Opportunity grows in cider apples

Richard Hostetter sees potential in unique varieties of specialty fruit

By ERIC MORTENSON
Capital Press

SHERWOOD, Ore. — Richard Hostetter wasn't a farmer, but he knew the international investment game. He knew the big boys were increasingly favoring agriculture over the long haul. People have to eat, after all.

Arriving in Oregon in 2013 after 17 years in Tokyo, where he'd worked for big banks and investment houses, he searched for an opportunity. He figured he was too late to make money in Oregon blueberries or hazelnuts, and the wine industry likewise seemed over-populated.

When someone mentioned cider apples, his response was, "What the heck is that?"

"Initially, I wasn't interested," he said. "I didn't think it had any legs."

Research and due diligence convinced him otherwise.

It quickly became apparent that hard cider was an industry on the rise. Cideries and cider pubs were popping up everywhere, especially in Portland, mimicking the rise of the craft beer industry.

Membership in the Northwest Cider Association grew from 17 to 70 in the past three years.

And just like wine grapes, the apples that make the best hard cider are different than the ones people like to eat.

The rush is on to provide the bittersweet varieties, including old English and French apples, that make the best hard cider.

There is, Hostetter discovered, "A mismatch between rapidly growing demand and slow growing supply."

Which is how he came to plant 15,000 cider apple trees on three leased acres outside Sherwood, 20 miles south of Portland.

"I do believe there's a big opportunity in cider apples," he said. "I've rolled the dice fairly aggressively on this."

In that sense, Hostetter, 47, represents a couple of truisms in Oregon agriculture. First, the emerging generation of farmers includes people new to the field but with other skills, experience or money. Second, Oregon's agricultural diversity — the state grows 220 crops — opens doors to unexpected economic development.

Hostetter is engaged in a crash course on grafting, planting and growing fruit trees, all of which is complicated and costly. "Even the wood for grafting is worth a lot of money right now," he said.

The biggest difficulty has been finding farmland to buy, with water rights. suitable soil and within striking distance of Portland.

He has about two dozen varieties growing in close-packed nursery style on the leased land while he searches for property on which to transplant his orchard.

He believes the industry will achieve a high-quality niche once cider makers have a supply of proper apples.

Ten years from now, he hopes to be known as the owner of a sizable commercial cider apple business.

Eric Mortenson/Capital Press

Richard Hostetter, a former banker and financial consultant, is "rolling the dice" on the next hot agricultural crop by planting 15,000 cider apple trees in Sherwood, Ore.

Western Innovator

Richard Hostetter

Age: 47

Family: Wife, Naoko, sons Ryan and Alan, and Reggie the chocolate lab, who has free rein of the cider orchard. Wife is from Japan and family (except Reggie, Hostetter jokes) is bi-lingual.

Background: Grew up on Lookout Mountain, Tenn., a suburb of Chattanooga. Not from an agricultural family, but loved farms and dreamed of owning one.

Education: Bachelor of arts degree from Wheaton College in Illinois; master's degree in business administration from University of South Carolina.

Professional life: Worked 13 years as an economist in the Japanese foreign exchange and stock markets, four years as a management consultant in Tokyo.

Why farming, why now: International institutional investors are increasingly looking at agriculture as a solid place to put their money. Getting into farming combines two interests.

Why cider apples: The increasing sophistication of American consumers. The demand for fine wine and craft beer is spreading to other beverages and food. With cider apples, there's a complete mismatch between "rapidly growing demand and slow growing supply."

'12 Days of Christmas' items up 0.6 percent

By JOE MANDAK
Associated Press

PITTSBURGH — Lords a-leaping is the U.S. economy slow to recover!

The cost of 10 lords a-leaping increased 3 percent over last year, but nine of the other 12 gifts listed in the carol "The Twelve Days of Christmas" stayed the same price as last year, according to the 32nd annual PNC Wealth Management Christmas Price Index released Monday.

The index is a whimsical way the Pittsburgh-based bank tracks inflation.

The set of gifts spelled out in the final verse of the song would cost $34,131 this year, or 0.6 percent more than the adjusted 2014 price of $33,933. PNC decided to adjust the historic prices of turtle doves and swans after realizing the prices quoted by vendors didn't reflect the birds' overall value on the open market over the years.

"The headline, I think, is that inflation in this economy, with the sort of tepid recovery we've seen, is almost nonexistent," said Jim Dunigan, chief investment officer of PNC's asset management group.

While the good news is that the price of consumer goods isn't rising very much, it also means demand for those goods is down, at least partly due to wage stagnation.

The government's Consumer Price Index has pegged inflation at about 0.2 percent, Dunigan said.

The only other items to increase in price since last year were a partridge in a pear tree and two turtle doves.

The bird in the bush rose 3.5 percent overall, mostly because partridges now cost $25 each, up from $20, because partridges are increasingly popular as gourmet food. Pear trees inched up from $188 to just under $190.

