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Mexico

CITRUS ANNUAL

Citrus

Approved By:
Allan Mustard

Prepared By:
Dulce Flores and Mark Ford

Report Highlights:

MY 2009/10 (November-October) production of fresh oranges is forecast at lower levels compared to the already low levels of MY 2008/09 as production areas, mainly the northern states, were affected by dry weather conditions throughout 2009. Mexican orange exports are forecast to increase slightly from MY 2008/09 as more demand is expected from the international market. Meanwhile, total MY 2009/10 production for Key and Persian limes is forecast at two million metric tons (MMT) due to expected better weather conditions. Grapefruit production for MY 2009/10 is also forecast to be slightly higher compared to MY 2008/09 due to acreage coming into production and expected better weather conditions.

Executive Summary:

MY 2009/10 (November-October) production of fresh oranges is forecast at lower levels compared to the already low levels of MY 2008/09 as production areas, mainly the northern states of Mexico, were affected by dry weather conditions throughout 2009. Mexican orange exports are forecast to increase slightly from export levels of MY 2008/09 as more demand is expected from the international market. The final export figures will depend on U.S. demand.

Total MY 2009/10 production for Key and Persian limes is forecast at two million metric tons (MMT) due to expected better weather conditions. Lime exports for MY 2009/10 are forecast to increase slightly compared to MY 2008/09 exports. Since exports depend heavily on international demand from Europe and the United States, the current financial situation will ultimately influence demand.

Grapefruit production for MY 2009/10 is forecast to be slightly higher compared to MY 2008/09 due to acreage coming into production and expected better weather conditions. Production for MY 2008/09 was low as expected as northern areas were affected by dry weather conditions. Some fruit could not reach the fresh market due to quality issues, and therefore was sold for processing. Grapefruit production for MY 2007/08 was revised upward based on official GOM data.

Reliable production numbers for frozen concentrate orange juice (FCOJ) are difficult to obtain since no official statistical data are available. According to industry sources, FCOJ production for MY 2010 (January-December) is forecast to decrease to 65,000 MT due to an expected lower availability of fresh fruit for the industry. Exports of FCOJ for MY 2010 are forecast to decrease compared to previous years due to lower availability of fruit. The expectation of better international prices and stronger demand could increase exports more than forecast.

It is likely that dry weather conditions will continue to affect orange and grapefruit production from the northern states, mainly Nuevo Leon, Tamaulipas, and the northern part of Veracruz. Production from the other states is expected to be good. Persian lime production overall is likely to face fewer problems from the dry weather since a slight increase in production is expected to counterbalance the dryness due to more flowerings. FCOJ production could be affected the most since lower international prices depress the profit margins for companies. Although citrus imports are not significant compared to production, it could be affected by the weakening of the Mexican peso relative to the U.S. dollar [1] and the economic crisis afflicting the Mexican economy.

[1] The exchange rate used in this report was the average exchange rate of 13.50 pesos to the dollar, unless otherwise indicated.

Commodities:

Grapefruit, Fresh

Citrus, Other, Fresh
Lemons, Fresh
Orange Juice

Production:

FRESH ORANGES

There is not yet an official forecast from the Government of Mexico (GOM) for MY 2009/10 (November-October) fresh orange production, but according to industry sources, production is forecast to be somewhat lower than in MY 2008/09. Orange production from the northern states of Mexico was affected by dry weather conditions throughout 2009. Despite more rainfall in August/September, the crop is expected to decrease due to a low year production cycle.

Fresh orange production estimates for MY 2008/09 were revised upward approximately six percent from previous estimates based on official data, but the crop was smaller than MY 2007/08 production. Overall production was good and some producers indicated that there were areas that could not commercialize oranges since prices decreased during the first quarter of 2009. Veracruz and Nuevo Leon had slightly less production compared to MY 2007/08 due to weather problems. Domestic market demand was covered throughout the year and even during the normal low season months (May-August). MY 2007/08 fresh orange production estimates were updated based on official data.

Area planted and harvested for MY 2009/10 is not expected to increase much over the MY 2008/09 area due to an expected slowdown in domestic economic growth. Area planted and harvested for MY 2008/09 was revised upward from previous estimates based on official information. Some grower's associations planted more orange trees (especially in Baja California Sur, Sonora and Yucatan) to reconvert low yield crops as well as to spur new development projects. However, some growers have been abandoning groves, or switching to other crops, due to high production costs, wide swings in fresh orange prices, unfavorable weather conditions and marketing problems. Historical increases in orange production have been predominantly due to increased tree density rather than an expansion in area planted. Area planted and area harvested for MY 2007/08 were updated based on official data.

Country wide, orange yields for MY 2009/10 are forecast to be slightly lower, approximately 11.6 MT/ha, compared to MY 2008/09 yields of 12.3 MT/ha. Most of this is due to the dryness of this season. Orange yields differ widely depending on the production area. Typically, Veracruz's yields range from 10 to 20 MT/ha. Yields in Nuevo Leon range from 12 to 15 MT/ha and, in San Luis Potosi, yields range from 7 to 13 MT/ha. This variance in yields is caused by many factors, including weather, frequency of fertilizer and pesticide applications, tree density, and quality of terrain.

