

Recent Trends in Organic Tree Fruit Production

Washington State 2011

December, 2011

Rev. 11/28/11



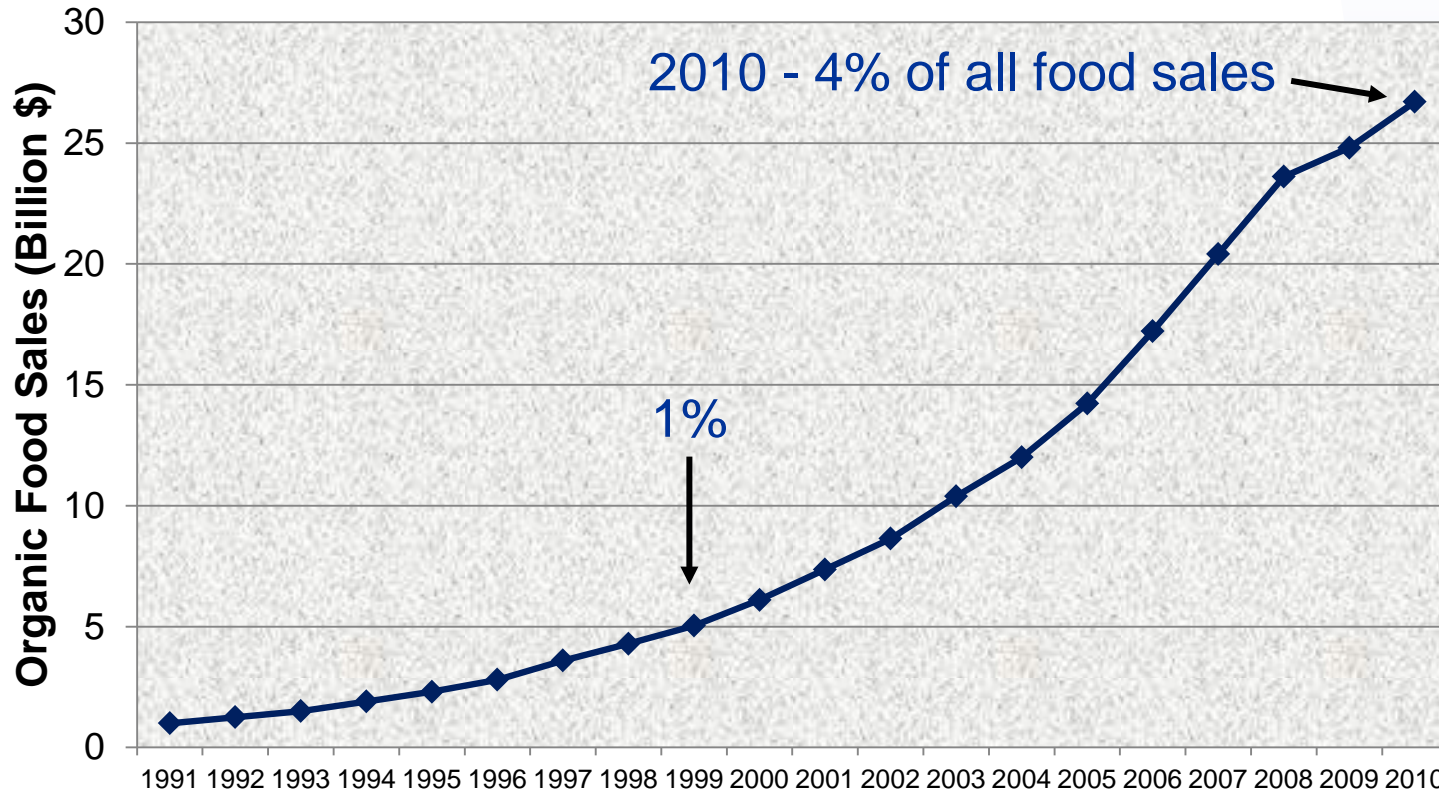
Elizabeth Kirby & David Granatstein, WSU-CSANR

in cooperation with

Washington State Department of Agriculture Organic Program

Consumer Demand

Growth of US Organic Food Sales



Organic fruits & vegetables 2010: 39.7% of Org sales;
~12% of all produce sales; 11.8% growth

Organic Tree Fruit Acres Washington State





	--- Certified acres ---			% Change 10-11	--- Transition acres ---		
	2009	2010	2011		2008	2010	2011
Apple	15,735	14,790	14,296	-3	4,256	630	725
Pear	1,964	2,033	1,917	-6	444	118	108
Cherry	2,437	2,147	1,826	-15	797	94	12
Apricot	265	299	296	-1	479	20	--
Peach & Nectarine	1,238	1,251	1,146	-8	832	16	21
Plum & Prune	130	125	92	-26	49		--
Mixed stone	30	13	17	31	164	2	--
Total	21,799	20,639	19,590	-5	6,721	880	866

Tree fruit has a 20% share of all organic acreage in Washington State

*Combined certifiers data; 2011 Preliminary data;
Photo: ARS Gallery*



Estimated US Organic Apple Production (acres)

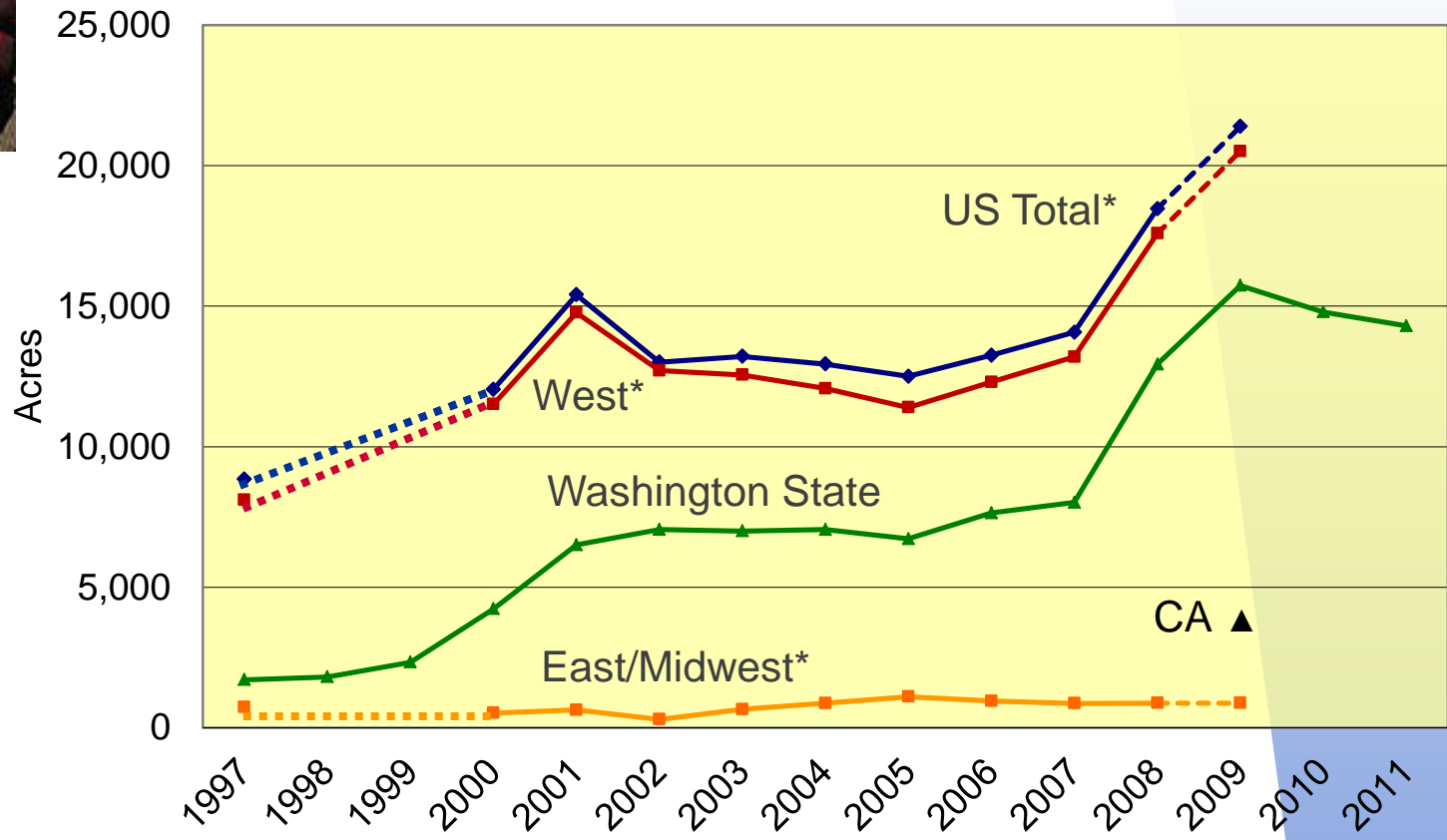
State	1997	2000	2001	2003	2005	2007	2008	2009	2011
WA	1,707	4,228	6,540	7,003	6,721	8,018	12,936	15,735	14,296
CA	1,883	4,423	4,853	4,045	3,402	3,900	3,393	3,450	
AZ	3,178	1,795	1,715	835	865	816	816		
CO	1,270	431	635	235	202	209	164		
OR	9	350	350	265	123	106	136	201	
Other West	59	281	677	171	83	147	139		
West total	8,106	11,508	14,770	12,554	11,396	13,196	17,584	>20,000	
Midwest	522	419	567	650	708	612	655		
NY & NE	201	83	52	5	392	212	193		
S & SE	17	28	15	1	8	47	33		
US Total	8,846	12,038	15,404	13,210	12,504	14,067	18,465	>21,000	

>95 % in arid west

Combined data sets from WSU-CSANR and USDA-ERS; 2011 is preliminary data; Other West states include ID, MT, NM, NV, UT

Estimated U.S. Organic Apple Trend

West = >95% of area

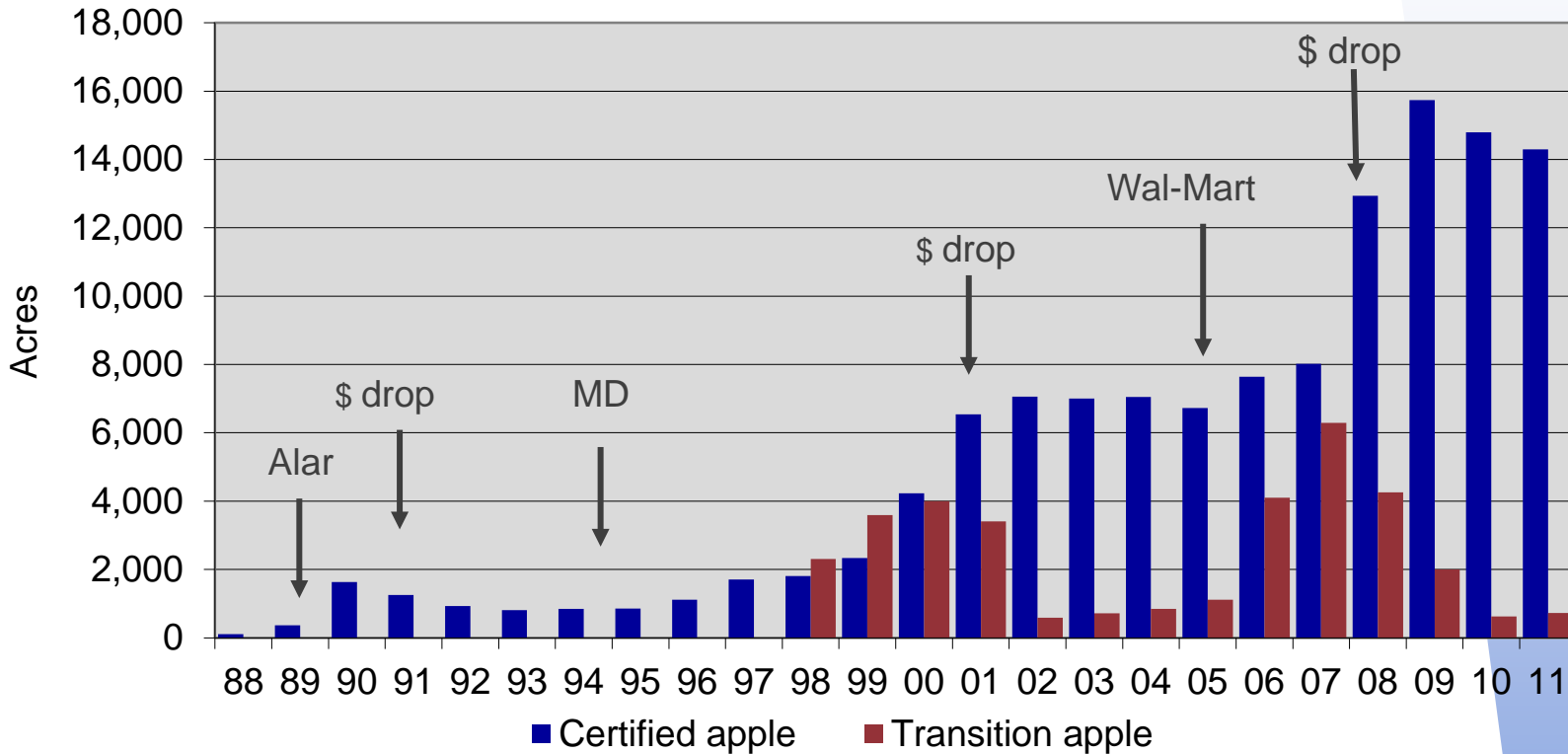


Based on combined data from WSDA, ERS, CDFA AZ Apple Growers Assoc., QAI and OTCO; * same data for 2008 and 2009, except WA, ID and CA



Organic Apple Area Washington State

Photo by F. Peryea



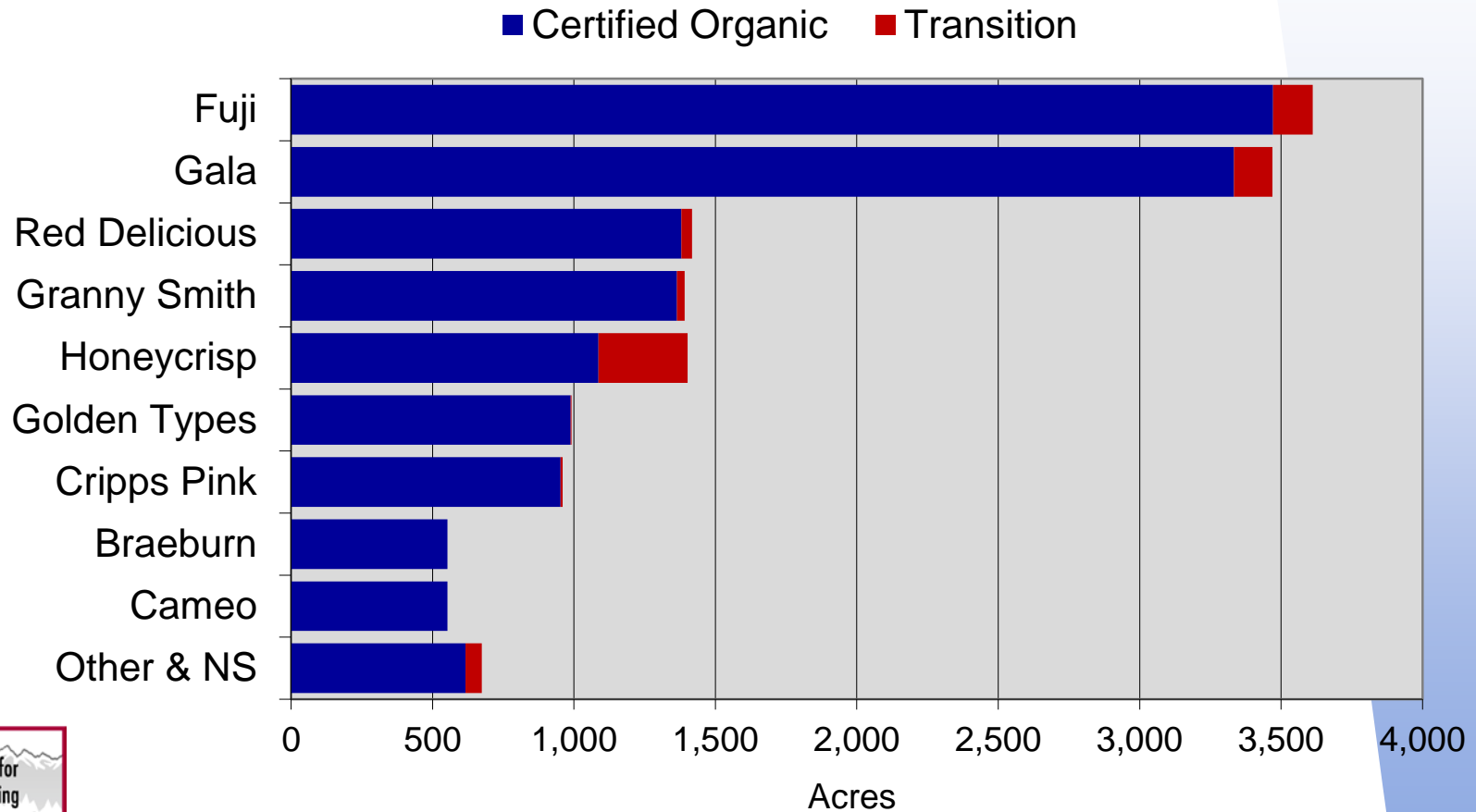
14,296 ac = **8.5%** of WA apple bearing acreage
 (based on 2011 WA-NASS estimate of 167,489 acres)





