

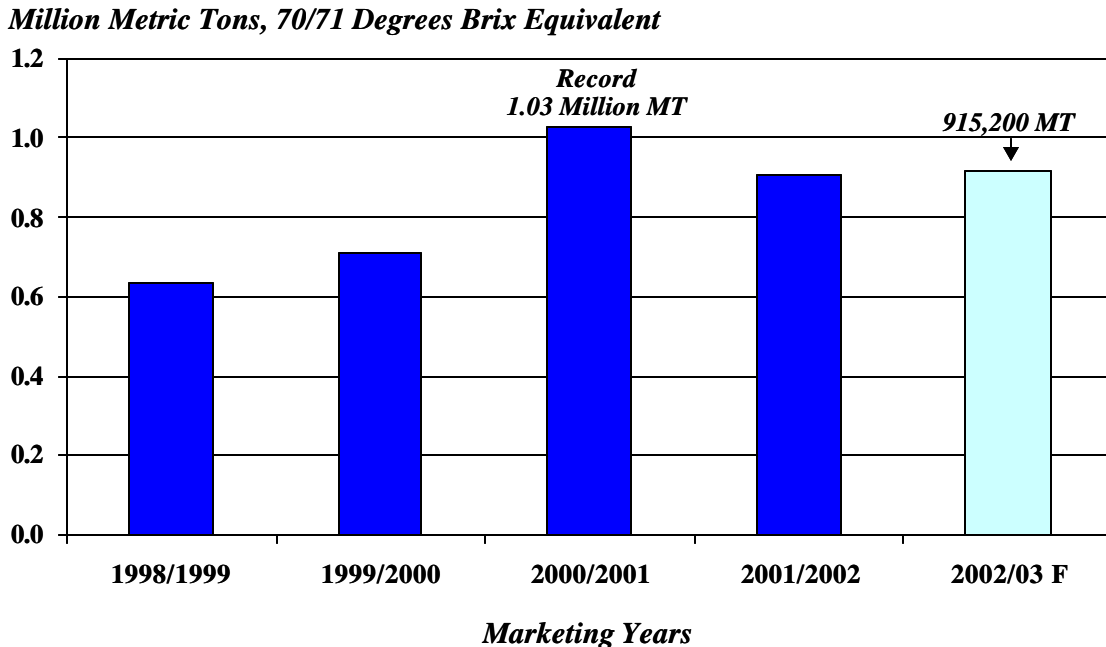
**World Apple Juice Situation:
Global Apple Juice Production and Trade
to Remain Strong in 2002/03**

SUMMARY

World production of apple juice will remain strong in 2002/03. Estimated at 915,200 metric tons (70/71 degrees brix equivalent), global apple juice production in 2002/03 reflects a projected record production in China, the world's top producer. On the other hand, production of apple juice in other major producers, such as Poland and the United States, is expected to decrease. Output in 2002/03 in the United States is estimated to decline for the fourth consecutive season.

Global apple juice trade is expected to reach record levels in 2002/03. Selected countries' exports are estimated at nearly 840,000 tons while imports are projected to reach close to 740,000 tons. Apple juice shipments from China are likely to continue their upward trend and reach a record 280,000 tons in 2002/03. Global imports of apple juice will also continue strong as demand from the two major importing countries, the United States and Germany, is expected to increase.

**Global Apple Juice Production
Expected to Continue Strong in 2002/03**



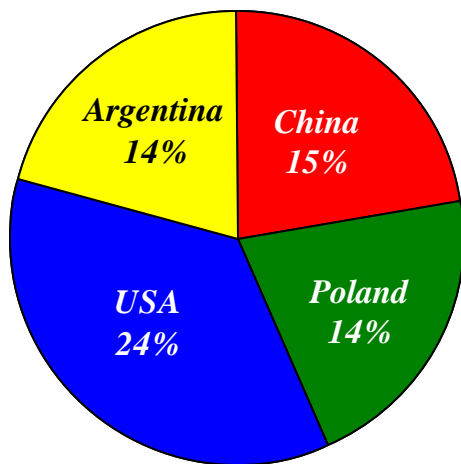
Source: USDA/FAS Attache Reports and USDA National Agricultural Statistics Service.
F= Forecast