The MY 2009/10 forecast for oranges destined for processing is expected to be lower compared to MY 2008/09, due to reduced availability of fresh oranges in the market. This forecast will depend on the international price for orange juice concentrate (FCOJ). The estimate for oranges destined for processing for MY 2008/09 is expected to be about 800,000 MT of oranges, less than in MY 2007/08 due to a fall in international prices for FCOJ. The MY 2007/08 estimate of oranges destined for processing was revised upward as the market experienced an unprecedented surge in FCOJ prices that

allowed for better industry profit margins.

Production costs vary amongst citrus regions and producers. The average cost of production for a traditional grove with little intensive cultivation in Veracruz is approximately 5,700 to 8,000 pesos/ha (US\$422.22/ha to \$592.60/ha), while the cost for a more intensively farmed grove in Veracruz is typically between 8,000 pesos/ha to 11,400 (US\$592.60/ha to \$844.44/ha). Cost of production in Sonora is high due to higher costs for irrigation and quality control (the state is an exporting fruit fly area). Costs range from 15,000 to 18,000 pesos/ha (US\$1,111.10/ha to U.S. \$1,333.35/ha). Costs in Nuevo Leon are generally higher than those in Veracruz because of pump irrigation and range from 8,500 to 14,000 pesos/ha (US\$629.63/ha to \$1,037/ha). Higher production costs in general are primarily attributed to irrigation, fertilizer use and pest control. These last two inputs account for approximately 40 percent or more of total production costs in Nuevo Leon. This state has been striving to be recognized as a fruit fly free area, and some areas have (as of October 31, 2008) been given that recognition [1].

Some areas in the state of San Luis Potosi [2], second largest producer of oranges, have been given recognition as having low prevalence of fruit fly. In general, higher costs of pesticides and herbicides could lead producers to use fewer applications per hectare, which could reduce fruit production and quality for 2010. Average field worker wages are approximately 70 pesos (US\$5.18) per day, but often producers have to pay 90 pesos (US\$6.67) per day or more to attract a sufficient number of workers. It is important to note that the annual average exchange rate for one dollar shifted from 11.14 in 2008 to about 13.50 in 2009, which has resulted in higher prices for imported inputs.

Farm gate prices in Nuevo Leon were approximately 1,500 to 1,700 pesos MT (US\$111.10 to \$125.92 /MT) for the Marsh variety during October 2009, and prices for Veracruz are expected to be 800 to 1,000/MT (US\$59.25 to \$74.07/MT). Prices are expected to be similar or slightly higher for Valencia oranges, which are harvested after December. Thereafter, prices will depend on demand from the processing industry. Transportation costs from Veracruz to Mexico City are usually 3,000 to 3,500 pesos per 10 MT (US\$222.22 to \$259.26 per 10 MT) for one-day delivery. Transportation costs continue to increase due to motor fuel price increases.

[1] The Secretariat of Agriculture announced in the *Diario Oficial* (Federal Register) on October 31, 2008, that 19 counties in Nuevo Leon had been declared free of fruit fly (*Anastrepha*), some of them with citrus plantings.

[2] On September 29, 2009, the Secretariat of Agriculture published a decree in the *Diario Oficial* declaring 11 counties from the State of San Luis Potosi, as low prevalence zones of the fruit fly, *Anastrepha*, for about 4,460 hectares of citrus.

LEMONS/LIMES, FRESH

Key limes and Persian limes are economically significant for Mexico. Mexican Key limes are grown mainly in the Pacific coast in the states of Colima, Michoacán, Guerrero, and Oaxaca. Meanwhile, most Persian limes are grown in a micro-climate in northern Veracruz, followed on a smaller scale by Tabasco, Oaxaca, Puebla, and Yucatan.

Although there are no official GOM estimates, total MY 2009/10 production for both limes is forecast at two MMT, which is similar to MY 2008/09 production due to dry weather conditions. Lime

production for MY 2008/09 was revised upward from previous estimates but is expected to have a lower volume compared to MY 2007/08 production, reflecting adverse weather conditions. Veracruz, the main Persian lime producing state, has gone through dry weather conditions in 2009 that have affected volume and quality of the fruit. Lime production for MY 2007/08 was revised upward based on official data.

Area planted to both Persian and Key limes has increased in Mexico due to the facts that limes command high prices in international markets and generate fewer phytosanitary concerns. Approximately 33 percent of total area planted is Persian limes, while 67 percent is for Key limes. The Persian lime area planted in Veracruz has grown at a faster rate than that under Key limes. In fact, many producers have replaced orange and grapefruit groves with Persian limes in order to take advantage of strong international demand and higher prices.

Michoacán and Colima are the main states producing Key limes in Mexico. The Key lime planted area has increased at lower rates due to swings in domestic prices. Michoacán has an excellent winter window (December – February), which allows its Key limes to enter the domestic market first; therefore, planted area has tended to expand more in this state. According to producers, the domestic market is nearly saturated with Key limes, and a substantial increase in Michoacán's area planted could reduce prices for Key limes in the international market. During 2009, producers in Michoacán had to suspend harvest several times during the course of the year to prevent oversupplies in the domestic market and consequent low prices. Therefore, area planted for MY 2009/10 is forecast to remain similar to that of MY 2008/09. Estimates for area planted and harvested for MY 2008/09 were revised upward from previous estimates due to more area planted than expected. Estimates for MY 2007/08 were updated according to official information.

Nearly 20 percent of the Persian lime groves in Veracruz use micro-jet irrigation, or other irrigation systems, and produce year-round. Most of the irrigated Key lime groves are in the states of Michoacán and Colima and are also able to produce year-round. In contrast, almost all of the planted area for Key limes in Guerrero and Oaxaca is rain fed. In Colima, about half of the Key lime groves have coconut palm trees planted between Key lime trees in order to increase producer revenue.

