

Florida Citrus Outlook in the 2022-23 Season

presentation to:



Florida Agricultural Policy
Outlook Conference
UF/IFAS FOOD AND RESOURCE ECONOMICS DEPARTMENT



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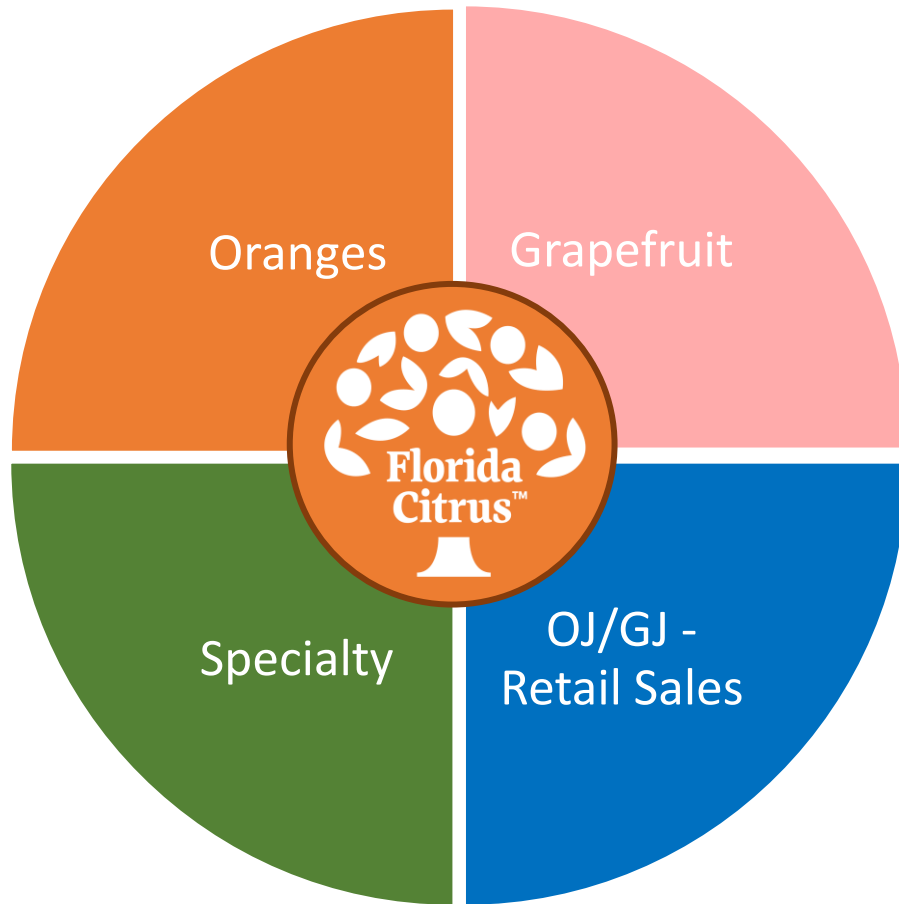
Florida Citrus Outlook

2022-23 Season



<http://www.floridacitrus.org/grower/economic-market-research/>

Outlook Structure



- World OJ Availability
- Florida Utilization and Movement
 - Florida Processed
 - Florida Fresh
- U.S. OJ/GJ Disappearance
- OJ/GJ - Retail Sales
- Certified Fresh Destinations

Retrospective: 2021-22 Season



Overall, Florida citrus production forecast of 45.13 million boxes oranges, grapefruit, and tangerines represents a 22% decline when compared to the 2020-21 season

January 2022 Freeze Event:

Orange production declines by 22.3% to 41.05 million boxes, with reduced share into the processed sector.

World OJ Availability down by 10% with decline of production in Brazil and Florida.

Demand of Florida citrus products remained near late 2019 levels reduced overall availability impacted consumption.

Overall, projected decline in Florida certified on-tree returns despite slight increase in grower delivered-in prices; tempered with high cost of production.

Second destructive weather event of 2022:

Hurricane Ian just prior to forecast.

FY22-23 Impact of Hurricanes Ian + Nicole & 2022 Freeze

Total losses to commercial citrus producers in the state were initially estimated to be \$417.9M to \$675.6M.

- Primary impacts of multiple destructive weather events in 2022 to citrus were fruit losses and tree damage from freeze, winds and standing water.
- 375,000+ commercial citrus acreage across the State faced production losses from as a result of hurricane or tropical storm force winds.
 - Production losses were initially estimated to range from \$146.9M to \$304.3M* of an estimated \$551.55 million in production value.
- Early estimates from tree damage indicate a loss between 8-11% of the industry's 55.75M commercial citrus trees.
 - Total citrus tree replacement damages are estimated from \$271.0M to 371.3M.**
 - Future tree mortality caused by flooding may not be known by end of season.
- Producer operations also experienced heavy infrastructure damage.

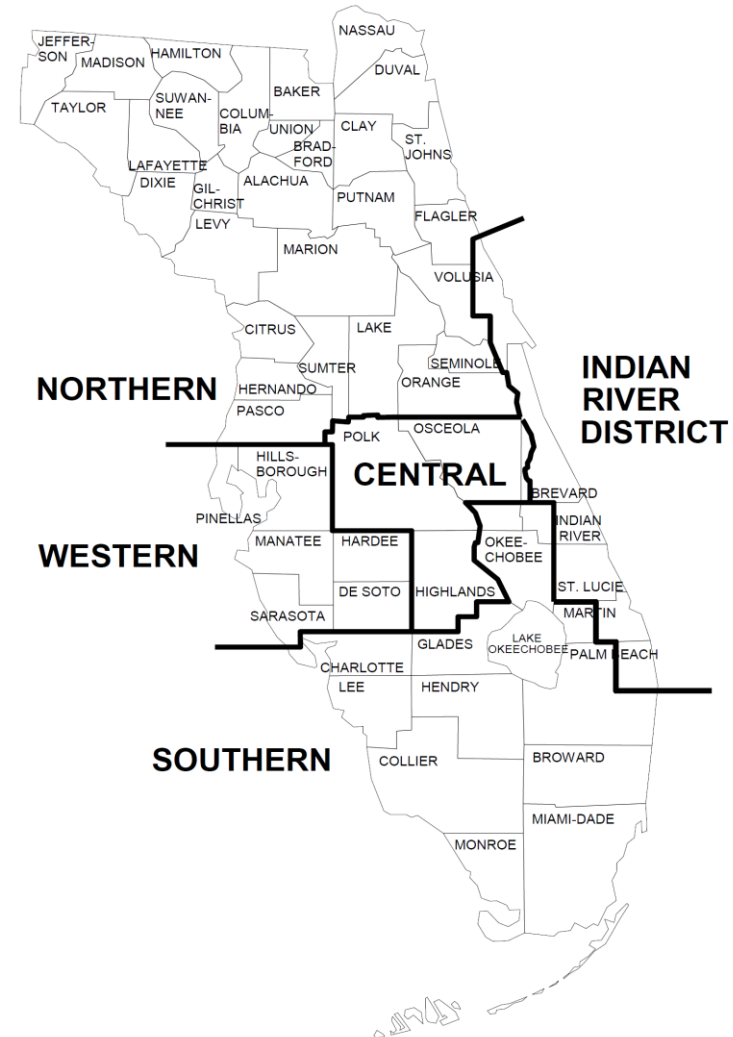
*Source: Christa D. Court, Qiao, X., Saha, B., He, F., McDaid, K. "Preliminary Assessment of Agricultural Losses Resulting from Hurricane Ian," Economic Impact Analysis Program, University of Florida-IFAS, Food & Resource Economics Department, Gainesville, FL, October 17, 2022.