WA Fuji; ARS Gallery

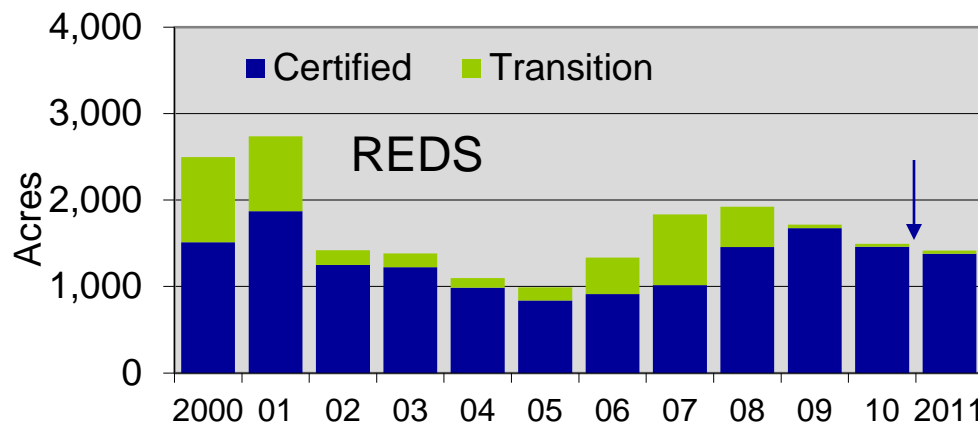
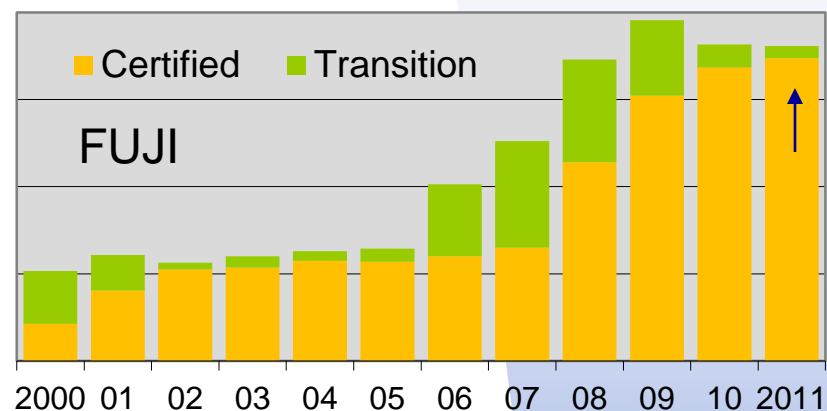
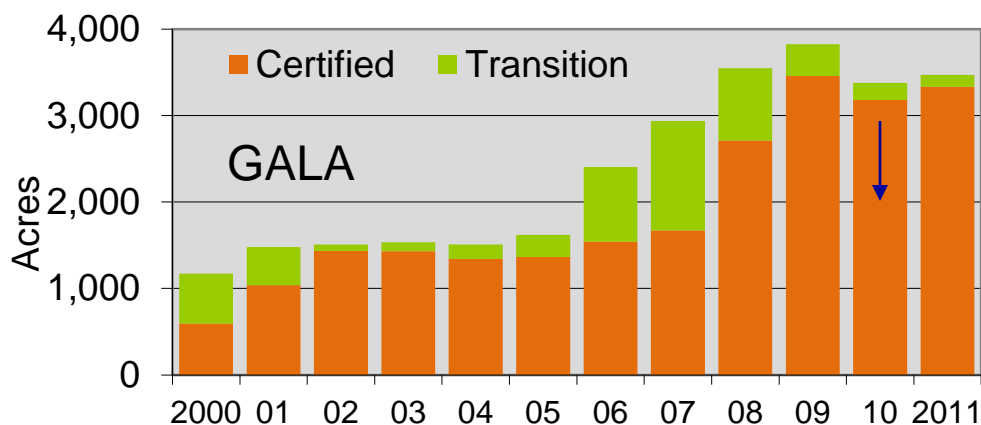
Organic Apple Variety Acres Washington 2011



2011 preliminary certifier data; NS includes apples not reported by variety



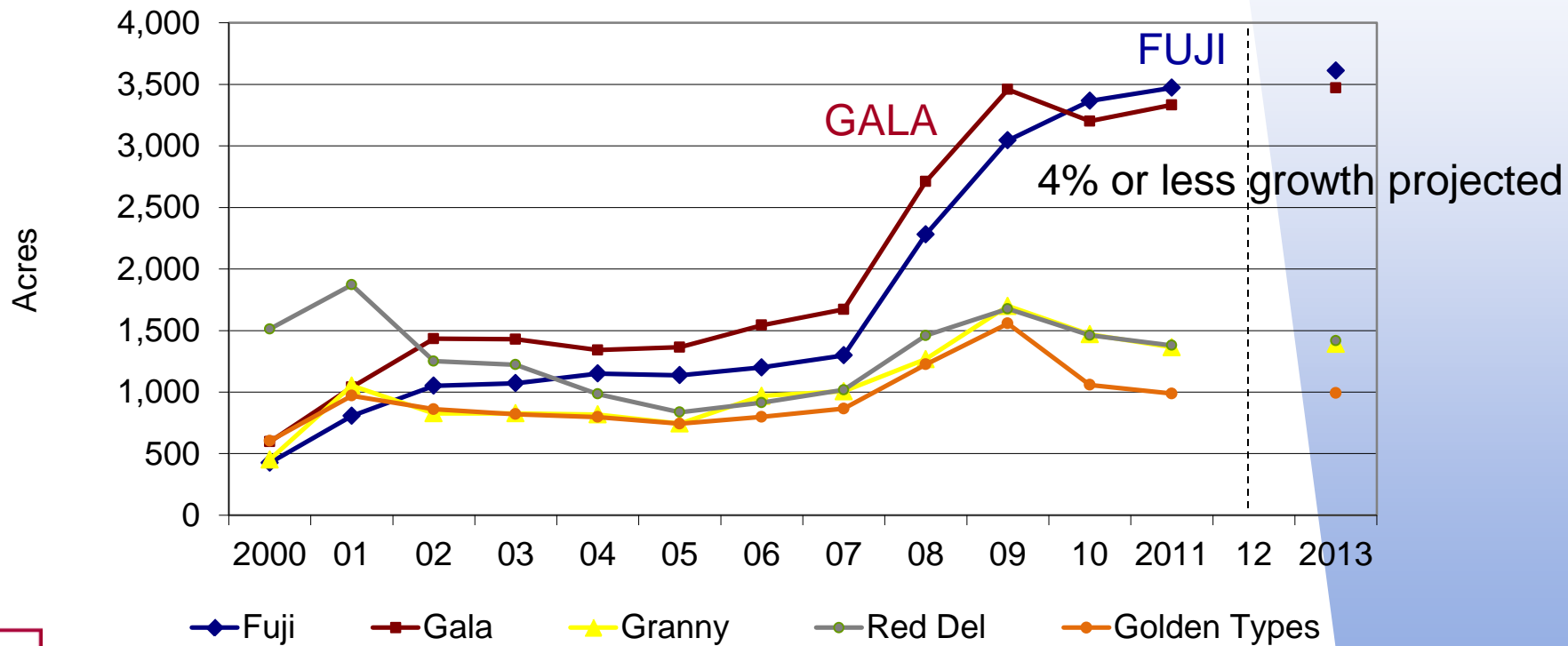
Organic Varieties Washington State Acres Trend





Organic Apple Variety Trends

Washington State – Major Varieties



Combined certifier data ; 2011 preliminary data;
2013 based on 2011 C + T

Organic Specialty Apple Trends Washington State

THE BEST ORGANIC APPLES ON EARTH GROW IN WASHINGTON!

The organic fruit and vegetable category is one of the fastest growing segments in your produce department. And organic apples are a booming part of the apple category. "Ten years ago, organic meant a small mom and pop store with some apples in a box," said Harold Ostenson of Pac. Organic Fruit in George, WA. "Today it has grown into a significant market," he said. "My guess is at least one million boxes in Wenatchee and Yakima alone."

Bob Boule, managing partner of Washington Organics agrees. "Washington is by far the largest organic apple producer in the U.S. - maybe even the world," he said.

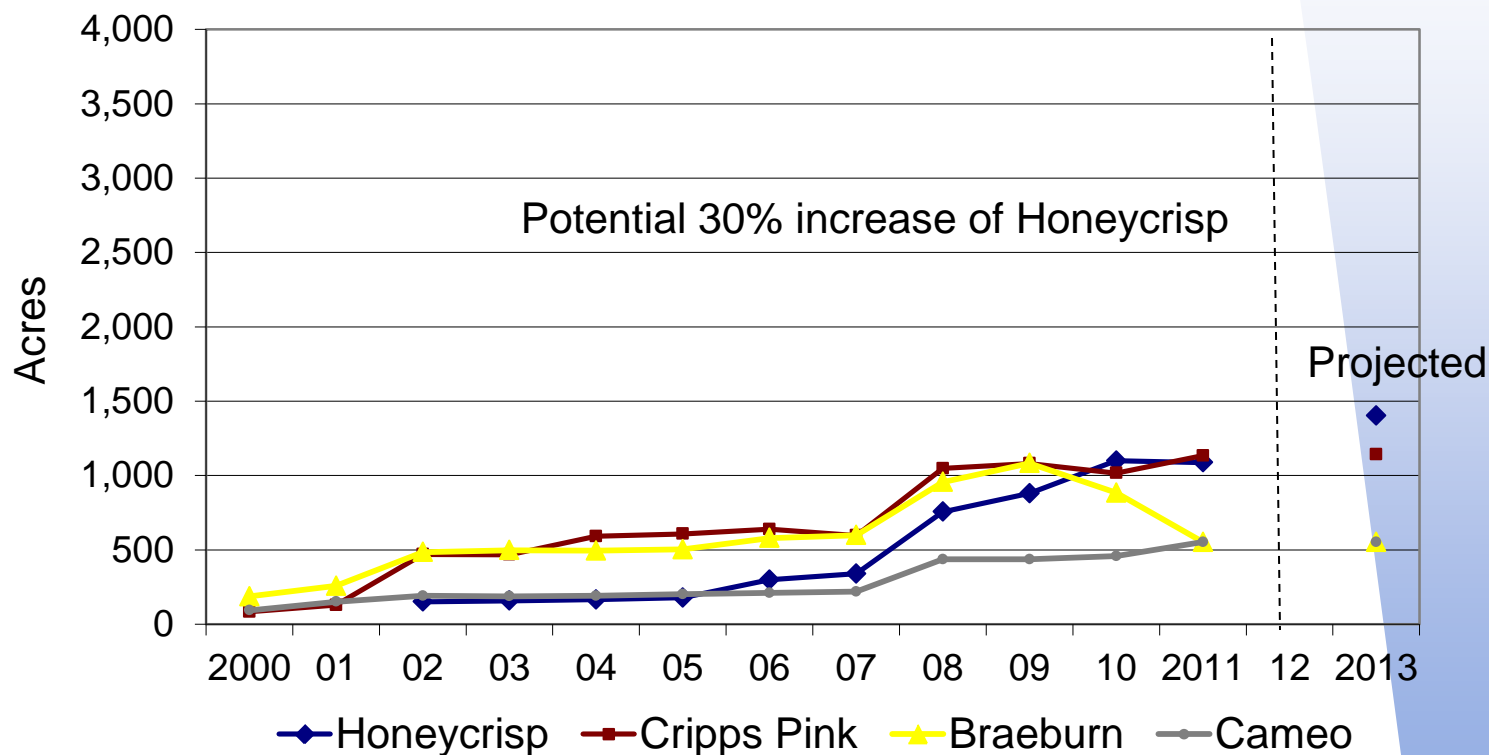
"As recently as five years ago," he went on to say, "if we sold a pallet of organic apples of one grade and one size, it was a big order. Last year we sold semi-truck loads of organic apples. And yesterday I sold 22 pallets of Washington extra fancy organic apples — to one grower."

"We've got the volume, we've got the varieties, we've got 12-month availability," he added. "And thanks to Controlled Atmosphere storage, some of the best tasting organic apples are in June and July."

And there's one more reason why more and more people are buying Washington organic apples: "They taste extremely good."