The Persian lime trade tends to be dominated by large producers who have achieved efficiencies of scale. Persian lime production costs average from 10,800 pesos/ha to 13,000 pesos/ha (US\$800.00 to \$962.95/ha), and well-tended areas can have production costs as high as 20,200 pesos/ha or more (US\$1,481/ha). Average costs of production increased with the escalation of herbicides and fertilizer prices. However, some producers indicate that herbicides and fertilizer prices decreased for 2009 as oil prices also dropped. For example, urea prices increased from 3,500 pesos/ton (US\$319.92/MT) in January 2007, to 4,700 pesos/MT in January 2009 (US\$357.41/MT), but for October 2009, urea was 4,650 pesos/MT (US\$344.45/MT). Superphosphate was 1,580 pesos/MT (US\$144.42/MT) in January 2007 and increased to 3,800 pesos/MT (US\$288.97/MT) in January 2009, but in October 2009 this fertilizer was 3,100 pesos/ton (US\$229.62/MT).

The cost of production for Key limes varies according to cultural practices and technology. In the most important Key lime producing states (Oaxaca, Colima and Michoacán), production costs can vary from 7,750 pesos/ha to 17,600 pesos/ha (US\$574 to \$1,303.70/ha), or about 24,000 pesos/ha (US\$1,77.75/ha) for the well-tended areas.

Transportation costs from Veracruz to the U.S. border are approximately 11,500 pesos/trailer (US\$851.85), depending on motor fuel prices. Packing plants also saw their input costs increase, mainly due to exchange rate changes that made imported goods, such as the boxes to pack the fruit, more expensive.

Persian and Key lime yields differ widely depending on production conditions. The average yields for Persian limes in Veracruz range from 8 to 16 MT/ha, depending on cultural practices, but some yields are as high as 25 MT/ha. Key lime yields average between 7 to 12 MT/ha, with a few well-tended groves reaching 30 MT/ha. Grower prices for Persian limes range from 500 to 1,000 pesos/MT (US\$37.05 to \$74.07/MT) for the domestic market, and 3,000 to 7,000 pesos/MT (US\$222.25 to \$518.52/MT) for the export market from January to April. Grower prices for Key limes fluctuate more than prices for Persian limes, depending on the season and the producing state. On average, Key lime grower prices range from 840 to 3,200 pesos /MT (US\$62.22 to \$237.04/MT). Although Key lime production is year round, production in Michoacán is geared towards the winter season (October/February), while production from Colima covers demand from May through September. Oaxaca and other states cover the rest of the year.

FRESH GRAPEFRUIT

Although there is no official forecast for grapefruit production for MY 2009/10, producers believe production will be higher compared to MY 2008/09 due to additional acreage coming into production and somewhat better weather conditions. Veracruz, which is the largest grapefruit producing state, had additional acreage planted due to past good prices; therefore, more fruit is expected.

Production for MY 2008/09 was revised upward from previous estimates, but according to producers, it was still low as dry weather affected production in rain fed areas in the northern states. Weather conditions like temperature changes, in Michoacán resulted in harvesting delays. MY 2007/08 production estimates were revised upward from previous estimates based on official data.

Area planted has fluctuated between 17,000 and 19,000 hectares, depending on price variations and weather. Area planted for MY 2009/10 is forecast to remain close to 18,600 hectares as the rate of growth in newly developed areas has slowed down. Area planted and harvested for MY 2007/08 and area harvested for MY 2008/09 was revised upward from previous estimates reflecting growth in the states of Michoacán and Veracruz.

Although Veracruz, the state with the largest grapefruit production, has increased area planted, abandoned or damaged areas in other parts of the state have somewhat offset this growth. Costs of production for grapefruit generally fluctuate between 9,000 to 14,000 pesos per hectare (US\$667 to \$1,037/ha). Costs of production for Veracruz tend to be a little higher than in Michoacán due to pest concerns. These costs have increased due to higher prices for imported inputs such as fertilizers, pesticides, and other agrochemical products.

There are two types of grapefruit planted in Mexico: the red table varieties and the white fleshed varieties. The red table varieties are produced in Tabasco, Campeche, Michoacán, Nuevo León, Tamaulipas and Veracruz and are mainly for export as fresh fruit and peeled slices to the United

States and Europe, while the white fleshed varieties are produced in Tamaulipas and Veracruz and are used mainly for juice production or for peeled slices. According to growers, planting of red varieties has increased because of the higher export demand.

According to growers and the industry, approximately 20 percent or more of grapefruit production is destined for processing. However, that estimate largely depends on demand for peeled fruit in the international market and demand for juice in the domestic and international market. The MY 2009/10 forecast of grapefruit destined for processing is expected to be similar to MY 2008/09 unless there is a higher demand from the peeled fruit industry.

Grapefruit yields for MY 2009/10 are forecast to be 23 MT/ha, which is slightly higher than MY 2008/09 as better weather conditions are expected. Yields for MY 2008/09 are estimated at 22 MT/ha as some areas in the northern states went through a dry season. An overall normal yield for grapefruit is approximately 23 MT/ha. Veracruz accounts for approximately 58 percent of Mexican grapefruit production and has the highest yields in the country (between 20 to 30 MT/ha). Michoacán follows with 14 percent of production and yields between 9 to 15 MT/ha. Nuevo León accounts for almost eight percent of total production of grapefruit and generally has yields between 16 to 21 MT/ha. In other states, yields vary from 7 to 15 MT/ha.

