

Spanish fresh citrus trade with the unified Germany

F.J. Del Campo Gomis and J.F. Julia Igual¹⁾

After its unification Germany is the first orange, tangerine, and lemon market in Europe after a French domination since the last 5 years of the 80's. Germany is also a potential market because its per-capitata consumption in the Five New Landers is around half of the Western Europe consumption and will increase. Spain is the leader in the fresh orange, tangerine, and lemon German markets, with few changes in a short term to its main rivals, which are: in oranges Morocco, Italy, Israel, and Greece; in tangerines Morocco, Turkey, Italy, and Israel; and in lemons Italy, Turkey, and Cyprus.

1 Introduction

The changes of the Spanish fresh citrus trade after the unification of Germany are analysed in the 3 important groups of citrus for Spain (oranges, tangerines, and lemons), excluding grapefruits due to the low Spanish production.

For this purpose we study in the first place the German fresh citrus market; in the second place we explain the situation of Spain and its rivals in the German fresh citrus market. And finally we draw some conclusions related also to the future trends of citrus trade in Germany and the possibilities of Spain.

2 The German fresh citrus market

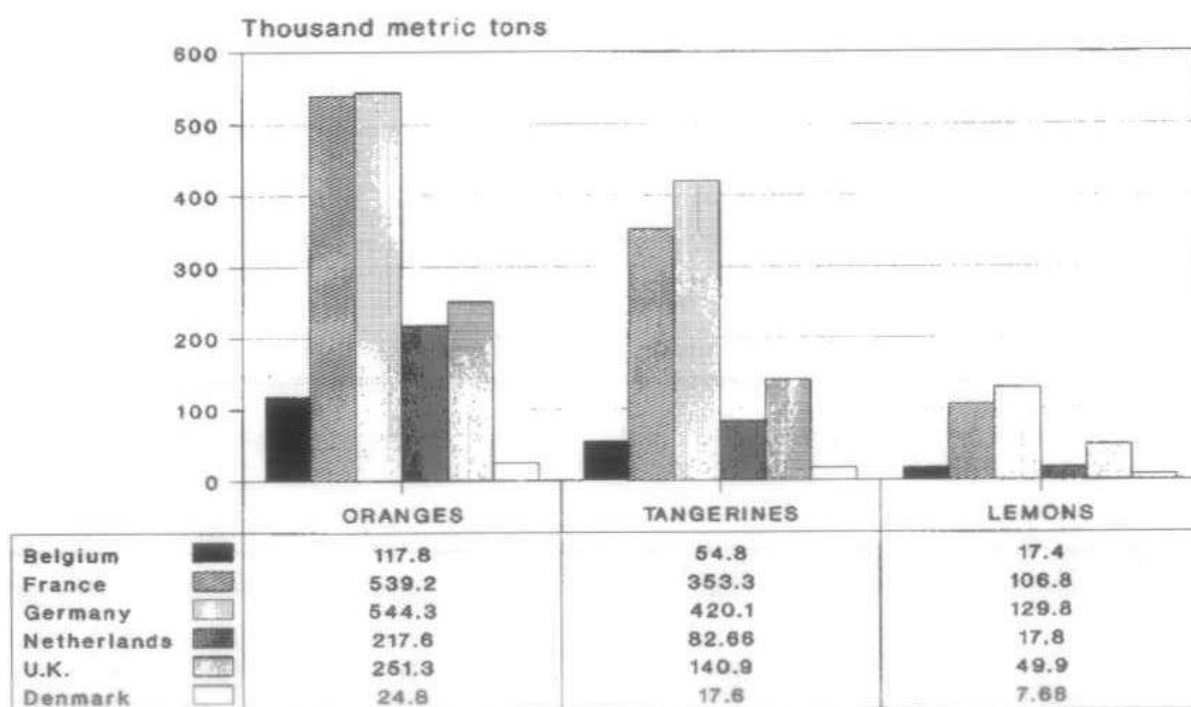
Germany was in the 1990/91 campaign the first European orange, tangerine, and lemon importation market, occupying this position for the first time after a French domination since the last 5 years in the 80's. This change was due to the German

¹ F. J. Del Campo Gomis and J. F. Julia Igual, Center for Management of Agriculture Companies (C.E.G.A.), Polytechnic of Valencia, Spain

unification which meant an increase of the German market by around 18 million people.

