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Approved by:

Ron Verdonk, Director
U.S. Agricultural Trade Office

Prepared by:

Sergio Barros, Agricultural Specialist

Report Highlights: The Brazilian orange crop for MY 2005/06 is projected at 407 MBx, down 60 MBx from the MY 2004/05 estimate due to an upward revision in producing states other than Sao Paulo. The Sao Paulo and western Minas Gerais commercial areas should produce 320 MBx, unchanged from our previous report. Total FCOJ production for MY 2005/06 is forecast at 1.244 mmt, 65 Brix, down 14 percent relative to previous MY. FCOJ exports for MY 2005/06 are projected at 1.254 mmt, 65 Brix, down 8 percent compared to MY 2004/05. Note that the FCOJ PS&D includes NFC converted to FCOJ 65 Brix equivalent.

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Semi-Annual Report
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FRESH ORANGES

PS&D Table

PSD Table

Country Commodity	Brazil Oranges, Fresh						UOM
	2002 USDA Official	Revised Estimate [D]	2003 Official	Estimate Estimate [D]	2004 Official	Forecast Estimate [New]	
Market Year Begin	07/2003		07/2004		07/2005	MM/YYYY	
Area Planted	805400	823400	832400	866400	849000	853000 (HECTARE)	
Area Harvested	727900	727900	733900	730900	744600	731600 (HECTARE)	
Bearing Trees	210000	210000	212000	211000	215000	211000 (1000 TRE)	
Non-Bearing Trees	28000	34000	36000	49000	38000	44000 (1000 TRE)	
TOTAL No. Of Trees	238000	244000	248000	260000	253000	255000 (1000 TRE)	
Production	15382	15382	19054	19054	16402	16606 (1000 MT)	
Imports	0	0	0	0	0	0 (1000 MT)	
TOTAL SUPPLY	15382	15382	19054	19054	16402	16606 (1000 MT)	
Exports	69	69	82	90	82	82 (1000 MT)	
Fresh Dom. Consumption	4827	4827	5141	4847	5018	4814 (1000 MT)	
Processing	10486	10486	13831	14117	11302	11710 (1000 MT)	
TOTAL DISTRIBUTION	15382	15382	19054	19054	16402	16606 (1000 MT)	

Production

PS&D Tables

The following tables provide revised data for Sao Paulo and total Brazilian fresh orange production, supply and demand (PS&D) for marketing years (MY) 2004/04, 2004/05 and MY 2005/06 (July-June).

Sao Paulo: Fresh Oranges PS&D (Jul-Jun, million 40.8 kg boxes)

Item/Marketing Year (Bloom/Harvest)	2003/04 (02/03)	2004/05 (03/04)	2005/06 (04/05)
Production	290.0	380.0	320.0
Exports	1.7	2.2	2.0
Domestic Consumption	44.3	42.8	43.0
Processing FCOJ	230.0	318.0	256.0
Processing NFC (exports)	14.0	17.0	19.0

Brazil: Fresh Oranges PS&D (Jul-Jun, million 40.8 kg boxes)

Item/Marketing Year (Bloom/Harvest)	2003/04 (02/03)	2004/05 (03/04)	2005/06 (04/05)
Total Production	377.0	467.0	407.0
Sao Paulo	290.0	380.0	320.0
Others	87.0	87.0	87.0
Exports	1.7	2.2	2.0
Sao Paulo	1.7	2.2	2.0
Domestic Consumption	118.3	118.8	118.0
Delivered to processors	257.0	346.0	287.0
Sao Paulo (FCOJ + NFC exports)	244.0	335.0	275.0
Others	13.0	11.0	12.0

General

The Agricultural Trade Office (ATO)/Sao Paulo forecasts the Brazilian orange crop for MY 2005/06 (Jul-Jun) at 407 million 40.8 kg boxes (Mbx), up 5 MBx compared to previous projection and down 13 percent from unchanged estimate for MY 2004/05 (467 Mbx). The commercial area of the state of Sao Paulo and the western part of Minas Gerais should produce 320 Mbx, confirming post's initial projection of December 2004, whereas other growing regions should account for 87 Mbx, according to the latest estimates of the Brazilian Geography and Statistics Institute (IBGE).

Orange trees in the commercial area of the State of Sao Paulo and Minas Gerais are to some extent stressed from a relatively large 2004 crop (380 MBx). The major drop in production is expected for the Hamlin variety (approximately 30 to 40 percent) followed by the Valencia. Furthermore, a larger drop is expected in southern producing regions compared to the northern groves, since they were under lower stress conditions (cool temperatures and steady rainfall up to July 2004) to induce flowering.

