

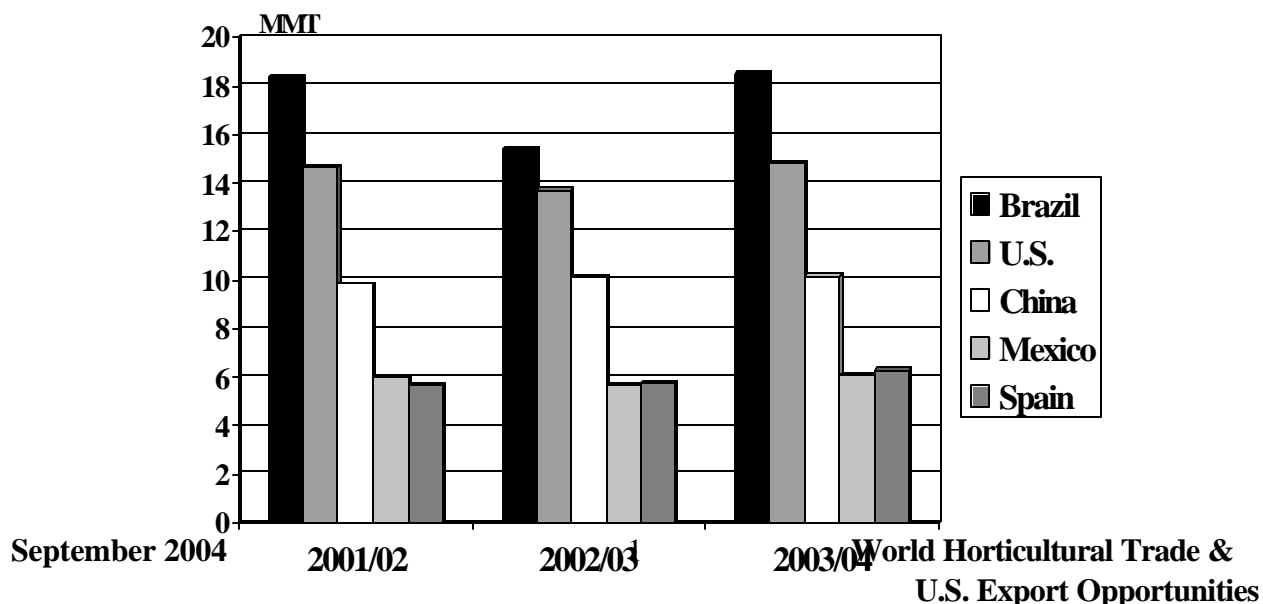
Situation and Outlook for Citrus

World citrus production in selected major-producing countries in 2003/04 is estimated at a revised 73.1 million metric tons, about the same as the January 2004 estimate, and an increase of nearly 6 percent from the 2002/03 level. Almost all of the increase is attributed to Brazil and the United States, the two largest producers, and Mexico. Brazil's total citrus production in 2003/04 is forecast at 18.5 million tons, up 20 percent from the previous year; while Mexico's level is up by 368,000 tons. U.S. production of citrus is estimated at a revised 14.85 million tons, up 8 percent from the previous year. Although California's orange crop is down 17 percent from last year, Florida's crop is estimated up 19 percent from the 2002/03 level, and would be the second largest on record. Total world exports of citrus for major exporters during 2003/04 are estimated at 9.4 million tons, up over 4 percent from the 2002/03 level.

GLOBAL PRODUCTION

World citrus production in selected major-producing countries in 2003/04 is estimated at 73.1 million metric tons, an increase of nearly 6 percent from the 2002/03 level. Almost all of the increase is attributed to Brazil and the United States, the two largest producers, and Mexico.

Total Citrus Production in the Top Producing Countries



Brazil

Brazil's orange crop for 2003/04 (marketing year July 2004-June 2005) is forecast at 18.5 million tons, up 20 percent from the previous year. A good and extended second blossoming (4-5 weeks) occurred in November 2003 in the commercial area of Sao Paulo and Minas Gerais. The flowering was relatively uniform compared to the previous year and many groves showed blossoms in the inner part of the tree. Good weather conditions have supported excellent fruit setting and development. The steady and above average rainfall in the past couple of months has contributed to the growth of the fruit. The harvest season started slowly for some processing companies, since the late flowering delayed the maturation of the fruits by 30-45 days. Other factors having a positive impact on the orange crop include: (1) the on-year of the biennial cycle of the Hamlin and Valencia varieties; (2) enhanced crop management including greater use of fertilizer, chemicals, etc., due to good orange prices received by producers in the past couple of years; and (3) and the use of irrigation. According to a recent study published by the University of Sao Paulo/Program of Studies of the Agribusiness System (PENSA), it is estimated that approximately 10 percent of the Brazilian orange groves are irrigated.

