

## Situation and Outlook for Citrus

World citrus production in selected major-producing countries in marketing year (MY) 2006/07 is estimated at 74.0 million metric tons, up about 2 percent from the revised 2005/06 level. The total consists of 46.3 million for oranges, 16.1 million for tangerines, 4.5 million for lemons, 4.7 million for grapefruit, and 2.4 million for other citrus.

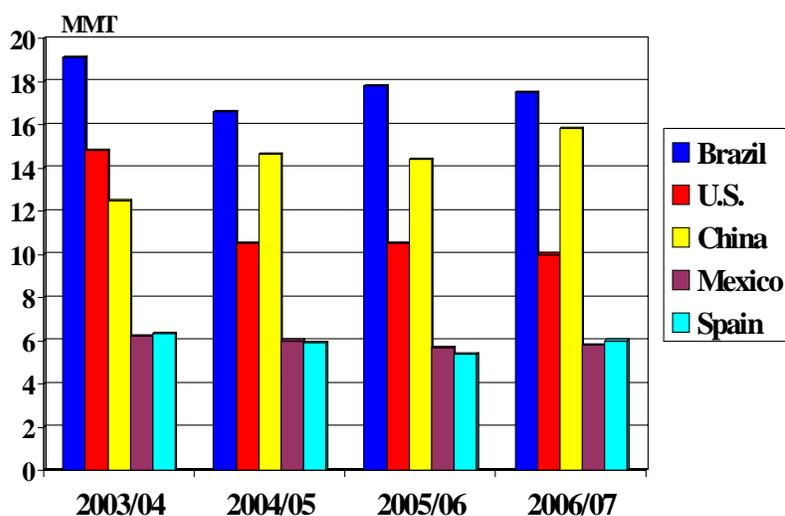
Please note that the U.S. production numbers do not reflect the January freeze damage.

The National Agricultural Statistical Service (NASS) will release new citrus numbers for California with its March release. U.S. production of citrus in MY 2006/07 is currently estimated at 10 million tons, down 5 percent from last year. Brazil's production of oranges in MY 2006/07 is forecast at 17.5 million tons, down about 2 percent from the previous year's level. Total world exports of citrus for major exporters during MY 2006/07 are estimated at 9.9 million tons, up nearly 4 percent from the revised MY 2005/06 level. Note: Although the U.S. production numbers for citrus do not reflect the January freeze damage, the U.S. trade forecasts for citrus attempts to accommodate the resulting changes to imports and exports.

### GLOBAL PRODUCTION

World citrus production in selected major producing countries in MY 2006/07 is estimated at 74.0 million tons, up about 2 percent from the previous year. The total consists of 46.3 million for oranges, 16.1 million for tangerines, 4.5 million for lemons, 4.7 million for grapefruit, and 2.4 million for other citrus. Although Brazil's production is down, China's production of citrus during 2006/07 is forecast at 15.8 million tons, up 10 percent from 2005/06.

### Total Citrus Production in the Top Producing Countries



## **Brazil**

Brazil's orange crop during 2006/07 (local MY year July 2007 – June 2008) is forecast at 17.5 million tons, down nearly 2 percent from the previous year, assuming that good weather conditions prevail during 2007 to support fruit setting and size. Citrus groves have received adequate crop management as a consequence of better prices paid by producers. The first blossoming occurred in August-September 2006, followed by a good one in October 2006. The intensity of blossoming was similar to the previous year, although the peak was delayed by a month (mid-October 2006 as opposed to mid-September in 2005.) Overall, weather conditions have contributed to support flowering and if normal weather conditions prevail in 2007, the fruit size should be larger than MY 2006/07. The incidence of *Colletotrichum* holds the potential to affect production in the southern region. *Colletotrichum* is the most important and common fungal genus causing anthracnose.

## **United States**

A devastating freeze hit the citrus growing areas of California in January 2007. Current NASS production numbers do not reflect this damage. NASS will be revising the California and Arizona citrus numbers in March 2007 instead of in April, which is the normal cycle. The references to total U.S. citrus numbers do not reflect this damage. Prior to the freeze, California's production of navels was already forecast to be down 27 percent, and lemon production was forecast down 2 percent.

The February forecast for Florida's 2006/07 all orange forecast at 5.7 million tons is down 5 percent from the 2005/06 crop level. However, Florida's grapefruit crop continues to recover from the significant losses experienced in the past 2 years due to the hurricanes of 2004 and 2005. Florida's grapefruit crop in 2006/07 is forecast 1.0 million tons, up nearly 35 percent from the previous year.

