

Orange Juice Situation

Orange juice production in the major producing countries in 2000/01 is estimated at 2.2 million tons, down nearly 10 percent from 1999/2000, mainly the result of lower availabilities of oranges for processing. Northern Hemisphere orange juice production is forecast down nearly 11 percent, while Southern Hemisphere production is off 8 percent. Brazil's production during 2000/01 is estimated at 1.1 million tons, a drop of 95,000 tons from the previous year.

Northern Hemisphere

United States

U.S. production of orange juice in 2000/01 is forecast at 988,000 tons, a decline of 7 percent from the 1999/2000 level. According to the July 11, 2001, NASS Crop Production report, Florida frozen concentrated orange juice (FCOJ) yield projection is 1.58 gallons per box of 42.0 degrees Brix. The early and mid-season portion is final at 1.54 gallons per box as reported by the Florida citrus Processors Association. The Valencia FCOJ yield is forecast at 1.65 gallons per box.

U.S. exports of orange juice are forecast at 95,000 tons, down from 100,134 tons in 1999/2000. However, through May, U.S. exports of orange juice are tracking 5 percent ahead of last year's pace. U.S. imports of orange juice are estimated at 195,000 tons, a drop of 19 percent from the previous year. However, through May, U.S. imports of orange juice are running about 24 percent behind the 1999/2000 pace. In order to maintain consumption at near last year's level, imports of orange juice will need to increase in the next few months, exports need to slow down, or both. U.S. consumption of orange juice during 2000/01 is estimated at 1.15 million tons, about unchanged from the 1999/2000 level. Ending stocks of orange juice are currently estimated at 369,000 tons, down nearly 14 percent from the previous year.

Japan

Japan's orange juice imports during 2000/01 are estimated at 105,000 tons, up nearly 4 percent from the 1999/2000 level. Brazil is the major supplier of orange juice to Japan, accounting for over 80 percent of the total in 1999/2000. Japan's fruit beverage production in CY 2000 was 2.25 million liters, up 2 percent from the previous year. Japan's largest consumption of fruit beverage by type is a soft drink with some content of natural fruit juice, followed by a 100-percent natural fruit juice product. The products that contain 10-30 percent natural fruit juice showed a 135-percent increase in production in CY 2000 over CY 1999, and continue to grow strongly this year. The trend in Japan's fruit beverage market is for Japanese beverage manufacturers to continue to market new soft drink products containing 10-30 percent natural fruit juice. Kirin Tropicana and Minute Maid,

Japan's leading fruit juice manufacturers, will launch big sales promotions for 100-percent natural orange juice this season. Japanese traders hope for a good market recovery for 100-percent fruit juice products.

Mexico

FCOJ production for 2000/01 was revised to 37,000 tons, a decrease of nearly 10 percent compared with the previous year. According to sources, lower international prices and higher international stocks resulted in a decrease of FCOJ production. Juice production depends heavily on the international price of FCOJ. The forecast for oranges for processing was revised downward to 370,000 tons. Lower international prices represents smaller margins for the industry.

The export estimate for FCOJ for MY 2000/01 was revised downward due to a decrease in demand and lower prices. Furthermore, the strength of the peso against the dollar that has prevailed in 2000 and 2001 has not helped the export industry. According to industry sources, Mexico will fill 100 percent of the 2001 U.S. quota. The export estimates for 1999/2000 were also revised downward based on recent official trade data. FCOJ imports are almost negligible compared to domestic production.

Southern Hemisphere

Australia

Production of orange juice for 2001/02 is forecast at 12,700 tons, representing a decrease of 43 percent from the previous year, mainly due to decreased citrus production, particularly Valencias. In addition, a general increase in fruit quality is making a higher percentage of oranges suitable for the higher-return local fresh market or premium export markets. Delivery to processors for 2000/01 (local marketing year April 2001-March 2003) is forecast at 170,000 tons, down from 300,000 tons the previous year.

Orange juice consumption is estimated at 44,900 tons for 2000/01. On July 1, 2000, the government of Australia (GOA) introduced a goods and services tax (GST). The GST is charged at 10 percent for all goods with an exemption for fresh food. Under the GST, all orange juice containing more than 90 percent orange juice will be exempt from the GST, effectively making it tax free. All other orange juice will be taxed at 10 percent, lowering the overall level of tax significantly.

