

USDA Agricultural Outlook Forum 2007

# **OBSTACLES AND OPPORTUNITIES:**

LOOKING AT THE FUTURE OF THE FLORIDA  
CITRUS INDUSTRY

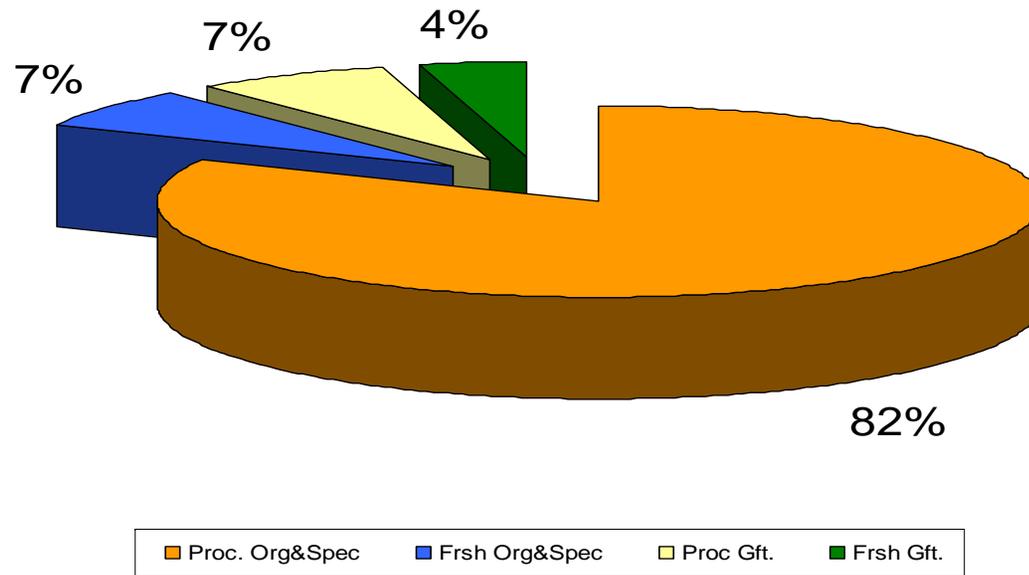
Michael W. Sparks  
Executive Vice President/CEO  
Florida Citrus Mutual