Grower prices in Veracruz for the red varieties averaged between 800 and 2,000 pesos/MT (US\$59.25 to \$148.15/MT) for MY 2008/09. For MY 2009/10, grower prices are expected to be slightly lower as there is more fruit from Veracruz. Grapefruit during October 2009 was priced between 1,600 to 2,000 pesos/MT (US\$118.51 to \$148.15/MT). The grower price of the white variety of grapefruit is cheaper at about 600 to 900 pesos/MT (US\$44.45 to \$66.65/MT). Michoacán has developed areas with red varieties that can be harvested in May/July, and grower prices tend to be higher than Veracruz grower prices because fruit enters the market earlier in the season. From May to June 2009, grapefruit grower prices from Michoacán ranged from 3,000 to 4,200 pesos/MT (US\$222.22 to \$311.10/MT). The industry has limited juice production because it is more profitable to export fresh product and import the juice.

FROZEN CONCENTRATE ORANGE JUICE

Reliable frozen concentrate orange juice (FCOJ) production numbers are difficult to obtain since no official data are available. Processors tend to keep partial information, most of which is proprietary. However, according to industry sources, FCOJ production for MY 2010 (January-December) is forecast at about 65,000 MT due to a lower availability of fresh fruit for the industry, but good international prices might enable the industry to process more oranges.

Juice production depends heavily on the international price of FCOJ. Higher prices in the international market enabled processors to increase the prices paid to fruit producers. According to the industry, international prices for CY 2008 averaged US\$1.30/lb or more, but prices were still lower compared to the high prices in CY 2007 of US\$1.80/lb to US\$2.00/lb. Prices for CY 2009 were still good at a range of US\$0.64 to US\$0.84/lb. Prices for FCOJ for CY 2010 are forecast to be slightly higher at about US\$1.20/lb due to reduced availability of oranges for processing in the United States. Mexico will also have fewer oranges available, but higher international prices could enable the industry to pay more for oranges and allow the industry to have better profit margins. The

industry bought fruit in the 2009 season at approximately 700 to 1,000 pesos/ton (US\$59.25 to \$74.07/ton), similar to prices paid in 2008. Prices for MY 2010 are forecast to be higher due to lower supplies, so the industry will have to invest more in fresh fruit.

The FCOJ production estimate for MY 2007/08 was revised upward due to good international prices and a good orange crop. Production estimates for MY 2008/09 were also revised upward due to greater international demand and relatively good international prices for FCOJ.

Consumption:
FRESH ORANGES

Fresh orange consumption for MY 2009/10 is forecast to be lower compared to MY 2008/09 as higher prices are expected as well as a reduction in consumer purchasing power. Most of the oranges in the fresh market are destined for domestic fresh squeezed juice. However, final domestic consumption estimates will depend on the final volume of oranges purchased by the processing industry and the margins between domestic orange prices and international juice prices. The fresh orange consumption estimate for MY 2008/09 was revised upward from previous estimates due to a better consumer purchasing power and less usage from the industry. Consumption for MY 2007/08 was revised downward as the processing industry attracted more oranges for juice processing.

Early wholesale Valencia orange prices from Veracruz for October 2009 started at approximately 3.00 pesos/kg (U.S. \$0.22/kg) which is higher compared to the same time last year. However, prices are expected to be lower as more oranges become available from Veracruz.

LEMONS/LIMES, FRESH

Domestic consumption of both Key and Persian limes in Mexico depends largely on prices. Consumption for MY 2009/10 is forecast to be somewhat similar to that of MY 2008/09 as prices were higher than expected. This also depends on the volume that will be exported. Consumption for MY 2008/09 was revised upward from previous estimates, but still reflects slightly lower demand due to higher prices. During the export season for Persian limes, this product commands higher prices in the domestic market and there is lower demand. Consumption for MY 2007/08 was revised upward due to better prices than expected.

Persian limes that do not meet the higher quality requirements demanded for the export market are consumed domestically. Most of the Key limes go to the fresh domestic market, although exports have been increasing recently. In general, approximately 16 to 20 percent of total Key lime production goes to processing. Producers from Colima and Michoacán indicate that approximately 30 percent of their limes go to processors. Official information on the processing industry is unavailable. Approximately 50 to 60 percent of Persian limes from Veracruz goes to the export market and the rest goes to the fresh market and processing plants. However, this balance depends on U.S. demand.

Mexican Key limes and Persian limes compete for the same market. When Key limes and Persian limes are both present in the domestic market during peak season, prices are relatively low.

When the Persian lime harvest season is at its peak (June to September), prices for both tend to fall. After two to three months, when Persian lime growers begin to export, prices for Persian limes increase and remain high until April or May when exports decrease and both crops compete for the fresh domestic market. Key limes from Michoacán, Colima, and Oaxaca are sold on the wholesale market in 18-20/kg boxes while those from Guerrero are sold in 20-22/kg bags. Persian limes are sold in the wholesale market in 50-100/kg bags.

FRESH GRAPEFRUIT

Fresh grapefruit consumption for MY 2009/10 is expected to be higher compared to MY 2008/09 consumption due to expected lower prices. However, reduced consumer purchasing power could limit consumption for 2010. Consumption for MY 2008/09 was revised upward due to higher fruit availability, but still reflects lower supplies at higher prices. MY 2007/08 consumption was revised upward due to a good consumer purchasing power. Demand for grapefruit remains strong since it is a low calorie food.

