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# Fruit and Tree Nuts Outlook

**Agnes Perez and Susan Pollack**

## Higher Apple and Pear Grower Prices Drive Up Overall Fruit Prices

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### Briefing Rooms

Fruit & Tree Nuts

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The next release is  
Mar. 25, 2003  
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Approved by the  
World Agricultural  
Outlook Board.

Higher prices for apples and pears were mainly responsible for the 3-percent increase in the U.S. grower price index for fruit and nuts during the fall of 2002 compared with the previous year. Weather problems such as freezing temperatures and hail reduced the harvest of apples and pears this past fall and together with lower stocks drove grower prices higher for these two commodities. Apple and pear prices are expected to remain strong and increase further through this winter, especially as supplies grow seasonally tighter.

Strong fresh fruit retail prices in the fall of 2002 pushed the October-December Consumer Price Index (CPI) for fresh fruit to an average that was 3 percent higher than the 2001 October-December index. Consumers paid higher prices for Red Delicious apples, navel oranges, and lemons.

The 2002/03 California avocado crop will likely be up slightly from the previous season despite strong Santa Ana winds that hit groves in Southern California. Some of the fruit that had dropped to the ground could still be sold as "windfall" fruit. Plentiful supplies will likely drive down 2002/03 grower prices from a year ago. However, reduced supplies of undamaged fruit from earlier expectations will likely prevent a sharp decline in grower prices.

Weather was generally favorable early into this winter's Florida strawberry season. Above normal rainfall, particularly in December and into early January, did not cause any major crop damage. Early indications are that there will be plenty of supplies available this winter. Shipments, however, started off slow. Early-season f.o.b. prices averaged higher than a year ago but are expected to decline seasonally as supplies get heavier approaching the peak shipment periods of February and March.

The January 2003 citrus forecast by the U.S. Department of Agriculture fell 1 percent from December due to a lower forecast for California Valencia oranges. All of Florida's citrus crops are expected to be smaller than the previous two seasons. Fresh and processing orange f.o.b. prices have averaged higher so far this season compared with last season. The good quality and large size, along with short supplies have contributed to higher prices.

## Price Outlook

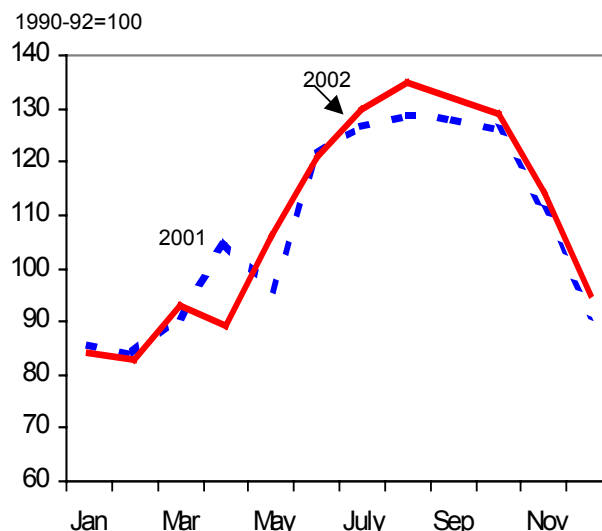
### Higher Grower Prices for Apples and Pears Likely To Continue This Winter

Higher prices for apples and pears were mainly responsible for the 3-percent increase in the U.S. grower price index for fruit and nuts during the fall of 2002 compared with the previous year (fig. 1).

Weather problems such as freezing temperatures and hail reduced the harvest of apples and pears this past fall and together with lower stocks drove grower prices higher for these two commodities. Fresh apple prices averaged 17 percent higher and fresh pear prices averaged 19 percent higher.

Aside from significant declines in production among eastern and central apple-producing States, a late October freeze in Washington, the Nation's largest producer of apples, has further reduced domestic supplies available for marketing into 2003, particularly of the Pink Lady and Fuji varieties. Hence, apple prices are expected to remain strong and increase further through this winter, especially as supplies grow seasonally tighter. As of December 1, 2002, fresh apple holdings in regular and controlled-atmosphere storage facilities, as reported by the U.S. Apple Association, were down 2 percent from the same period the year before and are the lowest level

Figure 1  
Index of prices received by growers for fruit and nuts



Source: National Agricultural Statistics Service, USDA.

in more than a decade. Similarly, fresh pear supplies will remain in short supply this winter, and prices are also likely to remain strong. The 2002 U.S. pear crop was forecast 6 percent smaller than the previous year and cold storage stocks of Bartletts and other pear varieties as of January 1, 2003, were 8 percent lower.

Table 1--Monthly fruit prices received by growers, United States

Commodity	2001			2002			2001-02 Change		
	Oct.	Nov.	Dec.	Oct.	Nov.	Dec.	Oct.	Nov.	Dec.
	---- Dollars per box ----						Percent		
Citrus fruit: 1/									
Grapefruit, all	6.53	3.68	2.99	5.10	2.39	1.89	-21.9	-35.1	-36.8
Grapefruit, fresh	8.61	5.94	5.09	7.05	4.36	3.98	-18.1	-26.6	-21.8
Lemons, all	19.12	14.93	9.37	16.82	13.81	9.20	-12.0	-7.5	-1.8
Lemons, fresh	24.27	20.03	16.69	21.99	20.04	14.33	-9.4	0.0	-14.1
Oranges, all	4.99	2.90	3.20	4.71	3.27	3.56	-5.6	12.8	11.3
Oranges, fresh	7.01	9.82	9.81	6.07	9.79	7.34	-13.4	-0.3	-25.2
	---- Dollars per pound ----								
Noncitrus fruit:									
Apples, fresh 2/	0.248	0.235	0.231	0.301	0.268	0.263	21.4	14.0	13.9
Grapes, fresh 2/	0.320	0.320	0.425	0.320	0.320	0.360	0.0	0.0	-15.3
Peaches, fresh 2/	--	--	--	--	--	--	--	--	--
Pears, fresh 2/	0.195	0.187	0.182	0.229	0.221	0.219	17.4	18.2	20.3
Strawberries, fresh	0.807	0.964	--	0.684	1.080	1.620	-15.2	12.0	--

1/ Equivalent on-tree price.

2/ Equivalent packinghouse-door returns for CA, NY (apples only), OR (pears only), and WA (apples, peaches, and pears). Prices as sold for other States.

Source: National Agricultural Statistics Service, USDA.

The new Florida orange crop is forecast 14 percent smaller than a year ago and has also resulted in higher prices so far this past fall. However, because over 95 percent of its crop gets processed into juice, most of the gain in prices was in processing oranges, with little influence on the fresh market. October-December 2002 U.S. grower prices for fresh-market oranges averaged lower than the same period in 2001, reflecting California's larger 2002/03 crop and plenty of smaller sized fruit at the start of the season. Increased production is also driving down lemon prices but, meanwhile, poor demand has kept grapefruit prices weak and falling despite reduced production.

