

EVALUATING CHOICES *for* **PERMANENT CROPS**

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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



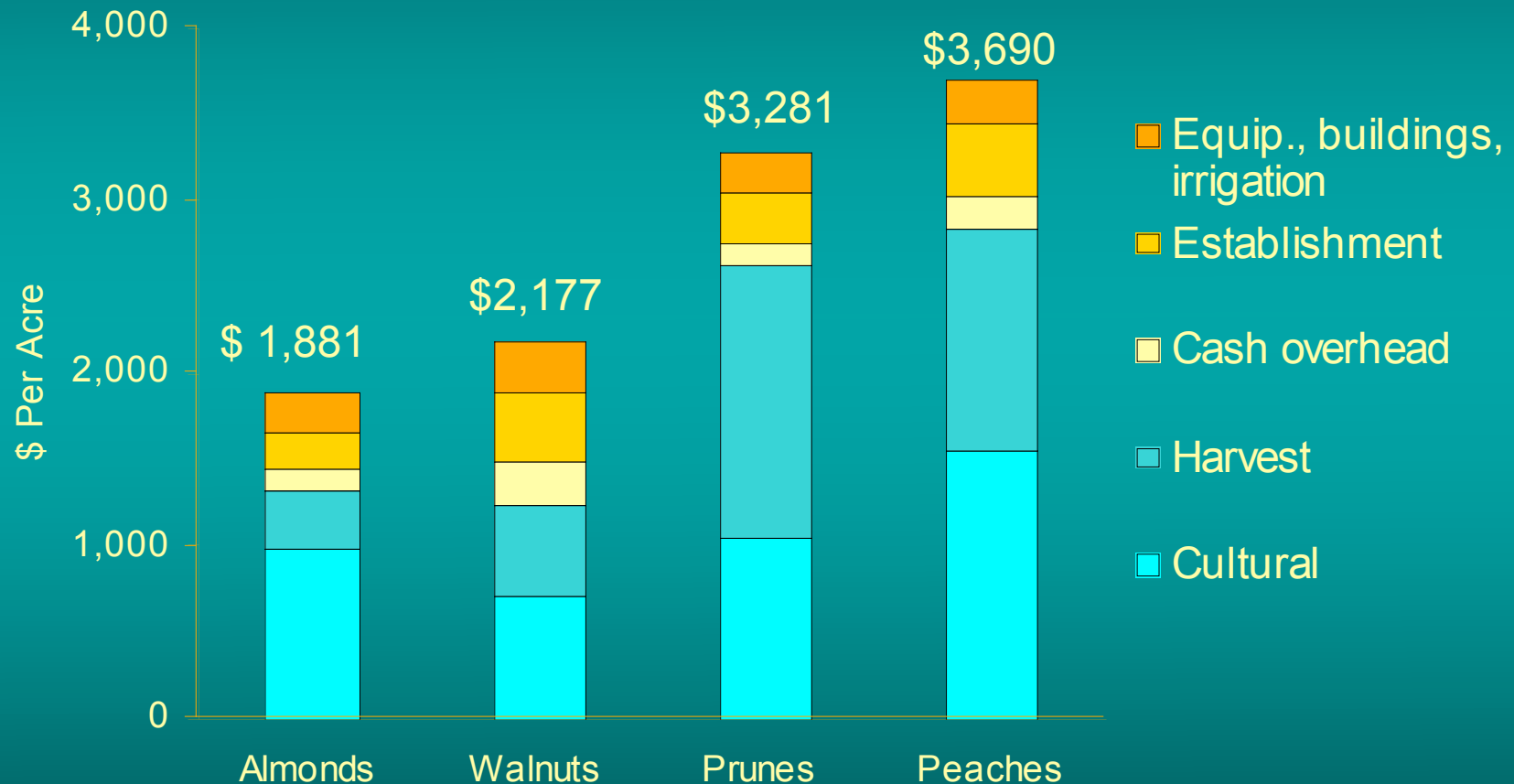
Source: CASS, California Agricultural Statistics 2003

FACTORS *to* CONSIDER

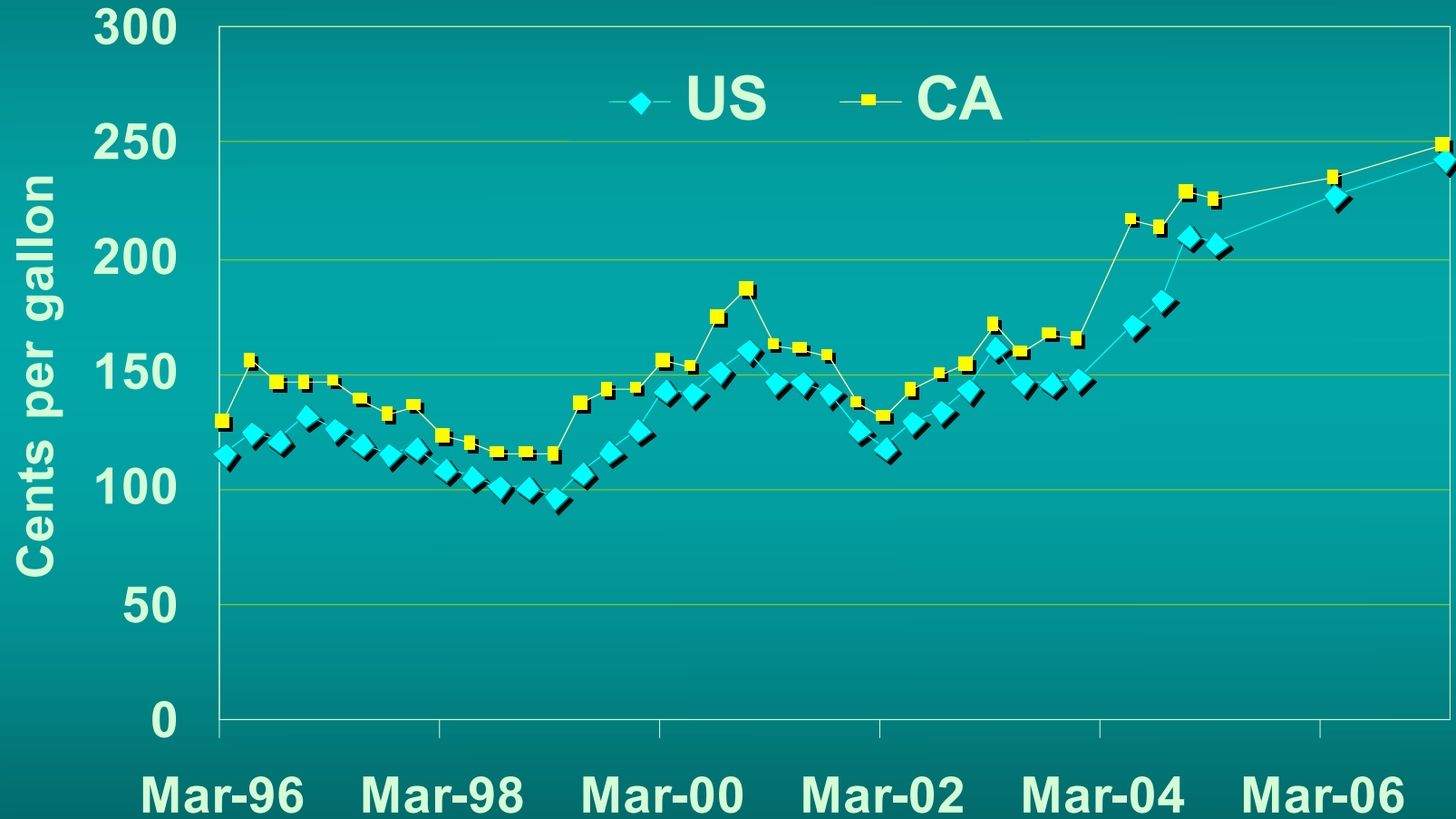
 Expected Revenue

 Costs of Production

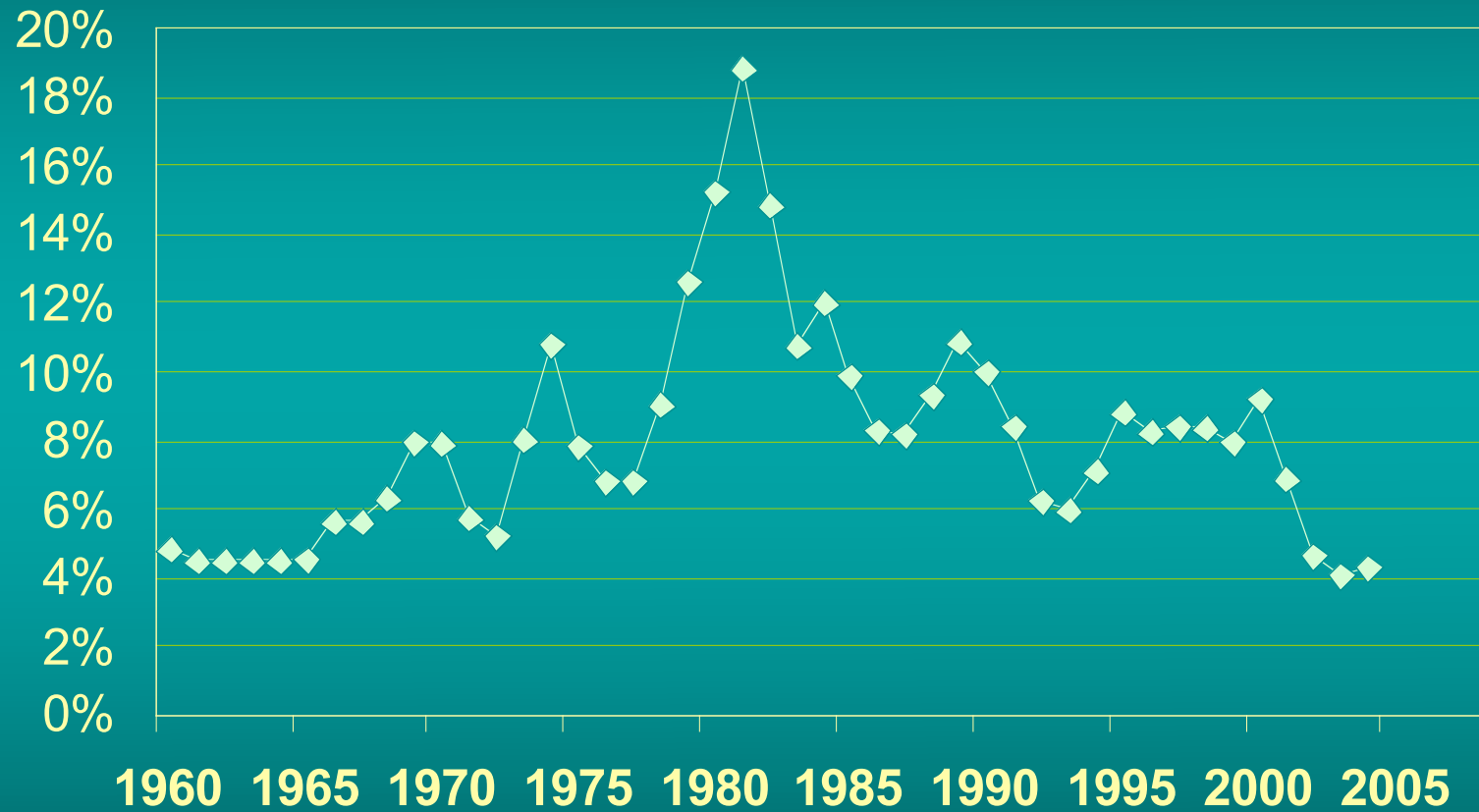
COSTS *per ACRE to PRODUCE TREE CROPS* *in the SACRAMENTO VALLEY*



