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Mexico

Citrus Annual

Fewer Fresh Oranges, Slightly More Lime and Grapefruit Production Expected in MY 2015/16

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Report Highlights:

Fresh orange production is expected to decline due to dry weather in Marketing Year 2015/16, while fresh lemon/lime and grapefruit production expand slightly. Producers expect increased exports of orange juice and limes to the United States and other markets in the current marketing year.

Commodities:

Oranges, Fresh

Orange Juice

Lemons, Fresh

Grapefruit, Fresh

Fresh Oranges**Production**

The Post forecast for the MY 2015/16 (November/October) orange harvest is 3.5 million metric tons (MMT), lower than the previous marketing year. The major orange-producing regions of Mexico experienced drought in August through November, resulting in lower yields and small fruit size. Producers report that later varieties have better size due to improved weather conditions, but this will probably not compensate for smaller sizes in the early season.

Post's estimate for the MY 2014/15 harvest has been revised slightly downward to 4.2 MMT based on official estimates. Growers in Nuevo Leon noted that slow ripening of early Valencias caused the harvest to start in late September. The harvest is expected to end in mid-January. The estimate for MY 2013/14 orange production has been revised slightly upward to 4.5 MMT, due to higher than expected yields.

The state of Veracruz is by far the largest producer of oranges, with 50 percent of the planted area and 52 percent of production in MY 2013/14. Other significant producing states include Tamaulipas, San Luis Potosi, and Nuevo Leon. Orange production occurs on a limited scale throughout the country; Secretariat of Agriculture (SAGARPA) statistics show planted area in 27 of Mexico's 31 states. The majority of Mexican orange production is Valencia and other juice varieties.

State	Planted Area (Ha)	% of Total	Production (MT)	% of Total
Veracruz	166,544	50%	2,353,670	52%
Tamaulipas	30,563	9%	596,891	13%
San Luis Potosi	38,433	11%	412,193	9%
Nuevo Leon	26,212	8%	305,285	7%
Puebla	23,342	7%	222,656	5%
All Others	49,755	15%	642,733	14%
Total	334,849	100%	4,533,427	100%
Source: SAGARPA/SIAP				

Post does not anticipate that planted area will change significantly in MY 2015/16, with an initial forecast of 336,000 hectares (Ha) planted. Producers indicate that there have been very few new orchards in the past two years or so, but that some abandoned orchards are being rehabilitated. The planted area estimate for MY 2014/15 has been revised upward very slightly based on official statistics, while the estimate for harvested area remains unchanged. The estimates for planted and harvested area in MY 2013/14 have been reduced, also based on official statistics.

National yields for MY 2015/16 are forecast to be lower than the previous year, only 11.0 MT/Ha, due to drought conditions. In MY 2014/15, yields are estimated at 13.5 MT/Ha. Yields for individual states vary significantly depending on weather, use of inputs, and tree density.

According to orange producers in Nuevo Leon, production costs for MY 2014/15 ranged from \$1,050 to \$1,550 pesos (U.S. \$60.51 to \$89.32) per MT, slightly more than in MY 2013/14 (\$950 to \$1,450 pesos per MT). The producers report input cost increases of 4.2 percent for fertilizer, 5.6 percent for pest control, and approximately 10 percent for labor and energy over the previous year. The region's farm gate prices for early varieties were between \$800 and \$1,300 pesos (U.S. \$46.10 and \$74.92) per MT on the tree. For Valencias, prices ranged from \$1,200 pesos (U.S. \$69.15) per MT early in the season (February) to a maximum of \$5,000 pesos (U.S. \$288.14) per MT at the end of the season (June), with an average price of \$2,500 pesos (U.S. \$144.07) per MT. Packing houses pay approximately \$560 pesos (U.S. \$32.27) per MT to harvest the crop. Prices are expected to be similar for MY 2015/16.

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. Post forecasts domestic consumption of fresh oranges at approximately 2.3 MMT in MY 2015/16, a level significantly lower than the previous year. Shorter supplies will increase prices and limit fresh consumption. The fresh consumption estimate for MY 2014/15 has been adjusted downward very slightly. MY 2013/14 fresh consumption estimates have been increased to 3.3 MMT due to greater availability, as the processing sector purchased less tonnage than expected and production was higher than expected.

Based on information from processing industry contacts, Post forecasts that 1.23 MMT of oranges will be delivered to commercial juice processors in MY 2015/16. Orange producers indicate increased demand from processors for the coming season. Estimated deliveries to processors for MY 2014/15 have been revised downward to 1.20 MMT based on industry sources. MY 2013/14 processing deliveries have also been revised downward to 1.20 MMT.