The area devoted to Florida citrus continues to decline due to various factors. According to the biennial Commercial Citrus Inventory Report released by NASS on September 15, 2006, total citrus acreage in Florida has declined by 17 percent during the last two years. This is the greatest net change in any non-freeze period and the second overall. The Indian River District bore one-third of this loss. Tree removals outnumbered new plantings by a ratio of more than 5 to 1. Acreage decreases were recorded for each of the 30 counties included in the survey. Total orange acreage is down 15 percent in two years; grapefruit acreage is down nearly 29 percent; and specialty fruit acreage is down nearly 22 percent since 2004. About 95 percent of the oranges go to processing for juice. According to sources, the decline is attributed to urban sprawl, hurricanes, and citrus canker.

Florida citrus growers, industry representatives, and state/federal officials are still working on the Citrus Health Response Program (CHRP) to suppress citrus canker and address other potential pest threats. In a *Federal Register* notice of August 1, 2006, USDA announced an interim rule that places the entire state of Florida under quarantine for citrus canker. As part of that announcement, Florida will not be allowed to ship fresh citrus to citrus-producing

states and territories. Those states and territories include California, Arizona, Texas, Louisiana, Hawaii, American Samoa, Guam, Northern Mariana Island, Puerto Rico, and the Virgin Islands. The 2004 and 2005 hurricanes spread citrus canker so extensively that it was determined in January 2006, that eradication was no longer a scientifically feasible option. The new regulation is not expected to be finalized until the 2007/08 season, at the earliest, so an interim rule was needed. As a result of this, Florida lost California as a market for grapefruit and tangerines.

## **China**

Total citrus production in MY 2006/07 is forecast at 15.8 million tons, up 10 percent from the previous year. This is a result of the increasing number of maturing trees and favorable weather conditions in major producing areas. A severe drought in Chongqing municipality is likely to cut citrus production by 20 percent; however, bumper crops in other major producing provinces are expected to offset the production decline.

Mandarin production is forecast at 9.0 million tons in MY 2006/07, up 12 percent from the previous season's 8.05 million tons. This is due largely to the recovery of mandarin orchards in the top-producing province of Zhejiang from last year's 20-percent drop as a result of cold temperatures and typhoons. While the acreage is likely to remain stable in the foreseeable future, mandarin production is expected to grow moderately due to higher yields.

Orange production is forecast at 4.8 million tons, up 8 percent from last year, as a result of new plantings in key-producing provinces like Jiangxi. Orange production, however, is expected to increase dramatically leading up to 2010, as new plantings mature and begin bearing fruit. A significant number of navel oranges were planted between 2000 and 2004 in southern Jiangxi province, the largest producer of fresh-consumed oranges. According to local agricultural officials and industry sources, orange production in Jiangxi is expected to increase by 30 percent annually until 2010-2012. Additionally, since 2000, Three Gorges immigrants in southwestern Chongqing have been developing thousands of hectares of orchards for oranges, good for both fresh consumption and processing, with the help of subsidies from the government and investment from processing companies. Full production yield in this area is expected in five to ten years.

Fruit quality is improving as a result of wider adoption of standardized farming practices required for producing "wholesome food" and "green food" and enhanced management and financial input by farmers. Under government guidance, citrus farming is shifting from the earlier model of short trunk trees, dense plantation, and early bearing to focus more on both high production and quality. The drought conditions in citrus producing provinces like Jiangjin and Chongqing, however, resulted in smaller fruit sizes. In addition, post-harvest treatments (cleaning, grading, and waxing) have become a common practice. Industry sources indicate that more than 4,000 packing lines were built in the past 2-3 years in the major-producing provinces such as Hubei, Jiangxi, Hunan, and Guangxi. The largest packer in the citrus industry is building additional packinghouses and cold storages in Jiangxi and Guangdong in a bid to source more fruit for an extended supply season.

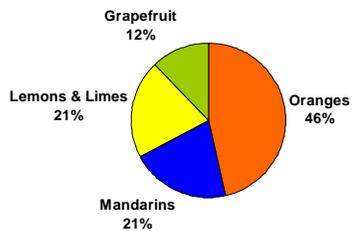
## Spain

Spain's 2006/07 total citrus production is forecast at 6.0 million tons, up 12 percent from the previous year. Fresh orange production will be up significantly from previous year's levels, because of improved weather conditions relative to a drought in 2005. Tangerine production during 2006/07 is forecast at 2.2 million tons, up marginally from the previous year.

