

Global citrus juice market: state of play and impact in the fresh market. The role of the European citrus processing industry

DG AGRI European Commission

F&V Market Observatory – Sub-group “Citrus Fruit”

20 November 2024

Thanks to:

FRUITROP

CIRAD Market News Service

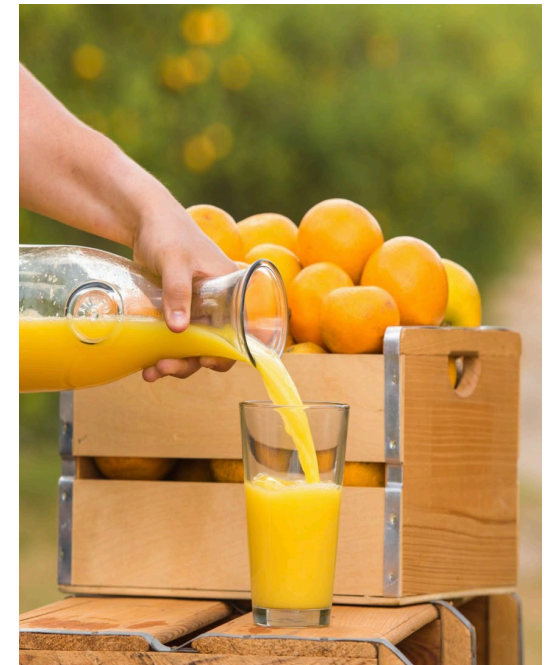
The logo for the World Citrus Organisation, featuring a stylized orange and green fruit icon to the left of the text "World Citrus Organisation" in a green, sans-serif font.
World Citrus Organisation

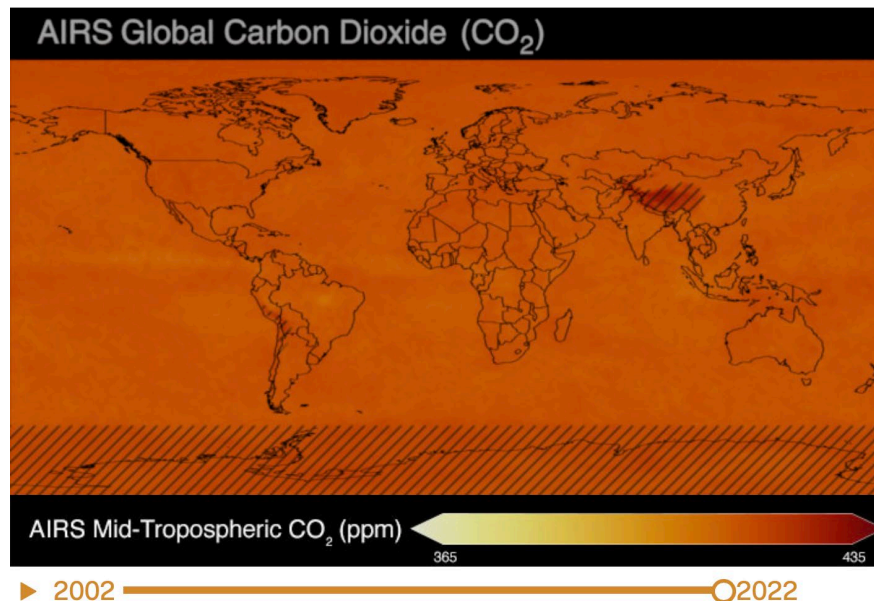
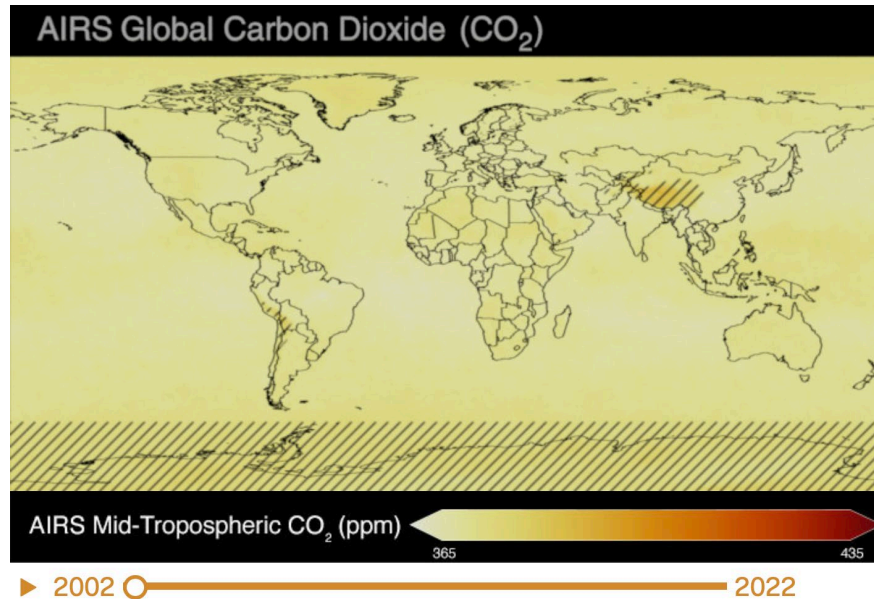


José-Antonio García. AILIMPO

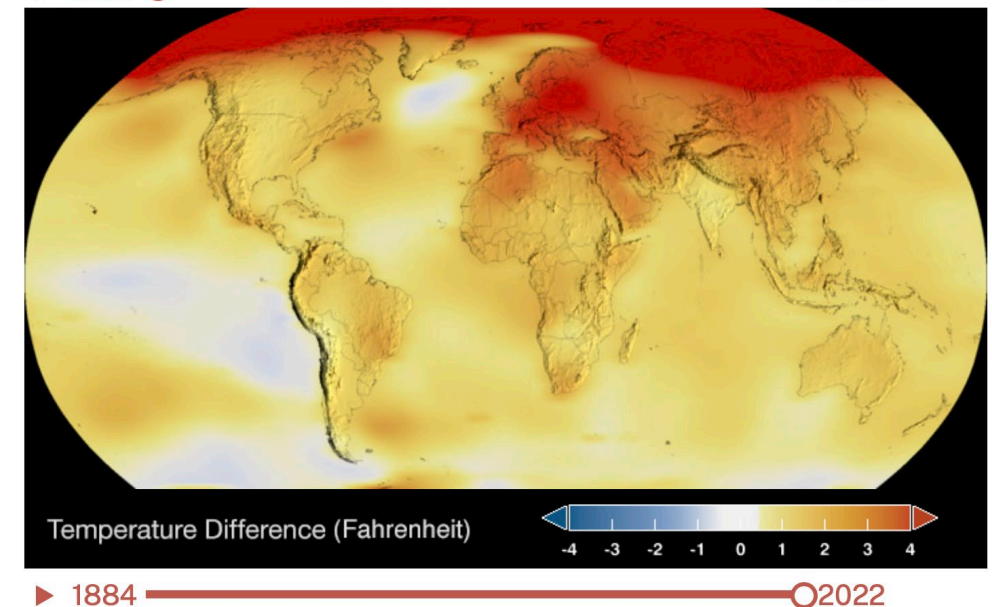
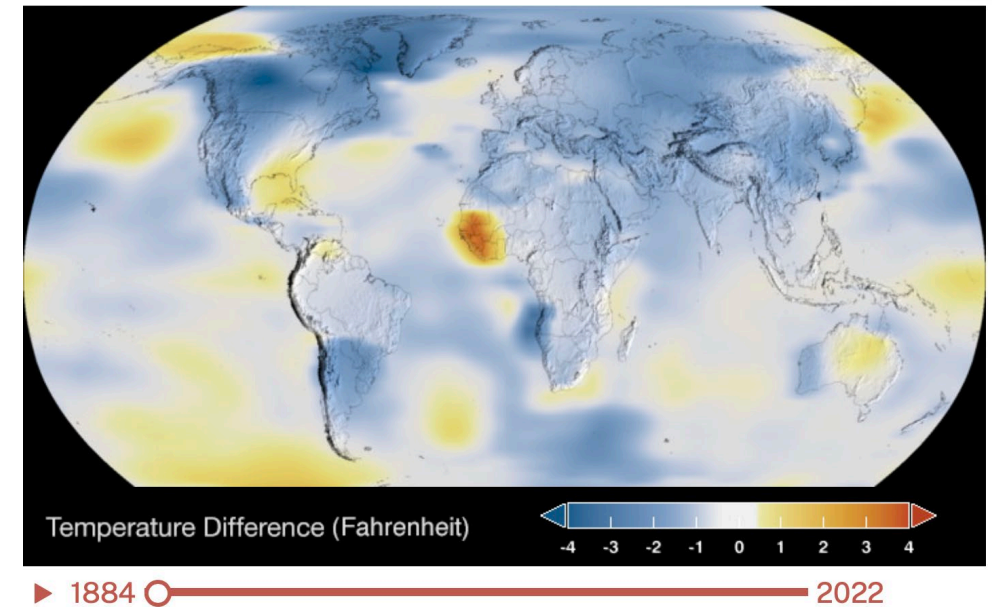
<https://www.linkedin.com/in/josegarcia1971>

- 1.- Climate Change and Diseases**
- 2.- Supply and Demand Law**
- 3.- EU (Spanish) Citrus Industry Ecosystem**
- 4.- World scenario for Orange & Lemon**
- 5.- Conclusions**





