

WINTER/SPRING 2023

CALIFORNIA
CANNING PEACH
ASSOCIATION

CLING PEACH REVIEW

IN THIS ISSUE:

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- 2023 Annual Meeting
- The Next Generation of Peach Varieties



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CLING PEACH REVIEW

WINTER/SPRING 2023

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STATE OF THE ASSOCIATION

Presented at California Canning Peach Association's
101st Annual Meeting | *January 24, 2023*

As I reflect on the current state of California's cling peach industry, I'm convinced that our industry is in the best overall position that it has been in for many years. With customer demands currently exceeding our 2022 production, our canners are making a reasonable profit in the marketplace while peach growers received a fair price for 2022 crop. The laws of supply and demand were definitely working in the industry's favor this year.

However, the supply/demand pendulum never stands still. In putting together my remarks for today, I couldn't help but notice that just three short years ago my Annual Meeting speech referred to many growers with 2020 contract expirations not having their cannery contracts renewed and that the Association was faced with nearly 400 acres of unsold orchards in 2020. Our canner customers were unwilling to purchase additional fruit since they realized that continuing to pack more tons than the market can absorb would just prolong the time needed to bring supply & demand back into balance.

Our biggest challenge in the coming years will be to avoid making the same overplanting and over-contracting mistakes that occurred in 2016 & 2017 which resulted in several years of an industry oversupply position. Simply put- growers should not plant a new orchard without having a processor cash contract or securing a PCP coop membership position. At this point the Association is projecting that 1,600 acres will be planted in 2023, this will amount to a nearly 12% increase from our current bearing acres. Let's make sure that we do everything possible to maintain our current industry profitability and avoid a return to an industry oversupply position.

As we look ahead to 2023, there are many reasons to be optimistic about the coming year. Our state has some of the most fertile soil in the country and it now appears that our water

situation has improved compared to last year. However, there are at least three wild cards that we must bear in mind when planning for 2023.

The first wild card is our weather, obviously Mother Nature always gets to bat last. We have definitely seen more extreme weather events the last several years – higher temperatures, droughts, floods, damaging frosts and severe hailstorms just to name a few weather-related challenges that peach growers have had to face in recent years. Looking back at our 2022 peach harvest, we would have had a much different outcome if the record 116-degree heatwave in early September had occurred 30 days earlier. While there is very little that a peach grower can do to protect against weather risks, make sure that you've given yourself the best odds of success by being vigilant in advance of potentially damaging frosts and staying current on your dormant and bloom spray programs.

The second wild card is labor availability. We all recognize that labor costs for growers and processors will continue to increase in 2023, the bigger question is whether we will have all the workers needed to harvest and process our next peach crop. I believe that the modifications to our terms of sale in 2022 were beneficial to both growers and processors since they allowed us to maximize deliveries of useable fruit to our canner customers while also reducing the number of sorters that growers needed in their orchards. Our goal in 2023 is to maintain these same terms of sale so we continue to maximize our deliveries of usable fruit to canners so they can meet the current market demand. On this point, I would challenge both growers and processor field representatives not to rely solely on our grading system as the indicator of a high quality delivery.



Rich Hudgins
President and CEO
California Canning Peach
Association

“As we look ahead to 2023, there are many reasons to be optimistic about the coming year. Our state has some of the most fertile soil in the country and it now appears that our water situation has improved compared to last year.”

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Matt Strong,
Pacific Coast Producers

“PCP was founded in 1971 for reasons that most co-ops were formed, and that was a group of growers that came together because they needed a home for their crops.”

2023 KEYNOTE ADDRESS

Presented at California Canning Peach Association’s
101st Annual Meeting | *January 24, 2023*

Matt Strong, President
and CEO of Pacific
Coast Producers,
Keynote speaker at the
California Canning Peach
Association’s 101st annual
meeting, Jan. 24:

Today I am going to cover three topics. First, I want to provide a brief overview of PCP’s business as it stands today and some of the history that got us to where we are today. PCP is not the small co-op we were years ago. Next, I will review the state of the canned fruit market. I will conclude with my thoughts on industry peach tonnage and PCP’s intentions for peach tonnage over the next few years. PCP was founded in 1971 for similar reasons that most co-ops were formed, and that was a group of growers that came together because they needed a home for their crops. When Stokely-Van Camp exited the west coast fruit and tomato business in 1971, the legacy Stokely-Van Camp growers did not have a home for their crops, so they formed the Pacific Coast Producers co-op. Throughout the ‘70s and ‘80s, PCP was trying to find its place in a very difficult business for private label canning. By the early 1990s, PCP had consolidated all production to its Lodi and Oroville facilities and moved the headquarters from Santa Clara to Lodi. At that time, the cooperative was owned by approximately 150 family farms. Today, the ownership reflects basically the same number of family farms, and for the most part, the same family, but operated by the next generation. As we stand today, we have 116 peach members, 25 pear members, 30 grape members, 8 apricot members, and 15 tomato members.

Throughout PCP’s early history, production and sales revenue primarily followed member-

ship tonnage because that was the purpose of the coop - to provide a home for our owners’ crops. However, as the industry began to consolidate in the late 1990s, PCP started the transformation from what we used to refer to as “a small country canner” to the largest private label canned goods supplier in the country. The first major industry consolidation that spurred PCP’s growth was the demise of Tri-Valley Growers. In addition to industry consolidation, we also experienced growth from other industry opportunities which have primarily been in the form of sales and marketing alliances and acquisitions.

