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Commodity Profile with an Emphasis on International Trade: Peaches and Nectarines

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California is a significant producer of peaches and nectarines in the United States. In 2001, California produced peaches and nectarines on 104,300 acres. The acreage used for production has steadily increased over the past decade from 80,800 acres in 1991 (Figure 1). In 2001, 67,800 acres were used for growing peaches, while nectarines were grown on the remaining acreage. In the United States, nectarines are only produced commercially in California. Other important peach producing states are Georgia (15,000 acres) and South Carolina (16,000 acres). Although California accounts for only 45 percent of the U.S. peach acreage, it produces over half of the nation's peaches. In 2001, total peach production in California was valued at \$246 million, up from \$178 million in 1989.

Tariff Rates and Policy Changes Resulting from NAFTA

Two U.S. tariff lines on peach and nectarine imports exist. The tariff for imports from countries, with which the United States maintains normal trade relations, is 0.2 cents per kilogram during the period from June 1 and November 30. During the period from December 1 through May 31, the United States charges no duty on peach and nectarine imports. For imports from trading partners without normal trade status with the United States, the tariff amounts to 1.1 cents per kilogram throughout the year.

Canada charged a seasonal tariff of 6.61 cents per kilogram on U.S. peaches prior to 1989. Under the Canadian-U.S. Free Trade Agreement, the tariff declined by 10 percent per year based on the 1988 level until it fell to zero in 1998. Before 1994, Mexico charged a tariff of 20 percent on fresh peaches from the United States. Under NAFTA, Mexico immediately cut its tariff on U.S. peaches to 15 percent. That remaining tariff is being phased out. Beginning in January 2003, exports to Mexico will be duty-free.

Prior to 1989, the United States had a seasonal tariff applied to peach imports. Shipments entering the United States between June 1 and November 30 were charged a tariff of 0.4 cents per kilogram. From Dec 1 to May 31, there was no U.S. tariff applied to imported peaches and nectarines. Under CUSTA, the seasonal tariff was phased out for Canadian

peaches and nectarines and reached zero in 1998. The tariff on Mexican imports was eliminated immediately under NAFTA.

Exports

The United States is a net exporter of peaches and nectarines. In 2001, the total value of exports was \$121 million (Figure 2). The top destinations for U.S. peaches and nectarines included Canada and Taiwan, each importing U.S. peaches and nectarines valued at \$49 million. The value of exports to Mexico was \$12.6 million in 2001. Total California exports in 2000 were valued at \$106 million (Agricultural Issues Center, University of California, Davis).

U.S. peach and nectarine exports have increased between 1989 and 2001. U.S. exports were valued at \$25.5 million in 1989 (the first year of CUSTA) and \$121 million in 2001. In 1990, the value of U.S. exports of peaches and nectarines had doubled to \$54 million, and reached \$66.7 million in 1994.

The value of U.S. exports to Canada totaled \$18 million in 1989 (Table 1). In 1990, the total value of exports to Canada increased to \$45.6 million. Over the next ten years, exports remained relatively constant and averaged \$43 million a year. In 2001, peach and nectarine exports to Canada rose to \$49.2 million. California accounted for about 75 percent of peach and nectarine shipments to Canada in 2001. Shipments from California to Canada have not changed much from 1990 to 2001 (Table 2)

U.S. peach and nectarine exports to Taiwan increased dramatically during the 1990s from \$1.1 million in 1989 to over \$49 million in 2001.

U.S. exports to Mexico were valued at \$3.5 million in 1993, the year before NAFTA. In 1994, exports almost doubled to \$6.9 million. Exports in 1995 and 1996 were down, in part due to the economic crisis in Mexico, but they rebounded in 1997 to \$8 million. In 2001, the value of peach and nectarine exports to Mexico reached \$12.6 million, a 160 percent increase over 1993. According to the USDA, most peach shipments from the United States to Mexico are for the processing market (Economic Research Service). Peach exports destined for Mexican fresh markets have decreased, while shipments of peaches for the canning industry in Mexico have increased.

Imports

U.S. peach and nectarine imports were relatively insignificant during the 2001 summer period, valued at \$977,200. Chile, as the main supplier, shipped 56 percent of the total. Canada as the second most important supplier during the summer shipped 41 percent of the peaches and nectarines during that period.

During the rest of the year 2001, total imports into the United States amounted to \$48 million (Figure 3), and 98 percent of those shipments came from Chile. Mexico exports few peaches to the United States. In 2001, imports from Mexico were valued at \$285,000. Under NAFTA, Mexican imports have not changed much.

The value of U.S. imports of Canadian peaches and nectarines amounted to \$429,000 in 2001. The majority of those were shipped during the summer. Imports from Canada have varied over the past decade, but have been less than \$600,000 for every year, except in 1990, when their value rose to \$2.1 million.

