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Fruit and Tree Nuts Outlook

Agnes Perez and Susan Pollack

2004 U.S. Pear and Grape Crops Forecast Smaller

But More Apples and Cranberries This Fall

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The next release is Nov. 23, 2004

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The index of prices growers receive for fruit and tree nuts was nearly 1 percent higher than the July index and 2 percent higher than the August 2003 index. Growers received higher prices than last year in August for fresh pears, strawberries, oranges, grapefruit, and lemons. At the retail level, higher prices for Red Delicious apples, grapefruit, and Valencia oranges were offset by lower prices for lemons, bananas, peaches, Thompson seedless grapes, and strawberries.

The U.S. Department of Agriculture (USDA) forecast the 2004 U.S. apple crop at 9.4 billion pounds, 9 percent larger than in 2003. Production is expected to increase in the Eastern and Western apple-producing States, while output in the Central States is anticipated to decline. Fresh apple shipments were up sharply in August, weakening fresh apple grower prices.

USDA forecast the 2004 U.S. pear crop to be 1.8 billion pounds, 2 percent smaller than a year ago. Bartlett production in the three Pacific Coast States is forecast nearly unchanged while production of other pear varieties in the region is forecast down 4 percent. The smaller domestic crop yielding plenty of large-size fruit, which consumers prefer, will likely drive 2004/05 fresh pear prices higher than a year ago.

The 2004 U.S. grape crop is forecast at 12.7 billion pounds, 3 percent smaller than a year ago. Production is expected to decline 2 percent in California, the major producer. Production in four other leading grape-producing States is also forecast down.

The 2004 U.S. cranberry crop is forecast at 657.5 million pounds, up 6 percent from a year ago and the largest on record. Large carryover inventories, increased production, and higher imports will likely put downward pressure on grower prices.

California's navel orange crop is expected to be record-large in 2004/05, at 1.7 million tons. Meanwhile, recent hurricanes hit some big orange and grapefruit-producing counties throughout Florida. The amount of damage to the crops is yet to be determined. The National Agricultural Statistics Service (NASS) forecasts for 2004/05 U.S. citrus crops will be released on October 12.

Fruit Price Outlook

Grower Fruit Prices Higher in August

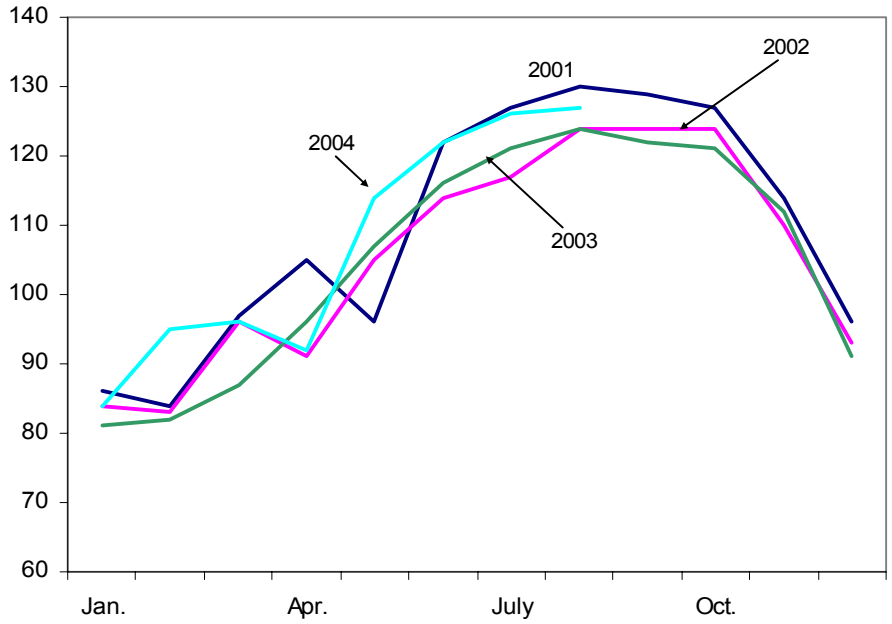
The index of prices growers receive for fruit and tree nuts rose again in August, continuing the upward movement in overall fruit prices observed since April (fig. 1). The August index, at 127 (1990-92=100), was nearly 1 percent higher than the July index and 2 percent higher than the August 2003 index. Prices for fresh pears, strawberries, oranges, and grapefruit rose in August and averaged higher than in August 2003 (table 1). Although fresh lemon prices declined in August from July, the average price was 18 percent higher than a year ago and also contributed to the overall boost in the August index. The price increases from these five commodities more than offset the price declines for fresh apples, peaches, and grapes.

Due to an early harvest of 2004/05 pears, August fresh pear shipments advanced 8 percent from the same time last year, but pear prices held strong, averaging 27.7 cents per pound, the highest August average on record. Lower supplies of California strawberries and Valencia oranges pushed up August fresh strawberry and orange prices. For the remainder of the 2003/04 season, fresh orange prices will likely remain strong as supplies in California become more limited with the winding down of the season. California's 2004/05 navel orange crop is forecast to be up 21 percent from last season and the largest on record. While fruit from the new crop, which should be marketed this fall and through the spring months, is sizing up well, the increase in production and some concerns about fruit quality due to warm temperatures could put downward pressure on 2004/05 fresh orange

Figure 1

Index of prices received by growers for fruit and tree nuts

1990-92=100



Source: National Agricultural Statistics Service, USDA.

prices. California produces 80 percent of U.S. oranges for fresh use. Fresh grapefruit prices will likely continue strong into 2004/05 as marketable supplies from Florida are expected to be down sharply from last year due to recent hurricane damage to the crop. Florida typically produces over 70 percent of the U.S. grapefruit crop and account for more than half of production for fresh use.

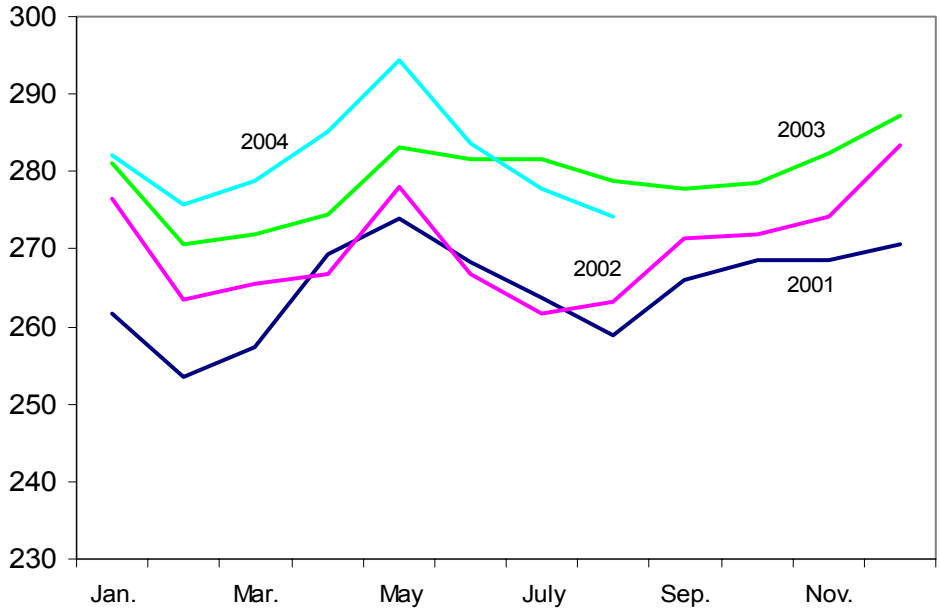
Fresh Fruit Retail Prices Lower in August

The U.S. Consumer Price Index (CPI) for fresh fruit in August was 2 percent below the August 2003 CPI (fig. 2). The 2004 CPI began to fall below a year ago in July, after holding consistently higher in each month since August 2002. The weaker CPI in July reflected lower retail prices for lemons, bananas, peaches, Thompson seedless grapes, and strawberries. Prices for these five commodities continued to slip in August and U.S. consumers again paid less for them at the grocery stores. With the 2004/05 season in full swing for fresh grapes and peaches in July and August, larger supplies available at retail drove their prices lower. Demand for bananas likely has been affected by increased competition from a greater selection of fruit available to consumers during the summer. August banana prices not only averaged lower than last year but also weakened from July. This seasonal weakness in August banana prices has been observed throughout most of the 1990s and in recent years. In other fresh fruit markets, seasonally low supplies of 2004/05 Red Delicious apples and 2003/04 grapefruit and Valencia oranges helped boost their August retail prices higher than a year ago.

