



Dan Wheat/Capital Press

Kanzi apple trees in bloom May 2 at Mt. View Orchard in East Wenatchee, Wash. The industry expects another large crop this year as it struggles with low prices in finishing up sales of the 2016 crop. Kanzi is one of the new managed varieties that sell at strong prices.

Second-largest crop pushes many apple prices lower

By DAN WHEAT
Capital Press

CHELAN, Wash. — It's been a tough sales season for the Washington apple industry. Not as tough as 2014, when a record crop tanked prices, but still bad enough that it's "not sustainable," a leading marketer says.

Red Delicious apples, selling below break-even prices, are still 29 percent of the 2016 crop and need to be more like 15 to 18 percent, says Tim Evans, general sales manager of Chelan Fresh Marketing.

Reds and Gala make up more than 50 percent of the crop. Prices of both have fallen to less than profitable levels because it's the second-largest crop in history.

The crop was forecast in early August at 132.9 million, 40-pound boxes. The estimate peaked at 137.9 million boxes on Dec. 1 and now is back down to 132.8 million as of May 1. The number is adjusted from the start of packing in August through the year-long sales season, primarily for storage cullage.

National fresh apple stocks were 16 percent larger on May 1 than they were a year ago, according to the U.S. Apple Association.

Red prices dropped in January and Gala prices fell in February and have remained low enough that they've been a significant hit for growers and packer-shippers, Evans said.

"Unless you are diversified and into new genetics, you're probably not going to survive," he said.

New genetics are new strains of old varieties and new varieties exclusive to individual companies and limited in volume to maintain strong prices.

Red Delicious was initially forecast at 33 million boxes for the year but is ending up at 39.5 million boxes, which was enough to "tip it over on price," Evans said.

Certain sizes and grades went to processing into juice, sauce and baking ingredients, he said, adding he doesn't know if there has been any dumping on fields, as occurred two springs ago after the record 2014 crop.

The average asking price of extra fancy (standard) grade, medium size (80 to 88 apples per 40-pound box) Red Delicious in Wenatchee and Yakima was \$11 to \$14.90 on May 5, down from \$12.90 to \$16.90 on March 7 and down \$5 on the low end and \$4 on the high end since January, according to USDA tracking.

Two years ago, Reds hit \$8 per box. Break-even is generally higher than \$15 per box.

USDA tracking showed Gala at \$15 to \$20.90 on May 5 compared to \$15.90 to \$18.90 on March 7. The March prices were down \$3 on the low end and \$4 on the high end from Feb. 8.

Fuji was \$21.90 to \$26.90 on May 5, down slightly from March and from \$25 to \$28.90 in January and February.

Granny Smith was \$20.75 to \$27.90 on May 5 versus \$21.90 to \$24.90 on March 7 but improved from \$19 to \$23.90 in January and February because of short supply.

Prices for Honeycrisp were not given because they are nearly sold out.

Shippers kept Honeycrisp moving because of the potential for bitter pit and soft scald problems in storage, Evans said.

Initially this year's Honeycrisp crop was estimated at 10 million boxes but it will end up about 8.3 million. As of May 1 there were about 800,000 boxes left to sell.

"We planned to take them out longer initially but the way

a majority of the fruit was acting it took more bins to pack and demand was there so we ended up being out sooner," Evans said.

As of May 1, 96 million boxes of apples had been shipped with 36.8 million remaining, according to industry reports.

That's 72.5 percent shipped versus 71 percent at the same point last year and 76 percent two years ago during the record 143.6 million-box crop.

"We're at a very manageable level. With a cooler spring and later bloom, it will give us a couple of extra weeks (of old crop sales) going into the new crop," Evans said.

The Gala harvest normally starts around Aug. 1 but will likely be delayed until Aug. 15 this year, he said.

Washington Ecology moves to increase air-monitoring fees

By DON JENKINS
Capital Press

The Washington Department of Ecology plans to raise air-monitoring fees on more than 500 businesses, including such agricultural operations as hay processors, fertilizer manufacturers and cattle feedlots.

Ecology has yet to make a specific proposal. But based on Ecology's goals, the higher fees would approximately double the amount the department collects and fall most heavily on businesses with the lowest releases of contaminants.

For example, nine distillers of mint oil that operate about six weeks a year and have mostly converted from diesel to cleaner-burning propane and natural gas would no longer be exempt from the fees.

"If I had my way, we would stay in the exempt category, but I don't know how likely that is at this point," Washington State Mint Commissioner Shane Johnson said.

The fees fund Ecology's air-quality program in counties without local clean-air agencies. That includes most



Matthew Weaver/Capital Press

Cattle feedlots and more than 500 other businesses that must report air emissions to the state Department of Ecology face higher fees to fund the program.

of Central and Eastern Washington, and San Juan County in Western Washington. The program tracks emissions from a wide range of industries besides agricultural operations.

About 130 businesses, such as the mint oil stills, that must report their emissions to Ecology are exempt from fees. Most businesses pay a flat annual fee ranging from \$450 to \$1,000.

About 30 of the largest emitters have a more complicated fee structure. They pay a base fee of \$1,057, plus \$16 per ton of emissions and an additional fee based on how

much time Ecology spends monitoring them.

