

# 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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## PLAN TO ATTEND THE UPCOMING DISTRICT MEETINGS

All members and industry guests should plan on attending the Association's upcoming 2016 District Meetings. The program will include a review of 2016 season results, the current marketing outlook, and the industry's projected supply/demand position for 2017 and beyond. It is the intent of these meetings to share with you all the information we have available. We will also be recognizing the winners of our 2016 quality awards and the growers who came closest to their 2016 prethinning estimate. The schedule for our 2016 District Meetings is shown below:

| <u>DISTRICT/AREA</u>  | <u>DATE &amp; TIME</u>                           | <u>LOCATION</u>   |
|---|--|---|
| 1, 2, 3, 4 & 5<br>Yuba City, Marysville,<br>Wheatland, Gridley & Live Oak                                   | 2:00 p.m.<br>Thursday, November 3 <sup>rd</sup>  | Ag Commissioner's Office<br>142 Garden Highway<br>Yuba City                     |
| 6, 7, 8 & 9<br>Linden, Escalon, Modesto, Ceres,<br>Hughson, Denair, Merced, Cortez,<br>Livingston & Turlock | 2:00 p.m.<br>Tuesday, November 8 <sup>th</sup>   | Stanislaus County Ag Center<br>Corner of Crows Landing & Service Rd.<br>Modesto |
| 10 & 11<br>Kingsburg & Visalia  | 2:00 p.m.<br>Wednesday, November 9 <sup>th</sup> | Kearney Ag Center<br>9240 South Riverbend<br>Parlier                            |

## PULLOUTS TO DATE TOTAL 681 ACRES

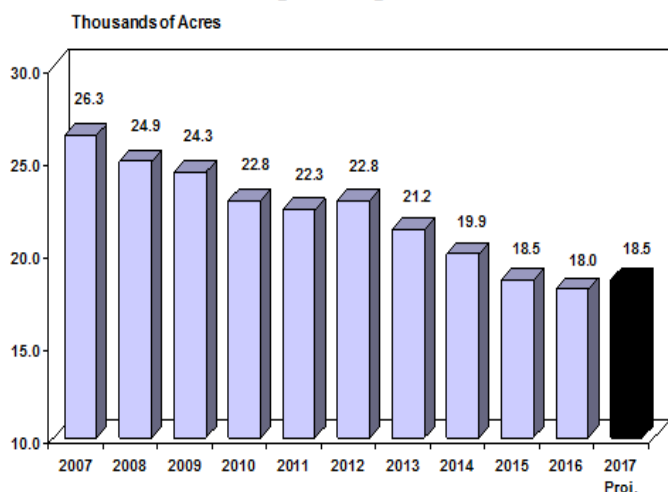
The Association's fieldstaff report that pullouts following the 2016 season currently amount to 681 acres. This figure represents 3.8% of the industry's 17,975 bearing acres in 2016. Assuming that additional acreage removals this winter bring total pullouts to 900 acres prior to the 2017 harvest (5% of bearing acreage), the industry's total bearing acreage for 2017 will increase to approximately 18,475 acres (500 acres more than 2016). Using the industry's 10-year average yield of 17.7 tons/acre, the projected 2017 peach crop would amount to 327,025 tons which is 6,300 tons larger than our 2016 production of 320,721 tons. As of October 15, 2016, the Association had a total of 1,989 acres of orchards 18 years and older on its membership rolls vs. a total of 1,545 acres 18 years and older at this time last year. However, the industry's non-bearing acreage has nearly doubled during the past three years, growing from 2,220 acres in 2013 to 4,200 acres in 2016. Cannery are indicating that new plantings in 2017 will surpass the 1,630 acres planted in 2016.

## YTD CLING PEACH PULLOUTS

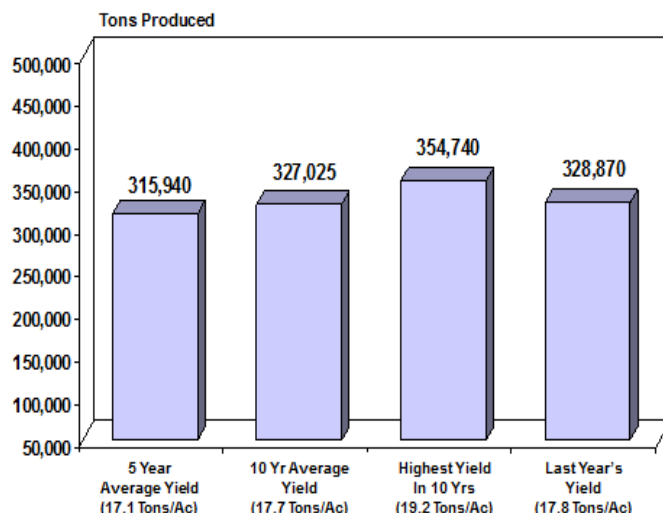
(As of October 4, 2016)

| <u>Area</u>      | <u>EE Acres</u> | <u>E Acres</u> | <u>L Acres</u> | <u>EL Acres</u> | <u>TOTAL Acres</u> | <u>% of Bearing</u> |
|------------------|-----------------|----------------|----------------|-----------------|--------------------|---------------------|
| Yuba/Sutter      | 108             | 90             | 170            | 111             | 479                | 4.9%                |
| Stockton/Modesto | 43              | 25             | 36             | 48              | 152                | 2.4%                |
| Kingsburg        | 36              | 0              | 14             | 0               | 50                 | 2.8%                |
| <b>TOTALS</b>    | <b>187</b>      | <b>115</b>     | <b>220</b>     | <b>159</b>      | <b>681</b>         | <b>3.8%</b>         |

