UANGZHOU, China — Guojian Liang is both friend and competitor to Central Washington. For four years, he’s been buying apples from Wenatchee and selling them across China. During a one-month span in September 2003, his company imported 10,029 boxes, a feat that garnered an award from Gov. Gary Locke during a visit last year.

His company, Shunfeng Trading Co., also exports Chinese apples to Singapore, Malaysia and other countries. “The Chinese Fuji can dominate in those countries,” he says. “The cost is less and the quality is good.” In fact, the Chinese Fuji already dominates in Singapore and Malaysia, as well as Thailand and the Philippines — all markets where Washington’s growers have lost market share in the last decade.

Across the Pacific, growers have watched as globalization raced ahead along with China’s growing economic prowess. Prosser farmer Larry Olsen recalls first reading in the early 1990s about China’s emerging apple industry.

“The tone of the report was almost condescending,” he remembers. “Those days are gone. China overtook the United States as the world’s largest apple producer by the early 1990s. Since then, production has quadrupled and exports have skyrocketed by more than 1,700 percent. “Anyone who underestimates the Chinese is a fool,” says Olsen, who now grows Jazz and Pacific Rose, two varieties that aren’t licensed in China.

“The level of awareness is growing, we’ve passed the point of denial,” says Jim McFerson of the Washington Tree Fruit Research Commission, which is leading a broad-based effort to improve technology to make American apples more competitive.

Meanwhile, China is moving ahead. In trade talks later this month, the Chinese are expected to press the United States to open its markets to their apples. This country has long banned Chinese apples on grounds they can carry pests that endanger American crops. In contrast, U.S. apple exports to China and Hong Kong measure nearly 2 million boxes annually.

“Their economic strength has increased and they are doing a full-court press to get access where they don’t have access,” said Desmond O’Rourke, a researcher and consultant who has long followed China’s apple development.

But despite the staggering growth of its apple industry, China still faces challenges. “I think we can compete, but we need to make comparable investments in the way we do things,” Olsen says. “We have to figure out a way to make ourselves better producers.”

Workers rest from stacking bags of apples on a truck along the main street of Guanshui in Shandong Province. Some of the stacked apples are separated by straw mats on the truck. Chinese farmers are expected to grow the equivalent of more than 1 billion boxes of apples this year.

Stories by CRAIG TROIANELLO, Yakima Herald-Republic  •  Photos by DON SEABROOK, Wenatchee World
China’s 88 billion apples change look of the market

Central Washington apple growers had a problem. It was the first half of the 20th century and the world was divided between East and West. York, Michigan and Virginia were sending apples by rail to the nation’s largest markets on the East Coast and the Midwest.

Separated by 2,000 miles or more, Washington apple producers were not only competing against apples from other countries but also apples being grown in England, Sweden, France, Germany, Poland, Romania and East Germany.

It was the first half of the 1950s. And they worked on technology. The world’s first commercial controlled-storage unit was built in Yakima. “It was that way with all of Yakima. ‘China isn’t unique. It was that way with Poland, Romania and East Germany.’”

For 45 years in the fruit business, Robert Kershaw, president of Kershaw Fruit Co. of Yakima, remembers a China playing on the global stage. “In the 1980s, everyone was terrified of East Bloc countries that were bringing huge fleets of freighters on the world’s super highways. And now, they’re saying ‘China isn’t unique. It was that way with Poland, Romania and East Germany.’”

Kershaw can’t alone in his assessment. “I think you could say China’s the biggest new competitor, and the saddest news is that our industry is underprepared,” said Craig Gilbert, whose family started Gilbert Orchards in the Yakima Valley in 1898. “We’ve had a lot of years, we’ve had a lot of years in the business, and we’ve held our own. I just think we will take some new strategies and plans.”

When the Washington apple marketers and producers were the same people, it was easy to compete with each other. But now, “We will never be the lowest cost producer,” said Steve Hendricks, former export sales manager for C.M. Richtinger Fruit Co. of Yakima. “There will always be a place for high-end markets, even in less-developed countries.”

