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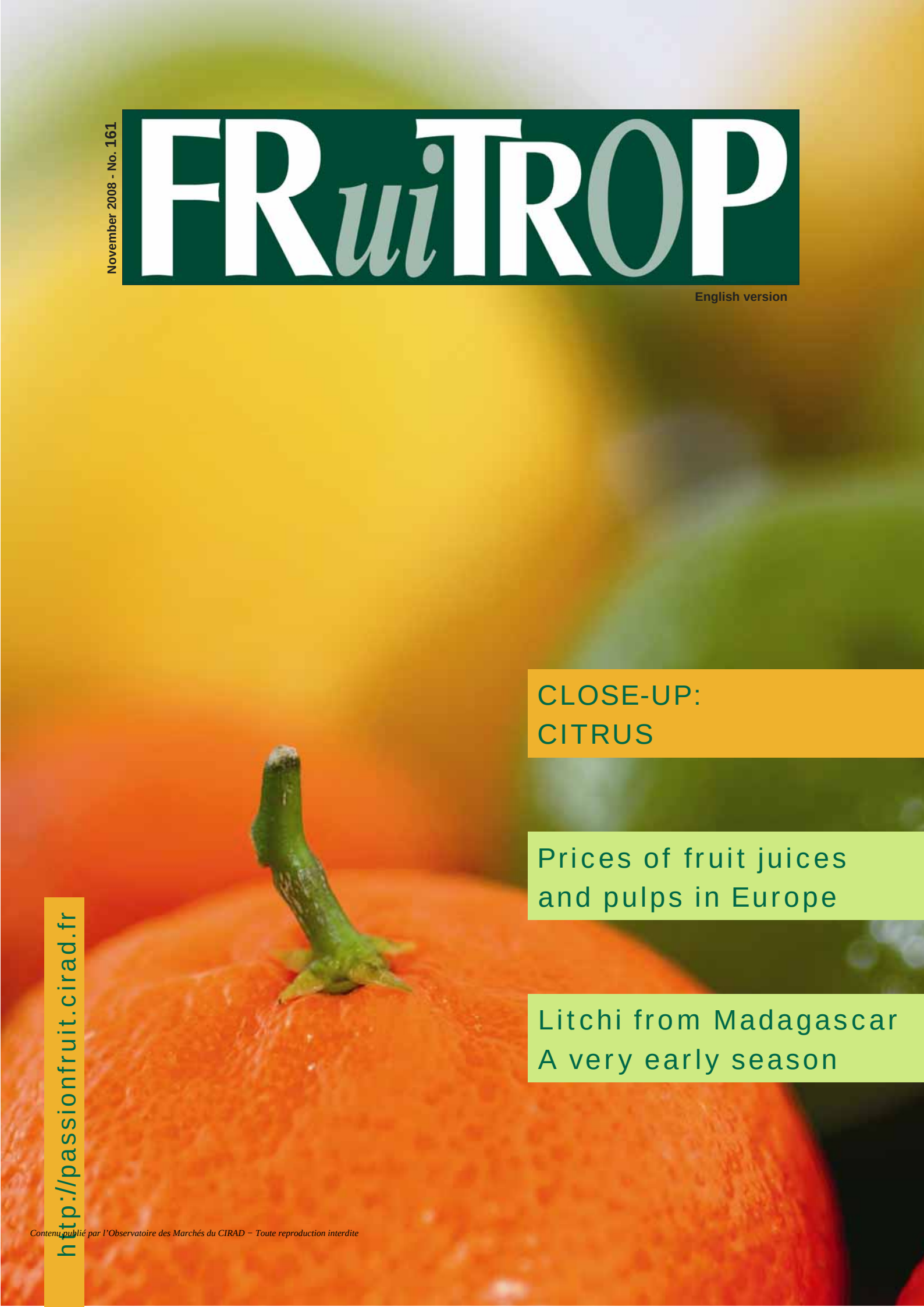
FRuiTROP

English version



CLOSE-UP: CITRUS

Prices of fruit juices and pulps in Europe

Litchi from Madagascar A very early season

http://passionfruit.cirad.fr

The international orange juice market

A conjunctural decrease?

The 2007-08 season was marked by a strong fall in the orange juice market. The price per lb of concentrate was only USD0.90 at the end of September 2008 whereas it had been flying high at about 130 cents on the futures market in New York a year before. After the rise caused by the direct and indirect effects of hurricanes on Florida production, is this the beginning of another descent to hell, as experienced by this market at the beginning of the 2000s? The doubt remains.

