



Fruit and Vegetable Situation and Outlook

2007 Southern Outlook Conference

Atlanta, Georgia, September 24-26

Marco Palma
Assistant Professor and Extension Economist
Agricultural Economics Department
Texas A&M University
mapalma@tamu.edu

Overview

- Introduction to the US Horticulture Industry
- US Fruit & Vegetable Situation
- Current Issues affecting the Produce Industry
- Fruit and Vegetable Trade (FAS data)
- Summary and Conclusions

Horticultural Commodities

Vegetables



Fruits



Ornamentals - annuals,
herbaceous perennials, shrubs,
trees, turf, ground covers



Herbs and spices



Top U.S. Horticultural Producers

1. California
2. Florida
3. Texas
4. Arizona
5. Michigan
6. New York
7. Washington
8. Oregon

A Global Activity

- Trade among many countries
- Cut-flowers in the U.S.
- Spring flowering bulbs (e.g. tulips, daffodils, hyacinths, etc)
- Cut-flowers in Europe
- U.S. Vegetables, specially during winter; Europe?
- Oranges??? In Europe and Japan

US Farm Cash Receipts -2002

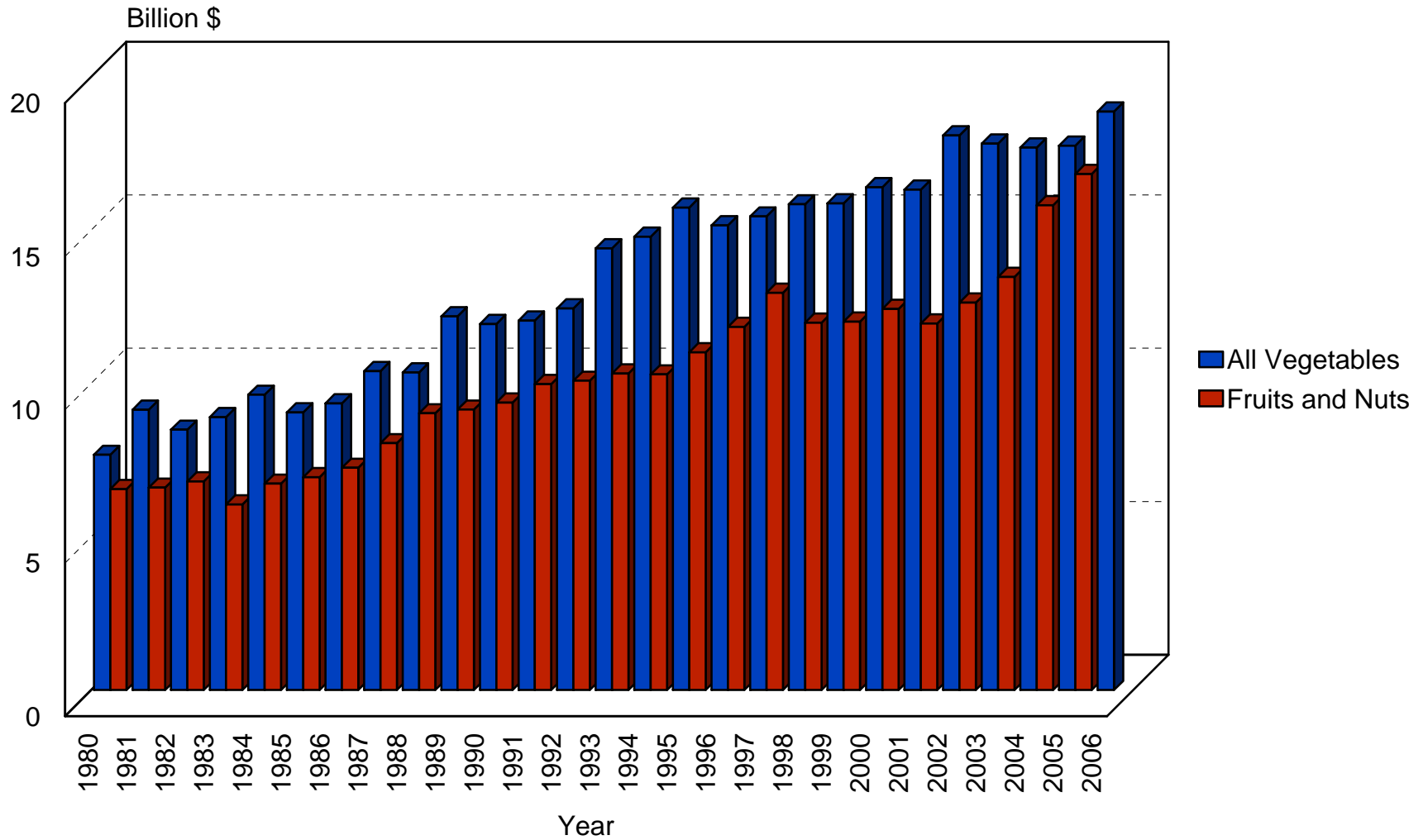
Item	Farms	Sales (\$1,000)		
Total sales	2,128,982	200,646,355	(X)	100.0
Cattle and calves	851,971	45,115,184	1	22.5
Grains, oilseeds, dry beans, and dry peas	485,124	39,957,698	2	19.9
Poultry and eggs	83,381	23,972,333	3	11.9
Milk and other dairy products from cows	78,963	20,281,166	4	10.1
Nursery, greenhouse, floriculture, and sod	56,070	14,686,390	5	7.3
Fruits, tree nuts, and berries	107,707	13,770,603	6	6.9
Vegetables, melons, potatoes, and sweet potatoes	59,044	12,785,898	7	6.4
Hogs and pigs	82,028	12,400,977	8	6.2
Other crops and hay	359,262	7,929,618	9	4.0
Cotton and cottonseed	24,721	4,005,366	10	2.0
Tobacco	56,879	1,616,533	11	0.8
Horses, ponies, mules, burros, and donkeys	128,045	1,328,733	12	0.7
Aquaculture	6,653	1,132,524	13	0.6
Other animals and other animal products	29,391	721,738	14	0.4
Sheep, goats, and their products	96,249	541,745	15	0.3
Cut Christmas trees and short-rotation woody crops	14,744	399,848	16	0.2

**Total Hort:
41.6 Billion**

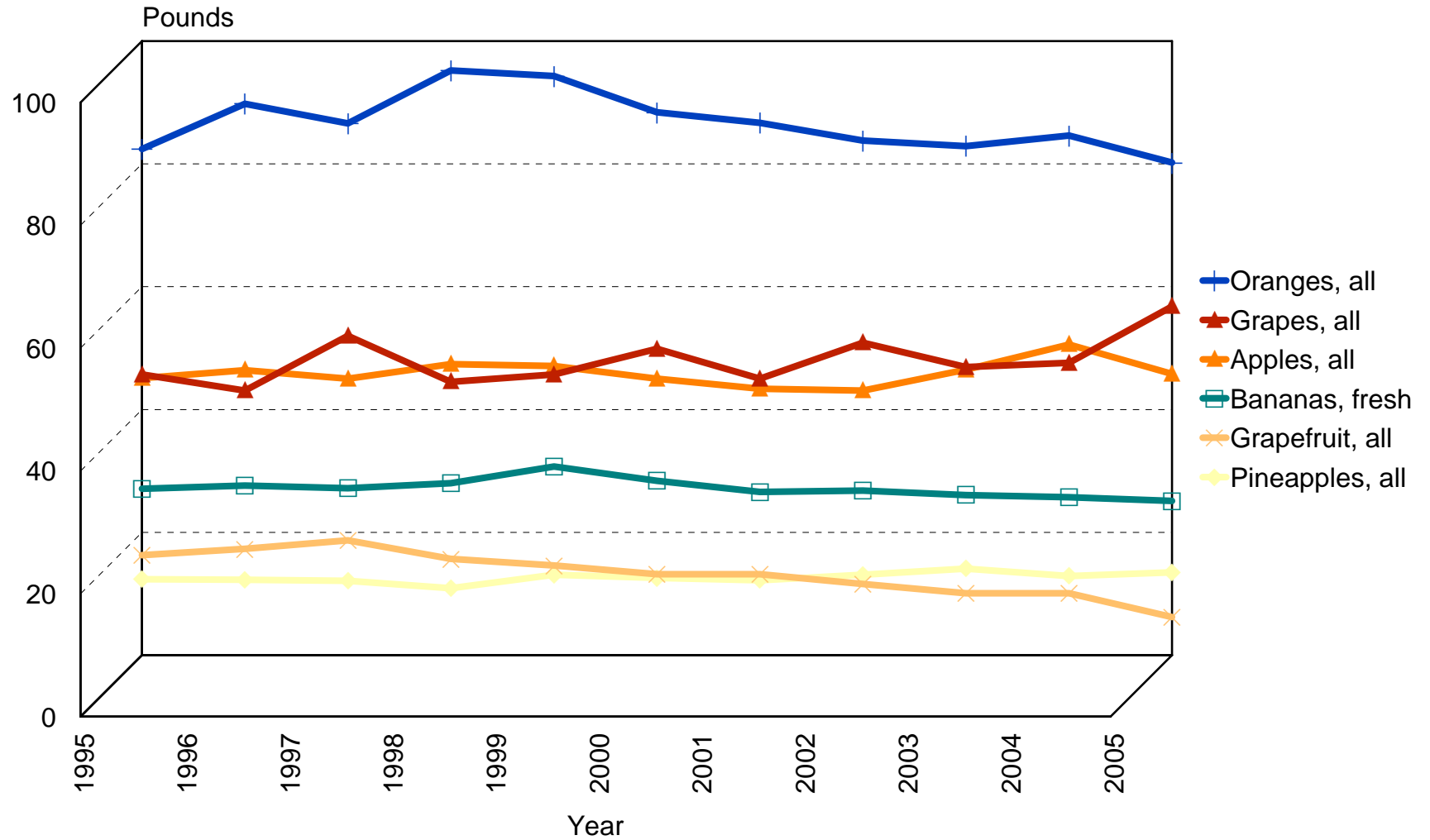
Leading commodities for Cash Receipts, 2006

Rank	Items	Value 1,000 dollars	%
	All commodities	239,271,907	100
	Livestock and products	119,320,429	49.9
	Crops	119,951,478	50.1
1	Cattle and calves	49,148,366	20.5
2	Dairy products	23,421,987	9.8
3	Corn	21,716,106	9.1
4	Broilers	18,851,949	7.9
5	Soybeans	16,920,732	7.1
6	Greenhouse/nursery	16,891,934	7.1
7	Hogs	14,085,345	5.9
8	Wheat	7,317,737	3.1
9	Cotton	6,172,887	2.6
10	Hay	4,912,144	2.1
11	Chicken eggs	4,340,076	1.8
12	Turkeys	3,482,746	1.5
13	Grapes	3,331,581	1.4
14	Potatoes	2,929,648	1.2
15	Tomatoes	2,280,996	1.0
16	Apples	2,100,310	0.9
17	Almonds	2,040,357	0.9
18	Lettuce	2,007,911	0.8
19	Rice	1,773,340	0.7
20	Oranges	1,759,263	0.7
21	Strawberries	1,515,393	0.6
22	Horses/mules	1,313,400	0.5
23	Sugar beets	1,193,151	0.5
24	Tobacco	1,155,671	0.5
25	Aquaculture	937,378	0.4

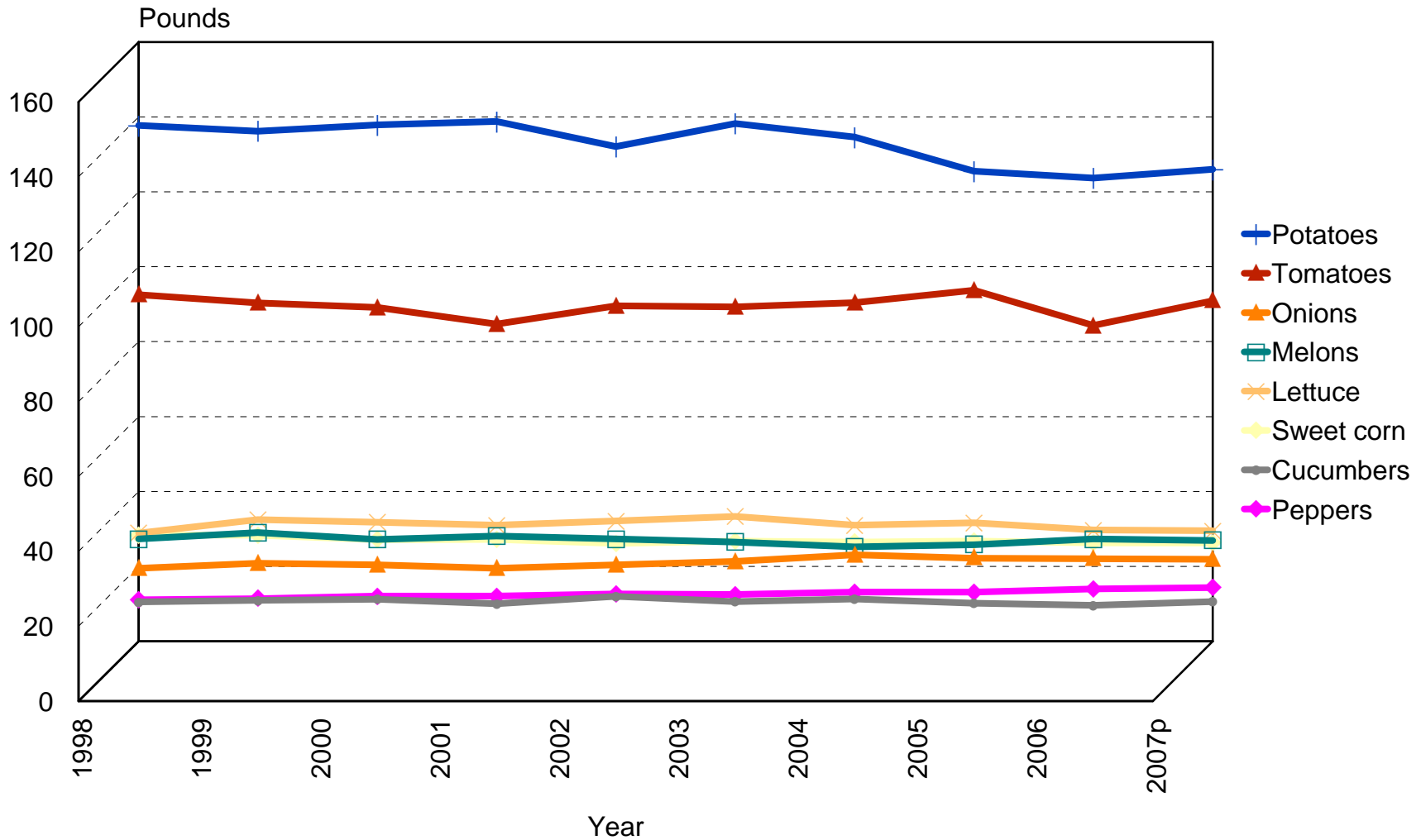
Fruit and Vegetables Cash Receipts



Per capita Use of Selected Fruits



Per capita Use of Selected Vegetables



U.S. vegetable and melon industry: Total area harvested and production, 1992-2006

