

largest suppliers of U.S. fresh-market apples. Among these top suppliers, imports were down 19 percent from Canada and 11 percent from New Zealand, but were up 23 percent from Chile.

During the same period, U.S. exports of fresh apples increased 44 percent to 1.6 billion pounds. Exports were up to all major markets, including Mexico, Taiwan, Canada, Hong Kong, Indonesia, and the United Kingdom.

U.S. imports of apple juice and cider from August 2000 through June 2001 totaled

286.1 million gallons, up 2 percent from the same period a year earlier. Although smaller volumes were shipped from large suppliers such as Argentina and Chile, imports were up sharply from China, Italy, Germany, Hungary, and New Zealand. During the same period, U.S. apple juice exports declined. At nearly 7 million gallons, exports were down 21 percent, reflecting reduced shipments to Japan and Canada, the two leading export markets. **AO**

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Specialty Crops

Tracking Wholesale Prices for Organic Produce

Organic agriculture is one of the fastest growing segments of the U.S. food sector. However, collection of data (e.g. on prices) for this component of U.S. agriculture has lagged the industry's growth.

Industry sources estimate that retail sales of organic products grew from \$847 million in 1991 to \$1.95 billion in 1996, reaching \$7.8 billion in 2000. Produce accounted for 42 percent of U.S. organic food sales in 2000, according to the market research firm Packaged Facts. Trailing produce were packaged groceries (15 percent), dairy products (11 percent), bulk and frozen foods (8 percent each), soy-based products (6 percent), beverages (5 percent), meat (3 percent), and snacks and candy (2 percent).

Limited data on acreage, retail sales, and farm and wholesale prices for organic products are available from USDA and private sources. For example, USDA's Agricultural Marketing Servicing (AMS) and Economic Research Service (ERS) have periodically collected and published data on certified organic acreage during the 1990s (AO April 2000).

For organic produce, AMS's Market News has occasionally included wholesale prices for organic items in its daily wholesale fruit and vegetable reports, which

cover terminal markets in 15 U.S. cities, including Atlanta, Dallas, and Seattle.

Organic produce prices first appeared in the Boston and Philadelphia *Wholesale Fruit and Vegetable Report* in 1992. Since then, Market News has occasionally reported organic prices in six other wholesale markets.

Reported prices reflect transactions by wholesalers for sales of less than a carload or truckload and for products that are of good quality and condition, unless otherwise noted. Market News staff strive to report prices on the full range of produce available at the market facilities they are covering, except when volume is extremely low.

A Snapshot of Boston's Wholesale Market

Boston is the only city for which Market News consistently reports organic prices. The wholesale facility there lends itself to the reporting process. It is relatively small with all produce gathered in a fairly compact area, while other markets move more volume and are larger and less centralized. For example, several wholesale facilities in New York handle a greater volume, with mainstream produce sold through Hunts Point and specialty commodities sold in Brooklyn or at other off-market sites.

Since January 2000, the *Boston Wholesale Fruit and Vegetable Report* has included prices for organic items over 85 percent of the time. The report typically contains prices on about 10 types of organic vegetables and fruit, such as potatoes, mushrooms, and bananas. Although the number and type of commodities reported varies widely from day to day, the report routinely contains prices for organically grown broccoli, carrots, and mesclun mix (a blend of baby lettuces).

In the Boston wholesale market, each of the three vegetables had its own price pattern and a different price relationship with its conventional counterpart during 2000-01. Organic broccoli followed a wholesale price pattern similar to conventional broccoli. Organic carrots carried higher price premiums during the first half of 2000 than the last half. And organic mesclun prices followed those for conventional mesclun closely, occasionally falling below conventional prices.

Organic broccoli wholesale prices during 2000-01 showed the highest volatility of the three organic commodities routinely reported in Boston. Conventional and organic prices showed a cyclical pattern and peaked during May and November 2000 and July 2001. Organic prices started their peaks before conventional prices rose, dropping off after prices for conventional broccoli returned to normal price levels. During 2000-01, premiums for organic broccoli averaged over \$13 for a 14-count bunch, or 130 percent of the conventional price.

While price premiums for *organic carrots* were clearly present in the Boston market in 2000-01, price patterns did not necessarily follow those of conventional carrots. Conventional carrots remained more or less stable, with prices ranging from \$9.50 to \$14 per container (sacks of 24-count 2-lb. film bags) and averaging \$11.27 since January 2000. Prices for organic varieties, on the other hand, were comparatively volatile, varying between \$17.50 and \$35 during 2000-01. Price premiums for organic carrots averaged over \$14 per container, or more than 125 percent of conventional prices.