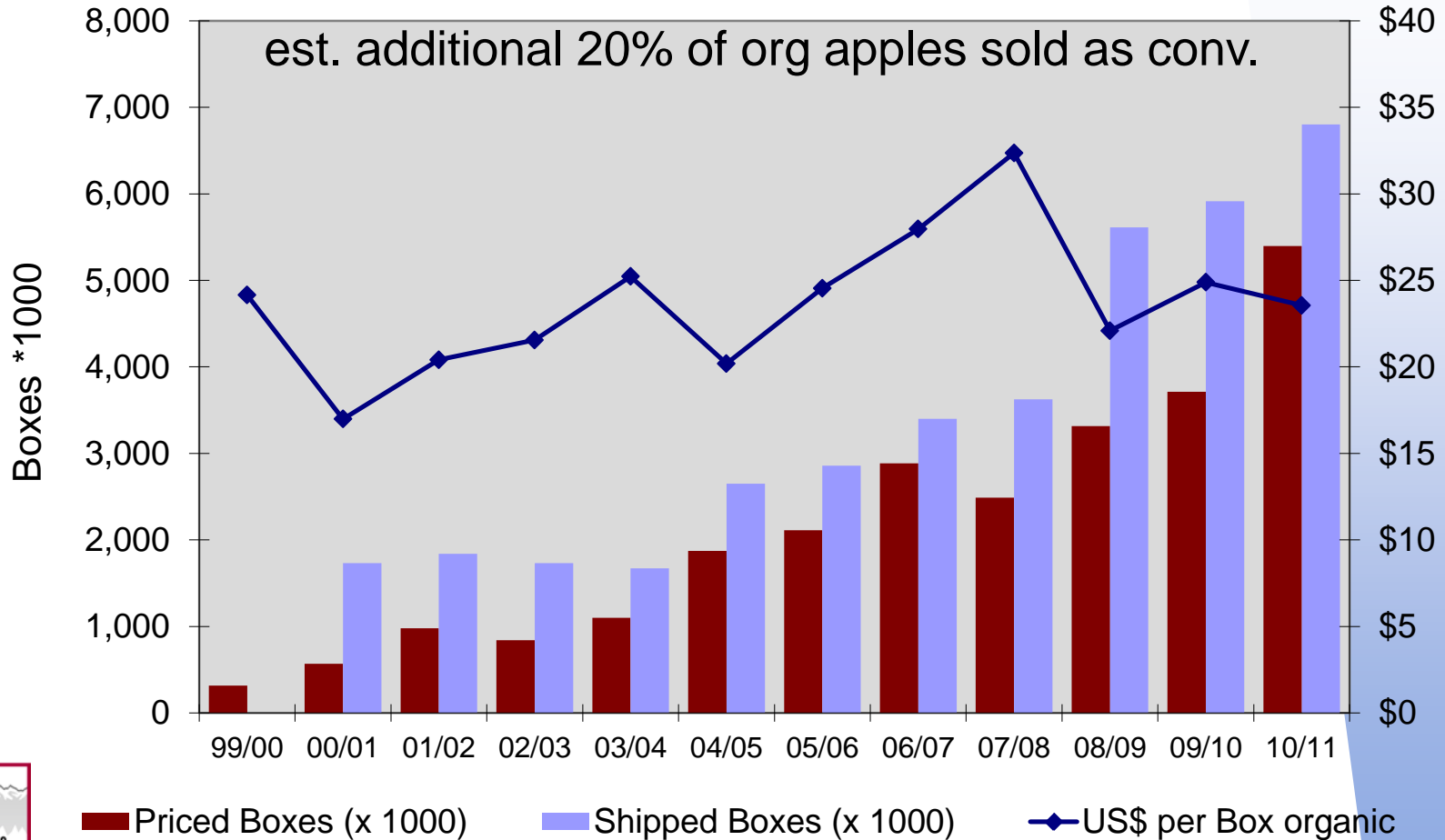
WA Apple Commission



Combined certifier data ; 2011 preliminary data;
2013 based on 2011 C + T

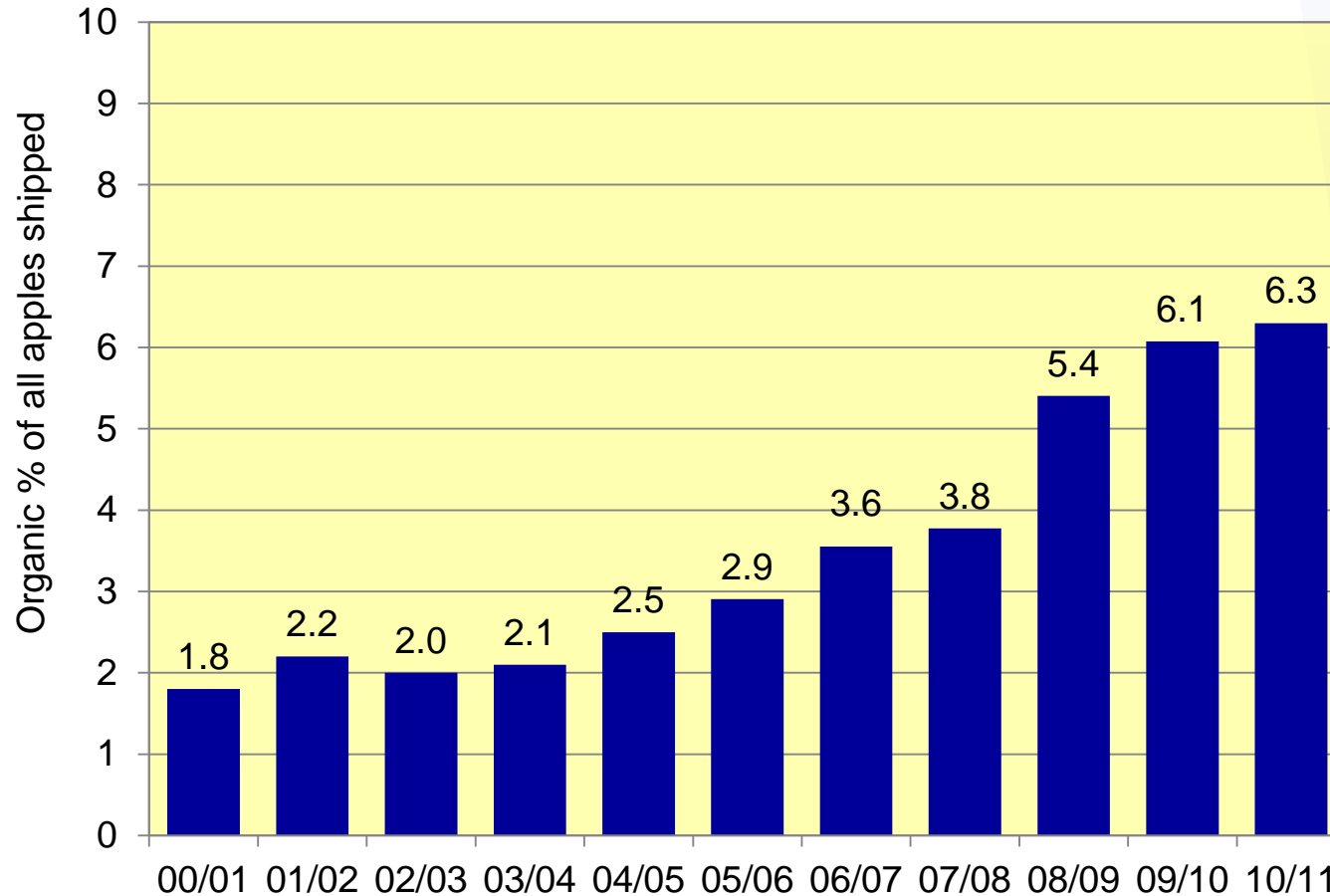
Organic Apple Sales

Volume and Price Trends - WA

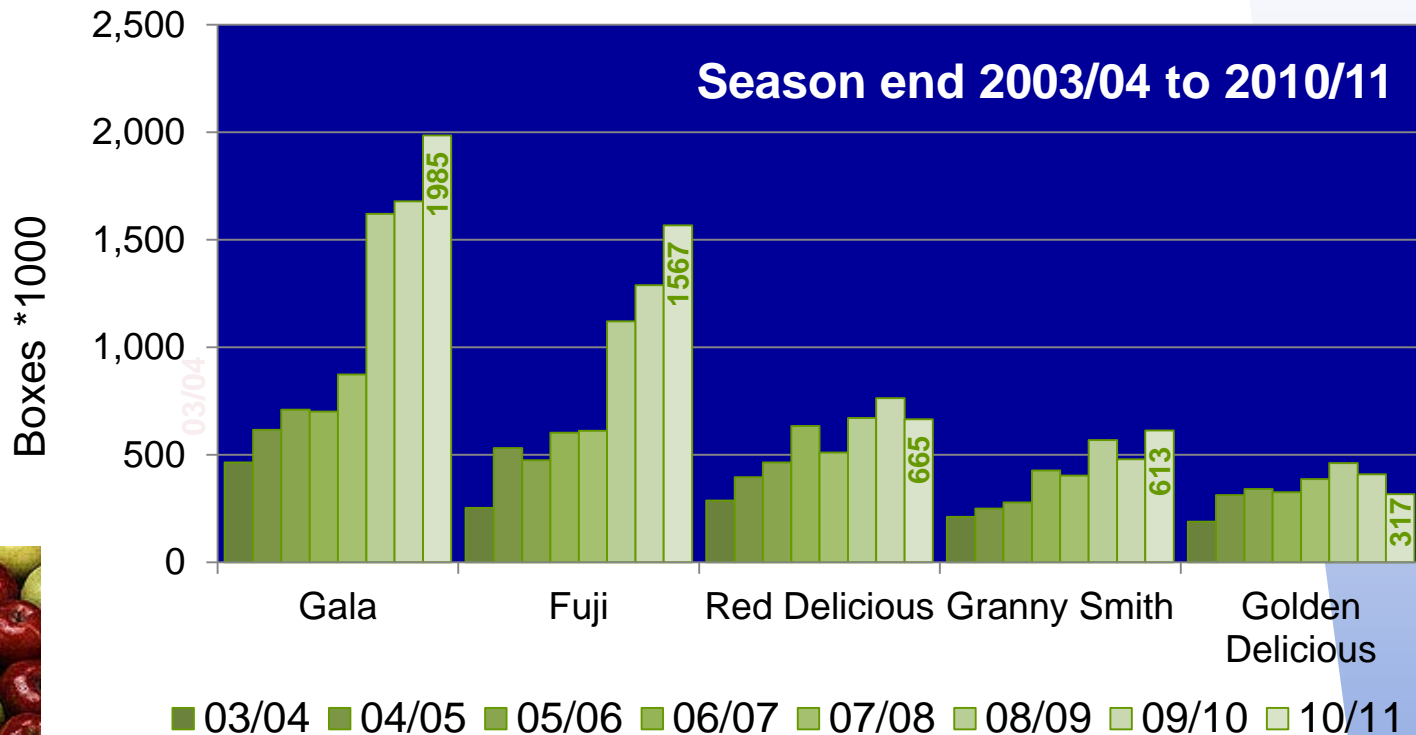


Annual prices are typically reported for a proportion of total boxes shipped rather than total volume of boxes shipped. Data Source: WA Grower's Clearing House: Season end organic FOB Average History; priced boxes all grades, sizes, storage.

Organic Share of Apple Shipments Washington State



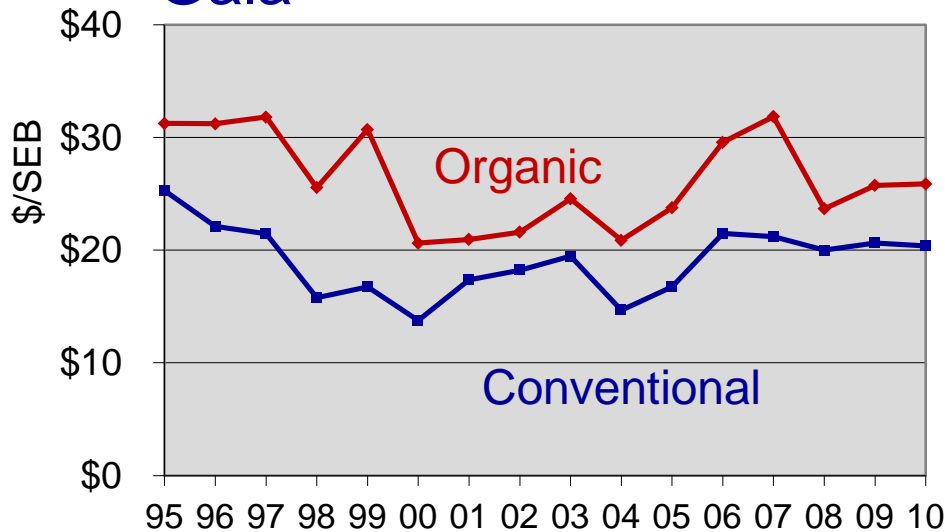
Total Shipped Organic Volume by year and variety, Washington State



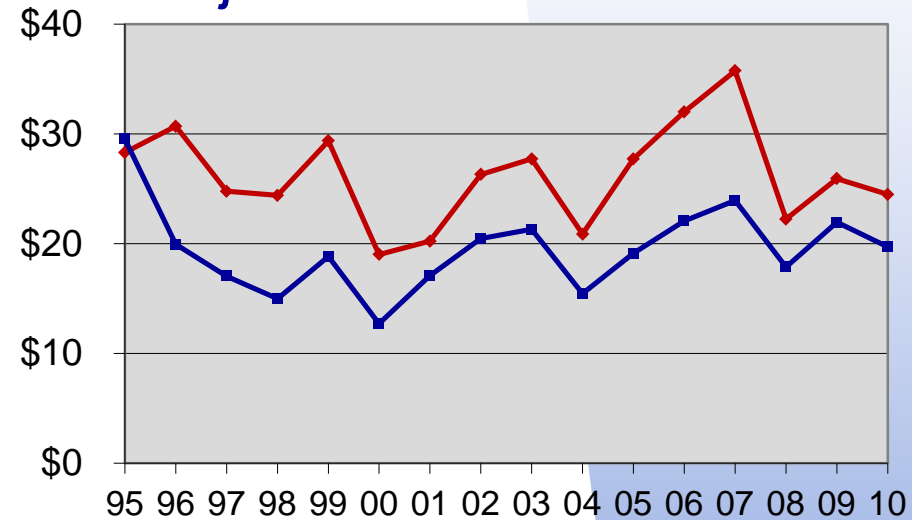
Nearly 2 million boxes of organic 'Gala' sold for 2010 crop

Price Trends Washington Apples

Gala



Fuji



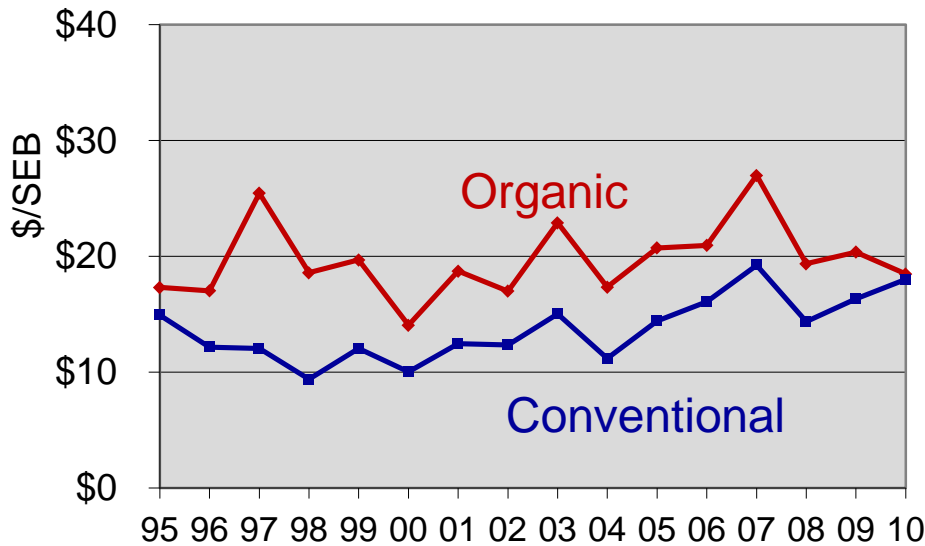
Data Source: Washington Growers Clearing House;
 FOB average, all storage, grades, sizes



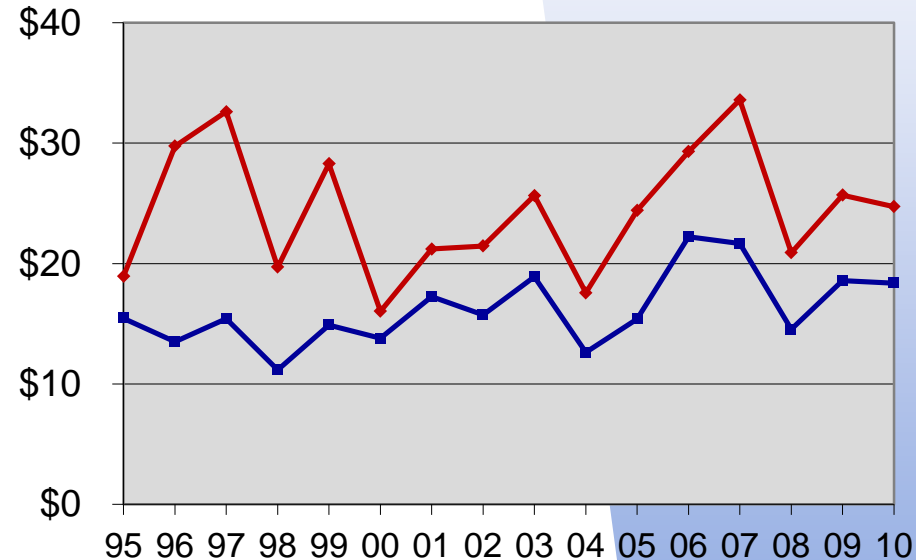
Price Trends Washington Apples



Red Delicious



Golden Delicious



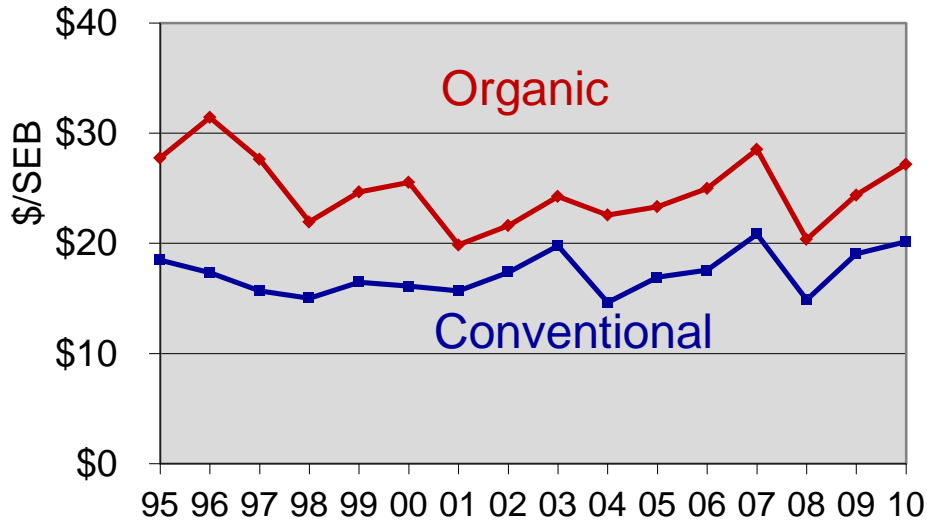
Data Source: Washington Growers Clearing House; FOB average, all storage, grades, sizes.
 Photos: B. Barritt and NY Apple Assoc.



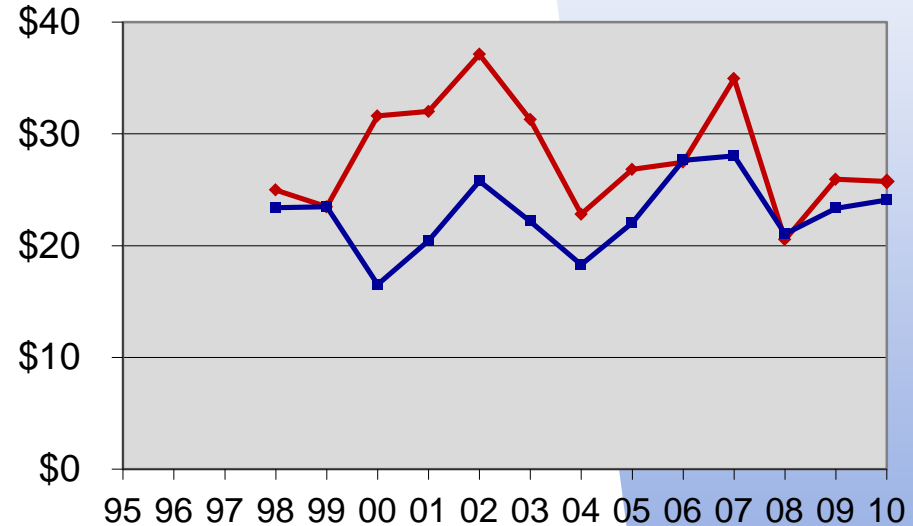
Price Trends Washington Apples



Granny Smith



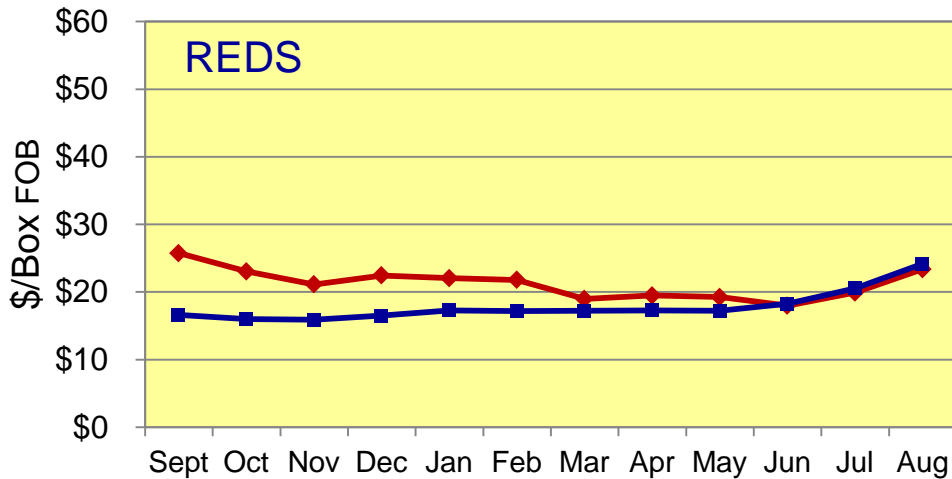
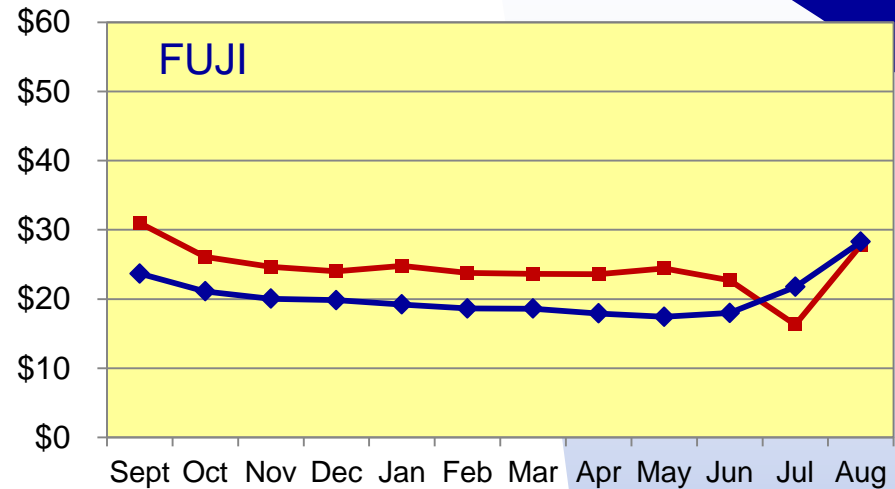
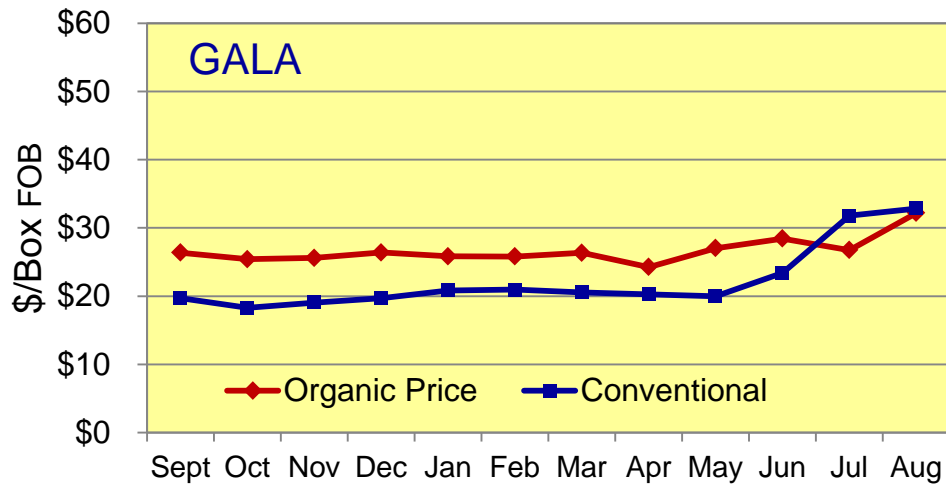
Cripps Pink



Data Source: WA Growers Clearing House:
 FOB average, all storage, grades, sizes.

