

An Overview of Georgia Vegetable Market

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NAFTA

NAFTA agreement has improved trade between Canada, Mexico and the United States in recent years. Trade for processed potatoes, fresh apples and fresh pears have increased over 15% with Mexico. On the other hand, trade with Canada for processed tomatoes, snap beans and cucumber increased about 15%, 66% and 90% respectively (Fig 1).

Fig 1: U.S. Trade Effect of NAFTA, 2003.

U.S. EXPORT	CANADA	MEXICO
Processed potatoes		> 15% Increase
Fresh apples		> 15% Increase
Fresh pears		> 15% Increase
Processed tomatoes	< 15% Increase	
Beans, Snap	66% Increase	
Cucumber	90% Increase	

Source: USDAOutlook VGS-292-01, Aug. 2002.

Presently, Canada is the number one buyer of U.S. fruits and vegetables, position which Japan enjoyed for quiet awhile. In 2002/2003 the U.S. recorded a strong 12.7% vegetable import growth and 3.1% in 2003/2004. Per capita use increased by 1.6% and 0.4% during the same time period. However, vegetable export stagnated.

Figure 2 shows that Georgia actually produces some vegetable more than it can consume locally. For instance, the per capita consumption of cucumber in 2002 was 6.9 lbs. Georgia produced 196.0 million lbs whereas only 60.7 million pounds can be consumed locally. That translates to an excess production of 135.3 million pounds. This excess must be sold somewhere or destroyed. Other examples can be seen with onion, watermelon and cabbage respectively (Fig. 2).

In 2002 and 2003, total watermelons produced in the state of Georgia were 5.4 and 5.9 million pounds whereas total local consumption stood at 1.4 million pounds respectively, thus creating an excess supply of about 4.0 and 4.5 million pounds in the same time period. Total production can be erratic and is influenced by several factors including

weather conditions. In 2003, total bell pepper produced was 1.35 million cwt. In 2004, there was a drastic decrease, equivalent to 51% as only 0.66 million pounds were produced. This fall in total production was as a result of multiple hurricanes and tropical storms that destroyed most of the fall crops thus creating not only a natural shortage but also set skyrocketed price hike.

Fig. 2: Excess Georgia Market Potential, 2004.

Fresh Produce	Per Capita Consumption (lb)*	2004 Georgia Population (millions)	2004 Domestic Market Potential (million cwt)	2004 Total Production (million cwt)	2004 Excess Production (million cwt)
Onion	18.30	8.8	161.0	377.0	+ 216.0
Watermelon	15.90	8.8	140.0	378.0	+ 238.0
Cabbage	8.50	8.8	74.8	250.0	+ 175.2
Cucumber	6.90	8.8	60.7	196.0	+ 135.3
Bell pepper	6.80	8.8	59.8	0.66	- 59.2
Eggplant	0.50	8.8	4.4	18.0	+ 13.6
Beans, Snap	1.90	8.8	16.7	28.0	+ 11.3

Source: OFFICIAL GEORGIA ESTIMATES – Fruits and Vegetables

Data compiled by Georgia Agricultural Statistics Service and compiled by author, 2006.

* Per capita consumption for 2004 was not readily available at the time of data compilation. The data used here was 2002.

How do we get rid of these excess?

- ✳ Develop new export markets
- ✳ Improve existing local markets
- ✳ Increase per capita consumption
- ✳ Increase population
- ✳ Grow only crops which we have comparative advantage, cost wise
- ✳ Grow alternative crops with high market value
- ✳ Produce value-added vegetables
- ✳ Be customer and market oriented

US Market Share in Japan

In the 1990s the United State was the number one supplier of fresh vegetables and fruits to the Japanese market with a market share of 14% from 1990-1992 and 29% from 1992-1994. During this same period, China had only 6% share. As of 2001, the United States lost the number position to China. Our share dropped to 19% and 21% for fresh and processed vegetables while China increased her share to 38% and 53% respectively (Fig 1).

While it is true that China has geographic proximity, low cost of production and other advantages, it is also true that the U.S. has not been very aggressive in this market by producing and supplying what the market actually needs. China diversified and tailored its vegetable production to the meet the needs of Japan market by supplying such items as mushrooms, radishes, peas, leeks, garlic, edible brassicas, onions, carrots, turnips, spinach, beans, and frozen vegetables. The U.S. on the contrary has limited production only to a few crops such as processed potatoes for French fries, processed sweet corn, grapes, cherries, oranges, broccoli and frozen vegetables. Growers have to study the market and produced what the market wants, not what they (farmers) grow the best.

Canada Market Potential

Although Canada is our major fresh fruits and vegetable market, a market survey conducted in 2004 revealed that overall, Canadians are satisfied with fresh produce from Georgia because of the excellent quality and timely supply. However, the major concern is that, the market is already saturated and can no-longer accommodate more fresh produce from Georgia in particular and the United States at large without damping the price. It is therefore important that our growers start looking at alternative regional and foreign markets to get rid of the surplus supply.

Conclusion

It is important to find ways to increase our market shares in Mexico, Japan and Europe if we must stay in the fresh vegetables and fruit business. The United States still have potential to dominate Japanese market but we must diversify our product to suit the market demand and continuously improve the currently exported products. China will continue to put pressure on us and try to squeeze us out if we don't react quickly. Europe is our best alternative now but we must comply with the EU regulations. It is imperative we maintain our dominant presence in Canada and Mexico (NAFTA markets).