

PEACH FUZZ



An exclusive membership newsletter published by California Canning Peach Association the cooperative bargaining association in the canning cling peach industry.

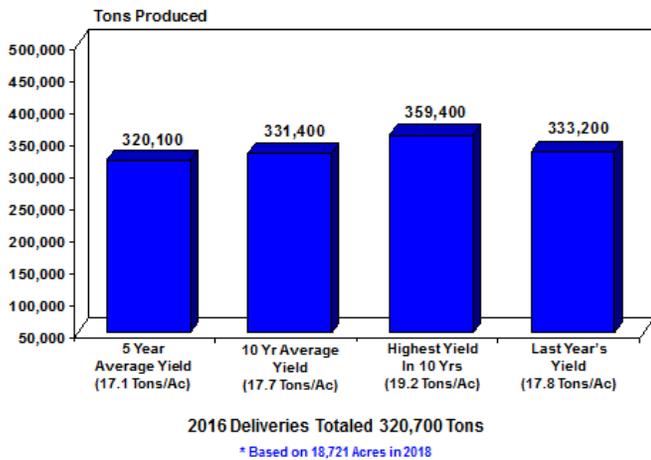
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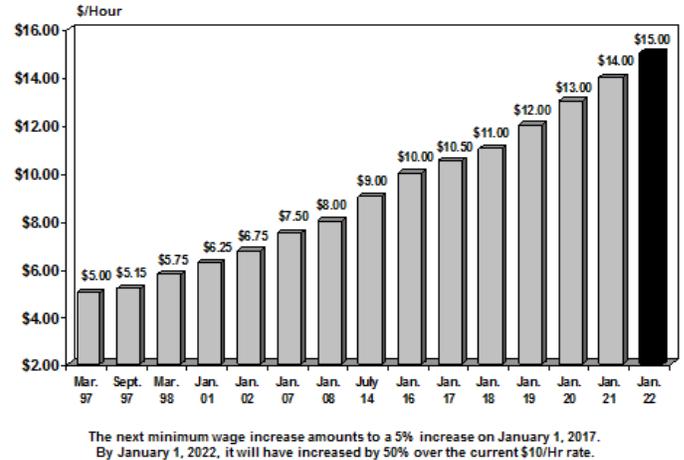
2016 DISTRICT MEETING HIGHLIGHTS

Many Association members and processor representatives attended our 2016 District Meetings last month throughout the state. President Hudgins reviewed the 2016 season results noting that the 2016 crop amounted to the smallest crop in modern history, yet the California canned peach industry is currently faced with higher inventory levels. He added that we are continuing our efforts to secure a USDA canned peach Bonus Buy to provide much needed relief from low-priced Chinese canned peach imports. He noted that with an average pullout rate of 5%, the industry’s bearing acreage position was projected to reach 18,700 acres in 2018 (up nearly 750 acres from 2016’s total of 17,975 acres) and suggested that growers should consider “pumping the brakes” on additional plantings. He added that Del Monte Foods had just announced a moratorium on contracting for new 2018 plantings while they evaluate market conditions. He further noted that growers would be faced with a 5% labor cost increase in 2017 as a result of California’s minimum wage increase and passing along higher grower costs was likely to further reduce consumer demand for our products. He also noted the record level of U.S. canned peach imports for the 2015/16 marketing year and reviewed the Association’s ongoing effort to strengthen the “Buy American” provision for school food purchases.

Possible 2018 Peach Crop Scenarios*



California Minimum Wage Trends



CONGRESSMAN GARAMENDI SPONSORS BUY AMERICAN LEGISLATION

Congressman John Garamendi introduced the “American Food for American Schools Act” last month which seeks to improve the “Buy American” provisions in the National School Lunch Act by increasing transparency and tightening enforcement standards. While all food purchases made directly by USDA for use in school feeding programs are required to be 100% domestically sourced, individual school districts can choose to bypass the 100% domestic product requirement and purchase imported food products produced anywhere in the world with U.S. tax dollars. A recent example of foreign-sourced food finding its way into school foodservice channels occurred in October when students in several states were exposed to frozen Egyptian strawberries which were linked to an outbreak of Hepatitis A and subsequently subject to a product recall (over 30 California school had purchased the Egyptian frozen strawberries including Yuba City Unified and Kings River School District). In his letter of support for the legislation, California Farm Bureau Federation President Paul Wenger noted that “It is particularly disheartening here in California to see imported fruit being used in areas of our state that produce the safest and highest quality fruits and vegetables under the most stringent laws and regulations in the world.” Congressman Garamendi’s legislation would require schools to seek a waiver from USDA in order to purchase foreign-sourced food products and would require that waiver requests be made available to the public. In addition, it would require that schools notify parents when students will be served foreign sourced food products. Congressman Garamendi notes that this legislation is intended to ensure that U.S. taxpayer dollars support U.S. jobs and businesses with the added benefit of increasing the amount of American –grown food that our children enjoy as part of the school breakfast and lunch programs. While the 114th Congress adjourned before taking action on this bill during the lame-duck session, it is expected that Congressman Garamendi will reintroduce his Buy American legislation early next year.

