USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network
Template Version 2.09

Required Report - public distribution

Date: 12/15/2006

GAIN Report Number: BR6021

Brazil

Citrus

Annual

2006

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Report Highlights:
The MY 2007/08 Brazilian orange crop is forecast at 430 MBx, down 7 MBx compared to MY 2006/07 (437 MBx), assuming normal weather conditions prevail. The Sao Paulo citrus commercial area should produce 340 MBx. Post revised downward its estimate of the 2006/07 Sao Paulo crop, to 347 Mbx, due to small size of the fruit. Orange price contracts have been renegotiated and prices should remain firm as a consequence of the tight supply and demand balance. Total FCOJ 65 Brix equivalent production for MY 2007/08 is projected at 1.269 mmt, comparable to revised estimate for MY 2006/07 (1.282 mmt) due to lower availability of fruits for processing. As a consequence of lower expected production and reduced stocks, FCOJ exports for MY 2006/07 and MY 2007/08 are expected to total 1.222 and 1.234 mmt, respectively. Last November, the Economic Defense Administrative Council (CADE) decided to continue the investigation against cartel formation.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Sao Paulo [BR3]
[BR]

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FRESH ORANGES

PS&D Table

PSD Table

Country	Brazil									
Commodity	Oranges, Fresh									(HECTARES)(1000 TREES)(1000 MT)
	2004	Revised		2005	Estimate		2006	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007	MM/YYYY
Area Planted	851000	851000	851000	832700	832700	832700	0	0	832000	(HECTARE
Area Harvested	740600	740600	740600	722600	722600	722600	0	0	727600	(HECTARE
Bearing Trees	214000	214000	214000	216000	216000	216000	0	0	217000	(1000 TRE
Non-Bearing Trees	41000	41000	41000	41000	41000	41000	0	0	39000	(1000 TRE
Total No. Of Trees	255000	255000	255000	257000	257000	257000	0	0	256000	(1000 TRE
Production	16565	16565	16565	18523	18523	17830	0	0	17544	(1000 MT)
Imports	0	0	0	0	0	0	0	0	0	(1000 MT)
Total Supply	16565	16565	16565	18523	18523	17830	0	0	17544	(1000 MT)
Exports, Fresh	41	41	41	82	82	53	0	0	41	(1000 MT)
Fresh Dom. Consumptior	4529	4529	4468	5182	5182	5250	0	0	5100	(1000 MT)
For Processing	11995	11995	12056	13259	13259	12527	0	0	12403	(1000 MT)
Total Distribution	16565	16565	16565	18523	18523	17830	0	0	17544	(1000 MT)

Production

PS&D Tables

The following tables provide revised data for Sao Paulo and total Brazilian fresh orange production, supply and demand (PS&D) for marketing years (MY) 2005/06, 2006/07 (July-June) and the initial forecast for MY 2007/08.

Sao Paulo: Fresh Oranges PS&D (Jul-Jun)
(1,000 ha, million trees & million 40.8 kg boxes)

Item/Marketing Year	2005/06	2006/07	2007/08
(Bloom/Harvest)	(04/05)	(05/06)	(06/07)
Production	320.0	347.0	340.0
Exports	1.0	1.3	1.0
Domestic Consumption	35.5	48.7	45.0
Processing FCOJ	261.0	269.0	263.0
Processing NFC (exports)	22.5	28.0	31.0

Source: USDA/FAS/ATO/Sao Paulo

Brazil: Fresh Oranges PS&D (Jul-Jun)
(1,000 ha, million trees & million 40.8 kg boxes)

Item/Marketing Year	2005/06	2006/07	2007/08
(Bloom/Harvest)	(04/05)	(05/06)	(06/07)
Total Production	406.0	437.0	430.0
Sao Paulo	320.0	347.0	340.0
Others	86.0	90.0	90.0
Exports	1.0	1.3	1.0
Sao Paulo	1.0	1.3	1.0
Domestic Consumption	109.5	128.7	125.0
Delivered to processors	295.5	307.0	304.0
Sao Paulo (FCOJ + NFC exports)	283.5	297.0	294.0
Others	12.0	10.0	10.0

