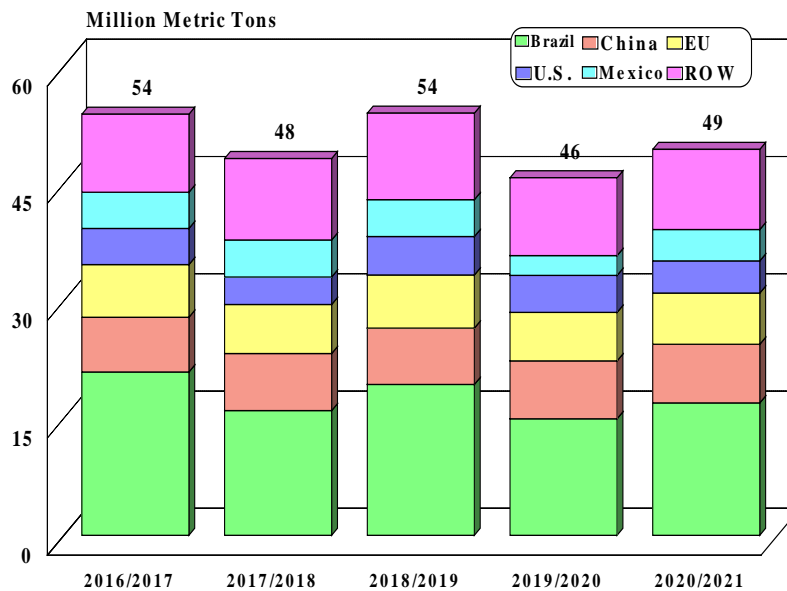




GLOBAL MARKETS FOR TEXAS ORANGES¹

During the 2020 production season, global orange production was 49.3 million metric tons (MMT). Since the 2017 season, the United States ranks fourth in world production of oranges. The leader in global orange production is Brazil which, during 2020, produced 16.9 MMT of oranges. Brazil is more than double the next closest country's production and has been the source of between 33 and 39 percent of total orange production in the world. Following Brazil, is China and the EU which when combined produce nearly the same amount as Brazil. U.S. production of oranges during 2020 was about 8.3 percent of global production at 4.11 MMT, down slightly from the 5-year annual average of 4.38 MMT. Mexico is also a major producer of oranges. These top five major producers together account for between 78 and 81 percent of total orange production with the rest of the world the source of 19 to 22 percent.

World Orange Production, 2016-2021



Source: Production, Supply, and Distribution - online, FAS/USDA

Global Exports of Oranges

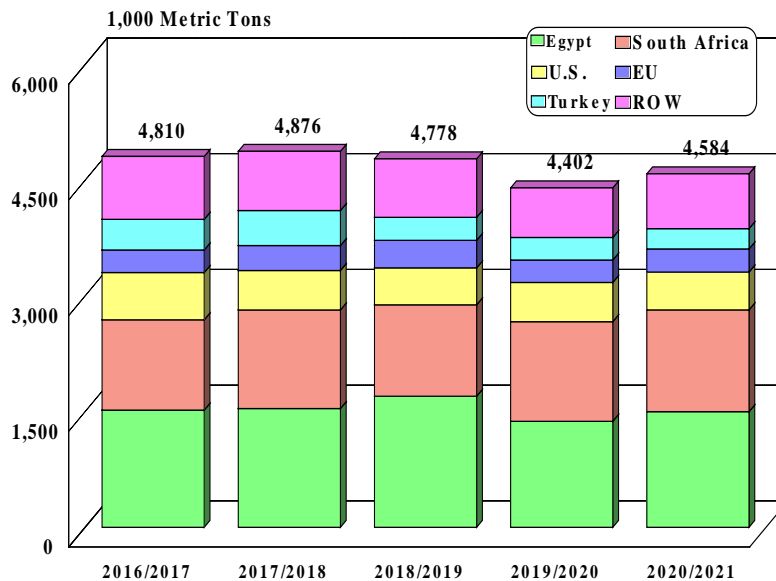
Total exports of fresh market oranges during the last two years have been lower than years prior. During 2020, there were 4.58 MMT of oranges exported, up 168 thousand metric tons (TMT)

