Required Report - public distribution

Date: 12/13/2017
GAIN Report Number: MX7064

Mexico

Citrus Annual

More Limes, and Slightly Less Orange and Grapefruit Production Expected

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Report Highlights:
Fresh orange and grapefruit production for marketing year (MY) 2017/18 are expected to have a slight decrease compared to (MY) 2016/17 production, while fresh lemon/lime production is expected to expand slightly. Exports of limes and orange juice are expected to be good for MY 2017/18.

Commodities:
Oranges, Fresh
Orange Juice
Lemons, Fresh
Grapefruit, Fresh

Fresh Oranges

Crop Area

Post does not anticipate that planted area will change significantly in MY 2017/18, with an initial forecast of 342,000 hectares (Ha) planted. Fresh orange production has been affected by weather, including cold conditions and excess rainfall due to hurricanes as well as pests. In general planted area has fluctuated in the past 5 years between 333,000 and 338,000 hectares. New/Post area planted and harvested for MY 2016/17 is revised upward compared to the previous estimate based on official data. New/Post area planted and area harvested for MY 2015/2016 is revised slightly downward from previous estimates based on official data. The change in planted area in general reflects weather conditions in overall production. It is, however, common for some growers to abandon groves, due to high production costs, wide swings in fresh orange prices, unfavorable weather conditions, and marketing channel distribution problems. Any production increases over the last several years have been due to increased tree planting density rather than large expansion of planted area.

National yields for MY 2017/18 are forecast to be slightly lower, at approximately 14.3 metric tons per hectare (MT/ha), compared to MY 2016/17 average yields of 14.5 MT/ha due to weather issues. 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 soil quality.

Production

There is still no official forecast for orange production, however, the New/Post forecast for the MY 2017/18 (November/October) orange harvest is 4.6 million metric tons (MMT). Although weather and rainfall could affect overall citrus production, producers are expecting good quality and good size of oranges. Producers indicate that production in the state of Veracruz could slow down due to problems with citrus greening and hard rain from the hurricanes. Production in Nuevo Leon, Tamaulipas and San Luis Potosi states is expected to be slightly lower compared to the previous marketing year due to weather issues. Producer prices for oranges in Nuevo Leon are currently between $2.50 and $2.80 pesos/Kg on the tree (US $0.13 and $0.14\Kg). Producer prices from Veracruz began on November 2017 at $2.51 pesos/kg (US$ 0.13/Kg). New/Post estimate for the MY 2016/17 crop has been revised upward to 4.6 MMT based on official information and better weather. The New/Post estimate for MY 2015/16 orange production is revised upwards based on official data.

The state of Veracruz is by far the largest producer of oranges, with 50 percent of the planted area and 51 percent of production in MY 2015/16. Other significant producing states include Tamaulipas, San Luis Potosi, and Nuevo Leon. Orange production occurs on a limited scale throughout the country. The majority of Mexican orange production is Valencia and other juice varieties. According to orange

producers in Nuevo Leon, production costs for MY 2016/17 ranged from $15,000 to $24,000 pesos per hectare for a well-tended area (U.S. $784.92 to $1,255.88) per hectare.

Table 1: Top Mexican Orange-Producing States (MY 2015/16)				
State	**Planted Area (Ha)**	**% of Total**	**Production (MT)**	**% of Total**
Veracruz	168,573	50%	2,368,501	51%
Tamaulipas	36,217	11%	689,962	14%
San Luis Potosi	31,772	9%	346,969	9%
Nuevo Leon	26,219	8%	328,803	7%
Puebla	23,322	7%	232,642	5%
All Others	49,232	15%	636,376	14%
Total	335,335	100%	4,603,253	100%
Source: Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food./ Agrifood and Fisheries Information System. (Secretaria de Agricultura, Ganaderia, Desarrollo Rural, Pesca y Alimentación./ Servicio de Información Agroalimentaria y Pesquera) -SAGARPA/SIAP				