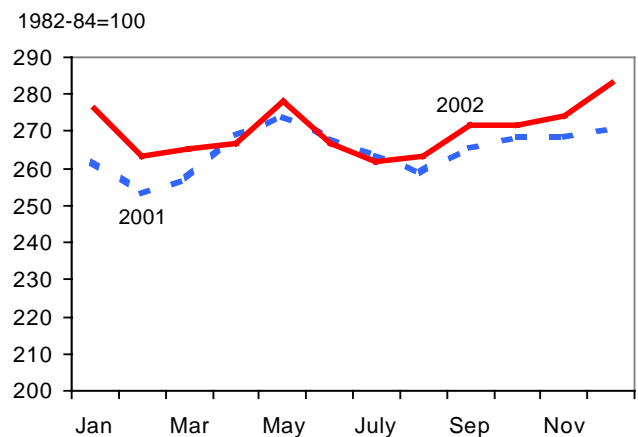
Seasonal declines in strawberry production in California and lower shipments starting off the new winter strawberry crop in Florida (harvesting began in early November) have resulted in the upward movement in strawberry prices during November and December 2002. Rains in December did not cause any major damage to Florida's strawberry crop and the relatively cool winter temperatures were aiding in the development of the fruit. Although supplies are anticipated to be plentiful for the winter, Florida shipments started off slow due to the cool temperatures. However, early shipments last year were also unusually large due to the unseasonably warm weather that forced the rapid maturity of berries, reducing berry size and sweetness to some extent. Despite freezing temperatures in January, shipments through the middle of the month were higher than the same time a year ago, and central Florida f.o.b. prices (shipping-point basis) per flat of 12, 1-pint baskets of medium-large berries declined from early-season prices and from a year ago. F.o.b. prices are expected to continue to move down as the season comes in full swing in February and March.

### ***Fresh Fruit Retail Prices Held Strong***

Strong fresh fruit retail prices in the fall of 2002 pushed the October-December Consumer Price Index (CPI) for fresh fruit to an average that was 3 percent higher than the 2001 October-December index (fig. 2). Consumers paid higher prices for Red Delicious apples, navel oranges, and lemons. These higher prices offset lower prices for Thompson seedless grapes, which were in abundance this year, and grapefruit. Consumers, meanwhile, paid about the same price for bananas and strawberries.

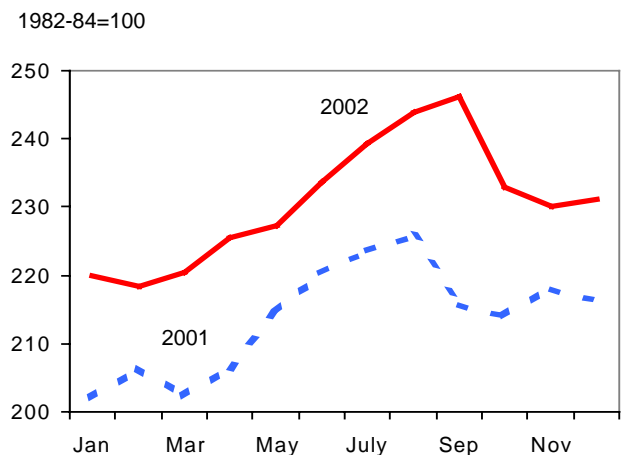
Besides Red Delicious apples, retail prices for most apple varieties also averaged higher as the CPI for apples was up 7 percent. Strong demand for oranges and lemons kept prices higher despite increased supplies. The 2001/02 season for California Valencia oranges has ended and in October, the last month with reported prices for the season, prices averaged 31 percent higher than in October 2001. While the 2001/02 California Valencia crop was larger than the previous season, the pattern of higher prices was apparent since August, reflecting strong demand during the summer. Price gains in August and September were more moderate, at the same time improving, as supplies became seasonally tight.

Figure 2  
**Consumer Price Index for fresh fruit**



Source: Bureau of Labor Statistics, U.S. Department of Labor.

Figure 3  
**Consumer Price Index for apples**



Source: Bureau of Labor Statistics, U.S. Department of Labor.

Table 2--U.S. monthly retail prices, selected fruit, 2001-2002

Commodity	Unit	2001			2002			2001-02 Change		
		Oct.	Nov.	Dec.	Oct.	Nov.	Dec.	Oct.	Nov.	Dec.
		--- Dollars ---			--- Dollars ---			--- Percent ---		
Fresh:										
Valencia oranges	Lb	0.465	0.510	--	0.608	--	--	30.8	--	--
Navel oranges	Lb	--	0.867	0.713	1.163	0.998	0.742	--	15.1	4.1
Grapefruit	Lb	0.73	0.672	0.598	0.729	0.626	0.621	-0.1	-6.8	3.8
Lemons	Lb	1.496	1.434	1.404	1.586	1.522	1.441	6.0	6.1	2.6
Red Delicious apples	Lb	0.894	0.915	0.893	1.001	0.980	0.985	12.0	7.1	10.3
Bananas	Lb	0.503	0.509	0.505	0.504	0.505	0.504	0.2	-0.8	-0.2
Peaches	Lb	--	--	--	--	--	--	--	--	--
Anjou pears	Lb	--	--	0.984	--	--	--	--	--	--
Strawberries 1/	12-oz pint	1.996	2.137	2.526	1.884	2.224	--	-5.6	4.1	--
Thompson seedless grapes	Lb	1.918	2.305	--	1.809	1.984	2.269	-5.7	-13.9	--
Processed:										
Orange juice, concentrate 2/	16-fl. oz	1.904	1.912	1.925	1.795	1.776	1.806	-5.7	-7.1	-6.2
Wine	liter	6.385	6.085	5.948	6.000	6.512	6.166	-6.0	7.0	3.7

-- Insufficient marketing to establish price.

1/ Dry pint.

2/ Data converted from 12 fluid ounce containers.

Source: Bureau of Labor Statistics, U.S. Department of Labor.

## Fruit Outlook

### *U.S. Avocado Production Up Slightly in 2002/03*

Strong Santa Ana winds hit avocado groves in Southern California early in January, causing about 4 percent of the expected California 2002/03 crop to drop on the ground, according to the California Avocado Commission (CAC). Some fruit that had dropped to the ground could still be sold at a discount as “windfall” fruit except for those in the Valley Center region of San Diego County where a quarantine is in place since December 5, 2002, to prevent the spread of the Mexican fruit fly. Windfall fruit in the Valley Center amounted to about 1 percent of the State’s total crop. Prior to this windfall event, avocado production in the State was expected to be about 4 percent larger than the 2001/02 crop. Now it appears that production will be about 3 percent larger. If realized, the crop will be

approximately 388 million pounds (194,000 short tons) based on last year’s production data from the U.S. Department of Agriculture (USDA). With the current crop size, supplies will remain plentiful, it being the largest since 1992/93, excluding the bumper crop of 426 million pounds (213,000 short tons) during 2000/01.

As the primary driver in the U.S. avocado market, plentiful supplies from this season’s California crop will likely drive down 2002/03 grower prices from a year ago. However, because supplies of undamaged fruit are reduced from earlier expectations, grower prices for these fruit are not likely to decline sharply. During 2001/02, California growers received an average \$1,490 per ton for their avocados, up only fractionally from the previous season (table 3). At the national level, the 2001/02 season-average grower price was \$1,400 per ton, up from \$1,380 in 2000/01.