Orange juice imports in 1999/00 (local marketing year April 2000-March 2001) dropped slightly compared with the previous year but are expected to increase in 2000/01 as a result of the smaller crop and the lower availability of suitable fruit. In the medium-term, the reduction in the numbers of bearing Valencia trees, the increase in Navel production, and the increase in processing fruit diverted to fresh juice production are likely to contribute to a reduction in concentrated juice production and may lead to increased imports of FCOJ.

Orange juice imports are higher during June through February, with November and December being peak months. In 1988/89, an ad valorem tariff of 35 percent was implemented. This was gradually reduced to the current 5 percent on July 1, 1996. Industry groups are pushing to have this tariff increased as a result of the increased competitiveness of imported juice, particularly from Brazil.

In 1999, the GOA announced changes to legislation which are designed to strengthen labeling laws. The goal of the legislation is to prevent companies from misusing the "Made in Australia" label, and to reinforce the "Product of Australia" description. This prevents imported FCOJ from being reconstituted and then labeled as "Made in Australia." The general test for the "Made in Australia" label is that the goods have been substantially transformed and that 50 percent or more of the cost of production or manufacturing of the goods is attributable to production or manufacturing processes in Australia. The general test for the "Product of Australia" label is that each significant ingredient or significant component of the good and all, or virtually all, processes involved in the production or manufacture must take place in Australia. The legislation also regulates the use of a logo that may indicate the country of origin of the product.

The processing sector has been stimulated recently by an increase in fresh juice production. The push into fresh juice has been bolstered by the development of a "100 Percent Australian Juice" logo by the Australian Citrus Growers Inc. (ACGI) in conjunction with the Australian Horticultural Corporation (AHC) and major juice marketers. The distinctive orange squeezer logo means that the juice contains no concentrate, no artificial coloring, no added water, and no imported product. The advertising campaign has included television and newspaper coverage. Seven juice companies, including the three major juice companies representing 80 percent of the fresh juice industry, are licensed by the AHC to use the logo.

Brazil

Brazil's FCOJ production in 2000/01 (local marketing year July 2001-June 2002) is forecast at 1.09 million tons, down 8 percent from the previous year due to the lower volume of oranges for processing. FCOJ production for the state of São Paulo is forecast at 1.06 million tons compared with 1.14 million tons the previous year. The FCOJ industry in Brazil is highly concentrated and just a few companies are expected to operate in local marketing year 2001/02. Sources indicate that smaller companies, such as Branco Peres and Kiki, are not expected to crush oranges this upcoming season. It was also reported that Cargill will not operate its Uchoa plant, with all processing directed to the Bebedouro facility.

Brazil is presently in the midst of a critical electrical energy shortage. Low rainfall is hampering the local hydro-electric system, which supplies over 90 percent of the country's electricity. The only near-term solution is conservation. Regarding the food industry, the government of Brazil (GOB) has called for a 15-percent reduction in use of electricity from the May-July 2000 average through the remainder of the winter dry season and has threatened significant surcharges and service cuts to

enforce the needed cuts. It is hoped that the rainy season, which normally begins in November over much of Brazil, will bring relief. Longer-term solutions, such as investment in alternative generation options, are under review. According to industry contacts, the energy shortage could affect both FCOJ processing and storage at the plant and at the port. The FCOJ plants were able to set an agreement with the GOB and the 15-percent reduction will be based on the months they fully operate and not on the GOB-mandated average consumption of May-July 2000, when they were closed or only partially operating. Each company will have the freedom to share the energy they are allowed among their plants or even sell part of their quota to other companies.

Brazil's consumption of FCOJ is estimated at 16,000 tons, unchanged from the 1999/00 level. Sources report that the retail market for orange juice is controlled by a few large supermarket chains which have a significant bargaining power over suppliers. In addition, supermarkets charge different taxes and fees to allow suppliers to have their products on the shelves. In addition, ready-to-drink orange juice is price competitive relative to concentrated orange juice. A 1-liter can of concentrated orange juice is about R\$6-8 and yields 7-8 liters of juice ready to drink, while 1 liter of ready-to-drink juice costs R\$2-2.5. Although less cost efficient, many orange juice consumers are willing to spend R\$2-2.5 instead of R\$6-8 because this represents a lower initial expense.