Source: USDA/FAS/ATO/Sao Paulo

General

The Agricultural Trade Office (ATO)/Sao Paulo projects the MY 2007/08 (July-June) Brazilian orange crop at 430 million 40.8 kg boxes (Mbx), down 2 percent compared to MY 2006/07, assuming that good weather conditions prevail during 2007 to support fruit setting and size. Citrus growing states 'other than Sao Paulo' should contribute 90 MBx, similar to current season, whereas production in the greater-Sao Paulo commercial area is forecast to reach 340 MBx.

It is still too early to accurately forecast the 2006/07 crop (MY 2007/08) and more precise numbers will be available only in the second quarter of 2007. Citrus groves have received adequate crop management, as a consequence of better prices paid by producers. The first blossoming occurred in August-September followed by a good one in October. The intensity of blossoming is similar to last year, although the peak was delayed by a month (mid-October 2006 as opposed to mid-September in 2005). The blossoming is reported to be less uniform than previous year. A third blossoming could still potentially occur.

No information on fruit setting is available. Overall, weather conditions have contributed to support flowering and if normal weather conditions prevail in 2007, the fruit size should be larger than MY 2006/07. The incidence of *Colletotrichun* holds the potential to affect production in the southern region. Note that if current forecast confirms, the MY 2007/08 crop would mark a break in the biennial production cycle of the Hamlin and Valencia varieties, which normally would be notably lower in the upcoming crop.

Post revised the Brazilian orange crop estimate for MY 2006/07 to 437 Mbx, down 4 percent relative to previous figure (454 Mbx). The commercial citrus area in Sao Paulo is expected to produce 347 Mbx, down 5 percent compared to previous estimate (365 Mbx) mostly due to the small size of fruit, as a consequence of dry weather that prevailed in all producing regions during the April-October 2006 period. Indeed, industry contacts report that the size of fruit up to October (over 300 fruits per box) was the smallest in many years. The size of the fruit improved in November, but is not expected to offset losses from previous months.

The harvest season has progressed and is expected to end in January-February. The brix/acid ratio of the fruit is lower than usual due to abnormal weather patterns (drought and low temperature) affecting citrus groves, especially in first quarter of the harvest season.

The Sao Paulo State Institute of Agricultural Economics (IEA) released the results of the last citrus crop survey (September 2006) for the 2005/06 crop (MY 2006/07). The Sao Paulo crop, including both commercial and non-commercial areas, is estimated at 348.4 Mbx, down 3.7 Mbx compared to MY 2005/06 (352.1 Mbx). Note that IEA takes into account the entire state of Sao Paulo, while ATO estimates follow the citrus industry methodology limited to the commercial area of the state plus the western part of Minas Gerais. IEA also reports that the state of Sao Paulo orange tree inventory is estimated at 211.08 million trees (179.01 million bearing and 32.07 million non-bearing trees). Industry sources indicate that the Sao Paulo and Minas Gerais orange commercial areas could contribute 330 to 350 MBx for MY 2006/07.

Area, Tree Inventory and Yields

Post forecasts the MY 2007/08 Brazilian agricultural yield at 1.98 boxes/tree, slightly down from MY 2006/07 (2.02 boxes/tree), assuming normal weather conditions and the potential break in the biennial production cycle of the Hamlin and Valencia varieties. The Sao Paulo commercial citrus belt yield for MY 2006/07 was revised to 2.12, down 5 percent from previous estimate due to smaller size of fruits.

