USDA Foreign Agricultural Service
GAIN Report
Global Agricultural Information Network

Required Report - public distribution

Date: 12/7/2011
GAIN Report Number: BR1100027

Brazil

Citrus Annual

2011

Approved By:
Frederick Giles, Director
Agricultural Trade Office, Sao Paulo

Prepared By:
Sergio Barros, Agricultural Specialist

Report Highlights:
This report updates BR110012. In U.S. MY 2011/12, the Brazilian orange crop is projected at 445 MBx, down 61 MBx from U.S. MY 2010/11, assuming regular weather conditions prevail during fruit setting and development. The Sao Paulo and western Minas Gerais commercial areas should produce 340 MBx. Total FCOJ production (65 Brix equivalent) for U.S. MY 2011/12 is forecast at 1.245 mmt (65 Brix), down 195,000 mt compared to the previous marketing year. FCOJ equivalent exports for U.S. MY 2011/12 are projected at 1.245 mmt (65 Brix), slightly up from the previous season.

Commodities

Oranges, Fresh

Production

PS&D Tables

The following tables provide revised data for Sao Paulo and total Brazilian fresh orange production, supply and demand (PS&D) for *Brazilian (BR) marketing years (MY) 2010/11, 2011/12 (July-June) and the initial forecast for MY 2012/13*, which are equivalent to *U.S. MY 2009/10, 2010/11 and 2011/12*, respectively.

Note: There is a one year lag between the Brazilian marketing year and the U.S. marketing year. For example, BR MY 2012/2013 is equivalent to U.S. MY 2011/2012. As such and to ensure data continuity, the current Brazilian MY 2012/13 will be referred to as U.S. MY 2011/12 throughout this report

Brazil: Fresh Oranges PS&D (Jul-Jun)			
(1,000 ha, million trees & million 40.8 kg boxes)			
Item/U.S. Marketing Year	**US MY 09/10**	**US MY 10/11**	**US MY 11/12**
Item/Brazilian Marketing Year	BR 2010/11	BR 2011/12	BR 2012/13
Area Planted	800.0	810.0	803.0
Sao Paulo	600.0	610.0	603.0
Others	200.0	200.0	200.0
Area Harvested	724.6	734.6	727.6
Sao Paulo	532.0	542.0	535.0
Others	192.6	192.6	192.6
Bearing Trees	219.0	223.0	221.0
Sao Paulo	167.0	171.0	169.0
Others	52.0	52.0	52.0
Non-Bearing Trees	40.0	40.0	40.0
Sao Paulo	36.0	36.0	36.0
Others	4.0	4.0	4.0
Total Trees	259.0	263.0	261.0
Total Production	378.0	506.0	445.0
Sao Paulo	275.0	400.0	340.0
Others	103.0	106.0	105.0
Exports	1.0	1.0	1.0
Sao Paulo	1.0	1.0	1.0
Domestic Consumption	118.0	156.0	132.0
Delivered to processors	259.0	349.0	312.0
Sao Paulo (FCOJ + NFC exports)	247.0	335.0	298.0
Others	12.0	14.0	14.0

General

During MY 2011/12 (July/June), the Agricultural Trade Office in Sao Paulo (ATO/Sao Paulo) projects the total Brazilian orange crop at 445 MBx, a 12 percent decrease compared to the current crop (MY 2010/11), assuming that good weather conditions prevail as of December 2011 to support fruit setting and development. The commercial area in the state of Sao Paulo and the western part of Minas Gerais should account for 340 MBx. This figure takes into account the four major varieties of citrus used for processing orange juice (Hamlin, Pera Rio, Natal and Valencia) plus a limited volume (10 million boxes) of other citrus varieties such as Lima, Bahia, Murcorte and Poncan which are used for processing juice. Production from other states is projected at 105 MBx.

It is still too early to project the orange production for MY 2011/12. More accurate numbers should be available only during the first quarter of 2012. The current forecast is based on the excellent second blossoming in October in the majority of the citrus areas, notably in the central and northern growing regions which benefitted from water stress in the previous months.

