Commodity Highlight: Apricots

The Apricot: An Early Summer Fruit

The apricot (Prunus armeniaca) belongs to the Rose family, which also includes plums, peaches, nectarines, cherries, and almonds. The apricot and all these other fruit are also botanically classified as stone fruit, characterized by having a fleshy fruit with only one seed enclosed in a stony endocarp called a pit. Its early bloom period allows for its availability in the market in the early summer. The apricot originated in China before it was introduced in the Mediterranean where it flourished. In the United States, this fruit was introduced by Spanish explorers in the 18th century. Although early settlement plantings were reported in Virginia, the apricot's inability to adapt well to areas with temperate climate made production there quite unsuccessful. Moving west, seedlings were planted in California in the Spanish missions, marking the beginning of a thriving apricot industry.

United States is Among the Top 10 Apricot Producing Countries in the World

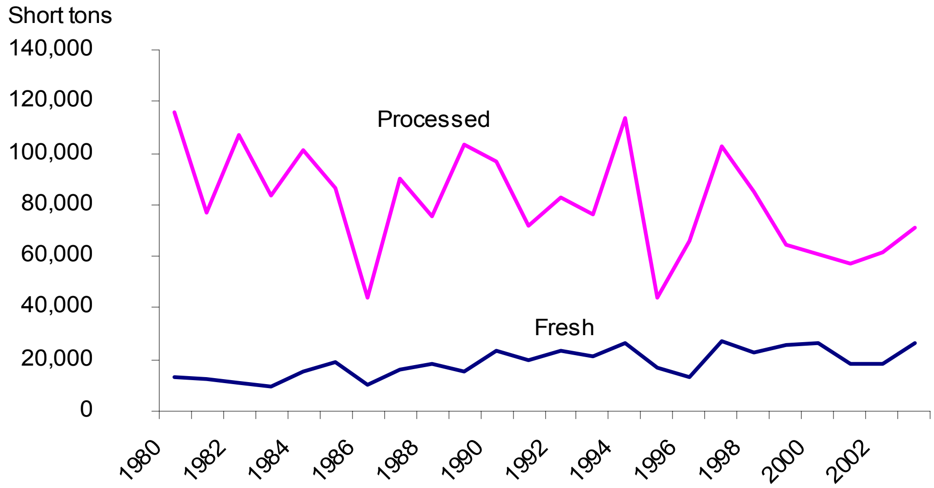
The United States ranks ninth in the world in apricot production, behind Turkey, Iran, Italy, Spain, France, Pakistan, Morocco, and the Syrian Arab Republic. With higher than world average yields, the United States is able to be among the leading producers, representing 3 percent of the world's apricot production. Although average yields in the United States in recent years surpassed those of larger producing countries, bigger acreages in these other countries have pushed their production higher. Based on data from the Food and Agriculture Organization (FAO) of the United Nations, average annual production in Turkey, the number one producer, was estimated at 408,333 metric tons during 2001-2003, 18 percent of the world total and nearly five times more than the United States' output. For the same period, Iran, the second largest producer with 12 percent of the world total, produced more than triple that of the United States.

Apricot harvested acreage has grown in most of the top 10 apricot-producing countries since 1990, except in Morocco, Spain, and the United States. Of these leading producers, harvested acreage has grown most rapidly in Iran and Pakistan. Harvested acreage in China and Algeria has also expanded sharply since 1990, but production in both countries continues to be restricted by yields that are significantly below the world average.

California Produces an Overwhelming Share of the Nation's Apricots

Apricot production has adapted well to the climate in California, making it the largest apricot-producing State in the country. Based on annual production reported by the U.S. Department of Agriculture's National Agricultural Statistics Service, California produces about 94 percent of the Nation's apricots. With over 16,000 acres in production, California's apricot industry is centered in the San Joaquin Valley, with Stanislaus, San Joaquin, and Merced counties leading in production. Washington is the second largest apricot-producing State, averaging 6 percent of total production annually during 1999-2003. Utah is the third largest producer, producing less than 1 percent of the U.S. crop.

Figure 4
Fresh and processed apricot production in the United States



Source: National Agricultural Statistics Service, USDA.

Annual production figures are only available for these three States, but commercial apricot production is also present in many other States. The most recent Census of Agriculture reported that there were a total of 2,698 farms across 44 States that commercially produced apricots in 2002. Nearly half of the farms were outside the three major producing States, but their combined production accounted for only 4 percent of U.S. bearing acreage.

Apricots Consumed in Various Product Forms

In the United States, apricots are one of the earliest fresh fruit available to consumers during the summer. The crop has a very short fresh season, beginning around mid-May and continuing through around mid-August. Consumers can turn to processed apricot products for year-round supply. Nearly 75 percent of U.S. apricots produced each year are destined for the processing sector. In California, about half of all the processing apricots are used for canning and the rest are processed into frozen, juice, and dried products.

