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## **Report Name:** Citrus Annual

**Country:** Mexico

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### **Report Highlights:**

Drought conditions continue to hamper citrus production in a number of states into the beginning months of marketing year (MY) 2019/20, resulting in similar production level forecasts as MY 2018/19. Final production will vary depending on weather throughout the year. According to sources, citrus exports are forecast to increase due to strong international demand and attractive prices. Mexico remains the world's second largest producer of limes, and growers are anticipating slightly improved yields in comparison to MY 2018/19. Grapefruit production has shown a steady increase in recent years due to consumer preferences to incorporate healthier foods into their diets.

## **Fresh Oranges**

### **Crop Area**

MY 2019/20 planted area is forecast at 344,420 hectares (HA), similar to the previous marketing year. Of all citrus fruits, oranges have the largest planted area in Mexico. MY 2018/19 planted area is revised at 342,716 hectares and harvested area for MY 2018/19 is decreased marginally on official data from Agrifood and Fisheries Information System (SIAP) due to bad weather conditions (high temperatures and drought), mainly in Veracruz and Tamaulipas.

National yields for MY 2019/20 are forecast at 13.86 metric tons per hectare (MT/ha). Sonora has the nation's highest yields, with twenty-eight MT/ha. Yields for MY 2018/19 were slightly low at 13.79 MT/ha due to weather issues. Regional orange yields differ widely depending on the production area. The variation in yields are the result of many factors, including weather, frequency of fertilizer and pesticide applications, tree density, and soil quality.

### **Production**

The Post forecast for MY 2019/20 (November/October) orange production is 4.4 million metric tons (MMT). Although temperatures and rainfall will affect overall citrus production throughout the year, producers are expecting better quality and higher yields than MY 2018/19. The state of Veracruz is by far the largest producer of oranges, with fifty percent of planted area and fifty five percent of total production during MY 2018/19 according to SIAP. Other significant producing states include Tamaulipas, San Luis Potosi, and Puebla.

Citrus production contributes 2.78% to the national agricultural Gross Domestic Product (GDP), with oranges contributing 1.15% according to the Ministry of Agriculture and Rural Development (SADER).

Orange varieties grown in Mexico include Valencia, Lane Late Navel and Navelina. Valencia oranges are harvested in May, and have a juicy and sweet profile. Valencia is the most prevalently produced variety in Mexico, and are mainly used for juice production.

The Lane Late Navel is harvested in February, and is consumed fresh. The variety is not good for juice, as it is high in acidity. For its part, Navelina is consumed fresh and also used for juices; it is harvested starting in December.

Production in Nuevo Leon, Tamaulipas and San Luis Potosi States is expected to be higher in comparison to the previous marketing year, when weather issues reduced production. Post

orange production for MY 2018/19 has been revised down to 4.3 MMT based on official information from SIAP.

**Table 1: Top Mexican Orange-Producing States (MY 2018/19)**

<b>State</b>	<b>Planted Area (Ha)</b>	<b>Percentage</b>	<b>Production (MT)</b>	<b>Percentage</b>
<b>Veracruz</b>	169,966	50%	2,399,705	55%
<b>Tamaulipas</b>	33,201	10%	509,760	12%
<b>San Luis Potosi</b>	32,779	10%	286,288	7%
<b>Puebla</b>	29,019	8%	229,481	5%
<b>Nuevo Leon</b>	25,576	7%	318,353	7%
<b>All Others</b>	52,175	15%	645,777	15%
<b>Total</b>	342,716	100%	4,389,364	100%
Source: Agrifood and Fisheries Information System (SIAP)				

## **Consumption**

Orange is the main sweet citrus consumed in Mexico, with an annual per capita consumption of 37.4 kg. Fresh orange consumption is mainly for fresh-squeezed orange juice, as Mexico primarily produces juice varieties. Fresh consumption depends on the volume of oranges destined to the processing industry and international juice prices.

The Post forecast for MY 2019/20 domestic consumption of fresh oranges is 2.4 MMT, slightly higher than the previous marketing year due to recovered production levels. Orange consumption in Mexico is has remained stable over the years, as this citrus is a staple in the typical Mexican diet.

MY 2018/19 domestic consumption data decreased thirteen percent from previous forecasts due to the large production reduction caused by drought.

