

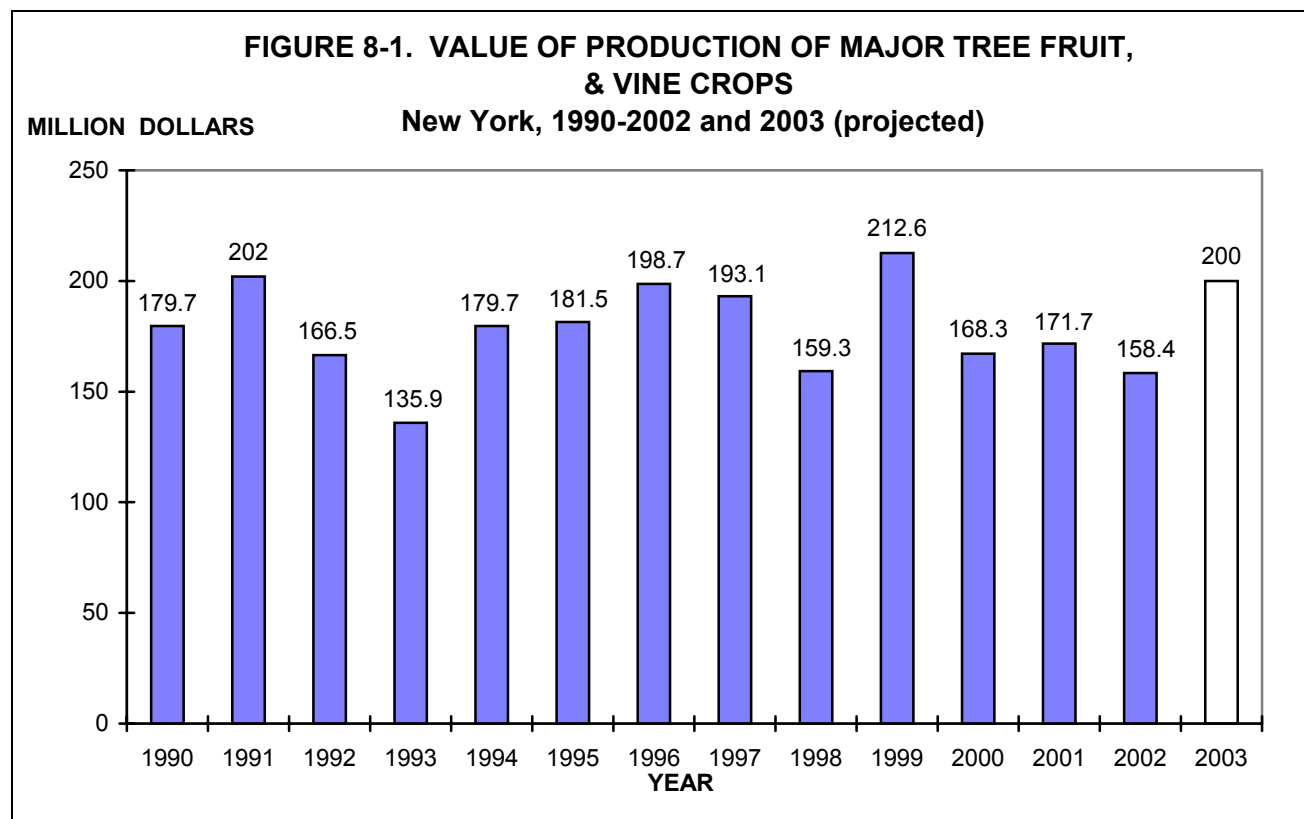
Chapter 8. Fruit

Gerald B. White, Professor

The total production of the six tree and vine crops which are important to New York's agricultural economy was projected to decrease by just one per cent nationally. The national production of apples, tart cherries, pears, and peaches were forecast to increase compared with last year's production, while decreased production was indicated for grapes, and sweet cherries. The national production of apples was forecast at 223 million bushels, a considerable increase of nine per cent above last year's short crop, but 8 percent below the average of the past five years. Grape production was expected to total 6.8 million tons, a decrease of eight percent from last year's crop.

In New York, apple production is indicated to be 28.6 million bushels, a very large crop but fractionally below the huge crop of '99. (Thus one of the largest crops on record follows the smallest crop in about 50 years, in 2002). Indicated production is 20 percent above the average production of the last 5 years. Grape production of 210 thousand tons was estimated, 35 percent above last year's near average crop. Total production of the six major fruit and vine crops of 836 thousand tons is projected for the State, the largest production since 1999, when record production was recorded for both apples and grapes.

