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Prepared By: Levin Flake

Approved By: Levin Flake

Report Highlights:

Australian fresh orange production in marketing year (MY) 2019/20 (April 2020-March 2021) is forecast at 500,000 metric tons, down slightly from the revised MY 2018/19 estimate. Dry conditions are expected to impact production and also boost water expenses for producers. Oranges are Australia's largest fresh fruit export by volume and second largest by value (after table grapes). Exports are also forecast to fall slightly in MY 2019/20, but still remain at levels similar to the previous three years. China remains the largest market for Australian oranges, although exports to other markets in Southeast Asia, India, and the Middle East have increased this past year.

Executive Summary

Australian fresh orange production in marketing year (MY) 2019/20 (April 2020-March 2021) is forecast at 500,000 metric tons, down slightly from the revised MY 2018/19 estimate. Dry conditions are expected to impact production and also boost water expenses for producers. Oranges are Australia's largest fresh fruit export by volume and second largest by value (after table grapes). Exports are also forecast to fall slightly in MY 2019/20, but still remain at levels similar to the previous three years. China remains the largest market for Australian oranges, although exports to other markets in Southeast Asia, India, and the Middle East have increased this past year.

FRESH ORANGES

Production

Australian fresh orange production in marketing year (MY) 2019/20 (April 2020-March 2021) is forecast at 500,000 metric tons, down slightly from the revised MY 2018/19 estimate. Drought conditions have persisted across much of eastern Australia, and dry and hot weather is forecast to continue for the coming months. Because of these dry conditions, there have been reports of possibly lower fruit numbers for next year's harvest. Also, farmers are having to greatly increase expenses on water, as irrigation water prices have skyrocketed and water scarcity has increased. As of the end of November 2019, water stored in the Murray Darling Basin dams was only 33 percent, compared to 53 percent at the same time in November 2018, and over 70 percent the year before. These higher water prices are also causing producers to focus water on more profitable citrus varieties.

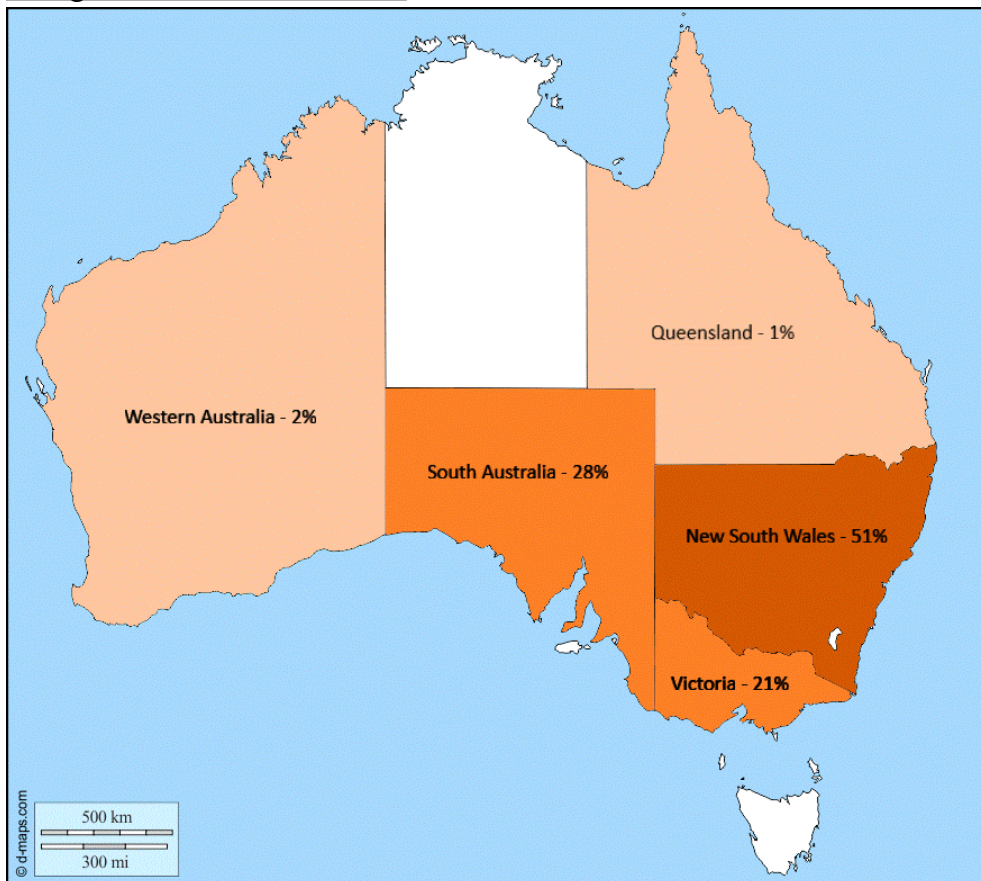
Oranges make up nearly two-thirds of citrus area in Australia, with the Tree Census conducted in 2018 by Citrus Australia estimating 65 percent of citrus area was oranges, 27 percent were mandarin/tangelo trees, 7 percent were lemon/limes, and grapefruit was 1 percent. Although citrus area continues to expand in Australia, recently orange area has expanded at a slower rate than other citrus. For example, according to the Census approximately 13 percent of all citrus trees were young non-bearing trees between 0-4 years. For oranges, though, the level of new trees was only 7 percent, while it rose to 24 percent for mandarins, 25 percent for lemon/limes, and 23 percent for grapefruit.

