

2020 NC Specialty Crop Outlook

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Outline








- General overview of US and NC Fruit and Vegetable Industry
- Consumption Trends
- Production Trends
- Trade
- Issues in Specialty Crop Agriculture

Current State of the US and NC Fruit and Vegetable Industry

Fruit, Nut and Vegetable Industry Overview








- Value of production: \$48.2 billion
 - (12.4% of US Ag Production)
- Acres harvested: 10.4 million
- Number of farms: 184,000

US Fruit and Nut Industry at a Glance

Item	2018	2015-18 Trend	% Change (2015-18)
Area Harvested (1,000 ac)	4754		8.1%
Production (Million cwt)	469		-12.6%
Crop Value (\$ million)	29318		3.2%
Unit Value (\$/cwt)	63		18.0%
Imports (\$ million)	8008		7.0%
Exports (\$ million)	2274		7.6%
Per Capita Availability (lbs)	281		-3.1%

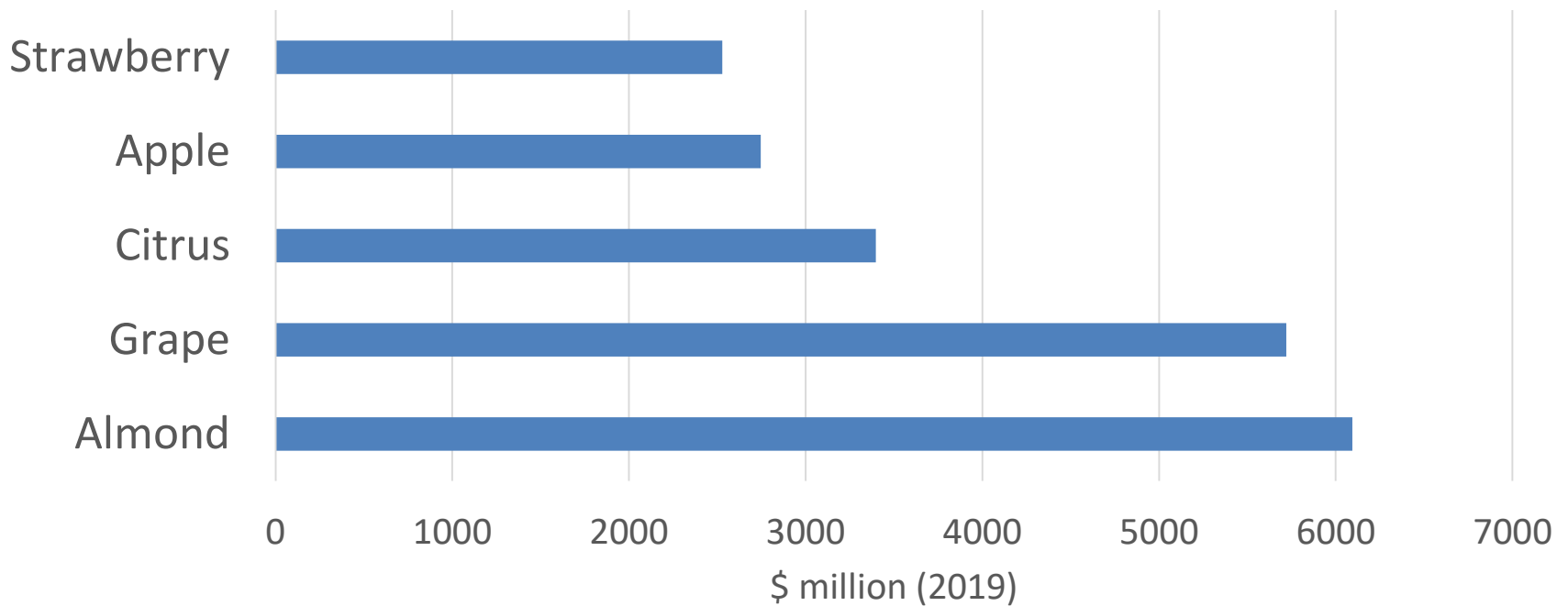
NASS, and ERS Fruit and Tree Nuts Yearbook Tables

US Vegetable Industry at a Glance

Item	2019	2016-19 Trend	% Change (2016-19)
Area Harvested (1,000 ac)	2070		-28.5%
Production (Million cwt)	304		-24.0%
Crop Value (\$ million)	10678		-1.2%
Unit Value (\$/cwt)	35.09		29.9%
Imports (\$ million)	8008		7.0%
Exports (\$ million)	2274		7.6%
Per Capita Availability (lbs)	153.4		-1.6%

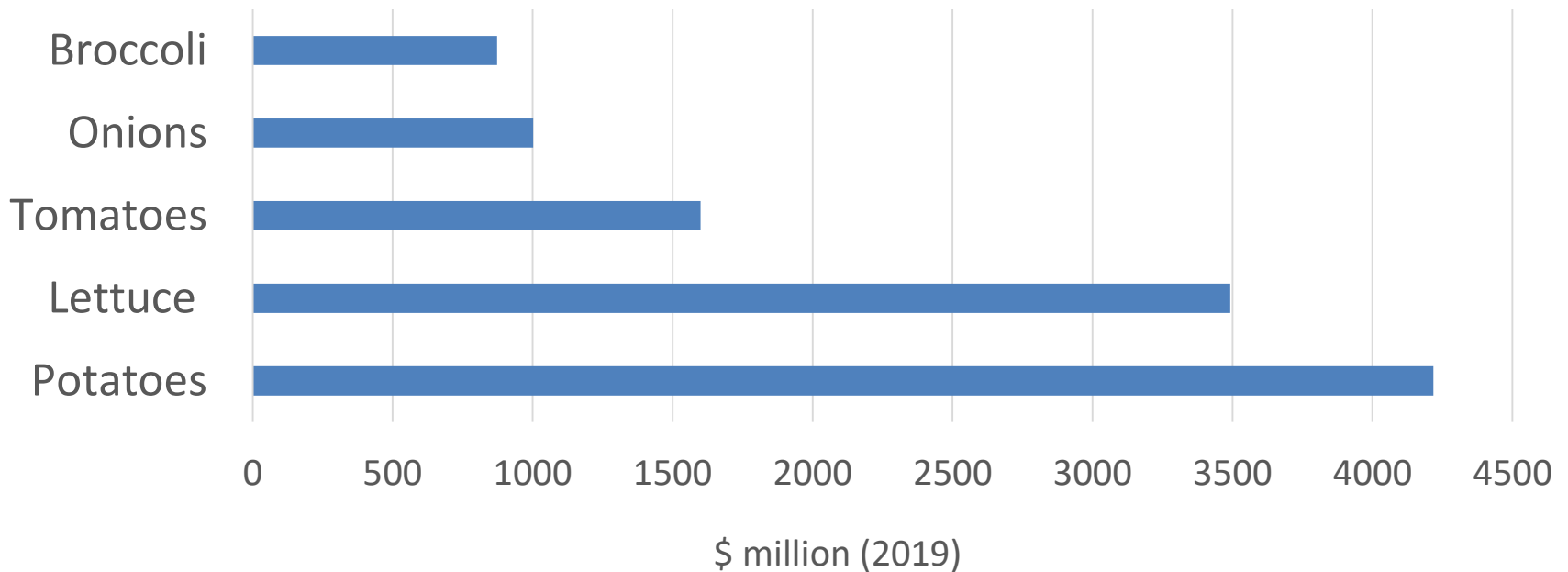
Lucier and
Parr (2020)

Top 5 Fruit Crops by Value



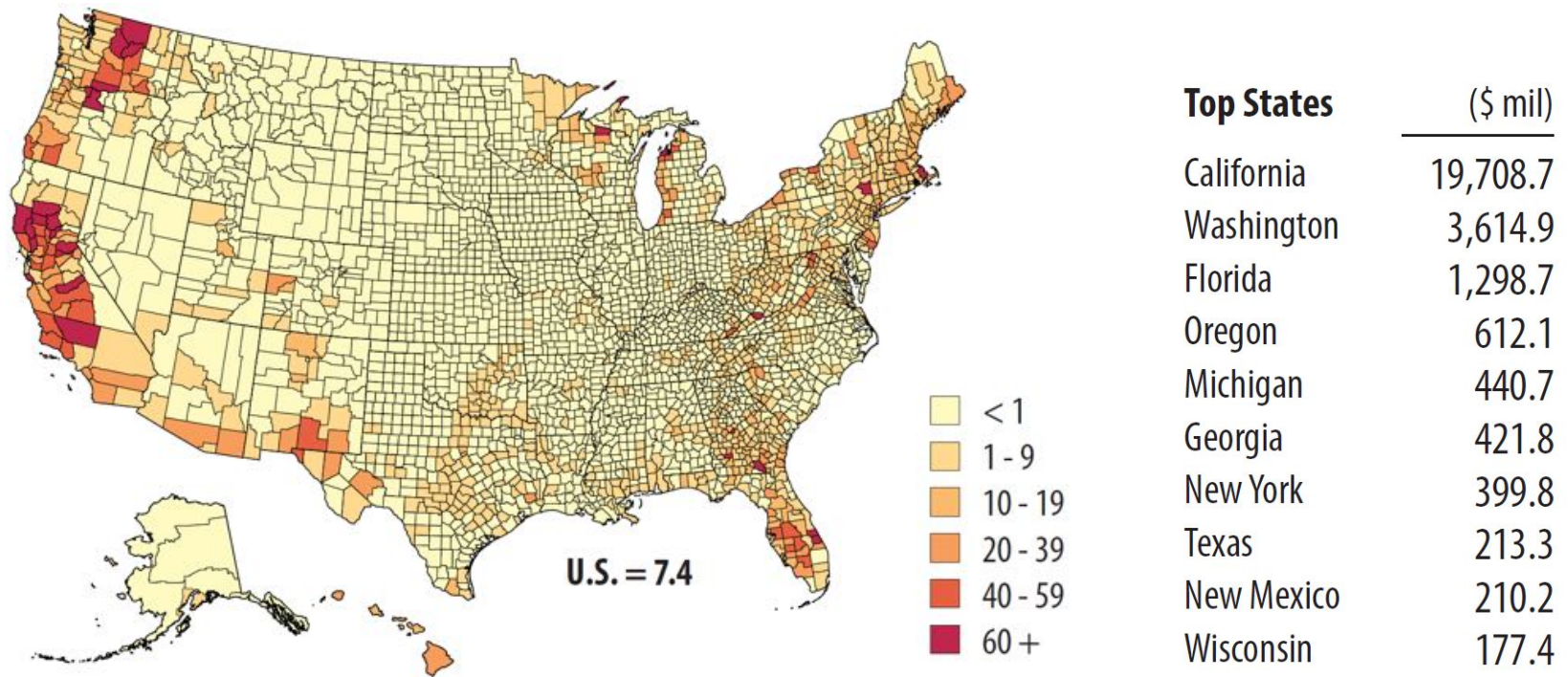
Source: Noncitrus Fruits and Nuts 2019 Summary (May 2020)
USDA, National Agricultural Statistics Service

Top 5 Vegetables by Value



Source: Vegetables 2019 Summary (Feb 2020)
USDA, National Agricultural Statistics Service