The first sales and marketing alliance PCP formed was with Snokist Growers in 2008. They were a financially struggling pear and apple co-op located in Yakama, Washington. We successfully integrated their production into our supply chain and earned an annual fee for our effort. Shortly after the Snokist alliance, we formed a sales and marketing alliance with The Morning Star Company, where we market all of their canned tomatoes, and they market all of our industrial tomato paste allowing both companies to focus on their core competencies and making both companies even more efficient in their operations.

Acquisitions have always been very important to our growth story. PCP’s first major acquisition was in 2015 when we purchased an import company. At the time, PCP had a very small home grown import business importing pineapple and tropical fruit out of southeast Asia to supplement our existing domestic fruit bowl program. PCP was approached by a very large importer, who was also our competitor at the time, to purchase their company. Another acquisition was our maraschino cherry business. PCP purchased Oregon Cherry Growers, a cooperative located in Salem, Oregon in 2017. Today, this is a very profitable business contributing \$90 million in sales revenue. We

also acquired companies directly in the canned fruit and tomato space. These are companies that were financially struggling and knew PCP was the best opportunity to maximize the value of their inventory and production assets. These acquisitions consisted of purchasing a competitor's inventory at their book value as well as production assets that we needed in our facilities. The best example of this is the acquisition of the Seneca Foods Modesto fruit cannery in 2018 which included PCP assuming grower fruit contracts.

[Mr. Strong presented a timeline slide illustrating PCP's growth since inception with the logo's of all companies that exited the fruit and tomato canning business during the same time.]

The next slide shows a full list of all of the canning fruit and tomato companies or facilities that went out of business since PCP's inception. I am proud to say that PCP is not just a survivor, but has been a very successful, growing business in what has been a very difficult business environment during PCP's 50-plus years of existence. As a result of our growth, I want to review our current production footprint. Our locations are strategically placed across the West Coast. Beginning in the north, we have a copack with Del Monte in Yakima, Washington that processes pears and apples for PCP. Historically, PCP has purchased 65% of the total production that their Yakima facility produces under a multi-year copack agreement. We are in the final year of our copack and will be moving the canned pear production to our Oroville facility and the apple production to our Lodi facility. Our processed cherry business is located in Oregon with one facility in Salem and two facilities in The Dalles region along the Columbia River. We have three processing facilities in California: our Oroville facility where we process peaches, fruit cocktail, fruit bowls, pears, and organic fruit; our Woodland facility where we process all of PCP's tomato tonnage, including a full-line of organic tomatoes; our Lodi facility, where we process apricots and canned peaches and is also the location of our distribution center. Located in the south is The Morning Star plant where conventional

and organic tomatoes are processed as well as pouch tomatoes.

With our production footprint, what does that mean from a tonnage perspective?

In our fruit facilities, we process over 220,000 tons of fruit, which makes PCP the largest fruit canner in the world. At our Woodland tomato plant, we process more than 600,000 tons of tomatoes each season. When you consider a plant with the capabilities to produce a full line of retail products and a full line of foodservice products, we are the largest full line producer of fresh-pack tomatoes in the world. We are also the world's largest maraschino cherry company in the world. We are very proud of our production facilities, and we have excellent operations teams that keep these facilities running at very high efficiencies every year.

With our production capacity, where do our finished goods go? This is a list of all of our retail customers and their locations as well as all of our foodservice customers and their locations.

We supply our private label retail items to every major retailer in the U.S. and in foodservice, we supply every major U.S. broadline food service distributor with a full line of items packed under their house brands. In total, we ship over 4,500 different labels for 650 unique items to over 2,500 different customer locations across the U.S. To most efficiently service that many items and shipping locations, we have a very sophisticated supply chain that starts on the West Coast. We ship 20 to 30 rail cars a day from our Lodi distribution center to 16 strategically located forward warehouses throughout the eastern half of the United States. From there, we are able to get our products to our customers within four days of when they placed an order with us.

When you add up all the growth over the past 20 years, In 2023, PCP will generate over \$1.2 billion in revenue, which is over 55 million cases sold. Prior to our company's growth initiative, our sales were approximately \$200 million which means over the past 20 years,

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2023 KEYNOTE ADDRESS

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we have grown by \$1 billion. When you look at our business by market segment, 55% of our sales are through our retail market group, 35% through our foodservice market group and 10% through USDA and our industrial sales group.

So we are not exactly that little country canner that we were once known as.

Current state of the canned fruit market:

I will first review the foodservice and USDA market trends and then discuss the retail market. I will start with canned fruit trends in foodservice and the USDA. These market categories are very important to the cling peach industry as they represent almost 50% of the total demand from a tonnage perspective. In the foodservice industry, 90% of the canned fruit goes to either schools or healthcare, which includes senior living or corrections facilities. The USDA business is somewhat of a crossover with foodservice business because most of that volume goes into schools. In recent history, the foodservice and USDA canned fruit business has been a very stable outlet for our industry. It is not a growing segment, but definitely not a segment in decline.

An exception to that was the Covid impact on the school business, which negatively affected both foodservice and, to a lesser extent, the USDA business. When schools shut down due to Covid in 2020, our foodservice canned fruit business immediately went to 50% of normal reflecting zero shipments going to schools. However, our healthcare and corrections business remained at normal levels. The good news is when the schools opened up about 18 months ago, our school canned fruit business immediately returned back to historical levels.