Presented: Friday, March 2, 2007



# Utilization of Florida's 2005-06 Citrus Crop

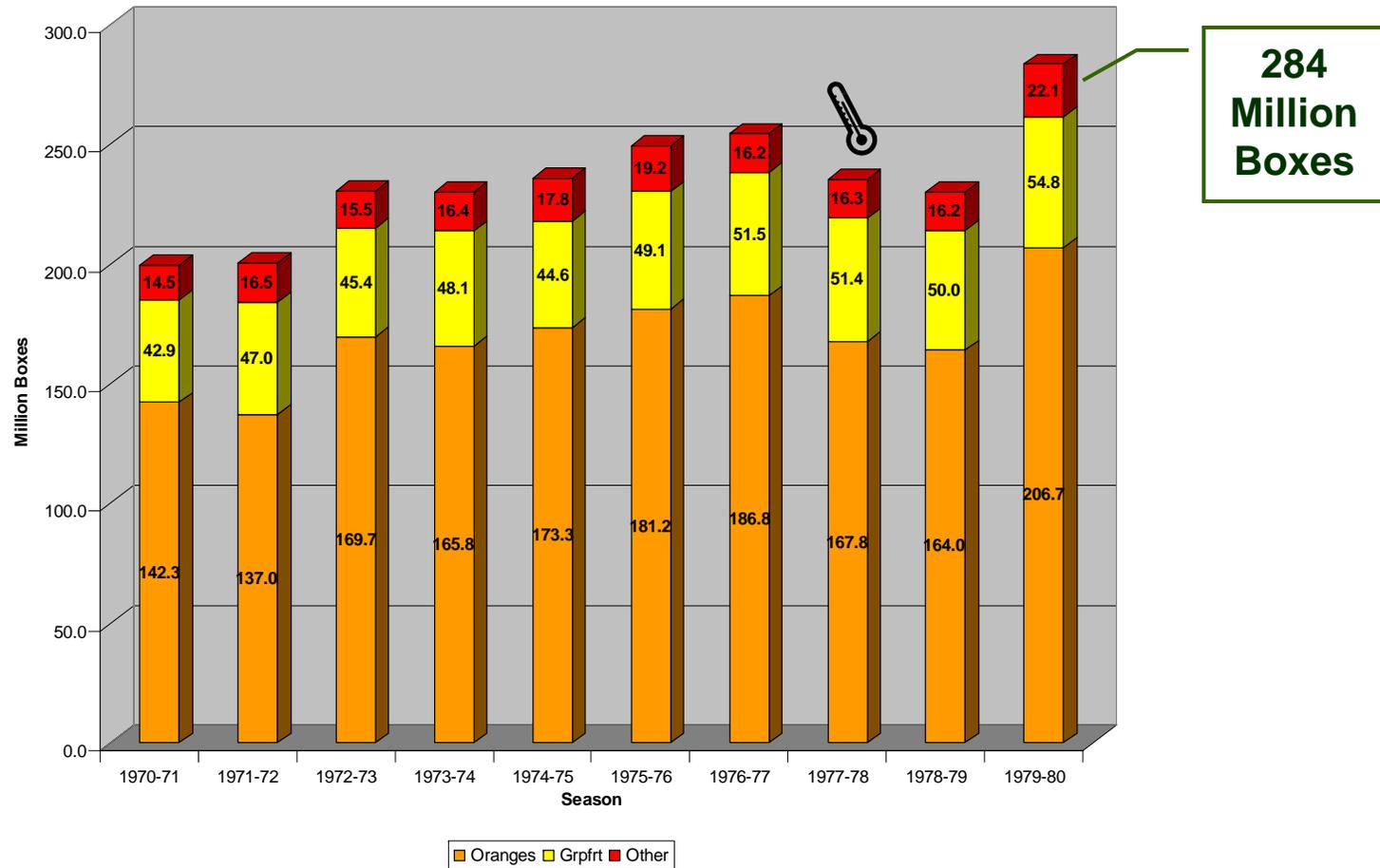
174.8 Million Boxes



**Orange Juice Continues to Dominate the Florida Citrus Crop**



# Florida Citrus Production: 1970's



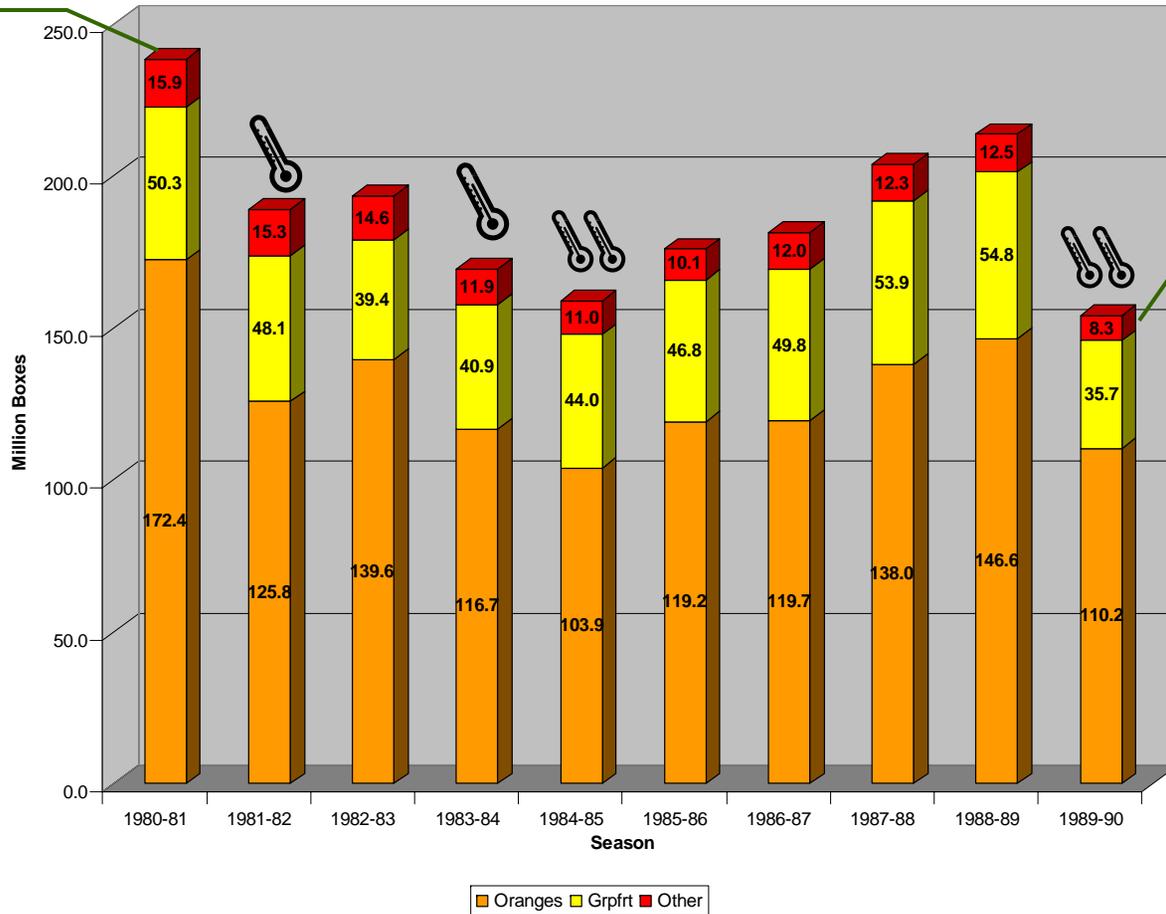
**1977 Freeze Temporarily Halted a Decade of Increased Production**