Table 3--Avocados: Production, season-average grower price, and value, by State, 1977/78 to 2001/02

Season	California			Florida			United States 2/		
	1/ Production Short tons	Price Dollars/ ton	Value 1,000 dollars	Production Short tons	Price Dollars/ ton	Value 1,000 dollars	Production Short tons	Price Dollars/ ton	Value 1,000 dollars
1977/78	107,000	740	79,180	10,700	690	7,383	117,700	735	86,563
1978/79	123,000	691	84,993	23,100	400	9,240	146,100	645	94,233
1979/80	75,000	1,496	112,200	27,300	597	16,298	102,300	1,256	128,498
1980/81	238,000	357	84,966	30,800	529	16,293	268,800	377	101,259
1981/82	157,000	689	108,173	25,800	501	12,926	182,800	662	121,099
1982/83	202,000	460	92,920	34,700	480	16,658	236,700	463	109,578
1983/84	247,000	370	91,390	27,000	460	12,409	274,000	379	103,799
1984/85	200,000	582	116,400	29,500	390	11,496	229,500	557	127,896
1985/86	160,000	1,020	163,200	28,500	576	16,415	188,500	953	179,615
1986/87	278,000	338	93,964	24,700	412	10,176	302,700	344	104,140
1987/88	180,000	1,140	205,200	29,000	312	9,048	209,000	1,030	214,248
1988/89	165,000	1,260	207,900	27,000	436	11,772	192,600	1,140	220,110
1989/90	105,000	2,280	239,400	33,500	332	11,122	139,050	1,800	250,940
1990/91	136,000	1,410	191,760	19,600	684	13,406	156,050	1,320	205,571
1991/92	156,000	1,170	182,520	28,300	476	13,471	184,720	1,060	196,386
1992/93	284,000	400	113,600	7,200	583	4,198	291,550	405	118,120
1993/94	139,000	1,810	251,590	4,400	820	3,608	143,650	1,780	255,418
1994/95	155,000	1,480	229,894	20,000	616	12,320	175,250	1,380	242,464
1995/96	171,000	1,370	234,831	19,000	596	11,324	190,250	1,300	246,428
1996/97	167,000	1,560	260,162	23,500	528	12,408	190,700	1,430	272,784
1997/98	154,000	1,710	263,473	24,000	584	14,016	178,250	1,560	277,754
1998/99	136,000	2,400	327,002	23,000	716	16,468	159,250	2,160	343,730
1999/00	161,000	2,110	339,594	22,000	748	16,456	183,300	1,940	356,410
2000/01	213,000	1,480	315,842	26,000	584	15,184	239,320	1,380	331,397
2001/02	188,000	1,490	280,120	23,000	676	15,548	211,300	1,400	296,010

1/ Season beginning November 1 to November 30 (following year) for California and June 20 to February 28 for Florida.

2/ Includes Hawaii beginning 1988/89.

Source: National Agricultural Statistics Service, USDA.

Record-large imports more than made up for the 12-percent decline in production during 2001/02, bringing domestic supplies to an all-time high and preventing a large boost in grower prices.

Following a more distinct alternate-bearing pattern, avocado production in Florida for the 2002/03 season (April-March) is expected to be larger than a year ago. The Florida Agricultural Statistics Service estimates commercial shipments for this season at 57.5 million pounds, up 29 percent from 2001/02 and the largest since 1989/90 when 65.0 million pounds were shipped. Early fruit maturity due to weather factors and the production of more summer varieties has advanced shipment schedules for this season. Through December, already 98 percent (56.3 million pounds) of the estimated total shipment volume had been shipped, the largest volume and ahead of the past 10 seasons.

Abundant supplies kept domestic consumption for fresh avocados during 2001/02 unchanged from the previous season at 2.2 pounds per person, the highest level since the estimated 2.4 pounds per person in 1986/87 (fig. 4). Consumption will not likely decline during 2002/03, given an expected slightly larger domestic crop and the forecast for increased exports from Chile, the United States' largest foreign supplier of avocados.

While the expansion rate in Chile's avocado production is expected to slow in the coming years due to falling export prices, favorable weather during the bloom period and new orchards coming into production will drive its production up in marketing year 2002 (January-December 2003).

Increased production is also expected in Mexico, the United States' second largest foreign supplier of avocados. Production for marketing year 2002/03 is forecast up due to favorable weather, phytosanitary programs being implemented to successfully control pests, and more trees coming into production. While most of Mexico's avocados are consumed domestically, exports which account for about 8 percent of production are expected to increase as well. Nearly half of its exports go to the United States, its largest market. The United States has the potential to grow as an export market for Mexico's avocados. Now, Mexican exporters are allowed to export their avocados to 31 U.S. States and from November through April.

Figure 4  
**U.S. fresh avocado consumption**



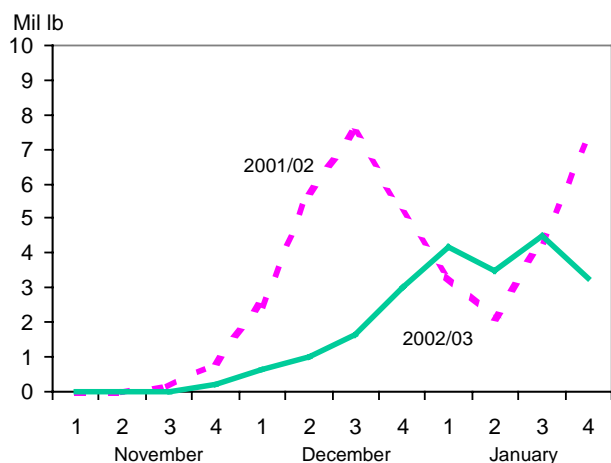
Source: Economic Research Service, USDA.

Future avocado consumption in the United States would hopefully benefit from the newly established Hass Avocado Promotion, Research, and Information Order, a national promotion program that became effective September 9, 2002. The promotion program will be administered by a board of 12 members (seven domestic Hass avocado producers, two importers, and three additional members who can either be importers or producers) under the supervision of the U.S. Department of Agriculture. Appointed by the Secretary of Agriculture from a list of nominees submitted by the industry, the 12-member board will manage a coordinated program to develop, maintain, and expand markets for Hass avocados in the United States. Effective January 2 of this year, the program will be funded by an assessment of 2.5 cents per pound on domestic and imported Hass avocados. First handlers will collect assessments from producers while the U.S. Customs Service will collect assessments from importers. The Hass variety continues to dominate U.S. avocado production. In California alone, the Hass variety will account for 92 percent of the State's avocado crop, according to the California Avocado Commission.

