

EVALUATING CHOICES *for* **PERMANENT CROPS**

Karen Klonsky
Dept. of Ag. & Resource Economics
University of CA - Davis

STARTING POINT



Decision to plant an orchard has already been made



Physical requirements are all there: climate, water, soil



Decision: what to plant, what to pull

FACTORS *to* CONSIDER



Expected Revenue



Costs of Production



Consumption



Domestic & international competition



World trade position



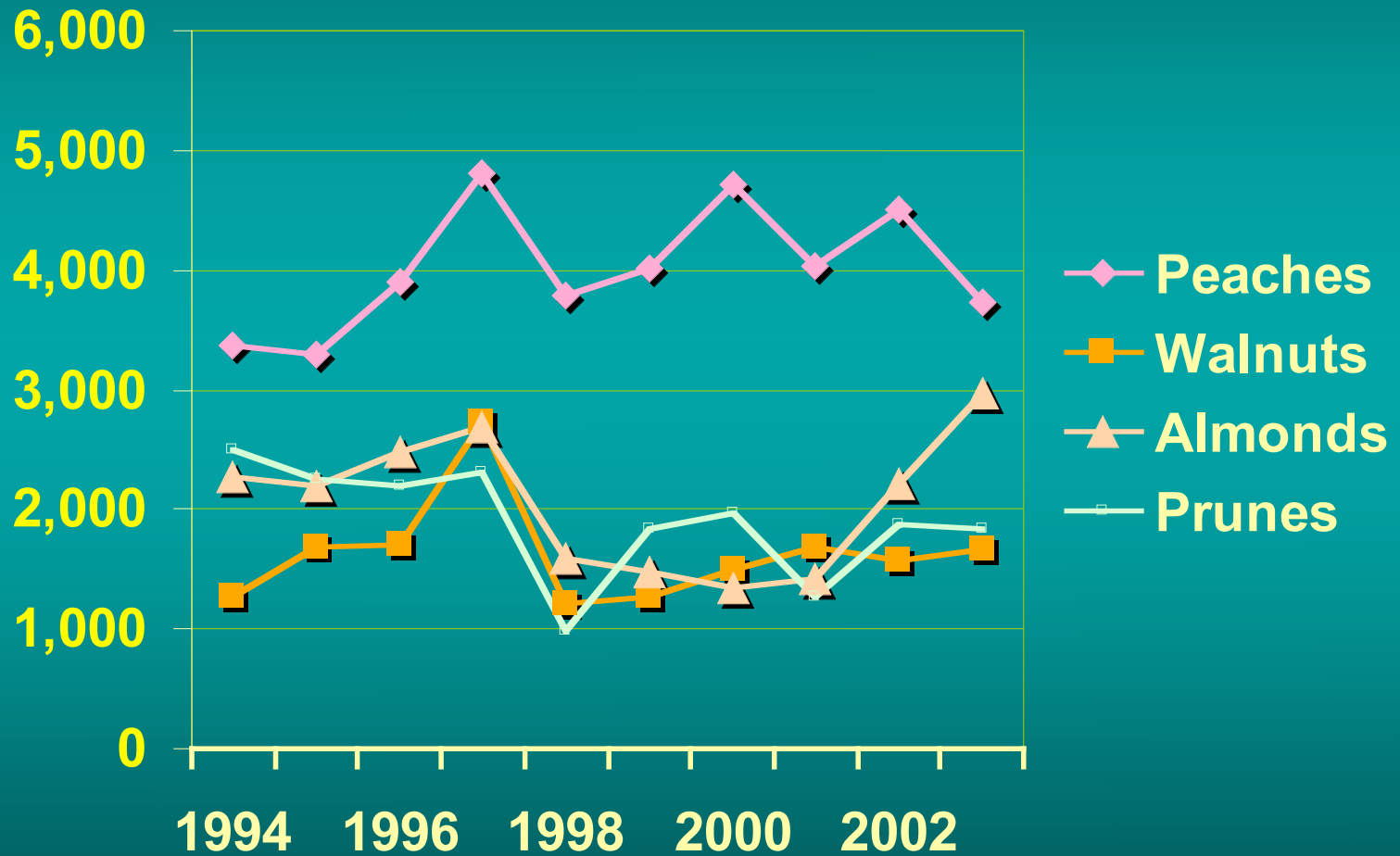
Treaties, tariffs, and subsidies

FACTORS *to* CONSIDER



Expected Revenue

EXPECTED REVENUE *per ACRE*



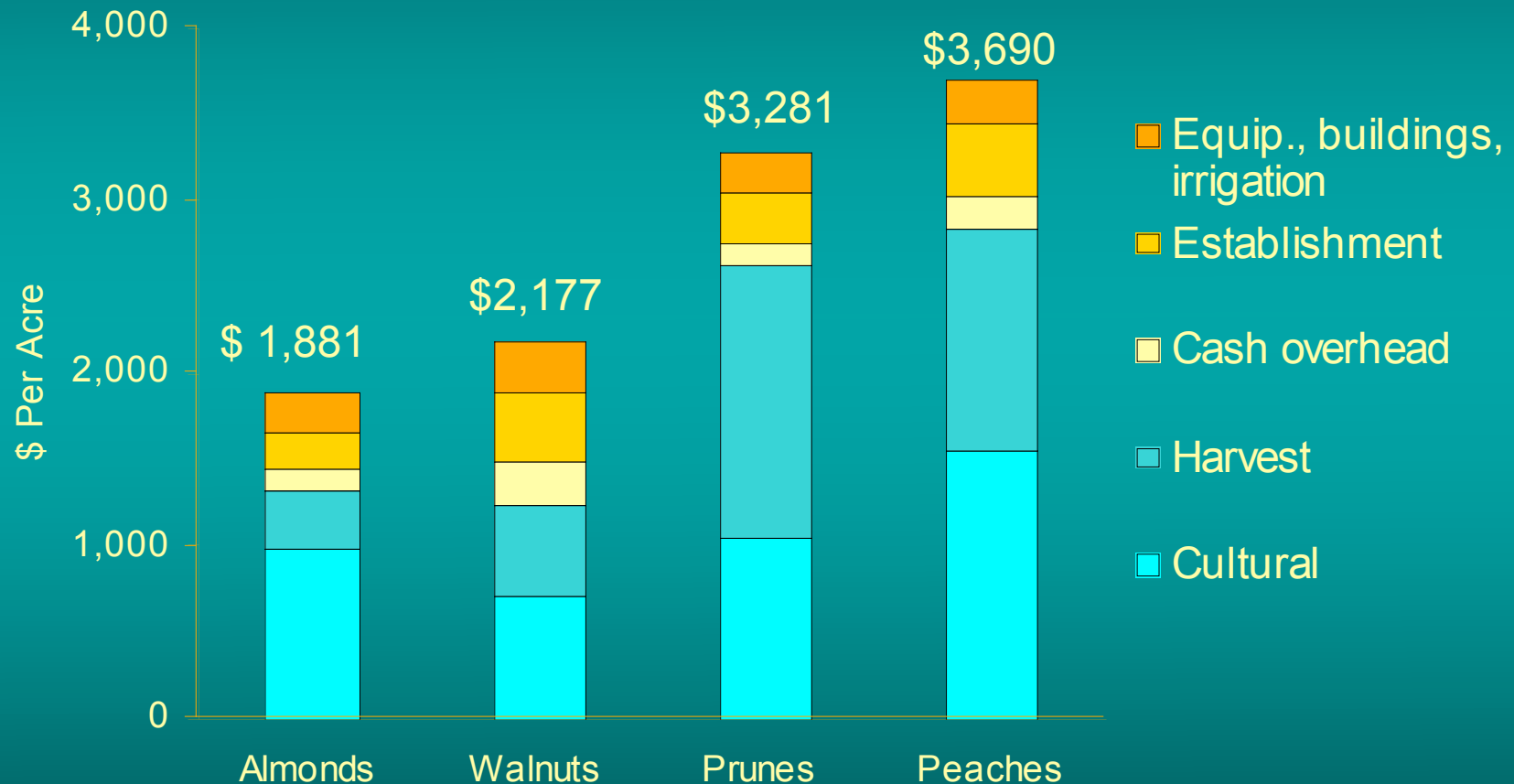
Source: CASS, California Agricultural Statistics 2003

