Q4 2025 OUTLOOK

California Citrus Farmers Squeezed in 2025

By Matt Woolf, Ph.D.

REPORT SNAPSHOT

Situation: California citrus producers face tighter margins in some parts of the industry as they contend with increased costs, tariffs, and a more structural decrease in net exports.

Impact: Growers should be in frequent contact with their packing house about the right harvest window and consider zero-base budgeting to maximize returns.

THREE UNIQUE CHALLENGES

It's never a dull moment in the citrus market. The national industry faces continual challenges due to factors such as frost, hurricanes and labor shortages, which make citrus crops highly susceptible to annual environmental and economic fluctuations.

Ever since citrus greening, a condition that destroys fruit on the tree, hit Florida's citrus sector in 2005, the state's industry has continued to struggle with the disease. Its production declined 90% by 2023, according to the USDA.

While California has mostly been able to manage the disease, growers have their own set of challenges:

1. Costs
2. International competition
3. Canada's tariffs on U.S. citrus

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CHALLENGE NO. 1: COSTS

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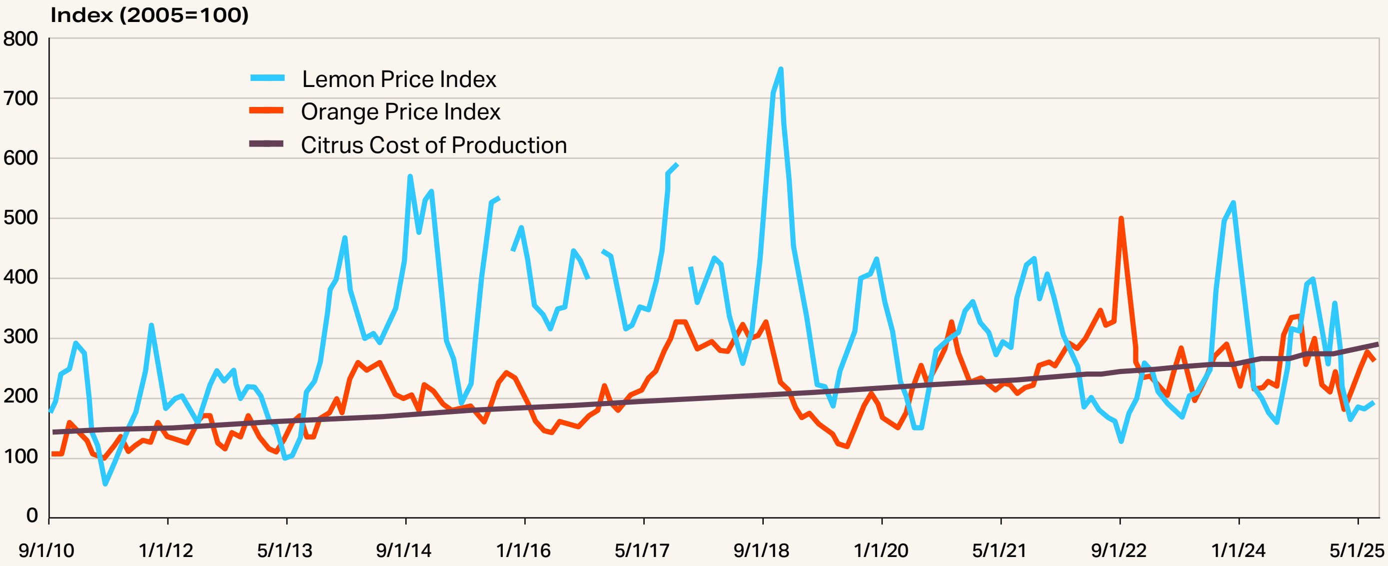
Tighter Margins for Citrus Producers in 2025



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Sources: USDA, California Citrus Mutual, FRED, Terrain

from California Citrus Mutual. Picking and hauling and packing and marketing have also seen cost increases.

Picking and hauling increased from about $575 per acre in 2005 to just over $1,200 (up 109%), while packing and marketing increased from $2,067 to $2,750 over the same period (up 33%).

Rising costs are mainly due to labor, fuel, fertilizer, crop protection tools and interest. Regulatory expenses, however, have also grown. A study from Cal Poly showed regulatory costs increased from $67 per acre in 2012 to $447 per acre in 2018, a nearly 570% increase.

Cost categories that were particularly high for citrus are capital investment to manage compliance ($58.23 per acre), costs associated with material applications ($137.06 per acre), education and training for compliance ($61.23 per acre), and food safety ($63.03 per acre).

Though citrus prices are always volatile and returns can vary by variety and quality, the 2025 season has been more challenging, with relative costs being higher than relative orange and lemon prices when indexed to 2005.

This is especially true for lemons, which have seen increases in acreage, and less true for oranges, which have seen declining acreage. Lemon growers in the Ventura region have experienced a particularly tough year in terms of price given the higher quality coming out of the Central Valley.

The U.S. has imported more citrus than it exports since 2014, and the gap is widening quickly.

CHALLENGE NO. 2: INTERNATIONAL COMPETITION

Another possible explanation for relatively lower pricing is the rise of competitors like Mexico and South America, which have begun to fill the demand gap in the market. Though peak imports don't align with times of peak California production, there's often enough of an overlap that can affect markets for domestic producers at the beginning or end of their season.

More broadly, the U.S. has imported more citrus than it exports since 2014, and the gap is widening quickly. The gap between exports and imports of fresh citrus has risen from approximately 1 million boxes in 2014 to 30 million in 2024.

CHALLENGE NO. 3: CANADIAN IMPORTS OF U.S. CITRUS

The U.S. administration's implementation of tariffs since early 2025 has further complicated the situation.

Canada, the industry's second-largest export market, initially slapped a 25% counter-tariff on U.S. citrus products in March, which appears to have put downward pressure on fresh citrus exports. Whereas fresh citrus volumes usually flatten out at their peak at the start of the year, they fell 30% from January to March and have only partially recovered.

The tariff was removed in September, which should help export values and volumes going forward, but future tariff conditions remain uncertain.

Early- and late-season markets could be riskier but also have the potential to reap a higher return if imports are lower than expected.

TWO MOVES TO SUPPORT EFFICIENCY, PROFITABILITY

To stay cost-competitive, growers should do two things to make sure they maximize profits:

- Maintain strong communication with your packing house and marketer. This will help you stay informed on the right varieties to grow and the best selling window. Early- and late-season markets could be riskier but also have the potential to reap a higher return if imports are lower than expected.
- Focus on the cost structure of your own operation. This is especially relevant in citrus given the costliness and wide year-to-year price swings. One way to do this is to implement zero-base budgeting, where each line each year is justified rather than building upon last year's budget. This enforces discipline and accountability and ensures a greater level of efficiency at your operation.

ABOUT THE AUTHOR

Matt Woolf, Ph.D., is Terrain's specialty crop analyst, focusing on tree nuts, fruits and vegetables. He is a native of California's Central Valley, where his family grows almonds, pistachios and a variety of row crops. Matt has an extensive academic, teaching and research background, including a Ph.D. in economics from the Australian National University.

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