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## Brazil

## Citrus

## Annual Report

## 2005

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### Report Highlights:

The MY 2006/07 Brazilian orange crop is projected at 447 MBx, up 41 MBx compared to MY 2005/06 (406 MBx), assuming that normal weather conditions prevail during 2006. Orange prices should remain firm as a consequence of the relative tight supply and demand balance. The Sao Paulo and western Minas Gerais commercial areas should produce 360 MBx, up 40 MBx from MY 2005/06. Total FCOJ 65 Brix equivalent production for MY 2005/06 is estimated at 1.285 mmt, down 197,000 metric tons from previous MY, due to lower availability of fruits for processing. FCOJ exports for MY 2005/06 are estimated at 1.335 mmt. In August 2005, the Department of Commerce announced its preliminary determination in the antidumping duty investigation of certain orange juice from Brazil reporting that producers/exporters in Brazil sold orange juice in the U.S. market at less than fair value

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Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Annual Report  
Sao Paulo [BR3]  
[BR]

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## FRESH ORANGES

## PS&amp;D Table

## PSD Table

## Country Brazil

## Commc Oranges, Fresh

(HECTARES)(1000 TREES)(1000

Year Begin	USDA Official [t Estimate[NA Official [t Estimate[NA Official [t Estimate[New]				MM/YYYY
	07/2004		07/2005		
Area Plant	866400	866400	853000	851000	0 856000 (HECTARE
Area Harv	730900	730900	731600	740600	0 745600 (HECTARE
Bearing Tr	211000	211000	211000	214000	0 216000 (1000 TRE
Non-Bearir	49000	49000	44000	41000	0 41000 (1000 TRE
TOTAL No	260000	260000	255000	255000	0 257000 (1000 TRE
Production	19054	19054	16606	16565	0 18238 (1000 MT)
Imports	0	0	0	0	0 0 (1000 MT)
TOTAL SU	19054	19054	16606	16565	0 18238 (1000 MT)
Exports	90	90	82	41	0 82 (1000 MT)
Fresh Dorr	4847	4847	4814	4529	0 4773 (1000 MT)
Processing	14117	14117	11710	11995	0 13383 (1000 MT)
TOTAL DI	19054	19054	16606	16565	0 18238 (1000 MT)

## Production

## PS&amp;D Tables

The following tables provide revised data for Sao Paulo commercial area and total Brazilian fresh orange production, supply and demand (PS&D) for marketing years (MY) 2004/05, 2005/06 (July-June) and the initial forecast for MY 2006/07.

Sao Paulo: Fresh Oranges PS&D (Jul-Jun)			
(million 40.8 kg boxes)			
Item/Marketing Year	2004/05	2005/06	2006/07
(Bloom/Harvest)	(03/04)	(04/05)	(05/06)
Production	380.0	320.0	360.0
Exports	2.2	1.0	2.0
Domestic Consumption	41.8	37.0	44.0
Processing FCOJ	318.0	261.0	290.0
Processing NFC (exports)	18.0	21.0	24.0

Brazil: Fresh Oranges PS&D (Jul-Jun)			
(million 40.8 kg boxes)			
Item/Marketing Year	2004/05	2005/06	2006/07
(Bloom/Harvest)	(03/04)	(04/05)	(05/06)
Total Production	467.0	406.0	447.0
Sao Paulo	380.0	320.0	360.0
Others	87.0	86.0	87.0
Exports	2.2	1.0	2.0
Sao Paulo	2.2	1.0	2.0
Domestic Consumption	114.8	111.0	117.0
Delivered to processors	350.0	294.0	328.0
Sao Paulo (FCOJ + NFC exports)	336.0	282.0	314.0
Others	14.0	12.0	14.0

### General

The Agricultural Trade Office (ATO)/Sao Paulo estimates the Brazilian orange crop for MY 2005/06 (Jul-Jun) at 406 million 40.8 kg boxes (Mbx), down 1 MBx compared to previous estimate, to reflect updated information from the Brazilian Geography and Statistics Institute (IBGE).

The commercial area of the state of Sao Paulo and the western part of Minas Gerais are estimated to have produced 320 Mbx, unchanged from previous estimate. Agricultural yields were slightly lower than previously estimated, and this production estimate takes into account a minor upward revision in the tree inventory and reported smaller size of the fruit. Fruit droppage is reported to be higher than average. However, oranges from late blossomings, which occurred in 2005 should offset potential losses in the crop, thus guaranteeing stable production. Note that the product of late blossomings is more likely to be diverted to the domestic market.