It is true that the decrease in world demand for the third season running is a reason for concern. The effect at the retail stage of the strong price increase has had a very negative effect on consumption. The increase of nearly 20% in retail prices in the USA (a little more than a dollar per gallon) resulted in a decrease in consumption of more than 750 million litres in three seasons! The movement is also substantial in the EU, the world's leading market, ahead of the USA. The decrease is only partly compensated by the still strong increase in Asia and Eastern Europe, stimulated by the healthy Russian and Chinese markets.

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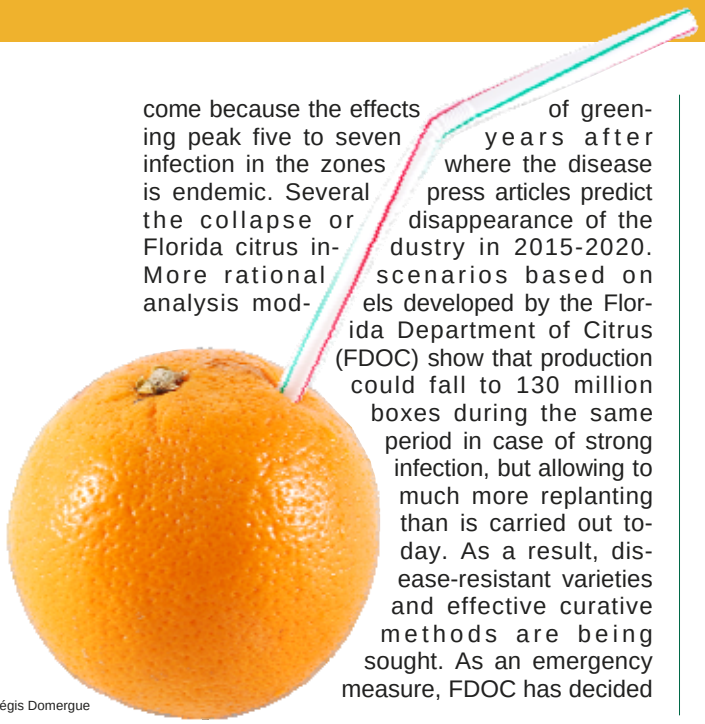
Bad news from Florida...

In contrast, the increase in US production in 2007-08—the other factor in the poor performance of this market—would seem strongly conjunctural. News from Florida, the second production zone in the world, is very, very bad

In spite of a marked recovery in the financial returns for producers, the planted area is continuing to shrink under pressure from urbanisation, and above all crop health problems that are increasing in number and seriousness. The census conducted in 2008 showed that the orchard now totals only about 66 million trees in comparison with 85 million between the mid-1990s and 2004 when the first hurricane hit Florida and spread citrus canker and then citrus greening in 2005. The latter bacterial disease, also referred to as HLB, makes growers fear the worst. Even though there have been no hurricanes, a great number of trees have been lost in the last two years and the worst is to



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come because the effects of greening peak five to seven years after infection in the zones where the disease is endemic. Several press articles predict the collapse or disappearance of the Florida citrus industry in 2015-2020. More rational scenarios based on analysis models developed by the Florida Department of Citrus (FDOC) show that production could fall to 130 million boxes during the same period in case of strong infection, but allowing to much more replanting than is carried out today. As a result, disease-resistant varieties and effective curative methods are being sought. As an emergency measure, FDOC has decided to devote 20 million dollars initially earmarked for marketing to the problem. Several industrial growers in the sector have already had to reduce their orchard areas. The number of juice manufacturing plants decreased from 37 in 2000 to 15 in 2007.

... and better news from Brazil

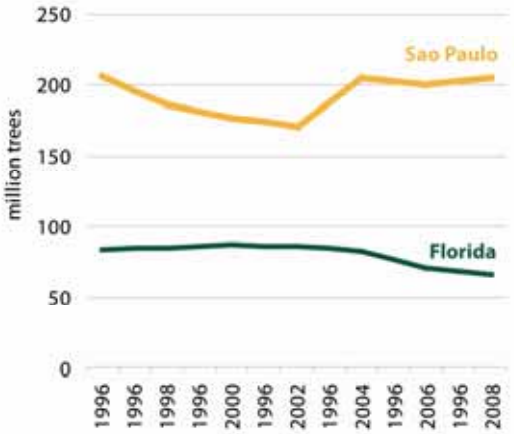
This context is obviously favourable for Brazil, the world's leading orange producer and processor. But the list of sanitary problems that are hitting the Sao Paulo region, the main production zone, looks like an exhaustive inventory of all the phytopathological problems that can affect citrus: variegated chlorosis, sudden death disease, citrus canker and greening, detected in 2004. However, the health situation in the sector remains fairly satisfactory. Citrus canker decreased markedly in 2007 and 2008 thanks