The utilized value of the major fruit tree and vine crops in New York since 1990 and the projected value for 2003 is shown below. With much larger than average apple and grape crops, but with lower prices; and with record tart cherry prices, the value of the state's major fruit tree and vine crop is projected at \$200 million, well above last year, but below the record \$213 million realized in '99.



Source: New York Agricultural Statistics, 2002-2003

**TABLE 8-1. COMMERCIAL NONCITRUS FRUIT PRODUCTION
New York and United States**

Fruit	New York				United States			
	2000	2001	2002	2003*	2000	2001	2002	2003*
----- thousand tons -----								
Apples	498	500	340	600	5,292	4,714	4,278	4,676
Grapes	154	149	156	210	7,688	6,570	7,364	6,752
Tart Cherries	8	7	6	4	144	185	31	109
Pears	15	11	10	15	967	1002	868	933
Peaches	6	6	5	6	1,290	1,217	1,288	1,312
Sweet Cherries	1	1	0	1	208	230	181	106
Total New York's Major Fruit Crops	682	674	517	836	15,589	13,918	14,010	13,888

*indicated

**TABLE 8-2. AVERAGE FARM PRICES OF NONCITRUS FRUITS
New York and United States**

Fruit	New York				United States			
	1999	2000	2001	2002	1999	2000	2001	2002
----- dollars per ton -----								
Apples								
Fresh	330	340	368	500	426	356	458	514
Processed	134	130	133	153	128	101	108	126
All Sales*	228	234	238	324	300	256	316	374
Grapes	286	298	320	307	469	403	447	388
Tart Cherries	314	360	392	1012	436	374	372	896
Pears	388	353	401	374	294	264	264	295
Peaches	908	800	622	476	380	388	422	408
Sweet Cherries	1,490	1,370	1,530	1,730	1,100	1,340	1,230	1,550

**TABLE 8-3. VALUE OF UTILIZED PRODUCTION, NONCITRUS FRUITS
New York and United States**

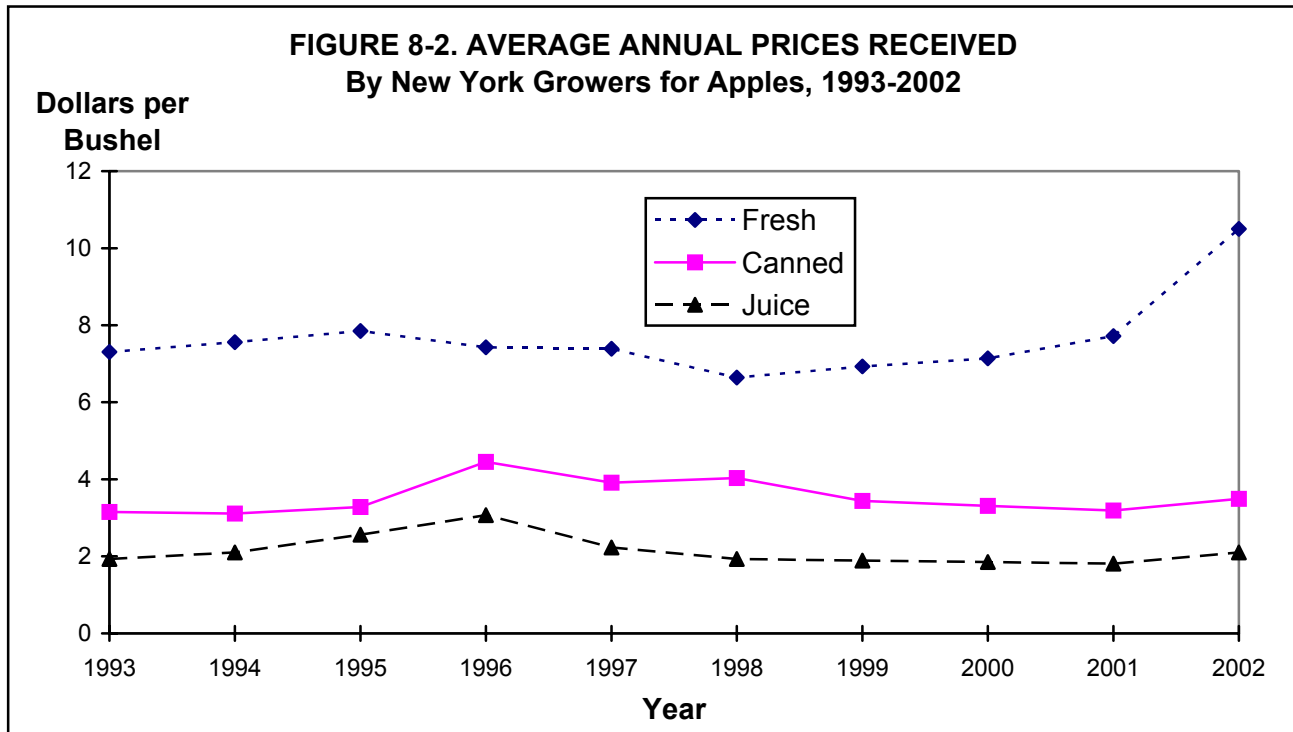
Fruit	New York				United States			
	1999	2000	2001	2002	1999	2000	2001	2002
----- million dollars -----								
Apples								
Fresh	97.4	78.2	77.3	77.5	1,278	1,116	1,252	1,380
Processed	42.9	30.9	34.6	24.5	286	205	201	191
All Sales*	140.2	109.1	111.9	102.0	1,564	1,321	1,453	1,571
Grapes	58.4	45.9	47.7	47.6	2,927	3,098	2,934	2,853
Tart Cherries	2.7	3.5	2.8	6.4	56	52	57	28
Pears	4.4	4.6	4.0	3.7	298	250	254	256
Peaches	5.5	4.5	3.7	2.4	463	482	493	504
Sweet Cherries	1.5	1.2	1.6	.6	235	275	271	274
Total New York's Major Fruit Crops*	212.8	168.8	171.7	162.7	5,543	5,478	5,462	5,486