** Total citrus tree replacement estimates based on grower surveys and a \$54.29 tree replacement and care UF/IFAS estimate adjusted to 2022 dollars.

The Florida Citrus Industry is a significant economic contributor to the Florida economy.

- **27 counties have citrus production**
 - 5 commercial citrus production areas
- **375,000+ acres of grove lands**
 - 344,000+ acres of bearing grove lands
- **25 registered packinghouses able to ship fresh fruit to global markets**
- **18 registered processing facilities that process citrus juice and byproducts**

Florida Commercial Citrus Production Areas



Total Contributions of the Florida Citrus Industry 2020-21

- Industry Output (Sales Revenues)
\$6.935 billion
- Employment (Fulltime and Part-time)
32,542 jobs
- Value Added (Gross State Product)
\$2.841 billion
- State and Local Tax Contributions
\$151 million

Total contributions are the sum of direct, indirect, and induced contributions and measure all activity throughout Florida's economy supported by the citrus industry.

USDA Forecast and Expectations for 2022-23 Season as of February 2023

Overall, Florida citrus production forecast of 18 million boxes oranges, grapefruit, and tangerines represents a 60% decline when compared to the 2021-22 season

Orange production – 16M boxes (61% decline);
Grapefruit production – 1.5M boxes (55% decline); and
Specialty tangerines – 500k boxes (33% decline)

Florida processors must rely on imports to meet current demand which may impact future market access.

Florida is projected to account for nearly 65% of all domestically produced orange juice in 22-23 season.

Demand for Florida citrus products will continue strong in 22-23 season but reduced overall availability impacts U.S. consumption.





Florida Oranges


Florida Citrus Outlook 2022-23 Season



Florida OJ Availability

- Beginning inventory
- Pack from Fruit: production, juice yields
- Imports
- Movement (domestic, exports)
- Ending Inventory
- External Trends* (weather-related events, etc.)