## **Trade**

The Post forecasts for MY 2019/20 exports are 62,000 MT, three percent higher than the previous market year due to strong international demand. The Post forecast for MY 2018/19 exports is revised down sixteen percent from the previous marketing year due to drought reduced production.

During MY 2018/19, Mexico exported only 1.3 percent of its total fresh orange production, with nearly all supplies going to the United States. Most of the oranges exported to the United States are Navel oranges grown in Sonora. Additionally, Nuevo Leon has increased exports to the United States.

Post forecasts MY 2019/20 imports at 27,000 MT, seven percent lower than the previous marketing year, due to slightly improved domestic production. Mexico imports fresh oranges exclusively from the United States, primarily for consumption in the border region.

## **Marketing**

Fresh oranges in Mexico are mainly for fresh-squeezed orange juice, as Mexico primarily produces juice varieties. Some supermarkets also have fresh orange juice for sale in small proportions. Small-size oranges are sold sometimes in 5 Kg bags in supermarkets. Mexico is a price-sensitive fruit market, and imported U.S. orange prices are high in comparison to domestic prices. Most of the imported product is sold along the border or high-end supermarkets.

## **Policy**

Fresh orange imports (HS 0805.10) from the United States are not subject to any duty under the North American Free Trade Agreement (NAFTA), and are subject to phytosanitary inspection. Most of the oranges exported to the United States are Navel oranges grown in Sonora, as the state is a fruit fly-free area. Exports from the state of Nuevo Leon have been increasing.

## ***Citrus Greening***

As with other citrus-producing countries, Mexico is facing significant issues with citrus greening, or Huanglongbing (HLB). The disease, caused by bacteria introduced by psyllids, makes citrus trees produce misshapen, partially green fruit. Mexico's first detection was in 2009 and since then the National Service of Agricultural Food Safety and Quality (SENASICA) has implemented an extensive monitoring program for the disease. HLB has been detected throughout Mexico in citrus production areas. Producing states, including Veracruz, Tamaulipas,

San Luis Potosi, and Nuevo Leon, have had HLB detections. In 2019, Baja California had HLB positive detections along the California/Mexico border region.

**Table 2: Mexico – Fresh Orange Production**

<b>Oranges, Fresh</b>	<b>2017/2018</b>		<b>2018/2019</b>		<b>2019/2020</b>	
<b>Market Begin Year</b>	<b>nov-17</b>		<b>nov-18</b>		<b>nov-19</b>	
<b>Mexico</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Planted</b>	340,570	339,759	341,000	342,716	-	344,240
<b>Area Harvested</b>	318,000	326,689	320,000	318,168	-	319,101
<b>Bearing Trees</b>	64,236	64,236	64,640	64,795	-	64,942
<b>Non-Bearing Trees</b>	4,559	4,559	4,042	4,082	-	4,094
<b>Total No. Of Trees</b>	68,795	68,795	68,682	68,877	-	69,036
<b>Production</b>	4,530	4,737	4,630	4,389	-	4,417
<b>Imports</b>	20	20	22	29	-	27
<b>Total Supply</b>	4,550	4,757	4,652	4,418	-	4,444
<b>Exports</b>	72	72	65	60	-	62
<b>Fresh Dom. Consumption</b>	2,578	2,785	2,487	2,408	-	2,427
<b>For Processing</b>	1,900	1,900	2,100	1,950	-	1,955
<b>Total Distribution</b>	4,550	4,757	4,652	4,418	-	4,444
(HECTARES) ,(1000 TREES) ,(1000 MT)						

## **Frozen Concentrated Orange Juice (FCOJ) 65<sup>0</sup> Brix**

### **Production**

According to sources, the production of Frozen Concentrated Orange Juice (FCOJ) has been constantly increasing due to industry taking advantage of higher international demand and changing consumer habits and preferences.

FCOJ production for MY 2019/20 is forecast at 195,500 MT, marginally higher compared to the previous marketing year. The Post MY 2018/19 orange juice production forecast is 195,000 MT based on industry sources (on a 65<sup>0</sup> Brix basis). Most processing plants begin working at the beginning of the year.

Based on expectations of higher exports to the United States, and orange grower reports of strong processor demand, Post's forecast for MY 2019/20 orange use by processors is 1.95 MMT.

There is no official statistics related to orange juice production in Mexico. Production tends to change based on international demand, international juice prices and domestic fresh oranges prices.

