

China exempt from Russian embargo banning Western produce

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"They have a lot of apples. They doubled exports to Southeast Asia in one year. Their quality has been improving. We don't know how much quality they have or will want to ship a long distance and take more risk with," he said.

He points to several possible reasons Chinese apple exports to the U.S. increased so much in one year.

One reason might be that it took China time to meet U.S. phytosanitary requirements. Another is that China is trying to offset its slowing economy.

Years ago, China pushed exports of numerous goods but then backed off after Europe, Japan and the U.S. objected to their markets being flooded, O'Rourke said.

China concentrated on building its domestic market and put less focus on exports for awhile, but with its economy slowing it has in the past year begun pushing exports again, he said.

The export effort involves manufactured and other goods. With fruit, China is selling heavily into Asia, Russia and the Middle East, O'Rourke said.

China is exempt from the Russian embargo that bans Western produce, and Southeast Asia and India are close to home. China is also improving the quality of its export Fuji and is selling in the same price range in the U.S. as domestic apples, he said.

Largest producer

China grows 43.8 million metric tons — the equivalent of 24.1 billion 40-pound boxes — of apples annually, most of which are consumed domestically. That's half the world's apple production.

By comparison, the U.S. produces 4.6 million metric tons of apples — the equivalent of 253 million 40-pound boxes — leaving it a distant second place in world production.

In 2016, China exported 114,620 metric tons of apples to Russia, up from 85,660 metric tons in 2015, O'Rourke said.

In Southeast Asia, Chinese apple sales increased from 393,999 to 615,392 metric tons, and in India and Bangladesh sales increased from 202,953 to 406,801 metric tons.

"It's the markets nearer to them. Their cheaper apples are going into those places. Their better apples go to Canada and the U.S.," O'Rourke said.

China leap-frogged from total apple exports of 800,000 metric tons in 2015 to 1.5 million metric tons in 2016, said Todd Fryhover, president of the Washington Apple Commission.

"They are pushing everywhere," he said.

"I'm surprised at the volume (of U.S. uptick), that there's demand for them. None of our (Washington) shippers are bringing them in that I've heard of," said Tom Riggan, general manager of Chelan Fresh Marketing.

"None of our customers have asked if we have Chi-

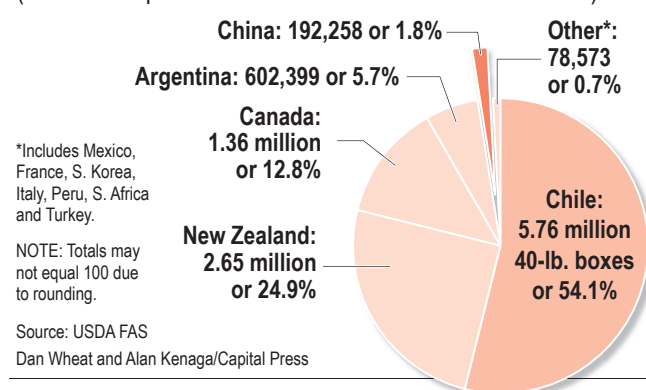


Courtesy of Steve Yeoh

Steve Yeoh, a Southern California fruit exporter and importer, with naval oranges he exports. He says Chinese apples will remain niche items in the U.S.

U.S. apple imports, 2016

(Packed 40-pound boxes — Total: 10.65 million boxes)



nese product. I've seen more and more Ya pears come in from China in Los Angeles markets, but not Chinese Fuji," he said.

Riggan said he's eaten Chinese Fuji in China, India and Germany and that it doesn't have the sugar level and dessert quality of Washington-grown Fuji.

Niche U.S. market

Steve Yeoh, export director and co-owner of Agri-Pacific International Trading Corp. in Arcadia, Calif., has been importing and exporting fruit in Southern California for 25 years. He mostly exports citrus fruit, apples and table grapes.

Importers who buy Chinese Fuji sell them to Asian markets in Chinatowns in major cities such as Los Angeles, San Francisco, Seattle, Chicago and New York, said Yeoh, who is Chinese.

Premium Chinese Fuji look better than U.S. Fuji because they are grown in bags to give them better color and clean skin with no scratches or blemishes, he said.

But he's never thought they would become big in the U.S. because they lack consistent quality and China doesn't have the facilities to pack and grade apples like U.S. packers do, he said.

"Chinese Fuji target Chinatowns. I don't think it will grow a lot more. Fuji is becoming a lesser variety because Americans are going for newer club varieties like Envy and Pacific Rose," Yeoh said.

Price is key, he said. Chinese Fuji sell into the U.S. at an average of \$26 per 40-pound box, which is similar to U.S. apple domestic prices, "so they are not undercutting us," O'Rourke said.

Price undercutting was a fear that for years caused the U.S. apple industry to oppose Chinese imports.

Past problems

In 1998, China caused severe damage to the U.S. apple juice industry by flooding the world market with cheap, government-subsidized apple juice.