Other growing regions should contribute 86 Mbx. The orange production estimate for states other than Sao Paulo is taken from updated information from IBGE. The harvest season in Sao Paulo has moved along well and according to post contacts, harvest should be over by January for most of the processing plants, although some of them might continue processing through February.

The Sao Paulo State Institute of Agricultural Economics (IEA) released the results of its sixth and last citrus crop survey (September 2005) for the 2004/05 crop (MY 2005/06). The Sao Paulo crop, including both commercial and non-commercial areas, is estimated at 352.1 Mbx, down 8.6 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 214.9 million trees (183.8 million bearing and 31.1 million non-bearing trees)

ATO/Sao Paulo forecasts the total Brazilian orange crop for MY 2006/07 (Jul-Jun) at 447 Mbx, a 10 percent increase from MY 2005/06, assuming that good weather conditions prevail during 2006 to support fruit setting and size. The commercial area of the state of Sao Paulo and the western part of Minas Gerais should produce 360 Mbx, whereas the remainder should come from other growing regions (87 MBx).

It is still quite early to accurately forecast the 2005/06 crop (MY 2006/07) and more accurate numbers will be available only in the second quarter of 2006. The projected increase in production for MY 2006/07 in the Sao Paulo and Minas Gerais commercial areas is based on the following factors:

- Orange trees are less stressed from a relatively small MY 2005/06 crop;
- The on-year of the biannual cycle of the Hamlin and Valencia varieties;
- Average crop management for some groves during 2005 improved due to better orange prices;
- Weather patterns during 2005 were better than 2004 reducing damage during blossoming.

The first blossoming in the Sao Paulo commercial area occurred in September 2005. Blossoming at that time was especially heavy in the southern and central growing regions. A second blossoming was observed in October/November. This second blossoming was more geographically uniform through the citrus belt and the resulting fruit setting is considered better than the one from the first blossoming. Overall, the southern region shows a better fruit setting, followed by the northern region. Post contacts report that the fruit setting in the central region (Araraquara region) was somewhat damaged by the harvest of the current crop. A third and good blossoming is expected in December, if good weather conditions prevail. Weather conditions may heavily influence the MY 2006/07 crop, according to post contacts. Recent reports show that the Northern production region might suffer damage from dry and warm weather, whereas the southern and central producing regions could bolster production.

### **Area, Tree Inventory and Yields**

ATO/Sao Paulo estimates the Brazilian agricultural yield for MY 2005/06 at 1.90 boxes/tree, slightly down from the previous estimate (1.93 boxes/tree), as a consequence of smaller size of the fruits. The agricultural yield for MY 2006/07 is projected at 2.07 boxes/tree, a 9 percent increase from previous MY, but not as high as the MY 2004/05 crop yield (2.21 boxes/tree). Young bearing trees entering production (3-5 years old) do not have the same productivity as the to the old trees that have been replaced.

Total MY 2006/07 orange area is projected 856,000 (ha), up 5,000 ha from the previous crop. Total Brazilian tree inventory for MY 2006/07 is projected at 257 million trees (216 million bearing and 41 million non-bearing trees), up 2 million trees from revised figures for MY 2005/06 (214 million bearing and 41 million non-bearing trees).

The MY 2005/06 tree inventory for the Sao Paulo commercial area remains unchanged at 199 million trees. However, the breakdown was adjusted to 162 and 37 million bearing and non-bearing trees, respectively. The tree inventory for MY 2006/07 in the Sao Paulo citrus belt is projected at 164 and 37 million bearing and non-bearing trees, respectively. The table below shows the estimates for area and tree inventory for MY 2004/05, MY 2005/06 and MY 2006/07.

