

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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YTD PULLOUTS TOTAL 815 ACRES

The Association’s field staff reports that pullouts following the 2019 harvest total just 815 acres which amounts to 5% of the industry’s total bearing acreage in 2019. The Association currently has 426 acres of unsold orchards with virtually no chance of selling this fruit for canning use in 2020, we’ve advised growers with unsold orchards to think carefully before spending money to prune or spray these orchards. Last week Pacific Coast Producers offered their growers the opportunity to participate in a Contract Termination program which would compensate PCP growers \$200/ton based on their orchard’s three year average production in exchange for terminating their PCP cash contract or relinquishing their coop membership delivery rights on participating acreage. Applications for this program are due no later than January 31st with growers to be notified by February 3, 2020 if their application has been accepted by PCP’s Field Department. This action is being taken in anticipation of an increase in the industry’s bearing acreage for 2020 as 2,305 acres of 2017 plantings (which canners paid growers to plant) move into bearing acreage status. Assuming additional pullouts occur prior to the 2020 season, the Association is currently projecting a total of 16,000 bearing acres for the 2020 harvest. Given the 8% increase in California’s minimum wage as of January 1st it is imperative that 2020 raw product pricing reflect higher labor costs for growers.

Cling Peach Pullouts As of December 12, 2019

1. By Area

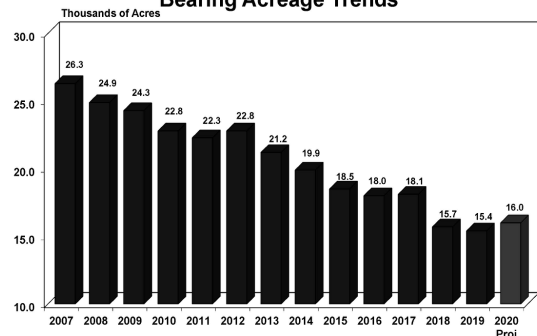
Area	EE Acres	E Acres	L Acres	EL Acres	Total Acres	% of Bearing
Yuba/Sutter	121	84	201	94	500	5.3%
Modesto	74	14	105	41	234	5.2%
Kingsburg	45	7	29	0	81	5.5%
TOTAL	240	105	335	135	815	5.3%

2. By 2019 Processor

Processor	EE Acres	E Acres	L Acres	EL Acres	Total Acres
DMF	118	6	133	51	308
PCP	103	73	162	71	409
All Others	19	26	40	13	98
TOTAL	240	105	335	135	815

Last year pullouts totaled 1,115 acres as of November 7th.

California Cling Peach Bearing Acreage Trends



HOUSE PASSES IMMIGRATION LEGISLATION

On Wednesday, December 11th U.S. House of Representatives passed the Farm Workforce Modernization Act (H.R. 5038) by a vote of 260-165. The Peach Association joins with over 300 agricultural organizations from all over the country who supported the Farm Workforce Modernization Act in thanking Congresswoman Zoe Lofgren and Congressman Dan Newhouse (along with several members of our California Congressional delegation – Doug LaMalfa, Jim Costa, John Garamendi, Jimmy Panetta, Josh Harder, Devin Nunes, and T.J. Cox) for their leadership in getting the House to pass the most significant farm labor reform legislation in over 30 years. While this bill is not perfect, the need to secure an adequate and reliable workforce for U.S. agriculture cannot be overstated. Among the provisions included in this legislation is the opportunity for farm employees to achieve legal status if they are in the country without proper documentation by providing them with “certified agricultural worker” status. Depending on how long they have worked in agriculture, they may be eligible to receive a green card after four additional years of work in agriculture. The Senate now must engage in the legislative process to improve the Farm Workforce Modernization Act by adding the necessary amendments to secure passage in the Senate. We encourage the Senate’s leadership to emulate the bipartisan effort demonstrated in the House to mutually resolve any stakeholder concerns and pass companion legislation to resolve the ongoing U.S. agricultural labor crisis.