In 2022, because of the short pack due to reduced tonnage, we have our foodservice customers and the USDA on product allocation. As a result, we are seeing an increase in imported canned fruit, primarily from Greece and China.

Unfortunately, when we have a short pack and we have to put our customers on allocation, the importers seem to always gain and maintain a larger share of the domestic Foodservice canned fruit business because the imported canned fruit can be purchased at a significant discount to our California-sourced fruit. We are at a sizable cost disadvantage to imports due to higher raw product and labor costs. Can costs which used to be at parity on the world market are now 20% higher in the US because of national security steel tariffs imposed by our government and now that ocean freight rates have returned back to historical levels, import price spreads versus domestic are once again sizeable.

One of the best ways to combat this import issue is with Buy American initiatives. I want to thank Rich for his continued effort in leading the Buy American initiatives at both the state and the federal level. Last year, California's Governor signed a Buy American bill that contains wording that will keep most imported canned fruit out of our school feeding programs. PCP's effort, along with Rich and others were very instrumental in getting this bill passed. We need to take this bill and scale it across the country, or better yet, amend the federal Buy American provisions to include wording similar to the California bill.

In Foodservice, we continue to see a good consistent demand for peaches. Our issue is imported fruit, not necessarily degradation of canned peach demand like we have experienced in Retail over the past 8 to 10 years.

Moving to Retail, recent demand trends have improved for the Retail market. Today, we are experiencing some market trends that are very good for the future of canned peach consumption that started with a Covid bump that just about all the center-store categories experienced. Because of inflation across the grocery store and uncertain economic times, canned fruit will continue to be viewed as a value item in the grocery store. Retail canned fruit benefited from Covid and it could not have happened at a better time as this chart illustrates. The canned fruit category was in a multi-year decline prior to the Covid outbreak.

Category consumption numbers were reflecting a 3% to 5% annual category decline. This same trend line was felt across most categories in the center of the grocery store. The younger generations were not shopping in the center of the grocery store but were spending their retail grocery food dollars on the perimeter of the grocery store where the new and innovative meal solutions were located. All of that changed when Covid arrived in early 2020. As covid protocols forced restaurants to close and as the population actually had to figure out how to cook a meal at home that created a nice bump to our category. We saw a 15% to 20% growth in unit sales during the height of Covid.

Obviously, it was great for the industry because it not only brought new consumers to the canned fruit aisle but it also eliminated all surplus inventory in the industry. As the economy opened back up and consumers returned to normalized eating habits, the canned fruit category appears to have stabilized at a unit volume that is slightly higher than the 2019 pre-Covid levels. I am cautiously optimistic about the future of the Retail canned fruit category given the stability of the canned fruit volume post Covid. In the near term, there are some favorable economic trends that will benefit the category which is mainly driven by food inflation across the grocery store which makes our canned fruit items of value when compared to other nutritious items. Also, the canned fruit category will benefit if the economy moves into some form of recession over the next 18 months as predicted by most economists. Recessionary cycles have always been beneficial to our category and we feel this cycle will not be an exception.

Current conditions are why I am optimistic about the category. Although recent trends have revived the canned fruit category, I am cautious because the perimeter of the store remains very attractive and tends to attract the younger consumers out of the center of the store. As an industry, we must continue to market the benefits of canned fruit and connect with consumers and tell our story of flavor, nutrition and value to bring them into the canned fruit aisle. Connecting with the consumer has

transitioned from traditional marketing of center store items to social media and other online formats that allow a very targeted approach. This change in product marketing techniques also allows private label companies like PCP to participate in marketing their own categories.

The takeaway from my comments here today on the state of the canned fruit market is that we are definitely experiencing some tailwinds in the category in both Foodservice and Retail, but we can not just sit back and do nothing. We must continue to invest in the business through Buy American campaigns and legislative action in foodservice in addition to innovative marketing approaches in Retail to bring new consumers into our aisle of the grocery store.

What PCP intends to do from a peach tonnage standpoint over the next few years.

Let's look at the industry today. From a total tonnage perspective, we are in an undersupply position, and that is not just from a shortage of bearing acres, but also due to back to back years of poor orchard yields due to Mother Nature. Some of this shortfall is being supplemented with imports from China and Greece. I talked about canned fruit imports in the Foodservice industry but imports in Retail also exist today and not just from import companies but both domestic processors are importing canned peach volume to supplement and cover their shortfall.

The good news is domestic processors have a good handle on the shortage and have reacted accordingly. The supply side has been corrected as many acres of new plantings have been contracted and will be in the ground by this time next year. However, the industry shortfall will continue for a few years until new orchards come into production.

For PCP, we are projecting our 2023's peach harvest to be in 130k – 135k tonnage range with a sales demand that approximates 150k tons. We will continue to fill the gap with imports. Going forward, we are targeting approximately 140k tons for production. This is

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Thomas Gradziel,
Professor, UC Davis
Dept. of Plant Sciences,
Univ. of California, Davis

THE NEXT GENERATION OF PROCESSING PEACH VARIETIES

Processing peach production in California has a long history of improvement, achieved by multiple generations of growers, processors and nurserymen.