Consumption

Fresh consumption of oranges in Mexico is mainly for fresh-squeezed orange juice, as Mexico primarily produces juice varieties. Fresh consumption depends on the volume of oranges purchased by the processing industry and international juice prices. New/Post forecasts domestic consumption of fresh oranges at approximately 2.8 MMT in MY 2017/18, as prices are expected to be more affordable. New/Post MY 2016/17 fresh consumption estimates are revised upward due to more availability, as production was higher than expected. Wholesale orange prices in Mexico City were slightly higher in MY 2016/17 than in the previous year. As the MY 2017/18 began, prices dropped from $6.74 pesos/kg (U.S. $0.35/kg) in August to $4.62 pesos/kg (U.S. $0.24/kg) in October. Prices could continue to decline as the orange harvest progresses, but this will depend on demand from processors. However, consumer prices for oranges from the state of Nuevo Leon are reportedly higher, due to a slightly lower volume available and a growing export demand. Consumption for MY 2015/16 is revised upward due to more availability of oranges than previously estimated.

Based on information from processing industry contacts, New/Post forecasts that 1.7 MMT of oranges will be delivered to commercial juice processors in MY 2017/18. Deliveries to the processing industry will depend on fresh market prices. However, due to the lower production in the state of Florida, demand for juice is higher and the Mexican processors will try to meet that demand. Estimated deliveries to processors for MY 2015/16 and MY 2016/17 were revised upward based on market intelligence.

Table 2: Mexico – Wholesale Orange Prices (Pesos/Kg) cif Mexico City				
Month	**2015**	**2016**	**2017**	**Change % 16/17**

January	2.98	3.58	5.88	64.24
February	3.18	4.05	5.78	42.71
March	3.37	4.97	5.99	20.52
April	3.63	6.38	6.73	5.48
May	4.51	9.57	7.64	(20.16)
June	6.06	11.69	8.52	(27.11)
July	7.89	11.76	7.80	(33.67)
August	9.24	11.45	6.74	(41.13)
September	6.76	8.24	4.90	(40.53)
October	4.12	5.02	4.62	(7.96)
November	3.17	5.26	4.80	(8.74)
December	3.47	6.18	4.65*	(24.75)

Source: Servicio Nacional de Información de Mercados
Avr. exchange rate for 2015 US$1.00 = $ 15.85 pesos
Avr. exchange rate for 2016 US$1.00 = $ 18.62 pesos
exchange rate November 16, 2017 US$1.00 = $ 19.22 pesos
**As in first Week Dec 2017*

Trade

New/Post forecasts that in MY 2017/18, Mexican fresh orange exports will increase slightly to 80,000 MT since demand is expected to be good from the international market. The New/Post estimate for MY 2016/17 exports is revised upward from previous estimates due to higher demand. Exports for MY 2015/16 remain unchanged based on Global Trade Atlas (GTA) statistics.

Mexico exports a relatively small portion of its total fresh orange production. Almost all of Mexico's fresh orange exports go to the United States, with smaller volumes going to the United Kingdom and other markets. 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.
Orange export prices for November 2017 were about U.S. $30 dollars to $33 dollars per 7/10 bushel carton.

Mexico also imports some fresh oranges from the United States, primarily for consumption in the border region. New/Post forecasts Mexican imports for MY 2017/18 at 32,000 MT, almost the same level as in the previous two years. However, the depreciation of the peso against the dollar may reduce imports.

Marketing

Fresh oranges in Mexico are mainly for fresh-squeezed orange juice, as Mexico primarily produces juice varieties. There are usually no in-store supermarket promotions. Street vendors sell fresh orange juice in the mornings with breakfast. 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 market and imported U.S. orange prices are relatively high compared to domestic prices and due to the current exchange rate, prices are expected to be higher. Most of the imported product is sold at the border or higher-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. Imports are

only from the United States due to proximity of the market. Most of the oranges exported to the United States duty free are Navel oranges grown in Sonora as the state is in a fruit fly-free area. Some areas from the state of Nuevo Leon also export a few oranges to the United States.