# Florida Citrus Production: 1980's

239  
Million  
Boxes



154  
Million  
Boxes

Two Hard Freezes, Two Impact Freezes During the Decade

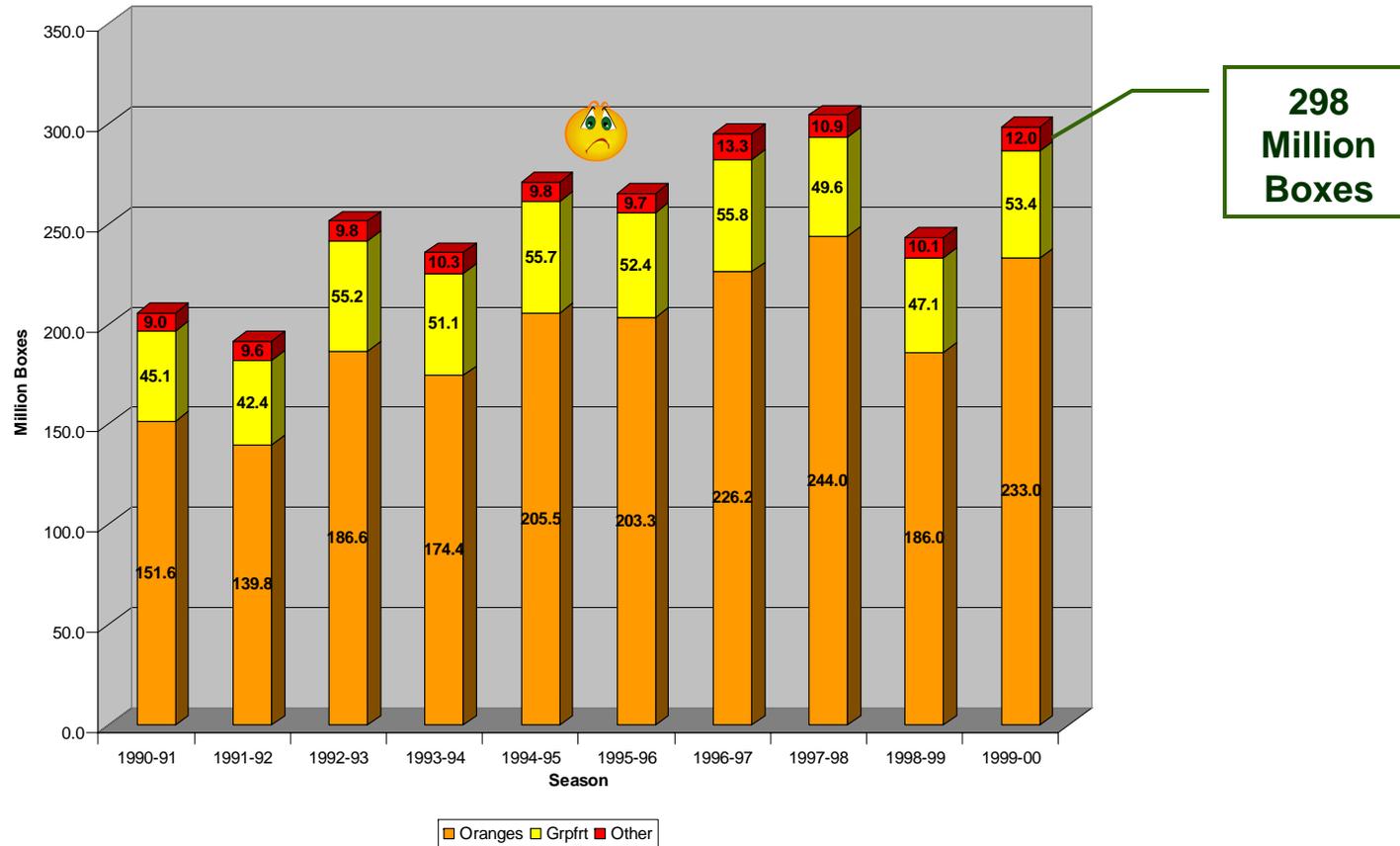








# Florida Citrus Production: 1990's



**Relocation, Replanting Using State-of-the-Art Agricultural Practices**

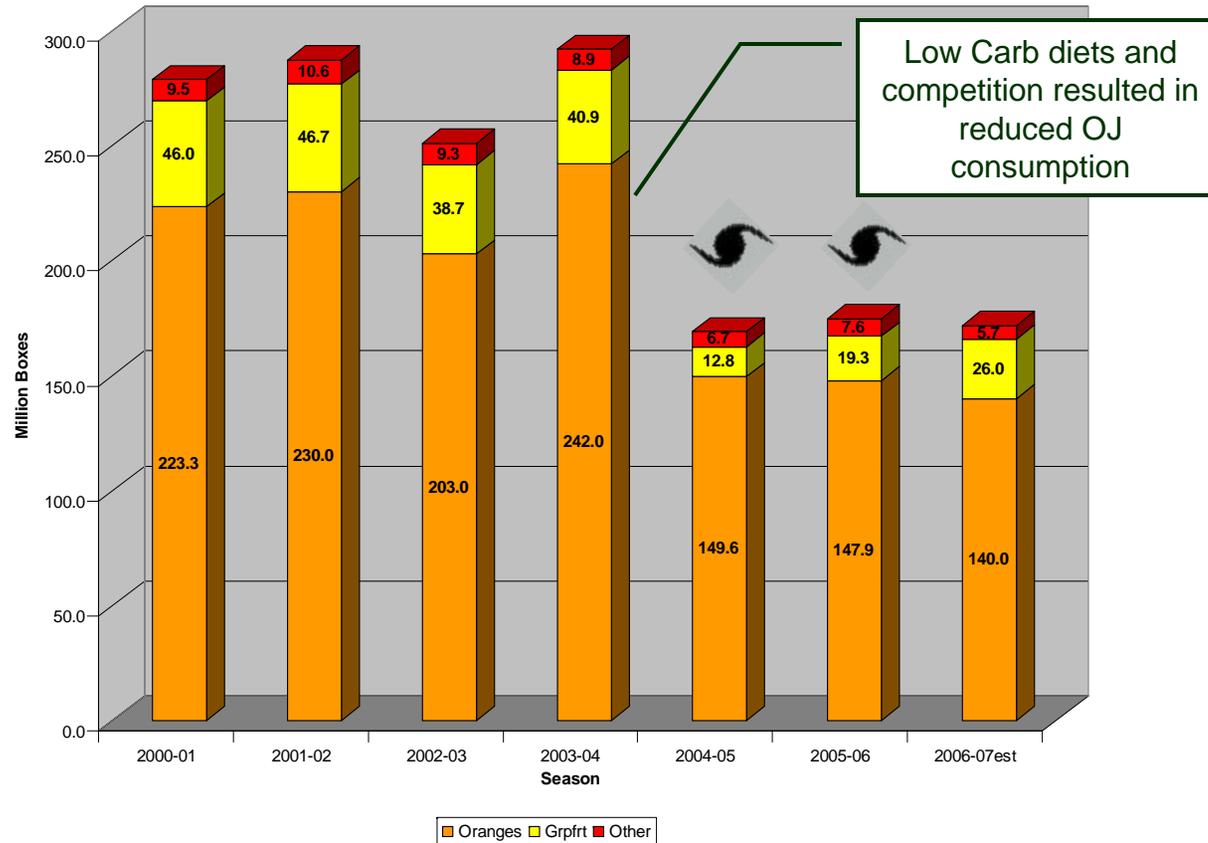
**Boxes Per Acre Rose From 315 to More Than 400**

**Florida Citrus Canker Eradication Program Intitiated**





# Florida Citrus Production: the New Millennia



**Four Major