Prices

The inflation-adjusted price (all prices in 1996 dollars) for peaches in California did not change substantially from 1989 to 2001. The price fluctuated during the 1990s and was at 12 cents per pound in 2001 a little lower than at 13 cents per pound in 1989.

Sources

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Tables and Figures:

Table 1: U.S. peach and nectarine exports to Canada and Mexico, 1989-2001, in million \$

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Canada	18.0	45.6	47.0	44.7	45.3	40.9	42.7	42.0	44.4	38.4	41.9	43.1	49.2
Mexico.	4.8	4.2	7.3	4.9	3.5	6.9	5.2	4.5	8.0	7.6	7.2	10.4	12.6

(Source: U.S. Customs Service)

Table 2: California peach and nectarine exports to Canada, 1990-2001, in million\$

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Canada	32.6	32.7	30.2	29.9	27.3	25.8	34.7	30.8	27.3	29.6	32.5	36.9

(Source: Canada Statistics)

Figure 1: California peach/nectarine acreage, 1992-2001
 (Source: National Agricultural Statistical Service)

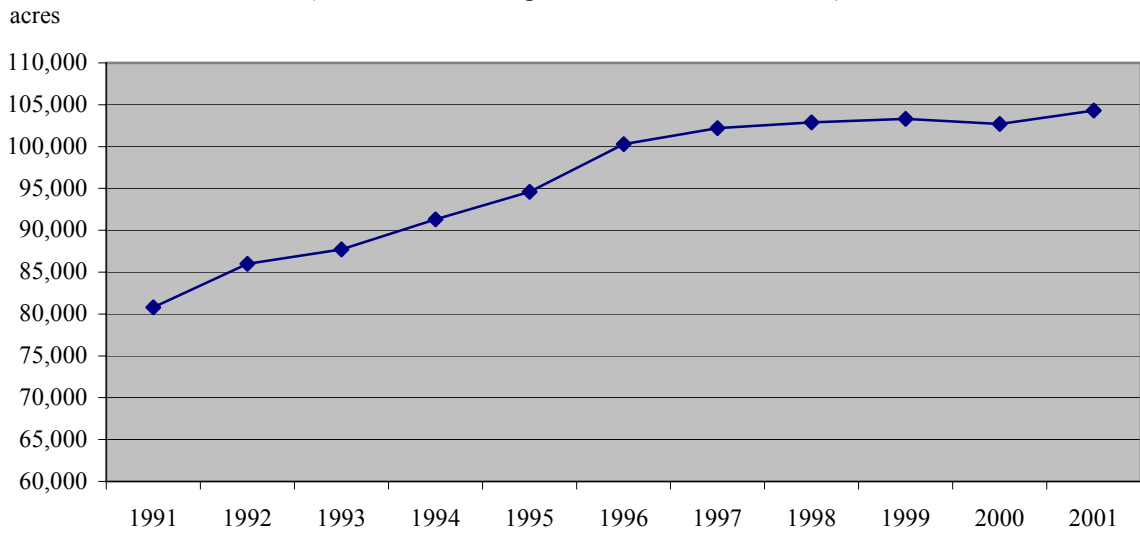


Figure 2: U.S. peach and nectarine exports, 1989-2001
 (Source: U.S. Customs Service)

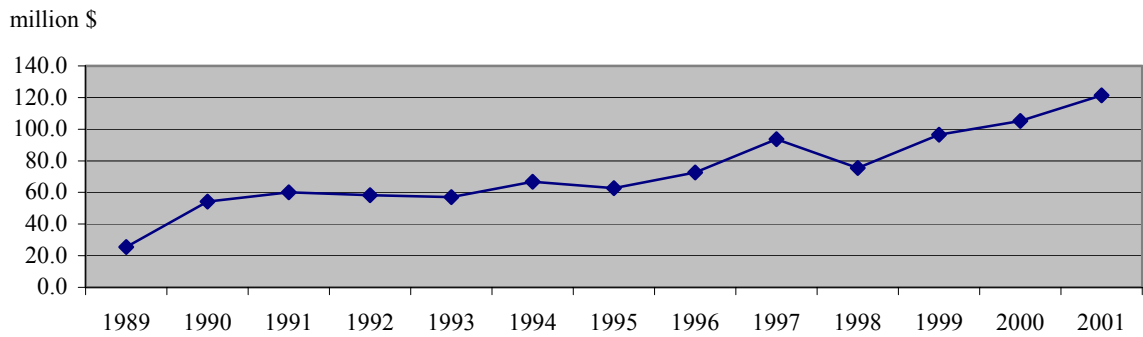


Figure 3: U.S. peach imports, 1989-2001
 (Source: U.S. Customs Service)