Figure 2

Consumer Price Index for fresh fruit

1982-84=100



Source: Bureau of Labor Statistics, U.S. Department of Labor.

Table 1--Monthly fruit prices received by growers, United States

Commodity	2003		2004		2003-04 Change	
	July	August	July	August	July	August
	--Dollars per box--				Percent	
Citrus fruit: 1/						
Grapefruit, all	8.83	7.03	8.69	7.91	-1.6	12.5
Grapefruit, fresh	10.86	9.76	10.60	10.80	-2.4	10.7
Lemons, all	6.24	12.95	14.61	14.70	134.1	13.5
Lemons, fresh	18.66	18.16	21.46	21.35	15.0	17.6
Oranges, all	3.86	3.82	8.41	8.05	117.9	110.7
Oranges, fresh	5.36	5.64	9.71	10.71	81.2	89.9
	--Dollars per pound--					
Noncitrus fruit:						
Apples, fresh 2/	0.208	0.346	0.295	0.273	41.8	-21.1
Grapes, fresh 2/	0.390	0.330	0.320	0.300	-17.9	-9.1
Peaches, fresh 2/	0.262	0.227	0.233	0.213	-11.1	-6.2
Pears, fresh 2/	0.168	0.136	0.235	0.277	39.9	103.7
Strawberries, fresh	0.666	0.681	0.595	0.700	-10.7	2.8

1/ Equivalent on-tree price.

2/ Equivalent packinghouse-door returns for CA, NY (apples only), OR (pears only), and WA (apples, peaches, and pears). Prices as sold for other States.

Source: National Agricultural Statistics Service, USDA.

Table 2--U.S. monthly retail prices, selected fruit, 2003-2004

Commodity	Unit	2003		2004		2003-04 Change	
		July	August	July	August	July	August
		--- Dollars ---		--- Dollars ---		--- Percent ---	
Fresh:							
Valencia oranges	Lb	0.566	0.543	--	0.672	--	23.8
Navel oranges	Lb	--	--	--	--	--	--
Grapefruit	Lb	0.812	0.875	0.870	0.912	7.1	4.2
Lemons	Lb	1.416	1.460	1.247	1.418	-11.9	-2.9
Red Delicious apples	Lb	1.006	1.016	1.099	1.104	9.2	8.7
Bananas	Lb	0.514	0.514	0.510	0.507	-0.8	-1.4
Peaches	Lb	1.362	1.346	1.348	1.281	-1.0	-4.8
Strawberries 1/	12-oz pint	1.776	1.840	1.629	1.817	-8.3	-1.3
Thompson seedless grapes	Lb	1.893	1.626	1.682	1.501	-11.1	-7.7
Processed:							
Orange juice, concentrate 2/	16-fl. oz	1.831	1.882	1.878	1.873	2.6	-0.5
Wine	liter	6.899	6.089	6.793	7.490	-1.5	23.0

-- Insufficient marketing to establish price.

1/ Dry pint.

2/ Data converted from 12 fluid ounce containers.

Source: Bureau of Labor Statistics, U.S. Department of Labor.

U.S. Apple Production To Increase Again in 2004

The U.S. Department of Agriculture's (USDA) initial forecast for the 2004 U.S. apple crop is set at 9.4 billion pounds, 9 percent bigger than in 2003 and also 10 percent bigger than in 2002 (table 3). While bigger than the previous 2 years, this year's crop size, if realized, will be smaller than those produced in prior years since 1989. The increase in overall production will come from the expected increases in production in the Eastern and Western apple-producing States, while output in the Central States is anticipated to decline.

At a combined total of nearly 6.0 billion pounds, the Western States expect to harvest 15 percent more apples in 2004 than a year ago, with most States in the region anticipating increased production with the exception of California and Utah. In Washington, where more than half of U.S. apples are produced, this year's apple crop is forecast at 5.2 billion pounds, 16 percent larger than the weather-reduced crop in 2003. Adequate chill hours this winter, a mild spring, and favorable weather conditions during the bloom period had resulted in a good fruit set, raising the prospects for increased production. Growers encountered wind and hail problems in May but these had little effect on overall production because most of the damage was isolated and many of the growers were able to thin out the damage. Crop quality is reported to be good. The second largest apple-producing State in the region, California, expects to harvest 440 million pounds, down 2 percent from a year ago partly due to a spring heat wave that contributed to both reduced production, specifically of Fuji variety apples, and to the production of smaller-sized fruit in general. The California Apple Commission has also cited factors such as acreage reduction and the "off-year" of the crops' alternate-bearing cycle as factors leading to a significant drop in the State's Fuji apple production this year. Benefiting from a warm spring and excellent pollination conditions, Oregon's crop is forecast 26 percent larger, at 170 million pounds.

Production in the Eastern States is forecast at 2.3 billion pounds during 2004, 3 percent more than a year ago. Eight out of the 15 States in the region surveyed by USDA for apple production are expecting increased production, including New York, the region's largest producer. New York's 2004 apple crop is forecast at 1.1 billion pounds, 6 percent bigger than a year ago. Despite a May hailstorm sweeping across the eastern part of the State and causing damage to some orchards, good quality and size are reported overall. Production in Pennsylvania and Virginia, the second and third largest producers, are forecast down 3 percent and 4 percent, respectively. In Virginia, favorable pollination conditions contributed to a good fruit set, but frost and cold temperatures in April and May caused some damage in some growing areas. Reduced production in both States may also be attributed to aggressive chemical thinning by their growers and to natural fruit drop. The heavy thinning experienced in both States and more than adequate rainfall are contributing to larger fruit size.

The apple crop in the Central States is forecast at 1.1 billion pounds, 7 percent smaller than a year ago. Forecast production in Michigan, the main producer in the region, is set at 760 million pounds, down 10 percent, mostly due to the effects of a severe frost in May and an early summer hailstorm. Aside from frost and hail,

Table 3--Apples: Total production and season-average price received by growers, 2001-2003, and indicated 2004 production 1/

States	Production				Price		
	2001	2002	2003	2004	2001	2002	2003
	--- Million pounds ---				--- Cents per pound ---		
Eastern States:							
Connecticut	21	12	22	20	32.2	41.2	37.1
Georgia	9	10	13	14	23.0	18.0	10.6
Maine	47	49	44	45	29.0	36.1	29.8
Maryland	41	32	40	34	15.5	14.3	15.7
Massachusetts	39	33	43	41	32.4	38.6	34.6
New Hampshire	30	27	26	28	25.0	28.5	27.9
New Jersey	55	35	40	40	16.2	17.6	14.6
New York	1,000	680	990	1,050	11.9	17.7	15.1
North Carolina	112	160	135	170	14.9	14.3	13.2
Pennsylvania	480	370	442	428	9.6	10.1	10.3
Rhode Island	2	3	2	2	38.3	40.4	39.3
South Carolina	6	9	6	6	18.7	13.2	21.9
Vermont	41	31	42	36	24.1	33.7	26.6
Virginia	310	250	270	260	10.6	10.4	9.6
West Virginia	105	95	87	85	8.5	8.5	9.6
Total	2,297	1,795	2,201	2,259			
Central States:							
Arkansas	4	3	3	3	25.1	27.3	24.1
Illinois	44	43	53	56	23.7	35.9	29.1
Indiana	53	40	51	50	18.5	26.5	26.3
Iowa	9	9	6	11	33.3	34.3	42.4
Kansas	3	3	3	5	33.3	35.8	27.3
Kentucky	8	6	8	8	29.0	31.8	32.7
Michigan	930	520	840	760	9.4	12.4	11.9
Minnesota	24	25	27	26	47.5	50.9	43.6
Missouri	41	38	40	36	17.1	17.8	20.8
Ohio	86	70	90	89	23.6	26.8	27.4
Tennessee	11	7	12	10	24.0	26.5	25.2
Wisconsin	62	58	68	62	29.3	34.9	33.4
Total	1,275	821	1,200	1,116			
Western States:							
Arizona	5	26	7	30	6.6	17.3	7.9
California	520	470	450	440	15.7	20.4	17.8
Colorado	23	21	22	24	20.8	18.4	18.5
Idaho	80	80	70	100	14.1	19.4	20.2
New Mexico	6	2	2	2/	31.8	32.6	30.7
Oregon	142	202	133	170	12.1	15.2	17.5
Utah	25	7	28	27	17.6	21.3	23.0
Washington	5,050	5,100	4,500	5,200	17.8	20.1	25.7
Total	5,851	5,908	5,212	5,991			
United States	9,423	8,524	8,613	9,366	15.8	18.9	20.9

1/ Commercial production from orchards of at least 100 bearing-age trees. 2/ End of season estimate only.
Source: National Agricultural Statistics Service, USDA.

problems with scab and fire blight in the State, particularly in the Southwest and Ridge growing areas, are creating concerns about the quality of the crop.