Item	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Change 2005-06
----- 1,000 acres -----																
-- Percent																
Harvested area:																
Fresh-market 1/ 2/	1,512	1,523	1,566	1,527	1,559	1,541	1,545	1,580	1,751	1,740	1,664	1,670	1,666	1,666	1,658	-0.5
Melons	365	332	331	325	328	309	296	310	288	281	267	259	251	250	256	2.1
Processing 3/	1,446	1,405	1,588	1,580	1,485	1,423	1,444	1,513	1,450	1,333	1,340	1,337	1,287	1,270	1,250	-1.6
Dry edible beans 4/	1,530	1,618	1,831	1,896	1,751	1,759	1,918	1,881	1,617	1,250	1,739	1,347	1,219	1,534	1,538	0.3
Potatoes	1,315	1,321	1,385	1,376	1,426	1,354	1,387	1,332	1,348	1,221	1,266	1,249	1,167	1,087	1,116	2.6
Sweet potatoes	82	80	83	83	84	82	84	83	95	94	82	93	93	88	87	-1.8
Dry edible peas 5/	164	157	133	209	212	289	317	255	180	200	299	344	532	790	907	14.7
Lentils	126	143	178	163	140	183	159	175	214	197	215	237	329	439	407	-7.3
Mushrooms, all	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	-2.1
Total	6,544	6,582	7,098	7,163	6,987	6,943	7,151	7,132	6,945	6,319	6,874	6,538	6,547	7,128	7,220	1.3
----- Million cwt -----																
Production:																
Fresh-market 1/ 2/	332.6	330.8	354.3	334.4	343.0	370.9	350.0	379.0	383.1	376.1	375.1	403.1	415.5	407.7	399.6	-2.0
Melons	60.6	59.7	61.9	62.7	69.0	65.6	63.7	68.0	64.4	67.8	67.1	65.6	64.0	64.4	66.9	3.9
Processing 3/	299.5	301.5	369.6	354.6	353.6	327.1	312.8	383.9	343.0	302.2	343.2	311.2	353.3	314.2	319.1	1.5
Dry edible beans 4/	22.6	21.9	29.0	30.7	27.9	29.4	30.4	33.1	26.5	19.6	30.3	22.5	17.8	26.8	24.2	-9.4
Potatoes	425.4	430.3	469.4	445.1	499.3	467.1	475.7	478.1	513.5	437.7	458.2	457.8	456.0	423.9	434.6	2.5
Sweet potatoes	12.0	11.0	13.4	12.8	13.2	13.3	12.4	12.2	13.8	14.5	12.8	15.9	16.1	15.7	16.2	3.3
Dry edible peas 5/	3.2	4.3	3.1	5.9	3.3	6.5	6.7	5.5	4.2	4.5	5.5	6.0	12.6	15.0	14.1	-6.2
Lentils	1.6	2.0	1.9	2.2	1.3	2.4	1.9	2.4	3.0	2.9	2.6	2.4	4.2	5.2	3.2	-37.2
Mushrooms, all	7.5	7.8	7.6	7.9	7.9	7.9	8.2	8.6	8.7	8.6	8.4	8.5	8.5	8.5	8.4	-1.1
Total	1,165.0	1,169.4	1,310.1	1,256.4	1,318.5	1,290.1	1,261.7	1,370.8	1,360.2	1,233.9	1,303.3	1,293.0	1,348.1	1,281.4	1,286.4	0.4

1/ Due to changes in the estimates program, data for 2000 and 2001 may not be comparable with other years. Includes fresh-cut/processing.

2/ Excludes melons, potatoes, sweet potatoes, pulse crops, and mushrooms.

3/ Excludes potatoes, sweet potatoes, mushrooms, pulse crops, and fresh-cut produce.

4/ Includes chickpeas and blackeye peas.

5/ Excludes chickpeas and blackeye peas. Production includes wrinkled seed peas.

Source: USDA, National Agricultural Statistics Service, Vegetables Annual Summary, Crop Production, and Mushrooms.

Fruit & Nut Industry

- Total Fruit & tree nut production decreased in 2005 to 31.4 million tons ~lowest in last 13 years
- The Value however, reached a record high of 16.2 billion, up 8% from 2004
 - ✓ Citrus - \$2.3 billion
 - ✓ Non-citrus \$10 billion
 - ✓ Tree nuts \$4 billion

Fruit & Nut Industry

- US fruit consumption decreased 2% to 281.8 pounds
 - ✓ Non- Citrus accounted for 63% of all consumption ~179.4 pounds
 - ✓ Citrus fruit consumption declined 7% to 99.7 pounds
 - ✓ Tree nuts consumption decreased 22% to 2.7 pounds

Vegetable Industry

- Aggregate US output of all vegetables up less than 1% to 130 billion pounds
 - ✓ (-) Lettuce, carrots, onions, pulse crops
 - ✓ (+) potato, sweet potato, processed tomatoes
- Imports increased 10% to \$7.4 billion
 - ✓ Mexico (44%), Canada (24%), China (5%),
 - ✓ 16% of all vegetable consumption

Vegetable Industry

- Exports increased 9% to \$4.4 billion
 - ✓ Canada (43%), Mexico (13%), Japan (12%), Taiwan (2%)
 - ✓ About 9% of US vegetable production was exported in 2006 ~ about the same as a decade ago
- Vegetable consumption in 2006 decreased 3% to 428 pounds
 - ✓ Potatoes (29%), tomatoes (20%), all lettuce (7%), sweet corn (6%), onions (5%)

Issues Affecting Horticulture Industry

(-)

- Stronger competition from less expensive imports
- Increasing consumer concerns about food safety
- Increasing Fuel/Energy Costs
- Availability of labor

Issues Affecting Horticulture Industry

(+)

- Increased demand for healthy foods, organic, environmental friendly and local produce
- Trade opportunities
- Positive health dimensions

Issues Affecting Horticulture Industry

4 Topics

- Farm Bill
- Immigration Reform
- Food Safety
- Increased access to fresh fruits and vegetables in Federal Nutrition Programs

Farm Bill

- Farm Bill working group: specialty crop industry priorities for the 2007 Farm Bill
- Farm, Nutrition, and Bioenergy Act of 2007, H.R. 2419 – Nearly \$2 Billion for specialty crops
- Research, food safety, increasing consumption of fresh fruits and vegetables, battling pests and disease from entering the US, increase international markets access, etc.

Immigration Reform

- In June 2007, the Senate failed to pass a comprehensive immigration legislation reform
- Focus is to have a separate vote on the AgJOBS legislation – H2A temporary agricultural worker program
 - ✓ Eliminate labor certification process
 - ✓ Reduction/elimination adverse effect wage rate
 - ✓ Allow aliens not currently in the program to acquire H2A status

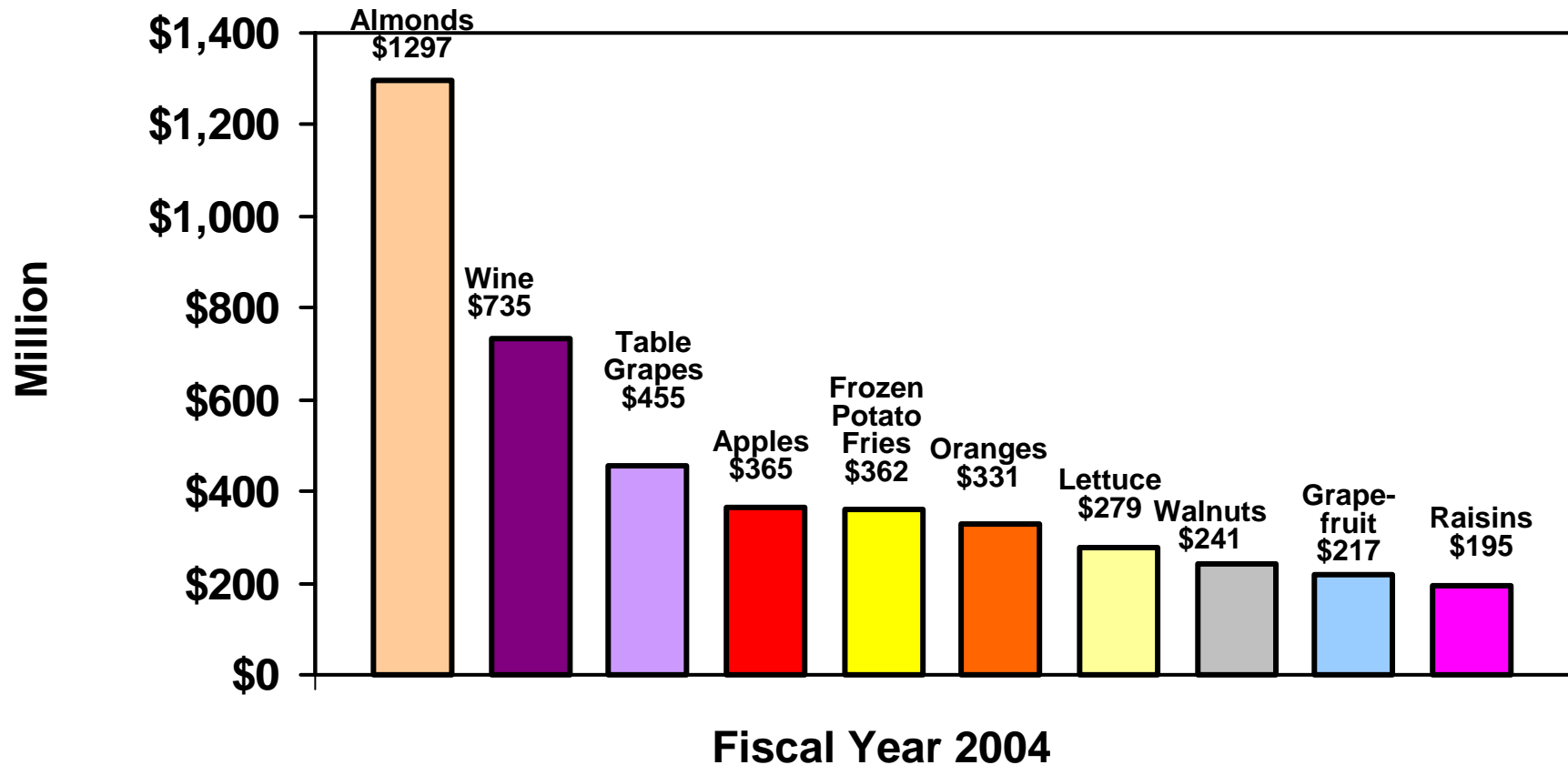
Food Safety

- US food supply is amongst safest in the world
- Food safety measures need to be
 - ✓ National efforts, include international
~not another marketing issue
 - ✓ Commodity specific (not just melons)
 - ✓ Based on the best available science
 - ✓ Supported by strong government oversight

Federal Nutrition Programs

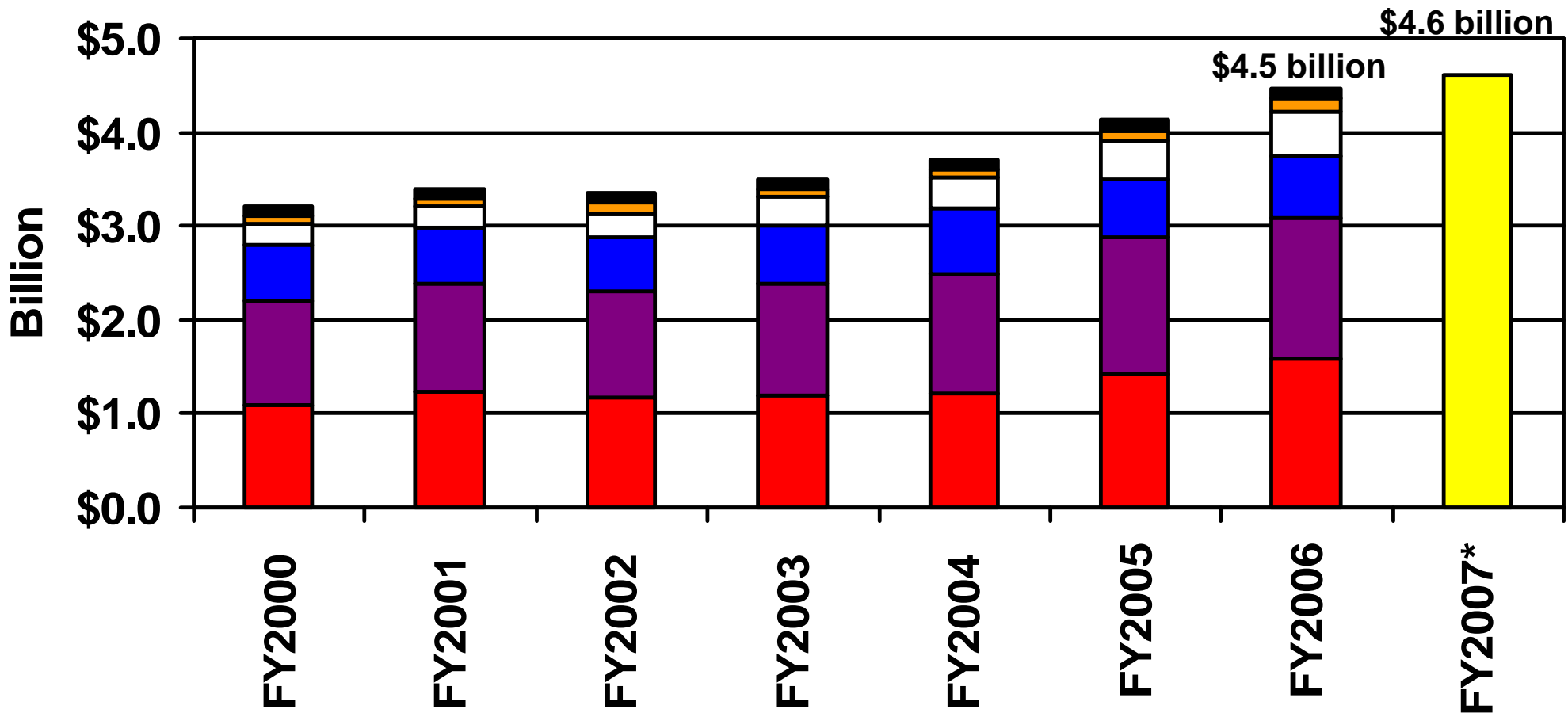
- Increasing access to fresh fruit and vegetables in federal nutrition programs
- Expanding the Fresh Fruit and Vegetable Snack program – 115,000 students, 375 schools in 14 states
- USDA's Special Supplemental Nutrition Program for Women, Infants and Children (WIC) to include fruits and vegetables

Top Ten U.S. Specialty Crop Exports by Value



Source: Bureau of the Census, DOC
Note- U.S. fiscal year is October-September.

