

## Bitter taste in citrus fruits



### For José Sanchís.

An increase in production over last season, weather adversities, the delay in the maturation of the fruit and overlap of our varieties with those of third countries such as South Africa have been the perfect ingredients to make a cocktail that has turned bitter for the sector Spanish citrus in this first part of the campaign marked by low prices and a lot of fruit hanging on the trees pending harvest or on the ground without selling.

The campaign began in September with the presentation of crop harvest. The one of the main production area, the Comunitat Valenciana, envisaged a volume of 3,894,543 tons, which meant returning to normal production levels, after the sharp decline of last season. An increase of 22.9% was expected, that is, 726,161 more tons, with a variation of -1.2% with respect to the 2016-17 campaign. By provinces, in Alicante it increased 30.9%, in Castellón 26.8% and in Valencia, 19.3%.

And that capacity was announced with hope and good prospects. It was said that the fruit was of good quality and it was thought that this increase in the harvest allowed a supply of fruit adequate

to market demand. In terms of area, the estimates also indicated that for the first time since 2009 the reduction of the area dedicated to citrus cultivation in the Comunitat Valenciana was slowed down.

Last year the new plantations increased and fields have been recovered, so the area remains stable (+ 0.33% compared to last season). The most noticeable increase is recorded in the cultivation of lemon (+ 11%).

### Crude reality

Nothing could be further from the truth. Things have gone from bad to worse over the months. The evolution of the citrus season is thus marked by prices much lower than those of other years, in some varieties higher than 30% in relation to the previous one, although the main problem is fruit without price spoiled. The November rains affected the normal development of the same and the presence in the supermarkets of higher volumes of fruit from third countries - fundamentally - South African, overlapping also late South African and early Spanish varieties, set off the alarms in the sector. Until the protests of our French neighbors have been able to affect a campaign affected by all the problems and had.

Even the Minister of Agriculture, Luis Planas, has not been able to escape the victimization and concern for the development of the current citrus season. In a recent visit to Valencia to meet; first with the president of the Generalitat, Ximo Puig and, later, with a representation of the citrus sector (professional agricultural organizations, cooperatives, exporters and industrialists) said openly that we are facing "a disastrous campaign".

From the first symptoms that showed that something was wrong there have been numerous meetings between the Administrations and the sector that have made possible the reaction in the form of measures because some of the ills of the sector are temporary, but others are structural.

### Withdrawal of citrus fruits at the state level

The most important measure, and practically the only one until the specified date, is the withdrawal within the framework of the operative programs of the Producer Organizations (PO) of 50,000 tons of citrus fruit from the market (30,000 of oranges and 20,000 of small citrus fruits such as clementines, tangerines and satsumas) for free distribution during this campaign. This is a figure that represents 0.4% of the consumption of orange juice in the EU (average for the years 2015 to 2017).

The maximum amount allocated to this will be 12.5 million euros. The prices will be for orange including fruit, collection expenses, packaging, transport of 21 euros / 100 kilos; tangerine 25.82 euros / 100 kilos; clementina 32.38 euros / 100 kilos and satsuma 25.56 euros / 100 kilos. For small citrus fruits are prices with the fruit already made at the warehouse door.

The Resolution of the Directorate General of Agricultural Production and Markets of the MAPA indicates that the POs may submit their notifications to the competent autonomous community from last January 8 and until March 31.

The fact that the withdrawal can only be done through an OP and the delay in taking the measure already in January with more than four months of campaign, is where the main criticisms of the agrarian organizations that have rushed in. It should be noted that this measure, apart from arriving too late, will be totally insufficient to compensate the losses because it is too restrictive. Minister Luis Planas himself has said that only 34% of Spanish citrus production is within a PO and that this percentage must be increased in the coming years. This is another of the structural problems to be seriously addressed outside the context of this anomalous and atypical campaign. Other measures with a state nature of conjunctural scope would be the reduction of the fiscal module of the cultivation of citrus fruits and a reduction of the rustic IBI.

