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Mexico

Citrus Annual

2013 Report

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Report Highlights:
Citrus production in Mexico thus far in MY 2013/14 has been affected by different adverse weather events. Post forecasts MY 2013/14 fresh orange, lemon/lime, and grapefruit production at 3.9 million metric tons (MMT), 2.0 MMT, and 418,000 MT respectively. Post forecasts MY 2013/14 exports of fresh orange, lemon/lime, and grapefruit at 30 MT, 530,000 MT and 19,000 MT respectively, with no important changes compared to MY 2012/13. Frozen concentrated orange juice (FCOJ) production for MY 2013/14 is expected to be lower compared to last year's levels.

Commodities:
Oranges, Fresh
Lemons, Fresh
Grapefruit, Fresh
Orange Juice

FRESH ORANGES

PRODUCTION

Fresh orange production has been negatively affected the past two marketing years by dry weather conditions that began in 2010 in the northern states of Mexico. For MY 2013/14 production has been affected by extreme weather, including cold conditions, drought, and areas of excess rainfall due to hurricanes (in September and October 2013). Some areas in the Yucatan Peninsula enjoyed timely rain, but other areas in Northern Veracruz and Tamaulipas were damaged by excessive rainfall. Although there is no official Mexican forecast for orange production for MY 2013/14 (November/ October), Post's forecast is about 3.9 million metric tons (MMT). Weather conditions for MY 2012/13 improved for some areas and the New Post fresh orange production estimate is about 4.0 MMT. In MY 2012/13, Veracruz production increased while the state of Nuevo Leon was affected by dry weather conditions and production decreased. New Post orange production estimate for MY 2011/12 was revised upward from previous estimates based on official information.

Veracruz is the most important producer of fresh oranges in Mexico with almost 50 percent of overall production, followed by the states of Tamaulipas, with 12.6 percent, San Luis Potosi with 9.7 percent and Nuevo Leon with 5.8 percent of total production. The vast majority of Mexican orange production is Valencia or other juice variety.

Area planted for MY 2013/14 is not expected to increase from MY 2012/13 area. The dry weather conditions forced some growers to abandon groves due to lack of water. Area planted for MY 2012/13 was revised upward and area harvested was revised downward based on official data. Area planted and harvested for MY 2011/2012 was revised downward based on official data. The change in planted area in general has been minimal still reflecting adverse weather conditions affecting overall production. Some growers have been abandoning groves, due to high production costs, wide swings in fresh orange prices, unfavorable weather conditions and marketing channel distribution problems. Any production increases over the last several years have been due to increased tree planting density rather than an expansion of planted area.

National orange yields for MY 2013/14 are forecast to be slightly lower, at approximately 11.9 metric tons per hectare (MT/ha), compared to MY 2012/13 average yields of 12.2 MT/ha. Regional orange yields differ widely depending on the production area. The variation in yields is caused by many factors, including weather, frequency of fertilizer and pesticide applications, tree density, and soil quality. Typically, Veracruz orange yields range from 10 to 20 MT/ha, Nuevo Leon yields range from 12 to 20 MT/ha, and San Luis Potosi yields range from 7 to 13 MT/ha.

Production costs vary amongst citrus regions. The average cost of production for a traditional grove with minimally-intensive cultivation in Veracruz is approximately 6,200 to 10,500 pesos/ha (U.S. $468/ha to $792/ha), while the cost for a more intensively farmed grove in Veracruz is between 12,300 to 18,500 pesos/ha (U.S. $928.30/ha to $1,396.25/ha). The cost of production in Sonora is higher and ranges from 18,500 to 25,700 pesos/ha (U.S. $1,396.22/ha to $1,939.60/ha) due to higher costs for irrigation and quality control (the state is in a fruit fly-free area, a status which requires more maintenance expenditures). Costs in Nuevo Leon are generally higher than those in Veracruz because of pump irrigation, fertilizer use, and pest control, and range from 11,800 to 17,500 pesos/ha (U.S.

$890.56/ha to $1,320.75/ha). These last inputs account for approximately 40 percent or more of total Nuevo Leon production costs. Costs are, in general, increasing due to the rising cost of fertilizers. For example Ammonium Nitrate costs have increased from 6,600 pesos/MT in September 2012 to 6,760 pesos/MT in September 2013 (US$501.90/MT to US$510.18MT). Also, growers have to consider phytosanitary costs like maintaining fruit fly-free areas. Some areas in the states of Nuevo Leon, San Luis Potosi and Tamaulipas have been declared as free of fruit fly. Fruit fly-free status greatly enhances a region's ability to export product.

Orange prices depend on domestic demand, demand from the processing industry as well as transportation costs and available supply. Farm gate prices in Nuevo Leon (Oct.) for early oranges were approximately $1,300 to 1,500 pesos/MT on the tree (US$98.11/MT to US$113.20/MT) for MY 2013/14, whereas in MY 2012/13, prices went as low as $800 pesos/MT (US$62.20/MT). Farm gate prices for the last months of MY 2012/13 in Veracruz and Tamaulipas were low at about $700 pesos/MT (US$52.83/MT); the new crop 2013/14 could reach $1,000 pesos/MT (US$75.47/MT). Due to some problems with the dry weather still present in northern states, processors are buying fruit at about $700/MT (US$52.83/MT). Transportation costs from Veracruz to Mexico City are usually 380 to 600 pesos per MT (U.S. $28.67 to $45.25 per MT) for same day delivery. Transportation costs continue increasing due to rising fuel prices.

