

Immigration reform and citrus harvest mechanization in a world of uncertainty

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Abstract

The prospect of immigration policy reform has renewed growers' concerns about serious labor shortages and labor cost increases which may require mechanization in some specialty crop operations. We focus on the Florida citrus industry, evaluating the economic potential for mechanical harvesting relative to manual harvesting in a risky environment. Alternative labor market conditions are examined using the entity discounted cash flow (DCF) approach. In addition, uncertain variations in citrus yields, prices and production and harvesting costs are incorporated to mirror the producer's uncertain environment. The analyses provide estimates for the required threshold of potential gains from mechanization over hand harvesting for the adoption of mechanical harvesting in the uncertain, risky real world.