*May not add from total of fresh and processed due to rounding errors. Source: NASS, USDA, Noncitrus Fruits and Nuts 2002 Summary, July 2003.

**TABLE 8-4. APPLE PRODUCTION, UNITED STATES,
1998-2002, Five-Year Average Production, and 2003 Forecast
1,000 42-Pound Bushels**

States/Regions	5-Year Average 1998-2002*	2002*	2003 USDA Estimate**	2003 Compared to USDA 5-Year Average % Change	2003 vs. 2002 % Change
Maine	1,195	1,155	1,095	-8.4	-5.2
New Hampshire	729	631	810	11.1	28.3
Vermont	979	738	917	-6.3	24.2
Massachusetts	1,043	786	1,095	5.0	39.4
Rhode Island	61	62	79	27.9	26.9
Connecticut	445	286	512	15.0	79.2
New York	23,833	16,190	28,571	19.9	76.5
New Jersey	1,167	833	1,071	-8.2	28.6
Pennsylvania	10,595	8,810	10,476	-1.1	18.9
Maryland	853	762	881	3.3	15.6
Virginia	7,238	5,952	7,143	-1.3	20.0
West Virginia	2,548	2,262	2,143	-15.9	-5.3
North Carolina	3,986	3,810	3,095	-22.3	-18.8
South Carolina	533	214	143	-73.2	-33.3
Georgia	267	238	262	-1.8	10.0
Total East	55,471	42,729	58,293	5.1	36.4
Ohio	2,090	1,667	2,048	-2.1	22.9
Indiana	1,201	952	1,214	1.1	27.5
Illinois	1,105	1,024	1,000	-9.5	-2.3
Michigan	21,095	11,905	23,571	11.7	98.0
Wisconsin	1,640	1,381	1,643	0.1	19.0
Minnesota	561	595	619	10.4	4.0
Iowa	212	202	231	9.0	14.1
Missouri	952	905	810	-15.0	-10.5
Kansas	93	88	98	5.1	10.8
Kentucky	192	133	200	4.0	50.0
Tennessee	224	155	214	-4.3	38.5
Arkansas	129	107	131	1.5	22.2
Total Central	24,496	19,114	31,779	7.7	66.3
Total East & Central	84,968	61,843	90,071	6.0	45.6
Colorado	700	500	500	-28.6	0.0
New Mexico	124	48	NA	NA	NA
Utah	667	167	714	7.1	328.6
Idaho	2,500	1,905	2,024	-19.0	6.3
Washington	132,381	122,619	114,286	-13.7	-6.8
Oregon	4,005	4,810	2,857	-28.7	-40.6
California	16,171	11,190	12,143	-24.9	8.5
Arizona	985	624	62	-93.7	-90.1
Total West	157,533	141,862	132,586	-15.8	-6.5
TOTAL U.S.	242,500	203,705	222,657	-8.2	9.3
TOTAL NORTHEAST	43,448	32,514	47,650	9.7	46.6

*2002 and 5-year average production from NASS, USDA, Non-Citrus Fruits and Nuts Summary July 2003.
**NASS, USDA, Crop Production, October 10, 2003.



