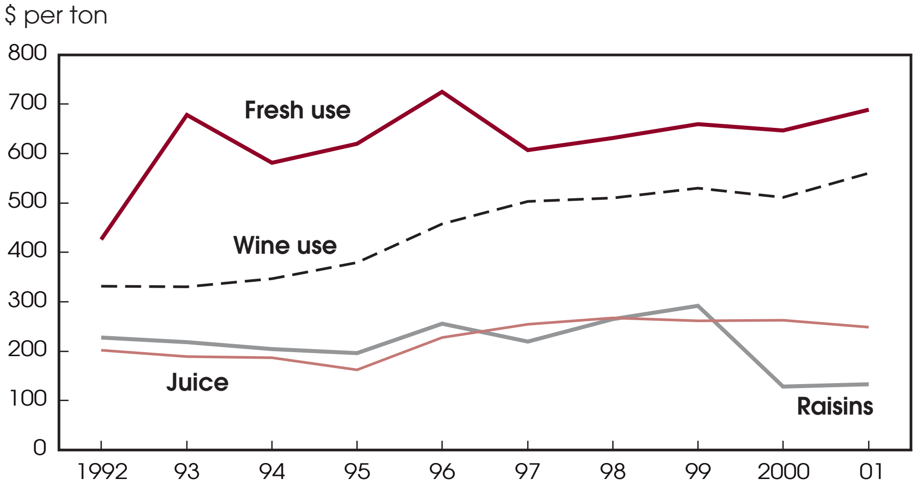
**Grapes for Fresh and Wine Use Bring Highest Prices**




Economic Research Service, USDA

In 2001, because of the smaller U.S. grape crop and a stronger U.S. dollar, U.S. importation of wine rose 7 percent over 2000. From the main suppliers, shipments were up from Italy, Australia, and Spain but were down from France and Chile. During the first 8 months of 2002, U.S. wine imports continued higher, up 16 percent from the same period a year ago.

### Raisin Production & Exports Down

Raisins account for the second-largest use of U.S. grape production. Partly due to the smaller 2001 grape crop, fewer grapes were used for raisin production last year. However, large carryover stocks and increased imports raised domestic raisin supplies during the 2001/02 season, and pressured already low raisin prices.

Imports rose 29 percent, with larger shipments from the leading suppliers—Chile, Mexico, Argentina, and the Republic of South Africa. Even with increased supplies, commercial shipments, as reported by the Raisin Administrative Committee, were down slightly from the previous year and ending stocks remained large. U.S. raisin consumption was estimated at 1.46 pounds per person during 2001/02, down 3 percent from the previous season. However, low domestic prices and decreased world supplies helped boost export demand for U.S. raisins, raising shipments 4 percent. Increased shipments to Japan, Canada, and other important markets in the Asian Pacific Rim more than offset decreased sales to the European Union.

This year's larger U.S. raisin crop and another year of large carryover stocks will likely keep U.S. raisin prices competitive in the world market, but increased world production and a continued large world surplus will likely prevent any significant growth in U.S. exports. Good drying conditions prevailed for sun-dried raisins in September of this year. By early November, harvesting of raisin vineyards in California was complete. AO

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## Specialty Crops

# Smaller 2002/03 Citrus Crop May Boost Grower Prices

The 2002/03 citrus crop is projected to total 15 million short tons, 9 percent smaller than last season, according to USDA's National Agricultural Statistics Service (NASS). The orange, grapefruit, tangerine, and Temple crops are expected to be smaller, while lemon and tangelo crops should be bigger. As a result of the expected smaller crops, growers are likely to receive higher prices for their product. Higher prices could, in turn, improve revenues for some of the citrus industries.

With the Florida crop typically accounting for at least three-quarters of all citrus produced in the U.S., any changes in its crop affects the overall industry. An expected 14-percent decline in Florida's citrus crop is driving overall decline for the 2002/03 season. As a result of the sharp projected decline in Florida's production, its share of the total U.S. citrus crop is likely to be 74 percent, down from 78 percent last season.

A projected 11-percent increase in California's crop is offsetting some of the overall decline in the U.S. citrus crop. Since Florida and California market their citrus differently, one state's crop has little effect on the other state's market. For example, most of California's oranges are sold in the fresh market while most of Florida's oranges go into making juice. Because of the split markets, quality factors often have more effect on markets, with poor-quality California oranges increasing sales to processing and high-quality Florida oranges increasing its sales to the fresh market. The impact of any change in market, however, is generally very small. Similarly, Florida grapefruit dominate the winter fresh market with California's product taking over from spring through early fall.

**More Fresh Oranges Expected in the Markets This Season.** California and Arizona orange crops are projected to reach 2.4 million short tons, 13 percent bigger than last season and potentially the largest since 1997/98. The navel orange crop, which is already being marketed, is expected to be 17 percent larger than last season. The Valencia crop, which will not be harvested until February or March, will be 4 percent larger. The significantly larger navel crop is good news for growers since navels are popular both domestically and internationally, bringing growers strong returns. The navels, however, were reportedly on the small side, which decreases their market value. As the season progresses, and with some rain, the fruit will likely increase in size and improve the prices growers can demand for their fruit.

