

PEACH FUZZ



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

2600 River Plaza Drive / Suite 200 / Sacramento, CA 95833
Sacramento: 916/925-9131 – Yuba City: 530/673-8526 – Modesto: 209/652-8476
Website: <http://www.calpeach.com>

Vol. 50, No. 4
July 27, 2020

CCPA BOARD APPROVES DIFFERING 2020 PRICE & TERMS FOR PCP

Following their review of the Association's June 30th 2020 price agreement reached with Del Monte Foods, PCP responded to the Association with a July 2nd price offer designed to redistribute the value of increased varietal premiums under the Del Monte agreement into a higher base price with the intent of achieving a financially equivalent overall pricing structure. After three weeks of continued negotiations to address the differences in 2020 pricing and terms of sale between the two canners, the Association's Board of Directors ratified a 2020 price agreement with PCP on Thursday, July 23rd. The details of our PCP price agreement are as follows:

Base Price:	\$497.50/ton
Extra Early Premiums:	Same as 2019 (\$55/ton Loadels & \$40/ton Stanislaus)
Green Tolerance:	Ross and Late Ross varieties shall have a 5% green tolerance paid and not counted on Schedule of Values. (Revocable by PCP upon 24 hour notice.)
Equal Treatment:	These 2020 terms of sale shall apply to both CCPA Cash Growers and PCP Member Growers, except for those programs currently in place for PCP Members that differ from these Terms of Sale with respect to Carson variety premiums and machine harvesting.

All other 2020 Terms of Sale for PCP are exactly the same as our agreement with Del Monte.

Prior to reaching this agreement, we analyzed CCPA member deliveries for the 2019, 2018, and 2017 crop years to determine the comparison of fruit values using the Del Monte pricing vs PCP's July 2nd price offer of \$497/ton. The results for all three years showed that Del Monte's pricing approach resulted in a higher fruit value. The differences ranged from 50 cents to 62 cents per ton for a three year average of 55 cents/ton more than PCP's July 2nd price offer. While it is difficult to assess the true value of a green tolerance for Ross and Late Ross varieties which can be revoked at any time (with 24 hour notice), we examined actual CCPA member deliveries of Ross and Late Ross peaches to PCP in 2019 and assumed the green tolerance was in effect for all these deliveries. The resulting value of the green tolerance amounted to 6 cents/ton on all CCPA member deliveries to PCP last year.

After adopting the differing PCP price and terms of sale for 2020, the Association has given Del Monte, Wawona Frozen Foods, and Dole the option of staying with our existing deal or converting to PCP's \$497.50/ton price and terms of sale. Having two different 2020 pricing structures was a difficult decision for the Association's Board, we've had uniform industrywide pricing since the mid-1990's (when Joe Famalette was Tri Valley Growers CEO).

Several Association Board Members abstained from voting on our PCP price agreement to express their displeasure. This is partially attributed to the approach taken by PCP's Field Department this year regarding fruit grading. Currently PCP growers are being prevented from watching the third party fruit grading process by CDFA's Shipping Point Inspection Service at Lomo Station and Hatamiya Station in the Yuba/Sutter area. Ironically, the PCP growers who are currently being denied the opportunity to observe their fruit being graded (while wearing masks) at Lomo Station can walk 300 yards to the nearby restaurant and dine outside while not wearing a mask. Surprisingly, PCP growers in other parts of the state report no problems this past week in observing the grading of their fruit while masked and maintaining proper social distancing. PCP is the only processor restricting grower access to observe grading, as growers delivering fruit to Del Monte, Wawona and Dole are all permitted to observe the third party grading process (even at Lomo Station). Language in the grading manual published by Shipping Point Inspection clearly states the following: **"No one shall coerce or attempt in any way to interfere with the inspectors in their duties.... This rule does not prevent a grower, canner or their representative from examining the fruit and asking questions. Questions may only be asked after the grading is completed."** In addition, the Memo of Understanding between PCP and Shipping Point Inspection contains no language prohibiting growers from observing the grading process. The Association's position is that every grower has the right to view the grading of his fruit. We are calling on growers to contact PCP Board members in their area to urge that PCP's Field Department reconsider it's decision to restrict grower access to observe third party grading this year.