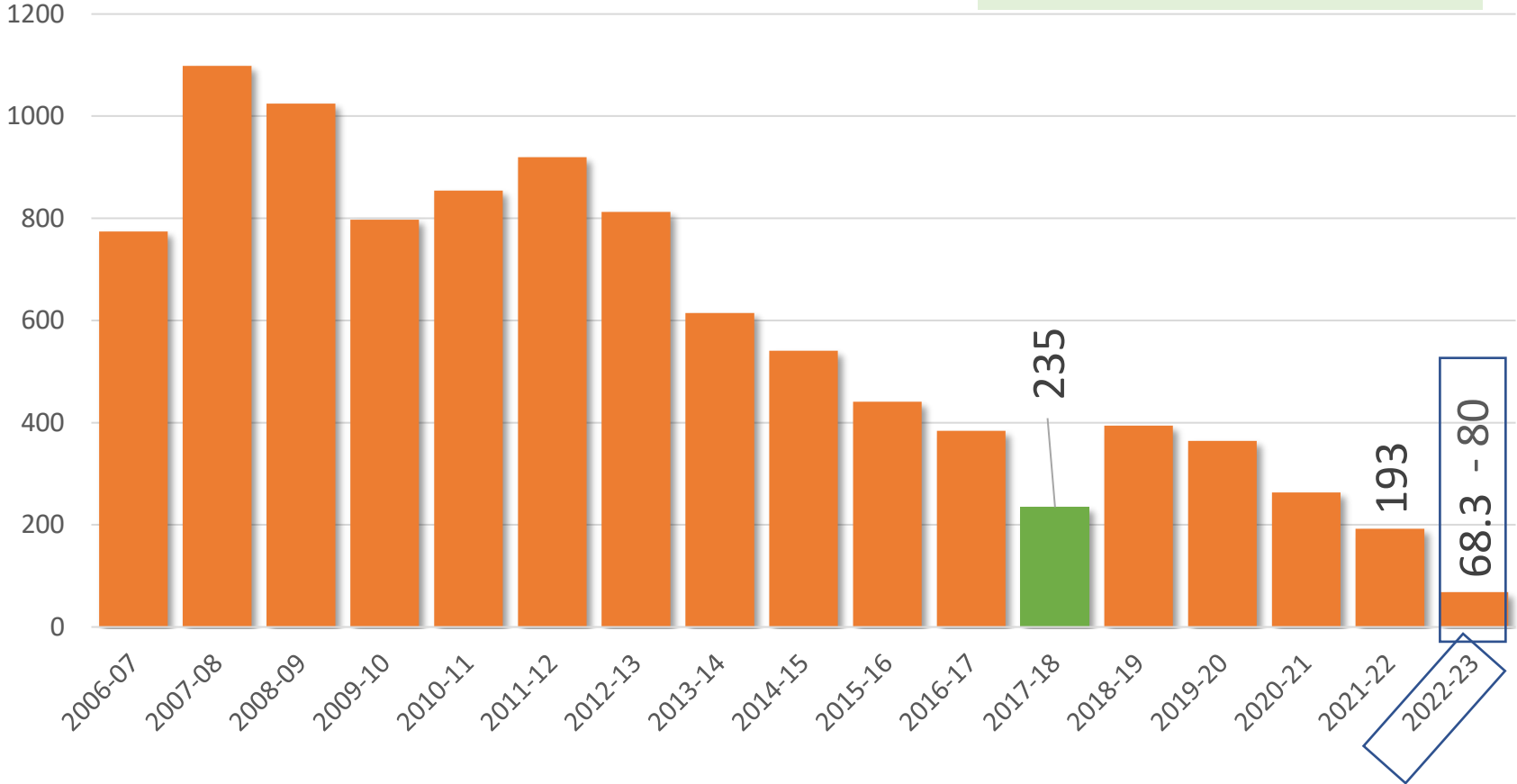
Florida Orange Utilization

Segment	2018-19	2019-20	2020-21	2021-22p	2022-23f
	-----million boxes-----				
Fresh	2.32	2.98	3.05	2.45	0.953 
FCOJ	15.20	14.15	5.81	4.19	1.49
SSOJ (NFC)	53.76	49.85	43.66	34.36	13.44
Non-Certified	0.42	0.26	0.22	0.15	0.11
Other	0.15	0.07	0.21	0.07	<0.001
TOTAL	71.85	67.30	52.95	41.05	16.00

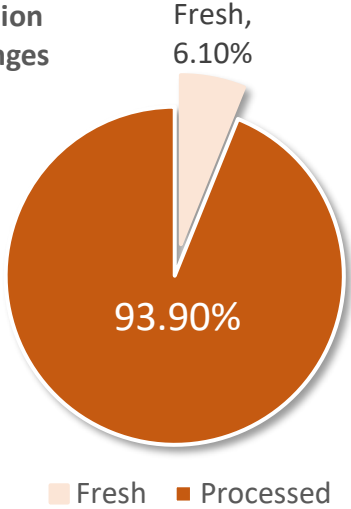
Gallons of OJ produced from all Florida-sourced oranges

Juice Gallons*

(~ 15 million boxes)

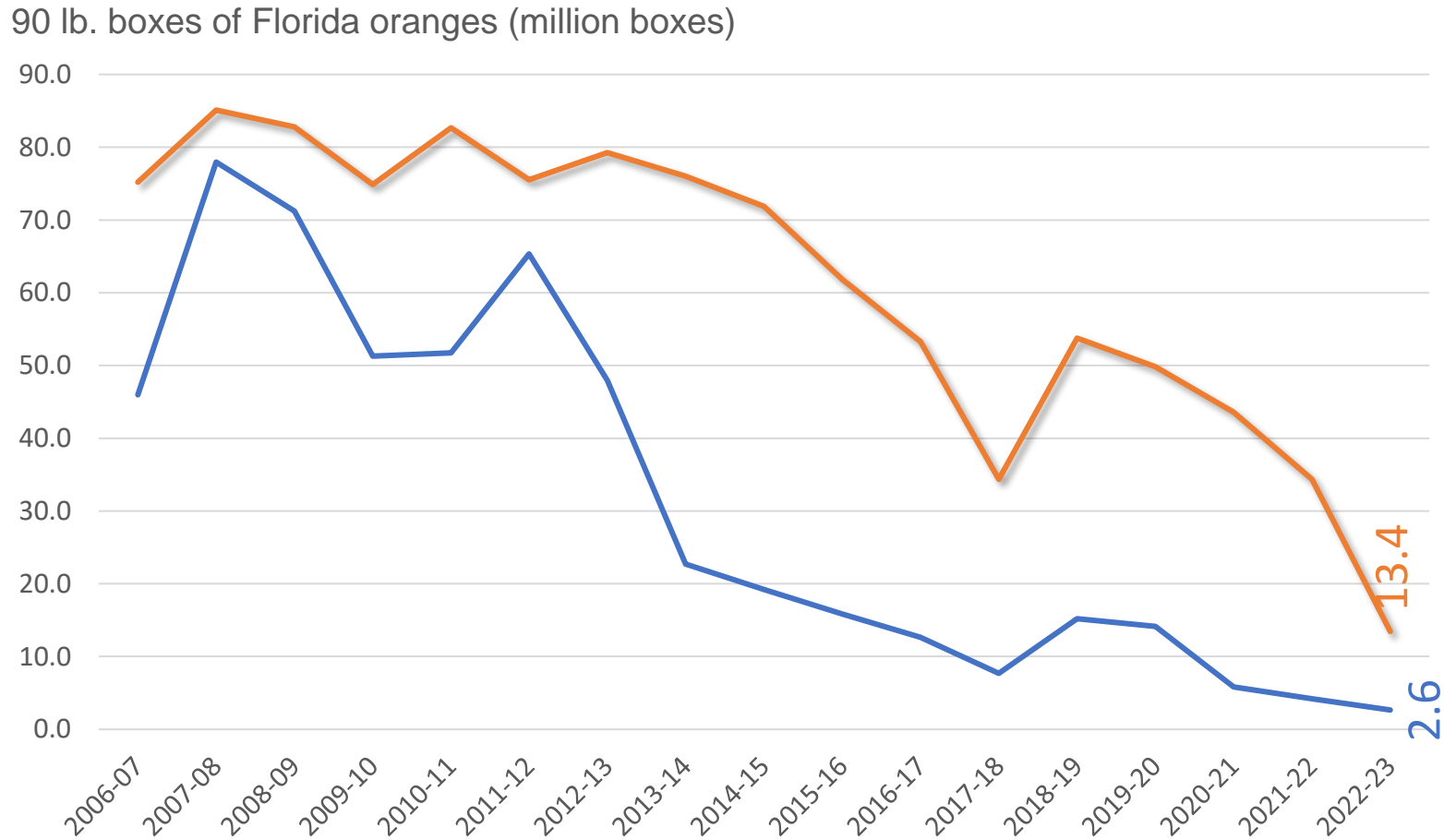


Utilization of Oranges



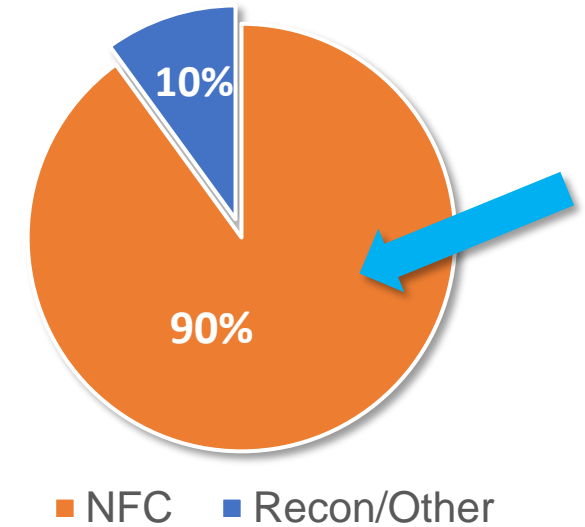
Conversion: 1 single-strength equivalent gallon of orange juice = 1.029 pounds solids