### ***Florida's Winter Strawberry Shipments Off to a Slow Start***

Weather was generally favorable during the early part of this winter's Florida strawberry season. Cooler temperatures by mid-November and into December helped in the development of the crop. Above normal

Figure 5  
**Weekly shipments of fresh strawberries from Florida**



Source: Agricultural Marketing Service, USDA.

rainfall in some weeks, particularly in December and into early January, did not cause any major damage to the crop. Early indications are that there will be plenty of supplies available this winter. Florida shipments, however, started off slow, with November to December shipments down sharply from the previous year (fig. 5). One underlying reason for the slow start was the unusually warm weather last winter that hastened fruit maturity of last year's early-season berries. Despite freezing temperatures in January, supplies were picking up and shipments through the third week were up 25 percent from the same time last year. Growers were running overhead sprinklers as cold protection for the strawberry plants and immature berries. A deep freeze from January 19 to 25, however, reduced that week's shipments by more than 50 percent. Shipments are expected to pick up during the typical peak period months of February and March.

Quality wise, the berries should be sweet this winter because of the relatively cool temperatures thus far and this should provide some boost to strawberry prices. F.o.b. prices started out slightly stronger than the year before mostly due to the lower shipments. Prices are also declining seasonally. As of the first week of January, Central Florida f.o.b. prices (shipping-point basis) ranged from \$16.90 to \$18.90 per flat of 12, 1-pint baskets of medium-large berries, compared with \$12.90 to \$14.90 around the same time last year. F.o.b. prices were down slightly from December holiday prices that ranged from \$18.90 to \$19.90 per flat, and are expected to decline further

during the season's peak period, typically in February and March. As of January 13, f.o.b. prices ranged from \$12.90 to \$13.90 per flat, slightly lower than the same time last year. As of January 27, following the deep freeze, f.o.b. prices still fell between \$8.90 to \$10.90 per flat.

Early indications suggest that strawberry supplies out of California will be up this year given the 5-percent increase in acreage reported by the California Strawberry Commission. California is the dominant producer of strawberries in the United States, growing 83 percent of the U.S. strawberry crop. California's production reached nearly 2 billion pounds in each of the last 3 years, with an annual value of over \$800 million. With almost a year round supply of strawberries, California's season begins in the southern growing districts in January and last through around November. Production moves up north, with the heaviest shipments usually from April through June. January shipments thus far are up 147 percent.

### ***2002 Noncitrus Fruit Production Nearly Unchanged from the Previous Year***

The 2002 utilized production of noncitrus fruit was estimated at 16.8 million short tons, only up fractionally from 2001 and 11 percent below the record production in 2000 (table 4). Similar to 2001, a combination of weather woes striking fruit production areas across the United States, including freezing temperatures, drought, hail, and heavy rains limited production of many noncitrus fruit crops. U.S. utilized production decreased for all noncitrus crops except apricots, blackberries, grapes, peaches, cranberries, strawberries, and California figs, nectarines, prunes, and raspberries. Production of avocados and Hawaiian guavas were not yet available while production of loganberries and California dates were unchanged. Of the top three noncitrus fruit crops, production was down for apples (down 8 percent) but up for grapes (up 9 percent) and peaches (up 6 percent). Because these top three crops make up 75 percent of production, increases in grape and peach output largely contributed to preventing an overall decline in noncitrus fruit production.

The preliminary estimate of the value of noncitrus fruit production for 2002 was \$8.3 billion, up 5 percent from the previous year. The value was up for all noncitrus fruit crops except for Hawaiian bananas

and papayas, wild blueberries from Maine, boysenberries, raspberries, tart cherries, grapes, California nectarines and olives, and prunes and plums from Idaho, Michigan, Oregon, and Washington. The value of the U.S. grape crop, the highest of all noncitrus fruit crops, was down by a fraction while the value for the U.S. apple and strawberry crops, second and third in rank, were up 12 percent and 14 percent. For apples, sweet cherries, pears, California prunes, and prunes and plums (four-State total), grower price increases were more than enough to offset the declines in output pushing their production values higher. Production declines, however, for Hawaiian bananas, red raspberries, and tart cherries more than offset the grower price increases, forcing their production values lower.

### *Citrus Forecast Declines in January*

USDA's January 2003 citrus forecast fell 1 percent from December due to a lower forecast for California Valencia oranges. Production estimates increased for Texas navel oranges and California lemons and tangerines, but not enough to offset the orange decline.

All of Florida's citrus crops are expected to be smaller than the previous two seasons. Heavy rains in December hampered harvesting during the heavy demand pre-Christmas season. By mid-January, however, a smaller proportion of the crops remained to be harvested than from either of the previous two seasons. This is mostly due to the smaller crop and

Table 4--Utilized production and value of noncitrus fruit, United States, 2000-2002

Crop	Utilized production			Value of utilized production		
	2000	2001	2002	2000	2001	2002
	--1,000 short tons--			--1,000 dollars--		
Apples	5,161.1	4,607.2	4,237.1	1,320,781	1,448,348	1,622,135
Apricots	87.8	75.4	80.1	32,346	26,598	28,326
Avocados	239.3	221.3	3/	331,397	362,390	4/
Bananas, Hawaii	14.5	14.0	9.5	10,440	10,640	7,980
Berries 1/	229.6	215.7	207.6	330,488	296,990	317,773
Cherries, sweet	204.0	219.6	176.2	274,225	270,914	273,694
Cherries, tart	140.7	154.0	31.1	52,488	57,150	27,879
Cranberries	279.0	239.2	281.8	100,851	110,342	154,255
Dates, California	17.4	19.7	19.5	21,402	26,004	30,810
Figs, California	55.9	40.1	49.0	15,226	14,849	16,907
Grapes	7,687.3	6,568.4	7,141.9	3,099,127	2,929,038	5/ 2,912,742
Guavas, Hawaii	8.0	7.7	3/	2,051	2,157	4/
Kiwifruit, California	30.5	23.0	22.3	13,888	15,340	4/
Nectarines, California	267.0	275.0	299.0	106,256	127,642	114,517
Olives, California	53.0	134.0	99.0	34,743	90,096	58,562
Papayas, Hawaii	27.3	27.5	22.8	16,007	14,598	11,778
Peaches	1,244.4	1,167.5	1,236.2	481,716	493,298	507,089
Pears	949.2	964.3	911.0	250,273	271,788	297,410
Pineapples, Hawaii	354.0	323.0	320.0	101,530	96,337	100,616
Plums, California	197.0	210.0	200.0	87,115	64,362	77,200
Prunes, California	625.1	378.0	447.0	154,770	97,605	120,690
Plums & prunes 2/	22.0	20.0	15.0	5,247	5,459	4,271
Strawberries	951.1	826.2	985.1	1,048,998	1,070,052	1,220,504
<b>Total</b>	<b>18,845.2</b>	<b>16,730.8</b>	<b>16,791.2</b>	<b>7,888,365</b>	<b>7,901,997</b>	<b>8,284,559</b>

1/ Berries include cultivated and wild blueberries, cultivated blackberries, boysenberries, loganberries, black and red raspberries, and all California raspberries. 2/ Idaho, Michigan, Oregon, and Washington. 3/ NASS data available on May 12, 2003. 4/ Uses 2002 production and 2001 prices to compute 2002 crop value of avocados, guavas, and kiwifruit. 5/ Using 2002 production and prices to compute 2002 grape crop value except for California and Arizona grapes utilized for raisins (prices not yet available until July 8, 2003) where 2001 prices were used.