RETURN SERVICE REQUESTED

«Entity_Code»
 «First_Name» «Last_Name»
 «Company»
 «Address_1»
 «Address_2»
 «City», «State» «Zip»

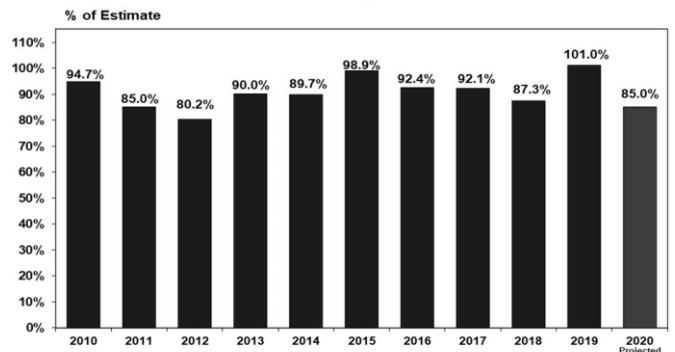
EXTRA EARLY DELIVERIES TO FALL 15% BELOW ESTIMATE

According to the latest cling peach delivery figures (YTD July 18th for industry, 7/20-7/25 projected based on CCPA’s 73% of industry’s EE volume), Extra Early variety deliveries now total 48,515 tons with very few tons remaining to be picked. The current projected total represents a 15% shortfall from the industry’s 56,789 ton Block x Block estimate. This amounts to an average yield of just 12.0 tons/acre compared to 13.6 tons/acre for Extra Early varieties last year but very close to the 12.3 ton/acre yield in 2018. The YTD statewide total offgrade amounts to 7.72% with significantly more split pits this year. Offgrade for visible split pits amounts to 1.28% with invisible split pits currently at 1.13%. Since harvest labor is in tight supply, Del Monte has significantly increased its volume of mechanically harvested fruit in the Yuba/Sutter area which is greatly appreciated by growers.

Extra Early Deliveries thru July 25th

Area	Blk x Blk Estimate	Tons Delivered	% vs. Estimate	Yield/Acre
Yuba/Sutter	24,611	20,874	-15%	10.8
Stockton	1,744	1,669	-4%	10.4
Modesto	19,873	16,503	-17%	12.8
Kingsburg	10,561	9,469	-10%	14.2
Totals	56,789	48,515	-15%	12.0

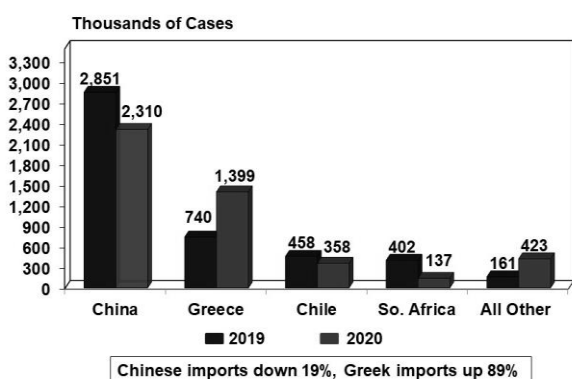
**Comparison of Deliveries vs. Estimates
 Extra Early Varieties
 2010 – 2020**



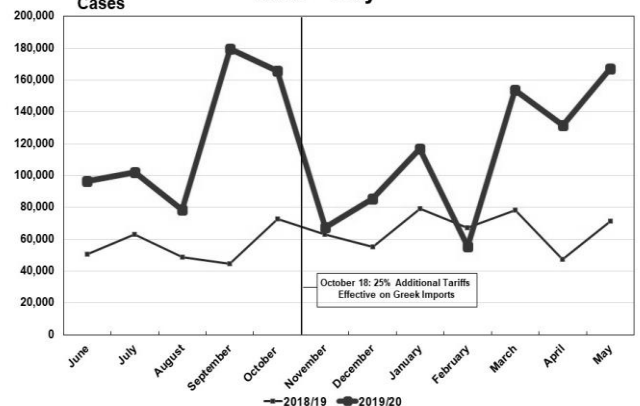
2019/20 IMPORTS FLAT, EXPORTS DOWN 31%

Canned peach imports for the 2019/20 marketing year amount to 4,627,480 cases, up less than one percent over last year’s 4,612,317 case import volume. China continues to be the leading importer of canned peaches with 2,310,028 cases shipped (50% of total import volume) into the U.S. market. It appears that the Greek peach industry has devised a means of working around the 25% retaliatory tariffs imposed last October as Greek imports are up substantially (89%) to 1,399,387 cases. Import volumes from Chile and South Africa have posted declines for the 2019/20 marketing year but Australia has now emerged as an importer with 181,096 cases shipped vs. just 16,789 cases imported last year.

**Comparison of Canned Peach Import Volumes
 2018/19 vs. 2019/20 Marketing Year**



**Greek Canned Peach Imports Into The US Market
 June – May**



Greek Canned Peach Imports from October to May have increased by 77%