Economic Trends for Fruits and Vegetables in the US

Southern Outlook Conference. 9/24/12. Atlanta, GA.

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Outline

- Introduction: Horticulture Issues of Today
- Consumption
- Trade
- Local Foods and Specialized Markets
- Dietary Guidelines
- Food Safety & Food Security

Issues Affecting Horticulture Industry

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- Stronger competition from less expensive imports
- Increasing consumer concerns about food safety
- Increasing Fuel/Energy Costs
- Availability and price of labor

Issues Affecting Horticulture Industry

(+)

- Increased demand for healthy foods, organic, environmental friendly and local produce
- Trade opportunities
- Positive health dimensions *(functional foods)*
- Dietary Guidelines for Americans
- SCRI ?

Key observations for 2012

Vegetables

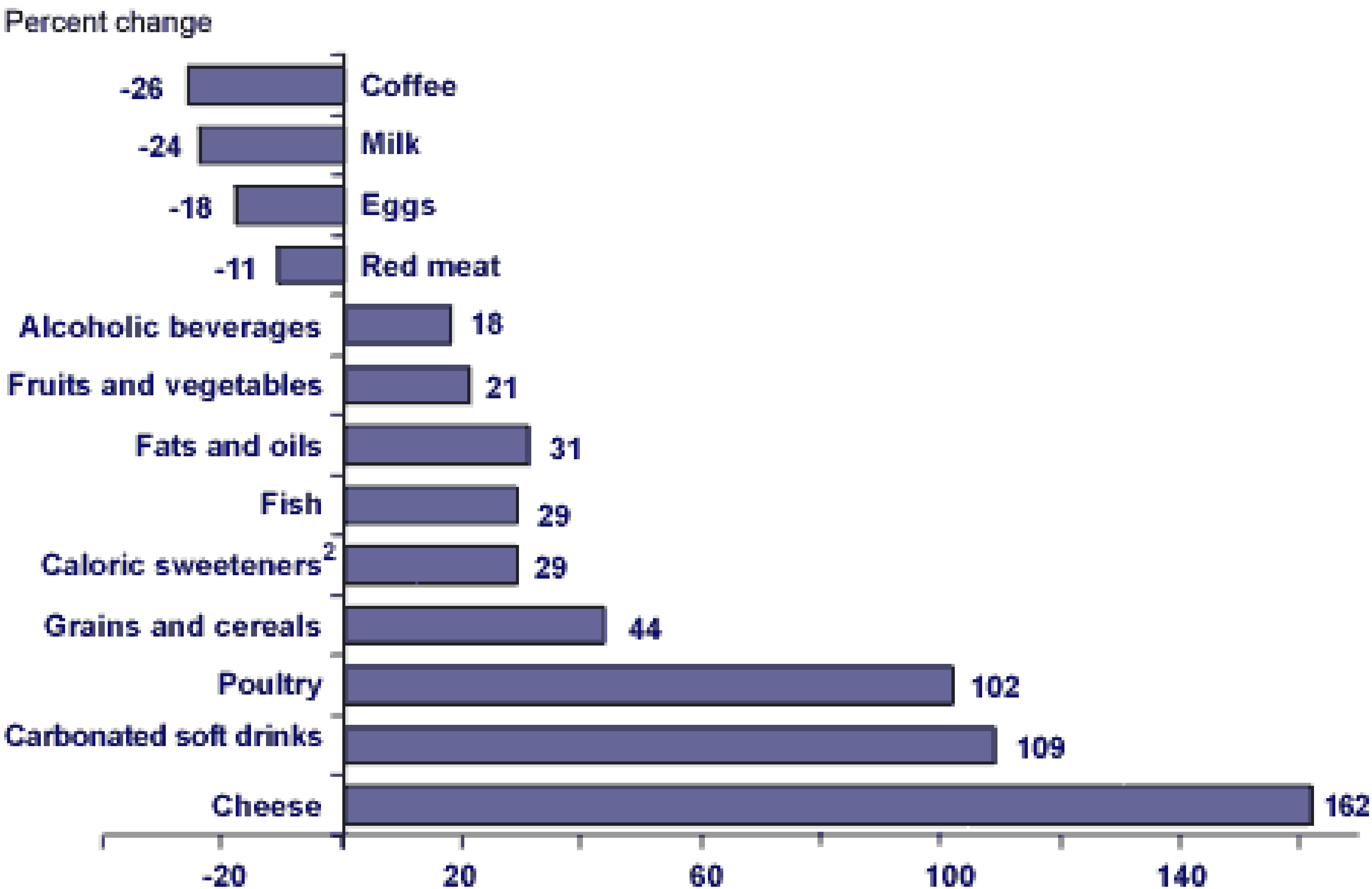
- Prices are low fresh-market vegetables
- High volume of production
- Lettuce and tomato prices down +60%
- Slight improvement in prices the rest of the year, but below 2011
- Onion shipments are lower than last year while prices are recovering
- Trade volumes down in 2012
  - Fresh market vegetables imports fell 5%
  - Exports through April decreased 10%