Wholesale prices for the red grapefruit variety in Mexico City for October 2009 started at approximately 3.40 pesos/kg (US\$0.25/kg) for the Veracruz crop, which is not too far in dollar terms from October 2008 prices of 3.20 pesos/kg (US\$0.26/kg -exchange rate 12.21 pesos/US\$). Prices for Nuevo Leon fruit were slightly higher than the ones in Veracruz at \$4.40 pesos/kg (US\$0.32/kg) but lower compared to last year's price of 5.30/kg (US\$0.43/kg, exchange rate 12.21 pesos/US\$).

Growers indicate there is no premium for quality as consumers are more interested in lower prices. Since Michoacán can harvest earlier than Veracruz, Michoacán producers can often demand higher prices in the domestic market. Michoacán wholesale prices for July/August 2009 ranged from 4.30 to \$6.80 pesos/kg (US\$0.32 to \$0.50/kg), which was slightly higher compared to last year's price range of 4.60 pesos/kg to 4.90/Kg (U.S. \$0.37 to \$0.40/kg exchange rate 12.21 pesos/US\$).

FROZEN CONCENTRATE ORANGE JUICE

The industry estimates FCOJ consumption to be between 6,500 and 7,000 MT, with a stable demand for orange juice in beverages with orange flavorings. Therefore, MY 2010 FCOJ consumption is forecast at 7,000 MT. The majority of Mexican consumers prefer freshly squeezed juice over processed orange juice. Consumption for MY 2009 was revised upward from previous estimates and MY 2008 estimates remain unchanged. Most of the orange juice produced in Mexico goes to the export market. According to processors, carryover of FCOJ from one year to the other is approximately 1,000 MT.

Trade:

FRESH ORANGES

Mexican orange exports for MY 2009/10 are expected to be similar to or slightly higher than MY 2008/09 exports, but the final export numbers will depend on U.S. demand and orange supplies from California and Florida. Exports for MY 2008/09 were revised downward as the domestic market offered better prices than the international market. Exports for MY

2007/08 were updated based on final trade data. Most of Mexico's oranges exported to the United States are from Sonora, a state that produces exceptionally high-quality oranges. In recent years, producers in Nuevo Leon have increased their orange exports to both the United States and Canada. The United States continues to be the largest export market for Mexican oranges.

Mexico signed a trade agreement on April 1, 2005, with Japan that included a duty-free annual quota of 10 MT of oranges for the first two years (i.e., MY 2005/06 and 2006/07). In MY 2007/08, the quota increased to 2,000 MT, followed by step increases of 1,000 MT each year until it reached 4,000 MT in MY 2009/10. Mexico negotiated an improved MFN duty for oranges that started April 2007. However, Mexico has not taken advantage of this market since the United States still offers a more attractive market due to proximity.

Mexican orange imports for MY 2009/10 are forecast to increase, but the weakening of the Mexican peso relative to the U.S. dollar could slow down imports. The estimate for orange imports for MY 2008/09 was revised downward due to a lower demand from the border region and cheaper domestic fruit. Mexico is a price-sensitive market, and U.S. orange prices are relatively high compared to the domestic product. The import estimate for MY 2007/08 was revised upward due to slightly more demand from the border region.

LEMONS/LIMES, FRESH

Persian and Key lime exports for MY 2009/10 are forecast to increase slightly compared to MY 2008/09 exports. However, exports depend heavily on international demand from Europe, the United States and the current financial market. Exports for MY 2008/09 remain unchanged from previous estimates, which are slightly lower compared to the previous marketing year due to decreased demand from international markets.

The spring Persian lime harvest usually begins in the month of May, but in 2009 it began earlier in March, and since Europe commanded better prices (US\$18/10 lb box), exporters shipped to Europe first. U.S. prices were low at that time due to economic recession and export prices improved by May (US\$20/40 lb box). According to exporters, a good price for Persian limes is about US\$40/ 40-lb box. Exports for MY 2007/08 were revised upward, due to stronger international demand than previously anticipated.

According to producers, Persian limes from Mexico supply about 40 percent of the U.S. and Canadian markets. However, lime producers are expanding into new markets in Japan and Europe. International prices for Persian limes reached US\$20-\$30 per 40-pound box at the peak of winter but started at US\$5 to \$7 per 40-pound box in October/November. Lime imports continue to be minimal due to ample domestic supplies. MY 2009/10 imports are forecast at 1,000 MT. Data for MY 2007/08 and 2008/09 remains unchanged. Mexico's tariff rate on imported limes from the United States is zero under NAFTA.

FRESH GRAPEFRUIT

Grapefruit exports for MY 2009/10 are expected to be around 12,000 MT or more as demand is expected to be better compared to MY 2008/09 exports. According to growers, demand from Europe is growing steadily and also offers better prices. However, due to dry weather conditions, exports for MY 2008/09 decreased from previous estimates as domestic prices were better than the international ones. The best market window is October/November. Export estimates for MY 2007/08 were revised upward based on official data.

Grapefruit imports for MY 2009/10 are forecast to be around 13,000 tons due to continued demand from the peeled fruit industry. Estimates for MY 2008/09 were revised upward due to higher demand from the processing industries as less domestic product with good quality was available. According to sources, most of the imported grapefruit from the United States is processed for re-export to the European markets.