CONSUMPTION

Fresh orange consumption for MY 2013/14 is forecast to be higher compared to MY 2012/13, with prices tending to be good as the fresh market is forecast to carry enough fruit. Most of the oranges in the fresh market are destined for domestic fresh squeezed juice. A limited amount of oranges are consumed as fresh fruit. Final domestic consumption estimates will depend on the final volume of oranges purchased by the processing industry and the margins between domestic orange prices and international juice prices. New Post fresh orange consumption estimates for MY 2012/13 were revised downward from previous estimates as the processing industry attracted more oranges than expected. New Post consumption estimates for MY 2011/12 were revised upward from previous estimates as there were more fresh oranges available than expected.

October 2013 early wholesale Valencia orange prices in Mexico City from Veracruz started at approximately $3.50 pesos/Kg (US$0.26/Kg) slightly higher in comparison to the same time last year. However, prices are dropping as more oranges become available as the Veracruz harvest picks up.

TRADE

Orange exports for MY 2013/14 are forecast to decrease slightly compared to the previous year due to a smaller crop. Final export numbers will depend on U.S. demand and orange supplies from California and Florida. New Post export estimate for MY 2012/13 was revised upward, due to a larger crop. Most of Mexico's oranges exported to the United States are from Sonora, a state that produces exceptionally high-quality oranges, most of which are Navels. In recent years, producers in Nuevo Leon have increased their orange exports to both the United States and Canada. The United States continues to be the largest export market for Mexican oranges.

Orange imports for MY 2013/14 are forecast to be slightly lower compared to MY 2012/13 imports, or about 25,000 MT. Most orange imports depend on demand from the U.S.-Mexico border region. However, due to the dry season experienced in northern Mexico, demand for imported product has been strong, and according to traders, the availability of oranges in August/September (after the northern domestic crop) has been welcome. The New Post estimates for orange imports for MY 2012/13 were revised downward due to a lower demand from the border region due to a larger domestic crop. Despite higher prices for imported product, fresh oranges sell well.

U.S. oranges exported to Tijuana, Baja California at the wholesale market in August/ September 2013 were $90 to $120 pesos/20-kg box (U.S. $6.79 to $9.05/box), while at the same time in 2012 prices were $150 to $165 pesos/20-kg box (U.S. $11.53 to $12.69/box). Mexico is a price-sensitive market and U.S. orange prices are relatively high compared to domestic prices. The import estimate for MY 2011/12 remains unchanged.

FRESH LEMONS

PRODUCTION

Key limes and Persian limes are economically significant for Mexico. Mexican Key limes are grown along the Pacific coast in the states of Colima, Michoacán, Guerrero, and Oaxaca. Meanwhile, most Persian limes are grown in a micro-climate in northern Veracruz with smaller scale production in Tabasco, Oaxaca, Puebla, Jalisco and Yucatan.

Weather has been more favorable in 2013 for limes in Mexico compared to recent years where limes went through cold and dry weather conditions. However, due to hurricanes in October Michoacán had heavy rainfall and in November, Veracruz also had excessive rainfall. There is not yet an official production forecast for MY 2013/14 (November/October) for Key limes and Persian limes, but post estimates it to be at 2.0 MMT as more area is expected to come into full production. Production of Persian limes is expected to be good as analysts expect beneficial weather in the state of Veracruz throughout 2014. The state of Michoacán is also expected to have good weather for the production of Key limes.

New Post lime production for MY 2012/13 was revised downward from previous estimates as the state of Colima is expected to have a 15-20 percent fall in production due to Citrus Greening disease. However, in general, producers indicated that both Persian and Key limes are going through overproduction problems. New Post MY 2011/12 lime production was revised downward based on official data.

Good international market prices and fewer phytosanitary concerns have led to increased planted area for both Persian and Key limes. Planted area for Persian limes has grown from 42 percent of total lime area in 2010 to 47 percent in 2012. Key lime area decreased from 54 percent of total area in 2010 to 50 percent in 2012. The Persian lime area planted in Veracruz has grown at a faster rate than that of Key limes.

Michoacán and Colima are the main Key lime producing states. Key lime planted area has increased at slower rates due to domestic price swings. Michoacán has an excellent winter production window

(December to February) that allows its Key limes to enter the domestic market first. As such, planted area has tended to expand more rapidly in this state. According to producers, the domestic market is saturated with Key limes and a substantial increase in Michoacán's planted area could reduce prices for Key limes in the international market. It has become current practice for Michoacán producers to suspend harvest during the course of the year to prevent oversupplying the domestic market and subsequent low prices. Veracruz is the main Persian lime producer. More than 25 percent of the Persian lime groves in Veracruz use micro-jet irrigation, or other irrigation systems, and produce year-round. Most of the irrigated Key lime groves are in the states of Michoacán and Colima and are able to produce year-round. In contrast, almost all of the planted area for Key limes in Guerrero and Oaxaca is rain fed. In Colima, about half of the Key lime groves have coconut palm trees interplanted with Key lime trees in order to increase producer revenue. However, Colima has problems with citrus greening (See Policy Section) and area planted has decreased about 6.3 percent from 2010 area. Yields for Colima have also decreased from an average of 20 MT/Ha to an expected 14.3MT/Ha in MY 2012/13. Overall planted area for limes for MY 2013/14 is forecast to have marginal growth to 170,000 hectares. Estimates for planted and harvested areas for MY2012/13 remain unchanged and planted and harvested areas for MY 2011/12 were revised downward based on official information. Michoacan and Veracruz have been the only states to increase planted area.