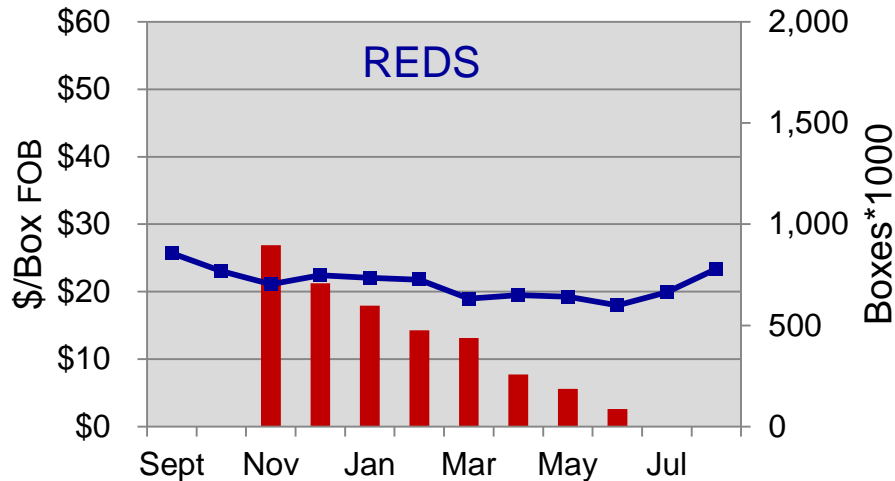
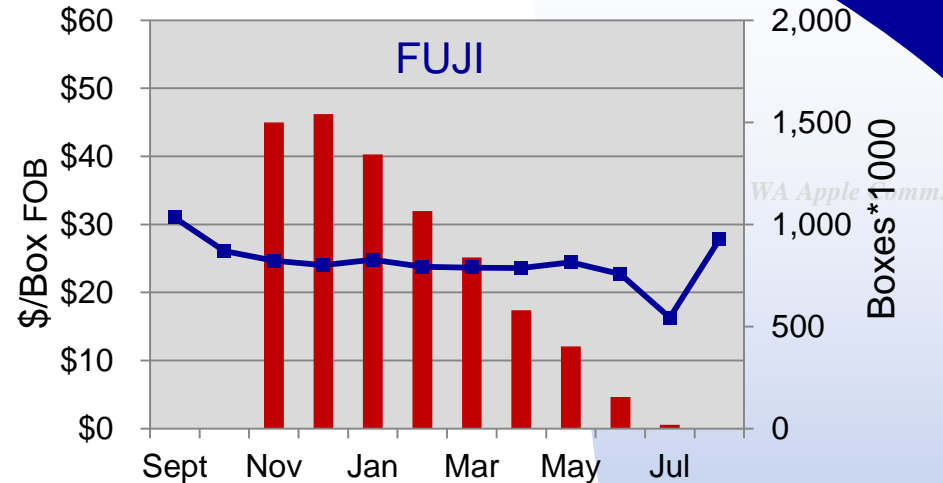
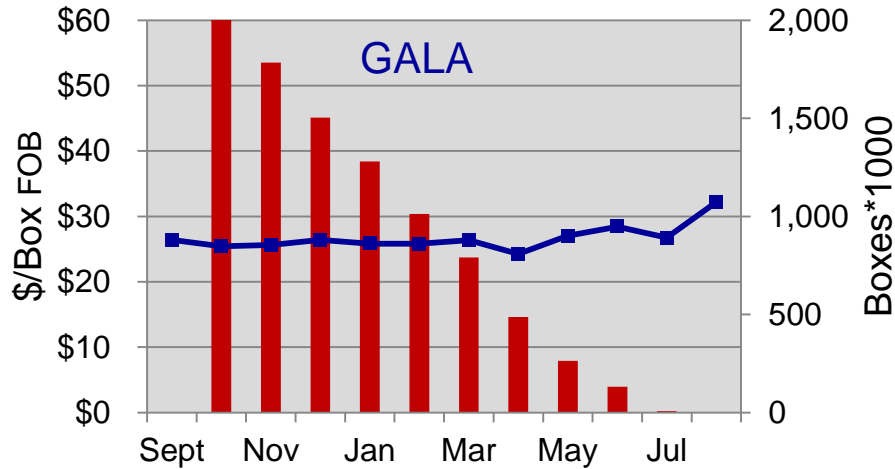


Average Monthly Prices for WA apples 2010/11



Data Source: WA Growers Clearing House: FOB average, all storage, grades, sizes.

Ave. Monthly Organic Prices & Storage Volume: WA 2010/11

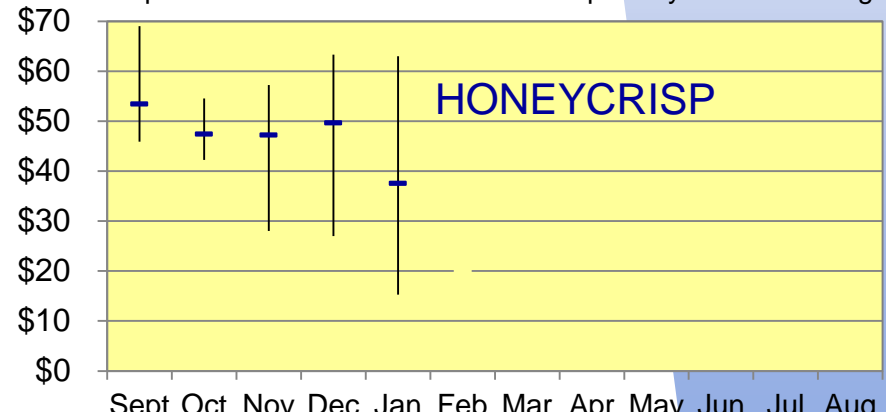
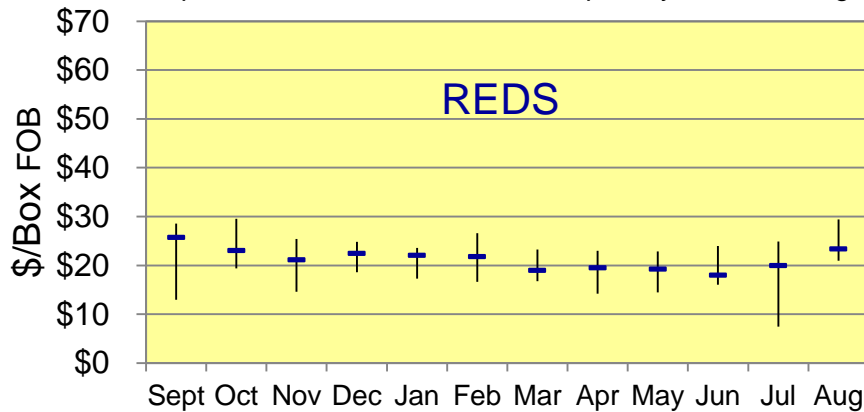
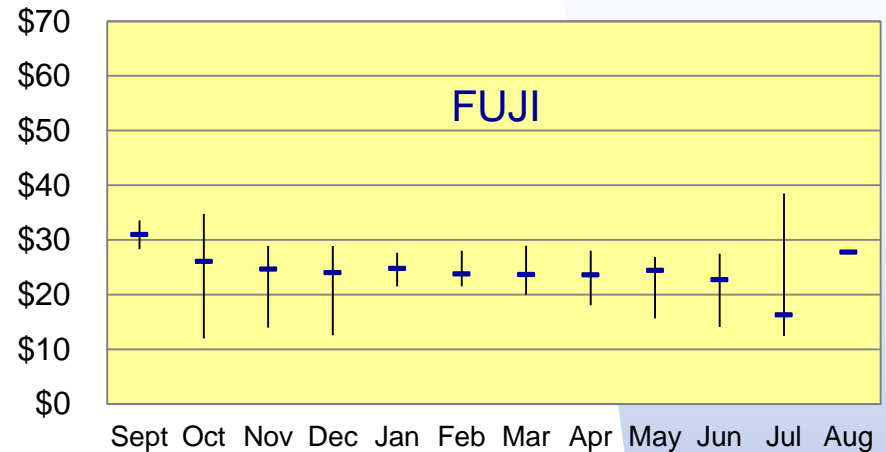
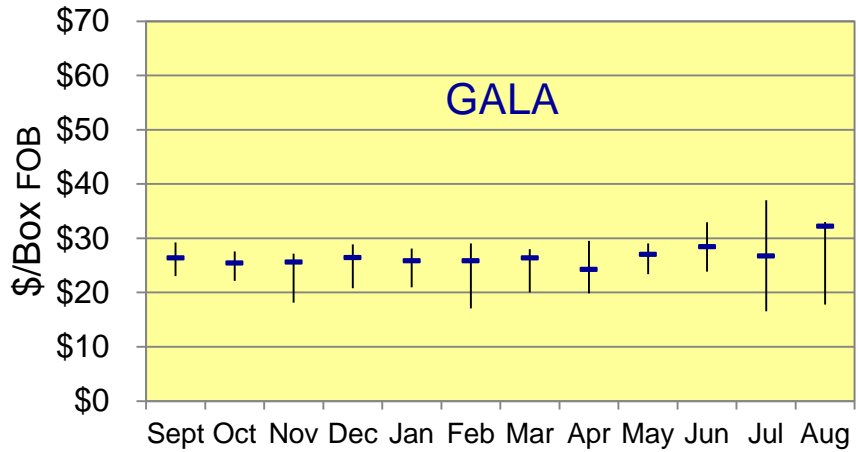


Organic Storage Organic Price

Organic Storage Organic Price



Monthly Price Range for WA Organic Apples 2010/11



Low High - Wtd. Average

Low High - Wtd. Average

Recent Price Fluctuation Washington State Apples

	Conventional			Organic		
	----- \$ per SEB* -----					
	08/09 ↓	09/10 ↑	10/11	08/09 ↓	09/10 ↑	10/11
Gala	(1.19)	0.62	(0.24)	(8.19)	2.08	0.13
Fuji	(6.06)	4.08	(2.24)	(13.51)	3.68	(1.44)
Reds	(4.86)	1.96	1.69	(7.62)	1.01	(1.90)
Goldens	(7.12)	4.06	(0.21)	(12.69)	4.78	(0.96)
Cripps Pink	(6.99)	2.30	0.73	(14.40)	5.40	(0.19)
All apples average	(4.47)	2.39	0.70	(10.27)	2.85	(1.39)

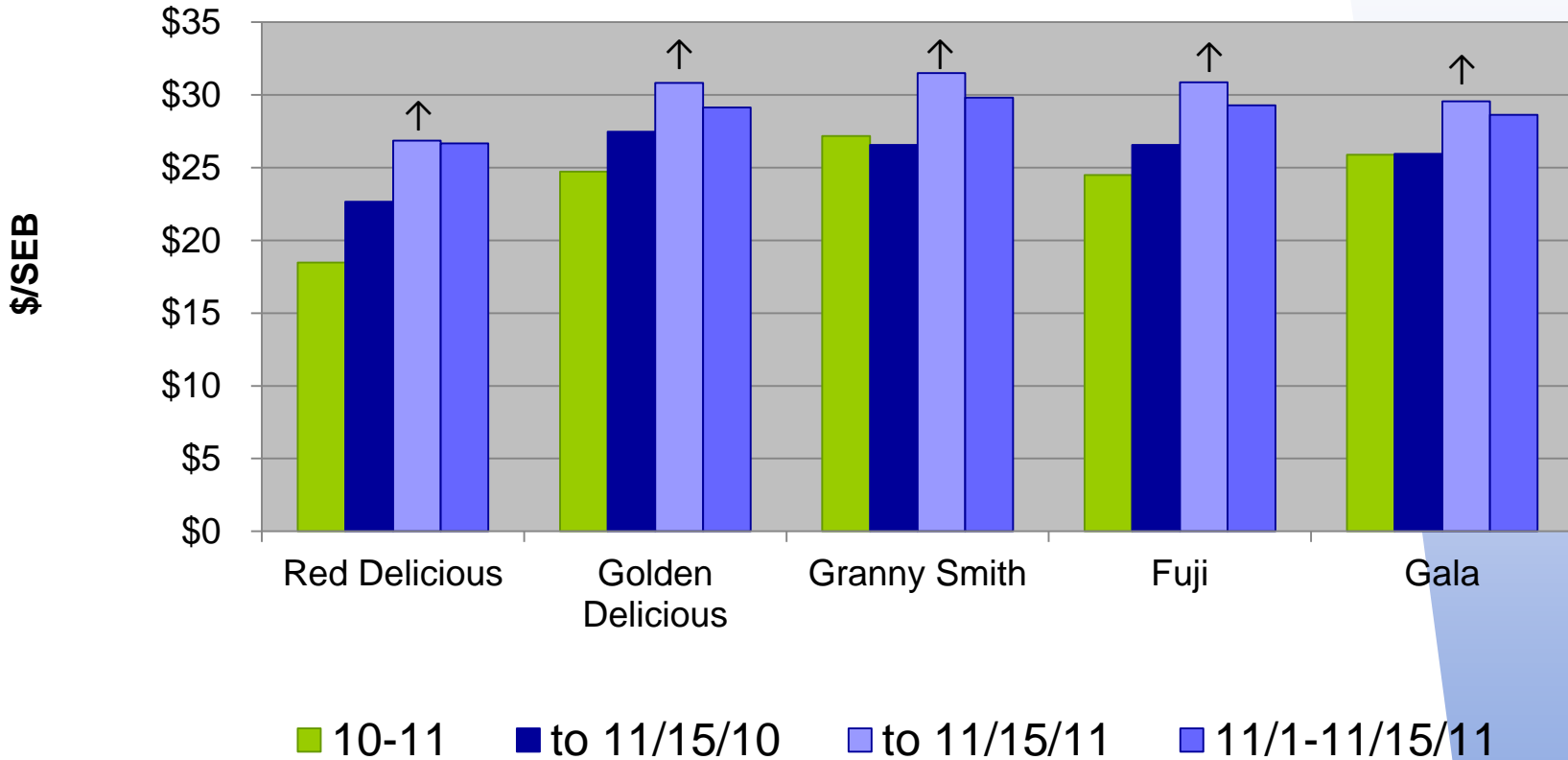
* Standard Equivalent Box. WAGCHA data; FOB average, all storage, grades, sizes

Prices shown are changes per box from the previous year.

“Organic growers are offering newer apple varieties, such as the spicy-sweet Pinova, to attract shoppers' attention in store bins.” Judith Blake / The Seattle Times 2004 / Photo: Betty Udesen /



Recent Organic Apple Prices Washington State

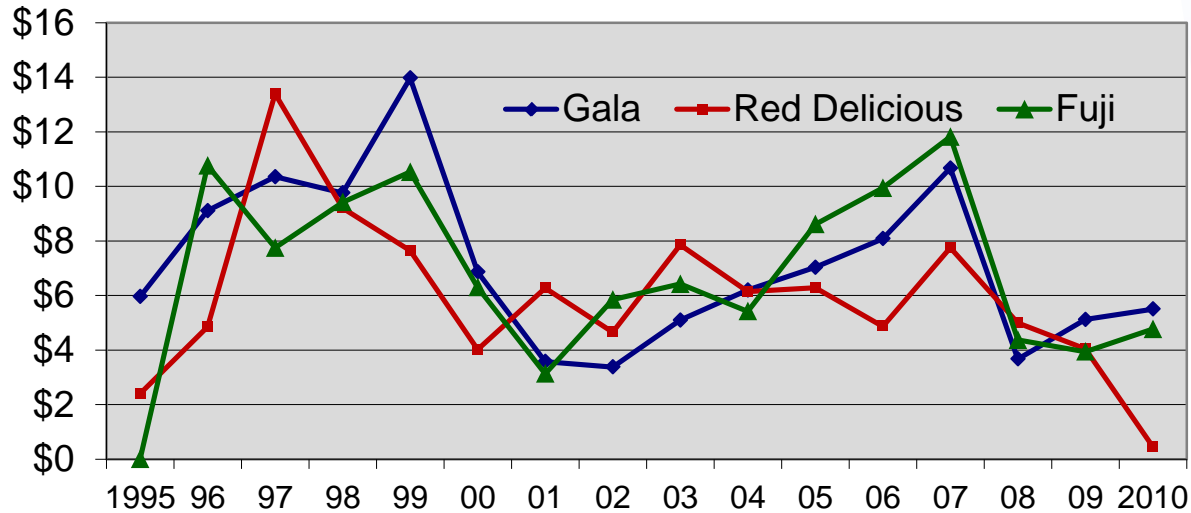


SEB = Standard Equivalent Box. Data Source: WA Growers Clearing House; FOB average, all storage, grades, sizes

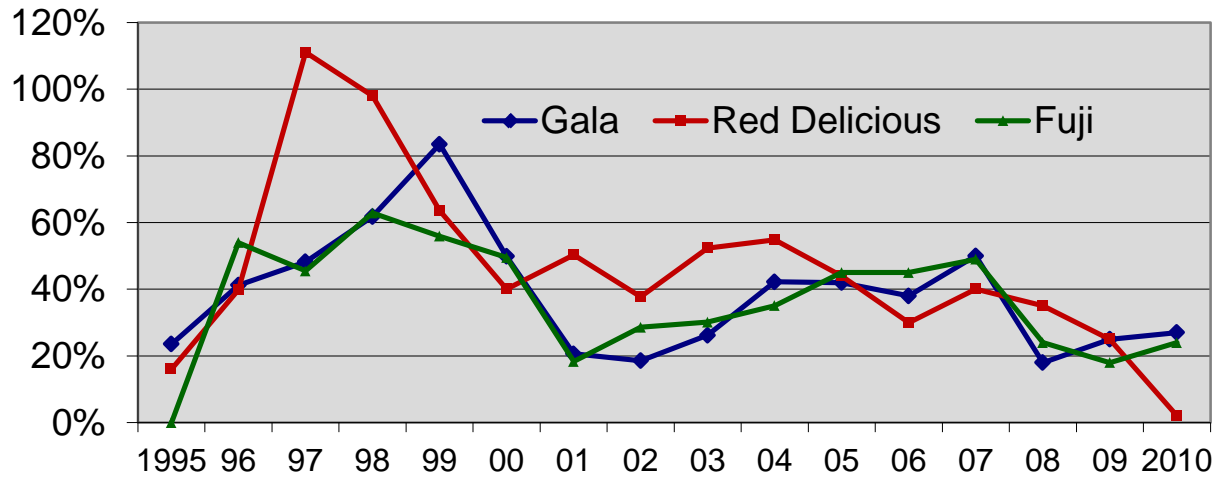
Organic Premiums Washington Apples



\$/Box



Percent



Modeled Prices of WA Organic Apples with increasing sales volume

	Organic Shipments as % of All WA Apple Shipments			
	6%	8%	10%	12%
Box Price, All Apples	----- Organic Price (\$/box FOB) -----			
\$20.00	\$ 26.77	\$ 24.45	\$ 22.13	\$ 19.82
\$17.00	\$ 22.75	\$ 20.78	\$ 18.81	\$ 16.85
\$14.00	\$ 18.74	\$ 17.11	\$ 15.49	\$ 13.87

