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COMMITTEE ON COMMODITY PROBLEMS

INTERGOVERNMENTAL GROUP ON CITRUS FRUIT

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NEW TRENDS IN PRODUCTION AND TRADE IN EASY PEELERS

I. INTRODUCTION

1. Easy peelers (tangerines) now represent one of the most dynamic sectors of world citrus production and trade. Between 1991 and 2002 production has risen at a rate of 2.96 percent per year, exports have grown at 3.91 percent per year. The easy peeler has won over the consumer in a very competitive fresh fruit environment.

2. The easy peeler growth is even more remarkable when viewed against the fact that there is only a minimal percentage of processing in the easy peeler varieties. All fruit therefore require careful agronomic practice and post-harvest handling for presentation on relatively demanding fresh markets while meeting strict phytosanitary standards for cross border trade. Having achieved this success, there are questions as to the future direction of easy peeler production, exports and imports.

II. EVOLUTION OF EASY PEELERS

3. Tangerines have outpaced the performance of the three other segments of the citrus market since 1970, particularly in terms of volumes traded. While oranges traded rose by 500 000 tonnes during this 30-year period and lemon trade increased about 750 000 tonnes, tangerine trade rose from 500 000 tonnes to 2.5 million tonnes.

4. Some 38 countries produce at least 1 000 tonnes of tangerines per year. Between 1991 and 2002 production rose from 11 487 thousand tonnes to 16 484 thousand tonnes in 2000. In 2001 and 2002 there was some fall off in production however. Among producers, those dominating in 1991 continued in that role through 2002, with the largest being China, Spain, Japan, Republic of Korea, Italy, Egypt, United States, Argentina, Turkey, Morocco and Algeria.

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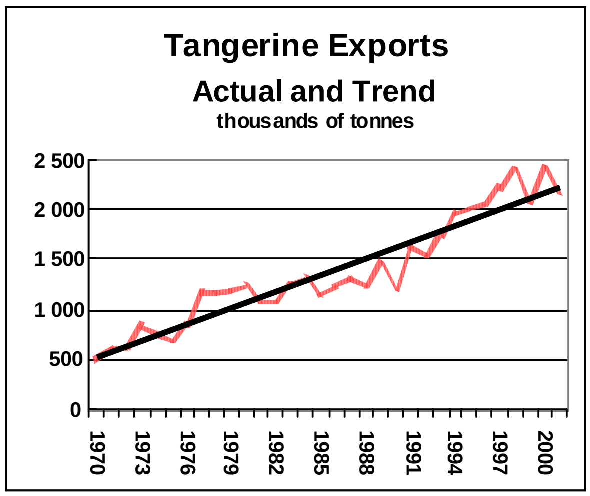
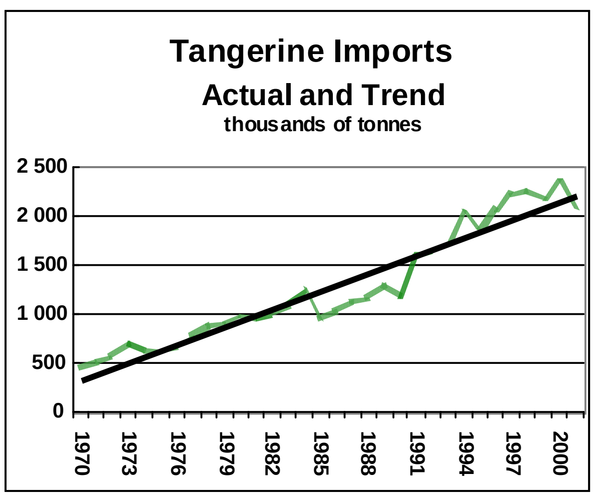
However, those producers experiencing the fastest growth rates 1991-2002 were Cyprus, Libya, Ecuador and Peru.

5. Tangerine export trade has been and continues to be dominated by a small number of producers. Spain is far and away the dominant exporter, joined by Morocco, China and Turkey. Other exporters do not consistently export over 100 000 tonnes per year, although Pakistan reached 106 800 tonnes in 2001.

