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Report Highlights:

Orange production in marketing year (MY) 2020/21 is forecast to partially rebound after drought decimated last year's crop by nearly 40 percent. Residual soil health effects and low producer investments in orchard rehabilitation will prohibit full production recovery. Lack of government support for drought recovery, production inputs, and pest mitigation is likely to prevent significant sector growth in the coming years. While orange consumption is forecast higher than the previous MY, it is forecasted below average levels due to ongoing effects of COVID-19 sanitary measures. The hotel, restaurant, and institutional (HRI) sector in Mexico has been greatly affected by COVID-19, with capacity restrictions still in place, and significant permanent closures have occurred. As a result, a higher percentage of fruit is expected to be sent to the processing industry.

Fresh Orange

Planted Area

Orange planted area for MY 2020/21 (November/October) is forecast at 343,108 hectares (ha), a small increase from the previous MY, as producers continue to face soil and orchard effects from last year's severe drought. Financial effects from the ongoing COVID-19 pandemic have significantly lowered producer's cash flows and ability to rehabilitate orange groves. The recovery from last year's drought and permanent changes to weather patterns is expected to affect orange production more greatly than other citrus, as many orange trees are old and require more energy to produce fruit. Additionally, many small producers lack irrigation technology and have poor crop management practices, exacerbating production challenges. Large producers typically have irrigation infrastructure, apply fertilizers regularly, and undertake good agricultural practices. Lack of government support for drought recovery, production inputs, and pest mitigation is likely to prevent significant sector growth in the coming years.

Orange is the most prevalent citrus fruit planted in Mexico, with the state of Veracruz accounting for 50 percent of total planted area. Its high elevation, nutrient-rich soil, and high humidity make it ideal for citrus production. Other significant producer states include Tamaulipas, Nuevo Leon, Puebla, and Sonora, all of which are expected to see higher output than the previous MY due to good weather during the growing season.

National yields for MY 2020/21 are forecast at 13.3 metric tons per hectare (MT/ha). Yields differ widely depending on the production region due to weather, frequency of fertilizer and pesticide applications, tree density, and soil quality.

Production

The Post orange production forecast for MY 2020/21 is 4.01 MMT, a 58 percent increase from the previous MY due to a return to normal weather conditions in Veracruz, and based on information from industry sources. This forecast does not consider official information from the Agri-food and Fisheries Information System, based on a lack of accurate data collection efforts and reduced capacities due to the COVID-19 pandemic to carry out robust surveying of the sector. Mexico produces Valencia, Lane Late Navel, and Navelina varieties, and harvest occurs from November to May.

To date, the COVID-19 pandemic has not affected citrus production throughout the country, as the agricultural sector was deemed essential by the federal government. Producers have adopted a number of precautions and safety measures in the field, such as distance restrictions between workers while harvesting, and additional shifts at fruit packing plants to reduce employees present in the building at a given time. Consistent and stable supply chains have allowed for ample supplies and stable prices for final consumers.

Citrus Greening

Mexico continues to face challenges with citrus greening, or Huanglongbing (HLB). The disease, caused by bacteria introduced by psyllids, makes citrus trees produce misshapen, partially green fruit (taste is typically not affected but has no marketability for fresh consumption). Mexico's first detection was in 2009, and since then, the National Service of Agricultural Food Safety and Quality (SENASICA) has implemented a monitoring program for the disease. HLB has been detected throughout Mexico in citrus production areas. Producing states, including Veracruz, Tamaulipas, San Luis Potosi, and Nuevo

Leon, have had HLB detections. In 2019, Baja California had HLB positive detections along the California/Mexico border region.



Table 1: Top Producing States MY 2019/20

Orange (MY 2019/20)	Planted Area (ha)	Harvested Area (ha)	Production (mt)	Yield (mt/ha)
Total	342,885	271,226	2,530,433	9.3
Veracruz	170,353	137,350	1,230,942	9.0
Tamaulipas	33,592	29,232	310,222	10.6
San Luis Potosí	32,778	18,157	189,753	10.5
Nuevo León	25,820	22,906	179,705	7.8
Puebla	28,978	21,273	157,963	7.4
Others	51,364	42,308	461,848	10.9

Source: Producer Groups

Consumption

The Post forecast for MY 2020/21 orange consumption is 1.97 MMT, 23 percent higher than the previous MY, but below-average levels due to ongoing effects of COVID-19 sanitary measures. The HRI sector in Mexico has been greatly affected by COVID-19, with limited capacity restrictions still in place, and significant permanent closures have occurred.