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 in 23 states and 336 municipalities. Production states, including Veracruz, Tamaulipas, San Luis Potosi, and Nuevo Leon, have had HLB detections. According to SENASICA to date, the detections for these states have only been in psyllids and not in plant material.

Producers in some regions indicate that HLB has not had a direct impact on their production. However, producers report increased vigilance and precision of agrochemical applications to prevent any outbreaks.

See FAS Mexico GAIN reports MX9043 (2009), MX0005 (2010), and MX0055 (2010) for additional information about SAGARPA's regulatory measures to monitor and protect the country from HLB. SENASICA's web page on HLB contains information about programs and control and prevention campaigns:
http://www.gob.mx/senasica/documentos/informes-y-evaluaciones-huanglongbing
https://www.gob.mx/senasica/documentos/estrategia-operativa-huanglongbing

Table 3: Mexico – Fresh Orange Production

Oranges, Fresh	2015/2016		2016/2017		2017/2018	
Market Begin Year	Nov 2015		Nov 2016		Nov 2017	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	335610	335335	335600	340586	0	342000
Area Harvested	317000	314587	317000	318000	0	320000
Bearing Trees	64034	63546	64034	64236	0	64640

Non-Bearing Trees	3760	4191	3636	4562	0	4444
Total No. Of Trees	67794	67737	67670	68798	0	69084
Production	4400	4603	4375	4640	0	4600
Imports	32	32	33	32	0	32
Total Supply	4432	4635	4408	4672	0	4632
Exports	56	56	55	75	0	80
Fresh Dom. Consumption	2776	2929	2653	2887	0	2852
For Processing	1600	1650	1700	1710	0	1700
Total Distribution	4432	4635	4408	4672	0	4632
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Frozen Concentrated Orange Juice (FCOJ) 65^0 Brix

Production

FCOJ production for MY 2018 (January-December) is forecast to remain relatively stable as enough supply of oranges are expected. However, due to a higher demand of FCOJ, fresh orange prices are expected to be high. Orange producers indicate strong demand from processors due to attractive orange juice futures prices (approximately U.S. $2.20 to U.S. $2.30 per pound) as Florida is unable to cover domestic demand. The initial New/Post forecast for MY 2018 orange juice production is 170,500 MT based on industry sources or more on a 65^0 Brix basis. FCOJ production for MY 2017 is estimated to remain at 171,000 MT as international prices were good. Production of FCOJ for MY 2016 is revised slightly upward to 165,500 MT, due to better industry yields.

Based on expectations of higher exports to the United States and orange grower reports of strong processor demand, Post's initial forecast for MY 2018 orange use by processors is 1.7 MMT. The Post estimate for orange deliveries to processors for MY 2017 is also 1.7 MMT and 1.65 MMT for MY 2016.

The Government of Mexico does not prepare official statistics related to orange juice production. Production tends to vary based on international juice prices and the availability and price of domestic fresh oranges. The current international price for FCOJ is approximately U.S. $2.30 dollars per pound.

Consumption

Industry sources suggest that domestic orange juice consumption is relatively stable at 7,500-8,000 MT per year. However it varies with the consumption of trendy orange juice based drinks, that when the style is over, the drink fades away. Also new "green beverages" are displacing orange juice for breakfast. The New/Post forecast for MY 2018 is 8,000 MT. The estimate for MY 2017 remains unchanged. Mexican consumers generally prefer fresh squeezed juice over commercially processed orange juice. The New/Post estimate for MY 2016 remains unchanged. The industry reports that stocks are generally approximately 2,000 MT or more, as a certain amount is needed for blending during the production process.

