

Briefs

Specialty Crops

Smaller Apple Crop Could Lift Prices In 1999/2000

USDA's August forecast for 1999 U.S. apple production is 10.6 billion pounds, down 7 percent from 1998 and 3 percent below the 5-year average. Lower production expected in much of the Western States region will likely offset anticipated increases in the Central States and Eastern States regions. The smaller crop may lift apple prices for the 1999/2000 marketing season from 1998/99—when season-average prices fell 20 percent to 12.3 cents per pound. Expected reduced production of pears, a competitor crop, may place additional upward pressure on apple prices this fall.

Apple production in the Western States region is expected to be 6.3 billion pounds in 1999, down 18 percent from a year ago. Smaller crops are expected in all states in the region except California.

The Washington apple crop is forecast at 5.2 billion pounds, down 19 percent from last year's record, and is expected to mature about 2 weeks late. Apple orchards in the state bloomed variably, with lighter (sparser) blooms for Red Delicious and Fuji apples. A relatively cooler spring, some frost damage, and a likely reduction in crop acreage also reduced potential crop size. Similar weather conditions prevailed in Oregon, where the crop is expected to be down 11 percent from a year ago. While the California crop is also developing behind normal due to relatively cooler spring temperatures, adequate dormancy and dry weather have provided conditions for a better crop this year. Production there is forecast to rise 1 percent to 825 million pounds.

With higher production expected in nearly all the apple producing states in the Central States region, the regional forecast is up 12 percent in 1999, to 1.5 billion pounds. Throughout Michigan, which accounts for 71 percent of the Central States' total, orchard blooms were generally good, and weather, especially during pollination, was mostly favorable. Although harvest in

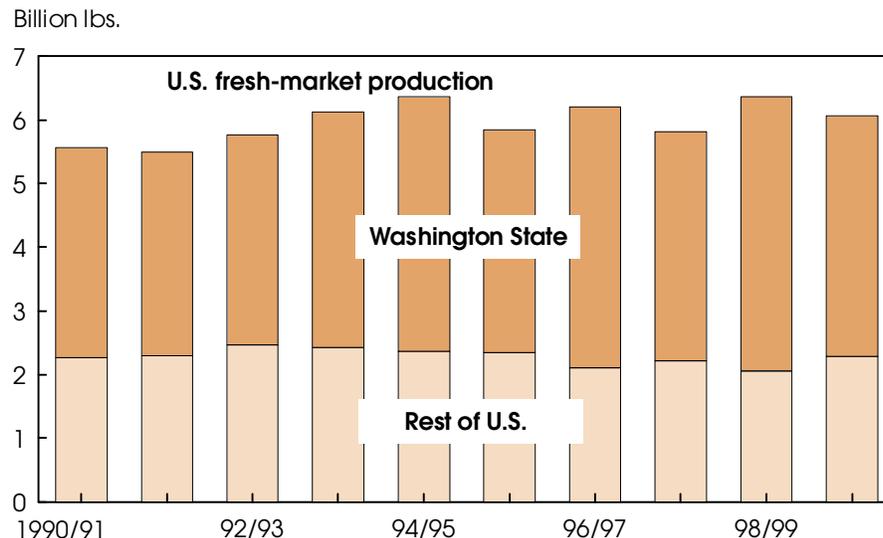
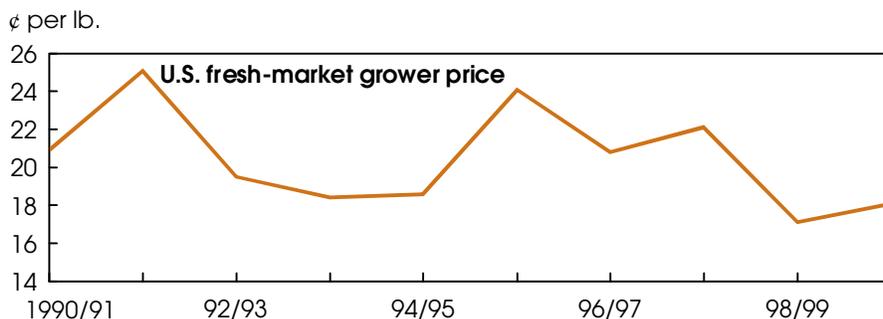
Michigan is also expected to be delayed, production is forecast up 8 percent from a year earlier.

Apple crops in the Eastern States region are also expected to increase—by 18 percent overall, to 2.7 billion pounds. For most of the region, weather conditions have generally been favorable, especially during the bloom stage, with only minimal frost damage reported. Despite low moisture conditions, 1999 production is expected to be up 13 percent in New York and 27 percent in Pennsylvania. Production is also expected to be up in Virginia, North Carolina, and West Virginia.

The U.S. Apple Association reports that as of July 1, 1999, U.S. apple holdings totaled 17.3 million bushels, with fresh-apple holdings accounting for 13.1 million bushels, up 18 percent from the same time last year. However, because of the late start of the 1999 fall apple crop, fresh-apple holdings from the 1998 crop will be drawn down during an extended marketing period before the new 1999 crop reaches the market. The expected smaller crop in Washington—the largest supplier to the domestic fresh apple market—will likely push fresh-market supplies down from last year. Reduced supplies, coupled with lower holdings from the 1998 crop because of the extended marketing period, will help boost this year's grower prices for the new crop of fresh-market apples.