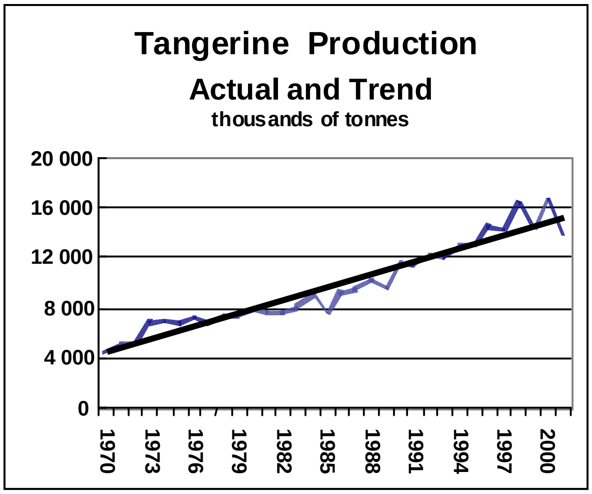
6. Some 55 countries are regular importers of tangerines. Non-producing EC members are all traditional importers of substantial volumes of tangerines. The most dynamic import markets in recent years have been in the Russian Federation, Poland, United States, Indonesia and Malaysia.

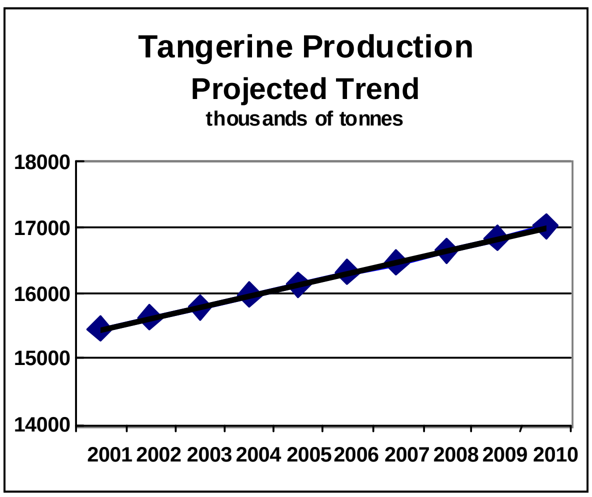




III. PRODUCTION TRENDS

7. FAO projections for tangerine production to 2010 show a further increase of about two million tonnes; however, the rate of growth at 1.07 percent is less than a quarter the rate experienced between 1987-89 and 1997-99. Based on the high number of recently planted, non-bearing trees in the Republic of Korea and Egypt, production can be expected to grow rapidly in those countries. Based on tree age there should also be growth in Japan and Turkey. In Israel 31 percent of tangerine trees are under five years old, which constitutes some 91 percent of the planted area in tangerines, indicating some limited potential for growth. Spain is also likely to have some more room for growth, based on considerable planting activity over the past few years.



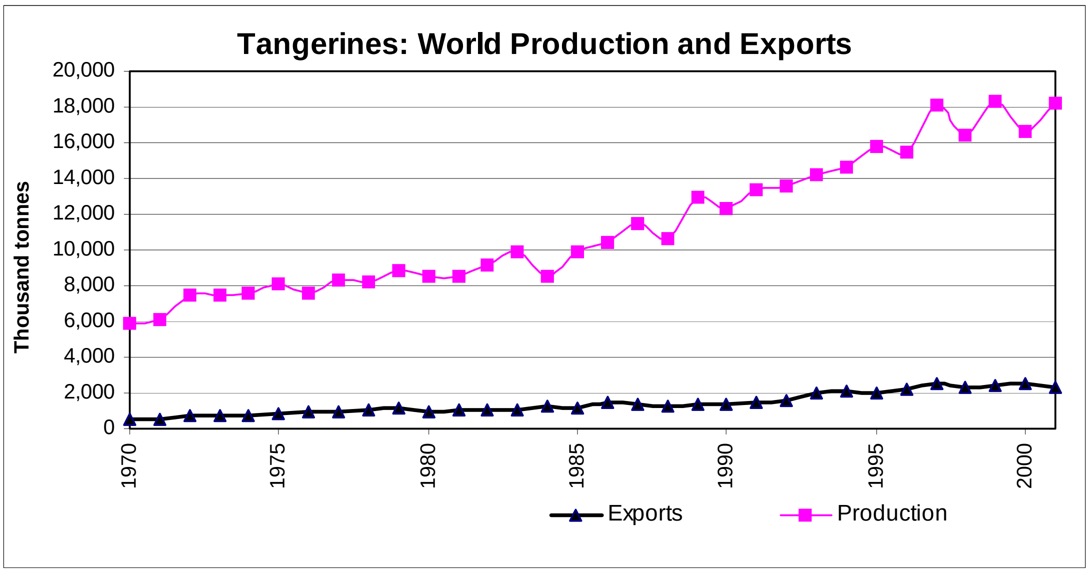


8. An expansion in the range of easy peeler varieties has encouraged production as it has supported even more consumption. Satsumas decreased while clementines and hybrids grew in importance over the past twenty years as producers sought successfully to lengthen the season while enhancing quality. This has been particularly true for Mediterranean producing countries, led by Spain.

