

All Squeezed Out

A look back on the 2014-2015 citrus season reveals major economic questions, concerns.

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The Florida Agricultural Statistics Service (FASS) released the final tally for the 2014-2015 Florida citrus crop in early July. The production totals were 96.7 million boxes of oranges, 12.95 million boxes of grapefruit, and 2.3 million boxes of tangerines.

The orange crop was the smallest crop produced since the 1965-1966 season. These figures compare to the 2013-2014 crop of 104.7 million boxes of oranges, 15.65 million boxes of grapefruit, and 2.9 boxes of tangerines. The decline in the orange crop of approximately 8%, however, was smaller than the 14% crop production decline that was realized between 2012-2013 and 2013-2014. So the slope of the downward trend in production has changed even though the slope is still negative.

Probing Prices

With smaller crops, growers are generally assisted by higher prices. Early-mid season oranges did receive substantially higher prices in 2014-2015 averaging about \$1.90 per pound solid delivered-in. Many expected a strong rise in Valencia prices, but as orange juice movement continued its downward trend, juice inventories began to climb. By the end of the season, delivered-in prices for Valencias headed south, although the season average was in the range of \$2.10 per pound solid.

Based upon my calculations, average per-acre yields for early-mid oranges were 260 boxes, a far cry from average yield of 400 to 500 boxes per acre that were seen before HLB and canker. Average yields for Valencias were 211.5 boxes per acre.

We used to talk about the big advantage Florida growers possessed over Brazilian growers in terms of per-acre yields, but production levels of 211 boxes per acre would be close to


average Brazilian yields on nonirrigated land and below their yields on irrigated blocks.

Despite lower yields, I calculate the average block still was able to generate a positive net return of a little more than \$200 acre. This figure does not include property taxes and other assessment such as water management district fees. This suggests that 2014-2015 was not a profitable year for Florida orange growers. I have not made these calculations for grapefruit or tangerines.

What's Next?

There are two major questions on the horizon. First, at lower yields and stagnating prices, will growers continue to pour on inputs to the tune of \$2,000+ per acre. If not, yields will decline further and the death spiral that some talk about will begin.

Second, there have been several promising developments that provide new tactics to fight HLB. In some areas, CHMAs have been successful in reducing psyllid populations. Heat treatment and antibiotics represent short-run approaches to suppress the disease inoculum and potentially increase per tree yields. Adoption of advanced production systems that increase tree density and speed tree maturation through computerized drip irrigation systems offer several advantages if HLB can be controlled.

Researchers are receiving support from both the state and federal government (although appropriations for economic and plant breeding research at the state level was vetoed). We need to support a wide array of research efforts and hope that a solution is found. 

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