FACTORS *to* CONSIDER

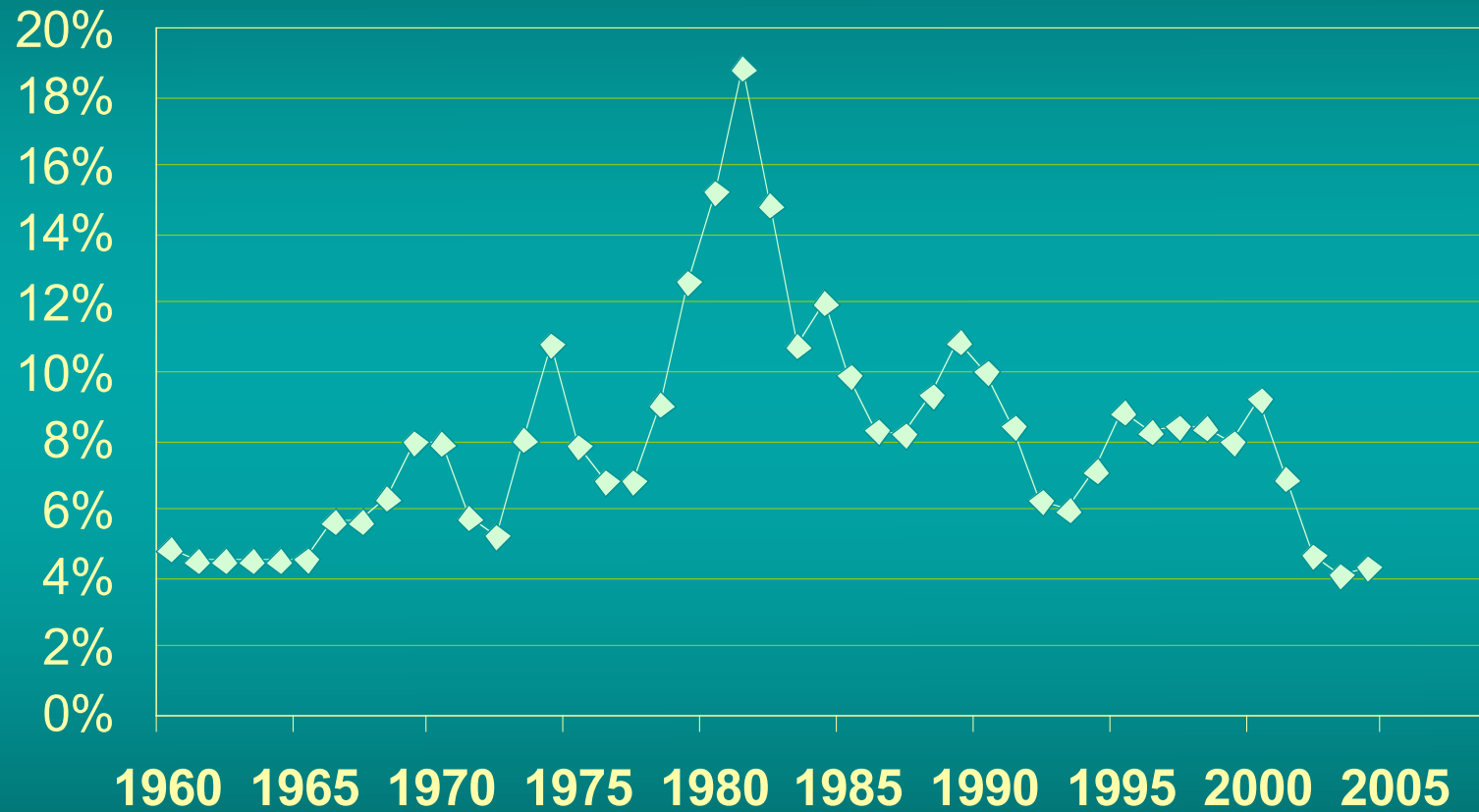
 Expected Revenue

 Costs of Production

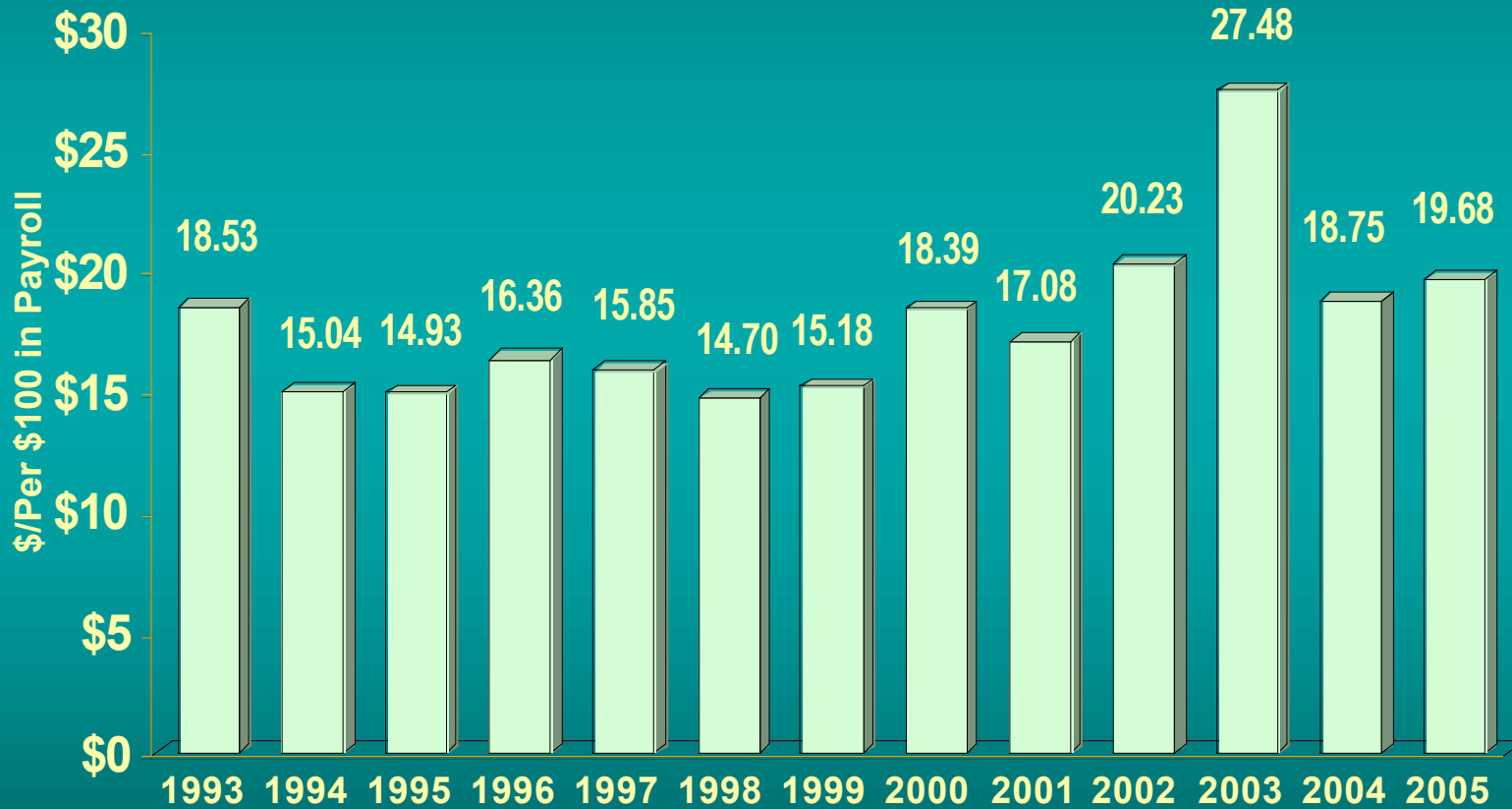
COSTS *per ACRE* to PRODUCE TREE CROPS *in the SACRAMENTO VALLEY*