Despite slow overall expansion in orange area, there continues to be a shift between orange varieties. Due to strong export demand and weaker demand for juice, planting acreage for navel oranges has increased while area for Valencia has been falling. Area has also increased for new navel varieties such as red-fleshed navels. For Valencia oranges, producers continue to rely on long-established trees for production. For example, Citrus Australia estimates that 58 percent of trees producing juicing oranges are older than 21 years, indicating that there has not been a large expansion in new trees.

Overall 65 percent of orange production is estimated to be navel varieties, with the other 35 percent Valencia. Navel oranges are typically available during the winter months (Jul-Sept) and Valencia the summer months (Dec-Jan). Key orange producing areas are located along the Murrumbidgee and Murray Rivers in the Riverina (New South Wales), Sunraysia (Victoria), and Riverland (South

Australia) areas. Overall about half of oranges are produced in New South Wales, however, much of the production is Valencia oranges which are used domestically for processing. Victoria and South Australia are predominately navel varieties, and many are export focused. So although these two States account for less than half of production, they account for over 80 percent of exports.

Orange Production in Australia



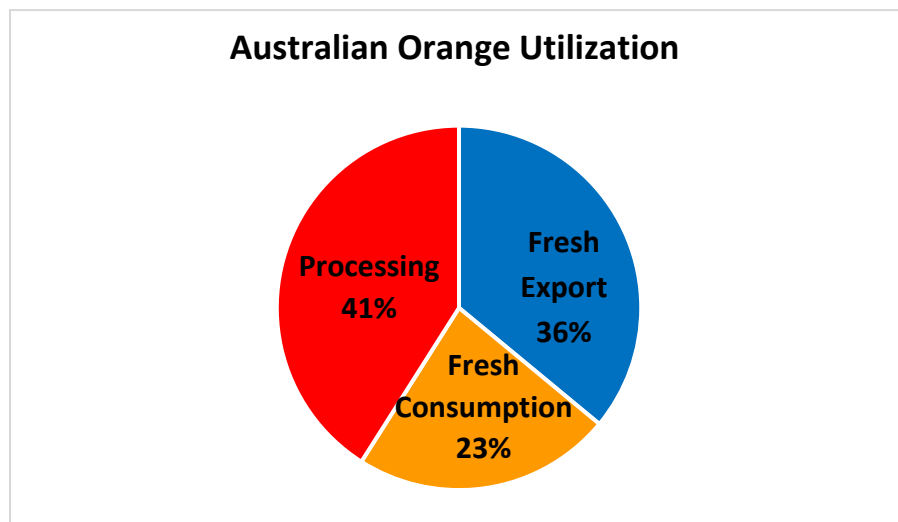
Information Source: Citrus Australia 2017/18

Australia’s orange industry is free from the citrus greening disease (Huanglongbing or HLB), which has hit some citrus in other countries.