Total orange area for MY 2007/08 is projected at 832,000 hectares (ha), similar to MY 2006/07. Total Brazilian tree inventory for MY 2007/08 is forecast at 256 million trees, comparable to MY 2006/07. The Sao Paulo citrus commercial tree inventory for MY 2007/08 is projected at 200 million trees (165 million bearing and 35 non-bearing trees). The table below shows the estimates for area and tree inventory for MY 2005/06, 2006/07 and 2007/08.

Brazil: Fresh Oranges Area and Tree Inventory
(1,000 ha, million trees & million 40.8 kg boxes)

Item/Marketing Year (Bloom/Harvest)	2005/06 (04/05)	2006/07 (05/06)	2007/08 (06/07)
Area Planted	851.0	832.7	832.0
Sao Paulo	651.0	632.7	632.0
Others	200.0	200.0	200.0
Area Harvested	740.6	722.6	727.6
Sao Paulo	548.0	530.0	535.0
Others	192.6	192.6	192.6
Bearing Trees	214.0	216.0	217.0
Sao Paulo	162.0	164.0	165.0
Others	52.0	52.0	52.0
Non-Bearing Trees	41.0	41.0	39.0
Sao Paulo	37.0	37.0	35.0
Others	4.0	4.0	4.0
Total Trees	255.0	257.0	256.0

Source: USDA/FAS/ATO/Sao Paulo

As reported by the Citriculture Defense Fund (Fundecitrus), 519 inspected nurseries were in operation in September 2006. The vast majority is protected (515 nurseries), e.g., they maintain seedlings within screened enclosures, in accordance with Sao Paulo State law. The number of inspected seedlings amounted to 13,139,937 (13,137,170 from protected and 2,767 from unprotected nurseries), whereas the number of inspected rootstock totaled 11,544,743 (11,543,489 from protected and 1,254 from unprotected nurseries). The number of inspected seedlings in September 2006 increased by 4 percent compared to the same period in 2005.

Diseases

Fundecitrus did not conduct any Citrus Variegated Chlorosis (CVC) field survey in 2006 (see BR5026 for reference). The 2006 citrus canker sampling survey in the commercial area of the states of Sao Paulo indicates that 0.19 percent of the sampled blocks show citrus canker, due to weather conditions, which favor the disease and reduced inspections. Fundecitrus reports 0.14 and 0.11 percent for 2004 and 2005, respectively.

The evolution of citrus canker in 2006, as reported by Fundecitrus, follows: Cumulative 2006 (January-September) tree eradication for commercial groves (blocks) due to citrus canker is approximately 228,708 trees, up 54,224 trees from the same period in 2005. Cumulative non-commercial grove eradication for the January-September period is approximately 1,533,927 trees.

Evolution of Citrus Canker in the State of Sao Paulo, 2006

	Block				Domestic Grove		Nurseries	
Month	New	Recontaminatio	Total	Plants Eradicated	Total	Plants Eradicated	Total	Plants Eradicated
Jan-Mar	73	88	161	89,567	1,435	32,596	9	1,079,716
Apr-Jun	110	162	272	114,229	937	32,498	4	209,745
Jul-Sep	43	98	141	24,912	920	43,200	1	244,466
Total	226	348	574	228,708	3,292	108,294	14	1,533,927

Source: Sao Paulo State Fund for Defense of Citriculture (FUNDECITRUS).

As a consequence of the increased incidence of citrus cancer in 2006, Fundecitrus should prioritize the 2007 inspections on canker and reduce staff involved in greening inspections. This is also possible because according to the Normative Instruction # 32 of the Sao Paulo Secretariat of Agriculture of October 02, 2006, the grower will be responsible for inspecting their citrus groves, while Fundecitrus will only audit the work conducted by them.

As reported by Fundecitrus, the 2006 survey (updated 12/05/2006) shows that 150.06 and 84.48 million trees were inspected and re-inspected, respectively for HBL (greening). The survey indicates approximately 460,000 suspected cases on 3,500 farms. Although citrus greening has expanded to over 100 counties in the citrus commercial belt, the disease is highly concentrated in the central region of the state of Sao Paulo, e.g., 10 counties account for over 75 percent of affected trees.

