

## Fruit Industry Outlook – 2004 (Retrospective) / 2005

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**Summary:** Colorado's tree fruit industry experienced a good year in 2004. Production was 90 - 100% for everything except wine grapes( 85% of 2003's record production). Prices were strong for peaches, apricots, prune plums, and sweet cherries and were very good for fresh market pears. Peaches matured earlier than normal, which caught both consumers and growers off-guard and reduced pack-outs because of soft, overripe fruit. But Colorado peaches were able to compete well in the marketplace in spite of unusually high national peach production and the concomitantly strong competition from other peach production areas. Apple prices were only satisfactory for the 2003 crop sold in early 2004 and started out OK in early fall 2004, but they began to weaken in late 2004 because of the unexpectedly large Washington apple crop in 2004. Late winter dieback of vines limited wine grape production to around 1,200 tons (estimated); crop quality was reported by winemakers to be excellent, however. Grape production and winery capacity were closely balanced in 2004, but grape production is anticipated to increase and possibly reach 2,000 tons as early as next year. There were over 50 Colorado wineries as of late 2004, but many of them had relatively limited capacity. The question will be whether production will exceed winery capacity in 2005. Prices for all fruit held fairly well for most of 2004; it is hoped that will continue in 2005, although prices for the 2004 apple crop seem likely to decline in 2005 due to the very large crop in Washington state. Marketing of organic fruit from Colorado continues to require greater effort due to increased competition from organic producers in other areas (Washington, etc.). Peaches, apples, pears, and grapes lead all Colorado fruit crops in total crop valuation at this time.

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Colorado's fruit industry enjoyed a reasonably good year in 2004, with near normal production and good prices. Early fruit crops (apricots, sweet cherries, early peach and nectarine varieties) began maturing about 2 weeks earlier than normal. This surprised both growers and consumers and resulted in overly ripe peaches (too soft for shipping) and increased cullage during much of the season. Harvest dates finally shifted back closer to normal toward the end of the growing season. Peaches nationally were in oversupply, and markets for Colorado peaches were slow initially because consumers did not expect them that early. But, once the normal window for peach availability arrived, Colorado growers were able to reclaim their markets and maintain higher prices because of the reputation of Colorado peaches. Other fruit commodities also were able to maintain excellent to adequate prices through the season. Production of apricots and prune plums was near 100% of normal, tart cherries near 95%, and sweet cherries and pears near 90%. Pear growers faced challenges in obtaining adequate size for placement in the fresh market and fruit quality issues relating to insect damage, especially in low-input and organic systems. Apples were near 100% production with prices starting out good in early fall 2004 but weakening by December, 2004; prices received in 2004 for the 2003 crop were satisfactory for the entire shipping season. Bitterpit (calcium deficiency) and stink bug damage incidence was up in 2004, probably because of smaller margins for growers and attempts to reduce input costs by skipping spray applications needed to preclude damage in apples and pears. Peaches, apples, pears, and grapes continue to lead all Colorado fruit crops in crop valuation at this time.

Drought remained a concern in 2004, but water supplies in the most impacted areas lasted until early September 2004 and more precipitation was received during September. The outlook for water supplies in 2005 is guardedly optimistic at this time with good early winter snowpack levels.

Colorado's grape growers experienced some vine dieback in late winter / early spring, but still harvested an estimated 1,000 - 1,200 tons in 2004 (compared to a record 1,600 tons in 2003). Winemakers reported excellent quality for the crop. Vineyard acreage continues to expand. Further increase in production is expected for 2005 if weather conditions are favorable between winter 2004/2005

and the 2005 fall harvest. Production could reach 2,000 tons next year. The question then will be whether the winery capacity within the state will be able to handle the increased production; it was very close to capacity in 2003 and 2004 even with over 50 wineries in the state. Grapes currently are third in acreage, but they continue to increase in acreage and soon may challenge apple for second.

Challenges faced by Colorado's fruit industry for 2005 include insuring adequate fruit size in peaches and pears, maintaining fruit quality (all crops), and balancing increased wine grape production with winery capacity. Fruit size is critical in sales of peach and pear; there is no position in the fresh market for small peaches or pears even if they are top quality. Minimum size (diameter) now is  $2\frac{3}{4}$  inches for peaches and  $2\frac{1}{2}$  inch for pears. Pears with more than 10% of the skin surface damaged are not salable in the fresh market and are diverted to the lower return processor market regardless of whether they are large or not. Shrinking returns and increasing costs have led some low-input and some organic apple and pear producers to reduce control programs for pests and nutrient deficiencies. This increases risk of lower fruit quality for themselves and, in the case of pests, for their neighbors. Better attention to fruit maturation in peaches will be needed during years with unusually early fruit development in order to reduce cullage due to fruit softening. And a balance needs to be developed between production of and demand for different wine grape varieties by growers and wineries, respectively.