

Situation and Outlook for Orange Juice

World orange juice production in selected major-producing countries in marketing year (MY) 2006/07 is estimated at 2.2 million metric tons (65 degrees brix), down about 2 percent from the 2005/06 level. This is mainly the result of lower production in Brazil and the United States. Brazil's production of orange juice is forecast at 1.3 million tons, down 1 percent from the previous year. U.S. production of orange juice in 2006/07 is forecast down 5 percent from 2005/06, in proportion to the decline in the total orange crop in Florida.

GLOBAL PRODUCTION

World orange juice production during MY 2006/07 is forecast at 2.2 million tons (65 degrees brix), down about 2 percent from the MY 2005/06 level. Brazil's production during in 2006/07 is forecast at 1.3 million tons, down 1 percent from the previous year. U.S. production is set to decline as the total orange crop in Florida declines 5 percent. The early, mid and navel orange crops in Florida during 2006/07 are forecast at last year's level. However, the Valencia crop in Florida is forecast down nearly 11 percent from 2005/06. Together, Brazil and the United States comprise about 89 percent of world output for selected major producers.

Brazil

Brazil's production of orange juice during 2006/07 (Brazil's MY July 2007-June 2008) is estimated at 1.3 million tons (65 degrees brix), down from the 2005/06 level. The drop is due to the reduced availabilities from the smaller orange crop. Since Brazil's fresh-crop orange exports are limited because of disease, any increase or decrease in orange supplies results in a fluctuation of orange juice production. Please refer to the GAIN report for Brazil for comments concerning the steady trend of increasing Not-From-Concentrate (NFC) production of orange juice.
<http://www.fas.usda.gov/gainfiles/200612/146269768.doc>

United States

U.S. production of orange juice during MY 2006/07 is estimated at approximately 665,000 tons, down 5 percent from the previous year, and down substantially—36 percent—from the high level of 2003/04. In a normal year, around 95 percent of the orange crop in Florida is processed for orange juice. The area devoted to Florida citrus continues to decline due to various factors such as urban sprawl, hurricanes, and citrus canker. According to the biennial Commercial Citrus Inventory Report released by NASS on September 15, 2006, total citrus acreage in Florida has declined by 17 percent during the last two years. This is the greatest net change in any non-freeze period and the second overall. Tree removals outnumbered new plantings by a ratio of more than 5 to 1. Acreage decreases were recorded for each of the 30 counties included in the survey. Total orange acreage is down 15 percent in two years; grapefruit acreage is down nearly 29 percent; and specialty fruit acreage is down nearly 22 percent since 2004.

China

China's production of frozen concentrated orange juice (FCOJ) is small due to lack of processing oranges. Chinese juicing companies, however, are forecast to produce up to 10,000 tons of FCOJ in MY 2006/07, three times the amount as compared to the previous season. The increase in production is largely due to high world market prices in the wake of crop declines in Florida and Brazil. Orange juice production is centered in Chongqing and Hubei. Several large juicing companies have started operations in the Three Gorges area and foreign processing companies are eyeing investment possibilities for additional juicing facilities in this area. Chinese plants are using low-grade oranges for juicing (13 tons of oranges produce one ton of FCOJ). However, with greater availability of processing oranges in the area in the near future, China's orange juice production in Chongqing is likely to reach its maximum levels in the next 5-10 years.

GLOBAL TRADE

Exports of orange juice during 2006/07 from the major-producing countries are forecast at 1.5 million tons (65 degrees brix), nearly unchanged from last year. Although exports from Brazil and Mexico are forecast to be up slightly, exports from other countries, like the United States and Spain will offset some of that increase.

Brazil

Brazil's exports of orange juice in 2006/07 (MY July 2007-June 2008) are forecast at 1.2 million tons, up only about 12,000 tons from a year ago. The EU and the United States are Brazil's largest markets. Ending stocks are forecast to continue to increase. Ending stocks are forecast at 54,000 tons, three times the level of two years ago.