Brazil: Fresh Oranges PS&D (Jul-Jun)			
(1,000 ha & million trees)			
Item/Marketing Year	2004/05	2005/06	2006/07
(Bloom/Harvest)	(03/04)	(04/05)	(05/06)
Area Planted	866.4	851.0	856.0
Sao Paulo	670.0	651.0	656.0
Others	196.4	200.0	200.0
Area Harvested	730.9	740.6	745.6
Sao Paulo	542.0	548.0	553.0
Others	188.9	192.6	192.6
Bearing Trees	211.0	214.0	216.0
Sao Paulo	160.0	162.0	164.0
Others	51.0	52.0	52.0
Non-Bearing Trees	49.0	41.0	41.0
Sao Paulo	45.0	37.0	37.0
Others	4.0	4.0	4.0
Total Trees	260.0	255.0	257.0

As reported by the Citriculture Defense Fund (Fundecitrus), 544 inspected nurseries were in operation in September 2005. All but one are protected, e.g., they maintain seedlings within screened enclosures, in accordance with Sao Paulo State law. The number of inspected seedlings amounted to 12,652, 870 (all from protected nurseries), whereas the number of inspected rootstock totaled 11,626,778 (11,625,478 from protected and 1,300 from unprotected nurseries).

Sugarcane continues to replace old citrus groves, especially in the northern part of the state of Sao Paulo. The migration of the citrus belt to far-southern areas like Avare and Botucatu has been also observed. Nevertheless, industry contacts report that the juice quality of the fruit in such regions might not be quite adequate for the Brazilian export markets.

The concentration of citrus production is a clear trend within the citrus industry. Both growers and orange juice (OJ) processors report that more and more, small citrus growers have abandoned production and that larger-sized better capitalized farmers (including the OJ companies) have invested in new groves. With the spread of several diseases and increased costs of inputs, production costs have augmented significantly, representing a barrier to less capitalized growers.

Post contacts report that production costs could reach US 2.50 per box, however costs vary immensely, according to the production systems adopted by growers. The cost of combating greening through control of the vector represents an extra US\$ 0.10/box to the cost production spreadsheet. According to FNP, orange production costs increased from US\$ 1.67/box in 2003 to US\$ 3.48/box in 2005, especially due to the increase in input costs. FNP estimates that the cost to control the vectors of cvc and greening are US\$ 0.23/box, while control of black spot is estimated at US\$ 0.46/box.

## Diseases

The Sao Paulo State Fund for the Defense of Citriculture (Fundecitrus) is an association of citrus producers and processors to promote phytosanitary protection to citrus groves. Fundecitrus was created in 1977 to support the Brazilian Government in controlling citrus canker, a major threat during those times. The institution broadened its responsibilities over the years and currently Fundecitrus handles a broad range of disease monitoring and eradication activities as well as scientific research of several citrus diseases and pests, such as canker, cvc, sudden death of citrus, greening, etc... The role assumed by Fundecitrus is unquestionably essential to the good management practices of the Brazilian citriculture, not only because they rely on a team of experts and knowledgeable researchers, but also because they represent the joint effort of citrus growers and orange juice processors.

According to the Sao Paulo State Fund for the Defense of Citriculture (Fundecitrus), the 2005 CVC field survey shows that 43.28 percent of sampled trees (1,500 samples) in the Sao Paulo and western Minas Gerais commercial areas show symptoms of the disease. Results indicate that 6.26 percent of sampled trees show symptoms restricted to leaves (Grade 1), while 37.02 percent show leaf and fruit symptoms (Grade 2). The disease is mostly concentrated in the northern part of the state of Sao Paulo. The survey also shows only a 3.06 percent infection rate for plants up to 2 years, as opposed to 5.66 percent in 2004. CVC may become a minor problem in the future since new plants have consistently shown low contamination rates for the past years due to good management practices starting with protected nurseries.

Citrus Chlorosis Variegated (CVC) - Estimated Prevalence of Symptoms (percentage of total sample).

Sevterity	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Grade 1	15.93	22.89	13.68	20.95	13.23	12.37	10.36	10.38	7.87	6.26
Grade 2	6.17	9.39	7.55	15.13	20.8	24.07	27.92	33.18	35.98	37.02
Total	22.10	32.28	21.23	36.08	34.03	36.44	38.28	43.56	43.85	43.28

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

1/ Grade 1: plants with symptoms restricted to the leaves 2/ Grade 2: plants with leaf and fruit symptoms

The evolution of citrus canker in 2005, as reported by Fundecitrus, follows. Cumulative 2005 (January-September) tree eradication for commercial groves (blocks) due to citrus canker is approximately 174,484 trees, down 44,060 trees from the same period in 2004. Cumulative non-commercial grove eradication for the January-September period is approximately 234,790 trees.