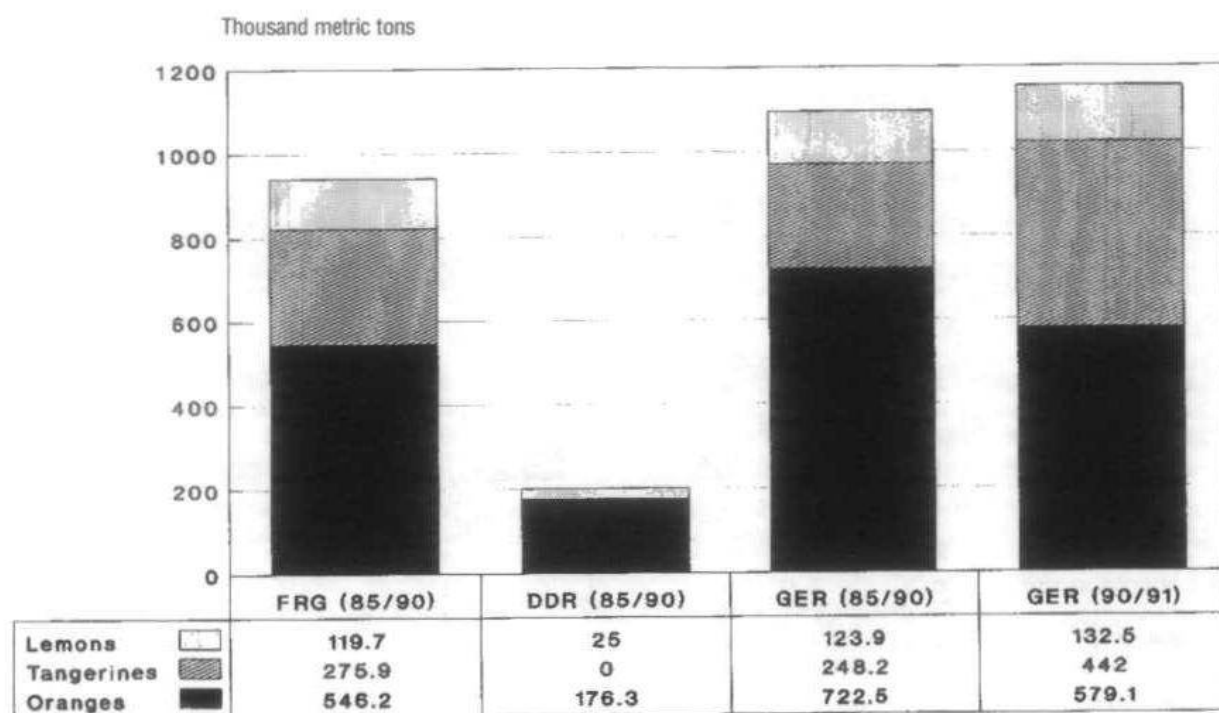
Fig. 1 represents the 98% of the European Community imports of oranges, tangerines, and lemons in 90/91. In the 3 groups the first import countries are Germany, France and the United Kingdom with respective quotas of 32.1%, 31.8%, and 14.8% in oranges; 39.3%, 33.0%, and 13.1% in tangerines; and 39.4%, 32.5%, and 15.2% in lemons. These countries absorb around 77% of the orange import EC market, 85% of the tangerine import EC market, and 87 % of the lemon import EC market. The great importance of Germany as a consumer in the EC is a relevant factor to consider for exporter countries like Spain.

It may be still too early to establish with the data before and after unification which changes in the German citrus market have occurred. As Fig. 2 shows, the German citrus market decreased by 143.400 tons from the average period 85/86 - 89/90 to 90/91, possibly due to less imports from the southern hemisphere, because there was no change (548,000 t in 89/90, 544,000 t in 90/91 [C.L.A.M. data]) in the imports from Mediterranean basin. Another reason could have been the change in preference of consumption from oranges to tangerines because the latter are easier to peel, seedless, and very good for eating as a snack, a characteristic very much appreciated by workers and children.



Source: C.L.A.M.

Fig. 1: EC fresh citrus imports in 90/91



Source: F.A.O.

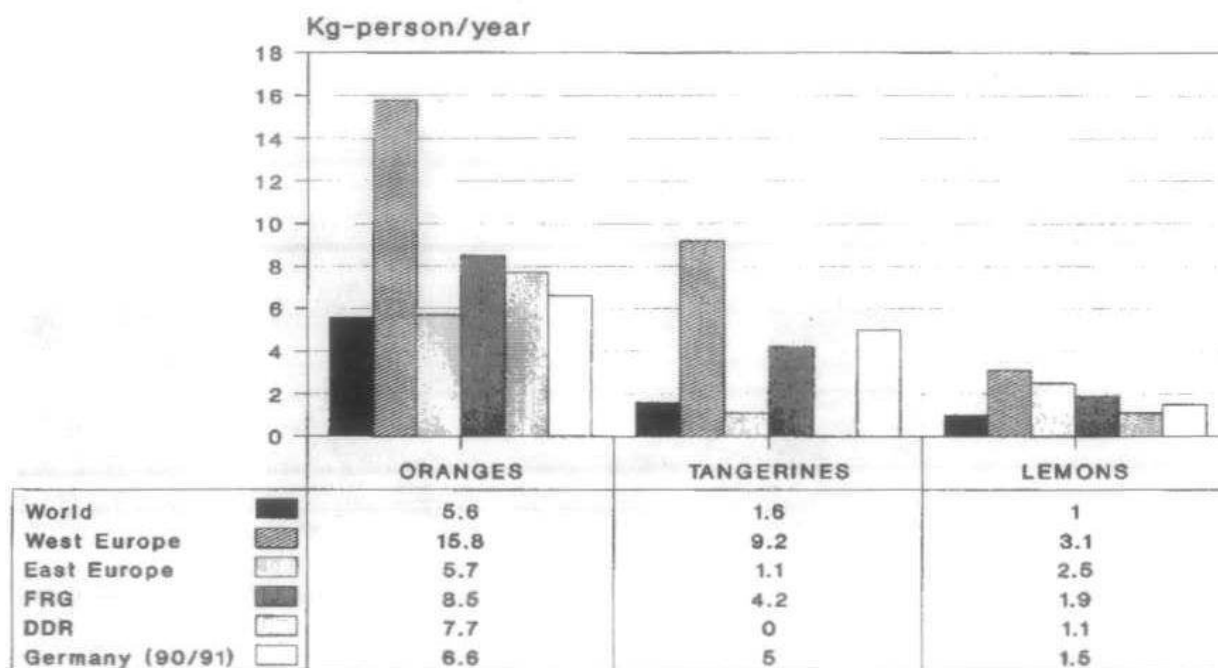
Fig. 2: German fresh citrus imports in 85/86 - 89/90 and 90/91

