

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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PROCESSORS ANNOUNCE MODIFICATIONS TO 2022 TERMS OF SALE

As it became apparent that our 2022 peach crop had been seriously impacted by multiple frosts and scattered hailstorms, in early May the Association reached out to both PCP and Del Monte urging them to consider a wide range of changes to our 2022 terms of sale including partial payment for No.2 peaches, increasing the 3% constant tolerance, implementing a separate frost grade, or any other provision which would allow us to maximize tonnage deliveries during the 2022 peach harvest (in order to maximize the number of domestically produced cases packed this year to meet 2022/23 market demand). On June 21st, PCP responded to our request with a series of changes to our 2022 terms of sales (as outlined below). The Association greatly appreciates the timely action taken by PCP representatives to address the challenges that growers are facing with the 2022 peach crop. On July 5th Wawona Frozen Foods, (the state's third largest cling peach processor) has also agreed to the terms of sale changes announced by PCP. On July 7th Del Monte representatives also announced a series of changes to their 2022 terms of sale (as outlined below). Based on all the actions taken by processors to modify terms of sale, we believe that growers should be better positioned to maximize their fruit deliveries.

PCP and Wawona Changes to 2022 Terms of Sale

No. 2 Fruit (Extra Earlies)	Up to 5% of No.2 fruit in Extra Early varieties shall be paid at 50% of Base Price. All No.2 fruit over 5% paid tolerance shall be excluded from Schedule of Values offgrade.
No. 2 Fruit (All other varieties)	Up to 3% of No.2 fruit shall be paid at 50% of Base Price. All No.2 fruit over 3% paid tolerance shall be excluded from Schedule of Values offgrade.
Constant Tolerance	A 7% Constant Tolerance on General Defects paid at Base Price. Excess counted on Schedule of Values offgrade.
Machine Harvest	Sizing chains must measure 2 ¼ “ or larger. Any block harvested under 8 tons/acre shall not be subject to machine harvest price differential.
Hail and Frost Grade	Hail damaged fruit and frost damaged fruit shall each be graded separately. 0-10% offgrade – paid at 50% of Base Price and shall not be counted on Schedule of Values. 10-20% offgrade – amount over 10% shall have weight deducted and not counted on Schedule of Values offgrade. Over 20% - total weight deducted and counted against Schedule of Values offgrade.

Changes to 2022 Terms of Sale by Del Monte Foods

Number 2 Peaches: Up 5% of No.2 fruit in Extra Early varieties shall be paid at 50% of Base Price. All No.2 fruit over 5% paid tolerance shall not be paid for but will be excluded from Schedule of Values offgrade. For all other varietal groups, up to 3% of No.2 fruit shall be paid at 50% of Base Price. All No.2 fruit over 3% paid tolerance shall not be paid for but will be excluded from Schedule of Values offgrade.

General Defects: General defects shall be paid for at 50% of Base Price and excluded from Schedule of Values offgrade. General defects greater than 20% shall not be paid for but will be excluded from Schedule of Values offgrade. (The previous 3% constant tolerance for other general defects will be eliminated.)

Hail and Frost Damage: All peaches with hail or frost damage will be treated as general defects (paid at 50% of Base Price and excluded from Schedule of Values offgrade).

Canner Reject Option: Canner shall have the option to reject any load with a general defect offgrade greater than 25% or any load delivered containing grounders.

ASSEMBLY EDUCATION COMMITTEE DOESN'T CONSIDER SB 1308

After offering poison pill amendments to undermine the Buy American provisions for school food purchases in SB 1308, the Assembly Education Committee removed the bill from their June 29 hearing agenda. This action occurred even though SB 1308 had received unanimous, bipartisan support from three policy committees, a fiscal committee and approval by consent in the State Senate. While the Ag Council of California and all of our allies on this issue are very disappointed that the bill was prevented from proceeding at this time, we will continue to seek out other opportunities to strengthen Buy American provisions for California schools.