Florida expected to account for ~65% of domestically produced OJ in 2022-23



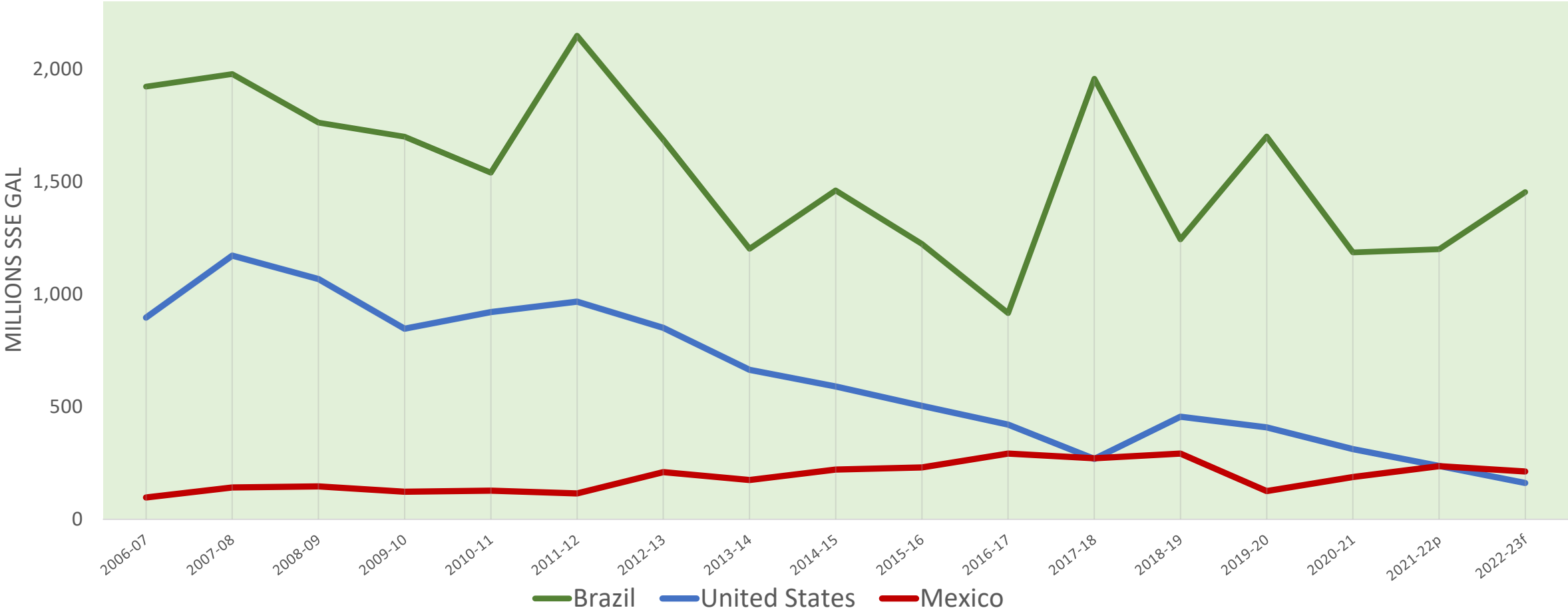
Utilization of Processed Oranges

2022-23 Season



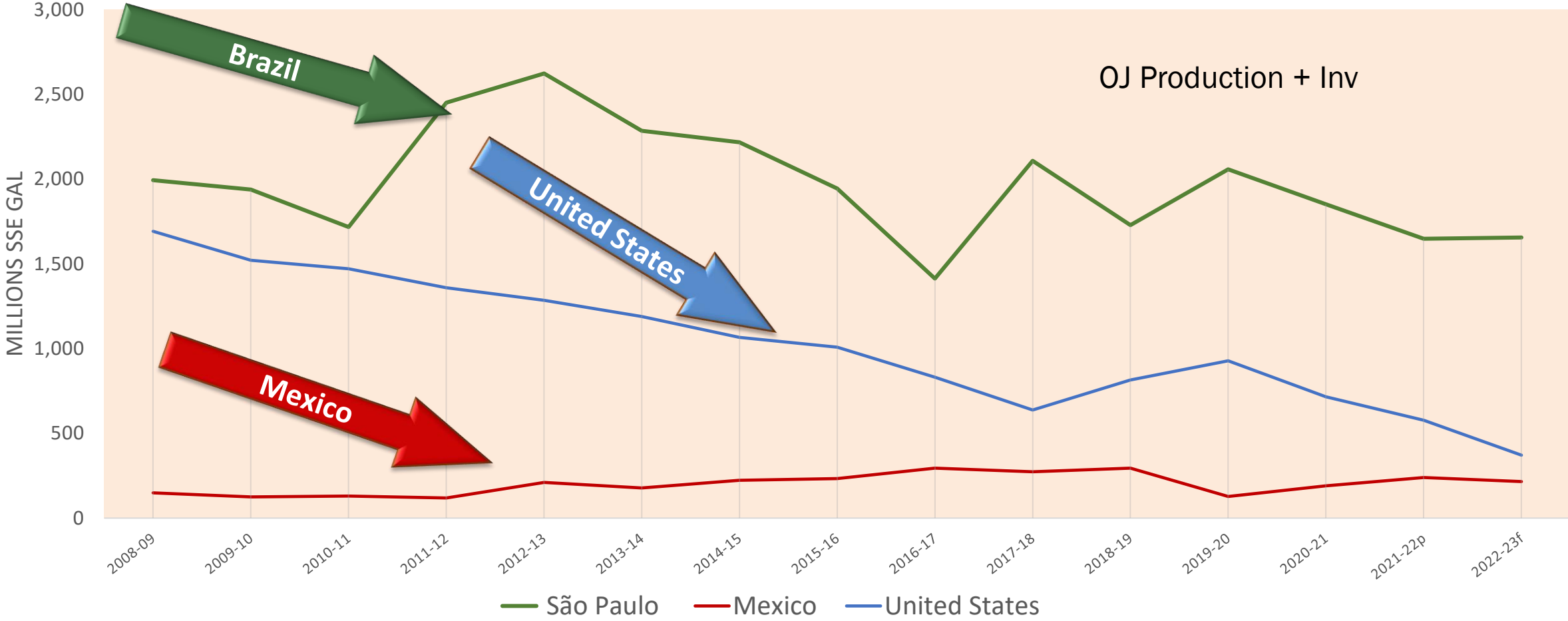
Leading OJ suppliers to US. market

Estimated Overall OJ production up between 5-6%



Leading OJ suppliers to US. market

Estimated Overall **availability** down between 11-12% due to reduced inventory



Brazil Orange Juice Exports

Destination	Season-to-date July - January				Change from 3 season average	
	2019-20	2020-21	2021-22	2022-23		
million SSE Gallons					%	
USMCA ^b	Total	178.4	188.2	164.8	256.3	+44.7
	<i>FCOJ</i>	102.3	105.1	76.1	138.2	+46.2