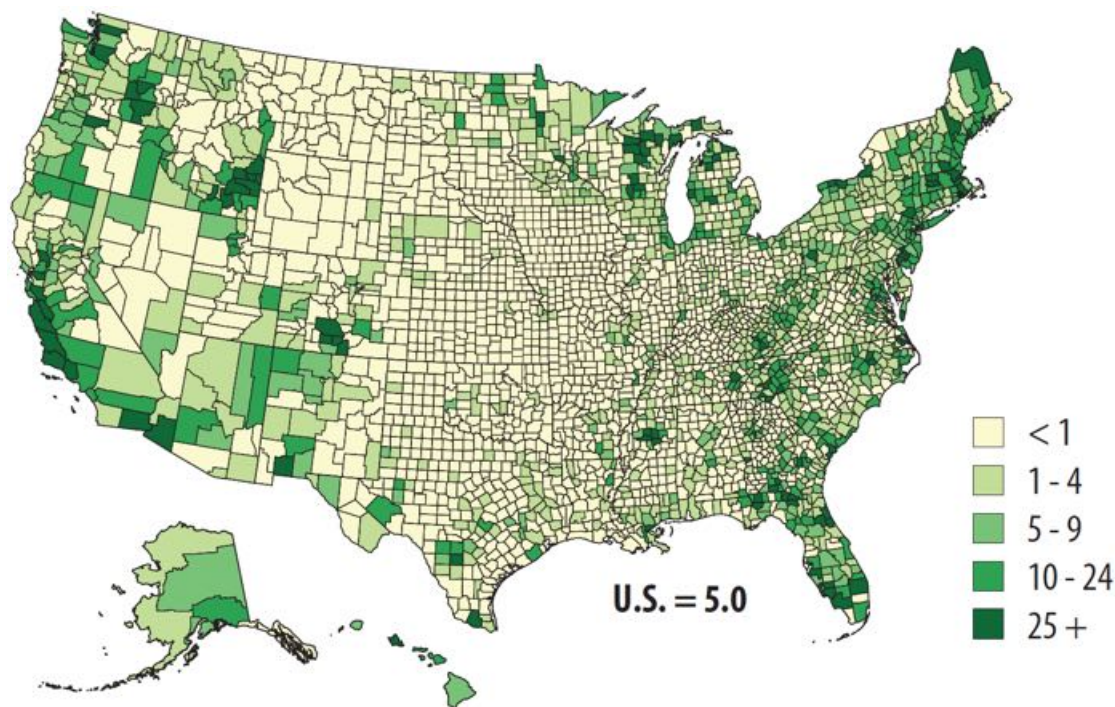
Top 10 Fruit and Nut Growing States



Fruit, Tree Nut, and Berry Sales as Percent of Agriculture Sales, by County, 2017

Source: Fruit, Tree Nut, and Berry Production Highlights (Oct 2019) USDA, National Agricultural Statistics Service

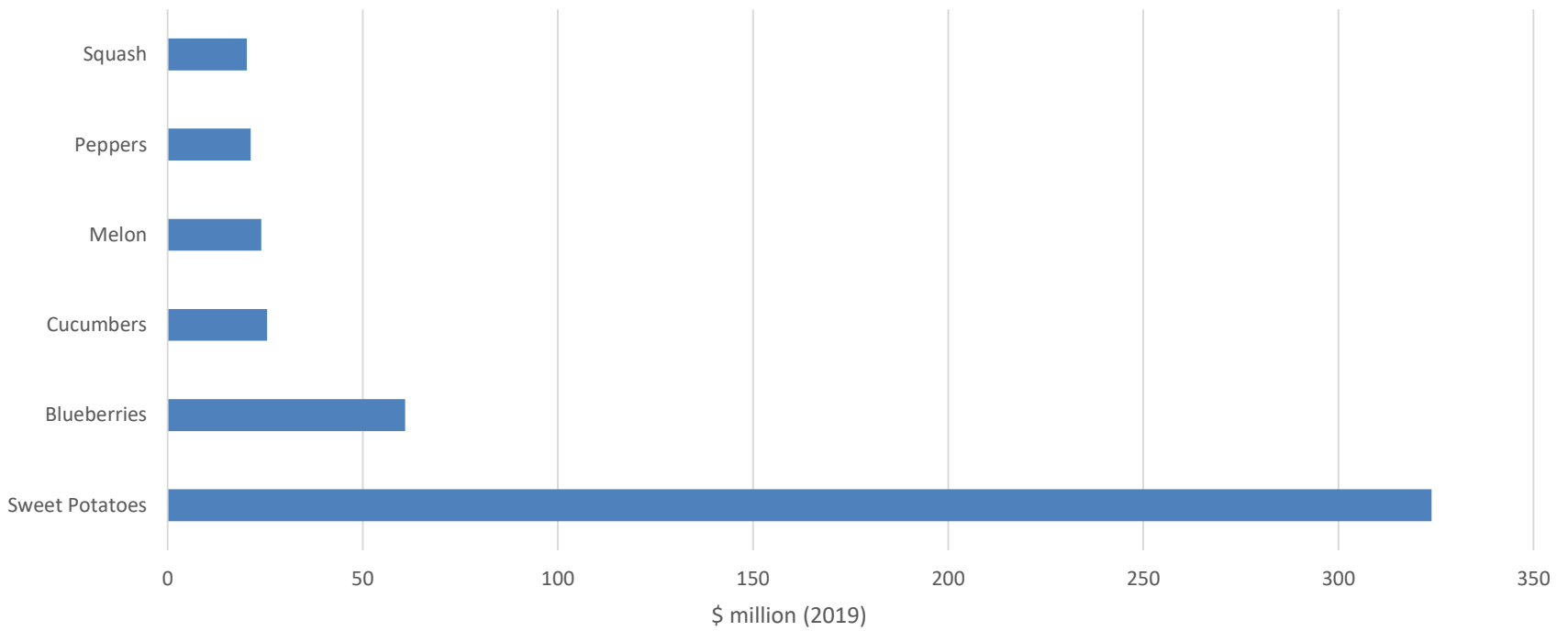
Top 10 Vegetable Growing States



Top States	(\$ mil)
California	8,167.8
Florida	1,284.1
Idaho	1,147.1
Washington	1,094.9
Arizona	1,009.1
Georgia	566.4
North Carolina	533.4
Wisconsin	543.0
Oregon	539.2
Michigan	535.1

Vegetable Sales as Percent of Agriculture Sales, by County, 2017

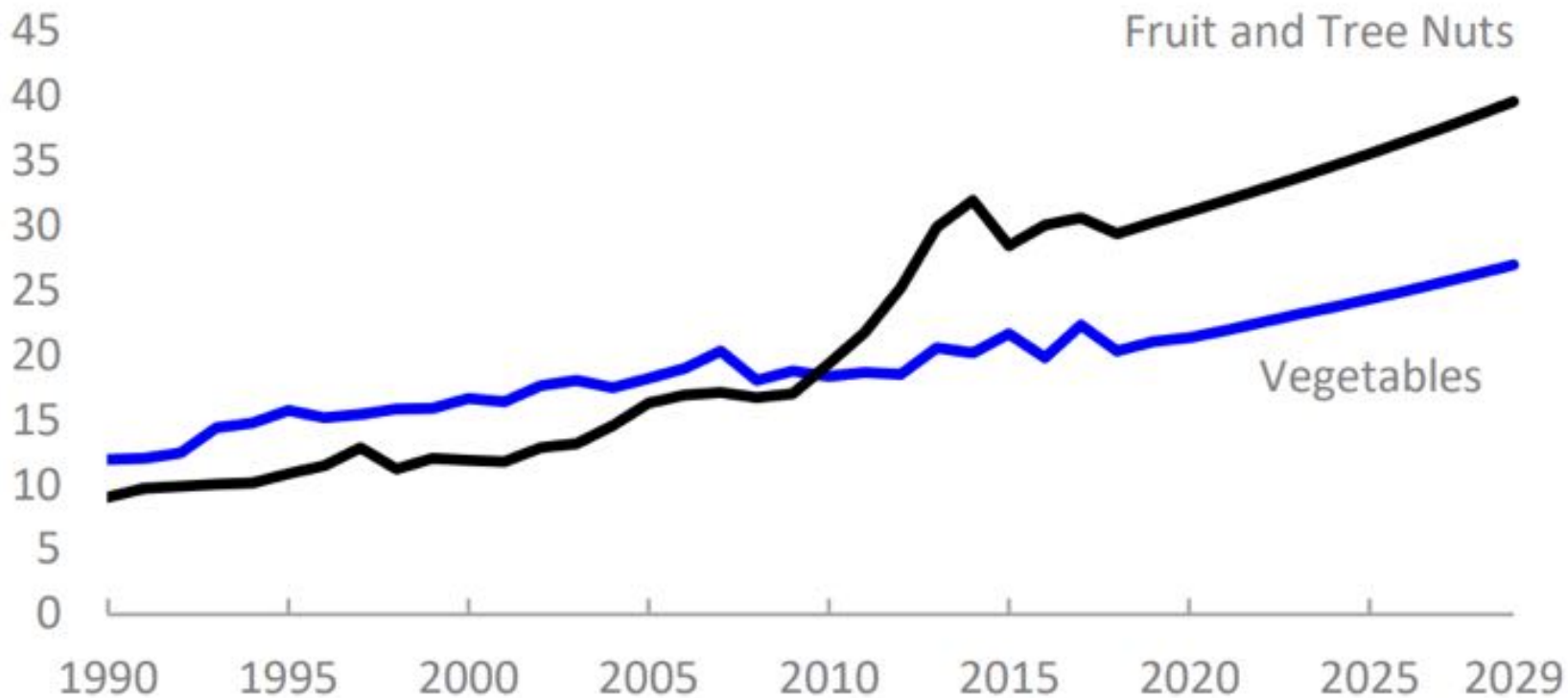
NC Top Specialty Crops



Long-term Outlook

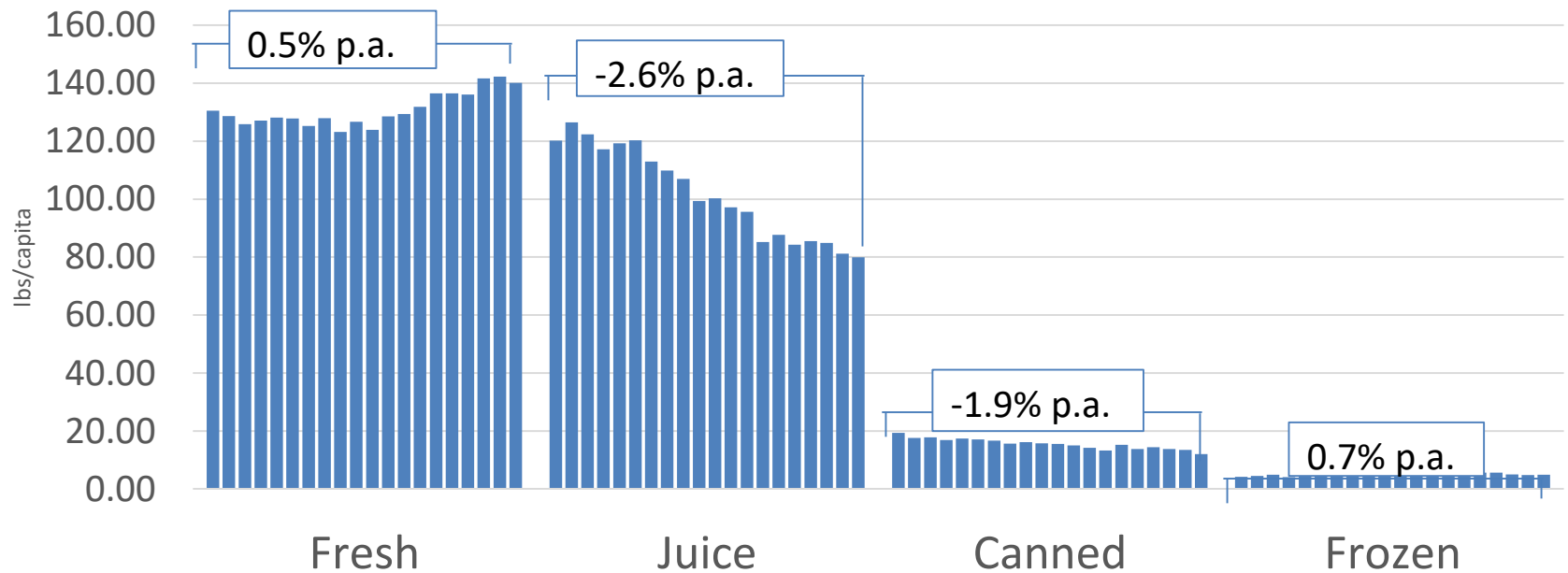
U.S. fruit, nut, and vegetable: Value of production