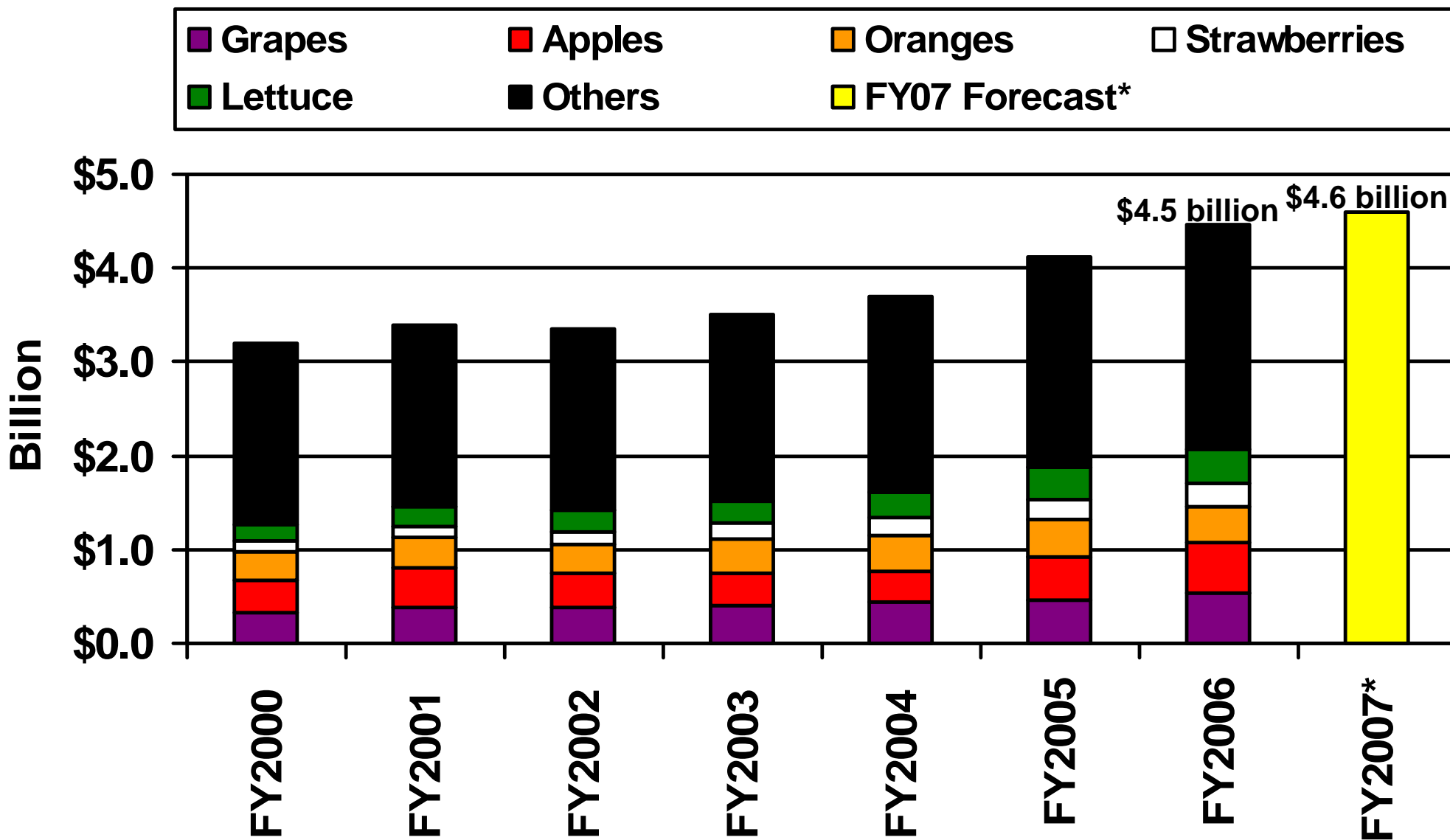
U.S. Exports of Fresh Fruit & Vegetables by Group



*FAS May forecast

Source: Bureau of the Census, DOC

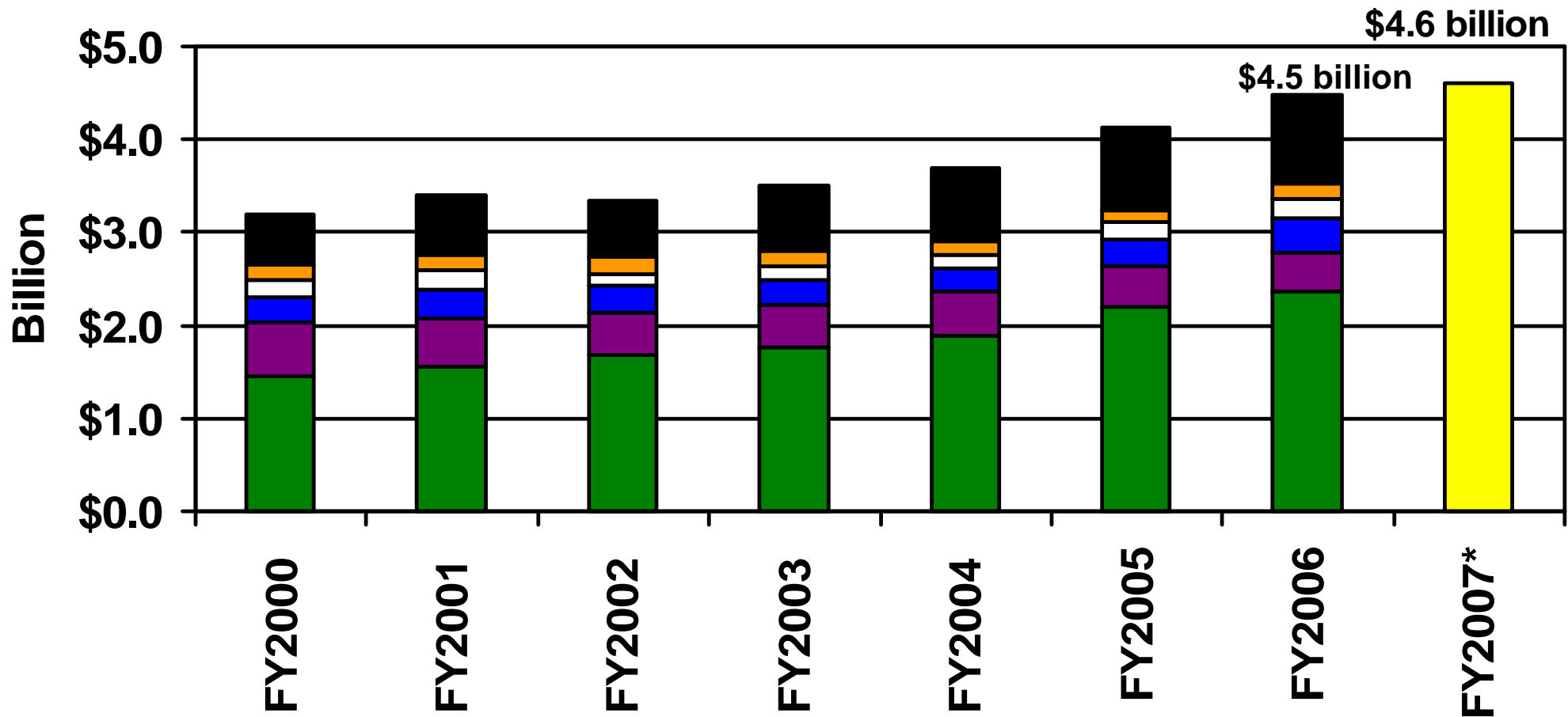
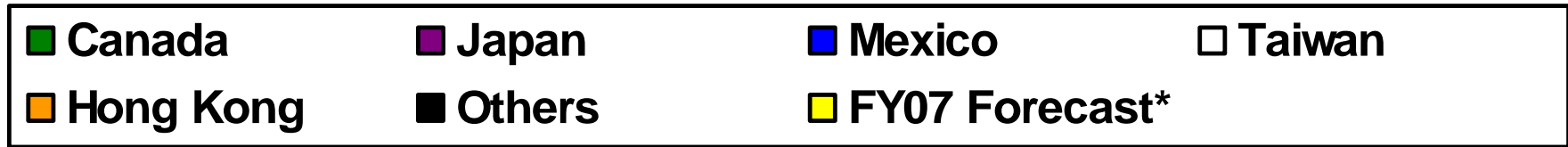
U.S. Exports of Top Fresh Fruit & Vegetables by Commodity



*FAS May forecast

Source: Bureau of the Census, DOC

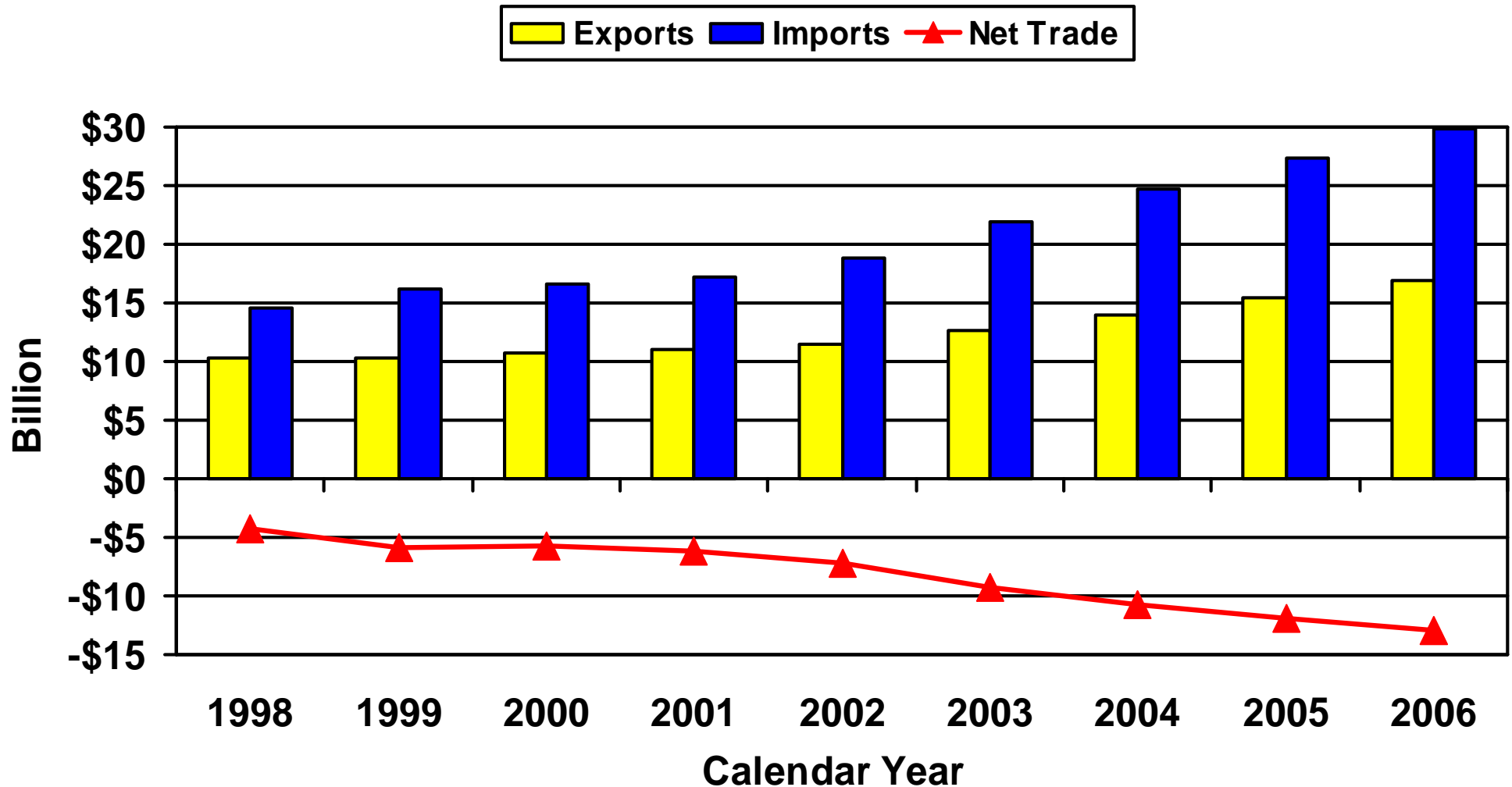
U.S. Exports of Fresh Fruit & Vegetables to Top Markets



*FAS May forecast

Source: Bureau of the Census, DOC

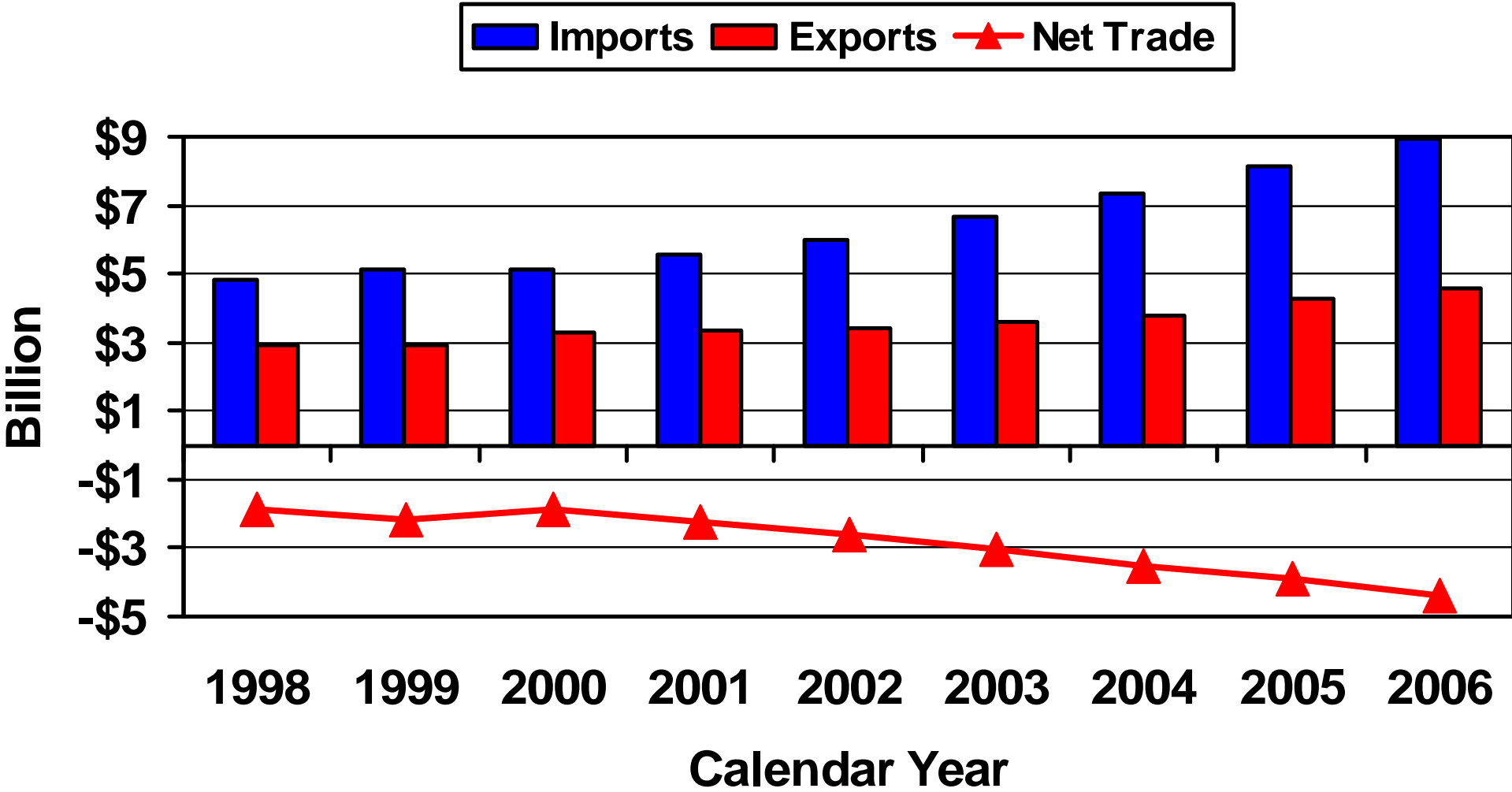
U.S. Overall Horticultural Trade



Source: Bureau of the Census, DOC

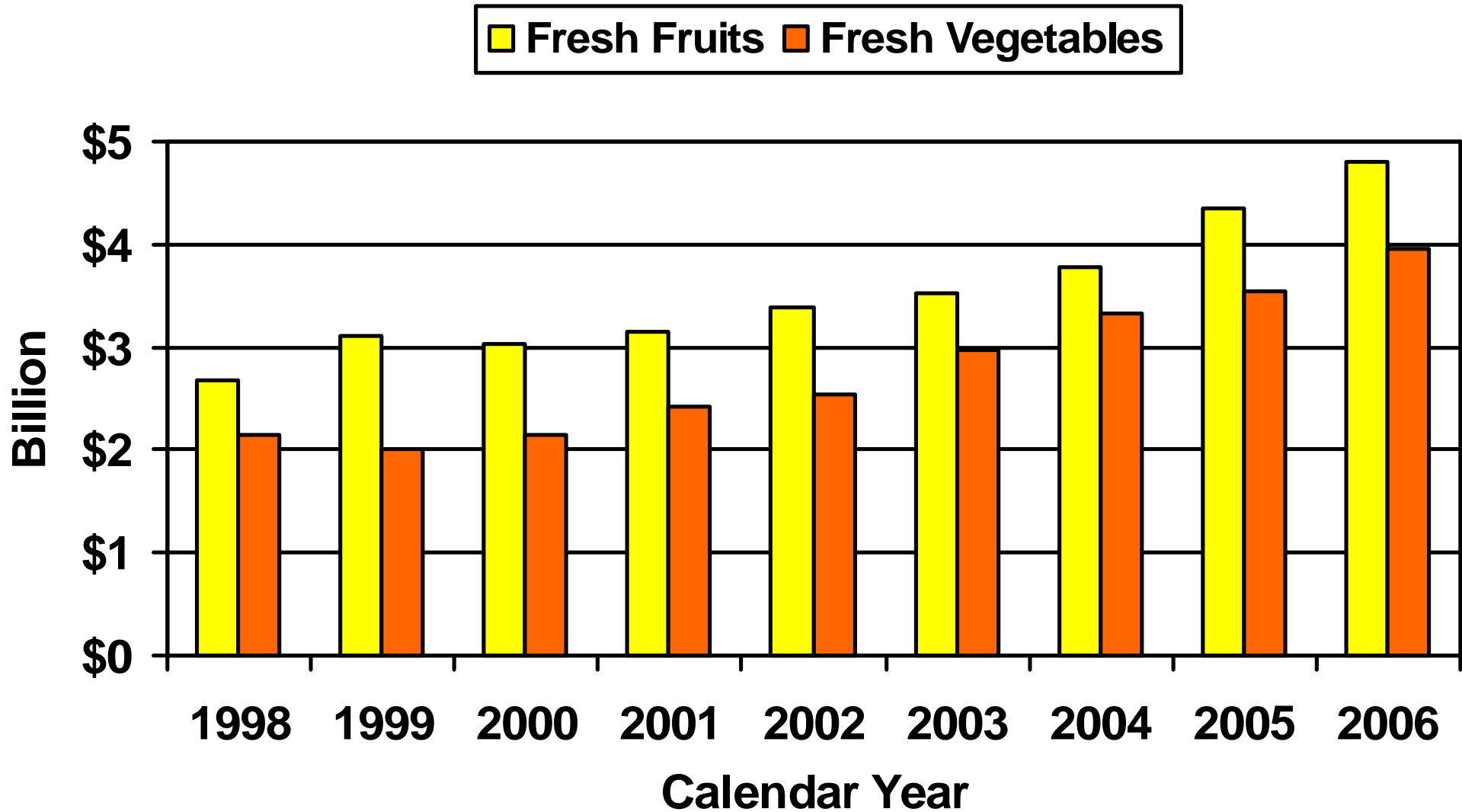
Note: Horticultural trade includes fresh fruits & vegetables, processed fruits and vegetables, nuts, essential oils, nursery products, cut flowers, wine, and beer.

