fuse to handle our fruit. This has triggered a similar reaction in Japan, and if not changed, could cause a dramatic reduction in grapefruit sales. We assume that, through aggressive action and cooperation, we will overcome this extremely trying situation.

As I mentioned earlier, we were able to partially accomplish 2 things in the Tokyo round of talks. The first, as discussed, is the gradual increase in orange quotas. The second, a very important issue, is the grapefruit duty. The Japanese impose a duty on the C.I.F. value (cost, insurance, and freight) of all imported citrus. Until last season, this duty was 40% from December 1 to June 1. The June 1 to December 1 rate was 20%. This duty was reduced 2½ percent last season and will continue to be reduced over 4 years. This means a 10 percent reduction by 1984. Over a 4 year period this will mean over $1.00 per carton duty reduction. This is a significant cost saving, which can be used to compensate higher fruit costs and freight.

We believe that a continued aggressive position on duties and quotas in all Pacific Basin countries will eventually lead toward greater free trade and additional business for the Florida citrus industry.

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FLORIDA'S PLACE IN THE EUROPEAN EXPORT MARKET

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We could start this off with a very blunt statement that Florida has no place in the world market, but fortunately, that is not true. The truth is that Florida has a potential in the world market, but we must take a hard look at the market before we can really define this potential.

First and foremost, let's take a look at this marketplace and what are its demands.

Western Europe, in reality the European Economic Community (EEC) and the Scandanavian countries are where the action is. There are over 440 million people in these countries and they have a well defined and viable economic structure. This is true even though England is in serious economic difficulty and Italy has such an unstable political situation that the names of the heads of the government are not painted on signs—they use chalk! These problems notwithstanding, all of these countries do buy and do consume a large volume of citrus fruit. They are also consuming increasingly large quantities of orange juice.

The juice business has been particularly interesting in Europe because it has been spotty in its success. Sweden has reached the point where per capita consumption of orange juice is higher than in the U.S. This came about in less than 10 years, so it is obviously a success story, but the same thing hasn't happened in Norway, nor has it happened in any other European countries. What is the answer or the reason? The answer is a good distribution system. Almost all of this business in Sweden is done by dairy co-operatives who are selling a good quality reconstituted juice.

Another side of the picture is frozen concentrated orange juice (FCOJ) in England. This product has been distributed in retail sizes in England for the past 15 years and its growth since 1973 has been static. Why? Part of it is distribution—another factor is pricing.

The question can and should be asked—why isn't Florida doing better in Europe then? The answer is to find the distribution system and pattern. This is the single most important factor and when it can be found, healthy movement can be realized. If the distribution system is lacking, then we have problems.

There is no question that price does enter into the picture. While Florida's overall volume has increased, proportionately her share of the market has decreased. This indicates, of course, that the entire market has expanded and the volume has increased, but the competition from Brazil has been severe. Be assured that Brazil will continue to increase their production and will continue to sell below the Florida prices. Some recent developments in the European Common Market will have a very strong impact on the entire citrus industry in Western Europe and that is the entry of Greece, which is a citrus producer into the E.E.C., and the fact the Spain will become a member of the E. E. C. by 1985, or possibly earlier. While Greece is a relatively small producer, 10 to 12 million boxes of citrus production. Spain is a major producer with 72 million boxes in 1979-80 season, of which 38 million boxes were exported almost entirely to Western Europe. Spain has the land and the climate to crow citrus and as a member of the E.E.C., their exports would be duty-free as opposed to the U.S. or even Brazil. So the potential for Spain to emerge as a supplier, not only of fresh, but also processed citrus is of real significance. Recognizing that some of the major world processors like Coca Cola or Cutrale from Brazil could build a plant in Spain, import concentrate from the U.S. or Brazil, blend this with the Spanish product and then ship by rail or truck to the major European markets at zero duty, would be tough competition for anyone. Whether or not Florida can stay in the marketplace at the present level is very speculative, but they most certainly will be able to maintain a share of the market because of the quality of Florida Juice and the fact that Florida has built a consumer franchise because of this quality.

The fresh fruit deal is another ball game, and it is a ball game in which I am particularly interested.

Let's keep talking about Europe. It is still a big market, and the best potential we have is for grapefruit—but red grapefruit. An example of the volume that is sold to Germany, France and Holland shows that in the calendar year 1974, they imported 17 million plus cartons. Of that total, the U.S. sold less than 10%. That showed us where the potential was, and it was then that Florida and Texas recognized that red grapefruit was the way to go.

In the calendar year 1975, there was about a 4% expansion of the market and the U.S. share went to about 12%; and this increase was almost completely red grapefruit and the majority of it came from Texas.

Then, in the 1976-77 season, the sale of Florida red grapefruit really took off, and our grapefruit became a factor. In 5 short years, the sale of Florida, and I must add, primarily Indian River, red grapefruit increased 2½ times.