The occurrence of a third blossoming in December 2004 – January 2005 has contributed to support fruit setting. Indeed, approximately two-thirds of the crop should come from the second and third blossoming, whereas historically the first flowering accounted for the major part of production. Post contacts report a small fourth blossoming in April 2005. Fruit from this fourth blossoming should probably be diverted to the domestic market. For more information regarding factors affecting the size of the MY 2005/06 crop, refer to ATO Sao Paulo's 2004 report, BR4019.

The MY 04/05 crushing season was virtually wrapped up in February. The harvest season for the MY 2005/06 crop began in May, hastened by below average rainfall during the first quarter of 2005. However, processing should be intensified in June-July.

The Sao Paulo State Institute of Agricultural Economics (IEA) released the results of the fourth orange crop survey (April 2005) for the 2004/05 crop (MY 2005/06). The Sao Paulo crop, including both commercial and non-commercial areas, is estimated at 350 MBx, down 10.7 MBx compared to MY 2004/05 (360.7 Mbx). Note that IEA takes into account the entire state of Sao Paulo, while ATO estimates follow the citrus industry methodology limited to the commercial area of the state plus the western part of Minas Gerais. IEA also reports that the state of Sao Paulo orange tree inventory is estimated at 214 million trees (185.1 million

bearing and 28.9 million non-bearing trees). Industry sources indicate that the Sao Paulo and Minas Gerais orange commercial areas could contribute 300 to 335 MBx for MY 2005/06.

Area, Tree Inventory and Yields

ATO/Sao Paulo projects the Brazilian agricultural yield for MY 2005/06 at 1.93 boxes/tree, down 13 percent from the previous season as a consequence of somewhat stressed trees, irregular blossomings, the off-year of the biennial cycle of the Hamlin and Valencia varieties and below average crop management during 2004 due to higher production costs.

Total MY 2005/06 orange area is projected 853,000 (ha), down 13,400 ha from the previous crop as a result of the smaller number of non-bearing trees. Total Brazilian tree inventory for MY 2005/06 is projected at 255 million trees (211 million bearing and 44 million non-bearing trees), down 5 million trees from revised figures for MY 2004/05 (211 million bearing and 49 million non-bearing trees).

The tree inventory for the Sao Paulo commercial area is relatively stable at 159 and 40 million bearing and non-bearing trees, respectively. Post contacts report that the Sao Paulo commercial area tree inventory should remain relatively stable for the next couple of years. The table below shows the estimates for area and tree inventory for MY 2003/04, MY 2004/05 and MY 2005/06.

Brazil: Fresh Oranges Area and Tree Inventory (1,000 ha, million trees)

Item/Marketing Year (Bloom/Harvest)	2003/04 (02/03)	2004/05 (03/04)	2005/06 (04/05)
Area Planted	823.4	866.4	853.0
Sao Paulo	627.0	670.0	653.0
Others	196.4	196.4	200.0
Area Harvested	727.9	730.9	731.6
Sao Paulo	539.0	542.0	539.0
Others	188.9	188.9	192.6
Bearing Trees	210.0	211.0	211.0
Sao Paulo	159.0	160.0	159.0
Others	51.0	51.0	52.0
Non-Bearing Trees	34.0	49.0	44.0
Sao Paulo	30.0	45.0	40.0
Others	4.0	4.0	4.0
Total Trees	244.0	260.0	255.0

According to the industry, the pace of new plantings in the Sao Paulo and Minas Gerais commercial areas has been reduced since 2004 as a consequence of lower growers' prices, increased cost of production and the high price of the seedlings. It is reported that the cost to renew a citrus grove is approximately US\$ 20/tree.

In addition, there has been some grove eradication due to various diseases, mainly in northern Sao Paulo state. Sugarcane also represents another factor of land substitution. Sugar and alcohol mills have been capitalized for the past five years and millers have been leasing former citrus areas. The contracts include the eradication of the citrus grove at the mills' expense.

New citrus plantings have been basically restricted to large growers and processing plants. Citrovita, for example, is expected to increase the number of citrus trees it owns from 6 to 10 million trees in the next few years. In the Sao Paulo commercial area, there has been a significant reduction in the number of citrus groves in the past 10 years, from 27,000 to the current number of approximately 10,000 producers.