**California Cling Peach Bearing Acreage Trends**



**Possible 2017 Peach Crop Scenarios**



RETURN SERVICE REQUESTED

**YTD CANNED PEACH EXPORTS DOWN 17%, IMPORTS UP 7%**

Canned peach exports totaled just 128,927 cases for the June-August shipping period, down 17% from the 155,279 cases shipped last year and down 46% from our export volume in 2014. Most of the current year's volume decrease is occurring in Canada which has experienced a 37% drop in U.S. canned peach sales. Surprisingly, the current year export figures include 17,309 cases shipped to Greece making them both an import and export market in 2016. Clearly this represents a one-time event as Greece is not a sustainable export market for the U.S. canned peach industry. Canned peach imports for June-August total 1,206,538 cases (more than 9 times our export volume) which represents a 7% increase over last year's record level of imports for the first three months of the marketing year. China continues to supply over half the total canned peach import volume with 732,495 cases shipped YTD (up 20% from 2015). Greece has posted a 22% decline while South Africa has experienced a 76% increase in volume to surpass Chile as the number three importer into the U.S. market.

**Canned Peach Exports  
 June – August  
 2014 - 2016**

| Country       | 2014           | 2015           | 2016           | %<br>Change |
|---------------|----------------|----------------|----------------|-------------|
| Mexico        | 96,676         | 36,538         | 36,729         | +1%         |
| Canada        | 117,025        | 75,510         | 47,801         | -37%        |
| South Korea   | 1,141          | 1,822          | 1,930          | +6%         |
| Greece        | 0              | 0              | 17,309         | N/A         |
| Hong Kong     | 0              | 0              | 12,934         | N/A         |
| All Other     | 25,399         | 41,409         | 12,224         | -70%        |
| <b>TOTALS</b> | <b>240,241</b> | <b>155,279</b> | <b>128,927</b> | <b>-17%</b> |

**Canned Peach Imports  
 June – August  
 2014 - 2016**

| Country       | 2014           | 2015             | 2016             | %<br>Change |
|---------------|----------------|------------------|------------------|-------------|
| China         | 483,145        | 613,124          | 732,495          | +20%        |
| Greece        | 194,465        | 350,345          | 274,188          | -22%        |
| Spain         | 4,120          | 13,742           | 9,597            | -30%        |
| Chile         | 44,180         | 80,634           | 78,626           | -3%         |
| Argentina     | 0              | 0                | 4,223            | N/A         |
| South Africa  | 6,824          | 45,748           | 80,497           | +76%        |
| All Other     | 15,593         | 20,205           | 26,912           | +33%        |
| <b>TOTALS</b> | <b>748,327</b> | <b>1,123,798</b> | <b>1,206,538</b> | <b>+7%</b>  |

**BUY AMERICAN UPDATE**

The peach industry is currently awaiting results from the audit approved this summer by the Legislature regarding the California Department of Education's efforts to ensure that all California schools are in compliance with the Federal Buy American provisions contained in the Richard B. Russell National School Lunch Act. However, it is becoming increasingly clear that this is not simply a "California-only" issue. The Peach Association has recently learned that the 10 largest school districts in Texas have all opted to purchase low-priced Chinese canned peaches. In addition, we can document school district purchases of imported canned peaches occurring in Minnesota, Georgia, Louisiana, New York, Arizona, Indiana, Nevada, Connecticut, New Jersey, Florida, Alaska, North Carolina, Mississippi, Colorado, Kentucky, New Hampshire, Maryland, Wyoming, Missouri, Virginia, Illinois, Wisconsin, Massachusetts, and Oklahoma. (Given another month, we are certain to add even more states to this list.) In the absence of Federal legislation to strengthen the current Buy American provision for school food purchases, it is clear that low-cost Chinese canned peaches will continue to make inroads into our school feeding programs given California's minimum wage increases over the next four years. The Peach Association will continue our ongoing efforts in Washington, D.C. and Sacramento to address this issue in order to provide high quality domestically produced fruits and vegetables to students all across the country.

**OF INTEREST:**

- To provide much needed relief from low-priced Chinese canned peach imports, the CCPA has asked USDA officials to announce a canned peach Bonus Buy on or before November 1, 2016.
- The next Cling Peach Advisory Board meeting will take place on Monday, November 7<sup>th</sup> beginning at 11:30 a.m. at the California Farm Bureau building in Sacramento.
- As a result of legislative action in 2016, California has become the first state to require both a \$15/hr minimum wage and overtime pay for farm workers after 40 hours/week in 2022.