Orange is the primary sweet citrus fruit consumed in Mexico, with an annual per capita consumption of 37.4 kg. Orange use is mainly for fresh-squeezed juice found in grocery stores and street-side juice stands. Contacts have observed a trend toward higher levels of fresh packaged juice sales. Fresh orange availability in the domestic market depends greatly on the volume of oranges sent for processing, as producers usually find higher returns selling to juice processors for export to the United States.

**Table 2: Wholesale Orange Prices (Pesos/Kg)
Mexico City**

Month	2019	2020	Change
January	4.8	8.82	84%
February	5.42	7.76	43%
March	4.7	8.18	74%
April	4.87	10.53	116%
May	5.39	13.07	142%
June	6.99	N/A	N/A
July	9.38	15.13	61%
August	12.2	13.64	12%
September	11.28	11.03	-2%
October	8.94	8.96	0%
November	7.04	7.02	0%
December	7.25	6.42	-11%

Source: National Market Information Service (SNIIM)

Trade

The Post export forecast for MY 2020/21 is 61,000 MT, due to strong U.S. demand for fresh consumption. Most of the oranges shipped to the United States are Navel oranges grown in Sonora, as the state is free of fruit fly. The Post forecast for MY 2020/21 imports is 30,000 MT. Mexico imports fresh oranges exclusively from the United States, primarily for fresh consumption at the border region, and to make up for processing supply shortfalls.

Fresh orange imports (HS 0805.10) from the United States are not subject to any duty under the U.S. Mexico Canada Agreement (USMCA) and are subject to phytosanitary inspection.

Table 3: Fresh Orange PSD

Oranges, Fresh	2018/2019		2019/2020		2020/2021	
Market Begin Year	Nov 2018		Nov 2019		Nov 2020	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	342,716	342,592	342,885	342,885	0	343,108
Area Harvested (HA)	318,168	329,560	271,226	271,226	0	301,890
Bearing Trees (1000 TREES)	64,795	64,795	54,830	54,830	0	61,580
Non-Bearing Trees (1000 TREES)	4,082	4,082	14,180	14,180	0	5,320

Total No. Of Trees (1000 TREES)	68,877	68,877	69,010	69,010	0	66,900
Production (MT)	4,639	4,716	2,530	2,530	0	4,010
Imports (MT)	29	30	31	31	0	30
Total Supply (MT)	4,668	4,746	2,561	2,561	0	4,040
Exports (MT)	60	60	60	63	0	61
Fresh Dom. Consumption (MT)	2,408	2,486	1,601	1,598	0	1,979
For Processing (MT)	2,200	2,200	900	900	0	2,000
Total Distribution (MT)	4,668	4,746	2,561	2,561	0	4,040

Frozen Concentrated Orange Juice (FCOJ) 65⁰ Brix

Production

The Post forecast for MY 2020/21 FCOJ production is 200,000 MT, an increase of 122 percent from the previous marketing year, on a rebound in fresh orange supplies from Veracruz.

Fresh Juice

Contacts indicate there is an increasing demand for fresh juice in both Mexico and the United States. As FCOJ demand decreases and prices drop, many producers are looking to invest in fresh juice production capacity. While switching from frozen concentrated to fresh production is not difficult, delivery logistics presents a challenge to widespread expansion. Fresh orange juice requires sophisticated and expensive refrigeration equipment for storage and transport. Additionally, the volume of product needed for the fresh product is much higher than FCOJ. In Veracruz, a large juice company built containers capable of storing up to 20 million liters of fresh juice to have availability all year round.

By-Product

Juice processing companies also produce essential oils for the disinfectant and perfume industry. Orange peel is used to obtain pectin, which has many applications in the food and baking industry. Additionally, orange peel and pith are often given to the livestock sector for feed.

Consumption

The Post consumption forecast for MY 2020/21 is 6,000 MT, 48 percent higher than the previous MY, due to increased supplies. However, decreased demand from the HRI sector during ongoing Covid-19 sanitary measures will keep levels below average. Final FCOJ consumption will depend on the reactivation of the HRI sector, which remains highly uncertain at this time. Industry reports that optimal stock levels are approximately 2,000 MT, as a certain amount is needed for blending during the production process.

Trade

The Post export forecast for MY 2020/21 is 195,000 MT, due to higher production and strong demand from the United States, the main market for FCOJ exports from Mexico. Mexico imports a small amount of orange juice for supermarkets or small processors. The Post forecast for MY 2020/21 imports is 1,000 MT.