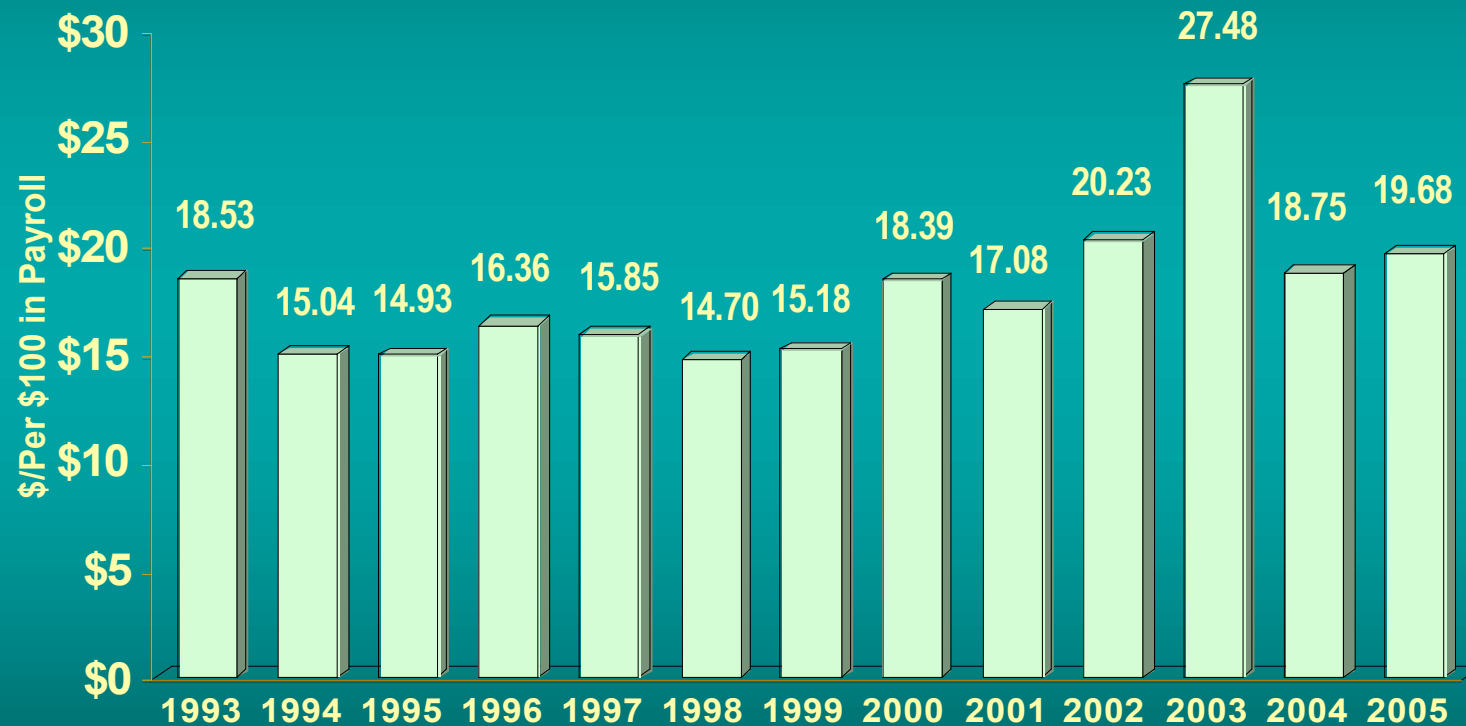
DIESEL PRICES US *and* CA



PRIME INTEREST RATE

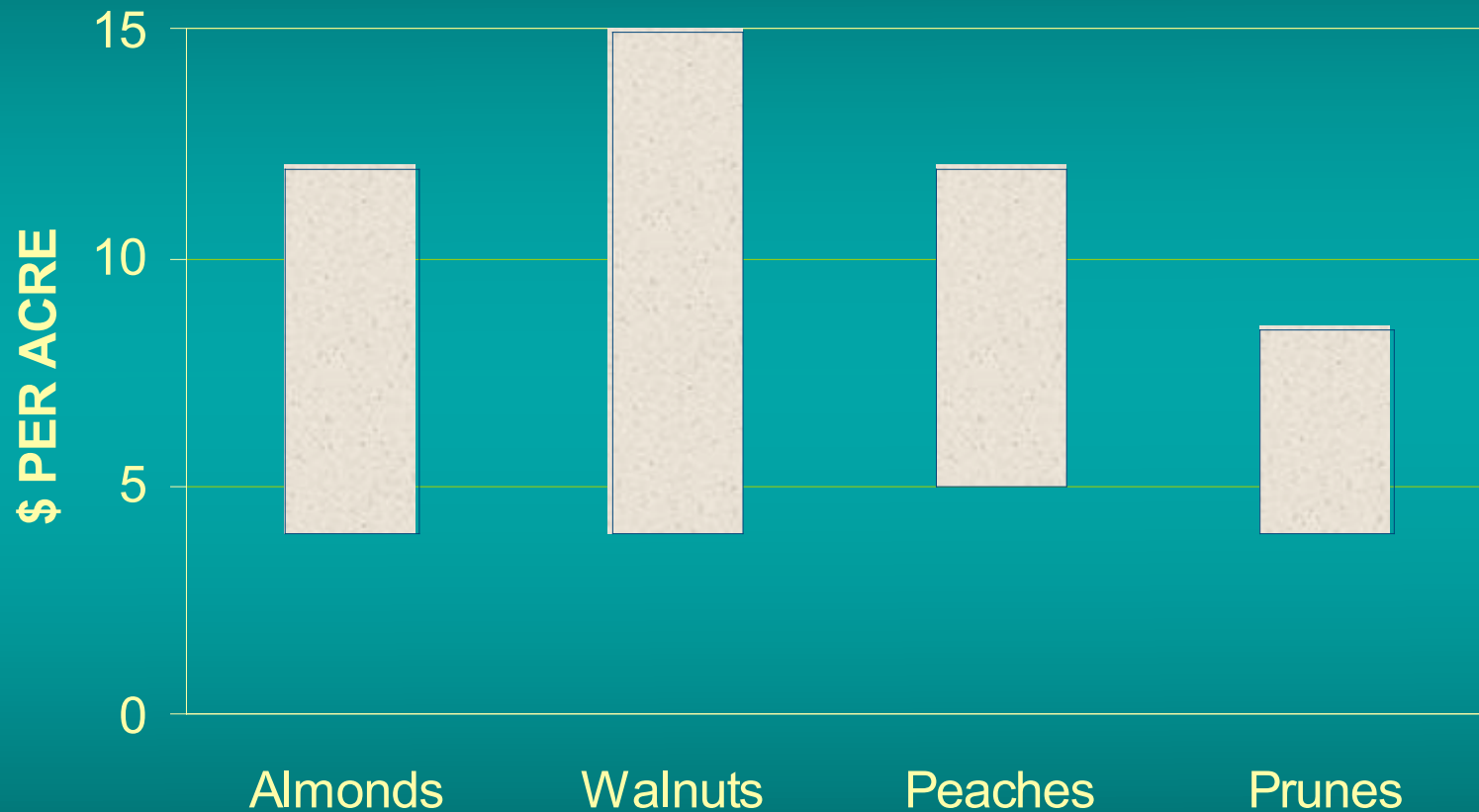


WORKERS COMPENSATION RATE FRUIT ORCHARDS



Source: State Fund Base Rate January 1

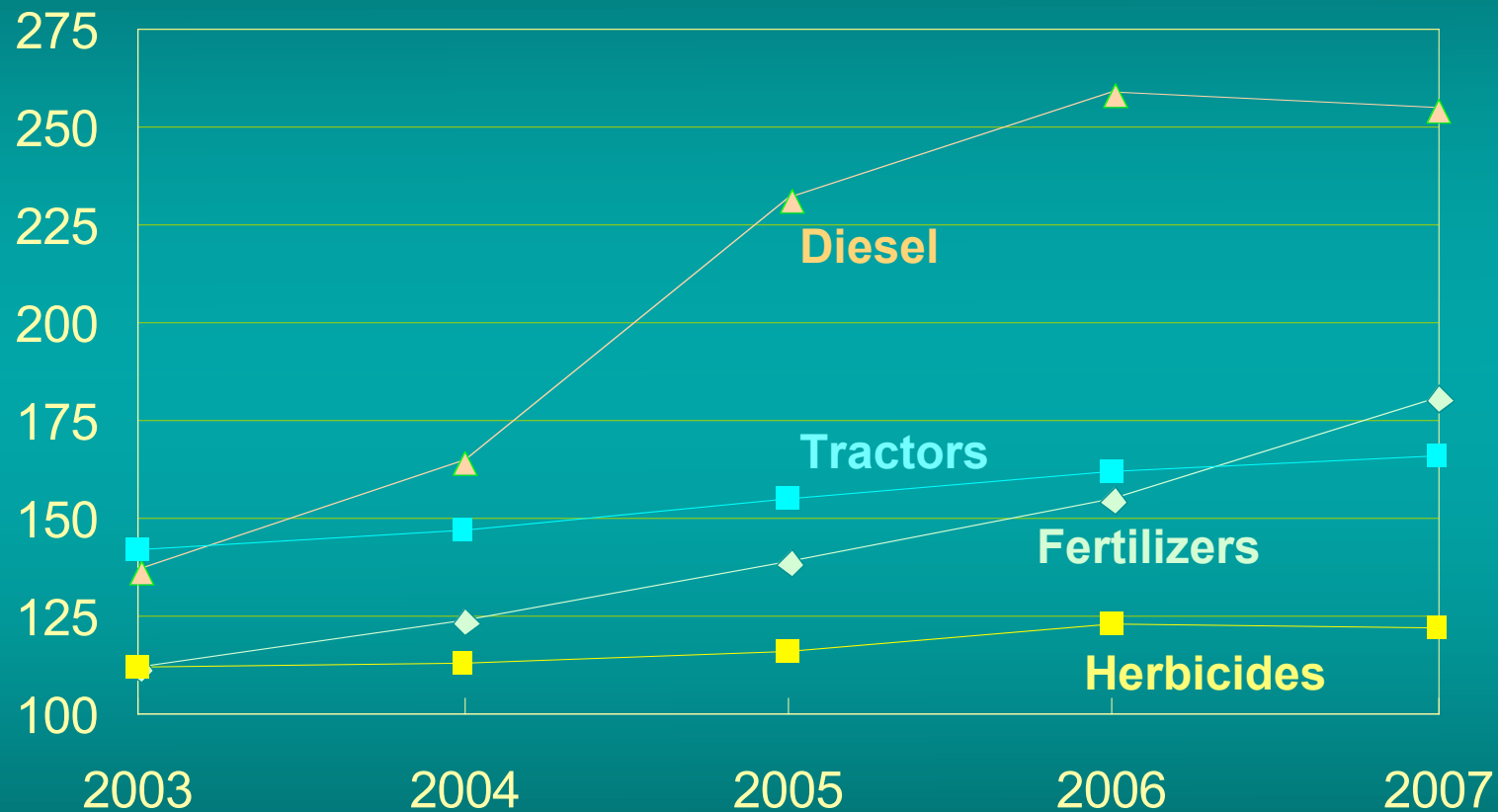
LAND VALUES 2005 SACRAMENTO VALLEY (Colusa, Glenn, Butte & Tehama)



Source: Trends in Ag Land and Lease Values
Used with permission from the CA Chapter ASFMRA www.calasfmra.com

PRICES PAID BY FARMERS INDEX