Fundecitrus researchers scientifically identified that the vector Diaphorina citri as responsible for the transmission of the bacteria Candidatus Liberibacter americanus, which causes greening. Note that planting of healthy seedlings, vector (Diaphorina citri) control and eradication of affected plants are the principal measures being taken to control the disease. In addition, regular inspecting of groves is fundamental to containment of HBL.

In October 2006, Fundecitrus carried out a new survey for Sudden Death of Citrus (SDC). Twenty-five inspectors inspected a total of 3 million trees in 30 counties (21 counties bordering counties, which already show SDC symptoms and 9 counties, which showed very low incidence in previous surveys). Preliminary results show that the disease has not spread to new counties, although it has increased in previous affected areas.

Producers' Prices

The Orange Index price series released by the University of Sao Paulo's College of Agriculture "Luiz de Queiroz" (ESALQ) for both the fresh domestic market and product delivered to orange juice processing plants in the state of Sao Paulo follows. Both series track orange prices since September 1994. Prices for the fresh market are for fruit on the tree.

Orange Prices paid by Sao Paulo industry - spot market (Pera, Natal, Valencia varieties, average prices in Reais - R$, 40.8 kg box, fruits delivered to the

Month	2001	2002	2003	2004	2005	2006
Jan	3.98	8.71	10.07	9.87	7.08	12.13
Feb	5.11	7.19	7.58	7.05	6.83	9.90
Mar	5.46	6.00	6.25	5.29	6.01	8.66
Apr	5.50	5.80	5.67	4.91	5.85	7.58
May	5.50	5.04	5.78	5.03	6.10	7.21
Jun 1/	--	5.55	7.30	4.99	7.14	8.10
Jul	6.97	7.75	7.86	5.51	8.71	10.06
Aug	7.16	8.25	8.76	6.22	8.44	10.76
Sep	7.44	8.49	9.25	5.98	7.94	11.04
Oct	8.08	10.86	9.72	6.39	7.86	11.52
Nov	8.97	11.21	10.21	7.23	9.70	12.51
Dec	9.27	10.98	9.98	7.31	11.53	13.95

Source: CEPEA/ESALQ 1/ December 2006 price refers to December 11.

Orange Prices received by Producers in the Domestic Market (Pera Variety, average prices in Reais - R$, 40.8 kg box, fruits on the tree).

Month	2001	2002	2003	2004	2005	2006
Jan	4.15	11.29	13.48	11.29	9.13	15.68
Feb	6.33	10.62	13.76	10.43	9.78	19.53
Mar	9.97	10.50	15.69	9.42	12.64	19.08
Apr	9.82	10.07	14.16	8.95	11.66	13.72
May	8.51	8.86	11.04	8.68	9.36	10.68
Jun 1/	7.88	8.07	9.13	7.86	8.79	9.38
Jul	8.31	7.92	8.63	6.97	8.97	10.12
Aug	9.27	8.45	9.12	6.78	9.13	11.47
Sep	10.34	8.96	10.25	6.85	9.73	12.51
Oct	11.30	10.91	12.16	7.91	11.04	12.60
Nov	11.69	12.62	12.70	8.62	12.51	12.76
Dec	11.62	12.79	12.03	9.00	13.85	13.12

Source: CEPEA/ESALQ 1/ December 2006 price refers to December 11.

Both US Dollar based spot prices for processing and for domestic market steadily increased from US$ 4.62 to 5.78/box and from US$ 4.65 to 5.89/per box, respectively, during the July-November 2006 period, the peak of the harvest season, due to lower availability of the product and higher orange juice prices in international markets.