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

Month	Block			Domestic Grove		Nurseries		
	New	Recontaminated	Total	Plants Eradicated	Total	Plants Eradicated	Total	Plants Eradicated
Jan-Mar	64	113	177	74,650	1,512	39,355	0	0
Apr-Jun	74	99	173	63,720	2,228	74,222	0	0
Jul-Sep	44	62	106	36,114	3,978	121,213	0	0
Total	182	274	456	174,484	7,718	234,790	0	0

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

Fundecitrus continues to inspect the central region of the citrus belt (approximately 50 counties, especially Araraquara) to identify plants affected by Huanglongbing (HLB) or

greening, which was first diagnosed in Brazil in March 2004. According to the Normative Instruction of March 2005, issued by the Secretariat of Agriculture of the State of Sao Paulo, affected plants should be eliminated within a 15-day period after the tree shows positive laboratory diagnosis for greening. Growers, however, have not waited for the lab results before eradicating suspicious plants. Unofficial estimates show that approximately 300,000 plants were summarily destroyed and that the total number of affected trees should not reach 2 million units.

The disease is a major concern for the citrus industry due to its severity and quick dissemination. Initially, plants affected by greening show symptoms of yellowing in one or more sectors of the crown, which progresses to the whole plant. Furthermore, leaves and fruit drop, and pointers become dry.

### 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.

Orange Prices received by Producers in the Domestic Market (Pera Variety, average prices in Reais - R\$, 40.8 kg)										
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	8.79
Jul	2.09	2.38	4.31	2.85	2.18	8.31	7.92	8.63	6.97	8.97
Aug	2.25	2.31	5.06	2.25	2.50	9.27	8.45	9.12	6.78	9.13
Sep	2.48	2.41	5.24	1.81	2.72	10.34	8.96	10.25	6.85	9.73
Oct	2.76	2.80	5.41	1.42	2.75	11.30	10.91	12.16	7.91	11.04
Nov	2.82	3.45	5.55	1.29	3.43	11.69	12.62	12.70	8.62	12.51
Dec 1/	2.82	4.07	5.87	1.52	3.79	11.62	12.79	12.03	9.00	14.04

Source: CEPEA/ESALQ 1/ June price refers to December 13.

Orange Prices paid by Sao Paulo industry - spot market (Pera, Natal, Valencia varieties, average prices in Reais -										
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	7.14
Jul	1.81	2.50	4.76	2.72	1.66	6.97	7.75	7.86	5.51	8.71
Aug	1.95	2.50	5.21	2.47	1.58	7.16	8.25	8.76	6.22	8.44
Sep	2.11	2.49	5.25	2.06	1.66	7.44	8.49	9.25	5.98	7.94
Oct	2.48	2.59	5.19	1.87	2.01	8.08	10.86	9.72	6.39	7.86
Nov	2.46	2.83	5.20	1.65	2.48	8.97	11.21	10.21	7.23	9.70
Dec 1/	2.50	3.08	4.78	1.52	2.94	9.27	10.98	9.98	7.31	11.40

Source: CEPEA/ESALQ 1/ December price refers to December 13.

The appreciation of the local currency, the Real, has kept dollar-based prices between US\$ 3.00-5.00/box (spot prices – industry) and US\$ 3.75–6.25/per box (domestic market) during the crushing period (June-December 2005). According to industry contacts, orange prices should remain steady in 2006, a consequence of the tight supply and demand balance both in Brazil and Florida. The expectations of higher exports to the U.S. due to the damage caused by the hurricanes in the Floridian groves also contribute firm prices.

The high prices paid in 2005 did not benefit all citrus growers, as many of them had signed forward contracts with the industry before the beginning of the harvest (June 2005). The expected high prices in 2006 might also not be completely enjoyed by growers since the majority of these contracts are set for a 3-year period.

Growers whose set price is below US\$ 3.50/box have been attempting to renegotiate their contracts. They claim that the appreciation of the local currency, the Real, and the significant increase in the frozen concentrated orange juice (FCOJ) prices justify a new contract price for MY 2006/07. Average wholesale spot price in Europe (Rotterdam) is US\$ 900/ton for MY 2004/05. Food News estimates that the average price for MY 2005/06 should reach US\$ 1,400/ton.

The table below shows contract prices paid for the industry for MY 2001/02 through the MY 2005/06 crops, according to updated information provided by CEPEA. Contracts for MY 2005/06 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.

