



Specialty Crops

Executive Summary

The specialty crop industry is diverse and includes fruits, vegetables, tree nuts, floriculture crops, and other horticultural goods. Grains and oilseeds such as corn and soybean are not considered specialty crops. Specialty crop growers receive funds which are regulated under [Section 101 of the Specialty Crops Competitiveness Act of 2004](#). There are three bills ([HB 2762](#), [HB 2720](#), [SB 1157](#)) in the 2022 Missouri General Assembly that would create the "Specialty Agricultural Crops Act", a loan program established by the Missouri Agricultural and Small Business Development Authority for the purchase of certain specialty crop resources.

Highlights

- There are currently more than 242,818 specialty crop farms in the U.S, covering more than 15.6 million acres (about 6% of total U.S. cropland).
 - Most of the specialty crops are produced in orchards (about half the farms), and include fruits and tree nuts. Other land production uses include berries, vegetables, nurseries and greenhouses for floriculture, Christmas trees, and maple syrup farms.
- The U.S. fruit and vegetable industry accounts for nearly one third of all U.S. crop cash receipts and one fifth of U.S. agricultural exports.
- More than half of all fresh and processed fruit and vegetables reach consumers via supermarkets, other retail establishments, and the foodservice industry.
- The specialty crop industry is labor-intensive, particularly for those producers who harvest their crops manually. Labor is the largest variable expense for U.S. producers of specialty crops.
- In 2017 there were 3,503 farms that grew specialty crops in Missouri on 45,150 acres.
 - Most farms were vegetable farms and orchards.
 - Potato growers in Missouri receive the greatest cash receipts total of specialty crops.

Limitations

- Since "specialty crop" covers so many different categories, it is difficult to draw general conclusions about policies related to "specialty crops".
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Research Background

Specialty Crop Farms

The term “specialty crop” is wide-ranging, including fruits, vegetables, tree nuts, dried fruits and vegetables, horticulture, and nursery crops (over 100 separate fruit and vegetable commodities).¹ In practice, however, the term “specialty crops” is generally used to describe all crops except those commodities that receive direct income support under [Title I of the Agricultural Improvement Act of 2018](#).¹

A farm is any place from which \$1,000 or more of agricultural products are produced and sold, or normally would have been sold, during a census year.² According to the [Census of Agriculture Data on Specialty Crops](#), more than 242,818 farms specialized in the production of fruit, tree nuts, berries, and vegetables in the U.S. in 2017.² Covering more than 15.6 million acres (about 6% of U.S. cropland), most of the specialty crops were produced on orchards (about half the farms) which included fruit and tree nuts. Other land uses for production included, berries, vegetables, nurseries and greenhouses for floriculture, Christmas trees, and maple syrup.²

Characteristics of the Specialty Crop Industry

The U.S. fruit and vegetable industry accounts for nearly one third of all U.S. crop cash receipts and a fifth of U.S. agricultural exports. Although the fruit and vegetable share of crop receipts tends to be relatively large, these high-value crops are typically produced on a very small proportion of U.S. harvested cropland.³

As with all crop commodities, there are a variety of challenges that the specialty crop industry faces in both domestic and international markets.⁴ Moreover, the many commodities that are covered by the term “fruit and vegetable industries” do not operate in a homogenous market as different fruits or vegetables tend to face unique supply and demand characteristics.⁴ For example, price movements for potatoes differ from those of apples, and price changes for fresh tomatoes vary widely from those of asparagus.⁴

More than half of all fresh and processed fruit and vegetables reach consumers via supermarkets and other retail establishments. The next major marketing segment for produce is the foodservice industry, which includes quick service (fast food) establishments, table-service restaurants, institutional food services, and various Federal programs (e.g., school lunch and military purchases).¹ An estimated 1% is marketed directly from the farm to the consumer via farmers’ markets, roadside stands, and pick-your-own operations. About 10% of all U.S. fruit and vegetable supplies enter export markets.^{1,4}

Specific Specialty Crop Farming Considerations

As compared to the row crops industry (soybean or corn), there are two important aspects that concern this complex and diverse industry. **The specialty crop industry is a labor-intensive**

industry, particularly for those producers who harvest their crops manually.¹ Crops harvested in this manner are often sold in fresh markets, where they face increasing competition with imports. The availability of affordable labor is vital to the ability of these domestic producers to compete with foreign producers. **Labor is the largest variable expense for U.S. producers of specialty crops.** Thus, issues like immigration and foreign worker laws can affect the availability of labor and how producers can compete with imports.¹

