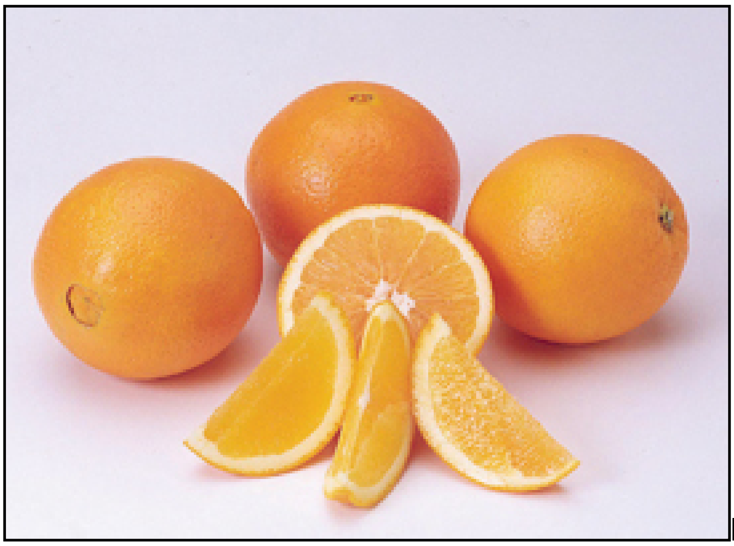
Citrus import demand up and growing in the United States

June 26, 2013

While per capita consumption of fresh citrus has declined since 1980, total U.S. consumption of citrus fruits has increased 20 percent since that time, according to a report titled “U.S. Citrus Import Demand: Seasonality and Substitution,” compiled by Katherine L. Baldwin, formerly of the Economic Research Service, U.S. Department of Agriculture, was presented at the Southern Agricultural Economics Association Annual Meeting in Birmingham, AL, in February 2012.



Imported summer Navel oranges from DNE World Fruit.Over the same period, total U.S. production of citrus fruits has been flat to declining, including the virtual disbandment of the U.S. commercial lime industry.

In order to fulfill domestic fresh citrus demand, imported citrus has increased in importance, accounting for more than 20 percent of total domestic consumption in the 2009-10 crop year.

Today citrus fruits make up one-fifth of all fresh fruit consumed in the United States.

Using quarterly U.S. import data for several citrus commodities, researchers for the report employed a demand model and evaluated aspects of seasonality.

All citrus fruits exhibit some seasonality in their imports, which is a result of peak harvesting schedules of exporters.

According to the USDA Economic Research Service, oranges in both fresh and juice form alone account for nearly 10 percent of total per capita fruit consumption.

Orange imports in 2009-10 were 10 times higher than levels seen in 1980-81. Regardless, imports still only account for a minute 6 percent share of U.S. consumption, up from only 1 percent in 1980-81. The motivation for increased imports is largely a matter of seasonality. Peak import season begins in July after the end of the California Navel season and ends in October when the harvesting of Florida's early-season varieties begins.

South Africa, Chile, Mexico and Australia are the top sources for U.S. orange imports. South Africa has been the largest supplier of fresh oranges to the U.S. market essentially since 2003. Its entrance into the U.S. market began with the 2000 passage of the African Growth Opportunity Act, under which all imports of oranges from South Africa enter the U.S. duty-free. Interestingly, the top four fresh orange suppliers receive preferential trade status, and all but South Africa export under free trade agreements.

Amongst all citrus fruits produced in the United States, grapefruit is unique in that both domestic production and consumption are falling. Indeed, the long-term decline in U.S. grapefruit production is a product of weak U.S. consumer demand. Even with declining domestic demand, the U.S. remains the world's second-largest producer of grapefruit.

Around 70 percent of the U.S. grapefruit crop is grown in Florida, with Texas and California accounting for 20 and 10 percent, respectively. Bearing acreage has declined an average of 7 percent each year since 2005-06 in Florida, but seems to have stabilized in California and Texas. In total, U.S. grapefruit production has declined by 50 percent since the 2000-01 marketing year. The report noted numerous reasons for the decline in demand, including fear of drug interaction.

Although tariffs vary seasonally for grapefruit, more than 99 percent of grapefruit imports enter the U.S. under duty-free status. With declining consumer demand, it is not surprising that imports of grapefruit are small, accounting for around 3 percent of U.S. fresh grapefruit consumption.

U.S. production of lemons remains strong, supplying more than 90 percent of domestic consumption needs and even making the U.S. the fifth-largest exporter of fresh lemons and limes in the world. Nearly all U.S. lemons are produced in California and Arizona, with the season running from August through July, and with Californian producers able to store production long enough to partially supply the high-demand summer season. Imports tend to be highest during the summer months. However, U.S. production is just gearing up for harvest at that time, and domestic supplies are at their lowest. Despite rising import demand during the summer months, imports only account for around 10 percent of U.S. consumption. Mexico and Chile are the primary sources of U.S. lemon imports, with both countries able to ship lemons duty-free through free trade agreements.

As with lemons, the U.S. mandarin and tangerine industry is on a trend of increasing both production and consumption. However, imports make up a significant portion of U.S. mandarin consumption, and the fruits are typically consumed fresh.

Worldwide, mandarins are known for being easy to peel and readily separating into different sections, which makes them convenient to eat in fresh form. Moreover, many different countries in the world produce their own particular varieties of mandarins, including Satsumas, clementines and numerous tangerine hybrids.

While most mandarins consumed in the U.S. are domestically grown, seasonal imports account for nearly 30 percent of consumption. Unlike other citrus varieties, mandarins do not store well on the tree and should be harvested soon after maturity. For this reason, the U.S. marketing season for mandarins is shorter than it is for other citrus varieties. Nearly half of U.S. mandarin imports come from Spain, with Chile, Morocco and Peru accounting for most of the remainder.

Imports from Spain represent nearly all of the clementine variety, which are in high demand by U.S. consumers because they are seedless. Total U.S. imports tend to peak November through January when the bulk of Spain’s crop is marketed. A smaller peak occurs in July and August when Chilean clementine and Peruvian tangelos enter the market.

More than 80 percent of citrus imports enter the U.S. under duty-free status due to various trade agreements.

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