Varieties have also evolved to meet changing industry needs. The early 1900s saw the development of peach varieties combining desirable productivity and canning quality with adaptation to Central Valley growing conditions. Emphasis shifted in the latter part the century to ensure production continuity using multiple varieties with overlapping harvest times so that canneries would not have

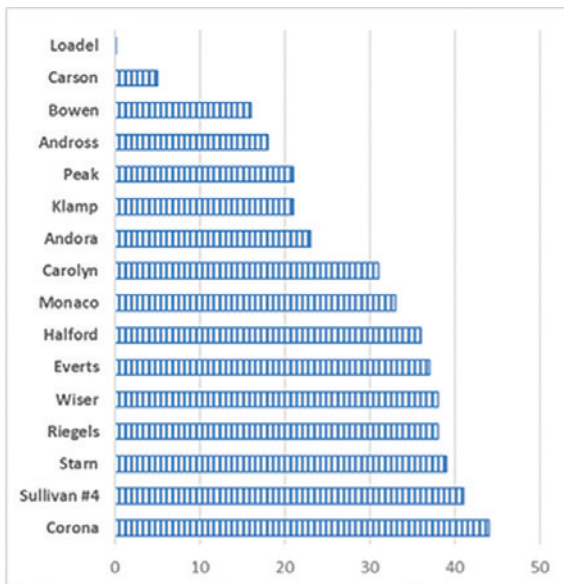


Figure 1. Harvest times for early 1980s processing peach varieties (in days after Loadel) showing harvest gaps between Carson and Bowen and between Andora and Carolyn.

to slow down or even shut down because of a lack of fruit. Despite much progress, supply gaps remained between Carson and Bowen in the Early harvest season, and between Andora and Carolyn in the Late harvest season (Fig. 1). I started breeding processing peach varieties at the University of California Davis (UCD) in the late 1980s just after UCD released Ross and Dr. Davis. These varieties, along with the subsequent release of Late-Ross and Lilleland (having Ross as a grandparent) provided production consistency for the crucial Late processing season. Ross and Dr. Davis were also important in that they brought in new germplasm from South Africa and China. The origins of traditional California processing peach varieties can be traced back to as few as 4-6 founding parents

resulting in previous breeding germplasm being highly inbred and so lacking in new genetic options. The Ross-Davis incorporation of novel breeding germplasm to develop novel genetic solutions to production/processing problems paralleled the exciting work by Floyd Zaiger's breeding program that transformed several fruit and nut crops through the introduction of novel genetics, often from related species.

However, breeding varieties to supply fruit during the Early-season Carson-Bowen gap proved more difficult. Often referred to as the Dixon-gap because the original Dixon variety was harvested at this time but the Dixon variety was eventually rejected by canners because of its high proportions of split-pits and red-staining of the pit cavities. Fruit ripening during this early-season are particularly susceptible to split-pits and red-pit staining because the process of pit-lignification or hardening occurs at a particularly vulnerable time in fruit development. Andross, which has a similar parentage to Dixon, is also susceptible to split-pits/pit-staining resulting in similar efforts to breed a replacement variety possessing Andross' high productivity but without its pit problems. Because time of pit-hardening is a major determinant for the time of fruit development and so harvest, breeding progeny originally tended to ripen either around Carson time or, alternatively, later than Bowen, making it difficult to find a good quality breeding selection ripening within this Dixon-gap. Efforts to incorporate new germplasm from other processing and fresh market breeding programs were also unsuccessful, and it was soon determined using genomic analysis, that even this expanded peach germplasm represented only about 6-8 founding parents. Following the Zaigers' example, the UC Davis breeding program began incorporating germplasm from related species, including almond and wild peach, but this required several generations of selective breeding to recover good quality peach-type fruit (Fig. 2).

This effort has recently been successful in breeding the peach varieties Kader and Schuler that combine good productivity and processing quality with a harvest time within the Dixon-gap (Fig. 3). Both Kader and Schuler also possess the ‘stay-ripe’ trait which suppresses the usual fruit softening and degeneration following the tree-ripe stage, allowing fruit to hold on the tree for a week or more,

providing the option for delayed harvest. Schuler also contains a novel gene which essentially shuts down any red pigment formation within the fruit as an added barrier to red pit-staining and associated pit-splitting even under the hot early summer temperatures conducive to pit-staining. Both have improved fruit brown-rot resistance, including improved resistance to flower blight, reducing the need for fungicide applications. The UCD variety Vilmos has also been recently released as a possible replacement for Andross. In addition to the stay-ripe trait and improved brown-rot resistance, Vilmos possesses new genetics that result in a more concentrated bloom (and so more uniform harvest) even under the increasingly common low-chill winters. Finally, the UCD variety Ogawa is being released to extend the Extra-Early harvest season 3 to 4 days before Ceres-Carson. (Zaiger Genetics has also released the American and Calaveras varieties further filling gaps in this Extra-Early season). Ogawa’s exceptional fruit size, good post-harvest fruit firmness associated with the stay-ripe trait, along with improved fruit brown-rot resistance and good fruit color, have made it a particularly useful variety for organic peach production because the very early harvest allows canning before processing plant contamination by traditionally grown peaches.