CEPEA recently announced that current orange prices paid by Sao Paulo industry reached record levels in nominal terms since the creation of the index. Indeed, oranges for processing reached a superior price (R$ 13.95/box or US$ 6.53/box) compared to oranges for domestic market (R$ 13.12/box or US$ 6.14/box), whereas historically the domestic market usually pays a better price per box. Higher prices paid by the industry indicate lack of product for processing, due to diminished supply.

Contract Price Renegotiation

As a consequence of increased production costs, the appreciation of the local currency, the Real, and strong price of orange juice in international markets, citrus growers demanded a readjustment in the contracts set up to 2005. After a long period of renegotiation, in August 2006, the citrus industry and the Agricultural Federation of the State of Sao Paulo (FAESP) agreed that all contracts settled up to 2005 would receive a bonus based on the international orange juice prices. The agreement, valid only for the 2006/07 crop, follows:

A. For fixed price contracts set up to 2005, new price = original contract price + bonus, where Bonus = {[(FCOJ Price at NYBOT – 138) * 14.55]/240}*50%. The minimum new price was set at US$ 4 per box.

B. For participation contracts set up to 2005, new price = set price in the original contract + bonus, where bonus ranges according to the table below.

2006/07 contract (US$)	Bonus per box
4.01 – 4.10	US$ 20 cents
4.11 – 4.20	US$ 16 cents
4.21 – 4.30	US$ 12 cents
4.31 – 4.40	US$ 8 cents
4.41 – 4.50	US$ 4 cents

However, the deal was never officially signed by FAESP and ABECITRUS, thus creating difficulties for growers to renew contracts collectively, according to the agreed formula. Post contacts report that some processing plants have been renegotiating contracts on a case-by-case basis, offering US$ 5.00/box for MY 2006/07, on average, and US$ 4.20/box for the next 2 crops (MY 2007/08 and MY 2008/09).

Consumption

Total Brazilian orange consumption for MY 2007/08 is projected at 125 Mbx, down 3.7 MBx compared to revised figure for MY 2006/07 (128.7 Mbx). Note that these figures include actual domestic consumption plus losses from natural drop, harvesting, transportation and packing.

Fruit delivered to processors for "not from concentrated (NFC)" orange production for the domestic market is also included in these figures. Domestic consumption estimates are taken as the difference between production estimates and the volume of oranges delivered to processors for FCOJ and NFC produced for exports.

Trade

Total fresh orange exports for MY 2007/08 is projected at 1 Mbx, similar to updated figure for MY 2006/07 (1.3 Mbx), based on updated information from the Brazilian Secretariat of Foreign Trade (SECEX). Note that the majority of exports usually occur during the harvest of the commercial crop (June-December). The table below shows official fresh orange exports (NCM 080510.00) by country of destination, for MY 2005/06 and 2006/07, according to SECEX.

Fresh Orange Exports by Country of Destination (MT, US$ 1,000 FOB)

	MY 2005/06 1/		MY 2005/06 2/		MY 2006/07 2/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Netherlands	17,002	5,143	15,210	4,572	18,605	6,080
Spain	5,804	1,567	5,804	1,567	13,803	4,501
United Kingdom	2,163	722	1,760	512	7,409	2,423
Oman	2,427	677	1,701	441	1,588	515
Belgium	23	5	0	0	1,542	493
Portugal	3,221	892	2,948	804	1,157	376
Saudi Arabia	550	193	414	148	704	235
Ireland	0	0	0	0	630	203
Ukraine	84	27	0	0	454	147
Indonesia	437	164	384	143	377	178
Others	2,182	608	2,157	588	412	161
Total	33,892	9,999	30,377	8,774	46,679	15,312

Source : Brazilian Department of Foreign Trade (SECEX)

1/July-June - 2/July-October NCM 0805.10.00

ORANGE JUICE (OJ)

