

# PEACH FUZZ



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

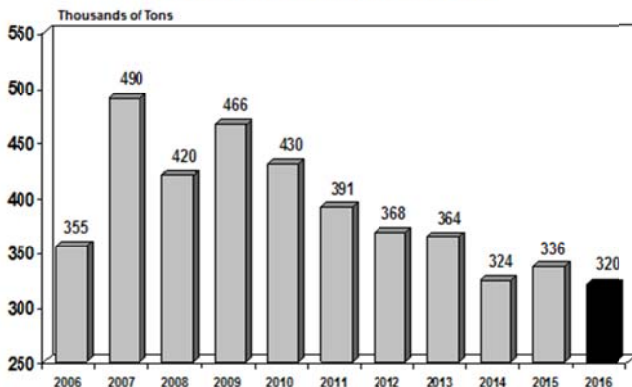
2300 River Plaza Drive / Suite 110 / Sacramento, CA 95833  
 Sacramento: 916/925-9131 – Yuba City: 530/673-8526 – Modesto: 209/537-0715  
 Website: <http://www.calpeach.com>  
 E-mail: [ccpa@calpeach.com](mailto:ccpa@calpeach.com)

Vol. 46, No. 5  
 August 31, 2016

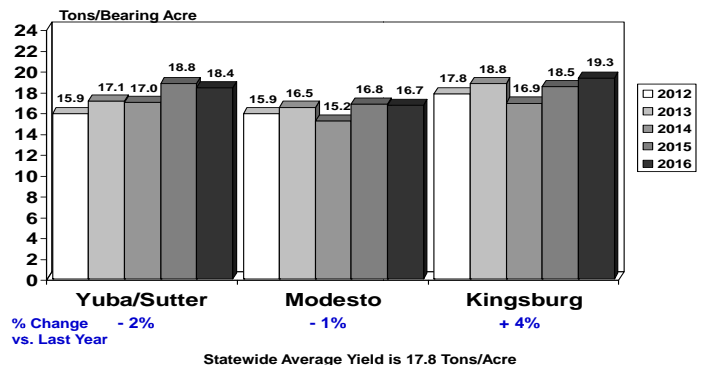
## **CALIFORNIA CLING PEACH CROP DOWN 4.5% FROM LAST YEAR**

According to the latest delivery report issued by the California League of Food Processors showing YTD totals through Saturday, August 27, cling peach deliveries this year amount to 320,107 tons, down more than 4% from last year's 335,613 ton crop. While the harvest is now completed in the Yuba/Sutter area, a handful of growers in the Modesto and Kingsburg area are expected to deliver approximately 350 tons as harvest winds up this week. Based on this estimate, the final 2016 delivery figure should reach 320,400 tons. This will represent the smallest cling peach crop produced on the fewest bearing acres in history (approximately 4,000 tons below our 2014 delivery figure of 324,458 tons). The 2016 crop will be just 0.4% below the industry's 321,610 ton Block x Block estimate which amounts to the best estimate vs. actual delivery performance in our history. The Statewide average yield amounts to 17.8 tons/acre, down 2% from last year's 18.1 ton/acre average yield but up nearly 3.5% from our 10-year average yield of 17.2 tons/acre. The Yuba/Sutter area posted an 18.4 ton/acre average yield (despite the hail damage suffered by many growers on May 5<sup>th</sup>) which amounts to a 2% reduction from last year's 18.8 ton/acre average yield. The Modesto area posted a 1% yield decrease this year averaging 16.7 tons/acre vs. 16.8 tons/acre last year. Kingsburg area yields amounted to 19.3 tons/acre, up 4% from their 18.5 ton/acre yield last year. The industry's total offgrade amounted to 3.0% for the second straight year. Overall, the 2016 fruit quality was good with nice color and improved sizing vs. 2015 results. The 2016 canned peach pack in California is projected to be 12.1 million basic cases, down 1% from last year's 12.25 million case pack. Overall demand for canned peaches appears to be flat, but the California industry is facing continued competition from low-priced Chinese and Greek imports.

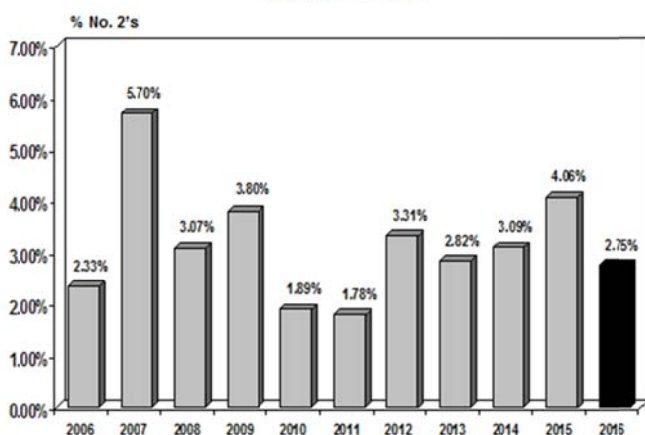
**Cling Peach Delivery Trends  
 Total Tons to All Processors**