	<i>SSOJ</i>	76.1	83.1	88.7	118.1	+43.0
Europe ^c	Total	697.6	577.6	545.5	451.9	-25.5
	<i>FCOJ</i>	552.7	427.7	413.6	343.6	-26.1
	<i>SSOJ</i>	144.9	149.9	131.9	108.3	-23.9
East Asia ^d	Total	97.4	82.1	114.2	80.5	-17.8
Others	Total	36.3	47.5	42.6	32.2	-23.5
Total		1,009.8	895.4	867.0	820.9	-11.2

Europe is
Leading
Destination
for Brazil OJ

^aAssumes exports with codes 2009.11.00 (FCOJ) and 2009.19.00 (Other) are 66° Brix, while exports with code 2009.12.00 (NFC) are 11.8° Brix.

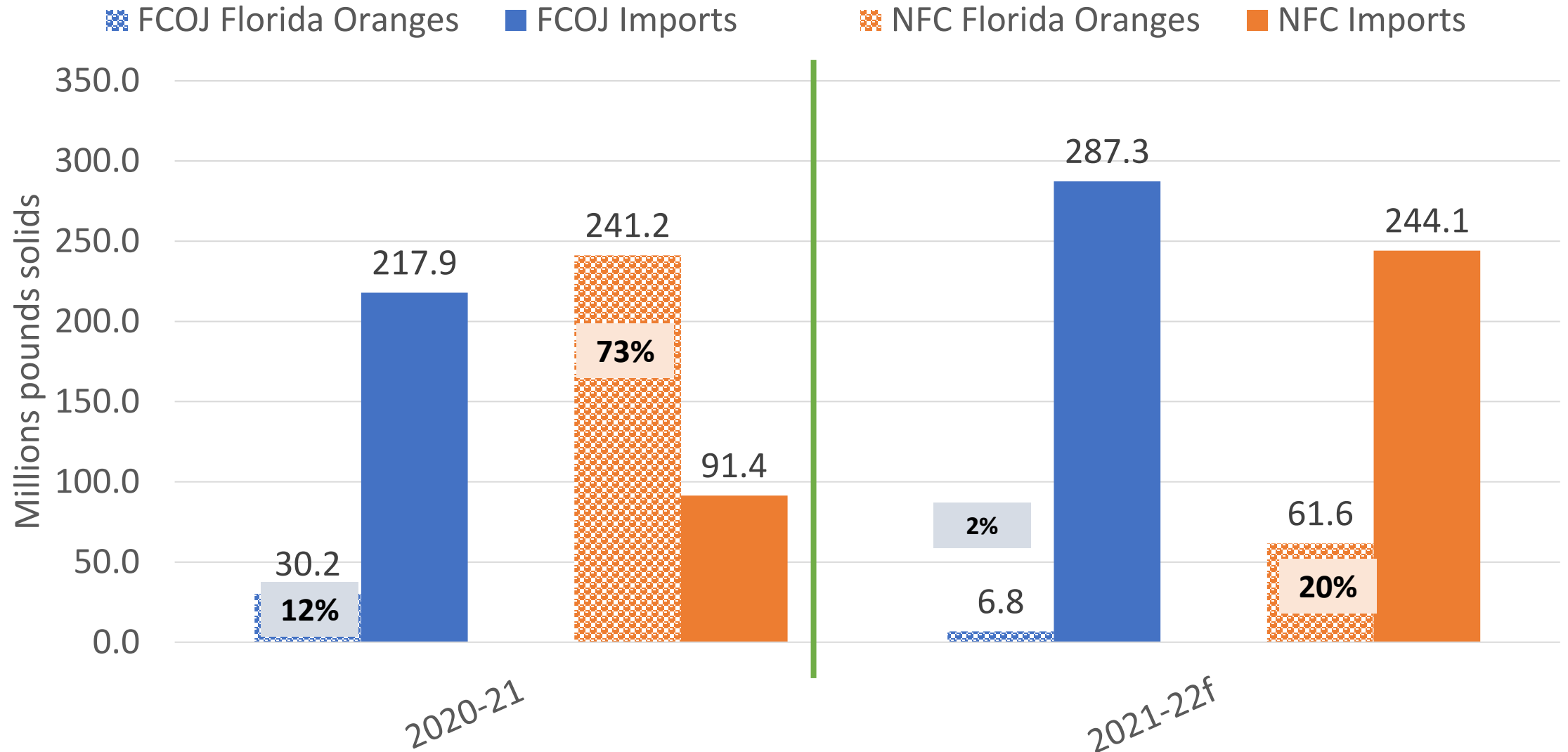
^bU.S., Canada, and Mexico.

^cRussia, Ukraine, and Turkey are included in Europe.

^dChina, Japan, Taiwan, Hong Kong, Macau, South Korea, North Korea, Philippines, and Vietnam.

