

Average Packing Charges for Florida Fresh Citrus, 2017/18

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This report provides a summary of the 2017/18 packing charges for Florida fresh citrus and provides a comparison to previous seasons. These estimates are useful for computing on-tree prices from delivered-in prices, which in turn are useful for computing growers' economic returns. For over a decade, the Florida citrus industry has faced the challenges imposed by Huanglongbing (HLB, citrus greening); namely, decreasing yields and production, lower quality and fruit size, and higher tree mortality rates, all of which resulted in increased cost of production. As a consequence of the decrease in the state's supply of fresh citrus, the number of packinghouses has declined by 63% since 2008/09 (FDACS-USDA, 2018). Thus, the estimates in this report document the changes in packing charges as the industry adapts to remain profitable.

In May 2018, we collected data from Florida fresh citrus packers regarding their packing charges during the 2017/18 season. This season only six packinghouses participated in the survey; including operations located in the Ridge and Indian River regions. The decrease in participation can be attributed to the impact of HLB on the state's industry. Figure 1 shows that 19 packinghouses operated in Florida during 2017/18, down 30% compared to last season. This is the highest annual percentage decrease in packinghouses since 2008/09, and is directly related to the decrease in volume of cartons shipped. The decrease in volume of cartons shipped during 2017/18 is not surprising given that last September hurricane Irma hit the state causing fruit damage and fruit drop, as well as tree damage. The total volume of cartons shipped this season was approximately 8.6 million, down 32% compared to last season. Sweet oranges accounted for 54% of the shipped volume, surpassing grapefruit (38%), and tangerines (8%).

The packinghouses that participated in the survey this season represent 37% of the number of operations in the state and approximately 46% of the volume of fresh citrus shipped in 2017/18. The average of their responses was computed to obtain the estimates presented below. It is worth noting our estimates correspond to packing charges, not packing costs. In addition, starting in 2016/17 the USDA has re-classified temples as royal tangerines; for that reason, last season we started including the data collected for temples within the tangerines category.

The average packing charges by citrus variety are shown in Table 1. For grapefruit, the 2017/18 average Packing Charge, Industry Assessment, and Sales Charge were \$4.792, \$0.205, and \$ 0.590 per carton, respectively, while for oranges, the charges per carton were \$5.162, \$0.175, and \$0.590. For tangelos, the charges were \$5.648, \$0.181, and \$0.628 per carton, respectively, and for tangerines, they were \$6.451, \$0.183, and \$0.628 per carton. The Total Packing Charge by variety is then calculated by adding up the three categories.

Table 1 also shows the estimated charges for Drenching, Packinghouse Eliminations, and Hauling Charge for Eliminations from packinghouses to processors. The charges for Drenching and Packinghouse Elimination were the same across the citrus varieties, \$0.250 and \$0.738 per field box, respectively. The charge for Hauling Eliminations varied with the citrus variety and was \$0.578 per field box for grapefruit, \$0.588 per field box for oranges, \$0.684 per field box for tangelos, and \$0.650 per field box for tangerines.

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Table 2 provides a comparison of the 2017/18 packing charges to those of 2008/09 through 2016/17. To make the estimates comparable across seasons, the 2015/16 and the 2016/17 Packing Charge, Industry Assessment, and Sales Charge were added together. Also, the estimates for grapefruit in seasons 2008/09 to 2011/12 correspond to the category presented as domestic grapefruit in previous reports.

Additional information on citrus budgeting and harvesting charges can be obtained on the UF/IFAS CREC economics extension website: www.crec.ifas.ufl.edu/extension/economics.

References

FDACS-USDA. 2018. Florida Department of Agriculture and U.S. Department of Agriculture. All Packinghouses Report 08/01/2017 - 06/24/2018. File F06294.

Table 1. Estimated Average Packing Charges for Florida Fresh Citrus, 2017/18

	Grapefruit	Oranges	Tangelos	Tangerines ³
-----\$ per Carton -----				
Packing Charge ¹	4.792	5.162	5.648	6.451
Industry Assessment ²	0.205	0.175	0.181	0.183
Sales Charge	0.590	0.590	0.628	0.628
Total	5.587	5.927	6.458	7.263
-----\$ per Field Box -----				
Drenching Charge	0.250	0.250	0.250	0.250
Packinghouse Elimination Charge	0.738	0.738	0.738	0.738
Hauling Charge for Eliminations	0.578	0.588	0.684	0.650

¹Packing Charge includes the following items:

1. Materials including labels/PLUs (Price look-up codes).
2. Includes supervisor/foreman labor, grading, shipping and general labor. Includes payroll taxes (FICA), workers' compensation, insurance, etc.
3. Other direct packing costs include: fruit treating; power, lights and water; repair/maintenance; miscellaneous supplies; etc.
4. Indirect packing costs include such items as: insurance-fire and casualty; taxes and licenses, depreciation and rent.
5. General and Administrative (G&A) costs include: office personnel (FICA, with compensation); packinghouse and general manager; office supplies; telephone; etc.

²Industry Assessment includes: Advertising taxes, Inspection fees, Florida Citrus Packers tax, and a Citrus Administrative Committee (CAC) tax.

³Starting in 2016/17, temples have been re-classified as royal tangerines by the USDA.

