

Briefs

Specialty Crops**Poor Weather Reduces 2002 Apple Crop
Higher Prices Likely**

This year's U.S. apple crop will be smaller for the third consecutive year. Apple production in 2002 is forecast to decline to 9.2 billion pounds, down 4 percent from 2001 and the smallest crop since 1988. With production down significantly in both the Eastern and Central states (16 percent and 30 percent, respectively), even a 5-percent increase in production in the Western region, which accounts for over 60 percent of total U.S. production, will not offset overall declines.

Weather-related factors during the growing season are behind this year's production decline in most apple-producing states. Most of the Eastern and Central states encountered problems with heavy frost damage in the spring, in addition to hail and drought. The only states expecting increased production are Georgia, South Carolina, North Carolina, Rhode Island, and Maine in the Eastern region, and Kansas and Arkansas in the Central region.

While production is expected up overall for the Western states, a late frost, combined with a cool, late spring, poor pollination conditions, and a dry summer, have combined to reduce crop size in all apple-producing states in this region except Washington, Colorado, and Arizona.

Weather conditions throughout the harvest season could also directly impact final crop size. A windstorm that moved through north-central Washington in mid-August caused some fruit to drop onto the ground and damaged some that remained on trees as well. Depending on the severity of these losses, the effects of this storm could eventually reduce the size of Washington's apple crop. Prior to this event, USDA forecast Washington's apple production at 5.5 billion pounds in 2002, up 8 percent from a year ago.

Fresh-market apples. Figures on total quantity of fresh-market apples produced from this year's new apple crop will not

be released until July 2003. The number will be determined primarily by the size of the crop in Washington, where over three-quarters of the nation's fresh-market apples are grown.

Last year, the Washington crop was smaller due to weather problems and to continued decline in bearing acreage—a response to poor economic conditions in the industry. Overall fresh-market apple production declined 11 percent in 2001 from the previous year, and the season-average price for fresh-market apples increased 29 percent to 22.9 cents per pound.

Based on the consumer price index for apples, retail prices during 2001/02 mirrored the pattern in grower prices, averaging 5 percent higher than the previous year. If the forecast for Washington's 2002 production is lowered, 2002/03 fresh-market apple prices may average higher than last year.

The overall slump in U.S. apple production this year, coinciding with below-average carryover stocks of 2001 crop apples and a smaller U.S. pear crop this year, should also help boost apple prices this season. In addition, the U.S. Apple Association has reported that the nation's new apple crop, especially in Washington, is of high quality, which should boost demand in both domestic and export markets.

As of July 1, 2002, the U.S. Apple Association reported U.S. apple holdings at 15.2 million bushels, down 28 percent from the same time last year and 18 percent below the 5-year average. Holdings of most apple varieties, including the most common (such as Red and Golden Delicious, Granny Smith, Fuji, Gala, and McIntosh) were all down significantly from last year. Holdings of the more common varieties were also down from the 5-year average, except for Fuji, Rome, and Jonathan apples. Fresh apple holdings (mostly Washington apples in controlled-atmosphere storage) were down 34 per-

cent, while total processing holdings were 10 percent lower.

Processing apples. Although Washington is the largest producer of processing apples, more than half of production comes from other large producers such as California, Michigan, New York, Pennsylvania, Virginia, and West Virginia. Crops are expected to be smaller this year in all these states. U.S. production of apples for the processing sector in 2002 will therefore likely be limited. Reduced supplies and lower stocks of processing apples will help boost grower prices. Production of processing apples was also down in 2001 from the year before, and although imports (mainly of apple juice) were higher, returns to growers were 4 percent higher, averaging \$106 per ton.

With the U.S. market open to most Chilean fruit, aided in part by counterseasonal production schedules in the two countries, the U.S. has become Chile's largest apple export market. Over a third of last season's U.S. fresh apple imports were from Chile, with New Zealand and Canada following closely in share.

Early reports of a likely smaller European apple crop this year will provide export opportunities to Chilean apple growers. Chile's exports to the U.S. may be curtailed if apple production declines in marketing year 2002 (marketed January-December 2003). As yet, there are still no indications on the size and condition of the new apple crop in Chile.