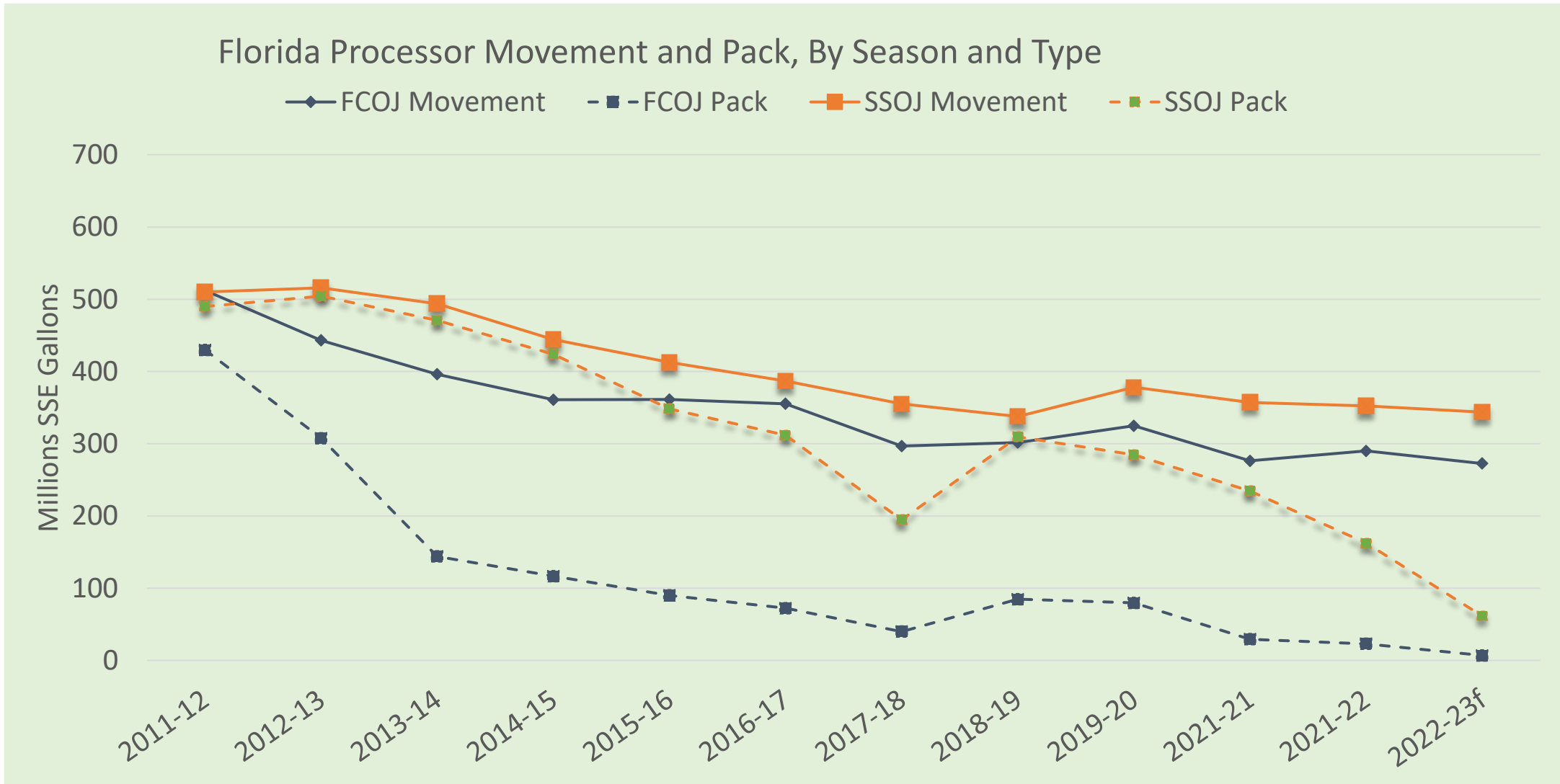
SOURCE: Secretary of External Commerce - Brazil

