Briefs

Specialty Crops

Citrus Production Unchanged in 2000/01; Good Quality Expected

The 2000/01 citrus crop is expected to be about the same size as last year, with losses in California balanced by gains in Arizona and Texas. California's citrus growers expect a 7-percent drop from 1999/2000, with reductions coming in oranges and tangerines. Florida's growers expect a 1-percent increase overall, with a larger orange crop, but smaller crops of grapefruit, tangerines, temples, and tangelos. Texas and Arizona, the smallest citrus-producing states, are expected to have the largest gains. Texas' citrus crop is projected to be 11 percent above last year, with increases in both its orange and grapefruit crops. Arizona's citrus crop estimate indicates an improved grapefruit crop and a larger lemon crop.

The *orange* crop for 2000/01 is forecast at 13.1 million tons, the same as last year. Florida's orange crop, estimated at 10.8 million tons, will be 3 percent above last year. Texas' orange crop is expected up 15 percent, increasing for the second consecutive year. Offsetting these increases, the California and Arizona orange crops, the major source of fresh oranges to the U.S. market, are expected to be down—12 percent in California and 2 percent in Arizona. Much of the decline is attributed to smaller fruit set this year.

Reduced demand affected California's Valencia growers in 1999/2000. Increased competition from other fruit, including navel oranges from Southern Hemisphere countries, forced California's Valencia growers to switch to processors instead of marketing to the much more lucrative fresh market. While fresh orange imports still account for only a small portion of domestic consumption, the domestic fresh Valencia crop could be pressured by the increased availability of navel orange imports during the summer—when previously they were not available in the U.S. market—as well as by a consumer preference for navels.

On the positive side, California's navel oranges are reported to be large this year, a boon for marketing since purchasers in both the domestic and international markets prefer larger sized fruit. The large-size fruit should help boost demand in Japan, the major overseas market for U.S. navels. The tighter supply and higher demand for fresh oranges should also boost grower prices for the navel crop.

Although this season's Florida orange crop is not expected to be as large as the record crop of 1997/98, the supply of orange juice may exceed the previous record. Very high beginning stocks coming into the new marketing year, in addition to this year's expected second-largest production, could put orange juice supplies at 1.8 million single-strength equivalent gallons.

Stocks began high in 2000/01 for not-from-concentrate (NFC) orange juice, despite the increased popularity of this product. About 40 percent of the crop last year went into producing NFC, the largest proportion so far. Movement, however, was sluggish, and processors were left with large stocks. Processors may be forced to beef up their promotions this coming season to sell NFC orange juice, especially early in the season, to move it out of storage. As a result, consumers may see lower retail prices.

While NFC has become the orange juice of choice at the retail level, 60 percent of last year's Florida orange crop went into making frozen concentrated orange juice (FCOJ). FCOJ is sold at the retail level as well as to institutions and food services, and processors who reconstitute the juice and sell it chilled. Movement was good in 1999/2000 for FCOJ, and stocks ended only 4 percent above the year before. The situation coming into this year may result in more oranges going into FCOJ, at least at the beginning of the harvest, and less into making NFC orange juice.

Brazil, the world's largest orange juice producer and the major exporter of orange juice, is projected to produce less juice in 2000/01 due to a smaller crop. Unfavorable weather conditions during flowering and fruit set resulted in smaller sized fruit and slowed maturity, which delayed harvesting. USDA estimates that the smaller crop will result in Brazil's orange juice production declining by 18 percent. Although higher beginning global juice stocks coming into the new season will buffer the decline in Brazil's total orange juice supply, the decline is sufficient to reduce expected world orange juice supplies by 3 percent—despite the projected increase from Florida—and could be felt at the consumer level around the world. Brazil's exports are expected to drop 9 percent from last year, in part from reduced import demand in the U.S. because of this season's larger crop and stable import demand in the European Union.

Grapefruit production is expected to be lower in 2000/01 because of a smaller crop from Florida, where growers have been removing grapefruit trees in response to low prices in the recent past. As a result, the number of bearing trees has declined, reducing crop size.

Fruit size is reported to be similar to last year for white grapefruit and slightly smaller for red grapefruit. Florida's grapefruit are said to be of high quality with minimal blemishes. Small fruit size may hurt prices, especially in the international market where larger fruit command higher prices. Their good appearance, however, should help marketing. Grower prices for processing grapefruit should also be lower this year because processors have started the year with large stocks and will not demand as much fruit as last year. Overall grapefruit grower prices may fall this year, after experiencing only 1 good year following several years of very low prices.