The migration to the southern region of the citrus belt continues. The southern region brings less disease related problems and less need for irrigation. Some companies have offered a US\$ 5/tree cash advance for growers who make use of irrigation in areas where this technology is now required to minimize risks.

As reported by the Citriculture Defense Fund (Fundecitrus), 555 inspected nurseries were in operation in March 2005. They are all protected, e.g., they maintain seedlings within screened enclosures, in accordance with Sao Paulo State law. The number of inspected seedlings amounted to 12,387,540, whereas the number of inspected rootstock totaled 9,585,831. These figures represent a decrease in the average number of seedlings available for planting and could represent a limitation for the next planting season.

Post contacts report that citrus grower demand for rangpurlime seedlings has been increasing lately, even though this variety is highly susceptible to sudden death of citrus (SDC). This resurgent demand is explained, in part, by the fact that rangpurlime variety costs less to produce because it doesn't need irrigation. At the same time, there hasn't been any recent information indicating further spreading of SDC, so farmers are not focusing on this disease. Moreover, the cost/benefit of irrigating a grove utilizing another variety versus planting rangpurlime and using sub-grafting if the trees are affected by SDC might lead some producers to plant rangpurlime.

Diseases

The 2005 citrus canker sampling survey in the commercial area of the states of Sao Paulo and Minas Gerais indicates that 0.11 percent of the sampled blocks show citrus canker, compared to 0.22 and 0.14 percent for 2003 and 2004, respectively, as reported by the Fundecitrus.

The tables below show the evolution of citrus canker for 2004 and 2005 (January-March), according to Fundecitrus. Cumulative tree eradication from commercial groves in 2004 was 244,245 trees, up 48,199 trees compared to 2003. Cumulative eradication from commercial groves in 2005 (January-March) is 74,677, up 14,803 trees relative to the same period in 2004.

Canker still represents an issue for citrus growers. Nonetheless, Fundecitrus and the Sao Paulo State Secretariat of Agriculture have been continuously working to combat the disease, extending the monitoring to non-commercial and urban areas of the entire state of Sao Paulo. The canker-sweeping project" employs over 2,000 technicians. Note that current eradication figures are far below the close to 1 million trees destroyed during the 2000 outbreak.

Evolution of Citrus Canker in the State of Sao Paulo, 2004

Month	New	Block		Domestic Grove		Nurseries		
		Contaminated	Total	Plants	Total	Plants	Total	Plants
				Eradicated		Eradicated		Eradicated
Jan-Mar	46	65	111	59,874	2,132	34,189	1	15,000
Apr-Jun	73	120	193	108,031	974	42,424	0	0
Jul-Sep	54	67	121	50,639	1,652	66,147	0	0
Oct-Dec	59	44	103	25,701	1,493	54,295	0	0
Total	232	296	528	244,245	6,251	197,055	1	15,000

Source: Sao Paulo State Fund for Defense of Citriculture (FUNDECITRUS).

Evolution of Citrus Canker in the State of Sao Paulo, 2005

Month	New	Block		Domestic Grove		Nurseries		
		Contaminated	Total	Plants	Total	Plants	Total	Plants
				Eradicated		Eradicated		Eradicated
Jan-Mar	64	113	177	74,677	1,512	39,104	0	0

Source: Sao Paulo State Fund for Defense of Citriculture (FUNDECITRUS).

On March 18, the Ministry of Agriculture, Livestock and Supply (MAPA) released the Normative Instruction # 10, which requires that every citrus tree affected by greening should be eradicated within 15 days after the plant is diagnosed positive for the disease.

Fundecitrus and the Sao Paulo State Secretariat of Agriculture established a partnership to deal with the disease. Fundecitrus will inspect the citrus groves to identify suspicious plants, while the Secretariat will collect samples for laboratory analysis. Both organizations have launched an informative campaign to increase awareness of the disease. According to preliminary results of the Fundecitrus survey (May 2005), the disease has been found in 56 counties in the state of Sao Paulo, up 11 counties compared to the previous survey in September-October 2004. That evaluation found 3.4 percent affected blocks representing approximately 0.15 percent infected plants, mainly in the Araraquara region, followed by the southern region.