The Persian lime industry tends to be dominated by large producers who have achieved economies of scale. Rain-fed Persian lime production costs average between 13,000 pesos/ha to 20,600 pesos/ha (US $981.13/ha to $1,554.71/ha). Intensive production areas can have production costs as high as 31,000 pesos/ha or more (US $2,339.62/ha) in Veracruz. Production costs are affected by imported herbicide and fertilizer prices.

The cost of production for Key limes varies according to cultivation practices and technology. In the most important Key lime producing states (Oaxaca, Colima and Michoacán), production costs can vary from $10,300 pesos/ha to 22,250 pesos/ha (US $777.35/ha to $1,679.24/ha), and can increase to 33,460 pesos/ha (US $2,525.28/ha) for intensively managed areas.

Transportation costs from Veracruz to the U.S. border are approximately $14,000 to $18,000 pesos/trailer (US $1,056 to $1,358.49/trailer), depending on fuel prices and truck availability. Packing plant input costs have increased as well in the last few years mainly due to exchange rate fluctuations that make imported goods, such as the boxes to pack the fruit, more expensive.

Persian and Key lime yields vary widely depending on production conditions. The average yields for Persian limes in Veracruz range from 8-16 MT/ha, depending on cultivation practices, but some yields are as high as 25 MT/ha. Key lime yields average between 7-12 MT/ha, with a few well-tended groves reaching 30 MT/ha. Grower prices for Persian limes range from $600-$3,000 pesos/MT (U.S. $45.28/MT to $226.41/MT) for the domestic market, and $3,000-$9,000 pesos/MT or more (U.S. $226.41/MT to $679.24/MT) for the export market. Grower prices for Key limes fluctuate more than prices for Persian limes depending on the season and the producing state. On average, Key lime grower prices range from $900-3,400 pesos/MT (U.S. $67.92/MT to $256.60/MT). Although Key lime production is year round, production in Michoacán targets the winter season (October to February), while production in Colima covers demand from May through September. Oaxaca and other states cover the rest of the year.

Italian lemons (EUREKA) are grown in the states of Tamaulipas, Yucatan, San Luis Potosi, and Colima. In the 1990's, producers in Tamaulipas and San Luis Potosi began producing lemons on a contract basis for a soft-drink bottler to be used for juice and lemon oil. However, after the contract ended in 2006, growers began exploring the international market. Producers in the state of Yucatan began producing lemons for the bottling company once the Tamaulipas contract ended. According to sources, Tamaulipas has about 10,000 hectares of Italian lemons planted that produce between 70,000-80,000 MT most of them for processing. Yucatan has about 2,300 hectares with a production of about 62,000 MT. In October 2013 the prevailing prices increased to almost $3,500 pesos/MT (US $264.15/MT) in the international market, which caused the domestic juice industry some problems as they had been buying at $2,500/MT (US $188.67/MT). Last October 2012 the prevailing price of $2,200 pesos/MT (U.S. $169.23/MT) plummeted to about $1,100 pesos/MT (U.S. $84.61/MT) for processing due to international overproduction.

CONSUMPTION

Domestic consumption of both Key and Persian limes in Mexico depends largely on prices as well as the volume of limes exported. Consumption for MY 2013/14 is forecast at about 1.1 MMT, marginally higher compared to the previous year. New Post consumption estimates for MY 2012/13 were revised downward from previous estimates as demand was slower due to higher prices. While Persian limes are being exported, domestic prices tend to be higher and demand falls. New Post domestic consumption for MY 2011/12 was revised downward due to a lower demand and higher exports than expected.

Depending upon U.S. demand, approximately 50-60 percent of Persian limes from Veracruz, or about a third of total Persian lime production, goes to the export market. Persian limes that do not meet the higher quality requirements of the export market are consumed within Mexico. On the other hand, most Key limes go to the fresh domestic market, but exports have been increasing. In general, approximately 16-20 percent of total Key lime production goes to processing. Producers from Colima and Michoacán indicate that approximately 30 percent of their limes go to processors. Italian Lemon producers in Tamaulipas indicate that about 40 percent of their production goes to the export market and 60 percent goes to the juice processing industry. Italian Lemon producers from other states indicate that about 35 percent of their production is for fresh consumption. Official estimates of processing industry demand are unavailable.

Mexican Key limes and Persian limes compete for the same market. When Key limes and Persian limes are both present in the domestic market during peak season, prices are relatively low. When the Persian lime harvest season is at its peak (June to September), prices for both tend to fall. After two to three months, when Persian lime growers begin to export, prices for Persian limes increase and remain high until April or May when exports decrease and both crops compete for the fresh domestic market. Key limes from Michoacán, Colima, and Oaxaca are sold on the wholesale market in 18-20/kg boxes while those from Guerrero are sold in 20-22/kg bags. Persian limes are sold in wholesale markets in 50-100/kg bags.