China’s best apples can always compete with any other nation in the world market. But China’s ability to produce and deliver a consistent supply is limited by licensing agreements.

“China’s best apples can always compete with any other nation in the world market. But China’s ability to deliver a consistent supply is limited by licensing agreements.”

The largest numbers of Washington apple exports stay on this continent, but Asia presents great future opportunities. Numbers, in millions of cases, are from 2003.

* China/Hong Kong 1.85
* Canada 2.02
* Taiwan 2.07
* Indonesia 4.70
* Malaysia 6.08
* Singapore 2.07

Chinese are tough competitors, some shippers may adopt a strategy of ‘can’t beat ‘em, join ‘em.”

Growers face challenges

Stories by CRAIG TROIANELLO, Yakima Herald-Republican  • Photos by DON SEABROOK, Wenatchee World

Workers at the Star Ranch Growers packing plant in Wenatchee box Washington state Red Delicious apples bound for Hong Kong. The company exports many apples with the help of Wenatchee’s Omnia Trading Corp.

China’s 88 billion apples face challenges

Eighty-eight billion apples. At least. That’s the projected number of apples produced this year. And every man, woman and child on earth with more than a dozen regions.

Small wonder that American growers are jittery as they watch the Middle Kingdom’s unprecedented march into technology and prosperity. The United States’ long and steady relationship with China’s huge tracts of orchard is not without consequences.

China/Hong Kong 1.85
Canada 2.02
Taiwan 2.07
Indonesia 4.70
Malaysia 6.08
Singapore 2.07

Insiders say China still isn’t a threat. Some say China/Hong Kong can’t even compete with Central Washington’s superior apples.

“Kershaw can’t alone in his assessment. ‘I think you could say China’s the biggest new competitor, and the saddest news is that our industry is underprepared,’ said Craig Gilbert, whose family started Gilbert Orchards in the Yakima Valley in 1898. ‘We’ve had a lot of years, we’ve had a lot of years in the business, and we’ve held our own. I just think we will take some new strategies and plans.’

When the Washington apple growers talk strategy, they frequently recycle the phrase ‘Kira versus Mercedo. In other words, some people will win, some people will lose, even if it rains more.’

“We will never be the lowest cost producer,” said Steve Hendricks, former export sales manager for C.M. Richtinger Fruit Co. of Yakima. “There will always be a place for high-end markets, even in less-developed countries.”

China’s best apples can always compete with any other nation in the world market. But China’s ability to deliver a consistent supply is limited by licensing agreements.

“China’s best apples can always compete with any other nation in the world market. But China’s ability to deliver a consistent supply is limited by licensing agreements.”

Some U.S. growers are planting ‘Chieh’ apples such as Pacific Rose and Aztec, which planting and production is limited by licensing agreements.

This kind of high-end niche marketing will play a bigger role in the next decade.

Small wonder that American growers are jittery as they watch the Middle Kingdom’s unprecedented march into technology and prosperity. The United States’ long and steady relationship with China’s huge tracts of orchard is not without consequences.

China/Hong Kong 1.85
Canada 2.02
Taiwan 2.07
Indonesia 4.70
Malaysia 6.08
Singapore 2.07

Insiders say China still isn’t a threat. Some say China/Hong Kong can’t even compete with Central Washington’s superior apples.

“Kershaw can’t alone in his assessment. ‘I think you could say China’s the biggest new competitor, and the saddest news is that our industry is underprepared,’ said Craig Gilbert, whose family started Gilbert Orchards in the Yakima Valley in 1898. ‘We’ve had a lot of years, we’ve had a lot of years in the business, and we’ve held our own. I just think we will take some new strategies and plans.’

When the Washington apple growers talk strategy, they frequently recycle the phrase ‘Kira versus Mercedo. In other words, some people will win, some people will lose, even if it rains more.’

“We will never be the lowest cost producer,” said Steve Hendricks, former export sales manager for C.M. Richtinger Fruit Co. of Yakima. “There will always be a place for high-end markets, even in less-developed countries.”

