

*“Progress is impossible without change” George Bernard Shaw*

**WONDEFUL CITRUS GROWER SYMPOSIUM**

It is always a pleasure to spend time with citrus industry colleagues from around the world, and what better place to do it than in California where Wonderful Citrus invited citrus people from the southern hemisphere to spend two days with them as they discussed their take on the industry and showcased their farms and facilities around Bakersfield. It was an opportunity to rekindle old acquaintances and form new bonds with citrus industry representatives from Chile, Brazil, Peru, Argentina, Australia, and the USA.

Zak Laffite, CEO of Wonderful Citrus, gave an insightful look into his learnings in the citrus industry, and where we are going from here:

- We have entered a new phase – what worked in the past may not work now. In the period 2010 to 2019, we had rapid volume growth and aggressive plantings, higher grower margins as velocity drove retail profits, and growing consumption to a point where demand exceeded supply, with marketing driving up consumption. From 2020 we enter into a cycle of saturation as supply starts to exceed demand due to high plantings, high retail margins with volatile profitability on both ends, and commoditization of citrus. The industry is now trying to find the next variety that appeals to consumers to reignite growth.
- In the USA, imports of every variety (except oranges) have doubled in the past ten years.
- Import growth may require more velocity (sales per square meter of shelf space) or a new disruptor to drive incremental sales. Lemons behave similarly at retail across summer and winter including retail prices and consumption. Imported oranges and mandarins face stiffer competition from other fruits during the summer than they do in winter. The challenge for imported citrus is to compete for shelf space with domestic US summer fruits. If the retailer will not increase shelf space then summer citrus suppliers from the southern hemisphere should drive up replenishment of the limited shelf space devoted to citrus, to a point where the retailer prefers to increase the shelf space rather than consistently replenish the limited space available to summer citrus.
- Despite slower expansion, business sustainability calls for strong investment. Weather events and climate change require investment in risk mitigation – this is particularly true for water where more efficient utilization and storage require capital investment. Many countries are challenged by the introduction and spread of Asian Greening (HLB) – the US has spent US\$1.5 billion over the past ten years with little progress in finding a sustainable solution. Variety obsolescence, tree age, and declining productivity require redevelopment with associated costs. On the costs side, labour costs continue to escalate – resulting in investment into automation and research in that field. Government and consumers are calling for greener solutions (as are the growers as responsible stewards of the environment under their control). Input costs are escalating at higher rates than produce prices – agricultural chemical costs are increasing, some resistance to plant protection products is arising and there is not a lot of R and D on new solutions.
- Consumer behavior has been altered by inflation pressures. In the US, volume sales for produce are higher than pre-COVID by 3%. However, consumers are moving to canned and frozen due to spoilage and cost concerns. Consumers are spending more but buying less due to higher prices. Fruit outgrew vegetables but mostly because prices increased (9.5% on fruit). Conventional is outgrowing organic for the first time in five years. Online shopping for fresh stays flat and down from COVID levels. 64% Of consumers shopped for fresh during COVID compared to 46% now.

**PACKED AND SHIPPED**

| End of Week 41<br>Million 15 Kg Cartons | Packed        | Packed        | Packed        | Shipped        | Shipped        | Original<br>Estimate | Latest<br>Prediction | Final<br>Packed |
|---|---------------|---------------|---------------|----------------|----------------|----------------------|----------------------|-----------------|
| <b>SOURCE: PPECB/AGRIHUB</b>            | 2021          | 2022          | 2023          | 2022           | 2023           | 2023                 | 2023                 | 2022            |
| Grapefruit                              | 20.3 m        | 16.7 m        | 14.7 m        | 14.9 m         | 13.9 m         | 14.4 m               | 14.7 m               | 16.7 m          |
| Mandarins                               | 30.7 m        | 31.8 m        | 37.8 m        | 31.8 m         | 37.7 m         | 34.1 m               | 38.0 m               | 31.8 m          |
| Lemons                                  | 31.1 m        | 34.7 m        | 35.6 m        | 33.9 m         | 35.0 m         | 37.3 m               | 35.7 m               | 34.7 m          |
| Navels                                  | 27.2 m        | 27.8 m        | 24.7 m        | 27.4 m         | 24.6 m         | 25.3 m               | 24.8 m               | 27.8 m          |
| Valencia                                | 55.2 m        | 53.6 m        | 51.9 m        | 49.2 m         | 49.6 m         | 54.5 m               | 52.2 m               | 53.8 m          |
| <b>Total</b>                            | <b>164.5m</b> | <b>164.6m</b> | <b>164.7m</b> | <b>157.2 m</b> | <b>160.8 m</b> | <b>165.6 m</b>       | <b>165.4 m</b>       | <b>164.8 m</b>  |