1990 – 1992 = 100



Source: NASS Agricultural Prices <http://www.nass.usda.gov/publications>

PRICES PAID BY FARMERS INDEX

1990 – 1992 = 100



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Expected Revenue



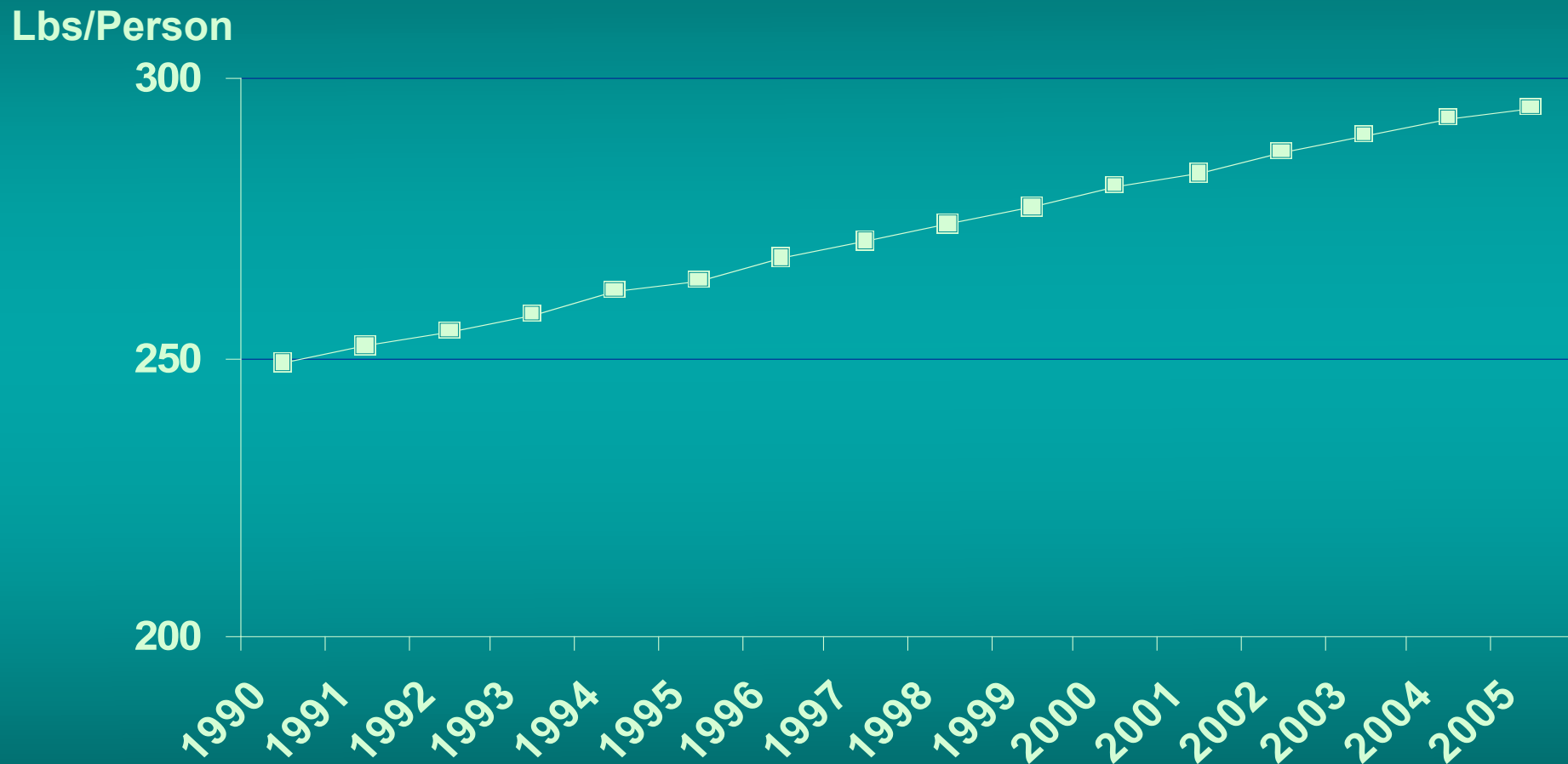
Costs of Production



Consumption

US POPULATION 1990 – 2005

~ 1% PER YEAR

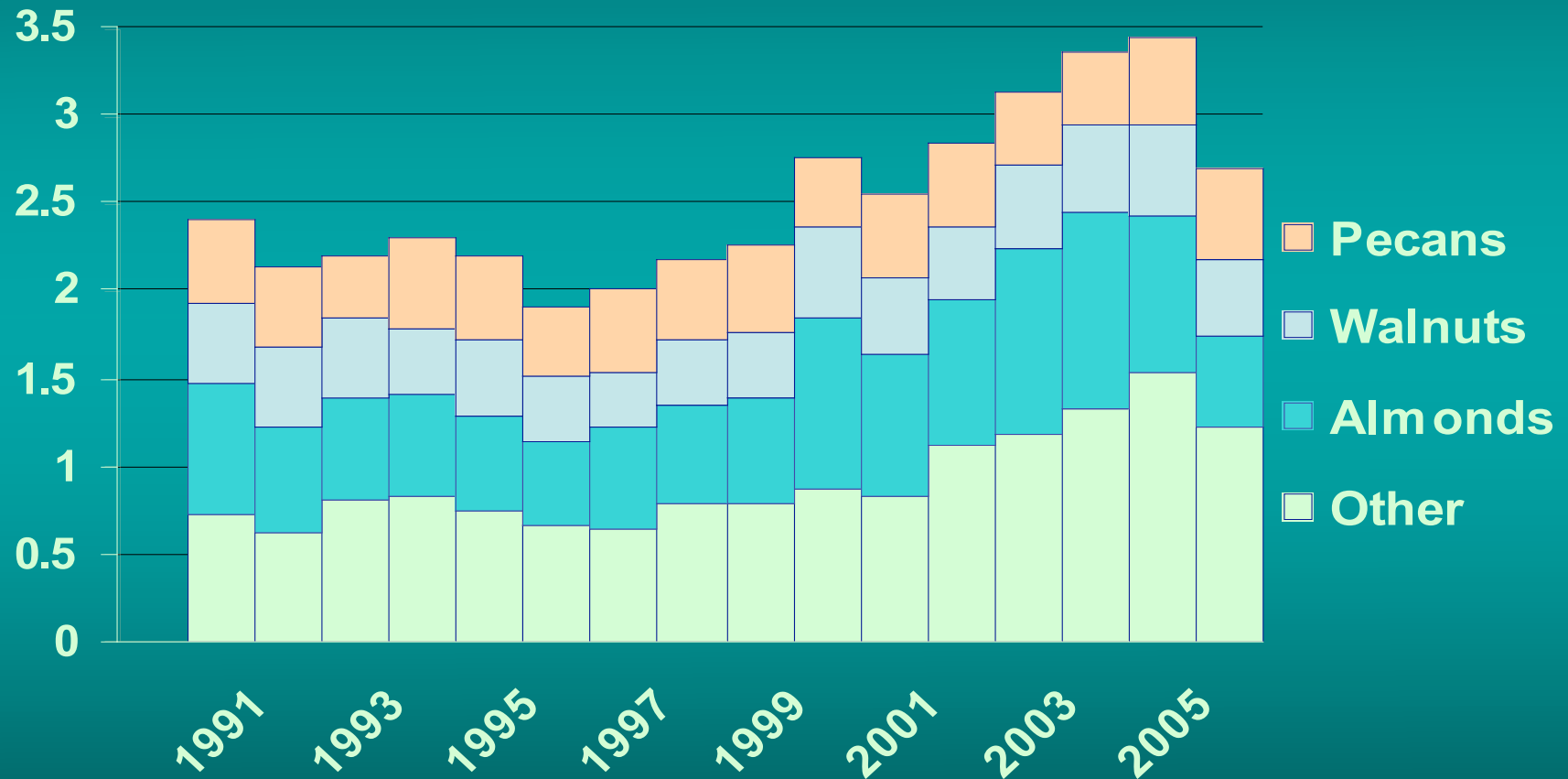


Other includes hazelnuts, macadamias, pistachios, Brazil nuts, cashews, and mixed nuts