Wholesale orange prices in Mexico City were generally higher in MY 2014/15 than in the previous year. As the MY 2015/16 began, prices dropped from \$4.12 pesos/kg (U.S. \$0.24/kg) in October to \$3.29 pesos/kg (U.S. \$0.19/kg) in November. Prices should continue to decline as the orange harvest progresses.

Trade

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.

Post forecasts that in MY 2015/16, Mexican fresh orange exports will remain constant at approximately 45,000 MT. The estimate for MY 2014/15 exports is unchanged from previous estimates. Exports for MY 2013/14 are revised upward to 47,000 MT based on official statistics.

For MY 2014/15, orange producers in Nuevo Leon report receiving export prices of U.S. \$7-8 per 40-pound case.

Mexico also imports some fresh oranges from the United States, primarily for consumption in the border region. Post currently forecasts Mexican imports at 26,000 MT, the same level as in the previous two years. However, the depreciation of the peso against the dollar in recent months may reduce imports. The estimate for MY 2014/15 has been revised upward slightly based on partial year official data and expectations for the remainder of the year. The MY 2013/14 estimate is unchanged.

Import prices for June-August in MY 2014/15 ranged from \$7,000 to \$8,000 pesos (U.S. \$403.40 to \$461.03) per MT, with a peak of \$10,000 pesos (U.S. \$576.29) per MT (FOB Tijuana).

Table 2: Mexico – Fresh Orange Production

Oranges, Fresh Mexico	2013/2014		2014/2015		2015/2016	
	Market Year Begin: Nov 2013		Market Year Begin: Nov 2014		Market Year Begin: Nov 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	336,000	334,849	336,000	336,410		336,000
Area Harvested	323,000	321,683	323,000	323,000		320,000
Bearing Trees	65,852	64,980	65,246	65,246		64,640
Non-Bearing Trees	2,020	2,660	2,626	2,709		3,232
Total No. Of Trees	67,872	67,639	67,872	67,955		67,872
Production	4,400	4,533	4,300	4,158		3,534
Imports	26	26	25	26		26
Total Supply	4,426	4,559	4,325	4,184		3,560
Exports	44	47	45	45		45
Fresh Dom. Consumption	2,602	3,312	2,980	2,939		2,290
For Processing	1,780	1,200	1,300	1,200		1,225
Total Distribution	4,426	4,559	4,325	4,184		3,560
HECTARES, 1000 TREES, 1000 MT						

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. As of September 2015, HLB has been detected in 23 states and 336 municipalities. All major production states, including Veracruz, Tamaulipas, San Luis Potosi, and most recently, Nuevo Leon, have had HLB detections. According to SENASICA information, to date the detections for these states have only been in psyllids and not in plant material.

Producers in some regions indicate that to date 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 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 all the programs and control and prevention campaigns: <http://www.senasica.gob.mx/?id=4512>.

SAGARPA has [monthly bulletins](#) reporting on the work being done on HLB in Mexico.

Frozen Concentrated Orange Juice (FCOJ)

Production

Mexican juice processors expect orange juice production to remain relatively stable in MY 2016 (January-December), despite lower fresh orange production. Orange producers indicate strong demand from processors due to attractive orange juice futures prices (approximately U.S. \$1.50 per pound). The initial Post forecast for MY 2016 orange juice production is 126,594 MT on a 65 Brix basis. Post has revised MY 2015 production downward slightly to 120,671 MT due to lower than expected deliveries to processors. Deliveries to processors in MY 2014 were much lower than previously expected, resulting in a significant reduction in Post's production estimate. The new Post MY 2014 estimate is 125,918 MT.

Based on expectations of higher exports to the United States and orange grower reports of strong processor demand, Post's initial forecast for MY 2016 orange use by processors is 1.23 MMT. Based on reports from industry sources, the Post estimates for orange deliveries to processors have been revised to 1.20 MMT for both MY 2015 and MY 2014.

The Government of Mexico does not prepare official statistics related to orange juice production, and accurate data is difficult to obtain. Production tends to vary based on international juice prices and the availability and price of domestic oranges. The trade reports that prices have been constant for the MY 2014 and 2015. The current international price for FCOJ is approximately U.S. \$1.50 per pound.

Consumption

Industry sources suggest that domestic orange juice consumption is relatively stable at 6,000-7,000 MT per year. The Post forecast for MY 2016 is 6,200 MT. The estimate for MY 2015 has been revised upward slightly to 6,500 MT. Mexican consumers generally prefer fresh squeezed juice over

commercially processed orange juice. The industry reports that stocks are generally approximately 2,000 MT or less, 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, Post forecasts 121,500 MT in orange juice exports in MY 2016 based on processor expectations and early reports from orange growers. Estimates for MY 2014 and MY 2015 have been revised downward based on the available statistics and information from industry sources.