Hurricanes in 2 Years Assault Florida Citrus – Storms Force Abandonment of Canker Eradication Program**

**Orange Production Down Nearly 40% From Pre-Hurricane Levels**

**U.S. Orange Juice Market Swings from Oversupply to Undersupply**

# Hurricane Charley



August 13, 2004 – Charlotte Harbor, Arcadia, Lake Wales, Orlando – 144 mph wind speeds



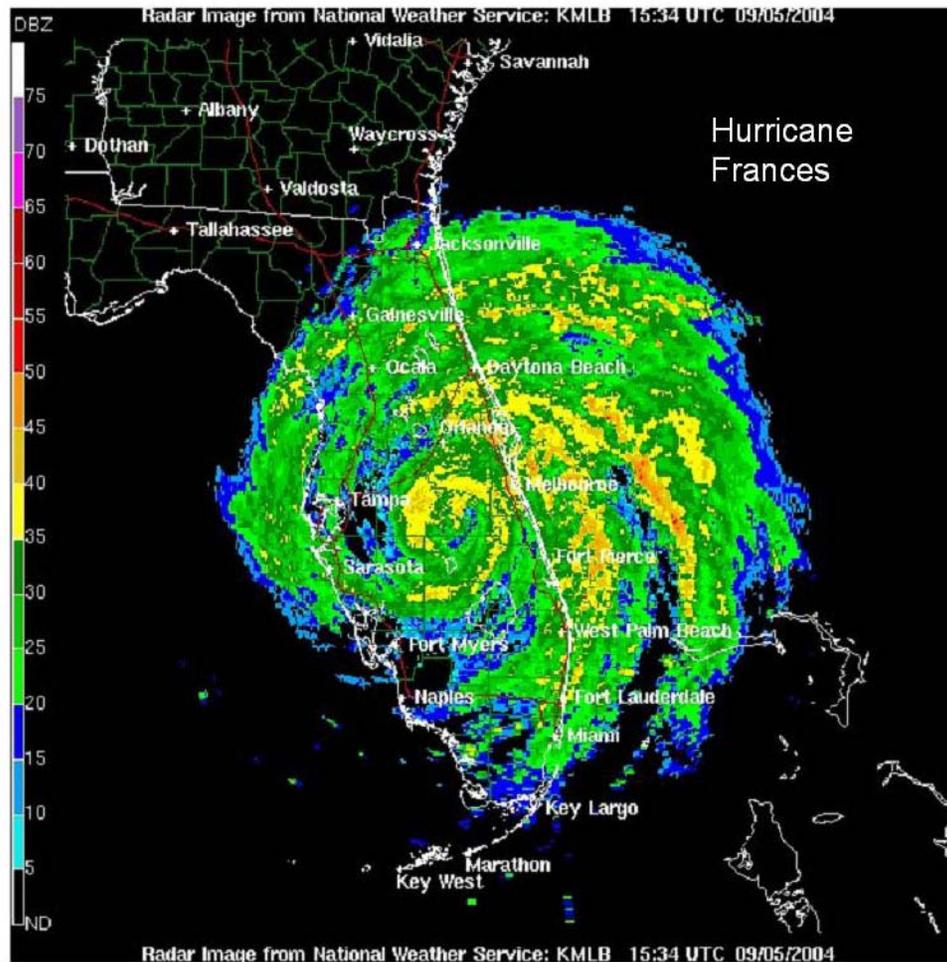
# Hurricane Charley

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Hurricane Charley  
Grapefruit Grove  
Alturas  
09-04-04