Greening or huanglongbing (HBL) is a major issue for the citrus industry due to its severity and quick dissemination. The disease was first observed in March 2004 in the Araraquara region. Plants affected show symptoms of yellowing in one or more sectors of the crown, which progresses to the whole plant. Additionally, leaves and fruit drop, and pointers become dry. Symptoms become more severe during the winter. The disease is caused by the bacterium *Candidatus Liberibacter* spp., which multiplies, causing obstruction and upsetting the phloem of the trees. A small insect found throughout much of Brazil, *Diaphorina citri*, is responsible for spreading the disease.

The control of the disease includes protecting nurseries to provide healthy seedlings, vector control and the eradication of the affected plant. Note that according to MAPA Normative Instruction # 10, only the affected plant should be eliminated, as opposed to the canker, which requires the elimination of a circumference surrounding the affected plant. Pruning is not an effective alternative to treat HBL, in contrast to CVC, which can be managed with this practice.

Fundecitrus reported that the third SDC survey has been in progress to determine the spread of the disease. The third survey is funded by MAPA and was started in April and should be

completed in June and covers about 89 million trees in northern Sao Paulo (116 counties). No survey was conducted in 2004.

Cost of Production

Growers estimate the average cost of production at US\$ 3/box, including approximately US\$ 0.8/box for harvesting and hauling. Costs include depreciation and social taxes. Costs do not include returns to producers and land. Growers do expect a relative decrease in the overall costs with the ongoing devaluation of the US Dollar because certain inputs are denominated in the U.S. currency.

Other cost studies conducted by ESALQ based on April 2004 prices for agri-chemicals, and an average yield of 2.5 boxes/tree and 400 trees per hectare show production costs at R\$ 9.63/box. This cost includes operational costs and returns to fixed capital.

Producers' Prices

The Orange Index price series released by the University of Sao Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ) for both the fresh domestic market and product delivered to orange juice processing plants in the state of Sao Paulo follows. Both series track orange prices since September 1994. Prices for the fresh market are for fruit on the tree. The appreciation of the local currency, the Real, has kept dollar based prices between US\$ 2.25 and 2.75/box (spot prices – industry) and US\$ 3.50 – 4.70/per box (domestic market) during the first semester of 2005. Note that fruit prices for MY 2005/06 should attract fruit from other regions such as the Northeast.

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Orange Prices paid by Sao Paulo industry - spot market (Pera, Natal, Valencia varieties, average prices in Reais - R\$, 40.8 kg box, fruits delivered to the processing plant).

Month	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Jan	1.44	2.62	3.24	3.91	1.47	3.98	8.71	10.07	9.87	7.08
Feb	1.29	2.58	3.54	3.89	1.46	5.11	7.19	7.58	7.05	6.83
Mar	1.32	2.50	3.80	3.96	1.61	5.46	6.00	6.25	5.29	6.01
Apr	1.41	2.50	3.80	--	1.80	5.50	5.80	5.67	4.91	5.85
May	1.47	2.50	3.94	--	1.70	5.50	5.04	5.78	5.03	6.10
Jun	1.53	2.50	4.30	--	1.68	--	5.55	7.30	4.99	6.60
Jul	1.81	2.50	4.76	2.72	1.66	6.97	7.75	7.86	5.51	--
Aug	1.95	2.50	5.21	2.47	1.58	7.16	8.25	8.76	6.22	--
Sep	2.11	2.49	5.25	2.06	1.66	7.44	8.49	9.25	5.98	--
Oct	2.48	2.59	5.19	1.87	2.01	8.08	10.86	9.72	6.39	--
Nov	2.46	2.83	5.20	1.65	2.48	8.97	11.21	10.21	7.23	--
Dec 1/	2.50	3.08	4.78	1.52	2.94	9.27	10.98	9.98	7.31	--

Source: CEPEA/ESALQ 1/ June price refers to June 16.

Orange Prices received by Producers in the Domestic Market (Pera Variety, average prices in Reais - R\$, 40.8 kg box, fruits on the tree).

