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Morocco

Citrus

Annual

2003

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Report Highlights:
Citrus production is expected to be down by about 11 percent in 2003 percent but exports are not expected to change significantly from last year's level because of the anticipated better fruit quality. Citrus processing will likely continue to be low because of strong competition from the local and export market for the fresh fruits.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Rabat [MO1]
[MO]

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Executive Summary

Production

Morocco's 2003 citrus production is expected to be down by about 11 percent to 1.17 MMT. The citrus producer's association (ASPAM) claims that production is down because of the alternate bearing nature of citrus trees but also because the high temperatures recorded early last summer, especially in the area of Agadir, affected production negatively. On the other hand, the recent rainfall during October 2003 should boost fruit quality (size) especially for the early small fruit varieties (tangerine like).

Morocco's fresh citrus production and exports
(Thousand metric tons)

	Production		Exports	
	02/03	03/04	02/03	03/04
	Rev.	Forec.	Rev.	Forec.
Small Citrus Fruits	**478.5**	**410.0**	**208.4**	**200.0**
Clementine	349.0	305.0	138.9	140.0
Nour	69.8	51.0	47.6	37.0
Ortanique	15.1	17.0	5.9	8.0
Nova	14.5	12.0	6.1	6.0
Afourer	12.8	12.0	7.4	7.0
Fortune	1.8	1.0	0.9	1.0
Other Small	15.5	12.0	1.7	1.0
Oranges	**800.0**	**730.0**	**274.2**	**270.0**
Navel	226.5	210.0	32.9	30.0
Navel Lane Late	8.0	5.0	2.7	2.0
Salutiana	44.3	40.0	31.1	28.0
Sanguines	53.2	50.0	33.3	30.0
Maroc Late	468.0	425.0	174.1	180.0
Other Citrus	36.0	30.0	0.5	0.5
Overall Total Citrus	**1,314.5**	**1,170.0**	**483.1**	**470.5**

Note 1) Production estimates are from the Producers Association, ASPAM. Estimates have been more accurate for the early production varieties as the weather during the coming months might affect considerably estimates for late varieties (especially Maroc-Late).
2) Trade Figures: Data are from the EACCE office. They may differ from the official figures (used in PS&D tables) but are more timely and thus used as first estimates.

On the long term, citrus production is not expected to increase significantly in spite of the GOM and farmers organization ambitious plans to expand planted area, reconvert to new varieties, and replace old orchards. Compared to the 4,300 ha scheduled to be planted by farmers each year, and despite the GOM incentives (see MO0029), only about 1,200 ha are planted each year. About half of this area is just to replace existing orchards. Eventually, the low planting suggests that Morocco might be unable to even fulfill the increasing local demand for some varieties of citrus in the future.

Citrus production in the Souss (vicinity of Agadir), that accounts for over half of Morocco's exports of fresh citrus, is threatened by the consecutive years of drought that aggravated the drawing down of the water table and the decline of water reserves of the dams in the South. Also, uncertainties about the export markets (EU) and the stiff competition of the producers in third markets (because of EU restitutions) exacerbate the fear of many producers and discourage them to expand or replace their existing citrus orchards.

The citrus industry plays a major role in the economy of citrus growing areas. It provides some 21 million day of work and 50,000 permanent jobs. There are currently some 58 packinghouses spread throughout Morocco of which many are modern and some meet the international ISO quality standards.

Trade

Export of citrus is expected to decline only slightly compared to last year in spite of lower production as citrus fruits are generally of better quality this year. This will mean less fruit available for the local market.

The EU market will continue to be the main outlet for Morocco's fresh citrus exports in spite of the downward trend over the past few years. The proximity of this market, the high prices paid by the consumers, and more importantly, the preferential access given to Moroccan citrus fruit under the Morocco-EU Free Trade Agreement (see MO0028) are appealing to Moroccan exporters. The non- EU markets, commonly known in Morocco as "Contract Markets", include Russia, Lithuania, Saudi Arabia, and Canada and account each year for 35-46 percent of Morocco's fresh citrus exports. For these markets, each year, arrangements are made between importers and Moroccan exporters to ship agreed-upon quantities and quality of fruits.

Long-term prospects for fresh citrus exports are grim: Local production can hardly keep up with the increasing demand from both export and local markets. Prices in the local market have reached a level so that many farmers see a benefit in selling to the local market and avoid risks and delays in payment when exporting. Also, the decline in the EU share in Morocco's agricultural exports indicate that some exporting groups have more difficulties to comply with increasingly complex EU industry standards and requirements. This explains partly why more emphasis has been given in recent years to exporting to non-EU countries. The Eastern-European markets in particular have been generally buying lower quality, cheaper fruit that are less suitable for the EU market.

Shipments to the U.S.

Morocco's shipments of fresh citrus to the US increased considerably during 2002/2003 especially for the Clementine (tangerine-like) variety. For 2003/04, exports are expected to reach about the same level especially if the U.S. dollar strengthens compared to the Moroccan currency.