Turtle doves increased 11.5 percent, from $260 to $290, mostly due to increased grain prices that pushed up feed costs.

The lords a-leaping are more expensive because labor costs increased their price from $5,348 to $5,509.

PNC calculates the prices from sources including retailers, bird hatcheries and two Philadelphia dance groups, the Pennsylvania Ballet and Philadanco.

A buyer who purchased all the items each time they are mentioned in the song would spend $155,407.18.

The full set of prices:

- Partridge, $25; last year: $20
- Pear tree, $190; last year: $188
- Two turtle doves, $290; last year: $260
- Three French hens, $182; last year: same
- Four calling birds (canaries), $600; last year: same
- Five gold rings, $750; last year: same
- Six geese-a-laying, $360; last year: same
- Seven swans a-swimming, $13,125; last year: same
- Eight maids a-milking, $58; last year: same
- Nine ladies dancing (per performance), $7,553; last year: same
- 10 lords a-leaping (per performance), $5,508; last year: $5,348
- 11 pipers piping (per performance), $2,635; last year: same
- 12 drummers drumming (per performance), $2,855; last year: same

S. Korea parliament ratifies free trade pact with China

By YOUKYUNG LEE
AP Business Writer

SEOUL, South Korea — South Korea's parliament on Monday approved a free trade pact with China after opposition lawmakers secured a $1.4 billion relief package for farmers.

The ratification, which comes five months after the trade pact was signed, paves way for the deal with South Korea's largest export market to take effect this year. South Korea already has trade deals with the European Union and United States.

Lawmakers passed the deal after agreeing to spend 1.6 trillion won ($1.4 billion) over the next decade on tax breaks and other aid for farmers and fishermen.

The main opposition party was against ratifying a deal that would hurt agriculture and fisheries. Both industries feared greater competition from less expensive Chinese imports.

To further appease concerns about the deal's impact, lawmakers agreed to seek donations to establish a 1 trillion won fund for the agriculture and fishing industries over the next decade.

Once put into effect, the deal would eliminate tariffs on $42 billion of South Korea's imports from China and on $73 billion in South Korean exports to China. Eventually, it will remove tariffs on more than 90 percent of goods. Autos and rice remain protected.

South Korea's government said the deal would create about 54,000 jobs over the next 10 years and bring other economic benefits, such as boosting sales of fashion items, cosmetics and electronics goods made by small-and-medium Korean companies in the Chinese market.

South Korea, Asia's fourth-largest economy, has been struggling to boost exports, which sank 16 percent in October from over a year earlier, the biggest drop in six years.

Earlier in November, South Korean President Park Geun-hye and Chinese Premier Li Keqiang agreed during their meeting in Seoul to work toward ratifying the deal by the end of the year.

South Korea was China's

Idaho Power now counting fish by drone

RIGGINS, Idaho (AP) — It used to be biologist Phil Groves' job to assess fish population from a helicopter as it flew down Idaho's Snake River, but technology has changed that.

KTVB-TV reports that for the first time in 25 years, Groves is sitting at the controls of a drone instead of hanging out the side of a helicopter in a windy canyon.

Groves works for Idaho Power, which put dams on Snake River 60 years ago.

Fish hatcheries have helped reduce the impact of those dams and the company has kept track of the spawning native Chinook Salmon and steelhead populations for more than two decades.

Calendar

To submit items to the calendar, send an email with information to calendar@capitalpress.com

Saturday, Dec. 5

California Farm Bureau Federation 97th Annual Meeting, Peppermill Resort and Spa Casino, Reno, Nev.

Sunday, Dec. 6

California Farm Bureau Federation 97th Annual Meeting, . Peppermill Resort and Spa Casino, Reno, Nev.

Monday, Dec. 7

California Farm Bureau Federation 97th Annual Meeting, Peppermill Resort and Spa Casino, Reno, Nev.

Oregon Seed Growers League Annual Meeting, Salem Conference Center, Salem, 503-364-1673.

Tuesday, Dec. 8

California Farm Bureau Federation 97th Annual Meeting, Peppermill Resort and Spa Casino, Reno, Nev.

Oregon Seed Growers League Annual Meeting, Salem Conference Center, Salem, 503-364-1673.

Oregon Farm Bureau Annual Meeting, 8 a.m. Sun River, Bend, Ore.

Wednesday, Dec. 9

California Farm Bureau Federation 97th Annual Meeting, Peppermill Resort and Spa Casino, Reno, Nev.

Oregon Farm Bureau Annual Meeting, 8 a.m. Sun River, Bend, Ore.

Thursday, Dec. 10

Oregon Farm Bureau Annual Meeting, 8 a.m. Sun River, Bend, Ore.

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Clarification

An article on page 1 of the Nov. 27 edition of Capital Press, "Oregon's water demand to grow by 15 percent by 2050," incorrectly stated that the state's agricultural industry uses about 85 percent of its water. The article should have said the state's agricultural industry represents 85 percent of its water use.

Capital Press regrets the error.