Florida Processors OJ Juice Sources in 2022-23



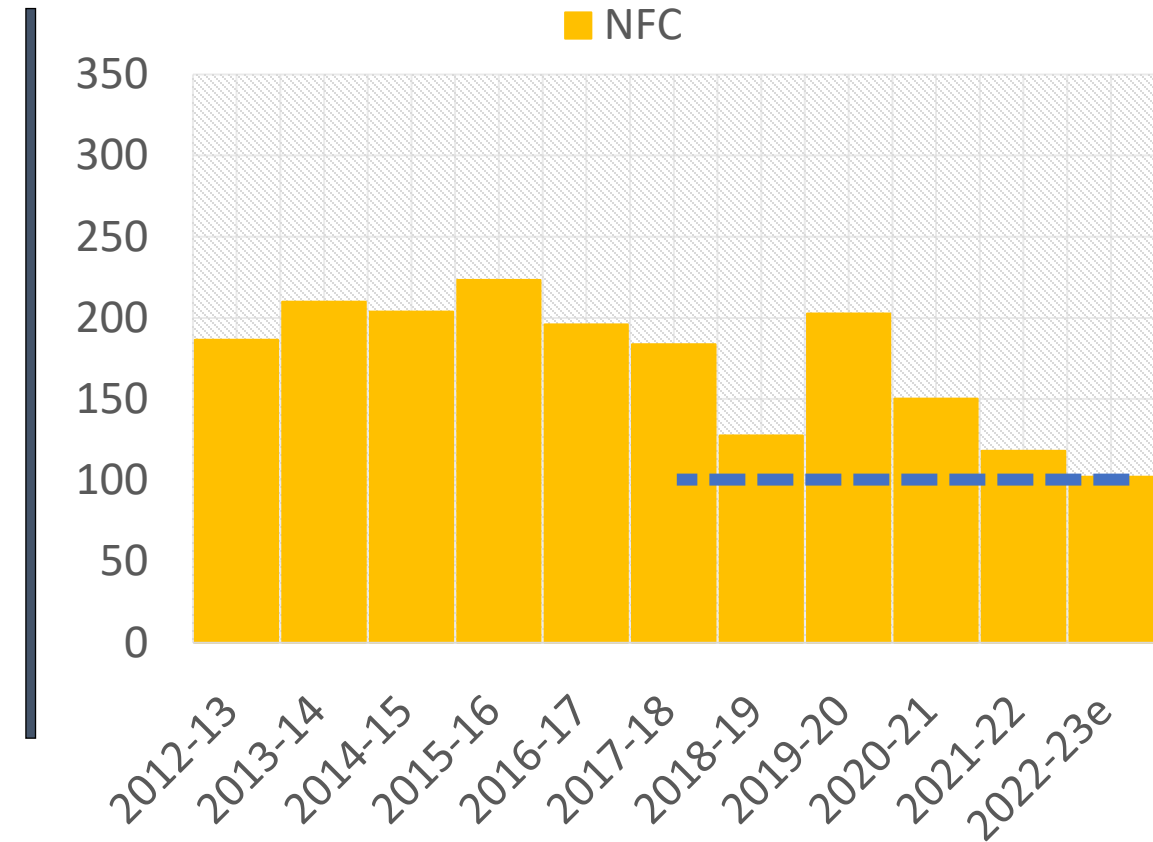
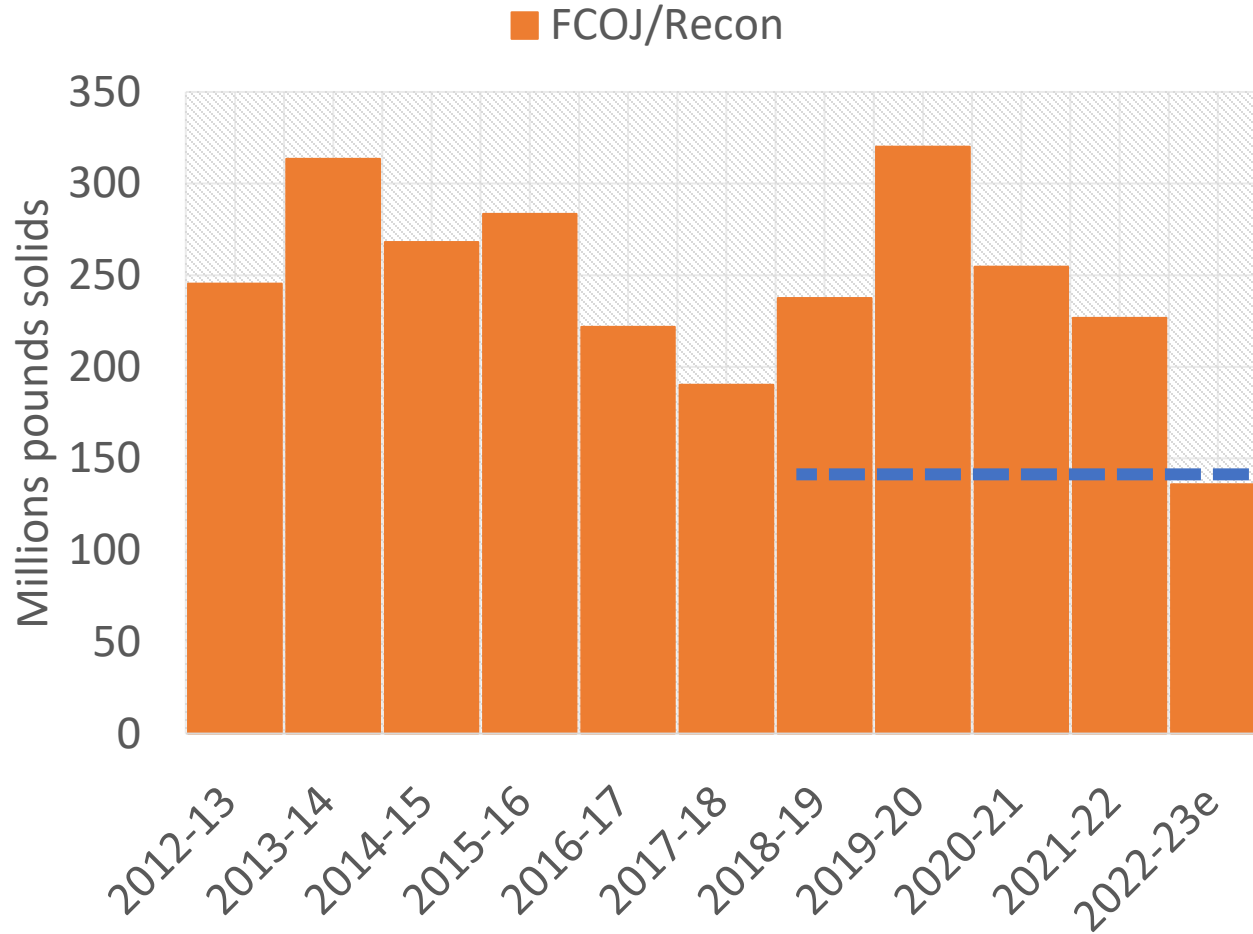
*Includes domestic sources (CA and TX); Does not include existing inventories
 Conversion: 1 single-strength equivalent gallon of orange juice = 1.029 pounds solids