There was an increase of 193,000 tons (Fig. 2) that could consist of 150,000 tons for the West and the rest for the Five New Landers of Germany. In lemons the level of imports is more or less the same because in the old Eastern Europe the governments were very sensible about the special qualities of lemon; it was considered a basic product, not a luxury product as oranges and, in greater manner, tangerines.

The same conclusion can be drawn from Fig. 3 in relation to the German unification, so that some hope for exporter countries in this market can be deduced. In oranges, the German per-capita consumption is 40 % of West Europe, 54 % in tangerines, and 48 % in lemons. Efforts in marketing from exporter countries and a stabilization of the unification in Germany are necessary to make this market bigger than nowadays if we want it to reach the reference levels of the Western Europe market.

3 Spain and its fresh citrus rivals in the the German market

The Mediterranean basin countries are the principal rivals of Spain in the German fresh citrus market. The American and southern hemisphere countries are indirect rivals, the first due to their high production and exportation of juice (Brazil and



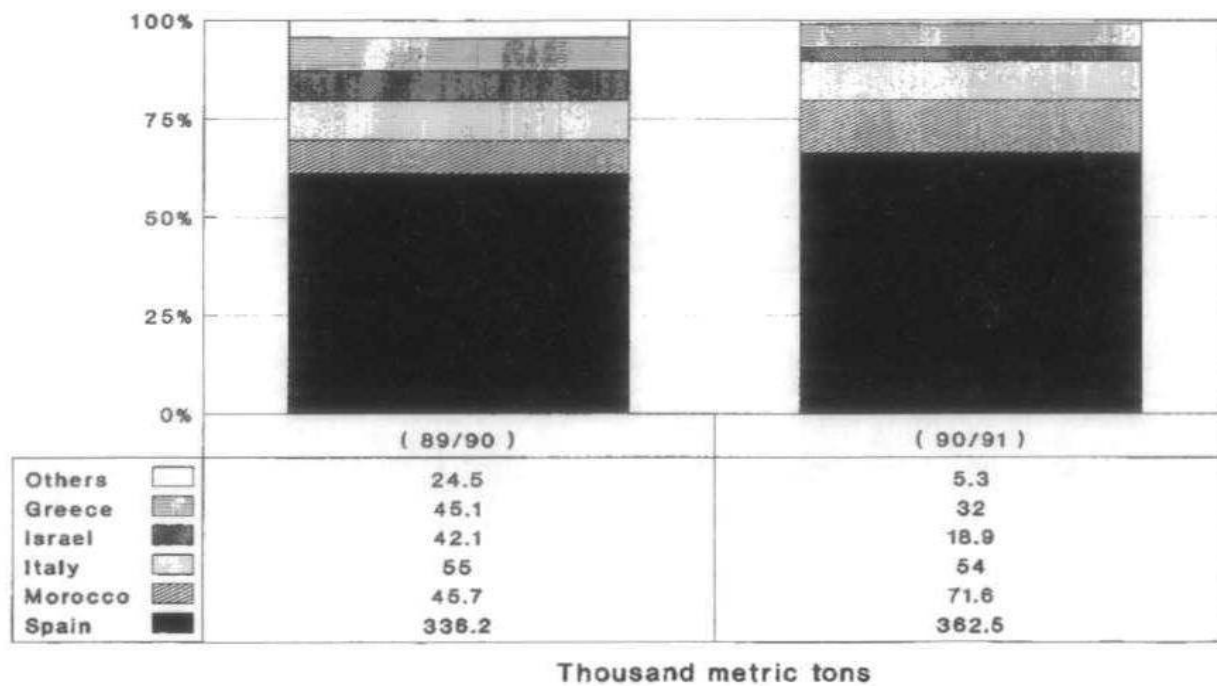
Source: Calculated from F.A.O. data

Fig. 3: Fresh citrus per capitata consumption

USA) and the second because their fresh citrus arrive outside the Spanish campaign although they can break into the Spanish market for some time. The first Spanish tangerines arrive when there are already oranges from southern countries, and this means a competition because the consumer does not want to buy a similar taste.

