Commodity Profile: Peaches and Nectarines

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Overview
Cultivation of peaches began in China as early as 2000 B.C. Around 300 B.C. Greeks and Persians were enjoying peaches. In the first century A.D., Romans began cultivating peaches. From Italy, the cultivation of peaches spread throughout Europe and to the Americas, where the early settlers planted them all along the eastern coast. By the mid-1700s, peaches were so plentiful in the United States that botanists thought of them as native fruits.

Nectarines, like peaches, probably originated in China over 2,000 years ago and were cultivated in ancient Persia, Greece and Rome. They were grown in Great Britain in the late 16th or early 17th centuries and were introduced to America by the Spanish. The word “nectarine” means sweet, as nectar, and this is likely the origin of the name. Today, California grows over 95 percent of the nectarines produced in the United States.

Demand
The domestic per capita consumption of peaches and nectarines has stayed stable over the past decades. In the early 1970s, annual per capita consumption peaked at 13 pounds. Today, annual consumption is about 10 pounds per person, unchanged since the 1980s. Fresh peach and nectarine consumption has been stable at around 5 pounds per person since 1970s, but canned (processed) consumption decreased from 7 pounds per person in 1970s to 4.2 pound per person in 2001.

Worldwide, demand for peaches and nectarines, has increased. The three major destinations for U.S. peaches and nectarines are Mexico, Taiwan and Canada. Japan is a growing market.
Supply
The United States had 152,420 acres of peach trees in production in 2002. The 2002 peach crop was valued at nearly $504 million. The top three states in peach production were California, South Carolina, and Georgia.

California’s peach and nectarine acreage has increased steadily over the last decade (Figure 1). In 2002, California produced peaches on 70,000 acres and nectarines on 36,500 acres. Although California accounted for only 45 percent of the U.S. peach acreage in 2002, it produced over half of the nation’s peaches. The state’s peach production was valued at $271 million in 2002, up from $178 million in 1989. In the United States, nectarines are produced commercially only in California. As of 2002, California produced 299,000 tons of nectarines valued at $114.5 million; almost all were marketed as fresh nectarines.

Exports
The United States is a net exporter of peaches and nectarines. The total value of exports was $121 million in 2001 and $112 million in 2002 (Figure 2). The top destinations for U.S. peaches and nectarines included Canada and Taiwan, with each importing $49 million worth in 2001. However, in 2002, Canadian imports of U.S. peaches and nectarines increased to $55 million while Taiwan’s imports dropped to $37.5 million. The value of exports to Mexico also decreased, from $12.6 million in 2001 to $11.8 million in 2002.


The value of U.S. exports to Canada totaled $18 million in 1989 (Table 1). In 1990, the total value of exports to Canada increased to $45.6 million. Over the next 10 years, exports remained relatively constant and averaged about $43 million a year. In 2001, peach and nectarine exports to Canada rose to $49.2 million grew to $55 million in 2002. California accounted for about 75 percent of peach and nectarine shipments to Canada in 2001 and 77 percent in 2002. Shipments from California to Canada have increased from 1990 to 2002 (Table 2).

U.S. peach and nectarine exports to Taiwan increased dramatically from $1.2 million in 1989 to $49.9 million in 2001 before dropping to $37.5 million in 2002.

U.S. exports to Mexico were valued at $3.5 million in 1993, the year before NAFTA. In 1994, exports almost doubled to $6.9 million. Exports in 1995 and 1996 were down, in part due to the economic crisis in Mexico, but they rebounded in 1997 to $8 million. In 2001, peach and nectarine exports to Mexico reached $12.6 million, a 260 percent increase over 1993. In 2002, exports to Mexico dropped to $11.8 million. Most peach shipments from the United States to Mexico are for processing (Economic Research Service). Fresh market peach exports to Mexico have decreased, while shipments of peaches for the canning industry in Mexico have increased.
Imports
U.S. fresh peach and nectarine imports have been increasing since 1993 and reached a record level in 2002 at $54 million (Figure 3). Chile was the main supplier and accounted for 98 percent of the fresh peach and nectarine import value in 2002. Imports of processed peaches and nectarines also have increased over the last 10 years. Chile was the main supplier in 2000 and 2001, but supplied almost no peaches to the U.S. in 2002. Mexico exports few peaches or nectarines to the United States. In 2001, imports of fresh peaches and nectarines from Mexico were valued at $285,000. In 2002, the value dropped to $104,000.

The value of U.S. imports of Canadian fresh peaches and nectarines decreased to $231,000 in 2002 from $429,000 in 2001. Most were shipped during the summer. The processed market decline was even more severe.

Tariff rates and policy changes resulting from NAFTA
The U.S. has two tariff lines on peach and nectarine imports. The tariff for imports from countries with which the United States maintains normal trade relations is 0.2 of a cent per kilogram from June 1 through November 30. From December 1 through May 31, the United States charges no duty on peach and nectarine imports. For imports from trading partners without normal trade status with the United States, the tariff is 1.1 cents per kilogram throughout the year.

Canada charged a seasonal tariff of 6.61 cents per kilogram on U.S. peaches prior to 1989. Under the Canadian-U.S. Free Trade Agreement, the tariff declined by 10 percent per year it reached zero in 1998. Before 1994, Mexico charged a 20 percent ad valorem tariff on fresh peaches from the United States. Under NAFTA, Mexico immediately cut its tariff to 15 percent and reduced the remaining tariff over several years. In January 2003, exports to Mexico became duty-free.

Prior to 1989, the United States had a seasonal tariff applied to peach and nectarine imports. Shipments entering the United States between June 1 and November 30 were charged a tariff of 0.4 a cent per kilogram. From December 1 to May 31, there was no U.S. tariff. Under CUSTA, the seasonal tariff was phased out for Canadian peaches and nectarines and reached zero in 1998. The tariff on Mexican imports was eliminated immediately under NAFTA.

Prices
In the peak season, July through September, peach retail price was about $0.5 per pound in 1980 and $1.50 per pound in 2002. Peach retail prices are highest right before the harvest season and reached $1.80 per pound in June 2002.

The inflation-adjusted price (1996 dollars) for peaches in California did not change substantially from 1989 to 2002. The price fluctuated during the 1990s and was at 13 cents per pound in 2002, the same as in 1989.

Sources
Canadian Statistic. Available at http://strategis.ic.gc.ca/sc_mrkti/tdst/tdo/tdo.php#tag

United States Customs Service: Trade Data on Website of United States International


Tables and figures

Table 1: U.S. Peach and Nectarine Exports to Canada, Mexico and Taiwan, 1989-2002, in million $

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(Source: U.S. Customs Service)

Table 2: California Peach and Nectarine Exports to Canada, 1990-2002, in million $

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(Source: Canada Statistics)
Figure 1: California Peach/Nectarine Acreage, 1991-2002
(Source: National Agricultural Statistical Service)

Figure 2: U.S. Peach and Nectarine Exports, 1989-2002
(Source: U.S. Customs Service)

Figure 3: U.S. Peach Imports, 1989-2002
(Source: U.S. Customs Service)