Brazil's electric energy shortage may also affect future consumption of FCOJ, since Brazilian families are also required to cut 20 percent of their May-July 2000 average energy consumption. Many households are unplugging their freezers in order to reach their 20-percent reduction goal and this could eventually lead to a decrease in local FCOJ consumption. In addition, if orange juice companies have to lease or purchase energy generators powered by diesel, there will be an increase in production costs, which will be at least partially transferred to consumers.

FCOJ exports for 2000/01 are estimated at 1.19 million tons, down 4 percent from the previous year. According to contacts, May and June are not strong months for FCOJ exports since many small processing plants have already shipped their production and many companies hold stocks to blend with early orange juice from the upcoming season. Recently, the GOB has allowed orange juice companies to ship product abroad on a consignment basis.

There is no official estimate for not-for-concentrate (NFC) supply and demand in Brazil. According to updated information provided by industry contacts, approximately 490,000 tons of oranges have been crushed for local marketing year 2000/01. These include 326,000 tons crushed for the domestic market--122,000 tons for pasteurized production and 204,000 tons for fresh squeezed production--and 163,000 tons crushed for exports.

(This article was prepared or estimated on the basis of official statistics of foreign governments, other foreign source material, and, in particular, reports of Agricultural Attachés and Foreign Service Officers, results of office research, and related information. The FAS Attache Report

search engine contains reports on the Orange Juice industries for approximately 10 countries, including Mexico and Brazil. For information on production and trade, contact Debra A. Pumphrey at 202-720-8899.)

**ORANGE JUICE: SUPPLY & UTILIZATION, MAJOR PRODUCING
COUNTRIES IN NORTHERN HEMISPHERE**

Country/Year 1/	Begin. Stocks	Production	Imports	Exports	Consumption	Ending Stocks
Metric tons, 65 Degrees Brix 2/						
Greece 3/						
1997/98	4,344	14,800	7,500	6,600	18,000	2,044
1998/99	2,044	10,000	10,000	4,500	17,500	44
1999/00	44	16,500	11,000	6,000	18,500	3,044
2000/01 F	3,044	16,300	8,500	6,500	19,500	1,844
Italy 4/						
1997/98	20,827	32,268	4,107	7,480	19,722	30,000
1998/99	30,000	25,000	14,000	28,000	28,000	13,000
1999/00	13,000	32,000	23,000	31,000	30,000	7,000
2000/01 F	7,000	32,000	23,000	30,000	30,000	2,000
Mexico 4/						
1997/98	3,000	70,000	1	64,001	3,100	5,900
1998/99	5,900	45,300	1	45,001	3,200	3,000
1999/00	3,000	41,000	1	37,801	3,200	3,000
2000/01 F	3,000	37,000	1	33,801	3,200	3,000
Morocco 5/						
1997/98	3,232	10,897	1,400	8,804	1,937	4,788
1998/99	4,788	9,500	943	9,913	1,934	3,384
1999/00	3,384	10,400	400	9,500	2,000	2,684
2000/01 F	2,684	8,500	126	8,000	2,200	1,110
Spain 6/						
1997/98	0	47,600	37,000	56,500	23,000	5,100
1998/99	5,100	45,300	25,500	56,600	18,000	1,300
1999/00	1,300	52,000	32,200	73,700	10,800	1,000
2000/01 F	1,000	2,300	40,000	21,000	21,300	1,000
Turkey 5/						
1997/98	2,368	7,400	2,297	209	10,500	1,356
1998/99	1,356	9,700	934	102	10,600	1,288
1999/00	1,288	11,000	672	122	11,000	1,838
2000/01 F	1,838	9,500	1,000	100	11,200	1,038

**ORANGE JUICE: SUPPLY & UTILIZATION, MAJOR PRODUCING
COUNTRIES IN NORTHERN HEMISPHERE**

Country/Year 1/	Begin. Stocks	Production	Imports	Exports	Consumption	Ending Stocks
Metric tons, 65 Degrees Brix 2/						
United States 7/						
1997/98	357,072	1,106,069	216,685	105,411	1,195,293	379,122
1998/99	379,122	879,165	245,834	106,842	1,022,425	374,854
1999/00	374,854	1,064,102	240,454	100,134	1,150,363	428,913
2000/01 F	428,913	987,993	195,000	95,000	1,147,818	369,088
Northern Hemisphere Total						
1997/98	390,843	1,289,034	268,990	249,005	1,271,552	428,310
1998/99	428,310	1,023,965	297,212	250,958	1,101,659	396,870
1999/00	396,870	1,227,002	307,727	258,257	1,225,863	447,479
2000/01 F	447,479	1,093,593	267,627	194,401	1,235,218	379,080

1/ Year refers to marketing period which usually begins in the fall for the Northern Hemisphere and corresponds to the harvesting and marketing period for fresh citrus.