The United States is the primary market for Mexican orange juice. Processors expect to export more to the United States in MY 2016 due to a smaller orange harvest in Florida. The United States imported approximately 85,915 MT of orange juice from Mexico in MY 2014, and approximately 74,916 MT in the first nine months (January-September) of MY 2015.

Based on a 2011 agreement, Mexico may export 7,500 MT of FCOJ to Japan under a reduced tariff of 10 percent (MFN tariff is 20 percent) through March 31, 2016. This quota will expand to 8,000 MT for the following year and the preferential tariff will be reduced to 5 percent. Additionally, 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.

Mexico does import a small amount of orange juice to cover blending needs and for the hotel, restaurant, and institutional (HRI) sector. Most imports come from the United States, with some additional imports from Brazil. Post forecasts that Mexico will import approximately 600 MT of orange juice in MY 2016. Based on the available statistics, Post has increased import estimates for MY 2014 and 2015 to 550 MT and 700 MT, respectively.

Table 3: Mexico – Frozen Concentrated Orange Juice Production

Orange Juice Mexico	2014		2015		2016	
	Market Year Begin: Jan 2014		Market Year Begin: Jan 2015		Market Year Begin: Jan 2016	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Deliv. To Processors	1,770,000	1,200,000	1,300,000	1,200,000		1,225,000
Beginning Stocks	1,646	1,646	1,026	914		1,785
Production	177,000	125,918	130,000	120,671		126,594
Imports	80	550	100	700		600
Total Supply	178,726	128,114	131,126	122,285		128,979
Exports	171,500	121,000	124,000	114,000		121,500
Domestic Consumption	6,200	6,200	6,200	6,500		6,200
Ending Stocks	1,026	914	926	1,785		1,279
Total Distribution	178,726	128,114	131,126	122,285		128,979
MT						

Fresh Lemons and Limes

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. Weather for MY 2014/15 (November/October) was not favorable for limes, especially for Persian limes in northern Veracruz, because the crop was hit by dry weather and late rainfall. However, producers expect better weather for MY 2015/16 as rainfall at the beginning of the cycle has been adequate. Hurricanes in the Pacific side of Mexico, including Hurricane Patricia, did not hurt lime production.

There is not yet an official forecast for MY 2015/16 Key limes and Persian limes, but Post estimates total production to be at nearly 2.3 MMT, as more area is expected to come into full production. Production of Persian limes is expected to be good as analysts expect beneficial weather in the state of Veracruz throughout 2016. Also, Key lime production in Tecoman, in Colima, is expected to rebound. The state of Michoacán is also expected to have good weather for the production of Key limes.

Post's lime production estimate for MY 2014/15 was revised slightly upward from previous estimates as more area came into production. The state of Colima has tried to recover from an approximate 20-30 percent fall in production due to citrus greening disease in MY 2013/14; nevertheless, MY 2014/15 production in Colima is expected to be similar to MY 2013/14 at 180,000 MT. The Post MY 2013/14 lime production estimate was revised downward based on official data.

In general, producers indicated that both Persian and Key limes are experiencing overproduction problems. Good international market prices and fewer phytosanitary concerns have led to increased planted area for both Persian and Key limes. Planted area for Persian limes has grown from 42 percent of total lime area in 2010 to 49 percent in 2013/14. Key lime area decreased from 54 percent of total area in 2010 to 46 percent in 2013/14. The Persian lime area planted in Veracruz has grown at a faster rate than that of Key limes in other places.

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. 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 Michoacán producers to suspend harvest 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.

In Colima, about half of the Key lime groves have coconut palm trees inter-planted with Key lime trees in order to increase producer revenue. As noted above, Colima has had problems with citrus greening in recent years, and area planted has experienced swings as some producers shifted to other crops such as sugarcane in 2013. Due to price problems with that crop, many have returned to lime production with new trees. Therefore, for MY 2015/16, Colima producers are expecting a rebound in production. Yields for Colima have also decreased from an average of 14.3 MT/Ha in MY 12/13 to an expected 10.9 MT/Ha in MY 2014/15.

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 \$13,506 pesos/Ha to \$29,172 pesos/Ha (U.S. \$803.00/Ha to \$1,734.37/Ha), and can increase to \$43,030 pesos/Ha (U.S. \$2,558.28/Ha) for intensively managed areas.