### **Consumption**

According to sources, orange juice consumption in Mexico is stable. Post forecast for MY 2019/20 is 9,100 MT and for MY 2018/19 is revised at 9,000 MT. Mexican consumers generally prefer fresh squeezed juice to commercially processed orange juice; however, the industry is observing the increase of orange juice based drinks. Industry reports that stocks are approximately 5,000 MT, as a certain amount is needed for blending during the production process.

### **Trade**

Post exports forecasts for MY 2019/20 are at 190,577 MT, based on early industry reports. Official data for MY 2018/19 and MY 2017/18 are revised upward from previous estimates, as international demand was stronger than expected. The United States is the primary market for Mexican orange juice, but some exports to Europe occur.

Mexico imports a small amount of orange juice for the hotel, restaurant, and institutional sector. Post forecasts for MY 2019/20 are at 860 MT, the same level as MY 2018/19 according to Trade Data Monitor. During MY 2018/19 most imports came to Mexico from Argentina.

**Table 1: Mexican exports of frozen concentrated orange juice**

<b>Partner</b>	<b>November, 2018 - October, 2019</b>	<b>Change 2018/19 vs 2017/18</b>
United States	147,173,855	19%
Netherlands	17,941,986	-5%
Japan	6,579,870	-11%
Spain	2,988,889	-4%
Puerto Rico	1,199,807	51%
United Kingdom	1,179,745	6325%
All others	6,471,928	4%
<b>Total</b>	<b>183,536,080</b>	<b>15</b>
Source: Trade Data Monitor		

**Table 2: Mexican imports of Frozen concentrated orange juice**

<b>Country</b>	<b>November, 2018 - October, 2019</b>
Argentina	495,307
Uruguay	253,651
United States	86,274
Spain	18,500
Brazil	52
Turkey	1
Netherlands	-
Total	853,785
Source: Trade Data Monitor	

### **Marketing**

The majority of Mexican consumers prefer freshly squeezed juice as opposed to processed orange juice, however, this trend is slowly changing and other juice based drinks are becoming popular. Most of the FCOJ is sold in restaurants and hotels. Orange juice is also sold in beverages with orange flavoring by different brands, or in alcoholic drinks.

### **Policy**

Based on a 2011 agreement, Mexico may export 8,000 MT to Japan under a reduced tariff of five percent (most favored nation (MFN) tariff is 20 percent). Also, Mexico may export 30,000 MT of FCOJ to the European Union (EU) at a reduced tariff of 15 percent based on the Mexico-EU free trade agreement. The U.S. market is viewed as more lucrative and preferred by Mexican exporters. The HS codes are 2009.11, 2009.12, and 2009.19.



**Table 3: Mexico – Frozen Concentrated Orange Juice Production**

<b>Orange Juice</b>	<b>2017/2018</b>		<b>2018/2019</b>		<b>2019/2020</b>	
<b>Market Begin Year</b>	<b>Nov-17</b>		<b>Nov-18</b>		<b>Nov-19</b>	
<b>Mexico</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
Deliv. To Processors	1,950,000	1,900,000	2,100,000	1,950,000	-	1,955,000
Beginning Stocks	1,200	1,200	2,000	2,000	-	5,317
Production	195,000	190,000	210,000	195,000	-	195,500
Imports	1,000	1,000	1,000	853	-	860
Total Supply	197,200	192,200	213,000	197,853	-	201,677
Exports	187,200	182,200	203,000	183,536	-	190,577
Domestic Consumption	8,000	8,000	8,000	9,000	-	9,100
Ending Stocks	2,000	2,000	2,000	5,317	-	2,000
Total Distribution	197,200	192,200	213,000	197,853	-	201,677
(MT)						

**Fresh Lemons/Limes****Crop Area**

Mexico is the world's second largest producer of limes, and the fruit is the second largest planted citrus crop in Mexico, after oranges. According to sources, weather during the first quarter of MY 2019/20 (November/October) is not expected to improve, with drought expected to continue affecting the main producing states. Post planted area for MY 2019/20 is forecast at 205,102 hectares. Post planted area for MY 2018/19 is revised to 204,554 hectares.

- **Persian Lime**

The state of Veracruz is the main Persian lime producer in Mexico, where it is produced year-round. Planted area for MY 2018/19 is revised at 96,228 hectares, two percent higher compared to previous market year, due to grower investments to supply local and international demand.