Source: New York Agricultural Statistics, 2002-2003.

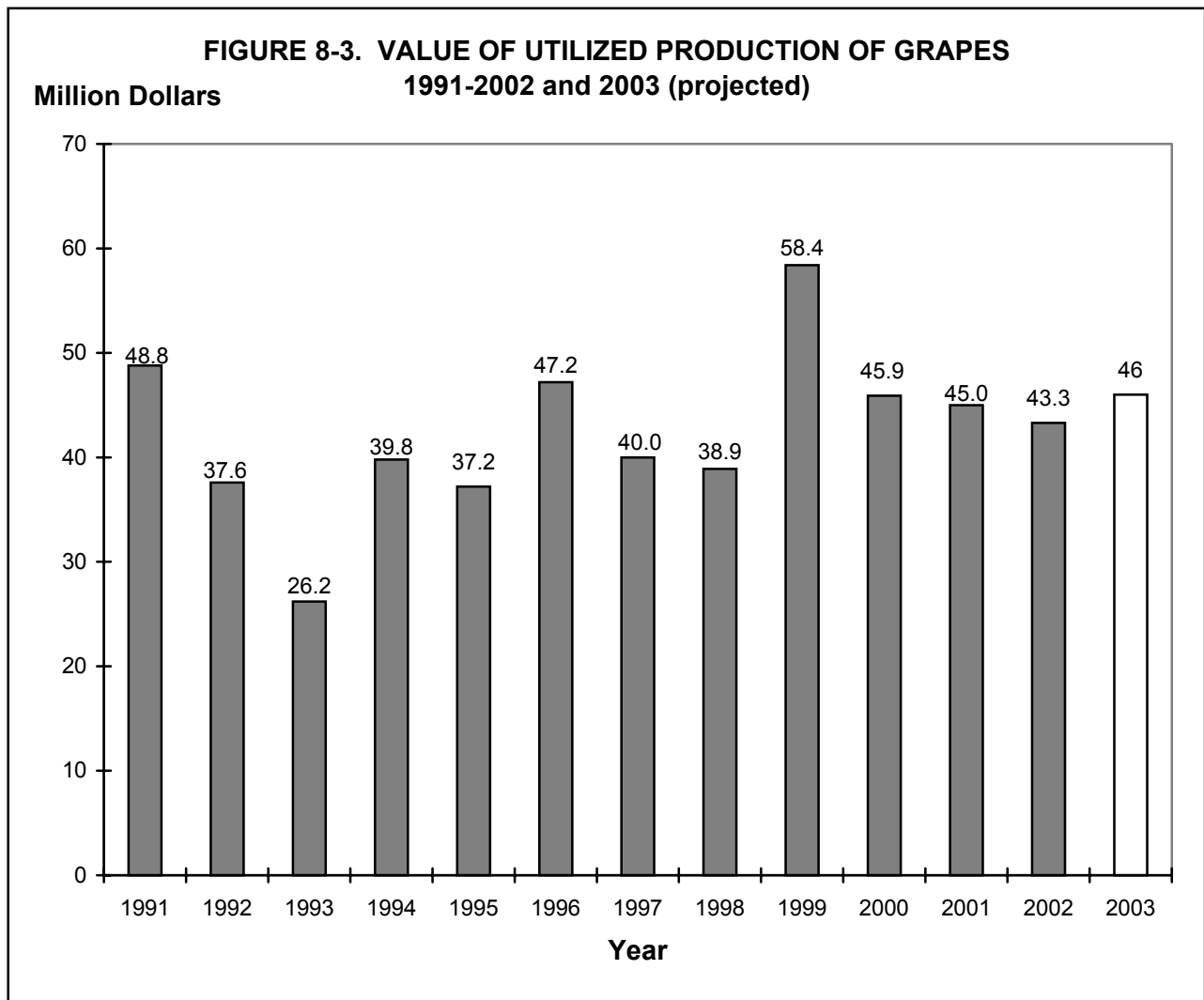
Over the past decade until 1996, prices for processed apples were fairly constant. In 1996, prices for canned and juice apples increased dramatically while the price for fresh apples decreased. The value of the 1996 apple crop was 138.9 million dollars, buoyed by record prices for processed fruit. Since 1996, processing prices steadily declined; however, in 1999, the largest crop since 1926 pushed up the crop value to \$140.2 million, despite soft prices. In 2002, the lowest production in 50 years pushed down the value of the state's apple crop to 102 million, despite record prices for fresh apples and improved processing prices.

