



NEWSLETTER

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A Farm Bureau Market-Action Program

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2008 APPLE NEGOTIATIONS

The Michigan Processing Apple Growers Marketing Committee has negotiated the following minimum processing apple prices with several processors for the 2008 crop:

Jonathan	2 ½" & up	\$17.00/cwt.
JonaGold, Spy & Crispin	2 ½" & up	16.00/cwt.
Ida Red	2 ½" & up	15.00/cwt.
Golden Delicious	2 ½" & up	13.50/cwt.
Hard Varieties	2 ½" & up	13.00/cwt.
Soft Varieties	2 ½" & up	12.00/cwt.
Straight Loads of Juice Apples		8.50/cwt.
Under 2 ½" in Peeler Loads		7.50/cwt.

The following processors are in agreement with the above minimum price schedule:

Burnette Foods, Hartford	269/621-3181, X20
Coloma Frozen Foods, Coloma	269/849-0500
Gerber Products Co., Fremont	231/928-3411
New Era Canning, New Era	231/861-2151, X118
Peterson Farms, Inc., Shelby	231/861-6333, X229
Sill Farms Market, Lawrence	269/674-3755

The following processors are in agreement with the MINIMUM \$8.50/cwt. juice apple price:

Aseltine Cider Co., Comstock Park	616/784-7676
Burnette Foods, Hartford	269/621-3181 X20
Coloma Frozen Foods, Coloma	269/849-0500
Gerber Products Co., Fremont	231/928-3411
Peterson Farms, Inc., Shelby	231/861-6333 X229

Several factors were taken into consideration in establishing the minimum \$8.50/cwt.:

- New York has received several hail storms so far this year resulting in an over-abundance of juice apples.
- The Ontario apple crop also has received considerable hail damage resulting in a more-than-normal supply of juice apples.
- Chinese apple juice concentrate has dropped to a \$6.00-6.50/gallon level with speculation the price will drop even lower. Two months ago, the concentrate was trading at \$10.00-10.50/gallon.
- China has a large carry-over of concentrate from 2007 in addition to the 2008 concentrate to be processed.

Discussions will continue with Michigan processors not listed above.

Cherry Growers, Inc. and Mason County Fruit Packers have opted out of 2008 negotiations.

Demand for all varieties is excellent this year. Call the sales desk at 1-800-292-2653 for the latest marketing updates.

EUROPEAN APPLE PRODUCTION

According to *Foodnews*, Western European apple crops are estimated to be slightly down this year compared to last year's good crops. Germany, Italy, and France produced good crops in 2007. The apple crop in Eastern Europe is estimated to be normal to good. Poland and Hungary also appear to have a better crop than last year.



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Processing in Poland is underway. The quality of early varieties is poor, however, their acid content is high. Raw product pricing disputes between growers and processors continue in Poland and Hungary.

Growers in Hungary are also facing a similar situation. A farmers' activist organization (MAGOSZ) has announced it will block deliveries at apple processing facilities. Hungarian farmers are demanding a higher price for their fruit than growers in Poland. Hungarian farmers have protested in Budapest about the low price of tart cherries and dumped fruit outside the parliament building, so the threat is being taken seriously.

If Poland and other Key European producing countries can sell apple juice concentrate at a profitable level, China will have difficulty competing.

China is reportedly entering the new season with at least 300,000 tons of carry-over inventory. Much of the concentrate was made with expensive fruit. Quality is also a concern because of the concentrate being inadequately stored for a long period of time. Processing of new crop is expected to start August 20 and finish around December 31.

Further reports will follow to keep you updated on crop development and industry issues. Contact the sales desk at 1-800-292-2653 if you have any questions.

Dawn M Drake

Dawn M. Drake
 Manager
 Michigan Processing Apple Growers

European Apple Production (000 tons)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008*</u>
Poland	2522	2200	2250	1200	2360
Italy	2032	2071	1991	2142	1992
France	1708	1769	1584	1676	1522
Germany	945	925	948	1070	945
Spain	553	701	547	599	643
Hungary	668	467	480	203	525
Netherlands	435	380	347	396	385
Belgium	356	317	358	358	311
Portugal	277	249	247	258	245
Greece	282	265	267	236	236
UK	163	192	174	193	193
Austria	163	173	161	188	154
Czech Republic	164	138	159	113	144
Lithuania	34	97	100	40	85
Slovenia	60	58	50	61	60
Denmark	26	26	27	32	26
Latvia	7	38	32	31	34
Estonia	2	11	10	18	n/a
Others	3457	3029	3177	1618	3308
EU 25	10397	10098	9828	8524	9977

Source: Prognosfruit *Forecast