The national average yield for Persian limes is 13.78 MT/Ha, with the state of Veracruz at 13.96 MT/Ha and the state of Oaxaca at 14.27 MT/Ha, based on official information from SIAP. The Persian lime industry tends to be dominated by large producers who have achieved economies of scale.

**Table 1: Persian Lime-Planted Area (MY 2018/19)**

State	Planted Area (Ha)	% of total planted area	Change percent (MY 18/19 VS 17/18)
<b>Veracruz</b>	46,665	48%	1%
<b>Oaxaca</b>	14,811	15%	1%
<b>Tabasco</b>	7,223	8%	0%
<b>Jalisco</b>	5,583	6%	4%
<b>Yucatán</b>	3,255	3%	11%
<b>All Others</b>	18,692	19%	5%
<b>Total</b>	96,228	100%	2%
Source: Agrifood and Fisheries Information System. (SIAP)			

- **Key Lime**

The state of Michoacán is the main Key lime producer in Mexico followed by Colima. Planted area for MY 2018/19 is revised at 95,177 hectares, six percent higher compared to previous marketing year.

The national average yield for Key limes is 14.89 MT/Ha, the state of Michoacán at 16.12 MT/Ha and the state of Colima at 14.15 MT/Ha, based on official information from SIAP. Michoacán has a winter production window (December to February) that allows this variety of lime to enter the domestic market first.

**Table 2: Key Lime-Planted Area (MY 2018/19)**

State	Planted Area (Ha)	% of total planted area	Change percent (MY 18/19 VS 17/18)
<b>Michoacán</b>	60,570	64%	9%
<b>Colima</b>	18,411	19%	0%
<b>Guerrero</b>	6,853	7%	2%
<b>Oaxaca</b>	6,416	7%	1%
<b>Jalisco</b>	809	1%	-8%
<b>All Others</b>	2,118	2%	1%
<b>Total</b>	95,177	100%	6%
Source: Agrifood and Fisheries Information System. (SIAP)			

## Production

Limes are economically significant for Mexico, the principal producing states are Michoacán, Veracruz, Oaxaca and Tamaulipas. There is not yet an official forecast for MY 2019/20 lime production, however, the Post forecast is 2.4 MMT. Post lime production for MY 2018/19 is revised to 2.4MMT on official data from SIAP.

**Table 3: Top Lime-Producing States (MY 2018/19)**

State	Planted Area (Ha)	% of Total	Production (MT)	% of Total
<b>Michoacán</b>	63,742	31%	722,311	30%
<b>Veracruz</b>	47,895	23%	581,794	24%
<b>Oaxaca</b>	21,501	11%	243,267	10%
<b>All Others</b>	44,276	22%	503,384	21%
<b>Total</b>	204,554	100%	2,400,972	100%
Source: Agrifood and Fisheries Information System. (SIAP)				

- **Persian Lime**

Persian limes are grown in a micro-climate in northern Veracruz, with smaller scale production in Chiapas, Tabasco, Oaxaca, Puebla, Jalisco, and Yucatan.

**Table 4: Top Persian Lime-Producing States (MY 2018/19)**

<b>State</b>	<b>Production (MT)</b>	<b>% of total production</b>	<b>Change percent (MY 18/19 VS 17/18)</b>
<b>Veracruz</b>	643,568	52%	-2%
<b>Oaxaca</b>	199,417	16%	2%
<b>Tabasco</b>	84,832	7%	1%
<b>Jalisco</b>	83,298	7%	9%
<b>Yucatán</b>	57,815	5%	2%
<b>All Others</b>	180,635	14%	8%
<b>Total</b>	1,249,566	100%	1%
Source: Agrifood and Fisheries Information System. (SIAP)			

- **Key Lime**

Mexican Key limes are grown along the Pacific coast in the states of Colima, Michoacán, Guerrero, and Oaxaca. Production is year-round, with Michoacán targeting the winter season, while production in Colima covers demand from May through September. Oaxaca and other states cover the rest of the year.