Trade

Discrepancies in the available trade statistics for orange juice make it difficult to estimate the true trade volume. However, New/Post forecasts that Mexico will export about 164,000 MT of orange juice for

MY 2018 based on early industry reports. Estimates for MY 2016 and MY 2017 exports remain unchanged from previous estimates. The United States is the primary market for Mexican orange juice, but exports to Europe are increasing. Processors expect to export similar amounts or more of juice to the United States in MY 2018 as they did in MY 2017.

Mexico does import a small amount of orange juice to cover blending needs and for the hotel, restaurant, and institutional sector. Post forecasts that Mexico will import approximately 1,000 MT of orange juice in MY 2018 same as in MY 2017. Data for MY 2016 remains unchanged from previous estimates. Most imports come from the United States at zero duty.

Marketing

The majority of Mexican consumers prefer freshly squeezed juice as opposed to processed orange juice. Most of the FCOJ is sold in restaurants and hotels, also orange juice is 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 5 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 (MFN tariff is 20 percent) based on the Mexico-EU free trade agreement. However, the U.S. market is seen as more lucrative and is preferred by Mexican exporters. The HS codes are 2009.11, 2009.12, and 2009.19.

Table 4: Mexico – Frozen Concentrated Orange Juice Production

Orange Juice	2015/2016		2016/2017		2017/2018	
Market Begin Year	Nov 2015		Nov 2016		Nov 2017	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	1600000	1650000	1700000	1710000	0	1700000
Beginning Stocks	1714	1714	1200	1700	0	2700
Production	165000	165500	170000	171000	0	170500
Imports	1100	1100	1000	1000	0	1000
Total Supply	167814	168314	172200	173700	0	174200
Exports	158114	158114	163000	163000	0	164000
Domestic Consumption	8500	8500	8000	8000	0	8000
Ending Stocks	1200	1700	1200	2700	0	2200
Total Distribution	167814	168314	172200	173700	0	174200
(MT)						

Fresh Lemons/Limes

Crop Area

Weather for MY 2017/18 (November/October) is expected to be better compared to MY 2016/17 weather where heavy rains and hurricanes affected lime production. In general, producers indicated that both Persian and Key limes have experienced overproduction problems. Good international market prices and fewer phytosanitary concerns have led to increased planted area for both Persian and Key limes. However, issues like HLB is a concern for all areas planted with citrus. Area planted for key limes in the state of Colima has been slowly increasing due to a replanting of limes that were affected with HLB. The New/Post planted and harvested areas forecast for MY 2017/18 are expected to

increase, however cost of production and weather issues will determine the pace. Total New/Post estimates for planted and harvested areas for MY2016/17 are revised upward from previous estimates and area planted for MY 2015/16 was revised upward and area harvested was revised downward based on official information. Planted area for Persian limes has grown from 42 percent of total lime area in 2009/10 to 50 percent in MY 2015/16. Key lime area decreased from 54 percent of total area in 2009/10 to 45 percent in MY 2015/16. In part this has been a result of HLB problems in the pacific coast, where the state of Colima's area planted dropped. The Persian lime area planted in Veracruz has grown at a faster rate than that of Key limes in other places. Persian and Key lime yields vary widely depending on production conditions. The average yields for Persian limes in the state of Veracruz range from 8 to 18 MT/Ha, depending on cultivation practices, but some yields are as high as 25 MT/Ha. Key lime yields average 7-13 MT/Ha, with a few well-tended groves reaching 30 MT/Ha.

Veracruz is the main Persian lime producer. More than 20 percent of the Persian lime groves in Veracruz use micro-jet irrigation, or other irrigation systems, and produce year-round. 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 $18,500 pesos/Ha to $29,500 pesos/Ha (U.S. $968.07/Ha to $1,543.00/Ha). Intensive production areas can have production costs as high as $44,300 pesos/Ha or more (U.S. $2,318.15/Ha) in Veracruz. Production costs are affected by imported herbicide and fertilizer prices, which become more expensive for Mexican producers due to the depreciation of the Mexican peso relative to the U.S. dollar.

