

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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HIGHLIGHTS OF THE 92nd ANNUAL MEETING

The Association's 92nd Annual Meeting was held on Wednesday, January 22nd at the Sacramento Hilton Hotel. Our keynote speaker was Paul Wenger, President of the California Farm Bureau Federation. Paul shared his views on the political landscape for 2014 noting it appeared that House Speaker John Boehner was attempting to find agreement on a series of piecemeal bills on immigration reform this year. He added that Congress has a narrow window of opportunity this year to take action on much needed immigration reform before the mid-term elections. He also touched on the impact of the drought in California this year noting that he was hopeful that this water disaster could bring some much needed responsibility to discussions of additional water storage facilities in the future. He closed by urging farmers to remain engaged in the political process and political action committees through organizations such as the California Farm Bureau Federation to help chart the future course of California agriculture. In his remarks, President Hudgins noted that peach growers had once again removed more than 10% of the state's total bearing acreage following the harvest. He added that he was hopeful that the early price agreement for the 2014 crop at \$379/ton would prove to be a "win/win" situation and give peach growers more confidence in the future. He noted that for this to happen, raw product prices must continue to advance to keep pace with rising labor costs and competing crop margins. He also discussed the upcoming marketing order renewal vote in 2014 noting that while marketing orders were a tool to be used by the industry to help itself, he believed the timing was right to significantly reduce the Peach Advisory Board's current domestic promotion budget in light of changed industry conditions. He noted that retail sales of canned peaches have experienced more than a 30% decline since 1998 despite spending nearly \$7 million in grower funds on the Board's domestic promotion efforts. He pointed out that during the last renewal vote in 2009, less than half the peach growers had even bothered to return their ballots and he urged everyone to vote on this important question in 2014. He closed by noting that the Association looked forward to continuing our work with processors to introduce U.S. canned peaches to new international consumers in the years ahead.

DROUGHT AND UNSEASONABLY WARM WEATHER CONDITIONS IN 2014

January of 2014 will go into the record books as Sacramento's third driest since government officials began keeping records in 1850. The Sacramento area went without rain for 52 days, breaking the previous record of 44 days set during the drought in 1976. January also broke Sacramento records for highest daytime temperatures on 8 days and tied the previous record on 4 other days as daytime high temperatures exceeded normal every day of the month. With no end of the drought in sight and with reservoirs at historic lows, California Department of Water Resources officials announced last Friday that water allocations to all public agencies it serves have been cut to zero in 2014. This marks the first time in the 54-year history of the State Water Project that water allocations to all public agencies it serves have been eliminated. This decision will cause the 29 local agencies to look elsewhere for water. Fortunately, most have other sources they can draw from such as groundwater and local reservoirs. However, state reservoir levels are already lower than they were at this time during 1977 and the snow pack sits at only 12% of normal for this time of year.

Rainfall Totals: July 1 – February 3

<u>Location</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>Normal</u>
Yuba City	2.83"	18.44"	7.98"	12.85"
Sacramento	2.90"	12.25"	4.78"	10.26"
Modesto	2.76"	7.16"	2.85"	6.97"
Fresno	1.37"	3.96"	1.95"	6.00"

Source: Accuweather

IRRIGATION DISTRICTS PLAN FOR CUTBACKS

While irrigation districts serving peach growers throughout the Central Valley differ in their source of water supplies, all are telling growers to expect significantly less surface water to be available for use this year. In the Yuba/Sutter area, districts including Butte, Sutter Extension, and Feather/Tudor are currently predicting 50% of normal allocations for irrigation this year. Biggs/West Gridley currently predicts 40% availability while Brophy expects a range from 0 – 50% and South Sutter plans to prioritize any available water for permanent crops. All districts are awaiting a final decision on 2014 water allocations by the Department of Water Resources in late March/early April. In the Modesto area, Modesto Irrigation District officials currently expect to deliver 20-25 inches of surface water for the year beginning in mid-March. Turlock Irrigation District officials currently expect to deliver 18-20 inches of water beginning on March 13. The South San Joaquin Irrigation District appears to be slightly better off as they currently expect close to normal water deliveries, but with new restrictions such as a longer rotation period between irrigations this year. Farther south, Kingsburg area growers report that they have very low expectations for receiving any surface water at all in 2014.

RETURN SERVICE REQUESTED

CHILLING HOURS UPDATE

Chilling hours accumulated as of February 3 are significantly higher than last year's totals for Modesto and Parlier and all areas exceed the 800 hour minimum necessary to satisfy the basic requirements of a cling peach tree.

Chilling Hours: November 1 – February 3

<u>Area</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Davis	900	917	951	949	841
Modesto	1,144	974	1,119	933	939
Parlier	945	783	1,039	736	785

SCHOOL SNACK PROGRAM TO INCLUDE AN "ALL FORMS" PILOT PROGRAM

Included in the new five year Farm Bill is language which establishes a pilot program to allow some elementary schools currently participating in the USDA's Fresh Fruit and Vegetable Snack Program to offer students "all forms" of fruit and vegetable snacks including canned, frozen, and dried items in addition to fresh produce. The \$5 million pilot program will be implemented during the 2014-15 school year in at least five states. USDA officials will evaluate the impact of allowing schools to serve "all forms" of fruits and vegetables as snacks for students. It is anticipated that many schools who lack access to locally grown fresh produce will welcome the opportunity to expand their fruit and vegetable snack servings in a cost-effective manner.

NOVEMBER EXPORTS DOWN 51%, IMPORTS UP 22%

Canned peach exports for November totaled 59,358 cases, down 51% from last November's figure of 122,038 cases exported. Shipments to Mexico in November totaled just 6,119 cases, down 92% from 77,377 cases shipped last November. Year-to-date export shipments now total 569,170 cases, down 10% from year-ago levels. Canned peach imports for November totaled 497,535 cases, up 22% from last November's 406,247 cases of imported product. China continues to post increases in monthly import volume with November shipments of 349,463 cases up 11% from year-ago figures. Year-to-date imports now total 2,494,098 cases, up 44% over last year's volume. If imports for Dec.-May simply match year-ago levels, the U.S. will set a new record for its canned peach imports this year with more than 4.6 million cases. (The current record is 4.2 million cases which was set in 2008.)

PCP TO ACQUIRE LIBERTY GOLD'S PRIVATE LABEL BUSINESS

In mid-December, Pacific Coast Producers (PCP) and Liberty Gold officials announced that PCP had entered into an Asset Purchase agreement to acquire Liberty Gold's private label import business unit. The business consists primarily of plastic fruit cup items together with select canned fruits and vegetables. This acquisition will allow PCP to broaden its product offering to include tropical fruits, mangoes, and pineapples in addition to other items. The sale is expected to close later this month.

OF INTEREST

- Sunny Dale has been reelected to serve again as Chairman of the Association's Board of Directors in 2014. Sarb Thiara of Yuba City was elected as the Board's Vice Chairman while Leonard Perez from Kingsburg was reelected as Board Secretary and Jasbir Bains from Yuba City was reelected as Board Treasurer.
- *Foodnews* reports that the South African peach harvest has passed the halfway mark and it appears that their crop will be 18-20% below last year.
- *Foodnews* reports that the Australian government has denied a request by SPC Ardmona for AUD 25 million in financial aid. SPC Ardmona officials had previously unveiled plans to upgrade their factory contingent upon receiving grant funds from both National and Victorian government sources.
- Del Monte Pacific expects to complete their purchase of the Consumer Business unit from Del Monte Foods in mid-February.