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Mexico

Citrus Annual

Orange, Lemon and Lime, Grapefruit, and Frozen Concentrated Orange Juice Situation

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Report Highlights:
FAS Mexico forecasts marketing year (MY) 2010/11 fresh orange, lemon/lime, and grapefruit production at 4.1 million metric tons (MMT), 1.9 MMT, and 3.7 MMT, respectively. Fresh orange production increased approximately 500,000 metric tons (MT) over MY 2009/10, as favorable weather allowed production to rebound from last year. Lemon/lime and grapefruit production were similar to past years. Trade of fresh orange, lemon/lime, and grapefruit remains roughly unchanged from past years. Frozen concentrated orange juice (FCOJ) production estimates have been increased to 85,000 MT as strong international prices encouraged producers to supply more FCOJ to the international

market.

Commodities:
Oranges, Fresh

Production:
The Government of Mexico (GOM) does not have an official forecast for MY (November to October) 2010/11 fresh orange production. According to industry sources, however, production is forecast at 4.1 MMT. Orange production from the northern states of Mexico was affected by dry weather conditions as well as strong rainfall and low temperatures in 2010. Fresh orange production estimates for MY 2009/10 were revised upward from previous FAS Mexico estimates to 3.6 MMT based on official data. The crop, however, was smaller than MY 2008/09 production due to dry weather conditions in the northern states of Mexico. The states of Veracruz and Nuevo Leon had slightly lower production in MY 2009/10 compared to MY 2008/09 due to dry weather. MY 2008/09 fresh orange production estimates were updated based on official data.

Area planted and harvested for MY 2010/11 is expected to increase marginally to 340,200 hectares due to dry weather conditions and higher costs of production. Area planted and harvested for MY 2009/10 was revised upward from previous FAS Mexico estimates to 340,000 hectares based on official information. Growers associations (especially in Baja California Sur, Sonora and Yucatan) planted more orange trees in order to phase out low yielding trees 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 channel distribution problems. Historical increases in orange production are due to increased tree planting density rather than an expansion of planted area. Planted and harvested area for MY 2008/09 was updated based on official data.

National orange yields for MY 20010/11 are forecast to be slightly higher, approximately 12.2 metric tons per hectare (MT/ha), compared to MY 2009/10 yields of 11.5 MT/ha. Regional orange yields differ widely depending on the production area. The variation in yields is caused by many factors, including weather, frequency of fertilizer and pesticide applications, tree density, and terrain quality. Typically, Veracruz orange yields range from 10 to 20 MT/ha, Nuevo Leon yields range from 12 to 15 MT/ha, and San Luis Potosi yields range from 7 to 13 MT/ha.

Production costs vary amongst citrus regions. The average cost of production for a traditional grove with little intensive cultivation in Veracruz is approximately 6,000 to 10,000 pesos/ha (U.S. $476.19/ha to $793.65/ha), while the cost for a more intensively farmed grove in Veracruz is between 12,000 to 18,000 pesos/ha (U.S. $952.38/ha to $1,428.57/ha). The cost of production in Sonora is high and ranges from 18,000 to 25,000 pesos/ha (U.S. $952.38/ha to $1,984.12/ha) due to higher costs for irrigation and quality control (the state is in a fruit fly area). Costs in Nuevo Leon are generally higher than those in Veracruz because of pump irrigation and range from 11,500 to 17,000 pesos/ha (U.S. $912.69/ha to $13,049.20/ha). Higher production costs in Nuevo Leon are primarily attributed to irrigation, fertilizer use and pest control. These last inputs account for approximately 40 percent or more of total Nuevo Leon production costs. This state has been striving to be recognized as a fruit fly free area, and some

areas have been given that recognition. [1] Some areas in the state of San Luis Potosi, [2] the second largest producer of oranges, are recognized as having a low prevalence of fruit fly. In general, higher costs for pesticides and herbicides could lead producers to use fewer applications per hectare, which could reduce overall costs. Average field worker wages are approximately 70 pesos (U.S. $5.55) per day, but producers often pay 100 pesos (U.S. $7.93) or more per day in order to attract a sizeable workforce.

Orange prices depend on demand from the processing industry as well as transportation costs. Farm gate prices in Nuevo Leon were approximately 1,600 to 2,000 pesos per MT (U.S. $126.98 to $158.73 /MT) for Valencia oranges in October 2010 while prices in Veracruz were between 800 to 1,000 pesos/MT (U.S. $63.49 to $79.36/MT). Transportation costs from Veracruz to Mexico City are usually 350 to 450 pesos per MT (U.S. $27.77 to $35.71 per MT) for same day delivery. Transportation costs continue increasing due to fuel price increases.