#### Contract Prices for the Sao Paulo citrus industry

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 - 3,80	2005	2007/2009

Source: CEPEA/ESALQ/USP

## Consumption

Total Brazilian orange consumption for MY 2006/07 is projected at 117 Mbx, up 6 MBx relative to updated figure for MY 2005/06 (111 Mbx). Note that these figures include actual domestic consumption plus losses from natural drop, harvesting, transportation and packing. Fruit delivered to processors for "not from concentrated (NFC)" orange production for the domestic market is also included in these figures. 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.

"Laranja Brasil" ([www.laranjabrasil.com.br](http://www.laranjabrasil.com.br)) is an organization created in 2001 and comprised of citrus growers and companies working in the different chains of the citrus industry. The institution promotes the Brazilian citrus business, and major goals include:

- Promoting the expansion of consumption of citrus fruits and their products, especially in the domestic market;
- Defending the common interests of the citrus chain in order to increase its competitiveness;
- Collection of data and surveying of the citrus industry in support of actions which promote the consumption of oranges and orange juice.

## Trade

ATO/Sao Paulo projects total fresh orange exports for MY 2006/07 at 2 Mbx, due to likely higher availability of fruit. MY 2005/06 orange exports were reduced to 1 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 MY 2004/05 and 2005/06, according to SECEX.

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

Country	MY 2004/05 1/		MY 2004/05 2/		MY 2005/06 2/	
	Quantity	Value	Quantity	Value	Quantity	Value
Netherlands	38,665	9,975	36,019	9,289	15,210	4,572
United Kingdom	21,926	4,087	16,746	3,412	1,760	512
Spain	9,234	1,982	9,165	1,966	5,804	1,567
Russia	4,033	1,295	3,100	965	50	11
Lithuania	2,256	445	2,256	445	2,948	804
Saudi Arabia	2,253	701	2,207	690	295	76
Portugal	1,814	373	1,701	350	1,701	441
Oma	1,751	553	1,751	553	414	148
U.E.A.	1,279	345	1,279	345	0	0
Italy	1,242	361	1,098	330	517	171
Others	3,731	911	3,360	805	1,678	473
Total	88,184	21,027	78,682	19,149	30,377	8,774

Source : Brazilian Department of Foreign Trade (SECEX)  
1/July-June - 2/July-October NCM 0805.10.00

## ORANGE JUICE (OJ)

## PS&amp;D Table

## PSD Table

Country Brazil

65 Degrees Brix

Commodity Orange Juice

(MT)

Year Begin	USDA Official [t Estimate]		NA Official [t Estimate]		NA Official [t Estimate]		New] MM/YYYY
	07/2004	07/2005	07/2005	07/2006	07/2006	07/2006	
Deliv. To F	14117000	14117000	11710000	11995000	0	13383000	(MT)
Beginning	56000	56000	121000	101000	91000	31000	(MT)
Production	1451000	1482000	1244000	1285000	0	1402000	(MT)
Imports	0	0	0	0	0	0	(MT)
TOTAL SU	1507000	1538000	1365000	1386000	91000	1433000	(MT)
Exports	1366000	1417000	1254000	1335000	0	1367000	(MT)
Domestic C	20000	20000	20000	20000	0	21000	(MT)
Ending Sto	121000	101000	91000	31000	0	45000	(MT)
TOTAL DI	1507000	1538000	1365000	1386000	0	1433000	(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&amp;D Tables

The following tables provide revised data for Sao Paulo commercial area and total Brazilian fresh orange production, supply and demand (PS&D) for marketing years (MY) 2004/05, 2005/06 (July-June) and the initial forecast for MY 2006/07.