U.S. Trade Balance in Fresh Fruits and Vegetables



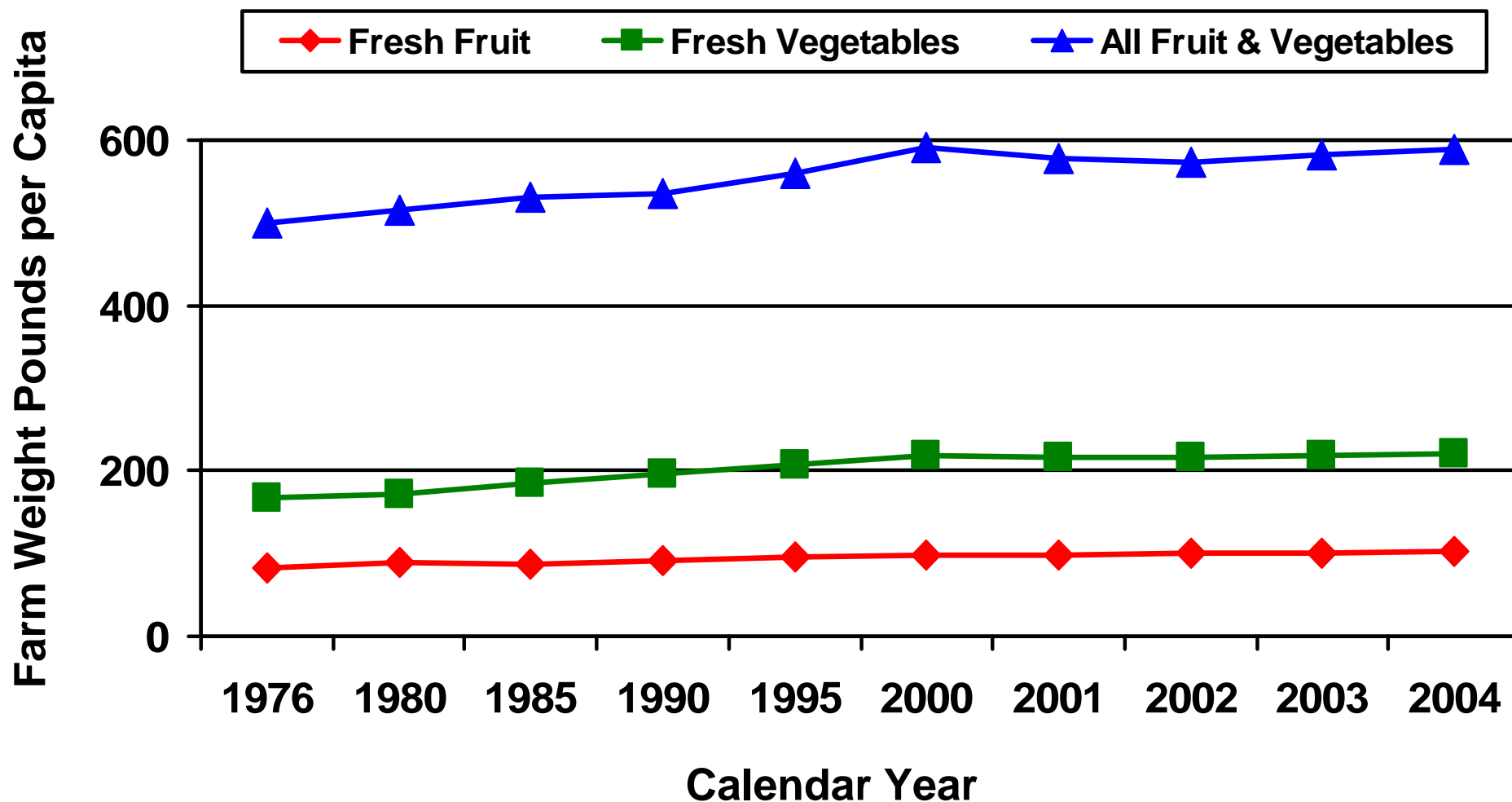
Source: Bureau of the Census, DOC

U.S. Imports of Fresh Fruits and Vegetables



Source: Bureau of the Census, DOC

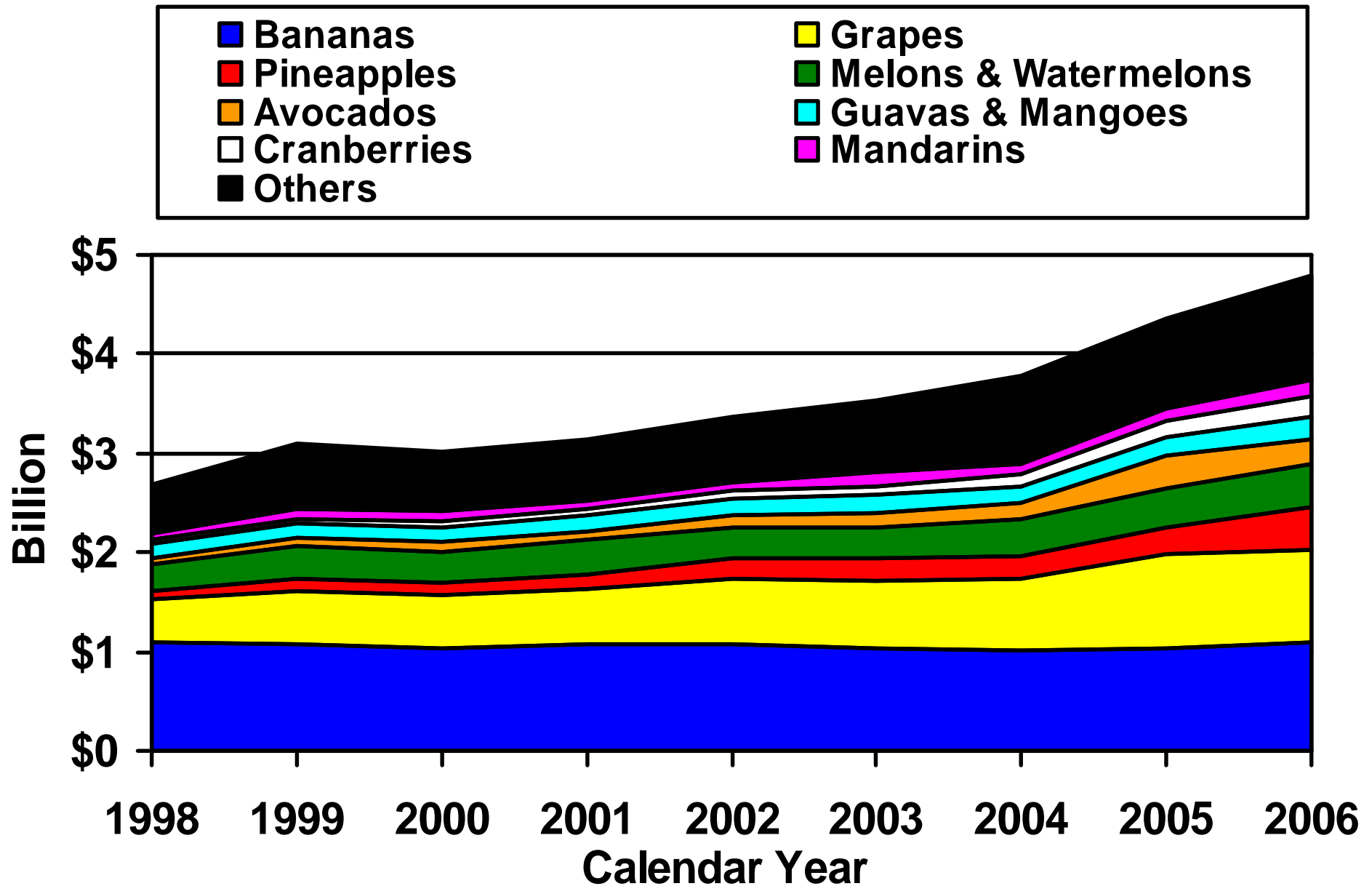
U.S. Per Capita Consumption of Fresh Fruits and Vegetables



Source: Economic Research Service, USDA

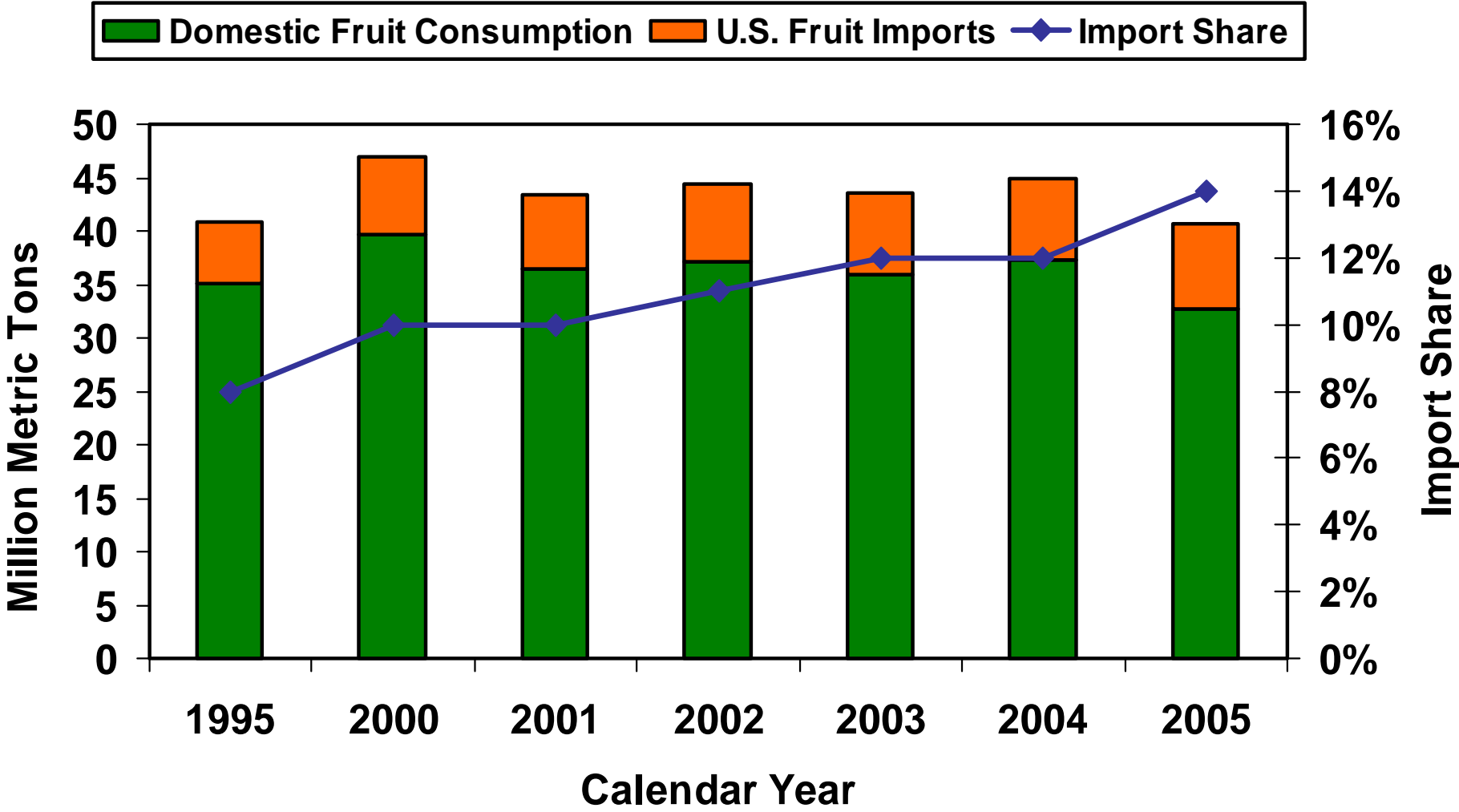
Note: Vegetables includes fresh potatoes, sweet potatoes, and mushrooms. All Fruits & Vegetables includes vegetables for processing. 2004 latest data available for fruits.