[1] The Secretariat of Agriculture announced in the *Diario Oficial* (Federal Register) on October 31, 2008, that 19 counties, some without citrus area, in Nuevo Leon had been declared free of fruit fly. On September 28, 2010, two more counties were declared free of fruit fly in Nuevo Leon.
[2] On September 29, 2009, the Secretariat of Agriculture published a decree in the *Diario Oficial* declaring 11 counties (about 4,460 hectares of citrus area) from the State of San Luis Potosi, as low prevalence zones for fruit fly.

Consumption:
Fresh orange consumption for MY 2010/11 is forecast to increase 17 percent to 3.2 MMT from MY 2009/10 consumption of 2.8 MMT as prices are expected to be more affordable. 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 2009/10 was revised downward from previous estimates due to a reduction in consumer purchasing power and higher prices. Consumption for MY 2008/09 was revised downward as the processing industry attracted more oranges for juice processing.

October 2010 early wholesale Valencia orange prices in Mexico City from Veracruz started at approximately 2.87 pesos per kilogram (U.S. $0.22/kg), slightly lower in comparison to the same time last year. However, prices are expected to drop as more oranges become available from Veracruz. Mexico City supermarket retail prices began at 7.90 pesos/kg (U.S. $0.62/kg) for November 2010.

Trade:
Mexican orange exports for MY 20010/11 are expected to be similar to MY 2009/10 exports. Final export numbers will depend on U.S. demand and orange supplies from California and Florida. Exports for MY 2008/09 and 2009/10 remained as estimated 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 reaching 4,000 MT in

MY 2009/10. Mexico negotiated an improved MFN duty for oranges beginning in April 2007. However, Mexico has not taken advantage of this market since the United States offers a more attractive market due to proximity.

Mexican orange imports for MY 20010/11 are forecast to decrease, as more oranges will be available from domestic production. The estimate for orange imports for MY 2009/10 was revised upward due to higher demand from the border region. Mexico is a price-sensitive market, and U.S. orange prices are relatively high compared to domestic prices. The import estimate for MY 2008/09 remains unchanged.

Commodities:

Lemons, Fresh

Production:

Key limes and Persian limes are economically significant for Mexico. Mexican Key limes are grown along the Pacific coast in the states of Colima, Michoacan, Guerrero, and Oaxaca. Meanwhile, most Persian limes are grown in a micro-climate in northern Veracruz with smaller scale production in Tabasco, Oaxaca, Puebla, and Yucatan.

There is not yet an official forecast from the GOM for MY 2010/11 (November/October) production for Key limes and Persian limes, but according to industry sources, production is forecast at 1.88 MMT, which is marginally higher than MY 2009/10 production. Veracruz and Oaxaca were affected by heavy rainfall from hurricanes that damaged Persian lime producing areas. Key limes from Michoacan were also affected by heavy rain. Lime production for MY 2009/10 was revised downward from previous estimates to 1.85 MMT due to dry weather conditions at the beginning of the cycle and heavy rain at the end of the production cycle. Veracruz, the main Persian lime producing state, suffered dry weather conditions for most of 2010 as well as heavy rainfall from hurricanes that affected both the volume and the quality of the fruit. Lime production for MY 2008/09 was revised upward based on official data.

High international market prices and fewer phytosanitary concerns have led to increased planted area for both Persian and Key limes. Approximately 42 percent of total planted area is devoted to Persian limes, 54 percent is for Key limes, and the remainder is for Italian lemons. The Persian lime area planted in Veracruz has grown at a faster rate than that of 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.

Michoacan and Colima are the main Key lime producing states. Key lime planted area has increased at slower rates due to domestic price swings. Michoacan has an excellent winter production window (December to February) that allows its Key limes to enter the domestic market first. As such, planted area has tended to expand more rapidly in this state. According to producers, the domestic market is saturated with Key limes and a substantial increase in Michoacan's planted area could reduce prices for Key limes in the international market. It has become current practice for Michoacan producers to suspend harvest during the course of the year to prevent oversupplying the domestic market and subsequent low prices. Therefore, planted area for MY 2010/11 is forecast to remain similar to that of

MY 2009/10. Estimates for planted area for MY 2009/10 were revised upward and estimates for harvested area were revised downward from previous FAS Mexico estimates due to weather-related issues. Estimates for MY 2008/09 were updated according to official information. The state of Colima lost planted area due to weather and high swings in lime prices.