Consumption

The horticulture industry estimates that a little under a quarter of oranges produced are consumed fresh domestically, with an additional 40 percent processed into juice. Domestic fresh consumption is forecast to remain largely stagnant in Australia. However, Australian consumers are continued to be drawn to newer varieties and sweeter and easier to peel varieties.

The industry also estimates that 62 percent of Australian households purchase fresh oranges, buying an average of 1.5 kg per trip, and per capita fresh supply is 5.6 kg. With domestic consumption largely flat, much of the growth in demand for Australian oranges is coming from overseas markets.



Source: Australian Horticulture Statistics Handbook 2017-18

Trade

Oranges are Australia's largest fresh fruit export by volume and second largest by value (after table grapes). Exports run primarily from June to October.

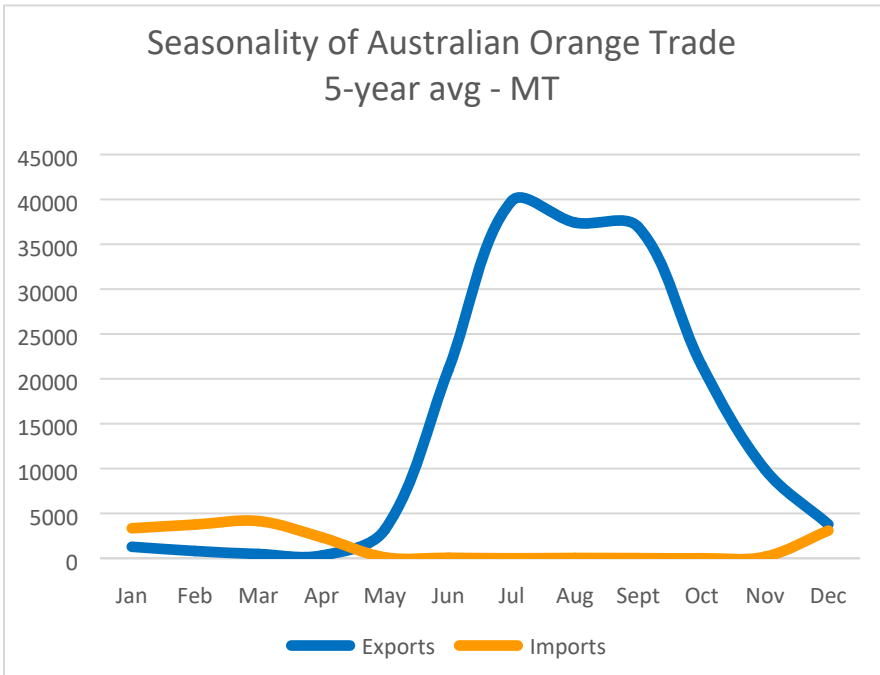
Orange exports in MY 2019/20 (April 2020-March 2021) are forecast at 190,000 MT, down slightly from the revised forecast of 195,000 MT in MY 2018/19. While exports increased rapidly between 2014 and 2017, however with stable production during the past few years exports have leveled out at between 185,000-195,000 MT annually.

The MY 2018/19 export estimate is raised to a record 195,000 MT as a result of strong shipment pace. From April to October 2019, exports are up 5 percent from the same period in the previous year. China has remained the largest market, accounting for about 30 percent to the total, but exports have been slower this year to China. Offsetting this, however, has been an increase in exports to a wide range of smaller markets including in Southeast Asia, India, and the Middle East.