Month	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Jan	1.74	3.65	4.44	6.70	2.17	4.15	11.29	13.48	11.29	9.13
Feb	1.61	5.29	5.50	8.14	2.61	6.33	10.62	13.76	10.43	9.78
Mar	2.03	5.69	5.67	8.13	4.54	9.97	10.50	15.69	9.42	12.64
Apr	2.70	4.49	4.32	6.15	4.79	9.82	10.07	14.16	8.95	11.66
May	2.42	3.06	3.48	4.33	3.41	8.51	8.86	11.04	8.68	9.36
Jun	2.05	2.44	3.72	3.52	2.22	7.88	8.07	9.13	7.86	8.83
Jul	2.09	2.38	4.31	2.85	2.18	8.31	7.92	8.63	6.97	--
Aug	2.25	2.31	5.06	2.25	2.50	9.27	8.45	9.12	6.78	--
Sep	2.48	2.41	5.24	1.81	2.72	10.34	8.96	10.25	6.85	--
Oct	2.76	2.80	5.41	1.42	2.75	11.30	10.91	12.16	7.91	--
Nov	2.82	3.45	5.55	1.29	3.43	11.69	12.62	12.70	8.62	--
Dec 1/	2.82	4.07	5.87	1.52	3.79	11.62	12.79	12.03	9.00	--

Source: CEPEA/ESALQ 1/ June price refers to June 16.

The table below shows contract prices paid for the industry for MY 2001/02 through the MY 2005/06 crops. Post contacts report that over 80 percent of the fruit for processing for MY 2005/06 has already been contracted. Contracts were set for a 3 to 5 year period, as opposed to last season when the industry set contracts for one year only. Some contracts consist of a fixed price but also include compensation that depends on price movements in the orange juice market.

MY	Contract Price (US\$/box)	Period	
		Beginning	End
2001/02	2,70 - 3,70	2001	2003
2002/03	3,00 - 3,80	2002	2004
2003/04	2,80 - 3,30	2003	2004/2005
2004/05	2.50 - 3.30	2004	2004
2005/06	2.80 - 3.60	2005	2007/2009

Source: CEPEA/ESALQ/USP

Consumption

ATO/Sao Paulo projects total Brazilian orange consumption for MY 2005/06 at 118 Mbx, which is unchanged from the revised figure for MY 2004/05 (118.8 MBx). Domestic consumption estimates are taken as the difference between production estimates and the volume of oranges delivered to processors for FCOJ and NFC produced for exports. Note that these figures include actual domestic consumption plus losses from natural drop, harvesting, transportation and packing. Fruit delivered to processors for "not from concentrate (NFC)" orange production for the domestic market is also included in these figures.

Trade

Total fresh orange exports for MY 2005/06 are projected at 2 Mbx, down 0.2 Mbx from the revised estimate for MY 2004/05 (2 Mbx), based on updated information from the Brazilian Secretariat of Foreign Trade (SECEX). The table below shows official fresh orange exports (NCM 080510.00) by country of destination, for Calendar Year (CY) 2004 and MY 2003/04 and 2004/05 (July-April), according to SECEX.

Fresh Orange Exports by Country of Destination (MT & US\$ 1,000 FOB)

Country	CY 2004		MY 2003/04 1/		MY 2004/05 1/	
	Quantity	Value	Quantity	Value	Quantity	Value
Netherlands	38,572	9,947	26,185	5,142	38,572	9,947
United Kingdom	21,930	4,108	11,065	1,835	21,923	4,069
Spain	9,165	1,966	22,988	4,897	9,165	1,966
Russia	4,033	1,295	0	0	4,033	1,295
Portugal	2,256	445	928	190	2,256	445
Lithuania	2,253	701	23	4	2,253	701
Oman	1,814	373	0	0	1,814	373
Saudi Arabia	2,791	883	0	0	1,751	553
Italy	1,279	345	181	33	1,279	345
U.A.E.	1,326	388	3,919	733	1,242	361
Others	4,701	1,043	2,507	377	3,686	895
Total	90,119	21,492	67,797	13,212	87,973	20,950

Source : Brazilian Department of Foreign Trade (SECEX), NCM 0805.10.00 1/ July-April

ORANGE JUICE (OJ)

PS&D Table

PSD Table

Country	Brazil						65	Degrees Brix
Commodity	Orange Juice						(MT)	
Market Year Begin	2002	Revised	2003	Estimate	2004	Forecast	UOM	
	USDA Official	Estimate [DA	Official	Estimate [DA	Official	Estimate [New]		
		07/2003		07/2004		07/2005	MM/YYYY	
Deliv. To Processors	10486000	10486000	13831000	13831000	11302000	11302000	(MT)	
Beginning Stocks	240000	240000	72000	56000	159000	121000	(MT)	
Production	1092000	1151000	1330000	1451000	1135000	1244000	(MT)	
Imports	0	0	0	0	0	0	(MT)	
TOTAL SUPPLY	1332000	1391000	1402000	1507000	1294000	1365000	(MT)	
Exports	1242000	1317000	1225000	1366000	1225000	1254000	(MT)	
Domestic Consumption	18000	18000	18000	20000	18000	20000	(MT)	
Ending Stocks	72000	56000	159000	121000	51000	91000	(MT)	
TOTAL DISTRIBUTION	1332000	1391000	1402000	1507000	1294000	1365000	(MT)	

NOTE: The tables include Not From Concentrate (NFC) production for exports converted to FCOJ 65 Brix equivalent using the following conversion factor: 1 metric ton of FCOJ 65 Brix equals 5.273 metric tons of NFC 11.8 Brix.