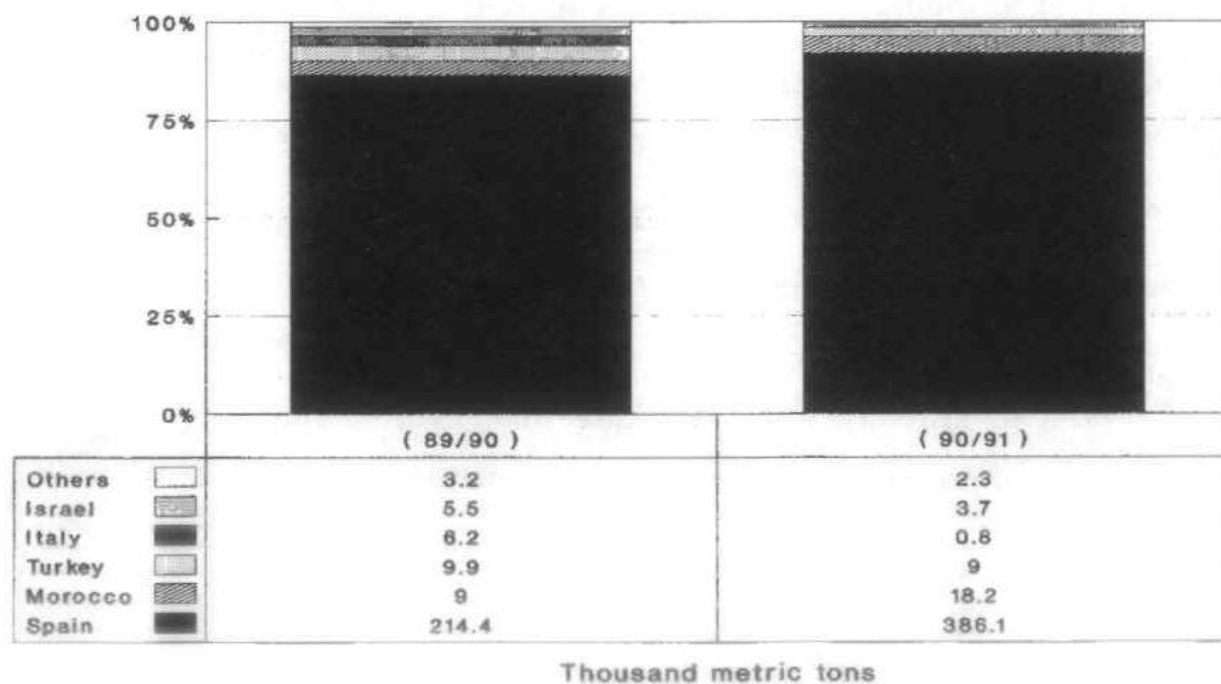
In Oranges there was a small decrease of 0.8 % of Mediterranean imports in Germany between 89/90 and 90/91. Spain increased its market quota from a 61.4 % to a 66.6 %; a similar increase had Morocco from 8.3% to a 13 %. This was due to a great decrease of the imports from Israel, Cyprus, and Greece. Italy maintained its Market quota (Fig. 4).

In tangerines Spain has a quasi-monopolistic position. In 89/90 it controlled 86.9 % of the German tangerine market, and in 90/91 this grew to 91.9 %. The big increase in tangerine consumption between these two campaigns was absorbed principally by Spain, due to its high quality products and its wide offer of tangerine varieties. The only rival that increased its market quota was Morocco from 3.8 % to 4.3 %, which put it in the second place (Fig. 5).



Source: C.L.A.M.

Fig. 4: German orange market quota of Spain and its rivals



Source: C.L.A.M.

Fig. 5: German tangerine market quota of Spain and its rivals

In lemons the situation was similar to tangerines. Spain increased its high quota from 81.4 % in 89/90 to 91.3 % in 90/91, overcoming Italy and Cyprus which practically disappeared from the market in 90/91 (Fig. 6).

For Spanish citrus the German unification was a good event. In the 3 groups the Spanish quota increased considerably due to the good fruits that Spain normally sends to Germany, the good chains of distribution, and the great experience of Spanish exporters.