China’s best apples can always compete with any other nation in the world market. But China’s ability to deliver a consistent supply is limited by licensing agreements.

Some U.S. growers are planting ‘Chieh’ apples such as Pacific Rose and Aztec, which planting and production is limited by licensing agreements.

This kind of high-end niche marketing will play a bigger role in the next decade.

Some U.S. growers are planting ‘Chieh’ apples such as Pacific Rose and Aztec, which planting and production is limited by licensing agreements.

China/Hong Kong 1.85
Canada 2.02
Taiwan 2.07
Indonesia 4.70
Malaysia 6.08
Singapore 2.07

Insiders say China still isn’t a threat. Some say China/Hong Kong can’t even compete with Central Washington’s superior apples.

“I think the biggest new competitor, and the saddest news is that our industry is underprepared,” said Craig Gilbert, whose family started Gilbert Orchards in the Yakima Valley in 1898. “We’ve had a lot of years, we’ve had a lot of years in the business, and we’ve held our own. I just think we will take some new strategies and plans.”

When the Washington apple growers talk strategy, they frequently recycle the phrase ‘Kira versus Mercedo. In other words, some people will win, some people will lose, even if it rains more.’

“We will never be the lowest cost producer,” said Steve Hendricks, former export sales manager for C.M. Richtinger Fruit Co. of Yakima. “There will always be a place for high-end markets, even in less-developed countries.”

China’s best apples can always compete with any other nation in the world market. But China’s ability to deliver a consistent supply is limited by licensing agreements.

Some U.S. growers are planting ‘Chieh’ apples such as Pacific Rose and Aztec, which planting and production is limited by licensing agreements.

This kind of high-end niche marketing will play a bigger role in the next decade.

Some U.S. growers are planting ‘Chieh’ apples such as Pacific Rose and Aztec, which planting and production is limited by licensing agreements.

China/Hong Kong 1.85
Canada 2.02
Taiwan 2.07
Indonesia 4.70
Malaysia 6.08
Singapore 2.07

Insiders say China still isn’t a threat. Some say China/Hong Kong can’t even compete with Central Washington’s superior apples.

“I think the biggest new competitor, and the saddest news is that our industry is underprepared,” said Craig Gilbert, whose family started Gilbert Orchards in the Yakima Valley in 1898. “We’ve had a lot of years, we’ve had a lot of years in the business, and we’ve held our own. I just think we will take some new strategies and plans.”

When the Washington apple growers talk strategy, they frequently recycle the phrase ‘Kira versus Mercedo. In other words, some people will win, some people will lose, even if it rains more.’

“We will never be the lowest cost producer,” said Steve Hendricks, former export sales manager for C.M. Richtinger Fruit Co. of Yakima. “There will always be a place for high-end markets, even in less-developed countries.”

China’s best apples can always compete with any other nation in the world market. But China’s ability to deliver a consistent supply is limited by licensing agreements.

Some U.S. growers are planting ‘Chieh’ apples such as Pacific Rose and Aztec, which planting and production is limited by licensing agreements.

This kind of high-end niche marketing will play a bigger role in the next decade.

Some U.S. growers are planting ‘Chieh’ apples such as Pacific Rose and Aztec, which planting and production is limited by licensing agreements.

China/Hong Kong 1.85
Canada 2.02
Taiwan 2.07
Indonesia 4.70
Malaysia 6.08
Singapore 2.07

Insiders say China still isn’t a threat. Some say China/Hong Kong can’t even compete with Central Washington’s superior apples.

“I think the biggest new competitor, and the saddest news is that our industry is underprepared,” said Craig Gilbert, whose family started Gilbert Orchards in the Yakima Valley in 1898. “We’ve had a lot of years, we’ve had a lot of years in the business, and we’ve held our own. I just think we will take some new strategies and plans.”

When the Washington apple growers talk strategy, they frequently recycle the phrase ‘Kira versus Mercedo. In other words, some people will win, some people will lose, even if it rains more.’