Billion dollars

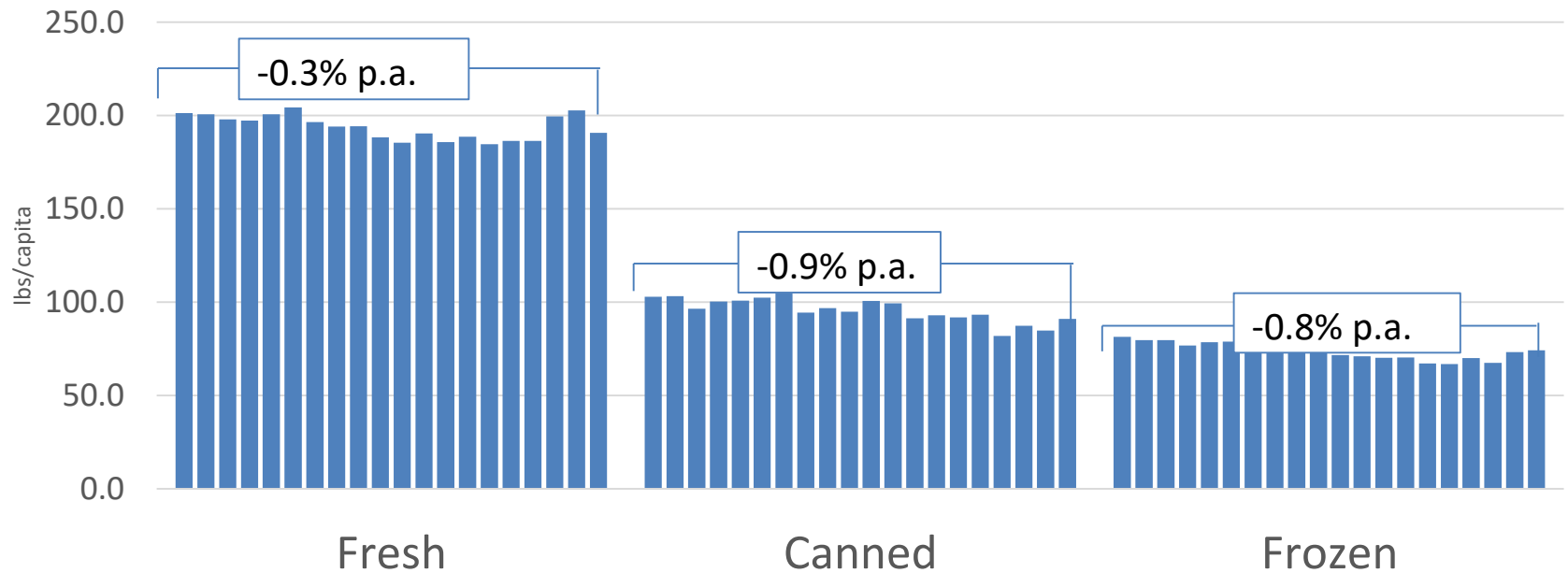


Consumption Trends

Fruit availability

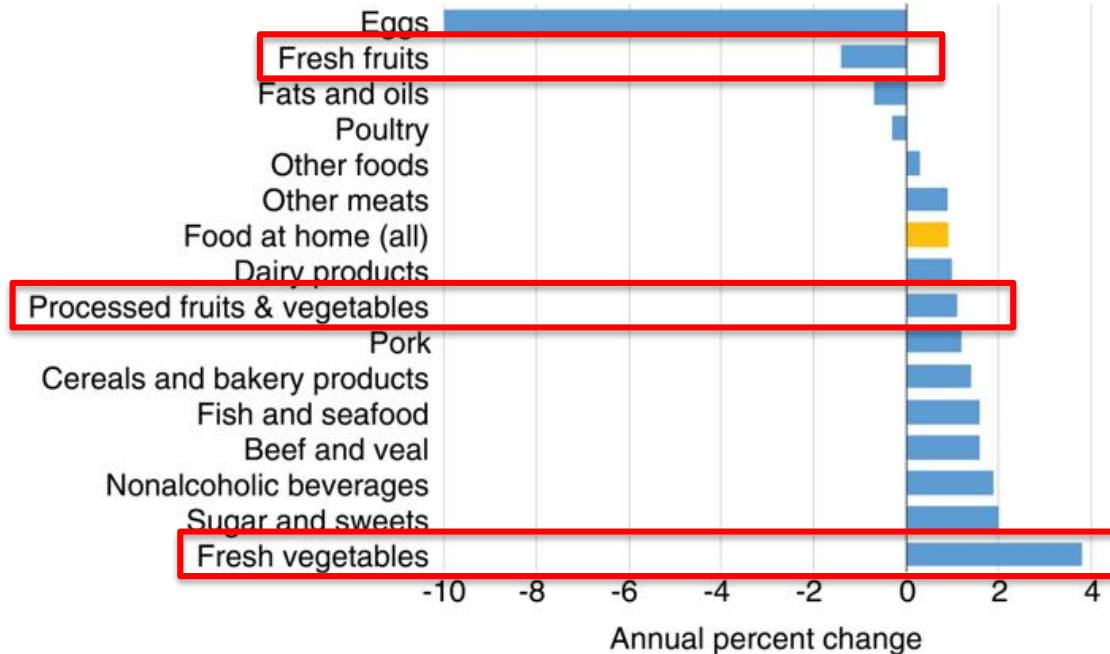


Vegetable availability



Change in consumer food prices

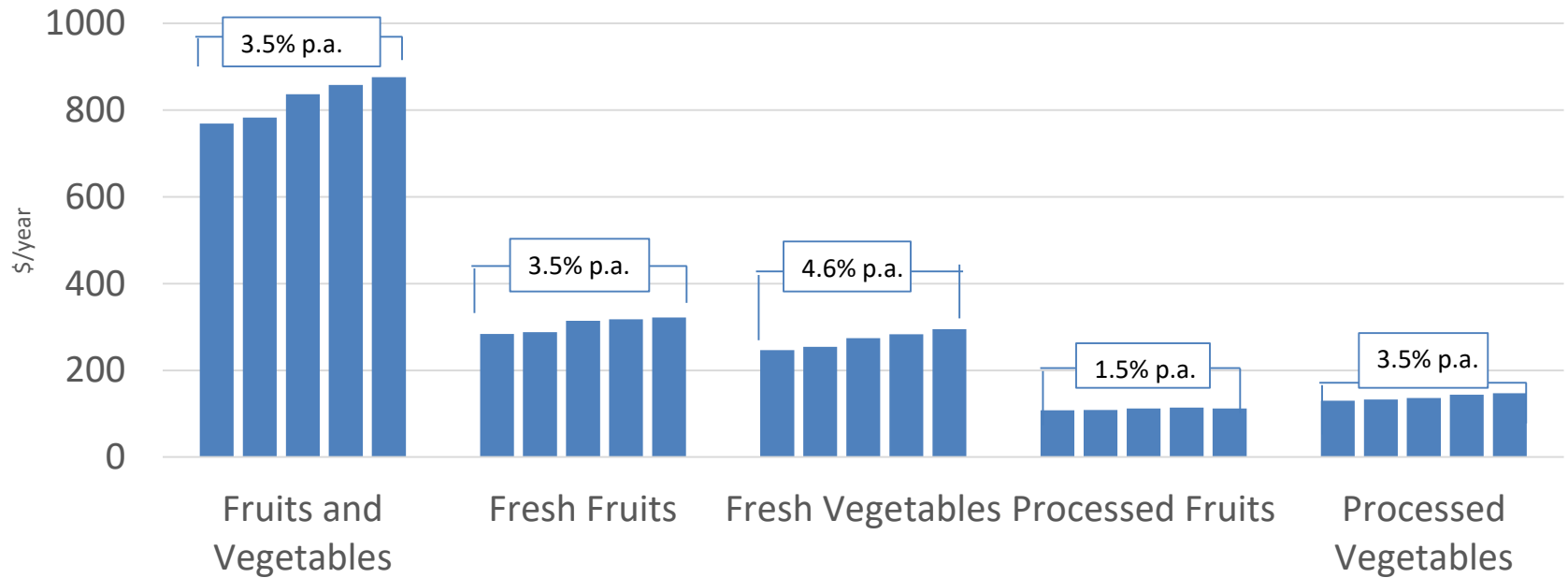
Price changes for CPI at-home food categories, 2018 to 2019



CPI = Consumer Price Index

Source: USDA, Economic Research Service using U.S. Bureau of Labor Statistics CPI data.

Consumer expenditures on fruits and vegetables 2015-19

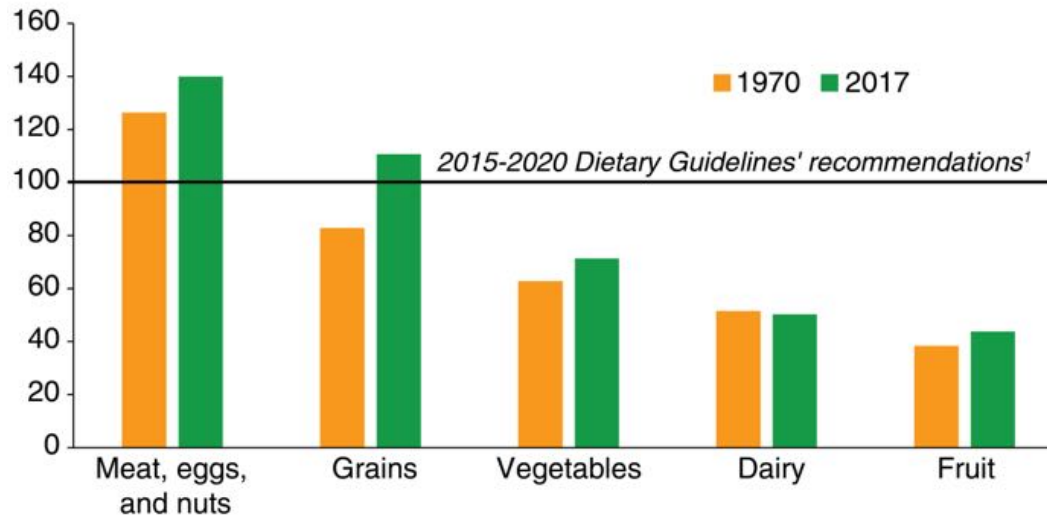


Source: Bureau of Labor,
Consumer Expenditure Surveys

Consumption relative to dietary guidelines

Estimated average U.S. consumption compared to recommendations, 1970 and 2017

Percent of 2015-2020 Dietary Guidelines' recommendations



¹Based on a 2,000-calorie-per-day diet.

