



# WORLD MARKETS AND TRADE

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## Cherry Production & Trade Summary

### Larger Crops Expected in Leading Markets

According to the latest USDA/National Agricultural Statistics Service (NASS) *Cherry Production* report, the U.S. tart cherry crop for marketing year (July-June) 2007/08 is forecast at 133,265 metric tons, up 11 percent from last season. Conditions in the northwest were excellent during bloom and pollination, leading to high yield potential. Sweet cherry production is forecast at 287,913 tons, up 7 percent from last year. If realized, this will be the highest sweet cherry production on record. The United States is the world's second-largest cherry producer, accounting for over 10 percent of world production.

Turkey continues to be the leading cherry producer. A sharp growth in production is expected due to better management practices, pruning, and fertilizer use. Turkey's 2007/08 cherry production is forecast to increase 3 percent above last year to 440,000 tons. As a result of a destructive frost in Poland, its tart cherry production is expected to be down 70 percent, to 75,000 tons. China's cherry production is forecast at 145,000 tons, up 21 percent from the previous year as a result of new plantings gradually maturing to their full production age. Spain's cherry production is forecast at 90,000 tons, down 1 percent from 2006/07. Abnormally wet and cold springtime conditions and higher than normal temperatures negatively affected production.

Chile's cherry production is forecast at 47,600 tons, a 7-percent increase, as a result of improved management technologies. Producers in Chile have extended the cherry production period by introducing more weather-resistant varieties and planting further south. Japan's 2007/08 sweet cherry crop is forecast at 22,800 tons, up 5 percent from the previous year. The forecast is based on good fruit setting and no major weather-related problems. Australia's production is projected to reach 12,500 tons, up 25 percent from last year's drought-affected harvest.

### U.S. Cherry Exports Set to Increase

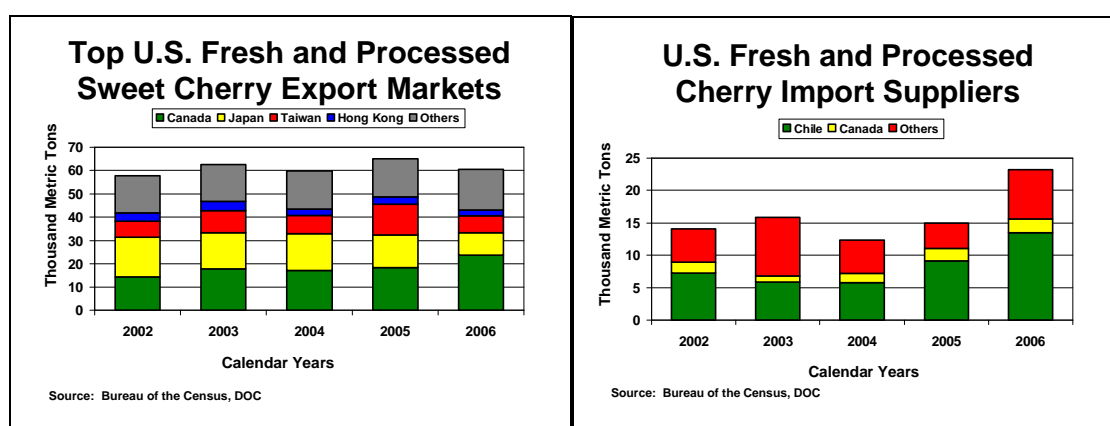
The United States is the world's largest fresh cherry exporter, accounting for 19 percent of world exports as reported by the Food and Agriculture Organization statistics. U.S. fresh cherry exports for 2007/08 are estimated at 48,000 tons, up 4 percent from the previous year. Domestic consumption of cherries is expected to rise due to increased production, lower prices, well-established distribution channels, and increasing nutritional value promotions. The U.S.

Census Bureau reports cherry trade as an aggregate of fresh sweet and tart cherries. The leading markets for U.S. fresh cherry exports are typically Canada, Japan, and Taiwan. In 2006/07 U.S. cherry exports were valued at \$206 million--slightly below the previous year's record level.

Canada is the largest market for U.S. fresh cherries. From 2004 through 2006, U.S. suppliers shipped on average 14,213 tons of fresh cherries valued at \$60 million. The U.S. share of the import market is 93 percent. In Japan, conditions are expected to be favorable for the retailers' promotion of U.S. cherries, considering strawberry sales ended in April and sales of citrus products are expected to be below normal. From 2004 through 2006, U.S. suppliers shipped on average 12,051 tons of fresh cherries valued at \$73 million. The U.S. share of the import market is 99 percent.

Like in Canada and Japan, the United States is also the dominant supplier of fresh cherries to Taiwan. The U.S. share of the import market is 71 percent; however, U.S. cherries are facing stronger competition from Chile. In 2006, Taiwan's fresh cherry imports from Chile totaled 2,612 tons, up 108 percent from the previous year. Since 2005, Taiwan has allowed fresh cherry imports from China; however, there have been no imports due to quality issues and consumer acceptance concerns. Cherry exports from China to Taiwan remain a long-term threat to U.S. market share. Fresh cherries represent both high risk and high profit for Taiwan's importers. As such, established U.S. suppliers and other major fruit producing countries are preferred due to their reliability and responsiveness.

South Korea's consumers prefer fresh cherries rather than using them as baking ingredients. Consumers prefer the red-mahogany colored flesh and sweetness of Bing cherries compared to other varieties. The Tulare and Brooks varieties are early season varieties and are priced competitively with Bing. The U.S.-Korea Free Trade Agreement, now awaiting Congressional approval, will provide U.S. cherry producers with improved access. The United States is the only major supplier to South Korea of fresh cherries. The U.S. share of the import market is 91 percent. With the agreement, the current 24-percent tariff applied on U.S. fresh cherries imports by South Korea will be eliminated immediately and in effect reduce the cost for Korea's consumers. The Northwest Horticultural Council has indicated that the 24-percent tariff adds about \$0.75/pound to \$0.90/pound to the price consumers pay for this fruit.



### **Chile and Turkey to Capture Larger Share of World Cherry Shipments**

The United States is Chile's main fresh cherry export market. In January 2007, the European Union's (EU) import duty on Chilean cherries fell to zero. Additionally, Chile's agreement with Japan will lower the current 8.5 percent duty to zero in seven years. Fresh cherries from Chile were sold during the 2006 Christmas season in Japan. However, Chile's cherry exports to Japan do not directly compete with U.S. sales due to opposite shipping seasons. Cherries from Chile are available in China at the end of the calendar year, taking advantage of higher sales during the Spring Festival (Chinese Lunar New Year). The traditional markets for Turkey's sweet cherry exports are Germany and the United Kingdom. Cherry exports to Russia have increased. Since 2003, exports have averaged 2,000 tons annually. In 2006, Turkey's cherry exports to Russia soared to 12,600 tons, due to increased supply and lower prices.

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