Moroccan Fresh Citrus Export to US
(Metric Tons)

Market. Year	To U.S.	Total Citrus	% of Total
1998/1999	5,714	624,702	0.9%
1999/2000	2,387	569,703	0.4%
2000/2001	912	297,480	0.3%
2001/2002	3,259	346,905	0.9%
2002/2003[1]	13,194	410,108	3.2%

Source: Data might differ from figures in PSD's because of different sources
1: Preliminary

Morocco is negotiating a free trade agreement with the U.S. This will open many opportunities for U.S. exporters of agricultural products. Moroccan citrus exports to the U.S. might increase as a result of FTA but are not likely to reach 50,000 MT in the best years in the long term because:

1. As previously discussed, the Moroccan citrus production is not expected to increase significantly in the long term.
2. U.S. tariffs on citrus are not the primary barrier to exports.
3. The stringent APHIS phytosanitary requirements (for Mediterranean Fruit Fly) increase considerably the risk for Moroccan exporters. Currently, Moroccan officials are authorized to pre-clear containers for cold treatment but there are no guarantees to exporters that, once it arrives the U.S., the container will not be subject to additional APHIS and FDA restrictions.
4. Exporting to the U.S. requires that the exporting groups devote costly resources and implement strict quality control procedures, and be able to handle relatively large size shipments. In comparison, shipments to the EU can be done by pallets hauled directly into ships or send by trucks through Spain.
5. Absence of direct shipping lines between Morocco and the U.S.

Export Subsidy

The GOM announced in March 2002 that exporters will benefit from an export subsidy when exporting to non-EU countries. The subsidy of 200 dirhams/MT (about 20/MT) will be applied to all fresh citrus exports going to Russia and to the increments of exports to other non-EU countries, including the U.S. The base year used to compute the increment in exports for each exporting packinghouse to non-EU countries is September 2000-August 2001.

Sources indicated that the Eastern -European market is the main target behind this subsidy program and is an attempt to compensate for the EU restitutions given to EU exporters when exporting to these markets. However, in many cases, the $20/MT export subsidy is insignificant compared to export prices and is unlikely to affect selling decisions. Finally, sources indicated that it is unlikely the subsidy will be applied to the U.S. market once the Free Trade Agreement with the U.S. is implemented.

Processed Citrus

Citrus processing by the major crusher (FRUMAT) totaled 48,000 MT in 2002/2003, which represents only 15 percent of its nominal capacity, and will not help the company recover from its already weak financial situation. The by-far largest citrus crusher in Morocco (FRUMAT) started its crushing season very late in 2002/2003 (February compared to usually October/November) because it failed to offer competitive prices to farmers. High prices in the local fresh market, which is usually the second most lucrative option for farmers after exports, discouraged farmers from delivering their fruit to FRUMAT.

In 2003/2004, processing is forecast, at best, to reach the 2002/2003 level. The higher fruit quality this year and the strong demand in the local fresh market are likely to result in farmers taking their fruits to the fresh market where they could reap much higher returns.

FRUMAT is still going through financial restructuring cycles and failed to take off even after the government and the producers (shareholders) injected considerable funds in the company. The lack of clear and adequate strategy, and the lack of integration to ensure adequate fruit supply will continue to hinder FRUMAT future. The increasing demand in the local market and the absence of evidence that local production is catching up are likely to exacerbate FRUMAT problems in the long term.

PSD Table

Country	Morocco					
Commodity	Fresh Tangerines					(HECTARES)(1000 T
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [I
Market Year Begin		10/2001		10/2002		10/2003
Area Planted	21	21	21	21	0	21
Area Harvested	20	20	20	20	0	20
Bearing Trees	6700	6700	6700	6700	0	6700
Non-Bearing Trees	150	150	150	150	0	150
TOTAL No. Of Trees	6850	6850	6850	6850	0	6850
Production	405	405	458	478	0	410
Imports	0	0	0	0	0	0
TOTAL SUPPLY	405	405	458	478	0	410
Exports	190	153	210	208	0	200
Fresh Dom. Consumptior	215	252	248	266	0	210
Processing	0	0	0	4	0	0
TOTAL DISTRIBUTION	405	405	458	478	0	410

Export Trade Matrix

Country Morocco

Commodit Fresh Tangerines

Time Period	MYOct/Sep	Units:	MT
Exports for:	2001		**2002**
U.S.	2953	U.S.	13436
Others		Others	
Russia	32794	Russia	72122
France	30518	France	28000
Canada	23396	Canada	27891
Netherlands	12384	Netherlands	24512
Belgium	8662	Great Britain	13657
Great Britain	7948	Belgium	6621
Lituania	7643	Saudi Arabia	6481
Saudi Arabia	6485	Finland	3485
Sweden	5546	Germany	3311
Norway	4961	Norway	2825
Total for Others	140337		188905
Others not Liste	9529		6034
Grand Total	152819		208375

