Fresh Peaches and Cherries: World Markets and Trade

United States Department of Agriculture

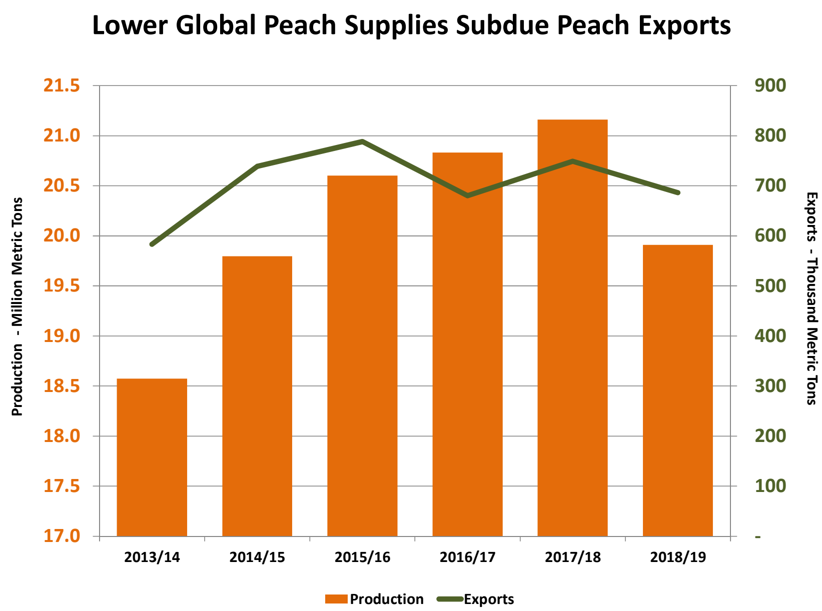
Foreign Agricultural Service

September 2018

Fresh Peach/Nectarine 2018/19 Highlights

World peach and nectarine production is forecast down 1.3 million metric tons (tons) to 19.9 million as adverse weather conditions impact output in top producers China and the European Union. Global trade is expected to contract on reduced global supplies.

China's production is forecast down 800,000 tons to 13.5 million due to freezing temperatures in early April, negatively impacting both output and quality in central and northern growing provinces. Bloom and production for the early varieties in central China were especially affected. Despite lower supplies, rising demand in Kazakhstan and Russia is expected to boost exports to 105,000 tons. Imports are projected to surge, more than doubling to 20,000 tons as Southern Hemisphere suppliers Chile and Australia capitalize on recent improved market access: Chile gained access for nectarines in February 2017, while Australia gained access for peaches in January 2018.



European Union's production is projected to drop over 500,000 tons to 3.6 million as a wet spring coupled with extended cold winter temperatures caused losses in top growing Member States Spain, Italy, and France. Lower domestic supplies are expected to drop exports 20 percent to 200,000 tons but boost imports only slightly.

United States' production is projected down 34,000 tons to 734,000 due to a February frost affecting nectarine production in California. Nectarine losses are expected to offset gains in Georgia and South Carolina peach crops rebounding from last year's early bloom and late spring freeze. Greater peach supplies are expected to improve shipments to Mexico and Canada, lifting exports to 60,000 tons. Imports are projected to slip to 38,000 tons on lower shipments from Chile in early 2018.

Turkey's production is forecast to rebound sharply from weather-related losses the previous 2 years, rising 95,000 tons to 600,000 as crops benefit from good growing conditions in the winter and spring. Greater supplies are expected to drive exports up to 100,000 tons, particularly to top market Russia.

Chile's production is expected to slip slightly to 151,000 tons on lower yield. In line with production, exports are projected down slightly as lower shipments to top market United States more than offset higher supplies going to China.

Japan's production is forecast to continue to erode, down 3,000 tons to 122,000 as planting and harvest area continues to decline. This stems from the ongoing challenges of an aging farmer population and a lack of younger successors.

Australia's production is expected to rise for a second year in a row, up 2,000 tons to 94,000 on good growing conditions. Exports are forecast up slightly to 15,000 tons on higher supplies, but also reflects what will be the first complete season of peach shipments to China.

Russia's imports are forecast to remain steady at 250,000 tons, sustaining its position as the world's top peach and nectarine importer, as higher shipments from Turkey offset losses from Belarus.

