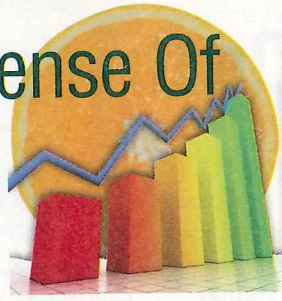




# Making Sense Of Citrus Econ



The University of Florida Citrus Research & Education Center (UF/CREC) organized an International Citrus Economics Conference this past October in Orlando. A number of speakers from several citrus producing countries gave presentations on various aspects of citrus economics. Included were talks on fruit procurement challenges and marketing issues for fresh citrus from Florida and California, and one of the sessions focused on the impact of HLB on the economics of citrus.

Dr. Tom Spreen, former chairman of the UF Food and Resource Economics Department and fellow *Florida Grower* contributor, gave a presentation entitled "World Orange Juice Market Projections Under Endemic HLB." He pointed out that historically São Paulo, Brazil and Florida have produced more than 80% of the world's orange juice. The U.S. is one of the largest consumers of orange juice, but U.S. consumption has declined since 2000. OJ consumption has increased in Russia and China, but these are still small players in the world market.

Both Brazil and Florida are dealing with major production problems. In

São Paulo, these problems include diseases such as HLB, citrus variegated chlorosis, sudden death, canker, and citrus

black spot. There also is competition for land from sugar cane production for ethanol, which has been increasing steadily since 1994.

São Paulo orange production has declined since 1996-1997 from more than 400 million boxes to around 300 million boxes today. In Florida, orange production set a record in 1997-1998 of 244 million boxes, but production has declined since then and, at present, is projected to be 140 million boxes for this season. Producing acreage declined in Florida due to the canker eradication program, sale of grove land for housing during the development boom, hurricanes in 2004 and 2005, and diseases (HLB and canker).

## A Look Ahead

Dr. Spreen then discussed a model of the world orange juice market developed by the University of Florida that forecasts future orange production and prices. In the model, tree loss rates were increased assuming moderate or high levels of greening. With high rates of greening, the model predicts orange production to drop in the next 10 to 15

years to around 105 and 230 million boxes for Florida and Brazil, respectively. With this decline in world production, Florida on-tree prices are projected to increase by more than \$3.00 per box with high greening losses. In spite of the problems facing Florida and Brazil, Dr. Spreen feels these two producers will continue to be the dominant suppliers of OJ.

## Points Of View

While it is easy to second guess such projections, I must compliment the speakers on being willing to make some predictions. It was interesting to note that Dr. Pete Timmer, professor emeritus of plant pathology at UF/CREC, projected Florida orange production would be less than 100 million boxes by 2015 and increase to more than 100 million boxes by 2030. Both professors felt the Florida orange crop would drop to around 100 million boxes with high greening levels. Dr. Timmer said the Florida industry will survive, but that production will probably never exceed current levels. Fresh fruit will probably be produced by small specialized growers in controlled situations. Greening management can eventually be possible with better psyllid control.

Florida and Brazil citrus growers face a number of challenges in the future. This conference highlighted a number of economic issues that will impact the industry. While most speakers felt both Florida and Brazil will remain dominant players, production and economic issues will create new challenges. A great deal of useful and interesting information was presented at this conference. Allen Morris, the organizer of this meeting, indicated another International Citrus Economics Conference is scheduled for this coming October. Based on this last meeting, the next conference should be well worth attending.

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