¹ *Global Markets for Texas Oranges* is a report of the project Export Market Analysis for Selected Texas Commodities, funded by the Texas Department of Agriculture. For more information, please contact the Center for North American Studies, Department of Agricultural Economics, Texas A&M AgriLife Extension Service, College Station, TX, 77843-2124. 979-845-3070.

from the year prior. Since 2016, the world fresh orange exports have averaged 4.69 MMT with the two leading countries in orange exports being Egypt and South Africa. During the most recent year Egypt exported 1.5 MMT of oranges and South Africa exported 1.32 MMT of oranges. While these exports are similar to the average for Egypt, South Africa's orange exports have been growing since 2016 with the exception of a minor decrease during the 2018 marketing year. These two countries' share of world orange exports has been on the rise. In 2016, Egypt and South Africa together accounted for 56 percent of world exports and increased every year since to 62 percent of total world exports during 2020. Following Egypt and South Africa is the United States. During 2020, U.S. orange exports fell to 490 TMT but were above the recent 5-year low of 479 TMT during 2018. Average U.S. fresh orange exports have been 520 TMT since 2016.

It's important to note that despite being the world's leading producer of oranges Brazil is not a major exporter of fresh oranges. This is because Brazil sends a high percentage of oranges to juicing plants and is the world's largest producer and exporter of frozen concentrate orange juice. This report focuses only on fresh market oranges.

World Orange Exports, 2016-2021



Source: Production, Supply, and Distribution - online, FAS/USDA

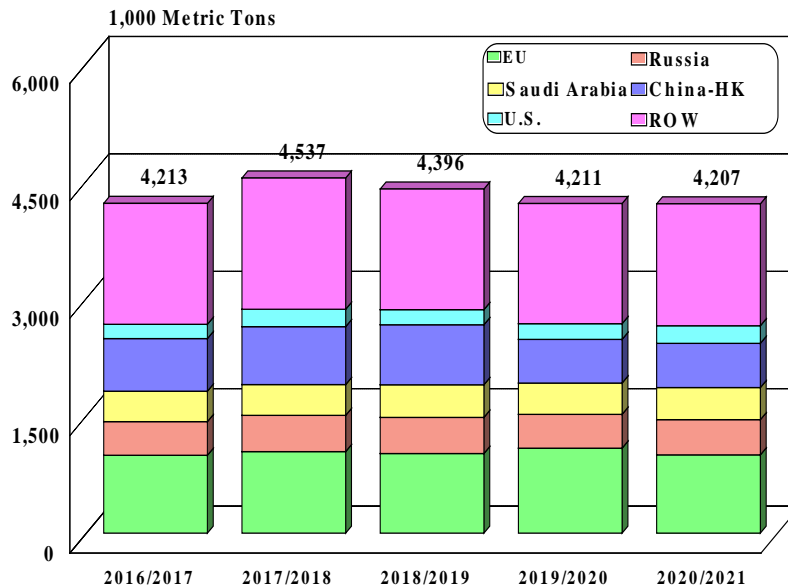
Global Importers of Oranges

The world's leading importer of oranges is the EU which imports 75 percent more than the second leading importer, China-Hong Kong (HK). During 2020, the EU imported 1 MMT of oranges. The EU is followed by China-HK which has averaged 660 TMT since 2016, though during the past two years, China orange imports have been quite a bit lower at 558 and 565 TMT. Russia and Saudi Arabia follow China as the next largest importers. Russia imported 450 TMT during 2020 and Saudi Arabia imported 410 TMT. Both countries' imports have seen similar changes in imports across this time with growth of around 30 TMT and a peak during

2018. The United States is also a major importer of oranges. Since 2016, U.S. fresh market orange imports have averaged 204 TMT over the last five years and were 225 TMT during 2020. These are the highest imports seen recently. These five major importers account for between 63 and 65 percent of total world imports.

