

2014/15 Average Packing Charges for Florida Fresh Citrus¹

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Survey

A survey of Florida fresh citrus packers was conducted in April 2015 to collect data on their packing charges during the 2014/15 season. A total of sixteen packinghouses participated in the survey, seven from the Interior region and nine from the Indian River region. The average of their responses was computed to obtain the estimates presented below. It is worth noting such estimates correspond to packing charges, not packing costs.

There are two changes in this report relative to previous reports made by Ronald Muraro (2003–2012) based on comments from the industry. First, this report itemizes industry assessments and sales charges separately from packing charges, whereas previous reports presented them together in one category. Second, whereas previous reports made a distinction between domestic and exported grapefruit, this summary lists a single category for grapefruit because results of a focus group with packers show that the packing charges for both domestic and exports are the same, and any difference between the two is an up-charge related to enhanced packaging.

The 2014/15 average packing charges by citrus varieties are shown in Table 1 and are expressed in US dollars per 4/5 bushel carton. For grapefruit, the 2014/15 average packing charge, industry assessment, and sales charge were \$4.504, \$0.302, and \$0.556 per carton, respectively. For oranges, these charges per carton were \$4.785, \$0.184, and \$0.556,



respectively. For temples and tangelos, these charges were \$5.031, \$0.186, and \$0.557 per carton, respectively. For tangerines these charges were \$5.916, \$0.194, and \$0.556 per carton, respectively.

Table 1 also shows the 2014/15 estimated average charges for drenching, packinghouse eliminations, and hauling eliminations from packinghouses to processors, which are additional charges levied on an as-needed basis. These charges are presented separately because some packinghouses do not charge for drenching, and the elimination/hauling charges may not apply in cases where there is 100 percent packout. These charges are presented in US dollars per box. For grapefruit, the charges for drenching, packinghouse eliminations, and hauling were \$0.199, \$0.663,

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and \$0.559 per box, respectively. For oranges, these charges were \$0.200, \$0.678, and \$0.554 per box, respectively. For temples and tangelos, these charges were \$0.196, \$0.703, and \$0.642 per box, respectively. For tangerines, these charges were \$0.200, \$0.702, and \$0.692, respectively.

Table 2 provides a comparison of the 2014/15 packing charges to those of previous years. To make the estimates comparable across seasons—given the changes introduced in this report discussed above—the 2014/15 packing charge, industry assessment, and sales charge were added together. Also, the figures for grapefruit in seasons 2008/09 to 2011/12 correspond to the category presented as domestic grapefruit in previous reports.

Tables 1 and 2 summarize the 2014/15 packing charges for Florida fresh citrus and provide a comparison to historical values. The usefulness of these estimates resides in the fact that they provide the basis for computing on-tree prices from delivered-in prices, which in turn are useful for computing growers' economic returns. The Florida citrus industry currently faces the challenges imposed by citrus greening (decreasing yields and production, lower quality fruit, and higher tree mortality rates), all of which have resulted in increased cost of production. As a consequence of the decrease in the state's supply of fresh citrus, the number of packinghouses has decreased in recent years. Thus, the estimates in this report document the changes in packing charges as the industry adapts to remain profitable.

References

Muraro, R.P. 2003–2012. Average Packing Charges for Florida Fresh Citrus. UF/IFAS Citrus Research and Education Center, Lake Alfred, FL

Table 1. Estimated average packing charges for Florida citrus, 2014/15

Charges	Grapefruit	Oranges	Temples/ Tangelos	Tangerines
			<i>\$ per carton</i>	
Packing charge ¹	4.504	4.785	5.031	5.916
Industry assessment ²	0.302	0.184	0.186	0.194
Sales charge	0.556	0.556	0.557	0.556
Total packing charge	5.362	5.525	5.774	6.666
			<i>\$ per box</i>	
Drenching charge	0.199	0.200	0.196	0.200
Packinghouse elimination charge	0.663	0.678	0.703	0.702
Hauling charge for eliminations	0.559	0.554	0.642	0.692

¹ Packing charges include material costs, labor costs, direct packing costs, indirect packing costs, and G&A costs.
² Industry assessment includes advertising taxes, inspection fees, Florida Citrus Packers, CAC.
Source: Ariel Singerman, CREC, UF/IFAS Extension, Lake Alfred, FL.

Table 2. Estimated average packing charges for Florida citrus by season

Charges	Season	Grapefruit	Oranges	Temples/ Tangelos	Tangerines
				<i>\$ per carton</i>	
Total packing charge ¹	2008/09	4.495	4.886	5.088	6.116
	2009/10	4.730	5.065	5.252	6.054
	2010/11	4.654	5.071	5.486	6.105
	2011/12	4.907	5.241	5.451	6.336
	2014/15	5.362	5.525	5.774	6.666
				<i>\$ per box</i>	
Drenching charge	2008/09	0.191	0.193	0.191	0.190
	2009/10	0.192	0.192	0.191	0.191
	2010/11	0.199	0.201	0.195	0.195
	2011/12	0.207	0.203	0.191	0.199
	2014/15	0.199	0.200	0.196	0.200
Packinghouse elimination charges	2008/09	0.656	0.675	0.709	0.749
	2009/10	0.649	0.675	0.712	0.710
	2010/11	0.676	0.706	0.744	0.777
	2011/12	0.654	0.680	0.687	0.718
	2014/15	0.663	0.678	0.703	0.702
Hauling charge for eliminations	2008/09	0.586	0.571	0.585	0.589
	2009/10	0.564	0.510	0.525	0.525
	2010/11	0.516	0.498	0.537	0.588
	2011/12	0.615	0.568	0.559	0.590
	2014/15	0.559	0.554	0.642	0.692

¹ Total packing charges include packing charge, industry assessment, and sales charge as defined in Table 1.
Sources: Ariel Singerman, CREC, UF/IFAS Extension, Lake Alfred, FL (2014/15); Ronald P. Muraro, CREC, UF/IFAS Extension, Lake Alfred, FL (2008/09–2011/12).