Commodity Profile: Table Grapes

by Henrich Brunke
Post Graduate Researcher
brunke@primal.ucdavis.edu

Min Chang
Graduate Research Assistant and Ph.D. Candidate
Agricultural Issues Center
University of California

Overview
Viticulture began in California in 1769 when Spanish friars—mostly Franciscans—established missions throughout what is now Southern and Central California. Native wild grapes, *Vitis girdiana*, growing along California’s stream banks were sour and of little use for winemaking, so the padres planted Mission grapes, a European variety, to make sacramental wine. Old World origins of the Mission grape are obscure, but the variety had previously been planted in Mexico for the same purpose. The friars also brought such other Mediterranean produce as figs and olives that, along with the grapes, flourished in the warm, dry California climate.

Demand
Per capita consumption of fresh table grapes has fluctuated around an increasing trend. It peaked in 1999 at 8 pounds, twice as much as in 1980. In 2001, the per capita consumption was 7.6 pounds.

Supply
Ninety-seven percent of the table grapes grown commercially in the United States are grown in California. California-grown table grapes account for about 11 percent of world production. In 2002, the state produced 739,000 tons of table grapes on 88,000 acres. Acreage and production have increased over the last decade. Acreage increased 17 percent from 1993 to 2002. Production rose 12 percent from 1993 to 2002.

Exports
Virtually all U.S. table grape exports are from California. Exports are predominantly shipped from June to January, although volume in June is small. In 2002, 16 percent of all grapes produced in California were exported, mostly to NAFTA partners. Canada, the largest table grape trading partner of the United States, received 31 percent of California’s grape exports.
Mexico, the fourth largest trading partner for table grapes (after Hong Kong and Malaysia) in 2002, received 11 percent of U.S. exports.

The value of U.S. exports has increased almost every year since 1989 (Figure 1). The total value of table grape exports rose from $132 million in 1989 to $391.5 million in 2002. That is equivalent to nearly a 200 percent increase since 1989 and a 65 percent increase since 1993. Table grape export value from the United States to Canada has increased 104 percent since 1989 (Table 1). Value more than doubled during the first year of CUSTA from $59.2 million in 1989 to $125.1 million in 1990. During the 1990s, exports to Canada averaged $114.7 million. In 2001 they were slightly below the average at $106.8 million but rebounded to $120.7 million in 2002. In 1989, exports to Canada made up 45 percent of total grape shipments from the United States. In 2002, however, that share had fallen to 31 percent.

In 2002, the second most important export destination for U.S. table grapes was Hong Kong, which received a total value of $68.4 million. Malaysia was ranked third and received U.S. table grapes valued at $37.8 million.

Although U.S. table grape exports to Mexico showed an increasing trend since the early 1980s, they jumped to $8.6 million in 1993 (Figure 2), 136 percent above the previous record. In 1994, the United States and Mexico agreed on phytosanitary standards. Consequently, U.S. grape exports to Mexico rose to $20.5 million in 1994. But in 1995 and 1996, exports fell to half of that level due to reduced consumer buying power following a financial crisis in Mexico. Exports recovered in 1997, reaching $21.7 million. In the following years, the value of table grape exports to Mexico rose even higher to $32.6 million in 2001 and to $42.3 million in 2002.

**Imports**

The United States is a net importer of grapes. By far the most important exporter of grapes to the United States is Chile, which supplied 67 percent of total grape imports in 2002. Chile ships the majority of grapes during the U.S. fall and winter months. In 2001, a total of $378.8 million in table grapes were imported from Chile. In 2002, imports rose to $458.8 million. Total imports from all countries that year amounted to $680 million, which equaled a 163 percent increase over 1993 (Table 2). During the NAFTA years, total grape imports rose every year by at least 2.3 percent, except for 1997.

Mexico supplied 30 percent of U.S. grape imports and was the second largest source of U.S. imports in 2002. The country generally ships grapes to the United States during May and June, with smaller amounts in early July. Imports during that period (April 20 to August 15) must meet the standards of the Californian grape marketing order that establishes minimum maturity requirements. In 2002, the United States imported $203.3 million worth of Mexican table grapes, a 14 percent increase over the previous year (Figure 3).

Since 1993, the value of grape imports from Mexico increased 268 percent. Valued at $55.2 million in 1993, imports fell during the first year of NAFTA to $46.6 million. In 1995, Mexican grape shipments to the United States rose to $82.7 million, when the country produced a very large crop. Imports continued to rise and peaked at $211 million in 1999. Imports rebounded from less than $200 million in both 2000 and 2001 to reach $203 million in 2002.

**Tariff rates and policy changes resulting from NAFTA**

The United States has three tariff seasons for fresh table grape imports. Shipments from trade partners with which the United States maintains normal trade relations are charged a tariff of $1.13 per cubic meter from February 15 through March 31, $1.80 per cubic meter from July 1
and February 14, and no tariff at all from April 1 to June 30. Countries without normal trade status with the United States must pay $8.83 per cubic meter on table grape shipments into the United States at any time of the year.

