



WORLD MARKETS AND TRADE

April 2008

2007/08 Global Concentrated Apple Juice

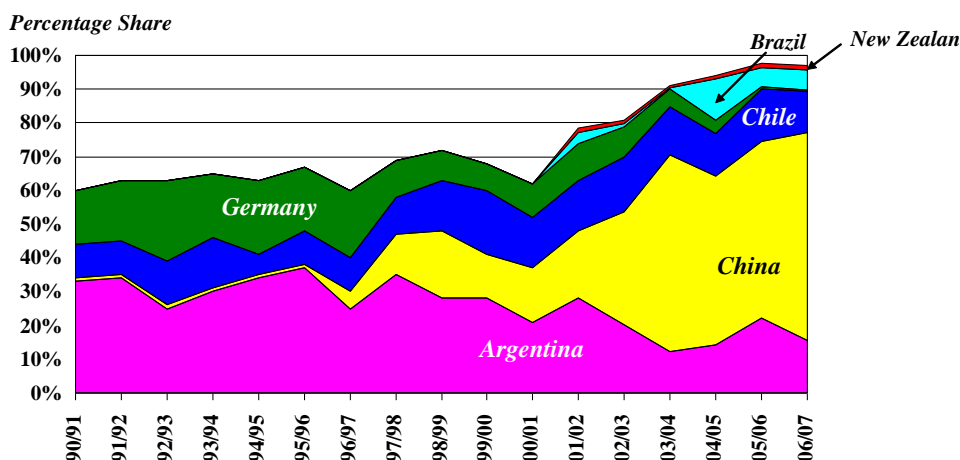
Summary

As the world's top apple producer, China continues to be the driving force with more production and exports in the world market. The United States, one of the world's largest importers, is expected to import about 30 percent more than 2006/07 despite a 70 percent jump in import values (Jul-Jan). Global apple juice trade is expected to have another record year in 2007/08.

Imported Concentrated Apple Juice from China Booming

China is, by far, the world's top apple juice producer reaching 1 million tons for the first time. Shipments to the United States are nearly twice what they were July through January last year and are set to exceed all of last year's trade in less than eight months of this year. Of the U.S. import market share last year (2006/07), China reached 65 percent, up from 50 percent the previous year and now stands to claim nearly 75 percent for marketing year 2007/08. The limited market share that Argentina, Chile, Brazil, and the EU-27 had is now being edged out by this least cost producer.

U.S. Apple Juice Import Market Share



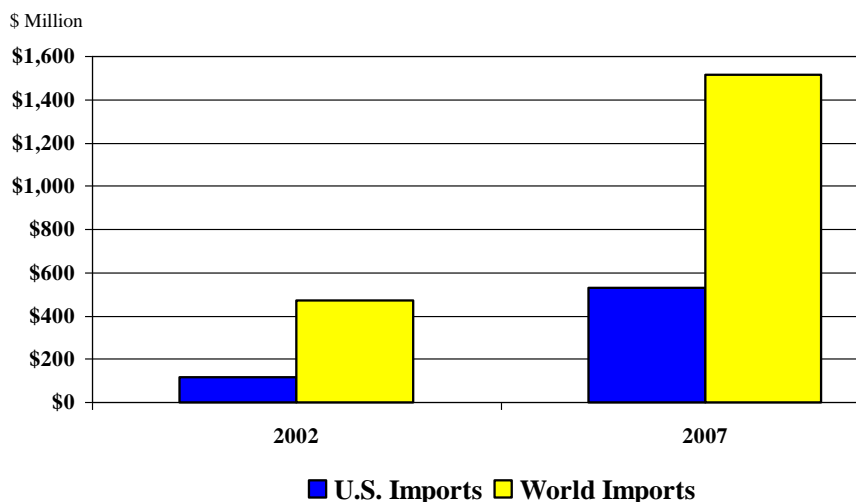
Source: U.S. Department of Commerce, Bureau of the Census
 *Effective January 1, 2002 the HS Code for apple juice changed and data for 1994-2001 and 2001-2006 may not be directly comparable. Prior to 2001/02, HS Code 20097000 for apple juice is used. 2002/03 to present, HS Code 20097900 (concentrated apple juice) is used.