**Table 5: Top Key Lime-Producing States (MY 2018/19)**

<b>State</b>	<b>Production (MT)</b>	<b>% of total production</b>	<b>Change percent (MY 18/19 VS 17/18)</b>
<b>Michoacán</b>	702,924	61%	1%
<b>Colima</b>	259,405	23%	10%
<b>Oaxaca</b>	80,752	7%	3%
<b>Guerrero</b>	79,260	7%	0%
<b>Jalisco</b>	11,509	1%	-8%
<b>All Others</b>	18,291	2%	-6%
<b>Total</b>	1,152,141	100%	3%
Source: Agrifood and Fisheries Information System. (SIAP)			

- **Italian Lemon**

Italian lemons (Eureka) are grown in the states of Tamaulipas, Yucatan, San Luis Potosi, Colima, and Nuevo Leon. According to official sources, for MY 2018/19 production was 131,469 MT on about 9,264 hectares planted to Italian lemons.

**Table 6: Top Italy Lime-Producing States (MY 2018/19)**

State	Planted Area (Ha)	% of total planted area	Change percent (MY 18/19 VS 17/18)	Production (MT)	% of total production	Change percent (MY 18/19 VS 17/18)
<b>Tamaulipas</b>	6,627	72%	1%	95,506	73%	-13%
<b>Yucatán</b>	1,258	14%	-29%	6,702	5%	-61%
<b>San Luis Potosí</b>	1,154	12%	5%	26,721	20%	3%
<b>All Others</b>	225	2%	15%	2,541	2%	52%
<b>Total</b>	9,264	100%	-4%	131,469	100%	-15%

Source: Agrifood and Fisheries Information System. (SIAP)

## Consumption

Domestic consumption of both Key and Persian limes in Mexico depends largely on prices, as well as the volume of limes exported. Post consumption for MY 2019/20 is forecast at 1.2 MMT, one percent higher compared to previous market year, due to expected higher production and affordable prices. Post consumption for MY 2018/19 is revised upward, almost six percent, due to more demand than expected.

Depending upon U.S. demand, approximately 50-60 percent of Persian limes from Veracruz- or about a third of total Persian lime production- goes to the export market. Persian limes that do not meet the higher quality requirements of the export market are consumed within Mexico. On the other hand, most Key limes go to the fresh domestic market, but exports have been increasing. In general, approximately 16-20 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. Italian lemon producers in Tamaulipas indicate that about 40 percent of their production goes to the export market, and 60 percent goes to the juice processing industry. Italian lemon producers from other states indicate that about 35 percent of their production is for fresh consumption.

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 wholesale markets in 50-100 kg bags.

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

<b>Month</b>	<b>2018</b>	<b>2019</b>	<b>Change</b>
January	7.56	4.63	-39%
February	10.53	7.29	-31%
March	14.79	11.8	-20%
April	9.52	7.92	-17%
May	4.76	5.54	16%
June	4.49	4.84	8%
July	4.9	6.27	28%
August	7.48	8.65	16%
September	6.97	9.16	31%
October	5.71	8.08	42%
November	5.68	6.08	7%
December	4.71	5.86	24%
Source: National Market Information Service (SNIIM)			

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

<b>Month</b>	<b>2018</b>	<b>2019</b>	<b>Change %</b>
January	14.73	7.31	-50%
February	21.58	10.66	-51%
March	34.26	17.27	-50%
April	26.71	18.62	-30%
May	7.71	16.77	118%
June	5.74	10.2	78%
July	6.37	7.86	23%
August	8.74	10.52	20%
September	9	14.2	58%
October	8.29	12.5	51%
November	8.28	11.5	39%
December	6.68	11.57	73%
Source: National Market Information Service (SNIIM)			

## **Trade**

Mexican lime exports for MY 2019/20 are forecast at 755,000 MT. Post Persian and Key lime exports for MY 2018/19 are revised higher on stronger than expected demand.

The spring Persian lime harvest begins in early April, and depending on prices, is usually shipped to European markets before being shipped to the United States. Lime exporters continue to expand into the European and Japanese markets, but still supply about 40 percent of the U.S. and Canadian markets.



Lime imports continue to be minimal due to ample domestic supplies. Post MY 2019/20 imports are forecast at 4,000 MT. Lime imports for MY 2018/19 are revised at 3,979 MT.