**Part of the
Problem...
and ...Part
of the
solution?**

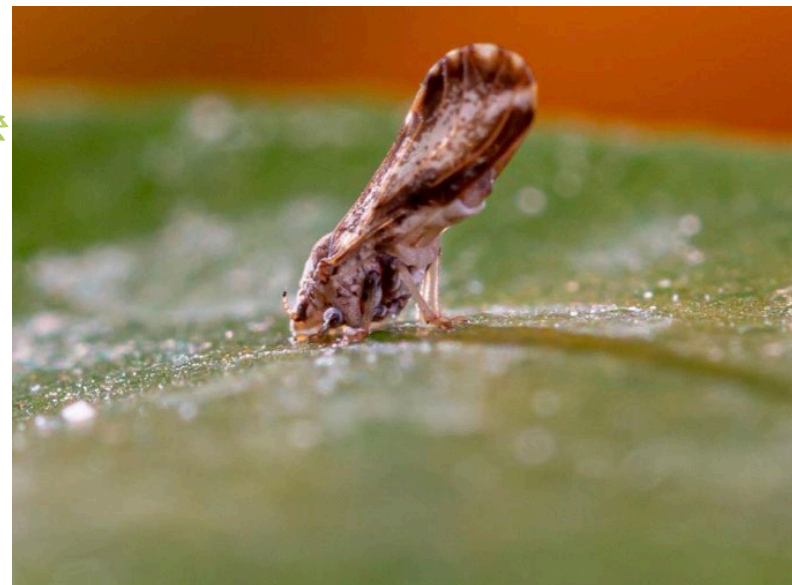


CLIMATE CHANGE NEW SCENARIO

- Drought and changing rainfall patterns.
- Heat waves and thermal amplitude.
- Early and late frosts.
- Lack of cold hours.
- Phenological states and temperatures mismatch.
- More aggressive pest cycles.
- Reduced availability of active principles and molecules.
- New post-harvest challenges.



PESTS AND DISEASES SPECIALLY HLB



**Impacting CROP and both FRESH
& PROCESSING MARKETS**

**Quantity (Tons) & Quality
(fresh/processed) of the FRUIT**

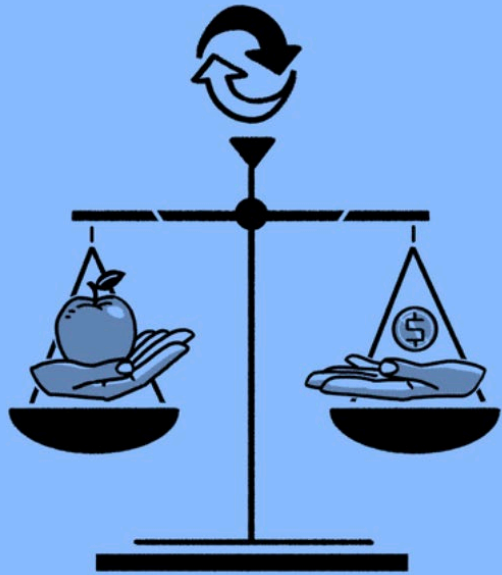


**For sure: do things in a
different way and change our
mind in a global citrus
industry scenario**

Much more complex....

Stocks, consumers behaviour, different world patterns as regional citrus industry models are different, geopolitics, HLB R&D solutions, short, medium and long term expectations...

AND...the biggest player play the role: BRAZIL on Orange and ARGENTINA on Lemon



Law of Supply and Demand

['lɒ əv sə-'plɪ ən(d) di-'mænd]

A theory that explains the interaction between the sellers of a resource and the buyers for that resource.



Law of Demand

['lɒ əv di-'mænd]

A fundamental principle of economics that states that at a higher price consumers will demand a lower quantity of a good.



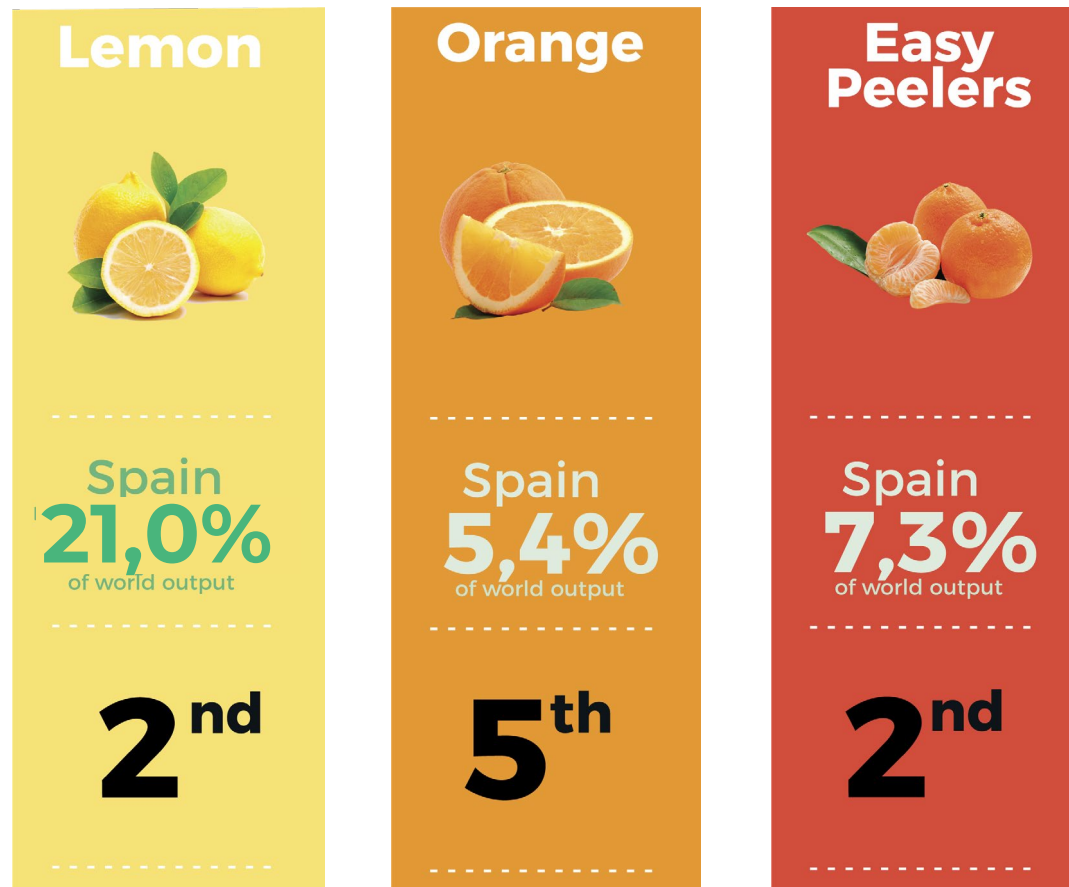
The Law of Supply

['lɒ əv sə-'plɪ]

The microeconomic law that states that, all other factors being equal, as the price of a good or service increases, the quantity of goods or services that suppliers offer will increase, and vice versa.



Spanish Citrus Position Worldwide (Production)



**FOCUSED ON FRESH MARKET:
LEADERSHIP
PROCESSING: SUBSIDIARITY**

- **Spain is a Greening HLB Free country!!!**
- **Fruits and Juices in Spain are produced under World's HIGHEST requirements standards!**



PACKING HOUSES



FRESH FRUIT / RETAIL



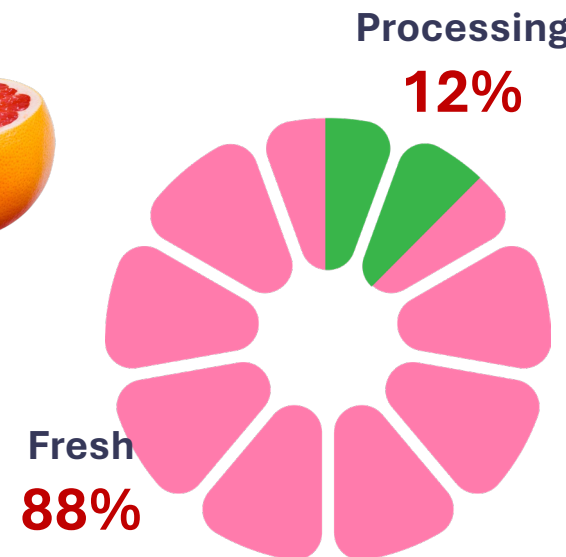
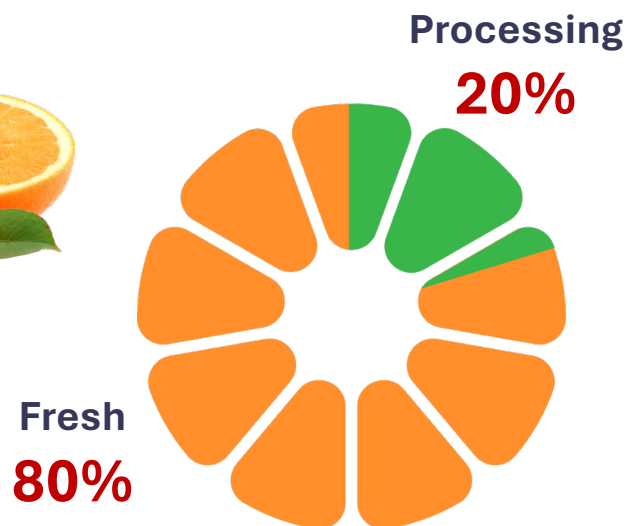
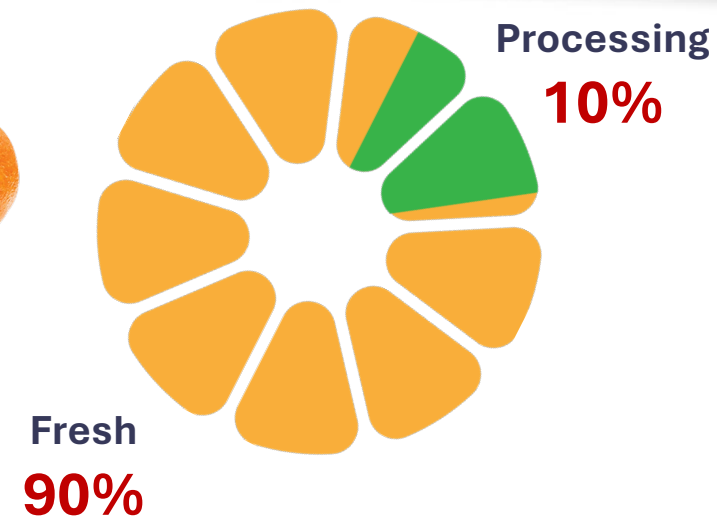
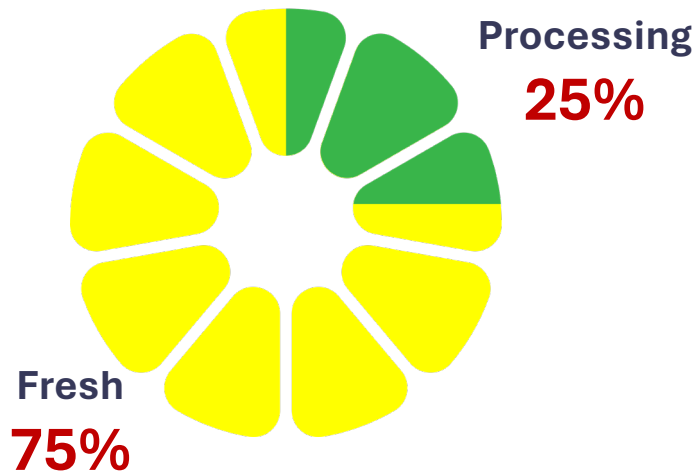
ORCHARDS