China is easily the best deal around but with the weaker dollar and astronomical demand it is not the deal it was last year. Strong global demand (driven in part by higher world orange juice prices leading to stronger demand for alternatives) and a shortage of juicing apples in China have forced Chinese producers to tap into their higher priced fresh market. Crushing companies are paying double what they paid last year to purchase apples. For the United States, import values in January alone are 1.5 times higher than they were in January 2007 and the higher input costs for U.S. beverage manufacturers are going to have far reaching consequences. While inventories work through the system, the initial effect on retail prices will be marginal. However, beverages containing concentrated apple juice will increase in price in the coming months adding to the overall hike in current food prices.

Global Concentrated Apple Juice Trade Continues to Set New Highs

In 2007, the value of juice imports boomed to \$1.5 billion, up from \$1 billion in 2006. By value, the EU-27 and the U.S. are tied at 35 percent or together make up 70 percent of global imports. By volume, the EU-27 just surpasses the U.S. as the top world importer with 39 percent of trade compared to the U.S. at 36 percent. Other importers include Japan, Russia, Canada, Australia, and South Africa.

**World Trade in Apple Juice
Growing Rapidly, Trade Exceeds \$1.5 Billion**



In addition to China, Argentina, the EU-27, Chile, and Brazil also supply juice to the world market. Production in Argentina is expected to fall this year with less fruit available to processors. Argentina typically exports nearly all of their production, most going to the United States. Chile's production also reflects foreign demand but like many producing countries, processing-apple availability is tight. If current weather should hold this year, good quality will again strap processors. Their domestic industry is beginning to encourage farmers to increase production of sour-type apples that are well suited for processing so as to avoid reliance on fresh market apples that do not make the export market.

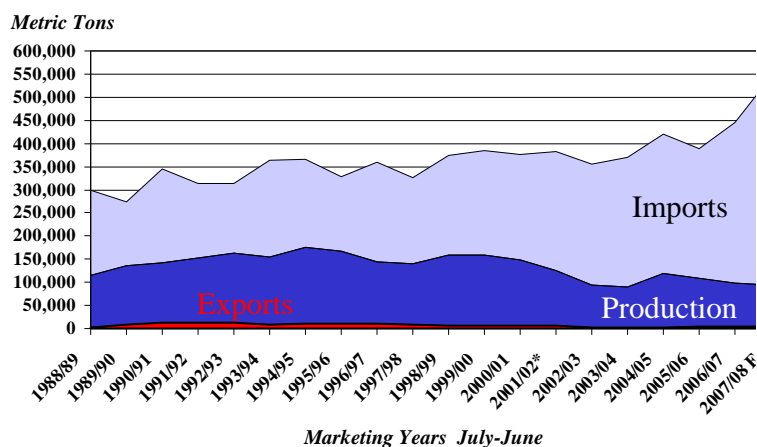
While Imports Surge, U.S. Apple Juice Production Continues To Decline

U.S. utilized apple production for marketing year (MY July-June) 2007/08 is down 6 percent from last season at 4.2 million tons according to the January release of the National Agricultural Statistics Service (NASS) 2007 Non-citrus Fruits and Nuts Preliminary Summary. U.S. apple juice production for marketing year (MY July-June) 2007/08 is expected to be 5 percent lower than last season at 91,000 tons with fewer apples available for the juice market.

A high-quality harvest of fewer apples translates into a tighter domestic juice market. In recent years, domestic production has accounted for about 25 percent of consumption. However, with tighter supplies and growing availability from China, domestic production is expected to account for only about 15 percent of consumption. In addition, growing apple product markets are offering more favorable options for apple processors.

In the United States, a small portion of apples are grown just for juicing. Most juice apples are culled fruit from fresh packing lines. During 2006/07, about 64 percent of all apples went into the fresh market, the rest, or about 36 percent were processed. Of the processed apples, 45 percent went to the juice and cider market or about 16 percent of total apple production. About 3.4 billion pounds of apples were processed during 2006/07 for products including canned, juice, frozen, dried, and fresh slices. The National Agricultural Statistics Service (NASS) will publish estimates for 2007/08 processed utilization on July 8, 2008.