Fresh Cherry 2018/19 Highlights

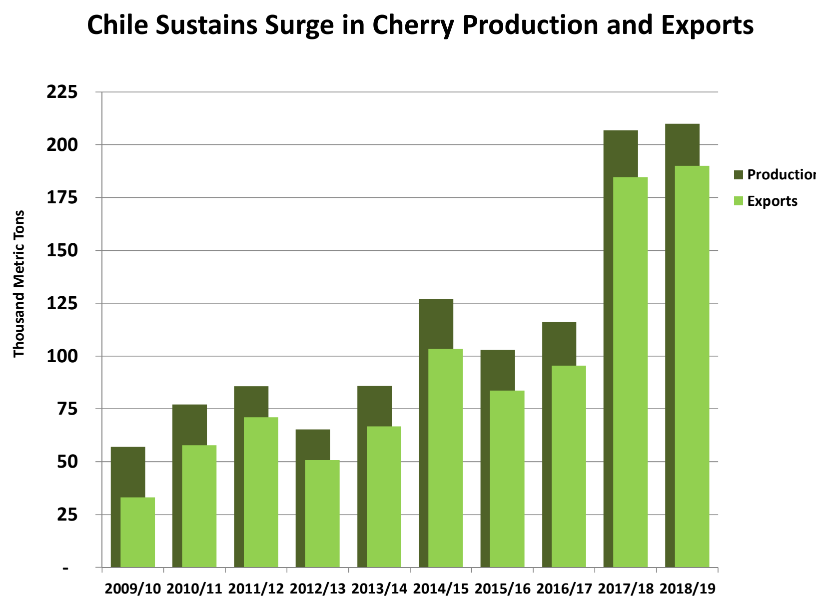
Please note that the marketing year for northern Hemisphere countries has been changed, affecting trade totals; refer to "Changes to Cherries PSD", below.

World cherry production is projected up for the fifth consecutive year, this time by 156,000 metric tons to 3.3 million, as the European Union and Turkey rebound from last year's weather-damaged crops. Global exports are up slightly on higher available supplies in Chile and Turkey.

European Union's production is forecast up 186,000 tons to 793,000, a jump of over 30 percent, as top-growing Member States Poland and Germany rebound from last year's weather-related losses; Poland accounts for over a third of total EU production. Despite greater domestic supplies, imports are also expected to improve, up 5,000 tons to 55,000, as rebounding production in top supplier Turkey spurs higher shipments to the European Union, Turkey's top market. Exports are expected to slip to 13,000 tons, a decline for the third straight year and their lowest level in more than 10 years due to continued lost trade with Russia, its former top market. Russia's ban on fruit imports from certain countries has been extended through 2019.

Turkey's production is anticipated to rebound after two years of adverse weather, rising 70,000 tons to 590,000. Greater supplies are expected to boost shipments to Russia and the European Union, driving exports up over 40 percent, rising 25,000 tons to 85,000.

Chile's production is forecast to remain strong at 210,000 tons, only slightly ahead of last year's banner year as new plantings coming into production are somewhat tempered by lower yield. Production is expected to maintain its upward trajectory as planting area continues to grow in the central regions and further expands into the southern regions of Biobio and Araucania. In line with production, exports are projected to achieve 190,000 tons, surpassing last year's record volume as China continues to import more Chilean product.



China's production is projected down 40,000 tons to 340,000 on adverse weather in most cherry growing regions. Northern provinces experienced severe frost in April, while orchards in the Yantai region faced hail in May. Despite continued expanded supplies from Chile, imports are expected to contract to 170,000 tons due to fewer shipments from the United States. China included cherries on the list of U.S.-produced commodities subject to retaliatory tariffs of 25 percent, effective in April, and then again on a list that imposed an additional 25 percent duty that became effective in July.

United States' production is expected to fall 64,000 tons to 444,000. A February frost in California coupled with cool wet weather in Washington and Oregon are expected to lower sweet cherry production and offset gains from rebounding tart cherry production in Michigan. Imports are forecast to increase slightly to 15,000 tons while exports are projected at 85,000 tons, down 25 percent from last year's record, as high retaliatory tariffs suppress shipments to China. Though a significant fall, total 2018/19 exports are still forecast to exceed the previous 5-year average.

Russia's imports are projected to rise 7,000 tons to 75,000 as higher supplies from Kazakhstan and Turkey sustain Russia as the world's second-largest market.