Domestic Production Declining, Fresh-Market Outlet Growing

Apricot production in the United States has been erratic over the last two decades due mostly to the forces of weather. Over time, however, production has declined from 129,000 short tons in 1980 to 122,450 short tons in 1990 and to 97,580 short tons in 2003. Production during this period bottomed at 54,650 short tons in 1986 and peaked at 153,200 short tons in 1994. Bearing acreage has been declining steadily during the 1980s and again since the latter part of the nineties, contributing to the downward trend in production. At the same time, average yields per acre, while fluctuating over the years, have also trended down slightly.

U.S. apricots intended for processing and those for the fresh market followed divergent paths over the last several years (fig. 4). Processing production declined from 115,870 short tons in 1980 to 71,310 short tons in 2003 while fresh-market production increased from around 13,130 short tons in 1980 to 26,250 short tons by 2003. Growing competition from imports of processed apricot products and a general increase in consumption for all fresh fruit have encouraged growers to divert more and more of their production to the higher-valued fresh market. The share of U.S. apricot production marketed for fresh consumption has more than doubled since 1980, reaching an average of 27 percent during 1999-2003.

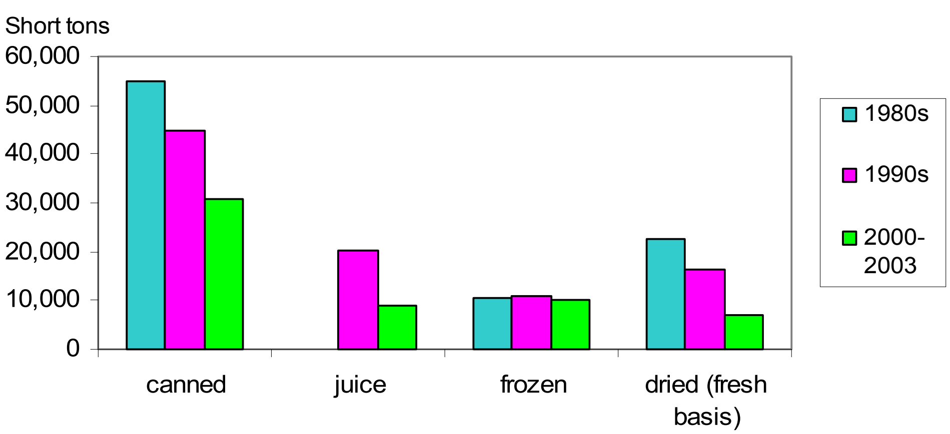
About 98 percent of all domestically grown apricots used for processing in the United States are sourced from California. This State's processing production has generally been on a decline since the early 1980s, with all major product categories (canned, frozen, dried, and juice) showing reduced quantities. (Production used for juice, however, was not reported until 1995.) Larger average declines were experienced for all the product categories during 2000-2003 than in the 1990s (fig. 5), with production used for making dried apricots declining most rapidly (down 56 percent) followed by those used for canning (down 31 percent). Average production shares for the different product categories have diminished since the 1980s, except for the frozen product whose production remained relatively steady over time. However, canned apricots remain the largest product category, accounting for half of all of California's processing supplies. Apricots going into freezing exceeded dried apricot production in the late nineties and in 2003, and accounted for 16 percent of total processing volume.

Consumption Trend for Canned and Dried Apricots On Opposite Paths

Despite declining domestic production, U.S. apricot consumption has remained relatively flat since the early 1980s as a result of increasing imports. Declining demand for canned apricots has been counteracted by the growth in demand for dried apricots (fig. 6). Per capita consumption of canned apricots has fallen from an average 0.48 pound during the 1980s to 0.33 pound during the 1990s and to 0.21 pound during 2000-2003. Although a larger quantity of the domestic crop is used for canning, rapidly increasing imports of dried apricots, especially since the

Figure 5

California apricots: Average production for processing use, by product category



Source: National Agricultural Statistics Service, USDA.

