



Hort Headlines

December 30, 2005

Top 10 Tree Fruit Industry Events of 2005

Following are the top ten events *in no particular order* that we chose as being the most important events for the tree fruit industry in 2005.

1. Industry Confronts Labor Pressures - A labor shortage felt by some tree fruit industry members forced them to seek employees from outside the U.S. through the H-2A guest worker program to ensure their fruit would be harvested. In response to the lack of consistent labor availability and its high cost, growers have begun to focus on how technology, specifically mechanical harvesting, can help them maintain a competitive edge against other world apple players like China that have very low labor costs and high labor availability. The seriousness of the labor shortage was highlighted at the WSHA Annual Meeting by U.S. Congressman Doc Hastings when he said he supports an immigration reform package, but only if it includes a guest worker program provision.

2. Codling Moth Strikes Make For Uncertain Taiwanese Market - Codling moth detections (known as strikes) in apple shipments from the U.S. to Taiwan in October and November put growers and shippers on edge over the uncertainty of the Taiwanese market. As part of the current work plan between the U.S. and Taiwan, a third strike will cause the immediate shut down of all U.S. apple shipments to Taiwan. The Northwest Horticultural Council (NHC), which handles

international trade negotiations, warns that if the Taiwan market is closed after three codling moth strikes it will be extremely difficult to reopen. Taiwan is the third largest export market for U.S. apples behind Mexico and Canada.

3. Mexico's Apple Duty Unevenly Applied - After completely abolishing a previous apple duty of 47% in May, Mexico's Ministry of Economia announced in September that they would individually apply preliminary duty rates on Red and Golden Delicious apples shipped by Northwest Fruit Exporters' (NFE) members to Mexico. Individual duty rates applied ranged from 2% to 45%, but four shippers were given a 0% duty rate. The unevenly applied rates do not allow for the industry as a whole to be competitive shipping to the Mexico. Newly assigned duty rates may be announced by Mexico as early as February 2006.

4. Drought Hits State - In March, Governor Gregoire declared a statewide drought emergency at a press conference in Yakima. Prior to the press conference, WSHA Executive Director Jim Hazen met with the Governor and DOE Director Jay Manning to convey the tree fruit industry's needs during the drought and lobbied for a long-term solution that included the construction of additional water storage projects. A week later, the Governor set aside \$12 million to allow the state to respond to the drought emergency, of which \$6.7 million was earmarked to develop new storage on the Columbia River main stem. During the drought, tree fruit growers were forced to severely reduce irrigation to their crops when water rationing was imposed that cut allotments down to 34% and less than normal.

5. State Agencies Push Rulemaking - State agencies pushed forward a slew of rulemaking to create new laws this year. One such rule that is still being hotly debated is the half-mile spray notification rule which would require pesticide applicators to provide written notice two days prior to applying specific pesticides by aircraft, airblast sprayer, fumigation or overhead chemigation within a half-mile of a school, hospital, nursing home or state licensed child and adult day care center. WSHA opposes this rule on the basis that it is arbitrary and has no scientific justification. Another rule that was opposed by WSHA and other agricultural industry groups but was later approved was the increase of fruit and vegetable inspection fees by WSDA. WSDA continues to use funds collected by fruit and vegetable inspections paid by growers and shippers to cover programs and administrative expenses not related to the fruit and vegetable program.

6. Tree Fruit Industry Worth \$5.6 Billion - In February, an economic impact study commissioned by WSHA and the Washington Tree Fruit Research Commission (WTFRC) was released that found the tree fruit industry generates \$5.6 billion and creates 140,000 jobs for Washington state's economy yearly. The study was provided to key decision makers such as legislators and state agency officials to make them aware that they need to consider the impact on the tree fruit industry before adopting new laws that could affect an industry as valuable to the state economy as tree fruit. In October, Washington's Agricultural Statistics

Service released numbers that showed apples were Washington's #1 agricultural commodity in 2004 with a production value of \$962 million. However, the production value was down by 18.3% from its 2003 high of \$1.1 billion.

7. Minimum Wage Ratchets Up - The Department of Labor and Industries (L&I) announced in September that Washington's minimum wage would increase 28 cents to \$7.63 an hour beginning January 1, 2006. L&I re-calculates the state's minimum wage each year in September as required by Initiative 688, which was approved by Washington state voters in 1998. The law requires that the minimum wage be adjusted each year according to the change in the federal Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). This year's adjustment gave a 3.8% increase to minimum wage workers. Washington's minimum wage has risen \$2.48 since the law went into effect in 1998 when minimum wage was \$5.15 an hour. Washington's minimum wage is the highest in the nation.

8. WSHA Launches Pay To Play Program - The WSHA "Pay-to-Play" government affairs program went into full swing action this year. The goal behind the groundbreaking program is direct: "The Pay-to-Play Program will promote and protect the tree fruit industry from an assortment of legislative and regulatory activities. This political program will drive more money into targeted activities, generating more meaningful results on behalf of producers, packers, shippers and marketers." To date, more than a dozen companies have signed up as investors and have contributed over \$100,000 to advance the tree fruit industry in Olympia and beyond.

9. World Trade Issues Evolve - In July, Congress approved the Central American Free Trade Agreement (CAFTA). The agreement eliminates tariffs and other trade barriers between the U.S. and six Central American countries. Those six countries are Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and the Dominican Republic. The agreement is expected to go into effect January 1, 2006. A positive move for the U.S. tree fruit industry occurred in June when the World Trade Organization (WTO) ruled Japan's ban on U.S. apples over fireblight restrictions was unscientific and should be eliminated.

10. Annual Meeting Features Star Speakers - This year's WSHA 101st Annual Meeting featured over 120 speakers who represented the best and brightest individuals who will shape how the tree fruit industry develops in the future. Mitch Smith of McDonald's Corporation; Steve Faivre of John Deere Company; Elizabeth Pivonka of the Produce for Better Health Foundation, Speaker of the House Frank Chopp; Dino Rossi and numerous industry leaders and researchers spoke about the promising future of Washington's tree fruit industry.

We Want To Hear From You! - What do you think was the #1 tree fruit industry event of 2005? Link here to [vote for the event you would rank as #1](#).

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