Source: D. O'Rourke, 2008

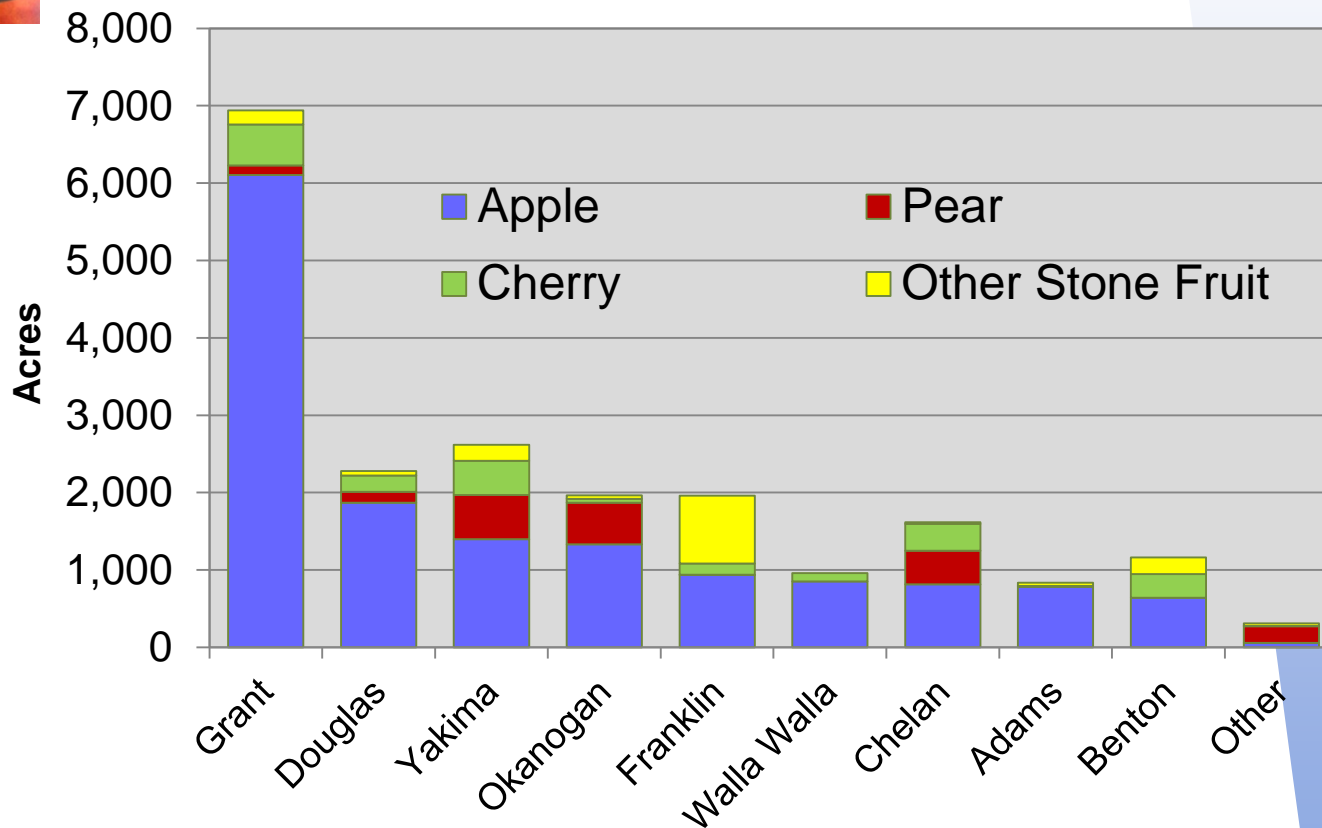
2010/11 Season; Actual Organic Share of Sales Volume = 6.3%

	All Apples	Organic Apples
Avg. Box Price (FOB)	\$19.79	\$23.55

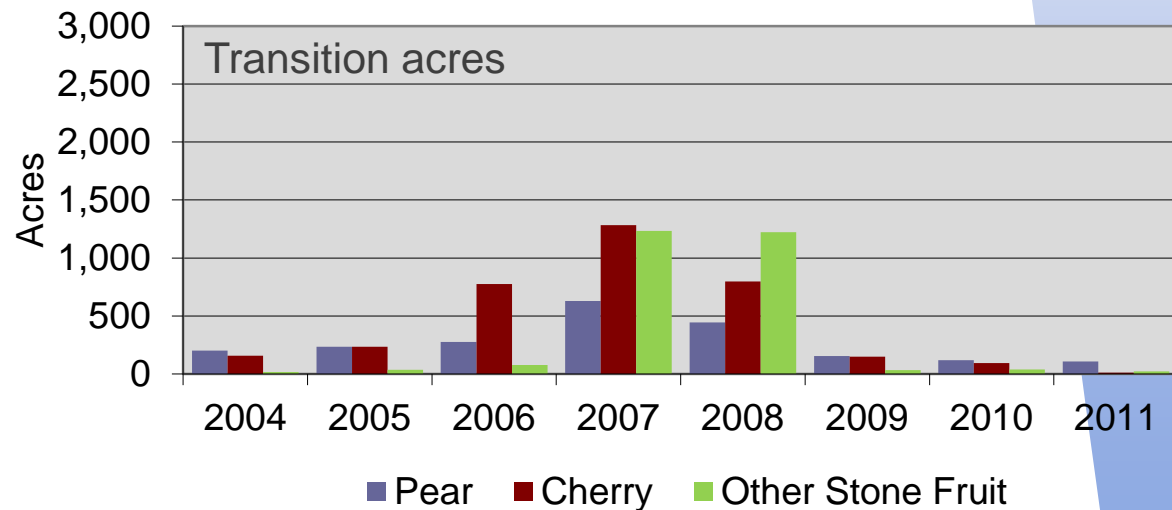
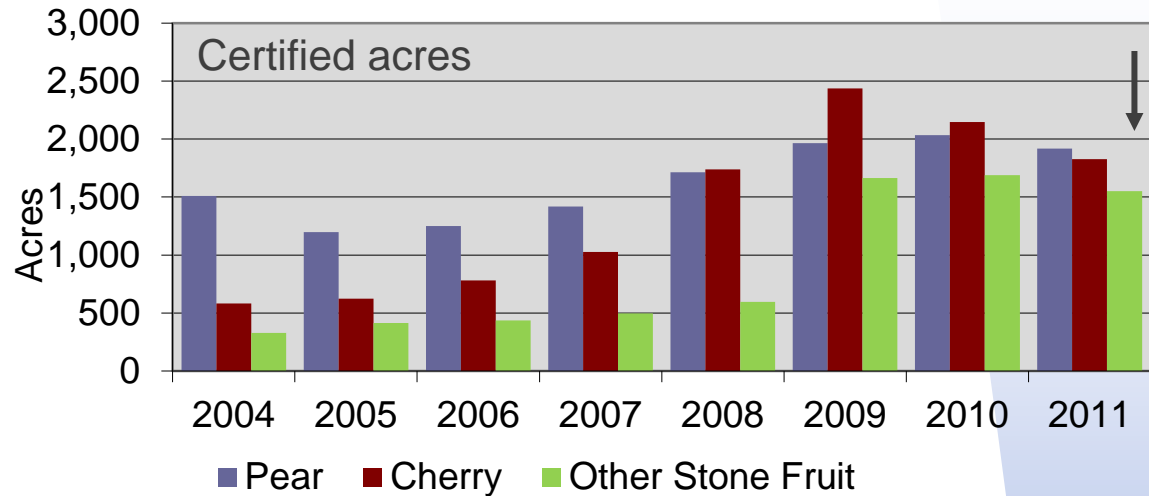
Refer to slide 12 for trend of actual organic apple share of all WA apple sales volume
 Data: Washington Growers Clearing House



Geographic Distribution of Organic Tree Fruit Washington State 2010



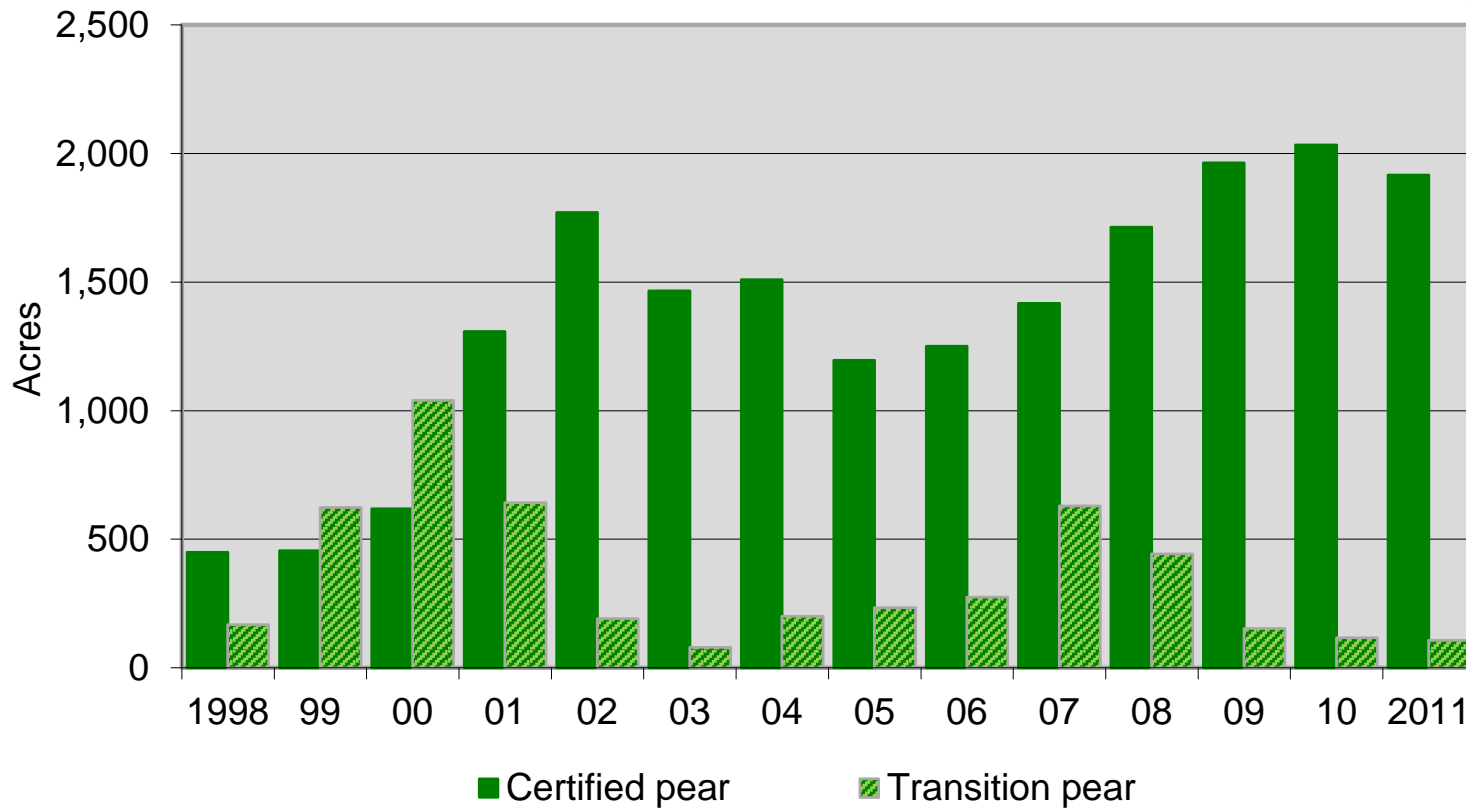
Washington State Pear and Stone Fruit Trend



Combined certifiers data; 2011 Preliminary data

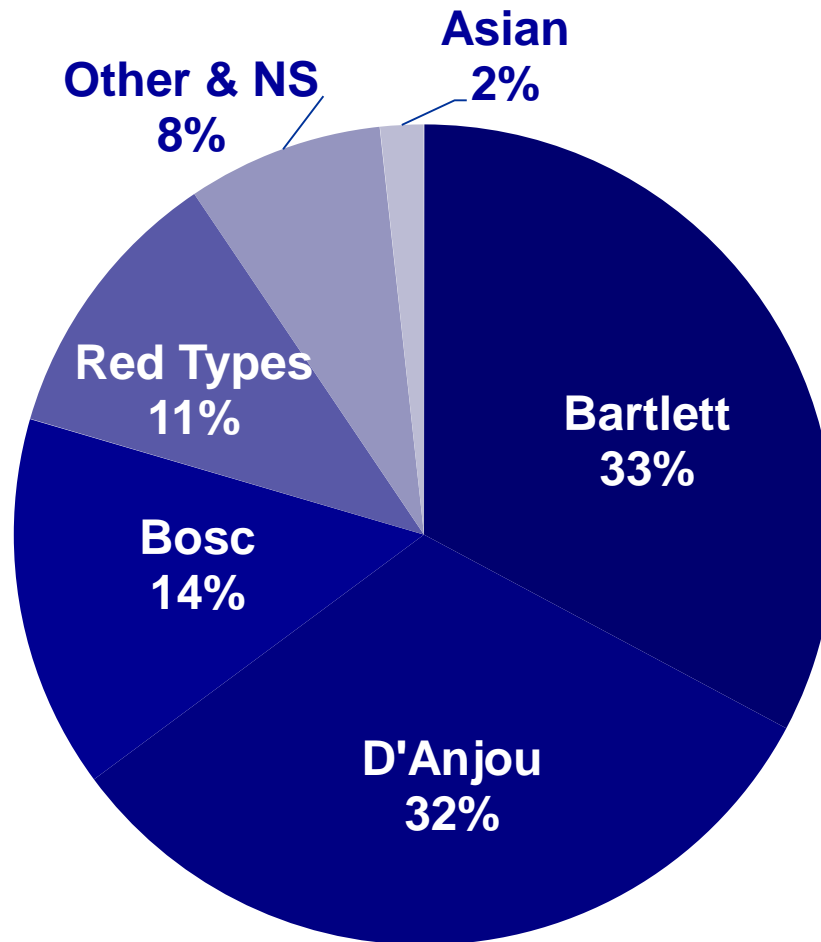


Organic Pear Acreage Washington State

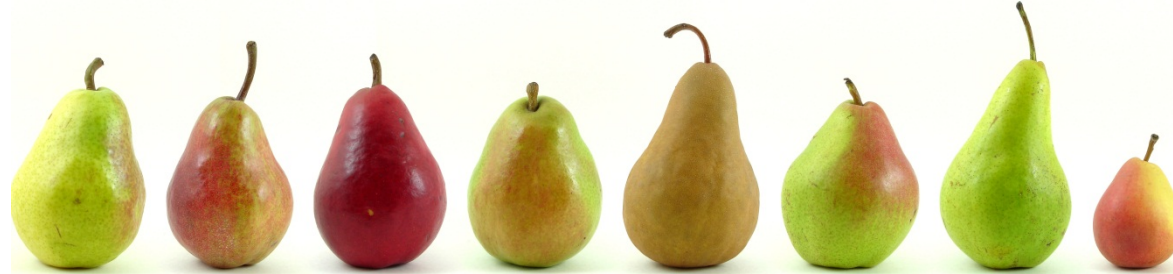
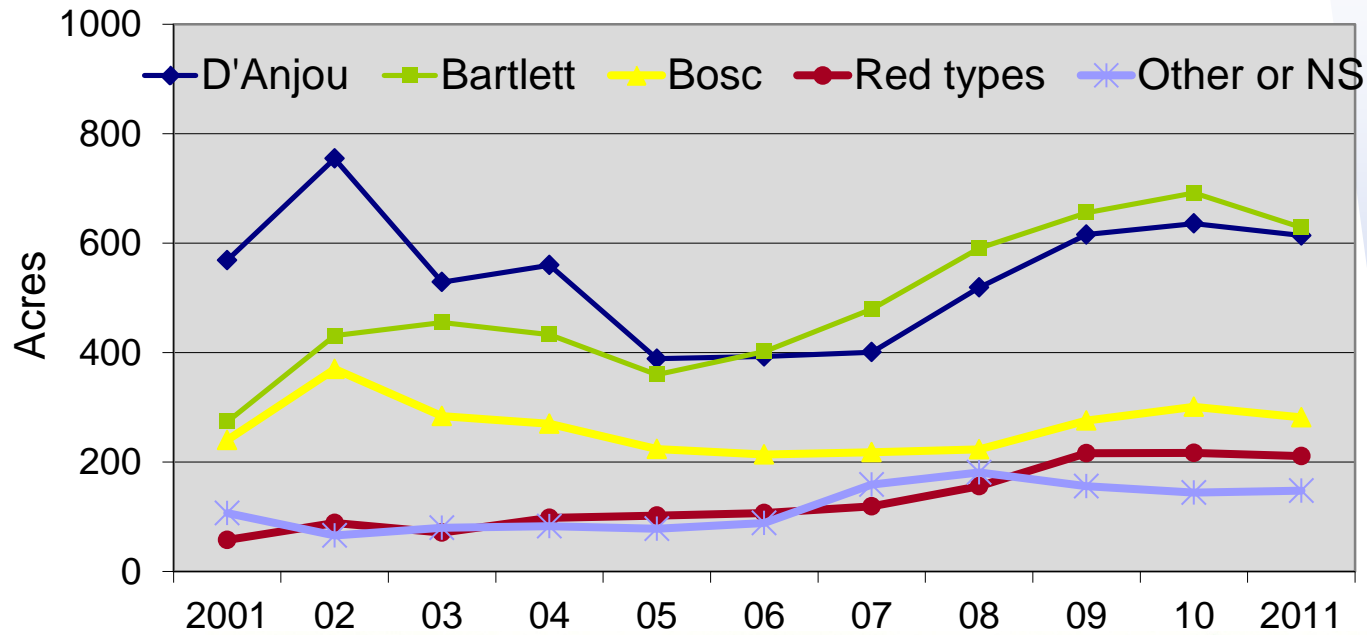


2011 = 8.5% of total WA pear acreage
 (based on 2011 WA-NASS estimate of 22,008 pear acres)