PRIME INTEREST RATE

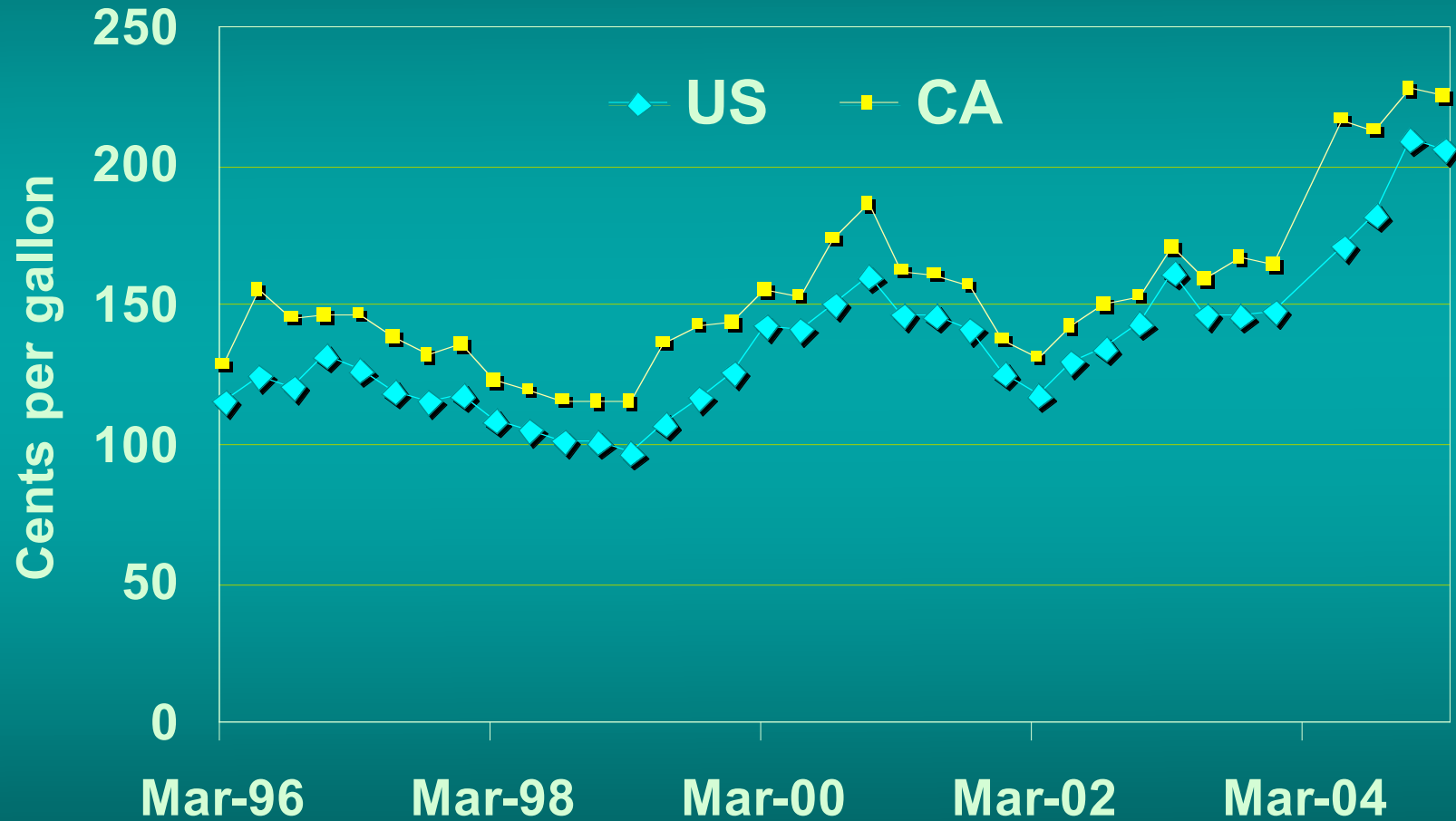


WORKERS COMPENSATION RATE FRUIT ORCHARDS



Source: State Fund Base Rate January 1

DIESEL PRICES US *and* CA



FACTORS *to* CONSIDER



Expected Revenue



Costs of Production



Consumption

US FRUIT CONSUMPTION 1996 - 2005

Lbs/Person

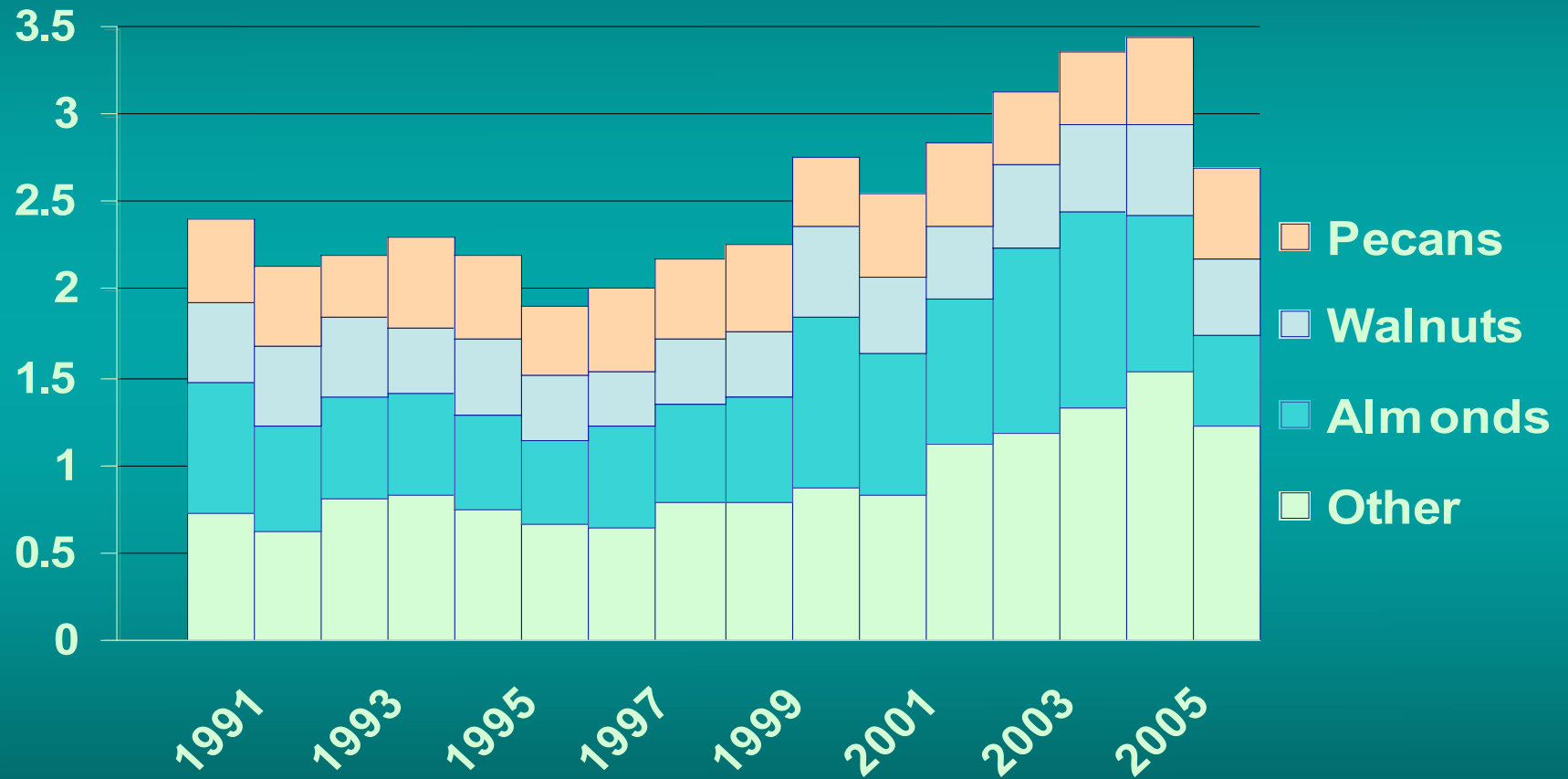


Other includes

Source: ERS,USDA Fruit Situation and Outlook Yearbook spreadsheet files, 2006

US TREE NUT CONSUMPTION 1996 - 2005

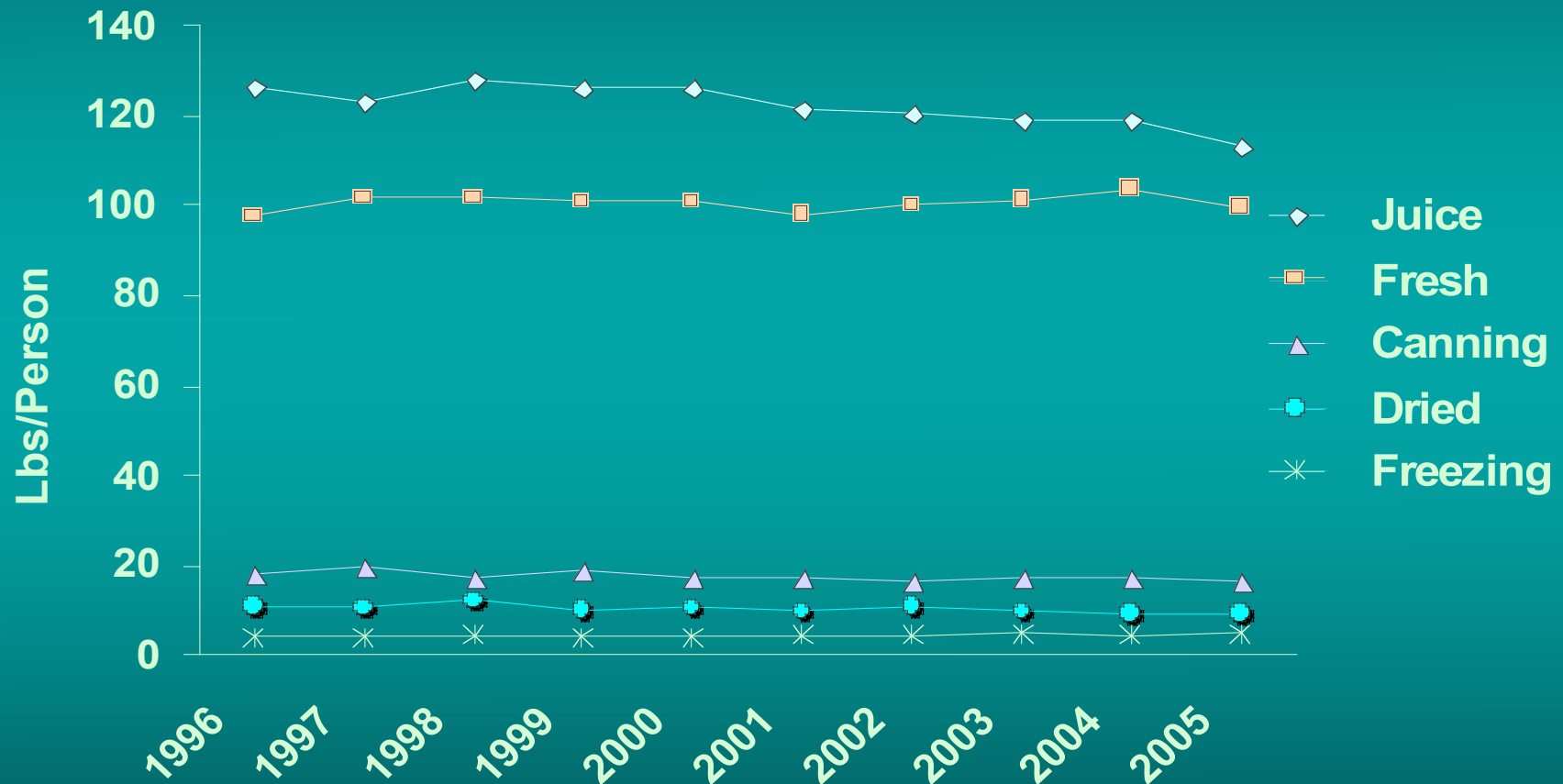
Lbs/Person



