STATEMENT BEFORE THE
U.S. INTERNATIONAL TRADE COMMISSION
CERTAIN ORANGE JUICE FROM BRAZIL
January 24, 2012

VICTOR STORY

Good morning. My name is Vic Story. I'm the president of Story Grove Services in Lake Wales, Florida, and currently the president of Florida Citrus Mutual. We own 1,800 acres of orange groves and manage another 3,000 acres owned by others. I was honored to testify before this Commission in 2006, and I'm here to urge you to allow the antidumping order to remain in effect.

I told you a little about my family's business before, but it bears repeating, because it is typical of many growers in our industry. My father and mother began an orange grove business in 1945 by saving money from their overseas service in WWII multiple jobs to obtain 80 acres of land near Frostproof, Florida. He worked multiple jobs to save enough to care for that young grove.

Our family all worked the property ourselves, living in a small, one-room house in the grove and pooling funds from other jobs to add acreage to our business. After leaving for college and military service in the 1960s, I returned to take over the business and to keep expanding what eventually grew to 2,700 acres of oranges. My son Kyle is now Executive Vice President of our family's business, handling day-to-day operations. My other sone Matt is our production manager.

We confronted and overcame serious setbacks in the 80s, losing about 500 acres of trees to freeze damage. This resulted in heavy debt leverage throughout the 1990s for renovation costs, but we slowly came back with smaller acreage and with the additional groves for which we provide contract services. But during the 2002-2003 season, OJ futures prices dropped so low that we were unable to renew operating loans with the local community bank, which had changed from evaluating loans based on collateral, to basing them on current cashflow. We were forced to sell off about 500 acres of leveraged property in order to eliminate some of our debt. For three years, they refused to grant a continuing line of credit because the low current and projected cashflow. Import pricing and low-priced futures deliveries were elements contributing to those low projections.

The antidumping order put in place in 2006 was critical to our recovery. Prices increased and we were able to invest in grove treatment and re-planting. Lenders have resumed granting credit lines, now that cashflow is less likely to be undercut by import prices. One exception was late in the 2008 Valencia season, when fruit prices dropped as low as 80 cents, eliminating our profit for the year. One factor which worsened that price drop was an influx of cheap Brazilian FCOJ from Citrovita, the one major producer not covered by the dumping order. After that happened, we moved some of our fruit toward seasonal contract pricing with a floor price, plus a rise, with a ceiling price. The rise is determined by average spot prices for the season. That did not eliminate the potential damage of cheaper juice, but helped us smooth out the impact, manage our rapidly increasing costs, and recognize the market restrictions at the higher end for the processor. We don't seek unlimited shortage premiums, but we can't survive unlimited price cuts.

As I said, our costs have almost doubled in the five years since the order was put in place. We have incurred successive increases in greening treatment, expanding from 4 to 8 sprays per year. Nursery trees doubled in cost, as that industry moved to indoors to counter the infestations of canker and HLB psyllids. Production labor costs have increased by 3-5% per year, and harvest labor increased 10-15% over the last six years. Our overall harvest costs have risen by 20%. Many of our growers have moved to H2A programs to assure immigration law compliance, and that alone has increased picking costs by 40% in the last five years.

Basically, our costs are now $1.20 to 1.30 per pound of solids, assuming no freeze damage, and our yield is higher than the state average. That's almost twice the cost we faced five years ago. In addition, we have already cut back our operations by selling off our less productive, higher-cost groves before the antidumping petition was filed. For growers with lower yields and more severe greening damage, the cost of production is much higher. We have reduced the number of acres in production across the state in the last five years, while Brazil has continued to produce on approximately the same number of acres as five years ago. They are -- relative to Florida -- a much larger industry than they were five years ago. It is also no secret that US consumption of juice has declined steadily over the past five years. If imports return to the market at prices below cost, it doesn't just hurt our immediate profits. The most severe impact is that it affects growers' decisions about greening and canker treatment. We can only be as effective against those diseases as our nearest neighbors. Some growers will choose to forego expensive treatments if prices decline, affecting surrounding groves. One bad year now has more serious impact than it did in the 80s or 90s.

The bottom line for us is that there is no room for increased imports without the control of an antidumping order. Without it we would not have had a chance at recovery in 2007-09, and if it's removed, we are one low price year away from a return to red ink and a set-back in the long term battle against citrus diseases that damage both Florida and Brazil. We ask that the Commission leave this order in place.