Note: the difference of around 300 TMT in imports and exports can be attributed to differences in reporting between countries and intra-EU trade

World Orange Imports, 2016-2021

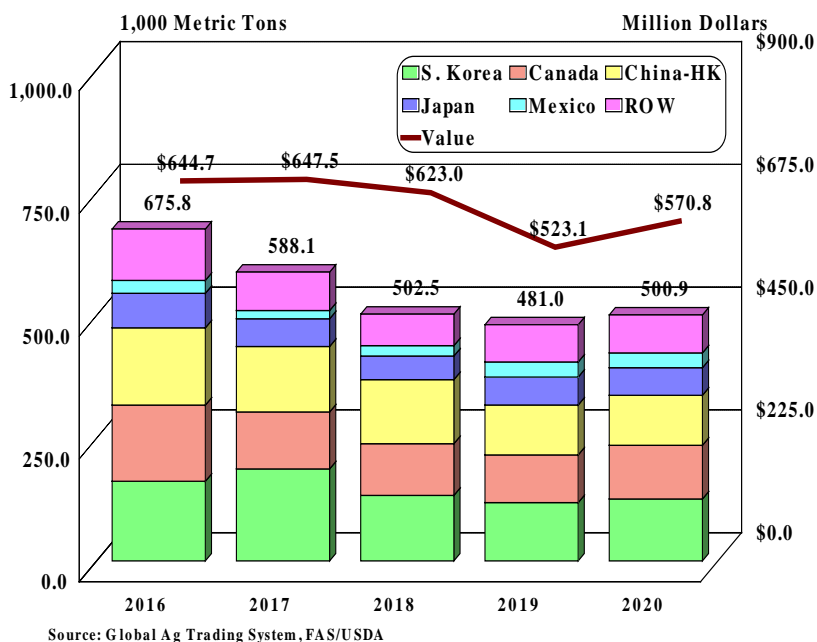


Source: Production, Supply, and Distribution - online, FAS/USDA

U.S. Orange Exports

U.S. orange exports have decreased since 2016, from a high of 675.8 to 481 TMT during 2019. During 2020, the United States exported 500.9 TMT of oranges which was valued at \$570.8 million, both slightly more than the previous year. The largest market for U.S. oranges is South Korea. During 2020, U.S. orange exports to Korea were 126 TMT with a value of \$168.2 million. Exports to South Korea peaked during 2017 at 187 TMT before decreasing the next two years. Canada and China-HK each imported slightly less than South Korea during 2020 at 109.2 TMT and 101.8 TMT, respectively. Just as with South Korea, U.S. exports to Canada and China-HK are down from 2016. Similar to the other countries mentioned, Japan fell below their average orange imports from the United States, but only slightly. U.S. exports have remained relatively stable at 56 TMT, after falling from 70 TMT in 2016. Mexico is also a large market for U.S. orange exports – 30.1 TMT valued at \$15.2 thousand dollars during 2020.

U.S. Orange Exports, 2016-2020



Orange production in the United States is led by California and Florida, but Texas oranges do have a presence in the market. Texas grown oranges are primarily consumed or processed domestically with a small amount being exported to Canada.

The highest year of production for Texas oranges was during the 2017/18 marketing year where 36.9 TMT of oranges were produced and nearly 200 MT were exported from Texas to Canada. During the 2020/21 marketing year, there was 18.2 TMT of oranges produced in Texas. The majority of this went to domestic consumption with 81.5 MT of orange exports to Canada. About 20-25 percent of navel oranges are typically sold to juice plants with the remainder, including Valencia oranges, sold in the domestic and foreign fresh orange markets. It is not yet known the extent to which the February 2021 freeze will impact future Texas orange production.

