Food Cartel Imports Shrink Another U.S. Crop's Production: Apple Orchards

by Marcia Merry Baker and John Hoefle

Cartel concentration, outsourcing, and "cross-sourcing" of production (between the United States and Asia) is shrinking American production of apples—more rapidly since 2001—and reducing the once-rich variety of apple types grown in the country. Like other examples, this one, shown in new time-lapse computer animation, shows the taking down of high-technology agricultural production by the plague of globalization.

Six major juice processors of U.S.-grown apples (into juice concentrate) have gone out of business since 2001, leaving only two U.S. commercial-scale companies remaining: Tree-Top, a cooperative of 1,350 farmer-owners in Selah, Washington; and Naumes, in Medford, Oregon.

Apart from the very few regional juice and cider-makers still processing U.S.-orchard fruit, U.S. consumption of apple juice is currently met by a cartel of multinational companies, packaging rehydrated blends out of imported apple-juice concentrate from China, Chile, Argentina, Turkey, Austria, Germany, and Poland. Apples are also imported from South Africa.

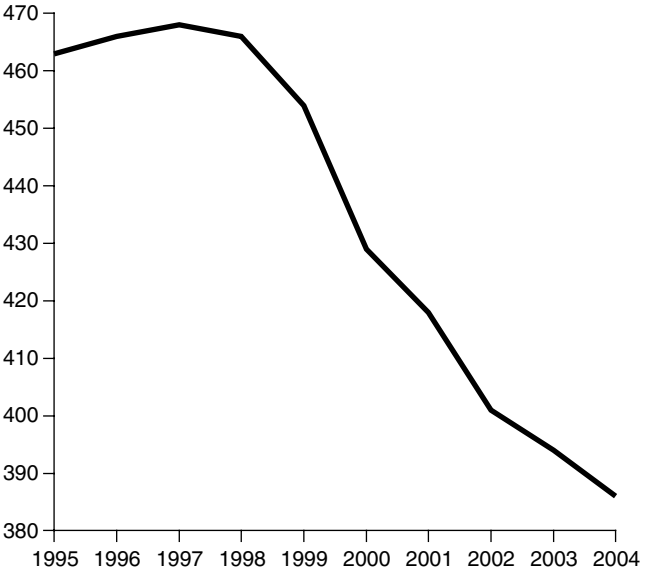
Some of the major cartel apple juice companies and their principal import-sources include:

- **Nestles/Libby's**—Argentina, Chile;
- **Coca Cola/Minute Maid**—Argentina, Chile, China, Austria, Germany, Turkey;
- **Mott's**—China, Chile, Argentina, Poland;
- **Ahold/Foodhold USA LLC/Giant/Nature's Promise**—Turkey;
- **Kraft Foods/Kool-Aid**—(There is only 10% juice in their "apple juice drink," with origin unspecified.)

These firms and the financial interests behind them, acting in league with the globalizing institutions—the World Trade Organization, International Monetary Fund, and others—have successfully imposed their "global sourcing" practices upon governments over the past 25 years. Rationalizations to the gullible public proclaim that "global competition" is best for the consumer. The predictable outcome has been the impoverishment of the food-exporting nations, and of the U.S. farm sector itself.

Apples are one of several basic food items whose production and sourcing are examined, in the first of a series of newly released economics animations, commissioned for this Summer by *EIR* Contributing Editor Lyndon LaRouche, on the theme, "Where Does Your Food Come From?" (for the animation, see www.larouchepac.com).

FIGURE 1
Decline in U.S. Apple Orchard Area, 1995-2004
(Thousands of Acres)



Source: U.S. Department of Agriculture.