In October 2003, the average price for fresh apples in New York State was well below last year, although export prices were higher (in US dollars) due to the recent weakening of the US currency. Apple production in the European Union is down about three percent from last year, down notably in large producing EU countries, Italy, and France. Washington state's short crop (down seven percent from 2002 and 14 percent below the five year average) and the relatively weak US dollar in relation to the British pound are potential favorable factors for NY apple prices. However there is a cloud hanging over export potential as the EU threatens retaliation on the US for imposition of tariffs on steel. The EU is considering a 15 percent tariff on apples and other products, a retaliatory action that could occur in mid-December. If the dispute were successfully resolved, exports of New York apples would surely exceed last year's 541 million bushels exported from the 2002 crop (which was the weakest performance in over 10 years due to the short crop and the strong dollar). For the entire season, New York's average price for fresh apples will probably average about 17 cents per pound, well below last year's record price of 25 cents.

Announced processing apple prices in 2003 were down slightly for peelers above 2 and 1/2 inches (but up for smaller peelers); however out-of-state buyers were quite active, and processing prices have been amazingly strong, given the state's big crop. Juice prices were 4 to 5 cents per pound, below last year's price. Revenue will be much improved for growers in the Hudson Valley, even with lower prices, because of a large crop, good packouts, and high quality fruit. Revenue should also be somewhat improved for the Champlain Valley and Western New York growers. The state's apple crop should reach a value of \$138 million, well above the \$102 million realized in 2002. (The assistance of Alison DeMarree, Area Specialist, Cornell Cooperative Extension, is acknowledged for this section of the handbook.)

Grapes

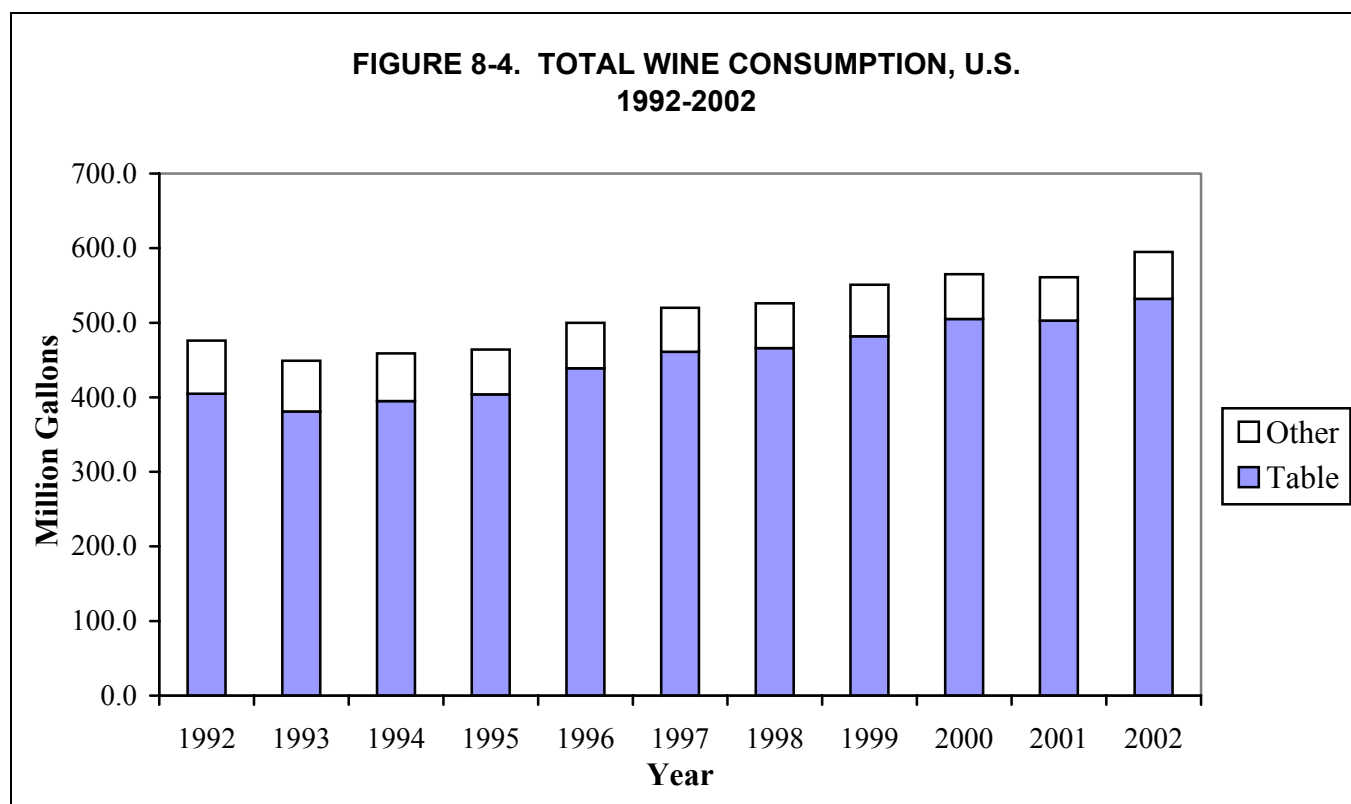
The New York grape crop this year is projected to be 210,000 tons, about 33 percent above the average of the last five years, and, if realized, a record crop. However, a difficult harvesting period, with cool, wet weather and slow ripening meant that considerable acreage was unharvested, and thus utilized grapes will be well below the production estimate. Market conditions were generally unfavorable for both juice and wine grape growers. When the final crop value estimate is available, it will likely show a crop value of \$46 million, up six percent from last year due to considerably higher production, but well below the record value of \$59.2 million realized in 1999.