Key observations for 2012

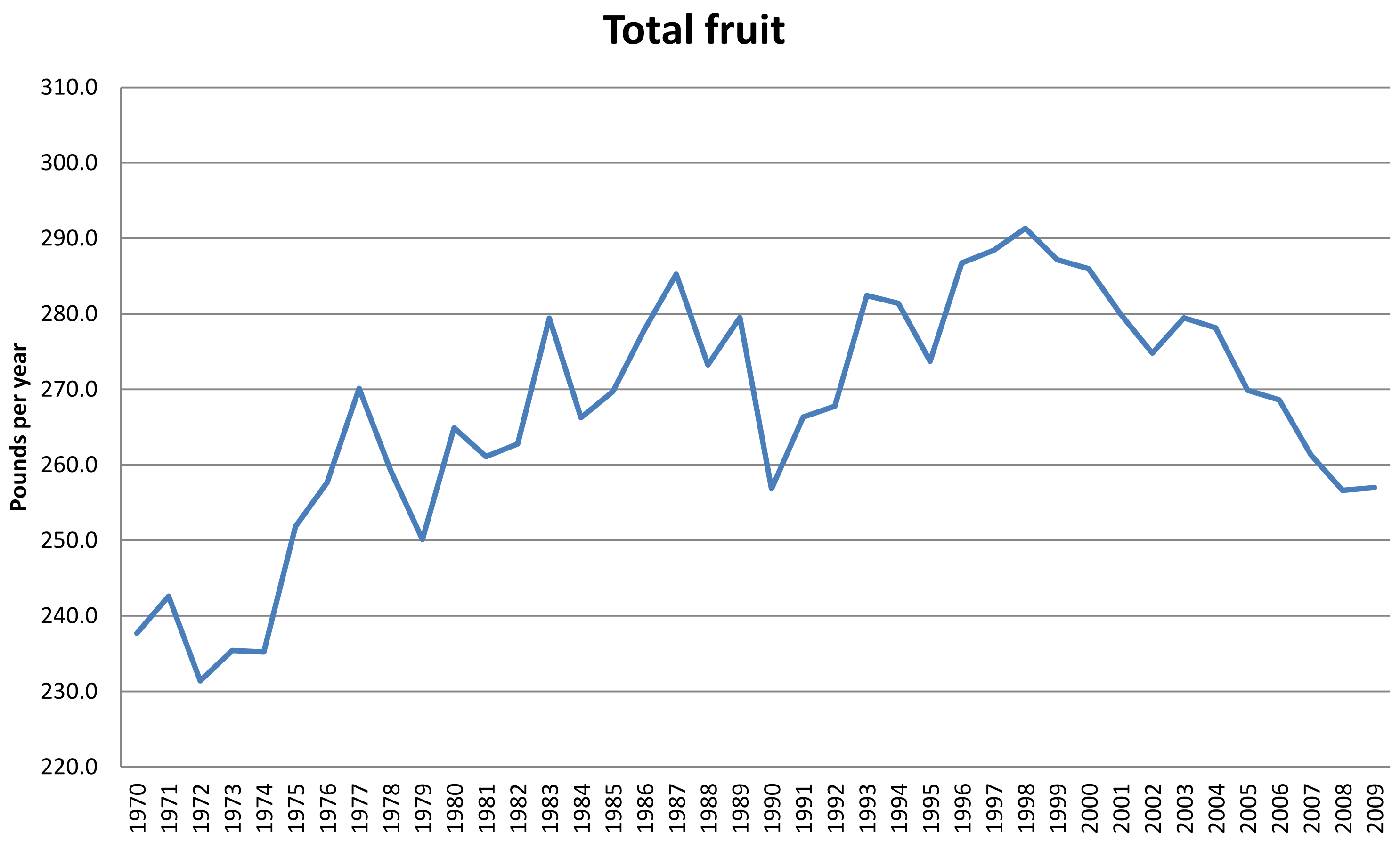
Fruit

- Lower supplies aid early summer fruit prices
- Price increases for most major citrus, pears and apples
- California orange production 8% down, prices up;
- Grapefruit production down 9%
- Major non-citrus show gains in exports, reduction in imports