PRODUCTION

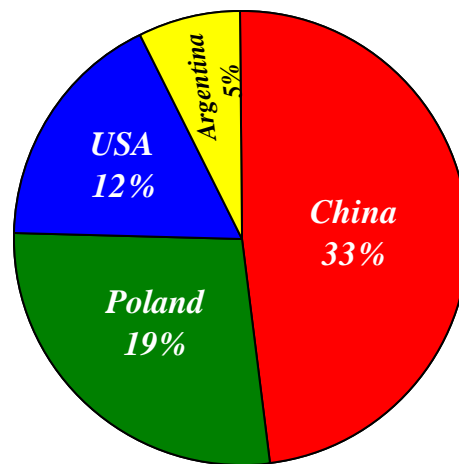
Expected record production in China in the wake of strong global apple juice production in 2002/03

Combined apple juice production in major producing and trading countries in 2002/03 is estimated at 915,200 tons, slightly above the 2001/02 volume. The increase mainly reflects anticipated record production in China, the world's top apple juice producer. China's 2002/03 apple juice production, estimated at a record 300,000 tons, is up 20 percent from last season and more than double the volume produced three seasons ago. Moreover, China's share of world apple juice production has increased from 15 percent in 1998/99 to more than 30 percent in 2002/03. The steady expansion in China's apple juice production mirrors increased domestic fruit supplies as well as growing apple juice demand in international markets.

China's Share of Global Apple Juice Production Expanded Considerably in Recent Years



*Share of Production
in 1998/99*



*Share of Production Forecast
in 2002/03*

**Source: USDA/FAS Attache Reports and USDA National Agricultural Statistics Service.
F= Forecast**

China's apple juice production is gradually shifting to the western regions of the country, mainly to Shaanxi province. Typically, Shandong province has been the center of apple juice production in China, accounting for about 50 percent of the country's annual output. However, during the last few years, many apple farmers in Shandong have been cutting down apple trees and switching to other fruits in search of better returns. On the other hand, fruit juice plants in Shaanxi are still introducing new processing equipment and expanding their investments. As

such, Shaanxi province is expected to soon become the largest apple juice-producing province in China.

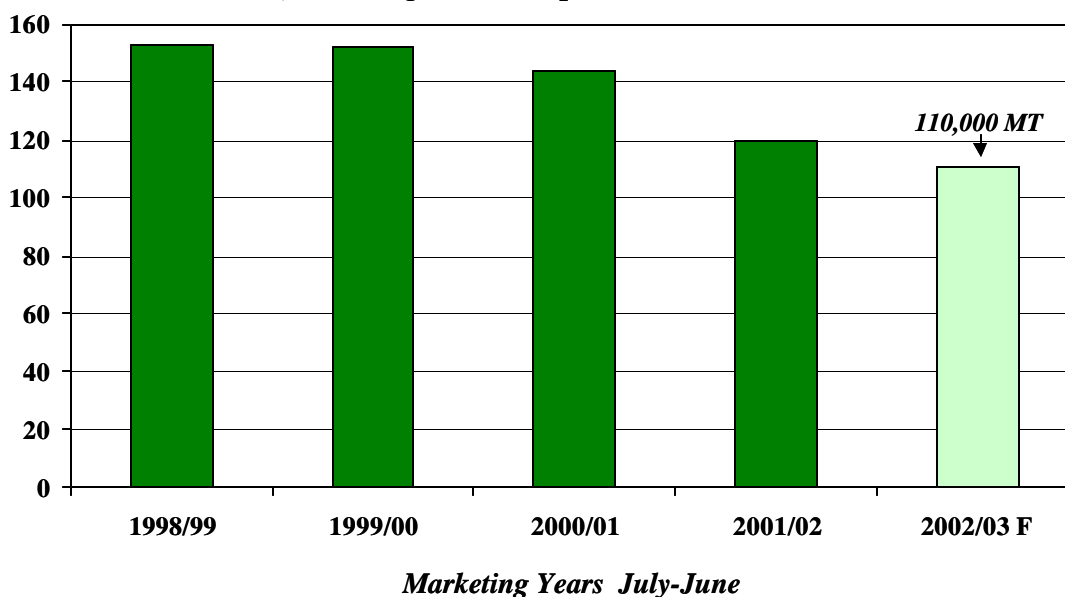
The growth of China's apple juice industry is limited by a lack of fruit varieties that are suitable for processing. Most of China's apple juice is a low acid product, processed from leftover fresh market apples. However, high acid apple juice is greatly demanded in world markets such as Japan and European countries. Responding to growing global demand, China is planting more high acid apple varieties that are more suitable for processing into juice. High acid apple varieties are being introduced from countries such as Australia.