ATO/Sao Paulo revised the Brazilian orange crop estimate for MY 2010/11 to 506 MBx, up 11 MBx relative to the previous estimate (495 MBx). The commercial citrus area in Sao Paulo should account for 400 MBx, up 3 percent compared to the previous figure due to likely higher size of the fruits. The harvest should extend through February 2012. The production estimate for states other than Sao Paulo is 106 MBx, according to updated information provided by the Brazilian Geography and Statistics Institute (IBGE).

In August 2011, the National Supply Company (CONAB) in the Ministry of Agriculture, Livestock and Supply (MAPA), released the second orange crop survey for the 2011 crop (BR MY 2011/12). The survey was conducted in partnership with the Sao Paulo State Institute of Agricultural Economics (IEA) and the Sao Paulo Rural Extension Agency (CATI). The Sao Paulo state crop, including both commercial and non-commercial areas, is estimated at 377 MBx. The survey also reports orange losses in the amount of 6.3 MBx. Note that CONAB/IEA take into account the entire state of Sao Paulo and all varieties of oranges, while ATO estimates follow the citrus industry methodology which includes the commercial area of the state plus the western part of Minas Gerais and the four major citrus varieties for juice processing. IEA reports that the state of Sao Paulo orange tree inventory is estimated at 219 million trees (196.3 million bearing trees and 22.7 million non-bearing trees).

Area, Tree Inventory and Yields

For MY 2011/12, the Brazilian agricultural yield is forecast at 2.01 boxes/tree, an 11 percent decrease compared to the current season (2.27 boxes/tree), assuming normal weather conditions as of December 2011. The Sao Paulo commercial grove yield for MY 2010/11 was revised to 2.34 boxes/tree, slightly up from the previous figure, due to larger fruit size than previously estimated.

Total orange area for MY 2011/12 is projected at 803,000 hectares (ha), down 7,000 ha vis-à-vis last season, due to higher number of trees per hectare. Total Brazilian tree inventory for MY 2011/12 is projected at 221 million trees, down 2 million trees compared to the previous season. Sao Paulo is the only state that compiles data on tree planted and tree inventory. ATO/Sao Paulo estimates report stable area and tree population for "Other" states based on uniform production figures provided by IBGE.

Diseases

According to the 2011 greening survey conducted by the Citriculture Defense Fund (Fundecitrus), 53.3 percent of the sampled blocks are affected by greening. In spite of the high number of blocks affected by greening, the number of affected trees is still low – 3.8 percent. The central and southern regions are the most affected citrus growing areas with 6 and 5 percent of affected trees, respectively.

Fundecitrus also reports that the 2011 Citrus Chlorosis Variegated (CVC) field survey shows that 40.24 percent of sampled trees in the Sao Paulo and western Minas Gerais commercial areas show symptoms of the disease as opposed to 35.5 percent in 2010. Results indicate that 7.04 percent of sampled trees show symptoms restricted to leaves (Grade 1), while 33.2 percent show leaf and fruit symptoms (Grade 2).

Producers' Prices

The Orange Index price series is published by the University of Sao Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ) for both the fresh domestic market and product delivered to orange juice processing plants in the state of Sao Paulo. Both series track orange prices from September 1994. Prices for the fresh market are for fruit on the tree.

Orange Prices received by Producers in the Domestic Market (Pera Variety, average prices in Reais - R$, 40.8 kg box, fruits on the tree).						
Month	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Jan	15.68	15.08	15.38	10.00	10.89	22.86
Feb	19.53	17.10	16.95	9.82	17.22	25.33
Mar	19.08	19.02	17.03	11.13	19.17	26.32
Apr	13.72	16.60	14.65	10.46	16.50	19.62
May	10.68	13.82	12.04	9.13	14.49	14.78
Jun	9.38	11.28	11.39	7.66	15.13	12.17
Jul	10.12	10.98	11.38	6.48	14.90	11.05
Aug	11.47	11.06	11.01	6.47	14.94	10.15
Sep	12.51	10.48	10.64	7.04	16.83	9.75
Oct	12.60	11.48	10.83	7.58	19.17	10.20
Nov	12.76	13.45	10.24	8.48	19.93	9.51
Dec	13.48	14.10	9.70	8.94	20.15	
Source: CEPEA/ESALQ. November 2011 refers to November 29.						