PROCESSING FACILITIES



JUICES OILS AND OTHERS

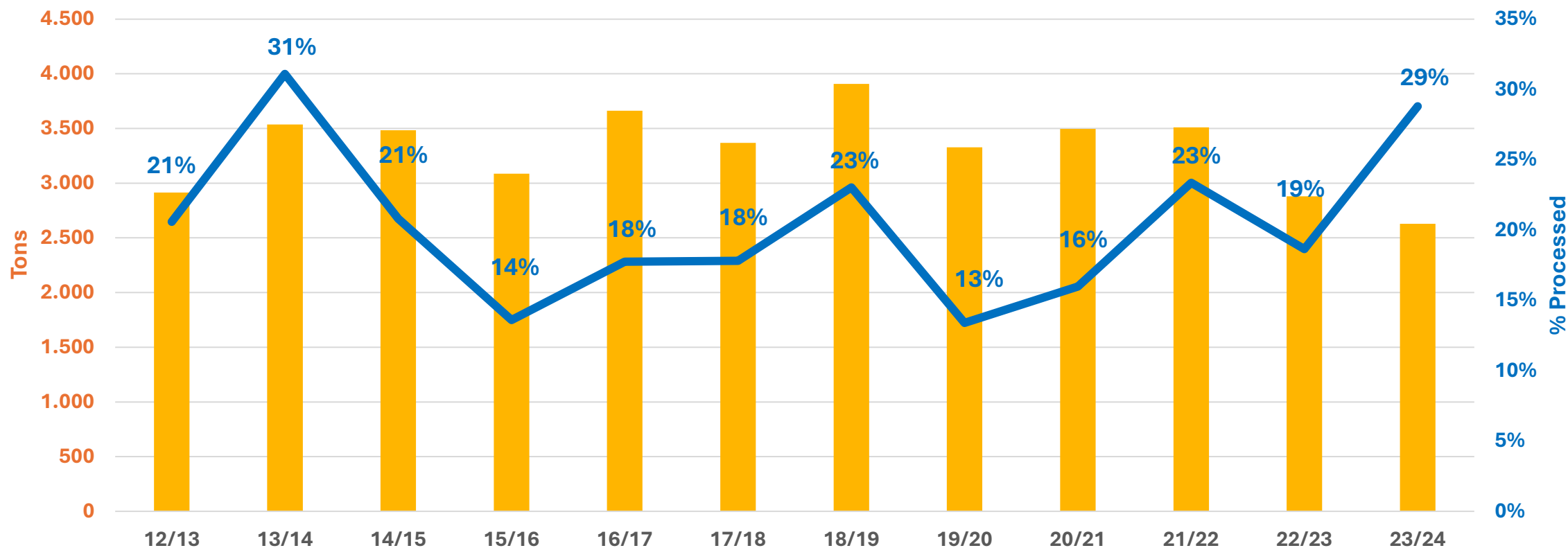




% OF THE TOTAL CROP FOR PROCESSING

Global TREND: The higher the crop... the higher the %
Average: 20%

Oranges

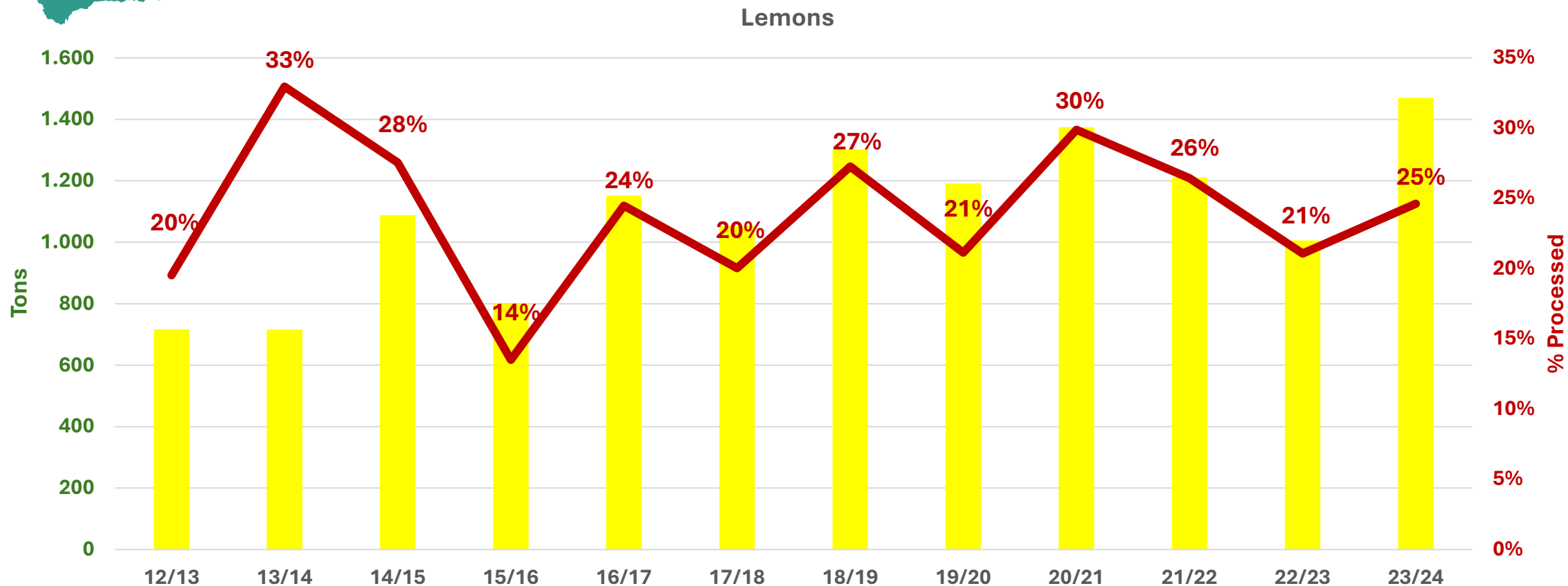




% OF THE TOTAL CROP FOR PROCESSING

Global TREND: The higher the crop... the higher the %

Average: 25%

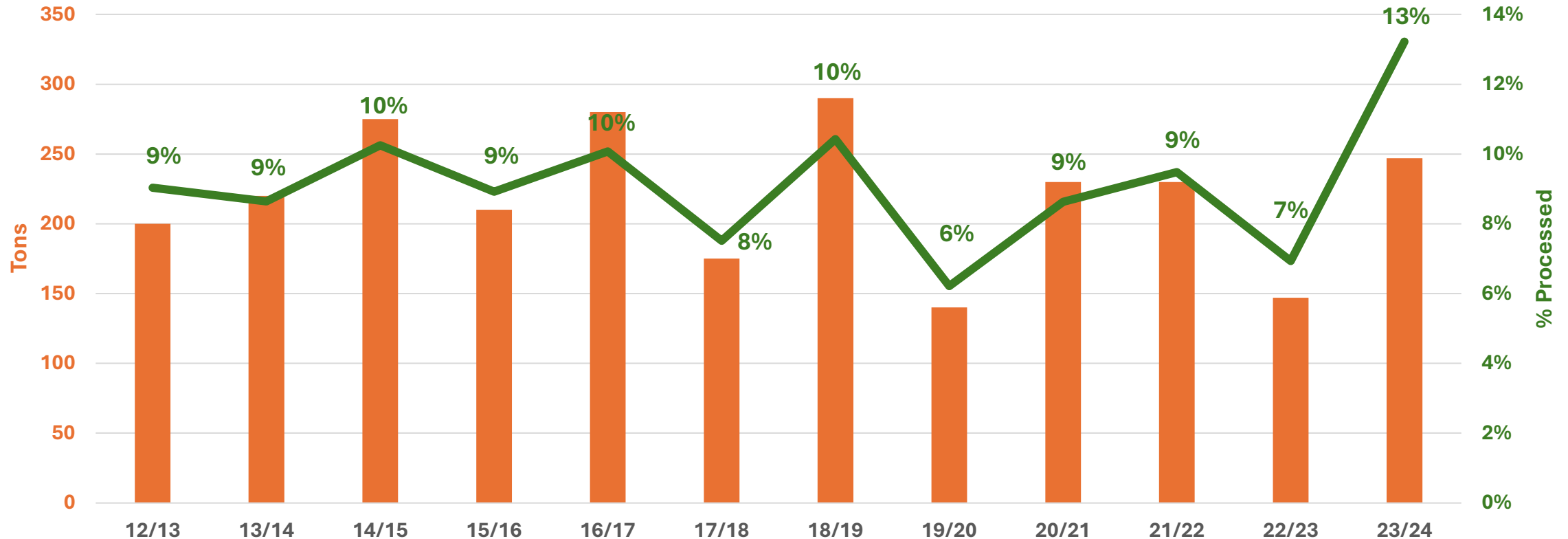




% OF THE TOTAL CROP FOR PROCESSING

Global TREND: The higher the crop... the higher the %
Average: 10%

Soft Citrus



WHAT DOES SUBSIDIARITY MEAN?

