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**Citrus Oral History Project
Globalization Research Center
University of South Florida**

Interview with: Allen Morris
Interviewed by: William Mansfield
Location: Lake Alfred, Florida
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Transcribed by: Wm. Mansfield
Edited by: Allen Morris & Wm. Mansfield

[Tape 1, Side A.]

Bill Mansfield: Let me get this going by saying that this is Bill Mansfield with the Globalization Research Center's Citrus Oral History Project talking to Mr. Allen Morris in the Lake Alfred Research Station, for the University of Florida, on April the 20, 2005 [sic: April 19, 2005]. And Mr. Morris we always get people to start off by having them state their name and telling us when and where they were born. So let me get this [microphone] pointed to you. Let 'er go.

Allen Morris: My name is Allen Morris and I was born October 3, 1952 in Tampa, Florida. Thus, a Florida native. I grew up in north Florida, in Macclenny, a little town thirty miles west of Jacksonville.

Mansfield: I lived in Lake City for a while, so I've passed through Macclenny.

Morris: So you know where Macclenny is?

Mansfield: Yes.

Morris: I have bachelor and masters' degrees in agricultural economics, from the University of Florida. When I finished my master's at the University of Florida I went to A. Duda and Sons, as their corporate economist.

Mansfield: Now can you spell that for me?

Morris: [spells] A-D-U-D-A and Sons. Duda is a family owned diversified farming and agri-business company. They're big in salad vegetables, lettuce, tomatoes, celery (one of the largest producers in the world of celery), also radishes, sweet corn, carrots. They also have citrus, probably ten or fifteen thousand acres of citrus, a citrus processing plant. They produce turf grass and sod. They have large cattle ranching operations. They also have farms that grow produce in other states.

When I worked for them they had farms in Florida, California, and Texas. They had operations that bought from growers and re-sold to supper market chains, in Arizona, Idaho and Missouri. They also had a large cattle ranching operation in Australia.

I was their corporate economist for four and one half years; pretty much doing strategic planning, commodity price forecasting and feasibility studies. [I] reported directly to their CEO, Ed Duda. I left there in 1982 and went to Coke-a-Cola, in Atlanta. [There] I was manager of operations planning with a focus on the wine business. They owned a company called the Wine Spectrum, which was Monterey Vineyard, Taylor California Cellars and Sterling Vineyards, in California and Taylor Wine Company out of Hammondsport, New York. [They] were all combined under one hat.

That company was sold to Seagram's in 1984 and I left there and went to Tropicana, as the director of procurement and operations planning. I was at Tropicana for ten years. While I was there, my responsibilities included fruit procurement, juice procurement, commodities futures trading and the plans that operated the plants. Also [I] did special projects and strategic planning. I was also in charge of all commodity and by-product sales. I was there for ten years, from '84 to '94.

I remarried in 1991. In 1994 I left Tropicana and joined my wife, who is also an agricultural economist, in a consulting company that she had started. She was an economist with the US Department of Agriculture in Washington [DC]. And when we were married she moved to Bradenton, where I lived when I worked for Tropicana.

She started an [agribusiness] consulting company in 1991. I joined her in that in 1994. In 1995 one of my projects was with the Coke-a-Cola Company. It led to their sale of their citrus processing plants, in Leesburg and in Auburndale, to the largest Brazilian orange juice producer and processor, based in Ararquaua, in the state of Sao Palo, Brazil, Cutrale, Sucocitrico-Cutrale, to be specific.

After they sold their plants to Cutrale, in the summer of 1996, they approached me about coming on board in a senior management role. I left the consulting business and did that. My wife also left the consulting business joined a company in Florida called Jack M. Berry Citrus.

I joined Cutrale in 1996, with responsibilities for fruit procurement, sales and business planning.

Mansfield: You joined Cutrale?

Morris: Yeah. When Cutrale purchased Minute Maid's plants in Auburndale and Leesburg, they created a company called Cutrale Citrus Juices, USA. It's their US subsidiary, the parent company being based out of the state of San Palo, in Brazil. When I joined them in 96, I worked for Cutrale Citrus Juices, USA; reporting to their president, Hugh Thompson, who had formerly been chief financial office at Minute Maid. I was in charge of fruit procurement, juice sales and [business] planning.

I left there in 1999 and [in] 2000 [went to work for a farm management and agricultural real estate company,] where I'm currently employed as vice-president of real estate. My current responsibility is real estate services focused on citrus groves, ranches, vegetable farms, etc.

So there is my brief background.

Mansfield: [laughs] It doesn't sound all that brief. You've done a lot.

Morris: Yeah. So anyway I've been with [in the agricultural real estate role] since 2000. Let's go—

Were do you want to go on the free trade route?

Mansfield: Well, I guess—as I understand it NAFTA, Florida citrus growers were worried about NAFTA because it would let a lot of Mexican citrus into the country. They were afraid that would destroy the market and they worked out a sliding scale, where the tariffs on Mexican citrus would be reduced over a period of time.

Morris: The way a lot of trade legislation, that lifts tariffs, is put into place is to phase [the tariffs] out slowly, to give industries a chance to adjust to that market. I was never too concerned about Mexico, back in the early 90's, when that process started, because I know the Mexican citrus industry. I've been to Mexico a number of times and know a number of the people down there. (My wife and I did some consulting projects down there, when we were in the consulting business.)

The problem with Mexico is that it doesn't have economic infrastructure, or the business climate, to respond very strongly to an opportunity to expand citrus. Back in the 80's we used to say it took about a \$1.35 or a \$1.40 a pounds solids price in this market, before Mexico could be come a significant supplier of juice, because of the strong fresh [fruit] market in Mexico. Most of the citrus in Mexico is consumed fresh.

Now you had a thirty-four cent tariff that was part of that. As a result of that you needed about \$1.00 to \$1.05 [without] the tariff for Mexico to be that competitive, because [of the strong fresh fruit market in Mexico]. There was a lot of worry about the Caribbean Basin countries, back when the Caribbean Basin Initiative was enacted in the 80's, because they got duty free access to the US. But they never were significant suppliers. Again because they never had the economic infrastructure, to be able to scale up to commercial to the commercial level [for] the [low cost] production of citrus.

Now that doesn't mean that Mexico won't become a significant supplier down the road. In ten to twenty years, if their economy improves as a result of NAFTA, they could be a significant supplier of orange juice and citrus to the US. They have the climate, they have the labor, they have the land; they have everything there. They just don't have the business climate, business infrastructure or land tenure system, right now, that—in my opinion—lets them produce citrus [competitively] at a commercial scale. And while we're on that topic, let's take a look at that a little bit.

Mansfield: Okay.

Morris: There are, roughly, a hundred countries in the world that can grow oranges. The majority of those don't have the climate to produce juice oranges. If you go to California,

the oranges they produce out there aren't juice oranges. They don't have as much juice in them as Florida oranges and they, typically, don't get as sweet as Florida oranges. Their juice yield out there is substantially below ours. It's the desert climate—hot days, cold nights and the dry climate.