IV. TRADE TRENDS

9. World tangerine exports have demonstrated remarkable growth since 1970. World exports in 1970 were 502 000 tonnes while in 1990 they already reached 1.2 million tonnes. By 2001 they reached 2.2 million tonnes, a 3.91 percent growth between 1991 and 2001. This compares to fresh orange export growth from 3.8 million tonnes in 1970 to 4.6 million tonnes in 2001. The contrast is sharper when compared to 1991-2001 growth in fresh orange exports, at 0.83 percent. Tangerines, and seedless clementine types in particular, are being substituted for oranges by consumers where these varieties are available. FAO projections indicate continued growth in tangerine exports to 2010 of about 1.5 percent, while orange exports grow at only one-third that rate.

10. As the graph below indicates, increasing shares of world production are being traded. In 1970 about 8 percent of production entered into cross border trade, while by 2001 the figure had risen to 14 percent on a worldwide basis. The actual rate of growth in exports was about one percent higher than the rate of production growth during the 1970-2001 period.



V. BORDER PROTECTION

A. TARIFFS

11. Import tariffs on tangerine varieties vary considerably. Some major importers have relatively low import tariffs. The United States levies a specific duty of 2.1 US cents per kilogram, while the Russian Federation has a five percent tariff and Canada is duty free. In the middle range are Poland at 20 percent, but with a preferential rate of 14 percent and Japan with a 20 percent MFN rate. The EC structure is quite complex, with a 16 percent base rate and specific rates on a basis of weight, ranging from as low as €0.6 per kilogram to as much as €10.6 per kilogram, but with rates also varying by entry price and season and type of tangerine. The complexity of the EC system may in itself inhibit trade. On the other hand the EC is the world’s main exporter of tangerine varieties. The Republic of Korea has an MFN tariff of 147.2 percent, but also provides for a preferential tariff of 50 percent.

B. RECENT TRADE ISSUES

12. Supply and demand are not the only elements entering into easy peeler market analysis. Most recently phytosanitary problems have entered into the picture. The most important case has involved Spanish exports of easy peelers to the United States. Between 1987 and 2001 Spanish exports to the United States rose from 7 376 tonnes to 75 693 tonnes. The driving force behind this success was the seedless clementine varieties which found good acceptance in the US market. Morocco's exports to the US market rose from 186 tonnes in 1995 to 2 356 tonnes in 1999.

13. An important element in acceptance of Spanish products into the United States was a 12-16 day cool treatment in shipment in order to prevent the emergence of Mediterranean fruit fly larvae. Based on the presence of Mediterranean fruit fly larvae in several shipments of Spanish tangerines, including in California, US authorities on 5 December 2001 prohibited further importation of Spanish tangerines. The halt to Spanish exports to the US market at the height of the shipping season resulted in intense discussions between phytosanitary and trade authorities of both countries. By the beginning of the 2002 shipping season agreed measures were in place, including two additional days of cold treatment in shipment, USDA (United States Department of Agriculture) phytosanitary inspections in both Spain and the United States, which involve cutting a certain percentage of fruit, and field inspections in Spain with regard to flytraps and spray programmes. Although the revised programme of phytosanitary control appears to be working to the satisfaction of authorities in both supplying and consuming countries, this example demonstrates the fragility of trade in easy peelers as regards phytosanitary issues. Morocco had long used a longer cold treatment period, and was not affected by the suspension of imports of easy peelers from Spain.

VI. CONCLUSIONS

14. Based on the above review and production and trade expectations to 2010, easy peeler tangerine types of citrus appear to have solid growth prospects. Growth rates will be lower than in the past, but the base on which growth is projected is already quite substantial. Where easy peelers are available consumers continue to turn to these varieties as a preferred fruit.

15. The two questions which arise are in the phytosanitary and trade restrictions areas. Tariffs and seasonal restrictions remain in a number of importing countries, limiting the competitiveness of imported easy peelers against local fruits. The Doha Round may see some progress in lowering tariff and non-tariff barriers in the sector.

126. Phytosanitary issues which disrupt trade in this and other citrus products are likely to arise from time to time. Fruit fly larvae could once more be a problem, as could citrus canker or other pest or disease issues. Sanitary and phytosanitary guidelines operating under the World Trade Organization (WTO) as a result of the Uruguay Round may play a growing role in resolving phytosanitary disputes.