Coca Cola/'East India Co.' Orchards in China

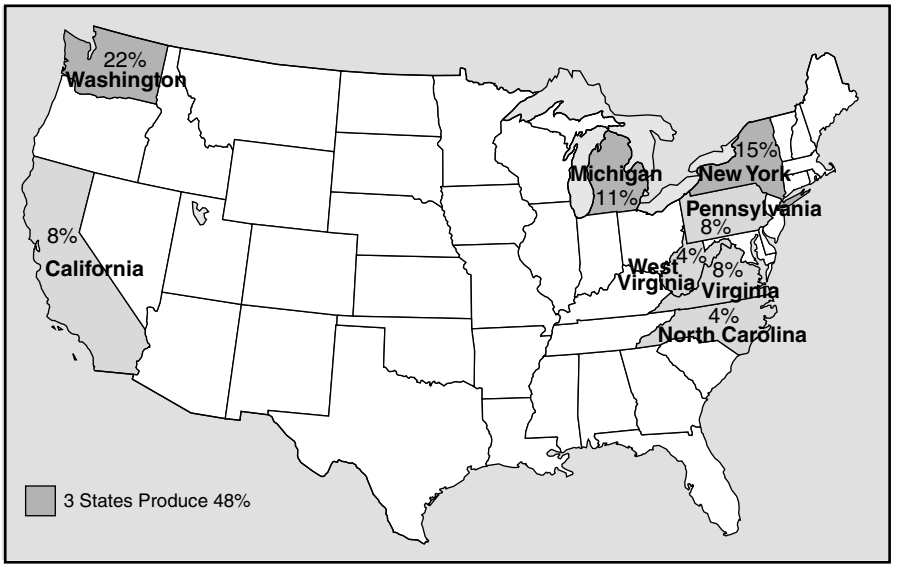
Huge for-export orchard reservations were set up in China over the early 1990s. Then, during the period from 1995 to 1998 alone, China's share of the U.S. use of apple-juice concentrate went from 1 to 18%. This represents an increase in volume of U.S. imports from China of more than 1,200% in these three years, reaching 40,000 metric tons in 1998. At the same time, the average price for apple-juice concentrate imports from China fell by more than half, from $7.65 a gallon

FIGURE 2

States' Share of U.S. Apple Production, 2004 Compared to 1970

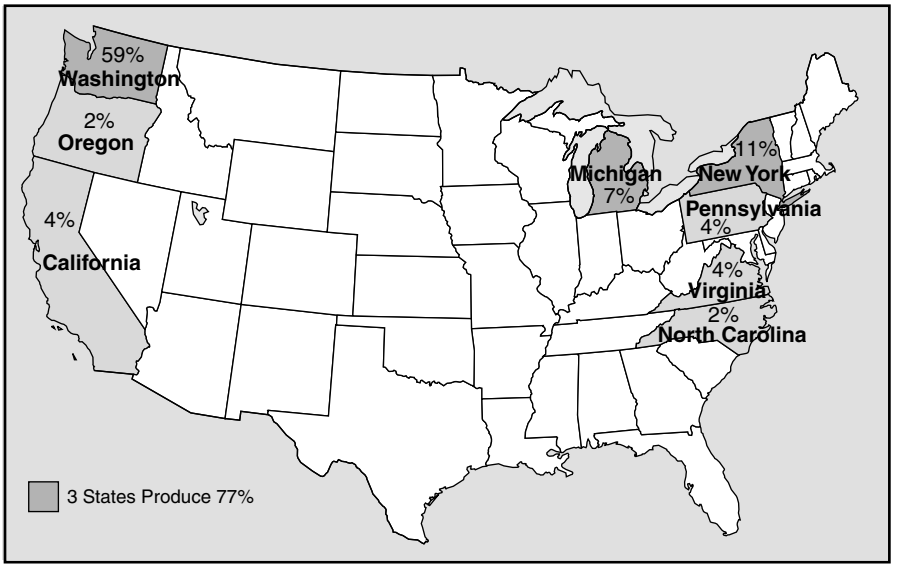
(Percent of Total U.S. Annual Output)

1970: Eight States Produce 80% of Apple Production



Source: U.S. Department of Agriculture Statistics 1973.

2004: Eight States Produce 90% of Apple Production



Source: U.S. Department of Agriculture Statistics 2004.

down to $3.57 a gallon. Coca Cola and other importers made a killing in juice processing and marketing.

In protest, stateside apple growers and processors of U.S.-produced apples, demanded restrictions on Chinese apple-juice concentrate imports, and anti-dumping duties were levied on China by the United States. However, the cartel-demanded import volume continued, flowing in from many other nations, with the expected dire results.

The duties on Chinese imports are set to expire this Summer, and U.S. apple growers, and processors of U.S. apples have recently filed an appeal for a five-year extension of U.S. tariffs on China's apple-juice concentrate imports with the Commerce Department and the International Trade Commission. If the appeal is not granted, "extinction" lies ahead for the U.S. domestic apple-juice concentrate producers, according to Nancy Foster, president and CEO of the U.S. Apple Association, based in Virginia (www.usapple.org).