More than 25 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 Michoacan and Colima and are 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 industry tends to be dominated by large producers who have achieved economies of scale. Rain-fed Persian lime production costs average between 11,000 pesos/ha to 18,000 pesos/ha (U.S. $873.00 to $1,428.57/ha). Well-tended areas can have production costs as high as 28,000 pesos/ha or more (U.S. $2,222.25/ha) in Veracruz. Production costs are affected by herbicide and fertilizer prices.

The cost of production for Key limes varies according to cultivation practices and technology. In the most important Key lime producing states (Oaxaca, Colima and Michoacan), production costs can vary from 8,500 pesos/ha to 18,600 pesos/ha (U.S. $674 to $1,476.19/ha), and can increase to 25,000 pesos/ha (U.S. $1,984.12/ha) for well-tended areas.

Transportation costs from Veracruz to the U.S. border are approximately 11,500 pesos/trailer (U.S. $912.69), depending on fuel prices. Packing plant input costs increased, as well, mainly due to exchange rate fluctuations 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 cultivation 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 600 to 1,200 pesos/MT (U.S. $47.61 to $95.23/MT) for the domestic market, and 3,000 to 7,000 pesos/MT (U.S. $238.09 to $555.52/MT) for the export market. 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 900 to 3,400 pesos/MT (U.S. $71.42 to $269.84/MT). Although Key lime production is year round, production in Michoacan targets the winter season (October to February), while production in Colima covers demand from May through September. Oaxaca and other states cover the rest of the year.

Italian lemons are grown in the states of Tamaulipas, Yucatan, San Luis Potosi, and Colima. In the 1990's, producers in Tamaulipas and San Luis Potosi began producing lemons on a contract basis for a soft-drink bottler to be used for juice and lemon oil. However, after the contract ended in 2006, growers began exploring the international market. Producers in the state of Yucatan began producing lemons for the bottling company once the Tamaulipas contract ended.

According to the Secretariat of Agriculture, MY 2008/09 lemon production was 85,275 MT (with 20,472 MT produced in Tamaulipas and 61,267 MT produced in Yucatan). Total planted area was 4,639 hectares and harvested area was 4,261 hectares. Tamaulipas yields averaged 13 to 17 MT/ha and Yucatan yields averaged between 20 to 25 MT/ha.

Consumption:
Domestic consumption of both Key and Persian limes in Mexico depends largely on prices as well as the volume of limes exported. Consumption for MY 2010/11 is forecast slightly higher than MY 2009/10. Consumption for MY 2009/10 was revised downward from previous estimates due to slower demand. During the Persian lime export season, prices are high and domestic demand falls. Consumption for MY 2008/09 was revised downward due to better prices than expected.

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 to 20 percent of total Key lime production goes to processing.

Producers from Colima and Michoacan indicate that approximately 30 percent of their limes go to processors. Official estimates of processing industry demand are unavailable. Depending upon U.S. demand, approximately 50 to 60 percent of Persian limes from Veracruz go to the export market.

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 Michoacan, 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.

Domestic fresh lemon consumption began after contracts with the soft-drink bottler ended. According to producers, about 35 percent of production remains in the domestic market. Imported lemons from California were sold at 38.90 pesos/kg (US$3.08/kg) in the retail market in November 2010.

Trade:
Persian and Key lime exports for MY 2010/11 are forecast at levels similar to MY 2009/10, as heavy rainfall in the last quarter of 2010 prevented limes from achieving export quality. However, exports depend heavily on international demand from Europe, the United States and the current financial market. However, in December 2010, new U.S. import requirements put in place to prevent the entry of Sweet Orange Scab (i.e., *Elsinoë australis*) are stopping Mexican limes from reaching the U.S. market. Currently, Mexican exporters have stopped exports until an agreement is reached between Mexican and U.S. sanitary officials. Exports for MY 2009/10 were revised downward from previous estimates, due to decreased demand from international markets.

The spring Persian lime harvest begins in early April and, depending on prices, they are usually shipped to European markets before being shipped to the United States. According to exporters, a good price for

Persian limes is about U.S. $40 per 40-pound box. U.S. prices were good in April 2010 and reached a price of U.S. $47 per 40-pound box. Exports for MY 2008/09 were updated according to trade data.

