

INDUSTRY INFORMATION

2004 U.S. Apple Crop Forecast to Surpass 2003 Harvest

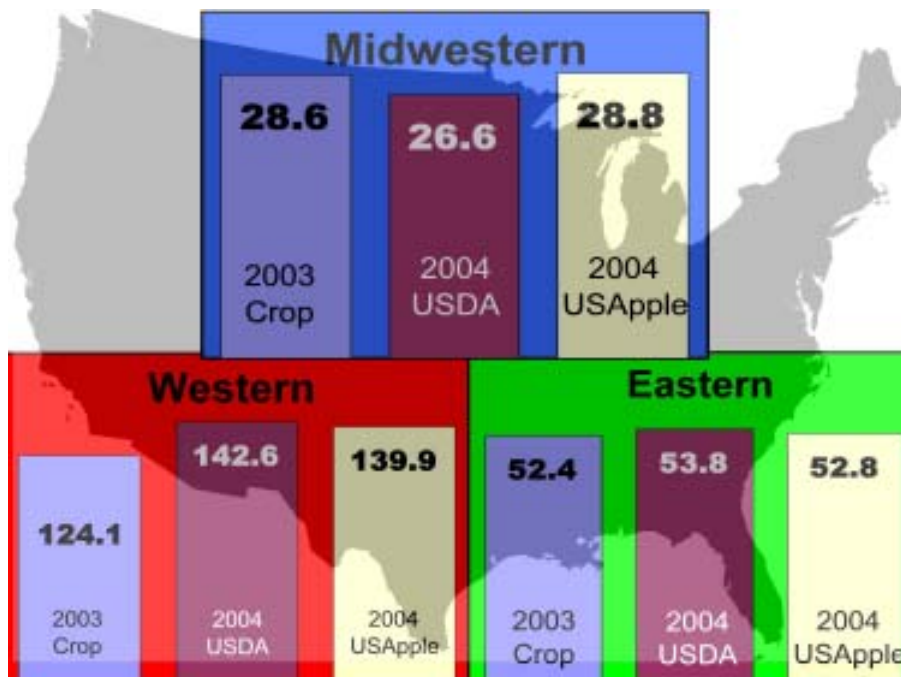
The 2004 U.S. apple harvest is a week or so early in many locations. The final forecast calls for a larger crop than last year, but it is still below the five-year average production. The U.S. Department of Agriculture (USDA) is expecting a total crop of almost 223 million bushels, while U.S. Apple Association (USApple) members estimate a slightly smaller harvest at 221.6 million bushels. The official tally for the 2003 U.S. apple crop was 205.1 million bushels, USDA reported.

The official government forecast was released in mid-

August by USDA, and the USApple estimate was developed shortly thereafter in regional discussions held at the 2004 Apple Crop Outlook and Marketing Conference in Chicago. Conference attendees generated the estimate through hands-on knowledge of the crop where they live and work.

The USApple estimate is below the USDA forecast in all regions except the Midwest, where the estimate calls for a slightly larger crop than USDA. However, area growers and industry sources believed USDA's numbers for the

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U.S. apple growers are looking at a larger crop in 2004, but USApple's crop estimate is generally lower than USDA's 2004 crop forecast.

EDUCATION

Defending the Apple's Image

One of the key goals of the U.S. Apple Association (USApple) is to get the news out about the health benefits of apples, and step in to defend the fruit's healthy image when needed. *Prevention* magazine is most often seen as a friend of the apple industry, reporting on the positive health benefits of enjoying apples. But sometimes even supporters need to be reminded of the facts. USApple took issue with an article in a recent issue of *Prevention* and was successful in getting the magazine's commitment to make changes and reiterate its support for apples.

The article focused on food safety issues and offered consumers valuable information, but the title of the article, "Poisoned Apples," and the accompanying graphic of red apples with a skull-and-crossbones symbol was grossly sensationalist and misleading to consumers.

"We are very concerned that this article may needlessly cause *Prevention* readers to stop eating nutritious, healthy apples and apple products, including juice and cider, at a time when an increasingly overweight and obese America needs to be eating more - not less - of such health-promoting foods," USApple President Nancy Foster wrote to *Prevention*. "*Prevention* readers have enough real-world food safety issues to deal with, without having to be needlessly

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Defending Apples

Prevention (from page 1)

frightened away from the very foods they should be eating more of, for their better health, by farfetched 'what if' scenarios. This article may in fact degrade the very public health your magazine is committed to promoting."