TRADE

Mexican Persian and Key lime exports for MY 2013/14 are expected to see continued strength and are forecast at about 530,000 MT. However, exports depend heavily on international demand from Europe,

the United States and exchange rate swings. Persian and Key lime New Post exports for MY 2012/13 were revised upward from previous estimates as demand was strong. International prices for MY 2012/13 increased about 5 to 8 percent compared to MY 2011/12 prices. Average prices for Persian limes during MY 2011/12 were U.S. $446/MT whereas during MY 2012/13 prices increased to about U.S. $558/MT. New Post exports for MY 2011/12 were revised upward from previous estimates to 625,000 MMT as international demand was very good.

The spring Persian lime harvest begins in early April and, depending on prices, is usually shipped to European markets before being shipped to the United States. According to exporters, a good price for Persian limes is about U.S. $40 per 40-pound box. However, U.S. prices for January/February 2013 were lower at about U.S. $22 to $24 per 40-pound box. Producers indicate that part of the price issue was the overproduction of limes in Mexico. Lime exporters continue to expand into the European and Japanese markets, but still supply about 40 percent of the U.S. and Canadian markets. International prices for Persian limes began October/November 2013 at U.S. $10 to $13 per 40-pound box and it is expected that prices will increase.

Lime imports continue to be minimal due to ample domestic supplies. MY 2013/14 imports are forecast at 1.1 MMT similar to imports for MY 2012/13. New Post lime imports for MY 2012/13 are expected at about 1.1 MMT. Imports for MY 2011/12 were 1.5 MMT. Mexico's tariff rate on imported limes from the United States is zero percent under NAFTA. Other countries have a 20 percent duty. However, due to harsh weather conditions in different regions of Mexico and adverse phytosanitary conditions caused by freezing temperatures and citrus greening disease, domestic prices increased significantly during April/May 2013 prompting the Mexican government to allow duty-free imports. However, the 20 percent duty to third countries was put in place again on December 13, 2013 as published in the *Diario Oficial* (Federal Register). Duty free imports during this time were not significant.

There is no data available regarding Italian lemon exports as the commodity is grouped in the lemon/lime tariff line. However producers indicate they plan to export about 30,000 MT for MY 2103/14.

FRESH GRAPEFRUIT

PRODUCTION

There is not yet an official forecast for grapefruit production for MY 2013/14 (November/ October), but according to industry sources, production is forecast to be 418,000 MT slightly lower compared to last MY 2012/13. Weather during 2013 has been dry in growing areas of Nuevo Leon and Tamaulipas but slightly better for Veracruz. Michoacan enjoys better weather conditions. New production estimates for MY 2012/13 were revised upward from previous estimates due to higher yields than expected. New production estimates for MY 2011/12 were also revised upward based on official data despite dry weather conditions.

Area planted has fluctuated between 17,000-19,000 hectares, depending on price variations and weather conditions. Area planted for MY 2013/14 is forecast to increase only marginally as costs of production have increased. Also, the rate of growth in newly developed areas in Michoacán has slowed down. Area planted and harvested for MY 2012/13 was revised downward from previous estimates due to the impact of unusually dry weather. Area planted for MY 2011/12 was revised downward and area harvested was revised upward from previous estimates based on official data.

Although Veracruz has increased some planted area, abandoned or damaged areas in other parts of the state have offset this growth. Costs of production for grapefruit fluctuate between $11,500 to $22,000 pesos per hectare (US $868.00 to $1,660.38/ha). Production costs associated with pest control tend to be higher in Veracruz than in Michoacán, but Michoacán costs associated with irrigation are higher than Veracruz, as almost 80 percent of Veracruz grapefruit area is rain-fed. Generally, input costs have increased due to higher prices for imported fertilizers, pesticides, and other agrochemical products.

There are two types of grapefruit planted in Mexico: the red table varieties and the white-fleshed varieties. The red table varieties are produced in Tabasco, Campeche, Michoacán, Nuevo León, Tamaulipas, and Veracruz and are mainly for export purposes as fresh fruit and peeled slices to the United States and Europe. White-fleshed varieties are produced in Tamaulipas and Veracruz and are used for juice production or for peeled slices. According to growers, planting of red varieties over the last couple of years has increased because of the higher export demand.

According to growers and the industry, approximately 20 percent of grapefruit production is destined for processing. However, that estimate largely depends on demand for peeled fruit in the international market and demand for juice in the domestic and international markets. The MY 2013/14 forecast of grapefruit destined for processing is expected to be similar to that of MY 2012/13 or 85,000 MT as demand from the peeled fruit industry is expected to be good. Grapefruit for processing for MY 2011/12 was revised upward based on trade information.

Grapefruit yields for MY 2013/14 are forecast to be at about 24.3 MT/ha and MY 2012/13 yields are estimated at 24.5 MT/ha as the dry weather affected overall yields. Yields for MY 2011/12 are estimated at 24.2 MT/ha. Veracruz accounts for approximately 62 percent of Mexican grapefruit production and has the highest yields in the country (between 20-37 MT/ha.). The state of Michoacán, with newer developments, follows with 12 percent of production and yields between 9-15 MT/ha. Nuevo Leon accounts for almost 6 percent of total grapefruit production and generally has yields between 11-19 MT/ha. In other states, yields vary from 7-15 MT/ha.