Spain's producers continue to expand orchards. Most of the new orchards are located in the Andalucía region, where the industry has recently carried out new investments in juice processing capacity. The CAP reform will also contribute to a potential increase in citrus acreage at the expense of cotton production. There are some 92,000 hectares of cotton under irrigation, which are suitable for citrus production. The most popular orange varieties in the new areas will tend to be Lanelate and Navelate.

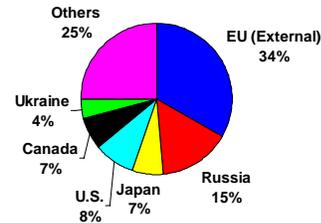
## GLOBAL TRADE

World Citrus Imports by Type  
Based on Quantity—CY 2005



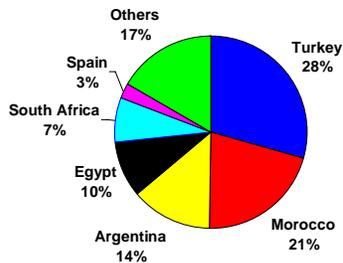
Source: Global Trade Atlas.

World Citrus Imports by Country  
Based on Quantity—CY 2005



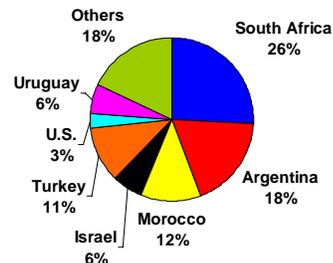
Source: Global Trade Atlas. EU External Trade.

Russia's Citrus Imports By Country of Origin  
Based on Quantity—CY 2005



Source: Global Trade Atlas.

EU Citrus Imports By Country of Origin  
Based on Quantity—CY 2005



Source: Global Trade Atlas. EU External Trade.

Total world exports of citrus for major exporters during MY 2006/07 are estimated at 9.9 million tons, up nearly 4 percent from the revised MY 2005/06 level. Note: Although the U.S. production numbers for citrus do not reflect the January freeze damage, the U.S. trade forecasts for citrus attempts to accommodate the resulting changes to imports and exports.

## **Spain**

Spain's exports of citrus during MY 2006/07 are estimated at 3.5 million tons, an increase of about 8 percent from last year. Oranges are estimated at 1.6 million tons, tangerines at 1.4 million tons, and lemons at 500,000 tons. Spanish authorities and the local citrus industry carry out regular marketing activities to promote consumption of Spain's citrus fruit domestically, as well as in other EU and non-EU countries. These programs are co-financed by the EU, central and regional governments, and the private industry. During 2004/05, these programs represented some €8 million (approximately \$10.5 million), of which part were spent promoting Spanish clementines in Atlanta, St. Louis, Charlotte, Houston, and Dallas.

## **United States**

U.S. exports of citrus during MY 2006/07 are estimated at 663,000 tons, a continuing decline due to reduced orange availabilities. This represents a decline of 19 percent from the 2005/06 level. The total comprises 200,000 tons of oranges, 350,000 tons of grapefruit, 95,000 tons of lemons, 15,000 tons of tangerines, and 3,000 tons of other citrus (limes). Although NASS has not forecast the damage done to the California citrus crops as a result of the freeze in January, the forecasts for U.S. citrus trade attempt to account for this damage. However, the total extent of the damage is not known at this time. U.S. exports of oranges are forecast at 200,000 tons, down from 543,000 tons in 2005/06.

Grapefruit exports are very important to the Florida citrus industry and are expected to recover this year along with the increase in the grapefruit crop. U.S. exports of grapefruit are forecast at 350,000 tons in 2006/07, up about 39 percent from last year. However, the level is still below the pre-hurricanes levels. Japan, Canada, and the EU are expected to remain the top markets.

## **Technical Assistance for Specialty Crops (TASC) Funds**

The TASC program is designed to help open, retain, and expand markets for U.S. specialty crops. Resources are provided to address unique barriers, including phytosanitary or related technical barriers that prohibit or threaten the export of U.S. specialty crops. Specialty crops include all cultivated plants and their products produced in the United States except wheat,

feed grains, oilseeds, cotton, rice, peanuts, sugar, and tobacco. The TASC funds became available during 2002 when Congress created a new trade program specifically aimed to aid specialty crops in the 2002 Food Security Act. The TASC program is funded at \$2 million annually, beginning with fiscal year 2002.

### **Market Access Program**

The citrus industry is expected to receive \$14.5 million to conduct promotions overseas under the Market Access Program (MAP) for the 2007 program year. MAP has been instrumental in expanding markets for U.S. citrus in Canada, France, the United Kingdom, China, Hong Kong, Japan, South Korea, Taiwan, and other countries. Consumer and trade promotions are developed for fresh oranges, fresh grapefruit, lemons, orange juice, and grapefruit juice. The industry shares the cost of promotions under the program.