# Hurricane Frances



September 5, 2004 – Stuart, Okeechobee, Lake Wales, Tampa – 105 mph wind speeds



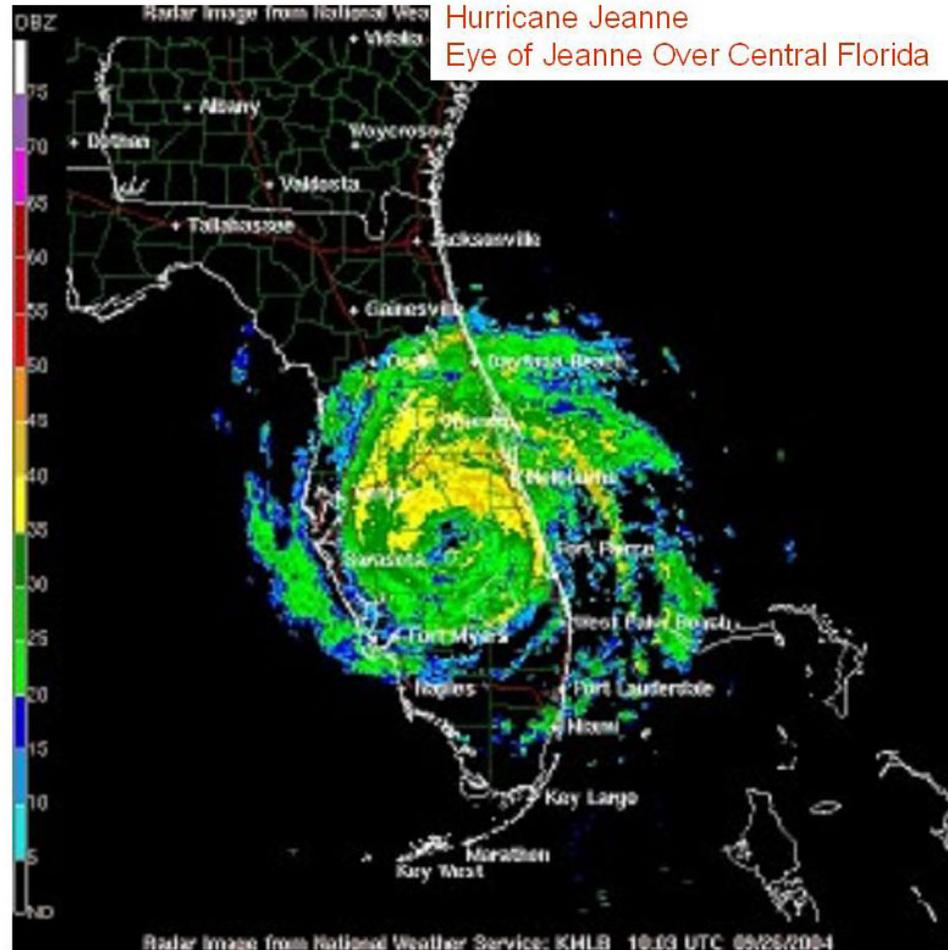
# Hurricane Frances

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Hurricane Frances  
Vero Beach area  
Grapefruit



# Hurricane Jeanne



September 25, 2004 – Another East-to-West Hurricane – 110 mph wind speeds



# Hurricane Jeanne

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Hurricane Jeanne  
South of Lake Placid  
Valencia Tree