Orange Prices paid by Sao Paulo industry - spot market (Pera, Natal, Valencia varieties, average prices in Reais - R$, 40.8 kg box, fruits delivered to the processing plant).						
Month	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Jan	12.13	15.46	13.46	6.80	7.70	15.59
Feb	9.90	15.50	12.39	5.92	9.77	15.00
Mar	8.66	13.68	9.66	4.95	10.17	15.00
Apr	7.58	8.79	8.38	4.50	8.24	15.00
May	7.21	7.88	8.27	4.05	13.00	n/a
Jun	8.10	7.97	9.72	3.68	14.70	n/a
Jul	10.06	10.93	10.95	3.65	14.88	n/a
Aug	10.76	10.16	9.71	5.04	14.90	n/a
Sep	11.04	9.78	9.33	5.66	15.19	n/a
Oct	11.52	9.89	9.57	5.86	15.23	n/a
Nov	12.51	11.77	8.63	6.41	15.35	n/a
Dec	14.26	12.61	7.27	6.95	15.66	--
Source: CEPEA/ESALQ.						

Note that CEPEA has not reported orange prices paid by the Sao Paulo industry in the spot market since the beginning of the current season given that citrus growers and processors, mediated by the Ministry of Agriculture, Livestock and Supply (MAPA) agreed on a reference price plus bonus for MY 2011/12 as described below:

1. The orange price for MY 2011/12 is set at the reference price of R$ 10.00 per 40.8 kg box plus bonus. The bonus is based on the international price for orange juice.
2. Bonus: producers will receive R$ 0.1646/box for every US$ 100/metric ton of frozen concentrated orange juice (FCOJ) above US$ 2,100/ton. FCOJ price will be calculated at the end of MY 2011/12 for the period of July 2011-June 2012 based on 80 percent of the FCOJ price in Europe and 20 percent of the price of FCOJ quoted on the New York Exchange (minus the U.S. import duty).
3. If the bonus calculated on item #2 above is lower than R$ 0.50/box, orange juice processors will guarantee the payment of a minimum bonus of R$ 0.50/box, therefore, the minimum orange prices paid for orange growers is R$ 10.50/box.
4. Orange growers will receive the bonus in August 2012 after FCOJ prices are audited.
5. Orange Juice processors are eligible for a Special Line of Credit ("Linha Especial de Credito" – LEC) established in Resolution #3.986/11 from the National Monetary Council ("Conselho Monetario Nacional" – CMN) if they pay citrus growers the reference price defined in item #1 above of R$ 10/box of orange. However, processors commit themselves to store the resulting FCOJ production until June 30, 2012. For example, processors cannot sell the orange juice processed with the use of LEC before June 30, 2012. Total lending amount for processors was set at R$ 300 million at the interest rate of 6.75 percent per year. According to MAPA, R$ 245 million was taken by processors, which corresponds to approximately 24 MBxs of oranges and 100,000 mt of FCOJ.

Consumption

During MY 2011/12, total Brazilian orange consumption is forecast at 132 MBx, down 24 MBx compared to MY 2010/11 (156 MBx). These figures include actual domestic consumption plus losses from natural drop, harvesting, transportation and packing.

Fruit delivered to processors for "not from concentrated (NFC)" orange production for the domestic market is also included in these figures. Domestic consumption estimates are calculated as the difference between production estimates and the volume of oranges delivered to processors for FCOJ and NFC produced for exports.

Trade

Total fresh orange exports for MY 2011/12 are forecast at 1 MBx, similar to the current season. The majority of exports occur during the harvest of the commercial crop (June-December). The table below shows official fresh orange exports (NCM 0805.10.00) by country of destination, for BR MY 2010/11 (July-June), and BR MY 2011/12 (July-October), according to SECEX.