U.S. Top Imports of Fresh Fruits



Source: Bureau of the Census, DOC

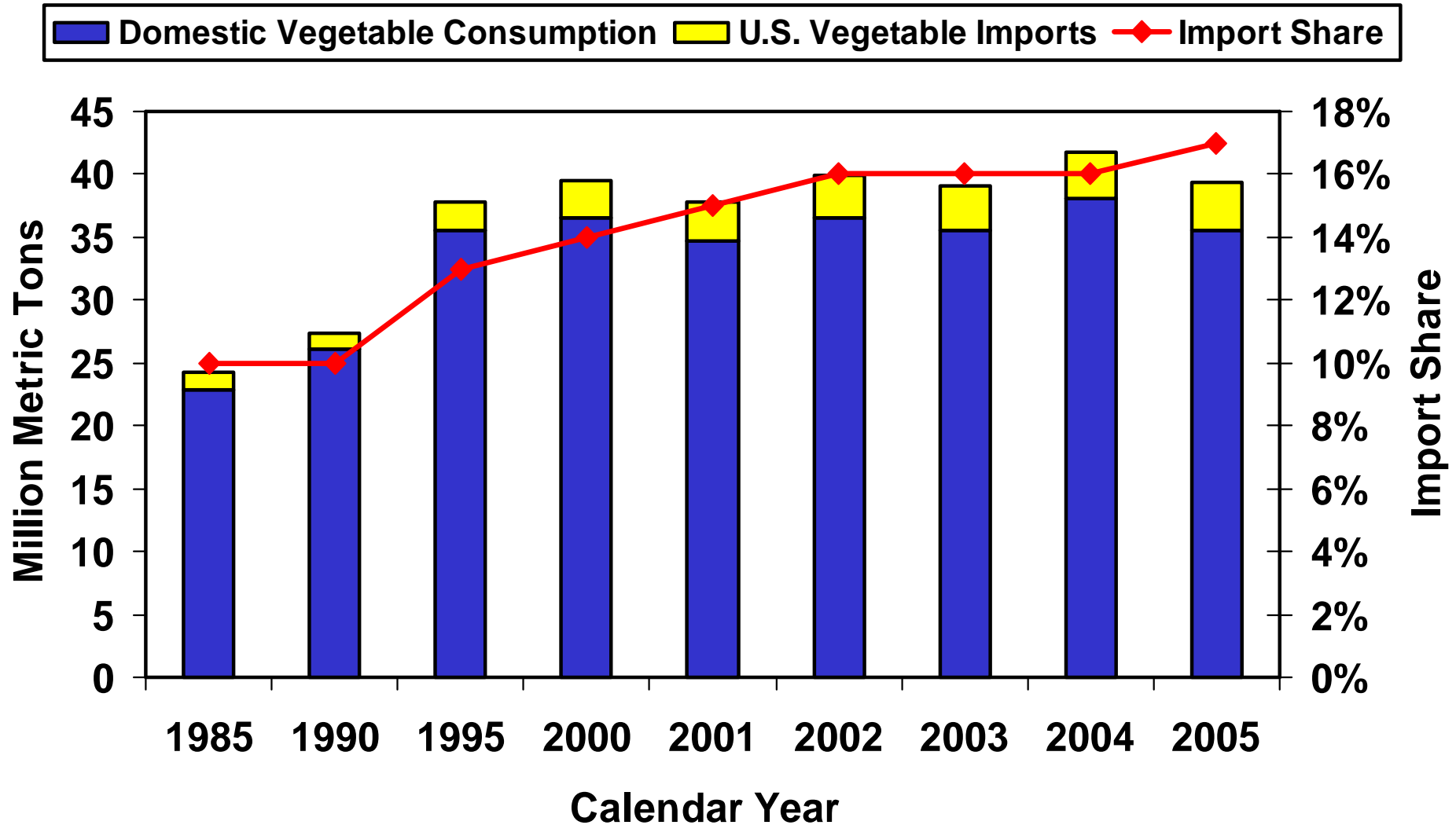
Import Share of U.S. Fresh Fruit Consumption



Source: National Agricultural Statistics Service, USDA; Bureau of Census, DOC

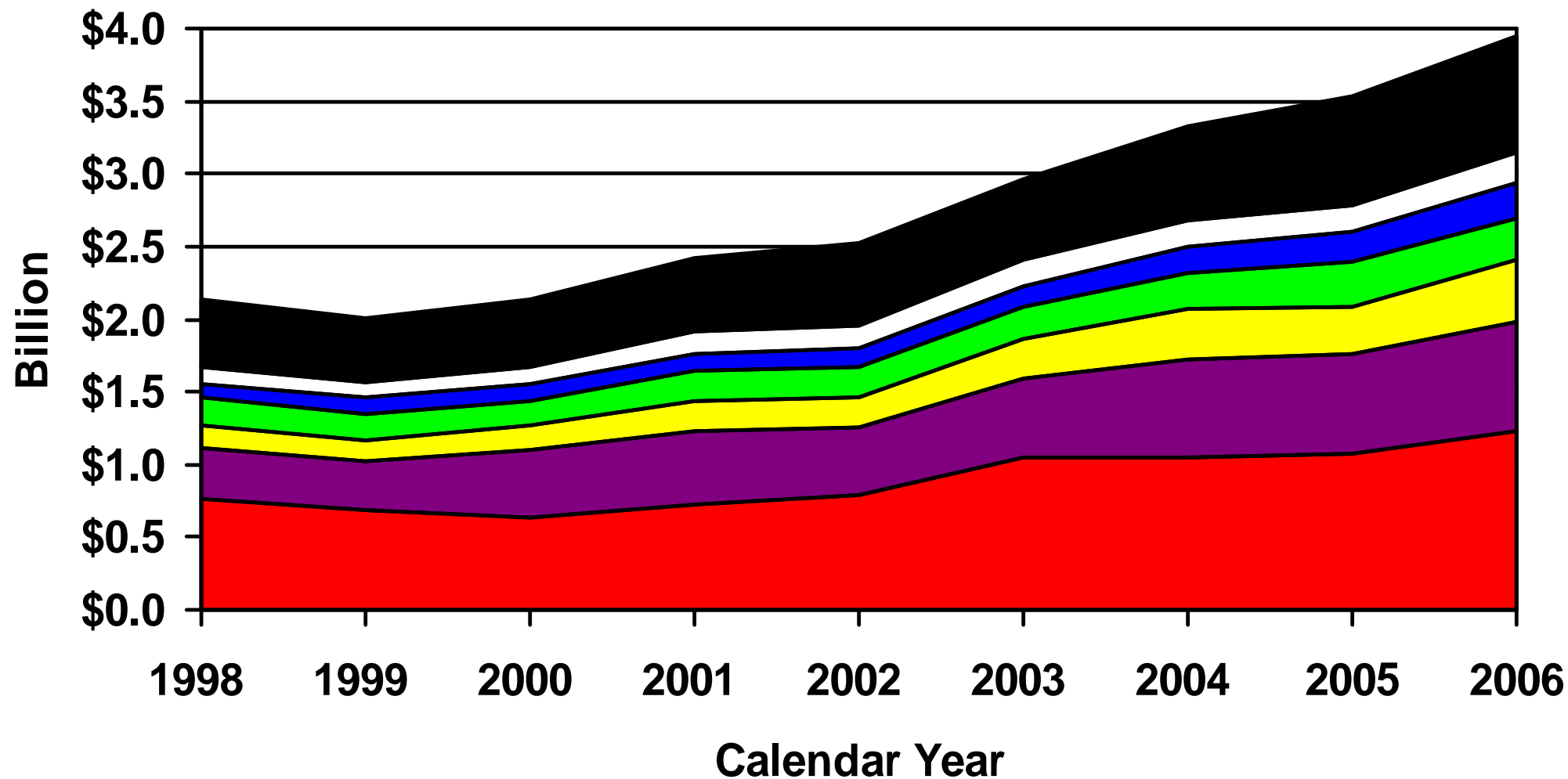
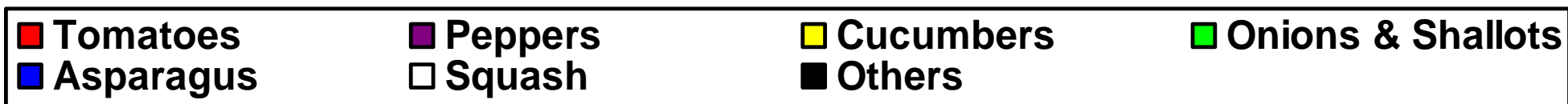
Note: 2005 latest consumption data available.

Import Share of U.S. Fresh Vegetable Consumption



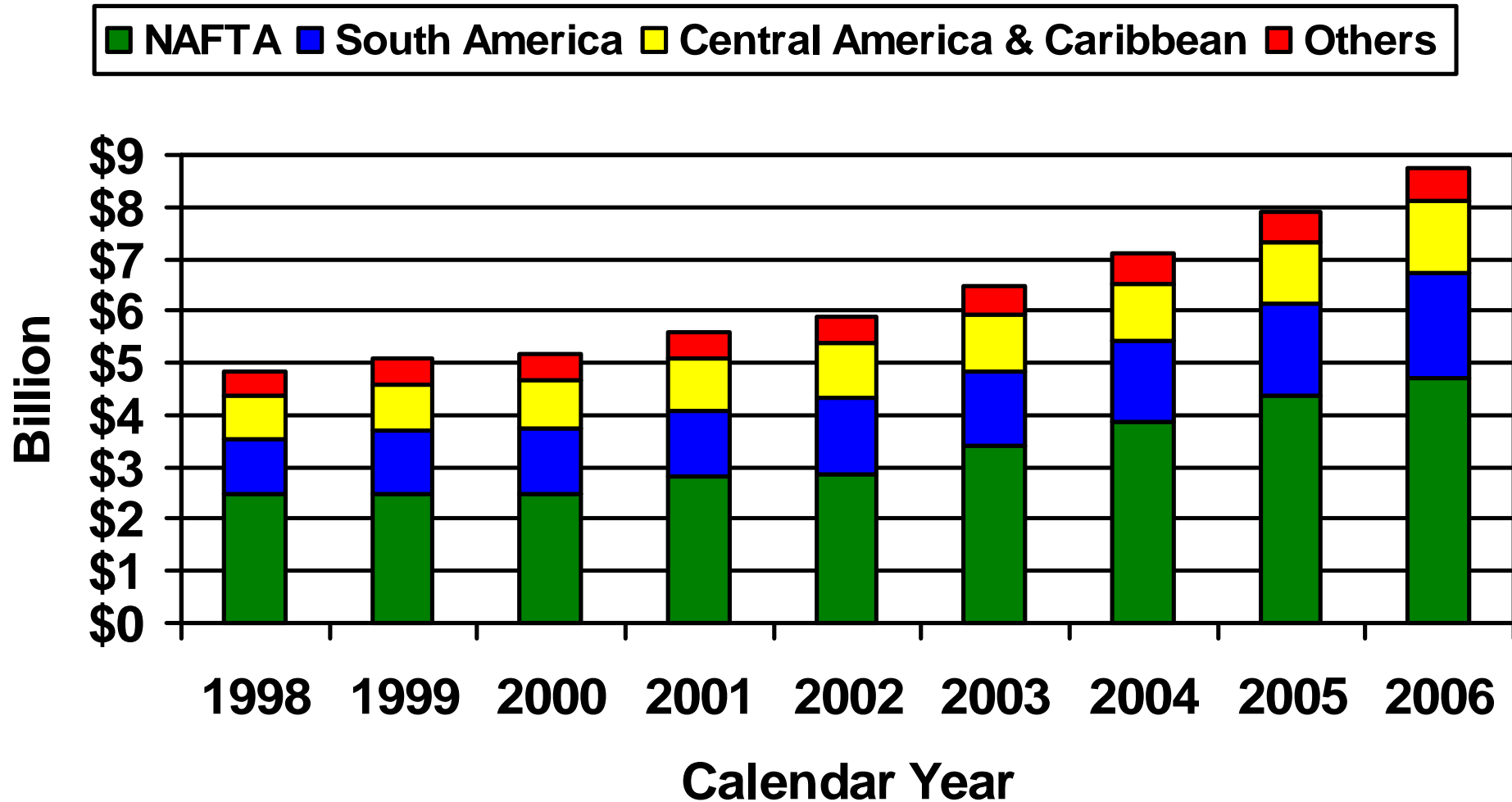
Source: National Agricultural Statistics Service, USDA; Economic Research Service, USDA
Note: Excludes potatoes. 2005 latest consumption data available.

U.S. Top Imports of Fresh Vegetables



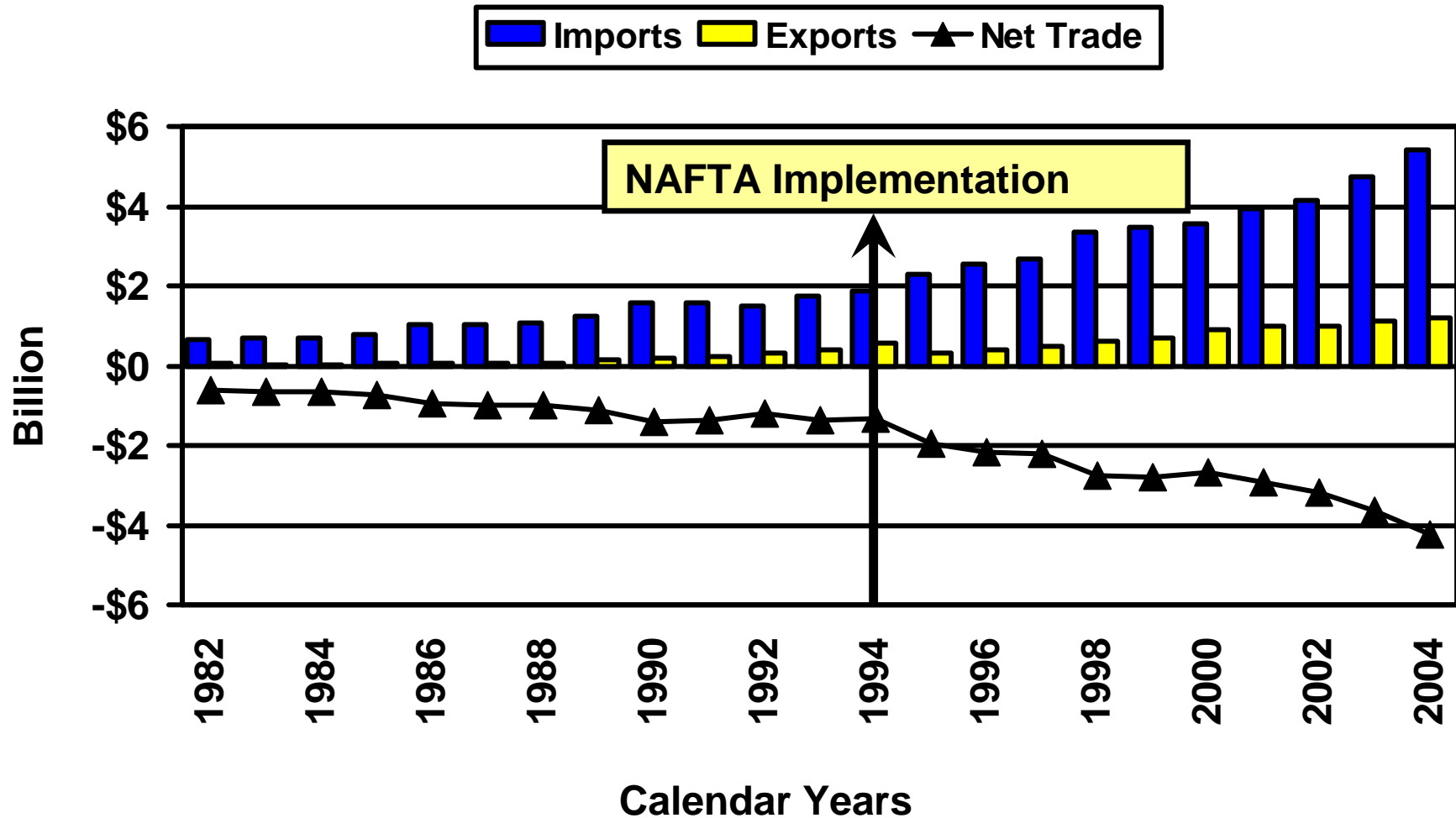
Source: Bureau of the Census, DOC
Note: Fresh vegetables include potatoes.

U.S. Fresh Fruit & Vegetable Imports from Western Hemisphere and Rest of World



Source: Bureau of the Census, DOC
Note: NAFTA includes Mexico and Canada.