YTD CALIFORNIA RAINFALL TOTALS GENERALLY BELOW NORMAL

Most major peach growing areas of the state have received below average rainfall this year. The Yuba City area has received 5.13 inches which is currently 92% of normal for rainfall for the Jul 1-Dec 13 period while Modesto is currently at 84% of normal rainfall. All four areas received no measurable rainfall for the entire month of October.

Area	2016	2017	2018	2019	Normal	% of Normal
Yuba City	5.48	3.45	3.56	5.13	5.57	92%
Sacramento	7.09	2.31	2.95	4.03	4.40	92%
Modesto	3.65	0.98	3.05	2.43	2.90	84%
Kingsburg	2.46	0.53	1.92	2.50	2.45	102%

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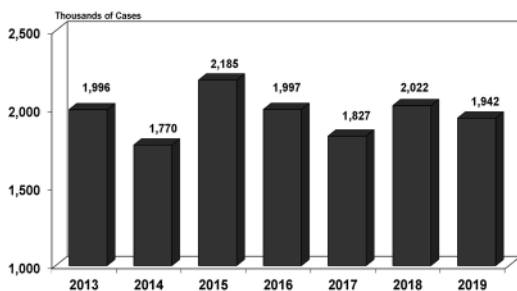
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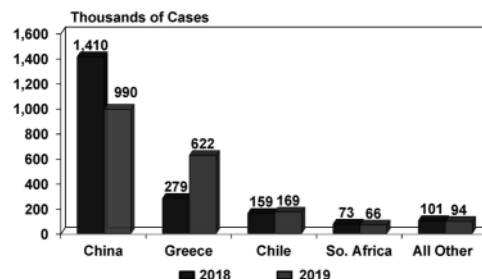
OCTOBER CANNED PEACH IMPORTS DOWN 15% EXPORTS UP 8%

Canned peach imports for October amounted to 490,529 cases, down 15% from last October’s 578,167 case import volume. October shipments from China were down 35% while Greek peach imports increased by 128%. YTD canned peach imports (Jun-Oct) now total 1,941,571 cases, down 4% from the prior year. YTD shipments from China are down 30% while Greek peach imports are up 123%. (We continue to expect decreased volumes of Greek canned peach imports to enter the U.S. market in the coming months due to the 25% retaliatory tariffs imposed by the U.S. in mid-October.) YTD canned peach imports from all other countries are down 1% vs. prior year levels. U.S. canned peach exports for Jun-Oct total just 99,613 cases, down 22% vs. last year despite a slight increase in October shipments. The gain for October exports is attributable to new volume going to Micronesia which accounted for nearly 40% of October export shipments.

**U.S. Canned Peach Imports
 June-October**



**Comparison of Canned Peach Import Volumes
 June-October 2018 vs. 2019 for Major Countries**



CHILLING HOURS UPDATE

Chilling hours accumulated as of December 11th are below year-ago levels for all reporting areas except Parlier. Total chilling hours at U.C. Davis for 2018/19 amounted to just 762 hours which amounted to our second lowest chilling hour total in the past 20 years. A minimum of 800 chilling hours between November 1st to February 28th is considered necessary to satisfy the basic chilling requirements of a cling peach tree.

<u>Area</u>	<u>Total Chilling Hours Accumulated</u>				
	<u>Current</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Verona (YC)	325	336	241	282	346
Davis	199	240	196	202	268
Modesto	203	292	241	193	379
Parlier	256	238	256	215	388

OF INTEREST

- The 25th Annual Sacramento Valley Cling Peach Day will be held on Tuesday, February 4th at the Ag Commissioner’s office in Yuba City. The program will start at 8:30am and will also include an update on the activities of the California Cling Peach Board for 2019.
- The deadline for the Ron Schuler Memorial Scholarship applications has been extended to January 1, 2020. Contact your local CCPA field representative for more information regarding this opportunity.
- Invitation letters for the Association’s 2020 Annual Meeting (which will be held on Tuesday January 21st at the Sacramento Hilton Hotel) were mailed out last week. Our keynote speaker will be Mark Burrell, Managing Partner for the WestMark Group, discussing the 2020 market outlook for tree crops in Northern California and credit conditions in today’s challenging market environment.