Grower prices for grapefruit in Veracruz for MY 2013/14 are considered to be low, fetching between $800 and $1,400 pesos/MT (US$60.37 to $105.66/MT). Grower prices for the state of Nuevo Leon tend to be higher at about $1,600 pesos/MT (US$120.75/MT) due to quality. Michoacán has developed areas with red varieties that can be harvested from April to July and grower prices tend to be higher than in Veracruz as fruit enters the market earlier in the season. From May to June 2013, grower prices for grapefruit from Michoacán ranged from $2,000-$3,000 pesos/MT (U.S. $150.94 to $226.41/MT). But in August when Veracruz begins the marketing year, prices tend to fall by as much as 50 percent. The Mexican grapefruit industry has limited juice production because it is more profitable to export fresh product and import the juice.

CONSUMPTION

Fresh grapefruit consumption for MY 2013/14 is forecast at 318,000 MT—same as in MY 2012/13 due to expected large supplies at affordable prices. Consumption for MY 2011/12 and MY 2012/13 were revised upward from previous estimates, due to greater supplies than expected. Grapefruit is in demand as it is perceived as a low calorie (healthy) food. Growers indicate there is no payment for quality premiums as consumers are interested in lower prices.

Since Michoacán can harvest earlier than Veracruz, Michoacán producers often comand higher prices in the domestic market. Michoacán wholesale prices for July and August 2013 ranged from $5.18-$5.38 pesos/kg (US. $0.39 to U.S. $0.41/kg), slightly lower compared to last year's price range of 5.00-5.68 pesos/kg (U.S. $0.38 to U.S. $0.43/kg). For 2013, Veracruz entered the market at slightly lower prices compared to Michoacan's product. Prices for Nuevo Leon fruit in November 2013 in the northern states was on average 6.40 pesos/kg (U.S. $0.48/kg), higher in nominal terms compared to last year's price of 5.50 pesos/kg (U.S. $0.42/kg).

TRADE

Grapefruit exports for MY 2013/14 are forecast at 19,000 MT, similar to the previous year, as demand is expected to be good. According to growers, demand from Europe is strong and offers better prices. New Post exports for MY 2011/12 and MY 2012/13 were revised upward from previous estimates as demand from Europe was stronger than expected. About 93 percent of exports are shipped to European countries and 3 percent to the United States. However, exports to the U.S. increased to 9 percent for MY 2012/13. Grapefruit exports sometime decrease when the domestic market offers higher prices.

According to sources, most of the imported grapefruit from the United States is processed for export to the European market or re-exported to the U.S. market. Grapefruit imports for MY 2013/14 are forecast to be similar to those in MY 2012/13, around 2,000 MT, as demand from the peeled fruit industry is being covered with domestic product. Import estimates for MY 2011/12 remained unchanged. The industry sources grapefruit from the domestic market all year round.

ORANGE JUICE

PRODUCTION

MY 2013/14 forecast for oranges destined for processing is expected to be about 1.0 MMT—a smaller volume compared to MY 2012/13. This forecast will depend on the international price for frozen concentrate orange juice (FCOJ) and fresh orange prices in the domestic market. The estimate for oranges destined for processing for MY 2012/13 was revised upward to 1.3 MMT as more oranges were available than previously expected. The market for FCOJ experienced a surge in international prices for the first four months that allowed for more production that eventually fell in the last six months. The MY 2011/12 estimate of oranges destined for processing was revised upward from previous estimates as there was more demand for FCOJ.

Reliable FCOJ production numbers are difficult to obtain as there is no official data available.

According to industry sources, FCOJ production for MY 2014 (January/December) is forecast at 100,000 MT. However, juice production depends heavily on international prices of FCOJ and domestic prices of fresh oranges. FCOJ production estimates for MY 2013 were revised upward from previous USDA estimates as more domestic oranges were available for processing at good prices. Data for MY 2012 production was revised upward as international demand was higher than expected. Higher prices in the international market enable processors to increase the prices paid to fruit producers. Prices for FCOJ for MY 2014 are forecast to be at about U.S. $1.40/lb to $1.50/lb, which are considered to be good. FCOJ international prices for MY 2013 began at high prices on average U.S. $1.40/lb but decreased to about U.S. $1.38/lb in September 2013.

CONSUMPTION

FCOJ consumption for MY 2014 is forecast at 6,200 MT, with a stable demand for orange juice in beverages with orange flavoring. The majority of Mexican consumers prefer freshly squeezed juice as opposed to processed orange juice. Consumption for MY 2012 and 2013 remain unchanged. Most of the orange juice produced in Mexico goes to the export market. According to processors, carryover of FCOJ from one year to the next is approximately 2,000 MT or less. However, for MY 2012, stocks fell to zero as the industry sold everything thanks to attractive international prices.

TRADE

Exports of FCOJ for MY 2014 are forecast at 93,000 MT if fresh orange prices are favorable and/or if FCOJ international prices are over U.S. $1.00/lb. Exports for MY 2013 were revised upward from previous estimates, due to higher demand. Export estimates for MY 2012 were also revised upward from previous estimates due to a higher demand and good international prices. The United States is the main market for Mexican FCOJ, followed by Japan and Europe. FCOJ is imported into Mexico to cover the industry's needs for blending as well as to meet demand from hotels and restaurants. Nevertheless, these imports are marginal compared to domestic production. FCOJ imports for MY 2014 are forecast at 125 MT. Imports for MY 2012 and MY 2013 were revised downward from previous estimates, based on new trade data.