Between 65 and 75 percent of the U.S. fresh-market apple crop is supplied by Washington, and the anticipated larger crop there this year points to increased production for fresh use during the 2004/05 marketing season. Slightly over 2 percent of the 2004 U.S. apple crop is anticipated to be rendered as waste or shrinkage and therefore will not be marketed, based on estimates from the U.S. Apple Association. Still, the larger production will likely drive down grower prices for fresh-market apples from last season, and together should help boost domestic and international demand for U.S. apples. During the 2003/04 season, growers received an average of 29.5 cents per pound for the fresh-market crop, and while prices for the new season are expected to be lower, the good quality of the crop in general, relatively low inventories of 2003 apples, and less market competition from the expected smaller domestic pear crop this fall will likely offset some of the downward push on prices. Approaching the 2004/05 season, fresh-market apples in cold storage on July 1 were down 26 percent from the same time last year and 32 percent less than the 5-year average. However, in addition to the expected larger production, the earlier start to this season in most growing areas have pushed fresh apple shipments up sharply in August relative to last year, based on weekly shipment data from USDA's Agricultural Marketing Service. As a result, fresh apple grower prices in August declined from July, and unlike previous years, this was the first time since 1987 that apple prices have shown weakness relative to the previous month at the start of the season. At 27.3 cents per pound, the August average grower price was also 7.3 cents lower than the August 2003 average.

More than half of U.S. apples used for processing are produced in Michigan, New York, Pennsylvania, California, and Virginia. Production in these States, except in New York, is forecast lower in 2004. Despite these declines, the expected production increases in New York, Washington, and other smaller producing States in the eastern and central region could still bring total processing production during the 2004/05 season above last season. New York alone produces about 15 percent of U.S. processing apples and Washington supplies 30 to 40 percent. One would typically expect prices to drop with increased production. However, during the 2003/04 season, the average grower price for processing apples remained the same as in the previous season despite a 5-percent increase in processing production. Grower prices for apples used in the production of each of the processed product categories (canned, juice and cider, frozen, dried, and other) declined in 2003/04 from the previous season, except for frozen and dried. In Michigan, where production is expected lower this season, the Michigan Processing Apple Growers Marketing Committee, part of a larger agricultural organization under the Michigan Farm Bureau, has reached an agreement with several of the State's apple juice processors to set a minimum juice apple price of $4.25 per hundredweight (1 hundredweight=100 pounds) for the 2004/05 season, the same as the minimum average set in 2003/04. In Washington, processing prices as of late August were running 10 to 25 percent lower compared with the same time last year, as reported by the Washington Grower's Clearing House, an organization representing many of the State's fruit growers.

U.S. fresh apple exports from August 2003 through July 2004 posted a 14-percent decline from the previous season. More apples were sold to the European Union (EU) market last season. However, shipments were down significantly to Canada

and Mexico, the top two markets for U.S. apples, as well as to many of the leading markets in East and Southeast Asia. A decline in domestic supplies during the 2003/04 season limited the quantity of U.S. fresh apples available to meet international demand but other factors also came into play to force exports down last season. These included the high tariffs associated with a 1997 anti-dumping investigation on imports of U.S. Red and Golden Delicious apples to Mexico that continued to restrict exports to that market and the growing competition with China in the world fresh apple market, particularly in the United States' major markets in East and Southeast Asia. The expected increased production in Washington brings more promise for the United States in meeting fresh apple export demand during 2004/05. Another small crop anticipated in the EU this year will likely increase demand for U.S. apples again in that market. A more positive outlook on exports to Mexico would rely heavily on how the two countries—U.S. and Mexico—could effectively resolve the 46.58 percent anti-dumping duty on U.S. Red and Golden Delicious apples and a turnaround to the continued weakness in the Mexican peso relative to the U.S. dollar which have made imports of U.S. products to Mexico more expensive.

Mostly supplied by Chile, New Zealand, and Canada, U.S. fresh apple imports rose 14 percent in 2003/04 from the previous season. Lower shipments from Canada were more than offset by sharply higher supplies purchased from Chile and New Zealand. Imports of apple juice and cider increased 11 percent. Most leading international suppliers of apple juice to the United States shipped reduced quantities during 2003/04, but China's shipments were up 90 percent. China is the largest supplier to the United States, accounting for more than half of total import volume.

Smaller U.S. Pear Crop Forecast for 2004

The 2004 U.S. pear crop is forecast to be 1.8 billion pounds, 2 percent smaller than a year ago but 2 percent larger than the 2002 crop (table 4). Bartlett production (used mostly for processing) in the three Pacific Coast States is forecast at 914 million pounds, nearly unchanged from a year ago. Meanwhile, production of other pear varieties in the region is forecast to decline 4 percent, to 848 million pounds. Overall production in the region will decline by 2 percent, mostly reflecting reduced production of Bartlett and other variety pears in Washington. The Washington crop faced some damage from freezing temperatures in late April and hailstorms in late May and also is in an "off-year" of its alternate-bearing pattern. A decline is also expected for other variety pears in California, but their Bartlett crop is forecast 6 percent larger, with high sugar content, large size fruit, and good external quality.

A variety of weather-related problems have forced production down significantly in five of the six other States surveyed by USDA. Among these growing areas, New York is the only State where production is not anticipated to drop. A series of hailstorms and heavy rainfall experienced during the growing season caused only minor damage to New York's 2004 pear crop which is currently forecast unchanged from a year ago. Meanwhile, production in Colorado and Utah is forecast down 18 percent and 24 percent, respectively. A few late frosts brought some damage to some orchards in these two States. Hard hit were the small producers in Colorado who did not have any frost protection devices. Poor pollination as well as insect and blight problems also negatively affected production in Utah. In Pennsylvania, a poor fruit set due to unfavorable conditions during pollination and crop damage due

Table 4--Pears: Total production and season-average price received by growers, 2001-2003 and indicated 2004 production

State	Production 1/				Price		
	2001	2002	2003	2004	2001	2002	2003
	--- Million pounds ---				--- Cents per pound ---		
Pacific Coast:							
California:							
Bartlett	550	464	434	460	12.8	12.1	10.8
Other	110	103	110	96	18.5	20.3	15.0
Total	660	567	544	556	13.8	13.6	11.7
Oregon:							
Bartlett	140	116	108	114	15.1	17.2	16.8
Other	320	282	300	302	13.4	15.4	16.0
Total	460	398	408	416	13.9	15.9	16.2
Washington:							
Bartlett	402	316	370	340	11.4	15.7	16.1
Other	484	462	474	450	13.0	14.5	14.8
Total	886	778	844	790	12.3	15.0	15.3
Three States:							
Bartlett	1,092	896	912	914	12.6	14.0	13.6
Other	914	847	884	848	13.5	15.5	15.2
Total	2,006	1,743	1,796	1,762			
Colorado	4	5	6	5	25.0	28.8	30.0
Connecticut	1	1	3	2	32.2	42.9	50.0
Michigan	9	3	10	8	14.9	15.9	13.0
New York	22	20	31	31	20.1	18.7	18.7
Pennsylvania	11	8	10	8	28.5	24.0	34.9
Utah	1	1	1	1	29.2	32.2	39.2
Total	47	37	60	54			
United States							
Bartlett	1,092	896	912	914	12.6	14.0	13.6
Other	962	884	944	902	13.5	15.5	15.2
Total	2,054	1,780	1,856	1,816	13.3	14.9	14.7

1/ Includes unharvested production and production not sold.
Source: National Agricultural Statistics Service, USDA.

to hail has reduced crop potential in the State by 27 percent. Production in Connecticut is forecast down 23 percent.