You have the same thing over in the Mediterranean area, with Spain, Morocco and Israel. They are all citrus producers and all of them produce some juice. Most of that juice [comes from] packing house eliminations. It's not produced just for processing.

Florida's oranges are much juicier. They have a higher juice content because we have a growing season, from June to about November, [with] hot days, warm humid nights and frequent rainfall. That makes for a juicy orange.

As far as I can tell (and I need to consult a book for this because I can't hold it all in my mind) there are really only [four] or [five] places that have the climate for good juice oranges. Florida is one of them. Mexico is one of them. Costa Rica is one. The Bahamas is one. And Brazil is one. And probably China is, in certain parts-cause it's now the third largest citrus producer in the world. So of those hundred countries [that grow oranges] only those [I've just mentioned] have the right climate [for juice oranges]. And of those, only Florida and Brazil have the economic infrastructure to enable large-scale production of commercial citrus [for the juice market].

And by economic infrastructure I mean the roads, I mean a consistent available sources of power. Management expertise, in terms of available professional managers that don't have to be brought in from some other country and everything else that you need to produce the oranges; available capital, and a business climate that promotes large-scale business.

When you go back and look [at history] everything was fresh citrus, prior to the late 40's. In 1945 at this research institute [the University of Florida's Lake Alfred Research Station] some USDA research scientists and some Florida Department of Citrus scientists developed the ability to make orange concentrate. And that was first commercialized by Minute Maid, in the late 40's, whenever they offered the orange concentrate to the retail market.

By the early 60's Florida was pretty much the producer of orange juice. Brazil probably produced ten or twelve million boxes [of oranges] and most of that went fresh.

In 1962 we had a devastating freeze that substantially reduced our supplies. Coke-a-Cola had bought Minute Maid in 1960 and they had a shock when they found out [because of the freeze] there weren't enough supplies to provide the market place [with orange juice and they were spending a lot of money marketing and selling orange juice.] And, at that time, Pasco Packing Company was the supplier to the European market, under the Marshall Plan, through a company called Eckhes, in Germany, which was a reprocessing company.

Mansfield: Called what now?

Morris: Called ECKES, I think it's [spells] E-C-K-H-E-S. I don't remember how to spell it. But they were a re-processor in Germany. And so Pasco was supplying Europe as part of the Marshall Plan. Orange juice was actually developed to provide a nutritious beverage to the people of war torn Europe, to people that were hungry and nursing mothers and that sort of thing.

So you had Pasco supplying Europe, Minute Maid supplying the US market and [a number of other processors, with smaller labels, selling to grocery stores and restaurants in the US.] The [1962] freeze destroyed a lot of the supplies. It takes years to restore [an orange tree]. You plant a tree and it takes three or four years to get a crop that's commercially viable. And seven or eight years before the grove is producing significant amounts of fruit and ten or twelve years before it peaks. So people went in search of other supplies.

Tropicana was in its infancy. (It had also started in the late 40's but it didn't make concentrate in its early years, mostly chilled juice.) Tropicana went to Mexico to try and find sources for orange juice. They weren't very successful. The fragmented industry there made it very difficult to obtain consistent supplies. But Pasco and Minute Maid were successful when they went looking in Brazil.

Apparently Coke-a-Cola had some lemon-oil suppliers out of Italy that were relatives of the Cutrales. The Cutrales are from Sicily and went to Brazil around the turn of the century, 1905 or 1910, something like that. They made a connection there. Cutrale was one of the largest growers in Brazil and they were also fresh fruit packers. They

made a connection there and Cutrale got into citrus processing and began to supply Coke-a-Cola through Minute Maid, in the late 60's.

Pasco made a connection with the Fisher Family, who were big suppliers of fresh fruit to Europe. They made a connection there and a company called Citrosuco was born. I believe Pasco owned a third, Eckhes owned a third and the Fisher Family, of Brazil, owned a third.

Mansfield: So the Fisher Family is from Brazil?

Morris: That Fisher Family is. They may originally have been from Germany but they were in Brazil at that point in time. [They were] large growers. And now those two firms, Cutrale and Citrosuco are, by far, the two largest [orange juice] producers in the world, with Cutrale being the largest.

The Brazilian citrus industry was necessary in order to keep us from pricing ourselves out of the market. Because every time we had a freeze, it cut back Florida's supplies and our prices had to go so high it would have pushed consumers to other beverages. Brazil grew from that ten or twelve million boxes, in the early 60's to the point that by the end of the 70's [they were producing] about a hundred and eighty million boxes. It reached its peak in 1997-98 at four hundred and twenty million boxes.

Now, if you look at the world market, where in the 50's and early 60's the US was pretty much to only producer of orange juice. Now, Brazil and Florida together, produce 90% of the world's orange juice. And Florida is about 40% of that—35% to 40% of that, depending on the crop. And Brazil is the other 50% to 55%. So what you have is a market place where Brazil and Florida supply 90% of that market. The balance is supplied by Mexico, Israel, Morocco, Italy, California, [and others].

The market, is pretty much the US market and the European market. Industrialized countries consume orange juice. So you have the United State, Canada, Japan, other Asian markets and Western Europe. But of those [countries] the US and Europe are about 85%. So where as Brazil and Florida are 90% of supplies, the US and Western Europe are about 85% of the consumption.

Orange juice, much like oil, is what we call price inelastic.

Mansfield: Could you say that again please?

Morris: Price inelastic. What that means is that there are few real substitutes for orange juice. [So, a given price increase, say 10%, results in less than a 10% decrease in consumption.] You can go consume Gator Aide, or apple juice, or some juice beverage. It's a mild substitute, but it's not strong enough to make orange juice demand, at the wholesale level, price elastic. Neither is oil. You can consume natural gas, or not drive I guess.

Part of that [demand for orange juice] is a credit to our marketing program, here in the US. Because orange juice is price elastic in Europe, but not here in the US. I don't know these exact numbers but I would say the price elasticity in Europe is double what it is here in the US.

And here is why: the European market emerged as a blends and beverages. So when orange juice [prices] got high on the world market, (as a result of the freeze in Florida) [the Europeans] just put less orange juice in their juice blend and substituted something else. The consumer wasn't making the trade-off, the packager was.

So what you had in those freeze years, you have a surplus in Florida (and I'm getting back to the tariff issue but this is back-ground). You'd have a freeze in Florida and prices would go way up. Before the freeze you'd have a surplus of juice and Brazil would be supplying Europe. 70% to 80% of what they'd produce would be going to Europe, the balance would be coming here. You'd have a freeze and the price would go way up. The European re-processors would substitute more grape juice, or apple juice, or something else in their juice beverages and blends and that additional quantity [of orange juice] would come [to the US] and satisfy a market that really needed it.

