

Fruit Industry Outlook – 2007 (Retrospective) / 2008

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Summary: Colorado's fruit production in 2007 was reduced by sub-zero temperatures in late November, 2006 and by late spring frosts in 2007 in many locations. Pears were closest to a full crop (~90%); production for other fruit crops ranged from 65% (peaches) to 50% (apples and wine grapes) to 10% (sweet cherries). Prices for all fruit crops were good, however, with estimated crop valuations ranging from \$13 million (peaches) to \$5-6 million (apples) to \$1.2 - 1.4 million (grapes and pears) for the major crops. Value of the 2007 wine vintage is projected to be around \$12 - 14 million based on use of a conservative 10x multiplier. Wine grape production and winery capacity appear to have reached a balance in 2007 through expansion of existing winery capacity and addition of new wineries. Agricultural labor availability was an issue for some growers, and only the lower crop production kept the situation from becoming critical. Demand for Colorado fruit is excellent and continues to increase, outstripping supply in some cases. Prices were good to outstanding, especially for organic Honeycrisp apples and organic sweet cherries. Challenges for 2008 include obtaining needed agricultural labor for fruit production and harvest, maintaining fruit quality and size, reclaiming previous market share lost because of reduced crop availability in 2007, and minimizing crop damage from cold injury, pests, and birds. Wine grape acreage continues to increase and is expected to exceed that of apple by 2008 or 2009, with grapes becoming the second largest acreage fruit crop for the state at that time.

Colorado's fruit industry experienced a difficult season in 2007. Sub-zero temperatures in the North Fork Valley of the Gunnison River on Nov. 30, 2006, following a relatively mild fall, killed fruit buds on most tree fruit and wine grape crops in that area. Spring frosts in April and May, 2007 killed or damaged many buds on fruit trees and grape vines in the lower elevation areas of Mesa County. As a result, no fruit crops had 100% of normal production in 2007. Pears came closest to a full crop potential for the season with 90% of a full crop; peaches (65%), grapes and apples (50%), and sweet cherries (10%) lagged behind pears. Labor availability was a great problem, but reduced production allowed the most of the fruit industry to get by with what labor was available. Peaches, apples, grapes, pears, and sweet cherries continued to lead all Colorado fruit crops in crop acreage and valuation at this time.

Peaches and nectarines in Delta & Montrose Counties were impacted by both the Nov. 2006 freeze and by late spring frosts. Mesa County orchards were impacted most by late spring frosts which increased incidence and severity of split-pits and soft-suture (premature ripening of the suture or crease portion of peach fruit); these problems were exacerbated by unusually hot early summer temperatures, and incidence was great enough that harvest of fruit in some orchards was abandoned because of it. But flavor was outstanding and prices were good to excellent as Colorado peaches continued to be in high demand on a national basis. Peaches continue to lead all fruit crops in acreage with an estimated 2,100 acres. Crop valuation was estimated at \$13 million.

Apple acreage continued to decline from an estimated 1,300 acres in 2006 to an estimated 1,100 acres in 2007. Spring frosts in Delta and Montrose reduced apple production to only ~50% of a full crop. Codling moth control problems also reduced production in some orchards, typically due to late season infestations where sprays were stretched too long for effective control. Prices held well, especially for organic Honeycrisp which was in short supply nationally. Juice apples were in greater demand and prices for such were higher. Crop valuation was estimated at \$5-6 million because of higher prices in 2007.

Vineyard acreage of wine grapes continued to increase and is estimated to be 900 - 1,000 acres, with more acres reaching bearing age in 2007. The estimated 900 - 1,000 tons production (down from 1,800 tons in 2006) represented approximately 50% of a full potential crop with the increase in acreage of vines of bearing age. Demand exceeded supply, and all salable production was used in 2007. Harvest

began and finished early because of the early start to the season, and winemakers report that the crop had excellent quality. Prices were comparable to those in 2006 and crop valuation was estimated at \$1.2 - 1.4 million. With a conservative 10x value-added multiplier, valuation of the wine for the 2007 crop was estimated at \$12 - 14 million. With continued expansion of grape acreage and decline in apple acreage, wine grapes are expected to surpass apple in crop acreage and become the second largest acreage fruit crop within Colorado by 2008 or 2009.

Pear acreage continued to hold at around 300 acres, and producers had ~90% of a full crop w/ excellent quality & size. This allowed higher pack-outs for fresh market use rather than sending crop to processors. Prices were good to very good, and crop valuation is estimated at \$1.3 million.

Sweet cherry acreage was estimated at 300 acres. Severe early winter freeze (-10 to -15 °F the night of Nov. 30, 2006) and late spring frosts reduced production to only 10% in 2007. Demand and prices were excellent, especially for organic sweet cherries, with the extremely short crop making it difficult to meet consumer demand. New control options for the primary sweet cherry pest, western cherry fruit fly, have proven to be very effective for both organic and conventional producers. As a consequence, impact of this pest has declined dramatically within the past several years.

Challenges faced by Colorado's fruit industry for 2008 include obtaining needed agricultural labor for pruning / thinning / harvest, ensuring adequate fruit size in peaches and pears, maintaining fruit quality (all crops), and getting fruit buds through the winter and spring cold injury risk periods. 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 2¾ inches for peaches and 2½ 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. European paper wasp injury to sweet cherries and grapes was less of a problem in 2007, but attention to that pest is an issue that will need to be monitored. And better options to control bird damage to ripening fruit are needed. The increase in bearing acreage for wine grapes is likely to provide a new record production in 2008 (2,000 to 2,400 tons is expected if cold injury in winter or spring does not interfere). All fruit crops entered the winter with adequate moisture and gradual cool-down to winter temperatures to minimize winter injury to buds. However, any severe cold outbreaks in winter or spring could change this expectation.