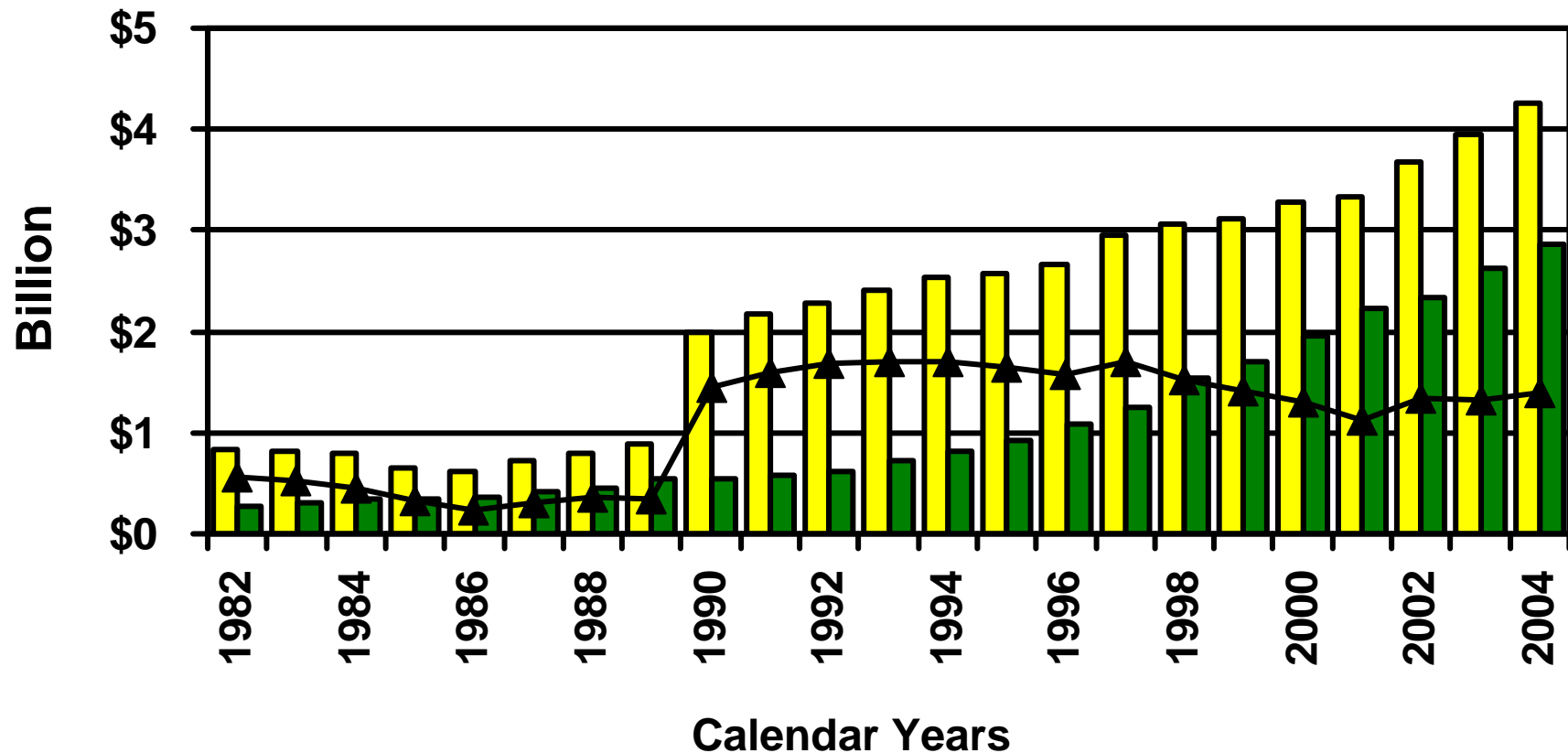
U.S. Horticultural Trade Balance with Mexico



Source: Bureau of the Census, DOC

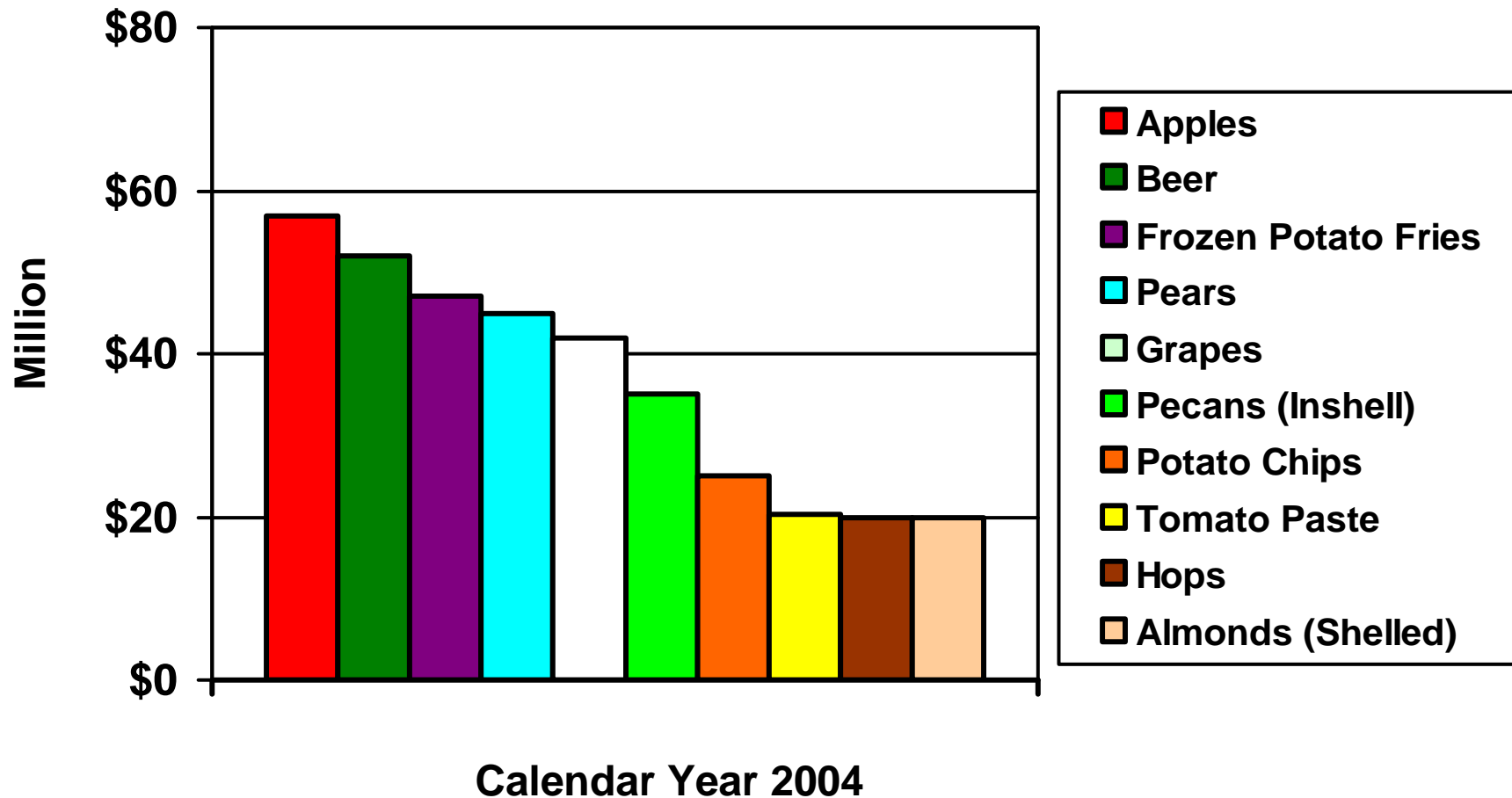
U.S. Horticultural Trade Balance with Canada

Exports Imports Net Trade



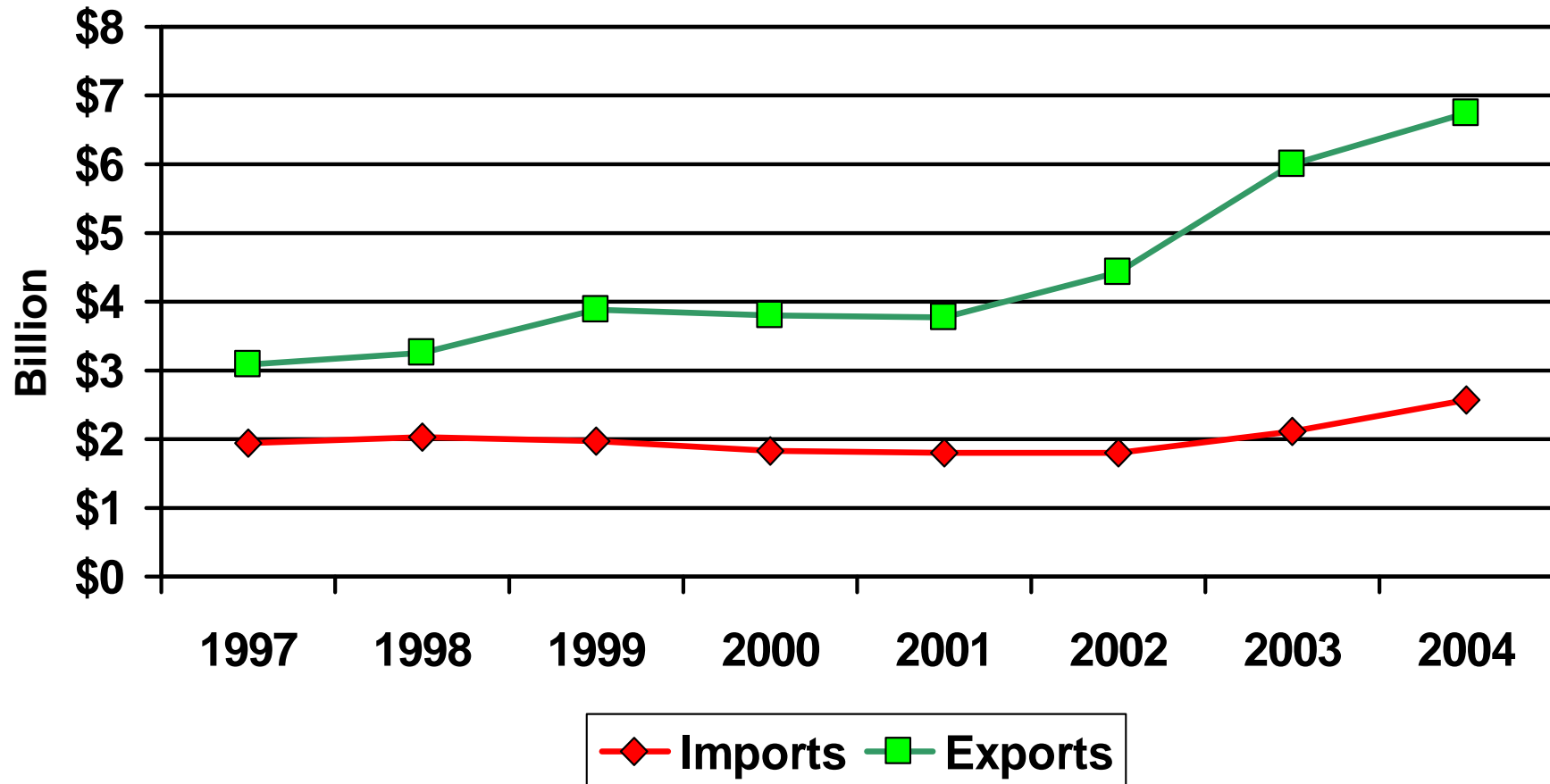
Source: Bureau of the Census, DOC

Top U.S. Horticultural Products Exported to Mexico in 2004



Source: Bureau of the Census, DOC

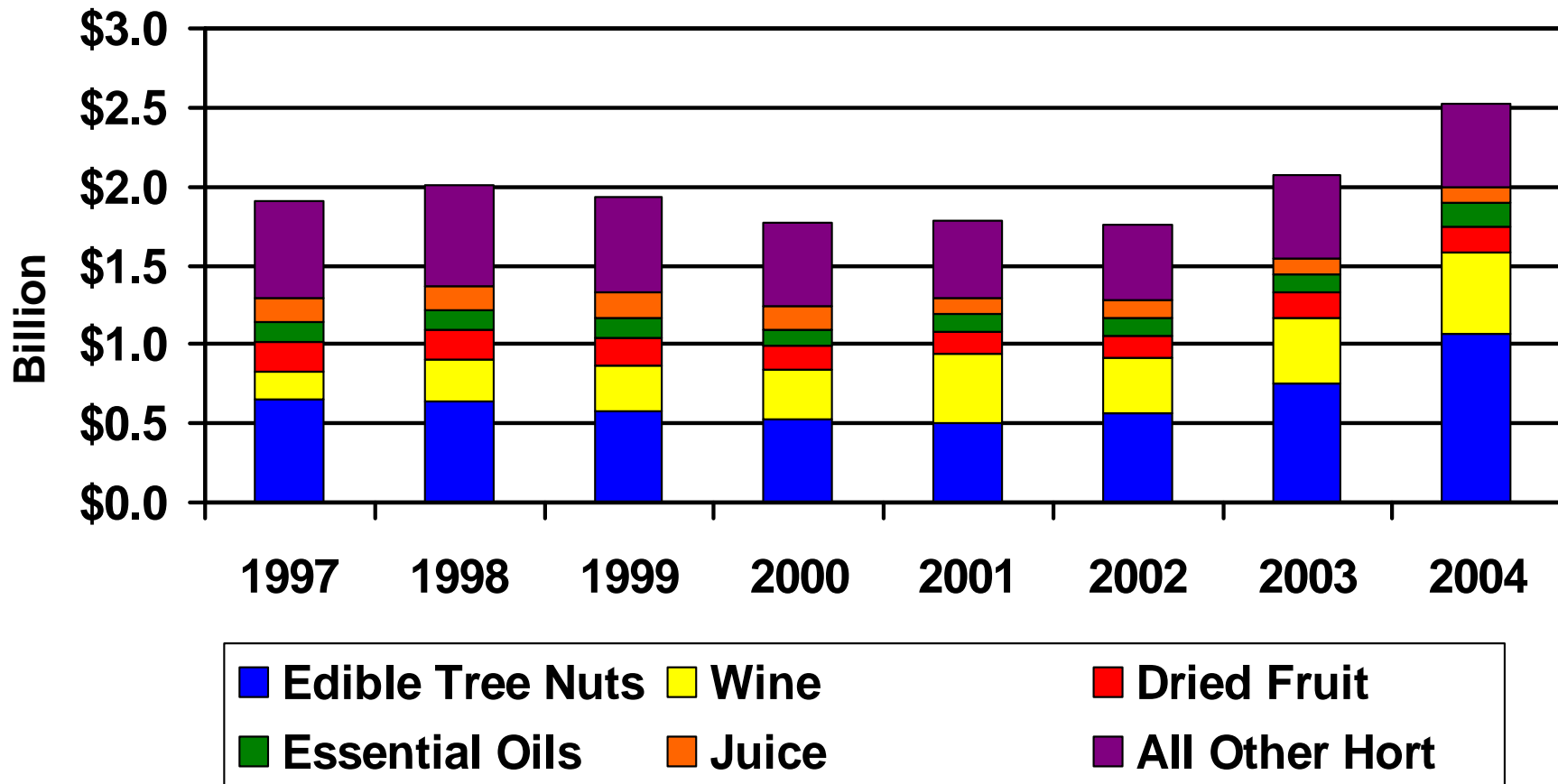
EU Horticultural Trade with the United States



Source: Global Trade Atlas

Horticultural Trade Includes: Vegetables, Fruits, Nuts, Essential Oils, Nursery Products, Cut Flowers, Wine, and Beer.