- 🍊 Planting citrus in the EU is focused to produce citrus for the fresh market
- 🍊 Grower expects benefits and revenues coming from the fresh side of business
- 🍊 Priority is Fresh Market: high quality fruit, higher cost of production
- 🍊 Processing is the last option for the grower but helps to sustainability (3 pilars)
- 🍊 Producing for the fresh market guarantees the viability of the producer and means a long-term guarantee for processing (eg 20% to 30% of the crop)
- 🍊 Volumes for processing ... uncertain... depends on fresh market, total crop and impact of diseases (skin defects)
- 🍊 Despite being just 20%-30%, Price for processing may mark a reference price line for the fresh market

Orange juice concentrated 65°B :
average price CIF Rotterdam
IHS-Markit- US\$

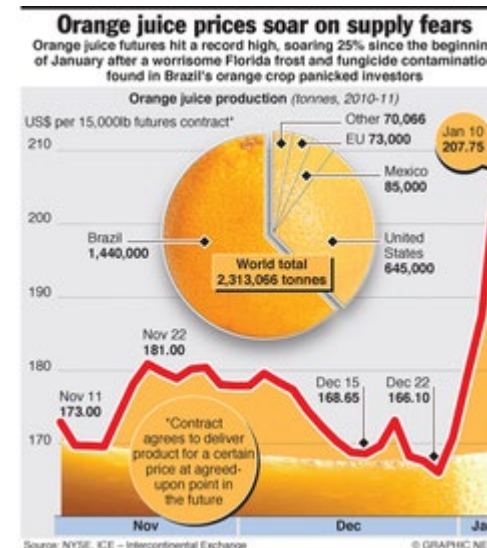


Record breaking prices since mid 2023 !
7 000 US\$/t in sept 2024
Never seen ...and even never imagined ...before
Why????

The ORANGE juice planet is on fire !!!!



**Weltweiter Lagerendbestand
an Orangensaftkonzentrat**
in Tsd. t



JUGO DE NARANJA

La gran subida del jugo de naranja

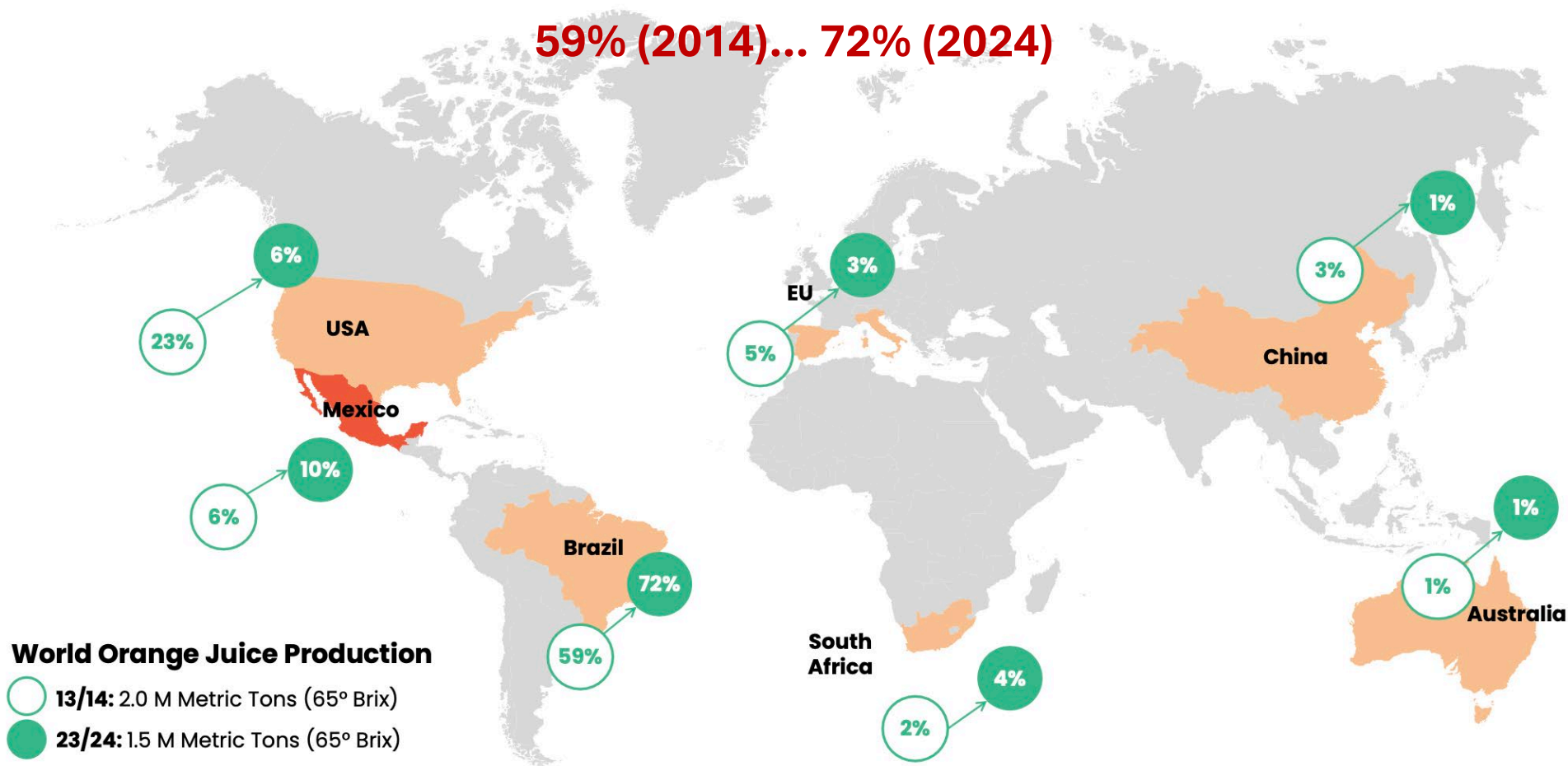


3 PLAYERS OJ: BRAZIL, MEXICO, US-FLORIDA AND THE FOLLOWERS (ES-RSA...)

BR+FL+ME >> 88% IN 2014..... 88% IN 2024 WORLD OJ PRODUCTION

2024 WORLD IS MORE DEPENDANT FROM BRAZIL AND ON WHAT HAPPENS IN BRAZIL...

59% (2014)... 72% (2024)