U.S. apple juice production declining trend expected to continue in 2002/03

U.S. apple juice production in 2002/03 is expected to continue its downturn trend. At 110,000 tons, 2002/03 U.S. apple juice production will likely decline for the fourth consecutive year. The amount of processing apples in 2002/03 in the United States is expected to decline 12 percent to 1.5 million tons. Reduced supplies of processing apples, less attractive prices for processing fruit, and increased imports of lowered-priced apple juice have been hampering U.S. apple juice production in recent years.

U.S. Apple Juice Production Expected to Continue Its Declining Trend in 2002/03

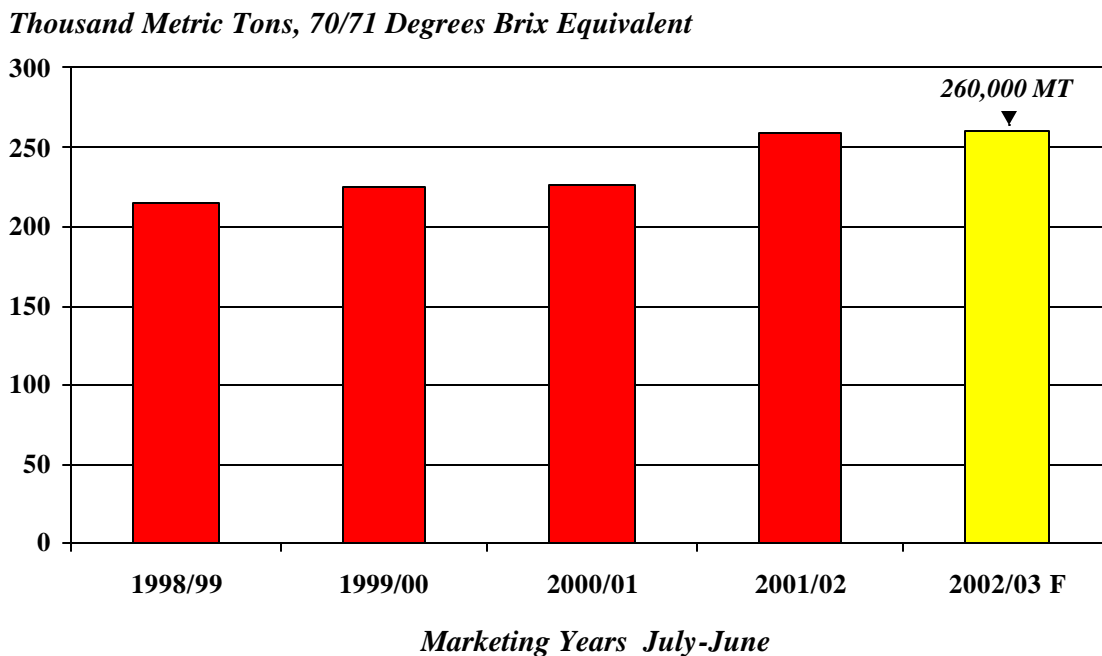
Thousand Metric Tons, 70/71 Degrees Brix Equivalent



Source: U.S. Foreign Agricultural Service using data from the National Agricultural Statistics Service.
F= Forecast

In the United States, few apples are grown particularly for juicing. Most of the apples directed for juice are culled fruit from fresh packing lines. Moreover, returns or profits to growers from processing apples are generally lower than fruit directed to the fresh market. During the last 10 seasons, the share of the U.S. apple crop processed into juice and cider has remained at about 20 percent.