Source: New York Agricultural Statistics, 2002-2003.

Performance in the US wine market is being driven by increased table wine consumption and the super value wines now available at the retail level (Figure 1). From 1995 to 2001, wine consumption grew at the rate of about 2.5 percent a year. However in 2002, wine shipment entering US distribution channels increased by a remarkable six percent to a record 595 million gallons, despite the weak economy. Excess supplies of grapes and bulk wine permitted California wineries (which account for two-thirds of the US wine shipments), to improve the quality of their product offering even at lower prices. Shipments in 2003 are likely to increase again by six percent!

To sum up the situation in the US wine market and the near term outlook for the rest of 2003 and 2004, supplies of grapes are plentiful; there is a worldwide excess supply of both grapes and wine that is expected to last for at least a couple of years. Imports, even with the lower value dollar, are increasing. Plentiful supplies led to the development of new “extreme-value” labels, some with innovative packaging of premium varietals. In this pricing environment, wineries and retailers are facing their lowest margins in years. In addition, there is increasing retail power of chains and club stores. The near term outlook is for the most intensely competitive holiday season in years, if not decades. Some analysts expect to see domestic varietal wines selling in the \$4 to \$5 range in the near future in competitive retail markets such as California.



Source: Wine Institute/Department of Commerce/Gomberg, Fredrickson and Associates

Concords are the predominant variety grown and processed in New York. There were 107,770 tons of Concords from New York processed in 2002, similar to the previous year, but 47 percent below the record crop of '99. Over the past five years, Concords have comprised 73 percent of total tonnage utilized. The second leading variety is Niagara with 9.8 percent of tonnage followed by Catawba with 4.7 percent. *Vinifera*, with an average of just 4,349 tons utilized, accounted for just 2.8 percent of the NY crush over the last five years.

