	-	-	-	-	-	-	-	-
Shamouti	33.0	-	-	-	-	-	-	25.0	-	-	2.0	-	6.0
Common blond	33.0	-	-	-	-	-	-	-	-	5.0	3.5	24.5	-
Moro-Tarocco	50.0	-	-	-	-	-	50.0	-	-	-	-	-	-
Maltese	19.0	-	-	-	-	19.0	-	-	-	-	-	-	-
Sanguinelli	-	-	-	-	-	-	-	-	-	-	-	-	-
Other blood	47.7	-	1.0	46.5	-	-	-	-	-	-	0.2	-	-
Verna	-	-	-	-	-	-	-	-	-	-	-	-	-
Oval	4.0	-	4.0	-	-	-	-	-	-	-	-	-	-
Late	1 284.6	-	630.0	193.5	-	1.0	2.0	12.0	14.4	45.0	19.3	336.4	31.0
Bitter	3.8	-	-	-	-	-	-	-	-	-	-	3.8	-
Total grapefruits	268.1	3.2	40.0	-	-	-	-	87.0	15.4	1.3	120.0	1.2	-
White grapefruits	77.9	-	40.0	-	-	-	-	12.0	15.4	1.3	8.0	1.2	-
Other grapefruits	190.2	3.2	-	-	-	-	-	75.0	-	-	112.0	-	-
Total lemons	777.0	-	440.0	15.3	-	-	60.0	-	5.1	2.0	230.0	22.9	1.7
Other citrus	6.0	-	-	-	-	-	-	6.0	-	-	-	-	-
Total	6 582.7	19.2	3 564.0	652.1	-	20.0	191.0	187.0	57.4	279.5	780.0	793.8	38.7

* estimates / Source: CLAM