U.S. Imports of Apple Juice Expected to Continue to Increase in 2002/03



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

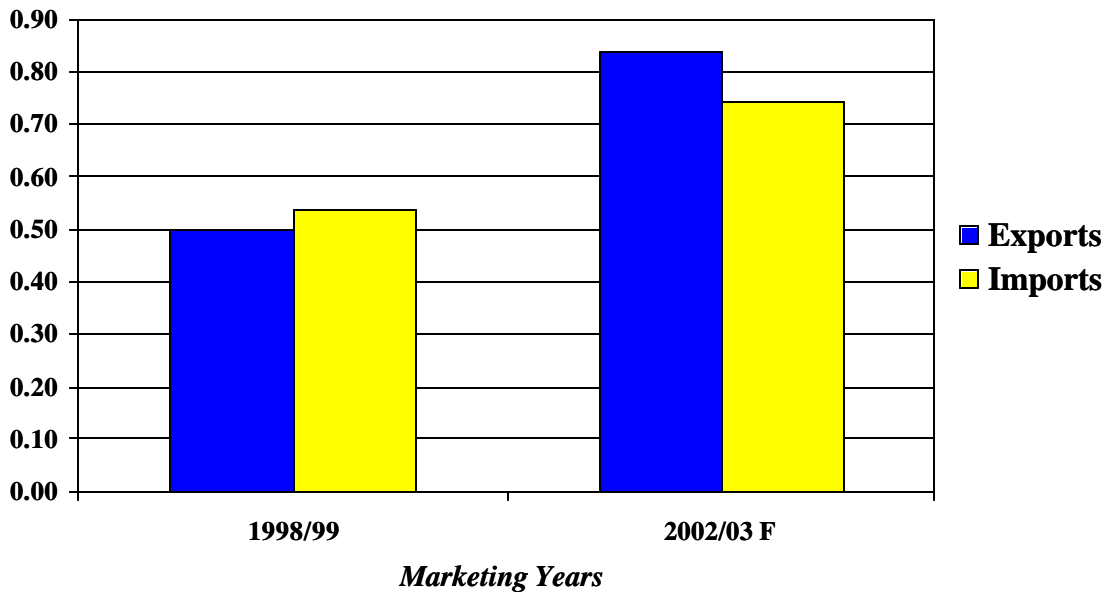
TRADE

World apple juice trade growing rapidly

Global apple juice trade is expected to reach record levels in 2002/03. Selected countries' exports are estimated at nearly 840,000 tons while imports are projected to reach about 740,000 tons. Apart from being used for blending with other fruit juices, apple juice is also used as an additive in cosmetics and various types of medicines. Germany and the United States, the two largest importing countries, are expected to import 400,000 tons and 260,000 tons of apple juice in 2002/03, respectively. China and Poland are the two largest exporters. China mainly exports low acid apple juice concentrated and Poland ships mostly medium and high acid apple juice. High acid apple juice is in particularly high demand in Japan and in markets in Europe.

World Trade in Apple Juice Growing Rapidly

Million Metric Tons, 70/71 Degrees Brix Equivalent



Source: USDA/FAS Attache Reports and USDA National Agricultural Statistics Service.
F= Forecast

The United States will remain a strong consumer of imported apple juice

The United States is expected to remain a net importer as U.S. import demand for apple juice continues its upward trend. Apple juice imports in the United States in 2002/03 are estimated at a record 260,000 tons. U.S. imports of apple juice are mostly concentrated non-frozen. Argentina, Chile, and China, are the major suppliers of apple juice to the United States. Apple juice imports from Argentina and China are on average the lowest priced options to U.S. importers. In response to industry complaints about the surge of low-priced apple juice from China, on May 15, 2000, the United States imposed antidumping duties on all imports of Chinese non-frozen apple juice concentrate. The duties assessed range from 9 percent to 52 percent. The antidumping duties will be in effect until 2005.