USApple noted that the impact of the article would be felt by real people. "Our members – which include the estimated 8,000 apple growers, packers and processors throughout the United States – are committed to providing delicious, wholesome apples and apple foods to consumers here at home and around the world," wrote Foster.

"Our industry includes about 7,500 family farms in 36 states that grow apples for commercial sale – a far cry from the faceless, distant agribusiness cited in this article," she added.

"Please know that your concerns about our story in the September issue, 'Poisoned Apples' have been taken very seriously," responded Amy O'Connor, *Prevention's* deputy editor. "We are planning on making some changes to the online version of the article, at your suggestion.

"Please know that we here at *Prevention* are huge proponents of apples, both for their health and culinary virtues," O'Connor concluded. "We cover apples in a positive [light] in almost every issue, and plan to devote more pages to their benefits in the future."

USApple was also successful in enlisting the support of United Fresh Fruits & Vegetables and the Produce Marketing Association to send a clear pro-produce message to *Prevention*. 🍏



NATIONAL APPLE MONTH

NAM Honors Meijer as "Apple Merchandiser of the Year"

For many retail marketers of apples, the fall harvest season is where most of the sales efforts are concentrated. Some retailers, however, go out of their way to boost apple sales year-round. To recognize their efforts in marketing apples throughout the year, National Apple Month honored Meijer with its "2004 Apple Merchandiser of the Year" award.

Meijer, a family owned and operated grocery and general merchandise retailer operating 162 stores throughout Illinois, Indiana, Kentucky, Michigan and Ohio, received the award at the 2004 Apple Crop Outlook and Marketing Conference in Chicago.

"We work very hard to make sure we provide our guests the highest quality product and the largest variety available," said Dave Prostko, Meijer's group vice president of perishables merchandising. "We sell more locally grown products, from the states we are in, than any other retailer and we are proud of that."

More than 50 million pounds of apples are sold annually through Meijer. The chain carries 23 varieties of apples including: Red, Gold, Gingergold, Granny, Gala, Fuji, Braeburn, Pink Lady, Paula Red, Jazz, Honeycrisp, Jonamac, Ida Red, Red Rome, Jonagold, Empire, Crispin, Spy, McIntosh, Jonathan, Pacific Rose, Cortland, and Winesap.

"Meijer has been chosen for this recognition for overall apple merchandising, including apple handling, variety usage, category expansion, processed apple product usage, and overall fresh apple, apple juice, applesauce, apple pie filling category management," said Kay Swartz Rentzel, director of National Apple Month for USApple. "Members of the U.S. apple industry nominated retailers from across the country for this honor and Meijer was selected from the many entrants. Our congratulation goes out to Meijer." 🍏



Meijer -- 2004 "Apple Merchandiser of the Year"

Pictured from left to right -- Don Armock, Riveridge Produce Marketing; Kay Rentzel, National Apple Month; Jim Spilka, Meijer, Inc.; Roger Kropf, Appletree Orchards; Keith Mathews, L&M Companies; and Denise Yockey, Michigan Apple Committee

New York Apple Stickers Can Mean Cash for Education

As school starts up across the country, students in New York are being asked to eat the apples they were going to bring to their teachers, and bring in the stickers instead. After a great debut year in 2003, the New York Apples for Education program, run in conjunction with General Mills, will be returning for 2004.

Through the end of October, students across New York will be able to harvest stickers from New York State apples and redeem them for cash for their schools through General Mills' Box Tops for Education program, reports the New York Apple Association (NYAA). Schools that collect and submit 100 New York apple stickers will earn 100 Bonus Box Tops credits. For the duration of the program, the apple stickers will have the same value as Box Tops for Education coupons on General



Mills products.

"For generations, apples have been seen as gifts from children to teachers. Now, children and their families can make buying and eating New York apples a gift to their local school," said Senator Hillary Clinton (D-NY) at the announcement of the program. "New York State is expecting a strong apple crop this fall and I'm proud that some of those apples will help provide extra money for our schools."

"Just in time for the apple harvest and back-to-school, this exciting initiative encourages apple consumption with schoolchildren and at the same time helps get more funding to New York classrooms," said Jim Allen, president of NYAA. "We're grateful to Senator Clinton and General Mills' Box Tops for Education program for this exciting win-win opportunity for kids and our state's apple growers."