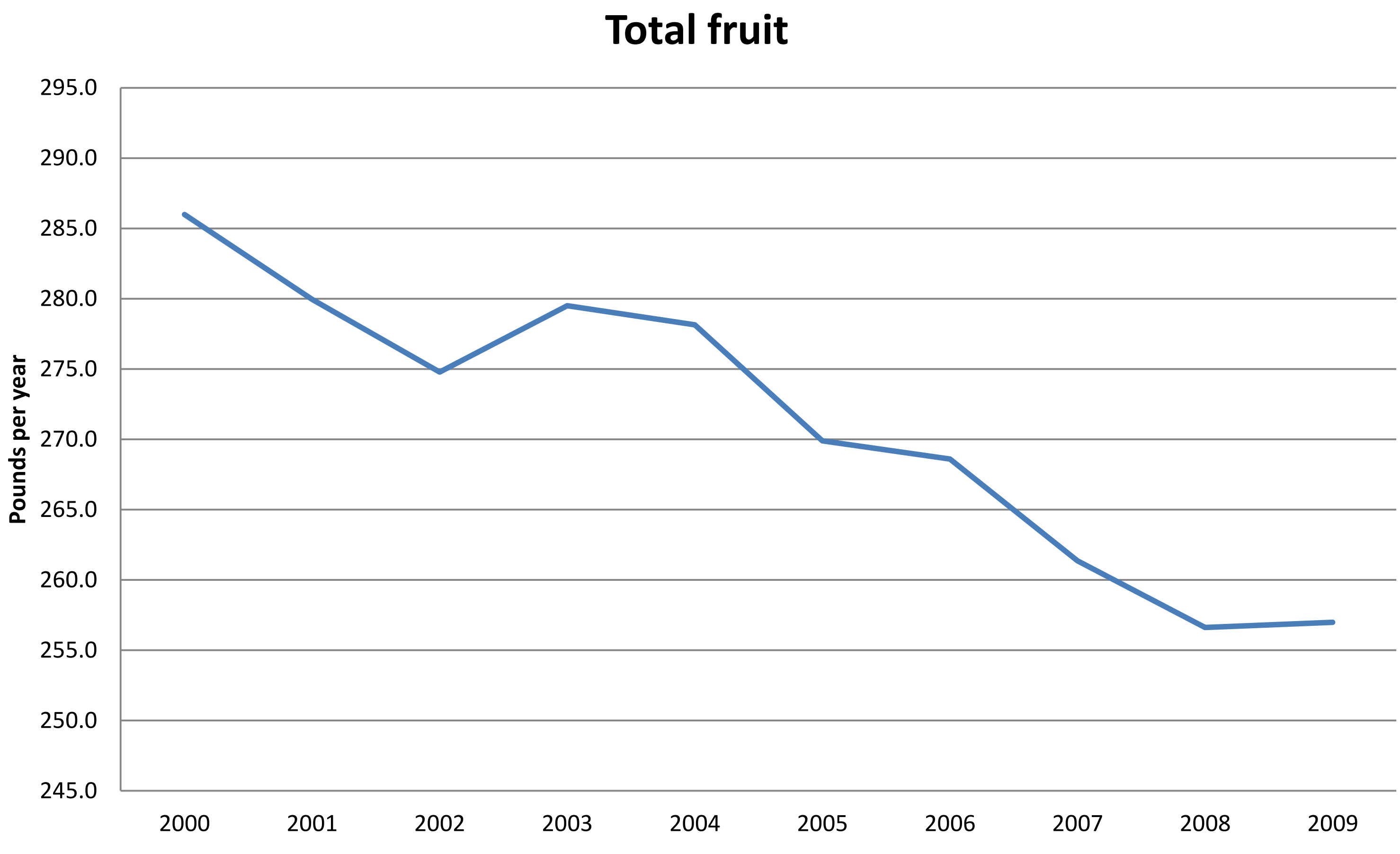
Per Capita Consumption 1970-2000



Per Capita Consumption 1970-2009



Per Capita Consumption 2000-2010



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