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Citrus Annual

2012

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Report Highlights:

Fresh orange production in Australia is forecast to fall by nearly 25 per cent to 340,000 metric tons in MY 2012/13. Exports are also forecast to fall to 90,000 metric tons and imports increase to 30,000 metric tons. The decrease in exports has been driven by the high Australian dollar and increased competition from South America. Low prices, particularly for juicing oranges have led some growers to leave fruit on the trees as it was uneconomical to harvest. Large volumes of fruit have also been turned into cattle feed.

Fresh Orange Production

Despite good fruit quality and size fresh orange production is forecast to fall in MY 2012/13 as lower domestic demand and exchange rate pressures have reduced returns to growers.

The above average rainfall across most growing areas in the last two years had allowed trees to recover well after the lengthy drought with the result that production had been average to above average. However, continued low prices have hurt many growers and there have been reports of trees being removed as production becomes uneconomical.

In Queensland there have been warnings about Asian citrus psyllid (greening disease) which if not managed well could be a major threat to the industry.

Orange Juice Production

Processing of the MY 2012/13 Navel crop is almost complete with a further reduction in volumes compared to last year. Harvest of the Valencia crop has just started but demand for juicing oranges is low. Juice varieties have been hardest hit by the high Australian dollar with large amount of fruit remaining unpicked or turned into cattle feed. Cooler temperatures during the last two summers may also have reduced the demand for juice. It is hoped that a return to higher temperatures this summer may increase domestic demand.

Exports

Exports of fresh oranges are forecast to fall to 90,000 metric tons with juice exports also expected to fall further. The record highs of the Australian dollar are forecast to continue and possibly increase which will continue to limit exports.

On the November 14th 2012 the Indonesian government agreed to release 700 containers of chilled Australian fresh fruit and vegetables, including some citrus which had been held by Indonesian Customs on the Jakarta and Surabaya docks for two weeks. The hold-up had occurred due to reports that oranges were being relabeled as mandarins to avoid tariffs. New auditing procedures will come into effect next month in an effort to avoid future problems.

Imports

Australia imported 25,000 metric tons of fresh oranges in MY 2011/12 and 29,500 metric tons of orange juice. Over 90 per cent of fresh orange imports consistently come from the United States of America while 80 per cent of orange juice imports come from Brazil.

With domestic production declining and the continuing high Australian dollar it is likely that imports will continue to increase.

Production, Supply and Demand Statistics

Oranges, Fresh Australia	2010/2011 Market Year Begin: Apr 2011		2011/2012 Market Year Begin: Apr 2012		2012/2013 Market Year Begin: Apr 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	19,500	19,500	19,400	19,400		19,350
Area Harvested	16,700	16,700	16,600	16,600		16,500
Bearing Trees	7,300	7,300	7,255	7,255		7,200
Non-Bearing Trees	1,190	1,190	1,180	1,180		1,100
Total No. Of Trees	8,490	8,490	8,435	8,435		8,300
Production	440	300	440	390		340
Imports	24	35	24	25		30
Total Supply	464	335	464	415		370
Exports	95	85	100	120		90
Fresh Dom. Consumption	229	150	234	167		170
For Processing	140	100	130	128		110
Total Distribution	464	335	464	415		370
HECTARES, 1000 TREES, 1000 MT						

Orange Juice Australia	2010/2011 Market Year Begin: Jul 2010		2011/2012 Market Year Begin: Jul 2011		2012/2013 Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	140,000	100,000	130,000	128,000		110,000
Beginning Stocks	166	166	835	576		276
Production	10,769	7,700	10,000	10,000		8,500
Imports	30,000	32,500	31,000	29,500		31,500
Total Supply	40,935	40,366	41,835	40,076		40,276
Exports	1,100	790	1,100	800		800
Domestic Consumption	39,000	39,000	40,000	39,000		39,000
Ending Stocks	835	576	735	276		426
Total Distribution	40,935	40,366	41,835	40,076		40,226
MT						

Seasonal conditions

Rainfall across the major citrus production areas in Australia has been well below average over the winter and spring (July – November). However because the past two years have seen above average rainfall the majority of trees have recovered well after the last drought and are not affected by this drier period.

There are mixed forecasts about the up-coming wet season with most predictions being well below the previous two years and likely a high degree of variability in rainfall across different regions.

Murray Darling Basin Plan

The Murray-Darling Basin Plan was passed by the Australian Parliament on the November 22, 2012. After an extended period of consultation and negotiation the reaction from most commodity groups is that the plan is not perfect but it is much better for farmers than the original. The ‘Plan’ is based on a return of 2750 gigalitres to the environment through a combination of water allocation buybacks and infrastructure improvements.

For citrus growers relevant changes will not be implemented until 2019 which provides ample time for adjustment but also the possibility that policies could change in the interim.

Deregulation

Citrus exports from Australia are partly regulated as a quality control measure. Only one United States importer has been registered to receive citrus exports from Australia and there are also restrictions on exports to China. A report recently provided to the Australian Federal Minister for Agriculture has recommended full deregulation of citrus exports. Similar to the wheat industry citrus growers are currently divided on the best course of action and the peak commodity group, Citrus Australia is drafting a recommendation to the Australian Government's Minister for Agriculture. However, unlike wheat, deregulation of citrus does not require new legislation, only a change in regulation which can be approved by the Minister alone.