

<b>A. Duda &amp; Sons, Inc.</b>	<b>Alico, Inc.</b>	<b>Barron Collier Companies</b>
<b>Bernard Egan &amp; Company</b>	<b>Consolidated Citrus, LP</b>	<b>Evans Properties, Inc.</b>
<b>Gardinier Florida Citrus, Inc.</b>	<b>Heller Bros.</b>	<b>IMG Enterprises, Inc.</b>
<b>Peace River Citrus Products, Inc.</b>	<b>Peace River Packing Company</b>	<b>S. &amp; R. Ag Holdings</b>
<b>Southern Gardens Groves Corp.</b>	<b>Tamiami Citrus, LLC</b>	<b>Twenty Twenty Groves, Inc.</b>

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September 8, 2020

**VIA EMAIL: MikeS@FLCitrusMutual.com**  
**CARBON COPIES VIA EMAIL**

Industry Review Committee  
c/o Michael W. Sparks  
Florida Citrus Mutual  
600 N. Broadway Avenue  
Bartow, Florida 33830

Dear Industry Review Committee:

We write to you today to convey an important message regarding the work of the Industry Review Committee. Last November, we urged the Florida Citrus Commission to hold the box tax at a maintenance level and pursue an investigation of a Federal Marketing Order for orange juice to ease the burden of funding marketing programs that are vital to maintaining sufficient demand for orange juice in the domestic market. An order would require importers to contribute their fair share of the cost of the marketing programs, thus easing the burden on Florida growers and avoiding a major box tax increase. The Commission took heed of the recommendations that we made (and many other growers supported), delayed an increase in the box tax, and Commission Chairman Ned Hancock directed that the Industry Review Committee be formed to investigate the order.

We know much work has been done by the Committee, including an economic analysis of the orange juice market and the potential benefits of a federal program conducted by Dr. Dan Gunter. The report findings came as no surprise to us. With imports now representing at least 50% of the OJ sold in the U.S., it is apparent that there is significant upside to a Federal Program for Florida growers. In addition to lower taxes on Florida growers, the Federal Marketing Order will generate enough funds to move the needle by taxing OJ produced and imported anywhere in the country. By sharing the burden of promoting orange juice with other producers, we avoid doubling or even tripling the box tax (the tax was \$.23/box back in 2016 before industry asked the DOC to cut programs due to greening) in order to generate funds needed to drive OJ demand.

We understand that a few vocal growers have expressed concern about moving from a state to a federal program. Their concern revolves around the use of the term "Florida" in advertising. Some research suggests that OJ advertising is more impactful to certain consumers if the term Florida is

used in the messaging. While there could be some benefit, it is difficult to quantify because the data used in the research goes back to 2016 when the Department had a \$.23/box tax and sufficient resources to promote more aggressively. There is no current research, and Department budgets today have scant dollars for promotion due to shrinking crops and no support from importers. Moreover, the research is also clear that any benefit derived from advertising, with or without the use of the term Florida, is shared equally in the market. So even if there was a bump for the use of the term Florida, the importers paying nothing get half the benefit. In short, we have no interest in paying 100% of the cost of promotion for the right to use the term Florida in advertising, where half the benefit goes to the free-riding importers.

It is important to acknowledge that our industry has changed dramatically due to greening and other market factors. We know that the two major brands, Tropicana and Simply, buy the vast majority of Florida oranges to supply their brands. The third brand, Florida's Natural, is a distant third processing plus or minus 15% of the Florida crop. The two major brands have diversified their purchasing programs, sourcing solids from Brazil, Mexico and Costa Rica to balance quality and provide an assurance of supply. Thus, almost all Florida orange juice is but an ingredient in finished product and (sadly) only a commodity in today's world. It is part of the blend, and 90% or more of the OJ consumed in the U.S. is a blend. But there is a Florida premium, and that relates to the proximity of Florida groves to major brand processing, storage and packaging assets. It is expensive to move NFC from Brazil (even on super tankers) and Mexico, so Florida has a huge logistical cost advantage over NFC imports. This is what the Florida premium is about. It is not quality or origin. Rather, it is proximity to market. As long as there is demand for NFC, Florida will come first. And, processors with substantial investments in plant infrastructure here in Florida would much rather process fruit, utilize their fixed asset base and recover by-products than import finished product.