Lime producers are expanding into new markets (e.g., Japan and Europe), but still supply about 40 percent of the U.S. and Canadian markets. International prices for Persian limes reached U.S. $35 to $47 per 40-pound box at the peak of winter 2010 but started at U.S. $15 to $19 per 40-pound box in October and November. Lime imports continue to be minimal due to ample domestic supplies. MY 20010/11 imports are forecast at 1,000 MT and data for MY 2008/09 and 2009/10 remain unchanged. Mexico's tariff rate on imported limes from the United States is zero percent under NAFTA.

According to producers, fresh lemons are exported to Europe, the United States, and Japan. According to trade data (HTS 0805.5020.00), Mexico exported 22,338 MT to the United States during MY 2008/09. For MY 2009/10, exports to the United States were slightly lower compared to MY 2008/09 (21,555 MT) as hurricanes caused excessive rainfall that affected product quality. There is no data available regarding Italian lemon exports as the commodity is grouped in the lemon/lime tariff line. The United States is the main export market, where 60 to 70 percent of lemons are exported.

Commodities:

Grapefruit, Fresh

Production:

There is no official forecast for grapefruit production for MY 2010/11; however, planted area is expected to remain stable. Producers estimate grapefruit production will be around 430,000 MT as weather conditions and rainfall in northern states benefited production. Veracruz, the largest grapefruit producing state, reported additional acreage planted due to expectations of higher prices. Grapefruit production for MY 2009/10 was revised upward to 426,000 MT, due to better yields. However, heavy rainfall related to hurricanes negatively affected the crop in Tamaulipas (reducing production from 30,000 MT to about 20,000 MT). Nuevo Leon, Michoacan, and Veracruz production was not damaged by hurricane-related weather, but weather issues resulted in harvesting delays. MY 2008/09 production estimates were revised upward from previous estimates to 432,000 MT 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 2010/11 is forecast to remain close to 18,400 hectares as the rate of growth in newly developed areas has slowed. Area planted for MY 2009/10 was revised downward and area harvested was revised upward. MY 2008/09 planted area was revised downward and harvested area was revised upward reflecting growth in the states of Michoacan and Veracruz.

Although Veracruz has increased planted area, abandoned or damaged areas in other parts of the state have offset this growth. Costs of production for grapefruit fluctuate between 9,500 to 19,300 pesos per hectare (U.S. $754 to $1,531/ha). Production costs associated with pest control tend to be higher in Veracruz than in Michoacan, but Michoacan costs associated with irrigation are higher than Veracruz, as almost 80 percent of Veracruz grapefruit area is rain-fed. Generally, input costs have increased due to higher prices for imported 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, Michoacan, Nuevo León, Tamaulipas, and Veracruz and are mainly for export as fresh fruit and peeled slices to the United States and Europe. White-fleshed varieties are produced in Tamaulipas and Veracruz and are used 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 markets. The MY 2010/11 forecast of grapefruit destined for processing is expected to be similar to MY 2009/10 unless there is a higher demand from the peeled fruit industry.

Grapefruit yields for MY 2010/11 are forecast at 24 MT/ha, marginally higher than MY 2009/10. Veracruz accounts for approximately 58 percent of Mexican grapefruit production and has the highest yields in the country (between 20 to 30 MT/ha). Michoacan follows with 14 percent of production and yields between 9 to 15 MT/ha. Nuevo León accounts for almost 8 percent of total grapefruit production and generally has yields between 16 to 21 MT/ha. In other states, yields vary from 7 to 15 MT/ha.

MY 2010/11 grower prices are forecast between 800 and 1,200 pesos/MT (U.S. $63.49 to $95.23/MT). The grower price for the white grapefruit variety is cheaper at about 600 to 1,000 pesos/MT (U.S. $47.61 to $79.36/ MT). In MY 2009/10 grower prices in Veracruz for the red variety averaged between 800 and 2,000 pesos/MT (U.S. $59.25 to $148.14/MT). Michoacan has developed areas with red varieties that can be harvested from May to July, but grower prices tend to be higher in Veracruz as fruit enters the market earlier in the season. From May to June 2010, grower prices for grapefruit from Michoacan ranged from 2,700 to 4,000 pesos/MT (U.S. $214.28 to $317.46/MT).

The Mexican grapefruit industry has limited juice production because it is more profitable to export fresh product and import the juice.