### **The Generalitat Valenciana also announces measures**

The Generalitat Valenciana has set up a sectoral citrus work table that has already held several meetings. The first conclusion is that a Strategic Plan of citrus sector conversion will be developed that allows the future of the Valencian citrus production to be planned with a minimum period of fifteen years. It would be to foresee and design the map of varieties that suits the citrus structure of the Valencian Region, the objectives in terms of production, the markets to which this production must be exported, the productive, commercial and industrial structures that are advisable and the role of the different actors. It would be another structural aspect to be solved in the whole of the Spanish citriculture.

It will also expand commercial missions, which will be selected jointly with the sector, to open new markets for citrus. Another problem to face because currently 92% of our exports are destined to the community markets. In the same way, they will support the presence of the sector in Brussels with the reinforcement of the current Delegation that has in the community capital with the inclusion of more personnel to



exercise the function of permanent lobbying in international trade matters. It also plans to support a campaign to promote the citrus fruit nationally and internationally, together with the Spanish interprofessional citrus Intercitrus.

They will also study as announced two lines of aid. On the one hand, the start-up of minimum aid measures amounting to 15,000 euros per farmer is analyzed, that is, direct subsidies to producers that show a fall in income due to climatic or commercial reasons. The Valencian Institute of Finance will also have a line of grants to reward loans. They are nonetheless unfulfilled commitments.

### **Millionaires loses**

These measures of the different Administrations obey the millionaire losses originated. The two main agricultural professional organizations of the Valencian Region made a first balance of losses before Christmas. For AVA-ASAJA losses in the first part of the citrus campaign reached a whopping 163 million euros. First caused by the rainy season of November with losses of 91 million, while the fall in revenue as a result of the decline in prices stood at about 52 million euros and the value of tonnage that has remained uncollected, well in the trees, well scattered on the ground, in the absence of demand reached 20 million euros.

LA Unio de Llauradors lowered the figure a little to 130 million euros, but changed the origin of AVAs and attributed them by 65% ??(85 million) to an anomalous market situation due to the massive presence of third-party fruit countries like South Africa - and others - on the shelves of European supermarkets until mid-November. It indicated that thousands of tons of our tangerines had remained in the trees this campaign without picking up when they were displaced from the

European markets due to citrus saturation in third countries such as South Africa. For this reason it has asked the Ministry and Ministry of Agriculture for an exceptional temporary aid for all the citrus producers who have left the harvest in the tree without harvest, in very similar terms to those granted by the Russian export veto. European

### Protests

Those losses have caused a wave of protest actions in the Valencian countryside. Around 2,000 citrus growers, who arrived from all the regions producing citrus fruits in the Valencian Community, demonstrated last December 14th outside the doors of the Ministry of Agriculture to demand the implementation of urgent measures to help alleviate the severe crisis of prices that is ruining the sector. The



demonstrators, convened by the Valencian Association of Farmers (AVA-ASAJA), the Provincial Federation of Farmers of Castellón (FEPAC-ASAJA), and the Union of Small Farmers (UPA-PV) concentrated and overturned boxes of oranges. After the protest they met with the consellera de Agricultura, Elena Cebrián, and they explained that they were receptive to the requests and committed to work on the basis of a protest document presented.

The Plataforma per la Dignitat del Llaureador has also carried out two protest actions in this citrus crisis, one in December and one in January. Despite its birth in the Plana region, Baixa Castellón has expanded its claiming scope to the point of increasing its range of action to more than 70 localities in the citrus producing areas of the Valencian Community, more than half of them already out of the province of Castellón.

In their consensual manifesto they request the modification of the agreement signed with South Africa, the immediate application of the safeguard clause, the reciprocity to the productions of third countries, the fulfillment of the Law of the Food Chain and the urgency of granting direct aids.

The evils of the campaign are not limited only to Valencian territory and is the dominant trend in all producing areas. From Andalusia, the early campaign was very bad in prices and the beginning of the year is not much better with the orange prices. The producers see how their efforts to take a

quality product forward are not rewarded in prices and do not even cover production costs.