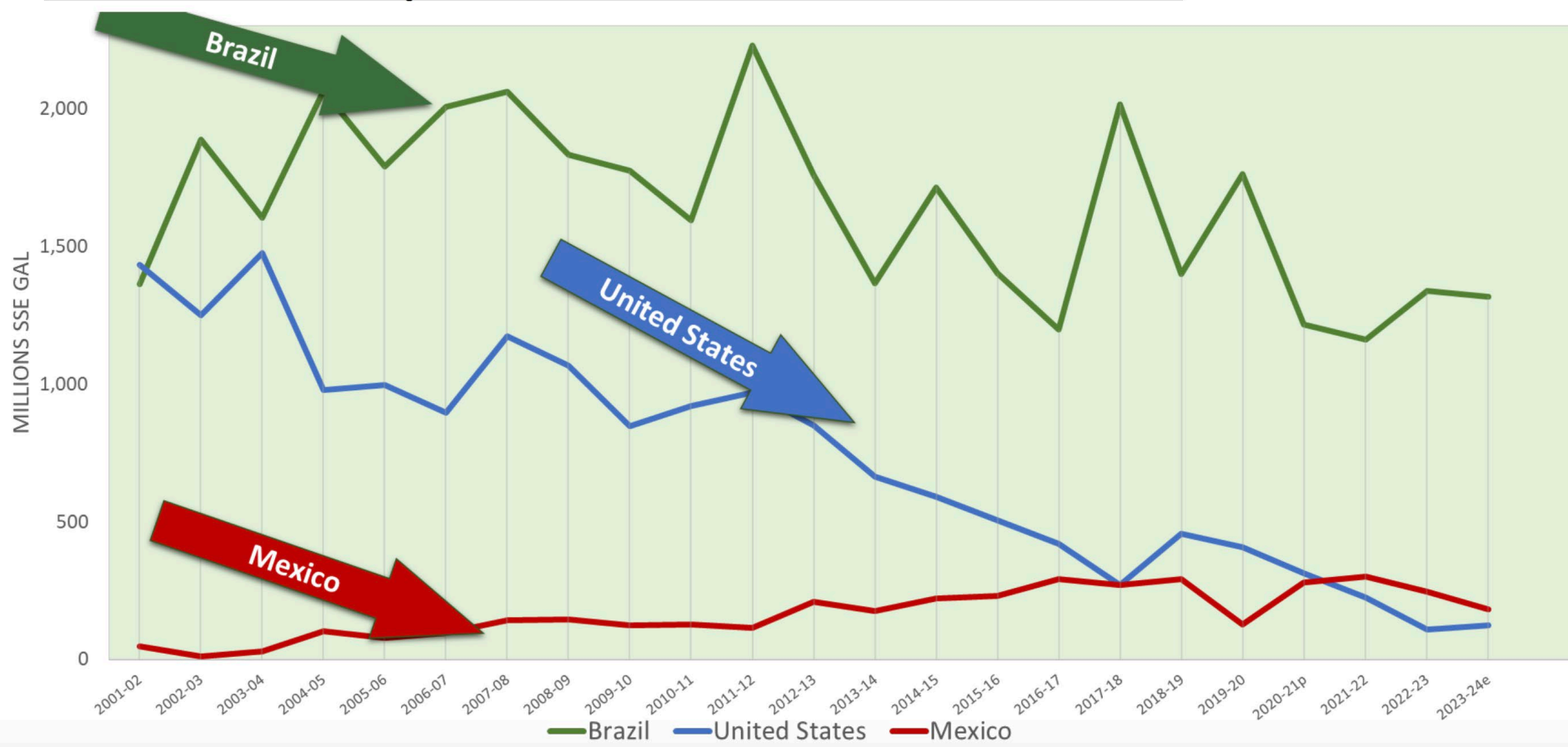


Source:

3 PLAYERS OJ: BRAZIL, MEXICO, US-FLORIDA

Leading World OJ suppliers

Estimated Overall OJ **production** down between 4-5% last season



ORANGE JUICE 3 main players:

Brazil : 72%
Florida: 6%
Mexico : 10%

24/25: 320 Mbox???

**3 MAIN PLAYERS ARE
GOING DOWN**



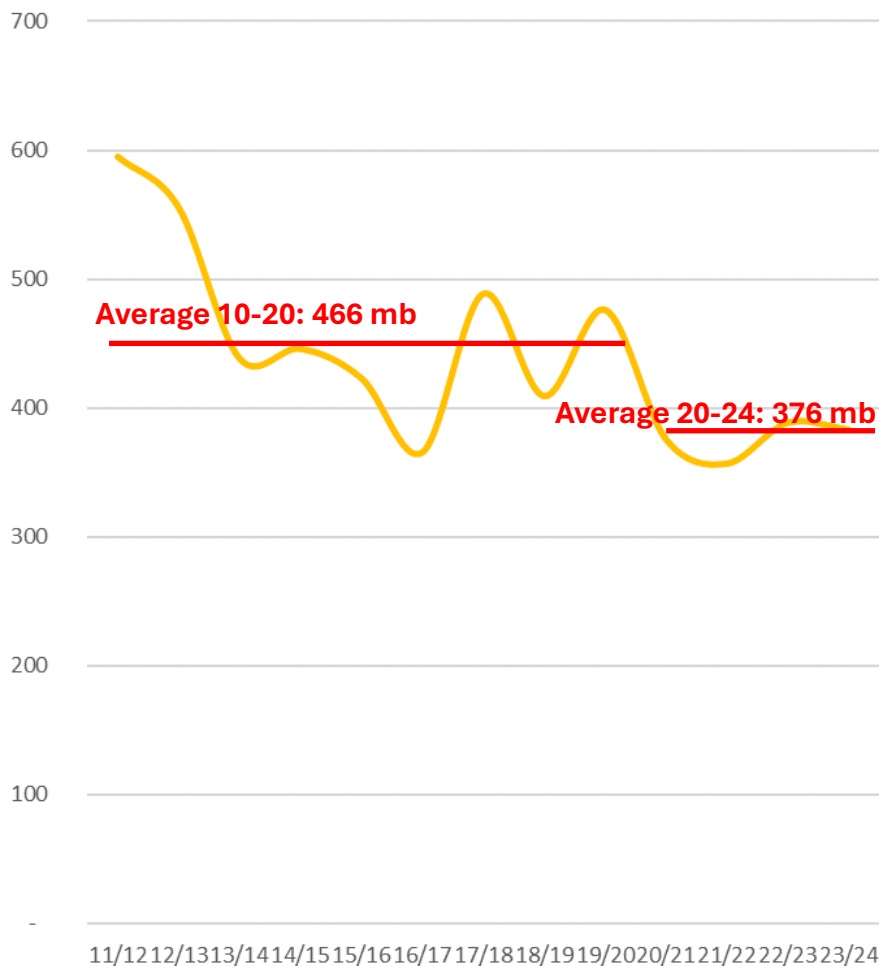
HLB

+



**Climate
change**

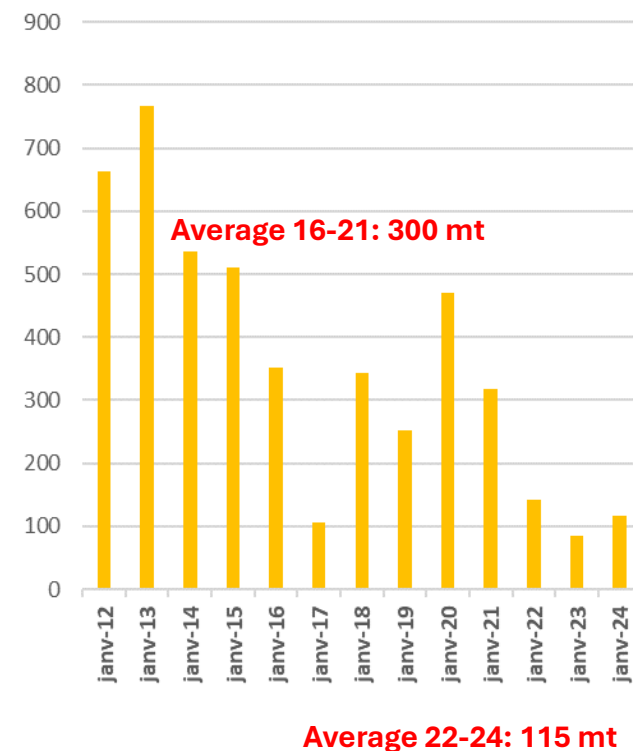
Orange processed - leading OJ suppliers
million 40,8 kg boxes - USDA-Citrus BR



Stock of COJ Brazil

From a mountain...to almost
zero

Stock of COJ- Brazil
1000 t- Citrus BR





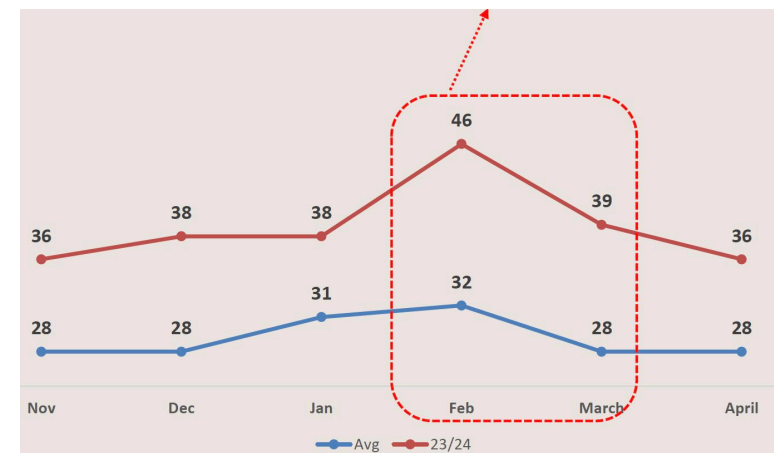
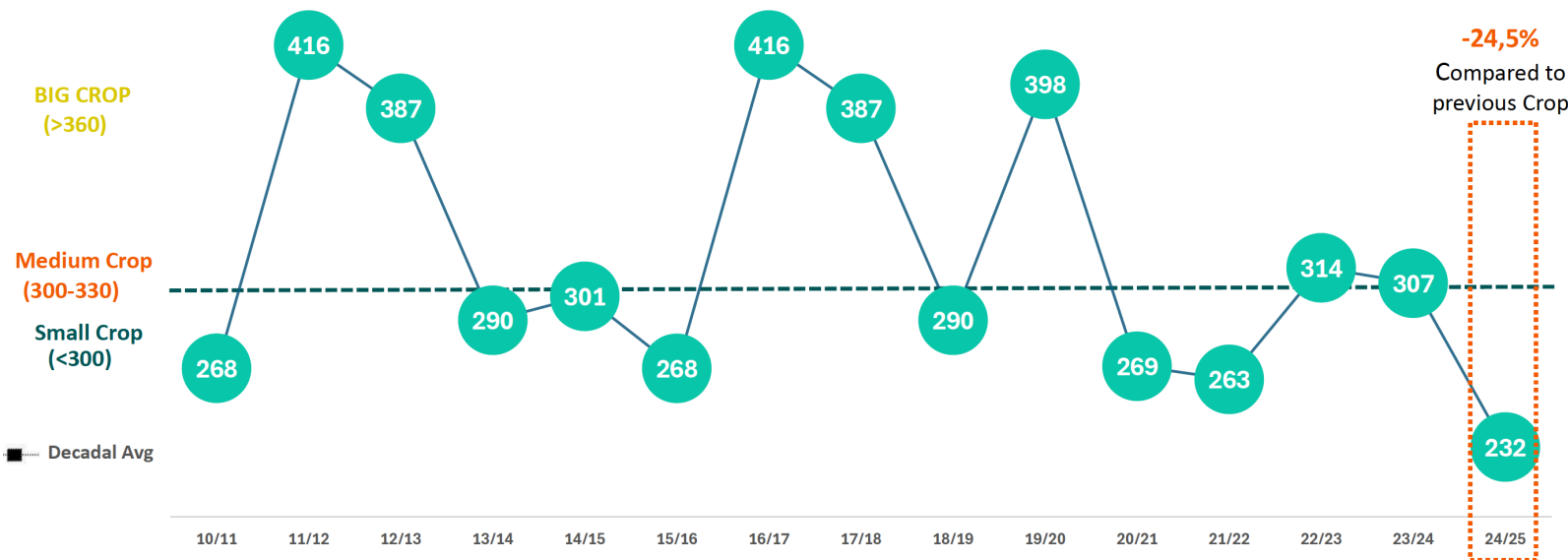
**24/25 low crop is record.
Adverse climatic
conditions**