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)			
Item/Marketing Year	2004/05	2005/06	2006/07
(Bloom/Harvest)	(03/04)	(04/05)	(05/06)
Delivered to Processors	336.0	282.0	314.0
FCOJ	318.0	261.0	290.0
NFC	18.0	21.0	24.0
Beginning Stocks	56.0	101.0	31.0
Production	1,407.0	1,230.0	1,327.0
FCOJ	1,335.0	1,150.0	1,235.0
NFC (FCOJ equiv)	72.0	80.0	92.0
Total Supply	1,463.0	1,331.0	1,358.0
Exports	1,342.0	1,280.0	1,292.0
FCOJ	1,270.0	1,200.0	1,200.0
NFC (FCOJ equiv)	72.0	80.0	92.0
Domestic Consumption	20.0	20.0	21.0
Ending Stocks*	101.0	31.0	45.0

Brazil: FCOJ PS&D (Jul-Jun)			
(Million 40.8 kg boxes, TMT, 65 degrees brix)			
Item/Marketing Year	2004/05	2005/06	2006/07
(Bloom/Harvest)	(03/04)	(04/05)	(05/06)
Delivered to Processors	350.0	294.0	328.0
Sao Paulo (FCOJ + NFC exports)	336.0	282.0	314.0
Others	14.0	12.0	14.0
Beginning Stocks *	56.0	101.0	31.0
Total Production	1,482.0	1,285.0	1,402.0
Sao Paulo FCOJ	1,335.0	1,150.0	1,235.0
Sao Paulo NFC (FCOJ equiv)	72.0	80.0	92.0
Others	75.0	55.0	75.0
Total Supply	1,538.0	1,386.0	1,433.0
Exports	1,417.0	1,335.0	1,367.0
Sao Paulo FCOJ	1,270.0	1,200.0	1,200.0
Sao Paulo NFC (FCOJ equiv)	72.0	80.0	92.0
Others	75.0	55.0	75.0
Domestic Consumption	20.0	20.0	21.0
Ending Stocks	101.0	31.0	45.0
Total Distribution	1,538.0	1,386.0	1,433.0
* Sao Paulo FCOJ stocks only.			

## General

Post projects the MY 2006/07 (July-June) total Brazilian FCOJ 65 Brix equivalent production at 1.402 million metric tons (mmt), up 117,000 mt compared to the revised estimate for MY 2005/06 (1.285 mmt), due to expected higher availability of fruits for processing.

The Sao Paulo industry is likely to contribute 314 Mbx of oranges for processing (290 and 24 MBx of oranges for FCOJ and NFC production, respectively). The production breakdown for Sao Paulo follows: 1.235 mmt of FCOJ and 485,000 mt of NFC (or 92,000 mt of NFC converted to FCOJ equivalent). A small amount of the MY 2006/07 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. Other producing states should deliver 14 Mbx for processing and should contribute 75,000 mt of FCOJ.

Note that orange juice 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.

Total Brazilian FCOJ 65 Brix equivalent production for MY 2005/06 has been revised upward to 1.285 (up 41,000 mt from the previous estimate), mainly due to larger volume of fruit for processing. The Sao Paulo industry is expected to crush 282 Mbx (261 and 21 MBx of oranges for FCOJ and NFC production, respectively), whereas other FCOJ processing states should remain stable at 12 Mbx. The MY 2005/06 crush has moved along well, and the crushing season is expected to extend through January for most of the processing plants.

### Consumption

ATO/Sao Paulo projects FCOJ domestic consumption for MY 2006/07 at 21,000 mt, 65 Brix, similar to MY 2005/06 (20,000 mt).

### Trade

Total Brazilian FCOJ 65 Brix equivalent exports for MY 2006/07 are projected at 1.367 mmt, up 32,000 tons from updated estimate for MY 2005/06, due to expected higher availability of oranges for crushing. The Sao Paulo industry should account for 1.292 mmt, 65 Brix equivalent, whereas the remainder should come from other FCOJ producing states.

The FCOJ 65 Brix equivalent exports for MY 2005/06 are estimated at 1.335 mmt, up 6 percent from previous estimate, based on information provided by SECEX and post contacts. In spite of lower orange juice production in Brazil for MY 2005/06, export levels should not drop sharply, sustained by MY 2004/05 carryover stocks. The world demand has been stable and exports to the U.S. increased significantly due to the damages caused by the hurricanes in Florida in 2004. According to Food News, the average wholesale FCOJ price in Europe (Rotterdam) should be US 1,400/ton for MY 2005/06, as opposed to US\$ 900/ton for MY 2004/05.

FCOJ 65 Brix equivalent exports for MY 2004/05 were revised upward to 1.417 mmt, a 4 percent increase from previous estimate, based on updated information from the Brazilian Secretariat of Foreign Trade (SECEX) and post contacts.