PSD Table

Country Morocco

Commodity Fresh Oranges (HECTARES)(1000 T

	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [	Estimate [	)A Official [	Estimate [	)A Official [	Estimate [I
Market Year Begin		10/2001		10/2002		10/2003
Area Planted	49	49	49	49	0	49
Area Harvested	48	48	48	48	0	48
Bearing Trees	15900	15900	15900	15900	0	15900
Non-Bearing Trees	200	200	200	200	0	200
TOTAL No. Of Trees	16100	16100	16100	16100	0	16100
Production	720	720	814	800	0	730
Imports	0	0	0	0	0	0
TOTAL SUPPLY	720	720	814	800	0	730
Exports	240	194	250	274	0	270
Fresh Dom. Consumptior	462	508	514	482	0	420
Processing	18	18	50	44	0	40
TOTAL DISTRIBUTION	720	720	814	800	0	730

Export Trade Matrix

Country Morocco

Commodit Fresh Oranges

Time Period	MYOct/Sep	Units:	MT
Exports for:	2001		**2002**
U.S.	306	U.S.	25
Others		Others	
Russia	78120	Russia	101349
France	29356	Netherlands	46410
Great Britain	19215	Great Britain	41074
Belgium	18499	France	26779
Netherlands	15413	Belgium	24112
Lituania	8646	Germany	9460
Canada	5986	Finland	5803
Finland	4885	Sweden	5149
Germany	3553	Italy	3235
Sweden	2840	Saudi Arabia	2414
Total for Others	186513		265785
Others not Liste	6687		8369
Grand Total	193506		274179

PSD Table

Country Morocco
Commodity Fresh Citrus,Other

(HECTARES)(1000 T

	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [	Estimate [	)A Official [	Estimate [	)A Official [	Estimate [I
Market Year Begin		10/2001		10/2002		10/2003
Area Planted	5	5	5	5	0	5
Area Harvested	5	5	5	5	0	5
Bearing Trees	1200	1200	1200	1200	0	1200
Non-Bearing Trees	15	15	15	15	0	15
TOTAL No. Of Trees	1215	1215	1215	1215	0	1215
Production	10	10	10	10	0	10
Imports	0	0	0	0	0	0
TOTAL SUPPLY	10	10	10	10	0	10
Exports	0	0	0	0	0	0
Fresh Dom. Consumptior	10	10	10	10	0	10
Processing	0	0	0	0	0	0
TOTAL DISTRIBUTION	10	10	10	10	0	10

PSD Table

Country Morocco
Commodity Fresh Lemons

(HECTARES)(1000 T

	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [	Estimate [	)A Official [	Estimate [	)A Official [	Estimate [I
Market Year Begin		10/2001		10/2002		10/2003
Area Planted	1	1	1	1	0	1
Area Harvested	1	1	1	1	0	1
Bearing Trees	280	280	280	280	0	280
Non-Bearing Trees	10	10	10	10	0	10
TOTAL No. Of Trees	290	290	290	290	0	290
Production	20	20	20	20	0	20
Imports	0	0	0	0	0	0
TOTAL SUPPLY	20	20	20	20	0	20
Exports	0	0	0	0	0	0
Fresh Dom. Consumptior	20	20	20	20	0	20
Processing	0	0	0	0	0	0
TOTAL DISTRIBUTION	20	20	20	20	0	20

PSD Table

Country	**Morocco**			65 Degrees Brix		
Commodity	**Juice, Orange**			(MT)		
	2001	Revised	2002	Estimate	2003	Forecast
	USDA Official [	Estimate [	DA Official [	Estimate [	DA Official [	Estimate [I
Market Year Begin		10/2001		10/2002		10/2003
Deliv. To Processors	18	18	50	44	0	40
Beginning Stocks	3355	3355	1055	1055	1205	1122
Production	1600	1600	4550	4400	0	4000
Imports	500	500	500	500	0	634
TOTAL SUPPLY	5455	5455	6105	5955	1205	5756
Exports	2800	2800	3300	3233	0	3000
Domestic Consumption	1600	1600	1600	1600	0	1650
Ending Stocks	1055	1055	1205	1122	0	1106
TOTAL DISTRIBUTION	5455	5455	6105	5955	0	5756

Time Period	MY Oct/Se	Units:	MT
Exports for:	2002		**2003**
U.S.		U.S.	
Others		Others	
France	2334		
Tunisia	615		
Lybia	77		
Nethrlands	74		
Total for Others	3100		0
Others not Liste	133		
Grand Total	3233		0

Import Trade Matrix

Country Morocco

Commodit Juice, Orange

Time Period	MYOct/Sep	Units:	MT
Imports for:	2002		**2003**
U.S.		U.S.	
Others		Others	
Brazil	491		
Cuba	63		
Netherlands	78		
France	2		
Total for Others	634		0
Others not Listed			
Grand Total	634		0