During August 1998-May 1999, U.S. exports of fresh apples increased 24

Grower Price for Fresh-Market Apples to Rise in 1999/2000



Average grower price for August-July season. 1999/2000 price is midpoint of forecast range. Economic Research Service, USDA

percent, to 1.3 billion pounds, assisted in part by record-large supplies of relatively good-quality fruit, particularly from the Pacific Northwest. Exports averaged 23 percent of U.S. fresh-market production in 1994/95-1998/99. Shipments to key Asian markets have shown marked improvement, with shipment volumes to Taiwan up 5 percent, to Hong Kong up 2 percent, to the Philippines up 61 percent, to Malaysia up 21 percent, to Singapore up 83 percent, and to Japan up 189 percent. Exports to Mexico rose 117 percent, reflecting the reduced harvest there last year and the March 1998 lifting of the 101-percent antidumping duty imposed on U.S. Red and Golden Delicious apples by Mexico in September 1997. Meanwhile, exports to Canada fell 6 percent, due in part to increased production there. Export prospects for the 1999/2000 season may be limited by reduced production, particularly in Washington where the crop is heavily oriented toward the fresh market.

U.S. imports of fresh-market apples totaled 227.6 million pounds from August 1998 through May 1999, 14 percent lower than the same period a year earlier. Imports accounted for an average 5 percent of the U.S. fresh-market supply in 1994/95-1998/99. Apple imports from Canada and New Zealand—each providing about a third of U.S. apple imports—were down sharply, but imports from Chile—about a quarter of total apple imports—rose 19 percent following record production there.

U.S. apple juice and cider exports in 1998/99 (August-May) declined 17 percent from the same period in 1997/98, to 281,154 hectoliters. While exports to Japan rose 30 percent, exports to Canada fell 41 percent. These two countries account for nearly three-fourths of total U.S. juice and cider exports. Despite the smaller 1999 crop in Washington, prospects for U.S. apple-juice and cider exports in 1999/2000 have improved. Ending stocks of processing apples in 1998/99 are higher compared with the previous season, and production is up in the central and eastern regions, where a larger share of output is for the processing sector.

U.S. imports of apple juice and cider from August 1998 through May 1999 totaled 9.1 million hectoliters, up 28 percent from the same period in 1997/98. While U.S. fresh apple imports are fairly insignificant compared with total U.S. supplies, apple juice imports provided 50-60 percent of supplies during the 1990's. Argentina and Germany have been major sources of apple juice, providing about a third, and about 11-25 percent of U.S. apple juice imports throughout most of the 1990's. Imports from China have increased substantially during the same period, rising from 3,504 hectoliters in 1989/90 to 1.3 million in 1997/98. In 1997/98 China surpassed Germany as the second-largest source of apple juice, supplying about 13 percent of total U.S. imports.

During the 1999/2000 marketing season, U.S. apple juice imports from China, mostly in concentrate form, may be limited by possible antidumping duties. On June 28, the U.S. Department of Commerce began a dumping investigation of apple-juice-concentrate imports from the People's Republic of China. The investigation results from allegations that China is selling this product in the U.S. at unfairly low prices, causing economic injury to the U.S. domestic industry. On the same day, the U.S. International Trade Commission (ITC) in Washington D.C. also conducted a preliminary hearing to gather evidence of economic injury to domestic concentrate producers. On July 22, the ITC announced its determination citing reasonable indication that U.S. apple juice producers are materially injured, or threatened with material injury, by imports of certain nonfrozen concentrated apple juice from China sold in the U.S. below cost.

Given the ITC determination, the U.S. Department of Commerce will continue to pursue the dumping investigation. If the Department decides that the domestic apple industry's complaint is valid, it will impose a tariff on Chinese concentrate imports as of the day of the decision. (U.S. apple juice producers are requesting a 91 percent duty on Chinese concentrate imports.) In addition, if the Department finds that large amounts of juice concen-

trate were imported from China during the period of the investigation, the tariff may be imposed retroactively up to a maximum of 90 days prior to the decision. The Department is scheduled to announce its preliminary dumping decision by November 15. **AO**

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September Releases—USDA's Agricultural Statistics Board

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

September

- 1 *Broiler Hatchery*
- 3 *Dairy Products Prices*
(8:30 a.m.)
Dairy Products
Egg Products
Poultry Slaughter
Basic Formula Milk Price
(Wisconsin State Report)
- 7 *Crop Progress* (4 p.m.)
- 8 *Broiler Hatchery*
- 9 *Vegetables*
- 10 *Cotton Ginnings* (8:30 a.m.)
Crop Production (8:30 a.m.)
Dairy Products Prices
(8:30 a.m.)
- 13 *Crop Progress* (4 p.m.)
- 15 *Broiler Hatchery*
Milk Production
- 16 *Turkey Hatchery*
- 17 *Dairy Products Prices*
(8:30 a.m.)
Cattle on Feed
Hop Stocks
- 20 *Cold Storage*
Crop Progress (4 p.m.)
- 21 *Chicken and Eggs*
- 22 *Broiler Hatchery*
Potatoes
- 23 *Catfish Processing*
Citrus Fruit
NASS Facts Newsletter (4 p.m.)
- 24 *Dairy Products Prices*
(8:30 a.m.)
Cotton Ginnings (8:30 a.m.)
Hogs and Pigs
Livestock Slaughter
- 27 *Crop Progress* (4 p.m.)
- 28 *Peanuts Stocks and Processing*
- 29 *Agricultural Prices*
Broiler Hatchery
Trout Production
- 30 *Grain Stocks* (8:30 a.m.)
Small Grains Summary
(8:30 a.m.)