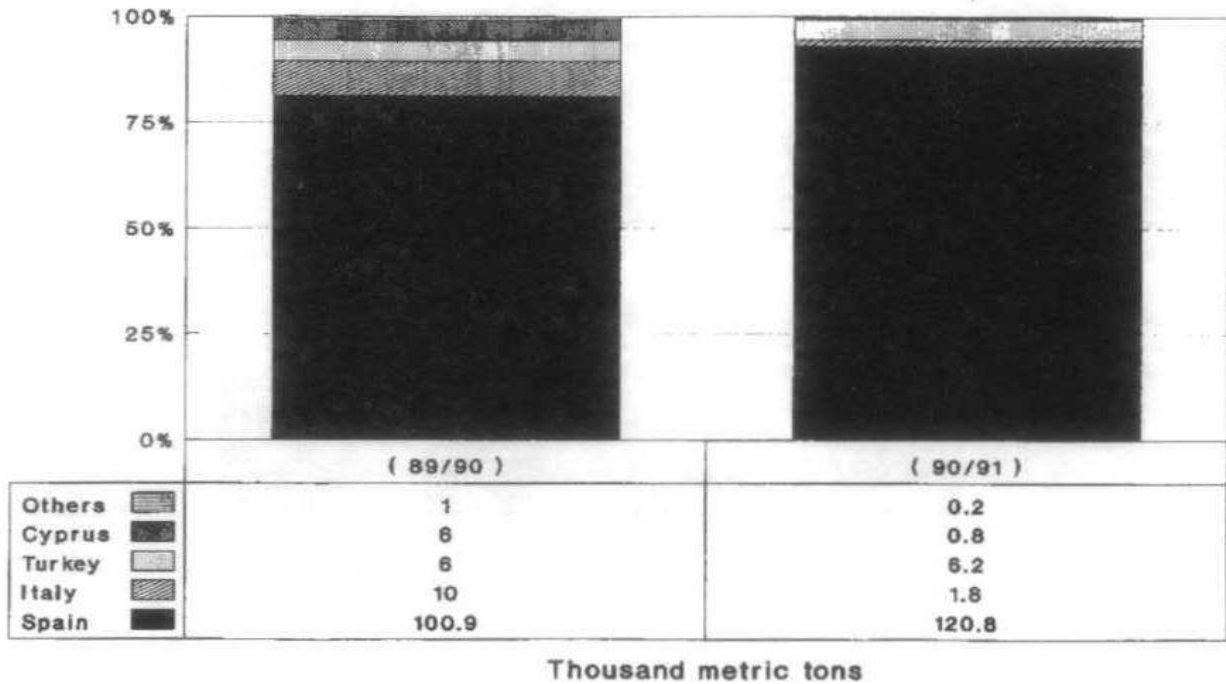
Do Spain's rivals have any chance to put Spain off this privileged position? To answer this question it is necessary to know what the production and exportation of Spain and its German rivals is like. Having seen Fig. 7, 8, and 9, the answer is very clear: they have few opportunities in a short term to gain a big market quota against Spain.

In oranges the first Mediterranean producers are according to 90/91 data: Spain, Italy, and Egypt with 2575.8 thousand metric tons, 1880 thousand metric tons, and 1600.4 thousand metric tons, respectively. Only Spain and Italy are rivals in the German market, since Egypt exports only 200.8 thousand metric tons principally to Arab countries. Other important rivals in the German market are: Morocco, Italy, Israel, and Greece (Fig. 7). Morocco is the most important one in quantity, but its total production is around 2.5 times smaller than the Spanish one. Italy could export more quantities because it is the second producer in the Mediterranean Basin with 1850 thousand metric tons, but its well paid domestic orange market absorbs 91.4 % of its production. Israel and Greece have the same problems as Italy, but with the inconvenience that they have approximately a 5 times smaller production than Spain.

In tangerines Spain does not have reasons to worry about. Around half of the tangerine production in the Mediterranean basin is produced by Spain, which exports 66 % of its total production; 2/3 of the total exports in the Mediterranean basin. Italy is the second producer but it is not a rival because its export is very low. Morocco and Turkey could mean some competition but both have the problem of producing around 5 times less tangerines than Spain.

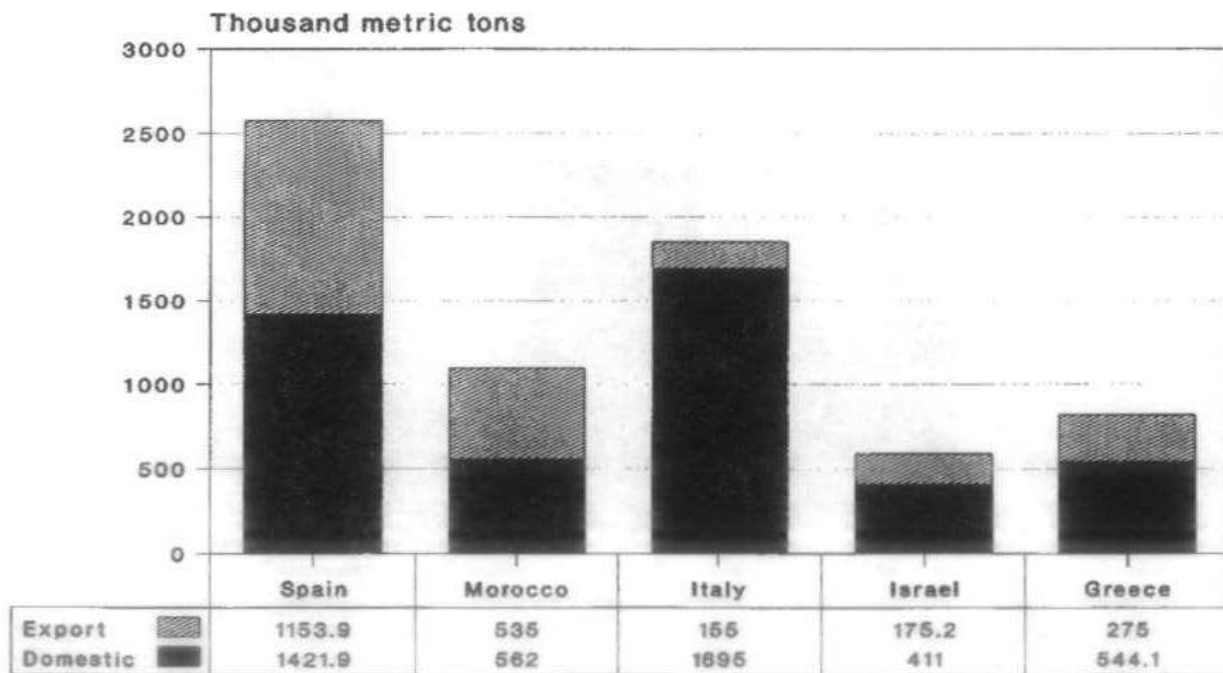
In lemons Spain produces around 1/4 of the Mediterranean basin production and exports more than 1/2 of the Mediterranean basin exports. Italy could be a big rival but it only exports 7.4 % of its total production. Turkey exports 35 % of the Spanish export, but it has a big limitation in its level of production. Cyprus is not really a rival.