Brazilian Fresh Orange Exports (MT and US$ 1,000 FOB)						
	MY 2010/11 1/		**MY 2010/11 2/**		**MY 2011/12 2/**	
Country	**Quantity**	**Value**	**Quantity**	**Value**	**Quantity**	**Value**
Spain	12,306	5,061	12,306	5,061	8,363	4,201
Netherlands	10,878	4,935	9,103	4,167	8,997	4,324
UK	5,316	1,968	4,906	1,746	5,523	2,575
Portugal	3,764	1,722	3,764	1,722	3,205	1,628
Saudi Arabia	1,920	984	1,017	489	417	158
Ireland	1,220	455	1,220	455	549	254
Paraguay	356	30	5	3	0	0
COVEITE	277	152	0	0	52	18
Macedoia	207	99	207	99	0	0
Russia	198	94	149	67	844	336
Others	465	707	229	119	1,361	769
Total	36,906	16,206	32,906	13,928	29,311	14,262
Source : Brazilian Department of Foreign Trade (SECEX), NCM 0805.10.00						
Note : 1/ July - June 2/ July – Oct						

Production, Supply and Demand Data Statistics

Oranges, Fresh Brazil	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2010		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	800,000	800,000	803,000	810,000		803,000
Area Harvested	724,600	724,600	727,600	734,600		727,600
Bearing Trees	219,000	219,000	221,000	223,000		221,000
Non-Bearing Trees	40,000	40,000	40,000	40,000		40,000
Total No. Of Trees	259,000	259,000	261,000	263,000		261,000
Production	15,341	15,422	20,196	20,645		18,156
Imports	0	0	0	0		0
Total Supply	15,341	15,422	20,196	20,645		18,156
Exports	37	41	41	41		41
Fresh Dom. Consumption	4,737	4,814	6,079	6,365		5,385
For Processing	10,567	10,567	14,076	14,239		12,730
Total Distribution	15,341	15,422	20,196	20,645		18,156
HECTARES, 1000 TREES, 1000 MT						

Commodities
Orange Juice

Production

PS&D Tables

The following tables provide revised data for Sao Paulo and total Brazilian orange juice production, supply and demand (PS&D) for *Brazilian marketing years 2010/11, 2011/12 (July-June) and the initial forecast for MY 2012/13*, which are equivalent to *U.S. MY 2009/10, 2010/11 and 2011/12*, respectively.

Note: There is a one year lag between the Brazilian marketing year and the U.S. marketing year For example, BR MY 2012/2013 is equivalent to U.S. MY 2011/2012. As such and to ensure data continuity, the current Brazilian MY 2012/13 will be referred to as U.S. MY 2011/12 throughout this report

The tables include NFC production for exports converted to Frozen Concentrated Orange Juice (FCOJ), 65 Brix equivalent, using the following conversion factor: 1 metric ton of FCOJ 65 Brix equals 5.6 metric tons of NFC 11.6 Brix.

Brazil: FCOJ PS&D (Jul-Jun)			
(Million 40.8 kg boxes, TMT, 65 degrees brix)			
Item/U.S. Marketing Year	**US MY 09/10**	**US MY 10/11**	**US MY 11/12**
Item/Brazilian Marketing Year	BR 2010/11	BR 2011/12	BR 2012/13
Delivered to Processors	259.0	349.0	312.0
Sao Paulo (FCOJ + NFC exports)	247.0	335.0	298.0
Others	12.0	14.0	14.0
Beginning Stocks *	128.0	15.0	205.0
Total Production	1,095.0	1,440.0	1,245.0
Sao Paulo FCOJ	870.0	1,200.0	1,000.0
Sao Paulo NFC (FCOJ equiv)	185.0	190.0	195.0
Others	40.0	50.0	50.0
Total Supply	1,223.0	1,455.0	1,450.0
Exports	1,173.0	1,210.0	1,245.0
Sao Paulo FCOJ	948.0	970.0	1,000.0
Sao Paulo NFC (FCOJ equiv)	185.0	190.0	195.0
Others FCOJ	40.0	50.0	50.0
Domestic Consumption	35.0	40.0	42.0
Ending Stocks	15.0	205.0	163.0
Total Distribution	1,223.0	1,455.0	1,450.0
* Sao Paulo FCOJ equiv stocks only.			