Consumption:
Fresh grapefruit consumption for MY 2010/11 is forecast at 325,000 MT. However, if overall food prices increase more than expected, reduced consumer purchasing power could limit consumption. Consumption for MY 2009/10 was revised upward from previous FAS Mexico estimates to 321,000 MT due to higher fruit availability. MY 2008/09 consumption was revised upward due to good consumer purchasing power. Demand for grapefruit remains strong since it is a low calorie food.

Wholesale prices in October 2010 in Mexico City for the red grapefruit variety started at 3.42 pesos/kg (U.S. $0.27/kg) for the Veracruz crop. This is slightly higher than October 2009 prices that were 3.40 pesos/kg (U.S. $0.25/kg). Prices for Nuevo Leon fruit in October 2010 were slightly higher still, at 4.40 pesos/kg (U.S. $0.35/kg), identical in nominal terms to last year's price.

Growers indicate there is no payment for quality premiums as consumers are interested in lower prices. Since Michoacan can harvest earlier than Veracruz, Michoacan producers often demand higher prices in the domestic market. Michoacan wholesale prices for July and August 2010 ranged from 4.50 to 5.50

pesos/kg (U.S. $0.35 to $0.43/kg), which was slightly lower compared to last year's price range of 4.30 to 6.80 pesos/kg (U.S. $0.32 to $0.50/kg).

Trade:
Grapefruit exports for MY 2010/11 are forecast at 15,000 MT. According to growers, demand from Europe is growing steadily and offers better prices. Exports for MY 2009/10 were revised upward to 15,000 MT as demand from European countries increased. Exports for MY 2008/09 remained low at 11,000 MT, as domestic prices were better than the international ones. The best market window for exports is from October to November.

Grapefruit imports for MY 2010/11 are forecast at 10,000 MT due to continued demand from the peeled fruit industry. Estimates for MY 2009/10 remained at 10,000 MT due to demand from the processing industries. Imports for MY 2008/09 were revised downward to 11,000 MT as more fruit was sourced from the domestic market. According to sources, most of the imported grapefruit from the United States is processed for export to the European market or re-exported to the U.S. market.

Commodities:
Orange Juice

Production:
MY 2010/11 forecast for oranges destined for processing is expected to be slightly higher than MY 2009/10 due to expected higher production of fresh oranges in the market. This forecast will depend on the international price for orange juice concentrate (FCOJ) and the tendency of fresh orange prices in the domestic market. The estimate for oranges destined for processing for MY 2009/10 was revised upward to 830,000 MT, due to better international prices for FCOJ. The MY 2008/09 estimate of oranges destined for processing was revised upward to 1 MMT as the market experienced an unprecedented surge in FCOJ prices that allowed for better industry profit margins.

Reliable FCOJ production numbers are difficult to obtain, as there is no official data available. However, according to industry sources, FCOJ production for MY 2011 (January to December) is forecast at 85,000 MT due to better availability of fresh fruit for the industry and good international prices that might enable the industry to process more oranges. Juice production depends heavily on the international price of FCOJ and the domestic prices of fresh oranges.

Higher prices in the international market enable processors to increase the prices paid to fruit producers. Prices for MY 2011 are forecast higher (about U.S. $1.50/lb or more) due to reduced availability of oranges for processing in the United States. According to the industry, international prices for MY 2010 averaged U.S. $1.30/lb or more, compared to lower prices in MY 2009 of U.S. $0.70/lb to $1.10/lb.

The industry bought fruit in the 2010 season at approximately 700 to 1,000 pesos/MT (U.S. $55.50 to $79.36/MT). Procurement prices for MY 2011 are forecast to be similar; however, northern Veracruz areas could experience lower production due to weather-related problems, thereby increasing procurement prices for fresh fruit.

Consumption:
FCOJ consumption for MY 2011 is forecast at 7,000 MT, with a stable demand for orange juice in beverages with orange flavoring. The majority of Mexican consumers prefer freshly squeezed juice as opposed to processed orange juice. Consumption for MY 2009 and 2010 estimates remain unchanged at 7,000 MT. 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 2,000 MT.

Trade:
Exports of FCOJ for MY 2011 are forecast to increase to 79,000 MT as long as fresh oranges remain affordable for processing. However, expectations of better international prices and stronger demand could drive exports higher than previously forecast. FCOJ export estimates for MY 2008/09 and 2009/10 were revised upward due to strong international demand and higher FCOJ prices. The United States is the main market for Mexican FCOJ, followed by Japan and Europe. 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 marginal compared to domestic production. FCOJ imports for MY 2011 are forecast at 1,000 MT or less, the same as in MY 2010.