In Table 1 we can observe the importance of the German market for each rival. For Spain is the most important market in the 3 groups among the German market rivals. In oranges only for Italy the German market has some importance as for Spain, whereas it is only 1/10 of the total exports approximately for Morocco,



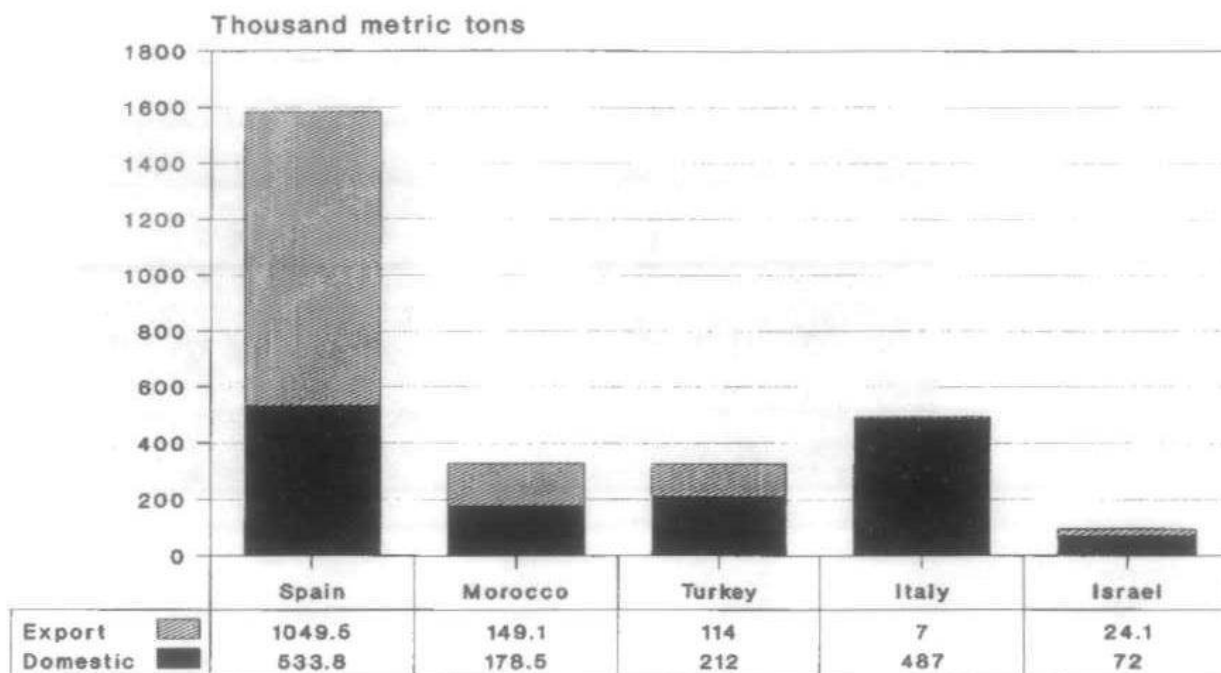
Source: C.L.A.M.