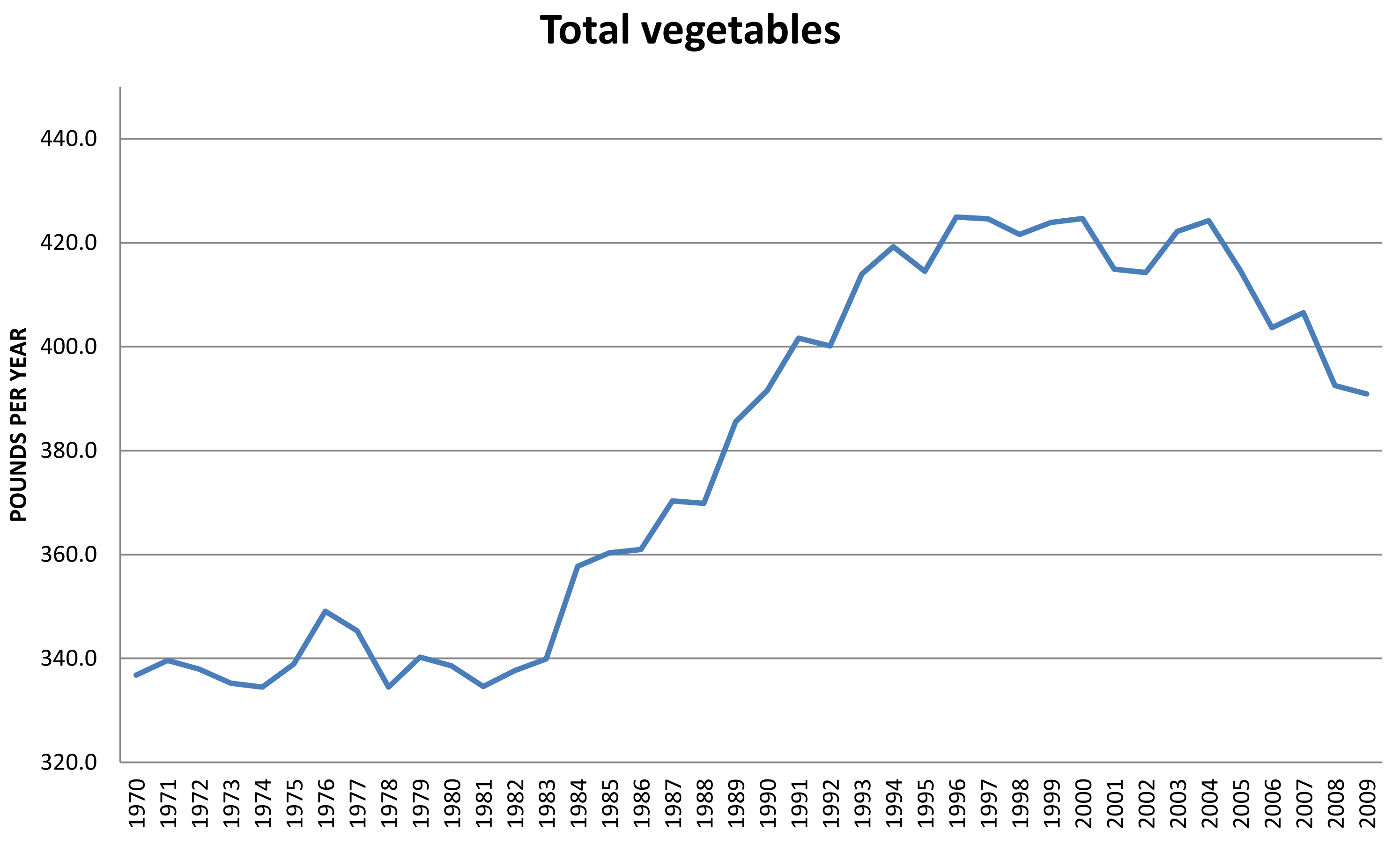
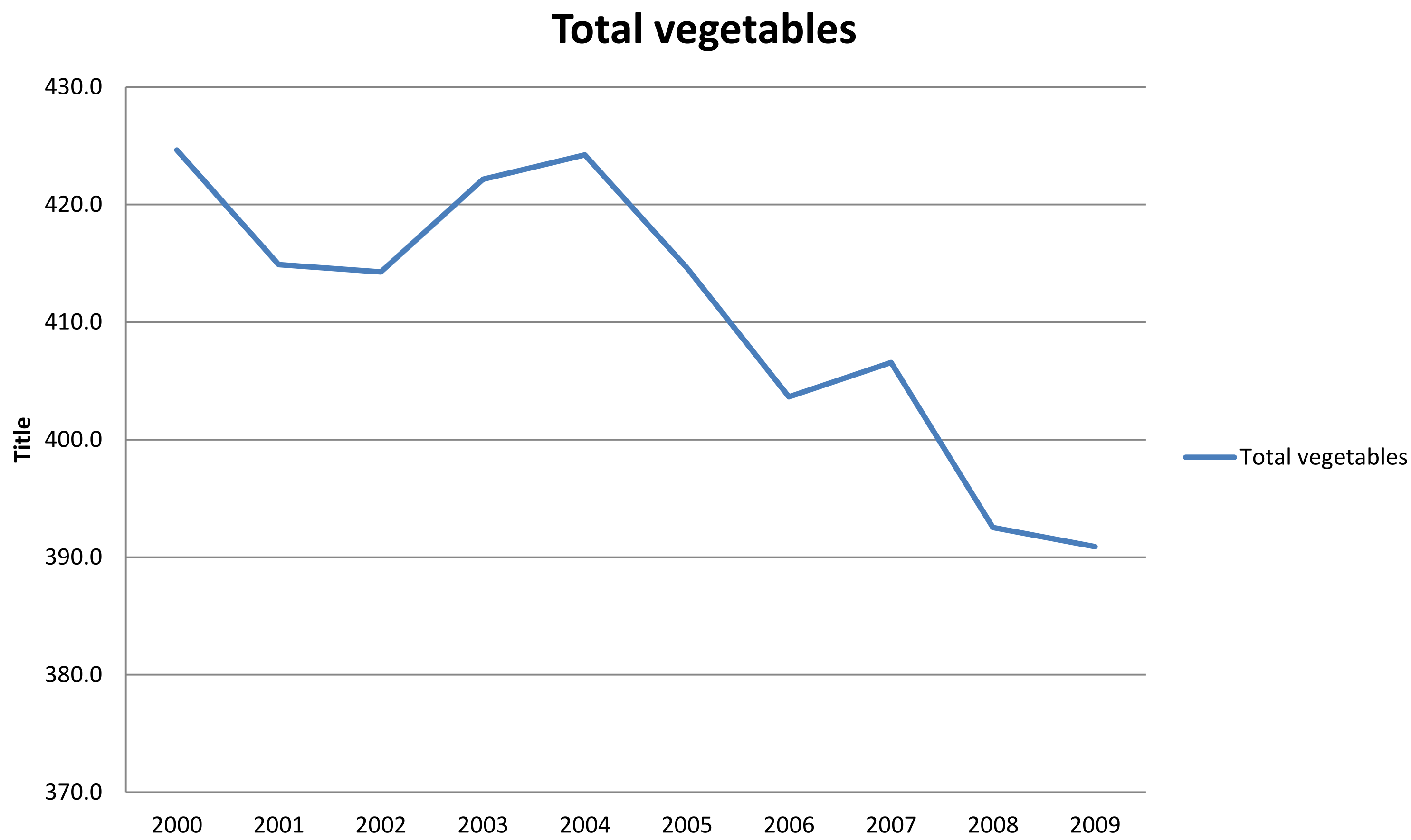
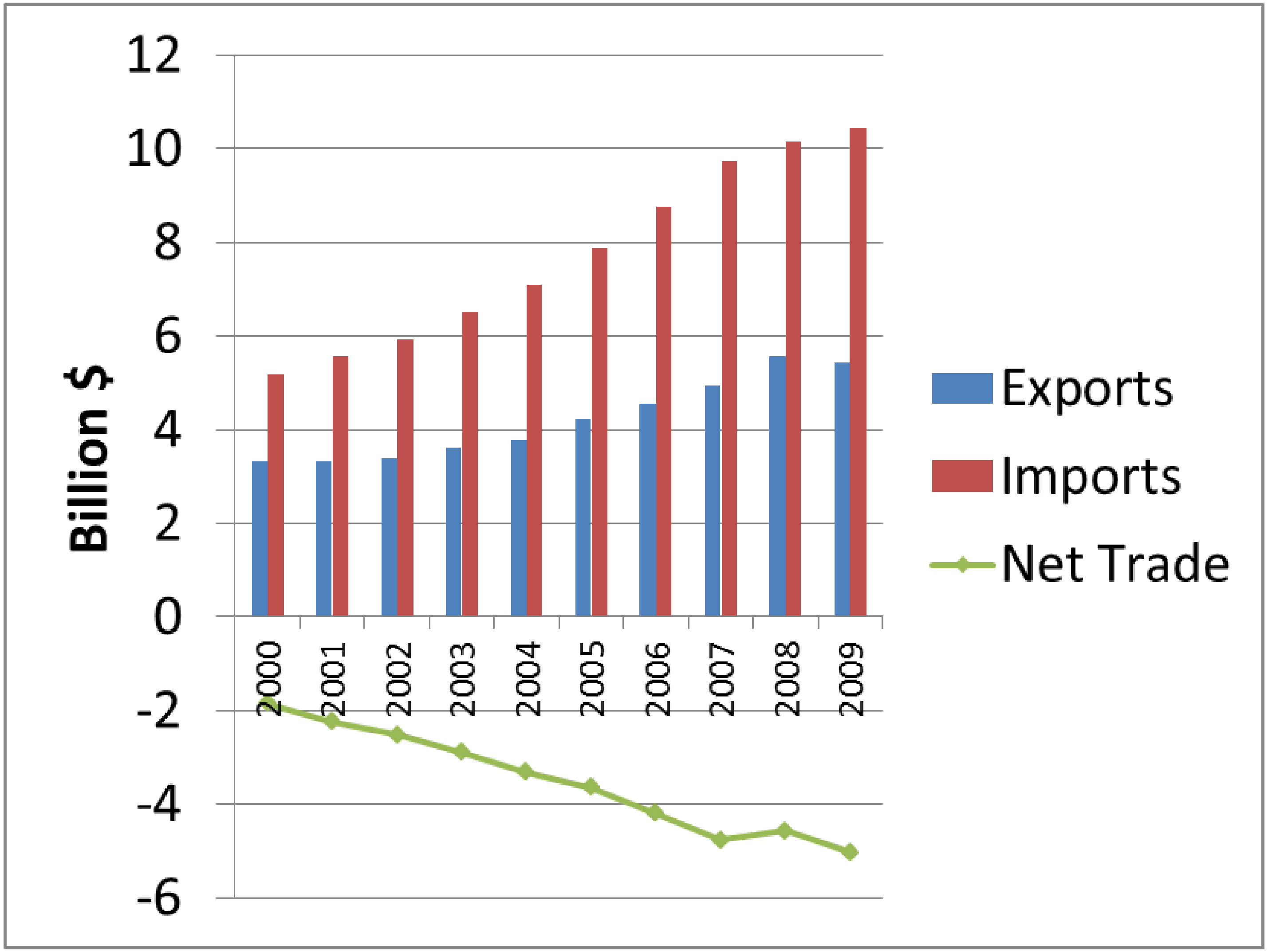
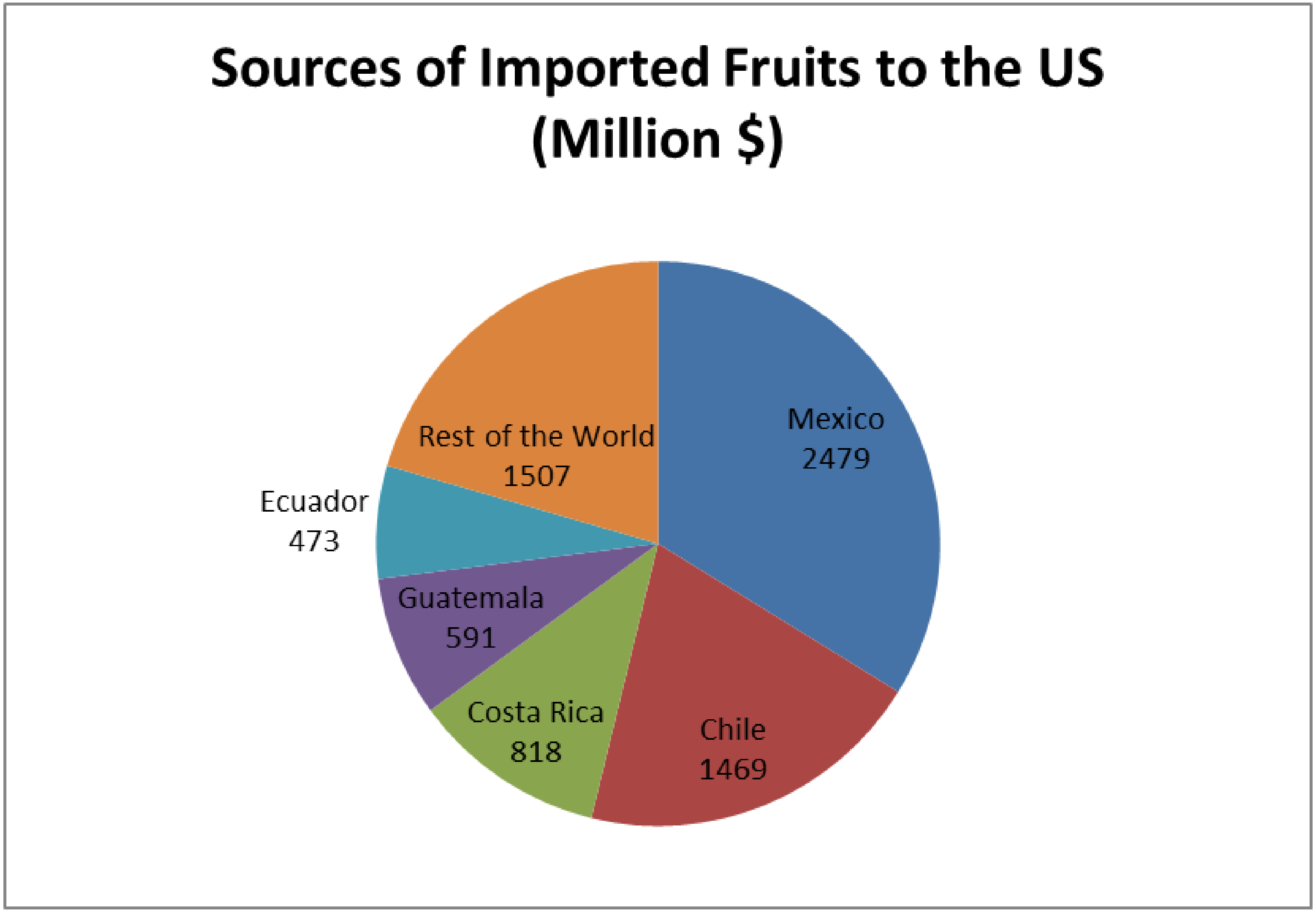