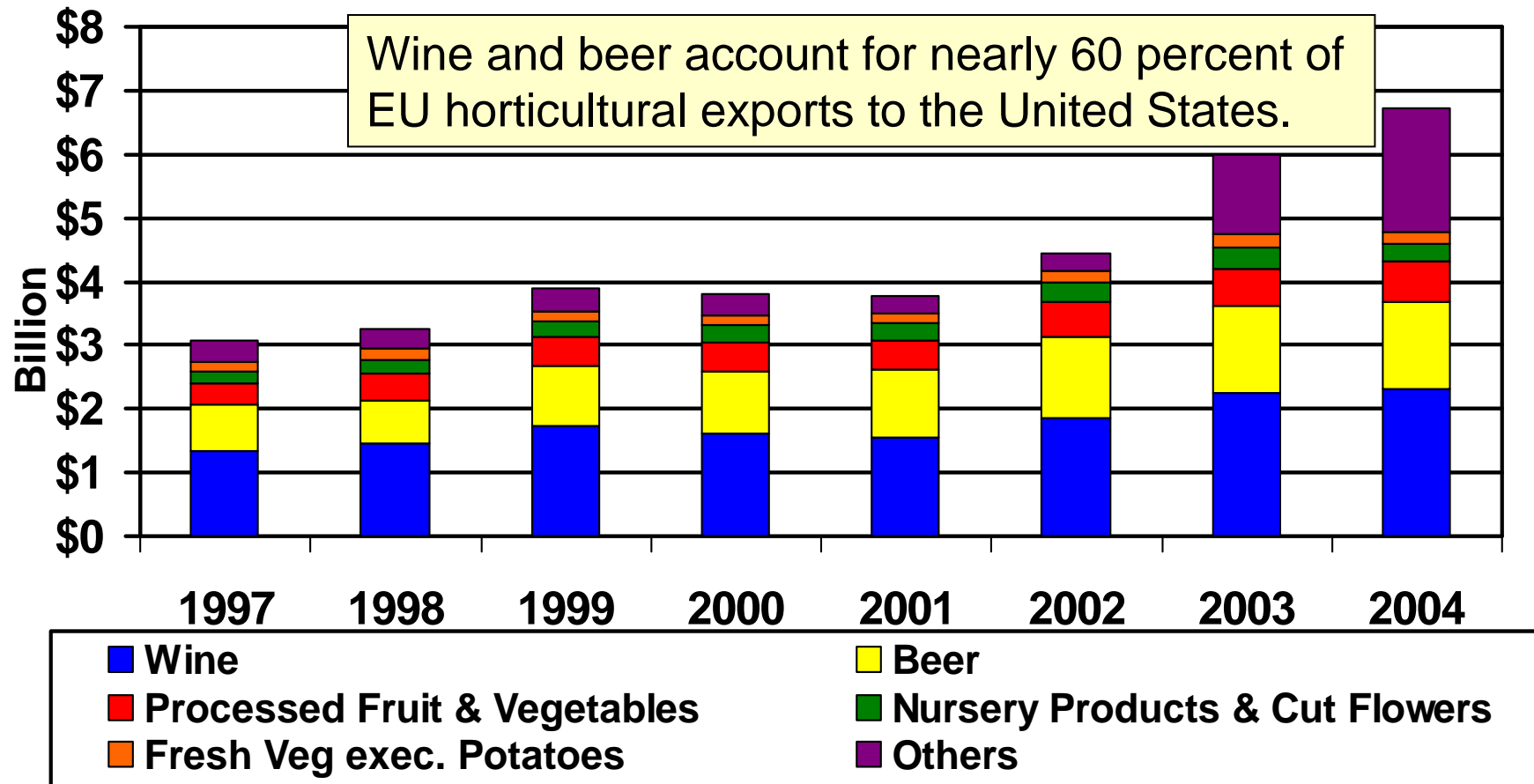
Top EU Horticultural Imports From the United States



Source: Global Trade Atlas

Horticultural Trade Includes: Vegetables, Fruits, Nuts, Essential Oils, Nursery Products, Cut Flowers, Wine and Beer.

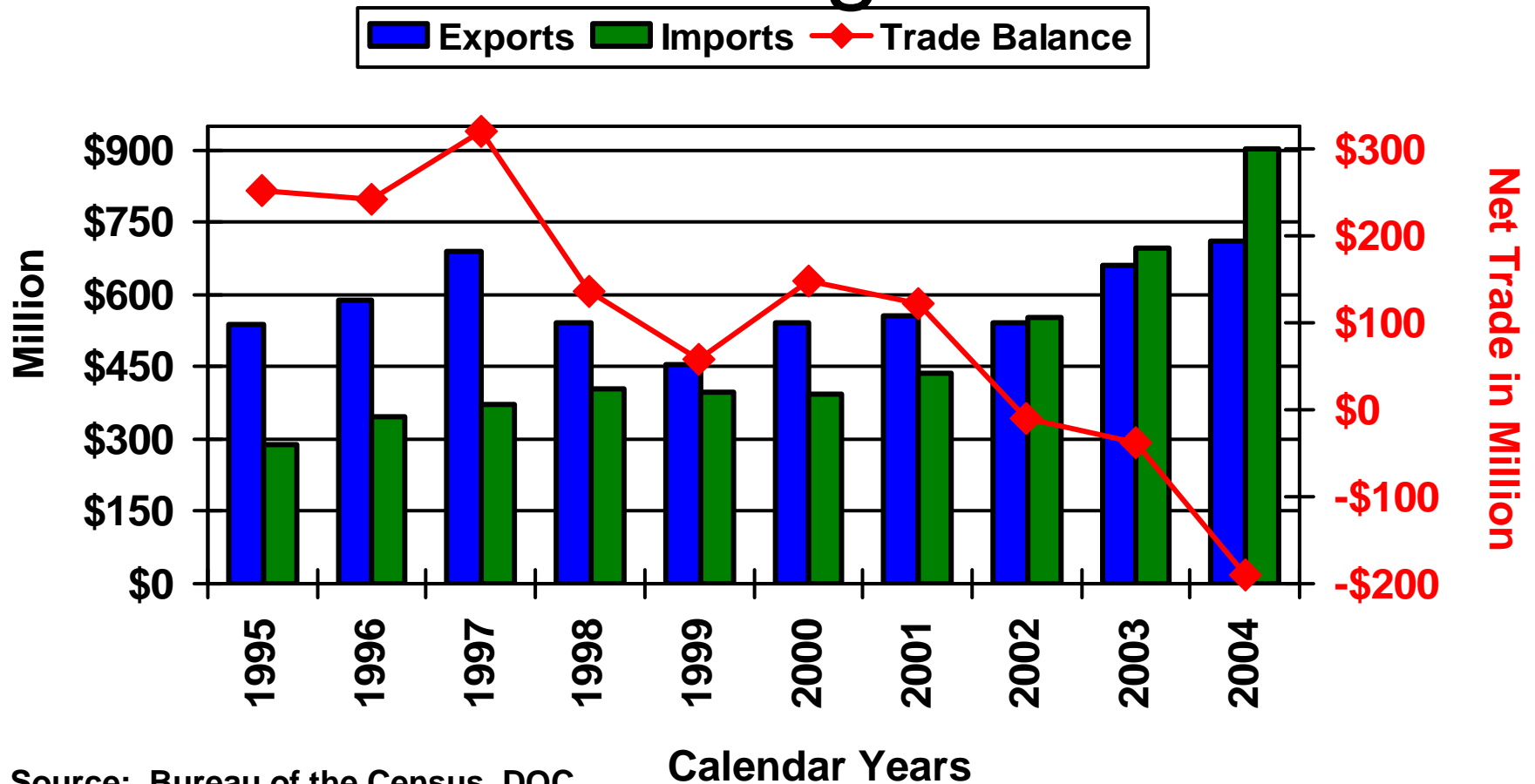
Principal Horticultural Product Exports to the United States



Source: Global Trade Atlas

Horticultural Trade Includes: Vegetables, Fruits, Nuts, Essential Oils, Nursery Products, Cut Flowers, Wine and Beer.

U.S. Horticultural Trade Balance with China and Hong Kong

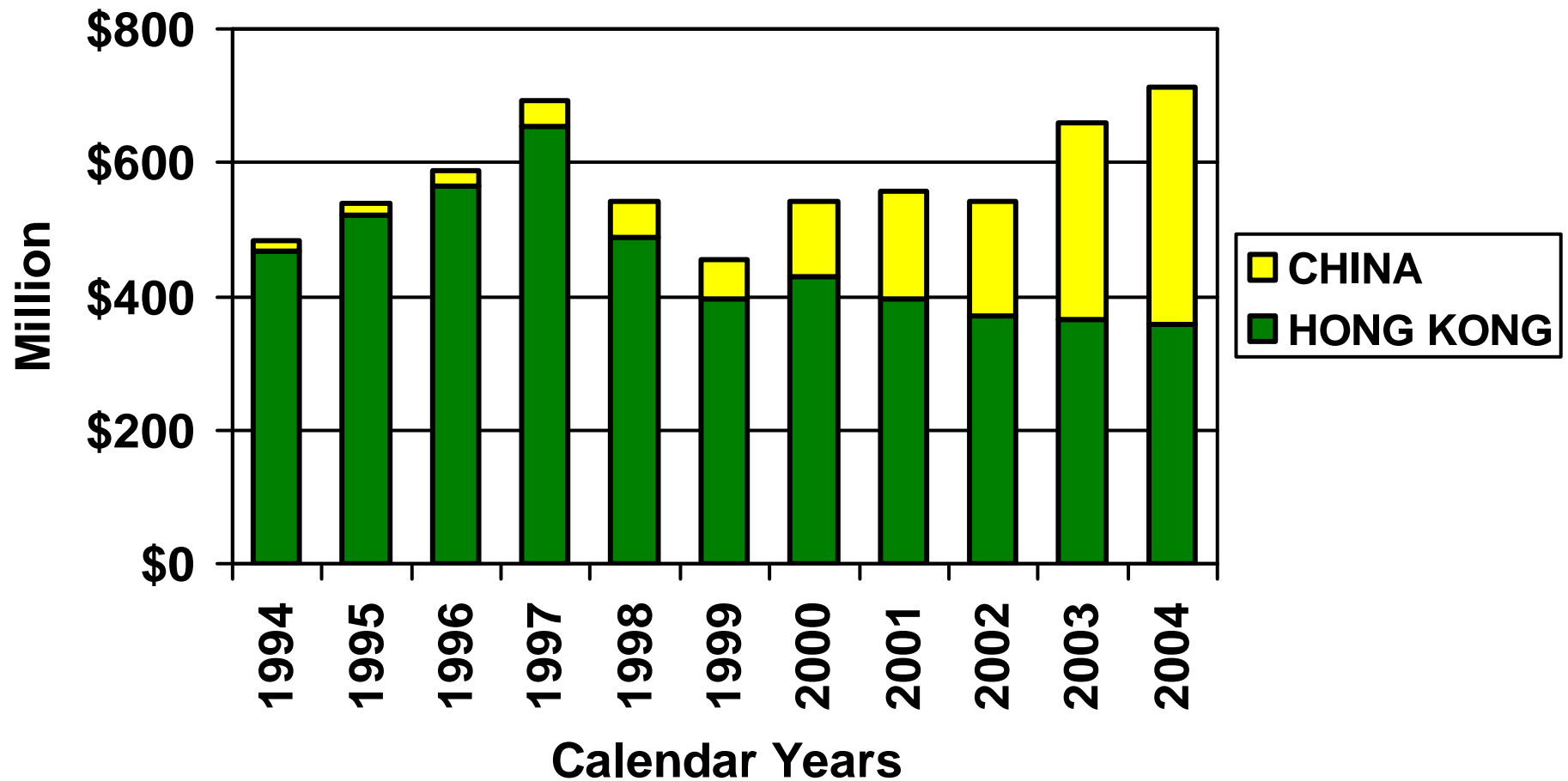


Source: Bureau of the Census, DOC

Note- U.S. fiscal year is October-September.

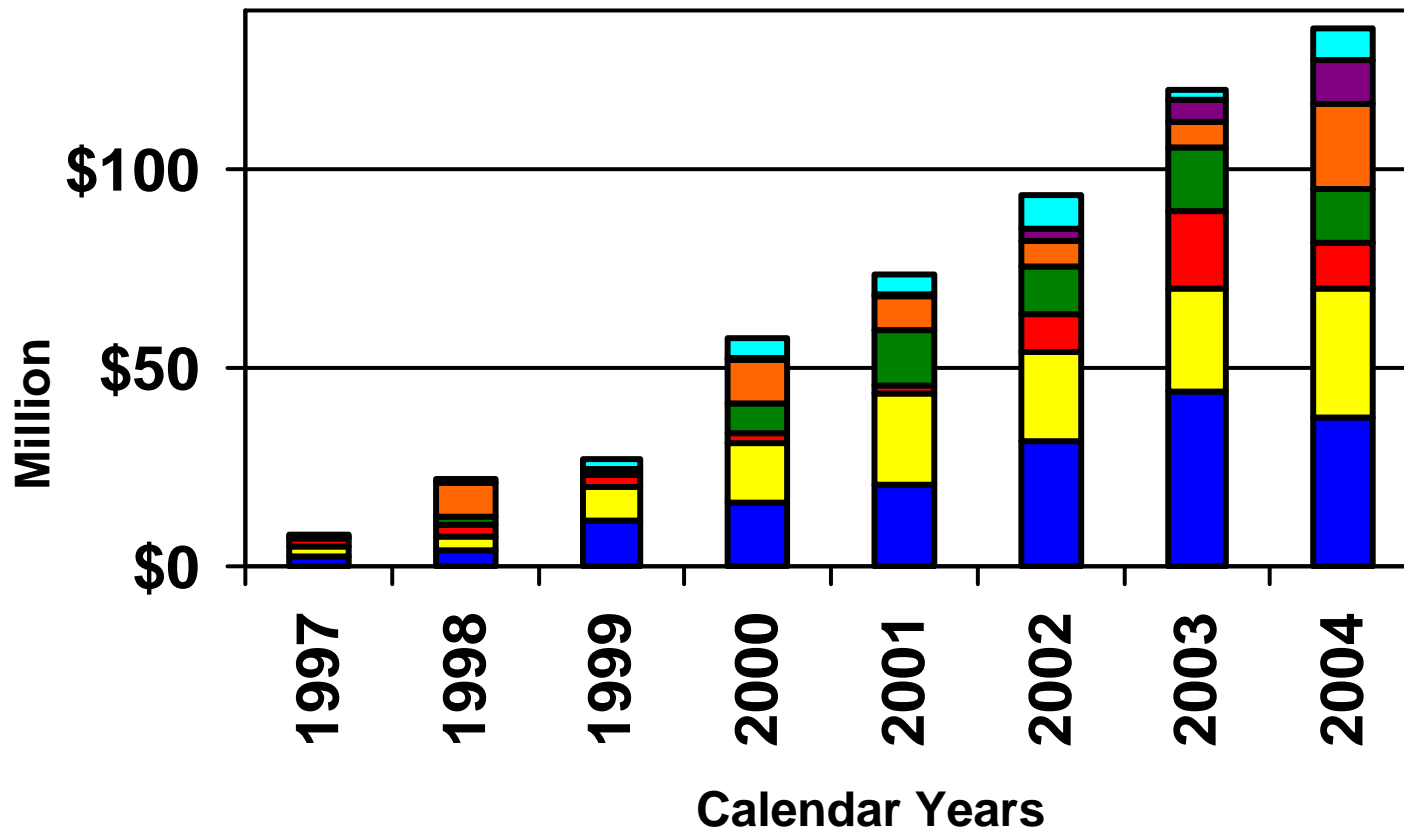
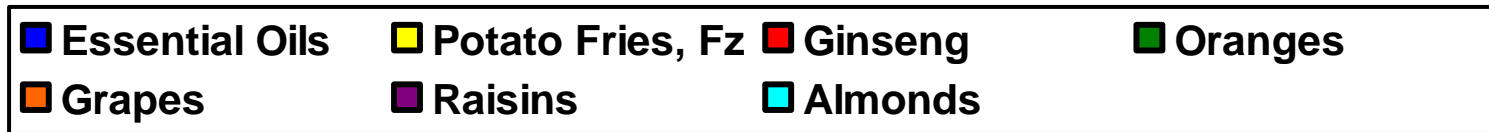
Horticultural Trade Includes: Vegetables, Fruits, Nuts, Essential Oils, Nursery Products, Cut Flowers, Wine and Beer.

