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Organización  
de las  
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Unidas  
para la  
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y la  
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## COMMITTEE ON COMMODITY PROBLEMS

### INTERGOVERNMENTAL GROUP ON CITRUS FRUIT

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### MAJOR MARKETS FOR ORGANIC CITRUS AND CITRUS JUICES

## I. INTRODUCTION

1. Since the mid-1990s the market for organic foods has been expanding rapidly in many developed countries. World retail sales of organic foods were estimated at US\$20 billion in 2001, up 25 percent from US\$16 billion in 2000.<sup>1</sup> Furthermore, organic products have tended to fetch higher prices than their conventional equivalents.

2. However, organic sales represent only a fraction of the overall food market, probably not more than two percent on average. The current deceleration of demand growth in most "mature" organic markets (e.g. Germany, Denmark) seems to indicate that the high growth rates of the last decade will probably not last, which means that it is difficult to predict the size of the organic market in the long term. In addition, the organic price premium is expected to decrease.

3. It is therefore essential to obtain economic and market information to guide decisions and policy formulation on organic farming. The purpose of this paper is to provide quantitative information on the markets for certified organic citrus products, in fresh and processed forms. For more detailed information on requirements for exporting fresh organic fruits to major industrialized countries (standards, certification, import regulations), readers can refer to the FAO publication "World markets for organic fruit and vegetables" (2001).

<sup>1</sup> As there are no official customs statistics on trade in organic products, the figures presented below are estimates based on a survey of traders, industry consultants and a review of publications (by Organic Monitor, the International Trade Centre (ITC) and World Organic News among other sources).

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## II. MAIN MARKETS FOR FRESH ORGANIC CITRUS

### A. THE EUROPEAN COMMUNITY

#### *Market size*

4. According to the ITC, the size of the organic market in Europe in 2003 varies between US\$10 billion and US\$11 billion.<sup>2</sup> Most sales are in the countries of the European Community (EC), with Switzerland following at a distance with a market estimated at US\$0.75 billion in 2003.

5. The EC market for certified organic fruit and vegetables was estimated at US\$1.3 to 1.5 billion in 2000, accounting for between 15 and 20 percent of total retail sales of organic products. It is a very dynamic market that has enjoyed rapid growth in the late 1990s. Citrus fruit is the most important organic fruit category. It is estimated that citrus represents between five and seven percent of fresh organic produce sales, i.e. between US\$70 and 100 million. The European Community consumed over 130 000 tonnes of certified organic citrus in 2001, which account for 37 percent of the 350 000 tonnes of fresh certified organic fruit consumed.

#### *Origins of fresh organic citrus consumed in the European Community*

6. The EC fresh organic citrus market is mainly supplied by domestic producers. Italy is by far the leading supplier of organic citrus with a production estimated at 140 000 tonnes of oranges, 60 000 tonnes of easy peelers and 100 000 tonnes of lemons grown on 10 800 ha in 2001. Spain grows citrus organically on 900 ha of certified land (output estimated at 25 000 to 30 000 tonnes). Greece also produces organic citrus.

7. While the European Community is a significant importer of organic fruits, imports of fresh organic citrus are very low due to the strong presence of Italy and Spain. Being member states of the EC, these countries do not face a tariff (10.4 percent ad valorem on fresh sweet oranges plus additional duty ranging from 0 to 7 €/kg depending on the import price) when exporting to other EC countries. In addition, they benefit from the EC Regulation 2092/91 which provides a single framework facilitating the marketing of organic foods throughout the EC without the need for double certification. Conversely, in order to export organic products to the EC, non-EC exporters have to either obtain a specific certificate or be registered on the so-called article 11 list.<sup>3</sup> In spite of these requirements, EC importers and consumers favour organic foods produced in the EC, as they generally believe that the EC's organic certification and control systems are stricter and more reliable than those of third countries. Small quantities of organic citrus are imported from the Mediterranean area. Morocco exports some 600 tonnes of fresh organic citrus (mainly oranges to France) annually, while Israel exports over 1 000 tonnes (mainly grapefruit). Imports are somewhat higher in the summer period (June-September) when there is no local production in the European Community. The main suppliers of off-season organic citrus are Argentina (2 500 tonnes sold to the European Community in 2001) and South Africa (1 200 tonnes in 2002). The United States exports small quantities to the European Community.