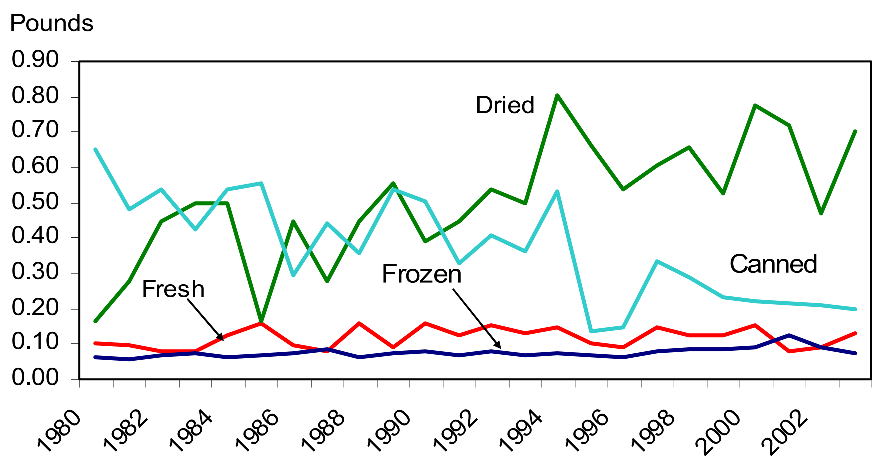
1990s, have increased availability of the product to U.S. consumers. This, along with changing consumer habits towards healthier eating and promotional efforts by the industry, helped boost domestic consumption of the product. U.S. per capita consumption of dried apricots exceeded per capita consumption of canned apricots in some years during the 1980s and consistently since 1991. Per capita consumption of dried apricots increased from an average of 0.38 pound during the 1980s to 0.67 pound during 2000-2003.

Imports of fresh apricots have also increased their presence in the U.S. market, but most of what is consumed in the country still comes from the domestic crop. Domestic fresh-market production has been increasing over the years, but the greater availability and variety of fresh fruit marketed during the summer, particularly during the 1990s have limited the growth in U.S. fresh apricot consumption. Per capita consumption of fresh apricots increased from an average of 0.11 pound during the 1980s to 0.13 pound during the 1990s. With a growing population, two seasons of below-average production contributed to the lack of growth in fresh apricot consumption in more recent years (2000-2003).

Fresh Import Supplies Grow

U.S. fresh apricot imports have been on the rise, increasing from an annual average of 1.5 million pounds during the 1980s to an average of 4.3 million pounds during 2000-2003. Throughout the nineties and in recent years, Chile has been the United States' top supplier of imported fresh apricots, accounting for an average of over 75 percent of the total annual import volume. The second largest foreign supplier is New Zealand, accounting for 20 percent of total imports. Due to counter-seasonal production schedules between the United States and these leading suppliers, fresh imports are generally not in direct competition with domestic production because most enter the U.S. market beginning in November and into the winter months when it is the off season for the domestic crop. Instead, imports extend the availability of the fruit to U.S. consumers each year and as a result, help in boosting consumption. Imports as a share of domestic consumption have risen from an average of 6 percent during the 1980s to 15 percent during 2000-2003.

Figure 6
U.S. per capita consumption of apricots*



* Fresh-weight equivalent.
Source: Economic Research Service, USDA.

Unlike fresh apricots, processed apricot products are storable commodities. Because these products are available to consumers anytime of the year U.S. processed apricots directly compete with their import counterparts. The United States is a net importer of dried apricots with import quantities averaging 900 percent more than what was exported over the last 13 years. Imports of dried apricots have also been generally trending upwards, surpassing domestic dried apricot production since the early 1980s. Nearly all the dried apricot imports in the United States are sourced from Turkey but there are other suppliers such as Argentina, Syria, Pakistan, Iran, and China who are making inroads in the U.S. market.

Declining domestic demand for canned apricots resulted in reduced imports of the product in the United States. U.S. imports of canned apricots declined from an average of 6.4 million pounds during the 1980s to 2.1 million pounds in the 1990s and to 1.6 million pounds during 2000-2003. Presently, more than half of U.S. canned apricot imports arrive from the Republic of South Africa. Data from the Bureau of the Census show that canned apricots from South Africa began to penetrate the U.S. market in the early 1990s and has since gained a larger share of the market. Its share has peaked from 18 percent in 1992 to 73 percent in 2000. Since then, South Africa's share has diminished due to declining shipments and growth in imports from Mexico and Argentina where the devaluation of the peso have made their products more competitive in the U.S. market.

Apricot Exports Growing

Export markets have been playing an increasing role in U.S. fresh apricot sales in recent years than in the past two decades. In 2000-2003, about 39 percent of the fresh-market crop in the United States was sold in export markets, up from an average of 15 percent during the 1980s and 28 percent during the 1990s. With increasing international demand, U.S. sales to export markets have risen from 3.3 million pounds in 1980 to 19.0 million pounds in 2003. Despite small fresh-market utilization in 2001 and 2002, sales to export markets remained strong, suggesting that these markets moved some quantities away from domestic consumption. Canada and Mexico are the major destinations for these exports, accounting for 54 percent and 41 percent of annual exports during 2000-2003.

The United States also experienced positive export growth for canned and dried apricots. Average canned apricot exports in the last 4 years increased 85 percent from those in the 1980s while dried apricot exports more than doubled. Canada and Mexico are large markets for these U.S. products. Asian markets are also key destinations for U.S. canned apricots, particularly to Thailand, Japan, South Korea, and the Philippines. European Union nations, on the other hand, are also important destinations for U.S. dried apricots, with Spain topping the list, accounting for over one-third of total U.S. dried apricot exports.

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