General

ATO/Sao Paulo projects total Brazilian FCOJ 65 Brix equivalent production for MY 2011/12 at 1.245 million metric tons (mmt), down 195,000 mt compared to the previous season, due to expected lower availability of fruit for processing. The Sao Paulo industry is expected to process 298 MBx of oranges for orange juice production (250 MBx and 48 MBx for FCOJ and NFC production, respectively), accounting for 1.195 mmt of juice (1.000 mmt and 195,000 metric tons of FCOJ and NFC, respectively). Other producing states should deliver 14 MBx for processing.

Total Brazilian FCOJ 65 Brix equivalent production for MY 2010/11 is estimated at 1.44 mmt, a 345,000 mt increase relative to the previous marketing year, due to higher availability of fruit for processing and the need to reset orange stocks which were significantly low in the end of the previous crushing period. The Sao Paulo industry should account for 335 MBx for crushing, whereas other states should contribute 14 MBx.

Orange juice figures include NFC production for exports converted to FCOJ 65 Brix equivalent. There is no official estimate for NFC supply and demand in Brazil.

Consumption

FCOJ domestic consumption for MY 2011/12 is projected at 42,000 mt, 65 Brix, up 2,000 mtfrom MY 2010/11, due to the growing trend in consumption of ready to go orange juice and nectars.

Trade

In MY 2011/12, total Brazilian FCOJ 65 Brix equivalent exports are projected at 1.245 mmt, slightly up from MY 2010/11 (1.21 mmt). FCOJ markets in western Europe are mature and the increase in NFC consumption is somewhat offset by the decrease on FCOJ utilization. The Sao Paulo industry should supply 1.195mt, 65 Brix equivalent.

The tables below show official orange juice exports (NCM 2009.11.00, NCM 2009.12.00 and 2009.19.00) by country of destination for BR MY 2010/11 (July-June), and BR MY 2011/12 (July-October), according to SECEX. The "Others" category includes both FCOJ and NFC exports. Post considers the average monthly price by country of destination for the "Others" category as a criterion to distinguish between FCOJ and NFC exports

Frozen Concentrated / Non-Concentrated Orange Juice Exports (MT and US$ 1,000 FOB)						
	MY 2010/11 1/		MY 2010/11 2/		MY 2011/12 2/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Belgium	146,509	235,902	68,085	101,877	56,634	112,014
Japan	74,923	138,826	24,856	40,058	12,636	30,099
China	62,667	110,063	21,216	32,822	14,601	30,471
USA	39,346	71,067	18,293	30,669	31,649	62,528
Netherlands	22,500	36,168	10,841	16,131	22,444	46,465
South Korea	16,824	30,628	6,779	12,024	3,802	9,312
Switzerland	12,267	19,070	6,952	10,473	5,417	11,176
Australia	6,754	10,877	2,505	3,701	1,528	3,621
Puerto Rico	6,351	10,366	2,112	3,308	0	0
Chile	5,232	11,720	1,790	3,745	1,554	3,852
Others	29,511	53,726	12,800	20,906	13,182	29,459
Total	422,883	728,412	176,227	275,714	163,446	338,998
Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.11.00						
Note : 1/ July - June 2/ July - Oct						