#### *Main markets within the European Community*

8. Table 1 provides estimates of **net** citrus imports in selected EC countries in 2000. By applying the average annual growth rate of organic product sales (15 percent) to these figures, imports of organic citrus in these countries in 2003 are estimated at 75 000 tonnes.

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<sup>2</sup> Parity between the US dollar and the Euro is assumed in this report.

<sup>3</sup> For more details on the EC regulation please refer to the FAO publication "World Markets for Organic Fruit and Vegetables".

*Germany*

9. German consumption of organic fruit stood at 69 000 tonnes in 2000, almost half coming from imports. Citrus accounted for 13 000 tonnes, making up more than one-third of organic fruit imports. Organic citrus fruit are primarily imported from Italy and Spain, with some small volumes coming from Greece.

*United Kingdom*

10. Fruit and vegetables are the largest food category with a 31-percent share of the organic market. Total retail sales of organic fresh produce were valued at US\$400 million in 2000, of which citrus accounted for some US\$15 million. Imports of organic citrus fruit stood at some 8 000 tonnes in 2001. The main origins are Italy and Spain, but small volumes of organic citrus are also imported from Greece (lemons), Israel (grapefruit), South Africa (oranges) and the United States (oranges and grapefruit).

*France*

11. The organic fruit market was expected to increase by over 25 percent to US\$54 million in 2002. Organic citrus imports into France were estimated at 9 000 tonnes in 2000, ranking citrus as number one for imports. The bulk of organic oranges, lemons and tangerines come from Spain and Italy. However, non-EC countries accounted for 20 percent of French organic citrus imports in 1999.

*Austria*

12. Sales of organic fruit and vegetables were estimated at some US\$30 million. Austria imported 7 400 tonnes of organic citrus in 2000, which is considerable given its relatively small population. The main suppliers are Italy, Spain, Greece and Israel.

*Netherlands*

13. Although total sales of organic foods are limited compared to other EC countries there is some growth potential, as industry sources expect the currently low individual consumption to grow in the next five years. In addition, the Netherlands imports and re-exports significant volumes of organic fruit and vegetables, and is therefore a key entry point into the European Community. The Netherlands consumed an estimated 7 000 tonnes of imported organic citrus in 2000.

*Sweden, Denmark and Finland*

14. The Scandinavian countries import most of their fresh organic fruit consumption. In Sweden and Denmark, for example, the share of imports is 95 percent. Denmark has among the highest consumption per capita of organics in the European Community. In Sweden and Finland, consumption is lower but is growing very rapidly. Retail sales of organic fruit in the three countries have increased by over 40 percent annually since the mid-1990s to reach US\$40 million in 2001. Imports of citrus are on an increasing trend and were estimated at 3 000 tonnes overall in 2000. Most of the organic citrus are sourced in Mediterranean EC countries.

**Table 1 – Estimated net imports of fresh certified organic citrus in selected EC countries (2000) (tonnes)**

Country	Total citrus
Austria	7-8 000
Belgium	500-1 000
Denmark	2 000
France	9 000
Germany	13 000
Netherlands	7 000
Sweden	500-1 000
UK	8 000
Finland	500
Ireland, Lux.	500
<b>Total</b>	<b>48-50 000</b>

Source: FAO

### *Prices*

15. It is very difficult to have a precise picture of organic citrus prices, as very little reliable data are available. In addition, prices vary considerably over time and across regions. Not surprisingly, citrus prices are higher during the summer (May to September) when EC production is very low or absent. Imported citrus then dominate the market. Prices are lower from December to March, when supply from Italy and Spain is abundant.

16. Price premiums also exhibit wide variations across markets (Table 2). While the EC average price premium was 65 percent, the premium varied between 17 percent in Greece and 144 percent in Finland in 2001. Unsurprisingly the premium is lower in citrus-producing countries. Also the premium is lower in countries where a substantial share of organic produce is sold by supermarket chains (e.g. the United Kingdom, the Netherlands, Austria and Sweden), as supermarkets have lower price premium than specialized organic food stores. However, these lower consumer price premiums may only reflect better management efficiency and do not necessarily translate into higher prices for suppliers.