Organic Pear Acres by Variety Washington 2011

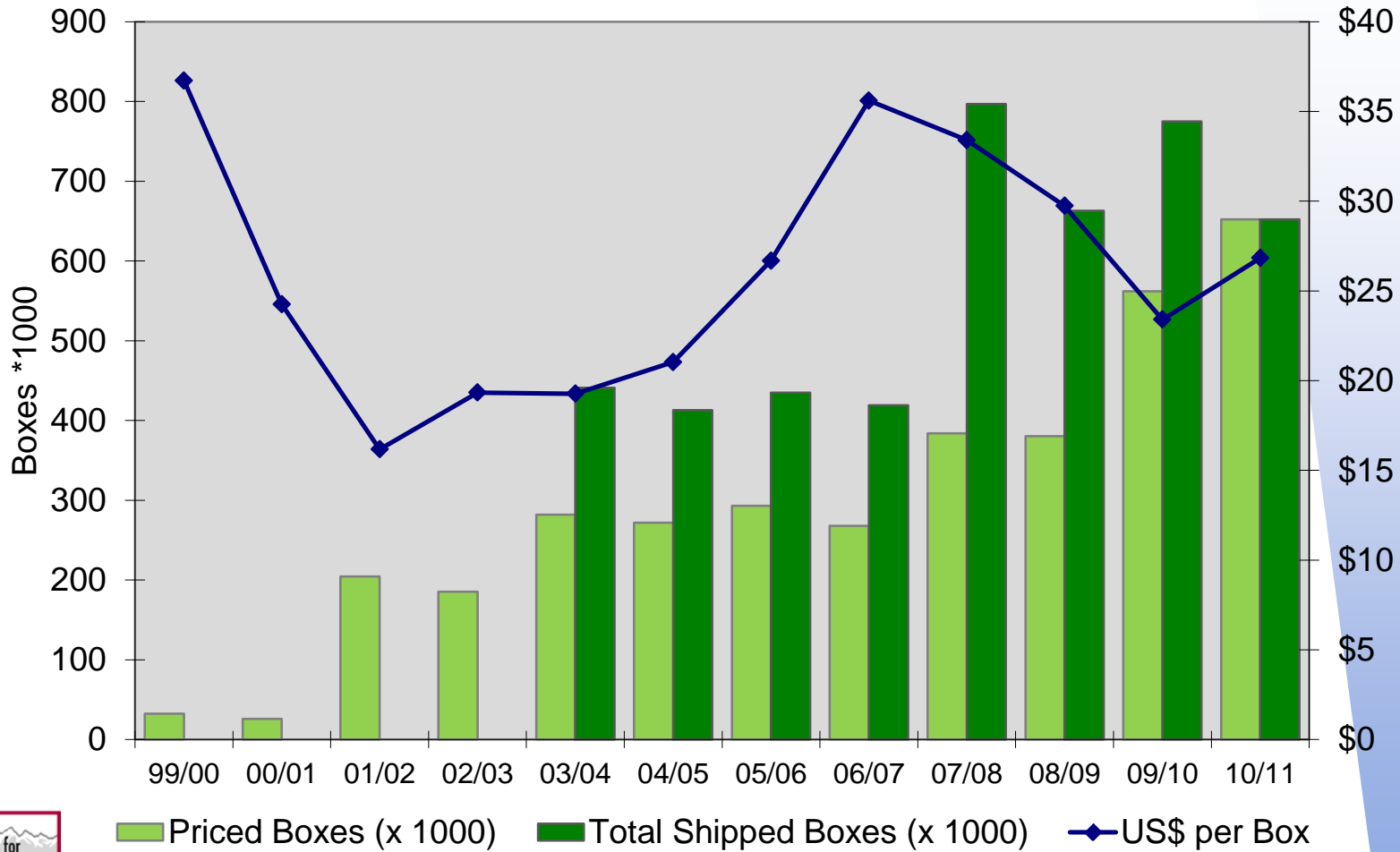


Organic Pear Variety Trend Washington State



Combined certifiers data; 2011 preliminary data;
 Photo by Agyle

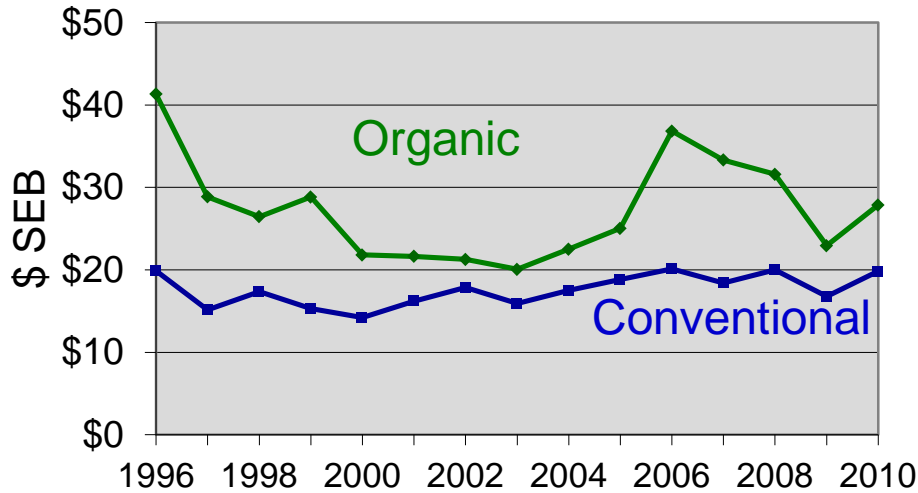
Organic Pear Sales Volume and Price Trends



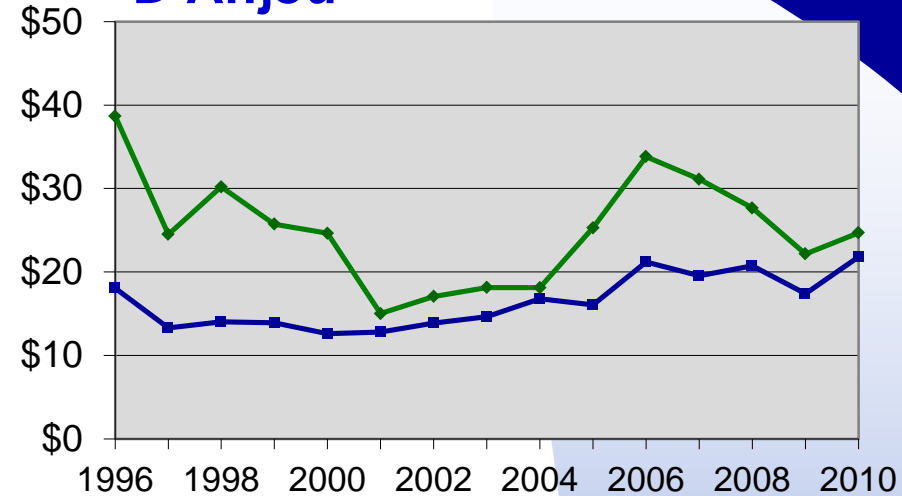
SEB = Standard Equivalent Box. Data Source: WA Growers Clearing House & WVTA. Annual organic prices are typically reported for only a proportion of total shipped volume.

Price Trends Washington Pears

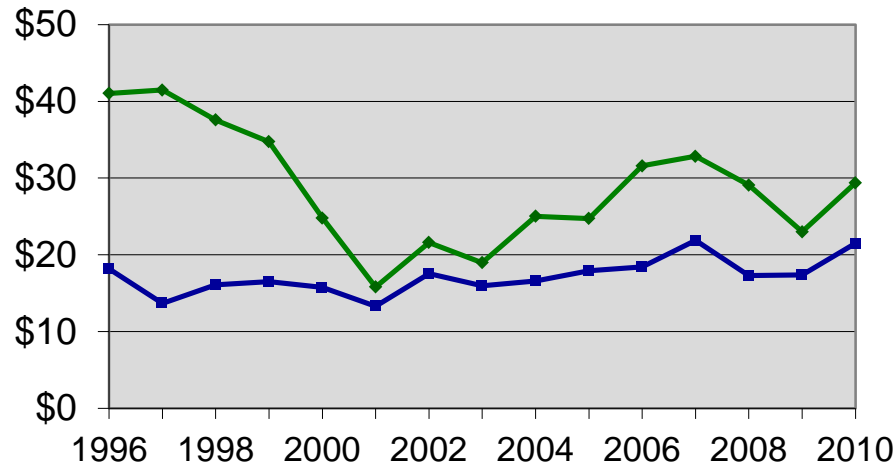
Bartlett



D'Anjou



Bosc



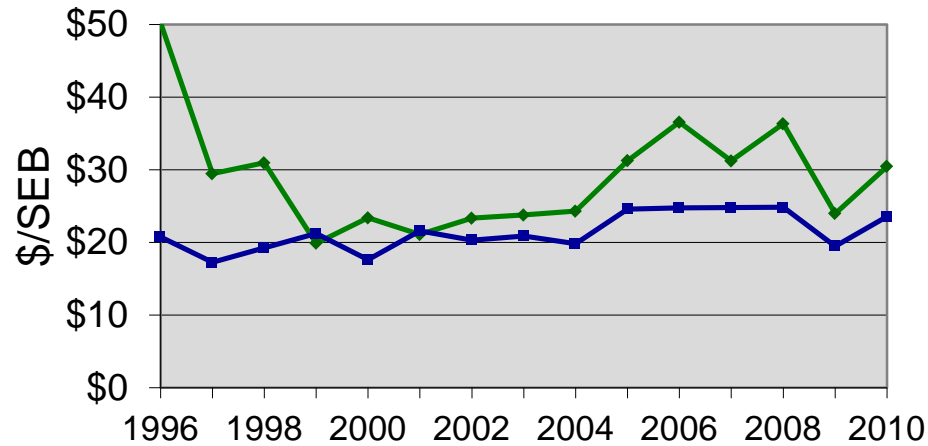
Bosc photo courtesy US Pear



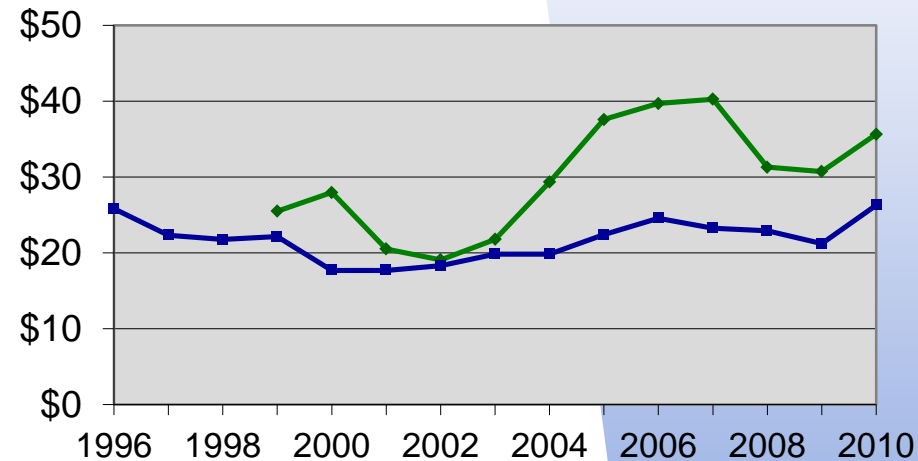


Price Trends Washington Pears

Red Bartlett



Red D'Anjou



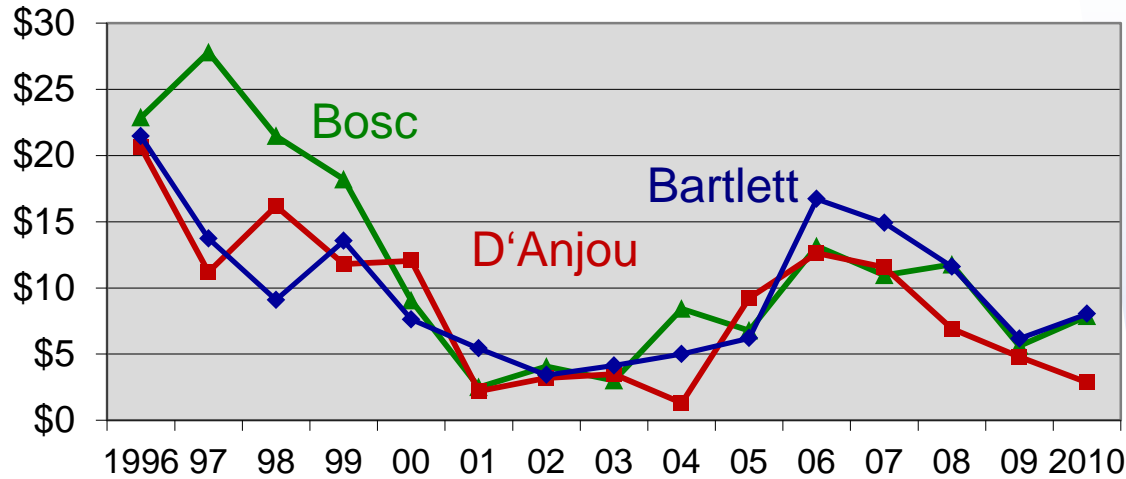
SEB = Standard Equivalent Box.

Data: WA Growers Clearing House; FOB avg, all storage, grades, sizes.

