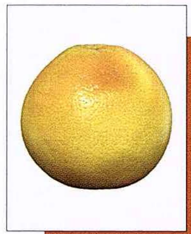


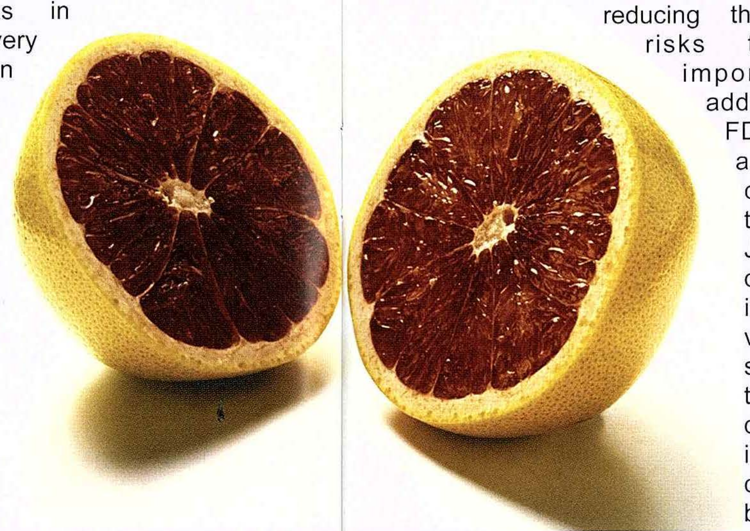
Florida grapefruit

Increased production should not be overestimated

Florida is back on the international scene although at some 13 million boxes (42.5 lbs) for all destinations, the quantities are still far from the 18 to 20 million boxes before the hurricanes of autumn 2004. However, this is a distinct increase in comparison with the two preceding seasons (7.8 million boxes in 2004-2005 and 8.9 million in 2005-2006) and Florida can more firmly affirm its position as the world's leading exporter.

The increase in production to 26 million field boxes (85 lbs) partly accounts for the increase. The deficit in comparison with the usual 40 to 46 million boxes until 2004 is still substantial but less marked than during the two lean seasons in 2004-2005 and 2005-2006. There was no production loss as a result of hurricanes—in contrast with the two preceding seasons—and the impact of sanitary problems remained moderate.

Furthermore, the decisions taken by growers were favourable for the international fresh grapefruit market. The proportion of production delivered for processing was smaller than last year, returning to 60%, that is to say the average observed before the hurricanes. Indeed, the juice market is saturated again and the quantities of sorting rejects have been moderate thanks in particular to a very dry winter. In parallel, domestic demand has decreased further (see box), especially as fruits from Florida have been forbidden in 10 citrus producer states (including California and Texas with their large populations) to prevent the spread of sanitary problems and frost drastically reduced production in California. In contrast, the international markets have tended to be buying. The weakness of the dollar against the yen and the euro has played a stimulating role by reducing the financial risks taken by importers. In addition, the FDOC-funded advertising campaign in the EU and Japan was a driving force in sales. The volumes shipped to the two destinations increased considerably.



But can we envisage a gradual return of arrivals of fruit from Florida to the average pre-hurricane levels, that is to say 6.5 and 11.5 million boxes for Europe and Japan respectively.

This is not a possible scenario in the medium term. Firstly, plantations now total only 7 million trees after the strong decrease in recent years as a result of the direct—and above all indirect—results of the hurricanes. Production cannot therefore exceed 25 million field boxes (roughly the figure seen this season) with average yields. The shortage of seedlings will still be acute in 2007-2008 and marked in 2008-2009, making a rapid change of trend impossible. In addition, very probable worsening of the factors forming the equation used to extrapolate production may well aggravate the decrease (sanitary problems starting with canker, greening, urban development, etc.). Thus in *Florida Citrus Production Trend 2007-08 Through 2016-17*, the FDOC annual projection report, production levels of between 18 and 22 million boxes are forecast for the next five seasons in the most probable scenarios (http://www.floridajuice.com/user_upload/files/trends20_457f02e59f97d.pdf). It should also be borne in mind that the impact of canker on fruit appearance may well reduce the proportion of production sold on the fresh fruit market.

With these volumes, nonetheless worth 700 000 to 850 000 tonnes, Florida has the capacity to hold on to its position as world leader, but its domination will not be as strong as it used to be ■

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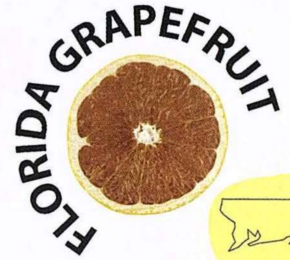
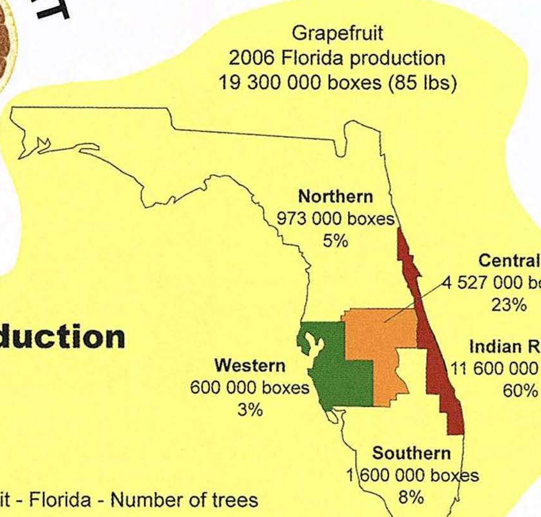
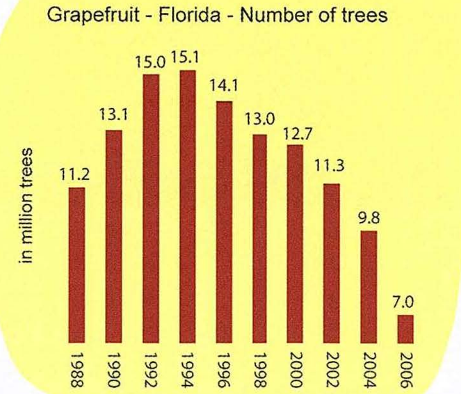
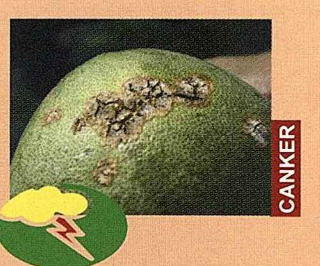