17. Generally there has been a tendency for organic citrus prices to fall at all levels (farm, wholesale and retail) over the past years. In Spain and Italy, some growers do not sell their products as organic, as the price premium would not be sufficient to cover the costs of certification.

**Table 2 - Average retail prices (€/kg) for certified organic and conventional oranges across EC countries in 2001**

Country	Organic orange price	Average conventional orange price	Organic price premium %
Austria	1.54	1.11	39
Denmark	4.43	2.68	65
Finland	3.70	1.51	144
France	2.71	1.52	78
Germany	1.96	0.87	125
Greece	1.12	0.96	17
Ireland	3.16	1.67	89
Italy	1.61	1.16	39
Luxembourg	2.85	1.94	47
Netherlands	2.24	1.57	43
Sweden	2.12	1.91	11
UK	3.56	2.25	58
<b>Weighted EC average</b>	<b>2.10</b>	<b>1.27</b>	<b>65</b>

Source: compiled from Hamm et al. 2002

### *Market prospects*

18. Consumption of organic citrus is still low in the countries of the EC that do not grow citrus. There is therefore ample room for further rise in consumption. Expected developments such as decreasing prices, efficiency gains along the marketing chain, higher fruit quality resulting from technology improvements in production and post-harvest handling will considerably raise the volumes sold.

19. The accession of ten countries of Central and Eastern Europe in 2004 means that the EC citrus market will increase. Assuming that individual consumption in these countries reaches levels similar to that of the EC in 2010, total EC consumption of citrus would be approximately 7.9 million tonnes. Assuming that five to ten percent of this volume is organic (the current share is three percent), the potential for organic citrus ranges between 400 000 and 800 000 tonnes (Table 3).

**Table 3 – Market potential for fresh organic citrus in the EC-25 in 2010 (tonnes)**

Product	Total consumption of citrus (projected)	Potential consumption of organic citrus	
		5% share of organic	10% share of organic
Orange	3 800 000	190 000	380 000
Easy peelers	2 500 000	125 000	250 000
Lemons	1 100 000	55 000	110 000
Pomelos	450 000	23 000	45 000
<b>Total</b>	<b>7 850 000</b>	<b>393 000</b>	<b>785 000</b>

Source: FAO projections 2002

20. For the reasons explained in paragraph 7 a large share of this additional demand would be met by EC domestic production. This is particularly true for organic oranges, tangerines and lemons. Nevertheless, those countries which have a preferential trade agreement with the EC, use organic certification bodies trusted in the EC and can export organic citrus at competitive costs should be able to find market opportunities.

21. Furthermore, market opportunities are to be found in specific citrus products that are in short supply during the EC growing period or in off-season. EC production of grapefruit is not sufficient to meet internal demand, and this has also been true for organic grapefruit. Organic lime is another product for which there is demand, with Mexico being by far the main supplier.

22. Off-season organic citrus might provide the best export opportunities to developing countries. This segment has been harnessed by Argentina, Uruguay and South Africa so far. There seems to be room for more supplies, as the market is growing.

23. The EC countries which offer the best market opportunities are either countries with already large organic markets (e.g. United Kingdom, Germany, Austria), even though demand expansion is slowing down, or countries with a smaller but rapidly rising organic fruit market, such as France and the Scandinavian countries. Although it is a major producer, Italy might offer some opportunities for off-season citrus due to the significant increase in organic food consumption.

## **B. THE UNITED STATES**

### *Market size*

24. The United States is the country with the largest market for organic foods and beverages in the world. Retail sales of these products have risen by over 20 percent per annum since 1990 and were expected by ITC to range between US\$11 and 13 billion in 2001. Fresh fruit and vegetable sales were estimated at US\$1.45 billion in 1999, representing over 22 percent of total organic food sales.

25. Organic oranges are among the most consumed organic fruit, together with apples and bananas. Total consumption of fresh citrus (conventional and organic) in the United States was 2.6 million tonnes in 2000. Multiplying this volume by the average market share of organics (two percent), we obtain a conservative estimate of fresh organic citrus consumption of 64 000 tonnes.