Just as the release of Ross and Dr. Davis in the 1980s, transformed the next generation of processing peach varieties through the use of new genetics and new breeding strategies, the much greater genetic diversity brought in during the last 3 decades (Figures 2 and 3) provide valuable new genetic options for addressing challenges associated with climate change and the loss of traditional fungicides. The greatest challenge to the next generation of peach production, however, is the rapidly increasing labor costs. In addition to possessing improved disease resistance and tolerance to milder winters/hotter summers, the next gen-

eration of California processing peach varieties must facilitate greater efficiencies in orchard management, particularly harvest. A major challenge has been the need to reduce multiple-harvests of the same orchard, ideally allowing single-pass harvest by hand or by machine. Obtaining uniformly ripening fruit is particularly difficult, however, because even fruit on the same tree will vary in their ripening time based on initial flowering time as well as differences in within-tree shading. The stay-ripe trait was developed to solve this problem because it allows early-ripening fruit to maintain on-tree processing quality for a week or more until most unripe fruit are also ready for harvest. In addition to allowing single-pass harvest, the extra-ripening time improves overall yield (more fruit harvested) and processing quality (more fruit at full-ripe stage). The genetics controlling this trait are complex and we are still researching developmental and molecular markers to improve future breeding efficiency with some advanced stay-ripe breeding lines capable of maintaining on-tree fruit quality for up to 2 weeks (Fig. 4) though small fruit size remains a challenge. Molecular and biochemical markers are also being developed as to reduce vulnerability to fruit bruising in new varieties. But, in addition to new fruit traits, the next generation California processing peach orchard will require changes in tree size and structure to facilitate more efficient orchard management.

In other orchard crops such as apples and pears, tree size reduction is most commonly

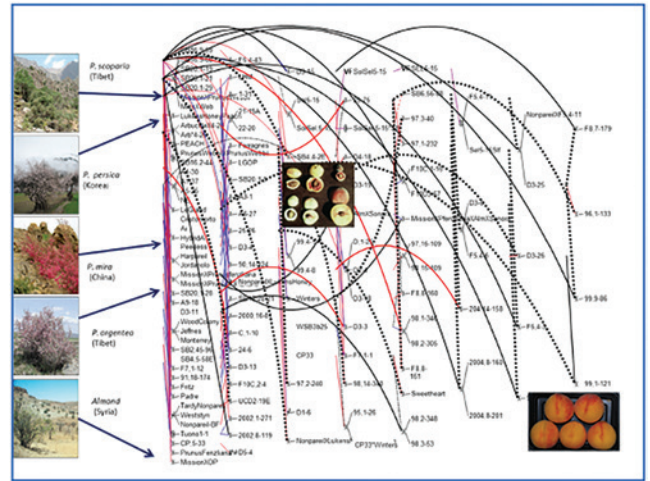


Figure 2. Transferring new genes from related species requires several generations of crosses to processing peach to capture new traits (center image) and several additional generations of backcrossing to achieve good productivity and fruit quality (fruit at bottom right).

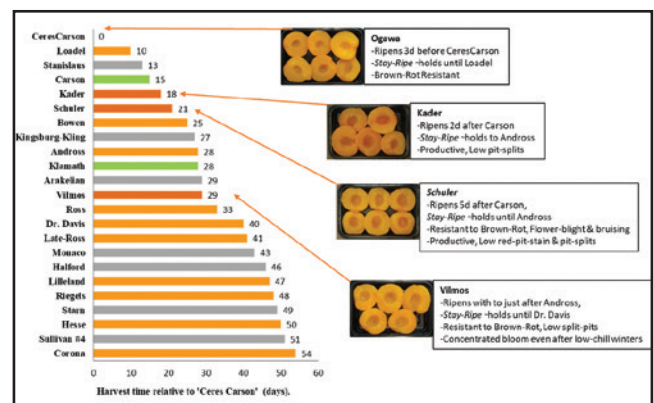


Figure 3. Harvest times for current processing peach varieties including new UCD varieties. [Orange bars identify UC varieties; green bars identify Zaiger Genetics varieties; gray bars identify grower selections (Kingsburg-Kling is an Early maturing budsport of Dr. Davis).

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SPOTLIGHT ALBUM



2023 ANNUAL MEETING



Obertheir Quality Award Recipients Kuldip & Narinder Atwal with Marjorie Bishop



Rich and Matt Strong



Mike Montna, Sarb Johl, Ranjit Davit, Kulwant Johl



Martha Leon, Serena Courtney



Wawona CEO Bill Smittcamp greeting Sarb Johl



Schuler Scholarship Recipient Lauren Martini and Rett Schuler



Schuler Scholarship Recipient Cate Pantaleoni and Rett Schuler



Buy American Team-Tricia Geringer, Rich & Emily Rooney



Clean Up Crew Steve Mobley, Sutton Hunter & Little Hunters



Ellen & Rett Schuler with Rich & Heidi Hudgins



Ranjit Davit,
CCPA Board Chairman

“During this pandemic, we saw unprecedented sales, more than I have ever seen during my years of growing peaches.”

CHAIRMAN'S ADDRESS

Presented at California Canning Peach Association's
101st Annual Meeting | *January 24, 2023*

Welcome to the California Canning Peach Association's 101st Annual Meeting.

