



FLORIDA CITRUS MUTUAL

PO Box 89 • Lakeland FL 33802 • Phone (863) 682-1111 • Fax (863) 682-1074 • www.flcitrusmutual.com

Florida Citrus Mutual is the largest citrus trade organization in the world with more than 8,000 grower members. Founded in 1948, Mutual is governed by a 21-member Board of Directors made up of citrus growers from across the state. As the only state-wide citrus trade organization we offer members services in the areas of: trade, legislative assistance at the state and federal levels, economic/pricing information and pest and disease research information.

The Florida citrus industry covers about 570,000 acres, which if contiguous would roughly cover the entire state of Rhode Island. Citrus generates a statewide economic impact of \$9 billion a year and directly and indirectly employs about 76,000 people, everybody from fruit harvesters to truck drivers to crop insurance agents to bankers. In Florida we produce almost 75% of all orange juice consumed in the United States. The state is also the world's largest grapefruit producer. Florida citrus growers supply a wholesome product that provides citizens with essential nutrients including Vitamin C, a powerful and healthy antioxidant.

Due to the significant global impact of our industry, Florida Citrus Mutual is extremely concerned with the proposed EPA Numeric Nutrient Criteria. We have grouped our concerns into three general areas: scientific basis, ongoing environmental improvements and economic impact.

Scientific Basis

EPA's Numeric Nutrient Criteria ignore the variability of Florida's surface waters. Numeric nutrient criteria must be site specific; otherwise, healthy water bodies will be deemed impaired and resources will be wasted attempting to make those water bodies meet nutrient concentrations they would not naturally meet due to their diversity. There is no way possible that a "one size fits all" approach can be applied to the entire state.

It is very unsettling that the proposed rule does not appear to include independent third-party review of the science on which these phosphorous and nitrogen criteria are set.. The numbers proposed seem to be arbitrarily set and without scientific support. It is crucial that the ultimate numbers that are applied to waters throughout the state of Florida not only be scientifically based but also beneficial to the water body and attainable by the water user.

Ongoing Environmental Improvements

The EPA's federal intervention disrupts Florida's successful water quality restoration efforts. The federal Numeric Nutrient Criteria will unseat the state water quality standards that form the basis for ongoing restoration programs, such as the numerous Total Maximum Daily Load (TMDL) initiatives. The Florida citrus industry has been working closely with the Florida Department of Environmental Protection, The University of Florida/IFAS and other agricultural commodity groups for more than ten years on the development of these TMDLs. Mutual feels that the significant progress made through this effort will most certainly ensure "clean water" for all Floridians.

Florida citrus growers are good stewards of the land. We have to be; the land supports our businesses and our families. If we treat it badly we don't have a business. Evolving production practices are more environmentally friendly than ever. A majority of the citrus grown in Florida is cultivated through Best Management Practices or BMPs, which are production strategies scientifically shown to preserve water quality and lessen the environmental impacts of agriculture.

BMP programs have helped significantly reduce our use of fertilizers and water. Water consumption has plummeted over the past few decades as growers turned to efficient micro-jet irrigation. Plus, through BMPs, we've learned techniques to minimize fertilizer runoff like scheduling applications to avoid Florida's rainy season. Variable application technology also allows growers to reduce fertilizer use while maximizing efficiency.

Not surprisingly, implementing these BMPs has come with a cost. Every Florida citrus grower is glad to pay these costs because clean water allows us to continue to produce the highest quality citrus juices and fresh fruit in the world. However, the introduction of additional regulations in the form of the Numeric Nutrient Criteria would place an unbearable economic burden on growers. Being at the beginning of the supply chain producing a perishable commodity, growers can't pass additional costs on to consumers. Growers are price takers. We get what the processing plants offer us. So any additional costs are taken straight from the bottom line.

Economic Consequences:

The Florida Department of Agriculture in conjunction with the University of Florida/IFAS Food and Resource Economics Department has put together a report titled, "*Economic Impacts and Compliance Costs of Proposed EPA Numeric Nutrient Criteria for Florida Agriculture*". This study estimates that the total initial costs for Florida agriculture to implement all

applicable practices under the numeric nutrient criteria will range from \$855 million to \$3.069 billion.

The total recurring (annual) costs will range from \$271 to \$974 million, the report states. Lost revenues associated with land taken out of production to implement on-farm water treatment/retention practices are estimated to be \$631 million annually. Thus, total recurring expenditures and revenue reductions for agriculture are estimated to range from \$902 million to \$1.605 billion annually.

Beyond the direct impact on the agricultural sector, the study says, Florida's economy as a whole will be affected by losing \$631 million in agricultural revenues. The secondary ripple effect on suppliers and employee spending is estimated to equal negative \$1.148 billion annually. The annual impact on Florida's labor income is estimated to be negative \$326 million while losing 14,545 full-time, part-time, and seasonal jobs.

These numbers are astonishing. For citrus alone the estimated costs of typical Best Management Practices that will have to be followed to comply with the rule are over 325 million dollars for implementation and over 100 million on an annual basis thereafter. This equates to an initial cost of almost 500 dollars per acre with an additional annual cost of over 155 dollars per acre. In an industry where every dollar of revenue is already accounted for to stay in business these additional costs will be devastating to say the least.

Conclusion:

Florida Citrus Mutual is very WORRIED that expensive and ultimately unattainable regulations will push the Florida citrus industry over the edge and put growers out of business. There is a razor thin margin between staying in business and going bankrupt and costly regulation could tip the scale.

So what happens when growers go out of business because they can't afford to comply with unattainable rules and regulations? Food production shifts overseas. We've all seen it throughout history on a number of products, not just foodstuffs. Right now, the Florida citrus industry is locked in a competitive battle with Brazil. Over the past three decades Brazilian orange juice has taken a large portion of Florida's market share.

The new Numeric Nutrient Criteria regulations as written would be another competitive advantage enjoyed by Brazilian growers. The rules will pound another nail in the coffin of Florida citrus.

Food production is too important to the future and security of the United States to essentially hand it over to foreign countries. Any new regulation that puts additional cost burden on the Florida citrus grower will be disastrous, not only to our industry but the economy of Florida as well.