### **Korea, South**

Korea's imports of oranges during 2006/07 are expected to decrease from last year as the supplies will be limited from the United States due to the freeze in California. Korea has been importing oranges from South Africa, Australia, Chile, Spain, and China. It is not expected that these countries will be able to make up the shortfall from the United States.

### **Japan**

Florida grapefruit is selling fairly well in Japan compared to the previous two seasons when the Florida crop was significantly damaged by hurricanes. Japan's imports of grapefruit in 2006/07 are forecast at 234,000 tons, up from only 153,000 tons the previous year. New crop Florida grapefruit began arriving in early October 2006 in Japan. Fruit flavor for the new crop was reportedly excellent and retailers are experiencing good sales. In the first quarter of the 2006/07 marketing year (October-December 2006), Japan imported 33,672 tons of grapefruit. This is double the October-December 2005 level. In the beginning of the season, many Tokyo-based supermarkets sold Florida grapefruit at \$1.70 (198 yen) per fruit and the retail price declined to \$1.35 (158 yen) per fruit as supplies started to increase in November.

Japan's imports of oranges are forecast to decline to 110,000 tons, down about 4 percent from last year. As with Korea, it is unclear whether other suppliers will be able to overcome the shortfall to the U.S. crop. During MY 2005/06, the United States accounted for 75 percent of Japan's imports of oranges. Australia, Chile, and South Africa were the other major suppliers.

## **CONSUMPTION AND MARKETING**

Total citrus consumption in MY 2006/07 for the major producing countries is estimated at

66.0 million tons, including 39.3 million tons of fresh consumption and 26.7 million tons of processed consumption. Processed consumption is basically for the processing of oranges into orange juice. Of the total citrus for processing, nearly 82 percent is forecast to be oranges.

## **United States**

A large part of the citrus produced in the United States goes to processing for juice. For oranges produced in Florida, normally 95-96 percent of the crop is processed for orange juice. That trend is expected to continue. The majority of oranges produced in California are destined for the fresh market. However, supplies will be down due to the January freeze.

## **Brazil**

Brazil is forecast to process about 12.4 million tons of oranges in 2006/07 (local MY July 2007-June 2008), down from 12.5 million tons due to the smaller crop size. Processing is forecast at 71 percent of the total. Since only a small amount of fresh product is exported, most of Brazil's production is headed to the processing sector and for the export of orange juice.

## **China**

Citrus consumption in China is growing in tandem with rising incomes. According to the National Statistical Bureau, disposable incomes of urban and rural residents reached US\$1,312 and US\$407 in 2005, up 53 percent and 86 percent, respectively, from US\$858 and US\$219 in 2001. The consumption patterns are shifting from generic food to higher quality food and consumers are now willing to pay a premium for these goods. For example, U.S. oranges are well-known in China for their high quality and better taste. The expansion of supermarkets as a result of urbanization, coupled with food safety concerns, has further boosted fruit consumption in the more reliable retail venues and the purchasing of fruit in urban areas has moved gradually away from wet markets and street vendors.

Most consumers choose domestically grown citrus as its production and quality are quickly catching up. Given the fact that citrus cannot be stored for an extended period of time (domestic citrus is available only between September and February), imported citrus becomes popular during the off season. Some high-end consumers, however, favor imported fruit despite higher prices relative to domestic fruit. Nearly all medium and large supermarkets sell imported fruit, usually on a separate counter, to attract the high-end consumers. Some institutional buyers such as 5-star hotels and up-scale restaurants have always sourced imported fruit, for example U.S. oranges, for their sophisticated clientele.

*The Attaché Report search engine contains reports for citrus for several countries including Egypt, Israel, Japan, Korea, Morocco, Spain, Turkey, Greece, Italy, Mexico, China, Germany, Australia, Brazil, Argentina, Costa Rica, and South Africa. For more information on*

*production and trade, contact Debra A. Pumphrey at 202-720-8899 or at Debra.Pumphrey@usda.gov For more information on California marketing issues, contact Julio Maldonado at 202-690-2702. For more information on Florida marketing issues, contact Darlene Maginnis at 202-720-9125. Data for the countries for citrus can be extracted from the USDA production, supply, and distribution database located at [www.fas.usda.gov/psdonline/psdhome.aspx](http://www.fas.usda.gov/psdonline/psdhome.aspx)*