Although timing is crucial in all agricultural productions, specialty crops produced for fresh markets have distinct characteristics from those produced for processing or from commodity crops.¹ That is because **consumer demand requires specialty crops to be sold in fresh markets and to bear aesthetic appeal.** Thus, **many producers harvest these crops by hand to maintain visual appeal and the products must be transported to the fresh market quickly from field to consumer before they perish.**¹ Although the market for specialty crops that are intended for processing is a little different than the market for fresh, food processors often have large, consistent demands. Food processors desire crops with qualities uniquely designed for the processing system and will often enter contractual growing agreements with specific farmers rather than purchasing crops from spot markets.¹ **Due to the perishable nature of specialty crops, growers often have to ship their fresh fruits and vegetables prior to receiving payment.** Congress enacted the [Perishable Agricultural Commodities Act \(PACA\)](#), to give specialty crop growers protections and remedies regarding payment for their crops. The primary purposes of the PACA is to: 1) prevent unfair and fraudulent conduct in the marketing and selling of perishable agricultural commodities, and 2) to facilitate the orderly flow of perishable agricultural commodities in interstate and foreign commerce.¹

Specialty Crops in Missouri

In 2017, there were 3,503 farms that grew specialty crops in Missouri on 45,150 acres (**Table 1**). Most farms were growing vegetables (1,449) and crops in orchards (1,359). The average age of a specialty crop producer in Missouri is 53.4 years old. From the 6,394 specialty crop producers in Missouri, 59% were men, 41% were women, and 96% were White.⁵ For more information on Missouri’s agriculture, read our Science Note on [Missouri Agriculture and Economy](#).

Missouri Special Crops Industry Characteristics (2017)		
	Farms	Acres
All Specialty Crop Farms	3,503	45,150
Family or Individual	2,878	22,508
Partnership	245	4,731
Corporation (Family Owned)	289	15,804
Corporation (Not Family Owned)	34	1,068

Orchards	1,359	14,739
Berries	846	1,205
Vegetables	1,449	18,009
Nursery, Greenhouse, Floriculture	1,001	-
Cultivated Christmas Trees	115	1,565
Maple Syrup	37	3,163

Table 1. Specialty Crop Producers Characteristics, Missouri, 2017. Based on 2017 Census of Agriculture.²

Older estimates (2012) show that Missouri specialty crop growers were more likely to raise vegetables for processing uses than for fresh markets, with tomatoes, sweet corn, cucumbers and potatoes being the most common from the vegetables category. Grapes, apples, blackberries and strawberries were the most common fruits and berries. Horticultural goods produced in Missouri include honey, hops, maple syrup, and turfgrass.⁵

In 2016, potato growers in Missouri received the greatest cash receipts total of the observed specialty crops, which exceeded \$27.7 million. In the same year, peaches ranked second for cash receipts at roughly \$5.25 million.⁵ Grapes (\$4.978 million) and watermelon (\$4.237 million) ranked third and fourth, respectively.⁵

Government Policies and Programs for Specialty Crop Farming

Although specialty crop producers do not receive direct income subsidies like the commodity growers (e.g., soybean producers), there are government policies and programs that provide support and protection for specialty crop farmers through **planting flexibility restrictions, crop insurance and disaster assistance, and research and promotion programs.**¹

The key programs that play an important role in stabilizing and promoting fruit and vegetable sales in the U.S., while also partly protecting growers from market uncertainty can be found in supplementary [Table 2](#). There are programs that specifically address the labor of the fruit and vegetable industry,⁴ by supporting access to an affordable labor pool. Additionally, programs address the possible elimination of the planting flexibility restrictions for fruit and vegetables on program crop base acreage, providing government purchases of fruit and vegetables for Federal feeding programs (e.g., School Lunch Program), and strategies to maintain export programs and help U.S. growers compete more effectively in international markets.⁴

Three bills ([HB 2762](#), [HB 2720](#) and [SB 1157](#)) have been introduced in the 2022 Missouri General Assembly that, if enacted, will create the "Specialty Agricultural Crops Act," a loan program established by the Missouri Agricultural and Small Business Development Authority for the purchase of certain specialty crop resources. The maximum loan amount a producer would be eligible to receive would be \$35,000, with the interest payments being waived for any approved

farmer for the first year. The loan would provide financing up to 90% of the anticipated cost of the specialty crop purchase, and allows the authority to charge a one time loan review fee of 1% to be charged by the lender. The Specialty Crops Act would sunset in August 2028.

References

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