

Trends in the U.S. Kiwifruit Market

Formerly called the Chinese gooseberry, the kiwifruit (*Actinidia deliciosa*), produced by a large, woody deciduous vine, is rich in both flavor and nutritional value. Indigenous to China, the fruit is grown commercially in about 16 countries around the world. The top three producers—Italy, New Zealand, and Chile—account for over three-quarters of world kiwifruit production. Other leaders include France, Greece, Japan, and the United States. As the seventh largest producer, the United States produced an average of 3 percent of the world kiwifruit output during the last 5 years.

Over the period 1997-2001, U.S. kiwifruit production ranged from 25,800 to 36,600 short tons. Farm cash receipts from the sale of kiwifruit averaged \$17.1 million during this time. According to the 1997 Census of Agriculture, kiwifruit is grown on 559 farms—down 29 percent from 1992 and 45 percent below the number in 1987.

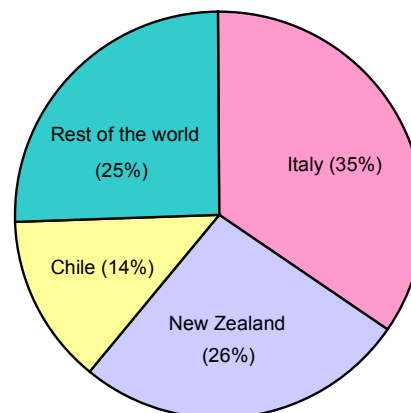
California Dominates Production

While nearly all of the U.S. kiwifruit is produced in California, small commercial plantings are also reported in other areas, particularly Oregon, South Carolina, and Virginia. The adaptability of the crop to climatic conditions in California, particularly in the Central Valley, has influenced production concentration in that region. According to the California Agricultural Statistics Service, Tulare and Butte Counties in Central California accounted for over 60 percent of the State's kiwifruit harvested acreage and production during 2001. Fresno, Yuba, and Kern Counties each produced more than 1,000 short tons that year, and their combined production accounted for 33 percent of the State's crop.

Kiwifruit Sold Mostly Fresh

Kiwifruit is sold primarily in the fresh market. Only a very small proportion of production goes to the processing sector, for products such as jam, juice or wine, and frozen. Kiwifruit contains many important nutrients that help promote good health, including vitamins C and E, folate, magnesium, and potassium. It is low in fat, an excellent source of fiber, and also

Figure 6
World's top three producers of kiwifruit*



*Average share of 1997-2001 world production.

Source: Food and Agriculture Organization of the United Nations.

rich in phytochemicals that have been found to help fight against many chronic diseases. Hayward is the primary variety grown commercially because of its large fruit, superior keeping quality, and great flavor.

Domestic Production Declined During the 1990s

The kiwifruit was a relatively new crop to California two decades ago. The first significant commercial production of 1,050 short tons was packed in 1977. Strong demand for the fruit here and abroad along with high grower prices fueled the rapid expansion of the U.S. kiwifruit industry during the 1980s.

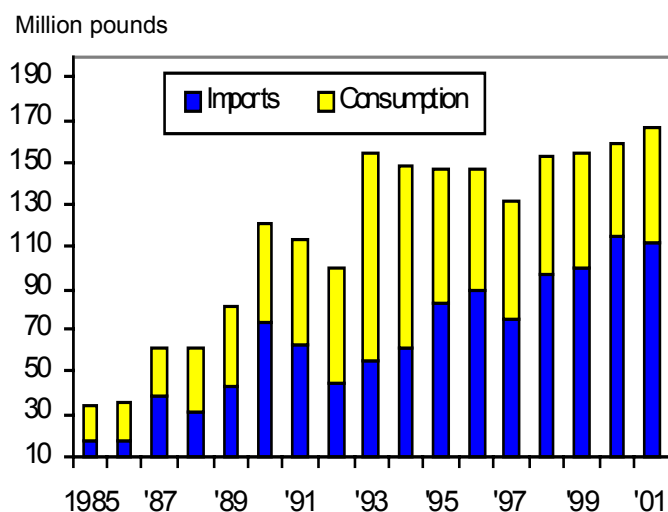
Bearing acreage increased significantly in the early to mid-1980s leading to continuing growth in production through the end of the decade. Bearing acreage was largest during 1990-92 at 7,300 acres. It has declined since then and has remained steady over the last 4 years at 5,300 acres. The U.S. kiwifruit crop peaked in 1992 at 52,300 short tons but has since remained erratic with a generally declining trend. Meanwhile, world production continued to grow from 26,687 metric tons in 1980 to a record 1.0 million metric tons in 2001. Because of fluctuations in production over the last decade, the U.S. share of world production has declined from an average of 17 percent over the period 1980-85 to 3.0 percent during 1997-2001.