PS&D Table

PSD Table

Country	**Brazil**			65	Degrees Brix					
Commodity	**Orange Juice**						(MT)			
	2004	Revised		2005	Estimate		2006	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		07/2005	07/2005		07/2006	07/2006		07/2007	07/2007	MM/YYYY
Deliv. To Processors	11995000	11995000	12056000	13259000	13259000	12527000	0	0	12403000	(MT)
Beginning Stocks	101000	101000	101000	28000	28000	18000	20000	20000	50000	(MT)
Production	1285000	1285000	1285000	1365000	1365000	1282000	0	0	1269000	(MT)
Imports	0	0	0	0	0	0	0	0	0	(MT)
Total Supply	1386000	1386000	1386000	1393000	1393000	1300000	20000	20000	1319000	(MT)
Exports	1335000	1335000	1345000	1347000	1347000	1222000	0	0	1234000	(MT)
Domestic Consumption	23000	23000	23000	26000	26000	28000	0	0	31000	(MT)
Ending Stocks	28000	28000	18000	20000	20000	50000	0	0	54000	(MT)
Total Distribution	1386000	1386000	1386000	1393000	1393000	1300000	0	0	1319000	(MT)

NOTE: The tables include Not From Concentrate (NFC) production for exports converted to FCOJ 65 Brix equivalent using the following conversion factor: 1 metric ton of FCOJ 65 Brix equals 5.6 metric tons of NFC 11.6 Brix.

Production

PS&D Tables

The following tables provide revised data for Sao Paulo commercial area and total Brazilian orange juice production, supply and demand (PS&D) for marketing years (MY) 2005/06, 2006/07 (July-June) and the initial forecast for MY 2007/08.

To reiterate, the tables include Not From Concentrate (NFC) production for exports converted to Frozen Concentrate Orange Juice (FCOJ) 65 Brix equivalent using the following conversion factor: 1 metric ton of FCOJ 65 Brix equals 5.273 metric tons of NFC 11.8 Brix.

Sao Paulo: FCOJ PS&D (Jul-Jun)
(Million 40.8 kg boxes, TMT, 65 degrees brix)

Item/Marketing Year	2005/06	2006/07	2007/08
(Bloom/Harvest)	(04/05)	(05/06)	(06/07)
Delivered to Processors	283.5	297.0	294.0
FCOJ	261.0	269.0	263.0
NFC	22.5	28.0	31.0
Beginning Stocks	101.0	18.0	50.0
Production	1,240.0	1,242.0	1,229.0
FCOJ	1,150.0	1,130.0	1,105.0
NFC (FCOJ equiv)	90.0	112.0	124.0
Total Supply	1,341.0	1,260.0	1,279.0
Exports	1,300.0	1,182.0	1,194.0
FCOJ	1,210.0	1,070.0	1,070.0
NFC (FCOJ equiv)	90.0	112.0	124.0
Domestic Consumption	23.0	28.0	31.0
Ending Stocks*	18.0	50.0	54.0
Total Distribution	1,341.0	1,260.0	1,279.0

Source: USDA/FAS/ATO/Sao Paulo * FCOJ Stocks only

Brazil: FCOJ PS&D (Jul-Jun)
(Million 40.8 kg boxes, TMT, 65 degrees brix)

Item/Marketing Year	2005/06	2006/07	2007/08
(Bloom/Harvest)	(04/05)	(05/06)	(06/07)
Delivered to Processors	295.5	307.0	304.0
Sao Paulo (FCOJ + NFC exports)	283.5	297.0	294.0
Others	12.0	10.0	10.0
Beginning Stocks *	101.0	18.0	50.0
Total Production	1,285.0	1,282.0	1,269.0
Sao Paulo FCOJ	1,150.0	1,130.0	1,105.0
Sao Paulo NFC (FCOJ equiv)	90.0	112.0	124.0
Others	45.0	40.0	40.0
Total Supply	1,386.0	1,300.0	1,319.0
Exports	1,345.0	1,222.0	1,234.0
Sao Paulo FCOJ	1,210.0	1,070.0	1,070.0
Sao Paulo NFC (FCOJ equiv)	90.0	112.0	124.0
Others FCOJ	45.0	40.0	40.0
Domestic Consumption	23.0	28.0	31.0
Ending Stocks	18.0	50.0	54.0
Total Distribution	1,386.0	1,300.0	1,319.0