Veracruz is the main Persian lime producer. More than 25 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 \$17,045 pesos/Ha to \$27,009 pesos/Ha (U.S. \$1,013.37/Ha to \$1,605.80/Ha). Intensive production areas can have production costs as high as \$40,645 pesos/Ha or more (U.S. \$2,416.48/Ha) in Veracruz. Production costs are affected by imported herbicide and fertilizer prices, which become more expensive for Mexican producers as the Mexican peso continues to fall relative to the U.S. dollar.

The planted and harvested areas forecast for MY 2015/16 is expected to have a marginal increase, due to increased costs of production and weather issues. Total estimates for planted and harvested areas for MY2014/15 were revised upward from previous estimates, and planted and harvested areas for MY 2013/14 were revised based on official information. According to producers, trees density in Mexico is now between 250 and 300 trees per hectare. Therefore, the number of trees was revised upward for all marketing years.

Transportation costs from Veracruz to the U.S. border are approximately \$18,100 to \$23,100 pesos/trailer (US \$1,076 to \$1,373.42/trailer), depending on fuel prices and truck availability. Transportation costs from Tecoman, Colima to McAllen went from \$28,000 pesos in 2014 to \$30,000 pesos in 2015 (U.S. \$1,664.68 to \$1,783.60). Packing plant input costs have increased in the last year mainly due to exchange rate fluctuations that make imported goods, such as the boxes used to pack the

fruit, more expensive. Packing costs are about \$30 to \$40 pesos (U.S. \$1.78 to \$2.37) per 20 kg box for key limes.

Persian and Key lime yields vary 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 7-13 MT/Ha, with a few well-tended groves reaching 30 MT/Ha. Grower prices for Persian limes range from \$700 to \$4,300 pesos/MT (U.S. \$41.66/MT to \$256.00/MT) for the domestic market, and \$4,600 to \$11,225 pesos/MT or more (U.S. \$273.80/MT to \$668.15/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 \$1,000 to \$3,900 pesos/MT (U.S. \$59.50/MT to \$232.14/MT) or higher if limes are destined for export. Although Key lime production is year round, production in Michoacán 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. FOB packing plant prices for Key limes from Colima tended to be higher than Michoacan prices. In MY 2014/15, prices ranged from \$4,500 to \$5,000 pesos/MT (U.S. \$267.80/MT to \$297.60/MT), but then lowered to Michoacan's prices of about \$2,800 pesos/MT (U.S. \$166.6/MT) due to the high production season. The processing industry in Colima was buying fruit at about \$2,200 pesos/MT (U.S. \$130.80/MT).

Italian lemons (Eureka) 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. Some growers in Nuevo Leon have planted some 200 hectares on a trial basis. According to official sources, there are about 4,700 hectares planted to Italian lemons in Mexico with a production of about 93,800 MT, where about 30,000 MT are for export purposes and the rest for processing. Yucatan has about 2,300 hectares with a production of about 80,000 MT. International prices are generally good between \$2,700 pesos/MT and \$4,300 pesos/MT (US \$160.00 to \$256.00/MT). Processing prices are usually below these prices.

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 2015/16 is forecast at about 1.3 MMT, similar to the previous year. New Post consumption estimates for MY 2014/15 were revised downward from previous estimates, despite strong demand. While Persian limes are being exported during the first months of the year, domestic prices tend to be higher and demand falls. However, prices did not increase as much during MY 2014/15. New Post domestic consumption for MY 2013/14 was revised downward due to lower 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.

Trade

Mexican Persian and Key lime exports for MY 2015/16 are expected to continue to be strong, and are forecast at about 625,000 MT. However, exports depend heavily on international demand from Europe and the United States, and on exchange rate swings. Persian and Key lime export estimates for MY 2014/15 were revised upward from previous estimates as demand was strong. Some areas in northern Veracruz were affected by weather issues and could not export as usual, but shippers obtained some fruit from southern Veracruz to pack and export. The Post export estimate for MY 2013/14 remained unchanged. Italian lemon exports are expected to be about 30,000 MT for MY 2015/16. According to official data, Italian lemon exports under HS 0805.5099 (“others”) were about 17,944 MT for MY 2013/14 and about 32,100 MT for MY 2014/15.

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. According to exporters, a good price for Persian limes is about U.S. \$40 per 40-pound box. U.S. prices for January/ February 2015 were at about U.S. \$24 to \$30 per 40-pound box. Lime exporters continue to expand into the European and Japanese markets, but still supply about 40 percent of the U.S. and Canadian markets. Also, following the approval of the work plan allowing exports to South Korea, Mexican lime growers shipped more than 350 MT to that market in MY 2014/15. International prices for Persian limes began at U.S. \$18 to \$20 per 40-pound box in October/November 2015.