2/ Includes all processed orange juice whether or not concentrated. One metric ton of 65 degrees brix equals 344.8 gallons at 42 degrees brix and 1,405.88 gallons at single strength equivalent.

3/ Marketing season begins September 1 of first year shown.

4/ Marketing season begins January 1 of second year shown.

5/ Marketing season begins October 1 of first year shown.

6/ Marketing season begins November 1 of first year shown.

7/ Marketing season begins December 1 of first year shown.

F Forecast

Sources: National Agricultural Statistics Service and U.S. Department of Commerce, Bureau of Census. Florida Department of Citrus. Reports from U.S. Agricultural Counselors and Attaches and/or FAS/USDA estimates.

**ORANGE JUICE: SUPPLY & UTILIZATION, MAJOR PRODUCING
COUNTRIES IN SOUTHERN HEMISPHERE**

Country/Year 1/	Begin. Stocks	Production	Imports	Exports	Consumption	Ending Stocks
Metric tons, 65 Degrees Brix 2/						
Australia 3/						
1997/98	16,095	14,370	42,415	1,881	43,965	27,035
1998/99	27,035	17,214	21,990	2,557	43,965	19,717
1999/00	19,717	22,471	21,887	2,346	44,942	16,787
2000/01 F	16,787	12,701	27,356	1,954	44,942	9,948
Brazil 3/ 4/						
1997/98	235,500	1,184,000	0	1,138,000	18,500	263,000
1998/99	263,000	1,360,000	0	1,295,000	16,000	312,000
1999/00	312,000	1,180,000	0	1,240,000	16,000	236,000
2000/01 F	236,000	1,085,000	0	1,185,000	16,000	120,000
South Africa 5/						
1997/98	4,185	17,556	0	6,403	12,000	3,338
1998/99	3,338	15,750	0	6,338	10,250	2,500
1999/00	2,500	19,000	100	10,477	10,500	623
2000/01 F	623	20,500	100	8,100	10,700	2,423
Southern Hemisphere Total						
1997/98	255,780	1,215,926	42,415	1,146,284	74,465	293,373
1998/99	293,373	1,392,964	21,990	1,303,895	70,215	334,217
1999/00	334,217	1,221,471	21,987	1,252,823	71,442	253,410
2000/01 F	253,410	1,118,201	27,456	1,195,054	71,642	132,371
World Total						
1997/98	646,623	2,504,960	311,405	1,395,289	1,346,017	721,683
1998/99	721,683	2,416,929	319,202	1,554,853	1,171,874	731,087
1999/00	731,087	2,448,473	329,714	1,511,080	1,297,305	700,889
2000/01 F	700,889	2,211,794	295,083	1,389,455	1,306,860	511,451

1/ Marketing year indicated is for aggregation purposes with countries from the Northern Hemisphere corresponding to the harvesting and marketing period for fresh citrus. For the Southern Hemisphere, orange harvest occurs entirely during the second year shown.

2/ Includes all processed orange juice whether or not concentrated. One metric ton of 65 degrees brix equals 344.8 gallons at 42 degrees brix and 1,405.88 gallons at single strength equivalent.

3/ Marketing season begins July 1 of second year shown.

4/ Includes small quantities of tangerine juice.

5/ Marketing season begins February 1 of second year shown.

F Forecast

Source: National Agricultural Statistics Service and U.S. Department of Commerce, Bureau of Census. Florida Department of Citrus. Reports from U.S. Agricultural Counselors and Attaches and/or USDA/FAS estimates.