*Origins of organic citrus marketed in the United States*

26. Although the United States is a major citrus producer, only a very small share of the citrus harvest is grown organically. In 2001, organic citrus were cultivated on 9 741 acres (3 940 ha, see Table 4), accounting for less than one percent of the total citrus area of 1 090 000 acres.

**Table 4 - Acreage of certified organic citrus in the United States (2001)**

State	Organic citrus area (acres) (*)	
	in 1997	in 2001
Florida	2 296	6 056
California	3 012	3 063
Texas	191	385
Arizona	595	223
<b>Total USA</b>	<b>6 099</b>	<b>9 741</b>

(\*): 1 acre = 0.405 hectare Source: USDA 2002

27. There are no official data on the quantity of organic citrus produced. However, assuming that yields range from 25 to 30 tonnes per ha, organic citrus output can be assumed to range between 100 000 and 120 000 tonnes, accounting for 0.7 to 0.8 percent of total citrus production. Some 80 percent of Florida citrus are traditionally grown for processing. It can therefore be assumed that the quantity of US organic citrus sold in fresh form varies between 50 and 60 000 tonnes. This result shows that a large portion of the fresh market is presently covered by domestic production.

28. However, the United States imports some organic citrus even though the quantity is still small. The main suppliers of organic fresh citrus are Mexico (oranges and limes), Honduras (lemons), Guatemala, Belize, Brazil and South Africa. It was not possible to obtain data on the quantities shipped by these countries.

*Prices*

29. Overall, the price premium for organic versus conventional fresh produce ranged from 11 percent to 121 percent in the conventional stores and from 50 to 167 percent in the natural food market. Some examples of citrus prices from 2001 are shown in Table 5.

**Table 5 - Examples of organic and conventional citrus prices (2001)**

Value in US\$	Whole Foods			Safeway			King Soopers		
	Organic	Conv.	Organic Premium (%)	Organic	Conv.	Organic Premium (%)	Organic	Conv.	Organic Premium (%)
Lemons		0.39		1.99	1.79	11	1.99		
Navel orange	0.99	3/1.00		0.99	0.89	11		0.39	
Grapefruit				1.29			1.29	0.79	63

Source: FAO 2001

### *Market prospects*

30. Organic citrus consumption is expected to grow in the near and medium terms following the general trend of the organic food market. The US market for organic foods is projected to reach US\$13 to 15 billion by 2005 (ITC). The establishment of National Organic Standards in October 2002 has increased consumer awareness of organic products. Since 1999, there has been an increased focus on organic foods by major United States food firms. Moreover, consumers are increasingly focused on personal fitness and better nutrition, and fresh produce is an important factor in a healthy lifestyle. The overall per capita consumption of fruits and vegetables is rising.

31. FAO has projected that total US consumption of citrus in 2010 would be approximately 3.2 million tonnes. Assuming that five to ten percent of this volume is organic, the market potential for organic citrus ranges between 160 000 and 320 000 tonnes (Table 6).

**Table 6 - Market potential for fresh organic citrus in the United States in 2010 (in tonnes)**

Product	Total consumption (projected)	Potential consumption of organic citrus	
		3% share of organic	5% share of organic
Orange	1 500 000	75 000	150 000
Easy peelers	400 000	20 000	40 000
Lemons	580 000	29 000	58 000
Pomelos	710 000	35 000	71 000
<b>Total</b>	<b>3 190 000</b>	<b>159 000</b>	<b>319 000</b>

Source: FAO 2003

32. A large share of the rising demand for organic citrus will probably be met by domestic supply. However, there should also be room for foreign suppliers who can deliver good quality citrus at competitive prices. The United States imports over US\$6 billion of fruits and vegetables from around the world every year. The best market opportunities are for supplies of fresh organic citrus during the season of low production in the United States, and for supplies of organic citrus products that are scarce, such as limes. Due to their geographic proximity to the United States and their lower labour costs, Latin American countries should be able to take advantage of these opportunities. Tariffs on imported fresh citrus are very low (less than five percent ad valorem). However, supplying countries have to ensure that their products meet the very strict phytosanitary and quality standards of the United States. In addition, the certification bodies they use must be approved by the United States Department of Agriculture (USDA).

