

PEACH FUZZ



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

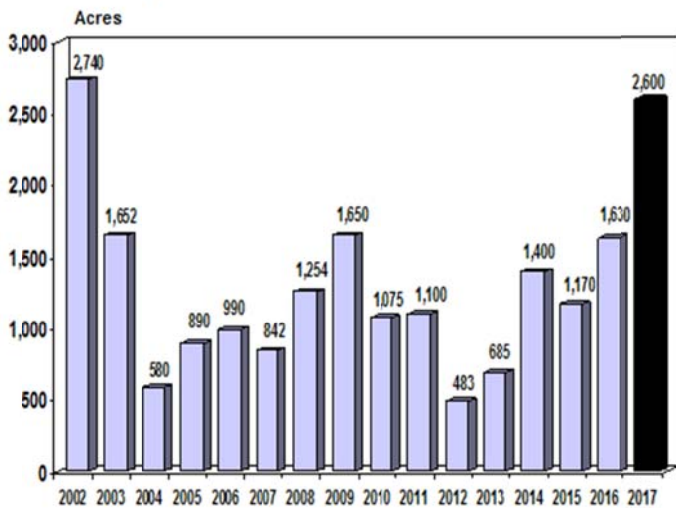
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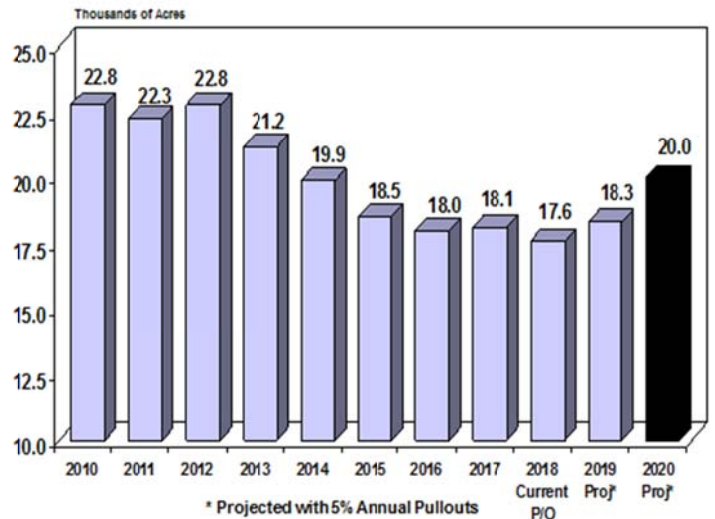
2017 DISTRICT MEETING HIGHLIGHTS

Many Association members and processor representatives attended our 2017 District Meetings in mid-November to get an update on California's cling peach industry. President Hudgins reviewed the 2017 season results noting that the 2017 peach crop was the smallest crop in modern history, yet demand continues to shrink and prices for both growers and processors were at unsustainable levels this year. He added that peach growers were faced with the challenge of recovering a \$2,000/acre increase in labor costs from 2016 to 2022 as a result of California's increasing minimum wage and noted that passing along these higher labor costs was likely to further reduce demand for canned peaches. He cited the 2017 U.C. Cooperative Extension Cost of Production Study showing total grower costs of \$8,883/acre and noted that this amounted to \$535/ton using the industry's 5-year average yield of 16.6 paid tons per acre. He noted that in order to have hopes of reaching this objective it would be necessary to remove up to 3,000 acres (17% of 2017 acreage) so that supply and demand are back in balance and selling prices can return to profitable levels for both growers and processors. He added that growers have already planted a total of 4,230 acres of new orchards during the past two years so time was of the essence in removing additional acreage before these orchards begin to produce increasing amounts of fruit.

Cling Peach Acres Planted 2002 - 2017



California Cling Peach Bearing Acreage Trends



PULLOUTS TO DATE TOTAL 1,703 ACRES

The Association's fieldstaff reports that pullouts following the 2017 harvest currently total 1,703 acres as of November 27th. This figure amounts to 9.4% of the industry's 18,105 bearing acres in 2017. Recognizing that our industry's existing acreage was capable of producing more than the market can handle at sustainable price levels, the Association is continuing to urge growers to consider removing older less productive orchards. Given current pullouts, the industry will have 17,588 bearing acres in 2018. Using the industry's 10-year average yield of 17.4 tons/acre, the 2018 peach crop is projected to be 306,030 tons which is nearly 11,000 tons more than our 2017 production of 295,100 tons.

