

World Table Grape Situation and Outlook

Total U.S. grape production is estimated to be down 9 percent during 2004. Grapes utilized in the fresh market during 2004 are estimated to increase 13 percent over the previous year's crop to 829,000 metric tons. Total California fresh-market grape production is estimated at 823,000 tons during 2004, valued at \$691 million. Table grape production during the 2005 season for selected northern hemisphere table grape-producing countries is expected up 7 percent from a year ago, while select southern hemisphere production is expected to be up 2 percent.

PRODUCTION

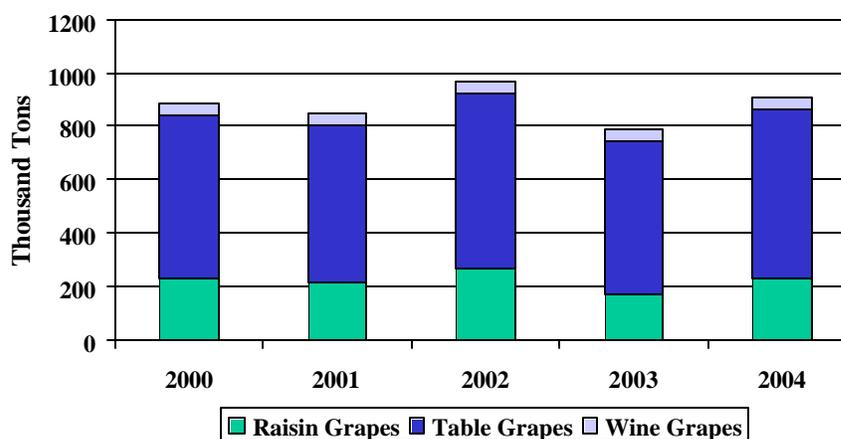
U.S. table grape production increases

Total production* of all grapes in the United States is expected to be down 9 percent due to declines in grape production in Michigan, New York, Ohio, Pennsylvania, and Washington. On Jan. 25, 2005, the National Agricultural Statistics Service (NASS) released the Non-citrus Fruits and Nuts Preliminary Summary. According to the report, total utilized grape production for 2004 totaled 5.41 million metric tons, down 7 percent from the 2003 crop.

The California crop, which accounts for 89 percent (unchanged from 2003) of the 2004 U.S. utilized grape production, is down 6 percent from the previous year. California, wine-type production also decreased 8 percent from 2003, while raisin-type production dropped 8 percent. On the other hand, table-type grape production increased 8 percent. The average price for California grapes grown for the table- grape market increased \$100 per ton, averaging \$790.

California Fresh-Market Grape Utilization

(Short Tons)



Source: National Agricultural Statistics Service, USDA
Non-citrus Fruits and Nuts Preliminary published January 2005

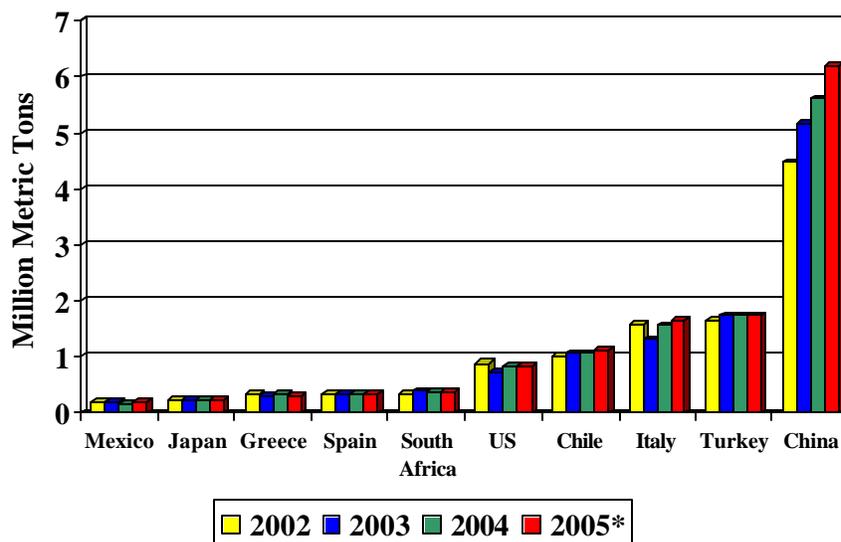
* Includes grapes grown for wine, juice, raisins, and fresh-market

World table grape production increasing

World production of fresh table grapes in selected countries is up 6 percent at 12.2 million tons for 2004. This year's production expectations are for an additional increase of about 6 percent at levels around 13 million tons. Southern Hemisphere production this year is expected to increase 2 percent while the Northern Hemisphere countries are also expected to be up, posting a 7- percent increase. China continues to be a big factor in the ever increasing world production total (up 600,000 tons), but this year Italy and Mexico are also expected to contribute more grapes to the world total. Italy's increase in production is expected to be nearly 86,000 additional tons while Mexico's production is expected to be about 25,000 tons more than last year.