United States

Total U.S. citrus production during 2003/04 is estimated at 14.85 million tons, up 8 percent from the 2002/03 level, but down nearly 5 percent from the January estimate. Orange production accounts for 79 percent of the total. Orange production during 2003/04 is estimated at 11.75 million tons, up 12 percent from the previous year. Almost all of the increase is attributed to the sharp rise in Florida's orange crop, which is estimated up 19 percent from 2002/03, and the second largest on record. California's orange crop is estimated at 1.74 million tons, down 17 percent from last year.

On August 13, 2004, Hurricane Charley ripped through some of the largest citrus-producing counties in Florida. Hard hit were Polk, Hardee, and DeSoto counties. Less damage was reported in Charlotte, Lee, Manatee, and Sarasota counties. The seven counties account for 35 percent of the state's 800,000 acres of citrus groves. Press reports indicate that the hurricane knocked oranges and grapefruit off trees and toppled trees. Up to one-third of the state's citrus acreage may be damaged. On August 16, 2004, Florida Agriculture Commissioner Charles Bronson toured some of the key citrus-growing counties that were struck by Hurricane Charley. The National Agricultural Statistics Service (NASS) will release its first estimate of the 2004/05 U.S. citrus crops on October 12, 2004 in the Crop Production Report.

On August 27, 2004, President Bush instructed the U.S. Department of Agriculture to use existing authorities and resources to assist growers impacted by Hurricane Charley in their cleanup efforts and to compensate them for lost crops and trees. Secretary Veneman directed the

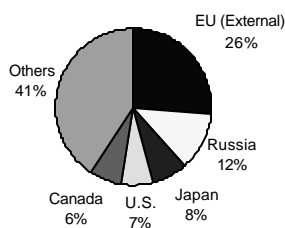
Farm Service Agency (FSA) to work with Florida state and local offices to deliver the assistance in a timely manner. Details will be available beginning the week of August 30, 2004, at USDA Service Centers. This will be in addition to the programs already made available to the victims of Hurricane Charley, such as, emergency loan assistance, the Non-insured Crop Disaster Assistance Program, expedited claims assistance for crops and commodities covered by crop insurance, food commodities and other nutritional assistance, including \$5 million in special funds provided for baby food and formula, more than \$23.7 million dollars in replacement Food Stamp benefits issued to 135,000 families and housing assistance for families displaced from USDA-sponsored housing.

Spain

Spain's 2003/04 orange, lemon and tangerine crops reached record levels of production. The total citrus crop in 2003/04 is estimated at 6.25 million tons, up nearly 9 percent from the previous year. Orange production is forecast at 3.1 million tons, up nearly 8 percent from last year and tangerine production is forecast at 2.1 million tons, up nearly 7 percent from the 2002/03 level. Lemon production is forecast at 1.1 million tons, up nearly 16 percent from last year. The EU's new policy for cotton, which reduces the direct payments received by cotton farmers, could result in new increases in the citrus area in the coming years. Most cotton area--some 92,000 hectares--is irrigated and is highly suitable for citrus groves.

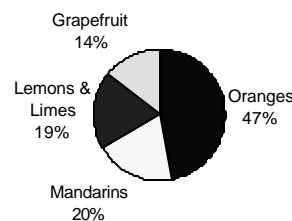
GLOBAL TRADE

World Citrus Imports by Country
Based on Quantity—CY 2003



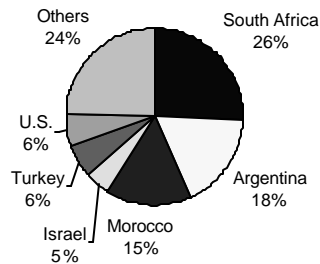
Source: Global Trade Atlas. EU External Trade.

World Citrus Imports by Type
Based on Quantity—CY 2003



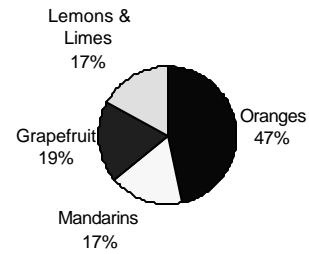
Source: Global Trade Atlas.

EU Total Citrus Imports By Country
Based on Quantity—CY 2003



Source: Global Trade Atlas. EU External Trade.

EU Citrus Imports By Type
Based on Quantity—CY 2003



Source: Global Trade Atlas. EU External Trade.

Spain

Spain is the world's largest exporter of fresh citrus and Spain's exports of total citrus during 2003/04 are estimated at 3.7 million tons, an increase of nearly 310,000 tons from last year. Oranges are estimated at 1.6 million tons, tangerines at 1.5 million tons, and lemons at 566,000 tons. According to trade sources, the accessions of 10 new countries to the EU could provide new markets for Spanish citrus exports in the next few years.