**24/25 WILL BE THE MOST COMPLICATED SEASON IN TERMS
OF AVAILABILITY AND QUALITY IN HISTORY**

**THE SITUATION IN BRAZIL WILL CONTINUE TO BE STREACH FOR AT
LEAST 3-4 MORE CROPS.** Brazil keeps investing and researching
Base of new groves will take minimum 3-4 more years to start reflecting
in inventories

FINAL ORANGE PRODUCTION AND 2023-2024 CROP FORECAST

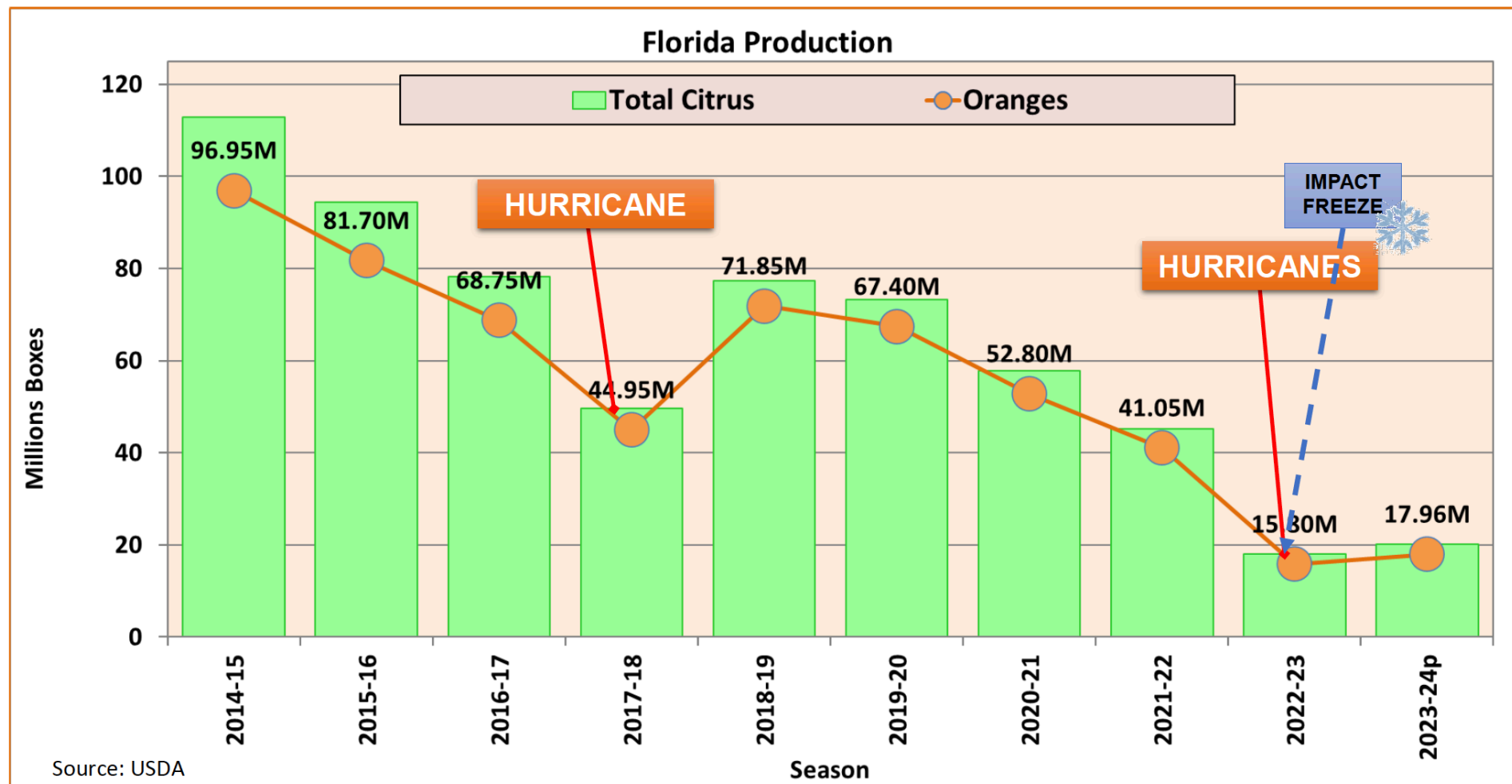
In Million Boxes of 40.8kg





**24/25 going
down to 15 M
box**

Decline in Florida Orange Crop due to HLB/Adverse Weather events

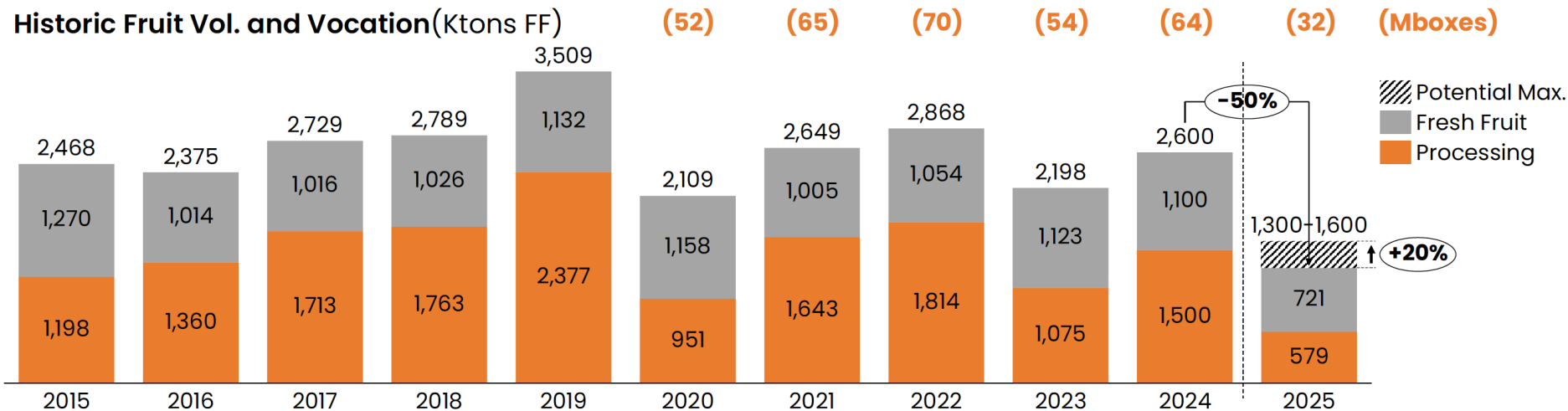


Source:
Marisa L. Zantler, PhD
Florida Citrus™

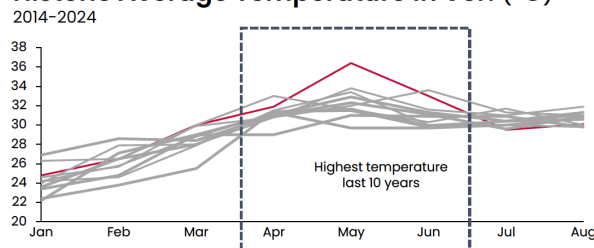
DEMAND IN THE US WILL CONTINUE DICTATING THE AVAILABILITY OF OJ GLOBALLY
USA demand of NFC is one of the key drivers worsening the supply scenario



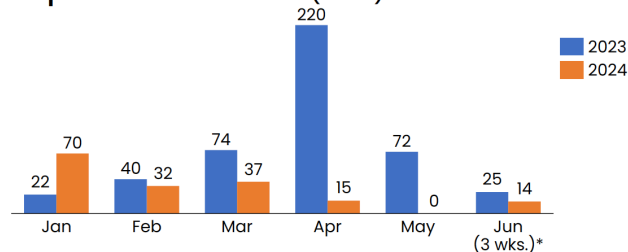
24/25 going down due to adverse climatic conditions



Historic Average Temperature in Ver. (°C)



Precipitation in Veracruz (mm)



▪ No precipitation during April, May and most of June quickly deteriorated tree health.