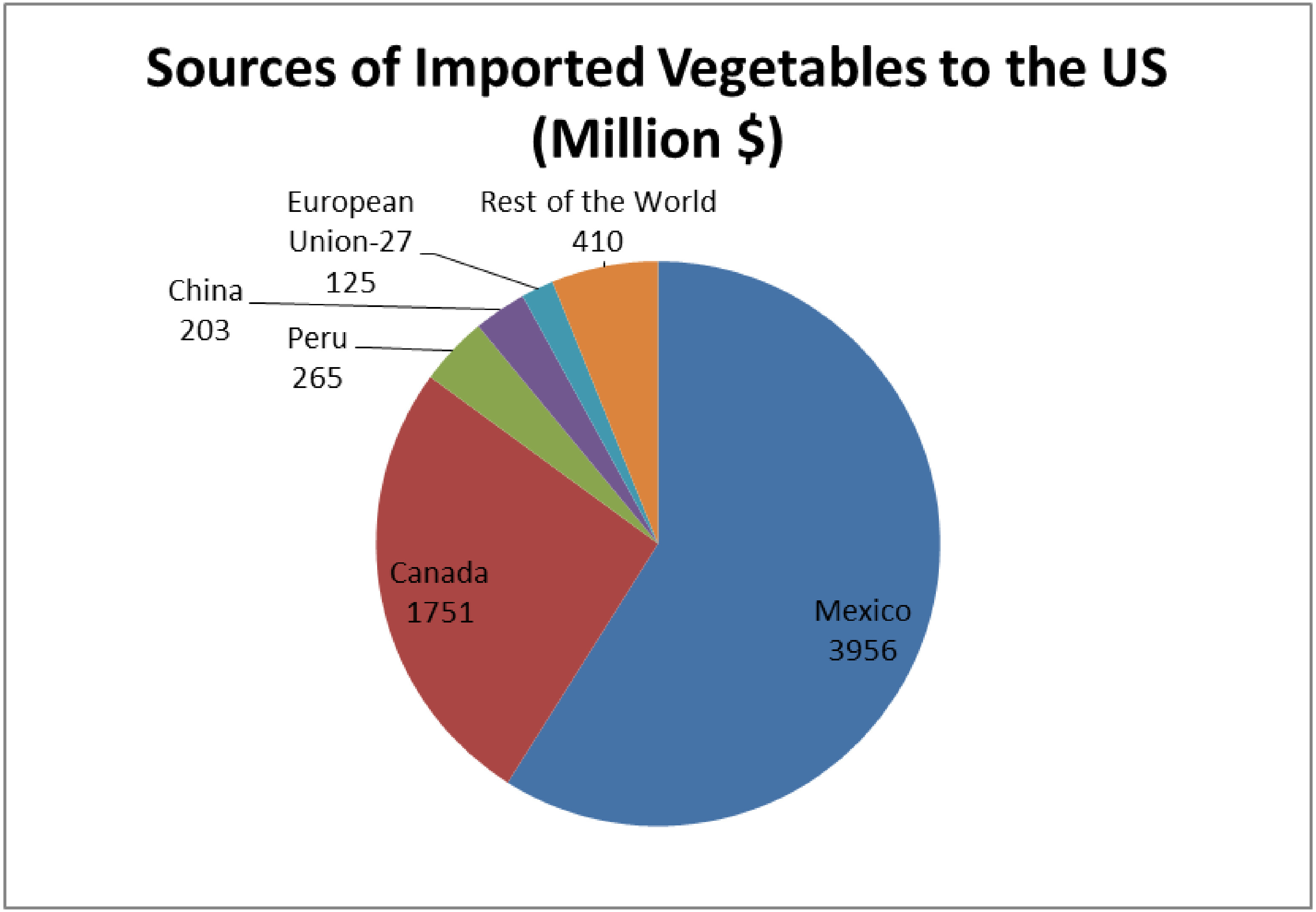
Per Capita Consumption 2000-2010



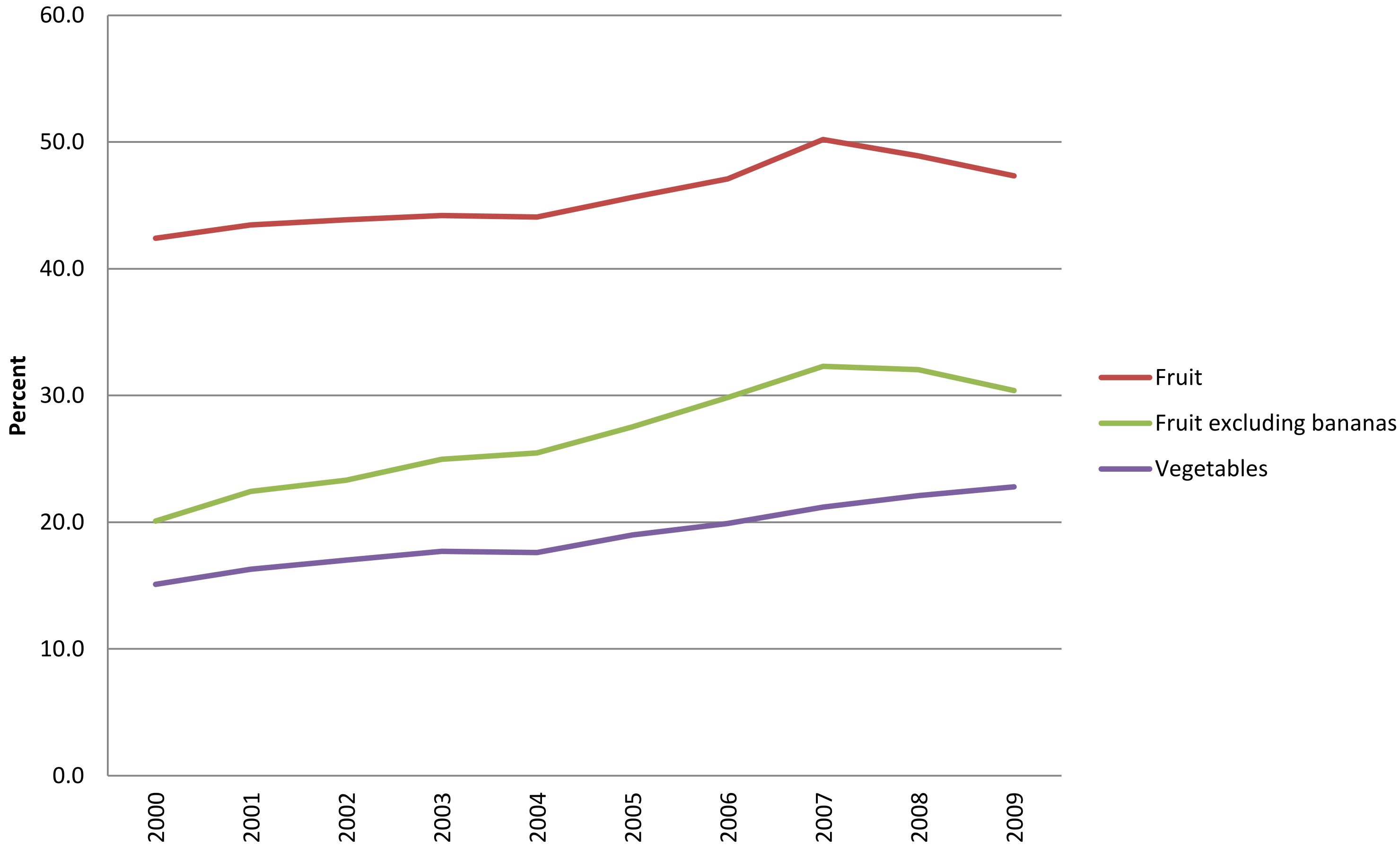
Net trade of Fresh Fruit and Vegetables




Sources of Imported Fruits to the US
(Million $)
Mexico
2479
Chile
1469
Costa Rica
818
Guatemala
591
Ecuador
473
Rest of the World
1507


Sources of Imported Vegetables to the US (Million $)
European Union-27 125
Rest of the World 410
China 203
Peru 265
Canada 1751
Mexico 3956

Share of Consumption from Imports



Total horticulture value is increasing

Why?

- Increase in population
- New international markets
- Year round demand
- Consumers willing to try new products

Major Macro-Trends

Local and specialized Markets

Direct Marketing and Local Foods

- Farmers' markets from 340 in 1970 to 7,175 in 2011 (AMS, USDA 2011).

- Total local sales by farmers were estimated to be at $4.8 million.
  - Direct-to-consumer only: $887 million
  - Indirect marketing channels only: $2.7 billion
  - Both marketing channels: $1.2 billion

What are **“functional foods”**