The tables below show official FCOJ exports (NCM 2009.11.00, NCM 2009.12.00 and 2009.19.00) by country of destination for MY 2004/05 and 2005/06, 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, US\$ 1,000 FOB)

Country	MY 2004/05 1/		MY 2004/05 2/		MY 2005/06 2/	
	Quantity	Value	Quantity	Value	Quantity	Value
Belgium	484,270	356,408	149,110	113,962	198,233	139,786
U.S.A.	198,290	158,626	52,210	37,832	56,217	51,754
Netherlands	165,147	120,161	88,631	64,213	21,940	17,116
Japan	80,809	67,251	23,476	19,977	32,366	25,486
China	35,654	26,913	6,261	4,982	12,656	9,022
South Korea	24,363	19,427	5,118	4,307	8,537	6,654
Australia	22,051	14,643	7,245	5,238	8,376	4,734
Puerto Rico	12,408	10,093	2,780	2,522	4,047	3,035
Israel	8,575	5,869	2,151	1,621	3,327	2,539
Switzerland	7,182	5,627	2,939	2,461	12,791	8,780
Others	38,193	27,898	12,668	9,557	17,684	12,986
Total	1,076,942	812,916	352,589	266,673	376,176	281,894

Source : Brazilian Department of Foreign Trade (SECEX)

1/July-June - 2/July-October NCM 2009.11.00

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

Country	MY 2004/05 1/		MY 2004/05 2/		MY 2005/06 2/	
	Quantity	Value	Quantity	Value	Quantity	Value
Belgium	180,448	39,286	52,589	11,833	81,089	17,984
Netherlands	109,942	28,107	20,959	4,790	37,240	9,276
USA	82,447	18,462	36,756	8,153	30,447	6,475
Australia	4,559	1,365	1,755	527	122	37
Germany	969	519	0	0	678	476
New Zealand	765	239	37	11	149	42
Chile	396	135	132	43	154	58
Israel	160	48	0	0	0	0
Angola	74	23	0	0	0	0
Indonesia	63	35	18	7	26	15
Others	117	55	39	20	5,409	1,180
Total	379,940	88,276	112,285	25,383	155,316	35,543

Source ; Brazilian Department of Foreign Trade (SECEX)

1/July-June - 2/July-October NCM 2009.12.00

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

Country	MY 2004/05 1/		MY 2004/05 2/		MY 2005/06 2/	
	Quantity	Value	Quantity	Value	Quantity	Value
Netherlands	208,401	161,543	84,685	68,717	63,912	48,842
United Kingdom	46,676	36,875	9,471	7,776	14,744	11,645
Belgium	10,100	8,585	10,100	8,585	0	0
Switzerland	3,552	2,856	3,552	2,856	2,000	1,540
Israel	633	316	527	274	0	0
Japan	352	191	32	16	217	125
Argentina	196	182	12	9	17	44
Angola	138	83	20	12	0	0
Cape Verde	46	29	11	7	7	4
South Africa	39	18	0	0	0	0
Others	132	89	29	19	190	146
Total	270,265	210,767	108,439	88,270	81,087	62,346

Source : Brazilian Department of Foreign Trade (SECEX)

1/July -June - 2/July-October NCM 2009.19.00

### Stocks

Total ending stocks for MY 2006/07 are projected at 45,000 mt, 65 Brix, up 14,000 mt compared to revised MY 2005/06 estimate (31,000 mt). Brazilian owned FCOJ carryover stocks worldwide for MY 2004/05 are reported at approximately 380,000 mt.

### Policy

On August 17, the Department of Commerce announced its preliminary determination in the antidumping duty investigation of certain orange juices from Brazil. The Department preliminarily found that producers/exporters in Brazil sold orange juice in the U.S. market at less than fair value, with margins ranging from 24.62 to 60.29 percent. As a result of this preliminary determination, the Department instructed the U.S. Customs and Border Protection to collect a cash deposit or bond at the rate of the preliminary margins on imports of merchandise subject to this investigation.

**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	2.30	2.84	2.87	3.11	2.35
July	2.43	3.43	2.97	3.03	2.39
August	2.55	3.02	2.97	2.93	2.36
September	2.67	3.89	2.92	2.86	2.22
October	2.71	3.65	2.86	2.86	2.25
November	2.53	3.59	2.95	2.73	2.21
December	2.32	3.53	2.89	2.65	2.26

Source: Gazeta Mercantil. Note: December ROE refers to December 13, 2005