For those of you in the audience who I have not had the opportunity to meet, my name is Ranjit Davit. I am a grower from Live Oak, and I currently serve as Chairman of the Board. I have served 21 years on the CCPA's Board of Directors. Prior to my joining the Board, my father Satinder Davit spent 26 years on CCPA's Board. During those 40 plus years we have seen more years with an over-supply than under supply. CCPA's goal is to keep this industry in balance. Over the past two years we have been hit with a worldwide pandemic, our families, and friends, and businesses have been faced with many changes during these challenging times. I want to commend our processors for their quick response in implementing safety measures that resulted in our processing plants remaining open to successfully harvest crops in a timely manner. During this pandemic, we saw unprecedented sales, more than I have ever seen during my years of growing peaches. But today we see those days behind us. With record sales during the Pandemic and a short crop in 2022, today we are currently faced with an under-supply position. Continued increases in all categories of cultural costs, has led to much needed higher raw product pricing to offset these increases. However, as we move forward to accommodate our processor's efforts to increase supply to keep up on current market demand by contracting for new plantings, we must be sure as growers and processors that we don't oversupply our marketing position. Higher raw

product pricing may seem attractive to other permanent crops, such as the nut industry. (But don't be fooled, it's not that simple.) Today in the coffee shops you hear that growers are pulling walnut orchards saying let's plant peaches, and you hear about pear growers who want to be peach farmers; I just want to tell them that in my 21 years on this board, the peach industry has reduced by 50% and two processors. I would like to say to all, today's higher pricing just reflects our cost increases, not so much what's left in our pockets. As we move forward dealing with under supply position we face today, processors have had to rely to outside sourcing to meet market demand. Although we as growers find outside sourcing taboo, the CCPA will work along with our processors to build maintain a balanced supply position. To all CCPA members, we will seek to continue maintaining this higher pricing to offset our increasing growing costs. I will say to all growers who have intentions of planting, have a letter of intent or contract before you plant any additional acres, also just as a reminder, CCPA membership is closed to uncontracted fruit. My message to all our processors, please do not contract more than you can sell. In closing, I wish I had a crystal ball to see this industry's future, year by year the road ahead seems to have more twists and turns. We have two major processors left competing for market share, as canned peach imports continue to rise.

Let us all work together in maintaining profitability and balance for our peach industry. May 2023 be very safe, healthy and prosperous for all. Thank you. 🍑

THE NEXT GENERATION OF PROCESSING PEACH VARIETIES

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achieved by using dwarfing rootstocks and the UC/USDA Controller-series of size-reducing rootstocks has recently been released to California growers. (We are also pursuing new rootstocks with greater resistance to nematodes, phytophthora and oak-root-fungus). In addition, the UCD processing peach breeding program has developed a series of Compact (1/2 to 3/4 normal size) varieties also exhibiting the stay-ripe trait and these are currently being evaluated under different grower and orchard management practices. The compact tree trait is controlled by a single major gene which also acts to suppress excessive watersprout growth (Figure 5), thus reducing annual pruning requirements. Finally, we are working to develop processing peach trees having a columnar or pillar-type architecture (Figure 5) similar to the “fruiting walls” found in apple orchards.

While it’s generally recognized that the next generation processing peach orchard must evolve to remain profitable, what those orchards will actually look like remains unresolved. This has, however been the history of processing peach production in California as growers, processors, equipment fabricators and nurserymen have utilized their extensive experience and technical know-how to continually improve orchard management. Over the last 3 decades, the UCD processing peach breeding program has accumulated an unprecedented wealth of new genetics with proven value for

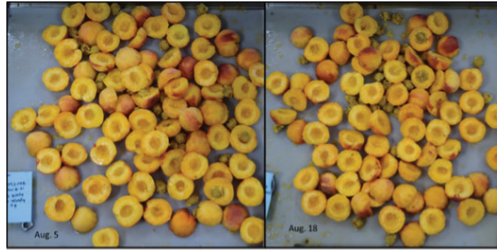


Figure 4. Advanced UCD clingstone peach selection possessing the stay-ripe trait which allows fruit to maintain good on-tree processing quality for 2 weeks after initial ripening.



Figure 5. Left: Compact trees trained to a quad-V (note the suppression of watersprout growth). Right: Row of UCD breeding selections having columnar or pillar tree architecture. (Standard trees on either side).

solving current and emerging industry challenges. The next generation of plant breeders will also have access to powerful tools for analyzing genes, traits and even entire orchard production systems. To breed varieties and rootstocks that actually work under real world conditions, however, their most valuable resource will be the knowledge, experience and proven innovativeness of the peach growers they serve. 🍑

2023 KEYNOTE ADDRESS

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slightly short of our sales demand but it is a really good number for our company and works well for our plants and acquisition model. We have contracted quite a few new acres, and feel we are at that 140k ton target and will not sign up any new acres.

In conclusion, I am optimistic about the future

of the canned peach industry. We have pent up demand in Foodservice and the USDA, we just need additional peach tonnage to support that existing demand. Covid provided a nice recovery for our Retail markets and current economic conditions will provide tailwinds in the near future. Finally, we must work hard every day to bring consumers into the canned fruit aisle so they can experience the flavor, nutrition, and value of our products. Thank you. 🍑



Steve Mobley

“Growers are busy attempting to keep up with their dormant and fungicide sprays between rainstorms.”

MODESTO & KINGSBURG DISTRICTS

by Steve Mobley

The big story this year is the unusually large amount of rainfall we have had so far.

Year-to-date rainfall amounts for the Modesto area are 17+" compared to the normal YTD amount of 10+" and for the Kingsburg area, actual amounts are over 13" with the normal YTD amount being about 6 ½". Chilling hours were up this year with Modesto totaling 1,338 hours compared with 1,126 hours last year and in Parlier, chill hours this year were 1,260 as opposed to 1,129 in 2022. Chilling hours are defined as total hours under 45 degrees from November 1 thru February 28. The minimum chilling hour requirement for cling peaches is just 800.