Source: National Agricultural Statistics Service, USDA.



not utilization. Actually, fewer oranges have been harvested for fresh and processing through mid-January than for either of the previous two seasons.

Fresh and processing orange f.o.b. prices have averaged higher so far this season compared with last season. The good quality and large size, along with short supplies have contributed to higher prices. The quantity of Florida grapefruit utilized through mid-January was behind last season but ahead of the 2000/01 crop, a 13-percent bigger crop. Because this season's crop is smaller, only 72 percent of the crop remained to be harvested compared with 77 percent the previous two seasons. Despite the smaller crop, this season's f.o.b. prices for grapefruit are averaging slightly lower than last season. Should the lower prices persist throughout the season, industry revenues will decline for 2002/03.

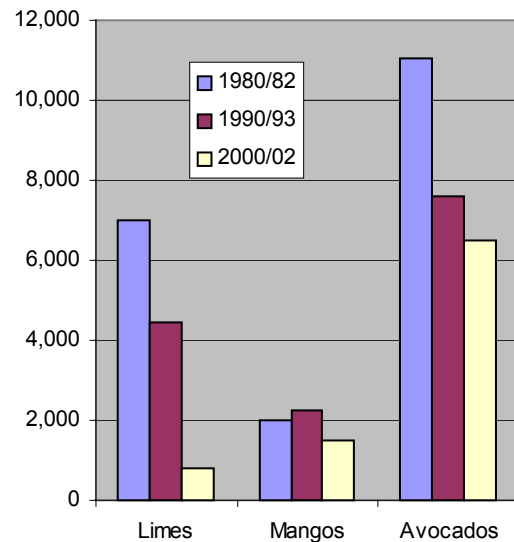
California's navel orange crop estimate remained unchanged from the initial October estimate of 1.5 million short tons, 18 percent more than last season. The Valencia crop estimate, however, declined in January to 788,000 short tons, 9 percent lower than the initial estimate and 4 percent smaller than last season's crop. Fruit quality has been reported to be very good this season and rain and cool night temperatures have helped increase fruit size. Despite these positive traits, the industry reports that domestic demand for this season's navels has been sluggish. With poor domestic demand, f.o.b. prices were averaging lower than through mid-January last season, especially for the larger-sized fruit.

The January California lemon crop estimate was 10 percent above the initial October estimate and 21 percent above last season's crop. If realized, the expected 874,000 ton crop would be the biggest in 20 years. Like the oranges, this season's lemon crop is reported to be of good quality. The larger crop this year lowered lemon grower prices about 20 percent for November and December. Since the season began in August, California lemon grower prices have averaged \$13.35 compared with \$15.28 in 2001/02. With the significantly bigger crop this season, total grower revenue should be above a season ago.

### ***Florida's Tropical Fruit Industry Dwindling***

Americans rely on imports to meet their growing appetite for tropical fruit, mostly from Mexico. The United States has relatively small amounts of

Figure 6  
**Florida tropical fruit acreage, 1980/82 to 2000/02**  
Acres



Source: Florida Agricultural Statistics Service.

commercial tropical fruit production. Hawaii produces most of the tropical fruit in the United States, however, until recently much of it was not shipped to the contiguous 48 States due to phytosanitary issues and the demand for the fruit by Hawaii's tourist industry.

Within the continental United States, tropical fruit production has been concentrated in southern Florida. Some of the fruit crops are so small and production is limited to only a few growers that statistical data are not collected on these crops. There are, however, data on limes, mangoes, and avocados grown in this area. Over the past 3 years, bearing acreage has declined for lime and mango production while avocado acreage has increased.

Florida's lime industry has been plagued by catastrophic situations repeatedly since the early nineties. The major catastrophe was Hurricane Andrew, hitting southern Florida in 1992 and toppling much of the lime groves. Growers replanted the trees only to be hit by citrus canker disease as the new trees came into full production. Lime trees are highly susceptible to citrus canker, and production is concentrated near Miami where the introduction of disease is suspected to have begun. As a result, growers have had to remove about 2,000 acres of trees.

The Florida Agricultural Statistics Service (FASS) survey for 2002 estimates only 388 acres of lime production remaining in Florida. During the eighties, acreage had reached almost 7,500 acres (fig. 6). It is unlikely the lime industry will return to any level near the eighties again. Growers cannot replant for several years any citrus trees on the acreage where trees were infected by the canker. As a result, over the past 2 years no new lime trees have been planted. Also, strong competition exists for the land where limes grew, including for vegetable production and growing urban pressures. Therefore, lime production is likely to remain as a small specialty crop, produced by only a few growers. Should the number of growers remain low, statistical data may no longer be available.

Mango acreage has been declining since the mid-nineties. Similar to limes, mangos are grown in Miami-Dade County. Production was never as big as that of limes, with about 3,000 acres in production at its height in the mid-eighties to early nineties. Hurricane Andrew also damaged mango acreage, but

little replanting occurred after the storm. Since 2000, only 2 acres of mangos have been planted. Almost all the mangoes consumed in the United States are imported.

Avocado acreage, on the other hand, is the only tropical fruit to have increased production since 2000. While acreage is still below the eighties, where it almost reached 13,000 acres, in 2002 acreage increased 6 percent to almost 6,675 acres. Some lime growers are replacing their lime trees with avocados, and old varieties are being replaced with commercially more profitable ones. Florida growers have been able to differentiate their numerous varieties of avocados from the major Hass variety found in the market. A major packer in the industry advertises one of their special varieties as having fewer calories than the Hass, appealing to diet-conscious consumers. The ability to distinguish its avocados from the Hass variety is likely to keep Florida's small industry viable in the years to come.

## Fruit and Tree Nut Trade Outlook

### *Fruit Exports Down Through November 2002*

U.S. fruit exports (fresh and processed, excluding fruit juices) between January and November 2002 declined 3 percent from the previous year. Exports were lower for fresh fruit but higher for processed products, particularly canned and frozen products. Exports of fruit juice rose 20 percent, mostly due to increased shipments of orange and grape juice.

Overall, fresh fruit exports (January-November) were down 4 percent mainly due to lower shipments of apples, cherries, grapes, peaches, pears, plums, lemons, and oranges. U.S. fresh fruit exports rose to its number one market, Canada, and to another large market, South Korea. However, exports were down to all the other leading markets, including Japan, Mexico, Hong Kong, Taiwan, and the United Kingdom.

Reduced production combined with strong domestic demand was partly to blame for lower shipments through much of 2002, particularly in the case of apple, plum, and lemon exports. January-November shipment of grapes and pears were only fractionally lower. Season-to-date pear exports (July-November), however, dipped further (down 7 percent) reflecting the smaller 2002 U.S. pear crop (table 5). Meanwhile, early season exports of oranges for the marketing year 2002/03 started off higher (up 33 percent) due to the larger, good quality California navel crop.