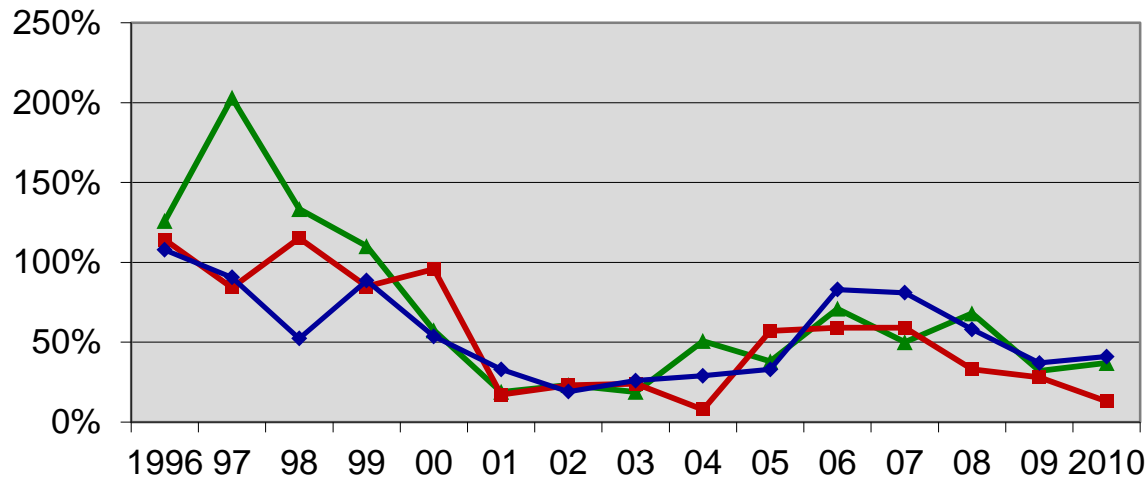
Organic Premiums Washington Pears



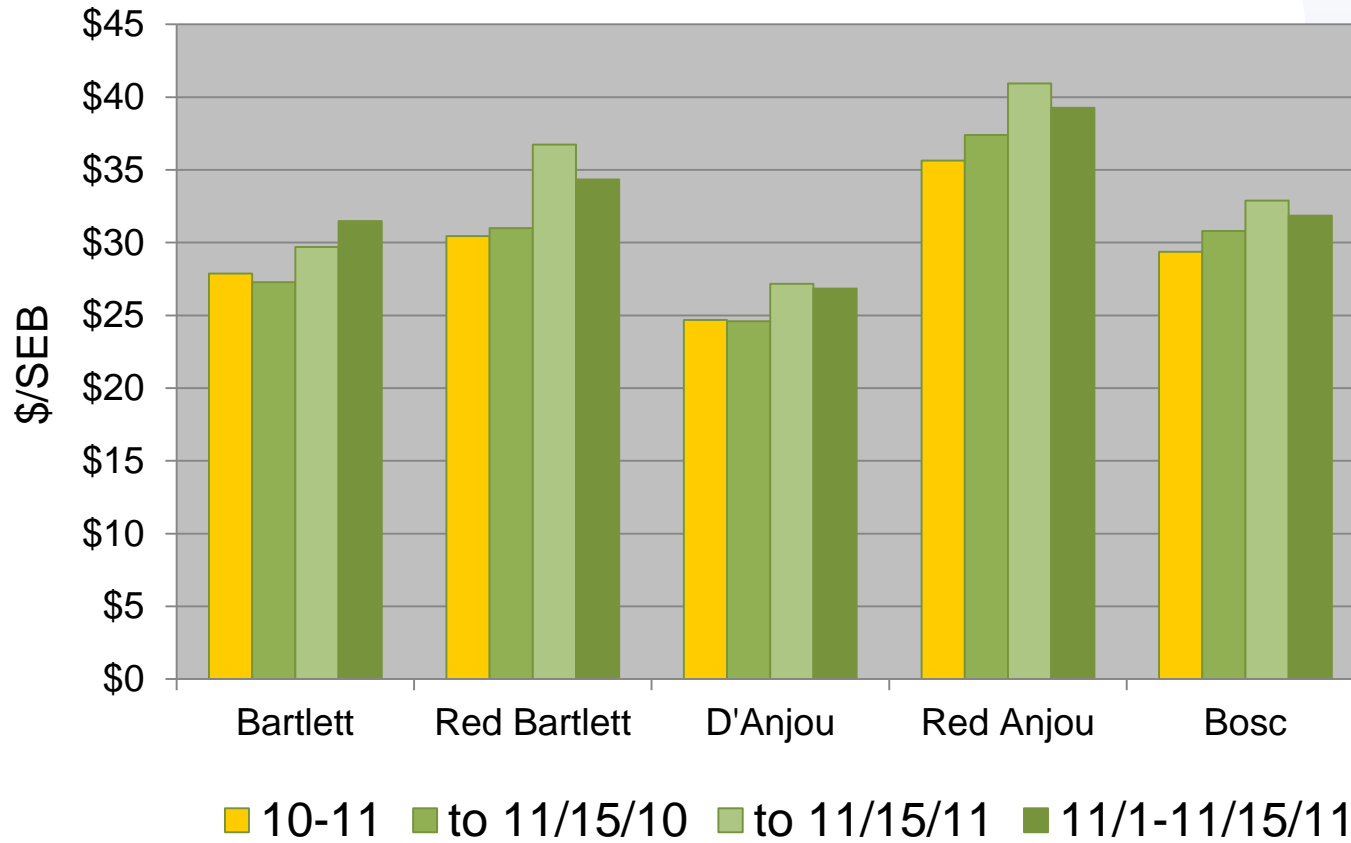
\$/SEB



Percent

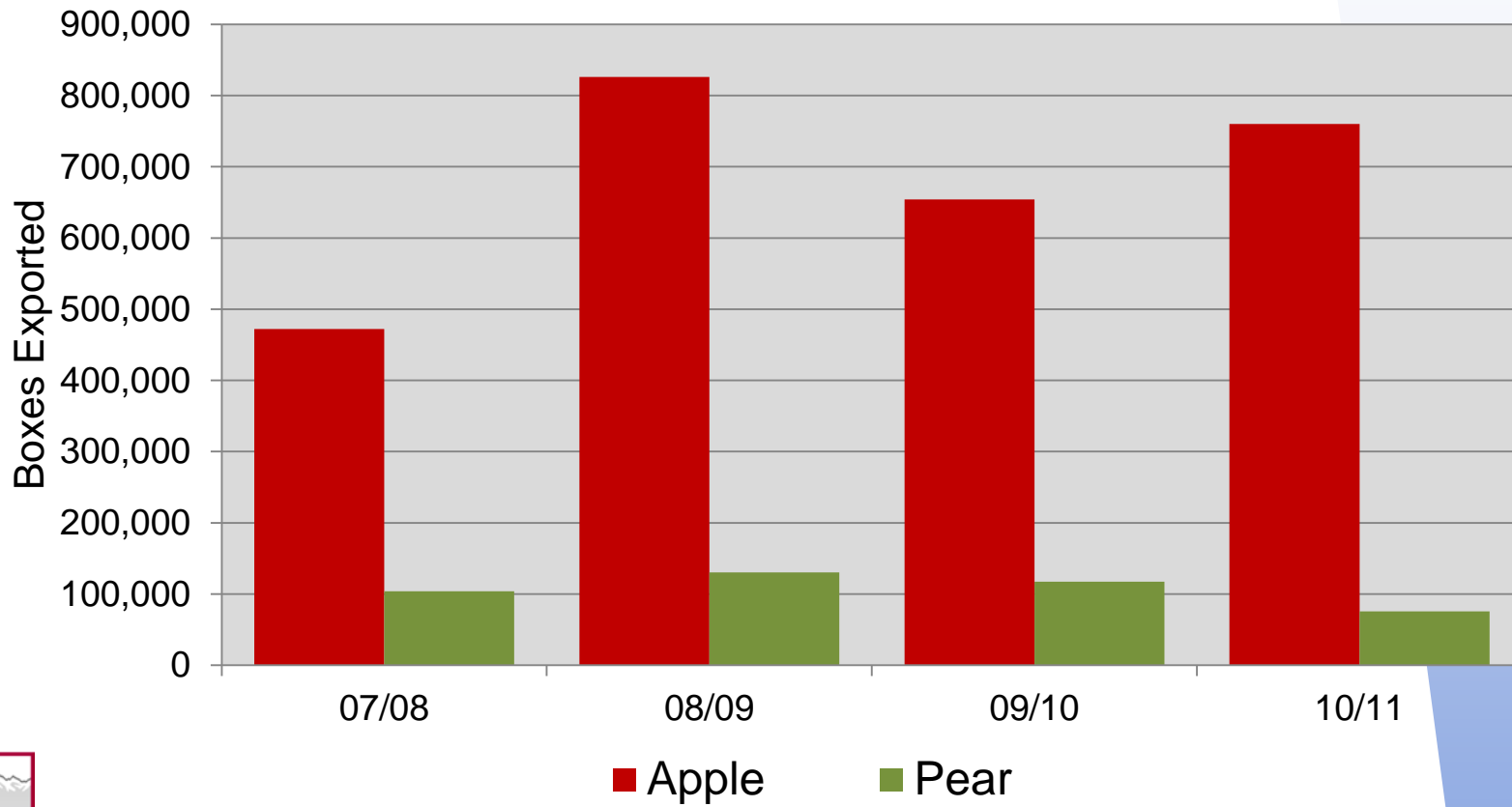


Recent Organic Pear Prices Washington State

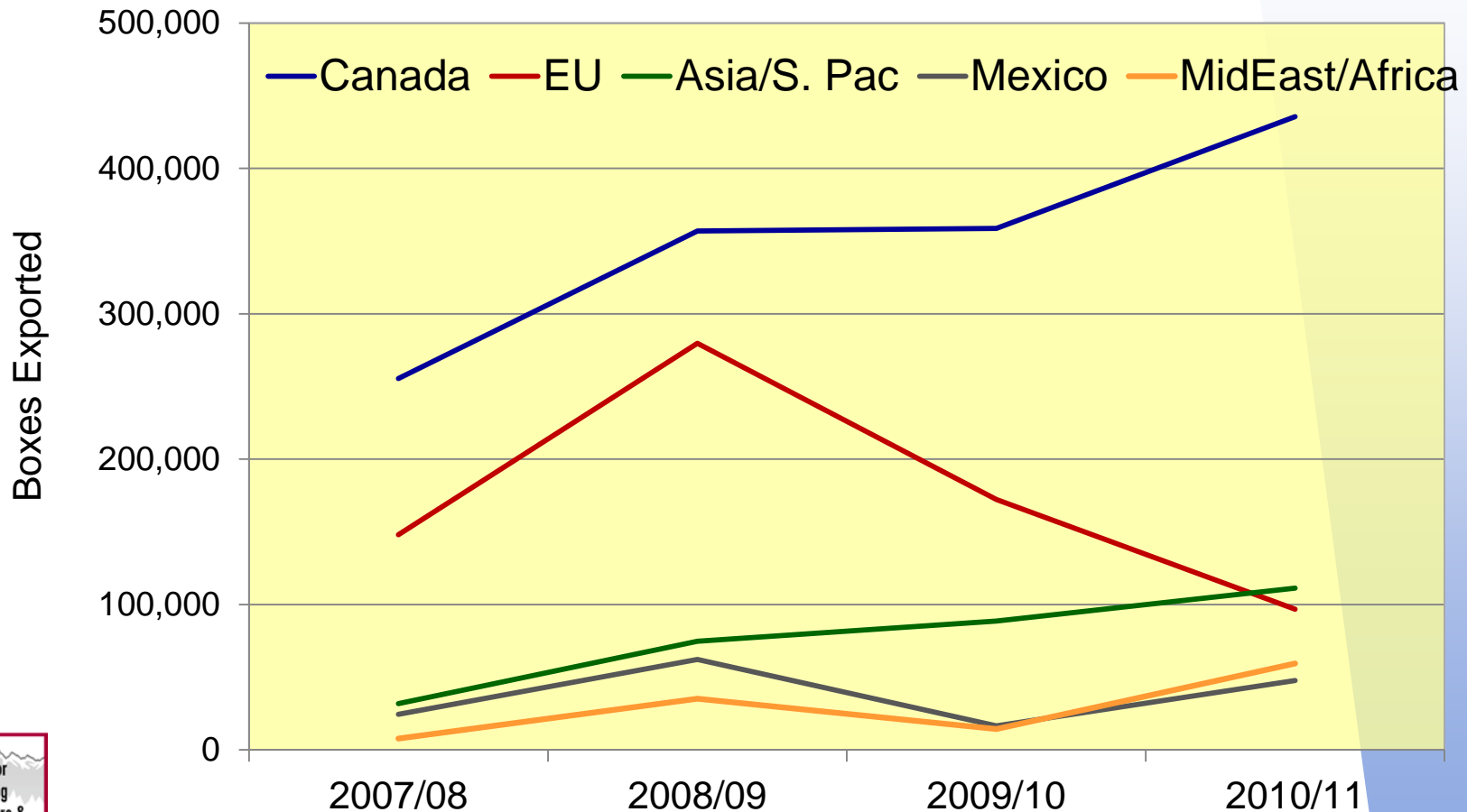


SEB = Standard Equivalent Box Data Source: WA Growers Clearing House; FOB avg, all storage, organic grades, sizes.

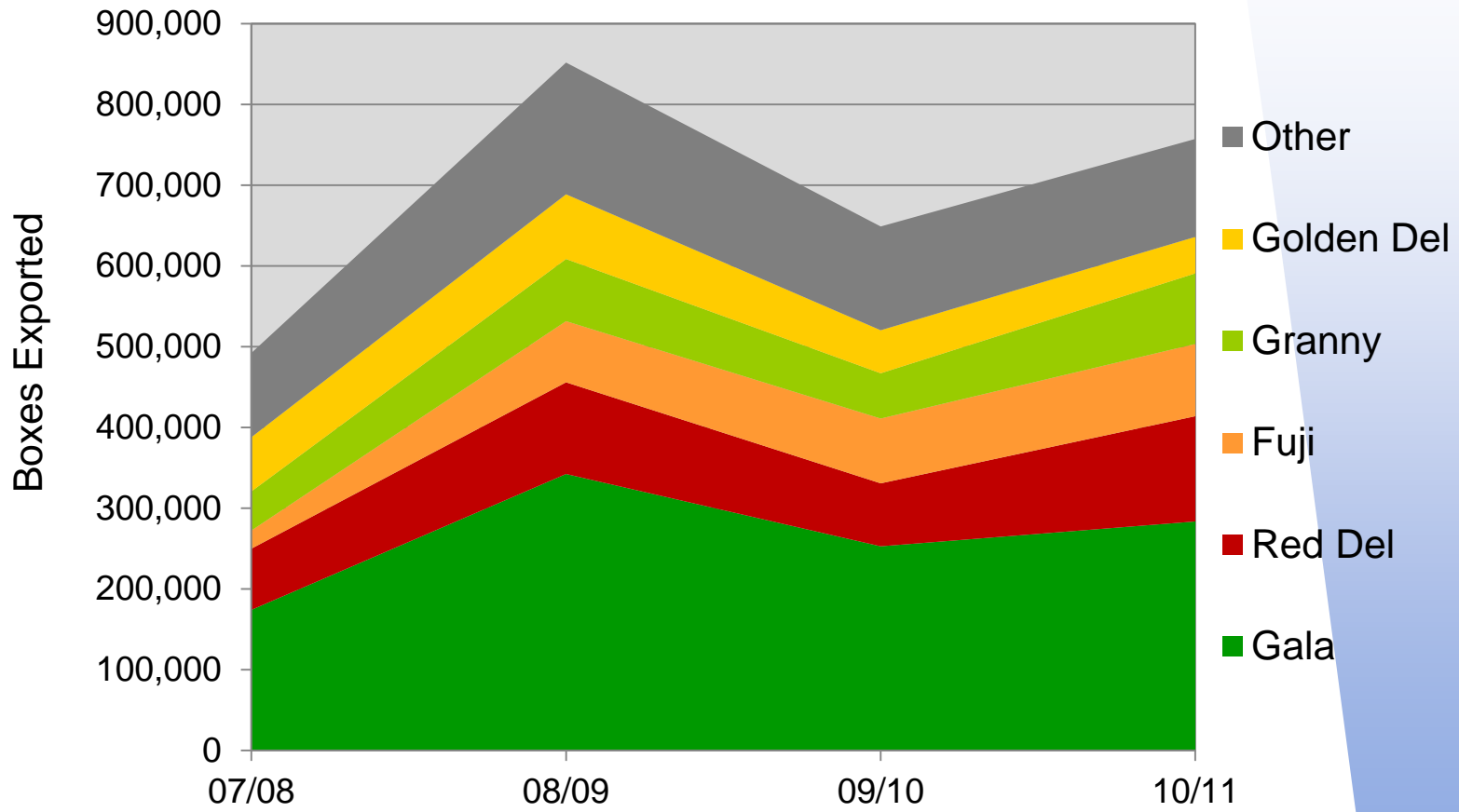
Organic Apple and Pear Exports Washington State



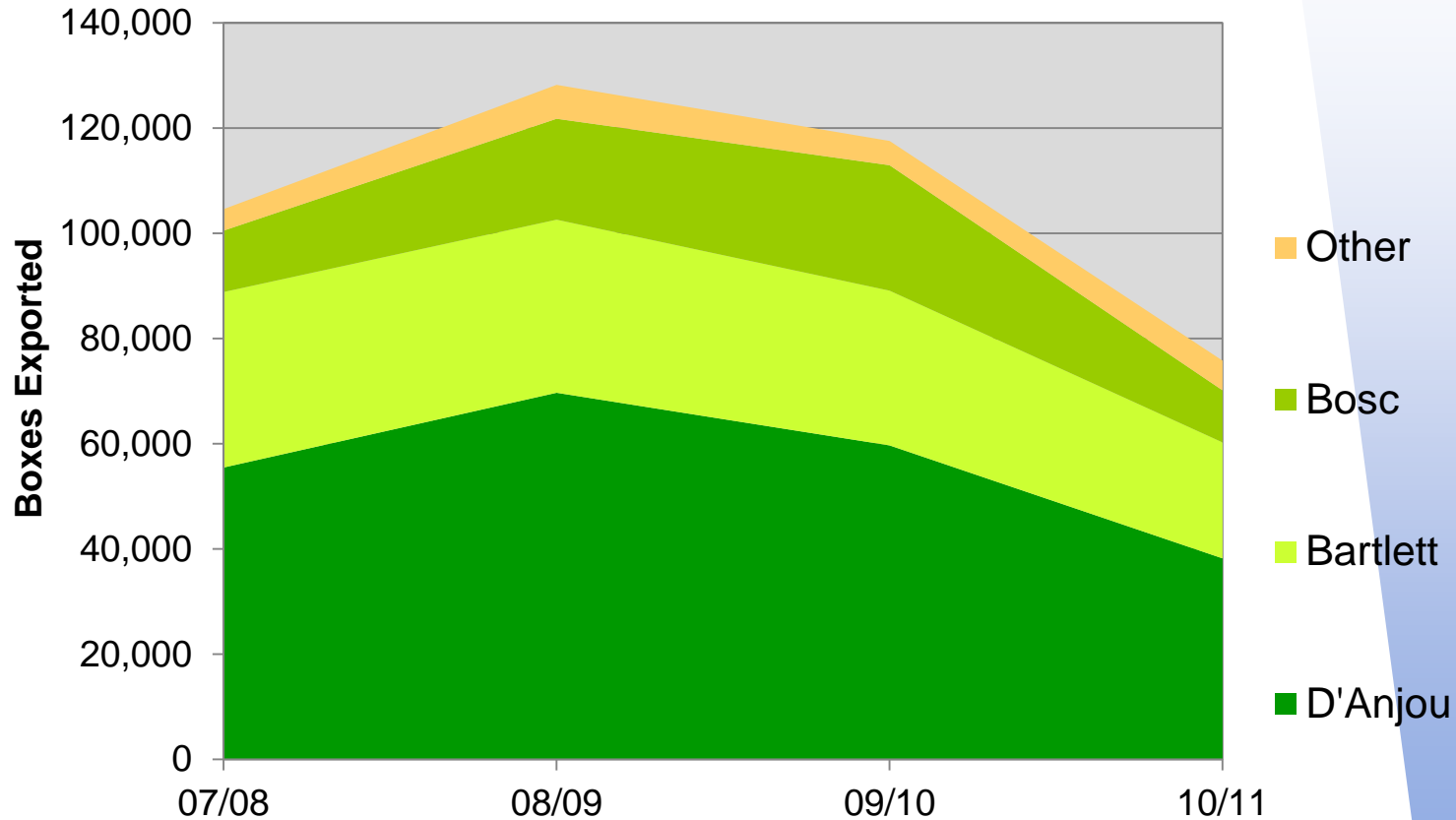
Washington Organic Apple Top Export Destinations



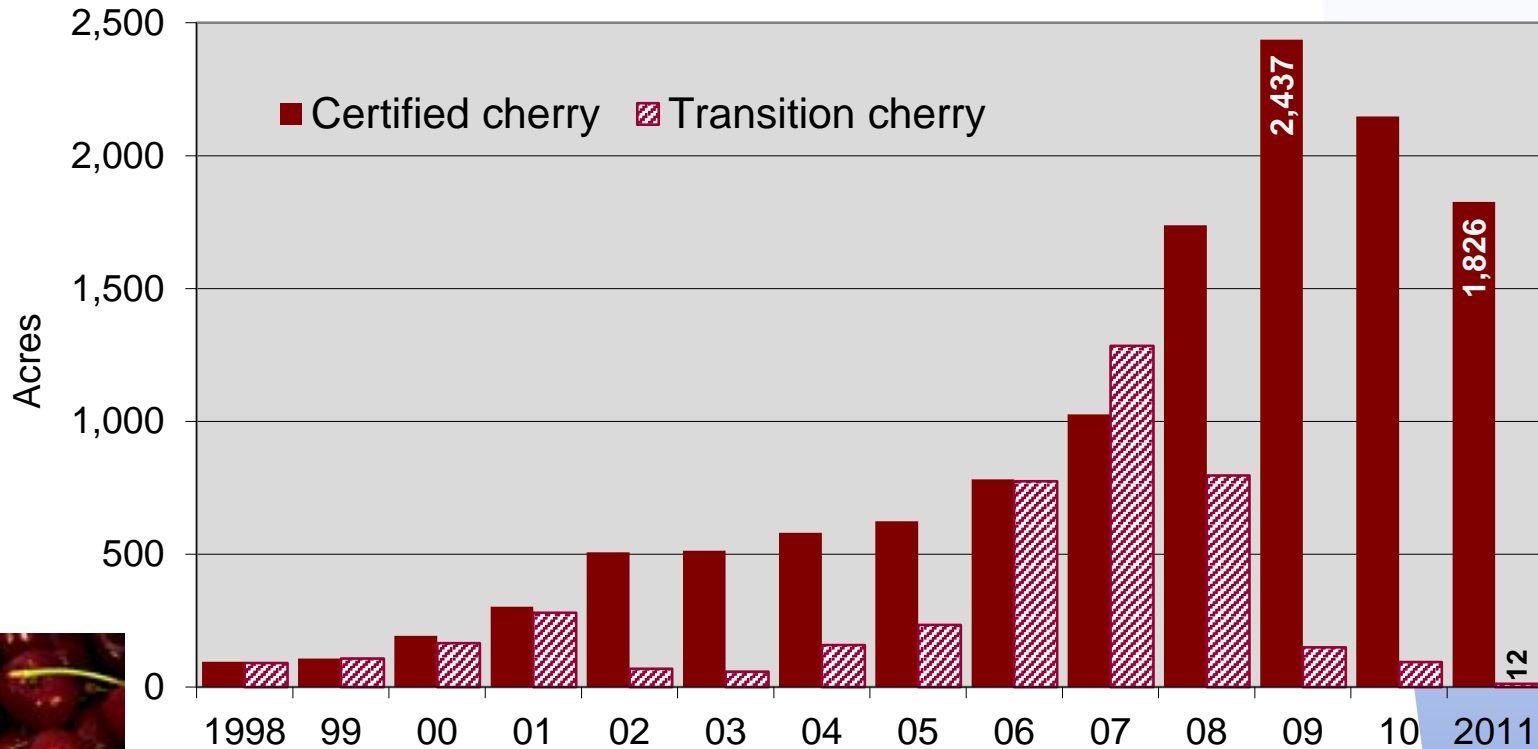
WA Organic Apple Exports by Variety



WA Organic Pear Exports by Variety

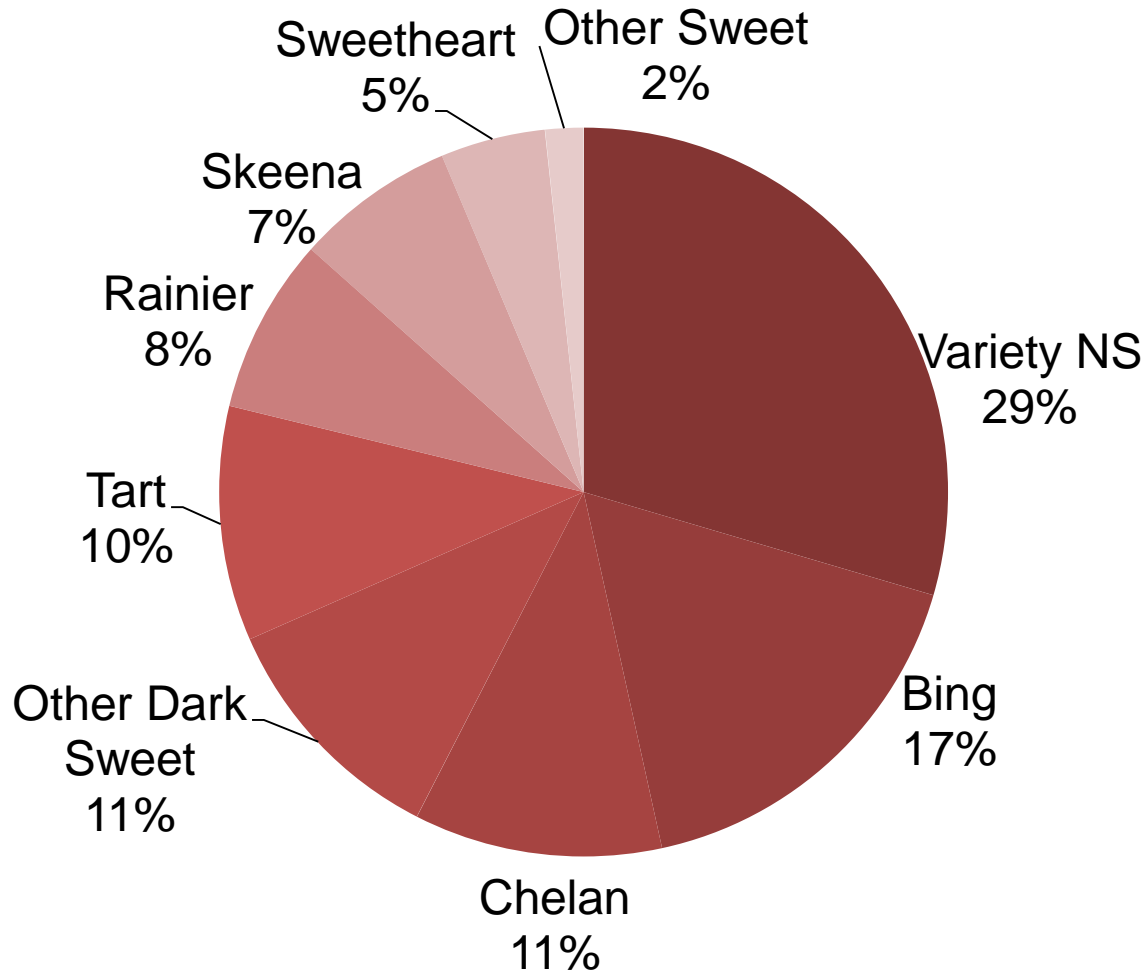


Organic Cherry Acreage Washington State



2011 = 4.8% of total WA cherry area
(based on 2010 WA-NASS estimate of 38,115 acres)