## **Exports**

There are no data on exports to EU countries and there are only updates to third countries. As of January 12, a total of 121,464,497 kilos had been exported by the Territorial Directorate of Foreign Trade for the 121,785,416 of the same dates of the previous season. From the 2017-2018 campaign, there are data provided by the Citrus Management Committee, which counted a total of 3,615,583 tons, broken down into 1,382,810 tons of oranges, 1,560,122 tons of mandarins, 620.206 Tm of lemons and 52.445 of grapefruit and other citrus fruits. These figures in a campaign with an abnormally low production indicated a reduction of 2.4% with respect to the 2016/2017 campaign (3,704,600 Mt), which was the fifth largest citrus tonnage exported from Spain.

Despite this decrease, turnover was 4% higher. The Comunitat Valenciana is the first Spanish region exporting citrus with 69% of the total.

Agreement with South Africa in focus One of the main competing countries of Spain in the markets is South Africa, which thanks to the trade agreement signed with the EU allows the entry of their citrus fruits until November 30 (lengthened with the new agreement) with quite low tariffs that will disappear completely in 2026.

Spanish producers consider that they compete at a disadvantage because while countless sanitary, phytosanitary and labor measures are being carried out here, in those other countries the standards are more lax and with lower production costs.

Therefore, they demand from the European Commission a direct and detailed follow-up of the impact that the agreement on the citrus market in Europe is having, as well as its phytosanitary aspect. The demand includes that, in case the precise conditions are met, the safeguard clause that is foreseen in the treaty is activated, as has been achieved in the rice sector with imports from Cambodia and Myanmar. Luis Planas has already said that if the necessary conditions are met, the Brussels clause will be requested.

One of the green shoots of the campaign is the revitalization at the risk of the crisis of the interprofessional Spanish citrus intercitrus after ten years of lethargy

Citrus shipments from South Africa to the European Union have increased progressively in recent years. Since the agreement was signed they have grown 10% in oranges and 11% in tangerines, breaking their record with 2 million tons. The same thing that has grown its cultivation area since the agreement by 11% and if we stick to tangerines by 17%. Or the sale of seedlings that have

doubled, especially of varieties of late tangerines that will go into production in the coming years.

The threat from Egypt joins South Africa Radio France International (RFI) has issued information that shows that Egypt could endanger Spain's dominant position in the European and global citrus market; to the point of reaching 17% of sales in Europe. Egyptian production has increased due to the growth of its irrigated area, due to the low cost of labor and the depreciation of the Egyptian pound.

### **Increase in complaints**

The bad results of the campaign causes a flood of cases that end up materializing in the presentation of lawsuits in the courts, according to the legal services of AVA-ASAJA. The aforementioned complaints are substantiated, basically, in the commission of three irregularities penalized by the law: breach of contracts, unpaid harvests and the alleged detection of an abusive amount of waste during the process of making the fruit in the stores. The most frequent breach consists in the sudden resignation by certain commercial operators to collect all or part of the farmer's crop, as agreed and duly collected in the contract document.

There are also many cases of operators who leave the fruit acquired without paying or those who try to renegotiate prices downwards or who decide to put into practice the so-called sale as a result, that is, without a price agreed in advance. Another of the anomalies that is the order of the day, and ending in claims before the courts by those affected, is the presumed appearance of an abnormally high number of waste in the fruit that is made in warehouses.

Some green shoots Some green shoots have nevertheless been seen in this atypical and bad campaign. The interprofessional Intercitrus, which has been dormant for ten years, has been revitalized this year unfortunately thanks to the situation of the sector. Also could be named in the positive balance the agreement reached in the agreement of collection of citrus of the Valencian Community that threatened with a possible strike in the middle of the campaign. The main points of the new agreement are the establishment of a wage guarantee clause in the piece, a salary increase and a stability in employment.

### **Boost the industry**

The processing industry in juices, with 1.2 million tonnes absorbed in the last campaign, plays a fundamental regulatory role to enhance production.

The Citrus Management Committee states that "increasing the potential for the sale of quality direct juices is one of the great challenges of our sector and it is essential to be able to value the part of fresh fruit that should not be sold with good internal quality. skin defects or caliber not appropriate for the fresh market, it is also the most ecological way to eliminate that part of the production.

The decrease in production in Florida, together with Brazil, the main producers of orange juice, due to the rapid extension of Greening, produces a gap in the supply that we must take advantage of. The new penetration of Brazil in the EU with fresh juice should be exploited in what it means to increase the knowledge of this product by the European consumer and popularize its consumption.