Texas Orange Production and Exports, MT

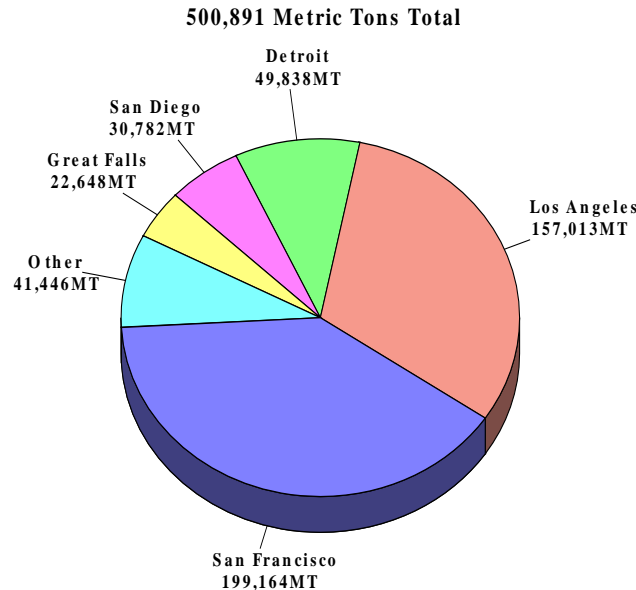
	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Early	21,513	19,975	20,613	16,585	20,971	14,737	14,647	14,927
Navel	8,274	6,535	7,253	6,927	8,720	7,187	4,699	3,267
Valencia	6,203	3,917	6,075	4,871	7,159	4,483	208	26
Total Production	35,990	30,427	33,941	28,384	36,851	26,408	19,556	18,221
Canada Exports	157.8	189.8	266	325.4	183.6	115.72	132.5	81.5

Source: Texas Valley Citrus Producers

With such a large amount of production of oranges in the United States being focused in California, the San Francisco and Los Angeles port districts are historically the largest for exporting oranges. During 2020, San Francisco and Los Angeles were the port districts of export for 356 TMT of total orange exports, or 71 percent. With orange exports decreasing since 2016, one of the most impacted ports was Los Angeles. Exports from the port of Los Angeles were 129

TMT lower than in 2016 and continues a gradual decline. Detroit, San Diego, and Great Falls were the next three largest port districts for orange exports.

U.S. Orange Exports by Port District, 2020



Source: Global Ag Trading System, FAS/USDA and U.S. Census Bureau from WiserTrade

Barriers to Trade and Tariffs

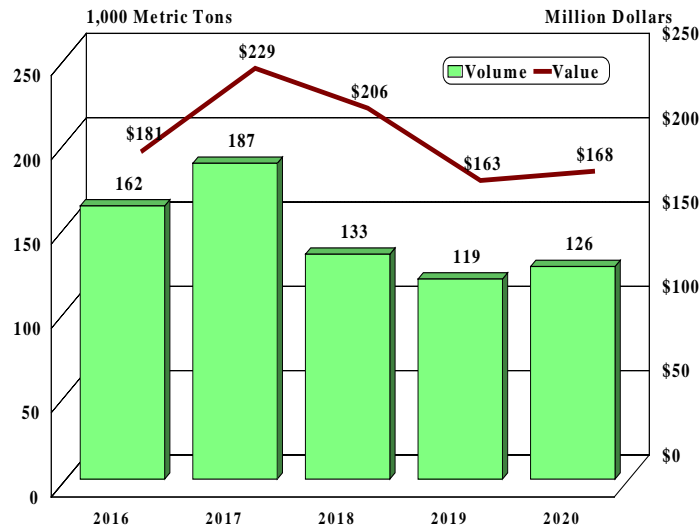
There is no tariff on U.S. oranges in Canada and Saudi Arabia. However, China and South Korea have tariffs set at 56 and 50 percent, respectively. Orange exports to Japan and the EU have varying tariffs depending on the time of year. Japanese tariffs on oranges are set at 20.4 percent from December 1 –March 31, then lowered to 10.6 percent from the April 1 –May 1, and 5.3 percent from May 1–November 30. The EU’s tariff rate on oranges is at the highest from October 16–March 31 at 16 percent, in April to 10.4 percent, and falls further during May. For the first 15 days of May orange tariffs decrease to 4.8 percent and for May 16–October 15, the EU tariff on U.S. oranges is 3.2 percent.

Canada has no certification requirements on imported oranges, but China, South Korea, Japan, the EU, and Saudi Arabia each require phytosanitary certification for orange imports. An IP is obtained by the foreign importer. A PC may be obtained by contacting the USDA Animal and Plant Health Inspection Service (APHIS). Contact information for the Texas APHIS is found at: https://www.aphis.usda.gov/aphis/ourfocus/planthealth/sa_export/sa_ecs/texas/.