Imports Continue To Grow in Importance in the U.S. Kiwifruit Market

An increasing proportion of competitively priced foreign kiwifruit supplies has penetrated the U.S. market during the 1990s, maintaining an abundance of domestic supplies and lowering U.S. grower prices. U.S. kiwifruit imports as a share of domestic supplies rose from an average of 39 percent over the period 1985-89 to an average of 60 percent during 1997-2001, with volumes ranging from 75.9 million pounds to 114.3 million pounds during this period. U.S. grower prices declined from an average of \$1,407 per ton in the early- to mid-1980s to \$604 per ton over the last 5 years.

Countries such as Greece, France, and the Republic of South Africa had begun to make inroads to this market by the mid-1990s. A majority of the imports, however, continue to be shipped from Chile, New Zealand, and Italy—the world leaders. Besides their large production base, the counter-seasonal production schedules between Southern and Northern Hemisphere countries have influenced the wide presence of Chilean and New Zealand kiwifruit in the U.S. market.

Figure 7
U.S. imports and consumption of kiwifruit



Source: Bureau of the Census, U.S. Department of Commerce and Economic Research Service, U.S. Department of Agriculture.

The California kiwifruit crop typically blooms in early May and the fruit is ready for harvest in late October. Because the fruit can be kept firm under proper cold storage conditions for 3 to 6 months, or sometimes longer, the marketing season extends from November through April. Imports, particularly those

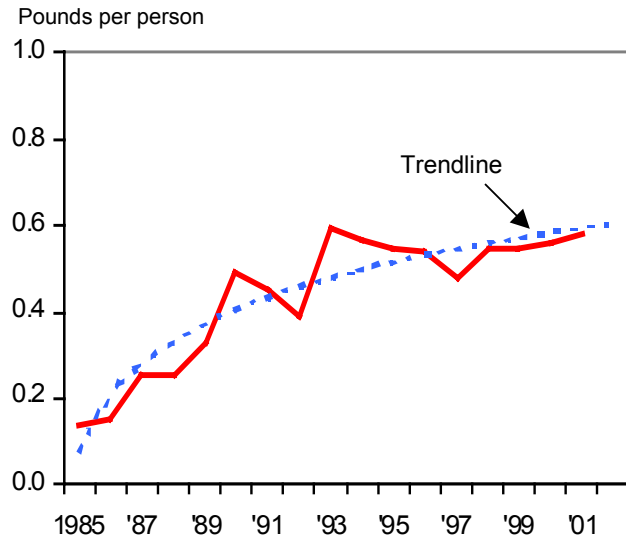
Table 11--Kiwifruit: Acreage, production, season-average grower price, and value, California, 1980 to date 1/