According to the Food and Agriculture Organization (FAO), during 2004 Spain had greatest acreage of grapes grown (grapes for fresh consumption, wine, raisins, and grape juice). Italy, Turkey, China, and the United States follow Spain. However, China leads the world in grapes grown specifically for fresh-market consumption. Turkey is a distant second, with about 35 percent of its total grape production utilized for the fresh market, and the United States ranks fifth.

World Fresh Table Grape Production (Select Countries)



* Estimate

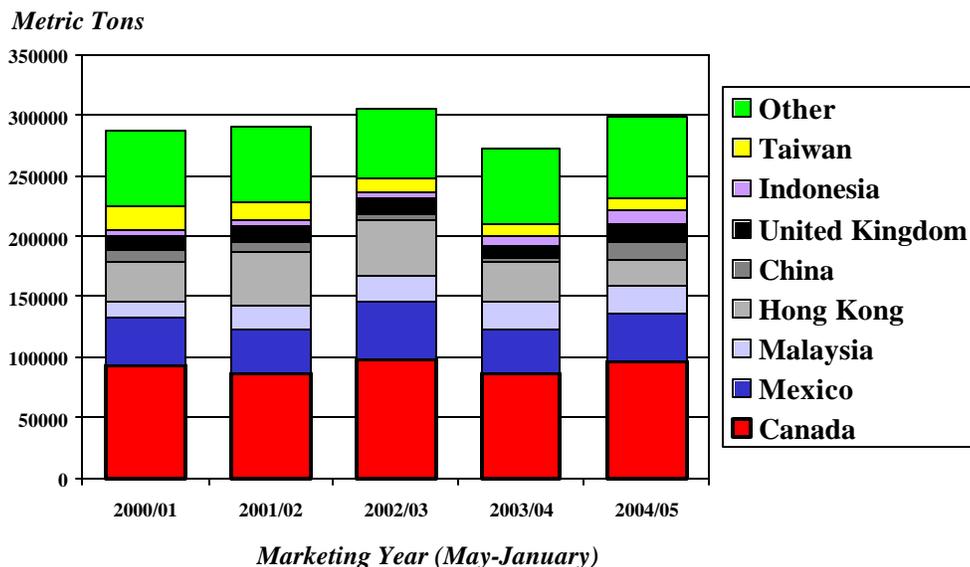
TRADE

U.S. exports increase

During marketing year (MY) 2005 (July – June), the trade balance is expected to stabilize somewhat. Grape imports are expected to exceed grape exports by just over 200,000 tons for a second year in a row.

Higher exports so far this marketing year is encouraging. Fresh grapes are marketed during May through February. Given available data through January 2005, exports are up 10 percent over last year's level for same time period. Last year's exports were depressed due to reductions in domestic supply. This year there is solid demand from Mexico, Canada, and the United Kingdom for grapes from the United States.

U.S. Grape Exports Showing Good Movement Through January *(May – January)*



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

The California Table Grape Commission (CTGC) is the promotional arm of the California grape industry working to improve international market share for the California grape grower. For example, in Canada, our largest export market for grapes, the CTGC has used public funding to expand promotional periods for grapes and to encourage retailers to handle more varieties. In more challenging markets like India, the CTGC has used funds to increase the size of the market in an environment of increasing competition. The Market Access Program (MAP) is an important market development tool used to stimulate demand and fuel table grape exports. During MY 2004/05, the USDA/FAS and the CTGC will share the cost of undertaking promotional activities in Asia, Latin America, the Middle East, and Europe. MAP funding for 2004/05 amounted to \$2.96 million.