According to American Dietetic Association:

“provide additional health benefits that may reduce disease risk and/or promote optimal health”

Functional Foods

- **Increasing Interest in “Functional Foods”**
  - Benefits beyond basic nutrition
  - In 2008: $27 billion in U.S. (Granato et al. 2010)
- **Increasing Cost of Health Care**
  - In 2009: $2.5 trillion in U.S. (Truffer et al. 2010)
  - Fruits linked with reduction in risk for chronic illnesses (Seeram et al. 2006a)
- **Increasing Independence of Treatment**
  - Awareness the role of nutrition in personal health
  - Marketing opportunity

Change in consumer paradigm

- From medicinal and disease-focused approach
- “food as medicine”
- Now is food for health
- Part of consumer’s lifestyles

International Food Information Council Survey

- 53% of Americans describe their diets as “somewhat healthful”
- 10% “extremely healthful”

- 59% attempting to **“make changes”** to improve health

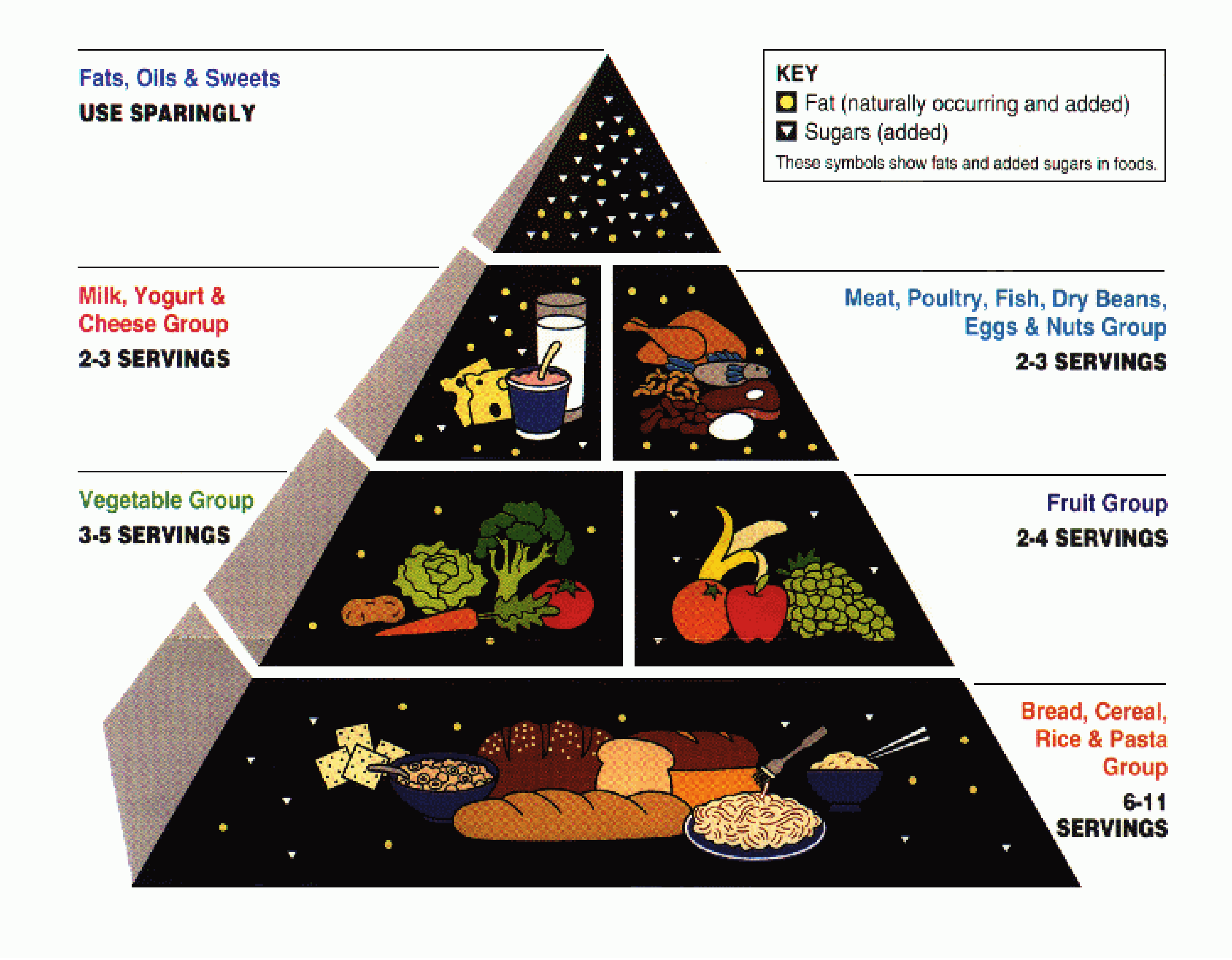
What changes are they making?