Early 2004/05 grower prices for fresh pears were strong, averaging $470 per ton in July, from $335 per ton the same period a year ago and higher than any July average in previous years since 1985. Despite larger year-over-year beginning season shipments of fresh pears resulting from the weather-induced early harvest this season, strong market demand and relatively low inventories of competing fresh apples helped boost grower prices for fresh pears in July. Strong movement to markets was indicated by a 45-percent decline in cold storage supplies of other pear varieties (used mostly for fresh use) by the end of July from the previous month. As of August, fresh pear shipments continued to advance ahead of a year ago and grower prices still gained strength, averaging $553 per ton, more than double the August 2003 average. Fresh pear prices may be expected to move down seasonally as the season gets fully underway, and domestic supplies increasingly compete with anticipated larger quantities of new-crop apples. However, the smaller domestic crop and the presence of a lot of large-size fruit that consumers prefer will likely drive 2004/05 prices higher than a year ago.

The United States is a net exporter of fresh pears. During the 2003/04 (July-June) season, the increase in domestic production and the resulting lower grower prices

contributed to a 4-percent growth in exports from the previous season, totaling 367.2 million pounds. U.S. fresh pear shipments to Mexico, the market for about half of all U.S. fresh pear exports, fell 6 percent while shipments to other major international markets such as Canada and the Netherlands rose. However, the largest growths were among the smaller markets, including Russia, New Zealand, El Salvador, Malaysia, India, and China, where U.S. shipments were at the very least up by more than 100 percent.

The prospects for export growth during 2004/05 will likely be limited by this year's reduced production and higher domestic prices. U.S. exports continue lower to Mexico early into the 2004/05 season, with July shipments down 36 percent from the same time last year. Total July shipments, however, are up fractionally from the same time last year, reflecting increased shipments to Canada, Hong Kong, Taiwan, the Netherlands, El Salvador and other countries in Central America and the Caribbean. Mexico prefers to buy smaller-size fruit, and this season, there will be less volume in this category from the U.S. crop. Exports to Mexico will also likely be dampened by the stronger U.S. dollar against the Mexican peso that discourages imports of U.S. products. The anticipated increases in production in Europe will likely diminish the demand for U.S. pears in that market this season. Last year, weather problems led to a small crop in the EU but this year, their production is expected to increase to a more normal-size crop. Although the EU is not as big an export market for the United States as Mexico, it has a market share of about 5 percent.

Increased fresh pear shipments from Chile and New Zealand helped raise 2004/05 July imports up 11 percent. Imports declined 23 percent in 2003/04, to 147.1 million pounds. Shipments from key U.S. foreign suppliers declined, except those from New Zealand and the Republic of South Africa.

Reduced Production in Top Five States Curtails 2004 U.S. Grape Crop

The 2004 U.S. grape crop is forecast at 12.7 billion pounds, 3 percent smaller than a year ago and smaller than any crop since 2000 (table 5). Production is expected to decline 2 percent in California, the major producer. Production in four other leading grape-producing States—Washington, New York, Michigan, and Pennsylvania—are also forecast down. While production capacities in these four States are far less than in California, the anticipated declines from their production are greater, ranging from 10 to 26 percent.

California expects to harvest 11.4 billion pounds of grapes this year, with production of table varieties up 2 percent from a year ago and production of wine varieties about unchanged. Production of raisin varieties, however, is forecast down 5 percent, pulling down the State's overall crop size. Although spring temperatures were generally favorable for crop development, bunch counts were reported lower than last year, specifically for the wine and raisin-type varieties. Moreover, overall production potential is also partly affected by grape acreage that has been declining in recent years, with the largest declines in raisin-type grape acreage. Although figures are not yet available on 2004 grape acreage, industry sources have indicated acreage reductions, specifically on Thompson seedless grapes, the dominant raisin-

type variety that has experienced declining demand in both its fresh and processing markets since the 1990s.

Washington's grape crop this year is forecast 10 percent smaller than the record-high crop in 2003. Wine and juice varieties make up the production mix in the State as the entire crop is geared toward processing. Of the anticipated total production of 620 million pounds in 2004, juice varieties will make up 65 percent and wine varieties will make the remainder. The juice variety output is expected to be down 14 percent, partly due to significant berry drop reported in Benton County, a major Concord (a main juice variety) producing area. In the same direction, the wine variety output is expected to decrease 2 percent.

Weather-related problems hampered production in New York, Michigan, and Pennsylvania. Production in these States is forecast to be down 25 percent, 26 percent, and 19 percent, respectively. In New York, freezing temperatures this past winter killed many vines, particularly in the Finger Lakes growing region. Disease problems such as Powdery Mildew and Black Rot, particularly in the Lake Erie growing region, are increasing as a result of persistent wet weather. In Michigan, a mixture of a cool, wet spring, rain, and heavy frost have all combined to adversely affect production. Rains were also to blame for average to above-average disease problems in Pennsylvania vineyards.

Table 5--Grapes: Total production and season-average price received by growers in principal States, 2001-2003 and indicated 2004 production

	Production				Price		
State	2001	2002	2003	2004	2001	2002	2003
	-- Million pounds --				-- Cents per pound --		
Arizona	31	17	16	8	28.8	47.4	51.5
Arkansas	5	10	5	7	27.1	23.1	27.1
Georgia	6	6	6	6	52.5	53.0	48.9
Michigan	58	85	189	140	17.8	17.4	15.4
Missouri	5	7	6	7	31.5	30.7	30.5
New York	298	312	396	298	16.0	15.4	12.5
North Carolina	4	5	6	6	63.5	64.0	59.0
Ohio	12	12	16	14	18.7	20.4	20.0
Oregon	46	44	48	52	74.0	73.5	75.5
Pennsylvania	123	106	170	138	15.2	14.7	13.1
South Carolina	1/	1/	1/	1/	1/	1/	1/
Texas	19	9	12	17	45.0	45.5	45.0
Virginia	8	10	7	10	63.0	67.5	65.0
Washington							
Wine	200	230	224	220	44.9	43.9	46.0
Juice	366	434	464	400	13.3	7.8	6.1
All	566	664	688	620	24.4	20.3	19.1
Total 2/	1,181	1,286	1,566	1,323			
California:							
Wine	6,102	6,298	5,818	5,800	29.9	26.8	26.5
Table	1,426	1,486	1,464	1,500	30.5	30.8	30.1
Raisin 3/	4,430	5,608	4,298	4,100	9.3	7.6	8.2
All	11,958	13,392	11,580	11,400	22.3	19.2	20.1
United States	13,139	14,678	13,145	12,723	22.5	19.4	20.1

1/ Estimates discontinued in 2001. 2/ Some figures may not add due to rounding.

3/ Fresh weight of raisin-type grapes.

Source: National Agricultural Statistics Service, USDA.

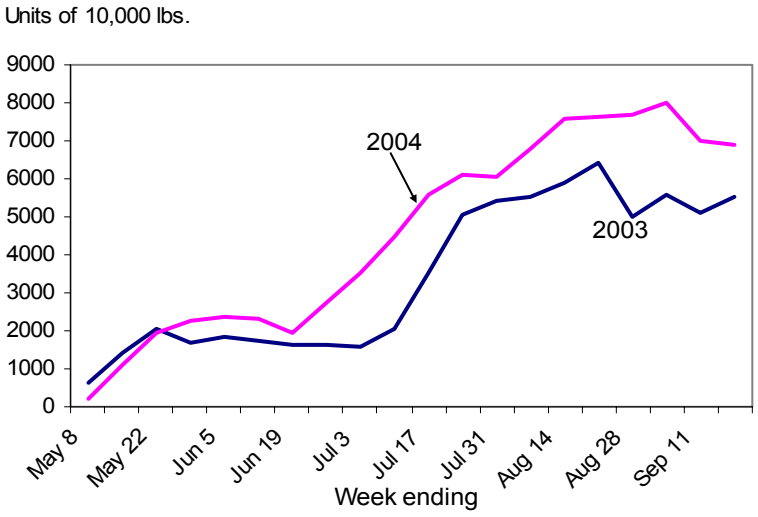
Fresh grape grower prices for this season through August have averaged 23 percent higher than a year ago, mostly reflecting the record-high prices in May, the start of the 2004/05 marketing season. At $2,030 per ton, this average for the month was more than double the value of grapes in May 2003. Aside from low domestic shipments typically experienced at the start of the season, U.S. fresh grape imports in May, mostly from Mexico, were down 39 percent from the same period last year when imports were up 29 percent. Prices have moved down seasonally since then with increasing volumes, primarily from California, and in August averaged $600 per ton. The monthly average prices have also fallen below a year ago since June, as shipments since then advanced sharply over last year (fig. 3). Favorable weather has been helping the grape crop in California to color much faster, pushing the harvest about 1 to 3 weeks earlier than normal. With reportedly good color, large berry size, and high sugar content, the overall excellent quality of the California crop should help counteract some of the downward push on prices resulting from the sharply larger shipments to date. Shipments should taper off earlier than normal this season and therefore prices likely will show some strengthening prior to October, earlier than what has been the case over the last 3 years.