Other includes hazelnuts, macadamias, pistachios, Brazil nuts, cashews, and mixed nuts

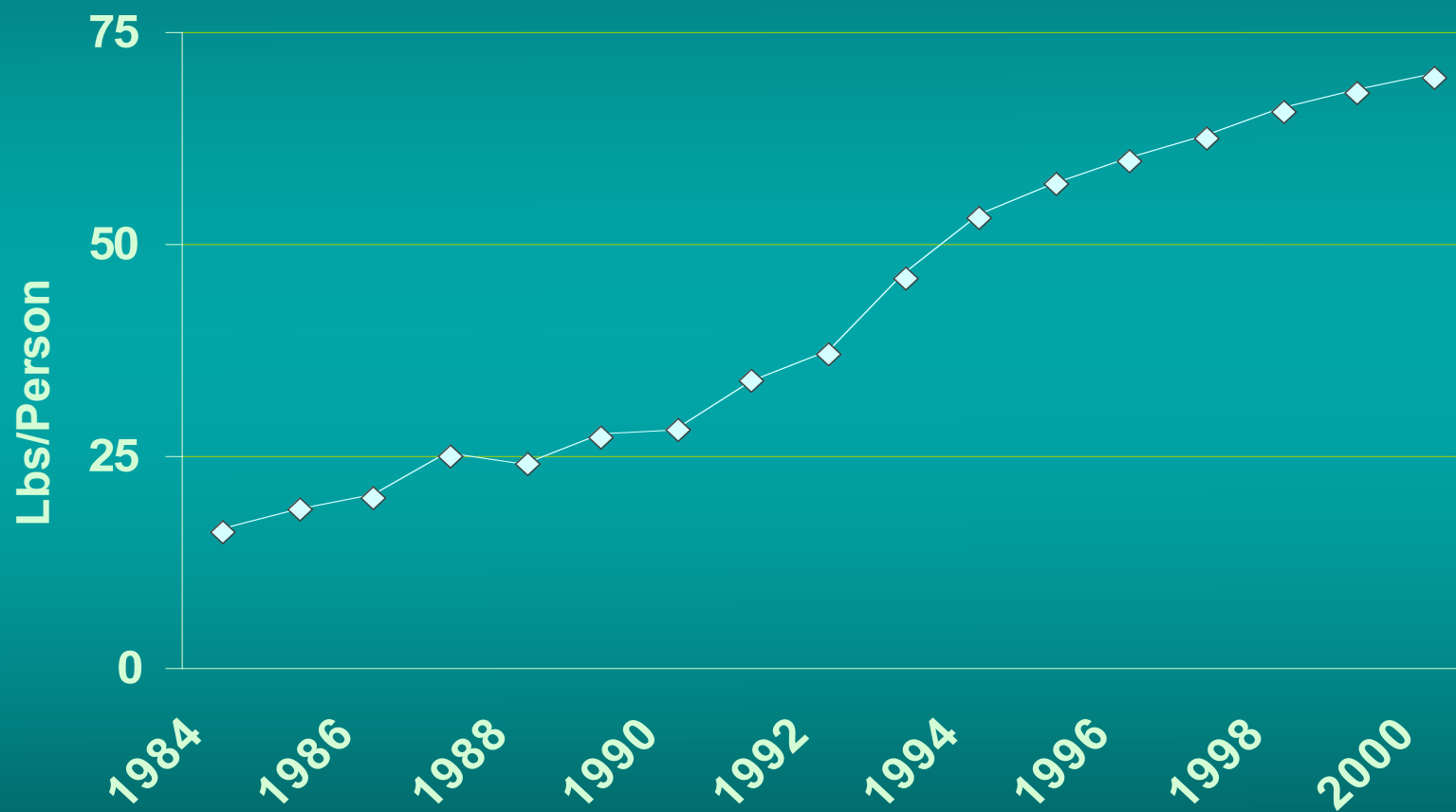
Source: ERS, USDA Fruit Situation and Outlook Yearbook spreadsheet files, 2006

US PER CAPITA ANNUAL FRUIT CONSUMPTION



Source: USDA Fruit Situation and Outlook Yearbook, 2006

CHINA PER CAPITA ANNUAL FRUIT CONSUMPTION



Source: Hongqi Shi and Thomas Wahl. "Recent Developments in the Chinese Fruit Industry: Implications for the US Fruit Industry"

Growth in Almond Markets

- Established markets showing strong growth



U.S.A.