Lime imports continue to be minimal due to ample domestic supplies. MY 2015/16 imports are forecast at 2,000 MT. Lime imports for MY 2014/15 are estimated at 1,500 MT, and for MY 2013/14 imports are estimated at 2,700 MT. Mexico's tariff rate on imported limes from the United States is zero percent under the North American Free Trade Agreement (NAFTA). Other countries have a 20 percent duty.

Table 4: Mexico – Fresh Lemon/Lime Production

Lemons/Limes, Fresh	2013/2014		2014/2015		2015/2016	
	Market Year Begin: Nov 2013		Market Year Begin: Nov 2014		Market Year Begin: Nov 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	171,800	171,608	172,000	176,000	0	176,500
Area Harvested	152,100	154,803	152,200	155,000	0	156,000

Bearing Trees	28,900	43,344	28,918	43,400	0	43,680
Non-Bearing Trees	3,740	4,705	3,760	5,880	0	5,740
Total No. Of Trees	32,640	48,049	32,678	49,280	0	49,420
Production	2,250	2,187	2,255	2,260	0	2,270
Imports	2	3	2	2	0	2
Total Supply	2,252	2,190	2,257	2,262	0	2,272
Exports	519	519	540	600	0	625
Fresh Dom. Consumption	1,383	1,332	1,367	1,312	0	1,296
For Processing	350	339	350	350	0	351
Total Distribution	2,252	2,190	2,257	2,262	0	2,272
HECTARES , 1000 TREES, 1000 MT						

Fresh Grapefruit

Production

There is not yet an official forecast for grapefruit production for MY 2015/16 (November/ October), but according to industry sources, production is forecast to be 432,000 MT, slightly higher than MY 2014/15. Weather during 2015 has been dry in the growing areas of Nuevo Leon and Tamaulipas, but slightly better for Veracruz. Michoacán enjoys better weather conditions. Post's production estimate for MY 2014/15 was revised upward from previous estimates due to higher yields than expected. The production estimate for MY 2013/14 was also revised upward based on official data, despite dry weather conditions.

Area planted has fluctuated between 17,000 and 19,000 hectares, depending on price variations and weather conditions. Area planted for MY 2015/16 is forecast to increase only marginally as costs of production have increased. However, it seems that demand is growing, and producers are planting some more grapefruit in northern Tamaulipas, Nuevo Leon, and Veracruz. The rate of growth in newly developed areas in Michoacán has slowed down, but yields have been good. Area planted for MY 2014/15 was revised upward from previous estimates and area harvested was revised downward due to the impact of dry weather and some abandoned areas in Veracruz. Area planted was revised upward and area harvested was revised downward for MY 2013/14 from previous estimates based on official data.

Although Veracruz has added some new planted area, 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. \$773 to \$1,486/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 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, 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 Tamaulipas and Veracruz producers to maintain planted of white-fleshed varieties. According to growers, planting of red varieties over the last couple of years has increased because of the higher export demand.

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 2015/16 forecast of grapefruit destined for processing is 86,000 MT, slightly higher than that of MY 2014/15, as demand from the peeled fruit industry is expected to grow. Grapefruit for processing for MY 2013/14 was revised upward to 84,000 MT.

Grapefruit yields for MY 2015/16 are forecast to be at about 25.8 MT/Ha, and MY 2014/15 yields are estimated at 26 MT/Ha, better than previously expected. Yields for MY 2013/14 are also estimated at 26 MT/Ha. Veracruz accounts for approximately 60 percent of Mexican grapefruit production and has the highest yields in the country (between 20 and 39 MT/Ha.). The state of Michoacán, with newer developments, follows with 11 percent of production and yields between 9 and 15 MT/Ha. Nuevo Leon accounts for almost 7 percent of total grapefruit production and generally has yields between 11 and 19 MT/Ha. In other states, yields vary from 7 to 15 MT/Ha.