Export demand for U.S. fresh grapes is strong for the 2004/05 season. Shipments to international markets through July are at a record level for this period, increasing 21 percent from the same time last year. Although exports in May fell short by 8 percent from May 2003, exports were still larger than any May shipments in earlier years since 1990. Season-to-date export shipments were up significantly to most major markets, except to Hong Kong and Singapore. At the same time, U.S. fresh grape imports were down significantly due to the lower shipments coming in from Mexico.

With the expected reduced production in major producing States, total grapes crushed for wine and juice will likely decline during the 2004/05 season, putting upward pressure on processing grape prices. Grower prices for grapes used in wine production have been increasing consistently throughout the nineties until 2000 when prices began to move inversely with production. With a 10-percent decline in

Figure 3

Weekly shipments of California fresh grapes



Source: Agricultural Marketing Service, USDA.

the volume of grapes crushed for wine production last season (2003/04), grape growers received an average of $487 per ton for the grapes used for this purpose, up from $474 per ton in 2002. Prices for grapes crushed for juice fell 17 percent, to $180 per ton, as the quantity crushed increased by 6 percent.

Lower raisin production helped improve 2003/04 raisin grape prices, with the season-average price of $520 per ton (dried basis) increasing 32 percent from the near record-low average price of the previous season but far below the value of prices during the 1990s. The anticipated smaller harvest of raisin variety grapes in California this year points to a likely decline in raisin production during 2004/05. This should help boost raisin prices again this season. As of early into this season (from August 1-August 14) raisin deliveries to handlers were about 30 percent lower than the same time last season. The Raisin Bargaining Association, a cooperative of grape growers who negotiates prices for raisins, reported that growers this year will be paid $1,110 per ton, a vast improvement over the prices received over the last 4 years, regardless of the fact that some of the crop may be held in reserve.

Record-High Cranberry Production in 2004

The 2004 U.S. cranberry crop is forecast at 657.5 million pounds, up 6 percent from a year ago and the largest on record. Among the five U.S. cranberry-producing States surveyed by USDA, a 28-percent larger crop is expected in Massachusetts and a 10-percent increase is likely in Oregon. Production in the largest producing State, Wisconsin, is forecast at 356.0 million pounds, down 1 percent from a year ago but 11 percent above 2002 (table 6). The same size crop is expected in New Jersey while output in Washington will likely be down 2 percent.

A cool, wet spring has delayed crop maturity in Wisconsin by about one week. Good berry set and adequate water supply have increased the chances of achieving above-average yields. However, there were a few reports of crop damage due to hail and frost. The Massachusetts crop received good to excellent weather during the spring and early summer that aided pollination and growing conditions. The Oregon crop is sizing well with no widespread insect and disease problems reported so far. Warm weather has contributed to rapid crop development pushing forth an earlier-than-normal harvest for this season. Meanwhile, an average to heavy bloom

Table 6--Cranberries: Total production and season-average prices received by growers, 2001-2003, and indicated 2004 production

	Production				Price		
State	2001	2002	2003	2004	2001	2002	2003
	-- Million pounds --				-- Cents per pound --		
Massachusetts	142	145	141	180	24.0	32.8	33.9
New Jersey	57	43	48	48	23.1	31.9	31.5
Oregon	37	43	50	55	22.5	32.6	34.2
Washington	14	17	19	19	28.2	36.0	35.4
Wisconsin	284	321	361	356	23.7	31.7	33.7
United States	533	569	618	658	23.8	32.2	33.6

Source: National Agricultural Statistics Service, USDA.

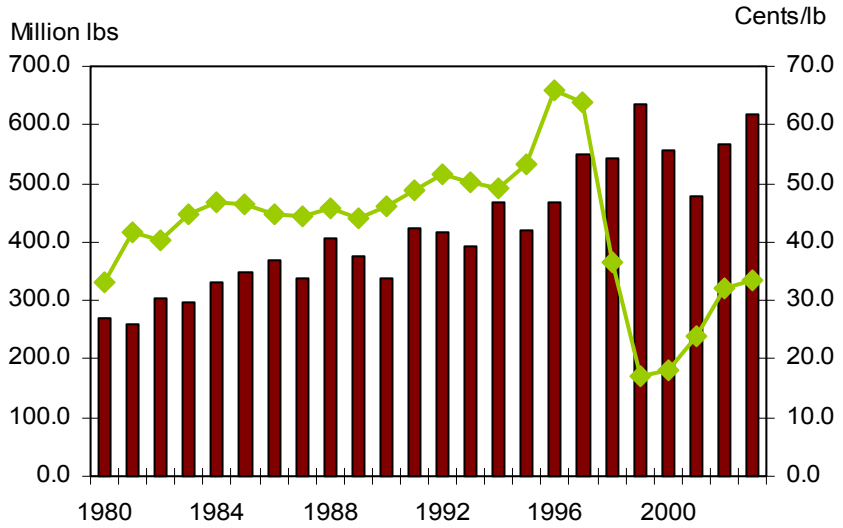
was reported for the New Jersey crop, with fruit set and fruit size about normal. In Washington, an early and extended bloom period has resulted in a good fruit set on the vines, but pest problems are limiting overall crop potential. The warm weather in the spring has also advanced maturity of the State's crop by about 2 weeks earlier than average.

The cranberry industry has not had a restrictive marketing order in effect since 2001. Under that order, growers in all the five major cranberry-producing States were allowed to sell only 65 percent of their historic average sales to processors—a government-sanctioned mechanism designed to mitigate the oversupplies existing in the industry since 1998. This oversupply situation has resulted in sharply lower prices since the late nineties (fig. 4). During 2001, the most recent year that a restrictive marketing order was implemented, cranberry harvested acreage in the United States declined by 1,600 acres from the previous year. Since then, there has been an expansion in harvested acreage, increasing by 3,800 acres in 2002 and another 200 acres in 2003. The absence of marketing restrictions in 2004 again led some growers to increase acreage. This expansion in acreage combined with generally favorable growing conditions in most States contributed to higher production in 2004.

Overall production and in particular, processing production, which accounts for over 90 percent of the U.S. cranberry crop, increased in 2002 and 2003 but cranberry grower prices continued to improve from the very low prices received in the late nineties, rising year-after-year since 2000. Despite these price improvements, grower prices in recent years have not yet nearly matched the strong prices achieved throughout most of the nineties when prices ranged from 46.1 cents per pound to as high as 65.9 cents per pound. In 2003, growers received an average of 33.6 cents per pound for all cranberries, up 4 percent from the year before, but still 8 percent lower than the average price in 1998 when the industry first felt the impact of excess supplies. Grower prices for processing cranberries averaged 32.5

Figure 4.

U.S. cranberry production and season-average grower price, 1980-2003



Source: National Agricultural Statistics Service, USDA.

cents per pound in 2003, up from 30.8 cents in 2002 and up from 16.4 cents per pound in 2000, when USDA first reported a breakdown between fresh-market and processing cranberry prices. Growers also received a higher value for their 2003 cranberries sold for fresh use, partly reflecting a 5-percent decline in fresh-market production. Fresh-market prices averaged 52.9 cents per pound for the season, up nearly 2 cents from 2002 and the highest average price in the last 4 years.

Based on information gathered from the Cranberry Marketing Committee, the entity responsible for overseeing the Cranberry Marketing Order, total cranberry sales during 2003/04 increased about 5 percent from the previous season. However, with last year's domestic production increasing almost 9 percent and imports, mostly from Canada, also up significantly, inventories were large at the end of the season, increasing 24 percent to an estimated 3.1 million barrels (1 barrel=100 pounds). These large inventories will be carried over into the 2004/05 season and, combined with anticipated increases in domestic production and imports, will likely put downward pressure on 2004/05 grower prices. The industry is expecting increased cranberry supplies for both the fresh market and processing sector for this season, but they expect only very little growth in market demand, with total sales for the season projected up only fractionally from last season, at 6.7 million barrels.