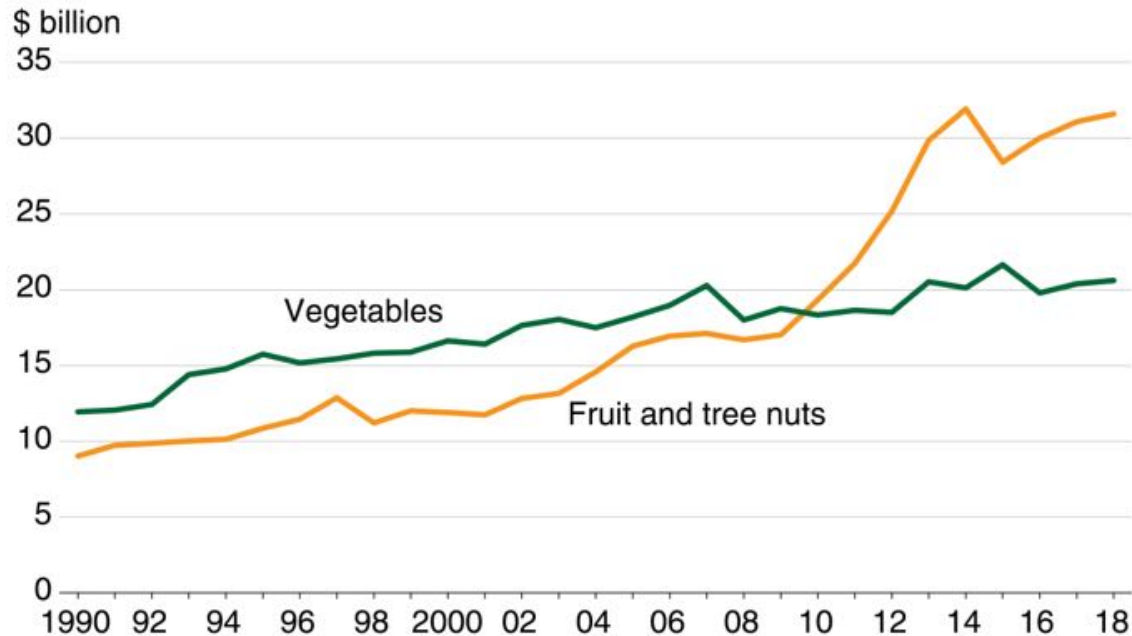
Loss-adjusted food availability data are proxies for consumption. Rice availability data were discontinued and thus are not included in the grains group.

Source: USDA, Economic Research Service, Loss-Adjusted Food Availability Data and 2015-2020 Dietary Guidelines.

Production Trends

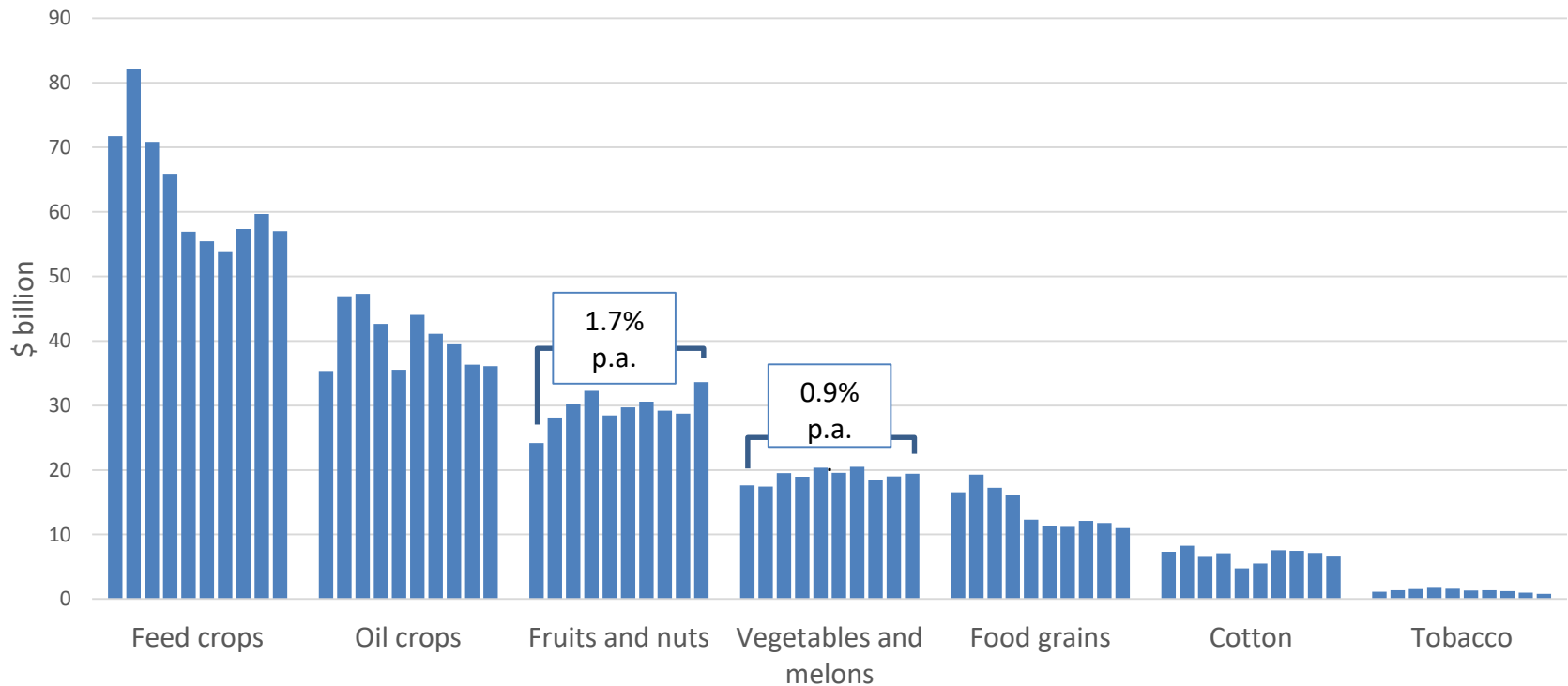
Fruit and tree nut growth has exceeded vegetable growth in recent years

Value of U.S. horticultural production, 2000-2018



Note: Vegetables also includes melons, sweet potatoes, and mushrooms. Utilized production is used for potatoes. Pulses include edible dry beans and peas, lentils, and other peas.
 Source: USDA, Economic Research Service using USDA, National Agricultural Statistics Service Quick Stats database

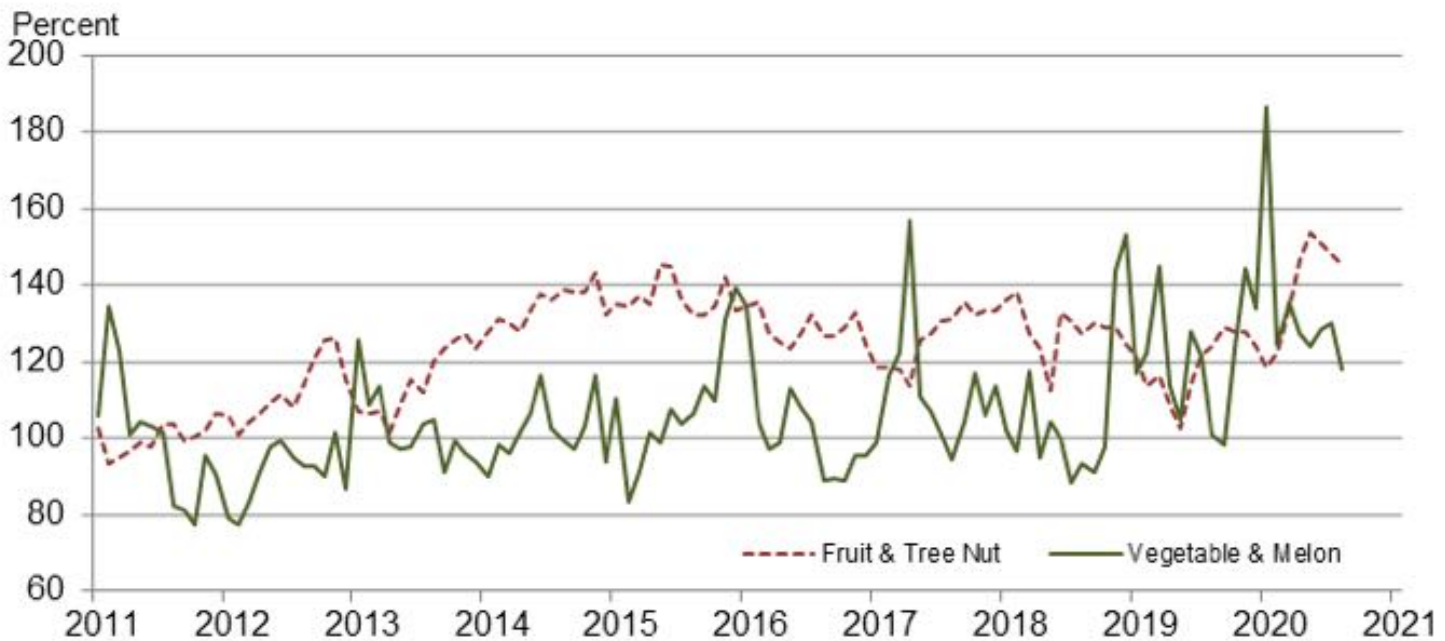
Fruits and vegetables have been an exception in a shrinking crop sector



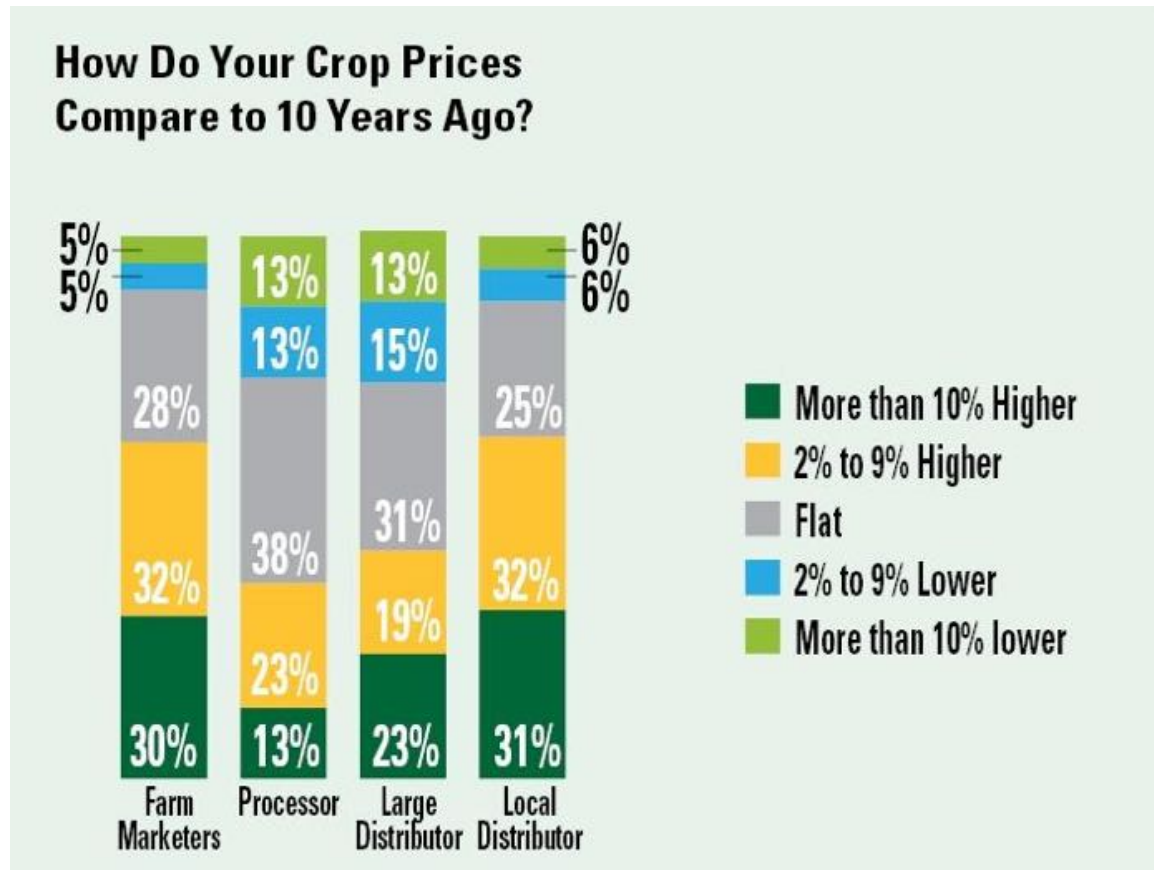
Source: <https://data.ers.usda.gov/reports.aspx?ID=17830>