**Table 9: Mexican lime exports**

<b>Country</b>	<b>November, 2018 - October, 2019</b>
United States	702,729
Netherlands	25,364
United Kingdom	7,790
France	3,193
All Others	12,130
Total	751,206
Source: Agrifood and Fisheries Information System. (SIAP)	

**Table 10: Mexican lime imports (t)**

<b>Country</b>	<b>November, 2018 - October, 2019</b>
United States	3,311
Argentina	668
Total	3,979
Source: Agrifood and Fisheries Information System. (SIAP)	

## Policy

Mexico's tariff rate on imported limes from the United States is zero percent under NAFTA. Other countries have a 20 percent duty. Lemons/Limes HS Code is 08.05.50

**Table 11: Mexico – Fresh Lemon/Lime Production**

Lemons/Limes, Fresh	2017/2018		2018/2019		2019/2020	
Market Begin Year	nov-17		nov-18		nov-19	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	201,505	201,505	203,000	204,554	-	205,102
Area Harvested	174,000	173,582	180,000	177,024	-	175,089
Bearing Trees	49,590	49,590	51,300	51,030	-	50,988
Non-Bearing Trees	7,838	7,838	6,555	6,555	-	6,536
Total No. Of Trees	57,428	57,428	57,855	57,585	-	57,524
Production	2,570	2,311	2,600	2,401	-	2,422
Imports	4	4	4	4	-	4
Total Supply	2,574	2,315	2,604	2,405	-	2,426
Exports	729	729	765	751	-	755
Fresh Dom. Consumption	1,451	1,190	1,444	1,257	-	1,276
For Processing	394	396	395	397	-	395
Total Distribution	2,574	2,315	2,604	2,405	-	2,426
(HECTARES), (1000 TREES), (1000 MT)						

## **Fresh Grapefruit**

### **Crop Area**

Planted area for MY 2019/20 is forecast to increase to 21,547 hectares, three percent higher than market year 2018/19. This forecasted area would be the largest observed in the last 5 years. The states of Veracruz and Michoacán are the largest producers of grapefruit, and planted area and production has been increasing in recent years. Area planted for MY 2018/19 is revised to 20,918 hectares, based on official data from SIAP. Veracruz accounts for sixty percent of Mexican grapefruit production, followed by Michoacán with sixteen percent. Tamaulipas with eight percent, and Nuevo Leon with five percent.

Veracruz has increased planted area; however, some areas of the state have experienced drought that has affected production. Production costs associated with pest control tend to be higher in Veracruz than in Michoacán, but Michoacán's irrigation costs are higher than Veracruz, as almost 80 percent of Veracruz grapefruit area is rain-fed. Generally, input costs have increased resulting in higher prices for imported fertilizers, pesticides, and other agrochemical products.

Grapefruit yields for MY 2019/20 are forecast at 24 MT/Ha, similar to MY 2018/19. Veracruz has the highest yields in the country, between 20 and 36 MT/Ha. The state of Michoacán has yields between 9 and 14 MT/Ha. The state of Nuevo Leon generally has yields between 11 and 14 MT/Ha.

### **Production**

Mexico is the third largest grapefruit producer in the world. Citrus production contributes 2.78% to the national agricultural Gross Domestic Product (GDP), with grapefruit contributing 0.13%, according to SADER. There is not yet an official forecast for grapefruit production for MY 2019/20 (November/ October), but good weather is expected, therefore the Post production forecast is 468,000 MT. Weather has been dry in the main states where this citrus is produced, and despite having good production there is no fruit quality and the prices are low.

There are three types of grapefruit planted in Mexico: red, pink and white pulp varieties. The red pulp variety is produced in the states of 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. In the red pulp, we found the Star Ruby and the Rio Red varieties, which are considered the most demanded in the fresh market. The Rio Red is possibly the youngest variety, and it offers producers some advantages like more production obtained from the tree. The pink pulp variety is consumed fresh. Its demand in the market has been reduced in

recent years, as consumers prefer the red pulp variety. White-fleshed varieties are produced in Tamaulipas and Veracruz, are used for juice production, and peeled slices. Demand for peeled sliced fruit for export has increased, incentivizing producers in Tamaulipas and Veracruz to maintain white-fleshed varieties. According to growers, planting of red varieties over the last couple of years has increased because of the higher export demand.

Michoacán has developed areas with red varieties that can be harvested from April to October/November, and grower prices tend to be higher than in Veracruz, as fruit enters the market earlier in the season. In August, when Veracruz begins the marketing year, prices tend to fall by as much as 50 percent.