Changes to Cherries PSD:

- The cherries marketing year for Northern Hemisphere countries has been changed from January-December to April-March, indicated as the first year of the split year (for example, marketing year 2018/19 is now April 2018-March 2019). This change was the result of a re-examination of trade data precipitated by the sudden and significant increase in cherry exports by Chile. In the previous January-December Northern Hemisphere marketing year, Southern Hemisphere exports to Northern Hemisphere markets are not recorded as imports in those markets until the *following* marketing year. For example, Chilean exports of 100,000 tons in January of 2018 were recorded as exports in MY 2017/18, but as imports in 2018/19. This created a significant imbalance in world trade. In adjusting the marketing year to April-March, this more accurately aligns global exports and imports. Thus, as of this September 2018 report, the marketing year for cherries for all Northern Hemisphere countries has been changed to April-March. This change in the cherry PSD has been applied to current and historic data going back to 2001/02, for all countries, for both imports and exports. Please see the table, included below, that illustrates this change for all final data (data for 2017/18 and 2018/19 are not included as data for all countries are not yet final for those years). The marketing year for countries in the Southern Hemisphere remains November-October.

- Hong Kong imports have been removed from the database since including them would be double counting Chilean exports to China.

- Kazahkstan imports have been added to the PSD going back to 2001/02.

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Marketing Years:

Peaches/Nectarines - Northern Hemisphere countries are on a January-December year. Southern Hemisphere countries are on a November-October year indicated as the first year of the split year.

Cherries – As of this issue, Northern Hemisphere countries are on an April-March year indicated as the first year of the split year. Southern Hemisphere countries continue to be on a November-October year indicated as the first year of the split year.

The next publication of this circular will be in September 2019.

Fresh Cherries (Sweet and Sour) Trade Data - Comparison Between Different Northern Hemisphere Marketing Years (MY)

(NH - Northern Hemisphere; SH = Southern Hemisphere)

REVISED Northern Hemisphere MY = April-March (as of September 2018 report)

EXPORTS	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
exports NH (Apr-Mar)	78,940	66,874	110,368	127,485	125,248	145,743	164,944	132,192	185,983	181,578	196,080	231,280	227,672	241,050	270,667	266,188
exports SH (Nov-Oct)	11,940	16,598	12,015	16,843	25,927	27,769	47,552	43,489	36,732	61,800	74,600	55,400	70,800	110,000	91,500	101,800
TOTAL	90,880	83,472	122,383	144,328	151,175	173,512	212,496	175,681	222,715	243,378	270,680	286,680	298,472	351,050	362,167	367,988

IMPORTS*																
imports NH (Apr-Mar)	90,901	79,918	116,643	133,582	134,415	161,829	204,733	168,871	199,336	215,879	244,876	251,037	278,982	310,111	313,572	337,450
imports SH (Nov-Oct)	963	1,783	1,620	1,550	1,169	1,864	1,871	2,952	2,914	3,624	5,014	2,301	2,520	1,800	2,200	2,500
TOTAL	91,864	81,701	118,263	135,132	135,584	163,693	206,604	171,823	202,250	219,503	249,890	253,338	281,502	311,911	315,772	339,950

balance (exports minus imports)	(984)	1,771	4,120	9,196	15,591	9,819	5,892	3,858	20,465	23,875	20,790	33,342	16,970	39,139	46,395	28,038
balance (imports as % of exports)	101%	98%	97%	94%	90%	94%	97%	98%	91%	90%	92%	88%	94%	89%	87%	92%

**Imports do NOT include Hong Kong, DO include Kazakhstan*

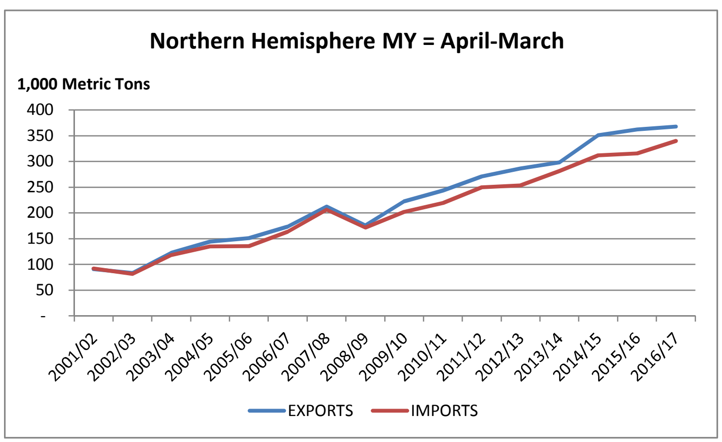
PREVIOUS Northern Hemisphere MY = January-December (prior to September 2018 report)

