

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Costa Rica

Citrus Annual

Orange Juice Production and Trade

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Report Highlights:

After rebounding in 2015/2016 to 8.2 million boxes (40.824 kg.), Costa Rica's 2016/2017 citrus crop was lower than previously expected reaching 7.9 million boxes. The outlook for 2017/2018 is for production of 8.0 million boxes, although this will depend on the continuation of favorable weather patterns. The United States continues to be the main destination for Costa Rica's frozen orange juice concentrate.

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 in an area known as Santa Cecilia. Two companies, TicoFrut and Del Oro, control most of the production and processing of oranges in the country. TicoFrut's production areas are located primarily in the province of Alajuela and in Nicaragua, and Del Oro's in the province of Guanacaste. Oranges are also produced in other regions of the country including Acosta, near the Central Valley, and Nandayure in Guanacaste. Besides the two companies mentioned, there are some medium and small size independent producers. Several of these producers have formed cooperatives and are trying to attract new growers. 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 stable production and plan their activities with a longer term horizon. The harvest takes place mainly from January to May, with peak production in March and April.

Production of oranges has increased in Nicaragua over time, in areas bordering 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. Area planted may grow slowly in areas of Nicaragua located within a distance that makes transportation to the main processing plants, economically feasible. According to data from the Costa Rican government, Costa Rica imported 56,316 MT of fresh oranges from Nicaragua in 2016, as compared to 33,461 MT during 2015. During the period January – October 2017, imports from Nicaragua had reached 63,406 MT. The oranges from the Nicaraguan plantations are trucked to Costa Rica for processing.

Industry estimates area planted at around 21,000 ha. and 7.3 million orange trees, including area planted on the Nicaraguan side of the border. The Costa Rican government estimates that area planted is slightly higher (24,000 ha.). 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 750 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. The main producers are renovating older plantations with new trees, rather than increasing new area planted. This process is expected to result in higher future production.

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, including constant farm surveillance. The local industry uses agrochemicals and biological controls (a wasp that feeds on the vector of the disease, called *Tamarixia Radiata*) as part of their preventive measures. According to industry sources, the disease has not yet caused significant losses in the country. Other pests such as the root worm, cause more damage to citrus plantations in Costa Rica. Industry has also been working on ways to control post bloom fruit drop, which has caused production

losses in the past.

Although weather conditions normalized in 2016 and 2017 and production was expected to increase in 2016/2017, actual production declined to 7.9 million boxes, as compared to 8.2 million in 2015/2016. Production is forecast to increase to 8.0 million boxes in 2017/2018. One of the larger producers in the country indicated that the company had implemented aggressive hedging in some of its less productive plantations. This process resulted in lower total production. Although Tropical Storm Nate hit Costa Rica earlier this year, orange plantations did not suffer damages that could result in lower production during the coming harvest. One of the main orange producers in the country invested in irrigation systems in some of the drier areas, particularly on the Nicaraguan side of the border. About 1,400 ha. have irrigation in that area, which is expected to improve yields in the future.

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 2016, juice exports to all destinations amounted to 35,942 MT valued at \$70.2 million. This compares to 25,489 MT valued at \$37.1 million during 2015. Data available for January-October 2017 show a significant decline in total exports during 2017, reaching 26,888 MT and \$57.1 million.

The United States continues to be Costa Rica's main destination for orange juice exports. Exports to the United States (including Puerto Rico) reached 24,040 MT, valued at \$56.5 million in 2016 and 19,545 MT valued at \$46.5 million during the period January-October 2017. Exports to the European Union declined during this period, while China became a new market, with exports valued at \$3 million during the period January-October. Other important destinations include the Netherlands, and Spain.

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

Commodities:

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