After that, apple producers in Washington, New York and Michigan feared boatloads of Chinese Fuji apples arriving on U.S. shores and taking a big bite out of the fresh apple market.

The U.S. industry used pest and disease protocols as roadblocks to China's request, also in 1998, for its fresh apples to be allowed in.

But in the late 1990s and

Chinese pear sales grow slowly in U.S.

By DAN WHEAT
Capital Press

Besides apples, Pacific Northwest growers also export pears and sweet cherries to China.

China produced 250,000 metric tons of sweet cherries in 2015, ranking third in the world behind the U.S., at 307,000 metric tons, and Turkey, at 535,600 metric tons.

"They grow a lot of cherries but their quality isn't good enough to export much beyond neighboring markets," said Desmond O'Rourke, a retired Washington State University agricultural economist and China observer.

China has been taking increasing amounts of PNW cherries, but China's production is increasing rapidly, said O'Rourke, who worries more Chinese production could impact the amount of U.S. cherries that nation imports.

China imported 1.5 million, 20-pound boxes of PNW cherries in 2016. Including Hong Kong, exports exceeded 2 million boxes, and the outlook is nothing but positive for 2017, said B.J. Thurlby, president of Northwest Cherry Growers in Yakima, Wash.

Keith Hu, international program director of Northwest Cherry Growers, was in China the past two weeks and saw "no indication the government is considering any type of action," Thurlby said.

Chinese cherries ripen a month ahead of PNW cherries, and there's plenty of room to increase PNW cherry exports there, he said.

China won access to the U.S. for its Ya pears in 1997. Imports were halted in 2001-2002 when a large percentage were found to be infected with a fungal disease. They were again banned in 2003 when USDA Agricultural Research Service pathologist Rodney Roberts found infected Ya pears in a Wenatchee, Wash., grocery store. The market was reopened in 2005.

Steve Yeoh, export director and co-owner of Agri-Pacific International Trading Corp. in Arcadia, Calif., imported about 20, 40-foot ocean containers of Ya pears for a couple of years but got caught the second year in the quarantine. He had to send pears back to China and hasn't imported them since.

"We sold them to Chinese markets here (Los Angeles) and the East Coast. Ya means duck. It's one of China's oldest pears. It's

something Chinese here are familiar with. It's nostalgic but sometimes they are inconsistent in sugar and quality," he said.

Chinese Sand pears and Fragrant pears were allowed into the U.S. in 2013, when U.S. pears were allowed into China.

A small but growing number of Chinese pears are coming into the U.S. while U.S. pear exports to China are struggling, said Jeff Correa, international marketing director of The Pear Bureau Northwest in Portland.

He doesn't foresee Chinese pears growing much beyond Chinese markets because most Americans prefer the Bartlett and d'Anjou varieties grown in the U.S. and Southern Hemisphere, and consumers worry that food grown in China isn't as safe as that grown in the U.S.

"I think they have a ceiling within their niche. It's the same issue we encounter over there," he said.

"Chinese pears are different from our varieties," Correa said. "They taste more like apples, are crunchier, and some of them are very juicy."

They can be eaten like apples without waiting for them to ripen or soften, he said, noting the biggest challenge for U.S. pears in China is getting consumers to wait for them to ripen.

The U.S. imports about the same amount of pears as it exports, roughly 4 million, 44-pound boxes, Correa said. The vast majority of the imports come from Argentina and Chile.

The U.S. imported 625,400, 44-pound boxes of pears from China in 2016, up from 529,150 in 2015 and 413,850 in 2014.

The PNW crop averages 20 million boxes annually, which is 85 percent of the U.S. crop. China is the world's largest producer of pears.

In 2015, the PNW exported 126,450 boxes of pears to China, down from 204,300 in 2014. Sales of the 2016 crop through December to China were 46,650 boxes compared with 100,150 boxes at the same point a year earlier.

"It's dropping. Hopefully, it's not a continuing trend but maybe an overcorrection of how much the market wants," Correa said.

The same factors that impact U.S. apple exports to China — pricing, the strong dollar and increased competition from Europe — are hindering U.S. pears, he said.

early 2000s, with the Washington apple industry hurting from low prices and not enough varietal diversification, the appeal of China's large population as a potential market began to grow.

Red and Golden Delicious apples from Washington, Oregon and Idaho were allowed into China in 1993 but were banned from August 2012 to November 2014, after disease was found in some shipments. When shipments resumed they were immediately hindered by work slowdowns at West Coast ports.

In the meantime, Washington producers increasingly wanted access to China for all apple varieties and, as a tradeoff, began thinking of ending their opposition to Chinese apples coming into the U.S.

The Washington Apple Commission hired O'Rourke to evaluate the potential impact of Chinese apples coming into the U.S. O'Rourke concluded that the perceived threat of Chinese apples flooding U.S. markets was overblown. China only grew Fuji, which was less than 10 percent of the U.S. market, and the quality was inferior, he said.