Apples lead in U.S. fresh fruit exports, both in volume and value terms. Each year the United States ships more than 1.0 billion pounds of apples to markets across the world, with an annual value of approximately over \$360 million. The quantity of fresh apples shipped between January and November 2002 declined 18 percent over the previous year along with its value, from \$363.9 million to \$329.2

Table 5--U.S. exports of selected fruit and tree nut products

Commodity	Marketing season	Season-to-date (through November)		Year-to-date change
		2001	2002	
		--- 1,000 pounds ---		Percent
Fresh-market:				
Oranges	November-October	36,398	48,399	33.0
Grapefruit	September-August	147,330	173,295	17.6
Lemons	August-July	58,583	42,954	-26.7
Apples	August-July	436,795	350,103	-19.8
Grapes	May-April	572,702	569,952	-0.5
Pears	July-June	186,060	172,462	-7.3
Peaches (including nectarines)	January-December	290,066	270,930	-6.6
Strawberries	January-December	125,053	153,575	22.8
Sweet cherries	January-December	83,989	72,332	-13.9
		--- 1,000 gallons ---		
Processed:				
Orange juice, frozen concentrate	October-September	6,529	4,312	-34.0
Orange juice, not from concentrate	October-September	8,150	9,545	17.1
Grapefruit juice	December-November	37,432	36,029	-3.7
Apple juice and cider	August-July	2,682	1,714	-36.1
Wine	January-December	70,134	64,631	-7.8
		--- 1,000 pounds ---		
Raisins	August-July	93,825	98,291	4.8
Canned pears	June-May	7,324	5,321	-27.3
Canned peaches	June-May	9,675	22,160	129.1
Frozen strawberries	January-December	39,585	41,548	5.0
		--- 1,000 pounds ---		
Tree nuts:				
Almonds (shelled basis)	August-June	288,283	321,012	11.4
Walnuts (shelled basis)	August-July	59,110	64,926	9.8
Pecans (shelled basis)	July-June	8,849	13,543	53.0
Pistachios (shelled basis)	September-August	12,579	11,804	-6.2

-- = No data.

Source: Bureau of the Census, U.S. Department of Commerce.

million. The smaller harvest in the fall of 2001 limited the availability of apples marketed during the 2001/02 season, including exports through July 2002. Exports during the 2002/03 season continue to be affected by reduced supplies as the 2002 U.S. apple crop was again smaller. Furthermore, a sharp increase in tariffs on Washington Red and Golden Delicious apples imported into Mexico (the outcome of an antidumping investigation in 1997), the West Coast port shutdown in October, and Taiwan's temporary ban on U.S. apples following detection of live codling moth larvae in a shipment from Washington and California (in November) have dampened exports thus far.

An agreement has been reached on the West Coast port dispute between management and labor and exports through these ports have resumed. The U.S. Apple Association reported an estimated \$8 million loss for California alone because of the port shutdown. A temporary agreement was also reached on the Taiwan market closure. Taiwan reopened their market to U.S. apples in early December under the agreement that all shipments should undergo

increased inspection. Under the new inspection protocol, expected to remain in effect through the end of the growing season, shipments are to be inspected on the packing line and at the regulatory inspection stations. The U.S. Department of Agriculture and the Taiwanese Government are expected to meet again at the end of the growing season to establish a more permanent agreement. Shipments (January-November) to Taiwan, the third largest market, were down 32 percent. Exports to Mexico, the number one market for U.S. apples, were also down by one-third.

### *Season-to-Date Imports Higher For Most Fresh Fruit*

Reduced production in the United States during 2002 resulted in increased imports of oranges, limes, and apples through November. Imports of oranges were up sharply early into the new season (marketing year 2002/03) when harvesting of the new domestic navel crop had not gone in full swing yet, and export demand for U.S. oranges was strong (table 6). Season-to-date lime imports were also up sharply as

Table 6--U.S. imports of selected fruit and tree nut products

Commodity	Marketing season	Season-to-date (through November)		Year-to-date change
		2001	2002	
		--- 1,000 pounds ---		Percent
Fresh-market:				
Oranges	November-October	522	1,059	102.9
Tangerines (including clementines)	October-September	2,310	1,925	-16.7
Lemons	August-July	40,139	34,509	-14.0
Limes	September-August	20,726	138,511	568.3
Apples	August-July	49,421	59,741	20.9
Grapes	May-April	189,392	249,600	31.8
Pears	July-June	15,670	9,945	-36.5
Peaches (including nectarines)	January-December	103,607	103,326	-0.3
Bananas	January-December	7,740,154	7,909,006	2.2
Mangoes	January-December	505,565	557,557	10.3
		--- 1,000 gallons ---		
Processed:				
Orange juice, frozen concentrate	October-September	37,108	37,340	0.6
Apple juice and cider	August-July	115,394	112,505	-2.5
Wine	January-December	119,062	135,735	14.00
		--- 1,000 pounds ---		
Canned pears	June-May	12,409	13,246	6.7
Canned peaches	June-May	62,431	56,341	-9.8
Canned pineapple	January-December	593,891	624,094	5.1
Frozen strawberries	January-December	72,239	108,368	50.0
		--- 1,000 pounds ---		
Tree nuts:				
Brazil nuts (shelled basis)	January-December	23,832	23,470	-1.5
Cashews (shelled basis)	January-December	175,781	200,750	14.2
Pine nuts (shelled basis)	January-December	6,513	7,031	7.9
Pecans (shelled basis)	July-June	8,289	12,513	51.0

Source: Bureau of the Census, U.S. Department of Commerce.

domestic production continues to be almost nonexistent. Imports have played an increased role in meeting the growing demand for limes in the United States. This is particularly evident beginning in the 1990s, reflecting to a large extent, the influx of Hispanics in the United States.

U.S. grape imports thus far for marketing year 2002/03 also rose despite increased domestic production. The larger grape crop in Mexico has allowed for increased shipments to the U.S. market. Favorable weather has also resulted in a larger, good

quality grape crop in Chile, and this could mean continued larger imports this winter compared with a year ago.

Increased shipments from leading suppliers such as Ecuador, Guatemala, Colombia, and Honduras drove up overall banana imports. Mango imports also rose as shipments were up from Mexico, the United States' largest supplier, as well as from other leading suppliers, particularly from Brazil, Peru, and Ecuador.

## Highlight: Fresh-Market Fruit Production

### *Fresh Market Generates More Than Half The Value of U.S. Fruit Production*

Fruit is regarded as a versatile product because it offers consumers healthy benefits both in its fresh and many processed forms. Many of the fruits grown commercially serve both the fresh and processing markets. Some fruit industries once found the need for processing because perishability made it difficult and more costly to transport certain fruit to distant markets. With the advancement in technology over the last few decades, especially with regards to plant breeding and cold storage facilities, fresh-market fruit can now reach markets across the United States and the world and still maintain its “fresh from the farm” qualities.