Michoacán and Colima are the main Key lime producing states. Key lime planted area has increased at slower rates due to domestic price swings. Michoacán has an excellent winter production window (December to February) that allows its Key limes to enter the domestic market first. HLB has been well managed in Michoacán and it has not affected production as much. 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 Michoacán's planted area could reduce prices for Key limes in the international market. It has become common practice for producers in Michoacán to suspend harvesting during the course of the year to prevent oversupplying the domestic market and subsequent low prices. Most of the irrigated Key lime groves are in the states of Michoacán 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. 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 Michoacán), production costs can vary from $14,747 pesos/Ha to $31,855 pesos/Ha (U.S. $771.69/Ha to $1,666.92/Ha), and can increase to $46,900 pesos/Ha (U.S. $2,454.21/Ha) for intensively managed areas.

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, Michoacán, Guerrero, and Oaxaca. Meanwhile, most Persian limes are grown in a micro-climate in northern Veracruz with smaller scale production in Chiapas, Tabasco, Oaxaca, Puebla, Jalisco, and Yucatan. Although Key lime production is year round, production in Michoacán targets the winter season, while production in Colima covers demand from May through September. Oaxaca and other states cover the rest of the year. According to SAGARPA, Mexico is the second largest lemon/lime producer in the world.

There is not yet an official forecast for MY 2017/18 Key limes and Persian limes, but New/Post estimates total production to be 2.5 MMT, as more area is expected to come into full production. However, producers in Veracruz are not sure how much production could be affected from rains and hurricane Franklin. The state of Michoacán is expected to have good production of Key limes. New/Post lime production estimate for MY 2016/17 is revised upward from previous estimates as more area came into production. Key lime production in Colima is expected to rebound. The state of Colima is trying to recover from an approximate 20-30 percent fall in production due to citrus greening disease in MY 2013/14. Production in Colima for MY 2016/17 is expected to increase to 242,000 MT from 185,000 MT in MY 2014/15. The New/Post MY 2015/16 lime production estimate is revised upward based on official data.

Italian lemons (Eureka) are grown in the states of Tamaulipas, Yucatan, San Luis Potosi, and Colima. Recently the state of Nuevo Leon planted about 500 hectares to be grown for the export market. 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 official sources, for MY 2015/16 there were about 8,734 hectares planted to Italian lemons in Mexico with a production of about 159,023 MT and yields of 21.8 MT/Ha.

Grower prices for Persian limes range from $735 to $4,520 pesos/MT (U.S. $38.46/MT to $236.52/MT) for the domestic market, and $4,850 to $11,800 pesos/MT or more (U.S. $253.79 /MT to $617.47/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 $1,100 to $4,100 pesos/MT (U.S. $57.56/MT to $214.54/MT) or higher if limes are destined for export. At the beginning of November 2017, producer prices for Persian limes in Veracruz are $3.62 pesos/kg (US$0.19/Kg) and producer prices for Key limes in Michoacán are $4.01/Kg (US$0.21/kg).

Consumption

Domestic consumption of both Key and Persian limes in Mexico depends largely on prices as well as the volume of limes exported. New/Post consumption for MY 2017/18 is forecast at 1.4 MMT due to expected good demand. New/Post consumption estimates for MY 2016/17 are slightly revised upward from previous estimates, due to more demand. While Persian limes are being exported during the first months of the year, domestic prices tend to be higher and demand falls. New/Post domestic consumption for MY 2015/16 is revised upward due to better demand.

Depending upon U.S. demand, approximately 50-60 percent of Persian limes from Veracruz, or more than 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. Official estimates of processing industry demand are unavailable.