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

US TREE NUT CONSUMPTION 1990 - 2005

Lbs/Person

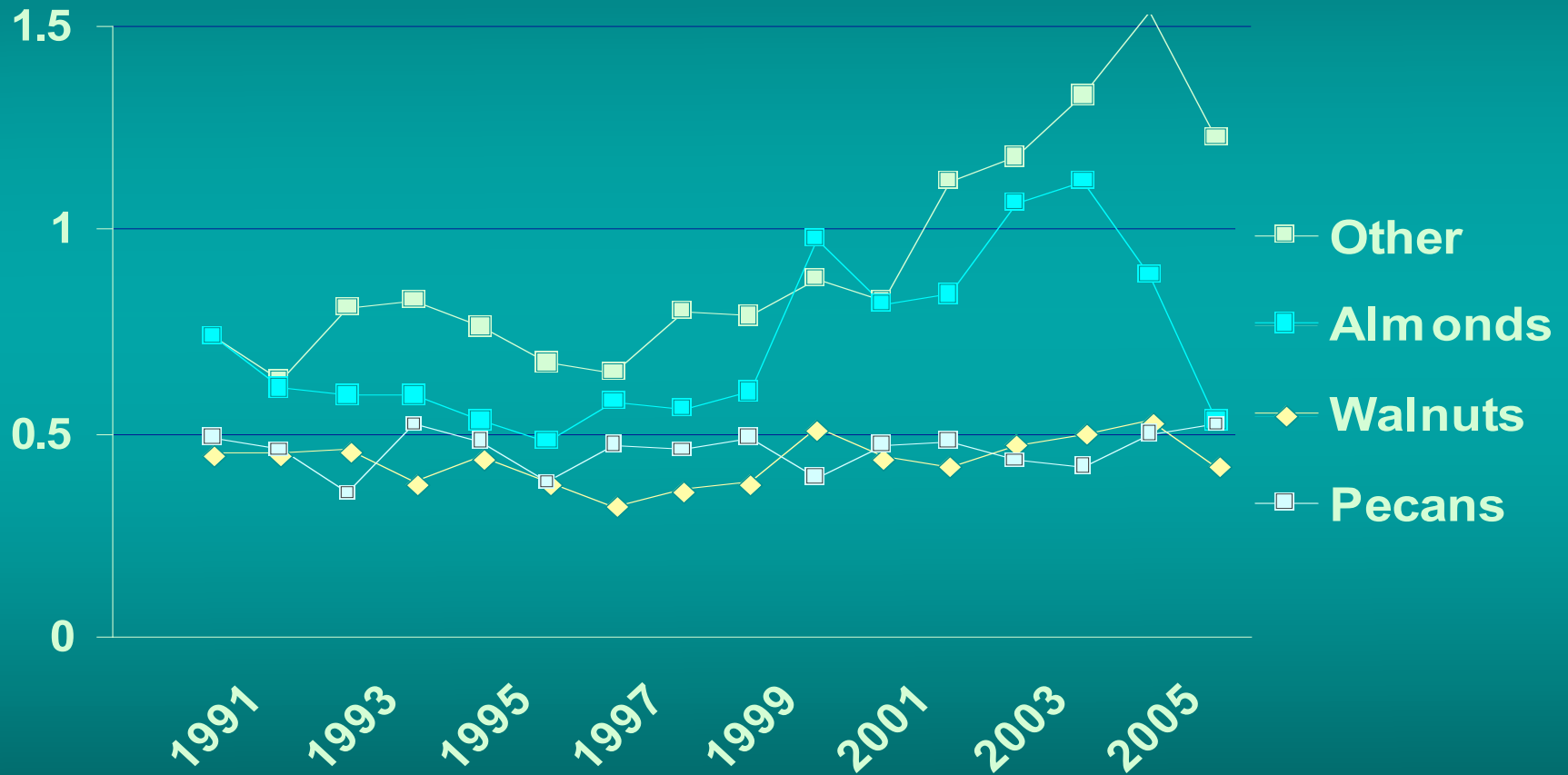


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US NUT CONSUMPTION 1990 - 2005