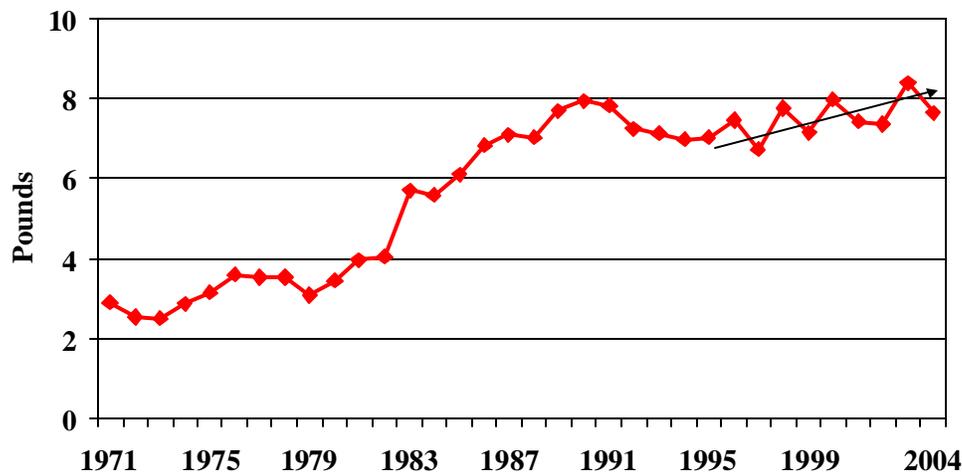
U.S. Imports decrease slightly

Imports during calendar year 2004 decreased 5 percent from 2003. Chile and Mexico supply about 98 percent of imported table grapes and most of these grapes enter during our off-season. These shipments help to maintain a fresh supply of table grapes year round on the store shelves.

CONSUMPTION

According to the Economic Research Service (ERS), encouraging Americans to eat more fruits and vegetables has been a central theme of Federal dietary guidance for more than a decade. A recent Food Marketing Institute survey found that almost 70 percent of American shoppers believe their diets would be healthier if they ate more fruits and vegetables. At the same time, the growth of international trade has enabled supermarkets to keep their aisles stocked with a wide range of fresh produce on a year-round basis. For more on this topic, see ERS's latest publication of *Amber Waves* at <http://www.ers.usda.gov/AmberWaves/April05/Features/FruitAndVegChoices.htm>

U.S. Per Capita Fresh Grape Consumption



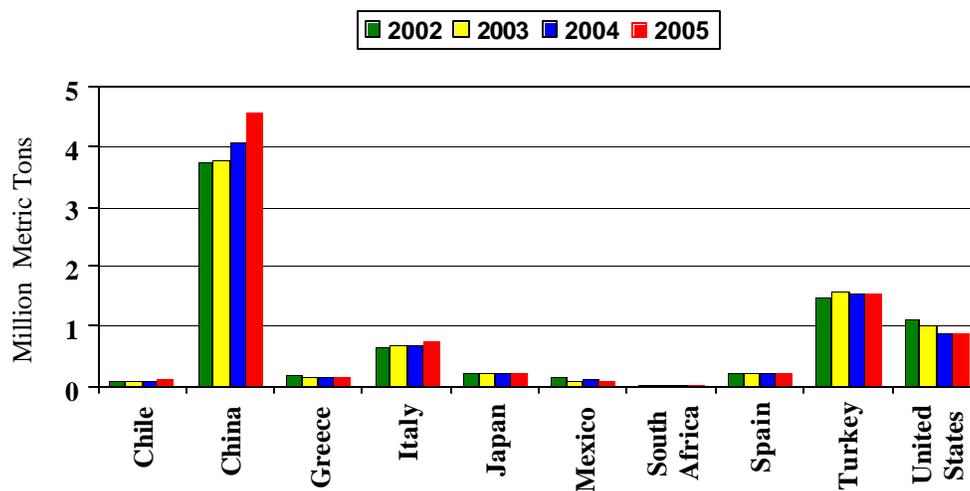
Source: Economic Research Service, USDA
Per capita numbers only approximate the trend and general level of consumption over time.
The numbers do not reflect actual year-to-year changes in consumption.

Domestic consumption in the United States is around 1 million tons. According to the ERS, per capita consumption during 2004 is estimated at 7.65 pounds, increasing almost a pound over the last 10 years. Global grape consumption in selected countries is expected to be up 7 percent in MY 2004/05.

China continues to be the leading consumer of grapes, by far, with a population of 1.2 billion people. It is estimated that they will eat about 4.6 million tons during MY 2004/05. The Chinese mainly consume the domestically grown, low-priced red globe variety. China is beginning to target some key markets for their grape exports, which include Russia, Malaysia, Indonesia, and Hong Kong. Turkey, the second largest world consumer of grapes does consume a significant amount of its own fresh-market production. Of varieties grown, it is estimated that 35 percent are Sultana. About 80 percent of the Sultanas are consumed as fresh-market grapes while 20-25 percent of the Sultanas are dried for raisins. Italy, the fourth largest consumer of fresh grapes, is expected to consume about 46 percent of grapes grown for fresh market consumption in 2005. Spain consumes about 60 percent of its domestic table grape production, exporting the rest, like Italy, to other European Union countries.

World Table Grape Consumption

Select Countries



Source: Foreign Agricultural Service (FAS) Attaché Annual Reports, USDA
 * Data for 2004 and 2005 are estimates.

Sources: This information was prepared or estimated on the basis of official statistics of foreign governments, other foreign source materials, reports of Agricultural Attachés and Counselors, results of office research, FAS/USDA estimates, and related information. U.S. production numbers are generally from the National Agricultural Statistics Service (NASS). U.S. trade numbers are generally from the U.S. Department of Commerce, Bureau of Census.

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