We saw it in the mid-80's. In 1984-85 imports from Brazil were half the US market. Just a few years earlier, they'd been 10% or 15%. [Brazil] has the enormous ability to move juice out of one market into another market. Because orange juice is price inelastic, in this market, if you had one producer of orange juice, be it Florida or Brazil, that producer would be able to limit supply, to raise the price.

I don't know the exact numbers. Tom Spreen, head of the food and resource economic department, the agricultural economics department at the University of Florida, could give you a better estimate. But (I'm just trying to remember) probably for every 1% to 2% you reduce supply, you get a 2% to 3% price increase. Which means it lends itself to cartel like behavior. The same as oil, because there are few substitutes for [orange juice].

What would happen if you created conditions where one of the two producers of orange juice didn't survive? The remaining producer would be in a position to limit supply and raise prices. Now let's go through and look at whether that's Florida or Brazil. And I'm going to go back, pre-1990 to do that analysis.

Pre-1990 in-Florida, you had about thirty processing plants, and I forget how many firms that represented but [it was] a lot more firms that there are today. The biggest [four] firms were only about 40% of processing capacity. In Brazil, during that same period, the biggest four firms in Brazil were 90% of capacity. The Brazilian industry is much more concentrated. The Florida industry was more fragmented. If you'd eliminated the Brazilian industry, prior to 1990, the Florida industry would have been what it was in the 50's and 60's. Though it was not that fragmented by the 1990's it was still fairly fragmented. It would have been competitive enough that price would have been competitive through out the system. There wouldn't have been any limiting of supply and the ability to raise [the] price. In Brazil, where four firms were 90% of capacity (and a lot of those firms owned their own groves) they have more ability to limit supply and raise the price.

Now let's move to now. We have fewer firms in Florida. The only question in that case is if you have Florida survivors as Brazil, would be—given that all four Brazilian processors now have plants in Florida—would they—because they've helped lead to the concentration of the industry, or at least they've been a part of the concentration. Florida would have a greater ability to limit supply to raise prices. But not in my mind not the same ability as they would in Brazil, because their industry is just structured [differently]. Again the biggest four firms [have] a lot bigger share of the supply.

You had four freezes in the 80's that cut Florida's supply in half. From two hundred and twelve million boxes to a hundred and five million boxes, by the mid 80's.

And that's when Brazil came in and met half of the US needs. Here in Florida, during the "freeze starved 80's" we were trying to re-plant our groves. A lot of the dairies and re-processors outside of the state built relationships directly with Brazilian suppliers, who had sales arms here in the US. Cutrale's sales arm is out of New York. Cargill, at the time, had a sales arm out of Minneapolis. Then they later bought a Florida processing plant. Citrusuco's sales arm was out of Florida, up in Mt. Dora. [The processors] built relationships with the Brazilian suppliers because they had to, to get the supplies that they needed.

We got back into the 90's and the crop began to return. The crop was a hundred and five million boxes in the mid-80's. We reached a peak. Last year, I believe it was two hundred and forty million [boxes]—I'd have to look at the statistics.

The re-planting was at a frenzied pace and we had record tree inventory numbers every year of the tree census in the 90's.

So when the supply began to return, you had a situation where the dairies and northern re-processors—which represent about half the market place—had relationships with the Brazilian suppliers instead of the Florida bulk processors, but you had supplies available in Florida. So you actually had [some] situations where they were calling the Brazilian guys and the Brazilian guys were calling Florida processors to source solids through them back to their accounts there, because the Florida solids were [now a plentiful] source. [Florida supplies] were inexpensive and prices were down.

Mansfield: Let me make sure I understand you.

The people in Brazil were buying Florida orange juice [concentrate] to sell to processors here?

Morris: Re-processors. Let me make that [clear]. Not universally, but to some degree. A processor has a plant that squeezes oranges and turns it into concentrate, that's a bulk processor. They also may have a packaging line. Brands almost all have their own packaging. But dairies and other entities outside of Florida buy bulk orange juice and package it and sell it to super market chains. Either to sell as the dairies' label (you know, Morning Star Farms, or whatever). Or as the supermarket's label, A&P Orange Juice, or

Publix Orange Juice, or whatever. And that's the re-processor sector. There have been strong marketing ties built between Brazilians and them in the 80's, when Brazil was needed to come into this market.

At the same time the bulk processors in Florida had their customer base [shrink]. So the plants in Florida began to suffer, from the lack of the ability to market the juice. As a result, what Brazil did was come in and start buying up Florida bulk processors.

Of course Minute Maid sold their plants to Cutrale for other reasons. Minute Maid came to the conclusion that they were marketers and not processors and they didn't need to own the processing assets. Their supplier could own the assets and they would be the marketing arm. The supplier would own the processing assets.

But Proctor and Gamble, who made an entry in the early 80's, into the orange juice processing through Citrus Hill, decided in the early 90's, that it no longer fit their strategies and they exited the business. One of their commodity suppliers, Cargill bought the plant in Frost Proof. So there was Cargill, whose citrus operations had originally been in Brazil, now had moved into Florida. That was in 1992. Then in 1996, [some] work I did [along with another consultant] led to Minute Maid selling their plants to Cutrale and now Cutrale was here. Then in 1997 Alcoma processing, down in Lake Wales, decided to get out of the bulk processing business [and] sold their plants to Citrusuco.

At about that same time—a little before that— Winter Garden, which was a co-op had lost a lot of its market and was struggling, was bought by Dryfuss; another citrus processor [from Brazil]. Now the only major citrus processor in Brazil that doesn't have plants here is Citravita. But in the 80's your major four Brazilian processors, in order of size, were: Cutrale, Citrusuco, Cargill and Dryfuss. And then Dryfuss bought some other processing capacity and got bigger than Cargill. And then Citravita began to emerge and its probably number three now and Dryfuss, I'm guessing, is probably number four in Brazil. Then Cargill exited their Brazilian business about a year ago; so they are just Florida processors now.

When the supply came back to the US, rather than try to compete [the Brazilians] saw an opportunity to enter and have operations in Florida and now all of a sudden, to a brand or to a marketer, Brazil is in the best world to be a year round supplier. They can

supply you with all Florida juice, if you want that. They can supply you with both Florida and Brazilian juice. If it freezes and Florida cuts back supply, they can give you a back-up, coming out of Brazil. So that made them a better year round supplier, by having processing plants in the two places in the world that produce orange juice. It also helped them be better suppliers to the world market because of a better ability to arbitrage the market and that sort of thing.