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 5: Mexico - Key Lime Wholesale Prices (Pesos/Kg) cif Mexico City

Month	2015	2016	2017	Change% 16/17
January	4.62	4.72	8.38	77.54
February	5.25	6.88	11.00	59.88
March	6.21	9.72	13.96	43.62
April	4.91	15.41	11.79	(23.49)
May	4.33	8.04	4.69	(41.66)
June	4.09	4.21	4.32	2.61
July	4.71	4.40	4.23	(3.86)
August	6.17	5.31	5.64	6.21
September	5.91	6.34	6.99	10.25
October	5.37	4.11	6.66	62.04
November	4.40	4.04	7.89	95.29
December	4.53	6.80	6.32*	(7.05)

Source: Servicio Nacional de Información de Mercados
Avr. exchange rate for 2015 US$1.00 = $ 15.85 pesos
Avr. exchange rate for 2016 US$1.00 = $ 18.62 pesos
exchange rate November 16, 2017 US$1.00 = $ 19.22 pesos
**As in first Week Dec 2017*

Table 6: Mexico - Persian Lime Wholesale Prices (Pesos/Kg) cif Mexico City

Month	2015	2015	2017	Change % 16/17
January	5.68	5.98	9.00	50.50
February	5.31	7.96	15.52	94.97
March	8.61	10.56	17.56	66.28
April	10.57	22.84	11.35	(50.30)
May	8.33	24.89	5.61	(77.41)
June	4.74	11.27	5.11	(54.65)
July	4.60	5.22	4.82	(7.66)
August	5.94	5.53	5.52	(0.18)
September	5.75	6.32	6.30	(0.31)
October	5.88	5.78	6.29	8.82

November	5.80	5.57	7.30	31.05
December	5.86	6.96	8.00*	14.94

Source: Servicio Nacional de Información de Mercados
Avr. exchange rate for 2015 US$1.00 = $ 15.85 pesos
Avr. exchange rate for 2016 US$1.00 = $ 18.62 pesos
exchange rate November 16, 2017 US$1.00 = $ 19.22 pesos
**As in first Week Dec 2017*

Trade

Mexican Persian and Key lime exports for MY 2017/18 are expected to continue to be strong, and are forecast at 770,000 MT. However, exports depend heavily on international demand from Europe and the United States and exchange rate swings. New/Post Persian and Key lime export estimates for MY 2016/17 are revised upward from previous estimates as demand was stronger than expected. The New/Post export estimate for MY 2015/16 remains unchanged.

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. International prices for Persian limes began at U.S. $18 to $24 per 40-pound box in October/November 2017. According to exporters, a good price for Persian limes is about U.S. $40 per 40-pound box. U.S. prices for April/May 2017 were at about U.S. $55 to $70 per 40-pound box.

Lime imports continue to be minimal due to ample domestic supplies. New/Post MY 2017/18 imports are forecast at 3,000 MT. Lime imports for MY 2016/17 are estimated to be close to 3,000 MT. Lime imports for MY 2015/16 imports remain unchanged from previous estimates.

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 7: Mexico – Fresh Lemon/Lime Production

Lemons/Limes, Fresh	2015/2016		2016/2017		2017/2018	
Market Begin Year	Nov 2015		Nov 2016		Nov 2017	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	180252	180602	182000	198310	0	202000
Area Harvested	163000	161915	166000	172500	0	176000
Bearing Trees	45640	46145	46480	49162	0	50160
Non-Bearing Trees	4830	5326	4480	7355	0	7410
Total No. Of Trees	50470	51471	50960	56517	0	57570
Production	2370	2416	2400	2500	0	2580
Imports	3	3	3	3	0	3
Total Supply	2373	2419	2403	2503	0	2583
Exports	662	662	680	740	0	770
Fresh Dom. Consumption	1344	1383	1358	1377	0	1414
For Processing	367	374	365	386	0	399
Total Distribution	2373	2419	2403	2503	0	2583