### **C. JAPAN**

33. Until recently, no clear definition of “organic product” existed in Japan, where various categories of “environmentally friendly” or “green” products can be found. In April 2000 new Japanese Agricultural Standards (JAS) legislation for organic agriculture was implemented.

34. It is estimated that the retail value of genuine certified organic products was around US\$250 million in 2001, or less than one percent of total food sales in Japan. Sales of organic fruit and vegetables have been curtailed by the new JAS regulation. Most of the fresh produce sold as organic before 2001 does not meet the new regulation and has therefore lost its organic label.

35. The quantities of organic citrus sold on the Japanese market are very small. The lack of domestic supply of organic citrus is compounded by tough phytosanitary requirements on fresh fruit imports. A particular problem is compulsory fumigation if control authorities have any doubt



that the products might carry pests or diseases. When fumigated, the products lose their organic label (they are then marketed as “no chemical, fumigated”). In addition, the tariff on fresh oranges and mandarins is relatively high (from 16 to 32 percent ad valorem depending on the season and the type of fruit). As a result, imports of organic citrus have been very low since 2001, probably below 2 000 tonnes. They have consisted of organic oranges, lemons and grapefruit, sourced mainly in the United States.

36. In spite of the above problems, Japan should offer some important market opportunities to organic citrus exporters in the medium term. Its population has a high average income, and a significant percentage of that income (20 percent) is spent on food. Health concerns have triggered demand for “safe” and “clean” food products. Moreover, domestic organic production is low. Although it is expected to rise over the forthcoming years, demand for organic citrus will continuously outgrow domestic supply, potentially resulting in substantial imports. The tariffs on grapefruit, lemons and limes are relatively low. However, supplying countries have to ensure that their products meet the very strict phytosanitary and quality standards of Japan. In addition, the certification bodies used must be approved by the JAS authorities.

### **III. MARKETS FOR ORGANIC CITRUS JUICES**

37. The bulk of organic citrus juice consists of orange juice. There is some production of organic grapefruit juice (e.g. in Cuba, Israel and the United States) and lemon juice (Argentina, Spain, Italy) but volumes have been very low so far.

38. Orange juice is marketed in two main forms: frozen concentrated (FCOJ) and not-from-concentrate (NFC). While FCOJ has long dominated the market, consumption of NFC has increased rapidly in recent years.

#### **A. THE MARKET OF THE EUROPEAN COMMUNITY**

39. Organic Monitor has forecast that the EC market for organic fruit and vegetable juices will reach a value of US\$90 million in 2002. Retail sales have increased by over 20 percent annually since 1998.

40. Most retail sales of organic orange juice are in the form of NFC, which consumers associate with health. The volume of NFC organic citrus juice sold in the European Community was estimated to range between 12 and 13 million litres in 2002. The main markets are the United Kingdom, Germany, France and Italy. Many European organic juice companies process fresh organic oranges imported from Italy and Spain. These two countries also process part of their organic citrus crop and are the main suppliers of the European Community. The EC’s main external suppliers of organic NFC citrus juices are Israel, Brazil, Costa Rica and the United States.

41. Organic FCOJ (OFCOJ) is used for reconstituted juices, for blending with other fruit juices or as an ingredient for the foodstuff industry. The EC produces limited quantities of OFCOJ. Brazil is by far its largest supplier of OFCOJ. Other suppliers include the United States, Cuba, Costa Rica and Israel.

#### *Main consumption countries*

42. In the following section, the information regarding market size, growth rate, sales breakdown and competitive structure has been compiled from research done by Organic Monitor.

#### *United Kingdom*

43. Sales of NFC organic citrus juices were estimated at US\$11 million in 2002 for a volume of 4.9 million litres. After a period of rapid expansion in the late 1990s, market growth has decelerated (+7 percent from 2001 to 2002). The main product is orange juice, but there is also a

substantial share of grapefruit juice. The market is dominated by three companies that control approximately 85 percent of sales. In 2001, 94 percent of organic juices were sold by supermarkets. The main origins are Florida (orange and grapefruit juices) and Italy (orange).