ORANGE JUICE

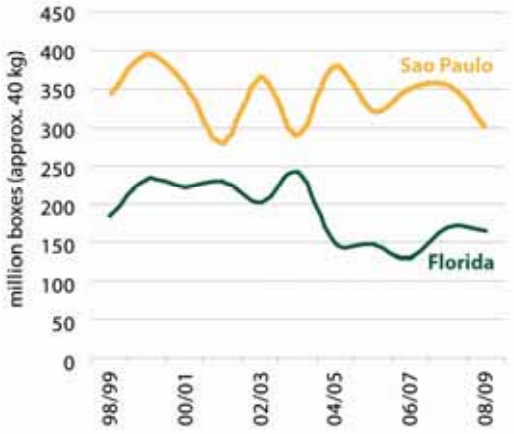
TWO LEADERS, TWO KINDS OF DYNAMICS

Orange - Florida and Sao Paulo

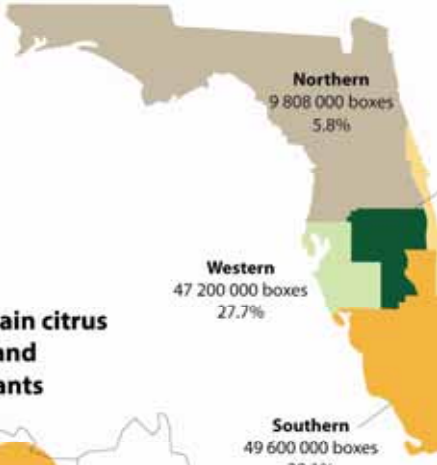
Evolution of the orchard area



Evolution of production



Orange - Florida
2007-2008 production
170 200 000 boxes 90 lb



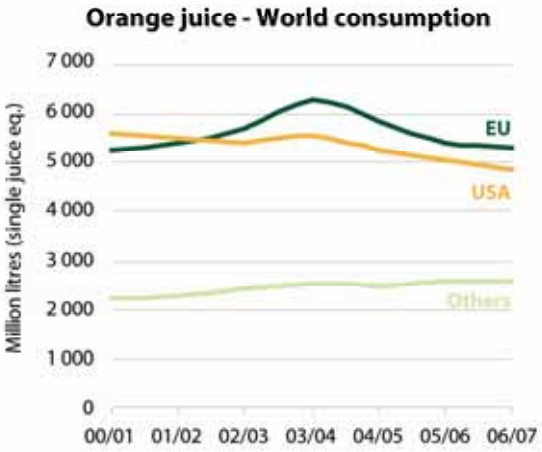
Sao Paulo - The main citrus production zone and the processing plants

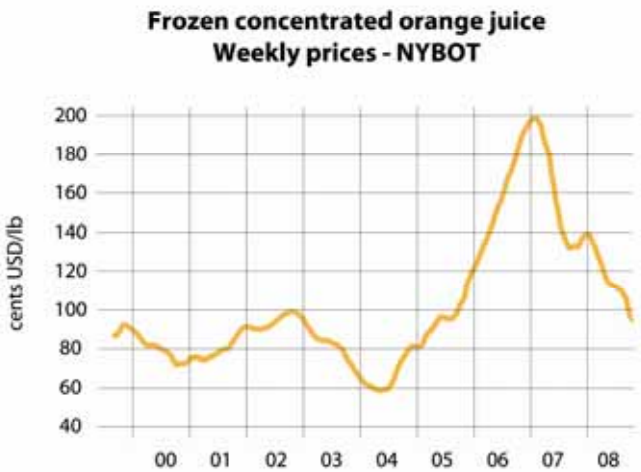
to methods involving the eradication of infected trees. A study conducted in 2007 on a representative sample showed that only 0.1% of the trees analysed were infected. Citrus greening was first detected in 2004 and has since spread to practically all the local authority areas in the eastern part of Sao Paulo state. However, the degree of contamination is reported to be moderate, at least in the large estates, thanks to the methods used to control the vector and to detect and eliminate infected plants. Finally, in spite of unfavourable exchange rates and increased production costs, profitability has improved distinctly in recent years thanks to the increase in world prices. Thus the trend for a decrease in the planted area—in particular to the benefit of sugarcane—has been stopped. The last census even indicated an increase of some 13 000 ha, with a total of 845 000 ha under oranges. Another positive indicator is that some of the four giant companies that control the sector are investing in large development programmes. Thus the Louis Dreyfus group has announced its decision to spend nearly 320 million dollars by 2010 in order to double its export capacity.