- 72% changing the type of food they eat
- 63% changing the amount of food
- 47% changing how often they eat
- 22% counting calories
- 18% changing use of dietary supplements

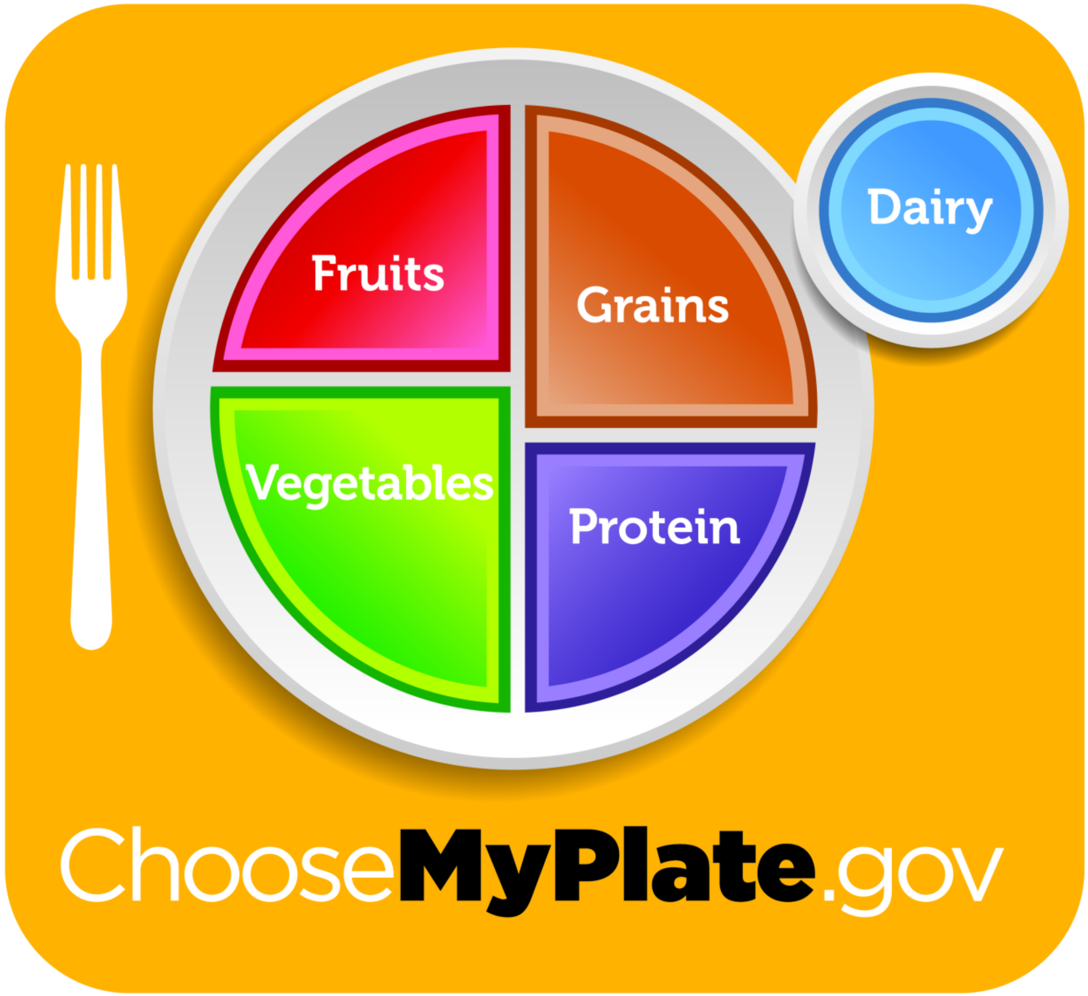
Major Macro-Trends

DGA 2010

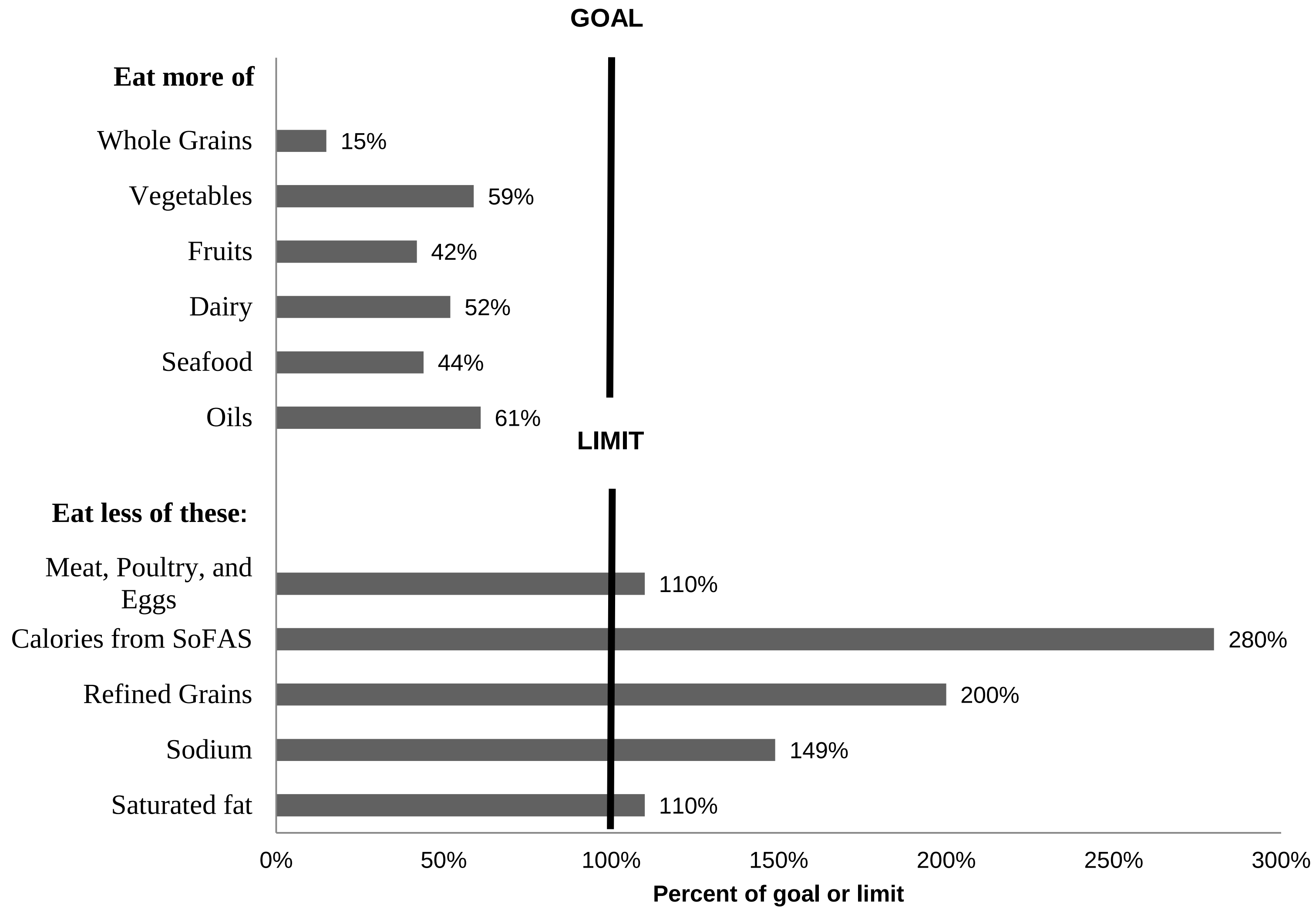
Food Pyramid: 1992



My Plate: 2010



Recommended vs actual

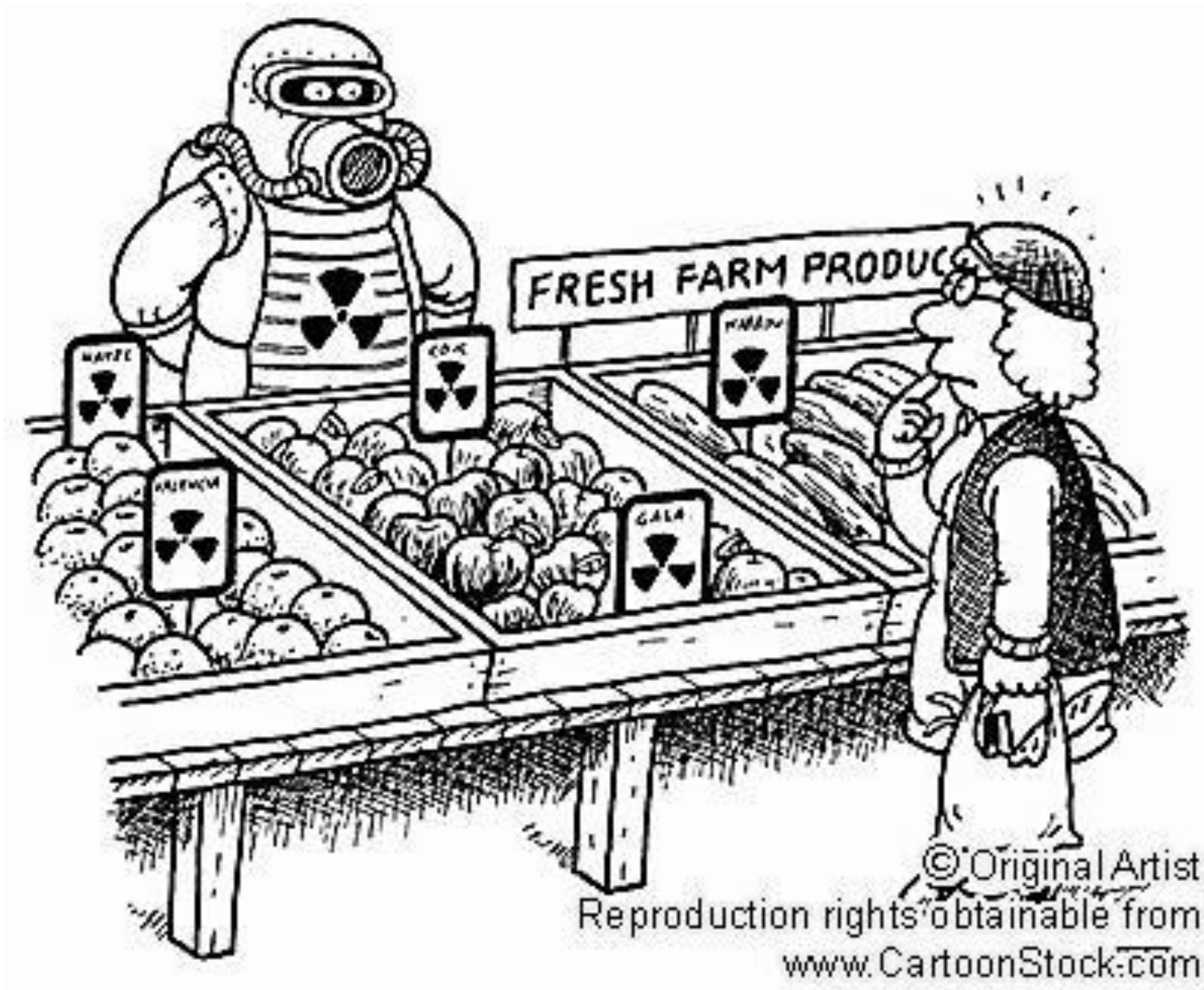


Changes Needed to Meet the Full DGA Recommendation Levels for the Average American

Food Group	Units[1]	DGA Recommen-dation[2]	Food Available for Con-sumption[3]	Change needed to meet Guidelines	
					percent
Fruits	cups/wk	14.0	6.0	+8.0	+134.1
Vegetables	cups/wk	24.4	11.4	+12.9	+113.2
Dark Green	cups/wk	2.5	1.0	+1.5	+151.1
Beans and Peas (legumes)	cups/wk	2.5	0.7	+1.8	+266.6
Red and Orange	cups/wk	7.0	2.1	+4.9	+230.3
Starchy Vegetables	cups/wk	7.0	3.9	+3.1	+79.2
Other	cups/wk	5.5	3.8	+1.7	+45.2
Grains[4]	oz-eq/wk	62.8	57.5	+5.3	+9.2
Seafood	oz/wk	10.0	3.2	+6.8	+208.3
Meat, Poultry and Eggs	oz/wk	31.0	39.6	-8.6	-21.7
Dairy	cups/wk	21.0	12.1	+8.9	+73.7
Oils	grams/wk	237.3	285.6	-48.3	-16.9
Max SoFAS[5]	cal/day	361.0	668.8	-307.8	-46.0

Major Macro-Trends

Food Safety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Health Costs of Foodborne illness

- A recent study estimated total *health costs* of food safety outbreaks at **$152 billion** in the U.S.
  - Physician services
  - Hospital services
  - Medicines
  - Quality of life losses
    - Deaths
    - Pain and suffering
    - Disabilities

This does not include agricultural losses

Summary

- Macro trends & niche markets
- Technological advances in the industry
- The role of policy

Questions

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