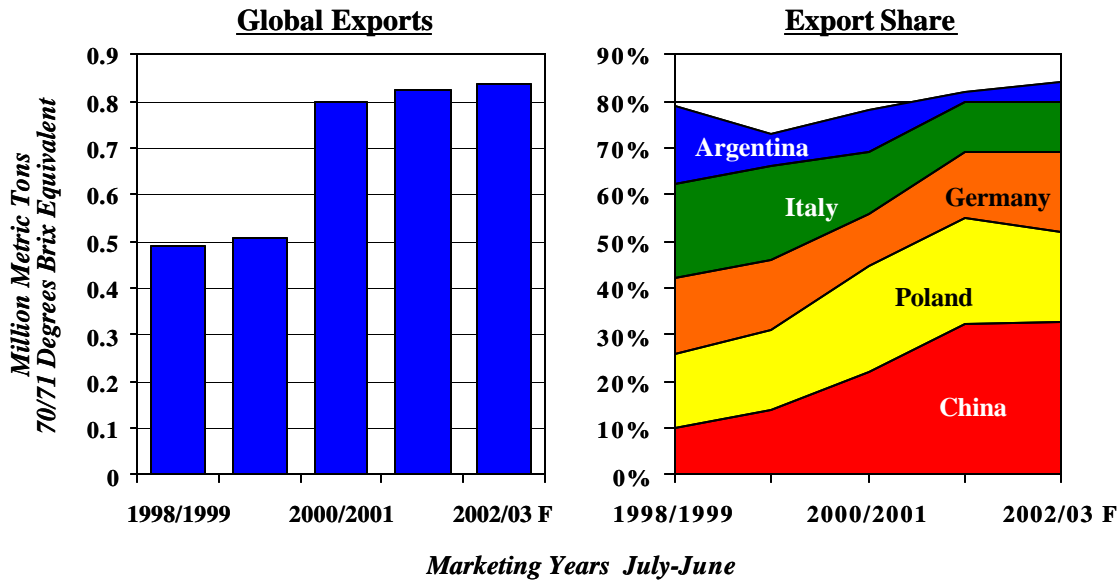
China's apple juice shipments displacing exports from traditional suppliers

Apple juice shipments from China are likely to continue their upward trend and reach a record 280,000 tons in 2002/03. In recent years, increased apple juice production in China has been driven by large fruit supplies and by increased export demand. Moreover, China can supply apple juice at relatively lower prices than its closer competitors. Low acid concentrated non-frozen apple juice continues to be the main processed apple product in China. The main export destinations for China's apple juice in 2002/03 are expected to remain the United States and countries in the European Union.

However, China's large supplies of low acid apple juice hampering further export expansion

China exports low acid apple juice, which is mainly blended with high acid juice by the food and beverage industries in many importing countries. China's main obstacle for continuing expansion of apple juice exports is a general lack of suitable apple varieties that can produce high acid juice. Because the majority of the apples in China are produced for fresh consumption, most Chinese apples are of low acid content, which produces low acid juice. Major apple producing provinces such as Shandong, Shaanxi, and Gansu provinces are simply unable to provide high acid apples in adequate quantities. In view of the lucrative international trade for high acid apple juice, efforts have started in China to introduce high acid apple varieties that are more suitable for processing.

Chinese Apple Juice Exports Displacing Shipments from Traditional World Suppliers



Source: USDA/FAS Attache Reports and USDA National Agricultural Statistics Service.
F= Forecast

(For further information on supply, distribution, and trade, contact Samuel Rosa at (202) 720-6086).

TABLE 1
APPLE JUICE: PRODUCTION, SUPPLY, AND UTILIZATION
IN SELECTED COUNTRIES
(Metric Tons at 70/71 Degrees Brix Equivalent)