Florida Processor Movement and Pack, By Season and Type



Estimated FL OJ Ending Inventory – September 2023

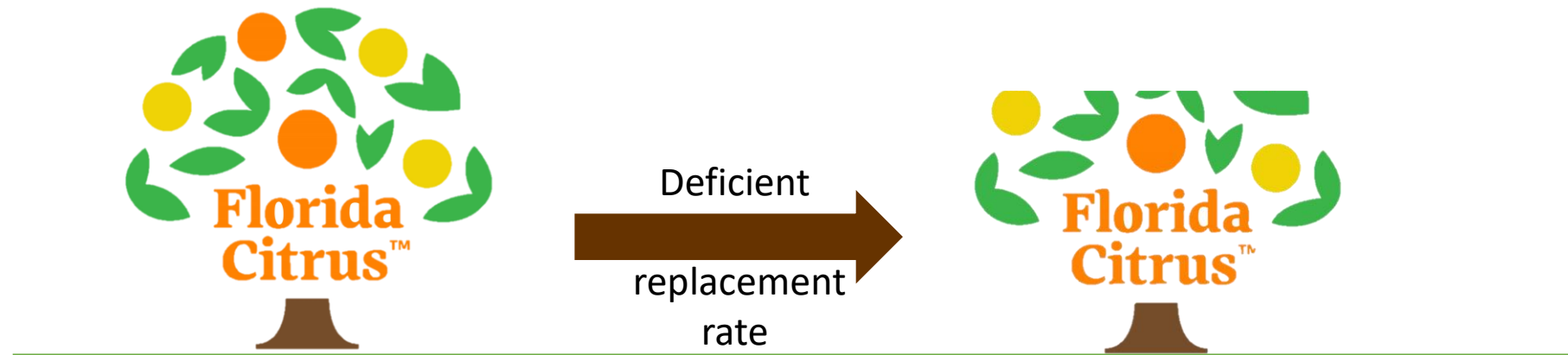
↓ 30-35%, YOY



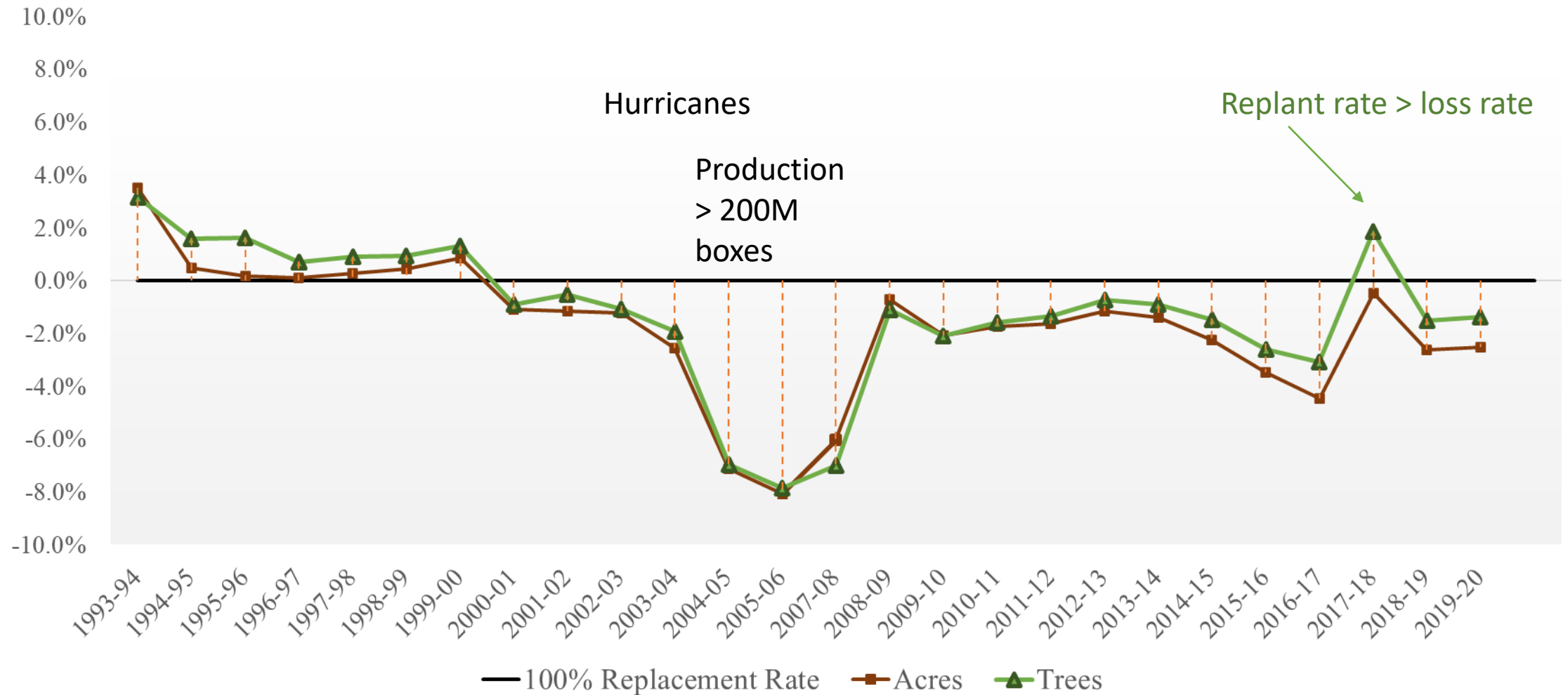
Florida Citrus Season (October - September)

Key Production Challenges

- Older inventory – Nearly 57% of round orange and 70% of red grapefruit commercial inventory is > 14 years old
- Declining fruit per tree yields, especially in older trees
- Insufficient tree replacement rates



Florida Round-orange tree replacement rate*



* Calculated as difference between loss rate and replanting rates

FY22-23 Tree Propagation Programming

- For the 2022-2023 fiscal year, \$1 million was appropriated for the Florida Department of Citrus' Program for Expedited Propagation for HLB tolerant and resistant trees. Additionally, the Florida Department of Agriculture and Consumer Services – Division of Plant Industry received \$2 million for their Accelerated Budwood Initiative.
- FDOC and FDACS are working together to provide nurseries the resources needed to quickly ramp up availability of trees that are displaying tolerance or resistance to HLB, so that growers interested in replanting have access in the nearest possible term.
- Varieties included in this year's program are the Donaldson, Parson Brown, Carney 2, Carney 3, and Roble.
- 25 citrus nurseries around the state are participating in this program. To date, plant material has been distributed to the nurseries and propagation of these varieties have begun.
- There is a collaborative effort within the industry to identify and propagate additional escape trees that show tolerance or resistance to HLB.

Expectations for 2022-23 Season



Overall, Florida citrus production forecast of 18 million boxes oranges, grapefruit, and tangerines represents a 60% decline when compared to the 2022-23 season

Orange production declines by 61% with 16 million boxes, with reduced share into the processed sector.

Florida processors must rely on imports and domestic receipts to meet demand.

World OJ Availability down by 11-12% with decline of production in Florida and reduced inventory.

Demand for Florida citrus products will continue in 22-23 season, tempered by shortages, and reduced overall availability impacts consumption.

Overall, projected decreased in Florida certified on-tree returns with increase in grower delivered-in prices tempered with high cost of production.

2020/21 ECONOMIC CONTRIBUTIONS OF FLORIDA CITRUS

Contributing \$6.94 billion in industry output to Florida's economy



CITRUS INDUSTRY DIRECT CONTRIBUTIONS

INDUSTRY OUTPUT

\$3.91 billion

citrus growers, processors, and packinghouses

EMPLOYMENT

13,844 jobs

(full time and part-time)

LABOR INCOME

\$628 million

in income for Florida families



But it doesn't stop there.

Citrus industry activities support additional economic activity throughout Florida's economy.



CITRUS INDUSTRY TOTAL CONTRIBUTIONS

Industry Output



For every **\$1** of direct output from the citrus industry, an additional **\$0.77** of output is supported throughout Florida's economy.

Employment



Labor Income



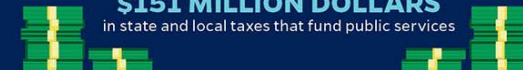
Value Added



Florida State & Local Tax Contributions

\$151 MILLION DOLLARS

in state and local taxes that fund public services



CITATION

Cruz, Julio; Ferreira, João-Pedro; Court, Christa. "Economic Contributions of the Florida Citrus Industry in 2020-21 Infographic". Economic Impact Analysis Program, Food and Resource Economics Department, Institute of Food and Agricultural Sciences, University of Florida. February 2023.

Thank You