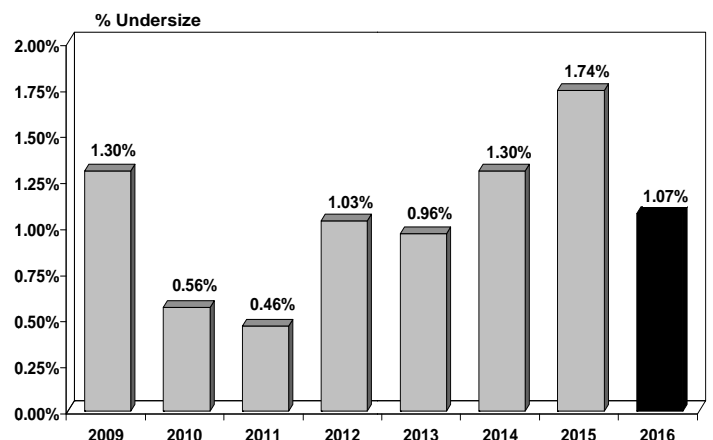
**California Cling Peach Industry  
 Yield/Acre Comparison By Area  
 2012 - 2016**



**Statewide Delivery Trends  
 Number 2 Fruit**



**Undersize Fruit Delivery Trends**



## **USDA MAKES A THIRD 2016 CANNED FRUIT BUY**

On August 12, USDA officials announced the results of their third canned fruit purchase for the 2016/17 school year. Del Monte Foods was awarded 67% of the canned peach and mixed fruit volume while Seneca Foods received awards for the remaining 33% of the purchase volume. In total, the USDA purchased an additional 28,272 cases of 6/10 sliced peaches, 31,920 cases of 6/10 diced peaches, 40,500 cases of 24/300 sliced peaches, 45,600 cases of 6/10 mixed fruit, and 56,700 cases of 24/300 mixed fruit. YTD purchases of canned peaches now total 1.5 million basic cases, down 21% from the 1.9 million basic cases purchased from the 2015 peach pack. Based on lower YTD purchase volumes and sharply lower pricing on recent bids, the Association will be seeking an additional USDA canned peach purchase this fall to offset the impact of Chinese and Greek imports on domestic canned peach sales.

RETURN SERVICE REQUESTED

## **STATE LEGISLATORS APPROVE SCHOOL AUDIT ON “BUY AMERICAN” COMPLIANCE**

Following reports of multiple California school districts purchasing low-priced Chinese canned fruit for use in their school feeding programs, on August 10<sup>th</sup>, the State’s Joint Legislative Audit Committee (JLAC) unanimously approved a request by Senator Cathleen Galgiani for an audit to determine whether the California Department of Education (CDE) is ensuring the California schools are in compliance with the Federal Buy American provisions contained in the Richard B. Russell National School Lunch Act. (Under the Buy American requirement, schools are required to purchase domestically-grown and processed foods to the maximum extent practicable.) Secondly, if schools are found not in compliance with the Buy American provision, the audit will detail steps that CDE should take to provide the necessary oversight for compliance with this requirement. (Prior to the Committee meeting, the Peach Association identified 10 out of the 14 JLAC members with schools purchasing imported canned fruit in their districts.) The Peach Association is very appreciative of Senator Galgiani’s willingness to engage on this issue and for initiating the audit process. This effort was also supported by the Agricultural Council of California, the California Farm Bureau Federation, Western Growers, and the Teamsters California State Cannery Council. Congressman John Garamendi also weighed in with a letter to Assemblyman Freddie Rodriguez (Chair of the Joint Legislative Audit Committee) noting that he looks forward to working with the Committee in the future to ensure that all students receive high quality domestically produced fruits and vegetables. A listing of the questions to be addressed during the California school audit is listed below:

### **California School Audit Questions to be Addressed**

- How does the California Department of Education (CDE) interact with school districts to monitor and enforce the Buy American requirement?
- Does the CDE monitor the school procurement specifications to ensure that solicitation and contract documents contain language requiring contractors to supply products in compliance with the Buy American provision? If so, how? If not, why not?
- Identify all California school districts sourcing agricultural products from outside of the U.S. for the 2015/16 school year and list which foreign food products each district purchased. (*This request is specific to those products that are also grown domestically.*)
- What action has the CDE taken to increase the transparency of any decisions to purchase foreign-sourced food products by California school districts? And, what steps will the CDE take to ensure that sufficient documentation exists to justify any exemption to the Buy American requirement?
- What steps will the CDE take to more closely monitor future school food purchases and ensure greater compliance with the Buy American provision in the coming year?

## **OF INTEREST**

- All CCPA members are reminded to return all empty bins to your nearest receiving station during September.
- The Peach Association, along with many other agricultural organizations, will be asking Governor Brown to veto AB 1066 (the ag overtime bill). Adding additional labor costs to the previously enacted 50% increase in the State’s minimum wage between now and 2022 will make it even more difficult to compete with low-priced canned fruit imports from China and Greece.
- PCP has finalized their 2015 pool returns for coop members with total peach earnings of \$567.37 per ton, up \$81.06 over their 2014 pool earnings of \$486.31/ton.
- CCPA members delivered a total of 18,714 tons of mechanically harvested fruit during the 2016 season which amounts to 8% of total deliveries. It is expected that this volume will continue to grow in future years.