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 15,488 MT of FCOJ to European countries in 2009. 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 2009, Mexico exported approximately 4,237 MT of FCOJ to Japan.

Commodities:
Oranges, Fresh
Lemons, Fresh
Grapefruit, Fresh

Policy:
CITRUS GREENING
Citrus greening or Huanglongbing (HLB) has been detected in several citrus-producing areas. As part of the efforts of the prevention campaign against the introduction of citrus quarantine pests, the government detected the presence of HLB in the states of Yucatan (July 2009); Quintana Roo (August 2009); Nayarit and Jalisco (December 2009); Campeche (March 2010); Colima (April 2010) and Sinaloa (June 2010). See Mexico GAIN Reports MX9043 (2009), MX0005 (2010), and MX0055 (2010) for additional information about Mexico's Secretariat of Agriculture (SAGARPA) regulatory measures to monitor and protect the country from HLB.

Mexico is currently surveying a range of areas for the presence of the Asian greening bacterium, *Candidatus Liberibacter asiaticus*, in symptomatic host plants across the country. USDA and Mexico are conducting joint suppression campaigns aimed at reducing populations of the insect vector along the border and, recently, began collaborating to expand efforts into Central American countries to combat

this pest. According to SAGARPA, the phytosanitary activities include the detection of plants and symptomatic trees, the elimination of plants with defined symptoms, establishing quarantine areas, doing chemical control of the vector in rural and urban zones, having plant production in nurseries with anti-aphid protection, and holding training and communication workshops.

FAS/Mexico Web Site: We are available at www.mexico-usda.com or visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

FAS/Mexico YouTube Channel: Catch the latest videos of FAS Mexico at work
http://www.youtube.com/user/ATOMexicoCity

Other Relevant Reports Submitted by FAS/Mexico:

Report Number	Subject	Date Submitted
MX0074	Mexico to Revise Fruit and Vegetable Import Regulation	10/15/10
MX0055	Mexico Announces Final HLB Control Regulation	8/19/10
MX0005	Citrus NOM Extension	2/19/10
MX9087	2009 Citrus Annual	11/12/09
MX9069	Fruit Fly Free Zones in San Luis Potosi	10/1/09

Useful Mexican Web Sites: Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx and Mexico's equivalent to the U.S. Department of Commerce (SE) can be found at www.economia.gob.mx. These web sites are mentioned for the readers' convenience but USDA does not in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.

Production, Supply and Demand Data Statistics:

Table 1. Mexico: Fresh Orange Production

Oranges, Fresh Mexico	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		Market Year Begin: Nov 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	342,000	339,423	43,000	340,000		340,200
Area Harvested	335,000	333,555	336,000	334,000		334,100
Bearing Trees	67,670	67,378	67,872	67,468		67,488
Non-Bearing Trees	1,414	1,185	1,414	1,212		1,232
Total No. Of Trees	69,084	68,563	69,286	68,680		68,720
Production	4,140	4,193	3,450	3,600		4,100

Imports	13	13	10	20		15
Total Supply	4,153	4,206	3,460	3,620		4,115
Exports	18	18	25	25		25
Fresh Dom. Consumption	3,335	3,188	2,760	2,765		3,240
For Processing	800	1,000	675	830		850
Total Distribution	4,153	4,206	3,460	3,620		4,115
HECTARES, 1000 TREES, 1000 MT						

Table 2. Mexico: Fresh Lemon/Lime Production

Lemons/Limes, Fresh Mexico	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Apr 2008		Market Year Begin: Apr 2009		Market Year Begin: Apr 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	153,000	146,273	153,000	153,700		153,700
Area Harvested	145,000	140,368	146,000	140,500		141,000
Bearing Trees	27,550	26,670	28,470	26,695		26,790
Non-Bearing Trees	1,560	1,122	1,365	2,508		1,384
Total No. Of Trees	29,110	27,792	29,835	29,203		28,174
Production	2,000	1,966	2,040	1,850		1,880
Imports	1	1	1	1		1
Total Supply	2,001	1,967	2,041	1,851		1,881
Exports	460	461	470	430		430
Fresh Dom. Consumption	1,221	1,192	1,244	1,126		1,151
For Processing	320	314	327	295		300
Total Distribution	2,001	1,967	2,041	1,851		1,881
HECTARES, 1000 TREES, 1000 MT						