22% Growth



Western Europe

17% Growth



Japan

9% Growth

- Tremendous opportunity in emerging growth markets



Russia

23% Increase



India

10% Increase



China

28% Increase

Source: Almond Board

FACTORS *to* CONSIDER



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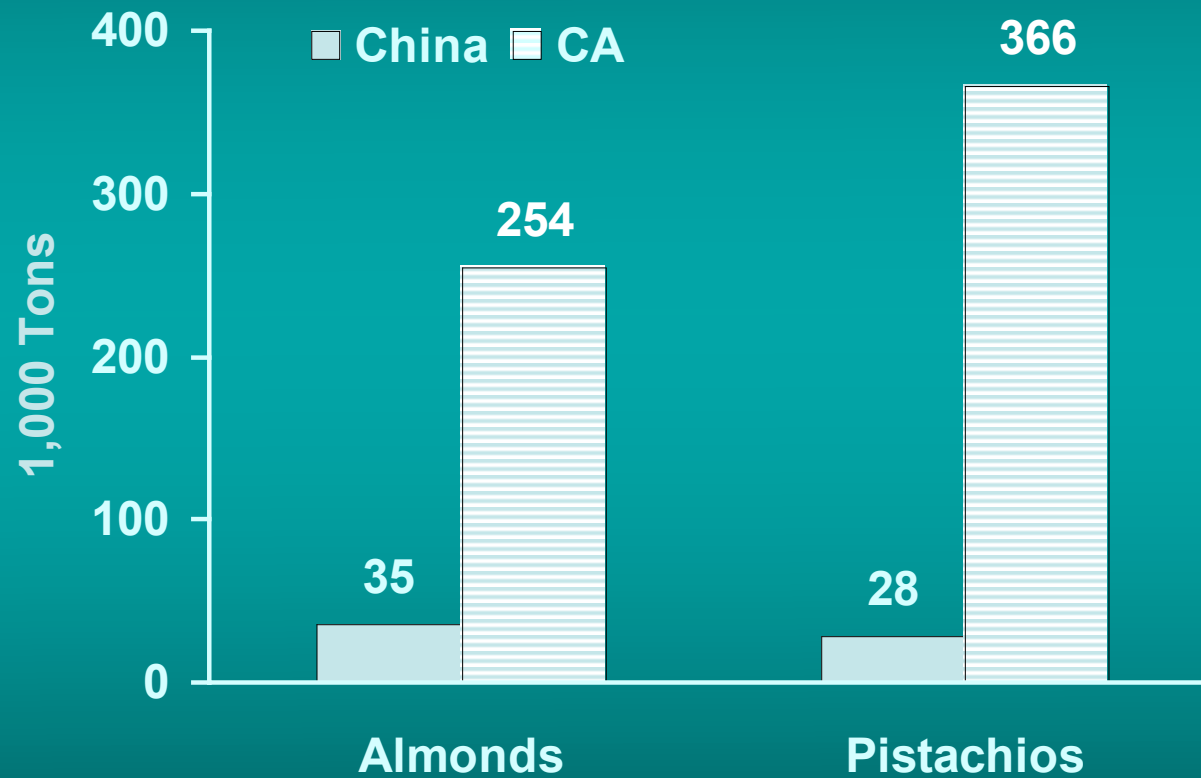