Source:



Any future role in Orange Processing? New investments BUT... Business model is originally based on FRESH

Egypt 2023/24



Fresh Fruit Exporter

≈ 1.65
Million Tons



Processor

≈ 0.55
Million Tons



Local Consumer

≈ 1.6
Million Tons

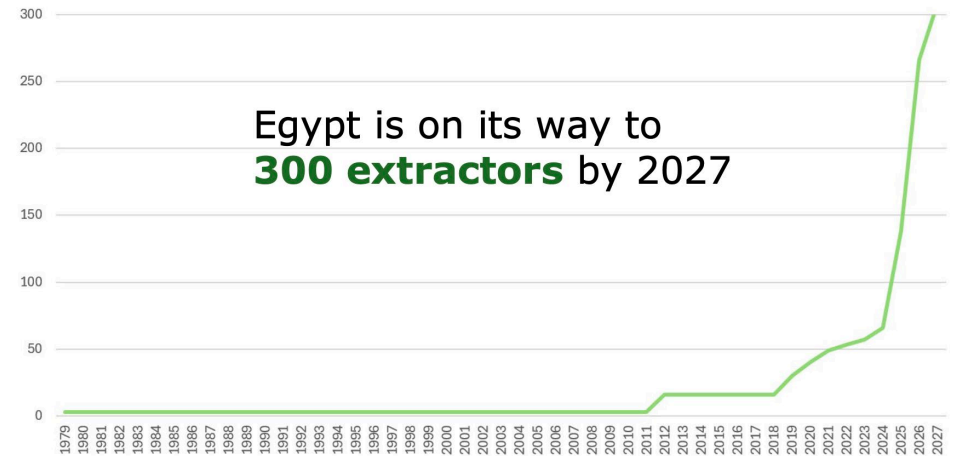


Oranges

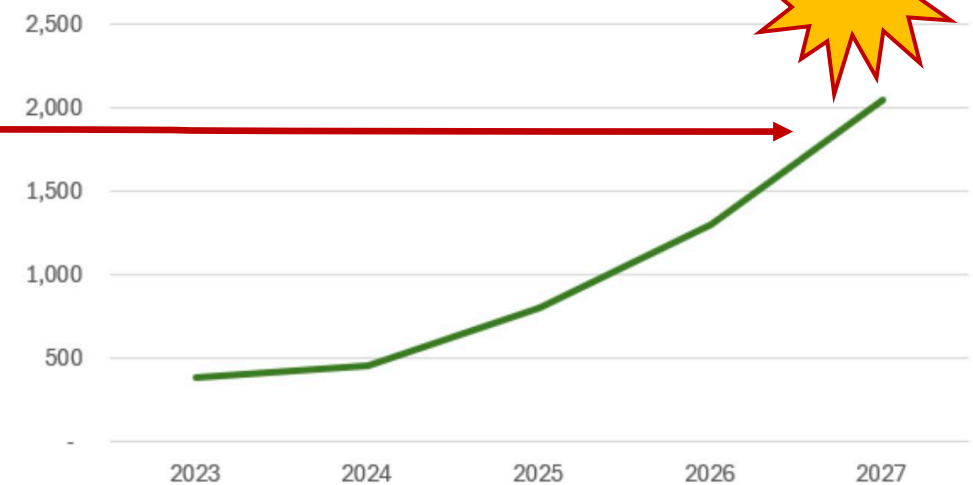
≈ 3.8
Million Tons

The Number of Extractors in Egypt (1979- 2027)

Number of Extractors from 1978 - 2027

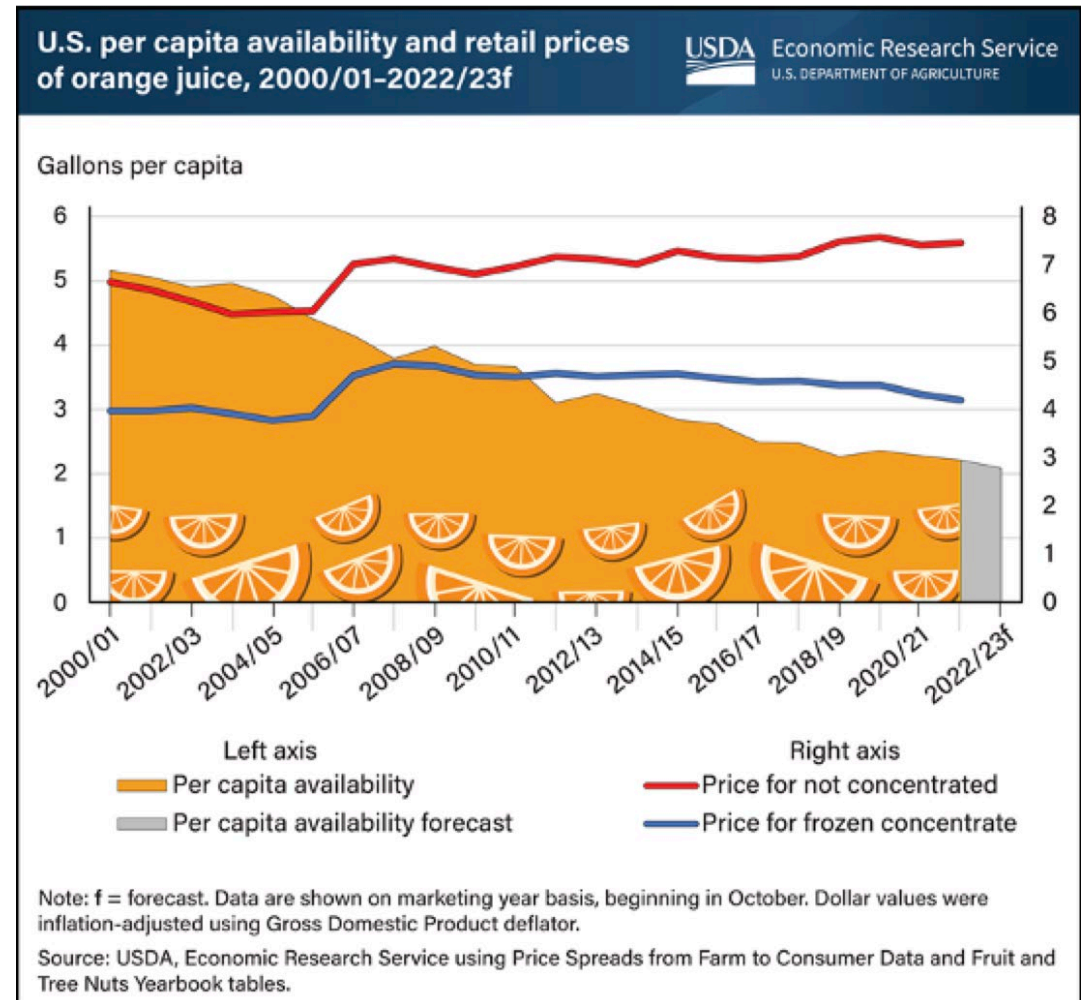
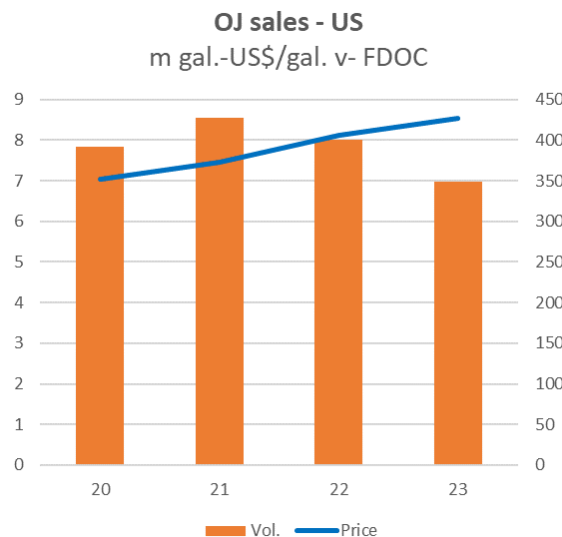


Capacity in Tons



Demand for orange juice

- Lack of quantitative information
- **WORLD Market for orange juice:**
 - Around 1/3 EU27+UK + "other west"
 - Around 1/3 North America
 - Around 1/3 "rest of the world"
- North America/EU 27+ tending to decrease
- Trends even more marked with a sharp price increase at the retail stage



ORANGE JUICE CONSUMPTION DECLINING IN THE USA

Same in other parts of the world?

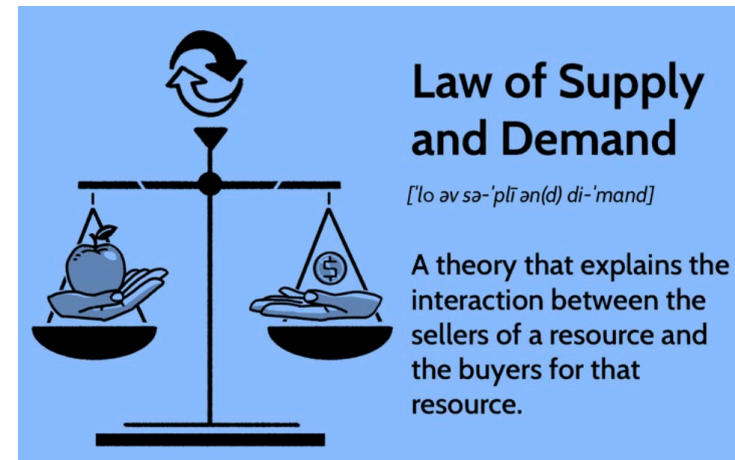
**Less Consumer Demandfrom 5
(2001) to 2 gallon/capita in 2023**