Based on a 2011 agreement, Mexico may export 8,000 MT of FCOJ to Japan under a reduced five percent tariff (the most favored nation tariff is 20 percent). Mexico may also export 30,000 MT of

FCOJ to the European Union at a reduced tariff of 15 percent based on the Mexico-EU free trade agreement. However, the U.S. market is viewed as more lucrative and preferred by Mexican exporters. HS codes for FCOJ are 2009.11, 2009.12, and 2009.19.

Table 4: Frozen Concentrated Orange Juice PSD

Orange Juice	2018/2019		2019/2020		2020/2021	
Market Year Begins	Nov-18		Nov-19		Nov-20	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors (MT)	1,950,000	2,200,000	1,955,000	900,000	1,955,000	2,000,000
Beginning Stocks (MT)	2,000	2,000	5,317	20,000	5,317	2,000
Production (MT)	195,000	220,000	195,500	90,000	195,500	200,000
Imports (MT)	853	1,000	860	850	860	1,000
Total Supply (MT)	197,853	223,000	201,677	110,850	201,677	203,000
Exports (MT)	183,536	195,000	190,577	104,850	190,577	195,000
Domestic Consumption (MT)	9,000	8,000	9,100	4,000	9,100	6,000
Ending Stocks (MT)	5,317	20,000	2,000	2,000	2,000	2,000
Total Distribution (MT)	197,853	223,000	201,677	110,850	201,677	203,000

Fresh Lemon/Lime

Planted Area

Mexico is typically the world's second-largest producer of limes, and the fruit is the second-largest planted citrus crop in Mexico after oranges. The Post forecast for MY 2020/21 (November-October) planted area is 209,120 ha, with harvested area forecasted at 178,416 ha. Lemons and limes are harvested throughout the year, with peak levels obtained between May and October. Lime production is more resilient than other citrus due to widespread production (28 states), more robust irrigation infrastructure, and young and efficient trees.

Persian Lime

The state of Veracruz is the leading Persian lime producer, with year-round production. Planted area for MY 2020/21 is forecast at 103,742 ha, on increased investments in the field and supply chain to meet both local and international demand. The national yield in MY 2019/20 reached 17.4 MT/ha, with Veracruz reaching 21.2 MT/ha and Oaxaca 13.3 MT/ha. The Persian lime industry is dominated by large producers who have achieved economies of scale. Persian lime trees in Veracruz are newer and more efficient, with 12 blooms or harvests per year.

Key Lime

The state of Michoacán is the leading Key lime producer in Mexico, followed by Colima. Planted area for MY 2020/21 is expected to reach 96,672 hectares. During MY 2019/20, national yields reached 15.23 MT/ha, with Michoacán at 16.23 MT/ha, and Colima at 14.46 MT/ha, based on information from industry sources. Michoacán has a winter production window (December to February) that allows this variety of lime to enter the domestic market first.

Production

The principal lime producing states are Michoacán, Veracruz, Oaxaca, and Tamaulipas. The Post production forecast is 2.87 MMT, six percent higher than the previous MY due to good weather and ample investments in irrigation systems and agronomic best practices.

Persian Lime

Persian limes are grown in northern Veracruz, with smaller scale production in Chiapas, Tabasco, Oaxaca, Puebla, Jalisco, and Yucatan.

Key Lime

Key limes are grown along the Pacific coast in the states of Colima, Michoacán, Guerrero, and Oaxaca. Production is year-round, with Michoacán supplies available during the winter season, and production in Colima covering demand from May through September. Oaxaca and other states cover the rest of the year. Key lime is the most widely cultivated variety, and most popular for domestic consumption.

Italian (Eureka) Lemon

Italian lemons are grown in the states of Tamaulipas, Yucatan, San Luis Potosi, Colima, and Nuevo Leon. Recently, producers in Veracruz have invested in production, with positive results. According to industry sources, MY 2020/21 lemon production is forecasted at 135,320 MT on approximately 9,864 ha.

By-Product

Limes are also used in industrial processing (pharmaceutical products), essential oils (flavorings, perfumes, and soaps), concentrated juices, and extracts. After processing, peels are used for livestock feed and pectin.