The average price for French-American hybrids such as Aurore, de Chaunac, and Cayuga White has been flat to declining in recent years except for Seyval, which increased dramatically last year. Native American varieties used for juice (i.e. Concord and Niagara) were in a cycle of relatively high prices until 2002, while American varieties used primarily in wine (such as Catawba and Elvira) were sold at somewhat lower prices. This year, for growers selling to large wineries, prices for grapes on contract ranged from slightly higher to slightly lower than last year, depending upon the variety. Canandaigua Wine Company, the major buyer of wine grapes in New York, listed a \$5 per ton increase for Aurore, Catawba (early or low brix), and Elvira. A \$10 increase was listed for other Catawba grapes. A \$5 decrease was listed for Concord. Canandaigua did not list prices for hybrids. There was an announcement of a cutback in contracted tonnage

**TABLE 8-5. GRAPES: NEW YORK GROWN
Received By Wineries and Processing Plants, 1998-2002**

Variety	1998	1999	2000	2001	2002	5-Year Avg.
----- tons -----						
Concord	89,400	154,500	113,300	107,200	107,770	114,434
Niagara	10,000	17,200	13,900	15,100	18,880	15,016
Catawba	6,090	9,600	6,400	7,760	6,680	7,306
Elvira	3,080	4,540	3,660	3,950	4,200	3,886
Delaware	550	1,180	630	550	820	746
Ives	115	210	140	150	165	156
Aurora	4,080	4,240	4,060	2,880	4,100	3,872
de Chaunac	710	940	670	850	590	752
Baco Noir	890	730	720	990	930	852
Seyval Blanc	650	850	550	610	590	650
Cayuga White	840	860	740	670	830	788
Rougeon	420	660	540	680	625	585
Vitis Vin.(all)	4,015	4,030	4,670	4,410	4,620	4,349
Other varieties	2,160	2,460	2,020	2,200	2,200	2,208
Total, all varieties	123,000	202,000	152,000	148,000	153,000	156,250

SOURCE: New York Agricultural Statistics, 2002-2003.

**TABLE 8-6. GRAPES: PRICES PAID FOR NEW YORK GROWN GRAPES PROCESSED
1998-2002**

Variety	1998	1999	2000	2001	2002	5-Year Avg.
<u>American Varieties</u>						
Catawba	245	243	246	252	237	245
Concord	276	261*	263*	264	233	259
Delaware	270	279	272	259	284	273
Elvira	240	238	244	250	259	246
Ives	370	384	385	381	302	364
Niagara	265	271*	248*	240	246	254
<u>French American Hybrid</u>						
Aurore	245	248	240	244	245	244
Baco Noir	395	409	405	442	362	403
Cayuga White	390	401	412	398	415	403
de Chaunac	375	285	391	375	321	349
Rougeon	380	404	384	382	315	373
Seyval Blanc	360	346	392	377	533	402
<u>Vitis Vinifera</u>						
All varieties	1,230	1,290	1,310	1,316	1,454	1,320
TOTAL	308	283	295	298	272	291

*Preliminary estimates of future payments by cooperatives have been included based upon historical data.
SOURCE: Fruit, 975-2-03 NY Agricultural Statistics Service.

of 15 percent, and the company did not purchase DeChaunac as they had in the past. The overall average price for native varieties (used for wine) and hybrids, when weighted by volume of purchases, will be slightly lower than last year. An increase in non contracted tonnage will impact certain varieties even further.

Vitis Vinifera prices are heavily influenced by Riesling and Chardonnay, which are harvested in larger quantities than other *vinifera* varieties. Prices offered by Finger Lakes wineries for *vinifera* grapes were slightly lower than last year for red varieties (for the second year in a row), with price decreases for Cabernet Franc (down four percent) and Cabernet Sauvignon (down three percent). The additional plantings of red varieties in recent years are now bearing crops so that the tonnage produced has caught up with demand. Whereas three years ago, a few wineries had small quantities of cases of Cabernet Franc available, now many wineries have more product available on the shelves, and there are plentiful Cabernet Franc grapes available to meet the current demand. Price offerings for white varieties increased with Chardonnay and Riesling both showing increases in the average price offering. The average prices for all *vinifera* in the state of New York will probably increase slightly with price gains for white varieties offsetting decreases for red varieties for the 2003 crop year.