Country/ 1/ Mkting Year	Beginning Stocks	Production	Imports	Total Supply	Exports	Domestic Consumption	Ending Stocks
NORTHERN HEMISPHERE COUNTRIES							
<i>China</i>							
1999/00	0	125,000	681	125,681	70,710	32,971	22,000
2000/01	22,000	220,000	594	242,594	177,147	21,000	44,447
2001/02	44,447	250,000	622	295,069	264,555	23,514	7,000
2002/03 F	7,000	300,000	600	307,600	280,000	25,600	2,000
<i>Germany</i>							
1999/00	128,903	98,560	266,658	494,121	76,048	290,981	127,092
2000/01	127,092	122,199	315,396	564,687	88,819	284,468	191,400
2001/02	191,400	63,000	363,551	617,951	118,000	309,951	190,000
2002/03 F	190,000	69,000	400,000	659,000	140,000	334,000	185,000
<i>Hungary</i>							
1999/00	0	44,000	3,000	47,000	33,000	14,000	0
2000/01	0	82,000	15,000	97,000	72,000	25,000	0
2001/02	0	70,000	10,000	80,000	50,000	30,000	0
2002/03 F	0	50,000	10,000	60,000	32,000	28,000	0
<i>Italy</i>							
1999/00	0	65,000	39,000	104,000	100,000	4,000	0
2000/01	0	71,000	35,000	106,000	102,000	4,000	0
2001/02	0	62,000	45,000	107,000	92,000	5,000	10,000
2002/03 F	10,000	60,000	40,000	110,000	95,000	5,000	10,000
<i>Poland</i>							
1999/00	0	80,000	21,000	101,000	84,000	10,000	7,000
2000/01	7,000	190,000	11,084	208,084	183,000	21,084	4,000
2001/02	4,000	205,000	6,230	215,230	187,000	23,230	5,000
2002/03 F	5,000	170,000	8,000	183,000	160,000	21,000	2,000
<i>Spain</i>							
1999/00	1,200	21,000	16,500	38,700	25,500	10,500	2,700
2000/01	2,700	17,700	12,300	32,700	17,500	13,200	2,000
2001/02	2,000	18,700	11,600	32,300	17,000	13,400	1,900
2002/03 F	1,900	17,600	12,600	32,100	16,500	13,600	2,000
<i>United States 2/</i>							
1999/00	0	152,397	224,678	377,075	6,838	370,237	0
2000/01	0	143,892	226,311	370,203	5,371	364,832	0
2001/02	0	119,912	257,525	377,437	5,102	372,335	0
2002/03 F	0	110,000	260,000	370,000	4,000	367,000	0
SUBTOTAL NORTHERN HEMISPHERE COUNTRIES							
1999/00	130,103	585,957	571,517	1,287,577	396,096	732,689	158,792
2000/01	158,792	846,791	615,685	1,621,268	645,837	733,584	241,847
2001/02	241,847	788,612	694,528	1,724,987	733,657	777,430	213,900
2002/03 F	213,900	776,600	731,200	1,721,700	727,500	794,200	201,000

(continue)

TABLE 1
APPLE JUICE: PRODUCTION, SUPPLY, AND UTILIZATION
IN SELECTED COUNTRIES
(Metric Tons at 70/71 Degrees Brix Equivalent)

Country/ 1/ Mkting Year	Beginning Stocks	Production	Imports	Total Supply	Exports	Domestic Consumption	Ending Stocks
SOUTHERN HEMISPHERE COUNTRIES							
<i>Argentina</i>							
1999/00	3,154	42,328	4,638	50,120	37,574	8,500	4,046
2000/01	4,046	83,543	1,585	89,174	69,449	8,000	11,725
2001/02	11,725	38,000	108	49,833	14,590	6,000	29,243
2002/03 F	29,243	47,000	100	76,343	30,000	7,000	39,343
<i>Chile</i>							
1999/00	248	35,800	0	36,048	35,307	500	241
2000/01	241	54,335	0	54,576	53,743	500	333
2001/02	333	43,200	0	43,533	42,525	500	508
2002/03 F	508	44,300	0	44,808	43,700	500	608
<i>New Zealand</i>							
1999/00	0	19,947	400	20,347	11,537	8,810	0
2000/01	0	16,000	400	16,400	9,300	7,100	0
2001/02	0	14,450	1,700	16,150	9,050	7,100	0
2002/03 F	0	17,300	200	17,500	10,000	7,500	0
<i>South Africa</i>							
1999/00	0	27,390	5,575	32,965	25,835	7,130	0
2000/01	0	23,960	5,900	29,860	22,000	7,860	0
2001/02	0	26,250	6,000	32,250	23,000	9,250	0
2002/03 F	0	30,000	5,900	35,900	25,000	10,900	0
SUBTOTAL SOUTHERN HEMISPHERE COUNTRIES							
1999/00	3,402	125,465	10,613	139,480	110,253	24,940	4,287
2000/01	4,287	177,838	7,885	190,010	154,492	23,460	12,058
2001/02	12,058	121,900	7,808	141,766	89,165	22,850	29,751
2002/03 F	29,751	138,600	6,200	174,551	108,700	25,900	39,951
TOTAL SELECTED COUNTRIES							
1999/00	133,505	711,422	582,130	1,427,057	506,349	757,629	163,079
2000/01	163,079	1,024,629	623,570	1,811,278	800,329	757,044	253,905
2001/02	253,905	910,512	702,336	1,866,753	822,822	800,280	243,651
2002/03 F	243,651	915,200	737,400	1,896,251	836,200	820,100	240,951

1/ Northern Hemisphere marketing years are July-June for all countries except Italy where the marketing year is January-December. Southern Hemisphere marketing year is January-December except New Zealand where marketing year is October-September.