FROZEN CONCENTRATE ORANGE JUICE

Exports of FCOJ for MY 2010 are forecast to decrease compared to previous years due to reduced availability. However, expectations of better international prices and stronger demand could drive larger exports than previously forecast. FCOJ export estimates for MY 2007/08 and 2008/09 were revised upward due to strong international demand and higher prices for FCOJ. The United States is the main market for Mexican FCOJ, followed by Japan and various European countries. According to industry sources, Mexico is exporting more juice to Europe and Japan in order to take advantage of the lower tariffs it enjoys under trade agreements. FCOJ is imported to cover the industry's needs for blending as well as to meet demand from hotels and restaurants. Nevertheless, these imports are still marginal compared to domestic production. FCOJ imports for MY 2010 are forecast at 1,000 MT, the same as in MY 2009.

Under Mexico's free trade agreement with the European Union (EU), the EU allows entry of 30,000 MT of FCOJ from Mexico with a tariff set at 25 percent below the 20 percent MFN duty. Mexico exported about 7,220 MT of FCOJ to European countries in 2008. Mexico also ships product to Japan under a trade agreement that allows entry of 3,850 MT at one-half of the 20 percent MFN tariff duty, or 10 percent. During MY 2008, Mexico exported approximately 4,375 MT of FCOJ to Japan.

Policy:

CITRUS GREENING

The Secretariat of Agriculture (SAGARPA) published an emergency regulation in the *Diario Oficial* (Federal Register), on July 8, 2009, that establishes a monitoring program to detect the anticipated introduction and dispersion of Huanglongbing (citrus greening or HLB). All domestic production of propagative vegetative material of citrus will be conducted under controlled and protected conditions complying with NOM-079-FITO-2002. In case of detection of HLB in any of the products listed in the regulation, SAGARPA will implement several actions to limit and control the point of infection along with other local plant health

offices, state plant health committees, and the production chain for citrus and sweet and Key limes (See Report MX9043).

Mexico is currently surveying a range of areas for the presence of the Asian greening bacterium, *Candidatus Liberibacter asiaticus*, in symptomatic host plants throughout the country. Similarly, USDA and Mexico are conducting a joint suppression campaign aimed at reducing populations of the insect vector (Asian citrus psyllid - *Diaphorina citri*) along the United State/Mexico border. In fact, collaboration efforts recently expanded to include Central American countries to join efforts to control this pest. Although the Asian citrus psyllid is thought to be widespread throughout Mexico, there have been relatively few positive detections of citrus greening, and only in the states of Yucatan and Quintana Roo on the Yucatan Peninsula. The current trade impact is negligible since fruit are not considered a disease vector.

Marketing:

The Mexican market is more sensitive to price than to quality. This is one of the main reasons for limited exports of U.S. citrus products. Because of the excellent quality, U.S. oranges command a price four to five times higher than does Mexican fruit. Some attempts have been made by U.S. firms to enter the market, but they have had limited success because of strategies emphasizing quality rather than price. Due to phytosanitary restrictions, only citrus fruit coming from California, Texas, and Arizona can be exported to Mexico.

Production, Supply and Demand Data Statistics:

Table 1: Mexico – Fresh Orange

Oranges, Fresh co Has 1000 trees 1000 tons	Mexi	2007			2008			2009		
		2007/2008			2008/2009			2009/2010		
		Market Year Begin: Nov 2007			Market Year Begin: Nov 2008			Market Year Begin: Nov 2009		
		USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Officia l Data	Jan	
				Data			Data			Data
Area Planted		340,000	340,000	344,686	341,000	341,000	342,000			43,000
Area Harvested		332,000	332,000	338,336	332,000	332,000	335,000			336,000
Bearing Trees		67,064	67,064	68,344	67,064	67,064	67,670			67,872
Non-Bearing Trees		1,600	1,600	1,283	1,800	1,800	1,414			1,414
Total No. Of Trees		68,664	68,664	69,627	68,864	68,864	69,084			69,286
Production		4,300	4,300	4,297	3,900	3,900	4,140			3,900
Imports		26	21	26	30	21	15			20
Total Supply		4,326	4,321	4,323	3,930	3,921	4,155			3,920
Exports		24	23	24	24	23	20			22
Fresh Dom. Consumption		3,402	3,398	3,299	3,306	3,298	3,335			3,248
For Processing		900	900	1,000	600	600	800			650

Total Distribution	4,326	4,321	4,323	3,930	3,921	4,155			3,920
TS=TD			0			0			0

Table 2: Mexico – Lemons/Limes, Fresh

Lemons/Limes, Fresh Mexico Has 1000 trees 1000 tons	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Nov 2007			Market Year Begin: Nov 2008			Market Year Begin: Nov 2009		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
			Data			Data			Data
Area Planted	150,300	152,000	153,138		152,500	153,000			153,000
Area Harvested	139,000	144,200	148,292		144,500	145,000			146,000
Bearing Trees	27,100	28,119	28,917		28,177	27,550			28,470
Non-Bearing Trees	2,203	1,521	945		1,560	1,560			1,365
Total No. Of Trees	29,303	29,640	29,862		29,737	29,110			29,835
Production	2,000	1,850	2,229		1,920	2,000			2,044
Imports	1	1	1		1	1			1
Total Supply	2,001	1,851	2,230		1,921	2,001			2,045
Exports, Fresh	445	448	500		460	460			470
Fresh Dom. Consumption	1,232	1,107	1,330		1,154	1,221			1,248
For Processing	324	296	400		307	320			327
Total Distribution	2,001	1,851	2,230		1,921	2,001			2,045