Grower prices for grapefruit in Veracruz for MY 2015/16 are between \$800 and \$1,500 pesos/MT (U.S. \$47.56 to \$89.17/MT). Grower prices for the state of Nuevo Leon tend to be higher at about \$1,600 pesos/MT (U.S. \$95.12/MT) 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. From May to June 2015, grower prices for grapefruit from Michoacán ranged from \$2,000-\$3,000 pesos/MT (U.S. \$118.90 to \$178.35/MT). 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 2015/16 is forecast at 330,000 MT due to good supplies at affordable prices. Consumption for MY 2014/15 was revised upward from previous estimates, due to more demand than expected. Consumption for MY 2013/14 remains unchanged. Grapefruit is in high 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. Michoacán wholesale prices for July and August 2015 ranged from \$5.45 to \$7.18 pesos/kg (US. \$0.32 to \$0.43/kg), slightly higher compared to last year's price range of \$5.40 to \$6.00 pesos/kg (U.S. \$0.40 to \$0.44/kg). For 2015, Veracruz entered the market at slightly lower prices compared to Michoacán's product. Prices for Nuevo Leon fruit in November 2015 in the northern states

was on average \$5.50 pesos/kg (U.S. \$0.32/kg), compared to last year's price of \$5.00 pesos/kg (U.S. \$0.37/kg).

Trade

Grapefruit exports for MY 2015/16 are forecast at 18,000 MT, similar to the previous year, as demand is expected to be good. According to growers, demand from Europe is strong and offers better prices. Post export estimates for MY 2013/14 and MY 2014/15 remain unchanged, with strong demand from Europe. About 70 percent of exports are shipped to European countries and 10 percent to the United States. However, exports to the United States increased almost 30 percent from MY 2013/14 to MY 2014/15. 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 2015/16 are forecast to be similar to those in MY 2014/15, around 2,000 MT, as demand from the peeled fruit industry is being covered with domestic product. Import estimates for MY 2013/14 remained unchanged. The industry sources grapefruit from the domestic market all year round.

Table 5: Mexico – Fresh Grapefruit Production

Grapefruit, Fresh	2013/2014		2014/2015		2015/2016	
	Market Year Begin: Nov 2013		Market Year Begin: Nov 2014		Market Year Begin: Nov 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	18000	18050	18100	18324	0	18330
Area Harvested	17100	16201	17300	16600	0	16700
Bearing Trees	3250	5047	3269	5179	0	5210
Non-Bearing Trees	170	576	151	537	0	508
Total No. Of Trees	3420	5623	3420	5716	0	5718
Production	423	424	420	430	0	432
Imports	2	2	2	2	0	2
Total Supply	425	426	422	432	0	434
Exports	14	14	18	18	0	18
Fresh Dom. Consumption	328	328	321	329	0	330
For Processing	83	84	83	85	0	86
Total Distribution	425	426	422	432	0	434

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

Table 6: Mexico – Trade Matrixes for Fresh Oranges, Lemon/Limes, Grapefruit, and FCOJ

Table Oranges 0805.10		Unit: Metric Tons	
Exports for MY 2013/14 (Nov-Oct) to:		Imports for MY 2013/14 (Nov-Oct) from:	
U.S.	43,172	U.S.	25,992
UNITED KINGDOM	3,724		
TOTAL OF OTHER			
OTHER NOT LISTED	526	OTHER	0
TOTAL	47,423	TOTAL	25,992

Table Oranges 0805.10		Unit: Metric Tons	
Exports for MY 2014/15 (Nov-Oct*) to:		Imports for MY 2014/15 (Nov-Oct*) from:	
U.S.	40,559	U.S.	22,937
UNITED KINGDOM	699		
TOTAL OF OTHER			
OTHER NOT LISTED	878	OTHER	0
TOTAL	42,135	TOTAL	22,937
SOURCE: Global Trade Atlas, November 2015			
*as of August 2015			

Lemons/Limes 0805.50		Unit: Metric Tons	
Exports for MY 2013/14 (Nov-Oct) to:		Imports for MY 2013/14 (Nov-Oct) from:	
U.S.	478,593	U.S.	2,797
NETHERLANDS	18,407		
TOTAL OF OTHER			
OTHER NOT LISTED	21,840	OTHER	0
TOTAL	518,840	TOTAL	2,792

Lemons/Limes 0805.50		Unit: Metric Tons	
Exports for MY 2014/15 (Nov-Oct*) to:		Imports for MY 2014/15 (Nov-Oct*) from:	
U.S.	444,920	U.S.	1,433
NETHERLANDS	19,392		
TOTAL OF OTHER			
OTHER NOT LISTED	22,042	OTHER	0
TOTAL	486,352	TOTAL	1,433
*as of August 2015			

Grapefruit 0805.40		Unit: Metric Tons	
Exports for MY 2013/14 (Nov-Oct) to:		Imports for MY 2013/14 (Nov-Oct) from:	
U.S.	2,267	U.S.	1,738
FRANCE	8,696	THAILAND	9
TOTAL OF OTHER			
OTHER NOT LISTED	3,029	OTHER	0
TOTAL	13,992	TOTAL	1,747