California Expecting Record-High Orange Crop in 2004/05, Fresh Oranges Should Be Plentiful

In September, the National Agricultural Statistics Service (NASS) released its first forecast for California's navel orange crop. The initial forecast for this season is a record high 1.7 million tons, 21 percent higher than last season and 4 percent higher than the previous record high in 1989/90. While the survey found fruit set per tree to be average this season, fruit size was the largest on record on September 1, when the survey was conducted. At the same time, bearing acres increased in 2004/05 to 123,500, up fractionally from last season. Also, tree density per acre increased, with 125 trees per acre this season compared with 124 trees per acre last season and 122 trees from 1999/2000 to 2002/03. Therefore, while the fruit set may be average this season, yields per acre likely will be higher, driving up the crop size. Most of California's navel oranges go to the fresh market.

Florida's Orange Crop Damaged By Hurricanes Charley, Frances, and Jeanne

Hurricanes Charley, Frances, and Jeanne hit some big orange-producing counties throughout Florida in August and September. The amount of damage to the crop is yet to be determined. The NASS forecasts for Florida's citrus crops are always released in the October *Crop Production* report. This year the report will be released on October 12. Surveyors had already begun their data collection before Charley hit the west coast and central Florida.

Charley damaged crops mostly in Polk, DeSoto, and Hardee counties. Polk County produced the most oranges in Florida in 2002/03; Desoto County produced the fourth greatest amount. About 2 weeks later, hurricane Frances entered Florida from the East, hitting the major grapefruit counties, before moving inland and hitting Polk County, among others, for a second time. Hurricane Jeanne also hit Highlands County which was originally left undamaged. Highlands County

produces the most Valencia oranges in the State. The Florida Agricultural Statistics Service is trying to resurvey the affected counties to more accurately estimate this season's crop. Hurricane Ivan hit Florida in the panhandle counties, where there is not much commercial citrus production.

It is still too soon to actually estimate the effects on orange juice supply and prices from these hurricanes. On an annual basis, 95 percent of Florida's orange crop goes into processing for juice. Coming into the 2004/05 season, juice processors have record-high stocks, likely reducing demand for oranges this season. Therefore, the loss of part of this season's crop may actually benefit those producers who still have oranges remaining to sell at higher prices.

Hurricanes Frances and Jeanne Batter Florida's Grapefruit Crop

Florida is the world's largest grapefruit producer. With Hurricanes Frances and Jeanne reducing the crop size this season, fresh-market supplies both domestically and in international markets will likely be greatly reduced. The strong winds from these hurricanes blew many fruit off the trees, making them unmarketable. Grapefruit are especially susceptible to the effects of winds because they are so large and heavy. Added to the size issue, this season's crop was nearing maturity making them easier to remove from their stems. Early reports from the industry are estimating a loss of between 75 and 80 percent of the crop after Frances. Initial damage caused by Jeanne is still unknown at the time of this report. A more accurate estimate of this season's crop will be available from NASS on October 12.

While it is normal to have a certain amount of fruit droppage each season, droppage this season will continue after the initial impact from Frances and is expected by the industry to be above normal throughout the season, further reducing crop size. Added to this situation, there is likely to be more quality problems, with scaring and punctures as a result of the wind, decreasing the marketability of the fruit in the fresh market. Those fruit that will be available for fresh use should command a higher price this season. The reduced crop from Florida is also likely to increase prices for Texas and California grapefruit and may result in increased imports.

An average of 60 percent of Florida's grapefruit each season goes to processing into juice. Fruit that does not qualify for the fresh market will be sent to processing, and a greater share of this season's crop may go to juice than during a normal season.

Demand for fresh grapefruit and grapefruit juice has been declining over the past several years. Many factors have been driving down consumer demand, including poor publicity surrounding grapefruit in relation to certain medications and from low-carbohydrate diet plans. The declining demand for grapefruit has been driving down grower prices. Growers have been removing grapefruit acreage over the past few years in response to low returns. While the expected smaller crop this season may bring higher prices for the remaining crop, many farmers may find it hard to continue on with grapefruit production and may switch to other commodities or sell their land. As a result, the effects of this season's hurricanes may have long term effects on Florida's grapefruit industry.

Ample Production Forecast for U.S. Hazelnuts and Walnuts in 2004/05

NASS released its first forecasts for the 2004/05 crops of hazelnuts and walnuts this month. Hazelnut production is projected to increase 16 percent from last year to 44,000 tons. This year's crop, if realized, will be the second straight year of increasing crop size, unusual for hazelnuts, which generally produce on a cyclical basis. Excellent growing conditions along with excellent early season bloom and pollination contributed to the very heavy nut set. Walnut production is projected to fall slightly, to 325,000 tons this season from 326,000 tons in 2003/04. This year is considered to be the off-year for walnut production which usually results in a marked decline in crop size. A 2-percent increase in bearing acreage along with excellent growing conditions this year contributed to the larger-than-usual off-cycle crop size.

The 2003/04 hazelnut season finished in June with U.S. per capita consumption declining slightly to 0.05 pound, despite a large crop. High exports and low imports for the year contributed to the lower consumption.

The 2003/04 walnut season ended in July. Walnut consumption averaged 0.47 pound per person for the year, 12 percent above the previous year. While production was slightly lower in 2003/04 than the previous year, beginning stocks were at an all time high, providing sufficient supply to meet the increased demand.

U.S. Exports More Fresh Grapes and Pears Despite Smaller 2004 Crops

The United States shipped larger quantities of fresh grapes and pears to international markets early into the 2004/05 season (table 7). Despite expected smaller U.S. grape and pear crops in 2004, harvesting is occurring earlier than normal for these crops, boosting their supplies relative to last year thus far. Fresh grape exports are up 21 percent and fresh pear exports are up nearly 1 percent. Increased fresh grape supplies and resulting lower grower prices, along with the excellent quality of California's crop, are all helping to promote fresh grape exports. While total U.S. grape production is expected to be down this year, U.S. fresh grape supplies should remain adequate to meet domestic and export demand because California's production of table grape varieties, which on average accounts for over 70 percent of domestic fresh-market production, is forecast to be 2 percent larger. Season-to-date exports are strong to most major markets, including Canada--the leading market for U.S. fresh grapes--where shipments are up 42 percent.

Export demand is strong for U.S. fresh peaches in its top four markets--Canada, Taiwan, Mexico, and Hong Kong. Moderate to large increases in shipments to these markets relative to the same time last year helped achieve a 5-percent boost in 2004 U.S. fresh peach exports through July. Meanwhile, shipments to New Zealand, the United States' fifth largest market, fell 37 percent, partly due to major competition from an oversupply of bananas in this market, particularly in Auckland, and some concerns from importers and retailers about the quality of California peaches. There are some reports that the fruit, specifically yellow peaches, were not holding up at retail. Overall exports have dropped 10 percent in July from the same time last year after increasing sharply year-to-year since April. Lighter supplies from California in August point to continued lower exports. Although larger fruit size and better shipping quality may be expected of the late-season varieties in California, exports will likely begin to taper off from the 63.4 million pounds shipped in July, especially since much of the 2004 California crop have matured earlier than average. As of mid-September, close to 90 percent of the expected fresh-market crop in California had been packed, based on data from the California Tree Fruit Agreement.

Season-to-date U.S. exports of fresh strawberries and sweet cherries are down from last year. Strong demand in Japan, Australia, Taiwan, and the Bahamas for U.S. fresh strawberries as well as small increases in shipments to Canada and Mexico were more than offset by large declines in many other markets, most notably China, the United Kingdom, France, Hong Kong, and Singapore. There are no reported direct shipments to China for this season thus far, whereas this time last year, U.S. exporters had already shipped 4.6 million pounds. Sweet cherry exports were up 4 percent to Japan but down significantly to Canada and most major markets in East and Southeast Asia.