It's also important to understand that Brazil emerged as an export industry. Only a small amount of the orange juice produced in Brazil is consumed domestically. Remember orange juice consumers are [the] industrialized countries. The US, Europe and Japan capture about 85% to 90% of that total consumption. Brazil doesn't consume much domestically. As a result, in the 80's [Brazil was the one] who built bulk tanker ships that could haul bulk orange juice at less than half the cost of a ship that has to have 55-gallon drums. So they have the shipping infrastructure, they have tank farms located strategically in the northeastern US, [and] in Europe, (Holland and Belgium) and in Japan—the world's three major markets. They have tank farms located there to off load juice to then sell in bulk quantities to the local buyers.

They don't need tank farms here in Florida because they sell directly to the plants. A processor in Florida that buys Brazilian juice sends tanker [trucks] directly to the ports and it is off loaded there; from the tanker ship right into the tanker truck. And now that they own plants in Florida they have tank farm storage at the plants.

So Brazil emerged as this huge powerhouse of export marketing capability and it now, basically, supplies all of the European markets, probably 75% to 80% of the European market's [orange juice needs]. Florida supplies some of the European market, but they are not as cost competitive in supplying the European market as Brazil is.

For example, as long as Brazil supplies any solids to Florida, the duty is part of our price. Right? So if 20% of my needs come from Brazil, the price has to go up by the amount of the tariff for it to get in this market. So let's say that you've got a dollar a pound solid in juice from Florida. So you paid eighty cents for the [fruit] and twenty cents to process it and you got a dollar in Florida juice. As soon as you ship that out of the country that dollar on the open market is seventy cents, 'cause the Brazilian ship coming out of Brazil hasn't paid the US tariff. The tariff was embedded in your fruit

price. So now, [theoretically] you got a ship with dollar juice on it, next to the Brazilian ship with [juice that costs] seventy cents and you can't be as competitive in the world market.

They provide a provision called “duty draw back” that says if you imported juice within any previous three year period then you can claim a duty draw back of 99% of the duty you paid against that export, to make your [juice] more price competitive in Europe. So now if you had been importing Brazilian solids to meet some of your needs, and you have an export market in Europe that wants all Florida juice, [or, a blend of Florida and Brazilian, etc] when you sell to Europe you claim the draw back. They pay you back that duty so that you're shipment is [more] competitive with Brazil's shipment now. Since it doesn't have the tariff in it you have a shot at competing in the European market. The problem is you don't have the bulk shipping system that Brazil has. So you're still going to be high cost in Europe. As a result, in the last twenty-five years the growth in exports from Brazil to Europe has been phenomenal and [Florida's] export growth has been lack luster.

Mansfield: Let me make sure I understand that duty draw back.

Morris: Let me show you first—I can give you this, it's an article I wrote [for *Florida Grower* magazine.]. [Presents article to Mansfield] This is [another] article I contributed to but my name is not on it anywhere. You can order this from Harvard. It's copy-right protected and it's my only copy

Mansfield: Okay. And this is *Can Florida Orange Growers Survive Globalization?* by Ray Goldberg and Hal Hogan.

Morris: And the guy that's featured in here, Jim Griffiths, have you talked to him yet?

Mansfield: Not yet, but I want to. [See Jim Griffiths' interview with Bill Mansfield, 4-29-05.]

Morris: Okay, but he is one you need to talk to. But if you look in this case, Ron Muraro from this center right here —whose office is right down that hall— did these charts. This compares Brazil and Florida, bulk concentrate costs delivered US, delivered to European markets. It goes into the duty draw back. It traces how all that works, right there and IFAS [Institute of Food and Agricultural Sciences] is the author. And Ron Muraro is right down the hall. And I would just order a copy.

Mansfield: And who would I order it from?

Morris: The information is on the front right there. [It] should give a phone number.

Mansfield: [Reading] The phone number is 1-800- 545-7685, or write to Harvard's Business School.

Morris: And I think its six or seven bucks. I don't have another copy. But this is a good one it covers a lot of the stuff [that] I have just covered with you is in this right here.

Mansfield: Okay.

Morris: So net-net, the situation that you have is—and we can actually look at some of these tables in here— But the situation that you have is the fact that — let me get over here and we can both look at it.

Mansfield: Okay. I'll just trade seats here.

Morris: [referring to chart] Here you have cost comparisons between the two. Like I say Ron's office is just down the hall. In fact hang on a minute and I'll see if he is available.

[Interview suspended while Morris seeks Muraro.]

Morris: [Referring to document] Here is Brazil without the tariff and here's Florida with out the tariff. There is about a twenty-five cent cost advantage. And in Europe, you can see, without the duty draw back it's huge. With the duty draw back there is still an advantage in favor of Brazil, mainly because of the lower hauling [cost] ocean freight rates. This is technical but there are two haul costs in the US and only one in Brazil's. You really have to get into the economics to understand that, but the US price has the cost of hauling juice from Brazil to here in it, because they supply some of our needs. As a result of that you lose part of your haul benefit when you do this sort of analysis.

And this [referring to document] looks at some not from concentrate costs.

But any way I wanted you to meet Ron and he has authored some of these tables and he may can go ahead and give you some of them. I'll see when he drops by.

Mansfield: Okay.

Morris: So any way, what it boils down to is a situation where Brazil is lower cost producer, cause they have lower cost land and lower cost labor. As a result of that they can produce orange juice more cheaply than we can. But because of the industry's nature—where Florida and Brazil are the only significant world suppliers, if you take either one of them out of the picture you make the market much less competitive, not more competitive.

In a lot of free trade situations, if you eliminate a tariff you increase competition. In this case you reduce competition.

Mansfield: I guess, in theory, if you eliminate the tariff that would force Florida producers to lower the price, to compete with Brazil.

Morris: Here's what would happen. The tariff will probably be phased out. It would be easier to see what would happen if you just drew a little model and said, "it disappears tomorrow."

Hey Ron! [Ron Muraro enters and interview is suspended. See Ron Muraro's interview with Bill Mansfield, 6-15-05.]

Morris: Let's say we eliminated the tariff right now —you understand what a pound [of] solid is?

Mansfield: That's the sugar concentrate in the orange juice.

Morris: A gallon of juice, the way you drink it out of the super market, has 1.03 pounds of solids in it, so it is about a gallon of juice. A box of oranges has maybe six and a half pounds of solids, 6.2 gallons of juice. As you drink it is 11.8% sugar, 11.8 degree Brix. We use pounds of solids to measure everything [in juice oranges].

Mansfield: Yeah.

Morris: If the price were a dollar a pound solids and the tariff were eliminated immediately, with respect to the US market and not the European market, all of a sudden the profit to the Brazilian exporter in the US market would rise by thirty cents (relative to all his other markets). So he would start diverting supplies into the US market and continue to do that until the price dropped by the amount of the tariff. After that everything would remain unchanged.

But then the US [market] would gain a bigger share of the world's supply. Over the long term, because now [Brazil] wouldn't—[Ron Muraro delivers business card] — have enough to supply all of [their markets]. Remember, [Brazil] would have diverted more to the US market [because of the higher profits from selling to the US, because of the loss of the US tariff]. Over the long run [Brazil] would plant more groves to be able to supply the markets [they] had to [reduce] divert to supply the US. And so long term, ten years down the road, the loss of the tariff would have shifted supply shares.

