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BEVERAGES

Tropicana, Dole OJ prices to rise on Florida citrus shortage

With hurricanes, drought and disease leading to the worst Florida citrus crop in more than a decade, PepsiCo will boost prices on orange juice by 4 percent to 8 percent.

By Travis Reed

Associated Press

ORLANDO - PepsiCo said Tuesday it will boost prices on Tropicana and Dole orange juice by 4 percent to 8 percent at the start of 2007, further fallout from what is expected to be the worst Florida citrus crop in more than a decade.

The company also said it would trim the size and frequency of discounts offered to consumers. Combined with price increases announced in September, the changes effective Jan. 1 amount to a 20 percent increase for Tropicana and Dole over OJ prices that had already been on the rise.

Tropicana is the largest buyer of oranges from Florida, which is by far the largest domestic producer. The state is second only to the country of Brazil in world orange production.

However, after two nasty hurricane seasons compounded by drought and crop disease, Florida's harvest has dropped off significantly. Last month, the U.S. Department of Agriculture predicted 135 million boxes of oranges would be picked in the 2006-07 season, down from an already-low 148 million boxes last year.

If the forecast holds true, it would be the worst crop in more than 15 years, when freak freezes devastated production.

Before the past two hurricane seasons, Florida was averaging about 220 million boxes, each of which weighs 90 pounds.

"Given the world citrus supply is severely challenged and cost pressures have dramatically increased, we are once again forced to raise our prices to customers," Eric Miller, Tropicana's vice president of sales, said in a written statement. "However, we

believe these pricing strategy changes are in the best long-term interest of the category, our customers and consumers."

Last week, the Coca-Cola Co. raised prices 9 percent to 11 percent for its Minute Maid and Simply Orange juice products, citing the Florida shortage and increased fuel and energy costs. It was the company's fourth orange juice price increase in 2006 after holding steady for five years.

Orange juice prices were already up 11 percent over last year in the latest ACNielsen data available for the four-week period that ended Sept. 30. As a result, gallon sales were down nearly 8 percent.

Though it might squeeze consumers, the scarcity and resulting high price of oranges is promising for Florida farmers, who could see their best returns in years.