Table 3: Mexico – Fresh Concentrate Orange Juice

Orange Juice Mexico MT 65 degree Brix	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Nov 2008			Market Year Begin: Nov 2008			Market Year Begin: Nov 2009		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Offici al Data	Jan	
			Data			Data			Data
Deliv. To Processors	900,0 00	900,0 00	1,020,0 00	600,0 00	600,0 00	800,0 00			650,0 00
Beginning Stocks	1,000	1,000	1,000	1,000	1,000	2,000			2,000
Production	90,00 0	90,00 0	102,000	60,00 0	60,00 0	80,00 0			65,00 0
Imports	1,000	1,000	1,000	1,000	1,000	1,000			1,000
Total Supply	92,00 0	92,00 0	104,000	62,00 0	62,00 0	83,00 0			68,00 0
Exports	84,50 0	84,50 0	95,500	54,50 0	54,50 0	74,00 0			59,00 0
Domestic Consumption	6,500	6,500	6,500	6,500	6,500	7,000			7,000

Ending Stocks	1,000	1,000	2,000	1,000	1,000	2,000			2,000
Total Distribution	92,000	92,000	104,000	62,000	62,000	83,000			68,000

Table 4: Mexico –Fresh Grapefruit

Grapefruit, Fresh Mexico Has 1000 trees 1000 tons	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Nov 2007			Market Year Begin: Nov 2008			Market Year Begin: Nov 2009		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
			Data			Data			Data
Area Planted	18,000	18,000	18,217	18,500	18,500	18,500			18,600
Area Harvested	16,900	16,900	17,412	17,300	17,300	17,500			17,600
Bearing Trees	3,042	3,042	3,482	3,114	3,114	3,500			3,520
Non-Bearing Trees	198	198	161	216	216	200			200
Total No. Of Trees	3,240	3,240	3,643	3,330	3,330	3,700			3,720
Production	324	324	425	330	328	390			410
Imports	9	10	10	13	13	14			12
Total Supply	333	334	435	343	341	404			422
Exports	14	12	14	12	12	11			12
Fresh Dom. Consumption	219	222	321	221	219	293			310
For Processing	100	100	100	110	110	100			100
Total Distribution	333	334	435	343	341	404			422
TS=TD			0			0			0

Table 5: Mexico - Trade Matrixes

Fresh Concentrate Orange Juice

Fresh Concentrate Orange Juice 2009.11		Unit: Liters	
Exports for MY 2008 (Jan-Dec) to:		Imports for MY 2008 (Jan-Dec) from:	
U.S.	47,099,323	U.S.	683,045
NETHERLANDS	13,582,577	BRAZIL	424
JAPAN	3,314,276	TOTAL OF OTHER	424
OTHER NOT LISTED	6,914,558	OTHER NOT LISTED	0
TOTAL	70,910,734	TOTAL	683,469

Fresh Concentrate Orange Juice 2009.11		Unit: Liters	
Exports for MY 2009 (Jan-Dec*) to:		Imports for MY 2009 (Jan-Dec*) from:	
U.S.	47,055,160	U.S.	285,457
NETHERLANDS	10,369,519		0

JAPAN	4,149,937	TOTAL OF OTHER	
OTHER NOT LISTED	8,483,722	OTHER NOT LISTED	
TOTAL	70,058,338	TOTAL	285,457
* as of July 2009			

Orange Juice, Not Frozen

Orange Juice, Not Frozen 2009.19		Unit: Liters	
Exports for MY 2008 (Jan-Dec)to:		Imports for MY 2008 (Jan-Dec)from:	
U.S.	9,362,003	U.S.	1,931,595
NETHERLANDS	575,617	BRAZIL	147,328
TOTAL OF OTHER	575,617	TOTAL OF OTHER	147,328
OTHER NOT LISTED	285,439	OTHER NOT LISTED	11,912
TOTAL	10,223,059	TOTAL	2,090,835

Orange Juice, Not Frozen 2009.19		Unit: Liters	
Exports for MY 2009 (Jan-Dec*)to:		Imports for MY 2009 (Jan-Dec*)from:	
U.S.	4,948,327	U.S.	726,040
ARUBA	6,442	BRAZIL	13,971
TOTAL OF OTHER	6,442	TOTAL OF OTHER	13,971
OTHER NOT LISTED	16,503	OTHER NOT LISTED	1,104
TOTAL	4,971,272	TOTAL	741,115
*as of July 2009			

Fresh Table Oranges

Table Oranges 0805.10		Unit: Metric Tons	
Exports for MY 2007/08 (Nov-Oct) to:		Imports for MY 2007/08 (Nov-Oct) from:	
U.S.	18,276	U.S.	26,035
UNITED KINGDOM	3,609	ARGENTINA	0
TOTAL OF OTHER	3,609		
OTHER NOT LISTED	1,816	OTHER	
TOTAL	23,701	TOTAL	26,035

Table Oranges 0805.10		Unit: Metric Tons	
Exports for MY 2008/09 (Nov-Oct*) to:		Imports for MY 2008/09 (Nov-Oct*) from:	
U.S.	15,884	U.S.	10,082
UNITED KINGDOM	1,441		
TOTAL OF OTHER	1,441		
OTHER NOT LISTED	146	OTHER	