Under Mexico's free trade agreement with the European Union (EU), the EU allows entry of 30,000 MT of FCOJ from Mexico with a tariff set at 25 percent below the 20 percent MFN duty. Mexico has exported about 35,473 MT of FCOJ to European countries in 2013. Mexico also ships product to Japan under a trade agreement that allows entry of 6,500 MT at one-half of the 20 percent MFN tariff duty, or 10 percent.

During MY 2012, Mexico exported approximately 4,500 MT of FCOJ to Japan. On September 23, 2011, Mexico and Japan signed an amendment to the trade agreement expanding opportunities for Mexico to increase exports on some agricultural products like FCOJ. Now the quota will expand to 8,000 MT of FCOJ in 2016 with an increase of the tariff preference from 50-75 percent below the MFN duty rate.

POLICY:

Citrus Greening

Citrus greening or Huanglongbing (HLB), one of the world's most economically significant citrus diseases, has been detected in several citrus-producing areas in Mexico. As part of the prevention campaign against the introduction of citrus quarantine pests, the government detected the presence of HLB in the states of Yucatan (July 2009); Quintana Roo (August 2009); Nayarit and Jalisco (December 2009); Campeche (March 2010); Colima (April 2010) and Sinaloa (June 2010), Michoacán (December 2010), Chiapas (March 2011) Baja California Sur and Hidalgo (August 2011). See Mexico GAIN reports MX9043 (2009), MX0005 (2010), and MX0055 (2010) for additional information about Mexico's Secretariat of Agriculture (SAGARPA) regulatory measures to monitor and protect the country from HLB. SENASICA's web page on HLB contains information about all the programs and control and prevention campaigns: http://www.senasica.gob.mx/?id=4512

Mexico is currently surveying a range of areas for the presence of the HLB bacterium, Candidatus Liberibacter asiaticus, in symptomatic host plants across the country. Up to October 2013, Mexico has detected HLB in 16 Mexican States. USDA and Mexico are conducting joint suppression campaigns aimed at reducing populations of HLB's insect vector, the Asian Citrus Psyllid (ACP), along the border and, recently, began collaborating to expand efforts into Central American countries to combat this pest. According to SAGARPA, the phytosanitary activities include the detection of plants and symptomatic trees, the elimination of plants with defined symptoms, establishing quarantine areas, doing chemical control of ACP in rural and urban zones, producing nursery stock under anti-aphid protection, and holding training and communication workshops.

SAGARPA has a monthly bulletin reporting on the work being done on HLB in Mexico. According to the October 2013 bulletin, Colima, Nayarit, Jalisco, Michoacán and Sinaloa are the states that have seen the greatest damage as HLB is present in commercial orchards.

Production, Supply and Demand Data Statistics:
Table 1. Mexico: Fresh Orange Production

Oranges, Fresh Mexico	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Nov 2011		Market Year Begin: Nov 2012		Market Year Begin: Nov 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	335,000	333,073	335,000	336,000		336,000
Area Harvested	324,000	323,357	328,000	326,000		323,000
Bearing Trees	65,448	65,318	66,862	65,852		65,852
Non-Bearing Trees	2,222	1,963	1,030	2,020		2,020
Total No. Of Trees	67,670	67,281	67,892	67,872		67,872
Production	3,360	3,666	3,900	4,000		3,900
Imports	35	35	36	28		25
Total Supply	3,395	3,701	3,936	4,028		3,925
Exports	19	19	28	35		30
Fresh Dom. Consumption	2,726	2,852	3,010	2,643		2,895
For Processing	650	830	898	1,350		1,000
Total Distribution	3,395	3,701	3,936	4,028		3,925
HECTARES, 1000 TREES, 1000 MT						

Table 2. Mexico: Fresh Lemon/Lime Production

Lemons/Limes, Fresh Mexico	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Nov 2011		Market Year Begin: Nov 2012		Market Year Begin: Nov 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	167,900	166,519	169,000	169,000		70,000
Area Harvested	158,000	149,194	160,000	160,000		161,000
Bearing Trees	30,020	28,347	30,400	30,400		30,590
Non-Bearing Trees	1,880	3,292	1,710	1,710		1,710
Total No. Of Trees	31,900	31,639	32,110	32,110		32,300
Production	2,100	2,055	2,150	1,950		2,000
Imports	1	1	1	1		1
Total Supply	2,101	2,056	2,151	1,951		2,001
Exports	496	625	521	525		530
Fresh Dom. Consumption	1,275	1,121	1,290	1,111		1,156
For Processing	330	310	340	315		315
Total Distribution	2,101	2,056	2,151	1,951		2,001
HECTARES, 1000 TREES, 1000 MT						

Table 3. Mexico: Fresh Grapefruit Production

Grapefruit, Fresh Mexico	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Nov 2011		Market Year Begin: Nov 2012		Market Year Begin: Nov 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	18,800	18,223	19,000	18,275		18,300
Area Harvested	16,800	17,082	17,700	17,135		17,160
Bearing Trees	3,175	3,228	3,345	3,238		3,243
Non-Bearing Trees	378	216	245	216		216
Total No. Of Trees	3,553	3,444	3,590	3,454		3,459
Production	300	415	350	420		418
Imports	8	8	2	2		2
Total Supply	308	423	352	422		420
Exports	18	19	18	19		19
Fresh Dom. Consumption	220	324	254	318		318
For Processing	70	80	80	85		83
Total Distribution	308	423	352	422		420
HECTARES, 1000 TREES, 1000 MT						