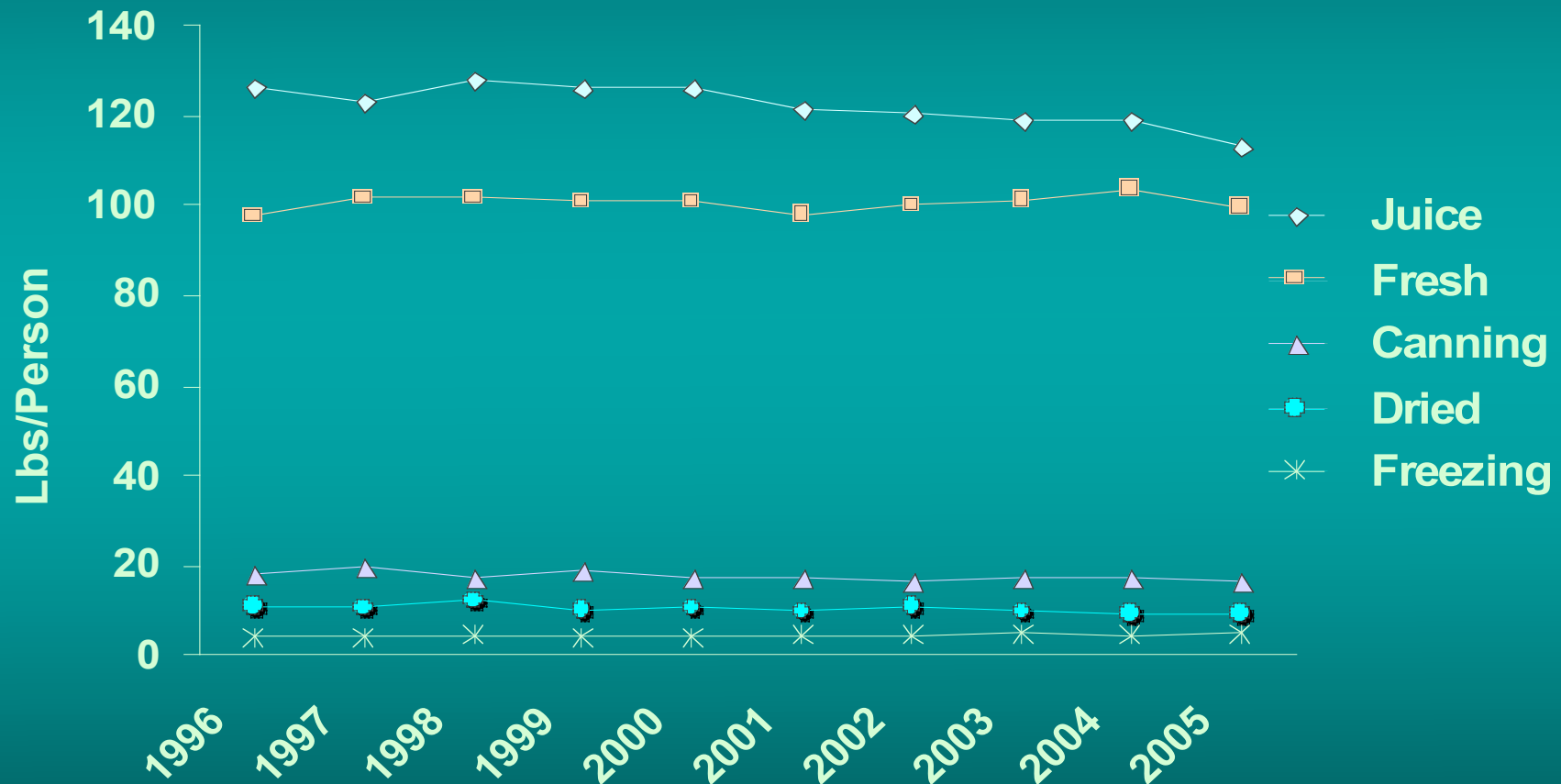
Lbs/Person



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

US PER CAPITA ANNUAL FRUIT CONSUMPTION



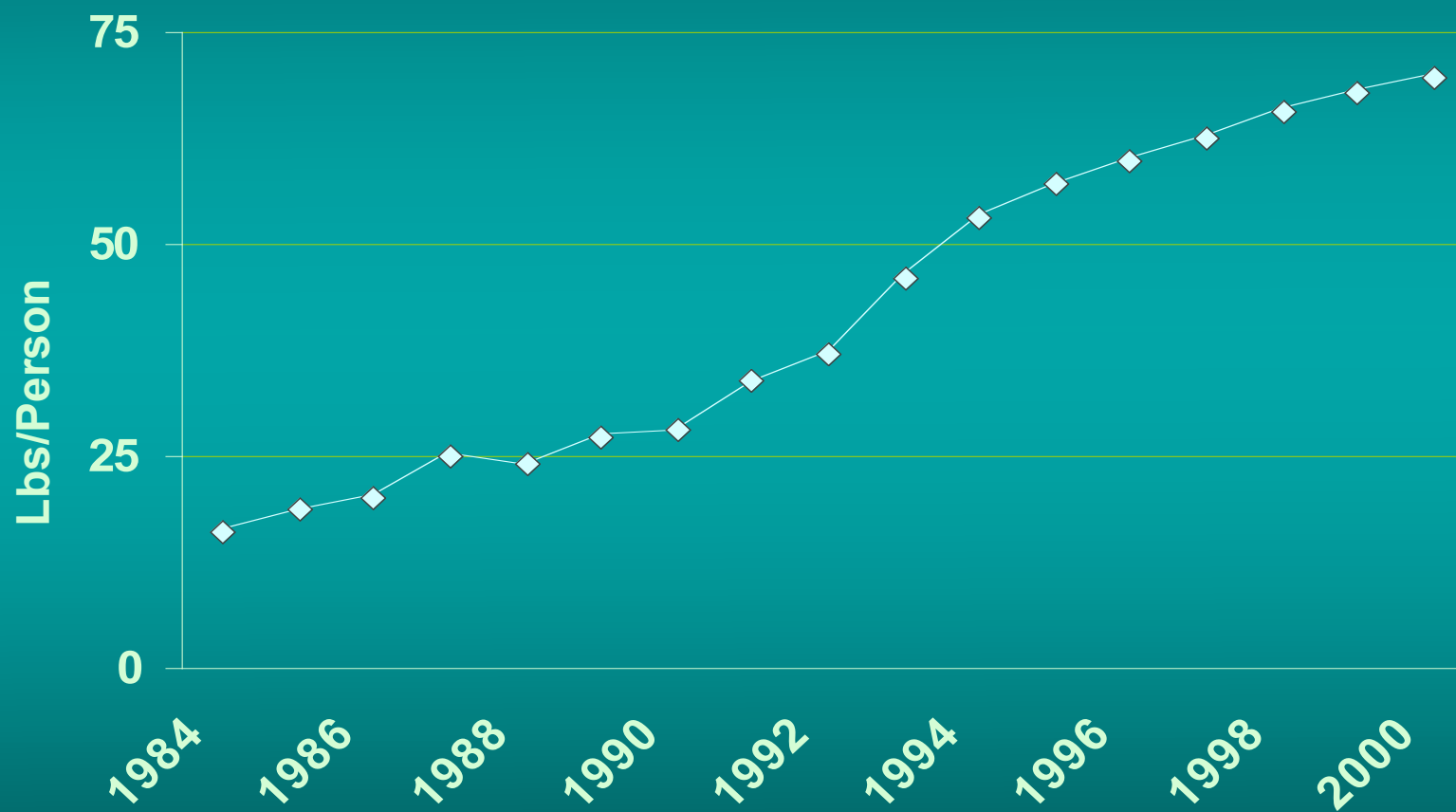
Source: USDA Fruit Situation and Outlook Yearbook, 2006

US PER CAPITA ANNUAL PEACH & OLIVE 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"