The 2003/04 export season for U.S. fresh apples has ended, with overall shipments down 14 percent. The smaller harvest in Washington last fall and tariff issues with Mexico largely influenced this decline. With respect to availability, exportable

Table 7--U.S. exports of selected fruit and tree nut products

Commodity	Marketing season	Season-to-date (through July) 2003	Season-to-date (through July) 2004	Year-to-date change
		--- 1,000 pounds ---		Percent
Fresh-market:				
Oranges	November-October	1,310,887	1,306,506	-0.3
Grapefruit	September-August	775,182	865,128	11.6
Lemons	August-July	216,424	223,592	3.3
Apples	August-July	1,144,578	986,288	-13.8
Grapes	May-April	86,187	104,407	21.1
Pears	July-June	14,682	14,814	0.9
Peaches (including nectarines)	January-December	137,045	143,215	4.5
Strawberries	January-December	138,585	135,798	-2.0
Sweet cherries	January-December	93,983	84,005	-10.6
		--- 1,000 sse gallons 1/ ---		
Processed:				
Orange juice, frozen concentrate	October-September	36,542	53,692	46.9
Orange juice, not-from-concentrate	October-September	47,363	48,743	2.9
Grapefruit juice	October-September	33,226	32,837	-1.2
Apple juice and cider	August-July	5,597	5,745	2.6
Wine	January-December	51,026	58,048	13.8
		--- 1,000 pounds ---		
Raisins	August-July	255,478	263,674	3.2
Canned pears	August-July	11,370	9,742	-14.3
Canned peaches	July-June	49,823	100,561	101.8
Frozen strawberries	January-December	12,423	11,964	-3.7
		--- 1,000 pounds ---		
Tree nuts:				
Almonds (shelled basis)	August-July	743,996	774,298	4.1
Walnuts (shelled basis)	August-July	165,113	190,881	15.6
Pecans (shelled basis)	September-August	43,874	45,711	4.2
Pistachios (shelled basis)	September-August	78,925	69,179	-12.3

1/ Single strength equivalent.

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

supplies will likely be on the rebound for the 2004/05 season given the expected larger Washington apple crop this year.

Fresh Fruit Imports Down in 2004 for Two Leading Commodities

Fresh fruit imports are unchanged in 2004 (through July) relative to the same time last year. Imports are up for many different fresh fruit but imports of bananas and grapes, which lead in fresh import volume, are down this year (table 8). Season-to-date shipments of bananas, the United States' number one imported fresh fruit, fell 2 percent below a year ago, with fewer quantities shipped from two leading suppliers, Ecuador and Costa Rica, outpacing increases from other major suppliers such as Guatemala and Honduras. Almost half of the total quantity imported thus far was provided by these two leading suppliers. Banana shipments were also down from Colombia, Mexico, and Peru. Grape imports this past winter ended strong with 3 percent more volume entering the U.S. market from Chile. As the industry transitioned to the spring and summer season with significantly higher shipments of U.S. produced grapes driving down domestic grape prices, imports from Mexico were 31 percent lower, pulling overall import volume below last year.

Table 8--U.S. imports of selected fruit and tree nut products

Commodity	Marketing season	Season-to-date (through July) 2003	Season-to-date (through July) 2004	Year-to-date change
		--- 1,000 pounds ---		Percent
Fresh-market:				
Oranges	November-October	62,969	63,378	0.6
Tangerines (including clementines)	October-September	179,671	189,851	5.7
Lemons	August-July	32,191	31,241	-2.9
Limes	September-August	506,349	520,797	2.9
Apples	August-July	412,735	472,134	14.4
Grapes	May-April	315,270	225,663	-28.4
Pears	July-June	1,476	1,638	11.0
Peaches (including nectarines)	January-December	122,905	139,592	13.6
Bananas	January-December	5,088,845	4,982,963	-2.1
Mangoes	January-December	432,871	430,492	-0.5
		--- 1,000 sse gallons 1/ ---		
Processed:				
Orange juice, frozen concentrate	October-September	227,967	176,460	-22.6
Apple juice and cider	August-July	399,445	451,300	13.0
Wine	January-December	93,346	95,806	2.6
		--- 1,000 pounds ---		
Canned pears	August-July	34,702	52,426	51.1
Canned peaches (including nectarines)	July-June	8,154	5,167	-36.6
Canned pineapple	January-December	427,229	408,945	-4.3
Frozen strawberries	January-December	103,602	103,450	-0.1
		--- 1,000 pounds ---		
Tree nuts:				
Brazil nuts (shelled basis)	January-December	9,675	14,719	52.1
Cashews (shelled basis)	January-December	126,444	163,548	29.3
Pine nuts (shelled basis)	January-December	3,741	5,829	55.8
Pecans (shelled basis)	September-August	34,135	50,572	48.2

1/ Single-strength equivalent.

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

Commodity Highlight

The 2002 Census of Agriculture Provides A Profile Of U.S. Fruit and Tree Nut Farms

The 2002 Census of Agriculture reports that there were 95,680 farms classified as fruit, tree nut, and berry farms using the North American Industry Classification System (NAICS). Farms that predominantly produced citrus accounted for 15 percent of all of these farms, and those producing mostly noncitrus crops accounted for the other 85 percent. However, since many agricultural enterprises diversify their production, the Census reports that 113,649 farms grew fruit and tree nuts (excluding berries) in 2002.

The 2002 Census reported the market value of all fruit and tree nut crops at $13.8 billion, 7 percent higher than in 1997. Many of the fruit and tree nut farms were likely to earn revenue from other agricultural crops as well. Among the other commodities, the greatest number of farms grew vegetables, sugarcane, hay, and other minor field crops, and/or raised beef cattle. The other commodities, however, contributed only a minor portion of the value of sales on these farms.

Farms classified as fruit and tree nut farms had the second highest expenditures for hired farm labor among all the commodity industries, second only to the greenhouse, nursery, and floriculture industry. Fruit and tree nut farms spent the most on contract labor, accounting for about 41 percent of the total spent in agriculture. Labor was the biggest expense for the industry, accounting for 40 percent of all their expenditures.

Demographic Characteristics of Fruit and Tree Nut Farmers

White farm operators dominate the fruit and tree nut industry, as they do throughout most of agriculture. In agriculture in general, whites made up 97 percent of all operators in 2002, with Black/African Americans and American Indian/Alaska Natives each accounting for about 1 percent. Asians accounted for less than 1 percent of the total. In the fruit and tree nut industry, whites accounted for 94 percent of all operators and Asians accounted for 4 percent. The fruit and tree nut industry appears to have the heaviest concentration of Asian operators among all commodity industries, according to the Census of Agriculture data. Black/African Americans, American Indian/Alaska Natives, and individuals of more than one race each accounted for 1 percent of the growers.

Hispanics, who were classified as any race, accounted for 8 percent of fruit and tree nut growers. In 2002, 7,739 operators reported they were of Hispanic, Spanish, or Latin origin, up 68 percent from 1997. Among all Hispanic farm operators, 15 percent were in the fruit and tree nut industry.

Women made up about 11 percent of all fruit and tree nut farm operators, similar to the share of women operating all agricultural operations in 2002. While the number of women operating fruit and tree nut farms rose 4 percent since the 1997 Census of Agriculture, the presence of women operators grew faster in sugarcane, hay, and minor crop industries and in aquaculture and other minor animal production industries than in the fruit and tree nut industries.

Most fruit and nut farms are family or individually-owned. About 26 percent of this group has sales of $50,000 or more annually. About two-thirds of the farms were less than 50 acres. Only 2 percent of the farms had 1,000 acres or more. For many of the commodities, however, this small group of large farms accounted for a large share of the acreage. For example, while less than 1 percent of the farms growing grapes had 1,000 acres, these farms accounted for 27 percent of the acreage. Citrus acreage is even more concentrated. Among the 17,727 farms that grew citrus in 2002, 1 percent had 1,000 or more acres in production. This small group of farms accounted for 46 percent of all citrus acreage.

More Farms and Farm Operators Reported Net Cash Farm Income Gains Than Losses in 2002

In 2002, the net cash farm income for farms classified as fruit and tree nut farms totaled $3.4 billion, averaging $35,090 per farm. Fifty-three percent of the farms reported a net gain in income for the year. Of that group, 53 percent had gains of $10,000 or more after deducting expenses. The average farm gained $85,709. Forty-seven percent of farms reported net cash income losses in 2002, averaging $22,762 per farm. Sixty-five percent of this group had losses of less than $10,000, with a third having losses between $1,000 and $4,999.

Only 12 percent of fruit and tree nut farm operators reported they earned at least 75 percent of their income from farming. Sixty-three percent said they earned less than 25 percent from farming. These data show that most fruit and tree nut operators are more dependent on other sources of income than their farming.

California and Florida Lead the Nation in Orchards

California and Florida have the most farms and acres planted to orchards in the United States. California accounted for 34 percent of the farms and 54 percent of the acreage planted to fruit and tree nuts in 2002. California has the highest concentration of tree nut production in the country and is among the world's largest producer of almonds, walnuts, and pistachios. It also is a major citrus producer, providing the United States with the bulk of its fresh oranges and lemons. California out produces all other States for peaches, nectarines, and grapes among others. It also benefits from its warmer climate in the Pacific Northwest and markets its sweet cherries and pears before Washington and Oregon.