U.S. Orange Exports to South Korea

During 2020, U.S. orange exports to South Korea were 126 TMT valued at \$168 million. The average annual shipment of U.S. oranges to South Korea is 145.5 TMT but have been consistently below beginning in 2018. While South Korea reports that the United States is the primary supplier of oranges to the country, Australia, Spain, and South Africa are also in the market there.

U.S. Orange Exports to South Korea, 2016-2020

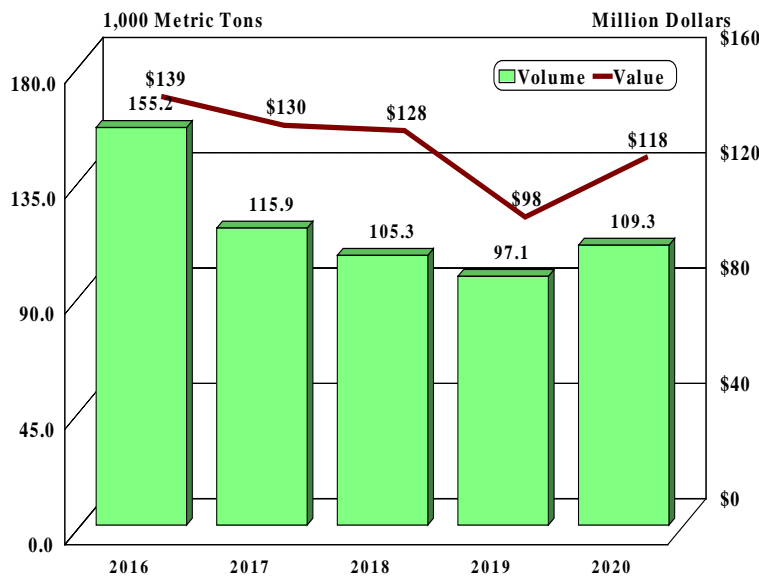


Source: Global Ag Trading System, FAS/USDA

U.S. Orange Exports to Canada

Canada’s most recent report of orange imports show the United States was their largest supplier of oranges. In this market, South Africa and Spain have a large presence with Morocco and Australia also being competitors. South African exports to Canada were about one third of U.S. exports while Spain exports were slightly lower than South Africa’s exports. During 2020, U.S. orange exports to Canada were 109.3 TMT, valued at \$118 million. Orange exports from the United States to Canada since 2016 have averaged 116.5 TMT though there has been a decrease in U.S. orange exports to Canada since 2016.

U.S. Orange Exports to Canada, 2016-2020



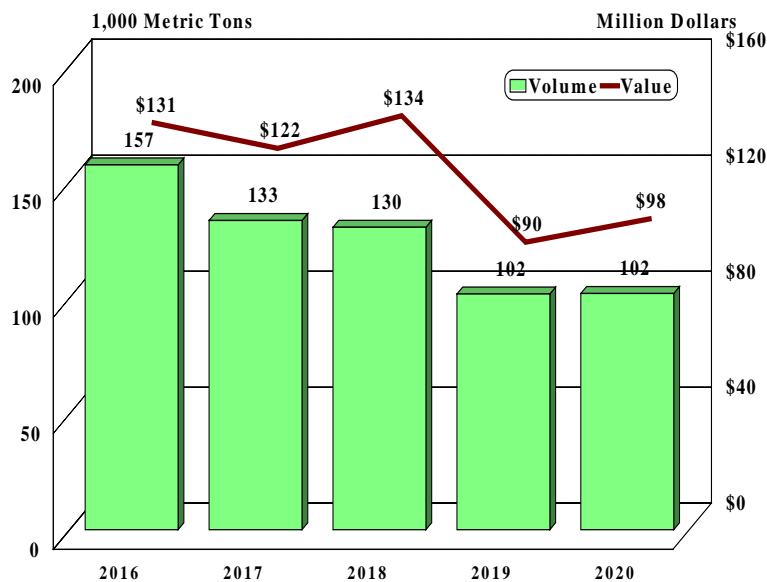
Source: Global Ag Trading System, FAS/USDA

U.S. Orange Exports to China-Hong Kong

U.S. orange exports to China–HK in 2016 were the largest exports since 1998. Average exports since 2016 have been 126 TMT. During 2020, U.S. orange exports were 102 TMT, valued at \$98 million.