Table 4. Mexico: Frozen Concentrate Orange Juice Production

Orange Juice Mexico	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Nov 2011		Market Year Begin: Nov 2012		Market Year Begin: Nov 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	640,000	830,000	900,000	1,350,000		1,000,000
Beginning Stocks	2,000	2,000	0	0		925
Production	64,000	83,000	90,000	135,000		100,000
Imports	200	172	400	125		125
Total Supply	66,200	85,172	90,400	135,125		101,050
Exports	60,000	78,972	82,200	128,000		93,000
Domestic Consumption	6,200	6,200	6,200	6,200		6,200
Ending Stocks	0	0	2,000	925		1,850
Total Distribution	66,200	85,172	90,400	135,125		101,050
MT						

Table 5: Mexico: Trade Matrixes for Fresh Oranges, Lemon/Limes, Grapefruit, and FCOJ

Table Oranges	**0805.10**	**Unit: Metric Tons**	
Exports for MY 2011/12 (Nov-Oct) to:		**Imports for MY 2011/12** *(Nov-Oct)* **from:**	
U.S.	14,552	U.S.	35,375
UNITED KINGDOM	3,600	ARGENTINA	0
TOTAL OF OTHER	3,600		
OTHER NOT LISTED	502	OTHER	0
TOTAL	18,654	TOTAL	35,375

Table Oranges	**0805.10**	**Unit: Metric Tons**	
Exports for MY 2012/13 (Nov-Oct*) to:		**Imports for MY 2012/13** *(Nov-Oct*)* **from:**	
U.S.	27,565	U.S.	24,450
UNITED KINGDOM	2,023		
TOTAL OF OTHER	2,023		

OTHER NOT LISTED	390	OTHER	0
TOTAL	29,978	TOTAL	24,450
SOURCE: Global Trade Atlas Edition, August 2013 *as of August 2013			

Lemons/Limes 0805.50		**Unit: Metric Tons**	
Exports for MY 2011/12 (Nov-Oct) to:		**Imports for MY 2011/12 *(Nov-Oct)* from:**	
U.S.	475,132	U.S.	1,512
NETHERLANDS	121,954		
TOTAL OF OTHER	121,954		
OTHER NOT LISTED	28,170	OTHER	0
TOTAL	625,256	TOTAL	1,512

Lemons/Limes 0805.50		**Unit: Metric Tons**	
Exports for MY 2012/13 (Nov-Oct*) to:		**Imports for MY 2012/13 *(Nov-Oct*)* from:**	
U.S.	372,960	U.S.	1,131
NETHERLANDS	15,074		
TOTAL OF OTHER	15,074		
OTHER NOT LISTED	25,982	OTHER	0
TOTAL	414,016	TOTAL	1,131
*as of August 2012			

Grapefruit 0805.40		**Unit: Metric Tons**	
Exports for MY 2011/12 (Nov-Oct) to:		**Imports for MY 2011/12 *(Nov-Oct)* from:**	
U.S.	422	U.S.	8,374
FRANCE	9,920		
TOTAL OF OTHER	9,920	ISRAEL	0
OTHER NOT LISTED	8,593	OTHER	0
TOTAL	18,935	TOTAL	8,374

Grapefruit 0805.40		**Unit: Metric Tons**	
Exports for MY 2012/13 (Nov-Oct*) to:		**Imports for MY 2012/13 *(Nov-Oct*)* from:**	
U.S.	1,626	U.S.	1,670
FRANCE	5,646		
TOTAL OF OTHER	5,646		
OTHER NOT LISTED	3,908	OTHER	0
TOTAL	11,180	TOTAL	1,670
As of August 2013			

Fresh Concentrate Orange Juice 2009.11		Unit: Liters	
Exports for MY 2012 (Jan-Dec) to:		**Imports for MY 2012 (Jan-Dec) from:**	
U.S.	35,177,726	U.S.	38,440
NETHERLANDS	14,138,166	BRAZIL	70,009
JAPAN	3,408,992	TOTAL OF OTHER	70,009
OTHER NOT LISTED	6,146,186	OTHER NOT LISTED	21,775
TOTAL	58,871,070	TOTAL	130,224

Fresh Concentrate Orange Juice 2009.11		Unit: Liters	
Exports for MY 2013 (Jan-Dec*) to:		**Imports for MY 2013 (Jan-Dec*) from:**	
U.S.	50,966,210	U.S.	57,771
NETHERLANDS	22,497,919	BRAZIL	7
JAPAN	4,172,132	TOTAL OF OTHER	7
OTHER NOT LISTED	10,484,498	OTHER NOT LISTED	0
TOTAL	88,120,759	TOTAL	57.778
* as of August 2013			

Orange Juice, Not Frozen 2009.19		Unit: Liters	
Exports for MY 2012 *(Jan-Dec)* to:		**Imports for MY 2012 *(Jan-Dec)* from:**	
U.S.	4,450,569	U.S.	384,541
CHINA	38,732	FRANCE	1,096
TOTAL OF OTHER	38,732	TOTAL OF OTHER	1,096
OTHER NOT LISTED	18,849	OTHER NOT LISTED	1,021
TOTAL	4,508,150	TOTAL	386,658

