

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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CCPA BOARD RATIFIES 2014 PRICE AGREEMENT

At their November 1st meeting, the Association's Board of Directors ratified a 2014 price agreement with Seneca Foods, Del Monte Foods and Pacific Coast Producers. The 2014 price agreement, which was led by Seneca Foods, establishes a base price of \$379/ton which amounts to a \$29/ton (+8.3%) increase over last year's \$350/ton price. The agreement also includes a modification of our 2013 Terms of Sale which raises the paid-for tolerance for Number 2 fruit from 5% to 10% for Extra Early varieties and from 2% to 5% for all other varieties. The Association believes that early pricing benefits both growers and processors by giving growers certainty on pricing in time to secure needed crop financing and giving processors the ability to use the peach price increase as part of the justification for raising their selling prices with retail and foodservice customers. A summary of the key 2014 Terms of Sale is detailed below:

- NO. 2 FRUIT** **10% Paid-for on Extra Earlies. 5% Paid-for on all other varieties.**
 Excess No. 2's to be counted on the Schedule of Values. Canner option to reject loads with greater than 15% No. 2's.
- UNDERSIZE REJECT LEVEL** Processor shall have the option to reject any load with greater than 10% undersize fruit.
- MATURITY** Minimum pressure 2.9 pounds.
- CONSTANT TOLERANCE** Loads with offgrade for other general defects (other than green, bruised and overripe, undersize, visible split pits, worms and brown rot) shall be given a 3% constant tolerance.
- SCHEDULE OF VALUES**

Offgrade	Price/Ton
0 – 8%	Base Price
8 – 12%	- \$40/Ton
12 – 20%	- \$80/Ton
> 20%	\$75/Ton Flat Rate
- MACHINE HARVEST** Processor approval of machine harvest is required. A \$20/ton price differential on all varietal groups. No price differential for 2nd pick.
- PAYMENTS** 75% on Delivery, Balance on October 1, 2014.

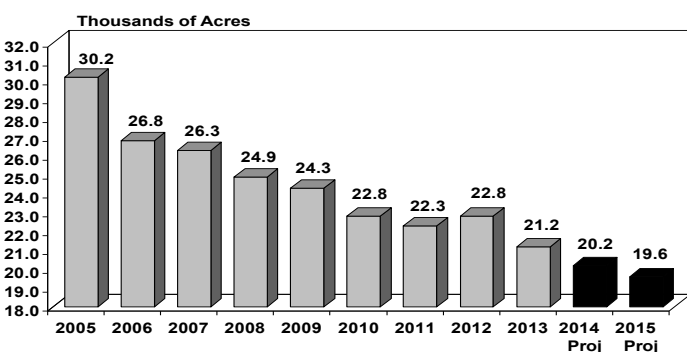
PULLOUTS TO DATE NOW TOTAL 1,985 ACRES

The Association's fieldstaff reports that pullouts to date following the 2013 season now total 1,985 acres. This figure represents more than 9% of the State's 2013 bearing acreage and will result in approximately 20,200 bearing acres for the 2014 season (down at least 1,000 acres from 2013). Given the relatively small amount of nonbearing acreage in the ground today, it is clear that the industry will need additional acres planted over the next several years in order to meet current market demand. Using the industry's 5-year average yield of 17.8 tons/acre, the 2014 peach crop would amount to 359,300 tons which would be 5,000 tons less than our 2013 crop.

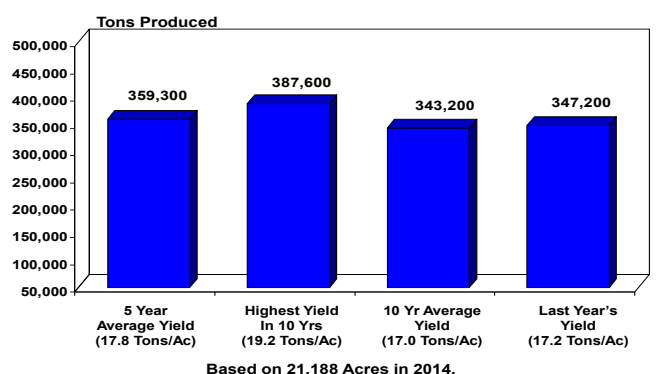
Cling Peach Pullouts as of October 25, 2013

