

2018/19 Average Packing Charges for Florida Fresh Citrus

Ariel Singerman, Assistant Professor and Extension Economist
University of Florida, IFAS CREC, Lake Alfred, Florida

In May 2019, we collected data from Florida fresh citrus packers regarding their packing charges during the 2018/19 season. This season seven packinghouses participated in the survey including operations in the Ridge and Indian River regions. 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. These estimates are useful for computing on-tree prices from delivered-in prices, which in turn are useful for computing growers' economic returns.

The charges by citrus variety are shown in Table 1. For grapefruit, the 2018/19 average Packing Charge, Industry Assessment, and Sales Charge were \$5.406, \$0.152, and \$0.610 per carton, respectively, whereas for oranges, the charges were \$5.694, \$0.132, and \$0.610 per carton, respectively. The charges for tangelos, the charges were \$5.765, \$0.135, and \$0.612 per carton, respectively, and for tangerines, they were \$6.548, \$0.135, and \$0.612 per carton, respectively. The Total Packing Charge by variety is calculated by adding across those three categories.

Table 1 also shows the estimated charges for Drenching, Packinghouse Eliminations, and Hauling Charge for Eliminations. The charges for Drenching and Packinghouse Eliminations were the same for grapefruit and oranges; \$0.283 and \$0.608 per field box, respectively. The charges for Drenching and Packinghouse Eliminations were also the same for tangelos and tangerines: \$0.290 and \$0.600 per field box, respectively. The charge for Hauling Eliminations was different by citrus variety: it was \$0.511 per field box for grapefruit, \$0.533 for oranges, \$0.600 for tangelos, and \$0.567 for tangerines.

Table 2 provides a comparison of the 2018/19 packing charges to those of 2008/09 through 2017/18. To make the estimates comparable across seasons, the Packing Charge, Industry Assessment, and Sales Charge for the last three seasons were added together. Lastly, the estimates for grapefruit from 2008/09 to 2011/12 correspond to the category presented as domestic grapefruit in previous reports.

Industry stakeholders have been facing multiple challenges due to Huanglongbing (HLB, citrus greening), such as decreasing yields and production, lower quality and fruit size, and higher tree mortality rates. As a consequence of the decrease in the state's supply of fresh citrus, the number of packinghouses has declined significantly in recent years. The estimates in this report document the changes in packing charges as the industry adapts to remain profitable. For additional information on citrus budgeting and harvesting charges, please visit the University of Florida, IFAS, CREC Economics Extension website at <https://crec.ifas.ufl.edu/economics/>.

Table 1. Estimated Average Packing Charges for Florida Fresh Citrus, 2018/19

	Grapefruit	Oranges	Tangelos	Tangerines ³
	-----\$ per Carton -----			
Packing Charge ¹	5.406	5.694	5.765	6.548
Industry Assessment ²	0.152	0.132	0.135	0.135
Sales Charge	0.610	0.610	0.612	0.612
Total	6.167	6.436	6.512	7.295
	-----\$ per Field Box -----			
Drenching Charge	0.283	0.283	0.290	0.290
Packinghouse Elimination Charge	0.608	0.608	0.600	0.600
Hauling Charge for Eliminations	0.511	0.533	0.600	0.567

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	2018/19	6.167	6.436	6.512	7.295
	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	2018/19	0.283	0.283	0.290	0.290
	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	2018/19	0.608	0.608	0.600	0.600
	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	2018/19	0.511	0.533	0.600	0.567
	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.