Grapefruit 0805.40		Unit: Metric Tons	
Exports for MY 2014/15 (Nov-Oct*) to:		Imports for MY 2014/15 (Nov-Oct*) from:	
U.S.	2,344	U.S.	2,014
FRANCE	5,593	THAILAND	10

TOTAL OF OTHER			
OTHER NOT LISTED	2,859	OTHER	0
TOTAL	10,796	TOTAL	2,025
*as of August 2015			

Frozen Concentrate Orange Juice 2009.11		Unit: Liters	
Exports for MY 2014 (Jan-Dec) to:		Imports for MY 2014 (Jan-Dec) from:	
U.S.	118,102,237	U.S.	8,306
NETHERLANDS	12,728,361	BRAZIL	3,495
JAPAN	7,087,461	TOTAL OF OTHER	
OTHER NOT LISTED	17,799,879	OTHER NOT LISTED	98
TOTAL	155,717,938	TOTAL	11,899

Frozen Concentrate Orange Juice 2009.11		Unit: Liters	
Exports for MY 2015 (Jan-Dec*) to:		Imports for MY 2015 (Jan-Dec*) from:	
U.S.	65,820,191	U.S.	94,614
NETHERLANDS	10,703,504	BRAZIL	41,734
JAPAN	3,373,553	TOTAL OF OTHER	
OTHER NOT LISTED	8,172,254	OTHER NOT LISTED	2
TOTAL	88,069,502	TOTAL	136,350
* as of August 2015			

Orange Juice, Not Frozen (brix not >20) 2009.12		Unit: Liters	
Exports for MY 2014 (Jan-Dec) to:		Imports for MY 2014 (Jan-Dec) from:	
U.S.	21,553,066	U.S.	4,290,827
NETHERLANDS	3,955,029	BRAZIL	8
CHINA	176,904	TOTAL OF OTHER	
OTHER NOT LISTED	285,596	OTHER NOT LISTED	4
TOTAL	25,970,595	TOTAL	4,290,839

Orange Juice, Not Frozen (brix not >20) 2009.12		Unit: Liters	
Exports for MY 2015 (Jan-Dec*) to:		Imports for MY 2015 (Jan-Dec*) from:	
U.S.	22,457,474	U.S.	3,033,999
NETHERLANDS	1,603,138	CANADA	1,323
GERMANY	285,600	TOTAL OF OTHER	
OTHER NOT LISTED	323,572	OTHER NOT LISTED	378
TOTAL	24,669,784	TOTAL	3,035,700
* as of August 2015			

Orange Juice, Not Frozen 2009.19		Unit: Liters	
Exports for MY 2014 (Jan-Dec) to:		Imports for MY 2014 (Jan-Dec) from:	
U.S.	9,969,308	U.S.	354,146
NETHERLANDS	1,818,606	KOREA, SOUTH	519
TOTAL OF OTHER		TOTAL OF OTHER	
OTHER NOT LISTED	73,717	OTHER NOT LISTED	279
TOTAL	11,861,631	TOTAL	354,944

Orange Juice, Not Frozen 2009.19		Unit: Liters	
Exports for MY 2015 (Jan-Dec*) to:		Imports for MY 2015 (Jan-Dec*) from:	
U.S.	11,922,025	U.S.	207,525

NETHERLANDS	117,200	EL SALVADOR	48
TOTAL OF OTHER		TOTAL OF OTHER	
OTHER NOT LISTED	42,049	OTHER NOT LISTED	113
TOTAL	12,081,274	TOTAL	207,686

*as of August 2015

**Table 7: Mexico – Wholesale Orange Prices (Pesos/Kg)
CIF Mexico City**

Month	2013	2014	2015	Change % 14/15
January	3.15	2.81	2.98	6.04
February	2.98	2.80	3.18	13.57
March	2.97	3.13	3.37	0.31
April	2.89	3.80	3.63	(4.47)
May	3.61	4.46	4.51	1.12
June	4.91	5.72	6.06	5.94
July	4.80	6.66	7.89	18.46
August	5.73	9.26	9.24	(0.21)
September	5.21	6.89	6.76	(1.88)
October	3.74	3.11	4.12	32.47
November	3.54	3.00	3.29*	9.66
December	3.40	3.01	N/A	N/A

Source: Servicio Nacional de Información de Mercados
 Avr. exchange rate for 2013 US\$1.00 = \$ 12.76 pesos
 Avr. exchange rate for 2014 US\$1.00 = \$ 13.29 pesos
 exchange rate November 23, 2015 US\$1.00 = \$ 16.51 pesos
 *As 3rd Week Dec 2015