"We looked at Canada, where China made a big surge (in 2003 and 2004)

that fizzled, and the same in Europe. China's natural export markets are in those big Asia markets closer to home," O'Rourke said.

O'Rourke remembers some big shippers muttering their disagreement when he presented his study to the Apple Commission.

Two large shippers were opposed but most of the opposition came from East Coast growers hit hard by the juice competition, Fryhover said.

Industry unifies

It took several years to get the industry unified to end its opposition to Chinese imports and more time for U.S.-Chinese negotiations, in which the Northwest Horticultural Council in Yakima played a big role, Fryhover said.

The Apple Commission passed a motion Dec. 5, 2012, recommending Chinese apple access to the U.S. in exchange for full varietal U.S. access to China. Pest and disease concerns were addressed.

The two governments reached an agreement in early 2015 and later that year all apple varieties were allowed to flow both directions for the first time.

In the 2014-2015 sales season, Washington shipped

1.35 million boxes of apples to China. That dropped to 1.27 million in 2015-2016.

The drop was caused by a variety of factors, according to an assessment by the Apple Commission released at its March 14 meeting. They included overproduction and a drop in prices in China, more shipments into China from Chile and New Zealand, a slowdown of China's economy, a strong U.S. dollar and high Washington prices due to a smaller 2015 crop.

China's middle and upper class population increased from 30 million in 2011 to 109 million in 2015 and is expected to grow 25 to 30 percent in each of the next five years, the assessment states.

That middle-income population growth, its increasing online purchasing, its concern for food safety and Washington's high quality all bode well for future exports to China, the commission said in the assessment.

When the Chinese economy rebounds, the commission concluded, that growing middle-income class will be "willing to try new varieties and with the increased number of new apples that Washington apple growers continue to offer, we can expect an increase in demand of Washington apples as a whole."

'It's not a science-based number. It's a social call'

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would include probable attacks that fit in a pattern with at least one confirmed case.

The department did not make a recommendation on whether the threshold for lethal removal should remain at four depredations.

Martorello said WDFW would someday like the flexibility to intervene whenever it believes shooting wolves can change pack behavior, ultimately reducing the number of livestock and wolves killed.

The department, however, recognizes the public wants certainty and a way to hold WDFW accountable, he said.

The advisory group will have to set the threshold, Martorello said.

"It's not a science-based number. It's a social call," he said.

If WDFW had counted con-

firmed and probable depredations last summer in the Colville National Forest, the department would have considered shooting wolves in the Profanity Peak pack a week after the first confirmed depredation.

Instead, the department started hunting for the pack nearly three weeks later, after the fourth confirmed depredation.

WDFW eventually shot seven wolves. A study funded by the U.S. Fish and Wildlife Service and published in 2015 concluded that partial pack removal was effective in Montana, Idaho and Wyoming if done soon after a depredation.

Partial pack removal worked best if conducted within seven days of a depredation. If wildlife managers waited 14 days, there was no difference between partial pack removal and doing nothing, according to the study.

'I urge you to please not take my options away'

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which doesn't involve transferring DNA from one organism to another but could nonetheless be restricted under HB 2469, he said.

Opponents of HB 2469 argue the possibility of local restrictions on genetically engineered crops will create uncertainty for farmers, particularly if they cultivate crops in multiple jurisdictions.

Tim Winn, who produces biotech sugar beets in Benton County, said proponents of GMO bans see farmers like him as "necessary collateral damage."

"I urge you to please not take my options away," he said.

Supporters of the bill claim that local governments should again be permitted to set their own rules because the state government has taken no action on GMOs since the 2013 pre-emption policy was approved.

"We were led to believe cross-contamination would somehow be addressed through the Department of Agriculture," said Rep. Paul Holvey, D-Eugene, who sponsored HB 2469.

The USDA has acknowledged that damages from GMO contamination occur but claims it lacks the authority to prevent such problems, said Amy van Saun, a legal fellow at the Center for Food Safety, a non-profit that supports greater biotech regulation.

It would be great if the state government tackled the problem, but it's shown no such intention, she said.

"It's not coexistence when only one side bears the burden and the costs," van Saun said.

Growers of conventional and organic seed would be unreasonable to ignore the potential legal liability of selling crops contaminated with patented biotech traits, said Elise Higley, director of Our Family Farms

Coalition, which supports HB 2469.

Contaminated seed would also be rejected by buyers who want a GMO-free product, ultimately making it more expensive as it becomes more rare, she said.

"GE farmers end up winning by default and our traditional seed supply diminishes," Higley said.

Proponents of HB 2469 also discounted arguments against local GMO ordinances, such as the possible confusion from various county-by-county rules.

"So what if there's a patchwork? There are all kinds of patchworks with different policies and they're working just fine," Higley said.

Counties that have enacted GMO bans also haven't been saddled with additional costs, as predicted by opponents, said Barbara Richard, a Rogue Valley resident.

"None of them have encountered any enforcement issues. They're self-enforcing," she said.