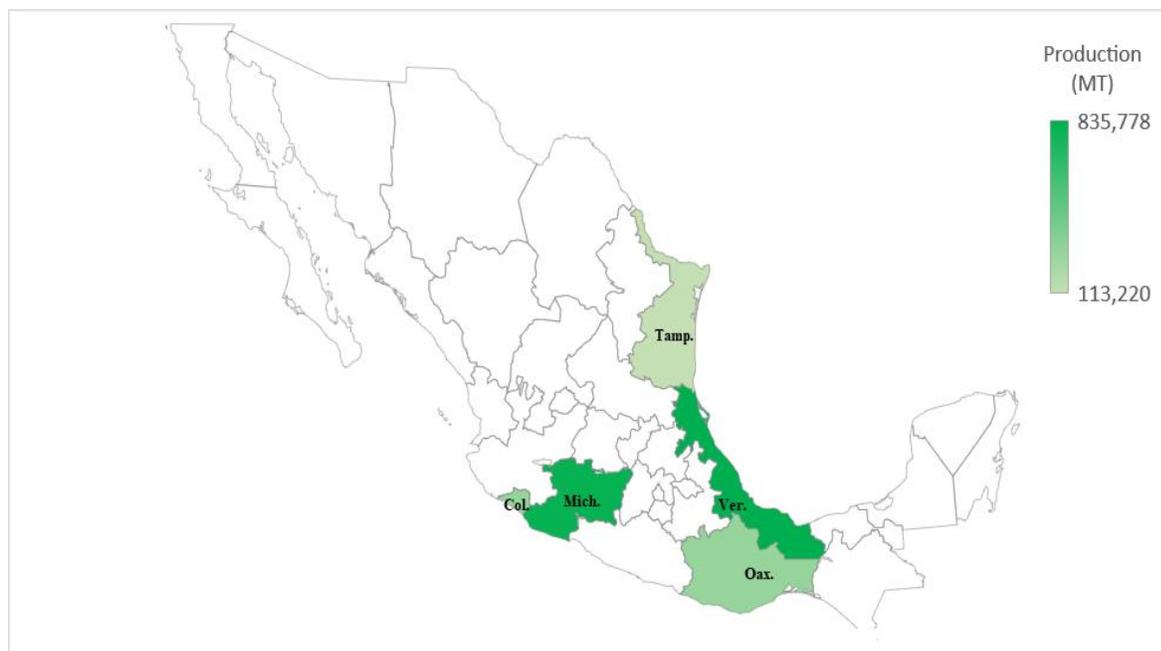


Table 5: Top Lime-Producing States MY 2019/20

Limes	Planted Area (ha)	Harvested Area (ha)	Production (mt)	Yield (mt/ha)
Total	207,838	175,579	2,716,988	15.5
Veracruz	48,067	39,446	835,778	21.2
Michoacán	63,897	50,528	810,860	16.0
Oaxaca	21,677	20,668	278,399	13.5
Colima	19,269	19,181	277,642	14.5
Tamaulipas	8,253	5,009	113,220	22.6
Others	46,675	40,746	401,089	9.8

Source: Producer Groups

Consumption

The Post lemon/lime consumption forecast for MY 2020/21 is 1.67 MMT, on expected higher production and increased demand for vitamin C containing products. Despite COVID-19 sanitary measures limiting capacity in the HRI sector, high demand from the grocery and retail sectors, and increasing prevalence of take-out offerings have supported demand.

Depending upon U.S. demand, approximately 50-60 percent of Persian limes from Veracruz goes to the export market. Persian limes that do not meet high export quality requirements are sold on the domestic market. Most Key limes go to the fresh domestic market, with approximately 16-20 percent to processing. Producers from Colima and Michoacán indicate that roughly 30 percent of their limes go to processors. Italian lemon producers in Tamaulipas suggest that approximately 40 percent of production there is exported, and 60 percent is sent to the juice processing industry.

Trade

The Post lemon/lime export forecast for MY 2020/21 is 852,000 MT, six percent higher than the previous MY as lime demand in the United States is expected to remain strong. Mexico is the top supplier of limes to the United States, and accounts for over 80 percent of total exports. Lemon/lime imports for MY 2020/21 are forecast at 3,000 MT.

Mexico's tariff rate on imported limes from the United States is zero percent under USMCA. Other countries have a 20 percent duty. The HS Code for lemons/limes is 08.05.50.