RETURN SERVICE REQUESTED

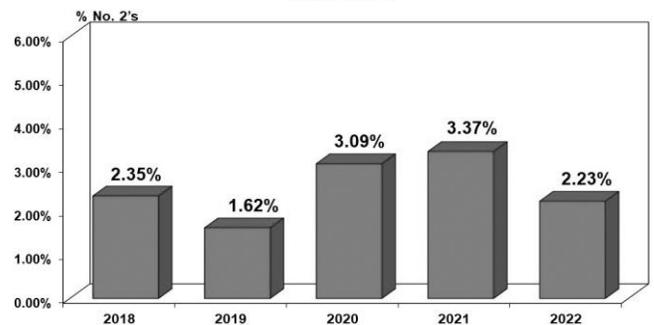
2022 PEACH HARVEST UNDERWAY

The 2022 peach harvest began in Kingsburg with the American variety being picked on Jun 6 which was three days earlier than last year's initial harvest date. The first Loadel variety peaches were picked in Kingsburg on June 27th which is six days earlier than last year while the first Stanislaus variety peaches were picked on July 1 which is 8 days earlier. The Modesto area had its first Loadels picked on June 30th which is six days ahead of last year's timing. The initial 2022 harvest in the Yuba/Sutter area occurred on July 6 which is 2 days earlier than last year. YTD CCPA member deliveries to Del Monte through July 4th total 1,610 tons with an average offgrade of 5.57%. YTD deliveries of Number 2 peaches are very similar to our 2018 results.

**Offgrade Comparison
 Initial Del Monte Deliveries by CCPA Members**

	2018	2019	2020	2021	2022
Start Deliveries Thru	June 11 July 4	June 7 July 4	June 8 July 4	June 9 July 4	June 6 July 4
YTD Tons Delivered	1,564	1,973	2,488	825	1,610
Total Offgrade	7.28%	4.84%	7.75%	5.27%	5.57%
Offgrade Detail					
Green	1.17%	0.38%	0.56%	0.02%	0.47%
Bruise & Overripe	1.52%	0.32%	0.48%	0.56%	0.25%
Undersize	0.90%	0.65%	0.81%	0.87%	0.67%
Inv Splits	1.01%	1.10%	1.17%	0.18%	0.14%
No. 2 Fruit	2.33%	1.62%	3.09%	3.37%	2.23%
% Delivered 0-8%	76%	97%	93%	94%	86%

**Number 2 Fruit Delivery Trends
 YTD thru July 4
 2018-2022**



2022 BLOCK X BLOCK ESTIMATE TOTALS 187,420 TOTALS

The California League of Food Producers released the industry's 2022 Block X Block estimate of 187,420 tons on June 14th. The 2022 crop estimate (which represents a statewide average yield of 13.7 tons/acre) amounts to 37,842 ton decrease over last year's 255,262 ton crop. Our 2022 bearing acreage amounts to 13,672 acres which is down nearly 6% from last year's 14,479 bearing acres. The 13.7 tons/acre estimated yield per acre amounts to our second lowest yield in the past 30 years.

2022 Block by Block Estimate

Tonnage by Area					
Area	Bearing Acres	Blk x Blk Estimate	2021 Deliveries	% Change vs Last Year	Yield/Acre
Yuba/Sutter	8,393	106,184	134,730	-21%	12.7
Stockton	688	8,990	10,454	-14%	13.1
Modesto	3,321	54,144	59,039	-8%	16.3
Kingsburg	1,270	18,102	21,039	-14%	14.3
TOTALS	13,672	187,420	225,262	-17%	13.7
Tonnage by Varietal Group					
Varietal Group	Bearing Acres	Blk x Blk Estimate	2021 Deliveries	% Change vs Last Year	Yield/Acre
Extra Early	3,316	39,943	47,261	-15%	12.0
Early	2,967	36,900	45,032	-18%	12.4
Late	5,843	90,078	106,522	-15%	15.4
Extra Late	1,546	20,499	26,447	-22%	13.3
TOTALS	13,672	187,420	225,262	-17%	13.7

OF INTEREST

- On June 23rd, Del Monte Foods, Inc. announced results for their 2021/22 fiscal year. Sales were up 12% to \$1.7 billion led by strong performance in canned vegetables and canned fruit. Net profit tripled to \$54 million. They have announced price increases for the 2022 pack which are effective September 1st and expect to be in good shape for the coming year relative to costs and pricing.
- At their June 1st meeting, the California Cling Peach Board approved a \$3.50/ton grower assessment for the 2022 crop which up 60¢/ton from last year's \$2.90/ton assessment. The 2022/23 budget of \$625,000 was approved which amounts to a reduction of \$153,966 vs. last year's budget