The fall apple program will supplement the existing effort through which thousands of New York schools submit Box Tops for Education coupons from General Mills products and redeem them for cash, noted NYAA. During the 2003-2004 school year, New York schools earned more than \$1.6 million through the program. 🍏

USApple to Address Winter Meetings

Winter industry meetings are near at hand and USApple is pleased to have been asked to speak at several different locations already this year.

Association officials will be discussing topics that have a direct impact on the industry, including new crop protection issues, international trade and export developments, consumer eating and buying trends, and

legislative issues currently before Congress such as country of origin labeling and the Specialty Crop Competitiveness Act.

USApple hopes to visit as many meetings as possible this season. If you would like to discuss having a representative of USApple at your winter meeting, please contact Shannon Schaffer at (800) 781-4443 or via email at sschaffer@usapple.org. 🍏

McDonald's Sees Growth in Apple Sales

McDonald's added apple pies to its menu in 1968 and that product is still going strong. Now it's selling apples in two additional forms, and a third could be on the way.

"At McDonald's, we have the same goal [as USApple], to have more Americans choose, eat and enjoying apples as part of their daily food choices," said Steve Tompos, senior director of U.S. communications for McDonald's. Last year a major brand of apple juice was added to the menu and earlier this year there was the nation-wide roll out of fresh sliced apples, known as Apple Dippers.

"With Apple Dippers alone, we anticipate using 63 million pounds of apples each year," Tompos told attendees of the 2004 Outlook Conference. This is in addition to the more than 19 million pounds of apples per year currently used for the baked apple pies.

But McDonald's isn't done with apple products - it is currently test marketing a new salad, the Fruit N' Walnut Salad, at locations in Los Angeles. The salad, which could become part of the nationwide menu by next summer, includes two kinds of apples, along with red grapes, walnuts and low-fat yogurt.

With the new salad, "we project doubling the volume of apples we sell and use at McDonald's," Tompos said. "This means well over 100 million pounds of apple's purchased annually by McDonald's." 🍏



McDonald's expects to sell 63 million pounds of apples as "Apple Dippers."

2004 Crop Forecast

Forecast (from page 1)

2003 crop were too low in the Midwest. While USDA reported 20 million bushel crop, local sources put 2003 production at about 23 million bushels, making the 20 million estimate for 2004 a decrease in real terms over 2003.

USApple members in Ohio "felt the USDA estimate was well below their expectations," according to Dennis Courtier, president of Pepin Heights in Minnesota, who reported on the results of the Midwestern regional discussion. "They are looking forward to one of their best crops in years at about 2.5 million bushels."

In the Western U.S., expecta-

tions are for a considerably larger crop in 2004, following the relatively short harvest in 2003. USDA forecasts production there at just over 142.6 million bushels and USApple estimates the crop at 139.9, this represents an increase of 15% and 13%, respectively, over the 2003 harvest.

Many growers in Washington state enjoyed positive growing conditions through most of the year, and industry sources agreed with USDA's forecast of more than 123.8 million bushels, an increase of 16% over 2003, reported Bruce Grim, president of The Marketing Association in Wenatchee, Wash.

"In addition, this year will see Gala, Granny, Fuji and Golden Delicious make up just over half of the Washington fresh crop provid-

ing an excellent varietal mix," Grim added. "Red Delicious production will come in about 6 million boxes less than the 2002 crop."

In the East, both USDA and USApple predict a larger crop than 2003, though USDA's forecasted growth is 2% larger than USApple's estimate.

The New York Apple Association (NYAA) predicted its state crop would come in around 26.5 million bushels.

"We're looking at the second year in a row of a big, quality apple crop in New York," said Jim Allen, NYAA president. "The fruit this year again looks terrific."

Bloom and pollination this spring were excellent, according to growers in all three of the state's primary growing regions. 🍏

Surveying Winter Damage and New Crop Developments



Winter damage was responsible for the death of this apple tree and thousands of others in New York and Maine. This tree was in Tre Green's orchard in Clinton County, N.Y.

A recent trip through the Northeast gave USApple Director of Public Affairs Diane Coates the chance to see first hand the problems and promises facing U.S. apple growers in the region.

First, Coates was able to meet with incoming New York Apple Association President Tre Green of Chazy Orchards in Chazy, N.Y. While in New York Coates was

able to survey the winter damage. More than 25,000 trees were lost this year in Clinton County, N.Y., alone. Farm Services Agency plans to do a final survey in April as more trees will inevitably die over the winter.