**Table 6: Key Lime Wholesale Prices
(Pesos/Kg) Mexico City**

Month	2019	2020	Change
January	4.63	5.03	9%
February	7.29	5.89	-19%
March	11.8	11.78	0%
April	7.92	13.11	66%
May	5.54	10.37	87%
June	4.84	N/A	N/A

July	6.27	9.05	44%
August	8.65	10.68	23%
September	9.16	10.09	10%
October	8.08	6.4	-21%
November	6.08	4.97	-18%
December	5.86	4.41	-25%

Source: SNIIM

**Table 7: Persian Lime Wholesale Prices
(Pesos/Kg) Mexico City**

Month	2019	2020	Change
January	7.31	11.91	63%
February	10.66	10.11	-5%
March	17.27	11.96	-31%
April	18.62	13.33	-28%
May	16.77	12.61	-25%
June	10.2	N/A	N/A
July	7.86	8.45	8%
August	10.52	12.33	17%
September	14.2	11.88	-16%
October	12.5	10.48	-16%
November	11.5	10.59	-8%
December	11.57	7.65	-34%

Source: SNIIM

Table 8: Fresh Lemon/Lime PSD

Lemons/Limes, Fresh	2018/2019		2019/2020		2020/2021	
Market Begin Year	Nov 2018		Nov 2019		Nov 2020	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	204,554	204,554	208,000	207,838	0	209,120
Area Harvested (HA)	177,024	180,915	163,120	175,579	0	178,416
Bearing Trees (1000 TREES)	51,030	51,030	45,118	45,118	0	49,462
Non-Bearing Trees (1000 TREES)	6,555	6,555	11,124	11,124	0	7,142
Total No. Of Trees (1000 TREES)	57,585	57,585	56,242	56,242	0	56,604
Production (MT)	2,401	2,686	2,199	2,717	0	2,870
Imports (MT)	4	4	3	3	0	3
Total Supply (MT)	2,405	2,690	2,202	2,720	0	2,873
Exports (MT)	751	751	755	801	0	852

Fresh Dom. Consumption (MT)	1,257	1,542	1,140	1,412	0	1,671
For Processing (MT)	397	397	307	507	0	350
Total Distribution (MT)	2,405	2,690	2,202	2,720	0	2,873

Fresh Grapefruit

Crop Area

Grapefruit planted area for MY 2020/21 (November/October) is forecast at 21,480 hectares on increased demand for juice and fresh production for export. Veracruz accounts for 38 percent of planted area, and Michoacán 28 percent. Nearly 80 percent of planted area is rain-fed, while Michoacán relies on irrigation systems. Grapefruit yields for MY 2020/21 are forecast at 25.9 MT/ha.

The costs of inputs like fertilizers, pesticides, and other agrochemical products have risen in recent years, and local governments in Veracruz delivered environmentally friendly insecticide for up to 32,824 hectares to assist in combatting pests and other tree diseases.

In Michoacán, 796 producers harvest red grapefruit varieties from April to October/November. Producers typically receive higher prices than those in Veracruz, as their fruit enters the market earlier in the season.

Production

Production for MY 2020/21 is forecast at 495,000 MT on stable weather conditions. Mexico produces red, pink, and white grapefruits. Red pulp varieties Star Ruby and Rio Red are grown mainly in Campeche, Michoacán, Nuevo León, Tamaulipas, and Veracruz, and are the most demanded. White varieties are produced in Tamaulipas and Veracruz for juice and fresh consumption.

