

PEACH FUZZZ



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. 53, No.2
 April 13, 2023

CURRENT CROP CONDITIONS

According to the CCPA's field staff, California's full bloom date for cling peaches occurred on March 14th this year which is 8 days later than last year's March 6th full bloom date. The 2023 peach bloom timing matches our 2018 statewide full bloom date although the 2018 bloom timing was 1 day earlier in the Yuba /Sutter area, 1 day later in the Modesto area, and 1 day earlier in the Kingsburg area. Final chilling hours recorded at UC Davis for November 1-February 28 amounted to 1,152 hours this year which represents a 231 hour increase over the 921 chilling hours reported for 2021/22. All producing areas reported the highest number of chilling hours in the last 10 years (2013 chilling at UC Davis amounted to 1,185 hours). Colder than normal temperatures during bloom combined with significantly higher rainfall amounts resulted in a delayed and extended bloom period this year. Rainfall totals for January 1-March 31 show 12.25 inches in Verona vs. just 0.93 inches last year. Modesto and Parlier rainfall totals in 2023 were nearly eight times greater than last year (8.31 inches vs. 0.87 inches for Modesto and 12.37 inches vs. 1.61 inches for Parlier). The average high temperature for the month of March at the Verona weather station located just outside Nicolaus, California was just 59.1 degrees vs. an average high of 71.7 degrees during March, 2022. Many growers anticipate that thinning will be at least 10 days behind last year's timing and that thinning costs will be higher this year.

Full Bloom Timing 2017-2023

Area	2017	2018	2019	2020	2021	2022	2023
Yuba/Sutter	Mar 10	Mar 12	Mar 19	Mar 3	Mar 8	Mar 4	Mar 13
Modesto	Mar 12	Mar 19	Mar 18	Mar 3	Mar 6	Mar 9	Mar 15
Kingsburg	Mar 4	Mar 13	Mar 9	Feb 29	Mar 5	Mar 6	Mar 12
Statewide	Mar 10	Mar 14	Mar 18	Mar 3	Mar 7	Mar 6	Mar 14

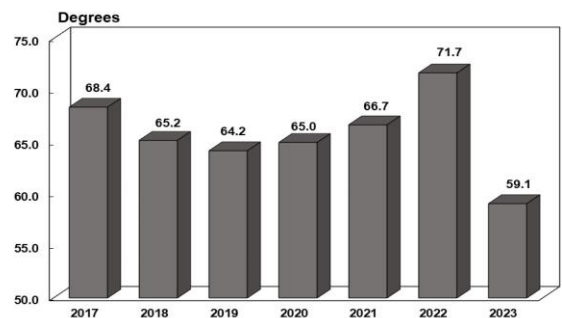
Chilling Hours Comparison

Area	2018-19	2019-20	2020-21	2021-22	2022-23
Verona	952	1,080	1,143	1,179	1,282
Davis	762	760	745	921	1,152
Modesto	948	977	1,064	1,126	1,338
Parlier	845	1,035	1,128	1,129	1,260

Rainfall Comparison January 1 – March 31

Area	2017	2018	2019	2020	2021	2022	2023
Verona	16.32	9.18	16.15	2.62	4.15	0.93	12.25
Davis	21.36	8.07	20.68	2.28	2.84	1.19	19.67
Modesto	7.98	2.85	5.89	1.35	5.38	0.87	8.31
Parlier	8.36	5.02	5.65	3.37	3.53	1.61	12.37

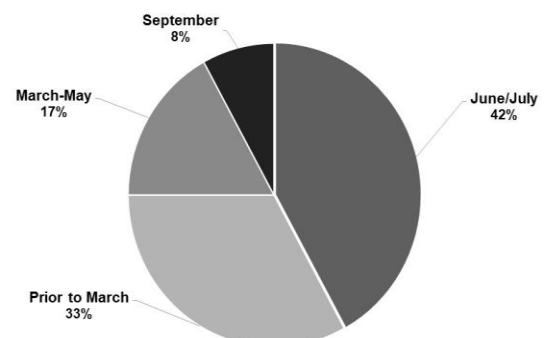
Average High Temperatures for March Verona Weather Station



UPDATE ON 2023 PRICE NEGOTIATIONS

As discussed at our Fall District Meetings, the Association was planning to seek an early price agreement with processors for the 2023 crop. We presented an opening price offer to both our canner customers on January 26th. However, we have not been successful in reaching an early price agreement which reflects all of the labor and input cost increases that growers are faced with this year. We intend to continue our discussions with the goal of reaching an agreement on 2023 pricing prior to the beginning of harvest. As growers continue to deal with higher labor costs this year, the Association will be gathering reports from our members on 2023 thinning cost increases so that we can provide canners with additional justification for higher raw product pricing this year.