The next stop on Coates' tour was a tour of several Vermont apple growers, packers and processors arranged by Steve Justis of the



Steve Justis of the Vermont Apple Marketing Board (far left) and Bob Paquin of Sen. Leahy's office (second from left), joined Diane Coates for a tour of the University of Vermont's Horticultural Research Center. The tour was led by Dr. Lorraine Berkett (center) and Dr. Elena Garcia (far right).

Vermont Apple Marketing Board.

The visits included Shelburne Orchards in Shelburne, and Champlain Orchards, Sentinel Pine and Douglas Orchard in Shoreham. She also joined staff from Senator Patrick Leahy (D-VT) on a tour of the University of Vermont's Horticultural Research Center. 🍏

Thanks to the Sponsors of Outlook 2004

USApple extends our sincere appreciation to the sponsors of the **2004 Apple Crop Outlook and Marketing Conference** for helping make this year a great success. Without the generous support of these organizations, USApple would not have been able to make the conference a world-class event.

For more information on USApple's conference sponsorship program, contact Shannon Schaffer or Jim Cranney at the USApple office (800) 781-4443 or email sschaffer@usapple.org.

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USApple Helps Secure New Crop Insurance Provisions

Growers will have the opportunity to insure 2005 crop apples under a new, improved crop insurance policy, but it is important that decisions are made quickly as the sign up deadline is Nov. 20. The new provisions, the result of a joint effort by the U.S. Apple Association (USApple) and the U.S. Department of Agriculture's (USDA) Risk Management Agency (RMA), will give growers access to better risk management options.

The apple crop insurance policy will now cover all major weather-related risks. Apple



growers will be protected from common perils, without having to select additional optional coverage.

The new provisions allows claims for apples failing to meet U.S. No. 1 Processing grade instead of U.S. cider grade. Without this change, growers with the basic policy would not be able to count apples as a loss as long as they were cider grade or better.

But despite these and many other improvements in the policy, additional work needs to be done to further improve the policy. From a sales date too close to the end of

the harvest to allowing the creation of smaller orchard units and allowing options for additional apple grades, USApple will continue to press for ways to make the policy an even more effective tool.

While it is an improvement, the revised policy is not fully adequate as a risk management tool for apple growers as long as these additional options are absent.

USApple strongly urged USDA to revise the policy in a way that would allow apple growers to divide their orchards into separate units, using public rights-of-way and other discernible breaks. This move would help growers establish more reasonably sized orchard units, and result in more equitable treatment of weather-related claims. USApple was one of several groups calling for such a change.

This recommendation is not part of the final changes to the policy this time, but the door has been left open for adjustments in this area. USDA noted that the change would need to be consistent across all perennial crops. Additionally, RMA is evaluating optional units and what rates would be appropriate. Changes that created smaller units than are allowed now would "not be appropriate" until that evaluation is completed, USDA said.

A change in the sale dates, is needed as well. It is important to extend the sales closing to a reasonable time after the apple harvest. The current sales closing date is too close to harvest.

It is vital to the success of the industry that USDA continue to work on a way to allow optional coverage for U.S. No. 1 Fresh and U.S. Extra Fancy grades to the apple crop insurance policy by the 2007 apple crop season. USApple urges USDA to make this issue a high priority in its ongoing plans to improve the apple crop insurance policy. 🍏

Time Running Out for Legislative Action

From labor reform bills to the new Specialty Crop Competitive-ness Act (SCCA), bills critical to apple production are still before Congress, but time is running out. With only a few weeks left, many measures will need to be reintroduced next year.

Sen. Larry Craig's (R-ID) AgJOBS bill will "probably not" become law this year, he told United's Washington Public Policy Conference. However, Senate Majority Leader Bill Frist (R-MO) has agreed to discuss AgJOBS if possible, Craig noted. "It will be a higher priority for next year," he promised.

USApple attempted to push the AgJOBS issue earlier this summer with a letter to President Bush urging him to take action (see *Apple News*, July 2004).

Craig will also be introducing the SCCA in the Senate in conjunction with Sen. Debbie Stabenow (D-MI). The bill, which has been dubbed a Farm Bill for Specialty Crops, is also unlikely to become law this year. But just starting the process is a good

move, said Craig. "It is important to get the bill introduced," he said. "It will help form policy as discussions on the Farm Bill will begin soon."