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

Fresh Grapefruit

Crop Area

New/Post area planted for MY 2017/18 is forecast to increase to 21,000 Ha. Area planted has fluctuated between 17,000 and 19,000 hectares in the last five years, depending on price variations and weather conditions; however, the rate of growth in newly developed areas in Michoacán is increasing with good yields as well as in Veracruz. Area planted and harvested for MY 2016/17 is revised upward based on official estimates. Area in the state of Michoacán is expected to grow from 3,594 hectares in MY 2015/16 to 5,807 hectares in MY 2016/17; and the state of Veracruz is expected to grow from 7,465 hectares in MY 2015/16 to 7,888 hectares in MY 2016/17. Area planted and harvested for MY 2015/16 is revised upward from previous estimates due to better weather than expected. Veracruz accounts for approximately 60 percent of Mexican grapefruit production and the state of Michoacán, with newer developments, follows with 11 percent of production, followed very closely by Tamaulipas. Nuevo Leon accounts for almost 7 percent of total grapefruit production.

The state of Veracruz has added some new planted area; however, abandoned or damaged areas in other parts of the state have offset this growth. Also, due to price fluctuations, some growers have switched to grow sugarcane. Costs of production for grapefruit fluctuate between $13,000 and $25,000 pesos per hectare (U.S. $650 to $1,250/Ha). 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 due to the exchange rate fluctuations that result in higher prices for imported fertilizers, pesticides, and other agrochemical products.

Grapefruit yields for MY 2017/18 are forecast to be at about 23.6 MT/Ha, slightly lower compared to MY 2016/17 yields due to issues with weather and hurricane Franklin that resulted in fruit drop at the end of the cycle in August 2017. Grapefruit yields for MY 2016/17 are forecast to be at about 24.2 MT/Ha, and MY 2015/16 yields are estimated at 26.5 MT/Ha, better than previously expected. Veracruz has the highest yields in the country (between 20 and 39 MT/Ha.). The state of Michoacán has yields between 9 and 15 MT/Ha. The state of Nuevo Leon generally has yields between 11 and 19 MT/Ha.

Production

There is not yet an official forecast for grapefruit production for MY 2017/18 (November/ October), but according to industry sources, production is forecast to be 440,000 MT, a marginal decrease compared to MY 2016/17 production as hurricane Franklin affected northern Veracruz causing fruit drop. MY 2016/17 production is estimated to increase from previous estimates due to more area entering production. Weather was not as dry for MY 2015/16 as the previous marketing year but there was pest presence in the growing areas of Nuevo Leon and Veracruz. Michoacán enjoys better weather conditions. New/Post production estimate for MY 2015/16 is revised upward from previous estimates due to good yields.

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 the states of Tabasco, Campeche, Michoacán, Nuevo León, Tamaulipas, and Veracruz, and are mainly for export purposes 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. 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.

Producer prices began in November 2017 at $2.53 pesos/kg (US $0.13/kg) in Veracruz, $2.63 pesos/kg (US $0.14/kg) in Michoacan, and $3.46 pesos/kg (US $0.18/kg) in Nuevo Leon. Grower prices for the state of Nuevo Leon tend to be higher due to quality. 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. Since the processing industry is buying more fruit for peeled slices, grower prices have tended to be good.

Consumption
Fresh grapefruit consumption for MY 2017/18 is forecast at 335,000 MT due to good supplies at affordable prices. Consumption for MY 2016/17 is revised upward from previous estimates, due to more demand than expected. Consumption for MY 2015/16 is also revised upward due to a higher demand. 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. For 2017, grapefruit from Veracruz entered the market at slightly lower prices compared to Michoacán's product. Prices for Nuevo Leon fruit in November 2017 were on average $11.20 pesos/kg (U.S. $0.58 kg) as production was slightly lower and are trying to export first, compared to last year's price of ($8.00 pesos/kg (U.S. $0.40kg).