Organic mesclun, sourced from California, did not carry as high a price premium

Briefs

What Is “Organic?”

Organic farming systems rely on ecologically based cultural practices such as biological pest management, virtually exclude the use of synthetic chemicals in crop production, and prohibit the use of antibiotics and hormones in livestock production. Congress passed the Organic Foods Production Act of 1990 to establish national standards for organically produced commodities, and USDA promulgated final rules for implementing this legislation in December 2000. These regulations require all except the smallest organic growers to be certified by a state or private agency accredited under the uniform standards developed by USDA.

USDA is currently implementing the organic regulations. All agricultural products that are sold, labeled, or represented as organic must be in compliance with the regulations by the end of an 18-month transition period ending in late 2002. For further information, visit the website of USDA's Agricultural Marketing Service, National Organic Program at www.ams.usda.gov/nop.

as its carrot and broccoli counterparts during 2000-01. Prices for 3-pound bags of organic mesclun mix were sometimes actually below levels of the conventional variety. (Since the greens are harvested when they are young, they are not in the ground long enough to be prone to insects and diseases. Therefore, pest management costs for organic varieties are similar to those of conventional mesclun.) Prices for both varieties showed no particular pattern, with peaks in November and December reflecting the end of the California mesclun season. The average price premium for 3-lb. bags of organic mesclun was \$0.68, or just over 10 percent of conventional mesclun prices during the previous 17 months.

Limited Organic Reporting for Other Wholesale Markets

In contrast to its Boston coverage, Market News has only occasionally reported organic prices for seven other wholesale markets. For example, Market News published daily prices for organic romaine hearts and mesclun mix for the Baltimore market during 2 to 3 months in 1996 and 2000.

Organic prices have been reported by Market News for a wider variety of commodities in the San Francisco market, but only for 1 to 2 months during the last year and a half. Organic vegetable prices—including those for garlic, cabbage, and mesclun lettuce—generally appeared in the San Francisco report between early spring and late summer. Organic fruit listings appeared occasionally throughout the

year and mainly covered bananas, strawberries, grapes, and several varieties of apples. For the New York, Chicago, Detroit, Pittsburgh, and Philadelphia markets, wholesale organic prices have been reported, but only for a few commodities for a few days.

The limited organic prices contained in these and other market reports do not reflect an intentional under-reporting of wholesale organic prices. Since Market News reporters do not set out specifically to record organic prices, reports of organic produce prices are usually issued on a hit-and-miss basis.

While prices for organic broccoli, carrots, and mesclun in Boston's wholesale market differed from the price patterns of their conventional counterparts, these conclusions do not necessarily reflect the entire industry. The price relationships between organic and conventional products reflect price movements of only three vegetables in one wholesale market, and for a relatively short period of time. If and when more organic produce moves through terminal markets, the data may provide a better indication of industry trends. **AO**

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For more information on U.S. organic agriculture, see ERS's organic farming and marketing briefing room, www.ers.usda.gov/briefing/organic. Tables containing monthly averages of the organic wholesale prices, by market and commodity, will be posted in the briefing room later this fall.

For more information on organic wholesale produce prices, contact Terry Long, Chief, Market News Branch, Fruit and Vegetable Programs, AMS, (202) 720-2745, Terry.Long@usda.gov.

Upcoming Reports—USDA's Economic Research Service

The following reports are issued electronically at the times indicated.

October

- 5 *Aquaculture Outlook***
- 12 *World Agricultural Supply and Demand Estimates (8:30 a.m.)*
- 15 *Cotton and Wool Outlook (4 p.m.)***
*Rice Outlook (4 p.m.)***
- 16 *Feed Outlook (9 a.m.)***
*Wheat Outlook (9 a.m.)***
- 17 *Fruit and Tree Nuts Yearbook**
- 22 *Agricultural Outlook**
- 23 *Vegetables and Specialties/Melons Outlook****
- 24 *Oil Crops Situation and Outlook Yearbook**
Foreign Agricultural Trade of the United States (FATUS)/U.S. Agricultural Trade Update (3 p.m.)
*Livestock, Dairy, and Poultry Situation and Outlook (4 p.m.)***

*Release of summary, 3 p.m.

**Available electronically only

***Second issue of the every-other-month electronic-only newsletter that will replace the *Vegetables and Specialties Situation and Outlook* series as of January 1, 2002. The November 2001 *Situation and Outlook* report summary will appear November 15, with a printed and electronic report to follow.