The specialty crop bill will offer some of the "most sweeping changes for agricultural policy on specialty crops," noted Anja Kelsey, a staff member for Rep. Doug Ose (R-CA). Ose introduced the legislation in the House and currently has 104 co-sponsors. "We are hoping to announce more co-sponsors soon," Kelsey said. USApple staff has been working with key congressional offices to ensure the bill will help apple growers. The association's board formally voted to support the measure at its August meeting.

There is still a chance for maneuvers that would offer bills a road to passage, including tacking the language on to other legislation, and USApple's staff will be working to make as much progress as possible. But as the clock winds down, we will also be working on making the bills a priority next year. 🍏



Larry Olsen: “2004 Apple Person of the Year”

Larry Olsen has been a major force in the U.S. apple industry for 23 years, building up the industry even as he grew his own business interests. His contributions to the apple business were formally recognized last month when Vance Publishing named him "2004 Apple Man of the Year."

Olsen has supported the apple industry on both a state and national level, serving as chairman of both the Washington Apple Commission and the U.S. Apple Association (USApple).

"We honor a rock of the industry, a figurative boulder of a man who mirrors the massive granite boulder in his orchard that I have read about," said Tom Karst, national editor of *The Packer*, as he presented the award at the 2004 Apple Crop Outlook and Marketing Conference in Chicago.

"He is a warrior for all that is good for the apple grower. He is fearless when he believes his cause is right," wrote one industry source in nominating Olsen for the award. "He is a first choice when others need a rallying cry. He is a grower's grower that understands that nobody has value added without industry leadership. And nobody does it better."

"One of his greatest attributes is that he sees the big picture and recognizes the benefits of a strong national organization that works for all apple growers," added another nomination letter.

His leadership in USApple could not

Tom Karst, national editor of The Packer, presents Larry Olsen the award for "Apple Person of the Year."



have come at a more opportune time, noted USApple President Nancy Foster. "Larry helped lead USApple through a very difficult time, he was instrumental in securing a future for the association when the Washington Apple Commission (WAC) funding came into question," she recalled. "Without the knowledge, foresight and leadership of Larry Olsen, USApple would not be in a position to be a strong voice for the apple industry."

"His personal influence was extremely important in developing the compromise plan and legislation that guaranteed the survival of the WAC and U.S. Apple," wrote John Rice, sales manager of Rice Fruit Co., Gardners, Pa., in a letter nominating Olsen for Apple Person of the Year.

The Annual Board of Trustee's meeting in Chicago was Olsen's last as chairman of USApple, and he has indicated that he will be retiring from any active leadership role. Olsen has "hinted to others that he intends to live the quiet life back on his farm in Prosser, Wash.," noted Karst. "For the sake of the apple industry, we can hope this rock, our winner, will continue his bold presence on the apple industry landscape." 🍏



Passing the Torch: Incoming USApple Chairman Jeff Crist, Walden, NY, thanks Larry Olsen for his years of service on the USApple Board. Olsen is retiring from USApple after six years as a trustee and the group's most recent chairman.



Ready for Rest and Relaxation: Outgoing USApple Chairman Larry Olsen sports a new fishing vest presented to him at his final board meeting.

Darrel Oakes: “Apple Grower of the Year”

For the last 15 years, *American Fruit Grower* and *Western Fruit Grower* magazines have honored one apple grower for contributions to the industry. This year, the title of "Apple Grower of the Year" was bestowed upon Darrel Oakes of LynOaken Farms in Lyndonville, NY.

"The Apple Grower of the Year program is designed to salute a grower who embodies several qualities that make him or her stand out in the industry, including leadership, innovative production and marketing skills, and operating a successful orchard," said Brian Sparks, managing editor of *American/Western Fruit Grower* magazine. "The program recognizes those growers who can serve as the best example to their peers.

"It takes a great deal of innovation, organization, and commitment to not only survive today's apple market, but also to be successful in it," noted Sparks at the 2004 Apple Crop Outlook and Marketing Conference in Chicago. "You'll find

each of these attributes in Darrel Oakes and the people involved in LynOaken Farms."

Oakes' commitment to the apple industry goes beyond just supporting his own operations, Sparks added. "His progressive approach to apple growing and marketing, and his leadership in fruit associations at both the state

and international level, have earned him recognition from his peers and have benefited the entire apple industry."

The "Apple Grower of the Year" award and the luncheon, at which it was presented, were sponsored by the crop protection company Cerexagri. 🍏



"2004 Apple Grower of the Year" Darrell Oakes celebrates his award, with his wife Linda and Brian Sparks, managing editor of *American/Western Fruit Grower* magazine.

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