

# NEW YORK FRUIT QUARTERLY

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## Editorial

### Is 30 Million Bushels Now the Norm for New York State?

Winter is a time to reflect upon what has happened in our industry and to think about where we are headed as an industry. After examining the Western New York Fruit Farm Business Summaries (FFBS) for the years 1996 through 1998, these facts are evident.

1. Expenses per bearing acre have increased annually with the most dramatic increases in the cost of regular hired labor and spray materials.
2. The price growers received for process apples decreased by \$1 per hundredweight between 1997 and 1998, and most likely did again in 1999. Similarly, fresh apple price received by growers fell from \$6.15 (after deducting storage, packing, and marketing) in 1996 to around \$5.25 per bushel for 1997 and 1998.
3. Average yields per bearing acre have fluctuated, averaging 550 to 600 bushels.
4. Returns per operator for labor and management have ranged from a high of \$60,888 in 1998 to \$18,998 in 1997. Even though 1999 was a banner year for volume, the returns influenced by weak prices will not leave anyone cheering. Debt per bearing acre has steadily increased to \$ 2,176 in 1998.

Yield per acre, price received, and cost control are the three most important factors in making a profit. Fruit size, quality, and a grower's ability to market his or her crop determine the final return to an individual grower. Price is determined by supply and demand.

We are overproducing apples for domestic markets, and we have more competition globally than we want. It is, and will likely continue to be a buyer's market. Production in the eastern United States in 1999 skyrocketed. There are a lot of apples in storage. We need to move Empire apples at unprecedented volume domestically. Europe had a large apple crop, which means that demand will be down for our fresh apple exports. World apple production continues to increase every year. There have been enough new plantings that 30 million bushel crops could be the norm for New York (especially without industry wide removal of unprofitable apple orchards). Our ability to market crops this large at a profit to the grower is questionable. Will we be like the growers in Washington who removed orchards only after they received a storage bill instead of their apple check at the end of the marketing season?

**Every grower needs to think about the future.** Can the apple industry avoid the path of the tart cherry industry? Do we have the discipline as individuals and as an industry to only provide high-quality apples that will bring the consumer back for more purchases? Are we willing to spend more on advertising and promotion to compete with other products? Are we willing to spend more on research and development of new products? Are we willing to pool our resources with growers from other regions to get greater results?

**What about your farm and future?** Do you know your *accrual* expenses per acre? Can you separate out overhead expenses from variable expenses? Are you receiving a return per hour for your labor and management that is at or above minimum wage? Have you projected future yields based on the increasing production of young plantings? Can you spread out overhead expenses by diversifying instead of running more apple acres? What unique talents do you and the people you employ have? Can you diversify outside of the apple business? Is it time to look at the returns you can receive by investing outside of the apple industry? How long do you have until retirement? Will you be able to retire? Will your farm, if sold, provide enough income to support the new owners' family, make mortgage payments, and allow the new owner to change with the times?

**The bottom line for growers who want to stay in business** is that blocks that are losing money need to be removed. Blocks that are not meeting variable expenses should be removed immediately. Prioritize other blocks contributing to fixed expenses for removal based on their total contribution to fixed expenses. The goal for every farm should be to have *all* blocks generating a profit.

Trading water won't cut it in today's economic environment. **Make a plan and implement it** after consulting with family members, business partners, and consultants.

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Front cover: Unharvested Cortlands brighten up an otherwise cold winter day.  
PHOTO BY STEVE HOYING

Back cover: The Food Venture Center (FVC) at the NYSAES has helped launch a diversity of products, from salsa to sausage.  
PHOTO COMPOSITE BY ROB WAY

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