Fruit and vegetable prices are trending upwards. Vegetable prices are more volatile

Received Indexes by Month,
Fruit & Tree Nut and Vegetable & Melon –
United States: 2011=100



Many vegetable growers are not receiving higher prices



Source: <https://www.growingproduce.com/vegetables/crop-prices-are-frozen-in-time-opinion/>

The area of protected horticulture is rising

Commodity	2012 (acres)	2017 (acres)	Change 2012-17
Tomatoes	1,267	1,468	16%
Other vegetables, herbs	983	1,116	14%
Fruit and berries	183	269	47%
Nursery	5,934	7,091	19%
Floriculture	20,048	19,961	-0.4%

Source: Canales (2019)

Growers are using protected agriculture to extend their seasons

- 43% of vegetable growers grow in protected environments
 - Greenhouse
 - High Tunnel
 - Low Tunnel

Source: American Vegetable Grower State of the Industry Survey 2020

How You Use Protected Agriculture

Most protected culture growers use the structures to extend their season (81%), the survey shows. This allows them to plant and harvest earlier in the spring and once again harvest later into the fall. It gives growers a price advantage, since it allows them to harvest vegetables when field growers don't have anything to pick.

 17%
To gain flexibility in location.

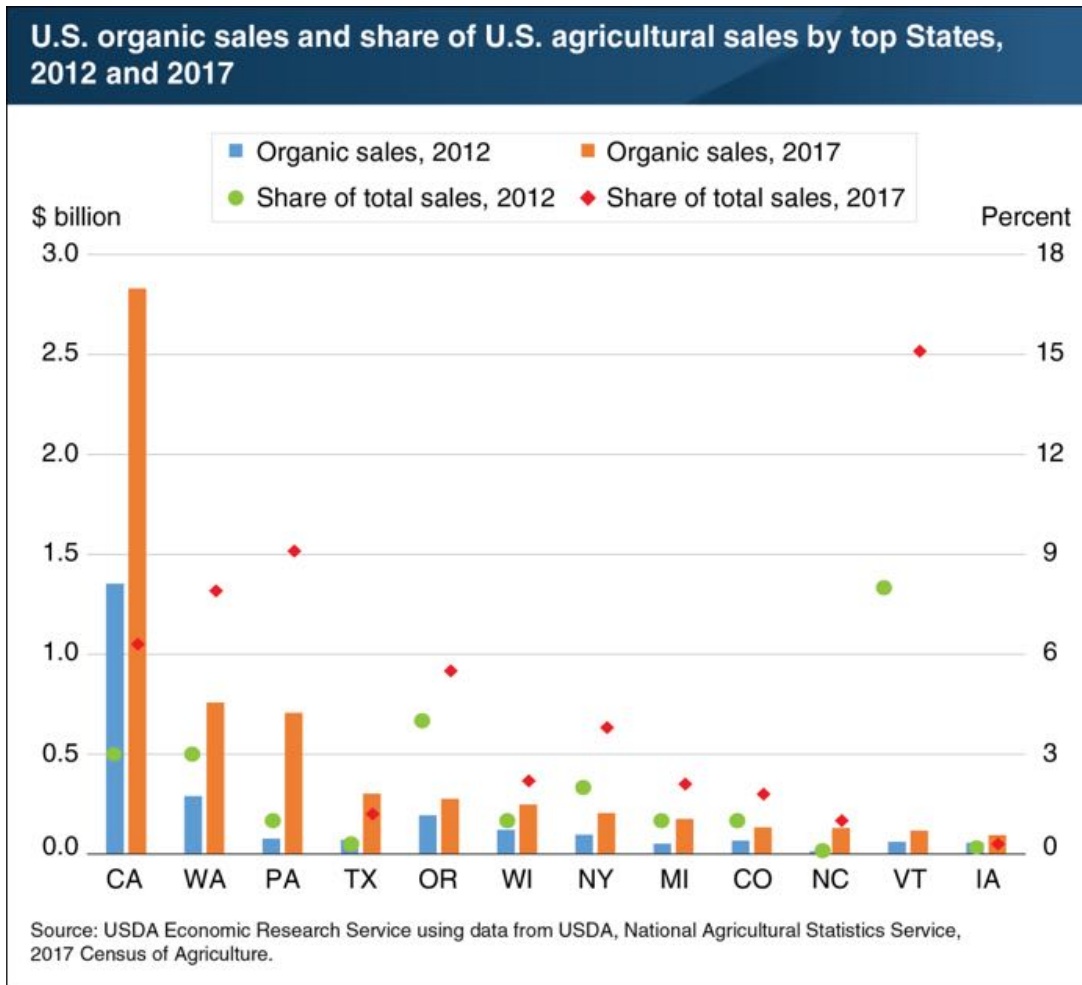
 13%
We're producing transplant starts for other farms.

 51%
We're producing transplant starts for our farms.

 38%
Weather has become too unreliable.

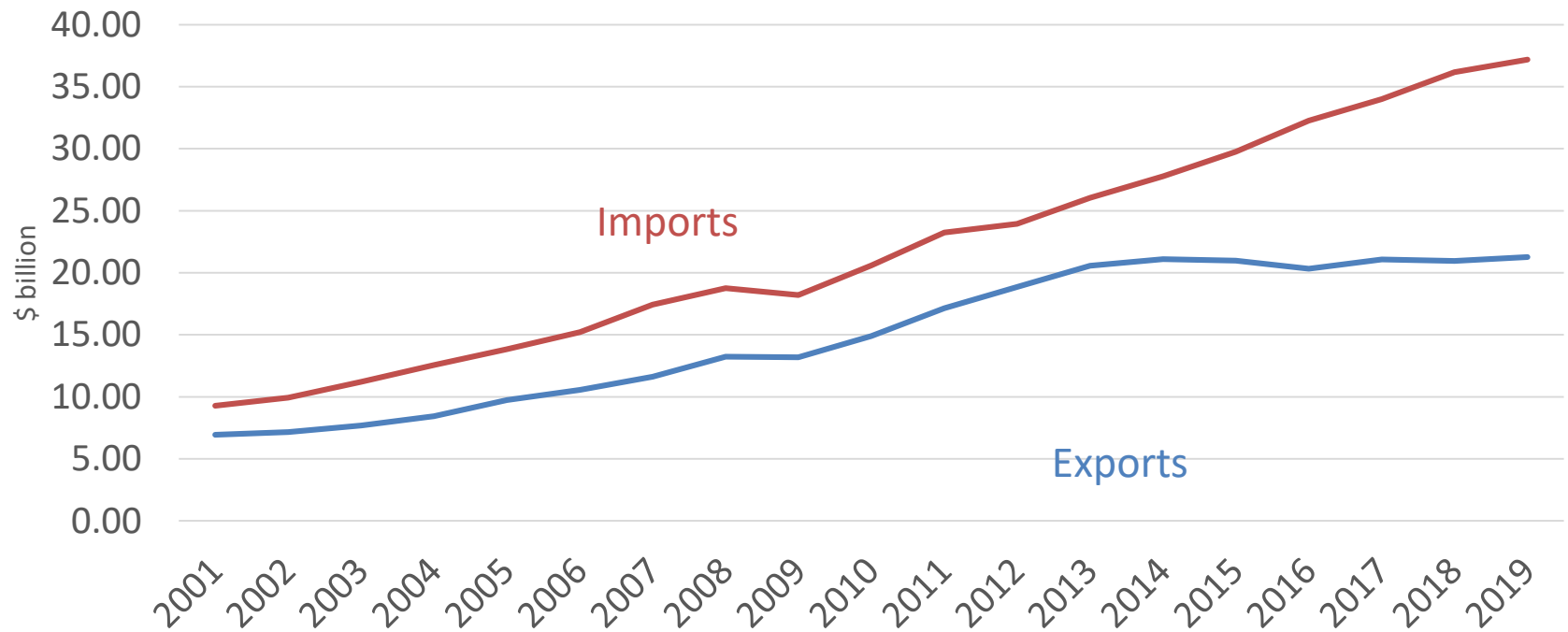
 81%
To extend our season.