Fig. 6: German lemon market quota of Spain and its rivals



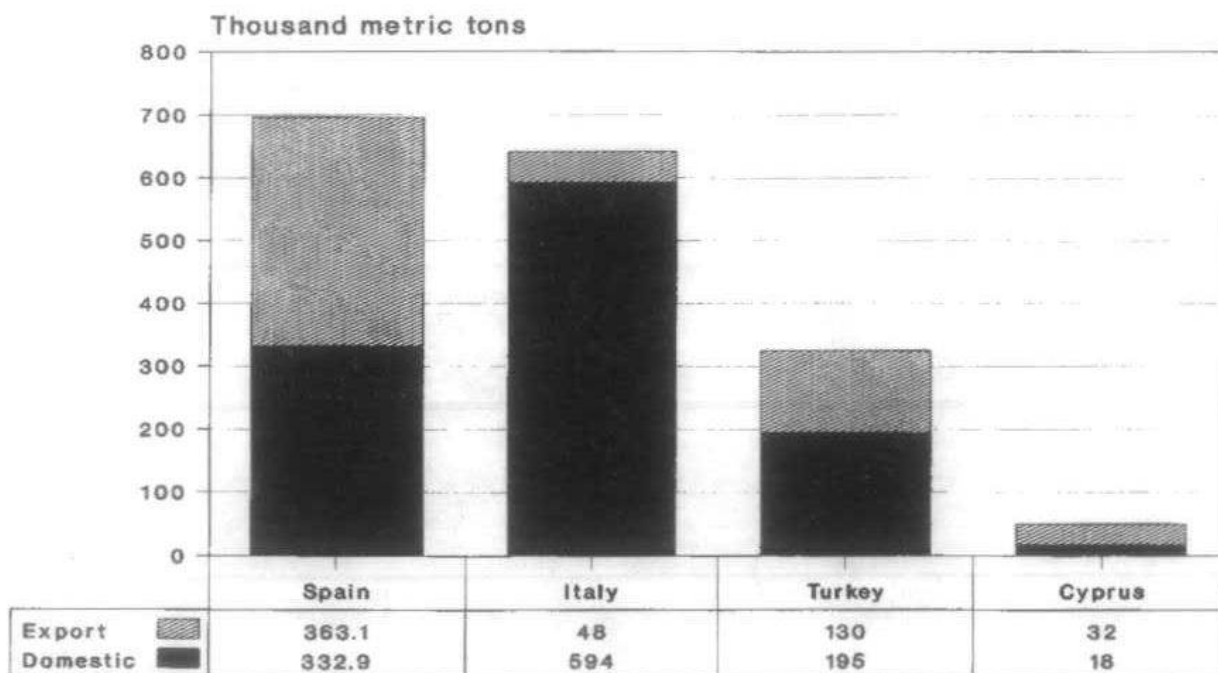
Source: F.A.O.

Fig. 7: Orange production and export of German market rivals (90/91)



Source: F.A.O.

Fig. 8: Tangerine production and export of German market rivals (90/91)



Source: F.A.O.

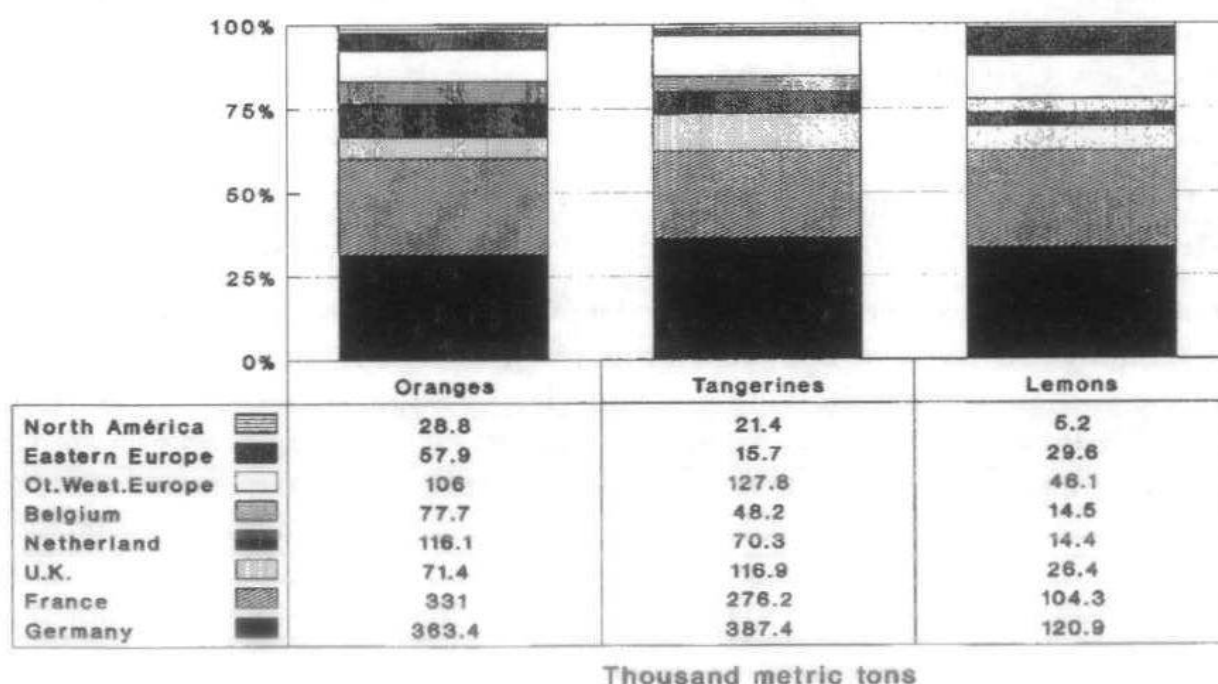
Fig. 9: Lemon production and export of German market rivals (90/91)