Area	EE Acres	E Acres	L Acres	EL Acres	Total Acres	% of Bearing
Yuba/Sutter	284	292	223	301	1,100	9.6%
Stockton/Modesto	205	179	216	129	729	9.7%
Kingsburg	100	34	11	11	156	7.2%
TOTALS	589	505	450	441	1,985	9.4%

California Cling Peach Bearing Acreage Trends 2005 - 2015



Possible 2014 Peach Crop Scenarios



ADDRESS SERVICE REQUESTED

PLAN TO ATTEND THE 2013 DISTRICT MEETINGS

All members and invited industry guests should plan on attending the Association's upcoming 2013 District Meetings. The program will include a review of 2013 season results, the current marketing outlook, and the decision to move forward with early pricing for our 2014 crop. We will also be recognizing the winners of the 2013 quality awards and the growers who came closest to their 2013 prethinning estimate. The schedule for our 2013 District Meetings is shown below (note location changes for Modesto and Yuba City):

<u>DISTRICT/AREA</u>	<u>DATE & TIME</u>	<u>LOCATION</u>
6, 7, 8 & 9 Linden, Escalon, Modesto, Ceres, Hughson, Denair, Merced, Cortez, Livingston & Turlock	2:00 p.m. Monday, November 18 th	Modesto Centre Plaza 1000 L Street Modesto
1 & 2 Gridley & Live Oak	10:00 a.m. Tuesday, November 19 th	Moose Lodge 1533 Highway 99, Gridley
3, 4 & 5 Yuba City, Marysville, Wheatland	2:00 p.m. Tuesday, November 19 th	Bonanza Inn 1001 Clark Avenue, Yuba City
10 & 11 Kingsburg & Visalia	2:00 p.m. Wednesday, November 20 th	Kearney Ag Center Parlier

CALIFORNIA REPUBLICANS STEP UP ON IMMIGRATION REFORM

The Association commends Congressmen Jeff Denham and David Valadao for their decision to co-sponsor H.R. 15 as a means to advance immigration reform in the House of Representatives. H.R. 15 contains the carefully negotiated, well-balanced agreement reached by the Agriculture Workforce Coalition and the United Farm Workers Union. H.R. 15 also includes most of the bipartisan legislation passed by the Senate in mid-June and would provide peach growers with relief from the labor shortages and uncertainty currently facing our industry. At this point, Congressmen Denham and Valadao are two out of only three Republican co-sponsors of this much needed legislation. We hope that more of their colleagues will soon join them as now is the time to pass meaningful immigration reform.

CANNED PEACH EXPORTS UP 51%, IMPORTS UP 45%

Canned peach exports for June-August amount to 302,736 cases, up 51% from the 200,540 cases exported during this period last year. Most of the increase is attributable to higher volumes shipped to Mexico during June and July. August shipments to Mexico amounted to just 18,200 cases, down 73% from August, 2012. It is expected that total export sales to Mexico this year will be well below last year's record volume of 662,458 cases. Year-to-date export pricing is running 4% above year-ago levels. Canned peach imports for June-August total 921,195 cases, up 45% from year-ago levels representing the largest 3 month import volume in recent history. China continues to be the leading importer accounting for 70% of total import volume. Greece continues to be the second leading importer with 20% of the volume.

OF INTEREST:

- The next Peach Advisory Board meeting will take place on Friday, November 8 at the California Farm Bureau building in Sacramento. The Marketing Order will be up for a grower referendum vote on renewal in 2014.
- Canned peach gift packs are now available for sale at the Association's field offices. A case of six 29 oz. cans of peach halves sells for \$11 and a case of 12 8 ¼ oz. cans of chunky diced peaches is just \$6.
- The Association's 2014 Delegate election is now underway. All ballots must be returned to our Sacramento office by Friday, November 22nd.