Year	Bearing acreage Acres	Total production Short tons	Price Dollars/ton	Value 1,000 dollars
1980	1,600	5,300	2,400.00	10,080
1981	3,000	6,900	2,000.00	11,000
1982	3,400	15,500	920.00	10,580
1983	3,100	13,500	1,240.00	14,260
1984	3,800	18,000	1,070.00	17,762
1985	4,800	22,000	813.00	16,667
1986	5,600	24,300	1,030.00	24,102
1987	6,800	29,000	710.00	18,886
1988	7,100	32,700	760.00	22,420
1989	7,200	40,000	400.00	14,800
1990	7,300	39,000	415.00	14,110
1991	7,300	29,600	820.00	21,976
1992	7,300	52,300	290.00	13,833
1993	6,900	49,200	370.00	16,502
1994	6,500	39,400	491.00	18,413
1995	6,100	37,800	459.00	15,434
1996	5,700	31,500	470.00	13,157
1997	5,300	35,000	518.00	16,483
1998	5,300	36,600	744.00	24,544
1999	5,300	27,000	634.00	15,215
2000	5,300	34,000	455.00	13,888
2001	5,300	25,800	667.00	15,340

1/ First estimates were in 1980.

Source: National Agricultural Statistics Service, USDA.

Figure 8
U.S. per capita kiwifruit consumption



Source: Economic Research Service, USDA.

from Southern Hemisphere sources, have filled the gap in domestic production resulting in almost year-round supplies of kiwifruit for U.S. consumers. This has aided in boosting domestic consumption levels for the fruit, particularly during the 1980s—the industry’s introductory phase.

More than half of the kiwifruit consumed domestically during the 1980s was from imports, and this share has grown over the years, averaging 65 percent in the last 5 years. Although much above the levels during the mid-1980s, domestic consumption leveled off during the 1990s, partly reflecting relatively steady supplies and the increased presence of a wider selection of winter fruit all competing for retail shelf space. Up from an average of 0.22 pounds per person over the period 1985-89, U.S. kiwifruit consumption remained relatively steady at an average of 0.55 pounds per person during 1997-2001.

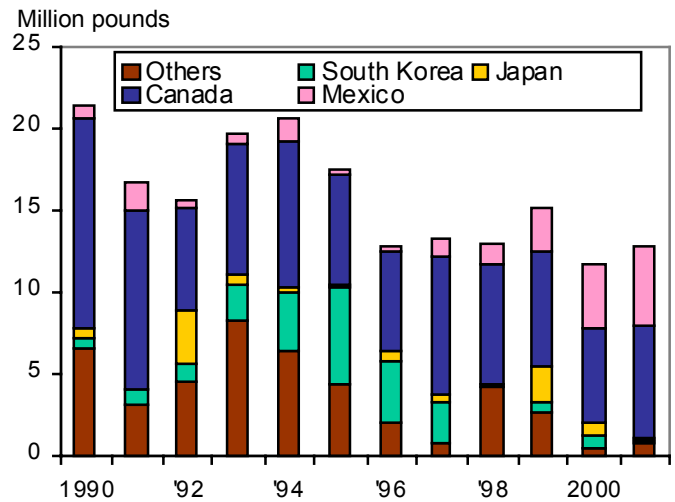
Increased Competition Reduced Role of Exports in U.S. Kiwifruit Industry

The balance of trade for kiwifruit in the United States continues to tilt more heavily toward imports but exports still serve as an important marketing outlet to U.S. growers. Exports during the period 1997-2001 averaged 13 million pounds and generated \$8.0 million in sales. Exports now account for an average of 20 percent of production, down nearly 50 percent relative to the mid- to late-1980s. Growing world supplies, improvements in storage facilities (allowing for overlapping marketing seasons), and contractions

in the domestic industry have diminished the role of the United States in the world kiwifruit market.

Influenced mainly by proximity, Canada is by far the largest export market for U.S. kiwifruit, accounting for over half of all the shipments over the last 5 years. Significant increases in shipments to Mexico in recent years have made it the second largest export market, with volumes far exceeding shipments to South Korea and Japan—previously larger markets for the United States. U.S. shipments are also reaching smaller markets in Latin America in recent years. While volumes are far below those shipped to Canada and Mexico, shipments to Colombia, Guatemala, Venezuela, Ecuador, El Salvador, and the Dominican Republic rose sharply during 2001.

Figure 9
U.S. kiwifruit exports to top markets



Source: Bureau of the Census, U.S. Department of Commerce.