Lemon production in the U.S. is forecast to be the highest in 3 years. Quality of the lemon crops in both California and Arizona is said to be excellent, which should bring producers good prices despite the larger supply. For the first time, the U.S. allowed Argentine lemons to be imported into certain areas in the summer of 2000. The ruling expands the areas in 2002 and in 2004 will allow them to be shipped to all parts of the country,

provided there have been no pest problems.

Argentine lemons will enter the U.S. mostly during the summer months when demand is the highest. Even so, the competition may eventually bring down prices at a time when domestic growers expect to get their best prices. To maintain their market position, some larger domestic shippers have become involved in marketing Argentine lemons.

Temple, tangelo, and tangerine crops are expected to be smaller in 2000/01. Florida's tangerine crop is lower than last year's record crop but still higher than the year before, and there should be an ample supply for this winter. The U.S. market can expect to continue to see Spanish clementines alongside tangerines in supermarkets. Americans have come to like clementines because they are easily peeled and seedless.

Citrus exports to China, which began in 2000, will continue to expand. High-quality navel and Valencia oranges, plus grapefruit and lemons, probably have the greatest potential for export growth. Beginning in the 2000/01 season, China's Citrus Agreement calls for additional counties in Florida and California to qualify for exports to China. Exports to the Philippines, especially of grapefruit, are also expected to rise. AO

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2000 U.S. Grape Crop to Hit Record High; Demand Up for Fresh Grapes and Wines

U.S. growers are producing more grapes in 2000 and selling them for less, offering consumers a bountiful supply of lower-priced, good-quality, fresh-market grapes and grape products. USDA forecasts a 20-percent rise in this year's grape production over 1999, surpassing the 1997 record. Harvests are up 24 percent in California, which grows more than 90 percent of the country's grapes, and 2 percent in Washington state, the second-largest U.S. producer.

More land in grapes in the two states and California's favorable weather account for this year's bumper crop. Growers in both states have increased their grape-bearing acreage in the 1990's, with California's up 15 percent. In the rest of the country, the total crop has dropped 5 percent, reflecting large declines in New York and Pennsylvania, where wet conditions this year caused mildew and insect problems and where some vineyards showed stress from last year's drought and heavy crop.

Although grapes are the fourth most popular fresh fruit among U.S. consumers, ample supplies of both citrus fruit and summer stone fruit (peaches, plums, and nectarines) have upped the competition in the domestic market, pushing prices down for fresh-market grapes for both growers and consumers. During the 1990's, more than 80 percent of U.S. fresh-market consumption was domestically produced. Grower prices for fresh-market grapes from May through September were 24 percent lower than in the same period a year ago—an average $636 per ton. Retail prices for fresh Thompson seedless grapes dropped an average of 8 percent from last season (June to September).

Mostly influenced by higher, good-quality production and lower prices, consumption of U.S. fresh grapes in both the domestic and export markets is expected higher during the 2000/01 season (May to April), mirroring last season's increases. U.S. consumption—estimated at 8.2 pounds per capita in 1999/2000—should rise by about 7 percent in 2000/01.

Nearly 30 percent of fresh-market grape production was exported during the 1990's. Exports of fresh grapes for this year (May to August) have already posted a 34-percent gain over the same period last season. Driving up exports were improved economic conditions in major export markets, including Canada, Hong Kong, Mexico, and the Philippines, as well as other Asian markets like Singapore, China, Thailand, and Indonesia. The industry is optimistic that next season California could begin shipping table grapes to Australia, until now a closed market, at an estimated 1 million boxes per year—enough to put Australia among the top five markets for California grapes.

About 86 percent of the nation's grapes are processed—more than half for wine, more than a fourth for raisins, and the remainder for juice and canning. In California, where growers will harvest larger crops in every variety of grapes, only 12 percent are table-type grapes, while 47 percent are wine-type grapes and 42 percent are raisin-type. Washington processes virtually all of its grapes—about two-thirds for juice and one-third for wine.

According to the Wine Institute, California now produces more than 90 percent of U.S. wine grapes. In recent years, growers there have greatly increased the acreage they devote to wine grape production, with many vineyards adopting new technologies that produce higher yields and better-tasting wine. Last year, wine grape varieties accounted for well over half of the state's total grape acreage, an increase of 29 percent during the 1990's. Bearing acreage for wine grapes increased 10 percent from the previous year—to 424,000 acres—and nonbearing acreage increased about 7 percent—to 130,000 acres.