If before, Florida had, a 40% supply share and Brazil had, had a 50% [supply share], now Florida might have a 20% [supply share] and Brazil might pick up that difference.

[However,] it's not quite as simple as that because of these things called price elasticities; and because tariffs could be eliminated in other countries. But the FTAA just seeks [the elimination of tariffs] in this hemisphere.

Mansfield: Right.

Morris: So remember, I said, orange juice consumption in Europe is price elastic and here it's price inelastic. In reality, [the Brazilian grower would] probably never draw enough product out of Europe to drop this price by the full amount of the tariff. It would only drop by most of the amount. Tom Spreen's analysis—and he did a big econometric model that tracks it based on the elasticities—that of the thirty cent tariff, we'd lose twenty to twenty-five cents of it as a result of the loss of the tariff.

But [if] you go back over the last ten years, and I do, in that article [in *Florida Grower*] I gave you, (I think I did five years, but it will show you the same thing.) You take twenty to twenty-five cents off the price that growers receive and a business that [otherwise] makes a small percent return on investment would be losing money, period. Some of the industry would survive.

I think the equilibrium price for citrus production is around a \$1.10, \$1.20 a pound solid. The industry never gets there. Either supplies are reduced by a freeze and it's \$1.50 or they over plant [oranges] and the price is eighty cents. Then everybody's losing money.

But that \$1.10, \$1.20 for juice prices—well let's say \$1.30 for juice prices, about \$1.00, \$1.10 for fruit prices—that number provides a return on investment and rewards the risk that growers incur when ever they produce citrus.

Here, if you get [temperatures] below twenty-seven degrees for eight hours or more, you destroy the fruit in the grove. If it's below [twenty-two] degrees for eight or ten hours, the trees [may be] killed. But, in an orange grove in addition to the land costs, (and land prices are up now.) you will pay [about] \$6,000 per acre in order to clear the land, plant the trees and care for the trees until they are four years old and produce a crop.

That [investment] vanishes if you have a freeze. You might salvage some of your irrigation system, [and other infrastructure, but not much else]. We had four of those

[freezes] in the 80's—five if you count the [freeze of] 89-90. So there is a risk there. That risk is a barrier to entry. [In the past it limited] supply enough to keep prices at a level that are, about, an 8% to 10% return on your investment to reward the risk for growing citrus.

It doesn't freeze in Brazil; the risks are a lot less. And now that they have come in as a supplier, brought on by the [orange juice] brands that want a freeze risk [free] source of supply, those economics have changed. That equilibrium price, if it's \$1.10 in the US, that same is number about eighty or ninety cents, without the tariff.

It's the same to Brazil. If you cut the tariff by thirty cents, they don't have to pay the thirty-cent tariff. Do you follow what I'm saying?

In essence what is an equilibrium price for us is about thirty cents [more] than what's an equilibrium price for them because of their lower costs. As a result, they would expand under lower prices than we could afford to expand under. So they would expand to supply that gap, when the tariff is gone. And, again, the reason for that is lower labor and lower land costs and less regulatory expenses, in order to farm.

Mansfield: And equilibrium price is?

Morris: An equilibrium price is the price that—theoretically— if the producer were receiving that price, year to year, there would be little contraction or expansion. It leads to an equilibrium of supply and demand at a price that rewards the risk and returns the profit that a producer needs in order to survive in that industry. They are theoretical in nature because weather makes crops fluctuate. You want it to stay there but there is a freeze and [prices go way up]. Then everybody over plants and prices go way down.

Mansfield: Right, that's one of the ——

Morris: But the point is, all things being said, Brazil will expand under lower prices than Florida can expand under. So it would expand to supply that gap. Then what you'd have is a reduction in supply from Florida.

I'm guessing, but let's say that you phased out the tariff over ten years, and three years into that you get the worst freeze in history. [If] Florida's crop were cut back by 70%, you'd never see the effects of it till ten years out, because you'd be recovering from the freeze. What would happen, Brazil would really bring the [concentrate] in. If it were that bad, what would happen is you'd have high prices for a while. Some Florida producers would re-plant and the Brazilian producers would plant like crazy, like they did after the Florida freezes of the 80's.

They over planted more than Florida did. In those days the producer sector in Brazil was more fragmented. Ultimately, most of that bounce back from the freeze would lead to over supply and those Florida growers would be forced out. You're seeing some of that today. Brazil would still capture that difference, it'd just be a delayed reaction.

The question then is "what kind of Florida environment do you have with, maybe 30% of the supply that you have now?" Long-term, I think you'd have a higher priced environment. Because the 30% or 40% supply you have left, or what ever it end up being, would not be little tiny fragmented growers competing with each other. It would be large well-capitalized growers. It would be large, well-capitalized growers because the Tropicanas and the Minute Maids of the world, [would rather] to deal with large growers, who are more reliable suppliers, than little growers who may not be as reliable.

If you [were a juice processor that] had to supply a brand that you had to spend hundreds of millions of dollars a year supporting with merchandizing and promotions and advertising, would you rather have ten suppliers that you knew were going to be there? Or would you rather deal with hundreds of little growers that could go broke each year?

So, what would happen in that environment, with fewer growers and reduced supply? You would put in place long-term contracts, with [floor] prices to insure supply. [That would insure enough product for their plants to operate and to insure the right mix of Florida juice they want, for not from concentrate orange juice.] What you'd have is a [Florida] grower sector that [was] much more concentrated and a producer sector in Brazil that's much more concentrated. And less competition and the potential for higher prices.

Mansfield: That seems to be what I have picked up from reading, that if Brazil can dominate the market then they can set the price to what ever they want.

Morris: Well, I don't know if they can set it at whatever they want. We're in a commodity market after all and we can't predict supply, because weather causes it to fluctuate. I would say that the fewer players you have, in number as well as geographically, the less competitive the trade is.

Mansfield: And if they eliminate the tariff—

Morris: Why wouldn't growers say, "Let's do that guys?" Because the pain of getting there. Who survives? Who's part of that 30% or 40% at the end? Nobody knows. In my mind, that's the problem, the uncertainty of that transition.

Imagine this, what if you could eliminate all the oil producers but one? And they controlled all of the world's oil supply. What do you think gasoline prices would be?

Mansfield: [laughs] The way they are [now], it's hard to say.

[End Tape 1, Side A. Begin Tape 1, Side B.]

Mansfield: As I was saying before the tape recorder cut off, one of the men I was interviewing said, the fear is [Brazil will dominate the market if the tariff is eliminated and] force Florida growers out of business. And then it will be similar to the oil cartel. Where they control production and they can set the price.