Production

PS&D Tables

The following tables provide revised data for Sao Paulo and total Brazilian frozen concentrated orange juice (FCOJ) production, supply and demand (PS&D) for marketing years (MY) 2003/04, 2004/05 and 2005/06 (July-June).

To reiterate, the tables include Not From Concentrate (NFC) production for exports converted to FCOJ 65 Brix equivalent using the following conversion factor: 1 metric ton of FCOJ 65 Brix equals 5.273 metric tons of NFC 11.8 Brix.

Sao Paulo: FCOJ PS&D (Jul-Jun, Million 40.8 kg boxes, TMT, 65 degrees brix)
(Million 40.8 kg boxes, TMT, 65 degrees brix)

Item/Marketing Year (Bloom/Harvest)	2003/04 (02/03)	2004/05 (03/04)	2005/06 (04/05)
Delivered to Processors	244.0	335.0	275.0
FCOJ	230.0	318.0	256.0
NFC	14.0	17.0	19.0
Beginning Stocks	240.0	56.0	121.0
Production	1,099.0	1,401.0	1,194.0
FCOJ	1,040.0	1,335.0	1,120.0
NFC (FCOJ equiv)	59.0	66.0	74.0
Total Supply	1,339.0	1,457.0	1,315.0
Exports	1,265.0	1,316.0	1,204.0
FCOJ	1,206.0	1,250.0	1,130.0
NFC (FCOJ equiv)	59.0	66.0	74.0
Domestic Consumption	18.0	20.0	20.0
Ending Stocks*	56.0	121.0	91.0
Total Distribution	1,339.0	1,457.0	1,315.0

* FCOJ Stocks only

Brazil: FCOJ PS&D (Jul-Jun, Million 40.8 kg boxes, TMT, 65 degrees brix)

Item/Marketing Year (Bloom/Harvest)	2003/04 (02/03)	2004/05 (03/04)	2005/06 (04/05)
Delivered to Processors	257.0	346.0	287.0
Sao Paulo (FCOJ + NFC exports)	244.0	335.0	275.0
Others	13.0	11.0	12.0
Beginning Stocks *	240.0	56.0	121.0
Total Production	1,151.0	1,451.0	1,244.0
Sao Paulo FCOJ	1,040.0	1,335.0	1,120.0
Sao Paulo NFC (FCOJ equiv)	59.0	66.0	74.0
Others	52.0	50.0	50.0
Total Supply	1,391.0	1,507.0	1,365.0
Exports	1,317.0	1,366.0	1,254.0
Sao Paulo FCOJ	1,206.0	1,250.0	1,130.0
Sao Paulo NFC (FCOJ equiv)	59.0	66.0	74.0
Others	52.0	50.0	50.0
Domestic Consumption	18.0	20.0	20.0
Ending Stocks	56.0	121.0	91.0
Total Distribution	1,391.0	1,507.0	1,365.0

* Sao Paulo FCOJ stocks only.

General

ATO/Sao Paulo projects the total Brazilian FCOJ 65 Brix equivalent production for MY 2005/06 (July-June) at 1.244 million metric ton (mmt), down 207,000 mt compared to the revised MY 2004/05 estimate (1.451 mmt), due to the expected lower availability of fruit for crushing.

Note that as of this report, figures include Not From Concentrate (NFC) production for exports converted to FCOJ 65 Brix equivalent. There is no official estimate for NFC supply and demand in Brazil. The current PS&D tables consider NFC production for exports as a different entry (see Tables in PS&D section).

Total oranges for MY 2005/06 FCOJ processing are estimated at 287 MBx, down 17 percent relatively to revised crushing figure for MY 2004/05 (346 MBx). The Sao Paulo industry should account for 275 Mbx (256 MBx and 19 MBx for FCOJ and NFC production, respectively), whereas other producing states should contribute 12 MBx for FCOJ production solely. A small amount of the MY 2005/06 processed fruit in Sao Paulo should include product from the north and northeastern regions, since prices paid for the fruit are likely to attract orange loads from other states.