#### *Germany*

44. Some 1.5 million litres of organic NFC citrus juices were sold in 2002 for a retail value of approximately US\$3.4 million. The German market has grown rapidly in recent years (+30 percent in 2002) due to the fact that large-scale retailers have just started to carry organic juices. Two companies control about 90 percent of the market. The main supplying countries are Israel, Italy, Spain and Brazil. Together they account for three-quarters of total volumes.

#### *France*

45. Sales of organic NFC citrus juices were estimated at US\$3 million in 2002 for a volume of 1.5 million litres. After a period of rapid expansion in the late 1990s (+25 percent in 1999), growth has decelerated (+15 percent in 2002). Two companies control approximately 75 percent of sales. France sources the bulk of its organic citrus and juices from Italy and Spain. There are also imports from Israel, Costa Rica, Brazil, Argentina and Florida.

#### *Italy*

46. The NFC organic citrus juice market has enjoyed very strong growth since 1999. In 2001, sales rose by as much as 50 percent, as supermarkets started to carry organic juices. Sales were estimated at US\$2 million for a volume of 1.15 million litres in 2002. Due to its abundant production, Italy does not import much organic citrus juice.

### **B. PRICES**

47. Organic orange juice prices have declined in recent years due to the growing imbalance between supply and demand. Demand has risen, as seen above, but not as fast as supply. According to traders, the price premium has fallen and is rarely over 30 percent. Presently price prospects are not good.

### **C. MARKET PROSPECTS**

48. Organic Monitor has carried out surveys of importers and manufacturers and projects that consumption of organic juices in the European Community will reach 100 million litres in the long run. Organic citrus juices account for a very small fraction of the total citrus juice consumption in the European Community. Consequently, there is a strong potential for increased consumption. Germany, the Scandinavian countries and Italy have a particularly dynamic market.

49. However, it should be noted that the organic citrus juice market is already abundantly supplied, and that existing suppliers have the potential to increase shipments substantially. Brazil produces large quantities of organic FCOJ at low prices and could raise its production considerably. As a result, potential new entrants to the EC organic citrus juice market would need to be extremely competitive. They would either need to produce at prices comparable to those of Brazil, which seems unlikely, or to supply high quality juices. Citrus juices imports into the EC face tariffs ranging from 12 to 15 percent ad valorem with an additional duty of 20.6 €/100 kg. This is much higher than the average tariff on fresh citrus. Those countries which have a preferential trade agreement with the EC would therefore have an advantage. Least developed countries enjoying access under the Everything But Arms (EBA) proposal by the EC may have a window of opportunity, provided they have the capitals and technology needed to establish a juice export industry.

#### **IV. THE MARKET OF THE UNITED STATES**

50. The United States is the largest market for orange juice in the world. It consumed over 12 million tonnes of citrus juices in 2000, accounting for 40 percent of world consumption. Individual consumption of orange and grapefruit juice is amongst the highest in the world.

51. Very little data are available on the US market for organic citrus juices. Although there are various brands of organic orange juice on the market, consumption is extremely low, below 0.3 percent of total juice consumption. Organic orange juice is produced in Florida, but output is limited. It seems that growers prefer to sell to the fresh market, where they obtain a higher return for their organic citrus.

52. Most organic orange juice is found in NFC form, which is preferred by consumers in spite of its higher price. Organic juice is associated with health and consumers do not want a juice that has been reconstituted from concentrate. Several firms (including McLean Marketing, Organic Valley, Horizon Organic, Odwalla, Indian River Organics, Lakewood Organic Juices, Organic Ingredients and Cascadian Farms) market organic orange juice. Some of them produce juice while others only have a trading and distribution function.

53. In addition to its domestic supply, which covers some 90 percent of demand, the United States imports organic citrus juices, in particular from Mexico and Brazil. While the tariff on fresh citrus is very low as seen above, the tariff on concentrated citrus juice imports ranges between 34 and 38 percent in ad valorem equivalent. The tariff on non-concentrated citrus juice is much lower (below five percent in ad valorem equivalent).

42. The United States exports a small share of its organic citrus juice production to Canada, the European Community and Japan.