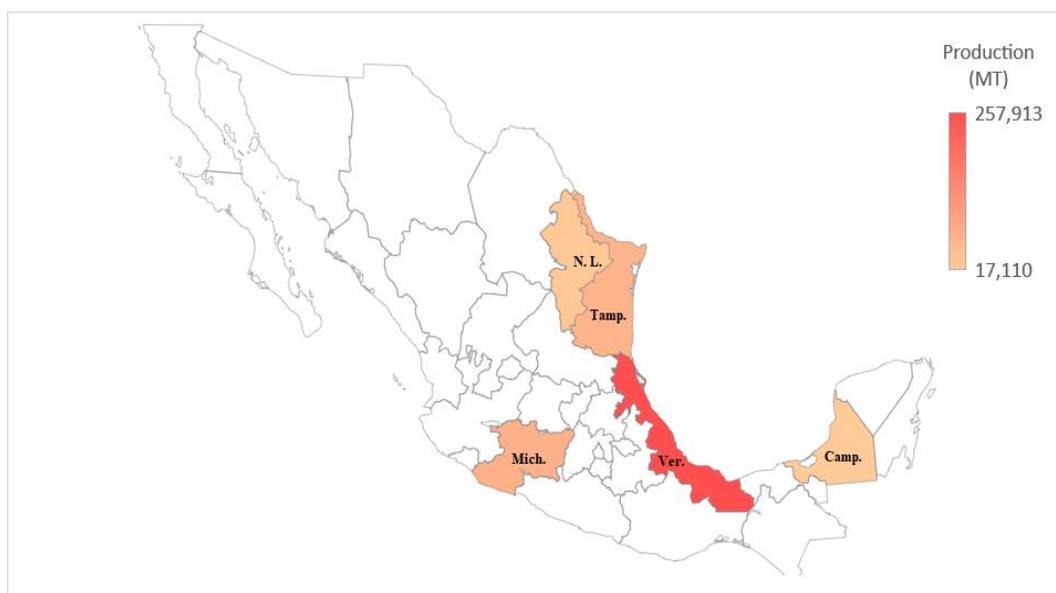


Table 9: Top Grapefruit Producing States MY 2019/20

Grapefruit	Planted Area (ha)	Harvested Area (ha)	Production (mt)	Yield (mt/ha)
Total	21,294	18,210	514,427	28.3
Veracruz	8,003	6,501	281,913	43.4
Michoacán	6,023	4,891	77,207	15.8
Tamaulipas	2,205	1,958	67,774	34.6
Nuevo León	2,039	1,847	32,192	17.4
Campeche	591	580	20,410	35.2
Others	2,434	2,432	34,931	14.4

Source: Producer Groups

Consumption

Grapefruit use is mainly for fresh-squeezed juice, with per capita fresh consumption averaging 3.7 kg. Post consumption for MY 2020/21 is 381,000 MT, 11 percent higher than the previous MY, due to increased production and consumer interest in vitamin C containing products during the ongoing COVID-19 pandemic.

Approximately 20 percent of annual grapefruit production is sent for processing. However, that estimate depends on demand for either peeled fruit or juice in international markets. The MY 2020/21 forecast of grapefruit for processing is 94,000 MT.

Trade

Grapefruit exports for MY 2020/21 are forecast at 21,000 MT. Nuevo Leon is the largest exporter of grapefruit in Mexico. While demand from Japan, France, and the Netherlands is stable, most exports go to the United States due to logistical advantages. Grapefruit imports for MY 2020/21 are forecast at 1,000 MT.

Mexico's tariff rate on imported grapefruit from the United States is zero percent under USMCA, and other countries have a 20 percent duty. Most imports are from the United States due to market integration and transportation advantages. The HS Code for grapefruit is 08.05.40.

**Table 10: Red Grapefruit Wholesale Prices
(Pesos/Kg) Mexico City**

Month	2019	2020	Change
January	8.73	11.64	33%
February	8.61	10.8	25%
March	8.64	10.12	17%
April	9.36	11.13	19%
May	9.98	12.2	22%
June	11.61	N/A	N/A
July	12.53	15.95	27%
August	11.25	13.35	19%

September	9.54	11.43	20%
October	10.65	10.7	0%
November	11.17	8.88	-21%
December	10.99	8.4	-24%

Source: SNIIM

Table 11: Fresh Grapefruit PSD

Grapefruit, Fresh Market Begin Year	2018/2019		2019/2020		2020/2021	
	Nov 2018		Nov 2019		Nov 2020	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	20,918	20,918	21,294	21,294	0	21,480
Area Harvested (HA)	19,100	19,600	18,344	18,210	0	19,120
Bearing Trees (1000 TREES)	6,045	6,045	5,310	5,310	0	5,985
Non-Bearing Trees (1000 TREES)	465	465	1,178	1,178	0	612
Total No. Of Trees (1000 TREES)	6,510	6,510	6,488	6,488	0	6,597
Production (MT)	456	473	350	460	0	495
Imports (MT)	2	2	1	1	0	1
Total Supply (MT)	458	475	351	461	0	496
Exports (MT)	20	20	18	23	0	21
Fresh Dom. Consumption (MT)	344	361	254	343	0	381
For Processing (MT)	94	94	79	95	0	94
Total Distribution (MT)	458	475	351	461	0	496
TS=TD	0	0	0	0	0	0

Citrus Harvest Calendar

Citrus	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Orange	*	*	*	*	*	*	*					
Lime/Lemon	*	*	*	*	*	*	*	*	*	*	*	*
Grapefruit	*							*	*	*	*	*

Attachments:

No Attachments