United States

U.S. exports of citrus during 2003/04 are estimated at 1.2 million tons, comprising 665,000 tons of oranges, 395,000 tons of grapefruit, 100,000 tons of lemons, and 20,000 tons of tangerines. Although the orange crop in California is down this year, December rains slowed navel picking but enhanced fruit size and, overall, quality was excellent. U.S. orange exports in 2003/04 are forecast to be up about 3 percent, the result of good demand with the weakening dollar.

The 2003/04 grapefruit crop in the United States was up 4 percent. As a result, U.S. exports of grapefruit during 2003/04 are estimated at 395,000 tons, up from 353,000 tons exported in 2002/03. Japan and Canada are the top two markets. The European Union (EU) is also an important market for U.S. grapefruit.

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. TASC proposals will be evaluated on a quarterly basis.

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

Over the last three years, the citrus industry received over \$20 million to conduct promotions overseas under the Market Access Program (MAP). The MAP has been instrumental in expanding markets for U.S. citrus in Canada, France, the United Kingdom, China, Hong Kong, Japan, Korea, Taiwan, and others. 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. In addition to MAP funds, the citrus industry received funds for market research under the Emerging Markets Program and for product samples under the Quality Samples program.

Korea

During 2003/04, Korea's imports of oranges are estimated at 160,000 tons, up 11 percent from 2002/03. Almost all imports are from the United States. The increased imports are a result of stable growth in demand for oranges among consumers and favorable exchange rates. In addition, beginning in January 2004, the orange out-of-quota tariff rate dropped to 50 percent, equal to the in-quota rate for the first time, effectively eliminating the quota.

Please note that the import numbers for Korea's imports of oranges have been added to the USDA

production, supply, and distribution database and will be reflected when numbers are pulled from the USDA PSD Online system at www.fas.usda.gov/psd

Japan

Japan's imports of citrus during 2003/04 are estimated at 523,000 tons, up 31,000 tons from the previous year's level. Of the total, 300,000 tons are forecast to be grapefruit, 125,000 tons oranges, 88,000 tons lemons, and 10,000 tons tangerines. The United States is the major supplier. However, the U.S. share of Japan's imports is declining, while South Africa, Australia, and Chile are increasing their exports to Japan. During January-December 2003, the United States accounted for 72 percent of Japan's citrus imports, down from 75 percent the previous year. South Africa's share has increased to nearly 18 percent in 2003, up from 13 percent the previous year. In order to limit the imports of oranges during the distribution season for its domestic production of unshu oranges, Japan imposes seasonal duties for oranges. Imports during December-May (the key marketing season for U.S. oranges) face a duty rate of 32 percent compared to 16 percent during the rest of the year, when South Africa, Australia, and Chile ship their citrus. Japan continues to be an important market for U.S. grapefruit.

CONSUMPTION AND MARKETING

Total citrus consumption in 2003/04 for the major-producing countries is estimated at 65.5 million tons, including 35.2 million tons of fresh consumption and 30.3 million tons of processed consumption. Processed consumption is basically for the commercial processing of oranges into orange juice. Of the total citrus for processing, 85 percent is estimated to be oranges. The total processed for oranges represents an increase from the previous year of nearly 19 percent, mainly the result of the higher Brazilian and Florida orange crops.

United States

A large part of the citrus produced in the United States goes to processing for juice. About 74 percent of the total citrus crop is forecast to be processed in 2003/04. For oranges produced in Florida, 95-96 percent of the crop is processed for orange juice. For grapefruit produced in Florida, the amount going to processing varies, but has ranged from 60-63 percent during the last few years. If production increases, more goes to processing, since grapefruit consumption has been static. Thus the production and demand for juices in the United States and in major markets plays a significant role in Florida's citrus industry. See also the Orange Juice special feature article.

Brazil

The total for Brazil's volume of oranges processed in 2003/04 (marketing year July 2004-June 2005) is forecast at 13.2 million tons, which is about 71 percent of the production level. Since only a small amount of fresh oranges is exported, most of Brazil's production is headed to the processing sector and for export of orange juice. The amount used for fresh consumption (mostly domestic) represents about 28 percent of the total.

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, and South Africa. For more information on production and trade, contact Debra A. Pumphrey at 202-720-8899 or at Debra.Pumphrey@usda.gov. Also, please visit the citrus commodity page: <http://www.fas.usda.gov/htp/horticulture/citrus.html> for the latest information. For more information on marketing issues, contact Sonia Jimenez at 202-720-0898. Data for these countries on citrus can be extracted from the USDA production, supply, and distribution database located at www.fas.usda.gov/psd