2014 apple crop still shrinking

By DAN WHEAT
Capital Press

Dan Wheat/Capital Press
Apples from Manson Fruit Cooperative dumped at an old gravel pit up from the Columbia River at the base of McNeil Canyon on June 10. Many fruit companies throughout Central Washington have been dumping apples for months to reduce the huge 2014 crop.

CHELAN, Wash. — Washington tree fruit companies have shrunk their record 2014 apple crop by 15 million boxes over the past six months, much of it by dumping poorer grades and sizes on the ground.

They likely will keep discarding fruit to lessen carryover into the new season in hopes of boosting wholesale prices. Harvest will begin about the end of July but sales of old crop normally go into October.

The latest industry storage report shows the total 2014 crop at 140.6 million, 40-pound boxes as of June 1, down from 155 million on Nov. 1 and down 2.2 million from May 1.

"I would expect more shrink in June, July and August. If we whittle things down it could work out well for the new crop," said Tom Riggan, general manager of Chelan Fresh Marketing.

The amount of carryover is "the wild card at this point," he said.

"Prices have strengthened a little here and there on certain varieties. Typically, this time of year we would hope we could get a little more, but it's been fairly flat. Unless we see more shrink the market will remain flat," Riggan said.

Prices have been at eight-year lows since last fall because of huge volume and the West Coast port slow down causing an estimated $95 million loss in sales. The wholesale value of the state's apple crop is generally around $2 billion annually.

As of June 1, the industry had sold 112 million boxes and had 28.5 million left to go. That's roughly 6 million more left than a year ago.

There are 12 million boxes of Red Delicious left, 4.1 million Gala, 3.9 million Granny Smith, 3.4 million Golden Delicious, 3.1 million Fuji and 2 million of other varieties, Riggan said.

As of June 7, 114 million boxes had been sold with 74.7 million domestic and 39.5 million export. That's 34 percent exported which is about normal, he said.

"We would probably be at 40 percent exported right now if not for the ports (slow down) and China not opening as fast as we thought it would to all varieties," Riggan said.

Fruit not picked in mid-November because of a freeze accounted for some of the early reduction in estimate from November to December, but since then much of the reduction has been from dumping. Only so much can go to for juice, sauce and baking ingredients because processors have volume limits.

"During the port slow down, everyone in the industry got behind (in sales) and have not been able to catch up," said Reggie Collins, general manager of Chelan Fruit.

Some of the dumped apples deteriorated faster in storage than normal because of a record number of days over 90 degrees while they were growing last summer, Collins said.

But some of the fruit was edible when it was dumped there just wasn't room in the market for it, said Doug England, manager of Manson Fruit Cooperative. A certain amount that doesn't even make processing grade is dumped each year, he said.

One of Manson Fruit's dump sites is an old gravel pit the cooperative owns part way up McNeil Canyon from Beebe. About 10 truckloads went there and will build up the soil, England said.

"It's a mere drop in the bucket to the thousands and thousands of bins dumped in Pateros and Brewster," he said.

Chelan Fruit has dumped apples above the town of Pateros causing townspeople to complain about the smell of rotting apples. Gebbers Farms, Brewster, hauled apples into the mountains in the winter which fed deer.

Labor is so tight that it will figure into how much is dumped, Riggan said. Companies tight on workers will shift them from packing apples to packing cherries, reducing apple packing, he said.

Dan Wheat/Capital Press
Hops growing up their twine on trellises north of Prosser, Wash., May 20. Growers are pushing ahead with more acreage this year to meet demand.

PNW hop acreage up 16 percent

By DAN WHEAT
Capital Press

YAKIMA, Wash. — Hop acreage in Washington, Oregon and Idaho will increase 16 percent this year as growers continue to try to meet growing demand from an increase in small, craft breweries.

Total acres strung for harvest are 43,987, up from 38,011 in 2014, according to a June 1 forecast released by USDA's National Agricultural Statistics Service on June 10.

Washington is at 32,205 acres, up 3,347 from last year. Oregon is 6,807, up 1,397 from last year and Idaho is 4,975, up 1,232.

If those numbers are realized it will be the third highest total harvested acreage on record, NASS said. Washington is 73 percent of the national crop, Oregon is 16 percent and Idaho 11 percent.

Acreage increased about 10 percent a year for the past three years. Growth of craft breweries is expected to continue to 2020.