Table 8: Mexico - Grapefruit Wholesale Prices (Pesos/Kg)
Cif- Mexico city

	2016		2017	
STATE Month	Veracruz	Michoacán	Veracruz (JalapaVer**)	Michoacán
January	5.55		7.08	
February	5.68		7.85	
March	5.75		8.35	
April	6.14		9.62	
May	6.88	9.25	11.28	9.77
June		10.87	12.74	12.30
July		9.84	13.80	13.00
August		9.20	10.67	11.46
September		8.54	7.78	8.50
October		6.28	7.10	8.36

November	6.00	6.21	7.14	9.00
December	6.50	6.82	7.00*	9.00*

Source: Servicio Nacional de Información de Mercados
Avr. exchange rate for 2016 US$1.00 = $ 18.62 pesos
exchange rate November 16, 2017 US$1.00 = $ 19.22 pesos
**As of first week Dec 2017*
*** There were no quotes for product from Veracruz to Mexico City*

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 the domestic and international markets. The MY 2017/18 forecast of grapefruit destined for processing is 87,000 MT. Estimates for grapefruit processing for MY 2015/16 and MY 2016/17 are revised slightly upward from previous estimates.

Trade

Grapefruit exports for MY 2017/18 are forecast at 20,000 MT due to a higher demand. According to growers, demand from Europe is strong and offers better prices than the United States market. Export estimates for MY 2016/17 are revised downward and MY 2015/16 exports remain unchanged. About 84 percent of exports are shipped to European countries and 16 percent to the United States. 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 for export to the European market or re-export to the U.S. market. Grapefruit imports for MY 2017/18 are forecast to be similar to those in MY 2016/17, around 2,000 MT, as demand from the peeled fruit industry is being covered with domestic product. Import estimates for MY 2015/16 remain unchanged. The industry sources grapefruit from the domestic market all year round.

Marketing

Fresh grapefruit in Mexico is perceived as a low calorie (healthy) food and is consumed for diets as fresh and also as a fresh-squeezed juice. Grapefruit juice is sold in beverages with grapefruit and orange flavoring. There are usually no promotions in the market. Red varieties are preferred over the white varieties for fruit cocktails served in hotels and restaurants.

Policy

Mexico's tariff rate on imported grapefruit from the United States is zero percent under the North American Free Trade Agreement (NAFTA). Other countries have a 20 percent duty. Most of the imports are from the United States due to the closeness of the market. HS Code is 08.05.40.

Table 9: Mexico – Fresh Grapefruit Production

Grapefruit, Fresh	2015/2016		2016/2017		2017/2018	
Market Begin Year	Nov 2015		Nov 2016		Nov 2017	
Mexico	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	17500	17788	17600	20127	0	21000
Area Harvested	16270	16525	16300	18400	0	18600
Bearing Trees	5060	5139	5069	5722	0	5753
Non-Bearing Trees	382	393	404	537	0	777

Total No. Of Trees	5442	5532	5473	6259	0	6530
Production	430	438	432	444	0	440
Imports	2	2	2	2	0	2
Total Supply	432	440	434	446	0	442
Exports	22	22	22	19	0	20
Fresh Dom. Consumption	324	331	326	339	0	335
For Processing	86	87	86	88	0	87
Total Distribution	432	440	434	446	0	442
(HECTARES) ,(1000 TREES) ,(1000 MT)						

Table 10. Mexico: Monthly Exchange Rate Averages for 2014-2017
MX Pesos per U.S. $1.00

	2014	**2015**	**2016**	**2017**
January	13.20	14.68	18.02	21.37
February	13.28	14.92	18.47	18.47
March	13.22	15.21	17.69	17.69
April	13.29	15.22	17.49	18.77
May	12.93	15.26	18.09	18.76
June	12.99	15.46	18.12	18.16
July	12.97	15.92	18.58	17.83
August	13.14	16.50	18.47	17.80
September	13.21	16.85	19.16	17.81
October	13.47	16.58	18.91	18.77
November	13.59	16.63	20.03	18.94
December	14.44	17.03	20.51	18.63*
Annual Avg	**13.29**	**15.85**	**18.62**	

*As of first week of December 2017

Source: Mexican Federal Register Note: Monthly rates are averages of daily exchange rates from the Banco de Mexico