Texas' orange crop is forecast to be 8 percent smaller than last season and 28 percent smaller than 2 seasons ago, although the 68,000 tons expected to be utilized is higher than any other year since the mid-1980s. According to the industry, f.o.b. prices averaged lower than last season during the third week of October. Prices are likely to be hampered by the large number of small fruit available at the time.

**Smaller Florida Orange Crop Could Drop Juice Supplies to 5-Year Low.** The first projections of Florida's orange crop is 8.9 million short tons, 14 percent below a season ago. Both the early-to-mid-season orange crop, expected to total 5.1 million tons, and the Valencia orange crop, at 3.8 million tons, are forecast down in 2002/03.

Two major factors affected production this season. First, drought affected the number of blooms and therefore the number of fruit on the trees. Second, several diseases helped decrease the number of bearing acres and trees. Warm, rainy summer weather helped accelerate fruit maturity and size. The bigger fruit relative to recent years at the time of the October forecast likely offset some of the loss in volume.

Many of Florida's juice processors opened their plants by mid-October, with all plants expected to be operating by mid-November. Although the quantity of oranges being processed in October was ahead of last season, there were reports of bitterness in the juice. This problem should dissipate as the season progresses and temperatures decline, sweetening the fruit.

According to industry data, processors were paying an average 20 percent more for oranges as of the third week of October. Anticipated tightness in this year's market should improve growers' prices after several years of low prices.

USDA's Economic Research Service estimates that 1.2 billion single-strength equivalent (SSE) gallons of orange juice will be produced from this year's crop. If realized, production would be the lowest since 1993/94. Although beginning juice stocks are the third highest on record and imports are forecast to be significantly higher than last season, the overall supply available for marketing this season is projected to be 2.2 billion SSE gallons, the lowest in 5 years.

The smaller supply will likely drive down ending stocks as processors continue to compete for market share, especially in the not-from-concentrate (NFC) orange juice market. Consumers could benefit from this competition and see low retail prices for NFC this season. Low prices and an expected improvement in the U.S. economy should push consumption slightly higher than last season to an average 5.2 gallons per person for 2002/03.

Brazil's orange juice production, the largest in the world and the major source of U.S. imports, is projected higher this season. The bigger supply should lower the world price and provide for sufficient juice available to U.S. processors and reconstituting plants, mostly located in the Northeast. With more Brazilian orange juice in the world market, U.S. exports will probably drop, as domestic processors push more juice into the U.S. market.

**Grapefruit Production Declining.** According to NASS's October estimates, grapefruit production for 2002/03 will only reach about 2.2 million tons, the smallest crop since the freeze in 1989/90. Crop size has been declining over the past 3 years as trees and bearing acreage were removed in Florida due to disease and low grower returns. Both Florida's colored and white grapefruit crops are anticipated to be 10 percent lower than last season. Since Florida's expected 1.8 million-ton grapefruit crop is less than the average utilization over the past 5 years, competition from both the domestic and international markets should be strong, boosting grower prices. Prices should also benefit from this season's large fruit, a strong selling factor for some international markets.

**California Expects More Lemons This Season.** The forecast for the 2002/03 lemon crop is 904,000 tons, 9 percent above last season. California's crop is expected to be 11 percent larger than last season at 798,000 tons, 88 percent of the total. Arizona's lemon crop comprises the remaining 106,000 tons, the same as last season. California's lemons, like its oranges, are smaller so far this season. Without some rain, fruit size could dampen prices. Arizona's lemons are reported to be of good size and quality. Without much import competition this season, and with the ban still in effect for Argentine lemons, there should be sufficient demand throughout the year to keep prices firm for growers and at the retail level.

**Smaller Tangerine Crop Forecast in Florida.** Florida's tangerine crop accounts for 71 percent of total production this season. The crop is projected to decline 21 percent from last year's large crop, to 314,000 tons. The early-variety tangerine crop is expected to drop 29 percent from last year, due to a decline in the number of trees, and the number of fruit per tree.

Beginning in 2002/03, the early varieties include only Fallglo and Sunburst tangerines. The Sunburst variety is the major early variety. The number of trees also declined for the late Honey tangerine, but the number of fruit per tree is higher this season than last. Therefore, the estimate for Honey tangerines declined only 7 percent. Elimination of forecasts for Robinson and Dancy tangerines may alter the forecast slightly. However, these crops have become so small (being replaced by more popular varieties), that the overall effect on the forecast is likely minimal.

With fewer tangerines available in the market, prices may climb above last season. A price increase, however, would be tempered by the return of Spanish clementine imports that will again be available this fall and winter. Under new regulations by USDA's Animal and Plant Health Inspection Service, clementines cannot be marketed in any citrus-producing States. Since the strongest demand for clementines is in the Northeast, the restrictions should have little effect on demand. They might, however, increase competition for domestic citrus. Consumers may benefit from such competition, should the industries decide to include price discounts in their promotions. AO

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