Orange Juice, Not Frozen 2009.19		Unit: Liters	
Exports for MY 2013 *(Jan-Dec*)* to:		**Imports for MY 2013 *(Jan-Dec*)* from:**	
U.S.	8,886,328	U.S.	230,515
CYPRUS	17,962	ITALY	72
TOTAL OF OTHER	17,962	TOTAL OF OTHER	72
OTHER NOT LISTED	21,217	OTHER NOT LISTED	56
TOTAL	8,925,507	TOTAL	230,643
*as of August 2013			

Table 6: Mexico – Wholesale Orange Prices (Pesos/Kg) cif Mexico city				
Month	2011	2012	2013	Change % 12/13
January	2.33	3.54	3.15	(11.01)
February	2.40	4.12	2.98	(27.66)
March	2.65	4.21	2.97	(29.45)
April	3.33	4.85	2.89	(40.41)
May	4.67	5.35	3.61	(32.52)
June	5.26	4.22	4.91	16.35
July	5.70	5.88	4.80	(18.36)
August	5.52	10.13	5.73	(43.43)
September	4.31	3.99	5.21	30.57
October	3.00	3.32	3.74	12.65
November	3.04	3.06	3.54	16.68
December	3.16	3.10	3.40*	9.67

Source: Servicio Nacional de Información de Mercados
Avr. exchange rate for 2011 US$1.00 = $ 12.42 pesos
Avr. exchange rate for 2012 US$1.00 = $ 13.15 pesos
exchange rate December 6, 2013 US$1.00 = $ 13.00 pesos
**As 1er Week dec 2013*

Table 7: Mexico - Key Lime Wholesale Prices (Pesos/Kg) cif Mexico city				
Month	2011	2012	2013	Change% 12/13
January	14.42	4.05	5.71	40.98
February	7.26	3.78	7.21	90.74
March	3.25	3.50	8.15	132.85
April	2.71	4.01	7.84	95.51
May	2.53	3.60	5.25	45.83
June	2.62	3.74	3.76	0.53
July	2.68	3.89	3.86	(0.77)
August	3.36	3.78	5.00	32.27
September	4.58	3.59	4.48	24.79
October	5.18	3.89	4.03	3.59
November	5.93	4.40	3.88	(11.81)
December	6.22	4.94	4,74*	17.20

Source: Servicio Nacional de Información de Mercados
Avr. exchange rate for 2011 US$1.00 = $ 12.42 pesos
Avr. exchange rate for 2012 US$1.00 = $ 13.15 pesos
exchange rate December 6, 2013 US$1.00 = $ 13.00 pesos
**As 1er Week Dec 2013*

Table 8: Mexico - Persian Lime Wholesale Prices (Pesos/Kg) cif Mexico city

Month	2011	2012	2013	Change % 12/13
January	19.52	3.96	4.76	20.20
February	27.67	4.41	6.27	42.17
March	19.42	5.43	13.70	152.30
April	5.91	5.31	15.12	184.74
May	4.04	5.07	10.04	98.02
June	3.98	4.30	4.80	11.62
July	3.54	3.70	3.39	(8.37)
August	3.75	3.70	3.66	(1.08)
September	4.20	3.98	4.03	1.25
October	4.02	3.98	3.64	(8.54)
November	4.03	4.16	3.59	(13.70)
December	4.09	3.93	3.90*	(0.76)

Source: Servicio Nacional de Información de Mercados
Avr. exchange rate for 2011 US$1.00 = $ 12.42 pesos
Avr. exchange rate for 2012 US$1.00 = $ 13.15 pesos
exchange rate December 6, 2013 US$1.00 = $ 13.00 pesos
**As 1er Week Dec 2013*

Table 9: Mexico - Grapefruit Wholesale Prices (Pesos/Kg) cif Mexico city

	2012		2013	
STATE	**Veracruz**	**Michoacán**	**Veracruz**	**Michoacán**
Month				
January	3.62		5.17	
February	4.60		5.32	
March	4.34		5.67	
April	4.55		5.80	
May	4.37			
June	4.77	6.22		4.50
July		5.68		5.18
August		5.08		5.38
September		5.31		5.30
October		5.04	4.73	5.00
November	5.04	5.00	4.60	
December	5.00		4.50*	

Source: Servicio Nacional de Información de Mercados
Avr. exchange rate for 2011 US$1.00 = $ 12.42 pesos
Avr. exchange rate for 2012 US$1.00 = $ 13.15 pesos
exchange rate December 6, 2013 US$1.00 = $ 13.00 pesos
**As 1er Week Dec 2013*

For More Information
FAS/Mexico Web Site: We are available at www.mexico-usda.com or visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

FAS/Mexico YouTube Channel: Catch the latest videos of FAS Mexico at work http://www.youtube.com/user/ATOMexicoCity

Useful Mexican Web Sites: Mexico's equivalent of the U.S. Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx, the equivalent of the U.S. Department of Commerce (SE) can be found at www.economia.gob.mx, and the equivalent of the U.S. Food and Drug Administration (SALUD) can be found at www.salud.gob.mx. These web sites are mentioned for the reader's convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.