# Aftermath of 2004 Hurricane Season

Hurricane Jeanne  
Ft. Meade

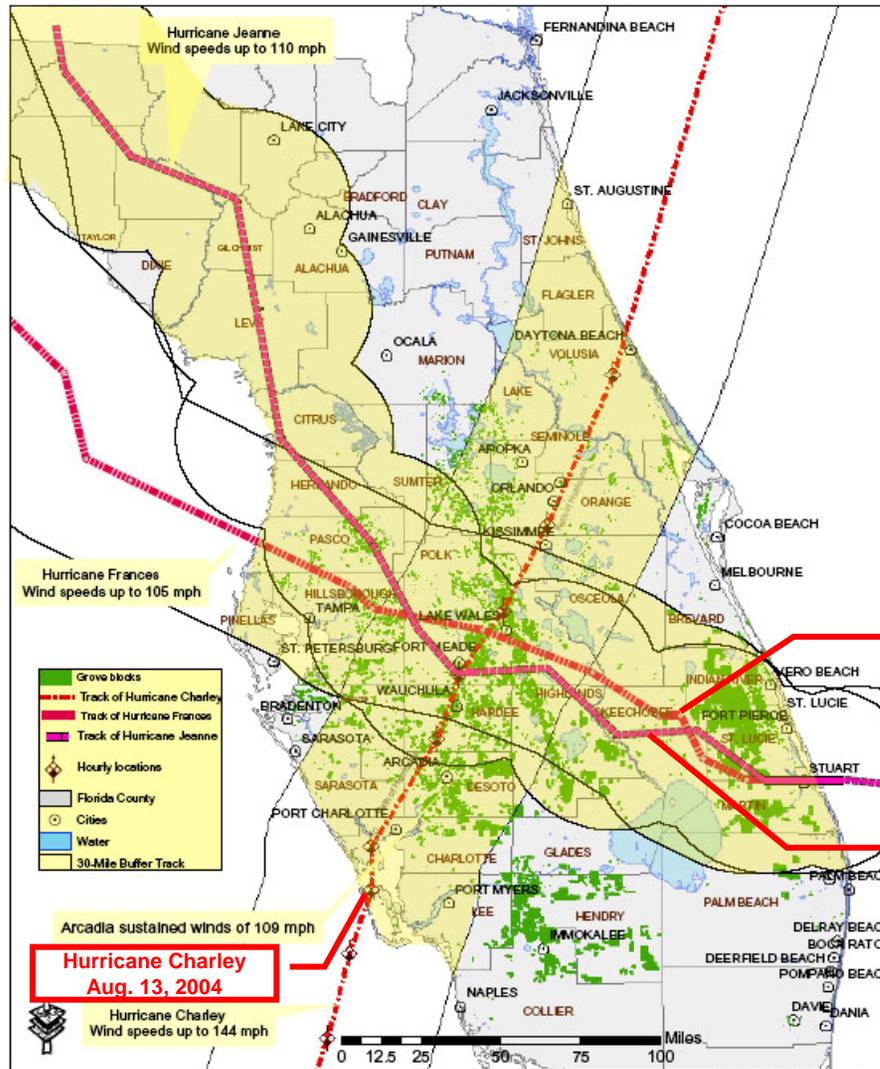
Old and New: Brown Fruit is from Hurricane Charley;  
Yellow Fruit Is From Hurricane Frances;  
Green Fruit Is From Hurricane Jeanne





# Aftermath of 2004 Hurricane Season

Path of Hurricane Charley, August 13th, 2004, Hurricane Frances, September 5th, 2004, and Hurricane Jeanne, September 26th, 2004



# Citrus Canker

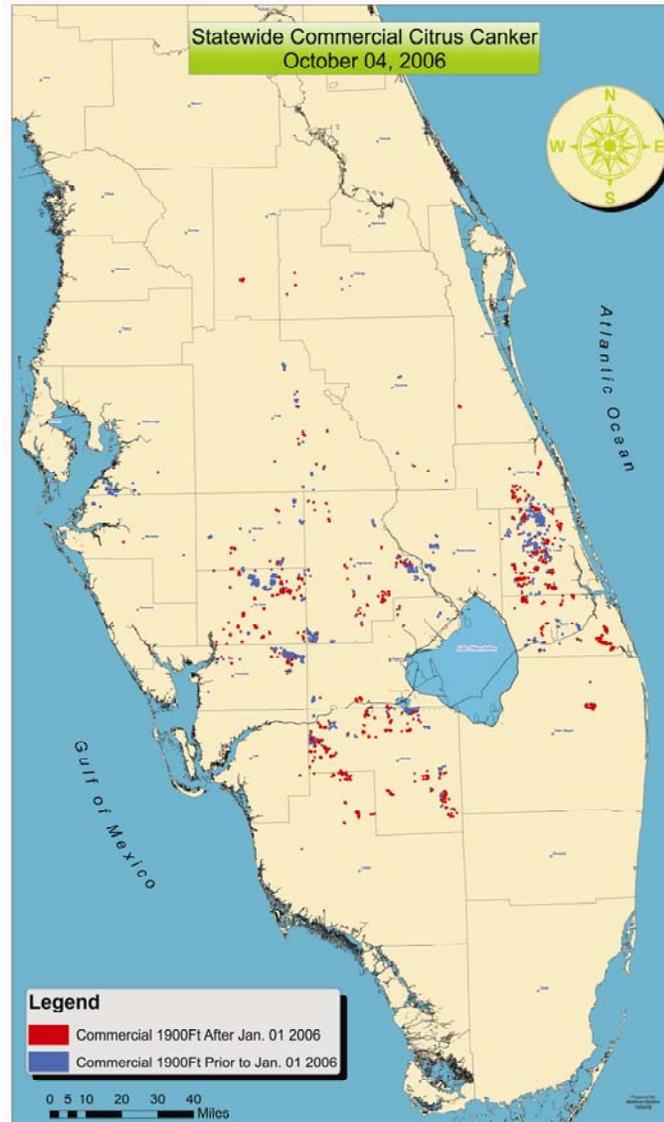
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- Brown, raised lesions surrounded by oily, water-soaked margin and yellow ring or halo
- Causes continual decline in health and fruit production, ultimately causing tree to produce no fruit at all
- Is not harmful to humans, animals or plant life other than citrus
- **NO ADVERSE AFFECTS ON FRUIT OR JUICE**