Florida accounted for 9 percent of the farms and 17 percent of the acreage in orchards. Almost all of Florida's production is in citrus fruit, but the State is also a major producer of tropical fruit in the United States, with acreage in carambola and mangos. Florida experienced a decline in both the number of farms and acreage in orchards between 1997 and 2002.

Washington, Texas, Georgia, and Michigan together accounted for 15 percent of the acreage planted to orchards. Each of these States saw a decline in the number of acres planted to fruit and tree nuts, although not all had a decline in the number of farms. While the amount of land planted to a commodity may have declined, it does not mean production will also have fallen. For example, in Washington, apple production has become more concentrated on fewer acres, with more orchards

having trees planted closer together allowing for more trees per acre and thus, producing generally higher yields per acre.

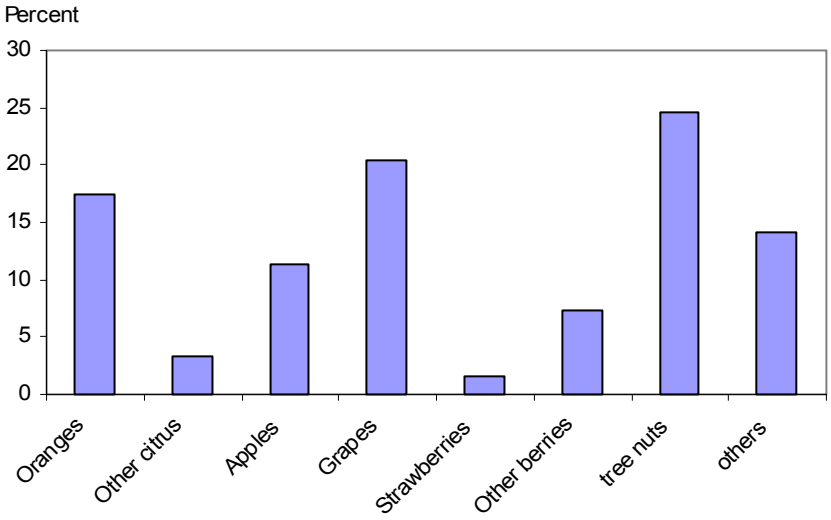
Grapes and Oranges Account for the Largest Share of Orchard Acreage, But Tree Nuts' Share Growing the Fastest

In 2002, grape vineyards covered 20 percent of the land planted to fruit and tree nuts, and orange groves covered another 19 percent (fig. 5). The number of acres producing grapes rose 8 percent between the 1997 and the 2002 Census, while the number of orange acres fell 3 percent. Grape production, especially grapes used for wine, grew rapidly in the late nineties, bringing growers strong returns as the U.S. wine industry expanded in Washington and Oregon as well as its strong presence in California. Many other States have also increased grape acreage, often surrounding regional wine vineyards. Orange acreage has declined in both Florida and Arizona. Florida has the most acreage in orange production. The decline in its acreage is partially a result of disease, but mostly in response to very large crops and low prices driving marginal producers out of the industry.

Acres planted to tree nuts increased 12 percent between the 1997 and 2002 Census. Not all nut industries enlarged, however. The pistachio, almond, and walnut industries expanded while hazelnut and pecan acreage declined. Almonds had the third greatest number of acres in production, followed by pecans, of all fruit and tree nut crops. Pecan acreage is widely dispersed and hard to track. The number of acres planted to pecan trees fell only 1 percent between the two Census years. Almond acreage continued its aggressive growth pattern that it has had for many years now. Interestingly, while most of the U.S. fruit and tree nut industry is most responsive to changes in domestic consumption because the U.S. market dominates their sales, the almond industry has been enlarging in response to strong international demand, relying on exports for the bulk of its sales. Strong grower

Figure 5

Percentage share of acreage planted to fruit and tree nuts, 2002



Source: National Agricultural Statistics Service, USDA.

prices even during record crop years have led growers to increase their plantings. While the number of acres planted to almonds rose 22 percent during the 5-year period, the number of farms growing almonds declined, indicating farms are becoming larger.

Pistachio acreage grew the fastest during the 5-year period of all fruit and tree nut crops, increasing 26 percent. Walnut acreage increased 15 percent.

Berry Industries Show Modest Growth

The publicity surrounding the health benefits of various berry varieties has been advantageous to the U.S. berry industry. Berry acreage increased 3 percent between 1997 and 2002. The largest category in the berry industry is strawberries, which accounted for 37 percent of the farms and 27 percent of the acreage planted to berries. Strawberry acreage grew only fractionally over the 5-year period. The blueberry industry grew the most rapidly of all berry crops. It also was the industry receiving the most publicity about its health benefits. While the cultivated blueberry acreage rose 7 percent between 1997 and 2002, wild blueberry acreage declined 10 percent. Almost all wild blueberries are processed and used by the baking industry. Low prices in recent years drove growers out of the business. Cultivated blueberries are used both fresh and frozen. While acreage declined in Michigan, the largest blueberry grower, and remained virtually unchanged in New Jersey, with the second largest number of acres, land put into blueberries grew in many Southeastern States and the Pacific Northwest. Acreage grew in North Carolina, Georgia, and Florida as new varieties intended for warm climates became available. Now the East Coast market can purchase fresh blueberries year round. The domestic season starts slowly in Florida and builds up supplies as it moves up the coast. During the winter, fresh blueberries are imported from Chile, to fill out the cycle. The West Coast is becoming a bigger player in the blueberry industry, previously dominated by the East Coast and Michigan. Acreage planted to blueberries grew rapidly in Oregon and Washington and almost tripled in size in California. Despite the rapid growth, California still remains only a small producer of blueberries. If demand continues to grow, however, its presence in the industry may also grow.

The cranberry industry went through a financial crisis in the late nineties and emerged in 2002 with fewer farms but more acreage. Many growers exited the industry when prices plummeted in the late nineties. Prices began improving again in the early 2000s, and some growers have expanded their plantings. While acreage and farms declined in Massachusetts, the traditional cranberry producer, they increased in Wisconsin, Washington, and Oregon. Wisconsin is the biggest cranberry producer in the United States, accounting for 43 percent of the acreage in 2002. Oregon and Washington are increasing their share of the industry, with acreage increasing rapidly in both States. The most rapid expansion in the cranberry industry over the 5-year period occurred in Maine where acreage expanded more than fourfold. Maine remains a small producer, however, with most of the increase coming from just a few growers.

Organic Fruit Data Available for the First Time in a Census of Agriculture

The 2002 Census of Agriculture has a new category, providing data on the value of organic products on farms by their NAICS classification. In 2002, 1,765 farms classified as fruit and tree nut farms responded that they produced organic produce valued at $71.3 million. According to the data, organic fruit and tree nut products accounted for 18 percent of all organic agricultural products sold that year. Vegetable and melon farming had the highest value of products certified as organically produced, but more fruit than vegetable farms were involved in organic production. The beef cattle ranching and farming industry had the highest number of farms that responded as certified organically produced commodities, but the value of their sales were $19.2 million, indicating there were likely many small operations. Since this is the first year that these data are available, any trend towards organic production can not be determined. Future Census' will give a better picture on the role of organic production in agricultural industries.

Contacts and Links

Contact Information
Agnes Perez (Noncitrus fruit), (202) 694-5255, acperez@ers.usda.gov
Susan Pollack (Citrus fruit and tree nuts), (202) 694-5251, pollack@ers.usda.gov

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Subscribe to ERS' e-mail notification service at http://www.ers.usda.gov/updates/ to receive timely notification of newsletter availability. Printed copies can be purchased from the National Technical Information Service by calling 1-800-999-6779 (specify the issue number or series SUB-FTS-4036).

Data

The *Fruit and Tree Nuts Situation and Outlook Yearbook* has over 130 tables of annual or monthly time-series data on specific fruit commodities. Data include bearing acreage, production, prices, trade, per capita use, and more. To order a copy call 1-800-999-6779.

Recent Article

How Much Do Americans Pay for Fruits and Vegetables?
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Using ACNeilsen Homescan data on 1999 household food purchases from all types of retail outlets, estimates the annual retail price per pound and price per serving for 69 forms of fruits and 85 forms of vegetables. Consumers can meet the recommendation of three servings of fruits and four servings of vegetables daily for 64 cents. The data used in the report are also available in Excel (*.xls) spreadsheets.

Related Websites

Fruit and Tree Nuts Briefing Room,
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