Organic sales doubled between 2012 and 2017



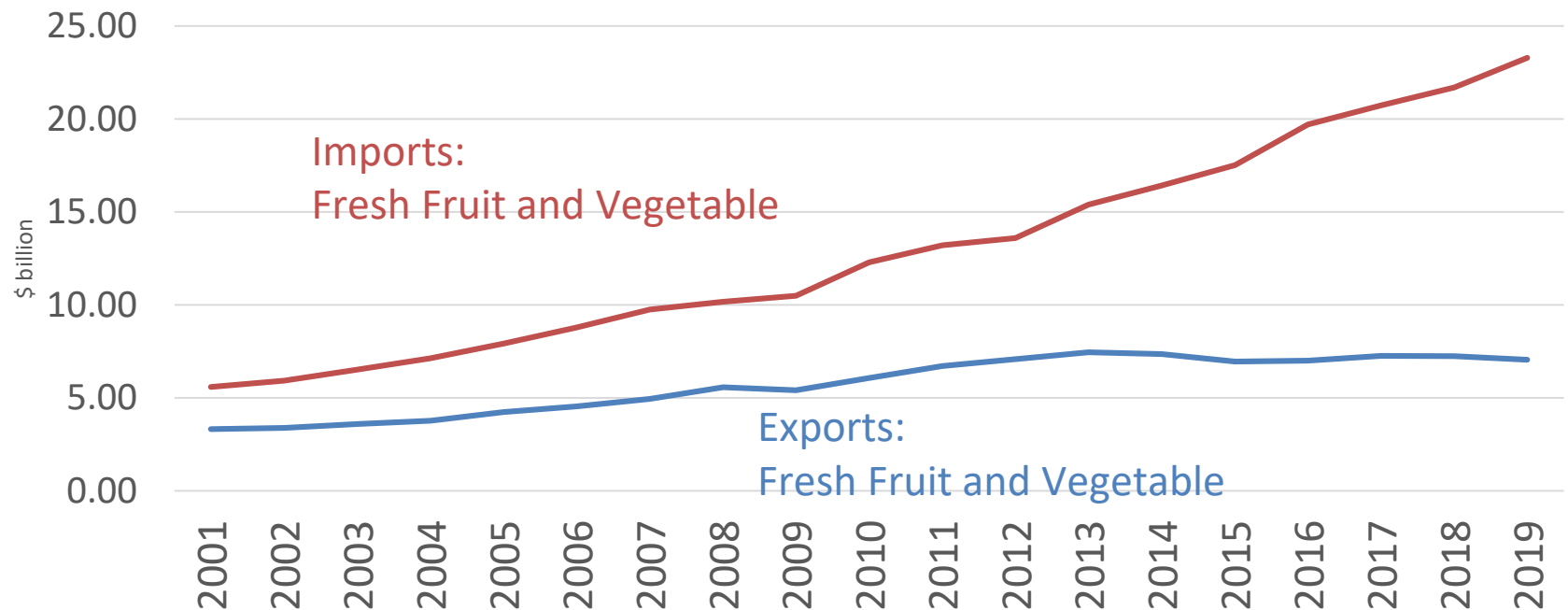
Trade

Exports have not kept pace with imports



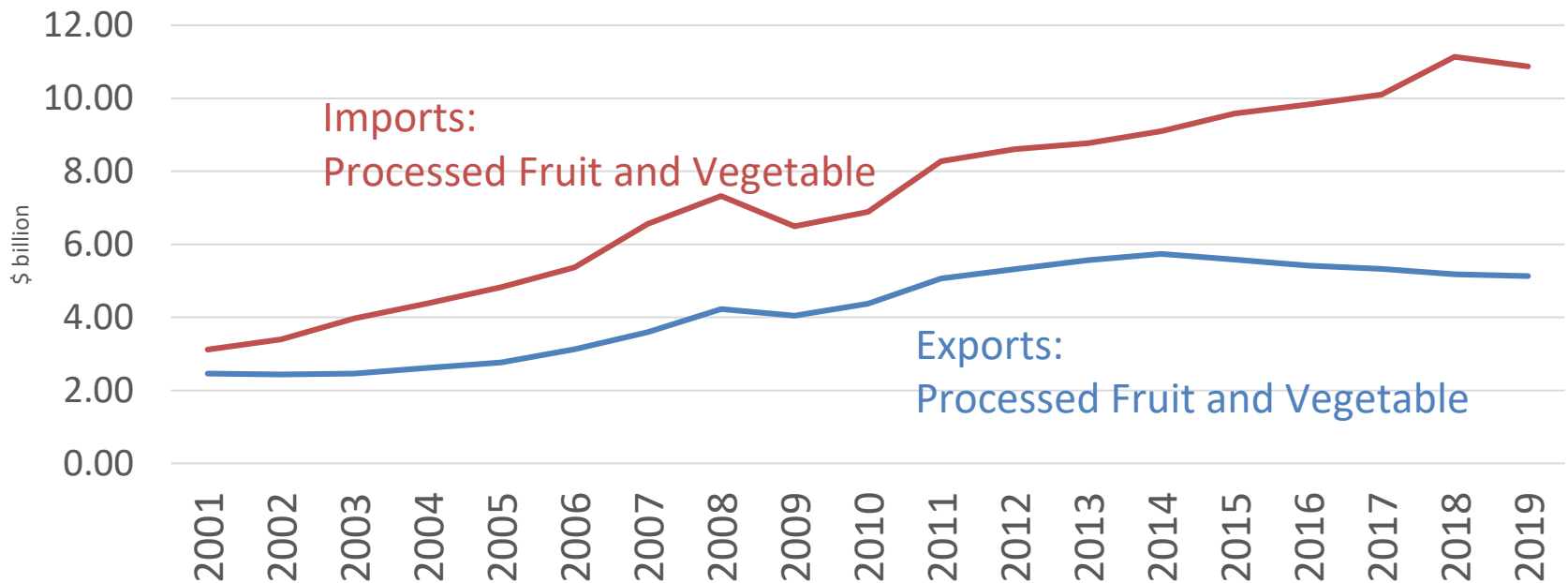
Exports and imports of fruits and vegetables between the US and the rest of the world (ROW)

Fresh Fruit and Vegetable Trade



Exports and imports of fresh fruits and vegetables between the US and ROW

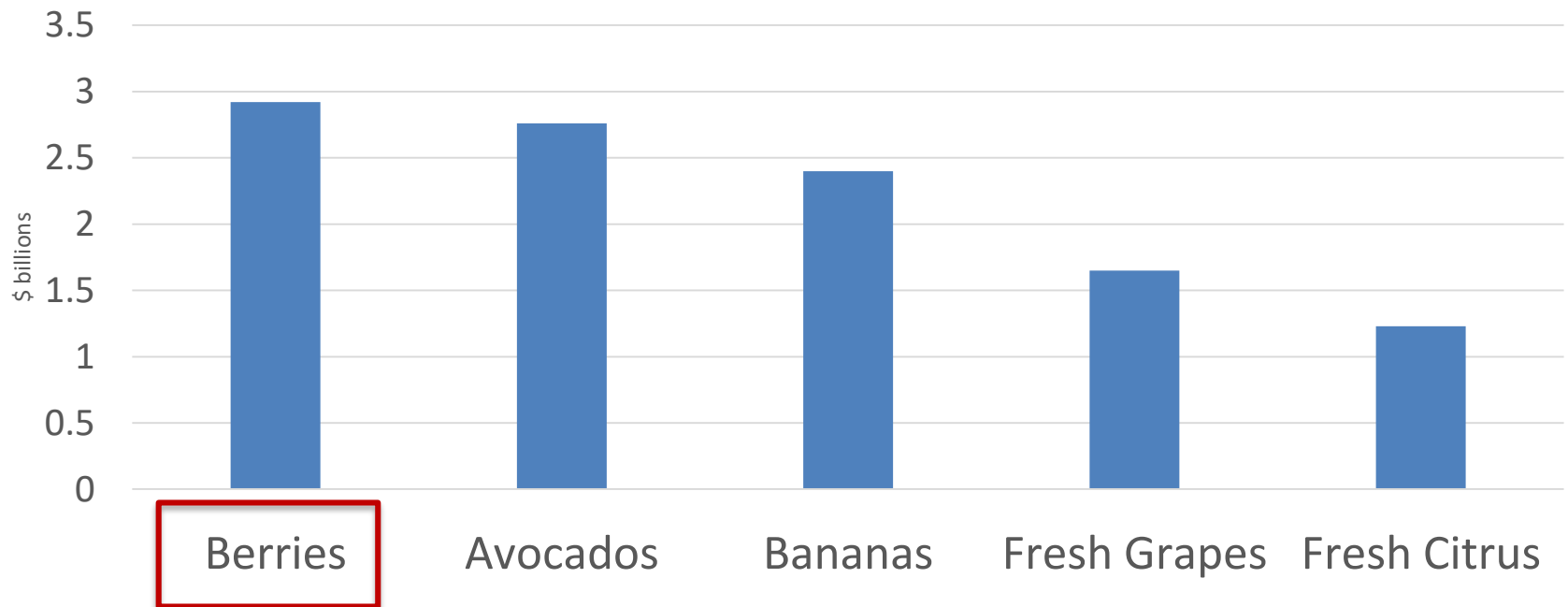
Processed Fruit and Vegetable Trade



Exports and imports of processed fruits and vegetables between the US and ROW

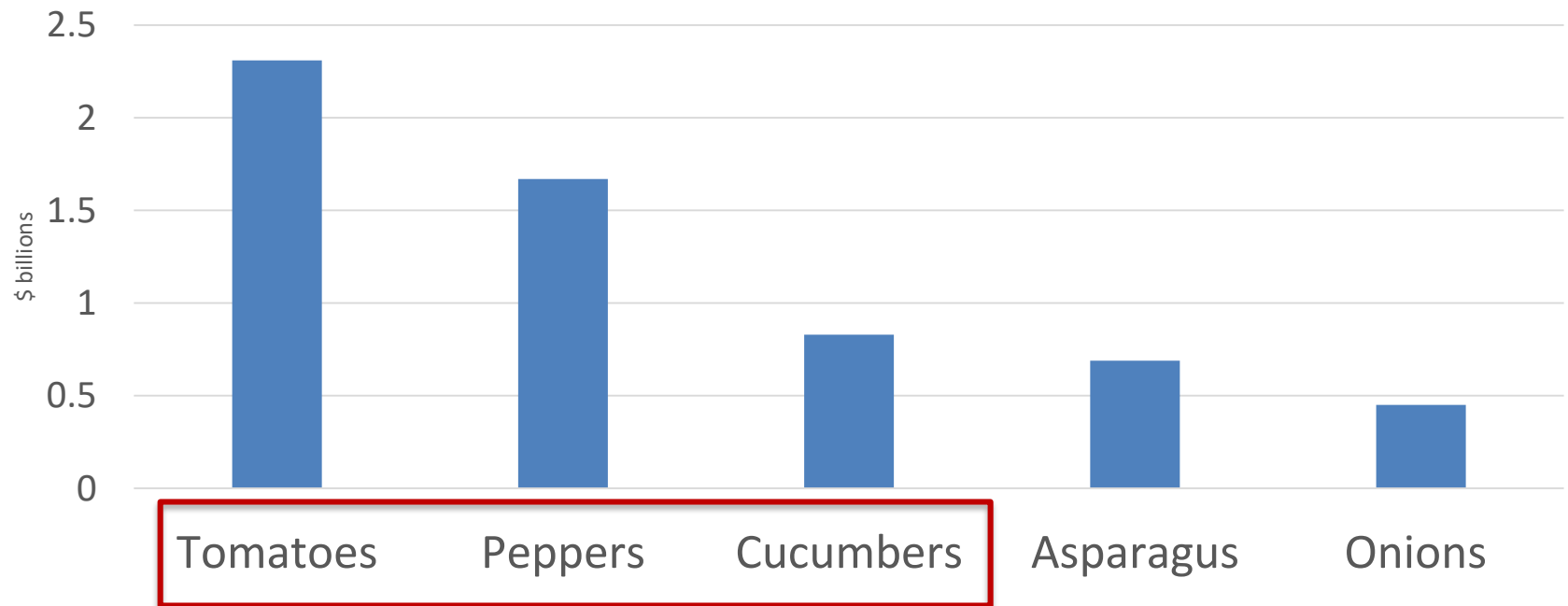
Source: USDA Global Agricultural Trade System

