

Apples

Wash. apple volume, prices improving

By DAN WHEAT
Capital Press

YAKIMA, Wash. — Washington's 2015 fresh apple crop has bounced back slightly in total volume and movement and prices are good.

The crop was pegged at 118.5 million, 40-pound boxes on Dec. 1 by the Washington State Tree Fruit Association. The association receives monthly reports from shippers on what's been sold since the Sept. 1 start of the season and how much is left in storage that they believe will be fresh packed versus culled for juicing, sauce, baking ingredients or discard.

The estimate is up from 116.2 million a month earlier but well below the Aug. 1 forecast of 125.2 million and the record 2014 crop of 141.8 million.

"It's not unusual to have small changes," said Jon DeVaney, association president.

Often they occur as pack-out estimates vary but the increase from November to December may have been caused by companies being too cautious at the end of October in estimating how much was left to pick in the final few days



Dan Wheat/Capital Press

Adelaida Mendez sorts Fuji apples at Washington Fruit & Produce Co. in Yakima, Wash., on Dec. 8. Fuji shipments are heavy into Taiwan this time of year.

of picking, DeVaney said. About 1 million boxes of the increase was in Cripps Pink, one of the last varieties to be harvested into early November, he said.

The total Cripps Pink crop is estimated at 5.5 million boxes for the season.

Red Delicious is up 757,000 boxes to 29.4 million; Gala is

at 25.3 million; Granny Smith is up 183,000 to 18.3 million; Fuji is up 465,000 to 15.9 million; Golden Delicious is 8.6 million; Honeycrisp is 7.3 million; and other varieties trail.

Reds are down 13 million boxes from 43 million for 2014, which is a good thing in the long run for greater va-

rietal diversity for marketing but bad in the short-term, analyst Desmond O'Rourke said. There will be fewer to export. A lot of overseas customers who bought a lot of quality Reds last season at low prices will have fewer at higher prices this season, he said.

They may be down because of alternate bearing,

heat and growers yanking them to plant other varieties, he said.

Reds have dominated the industry for 80 years but probably will be surpassed by Gala soon, O'Rourke said.

Movement is strong at 25.4 percent of the crop sold as of Dec. 1 compared with just under 25 percent at the same time the last two years, DeVaney said. Slightly more than 30 million boxes have been shipped as of Dec. 1, he said.

An earlier start to harvest in August combined with a little more carryover of the prior year's crop held down prices early on but now prices are headed up, DeVaney said.

The average of all varieties is about \$24 per box, which is good and slowly rising, O'Rourke said.

"They should be much stronger given how little there is yet to be sold and they will improve as retailers realize what's left is way down compared to last year," he said.

Too many apples tumbled prices to below break-even a year ago.

The slow start on prices and damage to prices from small fruit and odd maturity on early Gala from excessive

heat in June will not be a significant impact to the overall season, O'Rourke said.

A large amount of heat-damaged fruit was culled early on, reflected in the drop between the Aug. 1 forecast and Oct. 1 storage report, DeVaney said. Some fruit was sold quickly to avoid storage problems, he said.

"We don't see any problem marketing the crop. Prices are excellent," said Mark Zirkle, president of Zirkle and Rainier Fruit companies in Selah.

Domestic marketing is going very smoothly while exports are hampered by the strong dollar, he said.

The average asking price on extra-fancy grade, size 88 Gala was \$30 to \$32.90 per box on Dec. 8, according to USDA Market News. That was up from \$26 to \$28.90 a month earlier. Extra-fancy, size 88 Red Delicious stayed the same at \$16 to \$18.69.

Nationally, the U.S. Apple Association reported 148.2 million boxes in storage on Dec. 1, down 16 percent from last December and with 106.3 million of that being fresh market and 41.9 million for processing for juice, sauce and baked ingredients.

Smaller crop, strong dollar reduce apple exports

By DAN WHEAT
Capital Press

WENATCHEE, Wash. — A smaller crop and stronger dollar have reduced Washington apple exports 28 percent as of Dec. 1 compared with the same time a year ago.

"We have a huge difference in crop volumes. It's hard to compare the two years when they are so vastly different," said Todd Fryhover, president of the Washington Apple Commission, which promotes industry exports.

The 2015 Washington apple crop is currently estimated at 118.5 million, 40-pound boxes compared with a record 141.8 million that were sold from the 2014 crop.

"The domestic market is No. 1 and the industry will take care of that demand and we will work diligently to keep our export customers happy until we have more volume for them next year," Fryhover said.

Another factor reducing exports is the growth of new club and managed varieties that mainly sell domestically, he said.

The industry rule of thumb is that 30 percent of the volume is exported. It may be closer to 20 to 15 percent this season, he said.

From Sept. 1 through Dec. 1, 7.8 million boxes of Washington apples were exported, down 28.2 percent from 10.9



Dan Wheat/Capital Press

Fuji apples bound for Taiwan feed into the front end of Washington Fruit & Produce Co.'s new apple packing line in Yakima, Wash., on Dec. 8. It's heavy shipment time to Taiwan but exports overall are down because of a smaller crop and the strong U.S. dollar.

million for the same period a year ago, Fryhover said.

This year's statistics are closer to two years ago when 8.4 million had been exported by Dec. 1 out of a 115-million-box crop.

The largest export market, Mexico, is off 38 percent and the second largest, Canada, is down 26 percent so far this season, he said.

"Both are apple producers so that makes our early sales there slow and our smaller crop and higher-value dollar don't play into our favor," he said.

About 1.5 million boxes

have been shipped to Mexico season-to-date, 1.2 million to Canada and 1.5 million to Taiwan, he said.

That rate is on target, given the size of the Washington crop, he said.

Washington exported 48.7 million boxes of apples from the 2014 crop. Exports likely will be 30 million to 35 million boxes from the 2015 crop, Fryhover said.

China has bought 447,000 boxes of Washington apples so far this year compared to 24,000 a year ago. Closure of the market until Oct. 30 followed by labor disruptions

at West Coast ports hindered sales.

This year, for the first time China is open to all U.S. varieties. Costs are more stable and lower with a 23 percent duty and 13 percent value added tax than they were through the "gray market" through Hong Kong, Fryhover said.

He anticipates sales will reach slightly under 2 million boxes this season but will grow in ensuing years with larger Washington crops.

E-commerce or online

sales is a growing trend for all

sorts of goods in China. Fryhover said he and commission members Jon Alegria, president of CPC International Apple Co., and Chelan grower Dave Robison met with importers, retailers and e-commerce sales organizations in a November trip to China. About 10,000 boxes of Washington apples were sold online in China in a single day on "Singles Day" or "1111," on Nov. 11, a sales day akin to the U.S. Black

Friday, he said.

The commission will spend \$7 million to \$8 million on export promotions this season with 38 percent of that in Southeast Asia, 19 percent in Mexico, 18 percent in India and 13 percent in China, he said.

Fryhover said at the time he was concerned about Canada and Mexico imposing tariffs on Washington apples because of the U.S. country of origin labeling law, but Congress repealed it last week.

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