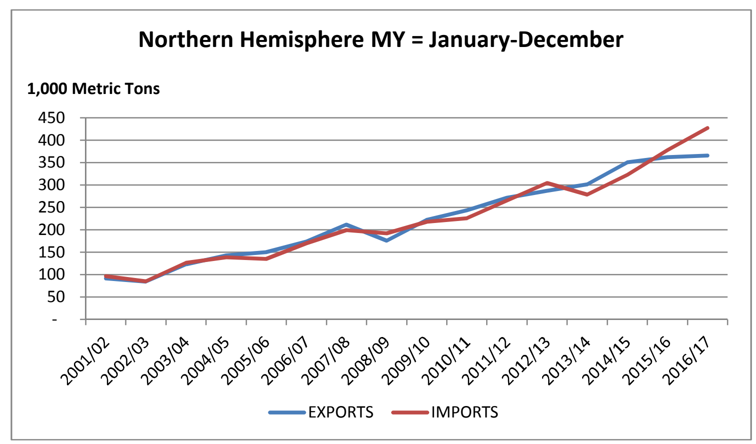
EXPORTS	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
exports NH (Jan-Dec)	79,536	67,737	111,241	126,043	123,832	145,762	164,319	132,191	185,695	181,629	196,790	232,181	230,558	240,869	270,584	263,893
exports SH (Nov-Oct)	11,940	16,598	12,015	16,843	25,927	27,769	47,552	43,489	36,732	61,800	74,600	55,400	70,800	110,000	91,500	102,100
TOTAL	91,476	84,335	123,256	142,886	149,759	173,531	211,871	175,680	222,427	243,429	271,390	287,581	301,358	350,869	362,084	365,993

IMPORTS**																
imports NH (Jan-Dec)	95,327	83,342	124,600	137,168	134,162	168,577	197,332	188,982	214,820	222,104	260,203	301,939	276,516	321,279	376,085	425,025
imports SH (Nov-Oct)	963	1,783	1,620	1,550	1,169	1,864	1,871	2,952	2,914	3,624	5,014	2,301	2,520	1,800	2,200	2,200
TOTAL	96,290	85,125	126,220	138,718	135,331	170,441	199,203	191,934	217,734	225,728	265,217	304,240	279,036	323,079	378,285	427,225

balance (exports minus imports)	(4,814)	(790)	(2,964)	4,168	14,428	3,090	12,668	(16,254)	4,693	17,701	6,173	(16,659)	22,322	27,790	(16,201)	(61,232)
balance (imports as % of exports)	105%	101%	102%	97%	90%	98%	94%	109%	98%	93%	98%	106%	93%	92%	104%	117%

***Imports DO include Hong Kong, do NOT include Kazakhstan*





Peaches and Nectarines, Fresh: Production, Supply and Distribution in Selected Countries

(1,000 Metric Tons)