# Citrus Canker



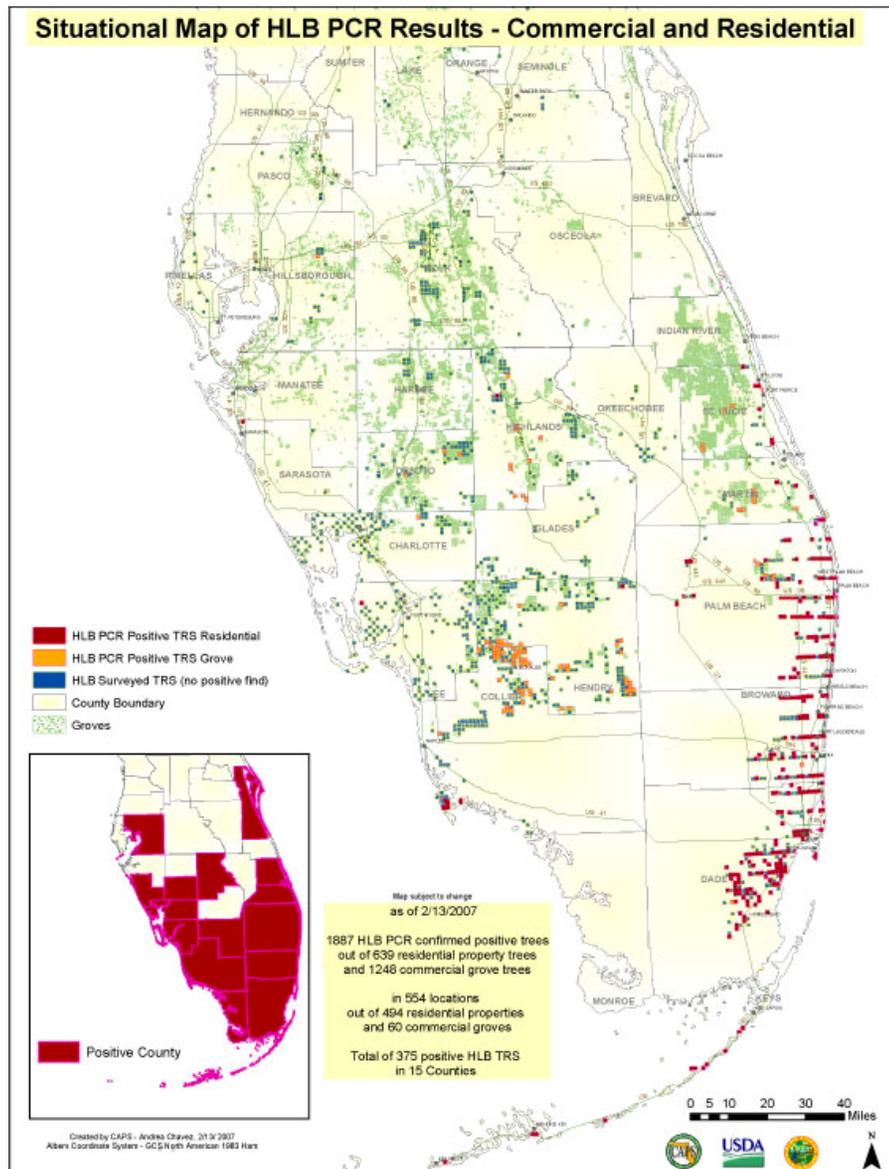
# Citrus Greening

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- Yellowing, mottling of leaves and shoots; defoliation and twig dieback; poorly developed root system
- Causes increased tree mortality and reduction in yield
- Causes premature fruit drop, smaller fruit size, bitter taste and improperly colored fruit



# Citrus Greening





## Uncertainty Shrouds Florida Citrus Industry

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- Canker Eradication Efforts Curtailed
- Greening Concerns
- Development Pressures
- Labor Concerns
- Smaller Crops Mean
  - Processor Consolidation
  - Foreign Competition
  - Market Losses
  - Reduced Economic Impact