**Table 8: Mexico – Wholesale Key Lime Prices (Pesos/Kg)
CIF Mexico City**

Month	2013	2014	2015	Change% 14/15
January	5.71	9.01	4.62	(48.72)
February	7.21	17.48	5.25	(69.96)
March	8.15	17.87	6.21	(65.24)
April	7.84	6.83	4.91	(28.11)
May	5.25	4.38	4.33	(1.14)
June	3.76	3.82	4.09	7.06
July	3.86	4.31	4.71	9.28
August	5.00	4.72	6.17	30.72
September	4.48	4.47	5.91	32.21
October	4.03	5.03	5.37	6.75
November	3.88	6.62	4.53*	(31.57)
December	4.74	4.90	N/A	N/A

Source: Servicio Nacional de Información de Mercados
 Avr. exchange rate for 2013 US\$1.00 = \$ 12.76 pesos
 Avr. exchange rate for 2014 US\$1.00 = \$ 13.29 pesos
 exchange rate November 23, 2015 US\$1.00 = \$ 16.51 pesos
 *As 3rd Week Dec 2015

**Table 9: Mexico – Wholesale Persian Lime Prices (Pesos/Kg)
CIF Mexico City**

Month	2013	2014	2015	Change % 14/15
January	4.76	7.25	5.68	(21.65)

February	6.27	15.51	5.31	(65.76)
March	13.70	38.59	8.61	(77.68)
April	15.12	30.29	10.57	(65.10)
May	10.04	14.27	8.33	(41.62)
June	4.80	6.64	4.74	(28.61)
July	3.39	4.74	4.60	(2.95)
August	3.66	4.60	5.94	29.13
September	4.03	4.64	5.75	23.92
October	3.64	4.34	5.88	35.48
November	3.59	4.92	5.83*	18.49
December	3.90	5.02	N/A	N/A

Source: Servicio Nacional de Información de Mercados
 Avr. exchange rate for 2013 US\$1.00 = \$ 12.76 pesos
 Avr. exchange rate for 2014 US\$1.00 = \$ 13.29 pesos
 exchange rate November 23, 2015 US\$1.00 = \$ 16.51 pesos
 *As 3rd Week Nov 2015

**Table 10: Mexico – Wholesale Grapefruit Prices (Pesos/Kg)
 CIF Mexico City**

STATE Month	2014		2015	
	Veracruz	Michoacán	Veracruz	Michoacán
January	4.14		4.50	
February	4.10		4.73	
March	4.44		4.50	
April	4.82	5.07	4.70	
May		5.23	5.04	5.45
June		5.34		6.15
July		5.66		6.96
August		6.00		7.18
September		5.51		6.75
October		5.02		6.30
November	4.50	4.85	5.80	5.73
December	4.53		5.50*	

Source: Servicio Nacional de Información de Mercados
 Avr. exchange rate for 2013 US\$1.00 = \$ 12.76 pesos
 Avr. exchange rate for 2014 US\$1.00 = \$ 13.29 pesos
 exchange rate November 23, 2015 US\$1.00 = \$ 16.51 pesos
 *As 2nd Week Dec 2015

**Table 11: Monthly Exchange Rate Averages 2008-2015
 MX Pesos per U.S. \$1.00**

	2008	2009	2010	2011	2012	2013	2014	2015
January	10.91	13.15	12.80	12.13	13.46	12.71	13.20	14.68

February	10.77	14.55	12.95	12.06	12.79	12.71	13.28	14.92
March	10.74	14.71	12.59	12.00	12.75	12.54	13.20	15.21
April	10.52	13.41	12.23	11.73	13.05	12.21	13.06	15.22
May	10.44	13.19	12.71	11.64	13.60	12.28	12.93	15.26
June	10.33	13.47	12.72	11.80	13.94	12.94	12.99	15.46
July	10.24	13.36	12.82	11.67	13.37	12.77	12.97	15.92
August	10.10	13.00	12.74	12.22	13.18	12.89	13.14	16.50
September	10.61	13.41	12.82	12.97	12.95	13.08	13.21	16.85
October	12.56	13.24	12.44	13.46	12.88	13.00	13.47	16.58
November	12.31	13.12	12.33	13.67	13.08	13.07	13.59	16.67
December	13.40	12.85	12.39	13.75	12.86	13.00	14.47	
Annual Avg.	11.14	12.33	12.62	12.42	13.15	12.76	13.29	
□ As of 3 rd week of November 2015								
Source: Mexican Federal Register □								
Note: Monthly rates are averages of daily exchange rates from the Banco de Mexico.								