FACTORS *to* CONSIDER



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Costs of Production



Consumption



Domestic & international competition

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Consumption

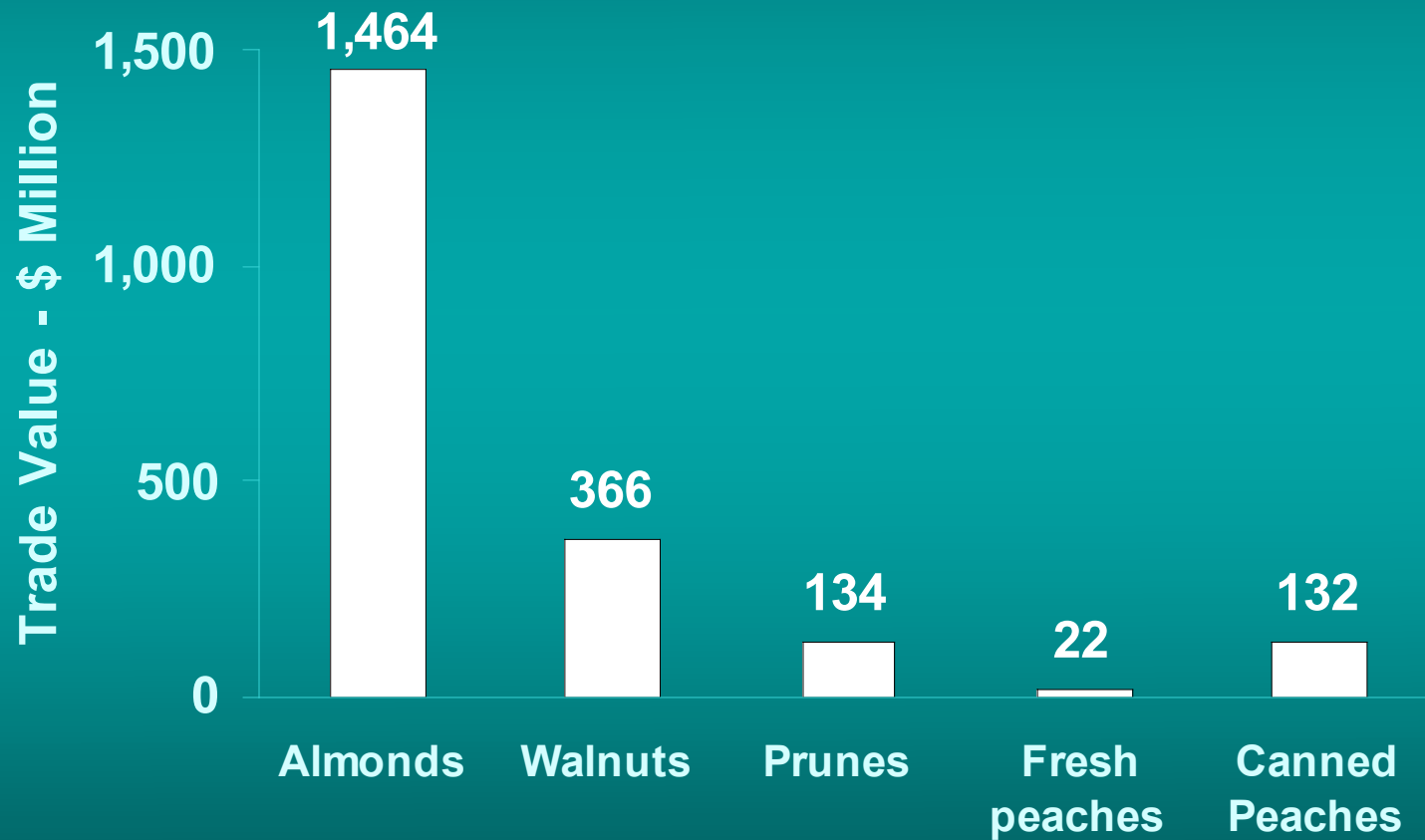


Domestic & international competition



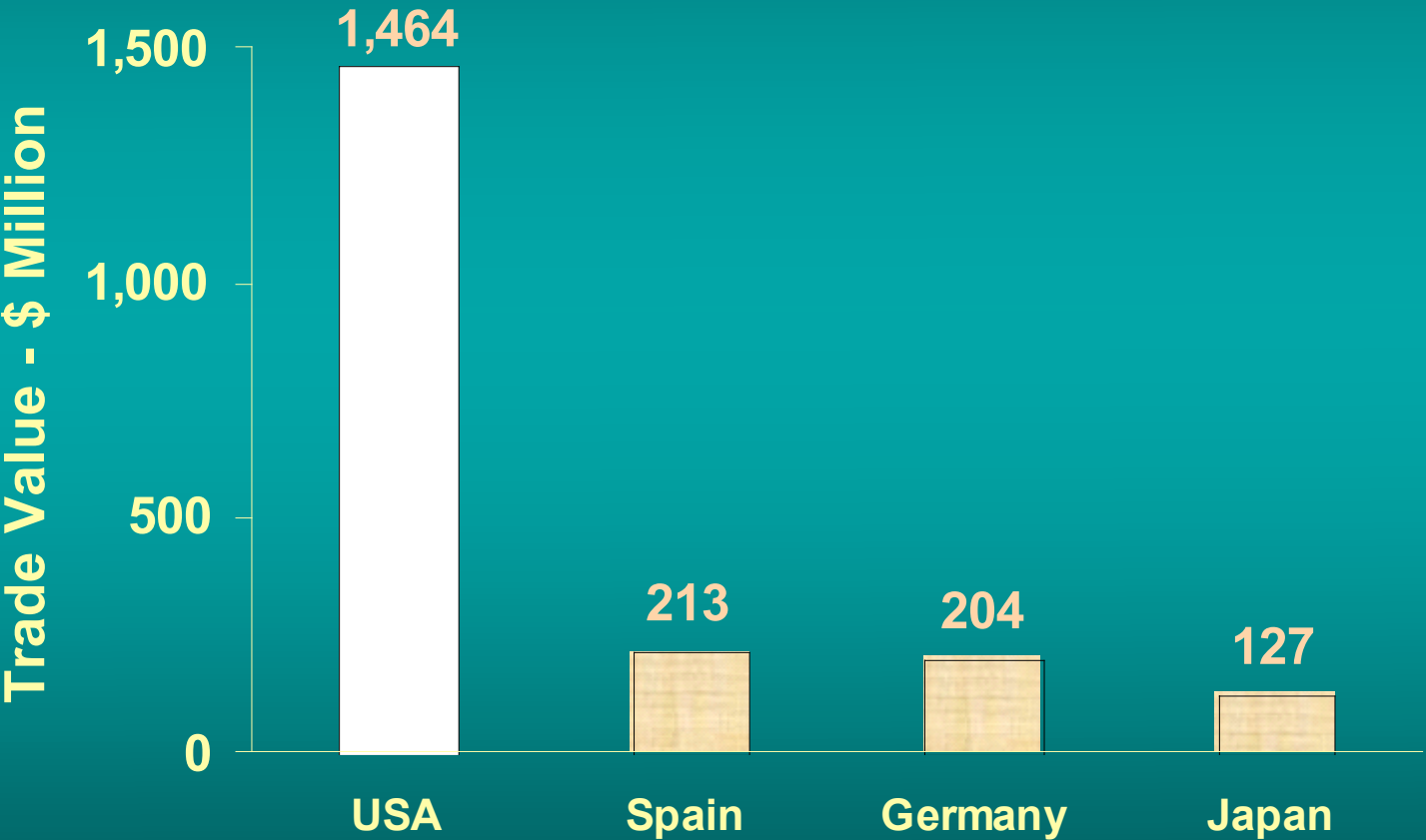
World trade position

US EXPORTS 2006



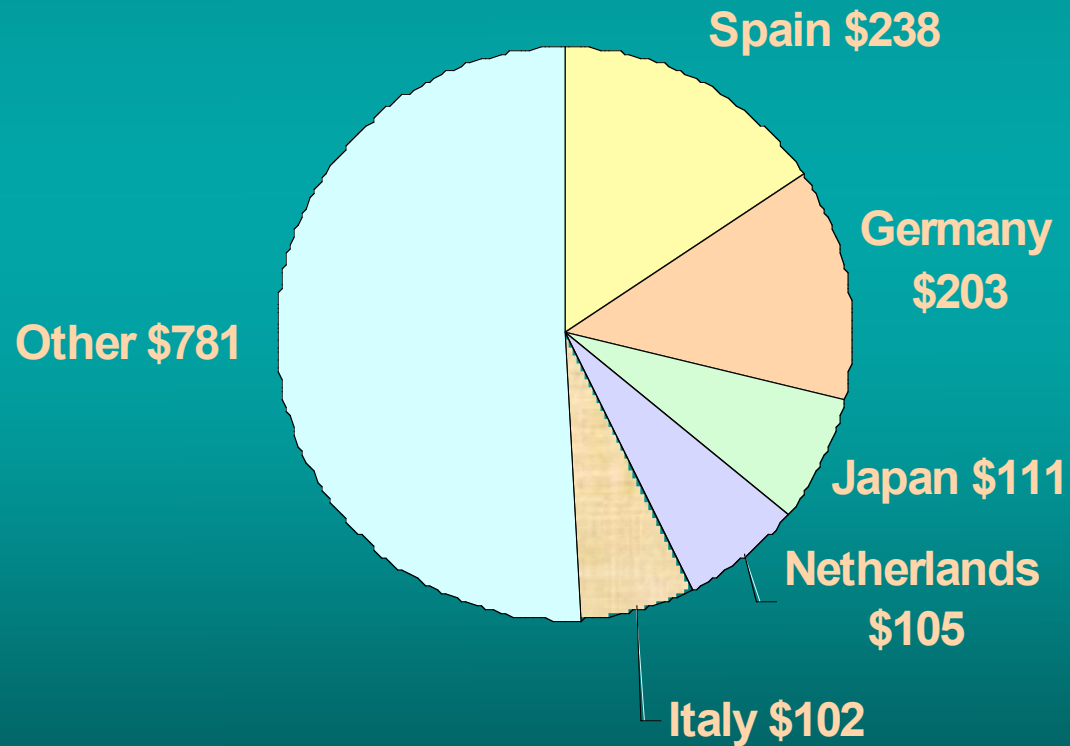
WORLD ALMOND EXPORTS 2006

\$ 1.6 Billion



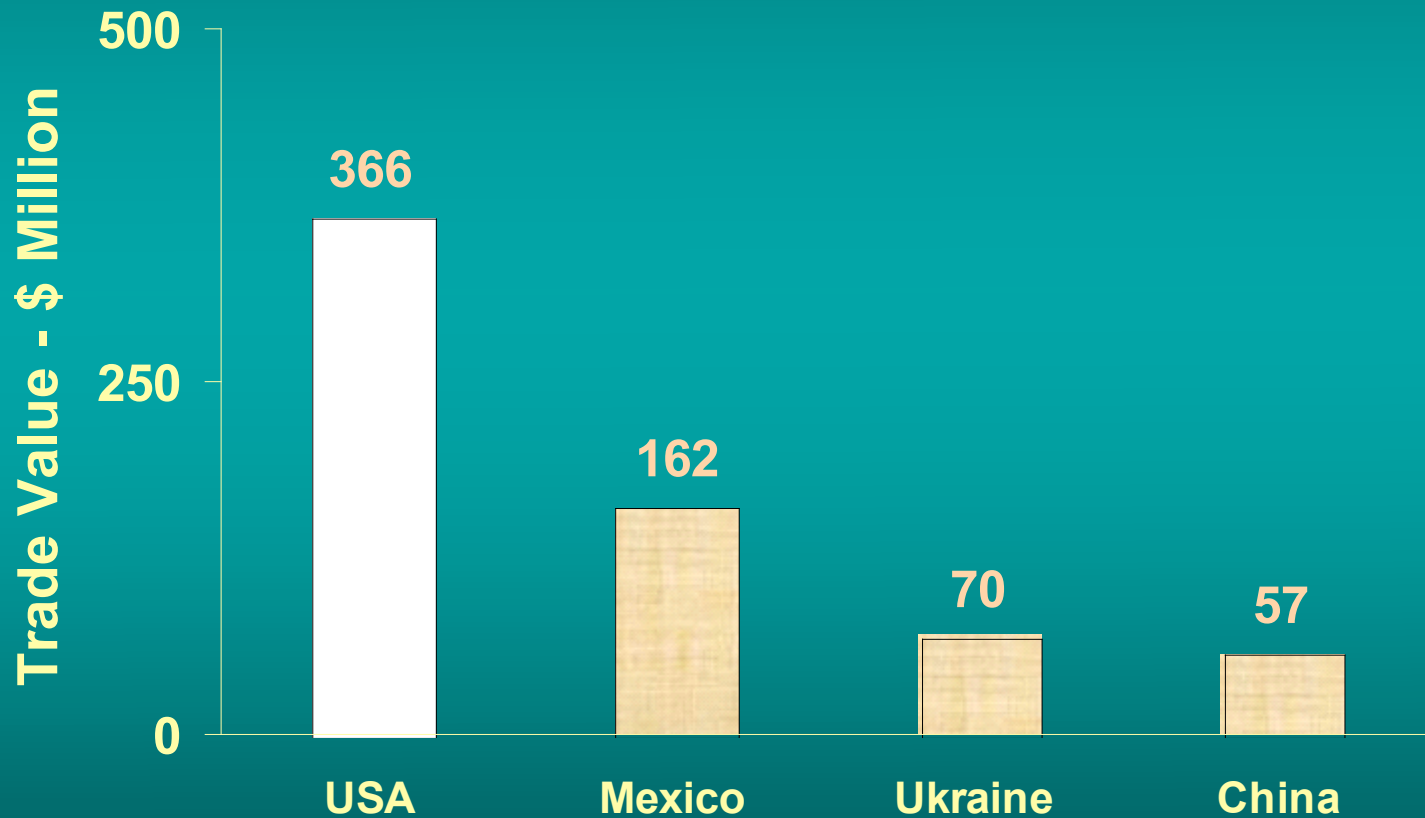
US ALMOND EXPORTS PARTNERS 2006

\$ 1,540 Million (\$1.5 Billion)