Table 3. Mexico: Fresh Grapefruit Production

Grapefruit, Fresh Mexico	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		Market Year Begin: Nov 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	18,500	18,466	18,600	18,400		18,400
Area Harvested	17,500	17,989	17,600	18,000		18,000
Bearing Trees	3,500	3,598	3,520	3,400		3,440
Non-Bearing Trees	200	95	200	280		240
Total No. Of Trees	3,700	3,693	3,720	3,680		3,680
Production	390	432	410	426		430
Imports	14	11	10	10		10
Total Supply	404	443	420	436		440
Exports	11	11	10	15		15
Fresh Dom. Consumption	293	332	310	321		325
For Processing	100	100	100	100		100
Total Distribution	404	443	420	436		440
HECTARES, 1000 TREES, 1000 MT						

Table 4. Mexico: Orange Juice Concentrate Production

Orange Juice Mexico	2008/2009		2009/2010		2010/2011	
	Market Year Begin: Nov 2008		Market Year Begin: Nov 2009		Market Year Begin: Nov 2010	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	800,000	1,000,000	650,000	830,000		850,000
Beginning Stocks	2,000	2,000	2,000	2,000		2,000
Production	80,000	105,000	67,500	82,000		85,000
Imports	1,000	1,000	1,000	1,000		1,000
Total Supply	83,000	108,000	70,500	85,000		88,000
Exports	74,000	98,812	61,500	76,000		79,000
Domestic Consumption	7,000	7,188	7,000	7,000		7,000
Ending Stocks	2,000	2,000	2,000	2,000		2,000
Total Distribution	83,000	108,000	70,500	85,000		88,000
MT						

Table 5: Mexico - Trade Matrixes for Fresh Oranges, Lemon/Limes, Grapefruit, and FCOJ

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.	15,982	U.S.	12,503
UNITED KINGDOM	2,325	ARGENTINA	0
TOTAL OF OTHER	2,325		
OTHER NOT LISTED	147	OTHER	0
TOTAL	18,454	TOTAL	12,503

Table Oranges	**0805.10**	**Unit: Metric Tons**	
Exports for MY 2009/10 *(Nov-Oct*)* to:		**Imports for MY 2009/10 *(Nov-Oct*)* from:**	
U.S.	21,179	U.S.	20,537
UNITED KINGDOM	5,461		
TOTAL OF OTHER	5,461		
OTHER NOT LISTED	12	OTHER	0
TOTAL	26,652	TOTAL	20,537
*as of Sep 2010			

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.	428,739	U.S.	457
NETHERLANDS	12,188		
TOTAL OF OTHER	12,188		
OTHER NOT LISTED	20,199	OTHER	0
TOTAL	461,126	TOTAL	457

Lemons/Limes 0805.50		Unit: Metric Tons	
Exports for MY 2009/10 *(Nov-Oct*)* to:		**Imports for MY 2009/10 *(Nov-Oct*)* from:**	
U.S.	415,783	U.S.	513
NETHERLANDS	12,936		
TOTAL OF OTHER	12,936		
OTHER NOT LISTED	19,349	OTHER	0
TOTAL	448,068	TOTAL	513
*as of Sep 2010			

Grapefruit 0805.40		Unit: Metric Tons	
Exports for MY 2008/09 *(Nov-Oct)* to:		**Imports for MY 2008/09 *(Nov-Oct)* from:**	
U.S.	103	U.S.	11,256
FRANCE	1,173		
TOTAL OF OTHER	1,173	ISRAEL	0
OTHER NOT LISTED	9,530	OTHER	0
TOTAL	10,806	TOTAL	11,256

Grapefruit 0805.40		Unit: Metric Tons	
Exports for MY 2009/10 *(Nov-Oct*)* to:		**Imports for MY 2009/10 *(Nov-Oct*)* from:**	
U.S.	574	U.S.	9,665
NETHERLANDS	8,818		
TOTAL OF OTHER	8,818		
OTHER NOT LISTED	7,456	OTHER	0
TOTAL	16,848	TOTAL	9,665
SOURCE: Global Trade Atlas Edition, Sep 2010			