U.S. Apple Juice Production Declines as Imports Increase



Source: U.S. Department of Commerce, Bureau of the Census. F= Forecast *Effective January 1, 2002 the HS Code for apple juice changed and data for 1994-2001 and 2001-2005 may not be directly comparable. Prior to 2001/02, HS Code 20097000 for apple juice is used. 2002/03 to present, HS Code 20097900 (concentrated apple juice) is used.

For more information, contact Heather Velthuis at 202-720-9792, heather.velthuis@usda.gov.

CONCENTRATED APPLE JUICE: PRODUCTION, SUPPLY, AND DISTRIBUTION IN SELECTED COUNTRIES
METRIC TONS

COUNTRY MKTG YEAR	BEGINNING STOCKS	PRODUCTION	IMPORTS	TOTAL SUPPLY	EXPORTS	DOMESTIC CONSUMPTION	TOTAL DISTRIBUTION
ARGENTINA							
2005/06	13,933	60,000	400	74,333	60,000	3,000	74,333
2006/07	11,333	62,000	300	73,633	67,000	3,000	73,633
2007/08	3,633	60,000	0	63,633	60,000	3,000	63,633
CHILE							
2005/06	229	67,000	0	67,229	66,210	600	67,229
2006/07	419	46,600	0	47,019	46,000	600	47,019
2007/08	419	60,170	0	60,589	59,600	650	60,589
CHINA, PEOPLES REPUBLIC OF							
2005/06	121,047	540,000	132	661,179	613,766	46,000	661,179
2006/07	1,413	970,357	354	972,124	895,611	50,000	972,124
2007/08	26,513	1,000,000	120	1,026,633	930,000	45,000	1,026,633
HUNGARY							
2005/06	0	36,190	9,400	45,590	32,200	13,390	45,590
2006/07	0	37,880	6,000	43,880	29,500	14,380	43,880
2007/08	0	11,200	10,000	21,200	13,200	8,000	21,200
ITALY							
2005/06	6,500	62,000	15,000	83,500	70,000	12,000	83,500
2006/07	1,500	62,000	18,500	82,000	70,000	12,000	82,000
2007/08	0	62,000	19,000	81,000	70,000	11,000	81,000
NEW ZEALAND							
2005/06	0	20,400	4,270	24,670	11,650	13,020	24,670
2006/07	0	17,710	7,700	25,410	8,410	16,000	25,410
2007/08	1,000	18,020	6,000	25,020	9,020	16,000	25,020
POLAND							
2005/06	3,000	185,000	47,965	235,965	226,965	7,500	235,965
2006/07	1,500	230,000	14,000	245,500	232,500	9,500	245,500
2007/08	3,500	90,000	40,000	133,500	123,000	8,000	133,500
SOUTH AFRICA, REPUBLIC OF							
2005/06	0	26,850	10,182	37,032	14,859	22,173	37,032
2006/07	0	25,900	10,000	35,900	14,400	21,500	35,900
2007/08	0	30,800	10,000	40,800	17,000	23,800	40,800
SPAIN							
2005/06	12,370	24,129	15,479	51,978	37,758	9,800	51,978
2006/07	4,420	19,400	25,422	49,242	40,000	9,000	49,242
2007/08	242	19,000	25,000	44,242	32,500	8,700	44,242
TAIWAN							
2005/06	150	0	6,100	6,250	38	6,112	6,250
2006/07	100	0	3,946	4,046	78	3,868	4,046
2007/08	100	0	4,500	4,600	85	4,415	4,600
UNITED STATES							
2005/06	0	105,277	280,637	385,914	3,457	382,457	385,914
2006/07	0	95,528	347,174	442,702	3,506	439,196	442,702
2007/08	0	90,875	448,053	538,928	3,681	535,247	538,928
TOTAL APPLE JUICE REPORTING COUNTRIES							
2005/06	157,229	1,126,846	389,565	1,673,640	1,136,903	516,052	1,673,640
2006/07	20,685	1,567,375	433,396	2,021,456	1,407,005	579,044	2,021,456
2007/08	35,407	1,442,065	562,673	2,040,145	1,318,086	663,812	2,040,145

3/31/2008 7:15:43 PM

PRODUCTION FIGURES BASED ON THE JANUARY 23, 2008 NASS NONCITRUS FRUITS AND NUTS PRELIMINARY SUMMARY REPORT.