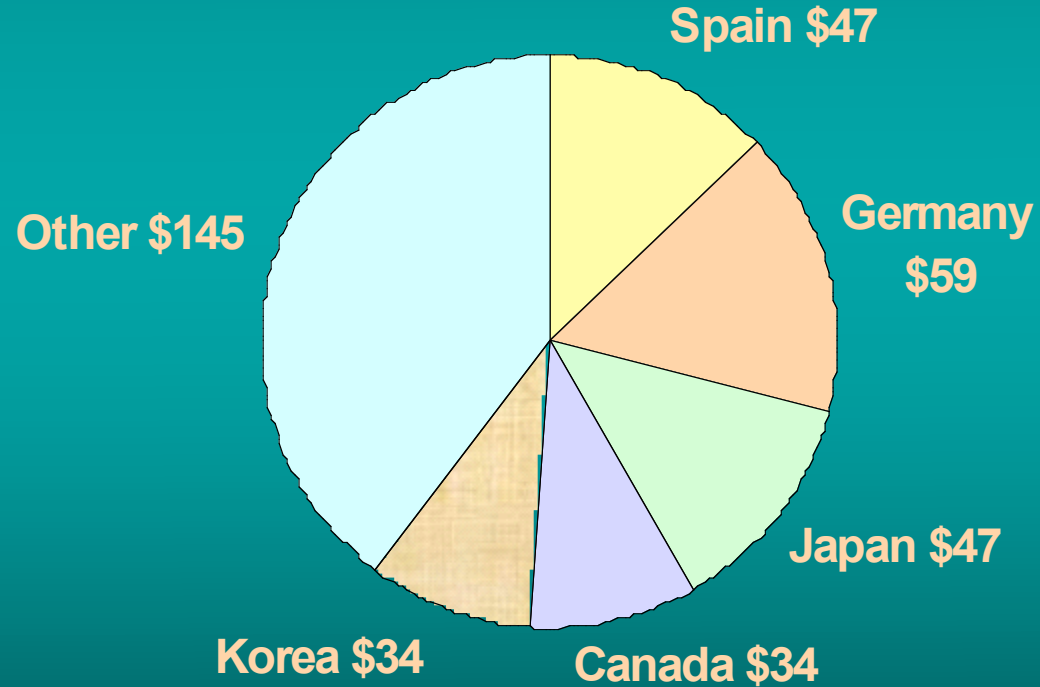
WORLD WALNUT EXPORTS 2006

\$764 Million



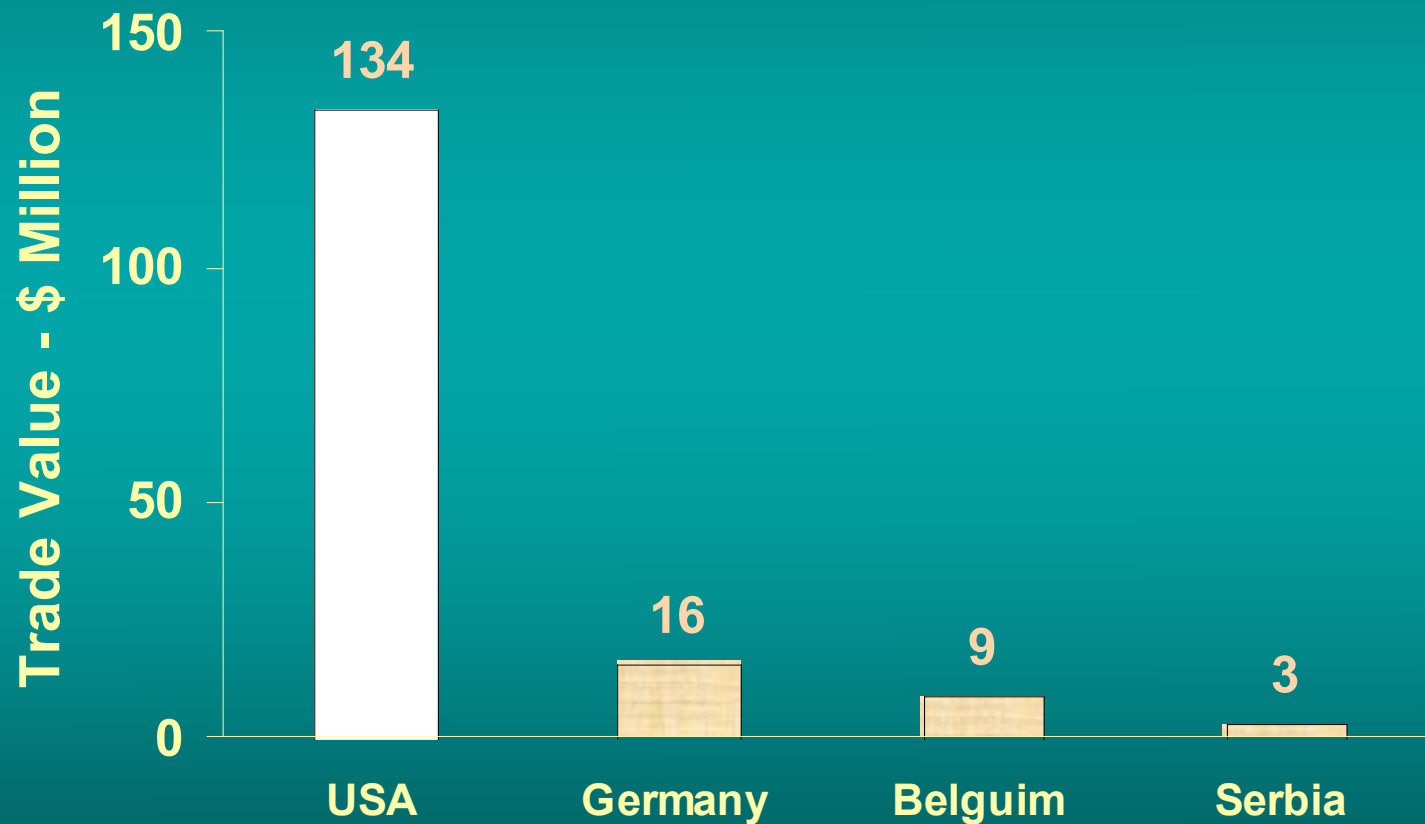
US WALNUT EXPORTS PARTNERS 2006

\$366 Million



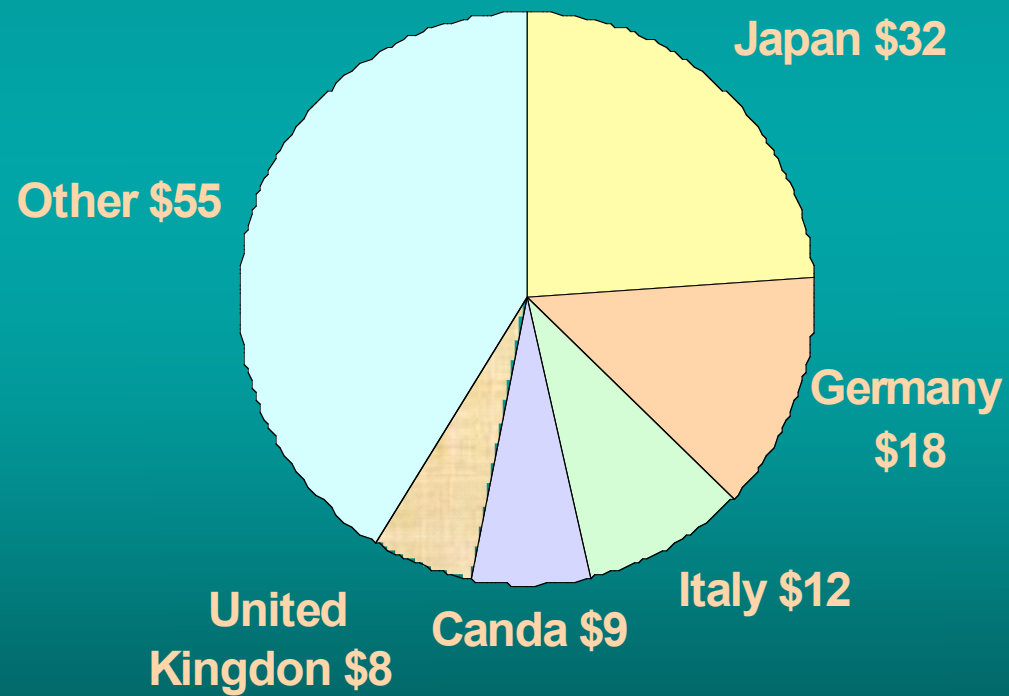
WORLD PRUNE EXPORTS 2006

\$169 Million



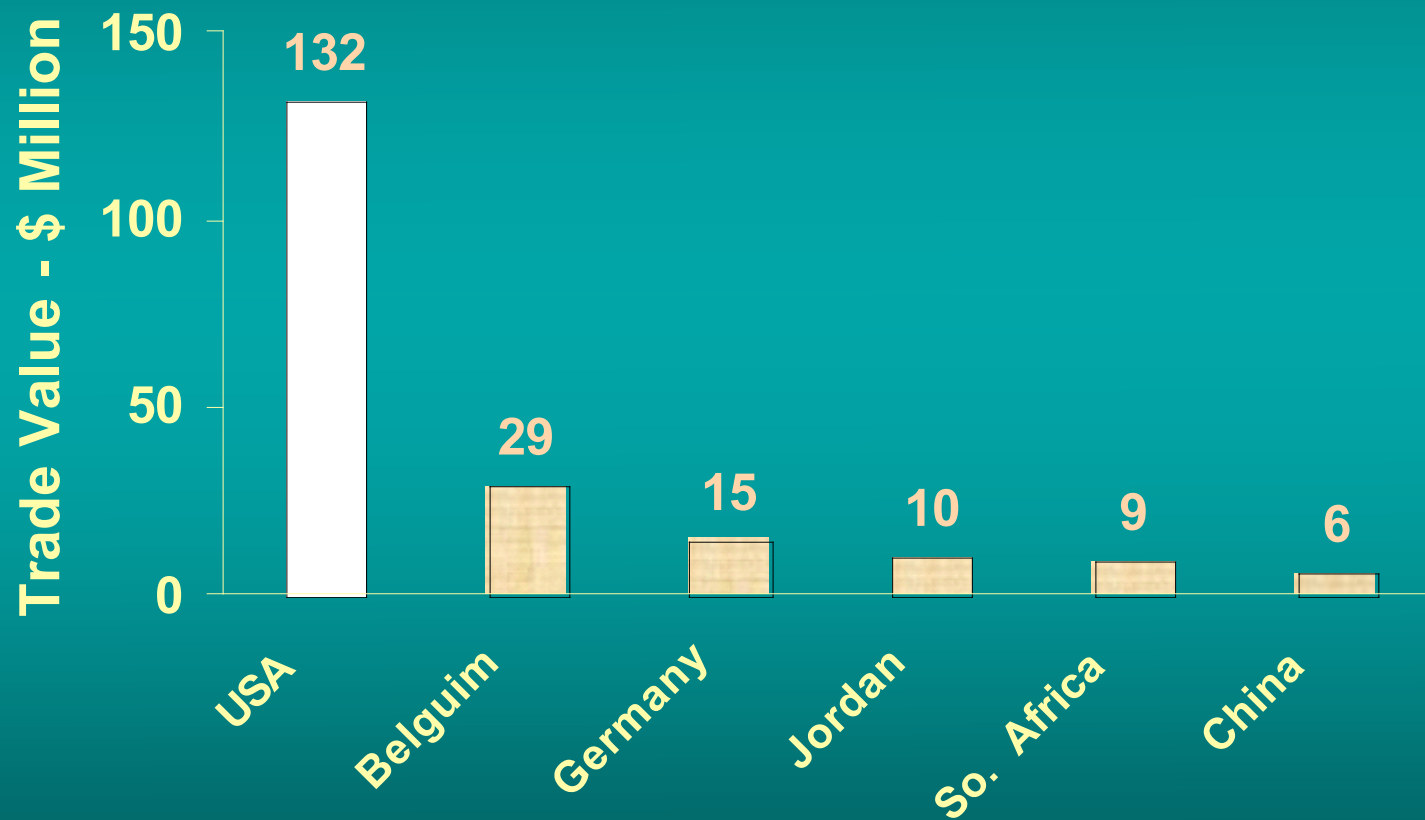
US PRUNE EXPORT PARTNERS 2006

\$134 Million



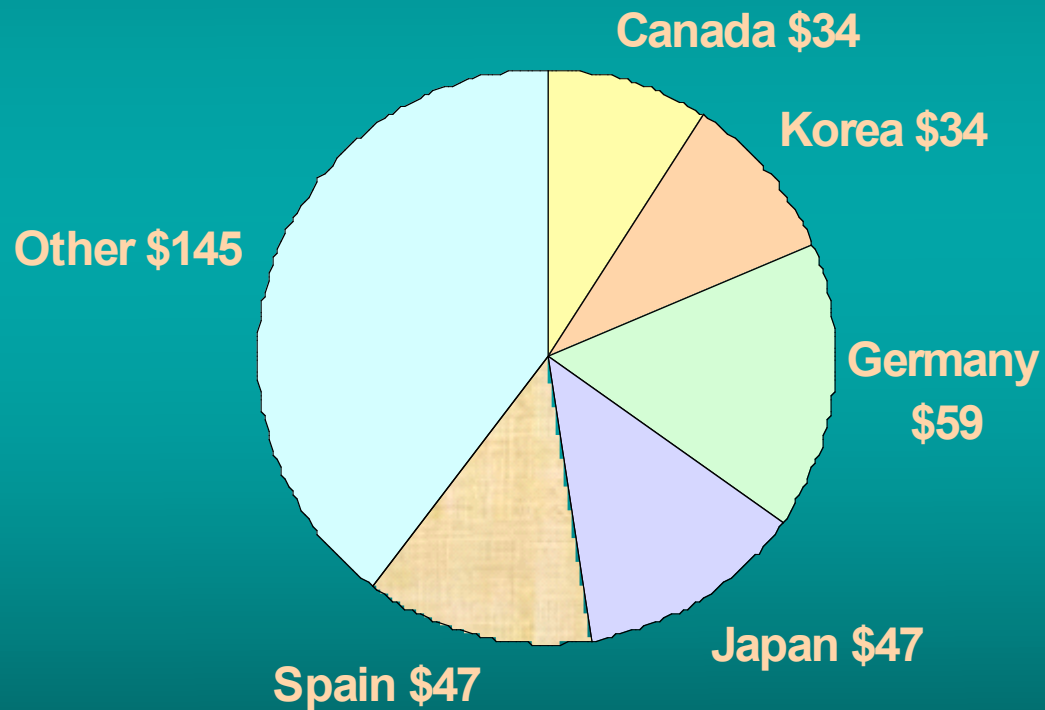
WORLD FRESH PEACH EXPORTS

\$218 Million - 2006

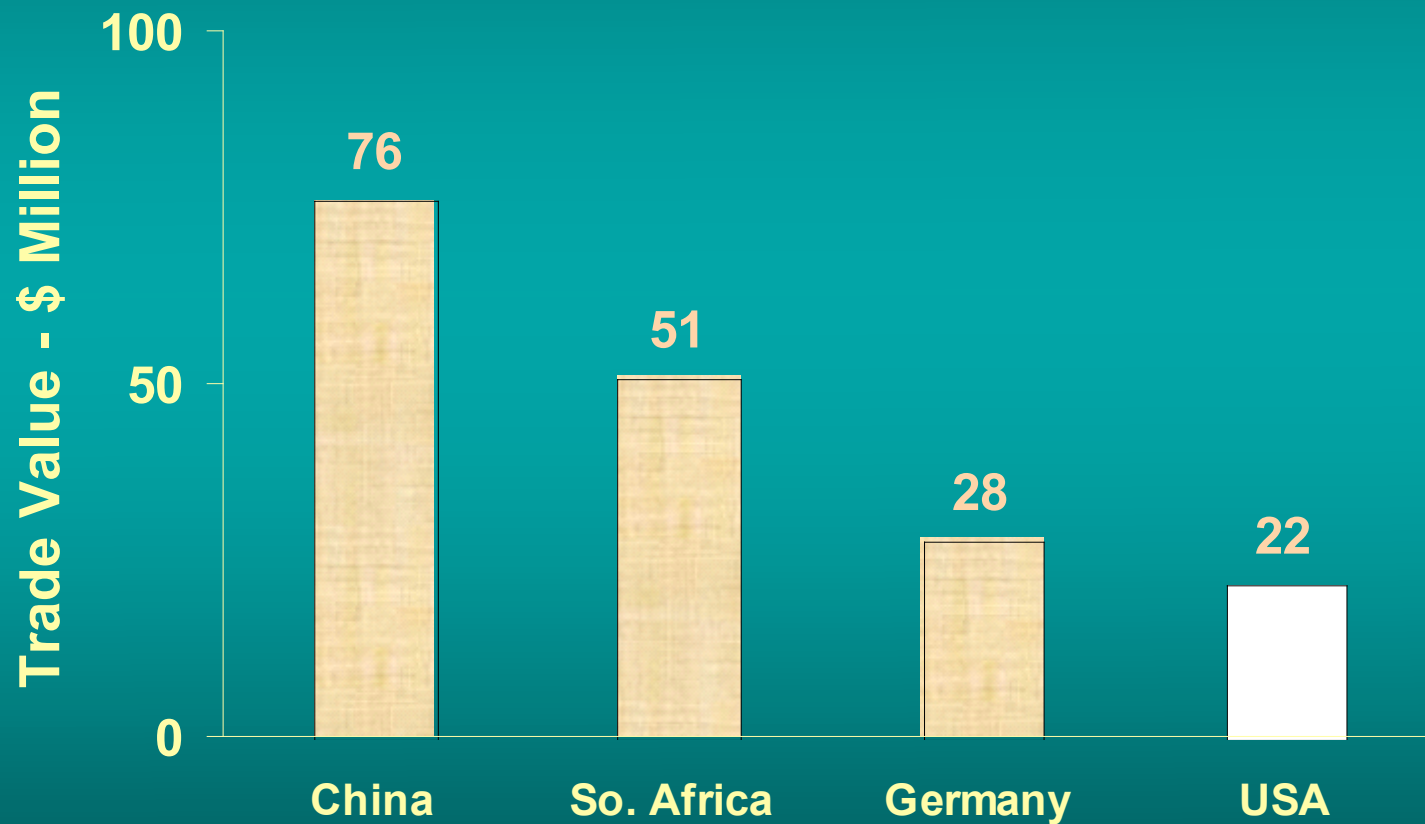


US FRESH PEACH EXPORTS PARTNERS 2006

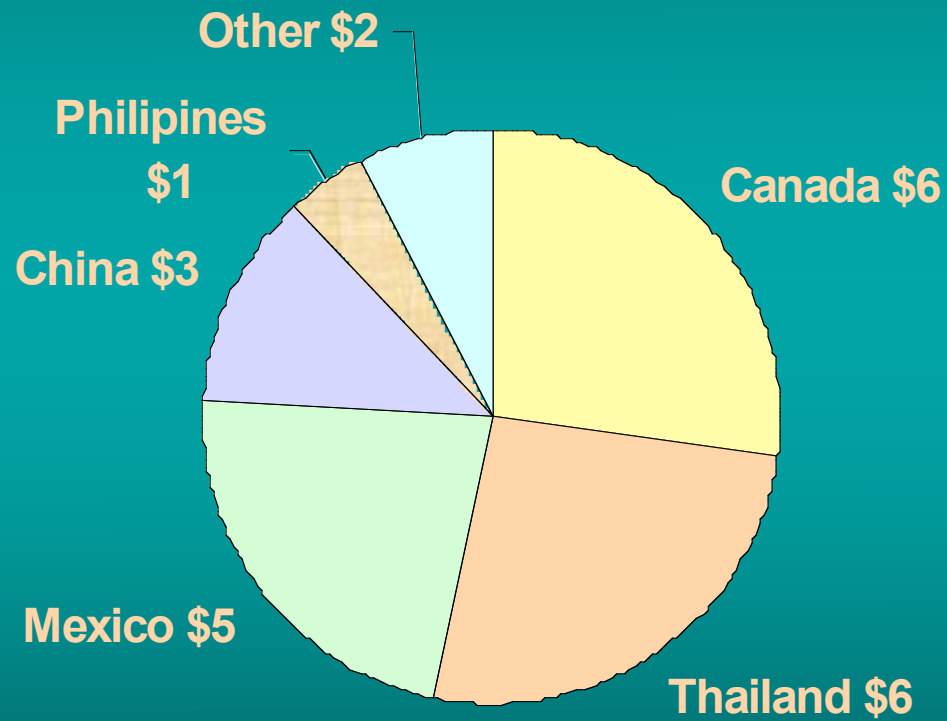
\$ 132 Million



WORLD CANNED PEACH EXPORTS \$ 194 Million - 2006



US CANNED PEACH EXPORTS PARTNERS 2006 \$22 Million



FACTORS *to* CONSIDER



Expected Revenue



Costs of Production



Consumption



Domestic & international competition



World trade position



Treaties, Tariffs, and subsidies

Tree Crop 2007 Tariffs *in the US*