“We will never be the lowest cost producer,” said Steve Hendricks, former export sales manager for C.M. Richtinger Fruit Co. of Yakima. “There will always be a place for high-end markets, even in less-developed countries.”

China’s best apples can always compete with any other nation in the world market. But China’s ability to deliver a consistent supply is limited by licensing agreements.

Some U.S. growers are planting ‘Chieh’ apples such as Pacific Rose and Aztec, which planting and production is limited by licensing agreements.

This kind of high-end niche marketing will play a bigger role in the next decade.
Employed by the fruit lines business, Robert Ker-
nan can’t remain unre-
sourced: “I think the concen-
tation in China is so horri-
ble for our competitors,” said Craig
Kerran, whose family started Gilber
Orchard in the Yakima Val-
y in 1950. “But we’ve had a
lot of competition in the past
and China is the first to bring
it home to the American
farmers.” Kerran said that
just like other countries, China
will eventually make a
move into the American mar-
ket. “They are right on our
heels, and we just think it will take some
new strategies this year.”

When the Washington apple growers talk strategy, they fre-
quently evoke the phrase: Kisses versus Snickers. In other
words, some people will want the best, others will want
the average, and still others will look for the cheapest
cost producer,” said Steve
Reidow, former export sales
manager for C.M. Holtzinger
Fruit Co.

A worker loads apples boxes onto a truck in the small village
of Wanshiou, Shandong Province. The
apples here are grown under the supervision of village authorities, workers are paid salaries from
$125 to $175 a month.

Politics enters into apple export equation

There’s little doubt that the Chinese apples will show up on
American supermarket shelves. The only
question is when. Estimates range anywhere from
$125 to $175 a month.

Workers push a load of Red Delicious apples into a container at the Jiangnan Wholesale Fruit Market after a day of aikis in Guangzhou. These apples came from Stier Ranch Growers in Wenatchee. The packing company also exports under other labels so foreign buyers aren’t competing with one an-
other using the same brand name.

Fengshan County in Shandong Province. While trade remains what one official calls “terri-
fied of East Asia countries” that are bringing their
orchard lines online, a recall
three years ago by China put a halt to the
sales of some American
apples. The result is supposed to be
a change in the apple
export law that would allow
for the continued import of
American apples
into China. The law is re-
newing
of the apple
export
to China.

A mere 3 percent of its apples
are imported, but the Chinese
are determined to make
their role in the world
market visible. They have
already invested $250 million
in the United States and have
agreed to invest another $100 million.

The Chinese are
aware of the
risk in the
international market.

Some say that
American
apples
will
not
be
able
to
compete on price,
but China is
determined to
make
its
role
visible
in the
international
market.

The
Chinese
come
from
a
distant
country,
but
they
are
determined
to
make
their
role
visible
in
the
international
market.

Stories by CRAIG TROIANELLO, Yakima Herald-Republic • Photos by DON SEABROOK, Wenatchee World

Washington State apple facts

■ Estimated production this year: 66 mil-

lion bushels, each weighing 42 pounds (does not include apples diverted to processing)

■ Acreage in production: 164,000 acres

■ Number of Farms: 4,307

■ On average Washington State produces: 70 percent of the U.S. apple crop and sup-

plies about 65 percent of the U.S. fresh mar-

ket.

■ Percent of crop by variety: Red Delicious — 42 percent, Golden Delicious — 10 percent, Granny Smith — 11 percent

Fuel — 1 percent

Gala — 13 percent

Breast — 2 percent

Other — 2 percent

Source: Northwest Horticultural Council
A farmer tends to a crop of seedling apple trees in a nursery grove west of Yantai in Shandong Province. Fujis are the largest variety of apples grown in China. But agricultural officials expect some future orchards to include more Japanese Tenjnu, a variety with a higher acid content that lends itself better to juicing.

Apple juice processed by Tree Top and labeled as “Washington’s Best” is stamped on the bottom of the containers with “CONC OF USA CHINA.”

Stories by CRAIG TROIANELLO, Yakima Herald-Republic  • Photos by DON SEABROOK, Wenatchee World