BRAZIL: SUPPLY AND DISTRIBUTION OF ORANGES AND FCOJ 1/

	1997	1998	1999	2000	2001 F
	Million Boxes 2/				
Oranges, Sao Paulo					
Production 3/	420	342	395	355	315
Fresh Consumption	98	60	93	83	58
Fresh Exports	2	2	3	2	2
Processed	320	280	300	270	255
	1,000 Metric Tons, 65 Degrees Brix 4/				
FCOJ, Brazil					
Beginning Stocks 5/	126	236	263	312	236
Production					
Sao Paulo	1,353	1,156	1,310	1,140	1,060
Other States	37	28	50	40	25
Total	1,390	1,184	1,360	1,180	1,085
Exports 6/					
Sao Paulo	1,228	1,110	1,245	1,200	1,160
Other States	37	28	50	40	25
Total	1,265	1,138	1,295	1,240	1,185
Consumption	16	19	16	16	16
Ending Stocks	236	263	312	236	120

1/ Harvesting and processing usually begin in late April or early May. Marketing season for FCOJ begins on July 1 of year indicated.

2/ 40.8 kilograms or 90 pounds.

3/ Includes oranges produced in Sao Paulo's commercial citrus zone, plus tangerines used for processing.

4/ One metric ton at 65 degrees Brix equals 344.8 gallons at 42 degrees Brix, or 1,405.88 gallons at single strength equivalent.

5/ Sao Paulo stocks.

6/ Includes tangerine juice.

F Forecast

U.S. EXPORTS OF ORANGE JUICE
MARKETING YEARS

Destination	1997/1998	1998/1999	1999/2000	1999/2000 Dec.-May	2000/2001 Dec.-May
Metric tons, 65 Degrees Brix 1/					
Canada	31,586	34,507	33,161	13,738	18,283
Belgium-Luxembourg	15,488	10,938	23,358	11,118	10,284
Japan	21,816	29,444	17,650	7,413	7,517
Korea; Republic of	12,846	13,426	8,865	3,782	4,567
Mexico	2,217	4,544	4,992	2,506	2,019
United Arab Emirates	1,038	1,642	2,532	1,217	684
Norway	1,257	973	1,193	474	557
Thailand	170	1,074	783	410	221
Bahamas; The	180	147	291	40	208
United Kingdom	99	174	227	106	141
Singapore	2,039	1,239	640	194	137
Saudi Arabia	153	237	216	73	127
Netherlands Antilles	93	140	259	42	121
Hong Kong	508	318	196	100	120
Germany	481	492	436	74	114
Taiwan	666	245	274	186	110
Trinidad and Tobago	345	647	335	111	99
Greece	466	34	196	81	89
Costa Rica	182	150	185	53	80
Philippines	79	92	133	55	77
Leeward-Windward Islands	16	82	180	111	62
Nicaragua	116	103	141	68	62
Italy	163	346	212	85	48
Sweden	78	141	46	3	48
Qatar	50	1	99	5	47
Lebanon	5	24	27	24	46
New Zealand	67	23	7	0	43
Honduras	777	385	393	278	42
Switzerland	326	45	26	11	41
Panama	6,048	15	130	71	38
Cayman Islands	156	160	143	68	35
Other	5,902	5,054	2,806	1,617	322
Grand Total	105,411	106,842	100,134	44,115	46,389

Marketing Years--December-November.

1/ Data includes both frozen concentrate and single strength orange juice.

U.S. IMPORTS OF ORANGE JUICE
MARKETING YEARS

Origin	1997/1998	1998/1999	1999/2000	1999/2000 Dec.-May	2000/2001 Dec.-May
	Metric tons, 65 Degrees Brix 1/				
Brazil	137,581	185,763	161,573	86,459	55,795
Mexico	49,264	35,008	29,908	16,287	16,581
Costa Rica	19,282	12,984	28,147	10,003	11,659
Belize	5,675	8,893	12,900	7,343	6,669
Honduras	2,896	799	4,722	2,375	1,695
Canada	1,079	1,140	1,265	380	796
Dominican Republic	514	5	339	79	618
Jamaica	0	2	306	231	48
Argentina	0	287	551	213	42
Panama	130	154	0	0	39
Total Other Countries	263	800	743	264	84
Grand Total	216,685	245,834	240,454	123,633	94,026

Marketing Years--December-November.

1/ Data includes both frozen concentrate and single strength orange juice.