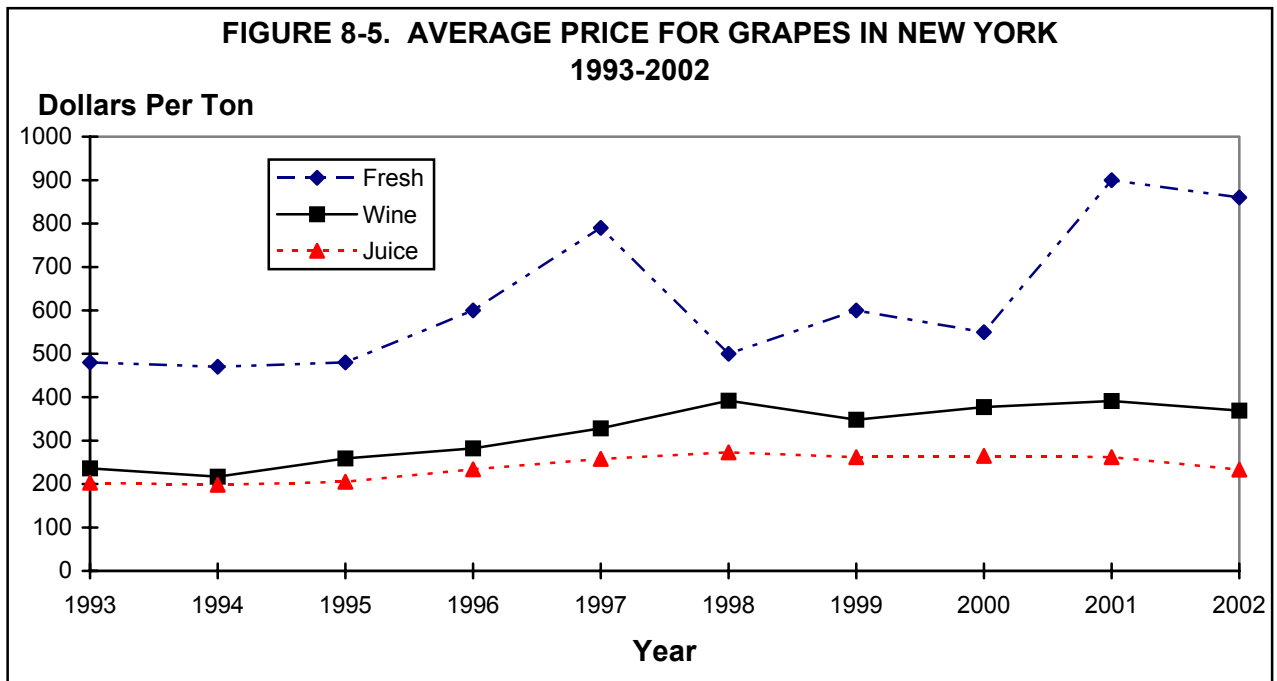
Small wineries in the Finger Lakes with quality wines and good marketing skills experienced declining sales or, at best, no growth in retail sales for the first half of the current year. Winery visitation leveled off and in some areas decreased slightly. Beginning the second half of '03, both sales and visitation increased modestly. Many wineries expect slightly increased dollars spent per visitor for the entire '03 fiscal year. Nevertheless, this was a substantial change for these wineries that had been experiencing growth in retail sales of five to ten per cent a year for the last several years.

Finger Lakes wineries' management should not be complacent with their reliance on direct marketing and a solidifying tourist based market. The slowdown in sales growth that many wineries experienced this year may signal something more fundamental that will last even after the economy improves. The new "extreme-value" category offers new threats and opportunities for the area's wineries!

The national crop of Concord and Niagara grapes was one of the largest on record. Eastern US production recovered from last year's freeze damaged crop; Michigan's production increased about 87 percent, while Pennsylvania's production increased 32 percent. New York production was forecast to be a record. The record sized crop, combined with poor weather, resulted in low sugar, reducing the effective price for juice grapes considerably.

National Grape Cooperative processes about 40 per cent of the total NY grape crop and about two thirds of the US Concord crop. Favorable publicity about the health benefits of grape juice has enhanced demand for Concord grapes. The Cooperative's international operations are strong, contributing about \$57 million to net sales, out of a total of \$553 million in 2002. Excluding sales to Puerto Rico, foreign trade amounts to \$22 million for the cooperative, or about \$450 per patron acre. In FY 2003, international sales grew on a case basis by 34 percent, with steady progress in the UK, and starting local production in South Korea. A major challenge in the coming year will be to manage the low sugar crop in a market in which the Cooperative has achieved demand momentum through its premium brand image. Earnings from the 2003 crop for juice grape growers will likely decline again as cash prices have decreased the last couple of years. Grapes left on the vine will hurt yields, income, and profits in 2003 for juice grape growers.

(The assistance of Barry Shaffer and Tim Martinson, area Extension Educators in the Lake Erie region and the Finger Lakes region, is acknowledged for this section of the handbook.)



Source: New York State Agricultural Statistics, 2002-2003.