

# 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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Vol. 50, No. 1  
March 27, 2020

## **PEACH INDUSTRY CORONAVIRUS UPDATE**

On Thursday March 19<sup>th</sup>, Governor Newsom issued a statewide “Stay at Home” order for all residents of California. His order specifically excluded those employees working in critical industries which included Food and Agriculture since it is essential that all elements of our nation’s food supply chain remain operational. Clearly this requires a workforce that is vital to producing, harvesting, processing, and transporting our crops. While everyone involved in the food chain is in uncharted waters today, we are working to quickly adapt to changing circumstances each day. For California’s peach growers, this may be the calm before the storm since pruning work is largely complete and bloom sprays have been applied. However, in approximately six weeks we will require significantly more labor as thinning gets underway in mid-May. We remain hopeful that the needed workforce will be available this year. In an effort to provide growers with more information so they can communicate with folks who have worked in their orchards in past years, we’ve taken a closer look at the current locations of confirmed Coronavirus cases in California. As of March 26<sup>th</sup>, there are wide disparities between different parts of the state. While the statewide total of confirmed cases now stands at 4,060, the main peach growing counties have reported relatively few cases: Butte 5, Sutter 3, Yuba 3, Stanislaus 17, Merced 4, Madera 7, Fresno 27, and Kings 0. At other end of the spectrum are four of the fifty eight counties in California (Los Angeles, Santa Clara, San Diego, and San Francisco) which collectively represent 57% of all confirmed cases in the state. Looking more broadly at the top ten agricultural counties in the state which amount to over 10 million acres of farmland, there have been just 286 confirmed cases reported. (This equates to one case per 36,000 acres of farmland in these ten counties). While the headlines and news reports continue to focus on the higher profile urban area and hospitals, we trust that the message going out to farmworkers is that not all areas of our state are impacted equally. There are plenty of jobs available in our State’s agricultural areas and we trust that you chose to return for the upcoming harvest season! We are all seeking to adapt to the many new challenges facing our industry. Our canner customers are currently dealing with record order volume from their retail customers and are working hard to replenish depleted store shelves as fast as trucking and logistics issues permit. However, there has been a slowing of foodservice business as many restaurants have closed and schools work to develop “grab and go” options for school meals. At least our processors are better positioned than companies relying on imported food products with much longer (and more disrupted) supply chains. It is anticipated that some of the decrease in commercial foodservice sales channels will be partially offset by increased volumes moving into foodbank channels all across the nation. Collectively, we will continue to deal with these challenges in the coming weeks and look forward to having a successful 2020 peach harvest.

## **PLANS FOR 2020 USDA BONUS BUY ANNOUNCED**

In response to the Peach Association’s request for a 2020 Bonus Buy to assist with the peach industry’s ongoing realignment effort, on March 9<sup>th</sup> USDA officials announced their plans to purchase \$25 million worth of canned peaches and mixed fruit for use in various food nutrition assistance programs. The 2020 season Bonus Buy purchase will consist of 24/300 and 12/29oz cans. It is anticipated that all Bonus Buy awards will be completed by July 15<sup>th</sup>. We thank the USDA’s Ag Marketing Service for their timely response to our Bonus Buy request.

## **CURRENT CROP CONDITIONS**

According to CCPA’s fieldstaff, our statewide full bloom this year occurred on March 3<sup>rd</sup> which is 15 days earlier than last year’s March 18 full bloom date. This year’s full bloom date is the earliest since our 2016 full bloom date of February 27 which matched our modern day record for earliest bloom date (other years were 1995 and 1986). The last time we had a March 3<sup>rd</sup> full bloom date was in 2005. Final chilling hours recorded at UC Davis for 2019/20 amounted to 731 hours, down from 762 hours recorded last year. Interestingly, most other locations recorded an increase in chilling hours this year: Verona 1082 hours vs. 952 last year, Modesto 978 vs. 948, and Parlier 1035 vs. 845 last year. Peach growers have now finished pruning which was delayed somewhat this year due to a tight labor supply. With no rain during February, growers stayed busy and were able to apply fungicides in a timely manner. Many growers were also forced to start irrigations early this year. The 2020 peach bloom looked good so growers are currently optimistic regarding the prospects for this year’s crop.