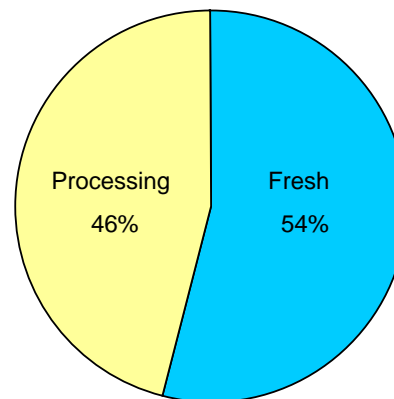
The introduction of many new processed products that cater to the changing lifestyle and preferences of consumers both here and abroad as well as the growing competition in the domestic and global fruit market continue to challenge U.S. producers of fresh market fruit. However, amidst a wide variety of processed fruit products made available to consumers each year, the U.S. fresh-market fruit sector remains a vital component of the Nation’s fruit industry. Currently, over one-third of the quantity of commercially produced fruit in the United States is marketed for fresh-market consumption. Furthermore, the high value generally associated with fresh-market fruit makes it account for slightly more than half the value of U.S. fruit production (fig. 7).

### *Fresh-Market Output Growth Lags Processing*

U.S. fresh-market fruit production increased 2 percent to a total of 10.7 million tons between the period 1992 and 2001. While the fresh-market fruit output remained fairly flat over this 9-year period, much of the gain in U.S. fruit production was absorbed by the processing sector where production was up 17 percent, to a total of 22.4 million tons (fig. 8).

Although the actual quantity of fruit marketed as fresh increased during the period 1992 to 2001, the overall fresh-market share of utilized fruit production declined slightly from 35 percent in 1992 to 32 percent in 2001 (the most recent year with complete data on fresh-market output). This decline could be

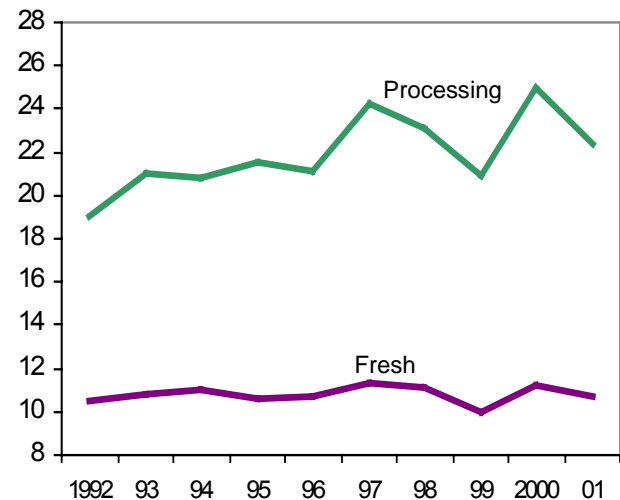
Figure 7  
**Fresh-market share of U.S. fruit production value, 2001**



Source: National Agricultural Statistics Service and Economic Research Service, USDA.

attributed to the smaller proportion of citrus output that got channeled to the fresh market, the magnitude of which far outweighed the increase in share of fresh-market noncitrus fruit production. The processing sector grew in importance over this 9-year period, with its share of utilized production increasing 3 percentage points, to 68 percent. Much of the growth in the processing fruit sector was in the citrus juice category, with significant increases in the

Figure 8  
**U.S. fruit production: Fresh and processing**  
Mil. tons

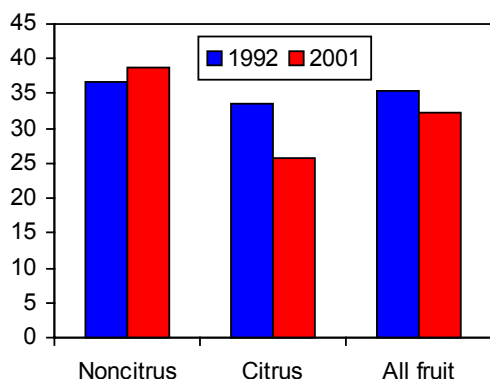


Source: National Agricultural Statistics Service, USDA.

Figure 9

**Volume comparison of fresh-market U.S. fruit production, 1992 and 2001**

Percent of volume



Source: National Agricultural Statistics Service and Economic Research Service, USDA.

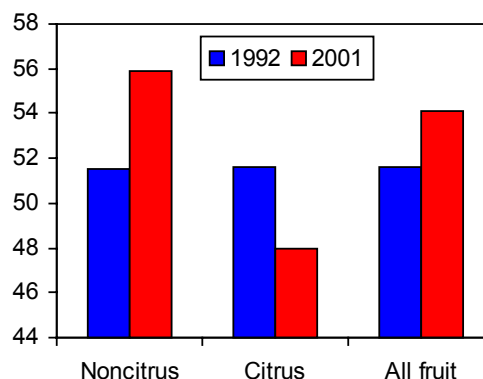
quantity of oranges and grapefruit that were sold to juice processors. Meanwhile, noncitrus fruit production channeled to juice processors declined by about 15 percent.

While not readily transparent, the growing importance of imports in the domestic fresh fruit market over the last several years may have also contributed to the diminished share of fresh-market fruit production in the United States. Fresh imports as a share of U.S. fresh-market fruit consumption increased from 36 percent in 1992 to 43 percent in 2001. Imports of most fresh-market tropical fruit, for

Figure 10

**Value comparison of fresh-market U.S. fruit production, 1992 and 2001**

Percent of value



Source: National Agricultural Statistics Service and Economic Research Service, USDA.

example, have increased rapidly over the last decade. Increased demand for tropical fruit was spurred by the growing ethnic diversity in the U.S. population, especially Hispanics, and the more open disposition of American consumers to try new food. Domestic supplies of most tropical fruit rely heavily on imports because climatic adaptability of these crops has limited production in the United States.

In value terms, the fresh-market share of utilized production rose slightly from 52 percent in 1992 to 54 percent in 2001. Most fresh-market fruit are priced higher at the farm level than fruit for processing because of the higher cost associated in producing them (table 7). Growers generally find it more difficult to produce for the fresh market because their aim is to produce fruit that not only tastes good but also looks good. Fresh-market fruit most often require more intensive production practices than those fruit for processing, and harvesting for the fresh market is almost entirely done by hand to ensure careful handling of the fruit. During the period 1992 to 2001, the value of fresh-market fruit increased 27 percent, to a total amount of \$5.5 billion.

***Noncitrus Fruit Leads the Fresh Fruit Market***

More noncitrus fruit are produced for the fresh market than citrus fruit (figs. 9 and 10). During 2001, noncitrus fruit represented over 60 percent of the volume and 80 percent of the value of U.S. fresh-market fruit production. The top five noncitrus fruit

Table 7--U.S. grower prices of selected fresh and processing fruit, 2001

Commodity	Fresh	Processing
--- \$ per ton ---		
Noncitrus:		
Grapes	689.0	409.0
Apples	458.0	106.0
Strawberries	1,514.0	590.0
Peaches	620.0	231.0
Avocados	1,400.0	--
Pears	364.0	175.0
Sweet cherries	1,590.0	527.0
--- \$ per box 1/ ---		
Citrus:		
Oranges	9.97	4.96
Grapefruit	7.07	2.79
Lemons	17.25	0.48

1/ Equivalent packinghouse-door returns.