Top Imported Fruits



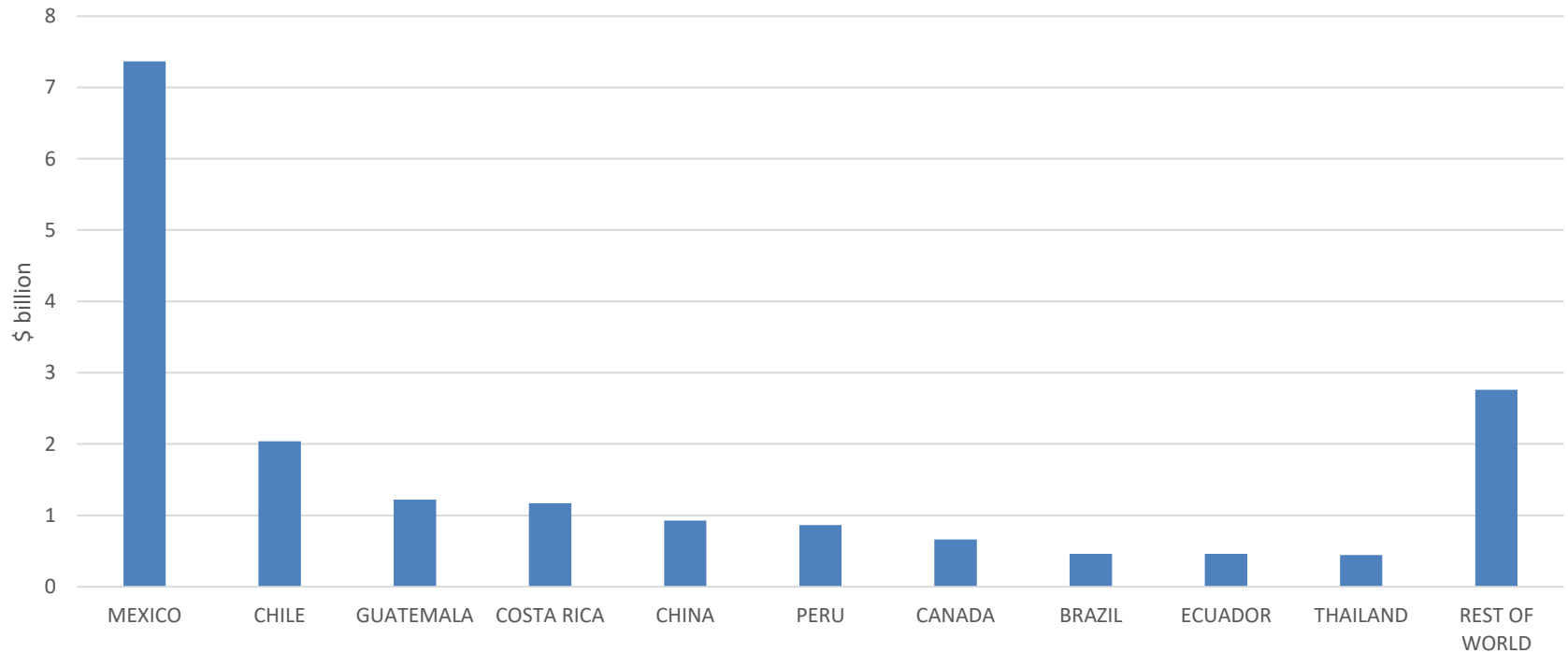
Source: <https://www.thepacker.com/article/us-imports-both-fruits-and-vegetables-2019-usda-reports>

Top Imported Vegetables



Source: <https://www.thepacker.com/article/us-imports-both-fruits-and-vegetables-2019-usda-reports>

Top Importing Countries - Fruit

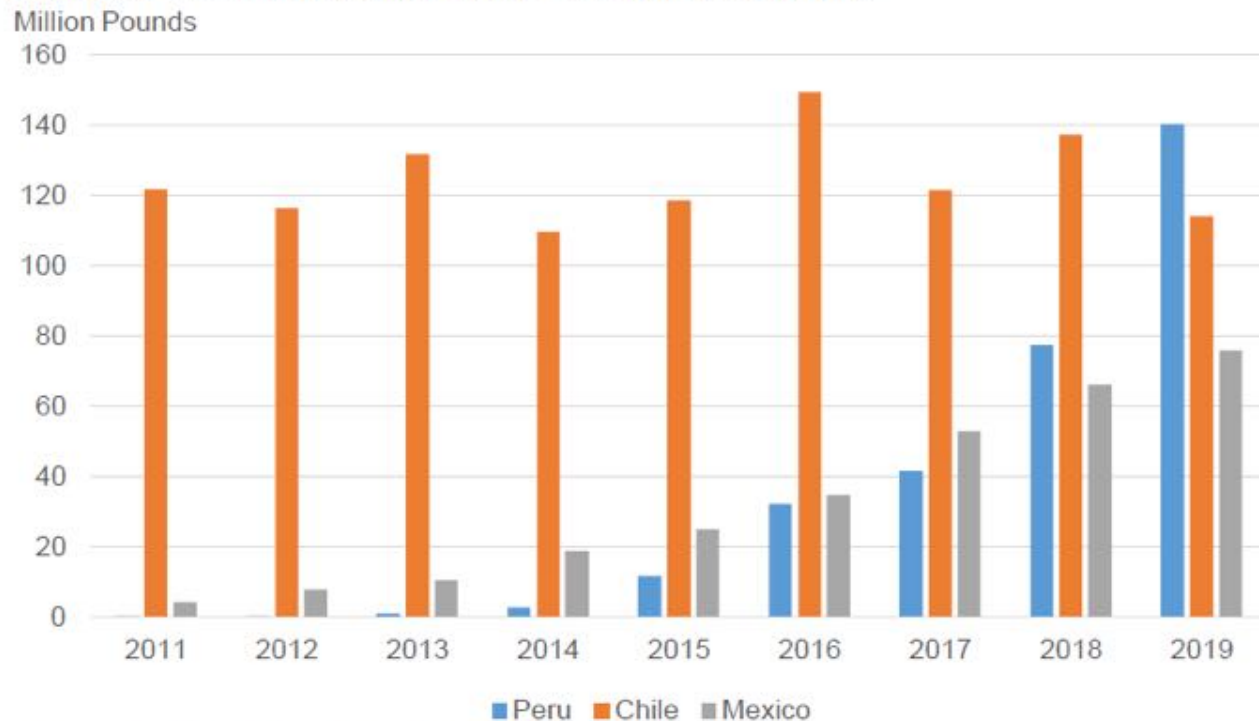


Source: USDA ERS - U.S. Food Imports

Accessed at: <https://www.ers.usda.gov/data-products/us-food-imports/us-food-imports>

Peru and Mexico are increasing blueberry imports to US

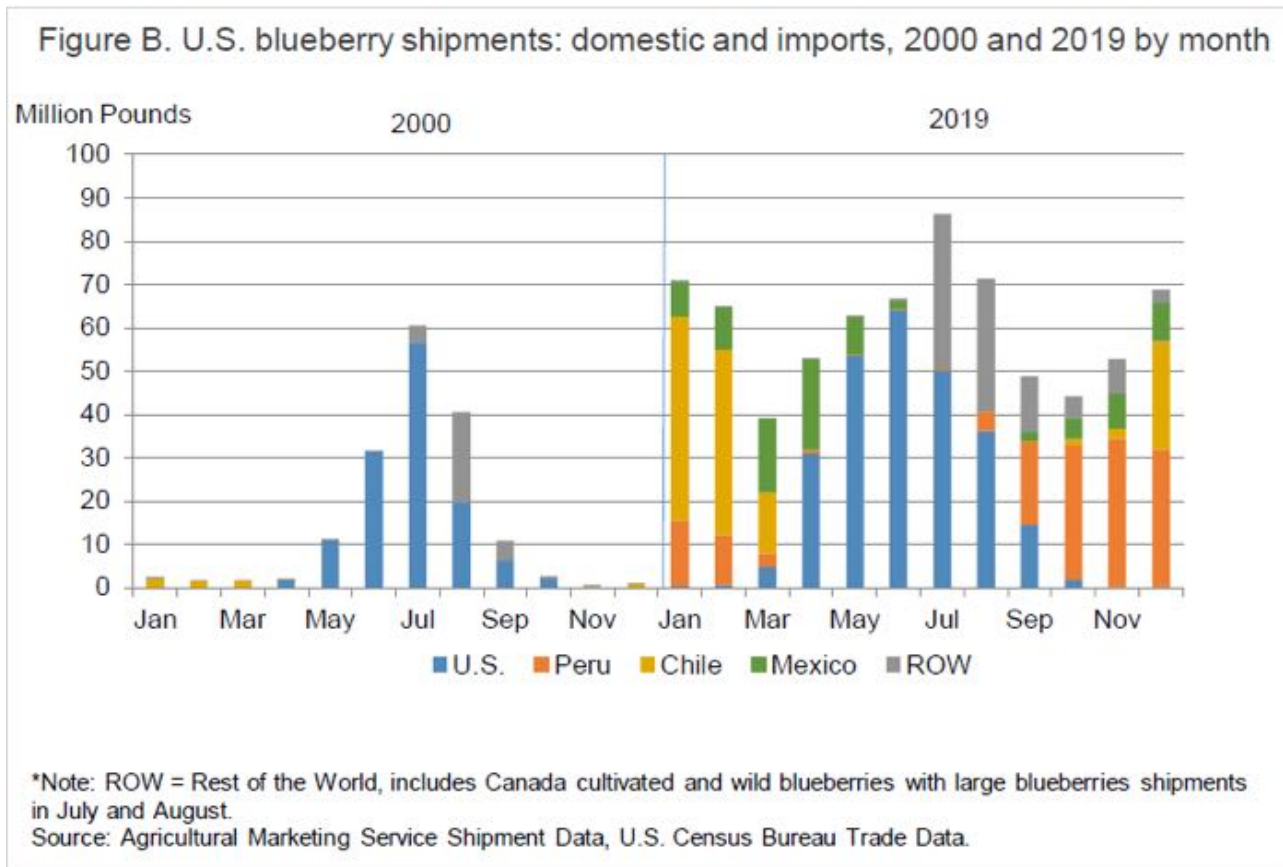
Figure A. U.S. blueberry imports: Peru, Chile and Mexico



Source: U.S. Census Bureau Trade Data.

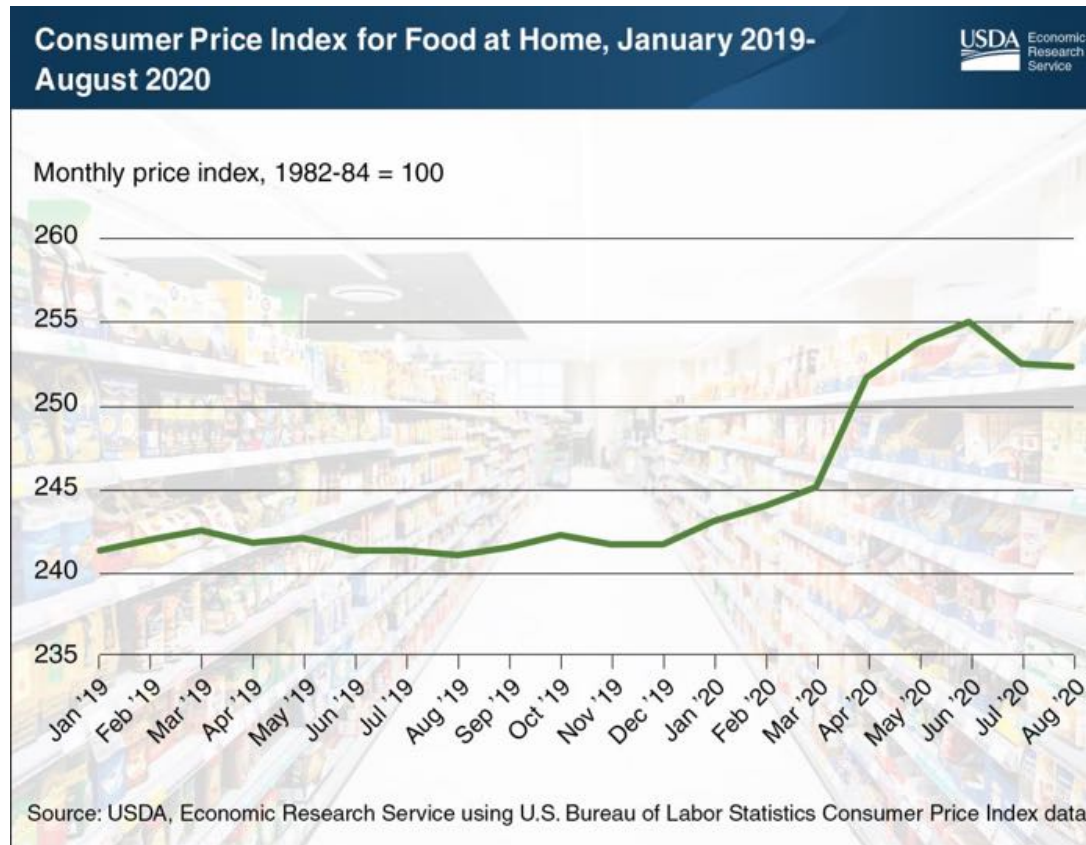
Graph from: Kramer, J., Calvin, L., and Simnitt, S. (2020)