Ecology says the current emissions-based fee structure doesn't fairly distribute costs. It also doesn't raise enough money, according to Ecology.

The Washington Clean Air Act calls for the program to be self-supporting, but the fees, last raised five years ago, cover only 45 percent of the costs, according to Ecology.

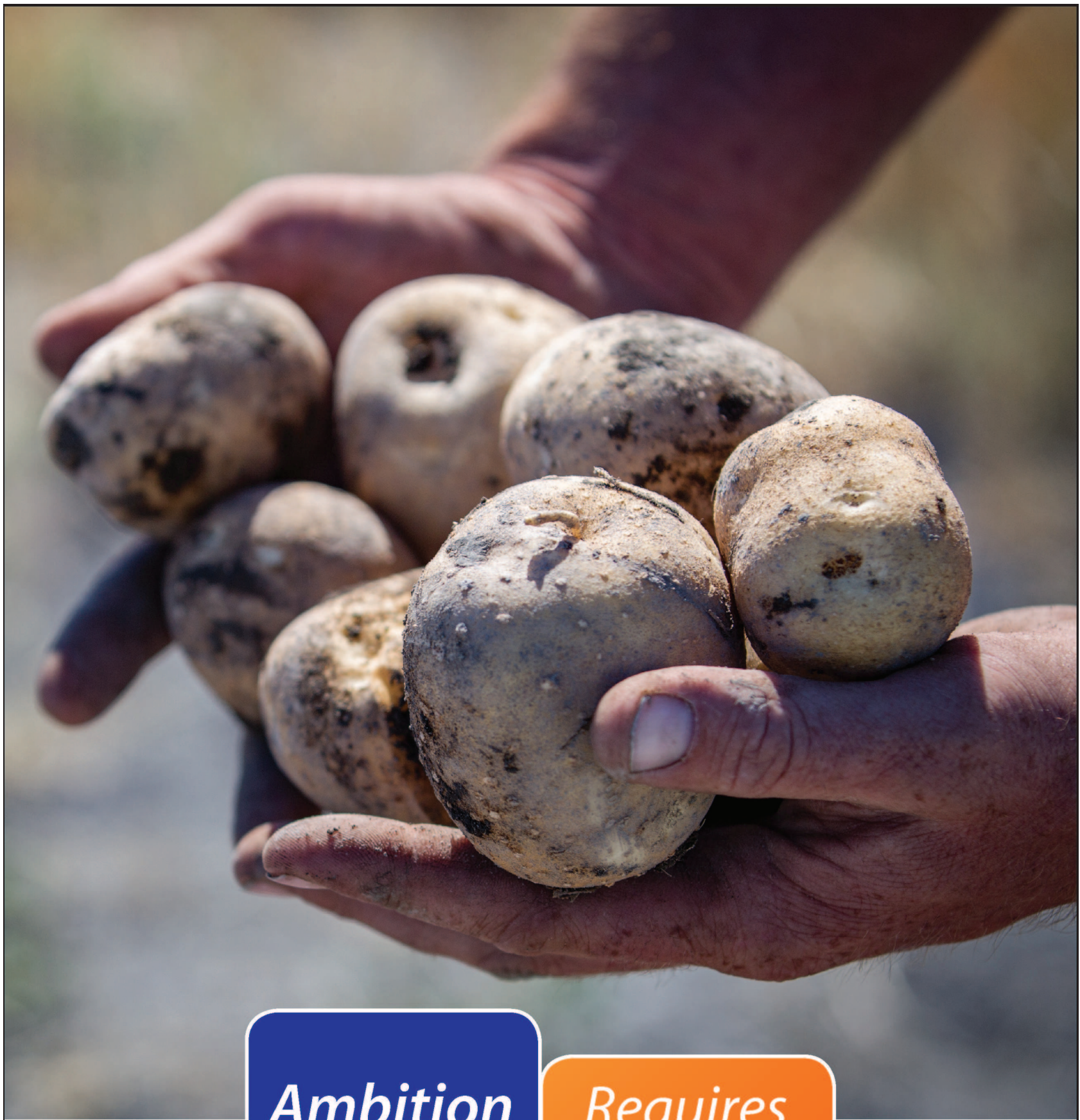
The department has so far met twice with industry representatives to discuss how to erase a projected annual shortfall of about \$352,000.

An Ecology spokeswoman

said in an email Thursday the department will meet with industries again May 24 in Moses Lake to continue discussions, but does not plan to present specific numbers.

Ecology has said it plans to make a formal rule proposal in August and have new fees in place by next March.

Washington Cattle Feeders Association Executive Director Jack Field, who's involved in the discussions, credited Ecology for seeking advice. But businesses won't have much to respond to until they know how much they would pay under a new fee schedule.



Ambition

Requires Vision

It's important to see things as they really are – and how they could be.

Ambition is knowing the seeds I'm planting today will create lasting value. It's working alongside those who share my vision.

My ambition is to build the best possible future for my family and me.



Rabo AgriFinance

855-722-7766 RaboAg.com

fb.com/RaboAg @RaboAg Rabo AgriFinance

Access to Financing | Knowledge | Networks