Source: National Agricultural Statistics Service, USDA.

sold in the fresh market were grapes, apples, strawberries, peaches, and avocados. With a combined value of \$3.5 billion during 2001, production of these five fruit crops accounted for 79 percent of the value of fresh-market noncitrus production.

***Top Five Fruit Dominate the Fresh Market***

Individual fruit industries may differ in their representation of the U.S. fresh-market fruit sector. Some fruit are grown solely for fresh-market consumption while others serve mainly the processing markets. From among all the reported fruit crops produced commercially in the United States during 2001, apples, strawberries, grapes, oranges, and peaches made up 69 percent of the value of U.S. fresh-market production. While rankings are different, these five fruit crops also led in terms of volume produced that year (except that grapefruit was included and ranked third largest).

Among the top five fruit, processing captures a larger proportion of U.S. grape and orange production. Not counting the other minor processing categories, more than half of U.S. grape production gets utilized in the manufacture of wine and over one fourth is used to make raisins. Over 80 percent of U.S. orange production gets processed into juice. The fresh-market share of production (in value terms) for grapes and oranges ranged only from 20 to 35 percent of utilized production (table 8). Meanwhile, the fresh-market share of utilized production for apples, strawberries, and peaches ranged between 70 to 90 percent.

Other minor crops had a larger concentration of production going to the fresh market. For example, virtually all domestically produced bananas (Hawaiian) and avocados as well as over 90 percent of U.S. nectarines, papayas, and limes were for the fresh market. Data for some of these crops are not divided into fresh and processing and so fresh use is estimated.

***California Produces More Than Half the Nation’s Fresh-Market Fruit***

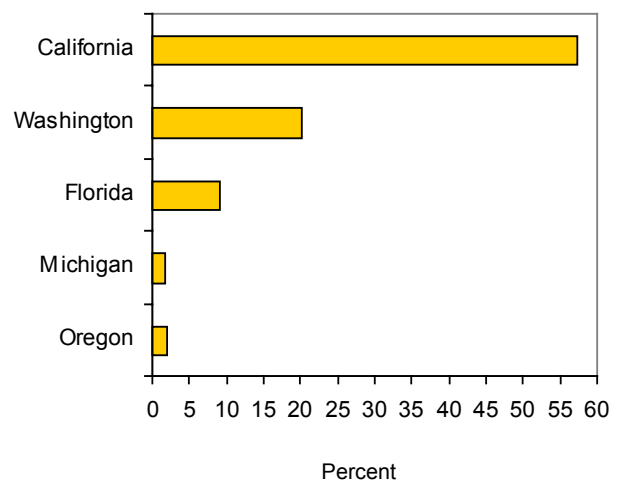
Based on 2001 fruit bearing acreage, the Nation’s five largest fruit-producing States are California, Florida, Washington, Michigan, and Oregon.

California far exceeds all other States in fruit production, accounting for more than half of fruit bearing acreage, followed by Florida, with 19 percent, and Washington, with 7 percent. Acreage in Michigan and Oregon ranged between 2 to 3 percent.

Similar in proportion to bearing acreage, California accounts for more than half the value of U.S. fresh-market fruit production. California is the largest producer of grapes, strawberries, peaches, nectarines, and kiwifruit. The State is also a major producer of a variety of other noncitrus fruit like apples, pears, plums, and sweet cherries. All these crops have significant volumes produced for the fresh market. California is also the second largest producer of citrus fruit, with specialization on the fresh marketing of the crop.

Citrus processing, on the other hand, is highly concentrated in Florida, the largest citrus-producing State. Florida accounted for approximately 9 percent of the value of U.S. fresh-market fruit production during 2001, with more than half the value associated with citrus production. Washington’s fresh-market share was approximately 20 percent, all of which were from noncitrus fruit production. As the Nation’s largest producer of apples, over 75 percent of the value of fresh-market fruit production in Washington during 2001 were attributed to apple production. Michigan and Oregon each accounted for nearly 2 percent of U.S. fresh-market output value.

Figure 11  
**Share of U.S. fresh-market fruit output: Top five States**



Source: National Agricultural Statistics Service, USDA.



Table 8--U.S. fresh-market fruit production, by commodity, 2001

Commodity	Volume 1,000 tons	Share of utilized	Value 1,000 dollars	Share of utilized
		production Percent		production Percent
Noncitrus:				
Apples	2,771.1	58.9	1,271,593	86.1
Apricots	18.2	24.1	11,768	44.3
Avocados	211.3	100.0	296,010	100.0
CA dates	19.7	100.0	27,777	100.0
CA figs	2.0	5.0	1,017	7.0
Kiwifruit	22.2	96.5	14,266	93.0
Nectarines	265.4	96.5	127,392	99.8
Olives	0.5	0.4	250	0.3
CA plums 1/	197.0	100.0	66,443	100.0
Prunes & plums	11.0	55.0	3,790	69.4
CA Prunes	2/	0.0	2/	0.0
Strawberries	642.2	77.1	972,568	89.6
Cultivated blueberries	44.5	45.4	109,088	66.0
Wild blueberries	0.2	0.5	490	2.1
Boysenberries 1/	0.1	4.0	165	4.0
Loganberries	0.0	5.0	15	30.0
Black raspberries	0.0	0.3	14	0.8
Red raspberries	2.4	5.3	7,195	15.7
CA raspberries 1/	0.6	5.0	2,058	5.0
Cultivated blackberries	0.7	3.4	1,545	8.9
Sweet cherries	145.7	66.4	231,187	85.6
Tart cherries	1.0	0.6	1,022	1.8
Cranberries 3/	21.3	8.9	8,861	8.9
Grapes	864.4	13.2	595,823	20.4
Peaches	581.1	49.6	359,812	72.5
Pears	547.1	56.5	199,294	73.1
Bananas	14.0	100.0	10,640	100.0
Guavas	2/	0.0	2/	0.0
Papayas	26.0	94.5	14,508	99.4
Pineapples	110.0	34.1	68,860	71.5
Noncitrus total	6,519.6	38.8	4,403,452	55.9
Citrus:				
Oranges	2,244.0	18.4	583,239	34.7
Grapefruit	1,093.0	44.4	195,047	68.4
K-early	1.0	50.0	149	79.7
Lemons	510.0	51.2	231,272	97.4
Limes	10.0	90.9	4,180	98.4
Tangelos	34.0	35.8	4,526	55.2
Tangerines	260.0	69.7	93,091	96.2
Temps	15.0	26.8	2,470	46.8
Citrus total	4,167.0	25.7	1,113,974	48.0
Total fruit	10,686.6	32.3	5,517,426	54.1

1/ Estimated. 2/ All processed. 3/ General reported grower price per barrel used to estimate fresh-market value.

Source: National Agricultural Statistics Service and Economic Research Service, USDA.

## Contacts and Links

### Contact Information

Agnes Perez	Noncitrus fruit	(202) 694-5255	<a href="mailto:acperez@ers.usda.gov">acperez@ers.usda.gov</a>
Susan Pollack	Citrus fruit and tree nuts	(202) 694-5251	<a href="mailto:pollack@ers.usda.gov">pollack@ers.usda.gov</a>

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