Morris: They'll have a greater ability to [set the price] if you reduce competition. How much a control they can achieve, I don't know. But they would certainly have a greater ability. If you want to look at who's in favor of keeping the tariff, it's any Florida producer, any grower. If I were Tropicana I'd be in favor of it, because I'd need my fruit supply for my not from concentrate orange juice.

If I was a Brazilian processor I'd either be indifferent to [the tariff] or think it a benefit to get rid of it. Dryfuss may not have an opinion. Cargill might not. I don't know. Brazilian processors with orange groves in Brazil may have a strong opinion about it. It's hard to say.

But the point is, it's not like a lot of situations where you have production all over the world, where eliminating the tariff increases competition for that market. There is nobody to compete for the US market [but Florida and Brazil]. We eliminated the tariff with Mexico and they still haven't been competitive for the US market. We had a Caribbean Basin Initiative that eliminated the tariff there, back in the 80's; years and years ago. And they still haven't been competitive. We've proven historically that the only entity that can be competitive for the US market is Brazil. Now you've got Florida and Brazil both competing for it. Why would you want to eliminate Florida? How would that improve free trade? It's a pretty simple argument.

Mansfield: Well, if that's the case, where eliminating the tariff would be detrimental to free trade, why—

Morris: Not detrimental to free trade. I think it would lead, initially to a period of lower prices and later to a period of higher prices.

Mansfield: You said Brazilian growers, or processors would be indifferent—

Morris: No. I said some of them might be. Like Cargill doesn't have any more stuff in Brazil. I don't know if Dryfuss has groves in Brazil or not. I don't know what their opinion would be. I think any Brazilian processor with groves in Brazil, whether they state this or not, if they've got significant grove holdings in Brazil, I think they would be in favor of reducing or eliminating the tariff.

I'll tell you who you really need to talk to about this one, 'cause I don't know if the Brazilians will sit down and talk to you about this one. There is a guy named Ademerval Garcia.

Mansfield: Could you say that again please?

Morris: [spells] A-D-E-M-E-R-V-A-L Garcia, [spells] G-A-R-C-I-A. He is head of the Brazilian Exporters Association. He's also a friend of mine.

Mansfield: Okay.

Morris: We had a conference down in Fort Myers, the Citrus Expo, I think it was in 2002. I had him as one of our speakers. I moderated the conference. It was on free trade. There were about 400 growers there. It was a half-day session on free trade and I had different people speak. I had Ademerval come in from Brazil. I had a guy come in from Costa Rica, a couple of friends of mine from Mexico. Had a pretty good session.

Mansfield: Okay.

Morris: Ademerval would be a good one to talk to. And, in my opinion, he is definitely in favor of eliminating the tariff and he represents the Brazilian exporters. They will tell you they're in favor of a level playing field.

What I'll do is contact Ademerval and see if he wants to talk to you and if he does I'll send you his E-mail address.

Mansfield: Okay. Where is he located?

Morris: He's down in San Palo. You'd have to talk to him by telephone.

Mansfield: [laughs] Yeah, I guess I would.

Morris: Except, NJPA is going to have their annual shindig somewhere, in either April or May. He always comes over to that. So he may be planning to come in the next couple of weeks.

I'll try to get in touch with Ademerval and see if he would talk to you. He's kind of a spokesperson for the Brazilian exporters anyway. And most of them are going to refer you to him. He'd talk to you. He talks to the press and everything.

Mansfield: That would add significantly to the value of this collection.

Morris: He's a smart guy. He's a lawyer with a Ph.D. and he knows, intimately, all the Brazilian processors. He invited me to give a talk in Brazil, back in 1996. Then I turned around and invited him to come here in 2002.

Mansfield: When he came to speak at the Citrus Expo, what did he say?

Morris: He explained the fact that "sudden death disease" and other problems were reducing supplies in Brazil. We're going to need every bit [of orange juice] we've got to supply the world market and all this kind of stuff. He's going to give you the company line. But you need to get that anyway.

Mansfield: Right. Absolutely. You need to get all the information and let the scholars go through it and make their decisions. How did the Florida growers receive him?

Morris: Good. In fact I set up breakfast with him and Jim Griffiths the next morning and Jim questioned him for an hour at breakfast. I like Ademarvel. He does his job very well, and he is smart. I like him.

Mansfield: That's good. I'd hate to think you all were adversaries.

Morris; [laughs] We maybe on trade issues, but we're still friends. He's a good spokesperson.

Mansfield: Okay. Tell me about the Florida growers' approach to this.

Morris: Most Florida growers rely on their trade organization, which is Citrus Mutual, to lobby on their behalf, to prevent loss of the tariff.

Mansfield: And tell me about their lobbying activities. What are they doing?

Morris: You know, I don't stay up on that. Have you seen Andy LaVigne?

Mansfield: Once again, he's a person I want to contact. [See Andy LaVigne's interview with Bill Mansfield, 5-13-05.]

Morris: He's somebody you need to see. I don't try to keep up with it. I did more when I was working for Cutrale, and before that, Tropicana. It wasn't Andy LaVigne [it was Bobby McKowen.] But any how [LaVigne] would do a lot better job [discussing that]. I know they are doing some good stuff, I just don't know what the most recent stuff is.

Mansfield: Can I ask you about when you worked for Cutrale?

Morris: Yeah, sure.

Mansfield: If there is something you don't comfortable answering—

Morris: I was never put in a position where I had to take a side. Ademarvel was a good spokesperson for the Brazilian citrus industry]. I gave two talks at the Citrus Expo, when I was there. One was about what I thought Brazilians coming into the US added to the market place. And I think they did add. In years [when] you had surpluses in Florida, their ability to arbitrage the market, by shipping Florida solids to Europe on their bulk tankers has helped improve this market. At the same time, you know, there is a dumping suit going on right now. [They claim] that [the Brazilians have] flooded the market with juice and led to lower prices. And I have no reason to believe that didn't happen. But when I [worked for Cutrale] they never pressured me to take positions or do anything like that. When I left them we had some differences in opinion on how to do certain things,

and it was just better than I didn't stay. A whole bunch of folks left right after I did, but that's beside the point.

Mansfield: Right. That doesn't seem to involve the tariffs.

Morris: It had nothing to do with tariffs.

Mansfield: Well, what kind of conversation did you hear, what kind of buzz was there about trade legislation?

Morris: None. There wasn't a lot being talked about then. A lot of times, you know, the main thing you heard was "We're in favor of a level playing field." They never really got into that one. Never really talked about it.

Mansfield: Some of the people I've talked to have said that it isn't really a level playing field—

Morris: It's not. We just looked at the economics.

Mansfield: — and the tariffs do make it a level playing field.

Morris: Exactly. In my opinion the tariffs make it a level playing field and it would not be level otherwise. It depends on how you define level.

Mansfield: What would the Brazilians say?