Fresh Concentrate Orange Juice 2009.11		Unit: Liters	
Exports for MY 2009 *(Jan-Dec)* to:		**Imports for MY 2009 *(Jan-Dec)* from:**	
U.S.	53,647,452	U.S.	144,182
NETHERLANDS	7,937,531	BRAZIL	0
JAPAN	3,210,210	TOTAL OF OTHER	0

OTHER NOT LISTED	9,170,349	OTHER NOT LISTED	3
TOTAL	73,965,542	TOTAL	144,185

Fresh Concentrate Orange Juice 2009.11		**Unit: Liters**	
Exports for MY 2010 *(Jan-Dec*)* to:		**Imports for MY 2010 *(Jan-Dec*)* from:**	
U.S.	37,458,099	U.S.	66,094
NETHERLANDS	6,668,459	BRAZIL	1,147
JAPAN	2,808,489	TOTAL OF OTHER	1,147
OTHER NOT LISTED	3,108,778	OTHER NOT LISTED	1,820
TOTAL	50,043,825	TOTAL	69,061
* as of Sep 2010			

Orange Juice, Not Frozen 2009.19		**Unit: Liters**	
Exports for MY 2009 *(Jan-Dec)*to:		**Imports for MY 2009 *(Jan-Dec)*from:**	
U.S.	6,290,622	U.S.	1,008,304
ARUBA	19,906	BRAZIL	13,972
TOTAL OF OTHER	19,906	TOTAL OF OTHER	13,972
OTHER NOT LISTED	22,500	OTHER NOT LISTED	2,793
TOTAL	6,333,028	TOTAL	1,025,069

Orange Juice, Not Frozen 2009.19		**Unit: Liters**	
Exports for MY 2010 *(Jan-Dec*)*to:		**Imports for MY 2010 *(Jan-Dec*)*from:**	
U.S.	5,885,996	U.S.	344,254
GERMANY	13,192	CANADA	3,816
TOTAL OF OTHER	13,192	TOTAL OF OTHER	3,816
OTHER NOT LISTED	34,118	OTHER NOT LISTED	1,103
TOTAL	5,933,306	TOTAL	349,173
*as of Sep 2010			

Table 6: Mexico – Wholesale Orange Prices (Pesos/Kg) cif Mexico city				
Month	2008	2009	2010	Change % 09/10
January	2.16	1.78	2.19	(23.03)
February	2.13	1.96	2.45	25.00
March	2.14	2.00	2.89	44.50
April	2.28	2.13	3.95	85.44
May	2.64	2.84	5.05	77.81
June	3.08	4.49	5.78	28.73
July	3.04	4.79	4.71	(1.67)
August	2.60	4.07	5.35	31.44
September	2.38	3.83	5.06	32.11
October	2.25	3.00	2.87	(4.33)
November	2.08	2.87	2.27	0.34
December	2.12	2.64	N/A	N/A

Source: Servicio Nacional de Informacion de Mercados
Avr. exchange rate for 2009 US$1.00 = $ 12.33 pesos
exchange rate December 15, 2010 US$1.00 = $ 12.37 pesos

Table 7: Mexico - Key Lime Wholesale Prices (Pesos/Kg) cif Mexico city			
Month	2009	2010	Change% 09/10
January	6.59	3.05	(53.71)
February	7.99	3.05	(61.82)
March	6.28	2.74	(56.36)
April	2.76	3.36	21.73
May	2.20	3.63	65.00
June	2.64	3.11	17.80
July	3.19	2.61	(18.18)
August	3.65	2.65	(27.39)
September	3.42	3.00	(12.28)
October	3.70	3.57	(3.51)
November	4.02	6.56	63.18
December	4.16	N/A	N/A

Source: Servicio Nacional de Informacion de Mercados
Avr. exchange rate for 2009 US$1.00 = $ 12.33 pesos
exchange rate December 15, 2010 US$1.00 = $ 12.37 pesos

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

			Change %
Month	2009	2010	09/10
January	6.20	4.85	(21.77)
February	6.26	5.77	(7.82)
March	6.99	7.92	13.30
April	6.18	13.85	124.11
May	5.26	15.37	192.20
June	3.53	6.57	86.11
July	2.39	3.77	57.74
August	2.60	3.45	32.69
September	2.81	3.52	26.26
October	2.76	3.48	26.08
November	3.62	5.25	45.02
December	3.77	N/A	N/A

Source: Servicio Nacional de Informacion de Mercados
Avr. exchange rate for 2009 US$1.00 = $ 12.33 pesos

exchange rate December, 2010 US$1.00 = $ 12.37 pesos