Timing of Initial Price Agreement with Canners 2011-2022



RETURNSERVICEREQUESTED

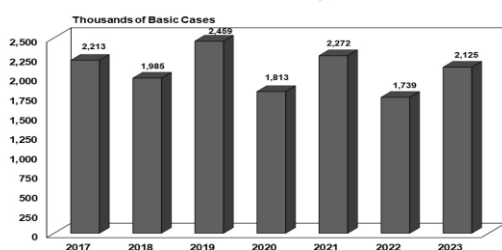
DEL MONTE REPORTS 3RD QUARTER FINANCIAL RESULTS

On March 9th, Del Monte Pacific officials reported on their 3rd quarter results (Nov-Jan). Sales for Del Monte Foods, Inc. (their US operation) increased by 6% to \$495.7 million on higher branded retail sales of canned vegetables, fruit, and tomatoes coupled with incremental sales from their recently acquired Kitchen Basic stock and broth business. Del Monte Foods' President & CEO Greg Longstreet noted that Del Monte had announced price increases on plastic fruit cups and tomato products effective February 1, 2023. For the first nine months of their 2023 fiscal year, Del Monte's sales of \$1.3 billion are up 5% as pricing actions more than offset lower volume and the impact of exiting low-margin private label and copack items. Del Monte posted a gross profit of \$319 million, up 8.5% from last year's \$294 million gross profit for the nine-month period. Following their 3rd quarter earnings announcement, on April 3rd Del Monte Pacific officials announced that they are planning to file a confidential draft registration statement with the Securities and Exchange Commission for a proposed IPO of shares in Del Monte Holdings Limited (the parent company of Del Monte Foods, Inc. which holds Del Monte Pacific's U.S. Business). The announcement did not give any indication of the IPO timing.

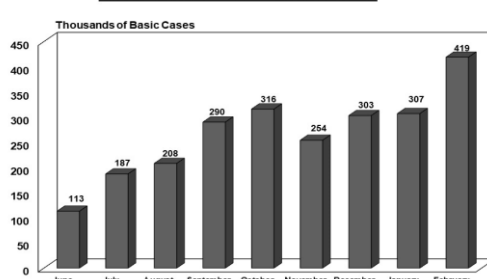
UPDATE ON CHINESE IMPORTS AND UFLPA PROVISIONS

In 2021, Congress passed the Uyghur Forced Labor Prevention Act (UFLPA) to bolster the general US prohibition on goods made from forced labor entering the US market. The UFLPA prohibits US access for goods made in whole or in part in the Xinjiang region of China. A recent report by the Sheffield Hallam University in England documented how steel and other component parts produced in Xinjiang were being used by auto manufacturers throughout the world. On the basis of that report, the Senate Finance Committee recently sent letters to a number of auto-company suppliers seeking additional information on their supply-chain certification procedures to ensure that no part of what they are purchasing has been produced in Xinjiang. The Committee's letter noted that, according to its evidence, Chinese companies have been falsifying labor-rights compliance verifications and that audits being conducted in China have not been reliable. Processed tomatoes from China have already been designated by Customs and Border Protection (CBP) as a "top-tier" priority product for UFLPA enforcement because most Chinese processed tomatoes are produced in Xinjiang. Because Xinjiang also produces tinplate steel for processed tomatoes and other canned goods, canned peaches produced in China may have inputs produced in Xinjiang. All importers of canned peach products from China would be wise to ensure that their purchases are supported by documents similar to those CBP is requiring for processed tomatoes, including a list of all entities associated with each step of the canning process, clear traceability for all inputs used, and due diligence systems to verify compliance throughout their supply chains.

Chinese Canned Peach Import Trends
June - February



Chinese Canned Peach Import Volume
June 2022 – February 2023



OF INTEREST

- Recognizing the labor and input cost increases that peach growers face this year, Wawona Frozen Foods has announced a 2023 freestone peach price of \$600/ton, up 7% from their 2022 freestone price of \$560/ton.
- The Peach Association has submitted comments regarding USDA's proposed rule to strengthen Buy American provisions for school food purchases. Other organizations submitting Buy American comments to date included Del Monte Foods, Pacific Coast Producers, Seneca Foods, Sunsweet Growers, California Food Producers, Burnette Foods, Peterson Farms, Cherry Central Cooperative, Michigan Processing Apple Growers, Pacific Northwest Canned Pears, and Northwest Horticultural Council. The comment period closes on May 10, 2023.