PULLOUTS TO DATE TOTAL 702 ACRES

The Association’s fieldstaff reports that pullouts following the 2016 harvest currently total 702 acres. This figure represents 3.9% of the industry’s 2016 bearing acreage. It is expected that our final 2016/17 pullout total will reach approximately 890 acres which will result in 18,500 bearing acres for the 2017 season (up 500 acres from 2016). Using the industry’s 10-year average yield of 17.7 tons/acre, the 2017 peach crop is projected to be 327,025 tons which amounts to 6,300 tons more than our 2016 production. As of October 15, 2016, the Association had a total of 1,989 acres of orchards 18 years and older on its membership rolls.

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2016 QUALITY AWARD WINNERS RECOGNIZED

Fiorini Ranches (farmed by Jay Fiorini) won the Association’s 2016 Statewide Quality Award for achieving the lowest average offgrade (0.71%) among growers who delivered at least 250 tons over more than two weeks. The top three Quality Award winners in each district delivered an average of 826 tons with 5 growers in excess of 1,000 tons delivered. Our congratulations to all of the Quality Award winners shown below:

<u>District</u>	<u>1st Place</u>	<u>Offgrade</u>	<u>2nd Place</u>	<u>Offgrade</u>	<u>3rd Place</u>	<u>Offgrade</u>
1	Mohammad Aslam Khan	1.46%	Karmdeep S. Bains	1.77%	Harjit Kaur Johal	1.87%
2	Kulwant Dail	0.45%	Jaspal Orchards	0.85%	Pamma Farms	0.93%
3	Kulwant Dail	1.39%	Shangara S. & Avtar S. Khera	1.52%	Charanjit & Shangara Bains	1.68%
4	Thiara Company	1.64%	Daljit Thandi	1.65%	Rahul Family Farms, LP	1.72%
5	Gill Brothers	1.33%	Jagdeep Bajwa	1.78%	Smith Ranches	1.79%
6/7	Manual B. Furtado	1.38%	K. Darpinian & Sons, Inc.	1.51%	Bavaro Ranch, Inc.	1.68%
8	Tom Parks	1.43%	Valencia Farms	1.47%	J.O.V. Direct Growers, Inc.	1.55%
9	Fiorini Ranches	0.71%	Spycher Family Trust	0.99%	HEK Farms	1.00%
10/11	Kenneth J. Thiesen	1.15%	Jose Venegas	1.25%	The Palm Family	1.32%

YTD CANNED PEACH EXPORTS DOWN 34%, IMPORTS OFF 8%

Canned peach exports for June-October total 189,870 cases, down 34% from year-ago export volume of 286,384 cases. The largest volume decrease this year has occurred in the Canadian market which has experienced a 76,951 case decrease (-51%) in sales volume. Shipments to Mexico amount to just 57,584 cases, down 21% from year-ago levels. Canned peach imports for June-October total 2,001,032 cases, down 8% from year-ago levels driven largely by a 34% decrease in Greek import volume. China continues to be the leading importer accounting for 62% of total canned peach imports. The country with the largest percentage increase in 2016/17 imports is South Africa which has more than doubled their import volume (134,921 cases this year vs. 64,859 cases last year).

PEACH ADVISORY BOARD SEEKING PROPOSALS FOR DOMESTIC PROMOTION PROGRAM

At their November 7th meeting, the California Cling Peach Board authorized moving forward with a Request for Proposals from Public Relations, Marketing, Communications and/or Promotion firms to carry out the Advisory Board’s future domestic promotion program work. Proposals must be submitted electronically to Karli Quinn at Karli@agamsi.com no later than 5:00 p.m. on Friday, January 16th. For additional information regarding the RFP bid process or questions regarding the Cling Peach Board, please contact Karli Quinn at 916-441-3865.

CHILLING HOURS UPDATE

Chilling hours accumulated as of December 18 are significantly behind last year’s chilling hours. The Davis area is at 76% of our year-ago accumulation while the southern stations have logged just over 50% of year-ago hours. A minimum of 800 chilling hours between November 1 – February 28 is considered necessary to satisfy the basic chilling requirements of a peach tree. If chilling hours at U.C. Davis from December 19 – February 28 are the same as last year, we will reach 714 hours for 2016/17 compared to 796 hours last year.

Chilling Hours: November 1 – December 18

<u>Area</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Davis	266	348	81	413	269
Modesto	244	464	161	524	308
Parlier	260	500	588	447	241



*Wishing Everyone a Merry Christmas
 & a Prosperous New Year in 2017!*

