

## State of the Florida Citrus Industry

Thanks to all of you for coming out. We plan a Question and Answer session after my presentation so if you could hold your questions until then I would appreciate it.

My name is Michael W. Sparks and I am executive VP/CEO of Florida Citrus Mutual. We are the largest citrus trade organization in the world with more than 8,000 grower members. This year we are celebrating our 60<sup>th</sup> Anniversary serving the Florida citrus grower.

Let's get right to the point: The Florida Citrus Industry is in a challenging time. Call it what you want...a crossroads, a period of uncertainty, a moment of truth, whatever...We as an industry have some serious hurdles to negotiate to remain viable.

**It is clear to me that our industry's battle against HLB, or citrus greening, may be the most daunting challenge that has ever faced our industry.** This disease is serious and has the potential to destroy everything we and our fathers and their fathers and their fathers built over the past Century. It's a wake-up call of the highest magnitude. The spread of HLB is putting the state's \$9.3 billion citrus industry, the ancillary businesses that rely on it and 76,000 jobs at risk.

As you know a few years ago canker got all the attention and believe me, we are still dealing with that disease. Just ask some of our growers in the Indian River region. You know Florida is an interesting place to grow crops. The same climate that make it a great place to be a grower, or a tourist for that matter, are the same things that make it a nice place for pests and diseases to make a home.

But if canker is a common cold, then HLB is the plague. Its destructive power is unprecedented among the major citrus diseases. Once infected, a tree only has about two years to live.

**Here's how serious the problem has become. All 32 Florida counties containing commercial citrus production now have HLB.** The levels of infection are greatest in southern counties, with some groves in that area reaching 60 percent infection rate. Projections are for the continued spread of HLB throughout the state. Right now all we can do is to try and control the bug that spreads HLB and remove infected trees that have the disease. That's it.

Growers are worried. A grove with a 5 percent infection rate can go from 20 percent to 40 percent to 80 percent over a four year period. And there a direct bottom line effect; scouting, identifying and containing HLB increases a growers' production costs by 33 percent. Imagine the effect on any business trying to absorb 33 percent in non-revenue producing costs?

The good news is we have more than 100 research projects currently underway to find short-term and long-term solutions. It's really a "Manhattan Project" type effort involving the best and brightest minds from the University of Florida and the USDA. The Florida citrus industry has made a significant financial commitment to researching additional ways to stop, or cure, the disease. Mutual is committed to working with state and federal governments and the Florida Citrus Commission to unearth every dollar to fund research. You may have heard about specific projects this morning during our Educational Sessions. There was some exciting projects discussed. This type of research effort is unprecedented in the history of the Florida citrus industry and I am optimistic we can find a cure or an effective way to manage the disease.

**If HLB is priority Number One for Florida citrus, immigration has to be issue 1 (b).**

This is an issue that affects not only agriculture but a host of other industries across the country including construction, lodging, service and tourism - Florida's #1 industry. This whole situation underscores the need for comprehensive immigration reform. The current system is broken from top to bottom and we need to fix it. Florida citrus will continue to push as hard as possible for comprehensive immigration reform at the federal level. **Our industry wants legal workers.** Citrus field workers are the lifeblood of Florida citrus. Without them, the crop doesn't get harvested.

There are some reforms underway and that is a positive first step. Whoever becomes our next president must be committed to seeing those reforms through and working with Congress and regulators to implement long-term substantive reforms.

We cannot just seal off the border without providing solutions for the industries that rely on immigrant labor. This is shortsighted policy. It really simplifies a very complex issue. In our

minds true reform is creating a streamlined guest worker program where foreign workers can come to the United States, work for a period of time and then return home.

But any guest worker program must be workable for growers as well, plain and simple. There can't be any exorbitant fees or excessive red tape involved in the process. Let's create a flexible program that benefits the grower, the workers and the thousands of families in the United States and foreign countries that rely on each. Maintaining stable domestic sources of food is too important not to get something done now.

**Well**, if pest and disease is our industry's number one challenge and immigration is 1(b), then getting consumers to purchase Florida citrus products is probably challenge 1(c)

Retail prices for orange juice as I'm sure you've noticed have gone up dramatically in the past couple of years. Naturally, consumption has decreased. So in addition to fighting for our lives in the grove against exotic bacteria we're also battling on another front - the beverage aisle of the local grocery store. Literally thousands of new beverages are introduced each year from sports drinks, to energy drinks to fruit punches to bottled water.

Orange juice is not a given on the American breakfast table anymore. There are a lot of alternatives.

The good news is we have a great story to tell; Florida OJ is great tasting and healthy. Its ingredients include Vitamin C, potassium, Folic acid. These are all essential nutrients you can't get anywhere else. Through the Florida Department of Citrus we are marketing OJ's taste and healthfulness and I believe we can get consumers drinking more.

Fortunately, the major brands like Florida's Natural, Tropicana and Minute Maid are telling the story of orange juice as well. Total OJ marketing spending by the industry is up. Now that retail prices have seemed to stabilize we're confident we can move the needle in the right direction.

**Some pretty heavy stuff eh? It's not all smiles and giggles in the industry right now as you can see.**

**But let me tell you this is a resilient industry. So yes, I've laid out the major challenges we're facing but if our past is any indicator, we emerge leaner, meaner and better for it.** There's a lot of factors and skill that goes into being a Florida citrus grower. I'm not sure the general public realizes that. You've got to be one part economist, one part scientist, one part meteorologist and one part faith healer. But the vast majority of them love what they do

The devastating freezes of the late 80s didn't stop us. We adapted and moved toward Southwest Florida, in this great part of the state. The hurricanes did not deter us either. After a very low crop in 2006, we rebounded. Florida growers are now expected to produce a 168 million box orange crop this season which is up 30 percent from last year.

Growers are replanting, they see citrus as a good investment. They still see it as a way of life for them and their grandchildren. Just look around this beautiful Conference where we attracted a record 500 attendees in just our fourth year. Look around and you won't see the face of doom and gloom - concern yes - but not doom and gloom.

In closing, Citrus in Florida means family farms. **It is Florida signature industry.** Those things are too valuable to give up from a historical and an economic point of view. **SO WE PLAN TO BE HERE FOR A LONG TIME.** As any farmer will tell you, overcoming challenges is a way of life in agriculture. I'll bet in 25 years, attendees at the Florida Citrus Industry Annual Conference will be talking about the challenges they encountered during the 2007-2008 season while facing a whole new set.