During 2018, China–HK reports having 90 TMT more imports of South African oranges than imports from the United States. The United States is then followed closely by Egypt in orange export volume in China–HK. Australia and Spain are also major competitors in the market, together these two countries supply about the same as the United States.

U.S. Orange Exports to China-HK, 2016-2020

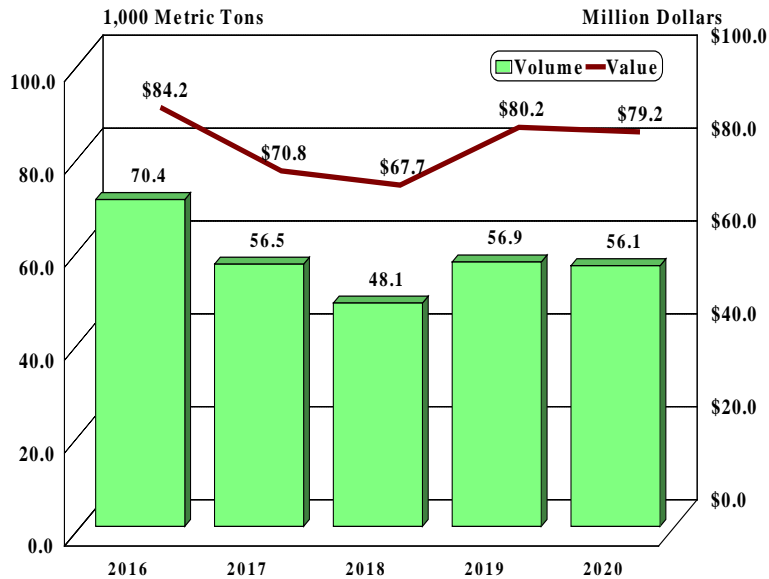


Source: Global Ag Trading System, FAS/USDA

U.S. Orange Exports to Japan

During 2020, U.S. orange exports to Japan totaled 56.1 TMT with a value of \$79.2 million. This is on par with past years and is within nearly identical to 2017 and 2019 exports to Japan. Historically, the United States supplies over half of the oranges that are imported by Japan. Australia holds the next largest share of orange exports followed by South Africa and Mexico.

U.S. Orange Exports to Japan, 2016-2020

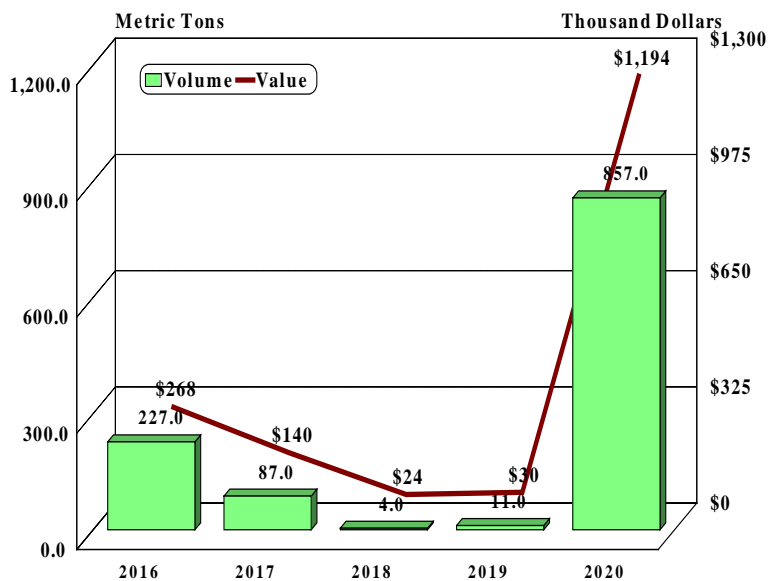


Source: Global Ag Trading System, FAS/USDA

U.S. Orange Exports to the European Union

While there was a large increase for the presence of U.S. oranges in the EU orange market during 2020 compared to recent history, it is still relatively small when compared to other major competitors in the market. During 2020, U.S. orange exports to the EU were 857 MT valued at \$1.19 million, an 846 MT increase from the year prior. The source of the massive increase in U.S. orange exports was poor weather in the EU affecting production of orange crops during 2020.

