

# 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 CCPA'S 97<sup>th</sup> ANNUAL MEETING

The Association's 97<sup>th</sup> Annual Meeting was held on Tuesday, January 22<sup>nd</sup> at the Sacramento Hilton Hotel. Our Keynote Speaker was State Senator Anna Caballero. Senator Caballero noted that one of her goals for the coming year was to focus on identifying practical ways to change how we do business in California to help our farmers and our farmworkers while strengthening the economy in the rural areas of our state. She also noted her interest in working with the Newsom administration on the water issues facing our state noting that changes on the Water Board may allow for a more rational discussion about water usage for agriculture so farmers can continue to produce crops in California. In his remarks, President Hudgins noted that the rising cost and decreasing availability of labor represented the biggest challenge faced by California peach growers. He added that growers would be seeking a price increase in 2019 to partially offset higher labor costs experienced this year as a result of the 9% minimum wage increase in California. He further noted that despite delivering the smallest peach crop in modern history in 2018, it was unlikely that any of the 17 growers with unsold orchards would receive a contract for the 2019 season. He added that several supermarket chains were now planning to source more of their store brand canned peaches from China and stated that we must be prepared to call out retailers who elect to purchase low-priced subsidized Chinese imports despite the "local sourcing" or sustainability commitments on their websites. He concluded his remarks by noting that our goal must be achieving and maintaining the proper alignment between our raw product supply and future demand for our products.

## CCPA CALLS OUT THREE RETAILERS ON CHINESE PEACH SOURCING

Faced with a 40% decrease in bearing acreage during the past decade while low-priced subsidized canned peach imports from China continue to grow, the Peach Association sent letters to the CEO's of Kroger, Lidl, and Save-A-Lot on February 8<sup>th</sup> pointing out the disconnect between their "local sourcing" and sustainability statements and asking that they reconsider their decision to replace U.S. canned peaches & fruit bowls with Chinese peaches. President Trump has repeatedly called on U.S. companies to "Buy American" and we encourage all growers of domestically produced canned and frozen deciduous fruits to echo the President's message to retailers and distributors who elect to transport product over 6,000 additional miles just to increase their profit margins.

## BOARD OFFICERS REELECTED FOR 2019

The Association's Board of Directors has reelected all four officers for 2019 as follows: Chairman Ranjit Davit, Vice Chairman Eric Spycher, Secretary Leonard Perez, and Treasurer Jasbir Bains. All incumbent Board members up for election in 2019 have been reelected for two-year terms.

## PULLOUTS TO DATE TOTAL 1,413 ACRES

The Association's field staff report that pullouts following the 2018 harvest currently total 1,413 acres which amounts to 9% of the industry's total bearing acreage in 2018. In addition to the 1,413 acres pulled, PCP has completed their buyout of another 365 acres which will be removed prior to the 2019 harvest. The Association also has another 231 acres without a processor contract for 2019 currently remaining in the ground. Assuming that these unsold orchards will also be removed prior to the 2019 harvest, we currently project that the industry will have 14,900 bearing acres in 2019 which represents a 5% decrease over last year's 15,697 bearing acres.

### Cling Peach Pullouts As of February 19, 2019

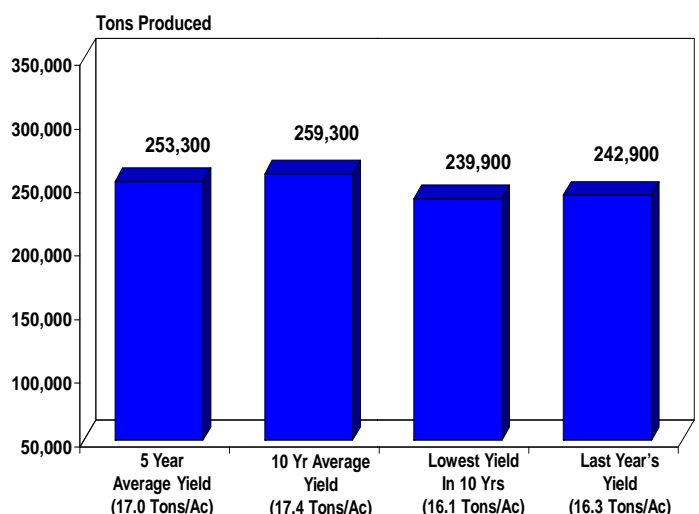
#### 1. By Area

Area	EE Acres	E Acres	L Acres	EL Acres	Total Acres	% of Bearing
Yuba/Sutter	220	109	307	190	826	8.9%
Modesto	127	33	114	60	334	7.2%
Kingsburg	120	40	60	25	253	14.9%
<b>TOTAL</b>	<b>467</b>	<b>182</b>	<b>489</b>	<b>275</b>	<b>1,413</b>	<b>9.0%</b>

#### 2. By 2018 Processor

Processor	EE Acres	E Acres	L Acres	EL Acres	Total Acres
DMF	286	58	172	131	647
PCP	181	108	299	135	723
All Others	0	16	18	9	43
<b>TOTAL</b>	<b>467</b>	<b>182</b>	<b>489</b>	<b>275</b>	<b>1,413</b>

### Possible 2019 Peach Crop Scenarios\*



2018 Deliveries Totaled 256,200 Tons

Last year pullouts totaled 1,734 acres as of January 15<sup>th</sup>.