Organic Cherry Variety Acres Washington State 2011



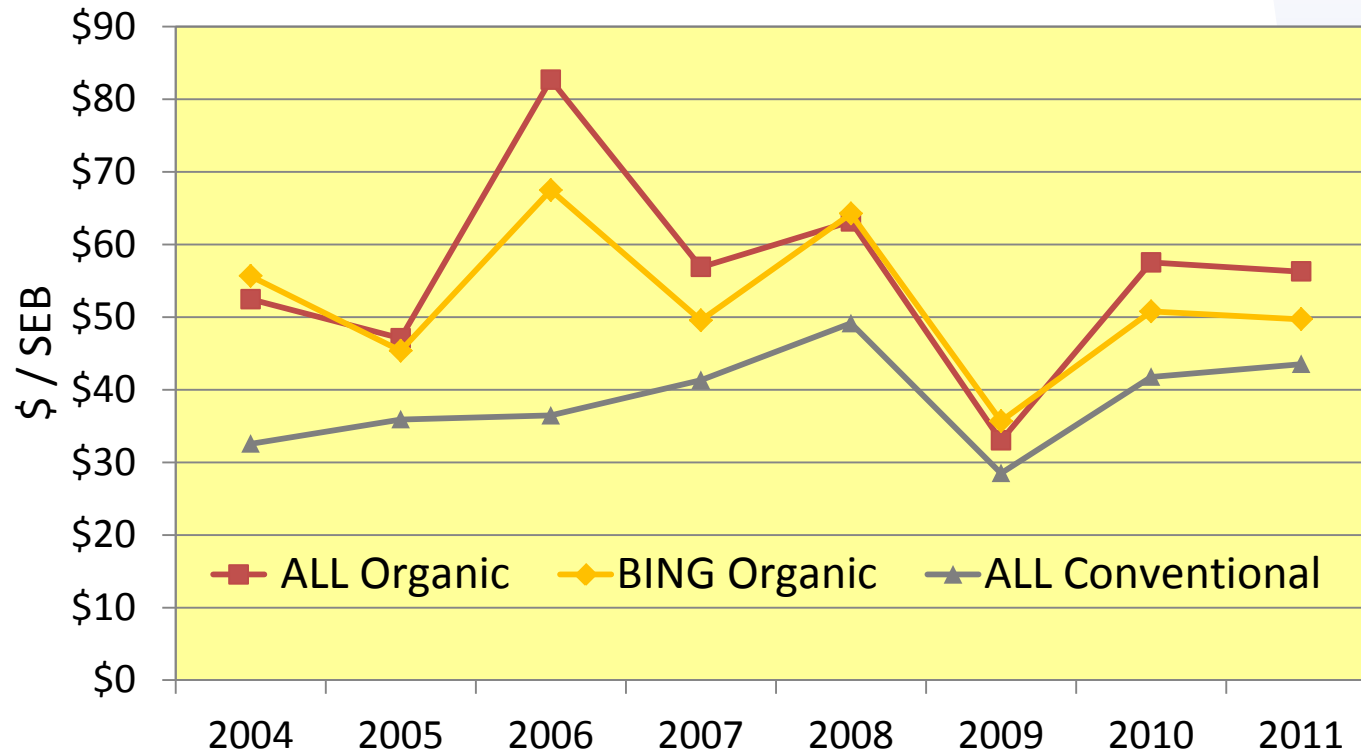
**30% of cherries not reported by variety
in 2011 compared to 57% in 2008**

2011 WSDA data; NS = not specified





Cherry Price Trends Washington State



SEB = Standard Equivalent Box. WAGCHA data. Conventional prices are from season FOB histories; may include organic 2008-2010. Organic prices are from season FOB histories All grades and sizes.

Where are prices going?

89th Anniversary Sale
1922 - 2011

Celebrating 89 years of the original & still the best One-Stop Shopping

Our Lowest Prices of the Season!

Apples or Pears Organic or Conventional
78¢ lb

The new crop is here! It's time to make your applesauce or pear crisp - Varieties this week include Fuji, Gala, Bartlett, Anjou and more.

BUYER'S CHOICE
Great Value For The Price
Monty Produce

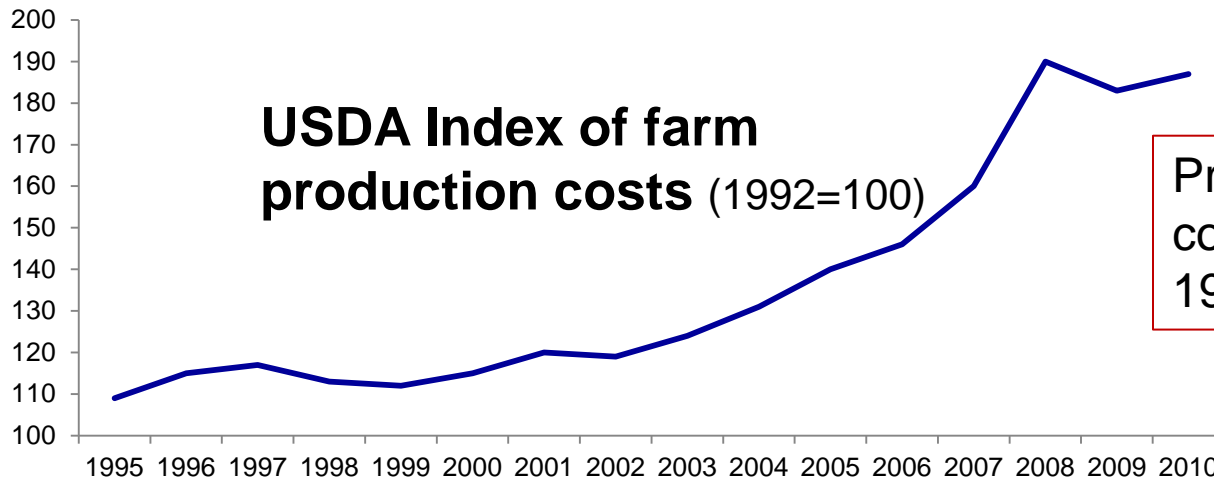
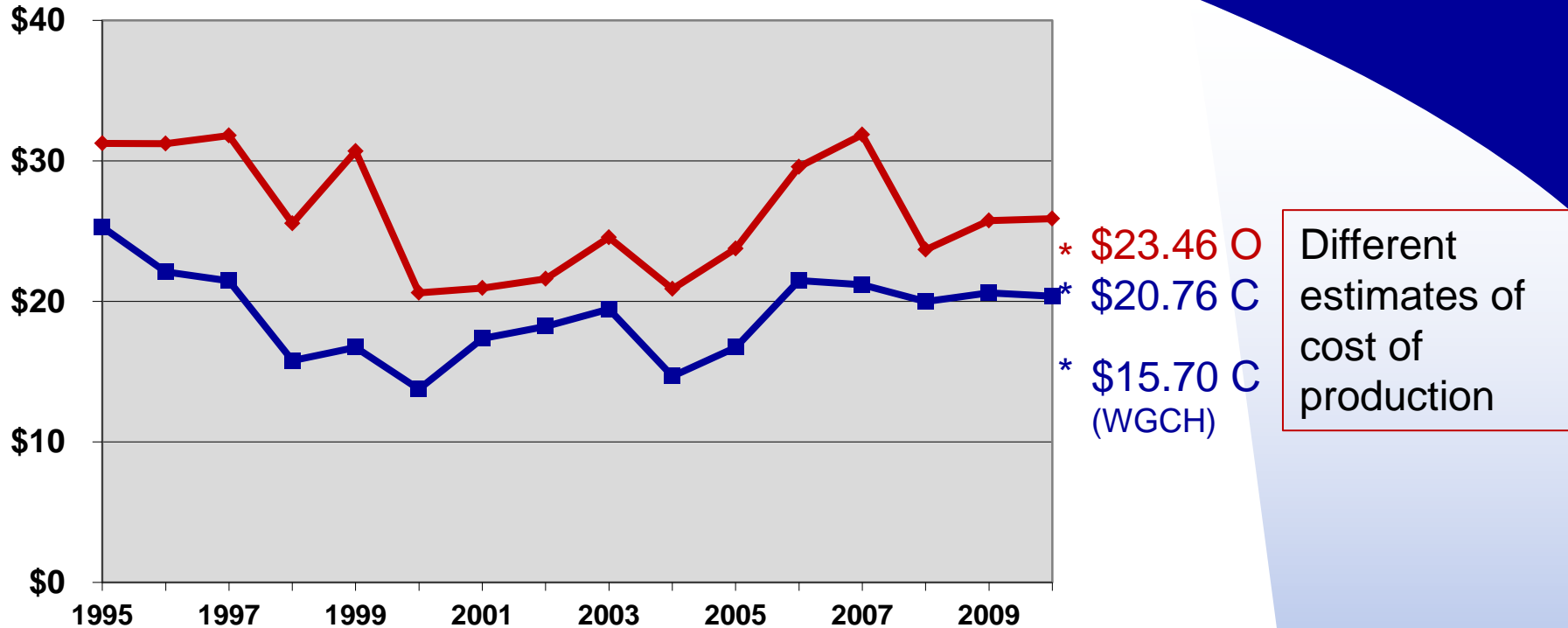
"Whether you prefer organic or conventional fruit, you'll enjoy..."

NORTHWEST GROWN

78¢ = \$31.20/box;
C = \$21.73, O = \$30.23

Grocery ad, Wenatchee, WA; October 2011

'Gala' apple prices, \$/box FOB, WA

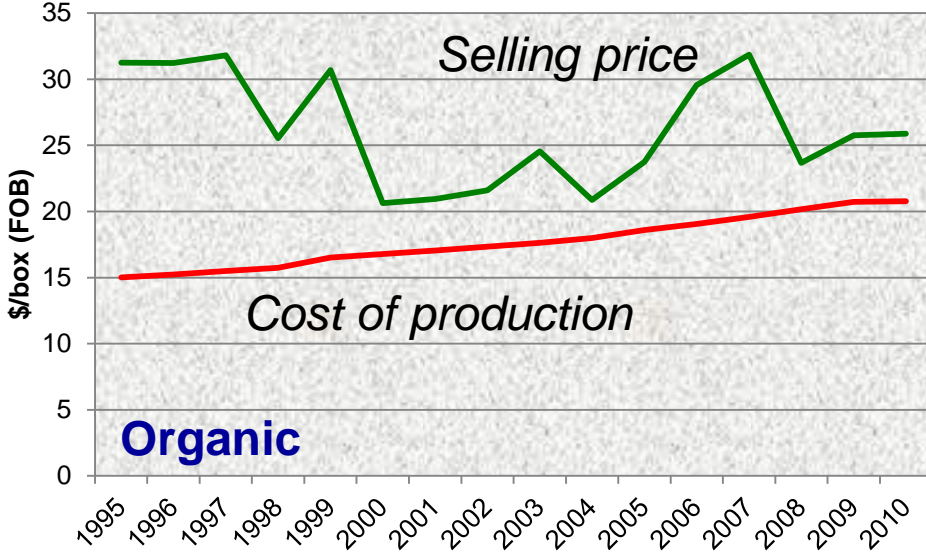


USDA Index of farm production costs (1992=100)

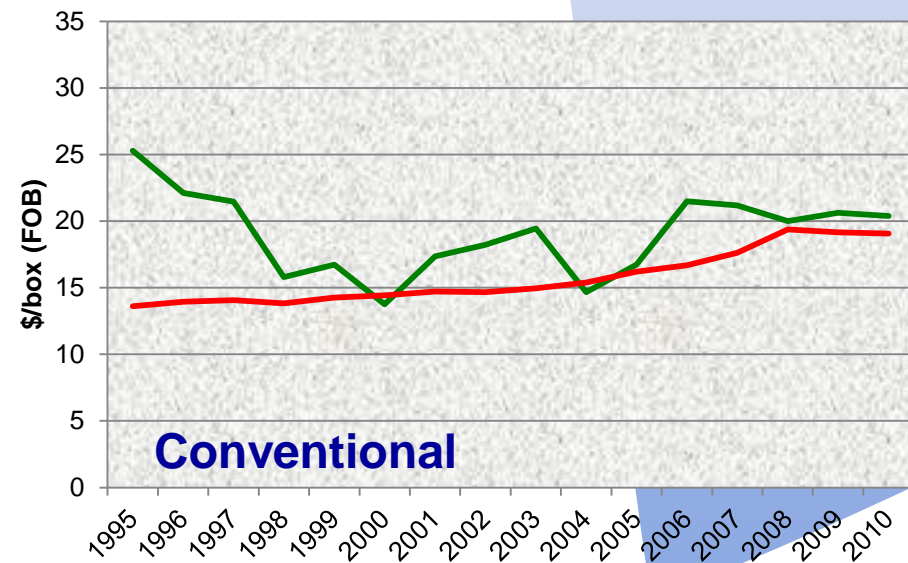
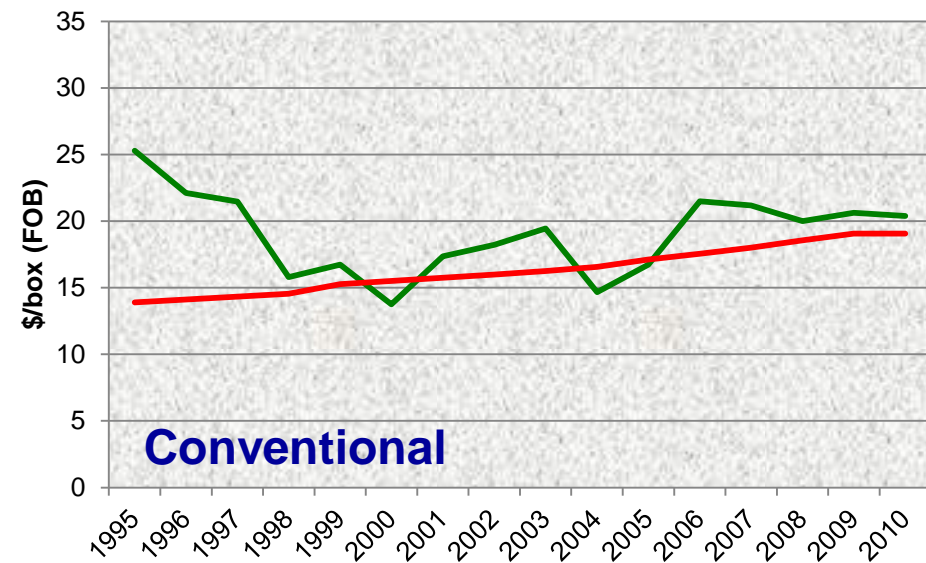
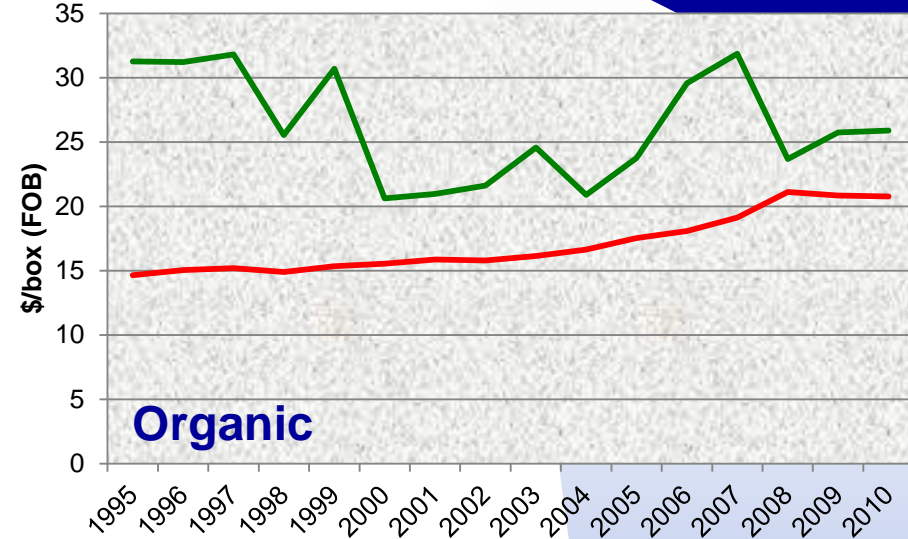
Price trend is flat. Input costs are up 70% since 1995.

'Gala' Apple

3% annual cost increase



USDA cost index



Cost includes farm and warehouse

WGCH data, USDA data

ANNOUNCING

International Organic Fruit Research Symposium



“From Research to Practice”

June 18-21, 2012 -- Leavenworth, WA

- *Organized by Washington State University*
- *Sponsored by International Society for Horticultural Science*

<http://www.tfrec.wsu.edu/pages/organicfruit2012/>