Morris: I can't speak for the Brazilians—

Mansfield: Right, I understand—

Morris: Ademerval Garcia would be the one to talk to there. But my interpretation would be that they believe the tariff limits their ability to access—let's put it this way, I've read stuff that they've written in different publications (I can't remember where); where. [The Brazilian growers] have said that the tariff limits their ability to supply as much of the US market as they would like to supply.

Mansfield: And from what I've read, if they could do that it would drive the Florida growers out of business.

Morris: [Nods his head] Yes.

Mansfield: Okay. You said the Brazilians, Mr. Garcia, talked about how the Brazilians contributed, added to the Florida citrus industry.

Morris: I think they've contributed in a number of ways. I think in the "freeze starved 80's" their supplies [kept us from] pricing our selves out of the market. They contribute now, because orange juice color is [important in] blending juice to certain standards. [The Brazilian oranges] provide a color component that is a useful part of the blending of our concentrate. And I think the ability to send more of our product to Europe, because of the Brazilians' international trade capabilities is also a benefit that they've provided.

So I think [the Brazilians] provide a benefit, but I think if you eliminate the tariff you're going to seriously hurt the Florida industry.

Mansfield: Helping get Florida's frozen concentrate—

Morris: They also do NFC [Not From Concentrate] now, on a limited scale.

Mansfield: I've heard that the cost of shipping the [not from] concentrate was kind of prohibitive.

Morris: Things have changed. Typically it cost seven times as much to ship NFCs as it does from concentrate [orange juice] because there is a seven-to-one ratio to water. Which meant that juice from Florida oranges was more competitive to a NFC market than from Brazil; because you had to haul it over here. And if you look at hauling it in bulk tanker ships, that hauled two to three million gallons of concentrate, you haul two to three million gallons of NFC the costs are six or seven times higher.

That was the economics until this case was done. Ron [Muraro] was the one that came to the table and said, “Hey guys, this has all changed. They’ve built bigger ships. That can make more turns. They can move faster and make more turns.” And there is still an advantage in Florida, but it has shrunk. It has definitely shrunk. Florida doesn’t have the cost advantage in NFC that it once had. And NFC, which was only 17% or 18% of the market in the late 80’s is now close to half the US market. So that’s a growing component of the US market.

Mansfield: What are some other steps that Florida growers are taking to remain competitive? One man mentioned mechanical harvesters as a possibility.

Morris: This year is a little window [of opportunity] created by the hurricanes. Prices are up this year. But nobody knows how long they’ll stay up. But Florida growers are grappling with everything they can to be competitive.

Ron Muraro can give you a better feel for that because he knows the cost of producing oranges. He can give you a low cost budget, a medium cost budget and all this kind of stuff. He would do a lot better job of telling you the horticultural things they are doing to reduce cost. Mechanical harvesting is one of those. Obviously one of the big labor advantages Brazil has is in the cost of harvesting. That’s the most labor-intensive part of getting oranges to the processor.

You get mechanical harvesting to reduce the cost to what it cost’s to hand pick the oranges in Brazil, there’s no doubt about it, you got some advantages. There is the issue of Brazil adopting mechanical harvesting, but if, here it’s a third of the cost and there it’s equal, they wouldn’t adopt it there, we would here. Our costs would drop. So there is an advantage. That’s an advantage we’re trying to [obtain].

I'm sure there is some genetic research going on, the cost side. Again, Ron could give you a better feel for some of the things we're doing to try and get our costs down. There is a lot of focus on anything we can do. From the genetic stand point, in terms of genetic engineering or DNA research, plant breeding research, [etc].

We're losing the tariff, whether we lose it legislatively or not. It's disappearing. [You] don't [have to] have the law change to lose the tariff, it's just an issue of timing; 'cause the tariff is a fixed number. Thirty cents in today's dollar isn't what thirty cents was in the 60's. In the 60's thirty cents was three or four times [or more of] what it is today. In the 60's it represented most of the cost of growing oranges and processing them into juice. Today it's a third [of the cost]. What will it be twenty years from now?

Twenty years from now, whether you phase off the tariff or not, inflation is going to reduce that [thirty] cents in today's dollars to—Well just figure, if you have 3% or 4% inflation a year for twenty years, [the tariff] will be meaningless.

The issue is not whether you're losing the tariff, cause you can't count on your grandchildren benefiting from it. Whether the government [phases it out] over a five or ten year period or inflation gets rid of it over a ten or twenty year period. So I tell Florida growers you got to be able to survive without it.

Mansfield: I've asked you this question before, but I'll ask again. What are they doing to survive without it?

Morris: Everything they can figure out to do to get their costs down. Now a list of that would come from Ron better than [I can], and the horticulturists at this research center. This is the best citrus research center in the world. The next two in line would be the one in San Palo, Brazil and the one in Valencia, Spain. There is one in Cuba too, but this is the top of the top. The best one is right here.

A lot of the research being done is being done here. You can probably start with Ron and he could introduce you to some people that could [answer your questions].

Mansfield: What about the processors here in Florida? I'm trying to think of what you said earlier, that they would be indifferent to the tariff?

Morris: No, I think processors would not be as strongly in favor of keeping the tariff as the grower is, unless it's a processor with groves. But they're still in favor of it because if you lose your fruit supply, you can't run your plants.

[Processing] plants are machines that live on consuming large quantities of fruit. If you reduce the supply, the plant is not as efficient and it's a high cost operation.

Mansfield: So the processors here in Florida need the Florida growers?

Morris: Right.

Mansfield: Seems like they're kind of caught in a contradiction of wanting—

Morris: Perhaps except for Citrus World, or Florida Natural Growers, all branded producers in Florida rely upon Brazilian imports to meet part of their needs. More so in the 80's than now, but [it's] continuing.

Mansfield: What about the pressure on growers from real estate developers? What can you tell me about that?

Morris: It's a huge thing. The phenomena that we're in now, where all of these prices have increased so dramatically only began about two years ago. And you began to see it manifest itself really strongly about a year to a year a half ago.

It seems that in the 90's the stock market offered a good home for capital. With the baby boomers getting more affluent and closer to retirement, this huge part of the population that has defined life styles and demographic as it has moved through the age categories, has been trying to invest money. Most people don't have a lot of money in their 20's and their 30's. When they get into their 40's they begin to come into more money. They either inherit it, or they do well enough in their jobs to where they have extra and now they are ready to save. A lot put it into the stock market in the 90's and when that went bad. A lot put it in the dot-com companies in the late 90's and that went bad. And now they are soured on the stock market, soured on the dot-com companies,

and the banks aren't paying any interest much, so everybody is saying, "Let's buy land in Florida."

Land that you could buy for fifteen hundred to two thousand [dollars] an acre five years ago, you probably can't touch for under five to seven thousand [dollars] an acre now. And I'm talking rural land in the middle of no where. Groves that you couldn't sell for five thousand an acre, five years ago, are selling for ten to twenty thousand an acre now. Not because of their ability to produce income as fruit producers, but for their real estate value. And a lot of groves that are dying of different diseases, tristeza, brought in by the brown citrus aphid, canker, brought in by whatever, are now being sold to real estate developers.