The Sao Paulo MY 2005/06 FCOJ 65 Brix equivalent production is estimated at 1.194 mmt: 1.12 mmt of FCOJ and 390,000 mt of NFC (or 74,000 mt of NFC converted to FCOJ equivalent). Other producing states should account for 50,000 mt of FCOJ, similar to the 2004/05 season.

Some processing plants began operations in May, however the crushing pace should jump in June-July. There are currently 5 FCOJ processors in business: Cutrale, Citrosuco, Citrovita, Louis Dreyfus-Coinbra and Bascitrus. Thus the sector is highly concentrated.

Cutral and Citrosuco purchased all Cargill Brazilian juice operations in July 2004. Assets include four citrus production farms, two processing plants, fruit supply agreements and related assets. Two separate transactions were made. Citrosuco acquired the Bebedouro plant, 2 farms and part of the fruit contracts, while Cutrale bought the Uchoa plant, 2 other farms and the remaining fruit contracts.

Citrovita acquired Sucorrico in January 2005 and has invested in expanded industrial capacity at the newly acquired plant in Araras (from 15 to 30 MBx). Note that the Sucorrico pool comprises approximately 12 MBx. According to the terms of Citrovita's purchase, the Sucorrico pool will be expanded to deliver 24 MBx of fruit to Citrovita by 2014. In addition, Sucorrico will supply FCOJ to Cutrale up to 2007 to honor a contract between both companies. Moreover, in February 2005, Louis Dreyfus-Coinbra leased the plant of Kiki, a small citrus processor, for the next 2 years.

Consumption

ATO/Sao Paulo's projection for FCOJ domestic consumption for MY 2005/06 is forecast stable at 20,000 mt, 65 Brix, according to updated information from post contacts. As reported by ACNielsen, the 2004 ready to serve fruit juice consumption is estimated at 207.8 million liters, up 21 percent from the 2003 consumption (172,3 million liters). The steady annual increase in consumption is related to the evolution of tetrapak cartons, which are consumer-friendly and better maintain product quality, the launching of new products (light, mixed flavors) and the increased trend to consume health foods.

In spite of the increased trend towards juice consumption, orange juice has lost market share to other fruit juices. In 1998, the share of orange juice among processed fruit juices in Brazil was 58 percent. In 2004, the share decreased to 31 percent.

Trade

ATO/Sao Paulo forecasts total Brazilian FCOJ exports for MY 2005/06 at 1.254 mmt, 65 Brix, down 112,000 mt from the revised estimate for MY 2004/05 (1.366 mmt), based on expected lower availability of fruit for processing, stable world consumption and an expected reduction in exports to the U.S. Note that these figures reflect NFC exports converted to FCOJ 65 Brix equivalent.

The Sao Paulo industry should contribute 1.13 mmt, 65 Brix and 74,000 mt of NFC (converted to FCOJ equivalent), whereas other FCOJ producing states should export 50,000 mt. Major destinations include Europe and the U.S. Eastern Europe and China represent, however, the major growth markets in exported volumes.

FCOJ exports for MY 2004/05 were revised upward to 1.366 mmt, 65 Brix, to include revised FCOJ exports as well as NFC exports, based on updated information from the Brazilian Secretariat of Foreign Trade (SECEX) and post contacts. As reported by trade sources, current FCOJ export FOB prices to Europe are reported at US\$ 1,000 per metric ton (bulk), compared to US\$ 800 during the previous season. Post contacts report that FCOJ prices could reach US\$ 1,100 to 1,300 per metric ton.

In late 2004/early 2005, Bascitrus e Citrovita decided to terminate their association with the Brazilian Association of Citrus Exporters (Abecitrus). Current associates include Citrosuco, Cutrale, Dreifus-Coinbra, Montecitrus and CTM.

The tables below show official FCOJ exports (NCM 2009.11.00, NCM 2009.12.00 and 2009.19.00) by country of destination for CY 2004, MY 2003/04 and 2004/05 (July-April), according to SECEX. Note that the "Others" category includes both FCOJ and Not From Concentrate (NFC) exports. Post considers the average monthly price by country of destination for the "Others" category as a criterion to distinguish between FCOJ and NFC exports.

