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## Australia

### Citrus

### Annual

### 2008

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**Report Highlights:**

Total orange production for 2009/10 is forecast at 480 TMT, up significantly on the estimated 440 TMT for the previous year. Total orange juice production for 2009/10 is forecast at 12,700 MT, up on the revised figure for the previous year. Post has assumed a return to average weather conditions, in the lead up to, and during the 2009/10 season. This alone should provide a slight increase in production.

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Annual Report  
Canberra [AS1]  
[AS]

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**SECTION ONE: SITUATION AND OUTLOOK****General**

Drought conditions continue to persist throughout much of Australia's citrus producing regions and their adjacent catchments. This has greatly constrained expectations for 2009/10. However, post has assumed average rainfall for the remainder of 2008/09 and all of 2009/10 and this, if achieved, would likely boost the production for the 2009/10 harvest which is expected to begin in June 2009.

Recent turmoil in world financial markets has received much attention recently. Post has not detected significant effects on agricultural production resulting from changes in global credit conditions. However, the Australian dollar has recently been sharply devalued falling from around US\$0.92 to US\$0.64, a level more reflective of the long term average. This is expected to assist exports and constrain imports in 2009/10.

**Production**

Total orange production for 2009/10 is forecast at 480 TMT, up significantly on the estimated 440 TMT for the previous year. Assumed average seasonal conditions will likely see production increase due to improved supplies of irrigation water and also improved rainfall in key areas. Post expects production increases to be greatest in the Riverland and Murray Valley which are key Navel production areas. These areas suffered the worst of the drought conditions experienced in 2008/09.

At present, the 2009/10 crop is at flowering stage with the most advanced crops finishing flowering. Post expects harvest for the 2009/10 crop to begin in June and to be in full swing by July.

Post has revised production for 2008/09 upwards sharply in line with recent industry data. Improved seasonal conditions in the Riverina area combined with somewhat improved supplies of irrigation water pushed production well beyond previous expectations. According to industry sources, this area mainly produces Valencia oranges.

**Exports**

Exports of fresh oranges in 2009/10 are forecast to increase to 130 TMT. Increased production, particularly of the exported Navel variety, and a lower Australian dollar are expected to boost exports well beyond the level achieved in the previous year.

Exports of fresh oranges for 2008/09 have been revised upwards in line with the most recent official government estimates. However, post advises that final industry estimates are not yet available and the shipping program is due to finish shortly. Post will likely revise this figure in line with industry figures when they become available.

Traditionally, the United States has been Australia's largest market for exported oranges. However, the most recent official trade data suggests, for the year ending September, that Hong Kong recently surpassed the United States (on a year-ending August basis) to become Australia's largest export market by volume. A strong Australian dollar during 2008/09, vis-a-vis the US dollar, is likely responsible for this shift in trade.

More recently, the devaluation of the Australia dollar is likely to result in another shift in trade and post anticipates the US to once again become Australia's largest export market.

### **Imports**

Imports of fresh oranges for 2009/10 are forecast to decline to 15 TMT. The lower Australian dollar is likely to make imported oranges relatively more expensive. Furthermore, increased local production may shorten the window for imported citrus although this remains to be seen. According to official trade data, almost all of Australia's imported oranges are sourced from the United States.

### **Policy**

The traditional representative body of the Australian citrus industry, Australian Citrus Growers Incorporated, has now been abolished. As of November 1, 2008, a newly created organization, Citrus Australia Limited has been created to carry on the functions performed by the previous organization. The main changes to representation relate to the make-up and the role of the new board.