For the greater Modesto / Kingsburg regions, total year-to-date pullouts still remain below 100 acres with the majority coming from the Modesto area and mainly in the Extra Early varieties. This is due mainly to softer pricing for competing nut crops. Currently, Association plantings for the Modesto / Kingsburg

areas total about 200 acres with the vast majority of these acres being Extra Early varieties. Due to the continuing rainfall, it is anticipated that there are an additional 75 -100 acres still yet to be planted in the southern regions. Bearing acres in the Modesto / Kingsburg areas for the 2023 harvest is expected to be approximately 5,200 acres, down from 5,279 bearing acres in 2022. It is also anticipated there will be no unsold acres this year in the southern regions.

Growers are busy attempting to keep up with their dormant and fungicide sprays between rainstorms. With the heavy rainfall totals, the potential for rot developing is of great concern to both growers and canners. As a result, growers are spending more money as they apply additional sprays this year. In addition, many growers are reporting increased pruning costs this winter. For the southern regions, bloom dates were later this year by about 6 days compared to last year which may delay the first pick dates on some of the earlier varieties. 🍑

YUBA/SUTTER REGION

by Sutton Hunter

There has been a total of **398 acres pulled statewide since the end of our 2022 harvest with 314 acres of pullouts occurring in the Yuba/Sutter area.**

Currently, a total of 403 Association acres have been planted in the Yuba/Sutter area. Recent rain events have slowed planting of bare-root trees. Later in the year we also expect to see more potted trees planted as well. When all plantings are complete, we expect that the total 2023 plantings will amount to approximately 1,500 acres statewide. The majority of those will be planted in the Yuba/Sutter area.

Verona chilling hours for 2023 have amounted to 1,282 compared to 1,179 hours last year. Davis received a similar number of chilling hours, 1,152 in 2023 and 921 hours in 2022. The minimum chilling hour requirement for cling peaches is 800 hours (under 45 degrees) between November 1 – February 28. Chilling hours reported at UC Davis this year are the highest since 2013's total of 1,185 hours.

From January 1st to March 20th 2023, Verona has received 10.49 inches of rain compared to

just .93 inches of rain last year. Similarly, Davis received 16.34 inches of rain from January 1st to March 20th 2023 while last year only amounted to 1.19 inches of rain. There has been a significant amount of rain during the peach bloom. From March 1st–March 14th, the UC Davis weather station recorded 3.61 inches which is significantly higher than previous years rainfall totals. The cool weather accompanied by increased rainfall amounts has also impacted our bloom.

The cool and wet weather has slowed the bloom timing. Full bloom in the Yuba/Sutter area this year occurred on March 13 which is 9 days later than last year but very close our March 12th full bloom date in 2018. Disease poses a greater threat to peach blossoms in a cool and wet environment. Growers have been hard at work applying multiple fungicide sprays to protect their trees while the trees are vulnerable. Growers are hopeful that their efforts will protect the blossoms thus preventing significant damage.

In closing, we will be conducting the Association's 2023 Prethinning Estimate in early May. We continue to hope all goes well for growers with the 2023 peach crop. 🍑



Sutton Hunter

“When all plantings are complete, we expect that the total 2023 plantings will amount to approximately 1,500 acres statewide.”

STATE OF THE ASSOCIATION

Continued from page 3

Peach growers know all too well that the peach harvest is the culmination of what you have worked for all year. You must ask yourself “have I done everything possible to deliver the best quality fruit to my processor?” For example – have I timed my last irrigation correctly? Have I started harvesting each variety at the right time after walking my orchards instead of simply relying on the prior year’s harvest timing? Have I submitted my latest spray reports to my processor in a timely manner? Just as importantly – have I given my canner field representative accurate information in a timely manner regarding the number of bins that I will be delivering that day as well as an up-to-date estimate on bins to pick in the coming days so that canners can make the right decisions on plant operations?

However, there are several questions that each processor field representative should be asking themselves as well.

For example, have I walked orchards with my growers in advance of harvest in order to recognize potential problems before they arrive or am I planning to rely on grading results to alert me to a quality issue? Do I recognize which varieties are sizing well and which varieties will have sizing challenges so plant managers can plan accordingly? Am I ensuring my growers are prepared to pick the next variety at the proper time? Am I collecting the best available information regarding anticipated daily harvest volumes to assist plant managers in making decisions regarding weekend cannery operations vs. putting more fruit in cold storage? Do I have empty bins available for growers in the right locations, at the right times, to ensure no disruption in their deliveries? All of these questions for growers and processor field representatives have one thing in common – a good outcome isn’t achieved by simply relying on the results of our third-party grading as a system measure of our success. I believe that we currently have terms of sale that are in the best interest of both parties. However, our ability to hold on

to them in future years depends on our ability to make them work properly for growers and canners alike.

The third wild card is the impact of canned peach imports in our domestic market. Personally, I am not concerned about the volume of canned peach imports that Del Monte and PCP are currently bringing in to meet the needs of their customers as a result of our reduced California peach crop in 2022. However, it is difficult to gage the potential future impact that we could see as some retailers and foodservice distributors move to establish their own supply chains to directly import foreign sourced canned peaches. The Peach Association will continue to engage on this issue as we do everything within our power to protect California’s canned peach industry.

I am very pleased that we were able to achieve some success this year in strengthening the Buy American provision for California schools.

SB 490, authored by Senator Caballero, was signed into law by Governor Newsom on September 27th. As a result, California schools will be required to purchase food products grown, packed, or processed domestically unless the price for foreign sourced product is more than 25% lower than domestic product pricing. Schools may continue to source foreign sourced food products which are not produced in sufficient quantities in the U.S., such as bananas, mangoes, spices, etc. This law takes effect on January 1, 2024.

