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Costa Rica

Citrus

Annual Report

2005

Approved by:

Katherine Nishiura, Agricultural Attaché
FAS San Jose

Prepared by:

Victor Gonzalez, Agricultural Specialist

Report Highlights:

Costa Rica's 2005/2006 orange crop is forecast at 8 million boxes and 41.6 million pounds of solids. Better weather conditions in one of the major growing areas is expected to result in higher production. Area planted has remained stable at approximately 20,000 ha. Orange plantations have increased in Nicaragua, also near the border for shipment of oranges to Costa Rica for processing.

Includes PSD Changes: No
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COSTA RICA: ORANGE JUICE PRODUCTION AND TRADE

Costa Rica's orange production has been gradually moving north, to the area of San Carlos (Los Chiles, Guatuso, and Upala), and the Northern part of Guanacaste, near the Nicaraguan border. Orange plantations have also increased in Nicaragua, also near the border, for shipment of oranges to Costa Rica for processing. Area planted to oranges is expected to increase over time in Nicaragua as a result of cost and climatic advantages. Although official data on area planted to oranges indicates that there are 27,000 ha. in Costa Rica, industry sources estimate that the actual number is closer to 20,000 ha. At an average of 235 trees per hectare, the number of trees in the country is estimated at 4.7 million. The crop is harvested between January and May, with peak production reached in March and April.

Costa Rica's orange production is expected to reach 8.0 million boxes of 40.824 kgs in 2005/2006, including an estimated 1 million boxes coming from Nicaragua. Using local production estimates, this converts to approximately 41.6 million pounds of solids or approximately 28,591 MT of FCOJ, 66 brix. However, as shown by the trade data below, Costa Rica exports FCOJ as well as NFC. Production of oranges is expected to increase about 20 percent as compared to 2004/2005, when the crop in the San Carlos region was negatively affected by a strong rainy season and a rather humid dry season. The higher expected production is the result of new trees coming into production as well as better climatic conditions in San Carlos this year. According to industry sources, reaching the expected production level will depend on an improvement in weather conditions, which have remained humid lately in that area.

Costa Rica still exports the majority of the oranges it produces as orange juice concentrate, although NFC exports have been higher in the last couple seasons than in the past. According to information from PROCOMER (Costa Rica's Trade Promotion Board), the total value of orange juice exported in different presentations, increased from \$38.8 million in 2003 to \$40.9 million in 2004. Total exports of FCOJ, 66 brix, reached 14,363 MT valued at \$17.6 million in calendar year 2004. Costa Rica also exported 23,089 MT of NFC juice of brix value less than or equal to 20 (most of it is 11.8 brix), valued at \$21.2 million in 2004. Exports of "other" orange juice (under HTS code 2009199000) reached 4,252 MT and \$1.9 million in 2004, up from 1,760 MT and \$1 million in 2003.

The Bahamas was Costa Rica's main destination for orange juice exports in its different forms in 2004. Total exports to that country (primarily NFC) reached \$16.4 million, followed by exports to the United States of \$15.9 million, and \$6.8 million to the Netherlands. Costa Rica exports duty free to the United States under the Caribbean Basin Initiative. Under CAFTA, Costa Rica's duty free access to the United States would become permanent.

The two largest processing companies in the country, TicoFrut and Del Oro, have continued to improve their industrial capacity and processing facilities. In addition to investments in its processing plant, TicoFrut has invested in the purchase of additional orange groves as well as replanting of trees. The two companies process and export pineapple juice during the off-season, taking advantage of Costa Rica's growing pineapple production. Producer prices, which are based on international prices, are expected to be higher during the 2005/2006 crop year. Producers expect that the higher price will help them recuperate from the low prices of the previous seasons.