In response to the binge of "free" trade since the 1990s, the area of U.S. commercial orchard operations has dropped dramatically over the last ten years. The amount of U.S. apple-bearing acres (of orchards with 100 trees or more) went from 463,000 acres in 1995, down to 386,000 in 2004. (See **Figure 1.**)

Yields increased, but at the same time, the pattern of concentration of apple production came to be narrowly centered in Washington state, which in 1970, accounted for 22% of all U.S. volume of apple output (producing 1,390 million pounds out of 6,257 million of the U.S. total). But in 2004, Washington alone accounted for 59% (producing 5,900 million pounds out of 10,075 million pounds total produced in the United States!). (See **Figure 2.**)

Under "free" (rigged) trade, the pattern today is for Pacific cross-hauling of apple products to suit food commodity cartel demands. "Fresh" Washington state premium apples go westward to Asia, commanding top prices in Singapore, Taiwan, Hong Kong, and so on, while Chinese apple-juice concentrate—from lower-yield, less presentable fruit—flows eastward to the United States.

The Johnny Appleseed Principle

Anything you may hear about how such cross-haul trade

EIRNS/Stuart Lewis

This carton of Minute Maid brand (Coca Cola-owned) apple juice may contain product from any of seven countries.

patterns reflect an innate geo-economic "competitive advantage"—for China to produce lower-grade apples for U.S. juice consumption, while the U.S. Northwest is especially suitable for high-grade yields—is just so much globaloney. China's orchard areas are well-suited for advanced methods of cultivation, from which the harvest could be supplying both China, and neighboring island nations.

In the United States, there is vast agro-climatic potential for fine apples in many regions outside of Washington state, as U.S. farming history shows. Washington, with its very advanced orchards, has simply become a cartel source-region of choice. Drastically narrowing the source-area of U.S. production to the Pacific Northwest, as shown in the maps in Figure 2, comparing 1970 to 2004, is undesirable for many reasons: disease potential, over-reliance on limited crop genetics, shipping costs, and undercutting other orchard regions.

The American fable of Johnnie Appleseed makes the point. Unprepossessing Johnnie, with a cookpot for a hat, travelled hill and vale, passing out seeds for apple trees. The moral of the story: A nation will survive and thrive, if it builds widespread cultivation and agriculture capacity.

This is the principle to be reinstated today, as free-trade farm and food practices are causing worse and worse damage to national economies, while the global financial system itself is now blowing up.

Last Chance To Stop Avian Flu Pandemic?

by Colin Lowry

Events in Asia over the past few months have put the world on a short fuse toward the explosion of a global influenza pandemic. Avian influenza has broken out in several new places, and has again infected another species (pig), which could act as a carrier and mixing vessel for the recombination of a hybrid virus that can easily infect people.

Indonesia reported its first human cases and fatalities from avian influenza type H5N1 on July 21, with the death of a father and two of his young daughters. The man died ten days after the onset of symptoms, despite treatment in the hospital. Making the cases more mysterious, is the fact that the man lived in a city and had no known exposure risk to wild or domestic birds, which, so far, have been the primary vectors for spreading the disease to people.

The health authorities in Indonesia are coordinating with the World Health Organization (WHO) to track down all of the people who may have been exposed to the virus from the victims, or who had recent contact with them, to try to find the source of the infection. These new cases bring the global total to 111 confirmed infections in people, resulting in 57 deaths from avian influenza type H5N1 since 2003.

In April in Indonesia, researchers reported that they had been testing for the presence of H5N1 influenza in domestic pigs, and found that in one area on the island of Java there were many pigs that showed no symptoms but were infected with the virus. This finding is extremely serious, as pigs could now be vectors of the avian influenza virus, and because they showed no symptoms of the disease, it makes detection even more difficult. In Asia, large-scale testing for the virus in domestic pigs is economically impossible under current conditions.

The fact that the pigs could now harbor the avian virus also makes them a dangerous new mixing vessel for the creation of a new form of the virus, if the pigs are also infected with a human influenza virus. Pigs routinely are susceptible to human influenza viruses, and can carry them asymptomatically as well. Influenza type A viruses can recombine and swap genes, creating a new and potentially more dangerous virus. A recombination event in the pig, with a human and avian influenza virus, could produce a virus that could easily spread from person to person—which is exactly what the experts fear will be the start of the next deadly pandemic.