[This gives] farmers an out, a financial out that they may otherwise not have had. And that is going to lead to a significant reduction in the amount of fruit produced in the state of Florida. I can't tell you how much, I don't know.

Mansfield: It sounds like the grower is getting it from all sides.

Morris: To the degree he's got a chance to sell a grove that used to be worth five thousand an acre and now it's worth fifteen, he's been thrown a life-line. I don't know what it means for the long term.

Mansfield: Do you think that the real estate and development industry has an interest in seeing the tariff eliminated?

Morris: I don't know if they even understand what it means, or care. I don't know how much of this is a trend and how much of this is a bubble. All you got to do is fly over Florida in a small plane. [You'll] see the hundreds and hundreds and hundreds and hundreds of thousands of acres of land [and you'll ask yourself]; "How in the world can some of this raw land be going for five to seven thousand an acre [when it is so far from amenities]? How can that happen? How can that be sustained? I don't think there is any more economics to sustain that than there was to sustain that dot-com thing.

Is the trend in Florida land prices up-ward? Absolutely. Is this current run-up real or a bubble? I don't have a clue. I question it but I don't know. I don't know the answer to that.

Mansfield: To make sure that people in the future understand this, what do you mean when you say "a bubble?"

Morris: Is this a short-term run-up where the market has over priced land; will there be a correction? [Will these increasing prices continue? Will these higher prices be sustained?] I don't know the answer to that. Will price continue to go up for another six months or a year and then turn around and crash? I don't know I worry about that sometimes.

Mansfield: It seems like we've all got enough to worry about, this day and time.

Morris: I worry about it simply because disruptions are—not good, from a business stand point. It creates too many winners and too many losers. And if they are going to crash it would better if [the prices] hadn't gone up so high in the first place. Sellers benefit, buyers lose.

Mansfield: You said it creates too many winners and too many losers?

Morris: Yeah. I like an environment that's win-win. When you got environments of win-lose, those are chaotic and I don't know if they accomplish a lot except increase risk and limit the market's ability to level things out.

I don't know, maybe this thing is going to keep going. I don't know, look at what California did.

Mansfield: [chuckles] I don't know, California might not be the best example to look at. What do you see as the future for Florida citrus?

Morris: I'm very uncertain. I don't know. I don't know what the future is. I think that we were on the wrong path, from a marketing standpoint. The strategy we used to generically market orange juice, [in my opinion,] was not the right strategy. And I played a role in explaining to the industry that it wasn't the right strategy.

Changes were made at the Department of Citrus and Dan Gunter was hired. I think they adopted part of the right strategy. I think their advertising is right, because it's got a health and wellness center message. I don't think they've built the merchandizing and public relations capability that they need. But even without that, changing advertising to focus on differentiating orange juice, we've [started to turn] it around.

We've gone from decline to a 3% or 4% [annual] increase [when tracked monthly]. It's up to a little over 4%. That's good. If we can sustain that and if we can get the money to build the merchandising and public relations, like we used to have. If we can get this market back growing 3% or 4% or 5% a year, as it recovers lost sales, and back to a 2% growth beyond that. And if real estate activity continues to take-out significant acreage we can return high prices and favorable returns to Florida growers within the next three to five years.

Mansfield: So that means expanding the market but reducing the number of producers?

Morris: I don't know that you need to reduce the number of producers. But if we expand the market, that's obviously good. If real estate activity reduces supplies at the same time the market grows, things will turn around financially in a shorter time.

Mansfield: It just seems like if the market gets better and there are fewer people sharing in that market—

Morris: And I'm not even talking fewer people, just less supply. Now how much does Brazil come in and fill that gap? I don't have a clue. Some would argue that no matter how fast we grow the market Brazil is just going to come in fill that gap. I don't know.

Mansfield: That's kind of—

Morris: If you eliminate the tariff they will.

Mansfield: That's kind of the strategy of dumping isn't it?

Morris: As long as you don't sell below cost of production. I think it gets a little dicey when someone is out here losing money to drive you out of business, so later they can raise the price. That's what they call dumping.

I think they are still trying to decide if Brazil has done that. I'm not close enough to that to know. But I can understand the reasons folks were making allegations. But you don't have to dump in order to capture a market. If prices get up to \$1.10, \$1.20 as a result of increased market demand and reduced supplies the issue is: does the Florida grower get to continue to see prices rise or does Brazil put a cap on how far they escalate? I don't know how to supply that answer. But certainly with out the tariff, the cap would be lower.

Mansfield: You talk about the efforts of advertising and generic marketing?

Morris: Yeah, we call it generic advertising and generic merchandizing, where no one firm or brand is being presented. It's the product itself that's being presented.

Mansfield: Right, Florida orange juice. I've seen the commercials for that as long as can remember. There is that law suit from some growers who don't want to have to pay the tax to support that.

Morris: If they win, you won't have a Department of Citrus growing the demand for orange juice. They don't believe the Department of Citrus grows the demand for orange juice in away that benefits Florida growers. They believe that if they are able to grow at all, it benefits Brazilians, far more than it benefits Florida growers.

Mansfield: From What I've read that the advertising boosts the sale of Brazilian orange juice as much as it does Florida orange juice.

Morris: It does. The way we calculate it, Brazil gets [some of] the benefit but for every dollar spent. [Florida growers] still get [\$1.80 to \$3.80] back.

Mansfield: Well, I've been talking to you for the past hour and a half, about Florida citrus. Is there a question I haven't asked, that you want to answer? Is there anything else you want to say, that I haven't asked about?

Morris: Not that I can think of. I recommend you get a copy of this [article]. Jim Griffith may have a copy you can copy.

Mansfield: But I'm going to definitely try and talk with him. But we've talked about this interview. And like I said, it will be transcribed and I'll send a copy of it to you.

Morris: And I'll fax this [release form] to Prudential and see. They shouldn't have a problem with this.

Mansfield: Okay. But I was going to say I'll send you a copy of the transcript and you can read over it and make any corrections. If there is anything you want to cut out or anything you want to add—if you feel didn't explain explain things sufficiently—

Morris: That works. I'll give you a business card but let me write my address [on it]. I don't go to Orlando that often. If I'm headed to LaBelle, there's no reason to go to Orlando. So send it to this address. [writes address on business card]

Mansfield: I've been photographing everybody I've interviewed. Do you mind if I take your picture?

Morris: Not a bit.

Mansfield: Okay. While the tape recorder is running let me say thank you so much for taking the time to talk with me. I really appreciate it. I feel like I know little bit more now than I did when we started.

Morris: Good.

Mansfield: I'll shut this thing off.

[End of interview.]