**Table 1: Top Mexican Grapefruit-Producing States (MY 2018/19)**

<b>State</b>	<b>Planted Area (Ha)</b>	<b>% of Total</b>	<b>Production (MT)</b>	<b>% of Total</b>
<b>Veracruz</b>	7,921	38%	273,562	60%
<b>Michoacán</b>	6,046	29%	73,255	16%
<b>Tamaulipas</b>	2,196	10%	34,445	8%
<b>Nuevo León</b>	1,841	9%	24,834	5%
<b>Yucatán</b>	722	3%	9,551	2%
<b>All Others</b>	2,192	10%	40,674	9%
<b>Total</b>	20,918	100%	456,321	100%
Source: Agrifood and Fisheries Information System. (SIAP)				

## **Consumption**

Fresh grapefruit consumption for MY 2019/20 is forecast at 352,000 MT due to grapefruit's healthy properties and higher production at affordable prices. Grapefruit is more expensive from April to August because the harvest is low. Consumption for MY 2018/19 is revised higher ten percent from previous market year, due to more demand than expected. Grapefruit is in demand, as it is perceived as a low calorie (healthy) food. Growers indicate there is no quality premium as consumers are interested in lower prices. Since Michoacán can harvest earlier than Veracruz, Michoacán producers often command higher prices in the domestic market.

According to growers and the industry, approximately 20 percent 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 domestic and international markets. The MY 2019/20 forecast of grapefruit destined for processing is 95,000 MT, on stable demand.

**Table 2: Mexico-Red Grapefruit Wholesale  
Prices (Pesos/Kg) Mexico city**

<b>Month</b>	<b>2018</b>	<b>2019</b>	<b>Change</b>
January	8.94	8.73	-2%
February	9.54	8.61	-10%
March	9.49	8.64	-9%
April	11.46	9.36	-18%
May	13.4	9.98	-26%
June	15.08	11.61	-23%
July	14.07	12.53	-11%
August	12.09	11.25	-7%
September	8.44	9.54	13%
October	8.29	10.65	28%
November	8.75	11.17	28%
December	8.51	10.99	29%
Source: National Market Information Service (SNIIM)			
Avr. exchange rate for 2018 US\$1.00 = \$ 19.24 pesos			
Avr. exchange rate for 2019 US\$1.00 = \$ 19.26 pesos			

## **Trade**

Grapefruit exports for MY 2019/20 are forecast at 23,000 MT due to higher production and international demand. Nuevo Leon state is the largest exporter of grapefruit in Mexico.

According to growers, demand from Europe is strong and offers better prices than the U.S. market. Export estimates for MY 2018/19 are revised higher eleven percent from previous market year due to a stronger demand from the processing industry. During MY 2018/19 exports to the United States increased thirty six percent from MY 2017/18. Exports to the United States represent thirty percent and the remaining seventy percent go to European and Asian countries. Grapefruit exports sometimes decrease when the domestic market offers higher prices.

According to industry sources, most of the imported grapefruit from the United States is processed and exported to the European market or re-exported to the U.S. market. Grapefruit imports for MY 2019/20 are forecast at 2,000 MT, similar to MY 2018/19 levels, as demand from the peeled fruit industry is being covered with domestic product.

### **Policy**

Mexico's tariff rate on imported grapefruit from the United States is zero percent under NAFTA, other countries have a 20 percent duty. Most imports are from the United States due to the closeness of the market. HS Code is 08.05.40.

**Table 3: Mexico Fresh Grapefruit Production**

<b>Grapefruit, Fresh</b>	<b>2017/2018</b>		<b>2018/2019</b>		<b>2019/2020</b>	
<b>Market Begin Year</b>	<b>nov-17</b>		<b>nov-18</b>		<b>nov-19</b>	
<b>Mexico</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
Area Planted	20,307	20,307	21,000	20,918	-	21,547
Area Harvested	19,000	18,611	19,500	19,100	-	19,602
Bearing Trees	5,890	5,863	6,045	6,045	-	6,018
Non-Bearing Trees	405	432	465	465	-	470
Total No. Of Trees	6,295	6,295	6,510	6,510	-	6,488
Production	445	418	445	456	-	468
Imports	1	1	1	2	-	2
Total Supply	446	419	446	458	-	470
Exports	18	18	17	20	-	23
Fresh Dom. Consumption	335	311	336	344	-	352
For Processing	93	90	93	94	-	95
Total Distribution	446	419	446	458	-	470
(HECTARES), (1000 TREES), (1000 MT)						

**Attachments:**

No Attachments