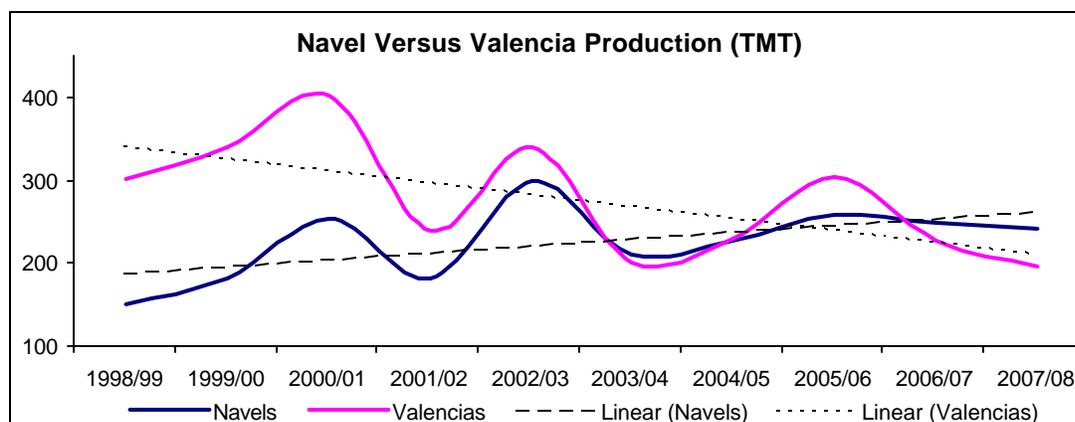
The new board elected to govern Citrus Australia Limited contain three "skill based" appointments and four grower representatives. Sources suggest that this change reflects the shift in emphasis toward more "market related issues" rather than the more traditional "production related issues".

Industry has been working on the creation of the new representative organization for the past three years and these activities was a feature of post's last report (see report #AS7066).

### **Juice**

Total orange juice production for 2009/10 is forecast at 12,700 MT, up on the revised figure for the previous year. Post has assumed a return to average weather conditions, in the lead up to, and during the 2009/10 season. This alone should provide a slight increase in production.

Long term, Valencia production (which typically drives juice production) has been trending downwards due to poor orange juice prices and drought conditions. Post expects this trend to continue and that the 2008/09 increase in Valencia production are driven by comparatively better production conditions in key Valencia producing regions of Australia.



Post has revised juice production for 2008/09 upwards sharply to 11,538 MT in line with industry sources. Severe drought conditions, which were expected to affect citrus production uniformly, did not affect key Valencia producing regions to the same extent as others. As a result, Valencia production far exceeded prior expectations in 2008/09 and improved markedly on the 35 year low experienced in 2007/08. Post believes however that Valencia production will continue to decline over the longer term.

### Exports

Exports of orange juice are expected to increase slightly to 1,800 MT in 2009/10. Increased production is expected to drive the increase in exports. New Zealand, Japan and South Korea account for around half of Australia's orange juice exports.

### Imports

Imports of orange juice in 2009/10 are expected to decrease slightly 29,500 MT. Almost all imports of orange juice are from Brazil.

## SECTION TWO: STATISTICAL TABLES

PSD Table Oranges, Fresh										
	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
<b>Market Year Begin</b>		04/2007	04/2007		04/2008	04/2008		04/2009	04/2009	MM/YYYY
Area Planted	27000	27000	27000	27000	27000	27000			27000	(HECTARES)
Area Harvested	23000	23000	23000	23000	23000	23000			23000	(HECTARES)
Bearing Trees	5500	5500	5500	5500	5500	5500			5500	(1000 TREES)
Non-Bearing Trees	1500	1500	1500	1250	1250	1250			1000	(1000 TREES)
Total No. Of Trees	7000	7000	7000	6750	6750	6750			6500	(1000 TREES)
Production	419	419	419	350	350	440			480	(1000 MT)
Imports	12	12	12	15	15	18			15	(1000 MT)
Total Supply	431	431	431	365	365	458			495	(1000 MT)
Exports, Fresh	110	110	110	100	100	113			130	(1000 MT)
Fresh Dom. Consumption	185	185	185	170	170	195			200	(1000 MT)
For Processing	136	136	136	95	95	150			165	(1000 MT)
Total Distribution	431	431	431	365	365	458			495	(1000 MT)