Acreage is not only increasing but continuing to shift away from high alpha varieties large brewers prefer to aroma varieties for the small brewers, said Pete Mahony, director of supply chain management and purchasing for John I. Haas, Yakima. It's a leader in hop growing, processing, research and development.

Previously, Mahony and others have warned of a potential shortage of high alpha hops but now Mahony says Germany likely will pick up the slack when large brewers re-enter the market.

Large brewers became oversupplied with C02 extract of high alpha in 2008 and 2009 and are still reducing their inventory, he said.

Germany has a new high alpha variety called Hercules that is better yielding than CTZ, the main high alpha in the U.S., Mahony said.

"We feel that with the expansion of that (Hercules) when the big brewers come back, Germany will make up much of the shortfall we may have in the U.S.," he said.

The larger issue, he said, is tightness of available land in traditional growing areas in the Pacific Northwest and enough plant capacity to process larger volumes of aroma varieties that have tighter harvest windows.

"Growers need a balance of early, mid and late maturing varieties. Therefore, varietal mix on the farms is of increasing importance as acreage shifts further into aroma, effectively shrinking the harvest window," he said.

Growers are expanding facilities but it costs millions of dollars, he said.

Summit, CTZ and Super Galena are the high alpha varieties of greatest acreage decline and Simcoe, Centennial, Mosaic and Citra are the aroma varieties of greatest increase, according to NASS.

The 2015 crop is reportedly very good with normal pest and disease pressure, NASS said.

In Washington's Yakima Valley growers are using efficient drip irrigation to conserve water and are supplementing normal irrigation supplies with groundwater, NASS said. Oregon and Idaho have adequate water in hop growing areas, the agency said.

Egg producers, consumers feel impact of bird flu

By ZANE SPARLING
Capital Press

Capital Press file photo
The loss of 47 million hens to bird flu has caused egg prices to reach historic highs.

The deadly outbreak of avian influenza in the U.S. has shuttered farms in 15 states, increased shell and liquid eggs prices to historic highs and led to blanket bans on American poultry products in China and South Korea.

But in the wake of 47 million dead birds, the question for both consumers and producers remains — has the death toll peaked, or is the worst still to come?

David Harvey, a United States Department of Agriculture economist who specializes in poultry, said even an epidemiologist can't answer that question for certain. But scientists agree that warm weather slows the spread of the H5N2 virus, commonly known as bird flu, for two reasons.

When temperatures rise, experts say, the virus cannot survive in the wild for long periods; and migratory ducks and geese, who are thought to be the primary vector for the contagion, settle down during the warmer months.

"Waterfowl are just carriers. They don't die from it," Harvey said.

The economist said the egg industry is a 'thin' market. As with the fresh vegetable industry, the product has a finite lifespan and it's more difficult stockpile reserves. It takes time for a newborn chick to maturate, too.

"It's not like a factory. You can't just add a second shift," Harvey said.

The price of liquid or 'beater' eggs, which are used by large manufacturers to make everything from ice cream to pasta to Egg McMuffins, jumped to $1.50 per dozen, up from $0.63 since late April, according to commodity reporting service Urner Barry.

For shell eggs, the estimated price for a dozen large Grade A eggs rose to $1.66 in June, a 30-cent increase, according to a USDA supply and demand forecast. The department predicts prices may rise to as high as $1.87 per dozen by the fourth quarter.

The epidemic has created winners and losers all across the U.S., according to Harvey. Iowa alone has lost 30 million birds — roughly 40 percent of the state's egg-laying hens and 11 percent of the state's turkey population.

"You have to balance the people who lost money because they had to cull their birds… against everyone else," Harvey said. "If you're an egg producer in Pennsylvania, you're selling your eggs for much more than you thought."

Greg Satrum, who co-owns Willamette Egg Farms in Canby, Ore., said none of that concerns him.

"I'm a production guy. I'm worried about chickens, other guys are worried about prices," he said. "But as it becomes more competitive for buyers seeking the same product, it does push the price higher. It's the nature of the business."

Oregon has seen only two incidents of H5N2, affecting less than 200 birds, according to the USDA. The last known case was reported in February.

That's given Satrum time to scrutinize the farm's biosecurity measures. Willamette Egg Farms' employees must wash their hands and use footbaths before entering hen houses, and many workers keep separate boots and coveralls inside the barns.

For most, that might be good enough. But Satrum said that good enough might not cut it anymore.

"You can only control what happens outside so much. And you have no control over what flies over your farm," he said.