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Report Highlights:

Costa Rica's orange production reached 9.5 million boxes of 40.824 kg in 2006/2007. Production is expected to decline to 7.5 million boxes in 2007/2008 as a result of a very strong rainy season that affected most production areas in 2007.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
San Jose [CS1]
[CS]

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. Two companies, Ticofrut and Del Oro, are the main players in the production and processing of oranges. However, these two companies compete for the production of smaller independent producers. Production of oranges is increasing in Nicaragua, near the border with Costa Rica. The oranges from these plantations are trucked to Costa Rica for processing. Industry estimates put area planted at around 20,000 ha., and 4.7 million orange trees, including area planted on the Nicaraguan side of the border. Local industry has plans to expand area planted in Costa Rica and also in Nicaragua. Preliminary estimates indicate that area planted may increase by approximately 4,000 ha. in Costa Rica and Nicaragua in the next couple of years, although it is not clear where most of the new areas will be planted. According to producers, production conditions, both in terms of climate and soils are very favorable on the Nicaraguan side. The higher international price for orange juice concentrate keeps providing an incentive for both companies and individuals to plant additional groves.

Orange production reached 9.5 million boxes of 40.824 kgs or 47.5 million pounds of solids in 2006/2007, including production from the Nicaraguan areas that produce for processing in Costa Rica. Weather conditions were less humid in calendar year 2006 resulting in better yields. Production of oranges in 2007/2008 is forecast at 7.5 million boxes (a 21 percent decline) as compared to 2006/2007. Lower production is expected as a result of a very humid rainy season throughout the country in calendar year 2007, which, according to industry sources is expected to cause lower yields in the main production areas.

Costa Rica exports the majority of its orange production as frozen orange juice concentrate. According to information from the Costa Rican Trade Promotion Board (PROCOMER), the total value of orange juice exported in different presentations reached \$52 million in 2006, up 45 percent from \$35.8 million in 2005. Export volume increased 18.5 percent from 37,782 MT in 2005 to 44,800 MT in 2006. The average price increased from \$0.95/kg to \$1.16/kg over that period of time. Of the total volume exported in 2006, 20,368 MT was frozen orange juice concentrate and 19,952 MT was NFC juice. Exports of "other" orange juice amounted to 4,480 MT.

The Netherlands was Costa Rica's main destination for orange juice exports in its different forms in 2006. Exports to that country reached 21,000 MT. Total exports to the United States amounted to 20,073 MT. Other export markets included Spain and Puerto Rico.

The lower production of oranges in Florida and the resulting higher price per pound of solids have prompted local producers to expand area planted or to replant trees in their groves. Also, Costa Rican orange juice enters the United States duty free under the Caribbean Basin Initiative (CBI). This duty rate would become permanent if Costa Rica implements the CAFTA – DR.