	2013/14	2014/15	2015/16	2016/17	2017/18	Sep 2018/19
Production						
China	11,900	12,784	13,600	14,200	14,300	13,500
European Union	3,731	4,055	4,043	3,778	4,086	3,582
United States	953	946	906	859	768	734
Turkey	550	500	560	510	505	600
Argentina	292	250	266	248	248	248
Uzbekistan	170	200	220	220	226	226
Brazil	211	216	192	192	192	192
South Africa	166	193	180	180	180	180
Mexico	161	174	176	177	177	177
Chile	91	137	146	149	159	151
Other	350	340	312	319	319	318
Total	18,574	19,796	20,600	20,832	21,161	19,908
Fresh Dom. Consumption						
China	10,183	10,719	11,314	11,627	11,813	11,215
European Union	2,877	2,733	3,022	2,892	3,103	2,671
United States	432	472	440	419	404	391
Turkey	396	341	390	340	291	370
Russia	281	260	231	233	285	286
Brazil	231	240	215	211	213	212
Mexico	194	199	202	205	197	201
Other	942	965	951	934	954	930
Total	15,535	15,928	16,765	16,860	17,260	16,276
For Processing						
China	1,680	2,000	2,200	2,500	2,400	2,200
European Union	558	972	708	666	730	711
United States	459	412	430	406	349	321
Argentina	211	211	211	211	211	211
Turkey	120	120	120	120	125	130
Japan	15	16	16	14	14	14
Australia	20	10	10	10	8	8
Other	3	5	6	6	6	6
Total	3,065	3,746	3,701	3,933	3,844	3,601
Imports						
Russia	248	225	200	197	250	250
Belarus	37	82	170	110	108	70
Kazakhstan	31	46	37	36	45	50
United States	37	23	38	47	40	38
Canada	48	40	41	44	34	35
European Union	32	26	28	31	27	30
Switzerland	32	31	34	31	34	30
Ukraine	36	42	17	26	34	30
Iraq	20	19	20	27	30	25
Mexico	33	26	26	29	22	24
Other	74	76	89	88	98	103
Total	629	637	699	666	721	685
Exports						
European Union	308	357	297	226	251	200
China	37	65	86	74	96	105
Turkey	34	39	51	51	89	100
Chile	43	84	86	88	97	90
United States	100	86	73	81	55	60
Belarus	19	55	150	87	84	55
Uzbekistan	15	20	12	42	38	35
South Africa	16	19	20	19	18	20
Australia	7	9	10	9	14	15
Argentina	2	4	1	1	4	3
Other	2	2	2	3	4	3
Total	583	739	788	680	749	686

Note: The marketing year begins in January of the first year for Northern Hemisphere countries and November of the first year for Southern Hemisphere countries. Processing data for Argentina and Turkey was inadvertently omitted from the September 2017 publication.

Cherries (sweet and sour), Fresh: Production, Supply and Distribution in Selected Countries

(1,000 Metric Tons)

	2013/14	2014/15	2015/16	2016/17	2017/18	Sep 2018/19
Production						
European Union	724	758	751	734	607	793
Turkey	510	465	565	525	520	590
United States	401	462	417	456	508	444
China	180	220	250	330	380	340
Russia	278	275	234	277	277	277
Ukraine	282	250	270	220	220	220
Chile	86	127	103	116	207	210
Uzbekistan	140	125	140	150	150	150
Serbia	126	114	112	98	98	98
Syria	62	54	62	69	69	69
Other	116	117	147	149	155	156
Total	2,905	2,967	3,050	3,124	3,190	3,346
Fresh Dom. Consumption						
China	225	307	331	416	559	500
European Union	403	421	424	433	456	487
Russia	363	344	308	348	344	352
Turkey	301	260	341	290	295	330
United States	142	169	167	171	218	162
Uzbekistan	123	108	135	121	122	130
Serbia	108	102	106	84	81	82
Other	370	336	364	353	365	354
Total	2,035	2,046	2,175	2,216	2,440	2,396
For Processing						
European Union	328	339	315	333	187	348
United States	202	218	189	222	191	212
Turkey	155	155	155	155	165	175
Ukraine	152	150	150	150	150	150
China	4	5	6	8	12	10
Chile	4	8	6	5	6	7
Canada	6	5	5	5	5	5
Other	2	2	2	2	2	2
Total	853	881	828	879	718	909
Imports						
China	49	92	87	94	192	170
Russia	85	69	74	71	68	75
European Union	51	42	36	57	50	55
Canada	25	30	24	23	33	35
Kazakhstan	20	22	6	24	22	20
Korea, South	9	14	13	14	19	17
Belarus	8	12	44	18	8	15
Taiwan	10	11	9	11	15	15
United States	11	12	13	13	14	15
Serbia	0	0	2	5	4	4
Other	14	8	7	9	8	6
Total	282	312	316	340	432	427
Exports						
Chile	67	103	84	95	185	190
Turkey	54	50	69	80	60	85
United States	67	88	75	76	114	85
Serbia	19	12	8	19	21	20
Uzbekistan	17	17	5	29	28	20
Azerbaijan	4	10	12	15	15	15
Canada	6	9	14	10	11	15
European Union	43	39	48	25	14	13
Belarus	3	7	38	6	3	11
Australia	3	4	6	3	5	7
Other	15	12	6	9	8	8
Total	298	351	362	368	464	468

Note: The marketing year begins in April of the first year for Northern Hemisphere countries and November of the first year for Southern Hemisphere countries. Fresh cherries includes sweet and sour cherries.