NFC is the lifeblood of the Florida grower today. Processers can pay \$2.00 PPS plus or minus for fruit that is utilized as NFC. If Florida fruit is processed into concentrate it competes with low-cost imports priced to the futures market (currently under \$1.20 PPS), and that is bad math for Florida growers. Florida crops will only be as large as NFC demand. We saw that last year as pre-COVID demand was about 55 million boxes so nearly 15 million boxes went to concentrate and growers were paid a little over \$1.00 PPS on average in the cash market.

The reality is that we do need to spend more on generic promotion to maintain demand, of which NFC is half of the market. As NFC goes, so goes Florida crops. If NFC demand falls to 40 million boxes (where we were headed before COVID, which will only be a short-term demand boost), you can be sure Florida's crops will soon drop to 40 million boxes because growers cannot survive on \$1.00 PPS. Investing in marketing assures that all of our Florida production can be utilized as higher-value NFC. We need to make the investment to protect our businesses, but we can't afford to pay more.

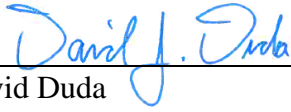
Continuing with the status quo is no longer tenable. Taxing Florida growers alone, we cannot generate enough funds to be effective in the market, and it is deeply unfair to Florida stakeholders to perpetuate this uncompetitive practice. Your Committee was formed to investigate and make recommendations on how we can promote OJ more effectively without raising taxes on Florida growers. Some are suggesting that your Committee should end your work before it is finished. We

strongly disagree. They may want to prevent your Committee from publishing its findings and avoid an industry wide vote on an order. We urge you to complete your study, present formal recommendations to the industry, and if supported by a majority of the Committee members, forward a request to Agriculture Secretary Purdue to proceed with a referendum on a Federal Marketing Order for OJ.

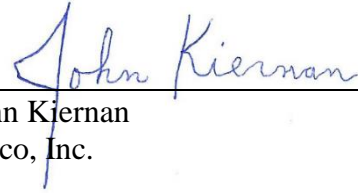
Thank you for your service on the Industry Review Committee, and your efforts on behalf of all Florida growers.

Sincerely,

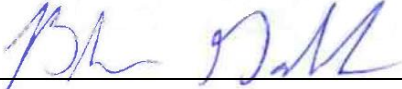
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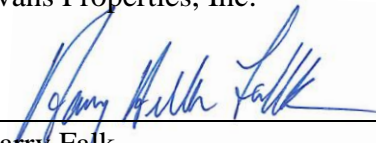
Charles Lucas  
Consolidated Citrus, LP



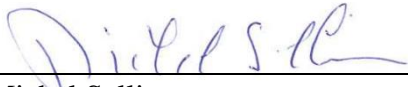
Ron Edwards  
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Gardinier Florida Citrus, Inc.



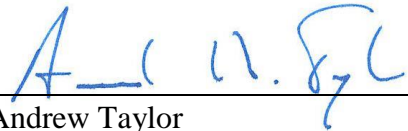
Harry Falk  
Heller Bros.



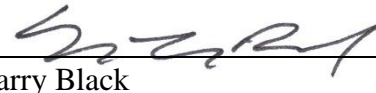
Michel Sallin  
IMG Enterprises, Inc.



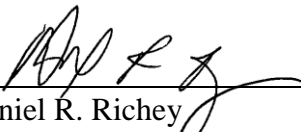
Bill Becker  
Peace River Citrus Products, Inc.



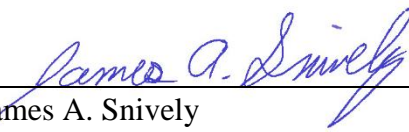
Andrew Taylor  
Peace River Citrus Products, Inc.



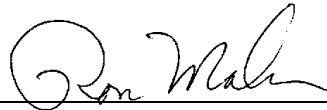
Larry Black  
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Daniel R. Richey  
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James A. Snively  
Southern Gardens Groves Corp.



Ron Mahan  
Tamiami Citrus, LLC



George Pantuso  
Twenty Twenty Groves, Inc.

CC: The Honorable Ron DeSantis, Governor  
The Honorable Nikki Fried, Commission of Agriculture  
The Honorable Ben Albritton, Senator  
Florida Citrus Commission  
Shannon Shepp, Executive Director, Florida Department of Citrus  
Florida Citrus Industry Organizations