United States

U.S. exports of orange juice during MY 2006/07 are estimated at approximately 85,400 tons, down from 97,925 tons in 2005/06. This is attributed to lower production as the result of the reduced crop in Florida, and a forecast increase in domestic consumption of orange juice. Total supplies of orange juice in the United States continue to decline. Exports are relatively small in comparison to the supply of orange juice, as the United States is a major consumer of orange juice. Canada is the largest-single market for the United States, and accounts for nearly 54 percent of U.S. exports. The EU is the second-largest market with 25 percent of the total. Please note that the internet U.S. trade system - <http://www.fas.usda.gov/ustrade> - has been changed to reflect EU-27.

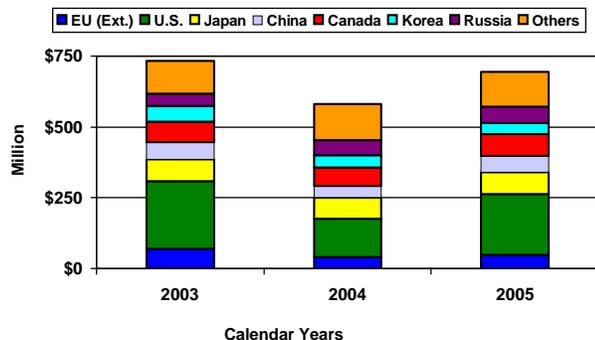
Brazil continues to be the largest supplier of orange juice to the United States. U.S. imports of total orange juice in 2006/07 are forecast at nearly 260,000 tons. This represents an increase of 22 percent from the 2005/06 level. However, this will not offset the drop in production and

stock levels and total supplies are forecast down. U.S. imports of orange juice are forecast to account for 27 percent of consumption in 2006/07, up from 23 percent in 2005/06.

Imports

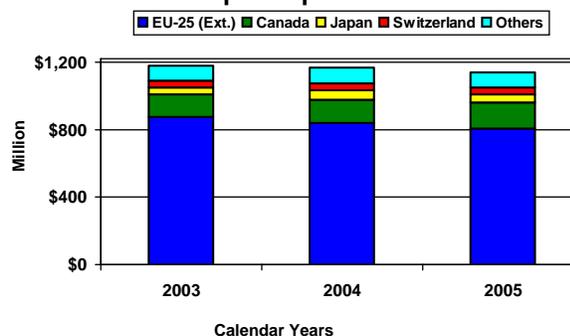
The Global Trade Atlas reports imports for orange juice. However, since different countries report in varying units of measure, total value is being used as an indicator of the top countries.

FCOJ: Top Importers



Source: Global Trade Atlas

Not Frozen Orange Juice: Top Importers



Source: Global Trade Atlas

CONSUMPTION AND MARKETING

United States

U.S. consumption of orange juice in MY 2006/07 is estimated at 960,000 tons, up about 5 percent from 2005/06. However, this represents a drop of 7 percent from the 2003/04 level. Retail prices for orange juice remain strong because of the lower U.S. production.

Brazil

Brazil's domestic consumption of orange juice is relatively low given the level of production, but is forecast to increase nearly 11 percent in 2006/07 from the previous year. This is attributed to the entry of new juice companies into the market, as well as increased consumption of functional drinks, e.g., healthy beverages with nutritive value.

China

China's consumption of orange juice in MY 2006/07 is forecast to continue to grow; up about 18 percent from the 2005/06 level. Brazil is the primary supplier of orange juice to China. Orange

juice consumption has remained strong in the past few years. This trend may slow down due to lack of popular products. Single-strength juice and 10-percent content juice drinks are not particularly favored by Chinese consumers. Industry sources in China indicate that mixed juice products may stimulate an increase in orange juice consumption.

The Attaché Report search engine contains reports for orange juice for Egypt, Israel, Japan, Korea, Morocco, Spain, Turkey, Greece, Italy, Mexico, China, Germany, Australia, Brazil, Argentina, Costa Rica, and South Africa. For more information on production and trade, contact Debra A. Pumphrey at 202-720-8899. For more information on California marketing issues, contact Julio Maldonado at 202-690-2702. For more information on Florida marketing issues, contact Darlene Maginnis at 202-720-9125. Data for the countries for citrus can be extracted from the USDA production, supply, and distribution database located at www.fas.usda.gov/psdonline/psdhome.aspx