**Health-Conscious Consumers
avoiding or reducing sugar intake**

Higher Prices

SUMMARY

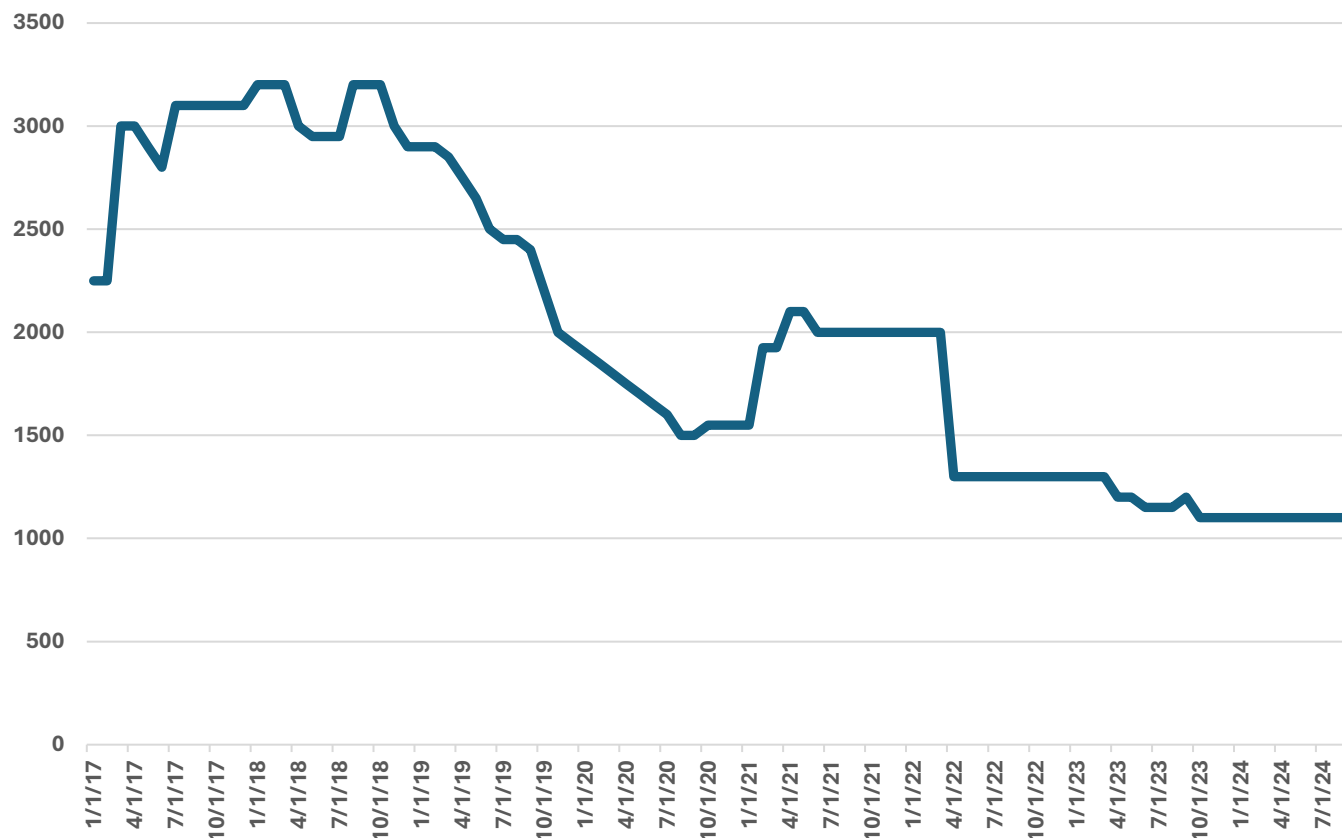
- The market will remain **very tight in 2024/25**, even if demand continue to decrease:
 - Production even shorter than the last seasons
 - Brazilian stocks extremely low
- Potential **incidence on the fresh fruit market**, as it was the case in 2023/24
- **No change** before the beginning of the next Brazilian season by may 2025



**NEW BALANCE
WILL ARRIVE...
SOONER OR
LATER**

A quite different market for lemon Juice and Oil leaded by Argentina

Argentina lemon concentrate prices
(400 gpl/argentina FOB Rotterdam)



2 MAIN PLAYERS PROCESSING

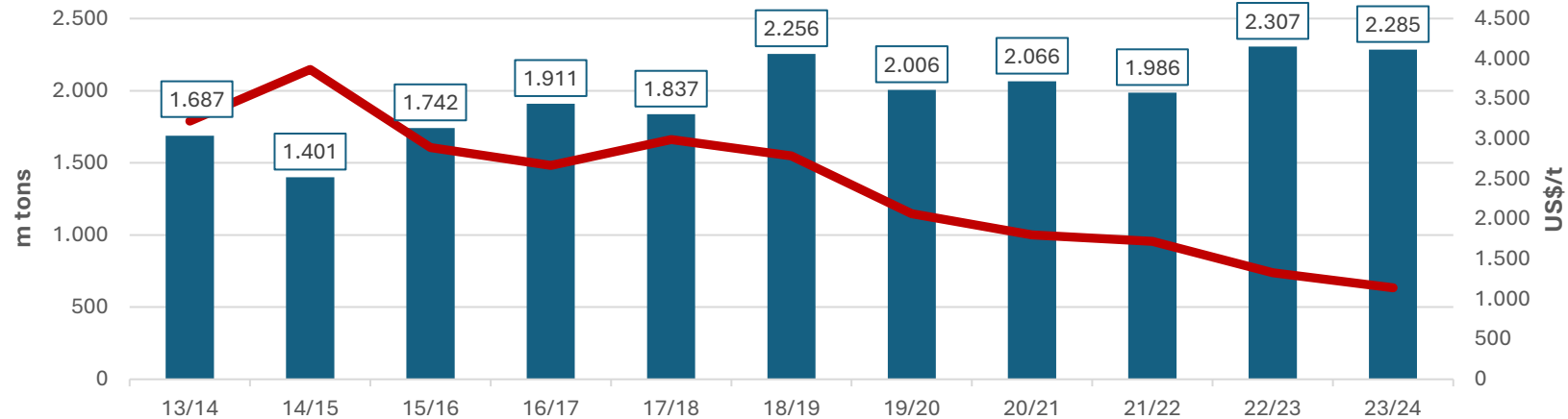
ARGENTINA: 1.35 KTONs

SPAIN: 0.31 KTONs

- WORLD CROP INCREASING
- NEW PLANTINGS
- ARGENTINA STARTING TO REDUCE SURFACE
- IMPACT ON THE MEDIUM-LONG TERM

- **24/25 STARTING A NEW CYCLE?**

Lemon concentrate : volumes processed and prices
(400 gpl/argentina FOB Rotterdam US\$/ton)



Increasing lemon Production in the world from 1,6 MT to 2.3 MT

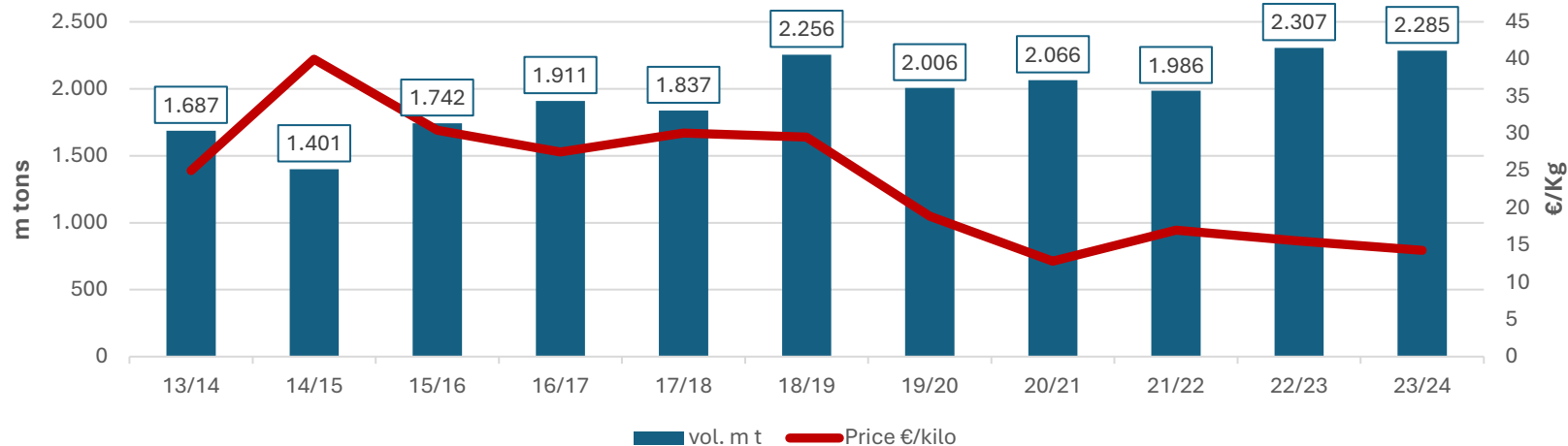
Fresh Market remains stable

More lemons for Processing

Increasing stocks Juice and Oil

Prices go down

Lemon oil : volumes processed and prices
(€/kilo)



FINAL HIGHLIGHTS COMPLEXITY & UNCERTAINTY

LEMON AND ORANGE: Different cycles in a GLOBAL SCENARIO

Spain has a large tradition on CITRUS, traditionally on the FRESH side >>
Processing plays a subsidiary role

EU Processing plays a key role for growers sustainability

Producing for the fresh market guarantees the viability of the producer and means a long term guarantee for processing

SPAIN: Phytosanitary Island, no major pests (CBS, HLB, C. Canker...) present

Spain Adapting to climate change and adopting mitigation measures

EU/ES Growers & Packers & Processors are on the same boat

EU ORIGIN AS A DIFFERENCE