U.S. Orange Exports to EU, 2016-2020



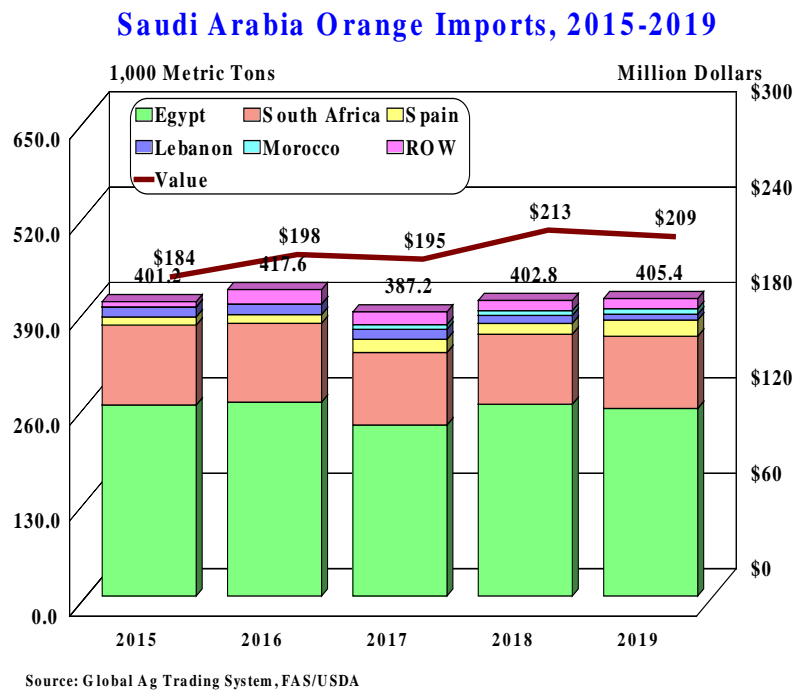
Source: Global Ag Trading System, FAS/USDA

With one million metric tons being imported by EU countries annually, the United States faces significant competition from South Africa and Egypt, as well as Morocco, Argentina, and Zimbabwe.

The Saudi Arabian Market for Orange Exports

Saudi Arabia is the third largest orange importer in the world, a market which totaled 405 TMT in 2019. Egypt composed 63 percent of these imports, or 256 TMT. South Africa, Spain, Lebanon, and Morocco are all also major exporters to the country. Since 2017, U.S. annual orange exports to Saudi Arabia have been below 100 MT with 74 MT reported during 2020.

The United States faces a geographical disadvantage in this market due to proximity of other suppliers to Saudi Arabia. While free of tariffs, transportation costs to Saudi Arabia from the United States are significantly higher than for competitors in the market.



Conclusion

U.S. orange exports face relatively few non-tariff barriers with most countries requiring only a phytosanitary certificate. Tariffs on the other hand are an issue that exports from the United States face in some markets. Two of the largest export markets for U.S. oranges, South Korea and China-Hong Kong, have tariffs set at 50 and 56 percent respectively. Also the varying tariff rates in Japan and the EU increase during the higher periods of U.S. orange exports to these countries.

Texas orange exports are sent to Canada with no PC requirement or tariffs in place. There is potential for expansion into markets like the EU, the largest foreign market for oranges in which the United States has a relatively low presence.

Overall, the United States is a major participant in the global orange market and has room to grow in many major markets. The largest hurdles to U.S. orange exports are tariffs and higher transportation costs compared to some competitors. Finding ways to lower these costs could allow producers to tap into a larger share of these major world markets.

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