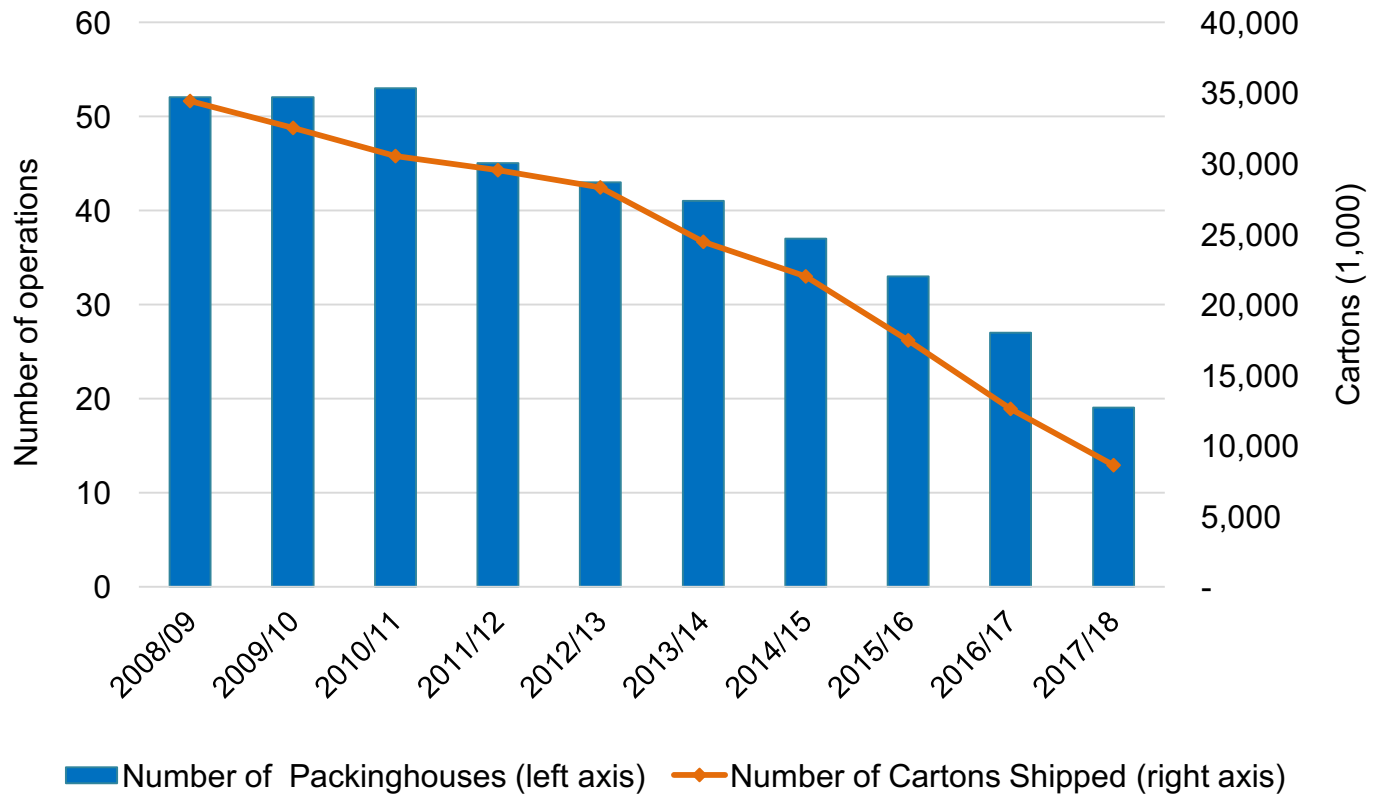
Table 2. Comparison of Average Packing Charges for Florida Fresh Citrus by Season

	Season	Grapefruit	Oranges	Tangelos	Tangerines ²
	-----\$ per Carton -----				
Total Packing Charge ¹	2017/18	5.587	5.927	6.458	7.263
	2016/17	5.173	5.402	5.597	6.489
	2015/16	5.565	5.767	6.060	6.958
	2014/15	5.362	5.525	5.774	6.666
	2011/12	4.907	5.241	5.451	6.336
	2010/11	4.654	5.071	5.486	6.105
	2009/10	4.730	5.065	5.252	6.054
	2008/09	4.495	4.886	5.088	6.116
	-----\$ per Field Box -----				
Drenching Charge	2017/18	0.250	0.250	0.250	0.250
	2016/17	0.317	0.354	0.354	0.382
	2015/16	0.211	0.213	0.213	0.210
	2014/15	0.199	0.200	0.196	0.200
	2011/12	0.207	0.203	0.191	0.199
	2010/11	0.199	0.201	0.195	0.195
	2009/10	0.192	0.192	0.191	0.191
	2008/09	0.191	0.193	0.191	0.190
Packinghouse Elimination Charges	2017/18	0.738	0.738	0.738	0.738
	2016/17	0.623	0.625	0.630	0.630
	2015/16	0.747	0.789	0.813	0.876
	2014/15	0.663	0.678	0.703	0.702
	2011/12	0.654	0.680	0.687	0.718
	2010/11	0.676	0.706	0.744	0.777
	2009/10	0.649	0.675	0.712	0.710
	2008/09	0.656	0.675	0.709	0.749
Hauling Charge for Eliminations	2017/18	0.578	0.588	0.684	0.650
	2016/17	0.547	0.577	0.615	0.610
	2015/16	0.566	0.557	0.645	0.676
	2014/15	0.559	0.554	0.642	0.692
	2011/12	0.615	0.568	0.559	0.590
	2010/11	0.516	0.498	0.537	0.588
	2009/10	0.564	0.510	0.525	0.525
	2008/09	0.586	0.571	0.585	0.589

¹Total Packing Charges include Packing Charge, Industry Assessment, and Sales Charge as defined in Table 1.

²Starting in 2016/17, temples have been re-classified as royal tangerines by the USDA. In the past, temples were grouped with tangelos.

Figure 1. Number of Packinghouses and Shipments of Fresh Citrus Cartons in Florida by Season



Source: FDACS-USDA