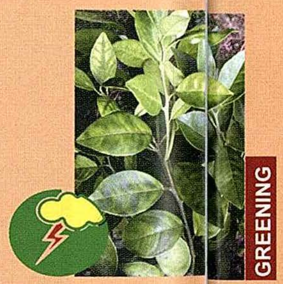


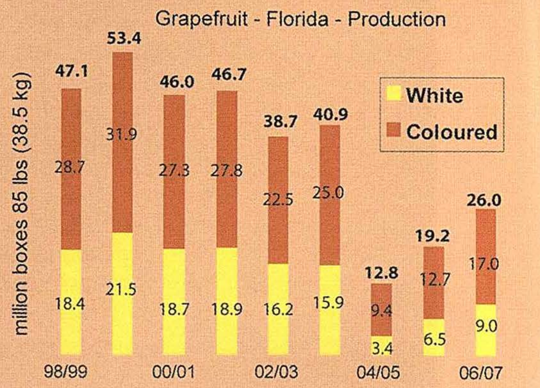
Production

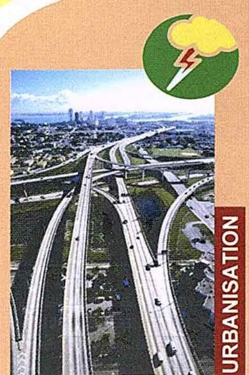


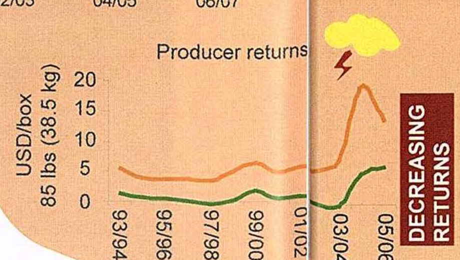
Major constraints





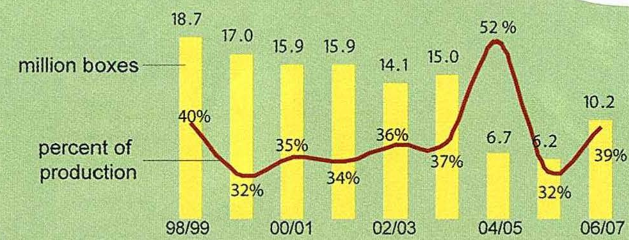






World production in tonnes		
World, incl.	5 900 000	100%
China	2 020 000	34%
USA	1 555 000	26%
Mexico	350 199	6%
Israel	263 540	4%
South Africa	212 348	4%

Fresh market



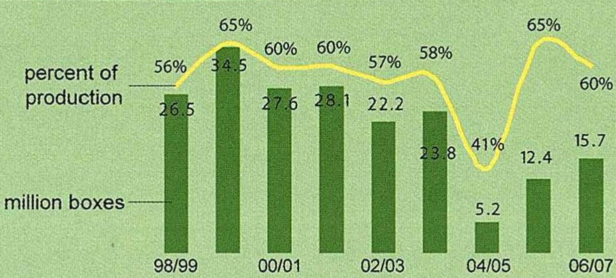
FRESH

Fresh grapefruit - Exports (million boxes 42.5 lbs / 19.25 kg)

Saison	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07
Total, incl.	**33.9**	**31.9**	**31.8**	**28.3**	**30.1**	**13.4**	**12.5**	**20.3**
Japan	10.9	10.7	11.2	10.2	12.1	4.8	4.6	7.9
USA	13.2	11.6	11.1	9.9	9.0	4.9	4.8	6.5
EU	6.4	6.6	6.6	6.2	6.9	2.8	2.1	4.4
Canada	2.3	2.2	2.2	1.6	1.8	0.8	0.8	1.3
Others	1.1	0.7	0.7	0.3	0.6	0.1	0.2	0.3

World exports tonnes		
World, incl.	935 536	100%
USA	384 246	41%
South Africa	144 000	15%
Turkey	135 000	14%
Israel	78 000	8%
Spain	37 000	4%

Processed



INDUSTRY

Processed grapefruit - Exports (million gallons SSE)

Year	1999	2000	2001	2002	2003	2004	2005	2006
Total, incl.	**26.2**	**35.9**	**36.8**	**36.9**	**41.3**	**40.5**	**19.6**	**18.9**
Europe	16.1	18.8	21.9	21.2	22.2	18.4	7.1	10.4
Japan	5.6	11.3	10.1	11.0	13.4	17.1	7.2	4.3
Canada	2.7	3.1	3.0	3.4	3.1	3.5	3.2	2.8
Others	1.8	2.7	1.8	1.3	2.5	1.6	2.1	1.4

Processed volumes tonnes		
World, incl.	1 340 000	100%
USA	739 000	55%
Israel	154 500	12%
Mexico	113 000	8%
Argentina	110 000	8%
South Africa	60 000	4%

Source: FDOC, FASS

Graphics: Chez Vincent