Increased imports allows year-round availability



Issues in US Specialty Crop Pricing and Policy

COVID-19 has increased food prices



Graph from: <http://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=99447>

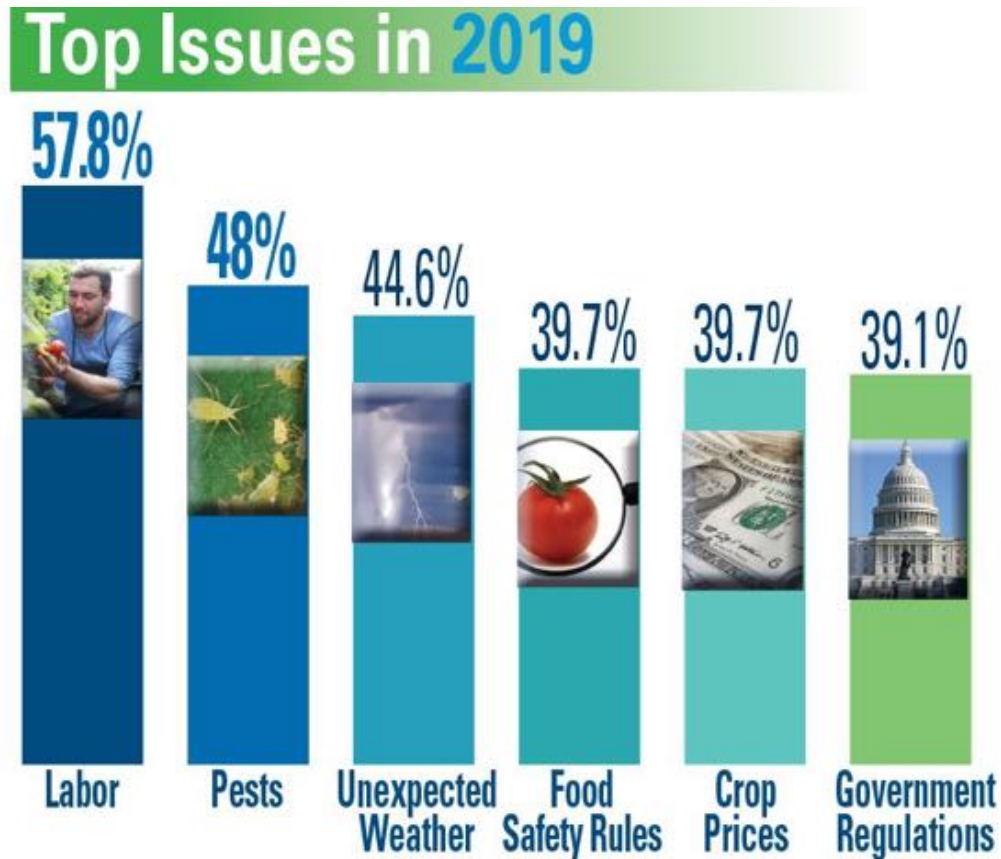
And led to major growth in online sales



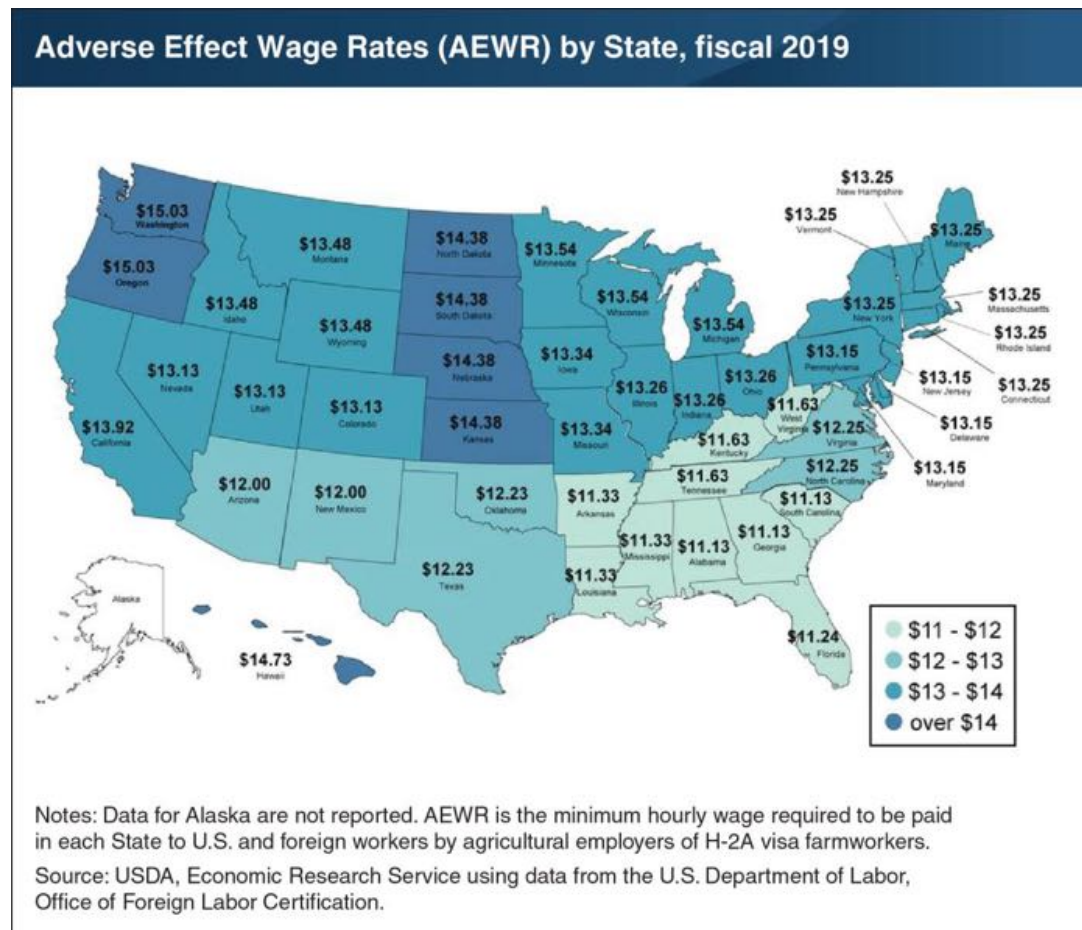
Note: Excludes online grocery orders shipped to home via common or contract parcel carriers.

Graph from: <https://www.producemarketguide.com/article/brick-meets-click-29-us-households-now-using-online-grocery>

Labor availability is the number one issue for US vegetable growers



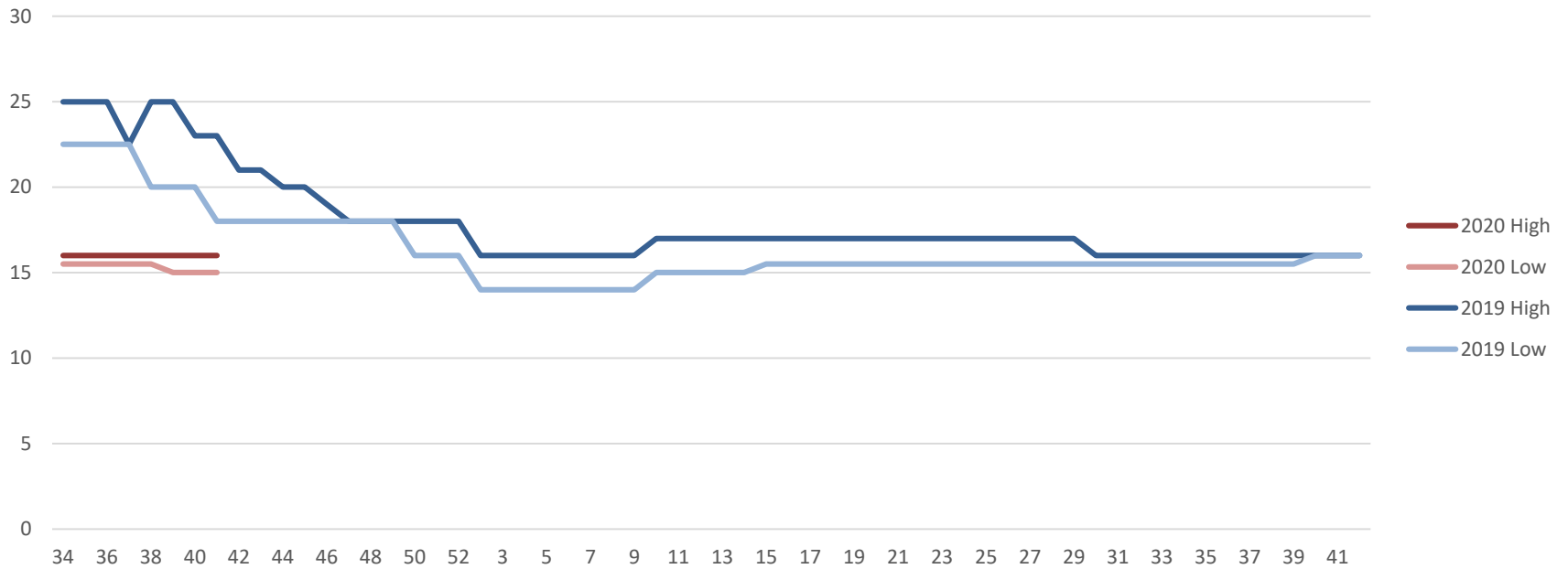
H2A labor is increasingly popular, but requires higher wages



H2A labor wage frozen until 2022

- Then will grow with the employment cost index (ECI)
 - Currently 2.89%
- Uncertainty on the incoming Biden administration's view on this rule

Sweetpotato shipping prices are lower in 2020



EU has imposed a 25% tariff on sweetpotato imports

- Increase from 3% to 25%
- Likely to increase domestic consumer prices

US launching investigation into blueberry imports

- Requesting the International Trade Commission (ITC) investigate the extent to which imports have harmed US blueberry growers
- Monitoring imports of strawberries and bell peppers for possible ITC action later this year
- Creation of formal channel for US growers of fruits and vegetables to identify potential unfair trade practices

Source: Office of the US Trade Representative, Sept 2020
Report on Seasonal and Perishable Products in U.S. Commerce

For additional questions, please email me at:

tregeagle@ncsu.edu

References

- Caneles, Elizabeth (2019) *Specialty Crop Outlook* Presentation at Southern Outlook Meeting, Atlanta, GA. Available at: <https://southernoutlook.caes.uga.edu/2019-presentations/>
- Kramer, J., Calvin, L., and Simnitt, S. (2020), *Fruit and Tree Nuts Outlook*, FTS-370, U.S. Department of Agriculture, Economic Research Service, March 31, 2020.
- Lucier, Gary and Broderick Parr, *Vegetable and Pulses Outlook*, VGS-364, U.S. Department of Agriculture, Economic Research Service, April 17, 2020