Frozen Concentrated/Non-Concentrated Orange Juice Exports (MT and US\$ 1,000 FOB)

Country	CY 2004		MY 2003/04 1/		MY 2004/05 1/	
	Quantity	Value	Quantity	Value	Quantity	Value
Belgium	422,180	322,018	372,065	302,054	370,173	278,086
USA	138,123	102,282	144,935	110,362	162,835	130,641
Netherlands	230,993	180,992	192,593	175,078	152,129	111,098
Japan	76,996	67,847	63,059	59,831	64,482	54,053
China	37,998	31,003	31,149	26,382	28,468	21,911
South Korea	21,595	18,465	20,456	18,277	18,853	15,354
Australia	23,754	17,660	11,416	9,423	16,911	11,840
Israel	10,368	8,120	7,741	6,564	6,908	4,720
Puerto Rico	8,571	8,876	7,097	8,652	6,332	5,529
Switzerland	8,888	7,526	16,878	14,940	5,280	4,477
Others	30,790	24,895	20,373	18,233	29,166	21,433
Total	1,010,258	789,683	887,761	749,794	861,538	659,141

Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.11.00 1/July-April

Brazilian Orange Juice Exports, Not Frozen and Brix under 20 (MT and US\$ 1,000 FOB)

Country	CY 2004		MY 2003/04 1/		MY 2004/05 1/	
	Quantity	Value	Quantity	Value	Quantity	Value
Belgium	167,857	37,924	160,315	36,223	150,480	33,293
Netherlands	76,556	19,349	39,430	10,788	82,975	21,395
U.S.A.	78,630	16,858	71,718	15,577	74,448	16,419
Australia	4,534	1,443	497	199	4,534	1,360
Germany	217	93	0	0	701	348
New Zealand	234	75	18	7	593	185
Chile	432	139	319	133	352	120
Israel	160	48	0	0	160	48
Angola	21	9	18	8	41	21
Japan	54	27	17	8	39	20
Others	1,009	254	1,003	252	55	19
Total	329,703	76,218	273,335	63,195	314,377	73,228

Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.12.00 1/ July-April

Brazilian Orange Juice Exports, Others (MT and US\$ 1,000 FOB)

Country	CY 2004		MY 2003/04 1/		MY 2004/05 1/	
	Quantity	Value	Quantity	Value	Quantity	Value
Netherlands	180,768	148,616	156,283	135,247	167,301	132,907
United Kingdom	33,457	28,045	34,547	30,530	33,752	27,506
Belgium	25,072	11,954	8,674	5,108	10,100	8,585
Switzerland	3,571	2,875	19	19	3,552	2,856
Israel	898	516	391	273	633	316
Japan	98	51	0	0	227	121
Angola	43	24	28	15	100	57
Argentina	12	9	0	0	67	54
Greece	21	10	0	0	39	18
Capo Verde	44	28	15	9	33	21
Others	112	63	10,076	2,463	113	74
Total	244,096	192,189	210,034	173,663	215,916	172,514

Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.19.00 1/July-April

Stocks

ATO/Sao Paulo ending stocks for MY 2005/06 are projected at 91,000 mt, 65 Brix, down 25 percent in comparison with the revised estimate for MY 2004/05.

Policy

On December 27, 2004, a petition was filed with the International Trade Commission on behalf of several Floridian organizations, alleging that the Florida orange juice processing industry has been negatively affected due to certain categories of orange juice imports from Brazil. The U.S. Department of Commerce postponed the preliminary determination in the antidumping duty investigation from June 27, 2005 until no later than August 16, as requested by the petitioners.

Exchange Rate

Exchange Rate (R\$/US\$1.00 - official rate, last day of period)

Month	2001	2002	2003	2004	2005
January	1.97	2.42	3.53	2.94	2.62
February	2.04	2.35	3.56	2.91	2.60
March	2.16	2.32	3.35	2.91	2.67
April	2.22	2.36	2.89	2.94	2.53
May	2.36	2.52	2.97	3.13	2.40
June 1/	2.30	2.84	2.87	3.11	2.42
July	2.43	3.43	2.97	3.03	--
August	2.55	3.02	2.97	2.93	--
September	2.67	3.89	2.92	2.86	--
October	2.71	3.65	2.86	2.86	--
November	2.53	3.59	2.95	2.73	--
December	2.32	3.53	2.89	2.65	

Source: Gazeta Mercantil 1/ June Exchange Rate refers to June 16.