## **PULLOUTS TO DATE FOR 2020**

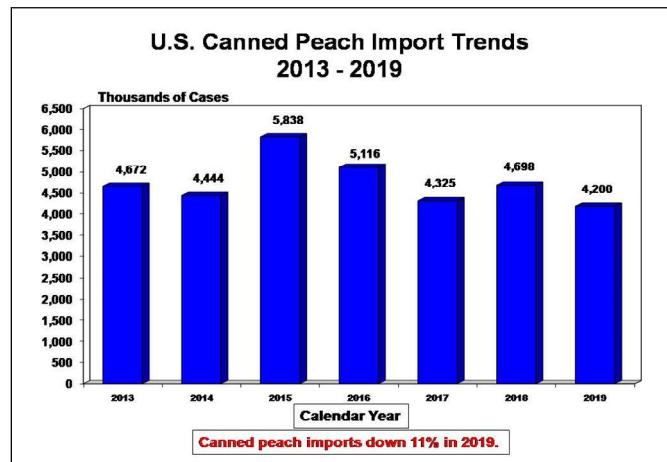
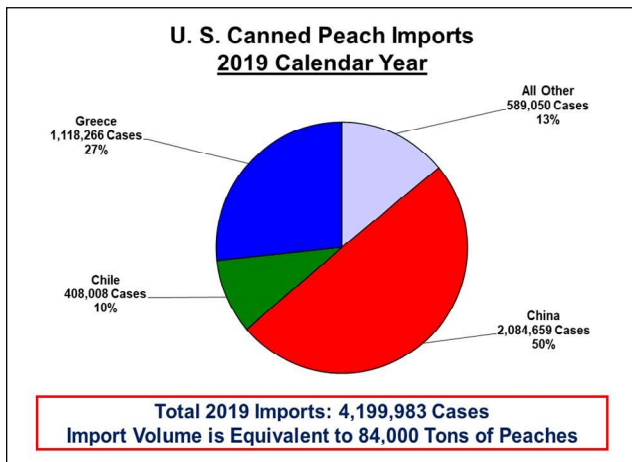
The Peach Association’s fieldstaff reports that pullouts following the 2019 season now total 1,170 acres which amounts to 7.6% of the industry’s total bearing acreage in 2019. The Yuba/Sutter area pullouts total 675 acres, while Modesto has pulled 364 acres and Kingsburg has pulled a total of 130 acres. It is expected that a few more uncontracted acres will be removed prior to the 2020 harvest.

RETURNSERVICEREQUESTED

«Entity\_Code»  
«Company\_Name»  
«First\_Name»«Last\_Name»  
«Address\_1»  
«Address\_2»  
«City», «State»«Zip»

### **2019 CANNED PEACH IMPORTS DOWN 11%**

Canned peach imports into the US market totaled 4,199,983 cases in 2019, down nearly half a million cases (11%) from our 2018 import total of 4,697,654 cases. Chinese canned peach imports accounted for 50% of this year's volume, down from their 67% share of total imports in 2018. Greek shipments increased to 1,118,266 cases vs. 779,938 cases last year to account for 27% of the 2019 import volume. Pricing for Greek shipments appears to have declined significantly with recent shipments arriving with stated values even below the volume coming in from China. Although Kroger stores in the eastern and southern parts of the US continue to feature Chinese sourced canned peaches, pears, and apricots, we believe that the current supply chain disruptions will continue to result in "out of stock" positions on many of Kroger's store brand canned fruit offerings in the coming weeks. This experience may cause other retailers to reconsider the wisdom of sourcing their canned and plastic packaged fruit products from foreign suppliers! At this point, FDA officials have temporarily ceased inspections of most foreign food facilities due to the COVID-19 outbreak.



### **MORE FOOD PROGRAM FUNDING IN PHASE 3 LEGISLATION**

Several feeding programs will receive additional funding under the Phase 3 Coronavirus Response legislation passed by the Senate on March 25<sup>th</sup> due to the rise in unemployment figures all across the country. For the canned peach industry, this may provide an opportunity to offset some of the sales decline in commercial foodservice sales channels. The additional food program funding includes:

- \$15.5 billion in additional funds for the Supplemental Nutrition Assistance Program (SNAP) to ensure that all Americans can receive the food they need.
- \$8.8 billion in additional funding for Child Nutrition Programs to ensure that children receive meals when school is not in session.
- \$100 million in funding for SNAP recipients on Indian reservations.
- \$450 million in additional funding for the Emergency Food Assistance Program (TEFAP) so that food banks can continue to assist those Americans most in need.

### **OF INTEREST**

- The Wall Street Journal reports that trucking shipments to grocery stores and discount stores are up more than 50% last week vs the same week in 2019. In addition, Target Corp. reports that sales of household essentials, food, and beverages have risen by more than 50% during the month of March.
- On March 24<sup>th</sup>, the U.S. Customs and Border Protection agency announced temporary travel restrictions for land ports of entry between the U.S. and Mexico and between the U.S. and Canada. These restrictions still allow for any individuals working in farming or the agricultural industry to continue traveling between the U.S. and Mexico for work.
- David Stis has recently joined Del Monte Foods as their Senior Vice President and Chief Customer Officer. In this role David will be responsible for overseeing Del Monte's sales in all channels. Prior to joining Del Monte, he served as Vice President of Sales for Dean Foods.