\* Based on 14,900 Acres in 2019

RETURN SERVICE REQUESTED

**CHILLING HOURS UPDATE**

Chilling hours accumulated as of February 18<sup>th</sup> are above year-ago chilling hours for three of the four reporting locations. If chilling hours recorded at U.C. Davis for the next 10 days are the same as last year, we will reach 820 hours compared to 811 hours for 2017/18. A minimum of 800 chilling hours between November 1<sup>st</sup> to February 28<sup>th</sup> is considered necessary to satisfy the basic chilling requirements of a cling peach tree. The lowest number of chilling hours in recent history was 2014/15 with just 537 hours recorded at Davis.

<u>Area</u>	<u>Total Chilling Hours Accumulated</u>				
	<u>Current</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Verona (YC)	882	821	925	907	691
Davis	695	686	792	753	508
Modesto	861	822	818	981	738
Parlier	766	834	754	1,016	1,071

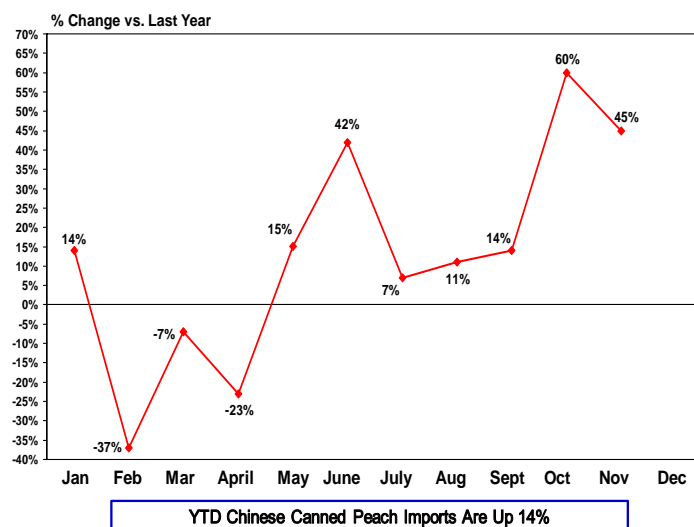
**YTD CANNED PEACH IMPORTS UP 14%. EXPORTS DOWN 26%**

Canned peach imports for November amounted to 456,555 cases, up 31% from last November’s import volume. Chinese canned peach imports for November totaled 337,769 cases which represents a 45% increase in shipments from China vs. November, 2017 volume. Canned peach imports for June-November (6 months) now total 2,476,351 cases, up 14% from last year’s import volume through November. Imports for the first six months of the 2018/19 marketing year now represent nearly 50,000 tons of U.S. grown fruit being displaced in the domestic market. U.S. canned peach exports total just 157,158 cases for June-November, down 26% from year-ago export shipments. Exports to Mexico (once California’s largest export market) total just 21,453 cases, down 78% from year-ago levels.

**Canned Peach Imports  
 June – November  
 2016 - 2018**

<u>Country</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>% Change</u>
China	1,471,433	1,339,226	1,747,356	+30%
Greece	558,126	426,830	342,071	-20%
Spain	19,116	29,845	33,721	+13%
Chile	178,891	168,505	199,786	+19%
Argentina	4,223	1,788	0	-100%
South Africa	159,020	99,374	76,632	-23%
All Other	43,245	108,922	76,785	-30%
<b>TOTALS</b>	<b>2,434,054</b>	<b>2,174,490</b>	<b>2,476,351</b>	<b>+14%</b>

**Percentage Change in Monthly Chinese  
 Canned Peach Import Volume for 2018**



**OF INTEREST**

- Congressmen John Garamendi and Doug LaMalfa have reintroduced their American Food for American Schools Act (H.R. 1066) to further strengthen the “Buy American” requirements under the National School Lunch Act.
- Referendum ballots were mailed to all peach growers by California Department of Food & Agriculture on February 11<sup>th</sup> for use in voting regarding the renewal of the cling peach industry’s marketing order for a new five-year term. Ballots must be postmarked by March 11<sup>th</sup> to be counted in the referendum vote.