TOTAL	17,471	TOTAL	10,082
*as of July 2009			

Lemons/Limes, Fresh

Lemons/Limes 0805.50		Unit: Metric Tons	
Exports for MY 2007/08 (Nov-Oct) to:		Imports for MY 2007/08 (Nov-Oct) from:	
U.S.	477,557	U.S.	375
NETHERLANDS	7,817		
TOTAL OF OTHER	7,817		
OTHER NOT LISTED	15,008	OTHER	
TOTAL	500,382	TOTAL	375

Lemons/Limes 0805.50		Unit: Metric Tons	
Exports for MY 2008/09 (Nov-Oct*) to:		Imports for MY 2008/09 (Nov-Oct*) from:	
U.S.	298,785	U.S.	387
NETHERLANDS	7,537		
TOTAL OF OTHER	7,537		
OTHER NOT LISTED	13,779	OTHER	
TOTAL	320,101	TOTAL	387
*as of July 2009			

Grapefruit

Grapefruit 0805.40		Unit: Metric Tons	
Exports for MY 2007/08 (Nov-Oct) to:		Imports for MY 2007/08 (Nov-Oct) from:	
U.S.	205	U.S.	9,970
FRANCE	7,459		
TOTAL OF OTHER	7,459	ISRAEL	
OTHER NOT LISTED	6,687	OTHER	
TOTAL	14,351	TOTAL	9,970

Grapefruit 0805.40		Unit: Metric Tons	
Exports for MY 2008/09 (Nov-Oct*) to:		Imports for MY 2008/09 (Nov-Oct*) from:	
U.S.	45	U.S.	10,922
NETHERLANDS	380		
TOTAL OF OTHER	380		
OTHER NOT LISTED	930	OTHER	
TOTAL	1,355	TOTAL	10,922
SOURCE: Global Trade Atlas Edition, June 2009			

Table 6: Mexico – Wholesale Orange Prices (Pesos/Kg)
cif Mexico city

Month	2007	2008	2009	Change % 08/09
January	2.18	2.16	1.78	(17.57)
February	2.28	2.13	1.96	(7.98)
March	2.37	2.14	2.00	(6.54)
April	3.15	2.28	2.13	(6.57)
May	3.71	2.64	2.84	7.57
June	4.58	3.08	4.49	45.77
July	6.43	3.04	4.79	57.56
August	6.80	2.60	4.07	56.53
September	5.79	2.38	3.83	73.52
October	3.70	2.25	2.97	32.00
November	2.96	2.08	N/A	N/A
December	2.23	2.12	N/A	N/A

Source: Servicio Nacional de Informacion de Mercados
 Avr. exchange rate for 2008 US\$1.00 = \$ 11.14 pesos
 exchange rate October 28, 2009 US\$1.00 = \$ 13.30 pesos

Table 7: Mexico - Key Lime Wholesale Prices (Pesos/Kg) cif Mexico city

Month	2008	2009	Change% 08/09
January	5.59	6.59	17.88
February	5.46	7.99	46.33
March	3.04	6.28	106.57
April	2.11	2.76	30.80
May	2.00	2.20	10.00
June	2.16	2.64	22.22
July	2.31	3.19	38.09
August	2.33	3.65	56.65
September	2.45	3.42	39.59
October	2.34	3.73	59.40
November	2.68	N/A	N/A
December	6.16	N/A	N/A

Source: Servicio Nacional de Informacion de Mercados
 Avr. exchange rate for 2008 US\$1.00 = \$ 11.14 pesos
 exchange rate Oct. 28, 2009 US\$1.00 = \$ 13.30 pesos

Table 8: Mexico - Persian Lime Wholesale Prices (Pesos/Kg) cif Mexico city

<i>Month</i>	2008	2009	Change % 08/09
<i>January</i>	6.63	6.20	(6.48)
<i>February</i>	7.07	6.26	(11.45)
<i>March</i>	7.49	6.99	(6.67)
<i>April</i>	8.38	6.18	(26.25)
<i>May</i>	4.55	5.26	15.60
<i>June</i>	2.78	3.53	26.97
<i>July</i>	2.41	2.39	(0.82)
<i>August</i>	2.32	2.60	12.06
<i>September</i>	3.01	2.81	(6.64)
<i>October</i>	2.82	2.67	(5.31)
<i>November</i>	3.00	N/A	N/A
<i>December</i>	5.38	N/A	N/A

Source: Servicio Nacional de Informacion de Mercados

Avr. exchange rate for 2008 US\$1.00 = \$ 11.14 pesos

exchange rate Oct. 28, 2009 US\$1.00 = \$ 13.30 pesos

Table 9 : Mexico. Monthly Exchange Rate Average

MX Pesos per US \$1.00				
MONTH	2006	2007	2008	2009
January	10.56	10.94	10.91	13.15
February	10.48	10.99	10.77	14.55
March	10.73	11.12	10.74	14.71
April	11.03	10.98	10.52	13.41
May	11.08	10.82	10.44	13.19
June	11.39	10.83	10.33	13.47
July	11.00	10.80	10.24	13.36
August	10.87	10.50	10.10	13.00
September	10.89	10.92	10.61	13.41
October	10.90	10.92	12.56	13.31 ^①
November	10.90	10.87	12.31	n/a
December	10.85	10.84	13.40	n/a
Annual Avg.	10.89	10.92	11.14	13.55
① As of the fourth week of October				
Source: Mexican Federal Register (Diario Oficial)				
Note: Monthly rates are averages of daily exchange rates from the Banco de Mexico.				