2/ U.S. stock figures not available. U.S. apple juice production is estimated using the proportion of the fresh apple crop that is processed into juice and cider. U.S. export and import data is from U.S. Dept. of Commerce.

Note: Data for Mexico, Austria, Bulgaria,, France, and Australia has been discontinued, as FAS no longer requires reporting on apple juice for those countries.

E= Estimate

Source: U.S. Department. of Commerce, Bureau of Census; USDA Attache reports and USDA/FAS estimates.

TABLE 2
U.S. APPLE JUICE IMPORTS
MARKETING YEARS 1997/98-2001/02
(JULY-JUNE)
METRIC TONS, 70/71 DEGREES BRIX EQUIVALENT

Country of Origin	Rank by Volume 1/	1997/98	1998/99	1999/00	2000/01	2001/02	Percent Changed 2/
Argentina	1	65,303	60,646	62,768	46,422	71,283	54%
China	2	21,914	43,403	29,126	35,518	52,528	48%
Chile	3	19,971	31,583	42,268	35,020	39,156	12%
Germany	4	19,908	20,291	17,359	23,466	29,334	25%
Hungary	5	19,179	6,273	2,092	11,014	11,982	9%
Italy	6	9,036	21,377	18,668	28,081	9,807	-65%
South Africa	7	7,513	9,972	15,661	6,079	7,250	19%
Turkey	8	1,001	4,827	7,968	9,061	7,129	-21%
Brazil	9	3,796	3,738	8,847	4,957	5,040	2%
Mexico	10	4,871	3,477	8,136	4,326	4,942	14%
Poland	11	64	499	655	2,002	4,851	142%
New Zealand	12	6,305	1,340	2,407	9,430	4,503	-52%
Austria	13	1,245	1,739	1,372	4,072	3,726	-8%
Canada	14	3,518	2,713	3,856	3,552	3,679	4%
Moldova	15	1,041	1,237	579	1,148	738	-36%
Others		1,543	1,215	2,916	2,163	1,577	-27%
Total		186,207	214,329	224,678	226,311	257,525	14%

1/ Rank by descending order of imported volume of supplied product in marketing year 2001/02.

2/ Percent change is the percentage difference among shipments in 2001/02 and 2000/01.

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

TABLE 3
U.S. APPLE JUICE IMPORTS
MARKETING YEARS 1997/98-2001/02
(JULY-JUNE)
AVERAGE PRICE (U.S. DOLLARS) PER TON
TOP 15 SUPPLIERS

Country of Origin	Rank by Price 1/	1997/98	1998/99	1999/00	2000/01	2001/02	Percent Changed 2/
Argentina	1	\$1,122	\$911	\$1,048	\$1,001	\$740	-26%
China	2	\$1,125	\$785	\$1,053	\$836	\$785	-6%
New Zealand	3	\$1,170	\$931	\$987	\$927	\$803	-13%
Turkey	4	\$1,403	\$832	\$1,085	\$1,058	\$810	-23%
Moldova	5	\$1,756	\$1,381	\$2,185	\$1,380	\$820	-41%
Chile	6	\$1,415	\$951	\$1,098	\$1,229	\$847	-31%
Poland	7	\$5,503	\$1,115	\$1,450	\$1,304	\$895	-31%
South Africa	8	\$1,345	\$835	\$1,192	\$1,261	\$929	-26%
Germany	9	\$1,709	\$1,063	\$1,352	\$1,079	\$979	-9%
Hungary	10	\$1,062	\$811	\$1,248	\$958	\$1,000	4%
Brazil	11	\$1,094	\$712	\$1,149	\$1,094	\$1,074	-2%
Austria	12	\$1,720	\$1,162	\$1,463	\$1,181	\$1,170	-1%
Italy	13	\$1,415	\$1,097	\$1,374	\$1,141	\$1,467	29%
Mexico	14	\$1,592	\$1,231	\$1,313	\$1,417	\$1,603	13%
Canada	15	\$2,254	\$2,290	\$2,097	\$2,139	\$2,191	2%

1/ Rank by ascending order average imported value of supplied product in marketing year 2001/02.

2/ Percent change is the percentage difference among averaged imported value in 2001/02 and 2000/01.

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