Sweet/sour varieties, particularly Granny Smith apples, are gaining in share of Chile's fresh apple exports, mostly to Europe and the U.S. Meanwhile, the export shares of traditional red varieties, destined mostly for the European and Middle Eastern markets, are declining. Like the U.S., also a major player in the global apple market, apple growers in Chile are rapidly expanding their production and exports of new varieties, such as the Fuji apple, to remain competitive. Both countries, however, have cut back on acreage in recent years due to financial difficulties faced by apple growers. In the U.S., total bearing acreage of apples declined in each of the last 4 years.

Last year's smaller U.S. apple crop, compared with the previous year, limited exports during 2001/02. U.S. fresh apple exports from August 2001 through June 2002 were 19 percent lower than shipments made during the same period of the previous season. Shipments were down to most major export markets, with the largest declines posted in Mexico, Hong Kong, Indonesia, and Taiwan. In recent years, U.S. exporters have faced stiffer competition in Southeast Asian markets from increased volumes of lower priced apple exports from China.

The expected smaller European apple crop and recent shipments of U.S. apples to Cuba (first shipments arrived in Cuba the week of July 8, 2002) could provide increased opportunities for U.S. exporters this season. Mexico is the market for about one-third of U.S. apple exports. However, reduced domestic supplies and a sharp increase in tariffs imposed on Washington apples (the outcome of an antidumping investigation in 1997) will limit exports during 2002/03.

Reduced production in the fall of 2001 increased U.S. imports of fresh apples

during the 2001/02 marketing season. Imports from August 2001 through June 2002 totaled 309.7 million pounds, up 3 percent from the same period the year before. Increases came from nearly all major foreign suppliers, including Chile (up 9 percent), New Zealand (up 7 percent), and Canada (up less than 1 percent). Reduced production this year will likely lead to further increases in imports during the 2002/03 marketing season.

U.S. imports of apple juice and cider from August 2001 through June 2002 were 12 percent higher than the volume imported during the same period a year earlier. The top three suppliers—Argentina, China, and Chile—all posted significant increases in shipments to the U.S. However, imports from Italy, also a major supplier, declined by more than half. U.S. exports of apple juice and cider remained unchanged from the previous year. Lower shipments to many overseas markets, including leading markets such as Japan and Taiwan, offset the sharp increase in exports to Canada and Mexico. **AO**

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- China as a player in fruit and vegetable trade
- Briefs on grapes and citrus

October Releases—National Agricultural Statistics Service

The following reports are issued electronically at 3 p.m. (ET) unless otherwise indicated.

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October

- 1** Weather - Crop Summary (noon)
- 2** Agricultural Chemical Usage - Restricted Use Summary
Broiler Hatchery
- 3** Egg Products
- 4** Dairy Products Prices (8:30 a.m.)
Dairy Products
Poultry Slaughter
Vegetables
- 7** Crop Progress (4 p.m.)
- 8** Weather - Crop Summary (noon)
- 9** Broiler Hatchery
- 11** Cotton Ginnings (8:30 a.m.)
Crop Production (8:30 a.m.)
Dairy Products Prices (8:30 a.m.)
Milkfat Prices (8:30 a.m.)
Turkey Hatchery
- 15** Crop Progress (4 p.m.)
- 16** Weather - Crop Summary (noon)
Broiler Hatchery
- 17** Milk Production
- 18** Dairy Products Prices (8:30 a.m.)
Cattle on Feed
Cold Storage
- 21** Crop Progress (4 p.m.)
- 22** Weather - Crop Summary (noon)
Cattfish Processing (8:30 a.m.)
Chickens and Eggs (8:30 a.m.)
- 23** Broiler Hatchery
- 25** Cotton Ginnings (8:30 a.m.)
Dairy Products Prices (8:30 a.m.)
Milkfat Prices (8:30 a.m.)
Livestock Slaughter
Monthly Hogs and Pigs
Monthly Agnews
- 28** Crop Progress (4 p.m.)
- 29** Weather - Crop Summary (noon)
- 30** Rice Stocks (8:30 a.m.)
Broiler Hatchery
Peanut Stocks and Processing
- 30** Agricultural Prices