#### **V. THE JAPANESE MARKET**

54. Japan is the third largest market for citrus juices after the United States and the European Community. It consumed over 635 000 tonnes of citrus juices in 2000, 70 percent of which was imported. However, consumption per capita is relatively low (two kg per year). For the reasons explained above there is a lack of data on Japanese consumption of organic citrus juices. Japan imports organic FCOJ from Brazil and organic NFC juice from the United States.

55. There are good prospects for an increase in organic orange juice consumption, as Japanese consumers have high incomes and are concerned about the healthiness of their foods. Also, organic juices should benefit from the expected increase in demand for both organic beverages and citrus juice overall. In terms of market access, the sanitary and phytosanitary regulations are less a problem than for fresh citrus due to the pasteurisation or sterilization process used to produce citrus juices. However, potential exporters should be aware that the tariff on citrus juice imports is 25 percent ad valorem, which is higher than the tariff on fresh citrus.

#### **VI. OTHER MARKETS**

56. Although their markets are smaller, Australia, New Zealand, Canada, Switzerland and Norway have high individual consumption of organic foods and therefore provide opportunities for organic orange juice exports. In addition, sales of organic products have recently taken off in some emerging economies (Hungary, Poland, Czech Republic, Slovenia, Republic of Korea and Singapore). Although these markets are still very small, they offer good potential.

#### **VII. CONCLUSION**

57. The world market for organic citrus (fresh and juice) is expected to rise steadily in the coming years, providing interesting export opportunities.

## **A. FRESH ORGANIC CITRUS**

58. The EC market for fresh organic oranges, tangerines and lemons is dominated by Italy and Spain, which benefit from duty free access to other EC countries, a common EC regulation on organic agriculture and the preference of EC traders and consumers for European organic products. This leaves limited room for outside suppliers during the EC harvest season. However, there are opportunities for exporting organic grapefruit and limes, which are short in supply, as well as off-season organic citrus.

59. There are more opportunities for fresh citrus exports to the United States and Japan. Although the United States produces organic citrus, demand may exceed supply and its import tariffs on fresh citrus are very low. Mexico is well placed to take advantage of this gap, but there is also room for other suppliers, notably in Latin America. Suppliers have to pay particular attention to pest and disease problems, as the USDA phytosanitary rules on citrus imports are extremely strict. The Japanese market for fresh organic citrus also offers interesting prospects if exporters can meet the new JAS organic regulations and the tough phytosanitary requirements. Shippers have to take drastic quality control measures if fumigation at the entry port is to be avoided.

## **B. ORGANIC CITRUS JUICE**

60. The market for organic citrus juices is presently extremely small, accounting for some 0.3 percent of total citrus juice consumption. Given the two-percent market share of organic foods in general, there is considerable potential for growth. If organic citrus juice reached this share, total consumption in developed countries would rise to over 500 000 tonnes in single strength equivalent from below 100 000 tonnes presently.

61. It seems that producers have anticipated this growth, while demand has not really taken off yet. This has led to a fall in prices. Further decrease in the price premium is expected in the coming years, as the European Community, the United States and Brazil have the capability of increasing their output markedly. The extent of this decrease will depend on how fast demand catches up with supply.

62. Brazil is highly competitive on the world FCOJ market. For other developing countries producing citrus juices and located near the main markets, exporting organic NFC juice may be a better option (e.g. Mexico and Central American countries for the US market, Mediterranean countries for the EC market). Due to the relatively high tariffs on orange juice, those countries which enjoy preferential trade agreements with the major markets will have a comparative advantage.

63. In conclusion, exporters seeking to supply organic citrus and citrus juices to the major industrialized countries should pay particular attention to the following parameters:

- Ability of their organic citrus industry to meet the specific needs of the targeted market (phytosanitary requirements, quality, packaging, quantity, consistency and timing of deliveries)
- Competitiveness of their organic citrus industry (production costs)
- Distance to markets and transportation costs
- Tariffs in the targeted market and possible preferential market access agreements
- Acceptance of their organic certification body by the targeted market

64. Potential suppliers should assess the profitability of producing and exporting organic citrus products using various price premium scenarios.