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Costa Rica

Citrus Annual

Orange Juice Production and Trade

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Report Highlights:
Costa Rica' production of oranges is expected to decline to 6.0 million boxes (40.824 kg.) during 2014/2015 as unfavorable weather conditions during the flowering period in 2014 caused one of the worst orange production seasons in Costa Rica in recent history. Production is forecast to increase to 6.5 million boxes in 2015/2016 as higher productivity is expected next year.

Executive Summary:

Costa Rica: Orange Juice Production and Trade.

Costa Rica's orange production is concentrated in the northern part of the Alajuela province, around Los Chiles, Guatuso and Upala, and in the northern part of Guanacaste, near the border with Nicaragua. Oranges are also produced in other regions of the country including Acosta, near the Central Valley, and Nandayure in Guanacaste. Two companies, TicoFrut and Del Oro, control most of the production and processing of oranges in the country. According to government estimates, these two companies produce over 70% of the oranges harvested in Costa Rica. The rest is produced by medium and small size independent producers. Some of these producers have formed cooperatives and are trying to attract new farmers. The smaller independent producers tend to enter or exit the activity in response to short term price fluctuations not only of oranges but of other crops such as pineapples or coffee. The larger operations have been stable and plan their activities with a longer term horizon. The harvest takes place mainly from January to May, with peak production reached in March and April.

Production of oranges has also increased in Nicaragua, near the border with Costa Rica as a result of lower land prices and favorable growing conditions. The local industry has partnered with Nicaraguan businessmen to plant orange groves in that country. According to data from the Costa Rican government, Costa Rica imported 65,555 MT of fresh oranges from Nicaragua during 2013 as compared to 84,673 MT in 2012. During the period January – October 2014, imports from Nicaragua amounted to 54,275 MT. The lower import volumes reflect the decline in production in the region during the last couple of years. The oranges from these plantations are trucked to Costa Rica for processing.

Government and industry estimates put area planted at around 21,000 ha. and 7.0 million orange trees, including area planted on the Nicaraguan side of the border. The number of trees is gradually increasing because most growers are planting or renovating their plantations with the "Flying Dragon" pattern, which allows for a higher number of trees per hectare. The "Flying Dragon" pattern is planted at approximately 966 trees per hectare, as compared to a range of 312 to 444 trees per hectare for other varieties. As this pattern takes hold, the number of trees should increase in the next few years as producers replant or renovate their farms using this variety.

Area planted is expected to remain stable in the near term. Government estimates indicate that area planted decreased from a peak of 25,000 ha. a few years ago to about 21,000 ha. currently. The citrus greening disease, which was identified in 2011 in Costa Rica, remains a major concern for producers. The disease is difficult to manage, increases production costs, and could result in high losses. So far, growers have been able to contain the disease and have established strict controls to that effect. According to industry sources, the disease has not caused significant losses so far and other pests, such as the root worm, cause more damage to citrus plantations in Costa Rica than citrus greening.

Orange production declined more than previously expected to 7.0 million boxes (40.824 kg.) during 2013/2014 as a result of bad weather conditions. Industry sources expect 2014/2015 to be one of the worst harvests on record. Total production could decline to about 6.0 million boxes. The main reason for the lower estimated production is related to a weather pattern that has been repeated during the last two years. The pattern has occurred as follows: the early rains at the beginning of the rainy season in April and May induce flowering of the trees in the main production area of Los Chiles. After a few days of rain, the dry weather resumes and the flowering is not supported by additional water, resulting in high stress for the trees and lower production. These conditions were even worse earlier this year, leading the industry to expect even lower yields than last year. At least one of the major companies is considering investing in irrigation in some of the most affected production areas in an effort to obtain higher and more stable yields. The delayed exit of the rainy season in some of the production areas, as observed by Post during a crop surveillance trip, may provide some relief to the trees in the drier production areas. Production should increase to at least 6.5 million boxes in 2015/2016, as new trees come into production and assuming that weather conditions follow a more normal pattern in the main production areas. Also, irrigation, although initially limited to some production areas, should result in higher and more stable yields.

Costa Rica exports the majority of its orange production as frozen orange juice concentrate, but also exports non frozen concentrate juice. According to information from the Costa Rican Trade Promotion Board (PROCOMER), during calendar year 2013, juice exports to all destinations amounted to 37,154 MT valued at $67.6 million. Data available for 2014 (for January-October), indicate that export value had reached $51.5 million, while export volume amounted to 29,429 MT.

The United States was Costa Rica's main destination for orange juice exports in 2013 and 2014. Exports to the U.S. reached 25,090 MT in 2013, valued at $49.6 million, and 20,268 MT valued at $40.2 million during the period January-October 2014. Other important destinations include the Netherlands, China, and Panama.

Costa Rican orange juice enters the United States duty free under the CAFTA – DR.

Commodities:

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