| Crop | | Tariff Rates | % |
|---------------|----------|--------------|--------|
| Almonds | In shell | \$0.121/kg | 3.4% |
| | Shelled | \$0.375/kg | 9.9% |
| Walnuts | In shell | \$0.11/kg | 4.88% |
| | Shelled | \$0.331/kg | 22.26% |
| Dried Plums | | \$0.02/kg | 14% |
| Cling Peaches | | \$0.014/kg | 16.3% |

http://www.fas.usda.gov/scripts/wtopdf/wtopdf_frm.asp

Converted to % using 2002
Prices, ERS/USDA

TREE CROPS 2007 TARIFFS FACING *the* US

| | | China | Korea | Japan | EU |
|------------|----------|-------|-------|-----------------|------------------|
| Almonds | In shell | 30% | 45% | 2.4% | 5.6% |
| | Shelled | 30% | 21% | 2.4% | 3.5% |
| Walnuts | In shell | 40% | 45% | 10% | 4% |
| | Shelled | 40% | 30% | 10% | 5.1% |
| Prunes | | 40% | 18% | 2.4% | 9.6% |
| C. Peaches | | 40% | 54% | 6.7% - 29.8% | 15.2% - 46.5% |

http://www.fas.usda.gov/scripts/wtopdf/wtopdf_frm.asp

Source: WTO