Consumption

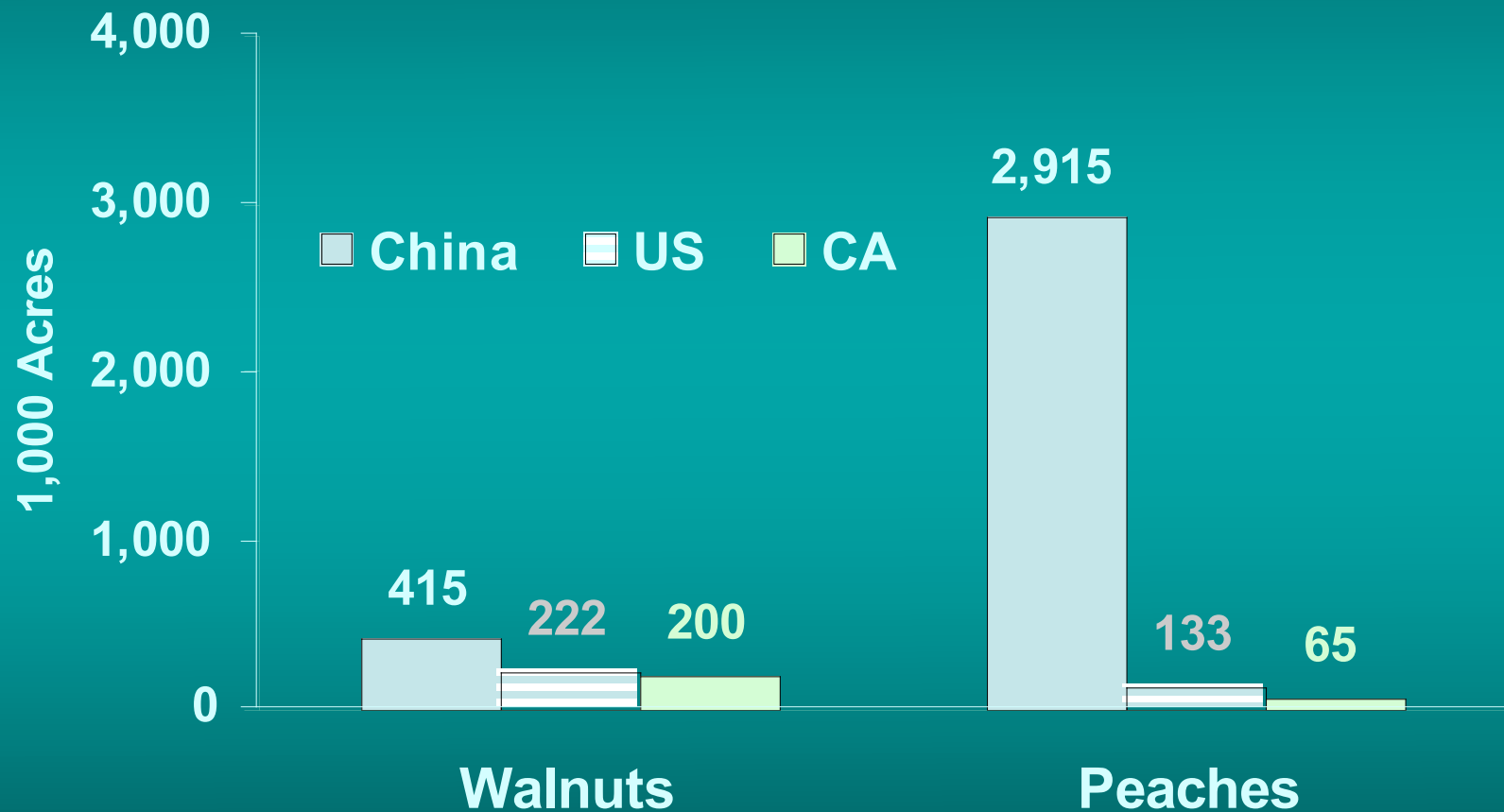


Domestic & international competition

ALMOND *and* PISTACHIO PRODUCTION CHINA *and* CA, 2000



Walnut and Peach Acreage China, US, and CA - 2000



FACTORS *to* CONSIDER



Expected Revenue



Costs of Production



Consumption

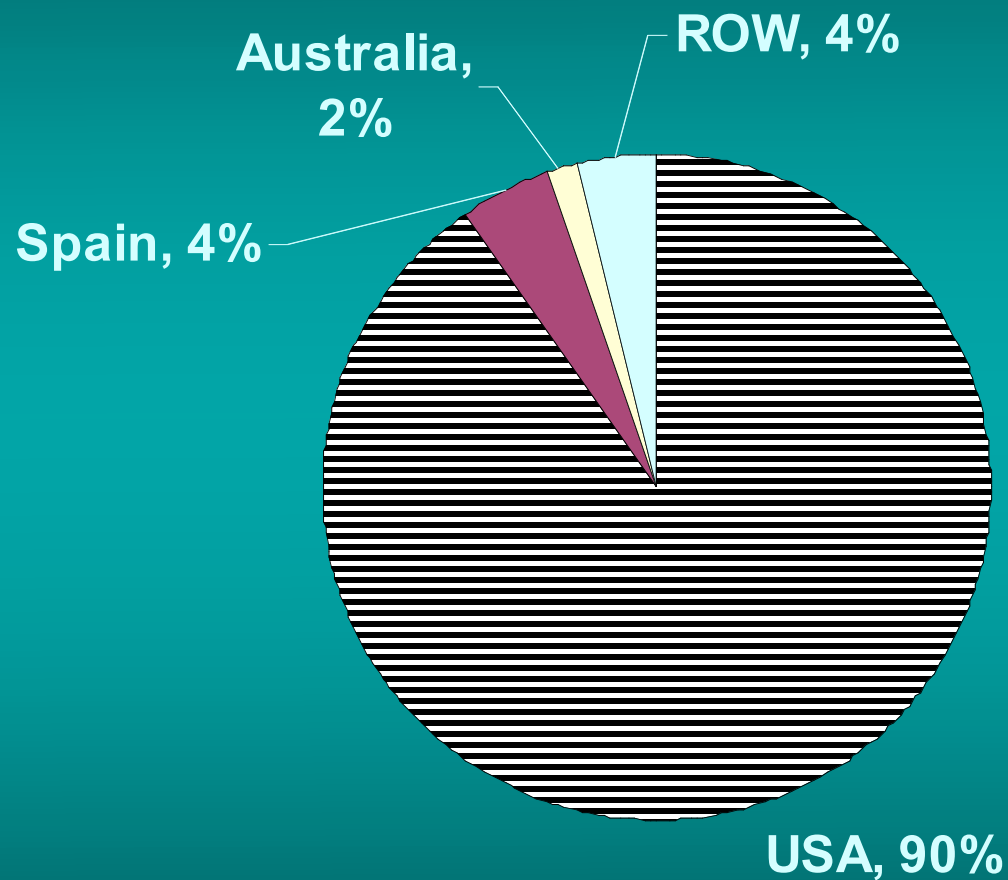


Domestic & international competition



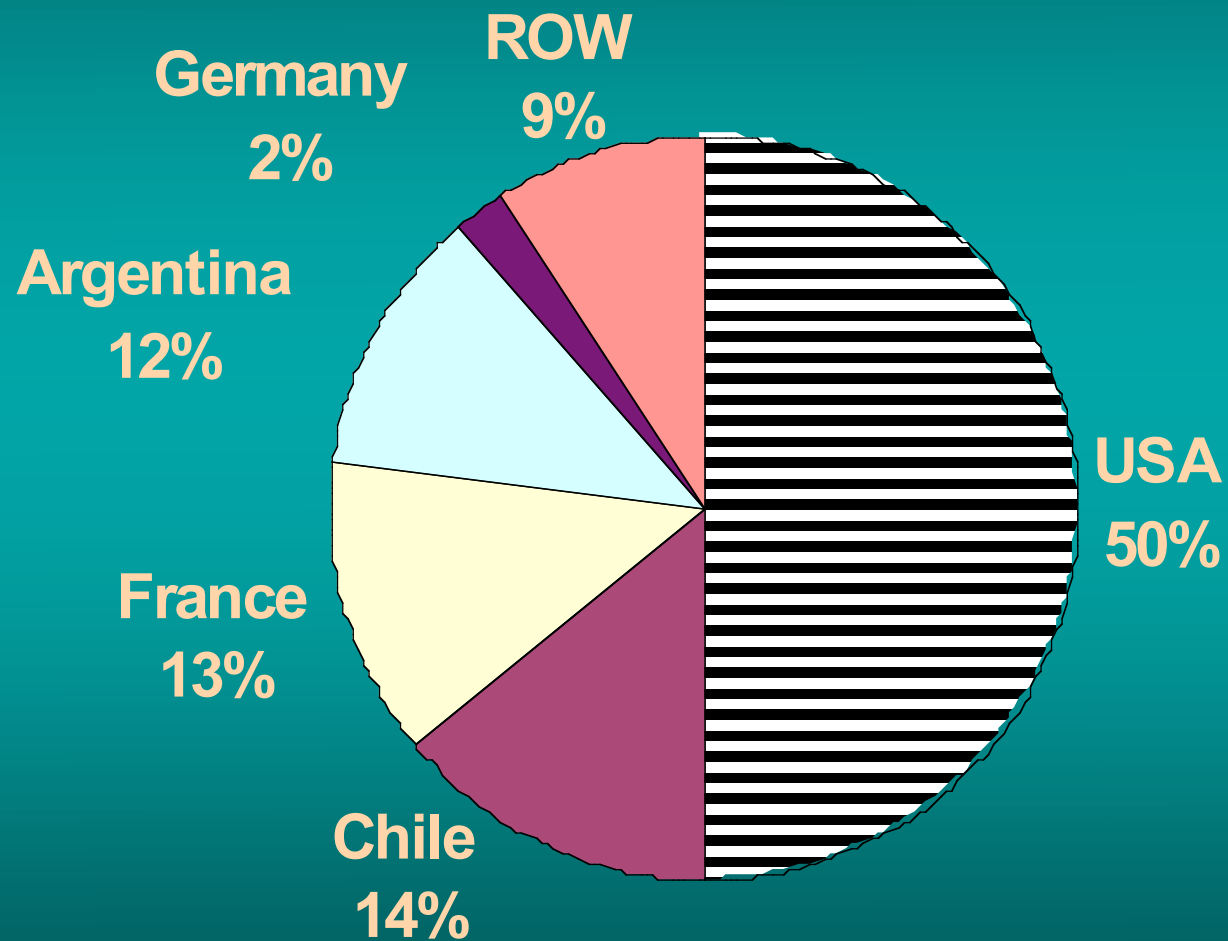
World trade position

Almond In-shell World Trade, 2003



Source: UN Comtrade, <http://unstats.un.org/unsd/comtrade>