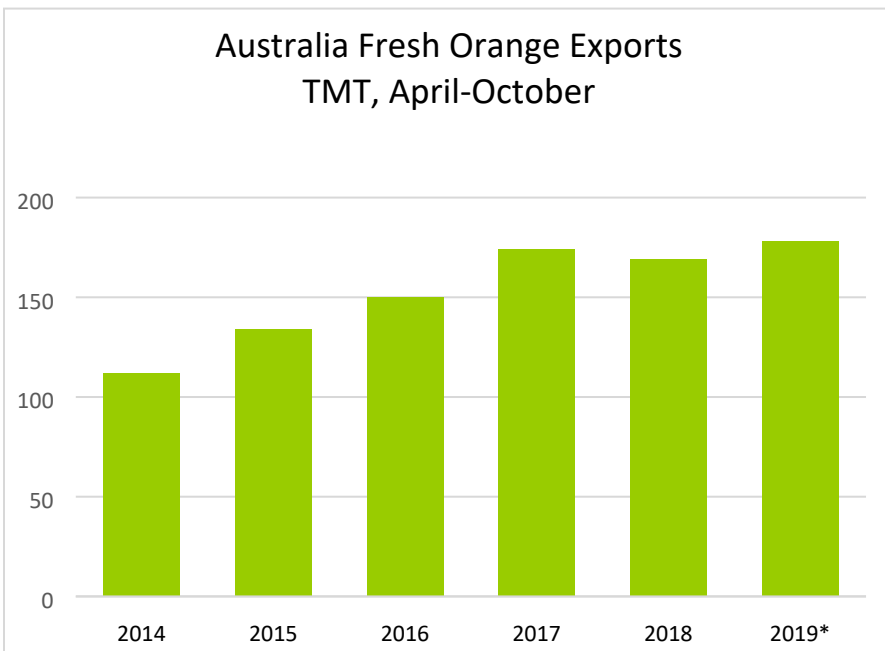
As part of the China-Australia Free Trade Agreement (CHAFTA), Chinese tariffs for all fresh fruit other than citrus went to zero on January 1, 2019. For oranges, tariffs fell to 4.9 percent (from 6.1 percent the previous year) and will steadily decline until reaching zero on January 2023.

Australia also recently passed an FTA with Indonesian, which when it goes into effect will allow duty-free access for 10,000 MT of Australian oranges, increasing 5 percent each year.

Fresh orange imports are forecast are at 20,000 MT. Australia imports oranges during summer (Dec-April) when there is a lack of domestic production of navel oranges. The lion’s share of imports come from the United States, with Egypt being the other significant supplier.



Source: Australian Statistics Bureau



Source: Australian Statistics Bureau

Oranges, Fresh Market Begin Year Australia	2017/2018		2018/2019		2019/2020	
	Apr 2018		Apr 2019		Apr 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	20600	20600	20600	20600	0	20600
Area Harvested	20600	20600	20600	20600	0	20600
Bearing Trees	9350	9350	9350	9350	0	9350
Non-Bearing Trees	85	85	85	85	0	85
Total No. Of Trees	9435	9435	9435	9435	0	9435
Production	515	525	500	510	0	500
Imports	20	14	20	20	0	20
Total Supply	535	539	520	530	0	520
Exports	230	186	215	195	0	190
Fresh Dom. Consumption	245	140	245	140	0	140
For Processing	60	213	60	195	0	190
Total Distribution	535	539	520	530	0	520

(HECTARES) ,(1000 TREES) ,(1000 MT)

Orange Juice Market Begin Year Australia	2017/2018		2018/2019		2019/2020	
	Jul 2018		Jul 2019		Jul 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	60000	213000	60000	195000	0	190000
Beginning Stocks	614	614	614	614	0	614
Production	6500	18000	6500	16500	0	16000
Imports	31000	18300	31000	18000	0	18000
Total Supply	38114	36914	38114	35114	0	34614
Exports	500	500	500	500	0	500
Domestic Consumption	37000	35800	37000	34000	0	33500
Ending Stocks	614	614	614	614	0	614
Total Distribution	38114	36914	38114	35114	0	34614

(MT)

Attachments:

No Attachments