Table 1: Quota of the German market in the export of its Market Rivals

country	kind of citrus fruit		
	oranges	tangerines	lemons
Spain	31.4%	36.8%	33.3%
Morocco	12.3%	12.2%	—
Italy	34.8%	11.5%	0.3%
Israel	10.8%	15.3%	—
Greece	11.6%	—	—
Turkey	—	7.9%	4.7%
Cyprus	—	—	2.5%

Israel and Italy. In tangerines the situation is similar to oranges, and in lemons it is very special because the lemon German market does not represent more than 5 % of their total exports for the 3 Spanish rivals.

In the case of Spain, Germany is its first Market in oranges, tangerines, and lemons with around 1/3 of the total exports (Fig. 10), similar but lesser in quantities the exports to France. The 5 first countries: Germany, France, United



Source: Valencia Citrus Comitee

Fig. 10: Spanish fresh citrus exports (90/91)

Kingdom, Netherlands, and Belgium concentrate in the 3 citrus groups more than 75 % of the total Spanish export.

4 Conclusions

- Germany is the first orange, tangerine, and lemon market of Europe after its unification.
- There was an important change in the German market between 89/90 and 90/91: increase in tangerines with a similar decrease in oranges.
- The German market is still a potential market because its per-capitata consumption in the 3 citrus groups studied is around 1/2 of the Western Europe consumption.
- Spain is the leader in the German market of oranges, tangerines, and lemons, having in the last two quasi-monopolistic situation.
- There are few chances within a short period for the Spanish rivals to get a higher quota in the orange, tangerine, and lemon German market, due to their levels of production and exportation and to the scarce importance of the German market.
- The German market is the first market for Spanish exportations now, and it will increase in the future with the progressive economical improvement of the Five New German Landers.

F.J. DEL CAMPO GOMIS und J.F. JULIA IGUAL: Der Handel mit frischen Zitrusfrüchten zwischen Spanien und dem vereinigten Deutschland

Deutschland ist nach der Vereinigung der wichtigste Orangen-, Tangerinen- und Zitronenmarkt in Europa, nachdem Frankreich in den letzten 5 Jahren der 80er Jahre die vorherrschende Stellung einnahm. Diese Situation wird sich weiter festigen, da der Prokopf-Verbrauch in den 5 neuen Bundesländern etwa nur die Hälfte der westeuropäischen Länder betrug und sich angleichen wird. Spanien ist führend im Frischfruchtmarkt bei Orangen, Tangerinen und Zitronen. Demgegenüber haben die Haupttrivalen: für Orangen - Marokko, Italien, Israel und Griechenland; bei Tangerinen - Marokko, Türkei, Italien und Israel; bei Zitronen - Italien, Türkei und Zypern; kurzfristig kaum eine Chance, den Marktanteil zu erhöhen.

F.J. DEL CAMPO GOMIS y J.F. JULIA IGUAL: El comercio de cítricos españoles con la Alemania unificada

Después de su unificación, Alemania se ha convertido en el mercado más importante de naranjas, tangerinos y limones en Europa, luego de que Francia ocupara en los últimos 5 años de la década de los años 80 el primer lugar en cuanto a importaciones. Alemania es un mercado potencial, porque el consumo por habitante en los 5 nuevos estados federados alcanzaba solo a la mitad del de los países europeos occidentales y en el futuro el consumo alcanzará al de Europa occidental. España es uno de los mayores productores de naranjas, tangerinos y limones. Los rivales principales, por ejemplo Marruecos, Italia, Israel y Grecia en cuanto a naranjas; Marruecos, Turquía, Italia e Israel en cuanto a tangerinos; Italia, Turquía y Chipre en cuanto a limones tienen pocas posibilidades expandir sus mercados en relación a España.

F.J. DEL CAMPO GOMIS et J.F. JULIA IGUAL: Le commerce d'agrumes espagnol avec l'Allemagne unifiée

L'Allemagne constitue, après son unification, le principal marché d'oranges, de tangerines et de citrons en Europe, après que la France avait prédominé dans les cinq dernières années des années 80. L'Allemagne est un marché potentiel, parce que la consommation par tête d'habitant quant aux cinq nouveaux Länder ne constituait que la moitié environ des pays de l'Europe occidentale et qu'elle va s'adapter à la nouvelle situation. L'Espagne prédomine sur le marché des fruits frais pour les oranges, les tangerines et les citrons, et elle aura bientôt la chance d'augmenter sa part du marché vis-à-vis de ses principaux concurrents, à savoir le Maroc, l'Italie, Israël et la Grèce quant aux oranges, le Maroc, la Turquie, l'Italie et Israël pour les tangerines, et l'Italie, la Turquie et Chypre pour les citrons.