Source: USDA/FAS/ATO/Sao Paulo * FCOJ Stocks only

General

ATO/Sao Paulo projects total Brazilian FCOJ 65 Brix equivalent production for MY 2007/08 (July-June) at 1.269 million metric tons (mmt). The projection is comparable to MY 2006/07 (1.282 mmt), revised lower due to reduced availability of fruit for processing. Note that steady trend of increasing NFC production as opposed to declining FCOJ production. The MY 2006/07 crush season is expected to extend through January-February.

The Sao Paulo industry is likely to contribute 294 MBx for MY 2007/08 processing (263 and 31 Mbx of oranges for FCOJ and NFC production, respectively). The production breakdown for Sao Paulo follows: 1.105 mmt of FCOJ and 695,650 metric tons of NFC (or 124,000 tons of NFC converted to FCOJ equivalent). Other producing states should amount 10 MBx for processing, similar to current MY.

Note that orange juice figures include Not From Concentrate (NFC) production for exports converted to FCOJ 65 Brix equivalent. There is no official estimate for NFC supply and demand in Brazil.

Consumption

ATO/Sao Paulo projects FCOJ domestic consumption for MY 2007/08 at 31,000 mt, 65 Brix, a 10 percent increase compared to updated figure for MY 2006/07 (28,000 mt), due to entry of new juice companies into the market as well as increased consumption of functional drinks, e.g., healthy beverages with nutritive value.

Trade

Total Brazilian FCOJ 65 Brix equivalent exports for MY 2007/08 are forecast 1.234 mmt, up only 12,000 tons from updated estimate for MY 2006/07, due to tight availability of oranges for crushing and continued low stocks. The Sao Paulo industry should account for 1.194 mmt, 65 Brix equivalent, whereas the remaining 40,000 tons should come from other FCOJ producing states.

The FCOJ 65 Brix equivalent exports for MY 2006/07 are estimated at 1.222 mmt, down 9 percent from previous estimate, based on information provided by SECEX and post contacts. The lower availability of fruits and reduced production has limited export volumes. Note the steady trend on larger NFC exports.

The tables below show official FCOJ exports (NCM 2009.11.00, NCM 2009.12.00 and 2009.19.00) by country of destination for MY 2005/06 and 2006/07, according to SECEX. Note that the “Others” category includes both FCOJ and Not From Concentrate (NFC) exports. Post considers the average monthly price by country of destination for the “Others” category as a criterion to distinguish between FCOJ and NFC exports.

Frozen Concentrated/Non-Concentrated Orange Juice Exports (MT, US$ 1,000 FOB)

	MY 2005/06 1/		MY 2005/06 2/		MY 2006/07 2/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Belgium	498,977	392,032	198,233	139,786	169,276	185,376
U.S.A.	157,367	152,925	56,217	51,754	56,631	76,579
Switzerland	43,475	32,513	12,791	8,780	21,026	20,839
Netherlands	47,391	38,701	21,940	17,116	17,974	25,598
Japan	87,224	80,593	32,366	25,486	17,702	22,923
Australia	19,002	13,152	8,376	4,734	10,522	11,431
China	44,474	39,019	12,656	9,022	9,899	11,562
Israel	8,311	7,454	3,327	2,539	4,847	6,370
Puerto Rico	20,279	15,919	4,047	3,035	3,058	2,905
Saudi Arabia	8,213	7,692	2,553	1,820	2,082	2,567
Others	67,002	60,152	23,668	17,821	17,651	22,462
Total	1,001,714	840,152	376,176	281,894	330,667	388,610