Brazilian Orange Juice Exports, Not Frozen and Brix under 20 (MT and US$ 1,000 FOB)						
	MY 2010/11 1/		MY 2010/11 2/		MY 2011/12 2/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Belgium	489,595	171,021	175,705	58,170	157,915	64,249
USA	286,835	103,133	106,254	38,573	128,530	49,624
Netherlands	280,774	118,007	63,742	26,048	85,005	34,563
Switzerland	5,710	1,765	1,950	637	0	0
Australia	139	102	0	0	0	0
Hong Kong	126	91	76	57	0	0
Japan	87	84	27	23	0	0
Guiana	9	9	2	2	5	5
Paraguay	3	3	0	0	1	1
Morroco	2	2	0	0	0	0
Others	0	0	0	0	26	59
Total	1,063,279	394,217	347,756	123,511	371,481	148,500
Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.12.00						
Note : 1/ July - June 2/ July - Oct						

Brazilian Orange Juice Exports, Others (MT and US$ 1,000 FOB)						
	MY 2010/11 1/		MY 2010/11 2/		MY 2011/12 2/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Belgium	269,361	451,400	105,557	145,225	85,433	185,073
Netherlands	186,750	370,616	71,071	126,848	47,976	94,685
UK	44,489	79,219	18,832	28,736	17,952	36,169
USA	20,324	31,394	4,969	7,205	15,117	31,836
Australia	13,518	21,177	4,506	4,957	0	0
Puerto Rico	5,387	8,085	998	1,447	3,018	5,539
Switzerland	4,019	7,833	2,018	3,431	5,219	10,922
Japan	2,208	3,974	0	0	0	0
South Korea	1,004	1,831	0	0	0	0
Iran	353	387	202	222	0	0
Others	952	1,910	328	538	817	1,375
Total	548,364	977,824	208,482	318,609	175,533	365,600
Source : Brazilian Department of Foreign Trade (SECEX), NCM 2009.19.00						
Note : 1/ July - June 2/ July - Oct						

Stocks

Ending stocks for MY 2011/12 are projected at 163,000 mt, 65 Brix, down 20 percent compared to MY 2010/11 (205,000 mt). Note that these figures include only stocks in the storage tanks of orange juice processing facilities. Actual stocks data for the aforementioned inventories are not available.

According to the Brazilian Association of Citrus Exporters (CitrusBR), global Brazilian orange juice inventories were 214,000 metric tons in June 30, 2011. Global Brazilian inventories include stocks in the tanks, at the port, at the vessels and juice processors' storage facilities worldwide.

Production, Supply and Demand Data Statistics

Orange Juice Brazil	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	10,567,200	10,567,200	14,076,000	14,239,200		12,729,600
Beginning Stocks	128,000	128,000	4,000	15,000		205,000
Production	1,100,000	1,095,000	1,440,000	1,440,000		1,245,000
Imports	0	0	0	0		0
Total Supply	1,228,000	1,223,000	1,444,000	1,455,000		1,450,000
Exports	1,190,000	1,173,000	1,240,000	1,210,000		1,245,000
Domestic Consumption	34,000	35,000	35,000	40,000		42,000
Ending Stocks	4,000	15,000	169,000	205,000		163,000
Total Distribution	1,228,000	1,223,000	1,444,000	1,455,000		1,450,000
MT						

Exchange Rate

Exchange Rate (R$/US$1.00 - official rate, last day of period)							
Month	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
January	2.62	2.22	2.12	1.76	2.32	1.87	1.67
February	2.60	2.14	2.12	1.68	2.38	1.81	1.66
March	2.67	2.17	2.05	1.75	2.25	1.78	1.62
April	2.53	2.09	2.03	1.69	2.18	1.77	1.57
May	2.40	2.30	1.93	1.63	1.97	1.81	1.57
June	2.35	2.16	1.93	1.64	1.95	1.80	1.56
July	2.39	2.18	1.88	1.57	1.87	1.75	1.56
August	2.36	2.14	1.96	1.63	1.88	1.75	1.59
September	2.22	2.17	1.84	1.92	1.78	1.69	1.85
October	2.25	2.14	1.74	2.12	1.74	1.70	1.69
November	2.21	2.17	1.78	2.33	1.75	1.71	1.81
December 1/	2.26	2.14	1.77	2.34	1.74	1.66	1.79
Source : Gazeta Mercantil and BACEN (as of October 2006) 1/ December 2011 refers to December 1.							