Prior to the Canadian-U.S. Free Trade Agreement (CUSTA) in 1989, Canada had imposed a seasonal tariff of $0.0221 per kilogram on table grapes. The tariff could only be applied during 15 weeks in a 12-month period ending March 31. However, under CUSTA, Canada reduced the tariff on U.S. grapes in the same manner as the United States did on its tariffs for Canadian grapes, with an annual decline of 10 percent until it reached zero in 1998.

Before NAFTA, Mexico required import licenses and levied a 20 percent tariff on imported grapes. Under NAFTA, Mexico abolished the import licenses and immediately eliminated its tariffs for the period from October 15 to May 31. For the rest of the year, the 20 percent tariff is being reduced to zero in equal annual declines over a 10-year period that began in 1994.

Before CUSTA, U.S. tariffs on Canadian grape imports were $1.41 per cubic meter during the period from February 15 to March 31. No tariffs were charged from April 1 to June 30. During the rest of the year, the tariff amounted to $2.12 per cubic meter. Tariffs for Canadian grape imports were reduced over 10 years and reached zero in 1998. According to its obligations within NAFTA, the United States eliminated all its tariffs on Mexican grapes immediately in 1994.

**Prices**

U.S. domestic grape retail prices have been stable over the past 20 years. Except in January, when the grape (Thompson seedless) retail price is slightly over $2 per pound, the price always ranges between $1.50 and $2 per pound. Emperor and Tokay grapes, relatively cheaper than Thompson seedless in the retail market, average below $1 per pound. However, data is available only until 1987.

The California price for table grapes did not change substantially during the NAFTA era when taking into account inflation (all prices in 1996 dollars). The adjusted price shows some fluctuation during the 1990s. Table grapes received $558 per ton in 2002, higher than in 1989 when prices were at $529 per ton. Prices peaked in 1996 at $650 per ton.
Sources

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


Food Per Capita Consumption Data System. Available at http://www.ers.usda.gov/data/foodconsumption/datasystem.asp


Tables and figures

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>1.1</td>
<td>1.6</td>
<td>3.4</td>
<td>2.3</td>
<td>8.6</td>
<td>20.5</td>
<td>10.5</td>
<td>10.8</td>
<td>21.7</td>
<td>22.1</td>
<td>28.5</td>
<td>37.9</td>
<td>32.6</td>
<td>42.3</td>
</tr>
<tr>
<td>Canada</td>
<td>59.2</td>
<td>125.1</td>
<td>122.8</td>
<td>105.5</td>
<td>123.5</td>
<td>113.9</td>
<td>117.5</td>
<td>110.2</td>
<td>121.7</td>
<td>102.0</td>
<td>117.1</td>
<td>113.5</td>
<td>106.8</td>
<td>120.7</td>
</tr>
<tr>
<td>Total</td>
<td>132.1</td>
<td>215.9</td>
<td>217.9</td>
<td>207.1</td>
<td>237.1</td>
<td>255.6</td>
<td>269.1</td>
<td>293.3</td>
<td>335.8</td>
<td>262.1</td>
<td>308.6</td>
<td>389.3</td>
<td>391.5</td>
<td></td>
</tr>
</tbody>
</table>

(Source: U.S. Customs Service)

Table 2: Total U.S. Table Grape Imports, in million $, 1989-2002

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Chile</td>
<td>187.1</td>
<td>260.6</td>
<td>198.8</td>
<td>193.7</td>
<td>202.8</td>
<td>216.8</td>
<td>212.5</td>
<td>294.0</td>
<td>264.7</td>
<td>277.6</td>
<td>304.7</td>
<td>388.1</td>
<td>378.8</td>
<td>458.8</td>
</tr>
<tr>
<td>Mexico</td>
<td>31.5</td>
<td>18.9</td>
<td>52.9</td>
<td>67.1</td>
<td>55.2</td>
<td>46.6</td>
<td>82.7</td>
<td>86.8</td>
<td>95.4</td>
<td>144.3</td>
<td>211.4</td>
<td>142.5</td>
<td>177.9</td>
<td>203.3</td>
</tr>
<tr>
<td>Canada</td>
<td>1.1</td>
<td>1.0</td>
<td>0.3</td>
<td>0.4</td>
<td>0.1</td>
<td>0.2</td>
<td>0.3</td>
<td>0.7</td>
<td>1.0</td>
<td>1.2</td>
<td>1.6</td>
<td>1.1</td>
<td>0.3</td>
<td>0.6</td>
</tr>
<tr>
<td>Total</td>
<td>220.3</td>
<td>280.7</td>
<td>253.9</td>
<td>261.6</td>
<td>258.7</td>
<td>264.9</td>
<td>303.2</td>
<td>385.3</td>
<td>371.6</td>
<td>438.4</td>
<td>538.9</td>
<td>552.1</td>
<td>572.0</td>
<td>680.3</td>
</tr>
</tbody>
</table>

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