Cling Peach Pullouts As of November 27, 2017

<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	522	128	312	154	1,116	10.8%
Modesto	157	115	164	51	487	8.1%
Kingsburg	25	31	10	34	100	5.7%
TOTAL	704	274	486	239	1,703	9.4%

2018 ANNUAL MEETING PLANS

The Association's 2018 Annual Meeting will be held Tuesday, January 23rd at the Sacramento Hilton Hotel (2200 Harvard Street). The meeting will get underway at 4:00 p.m. with Greg Longstreet, Chief Executive Officer of Del Monte Foods, Inc., as our Keynote Speaker this year. Immediately following the conclusion of our Annual Meeting program, the Peach Family Dinner will take place with cocktails at 5:00 p.m. followed by dinner at 6:00 p.m. Retiring CCPA Board Chairman Sunny Dale will be honored that evening for his 5 years of service. (Advance reservations are required for dinner – please return RSVP forms no later than January 12th.) All CCPA members and invited industry guests are encouraged to join us at the Association's 96th Annual Meeting.

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2017 QUALITY AWARD WINNERS RECOGNIZED

ECNE (farmed by Monte Johnson) has won the Association’s 2017 Statewide Quality Award for achieving the lowest average offgrade among growers who delivered at least 250 tons over more than two weeks. (The District 2 Quality Award winner Kulwant Dail also farms in other districts which resulted in a higher combined offgrade than ECNE’s 1.91%.) The average offgrade for all 27 Quality Award winners was 2.8%. The top three Quality Award winners in each district delivered an average of 795 tons with 6 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	2.51%	Vicki Anderson	2.54%	Sukhraj S. Pamma	2.68%
2	Kulwant Dail	1.05%	ECNE	1.91%	Ramsaran Dhanota	2.29%
3	Balbir Singh Bains	1.80%	Balbir S. Bains	2.17%	MSB Farms	2.42%
4	Parmjit & Sarbjit Johl	2.69%	Rahul Family Farms, LP	2.78%	Johl Brothers	2.86%
5	Empire Farming	2.69%	Oak Tree Farms, Inc.	2.88%	Orchard Growers, LLC.	4.17%
6/7	Jeff Knott	3.12%	Blom’s Ranch, Inc.	4.097%	DePalma Farms	4.099%
8	Noeller Farms	2.09%	Stackhouse Brothers	3.36%	John R. Starn	3.67%
9	Arnold Farms	3.17%	Fiorini Ranches	3.23%	R & R Ag Services, Inc.	3.32%
10/11	Ken Bettencourt	2.69%	Jose Venegas	2.76%	Penner Enterprises	2.89%

BUY AMERICAN UPDATE

On October 7th, Governor Jerry Brown signed SB730 into law to bolster California schools’ compliance with the existing Federal Buy American provision for school food purchases. This measure, sponsored by the Agricultural Council of California and authored by Dr. Richard Pan (D-Sacramento) establishes procedures to be taken by the California Department of Education to ensure compliance with the Buy American provision in school lunch and breakfast programs. The passage of SB 730 follows the July, 2017 findings by the California State Auditor that none of the six school districts they audited had implemented adequate Buy American policies and procedures. The school audit findings generated widespread media attention throughout the State and national coverage by the Associated Press. Clearly, the issues identified in this school audit are not confined to California. The Peach Association, and other members of the Buy American Coalition, are continuing to seek a Federal solution to this issue. Congressmen Garamendi and LaMalfa introduced H.R. 1241 earlier this year to strengthen the monitoring and enforcement of the Buy American provision and they have been joined by 17 other House cosponsors. We believe that a companion Senate bill will be introduced in the near future and look forward to working with Congress to restore the original Congressional intent when Buy American legislation was first passed in 1988 so we can ensure that American taxpayer dollars are used to support American agriculture.

YTD CANNED PEACH EXPORTS DOWN 30%, IMPORTS DOWN 12%

Canned peach exports for June-September total 116,178 cases, down 30% from the 165,424 cases shipped during the first four months of the 2016/17 marketing year. Canadian sales amount to 49,354 cases (down 17%) while Mexico shipments total 46,448 cases (down 15%). Shipments to all other destinations amount to just 20,376 cases (down 61%). Canned peach imports for June-September are twelve times greater than our export volume with 1,416,289 cases imported this year (down 12%) vs. 1,616,413 cases imported during the first four months of the 2016/17 marketing year. China continues to be the leading importer accounting for 60% of total shipments.

OF INTEREST

- 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 \$12 and a case of twelve 8¼ oz. cans of chunky diced peaches is just \$7.
- The Sacramento Valley Cling Peach Day will be held on Thursday, January 4th at the Ag Commissioner’s Office in Yuba City. Registration opens at 8:30 a.m. and the program begins at 9:00 a.m. and will conclude with lunch.