PSD Table Orange Juice										
	2006	Revised		2007	Estimate		2008	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
<b>Market Year Begin</b>		07/2007	07/2007		07/2008	07/2008		07/2009	07/2009	MM/YYYY
Deliv. To Processors	136000	136000	136000	95000	95000	150000			165000	(MT)
Beginning Stocks	1161	1161	1161	1022	1022	1022			810	(MT)
Production	10461	10461	10461	7307	7307	11538			12700	(MT)
Imports	32500	32500	32500	34500	34500	30000			29500	(MT)
Total Supply	44122	44122	44122	42829	42829	42560			43010	(MT)
Exports	1600	1600	1600	1100	1100	1750			1800	(MT)
Domestic Consumption	41500	41500	41500	41000	41000	40000			40500	(MT)
Ending Stocks	1022	1022	1022	729	729	810			710	(MT)
Total Distribution	44122	44122	44122	42829	42829	42560			43010	(MT)

## Recent Reports from FAS/Canberra

The reports listed below can all be downloaded from the FAS website at:  
<http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>.

Report Number	Title of Report	Date
AS8052	November Grain Lockup	11/03/08
AS8051	Final IRA for Chicken Meat released by Biosecurity Australia	10/31/08
AS8049	Dairy Annual 2008	10/20/08
AS8048	Grain and Feed October Update 2008	09/26/08
AS8047	Sugar Semi-Annual	09/26/08
AS8046	Exporter Guide	09/15/08
AS8044	FAIRS Export Certificate Report	09/04/08
AS8043	2008 September Voluntary Grain Report	08/28/08
AS8041	Cotton Quarterly Lock-up	08/27/08
AS8040	Competitiveness of Grocery Pricing in Australia Investigated	08/20/08
AS8039	2008 Livestock Annual	08/22/08
AS8038	FAIRS Country Report	07/31/08
AS8037	The Australian Emissions Trading Scheme NFF Policy	07/22/08
AS8036	Draft Organic Standard Released for Comment	07/22/08
AS8035	Biotechnology Annual	07/15/08
AS8033	Grain and Feed Quarterly Update	07/08/08
AS8032	Wheat Reform Legislation Passes in Parliament	06/25/08
AS8030	Grain and Feed Situation Update	06/13/08
AS8029	Response to the "Safeguards Inquiry Into The Imports of Pigmeat"	06/06/08
AS8028	New Wheat Marketing Legislation Progresses Through Parliament	06/05/08
AS8027	Biofuels Annual	06/04/08
AS8026	Aust Govt Expresses Disappointment Over Farm Bill	05/27/08
AS8024	US Farm Bill: Lost Opportunity – Minister for Trade	05/19/08
AS8023	Dairy Semi-Annual	05/19/08
AS8022	ABARE Report indicates GM crops will provide economic benefits to Australian regions	05/15/08
AS8020	Cotton Annual	05/01/08
AS8019	Draft IRA for Stone Fruit from the US Released for Comment	04/29/08
AS8017	Stone Fruit Annual	04/11/08
AS8016	Pork Safeguard: Productivity Commission Final Report	04/07/08
AS8015	Sugar Annual	04/08/08
AS8014	Grain & Feed Annual	03/28/08
AS8012	Livestock Semi-Annual	03/20/08
AS8011	Commencement of IRA for U.S. Apples Announced	03/19/08
AS8010	Wheat Industry Export Group Discussion Paper Released	03/18/08
AS8009	Call for Comments on Quarantine & Biosecurity Review	03/17/08
AS8008	Commencement of IRA for Stone Fruit Announced	03/14/08
AS8006	Draft Wheat Export Marketing Bill Released	03/06/08
AS8005	Wine Annual	02/26/08
AS8004	Government Announces Review of Australia's Quarantine & Biosecurity Processes	02/21/08