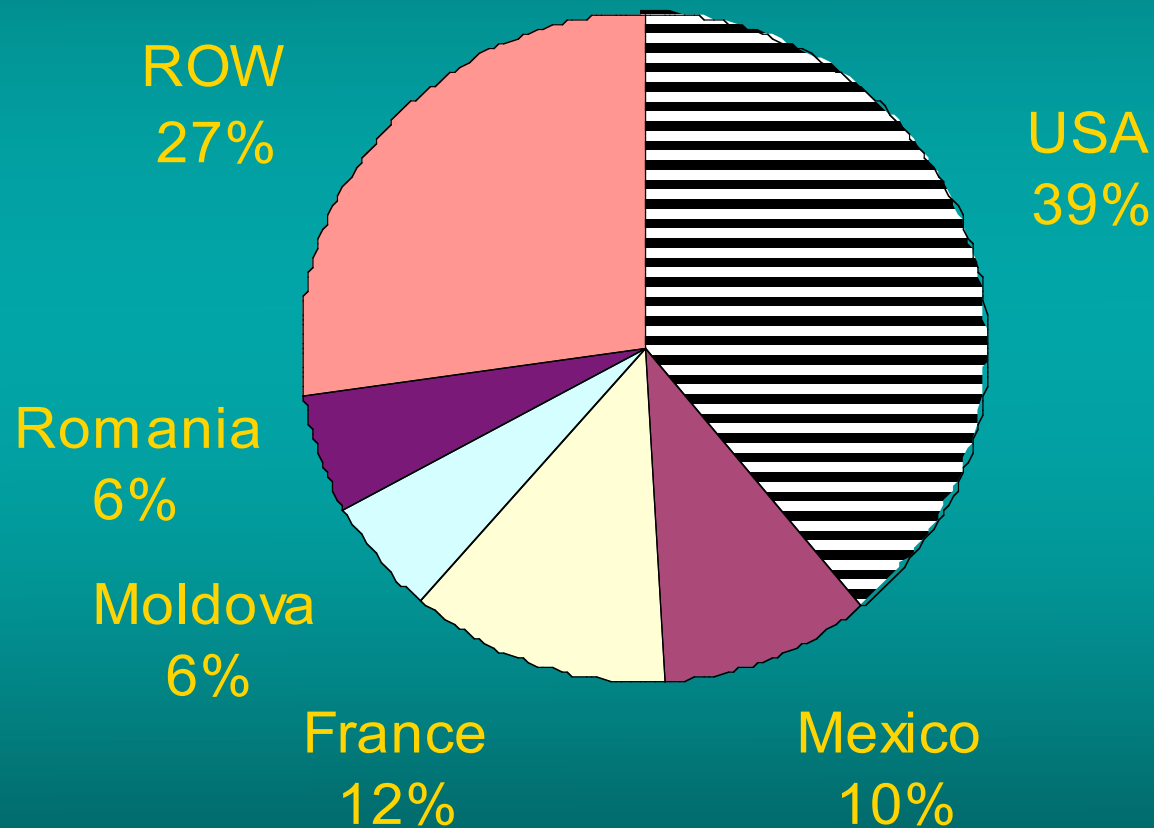
Dried Plums World Trade, 2003



Data in Trade Value U.S. \$

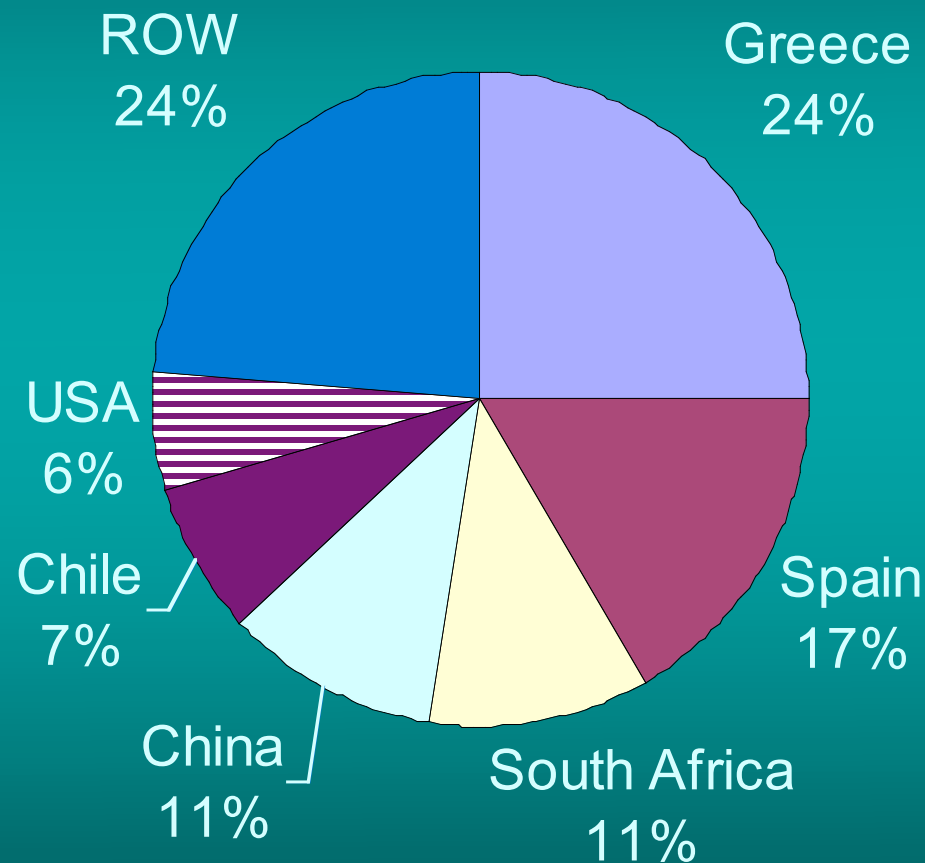
Source: UN Comtrade, <http://unstats.un.org/unsd/comtrade>

Walnut World Trade, 2003



Source: UN Comtrade, <http://unstats.un.org/unsd/comtrade>

Canned Peaches World Trade, 2003



Data in Trade Value U.S. \$

Source: UN Comtrade, <http://unstats.un.org/unsd/comtrade>

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Treaties, Tariffs, and subsidies

Tree Crop Tariffs *in the US*

Crop		Tariff Rates	%
Almonds	In shell	\$0.077/kg	3.18%
	Shelled	\$0.24/kg	9.9%
Walnuts	In shell	\$0.07/kg	5.88%
	Shelled	\$0.265/kg	22.26%
Dried Plums			14%
Cling Peaches			17%

Converted to % using 2002
Prices, ERS/USDA

TREE CROPS TARIFFS FACING *the* US

		China	Korea	Japan	EU
Almonds	In shell	24%	45%	2.4%	5.6%
	Shelled	10%	21%	2.4%	3.5%
Walnuts	In shell	25%	45%	10%	4%
	Shelled	20%	30%	10%	5.1%
Prunes		25%	18%	2.4%	9.6%
C. Peaches		10%	54%	6.7% - 29.8%	15.2% - 46.5%

Source: WTO