U.S. Horticultural Exports to China and Hong Kong



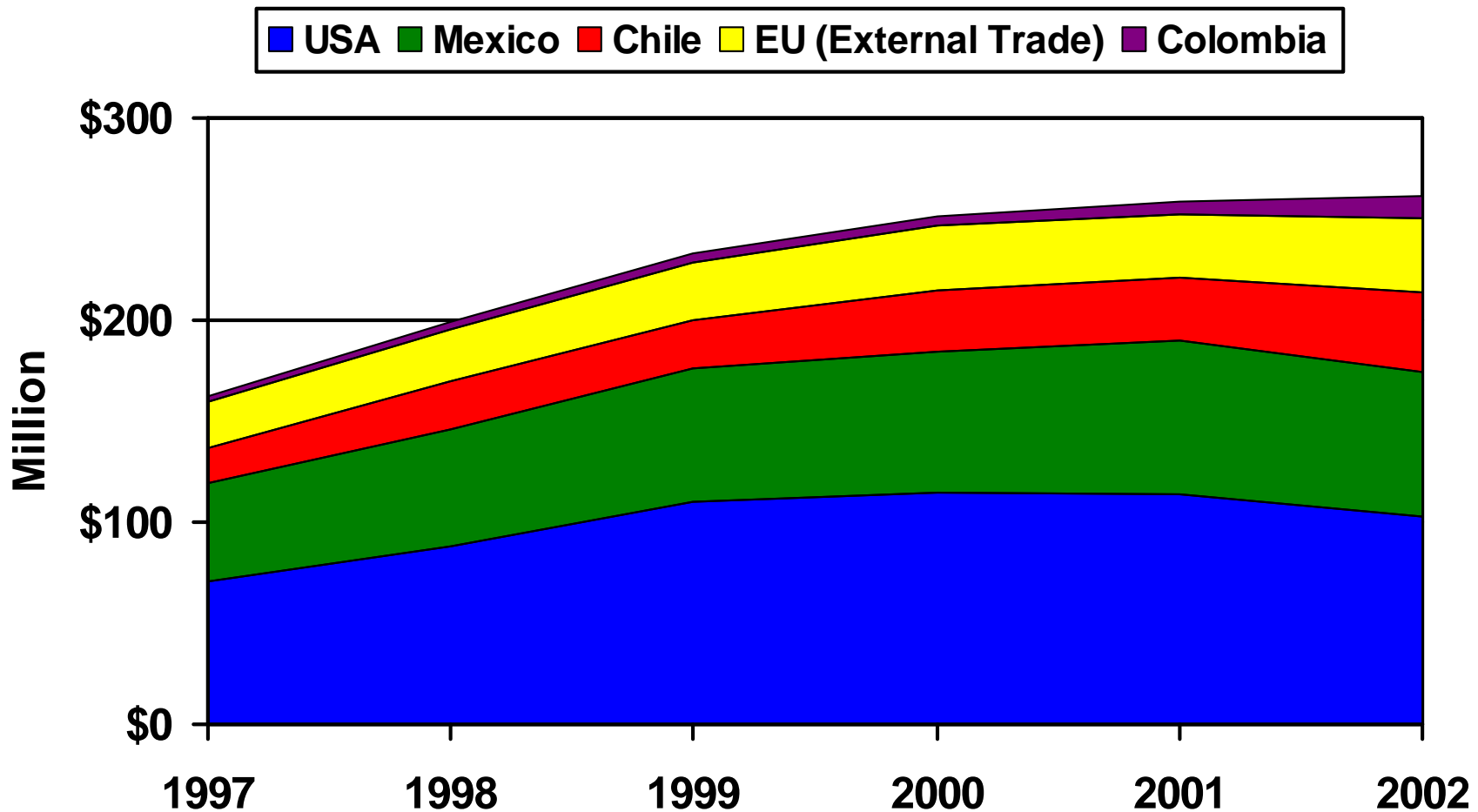
Source: Bureau of the Census, DOC

U.S. Exports of Selected Horticultural Products to China



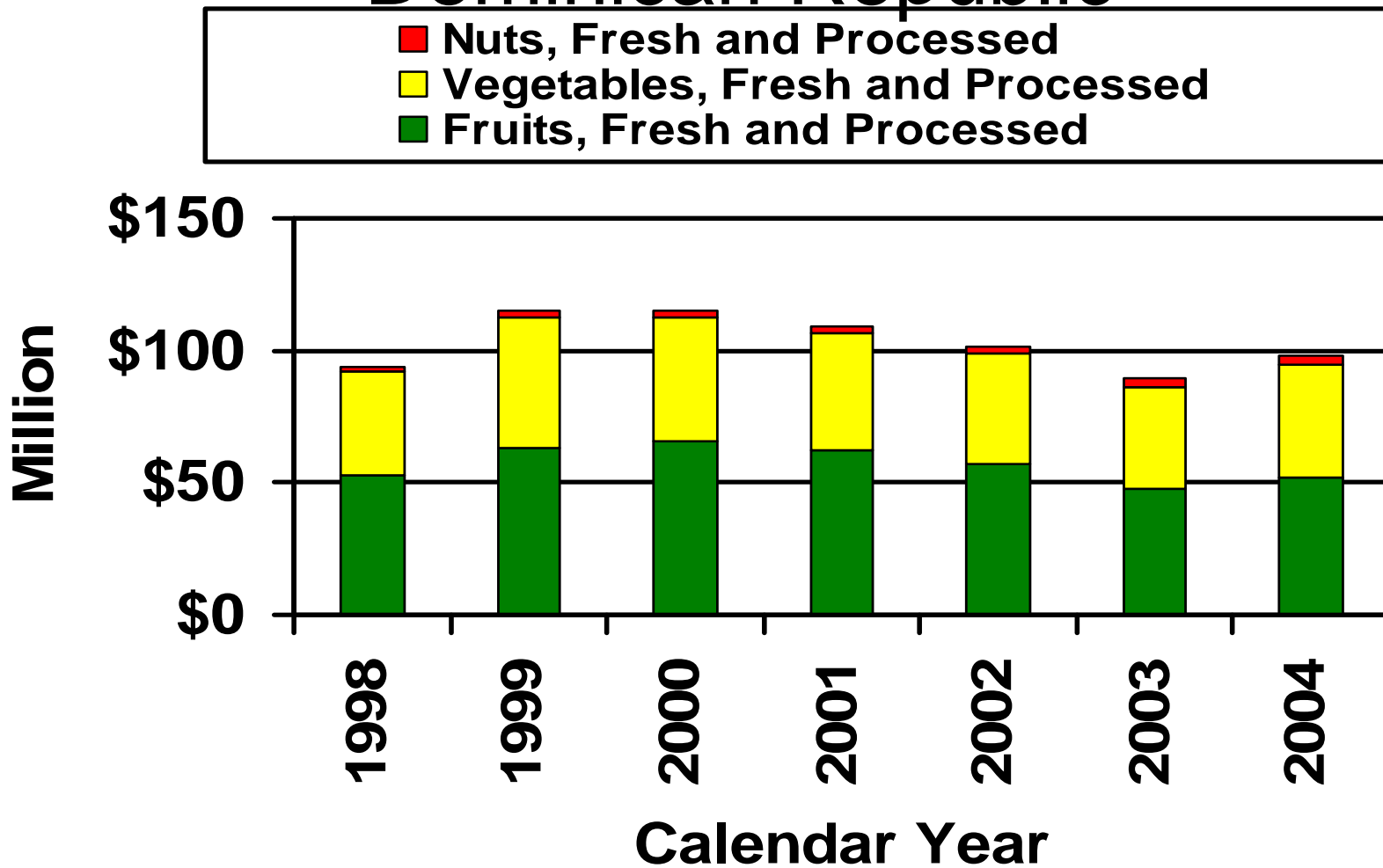
Source: Bureau of the Census, DOC

Horticultural Exports to Central America and the Dominican Republic by Major Suppliers



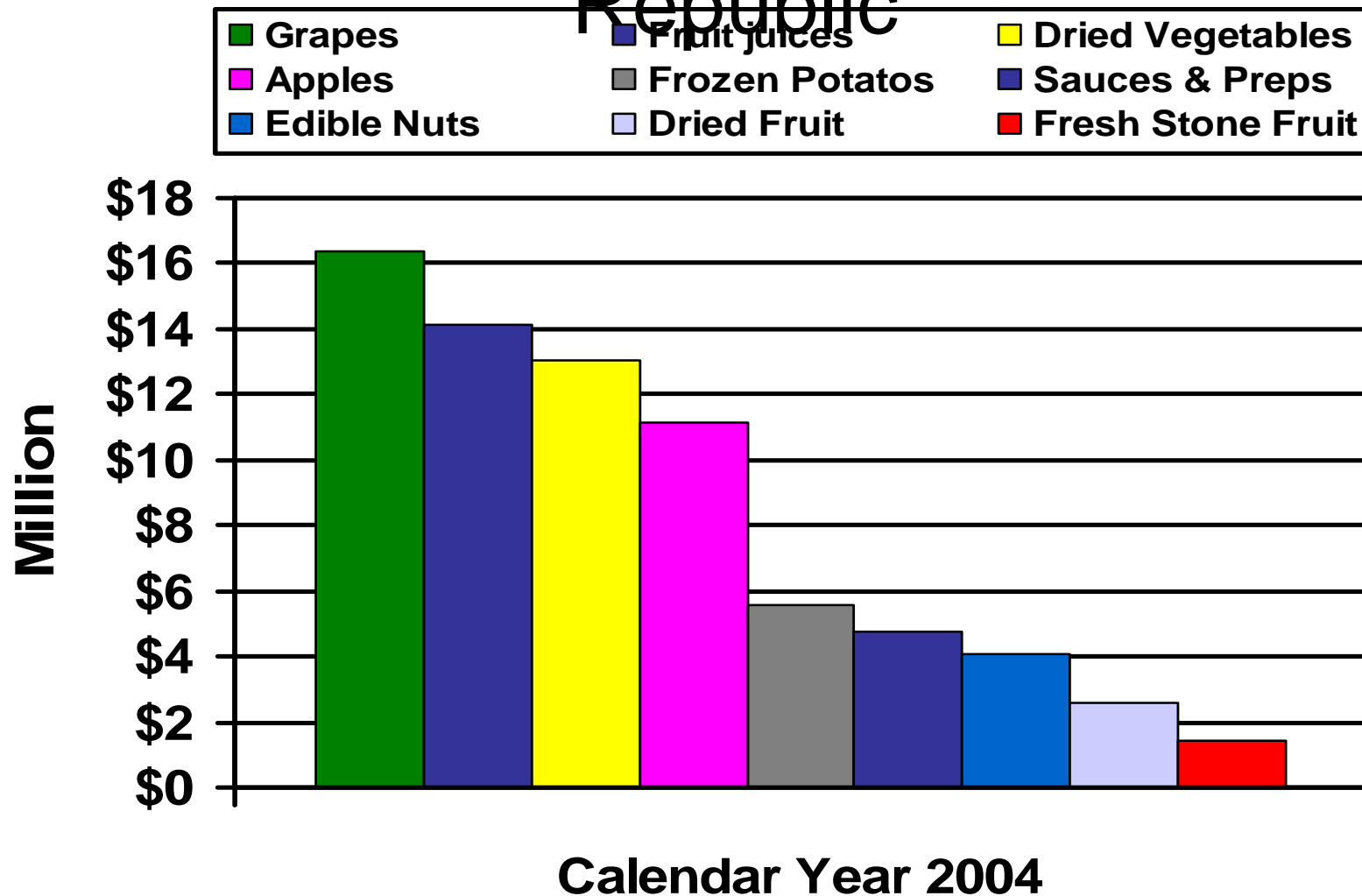
Horticultural Trade Includes: Vegetables, Fruits, Nuts, Essential Oils, Nursery Products, Cut Flowers, Vegetables, Fruits, Nuts, Essential Oils, Nursery Products, Cut Flowers, Wine and Beer.
Source: Global Trade Atlas

U.S. Exports of Fruits, Vegetables and Nuts to Central America and the Dominican Republic



Source: Bureau of the Census, DOC

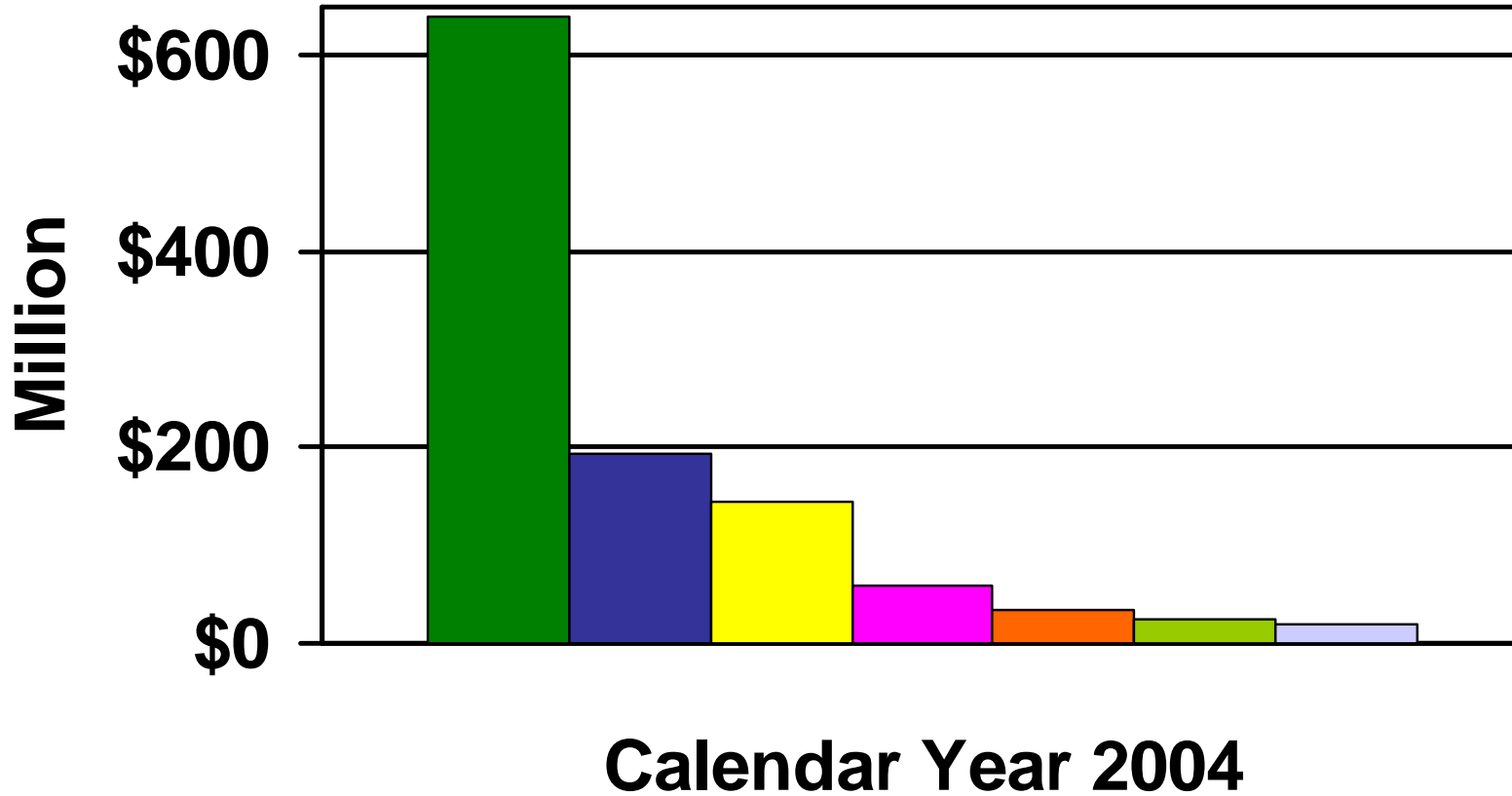
Top U.S. Exports of Fruits, Vegetables, and Nuts to Central America and the Dominican Republic



Source: Bureau of the Census, DOC

Top U.S. Horticultural Imports from Central America and the Dominican Republic

■ Bananas ■ Pineapples ■ Melons ■ Frozen Vegetables ■ Frozen OJ ■ Beer ■ Tree Nuts



Source: Bureau of the Census, DOC

Conclusions

- Farmers facing many challenges and opportunities
- Increase consumption
- Develop local markets, environmental friendly, organic, etc.
- International trade opportunities
- Special attention to Farm Bill, Immigration and labor issues, food safety and federal programs