This legislation was truly a team effort. I would describe it as a three legged stool. The first leg represents peach growers and processors – primarily the Peach Association and PCP representatives. The second leg consisted of Teamsters Union officials representing the thousands of workers employed in peach processing plants and school cafeterias. We all know that a stool with just two legs isn’t a stool, it’s an unfinished project. The third and most critical support leg of our stool consisted of Emily Rooney and Tricia Geringer with the Ag Council of California. I am convinced that without all three legs of our Buy America stool, we would not have succeeded in getting

this bill passed by the California legislature and signed into law by Governor Newsom. At this point, I would like to ask Emily and Tricia to stand so we can recognize you for all your efforts on behalf of every peach grower here today.

Looking ahead, our goal in 2023 is to pursue strengthened Buy American provisions for school food purchases at the Federal level as part of the next Farm Bill instead of being forced to continue a state by state battle to protect U.S. farmers and ranchers. We've already had initial conversations with a number of folks in D.C., stay tuned for more news on this effort in the coming months.

In addition to our Farm Bill efforts, we will also be seeking to call out major retailers for any decision they make to carry foreign sourced canned peaches while simultaneously advertising their commitment to American jobs and communities. Walmart officials have reported that over 85% of their customers believe that it's important to carry products grown, made, or assembled in the U.S.. Here's a 2021 Walmart statement of their intentions, we look forward to continuing a conversation on the difference between their words and their actions regarding product sourcing as well.

On a related note, we were very please to see that Del Monte's latest line extension of canned peaches under the Grown Good banner specifically calls out California peaches on the label. The Grown Good line extension is positioned at the top of the value range for Del Monte's canned fruit and vegetable portfolio. Hopefully consumers will embrace this new offering.

While I've shared three 2023 wildcards with you this afternoon, there could be even more awaiting us in the coming months. However, California peach growers have always been a resilient and innovative group, and I have no doubt that they will continue to thrive despite any challenges that may come our way.

OBERTHIER AWARD

Next on our program is the presentation of a very special award.

As growers, we take pride in the quality of fruit that we deliver and we recognize that our industry's ability to compete in a world market for canned peaches is based on maintaining the high quality level of California cling peaches.

For the past 42 years, the Association has recognized the grower with the lowest offgrade in the State for the previous year's harvest with the Oberthier Memorial Award at our Annual Meeting. This award was created in memory of Tim Oberthier who was the son of members Gus and Janice Oberthier. Tim, who was tragically killed in an accident, spent many hours in the orchard working with Gus as they sorted peaches in order to deliver the best possible fruit to the cannery.

In order to be eligible for recognition, our Quality Award guidelines for 2022 required more than 250 tons to be delivered.

The grower must also deliver more than one variety and the fruit must be picked for more than a two-week period in order to more closely reflect typical harvest conditions.

As you can see, here are pictures of several of our recent Oberthier Award winners. We have a new name to add to our recipient list this year.

At this time, I would like to ask Marjorie Bishop to come forward to present the award to this year's winner.

Ladies and Gentlemen, our winner in 2022 is Heer-Atwal Orchards with an average offgrade of 0.25%. Heer-Atwal Orchards is being farmed by Kuldip and Narinder Atwal. Kuldip immigrated to the U.S. in 1977 and spent time working on his father-in-law's 40 acre peach orchard. After receiving his engineering degree from Sac State, Kuldip took a job with California's Department of Water Resources. Their passion for farming led them to purchase their first orchard in the 1990's. Kuldip attri-

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butes much of his success to the knowledge and skills that Narinder possesses. Today, Kuldip and Narinder farm peaches, prunes, almonds, walnuts, pecans, and persimmons in Yuba and Sutter Counties. They delivered their peaches to PCP in 2022. Will Kuldip & Narinder please come forward to accept this award?

Thank you, Marjorie, and Congratulations to Kuldip and Narinder.

I've never given an Annual meeting speech without recognizing the staff of the Peach Association and I don't intend to start today. The Association's staff is truly the backbone of the organization and I continue to be very proud of their accomplishments and their focus on serving the needs of our members.

Let's give the entire staff a round of applause.

For the past 101 years, The Peach Association has been unwavering in our commitment to maintain a strong peach industry. Every member can be proud of our history, proud of our accomplishments, and confident that we will continue our long tradition of industry leadership as the journey continues. The coming years will surely bring new challenges, we will face them relying on our greatest strength – the ingenuity, dedication, leadership, and trust of peach growers working together.

There being no further business, I hereby declare the 101st Annual Meeting of the California Canning Peach Association adjourned.

Thank You. 🍑



MARK YOUR CALENDARS

The Peach Association will be celebrating our 102 year anniversary.

**Wednesday January 31st
Hilton Hotel, Sacramento**

We hope you can join us in celebrating our 102 year legacy of representing California's Cling Peach Growers.



**Our staff is requesting photographs
for our annual almanac!**

If you want to participate, we are looking for pics of your orchards, blooms, peaches, tractors, harvest, sunsets, weather or anything peach related.

If we decide to use a picture you've submitted for the 2024 Almanac, we will pay you \$100 per photo.

For more information, contact: scourtney@calpeach.com



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Not Pictured: Craig Arnold, Karm Bains, Robbie Bains, Inderjit Sandhu, Simon Sihota