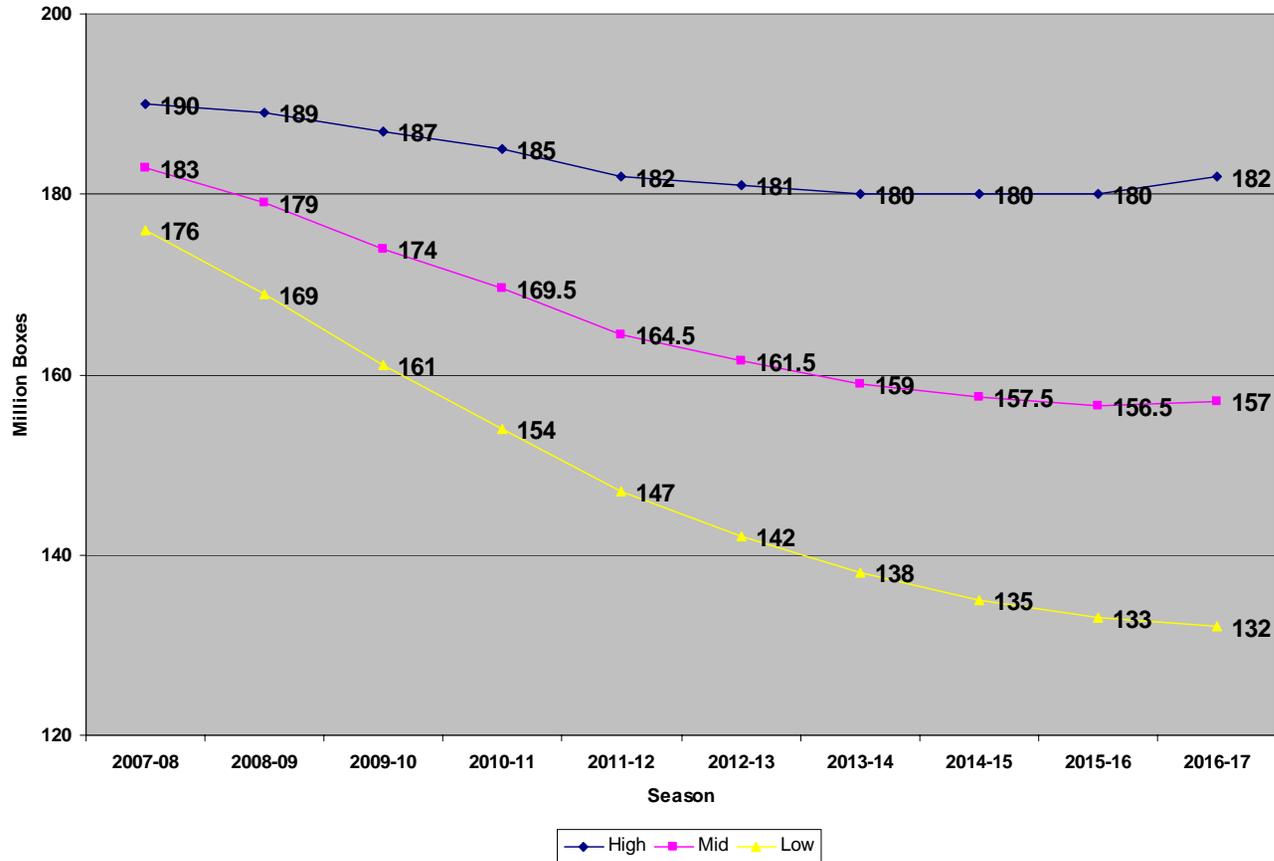
## Present Situation (If the Weather Cooperates)

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- Tree Population Capable of Producing:
  - 176 – 190 Million Boxes in the Immediate Future



# Florida Orange Production Scenarios for 10 Years



**Production Estimates Recognize New Plantings, Diseases, Development and Hurricane Possibilities**



## Florida Citrus: Reasons for Replanting

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- Grower Prices High When Supply is Low
  - High prices stimulate plantings
  - 2006-07 estimated on-tree price of processed oranges is \$9.00 per box
    - Compared to prior nine-year average of \$3.68 per box
  
- Brazil & Florida Dominate World Supply
  - Loss of Florida industry would create a “monopoly”
  
- Orange Juice is Nutrient Dense
  - Good source of essential vitamins
  - “Good for You” product



# Florida Citrus: Reasons for Replanting

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- Citrus Appeals to a Broad Sector of the Population – Regardless of Age, Gender or Socioeconomic Status
  - Oranges are the third most consumed fruit in the United States
  - Orange juice is the most consumed fruit juice – besting its nearest competitor by 2 ½ times.
- Demand for Orange Juice is Strong But Fluctuates
  - High prices decrease demand
  - Current estimated consumption is 4.1 gallons per capita – can reach 5.8 gallons



## Florida Citrus Acreage, Production, Farm Gate Value and Economic Impact to the State of Florida

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	<b>1985-86</b>	<b>1995-96</b>	<b>2003-04</b>	<b>2005-06</b>
<b>Acres</b>	624,492	857,687	748,555	621,373
<b>Million Boxes</b>	176.0	265.4	291.8	174.8
<b>Farm Gate Value</b>	\$725M	\$1,076M	\$892M	\$1,043M
<b>Economic Impact</b>	\$7.3B	\$7.6B	\$9.3B	\$



## What can the Florida Citrus Industry and the Government do to Help?

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- Develop and implement disease protocols
- Maintain vigilance at borders to prevent entry of new diseases
- Research on disease control/eradication
- Open new world markets
- Implement policies to ensure adequate farm labor; immigration reform AgJOBS
- Reauthorization of the Farm Bill program, including specialty crops



## Conclusion

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- The Florida citrus industry has demonstrated its resilience following the freezes of the 1980's and will do so again
- The Florida citrus industry is faced with many challenges, but has already taken steps to ensure long term survival



## Conclusion

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***“Florida Growers who are committed to our industry and are willing to do whatever it takes to succeed will prevail. We are not in a state of ‘doom and gloom,’ but in a transition period from the way we have operated our farms in the past, to the way citrus will be produced in the future.”***

***- John Gose, Florida Citrus Grower***



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# Thank You

*Michael W. Sparks*  
*Florida Citrus Mutual*