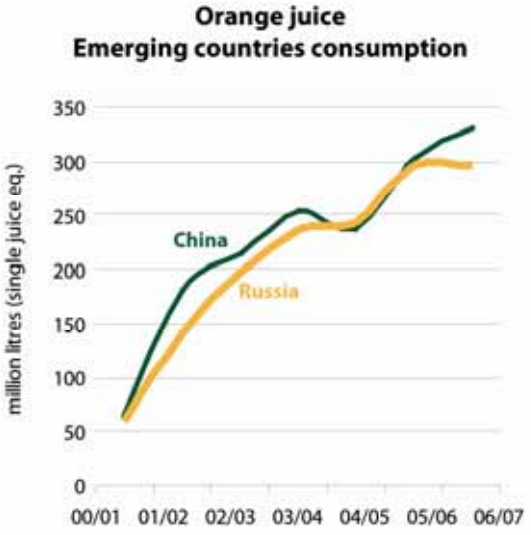
The emergence of China

China is also emerging from the background, even if it does not yet have the aim of supplying the international market. Production of concentrate was marginal until 2004-05 with less than 3 million gallons SSE, and has increased enormously in the last three years to approach 30 million gallons. Nevertheless, Chinese consumption was estimated to be some 90 million boxes in 2006-07 and it is still a net importer. Could it become a significant player on the international market in the medium term, as is already the case for apple juice? The scenario is a possible one, as is shown by the very

CONSUMPTION AFFECTED BY HIGHER RETAIL PRICES







Graphics: Chez Vincent - Cirad

Source : Nybot, Abecitrus, FAS, FDOC

Greening is the new major enemy for world citrus growing

Yellow dragon disease, the original name of a disease that originated in China, is now breathing fire in the main citrus production zones around the world. The signal has been given for the general mobilisation of all the serious research institutes working on citrus. A budget of 20 million dollars has been released recently by growers and the Florida administration.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The economic consequences of greening show that it is a serious threat. The two bacterial forms that cause the disease, *Candidatus liberibacter asiaticum* and *C. l. africanum,* attack the phloem and cause the trees to wilt, reducing their yield and life. Fruits are deformed and small and soon become unsaleable. As an example, in countries where the disease is endemic, productivity decreases strongly five to eight years after planting and the fruits are no longer of commercial standard.

The list of countries affected became longer during the 2007-08 season. The disease spread from its original infestation area in Asia long ago and reached Africa. It is now attacking the star areas of world citrus growing in America. After Brazil in 2004 and Florida in 2005, respectively numbers one and two of world production, the 'small orchard' in Louisiana was infected in 2008 by the Asian form, reputed to be the most virulent. The alert was also given in California in summer 2008 when the citrus psyllid vector of the disease was discovered. This came after an alert given by Argentinian growers in the large export zones in the north-east of the country where the psyllid is present, while the disease was detected across the border in Paraná state in Brazil.

Mediterranean producers have not yet come up against the disease but must remain vigilant. *Trioza erytreae*, the psyllid that can spread the African form of greening was observed in Madeira in 1994. It has also been present for a long time in the horn of Africa—in the Yemen and Saudi Arabia.

strong increase in the planted area and planned or completed investments. Tianyi Fruit, the national leader in the sector, is planning the construction of its third processing facility in the Chongqing region (Zhongxian county). Foreign companies are also starting to show interest in China. For example, a factory with capacity of 150 000 t is being built for Seagram—also in Chongqing province. But the strong growth of the domestic market has to be catered for first and an effective method for the control of endemic citrus greening is also needed as the disease strongly reduces yields in hot areas (average yield in China is less than 10 tonnes per ha in comparison with over 40 tonnes in commercial orchards in Brazil).

A opportunity for Mediterranean citrus

This market context is beautifully timed for Mediterranean producing countries as the sectors in several countries are approaching overproduction. It could encourage private investors to become interested in a subsector that is under-developed or quite simply non-existent in some countries that nonetheless produce large quantities of citrus fruits (Turkey and Egypt for example). It is also good news for industrialists in Spain, Italy and other EU producer countries that have to pay more for raw material as direct aid for processing has ceased ■

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