Source : Brazilian Department of Foreign Trade (SECEX)
1/July-June - 2/July-October NCM 2009.11.00

Brazilian Orange Juice Exports, Not Frozen, Brix under 20 (MT, US$ 1,000 FOB)

	MY 2005/06 1/		MY 2005/06 2/		MY 2006/07 2/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Belgium	239,530	65,516	81,089	17,984	103,634	29,112
Netherlands	151,059	42,892	37,240	9,276	72,617	21,789
U.S.A.	96,561	20,829	30,447	6,475	64,895	16,278
Chile	463	207	154	58	176	90
China	252	132	0	0	126	62
Singapore	93	32	18	6	88	35
New Zealand	385	126	149	42	74	26
Angola	122	78	26	15	64	42
Indonesia	37	13	0	0	19	6
United Kingdom	5	3	5	3	8	2
Others	13,649	4,081	6,186	1,683	0	2
Total	502,156	133,909	155,316	35,543	241,699	67,446

Source : Brazilian Department of Foreign Trade (SECEX)
1/July-June - 2/July-October NCM 2009.12.00

Brazilian Orange Juice Exports, Others (MT, US$ 1,000 FOB)

	MY 2005/06 1/		MY 2005/06 2/		MY 2006/07 2/	
Country	Quantity	Value	Quantity	Value	Quantity	Value
Netherlands	201,727	186,250	63,912	48,842	46,890	59,601
United Kingdom	49,339	45,823	14,744	11,645	13,328	16,586
Israel	1,412	1,547	0	0	0	0
Switzerland	2,003	1,542	2,000	1,540	2,000	2,400
Japan	270	159	217	125	45	33
Argentina	57	83	17	44	4	19
Russia	74	82	0	0	0	0
U.S.A.	31	71	1	4	0	1
Chile	68	57	68	57	0	0
Libya	66	32	57	31	0	0
Others	121	106	70	58	30	17
Total	255,167	235,751	81,087	62,346	62,297	78,657

Source : Brazilian Department of Foreign Trade (SECEX)

1/July-June - 2/July-October NCM 2009.19.00

Stocks

Post forecasts total ending stocks for MY 2007/08 at 54,000 mt, 65 Brix, up 4,000 mt relative to revised MY 2006/07 estimate (50,000 mt). Note that stock levels are still low compared to historical figures. Actual stocks data is not available.

Policy

In late November 2006, the Economic Defense Administrative Council (CADE) rejected the agreement proposal settled in August 2006 by citrus processors and the Secretariat of Economic Rights (SDE). According to the proposal, citrus processors would have paid a R$ 100 million settlement of the complaint filed at CADE (Economic Defense Administrative Council) in 1999, in which citrus processors were charged with cartel formation.

If CADE had approved the settlement, the organization would have issued a “Termo de Cessação de Conduta or TCC” (Term of Termination of Conduct), and the investigation would have ended with R$ 85 million provided to the “damaged” parties, (i.e. citrus growers) to support the development of citriculture in Sao Paulo. The investigation against cartel formation is expected to continue.

Exchange Rate

Exchange Rate (R$/US$1.00 - official rate, last day of period)

Month	2002	2003	2004	2005	2006
January	2.42	3.53	2.94	2.62	2.22
February	2.35	3.56	2.91	2.60	2.14
March	2.32	3.35	2.91	2.67	2.17
April	2.36	2.89	2.94	2.53	2.09
May	2.52	2.97	3.13	2.40	2.30
June	2.84	2.87	3.11	2.35	2.16
July	3.43	2.97	3.03	2.39	2.18
August	3.02	2.97	2.93	2.36	2.14
September	3.89	2.92	2.86	2.22	2.17
October	3.65	2.86	2.86	2.25	2.14
November	3.59	2.95	2.73	2.21	2.17
December	3.53	2.89	2.65	2.26	2.14

Source: Gazeta Mercantil. Note: December 2006 ROE refers to Dec 11.