An obvious question is—why red grapefruit and not some of our high quality whites? Part of the answer is that Europe has been accustomed to Israeli white grapefruit for years and really had nothing to compare it with. When a consumer saw Israeli white and Florida whites, in their mind, the grapefruit was one and the same. But, when red grapefruit was sold at retail, the obvious red blush indicated that this was in reality a different kind of fruit, at least in appearance. This obvious difference was enough to arouse consumer interest.

This kind of success does not just happen, because a lot of factors went into this becoming a reality. There was considerable help from the Citrus Commission (Florida Department of Citrus), who spent money on trade incentive programs, as well as in-store demonstrations, and also the cooperation between the commission and the foreign agriculture service of the department of agriculture (FAS) made funds available through the Three Party Program. The fact that Texas had a freeze in 1978 certainly benefited our cause and the weakness of the U.S. dollar at that time in Europe made Florida grapefruit a bargain. We also found the distribution system which was a combined Texas/Florida loading on ships that were fast and delivered the cargo to Rotterdam and Le Havre in good condition in about 10 days.

At this stage of our new season, there are some very real problems that Florida is facing as an exporter to Europe. The currency situation is one of the most dramatic because of the monetary impact it has on this trade. Today in France, an importer must pay close to 6 French frances to buy a U.S. dollar in order to pay us for the fruit we ship. A year ago, the same importer paid about 4 French francs for a U.S. dollar. In relating this to prices, the carton of fruit that was $5.00 last season now will cost the importer almost $7.50. The same is true about ocean freight. The carton that cost $4.50 to ship now costs over $6.00 in French currency, so that has a bearing. This past summer was a disaster in the European fruit trade. Citrus from South Africa and from South America was poor quality and the consumer acceptance was terrible. European apples were poor quality, along with pears and other deciduous fruit, which resulted in heavy financial losses to the fruit trade, so we are coming into a rather negative situation. Florida suffered a freeze last January, so overall, supplies are expected to be limited, which automatically means higher prices. Our European friends and buyers ask us "How high is high and "How much do you think we can pay"? There is a limit and this limit is probably going to reduce our shipments by 25% to 30%. Overall, this may not hurt us too much because domestic demand for Florida and Indian River red grapefruit will be strong, but what effect does it have on the future.

Let's look at the future—can we sell more? The answer is definitely yes!

We have 3 major markets that represent real potential for us—West Germany, the U.K. and Italy. In my opinion, these countries have the potential of importing up to 3 million cartons of red grapefruit. This increase is contingent on establishing the distribution system that we have been alluding to and particularly in U.K. and to some extent in West Germany, we have to change their philosophy of obtaining fruit. For many years, these countries have been supplied with citrus on a consignment basis and the very concept of buying for cash is quite repugnant to them. This barrier is slowly being eroded and when the importers in these countries can recognize the profit potential, they will go along with our system of selling on an F.O.B. basis. Fortunately, the future does not indicate any tremendously competitive situation so far as Florida and Indian River grapefruit is concerned. Cuba might offer same quantities in the years to come, but they are pretty well committed to supplying the East European countries. Long range production forecasts for Florida shows a steady growth in production, but I question these forecasts because it is our understanding that on the Indian River in Martin, St. Lucie and Indian River counties, there are 88,000 acres being planted now or being readied for planting. That will mean a *lot* more grapefruit.

Can this European market handle this increase in the next decade? The probability is good if:

If there is some long range economic and financial stability between the U.S. and the Common Market;

If the Common Market can re-define their common agricultural policy and do away with the inequities that currently exist with reference to tariffs;

If there can be some development in the use of gamma radiation instead of refrigeration and reduce freight costs; and

If we don't have world war III.

In our business, we must have a little faith which reminds me of a story.

We as an industry will survive and continue to grow. We must look for some changes that will reduce our costs and increase our efficiencies and be aggressive in a competitive world of citrus. If Florida had only a third of the packing houses it has now and these were all new and efficient, the industry would be a lot more profitable and total volume could be handled with much lower costs. Let us be positive and in 10 years from now, we'll be able to determine how accurate our predictions were and for all our sake, I hope I'm on target.

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HARVESTING FLORIDA CITRUS FOR OVERSEAS EXPORT[1]

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Abstract. **For overseas export, Florida citrus fruits have to survive in good condition for far longer periods than when marketed in the U. S. and Canada. Careless harvesting is most commonly the cause when heavy decay losses occur in export shipments. Monetary losses due to fruit decay and deformation can be markedly reduced by improving harvesting practices. Minor differences in handling practices are recommended for oranges, grapefruit, lemons and limes, respectively.**

Transpacific or transatlantic shipment involves, distances, transit conditions, and marketing periods, far more exacting than in domestic marketing. Although packers, exporters, and importers may pay considerable attention to

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