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FOR IMMEDIATE RELEASE

Association Goes to Bat for Beleaguered Prune Growers

YUBA CITY, CA, November 21, 2005 – Adverse weather conditions have severely damaged California’s dried plum production for the second year in a row. Widespread fruit damage and economic losses have taken a heavy toll on prune farmers, compelling the Prune Bargaining Association to seek a more equitable adjustment for damaged fruit under crop insurance policies. The situation highlights the importance of crop insurance and disaster relief programs to growers of high value specialty crops.

Hot weather in March during bloom reduced prune yields to disaster levels. Cool and wet conditions during the spring followed by a summer heat wave damaged as much as 50% of the remaining fruit in some orchards. Although the crop was originally forecast at 105,000 tons (a normal crop is 150,000 tons), the total crop is now expected to amount to only 90,000 tons, and less than 70,000 tons of undamaged fruit will be recovered from the total.

The weather related damage prompted the Prune Bargaining Association to ask the Risk Management Agency of the USDA (RMA) to review the adjustment that crop insurance companies make for damaged fruit under weather-peril crop policies. Calls from association members to manager Greg Thompson prompted the request. “One of our younger members called to say that because of much higher than expected fruit damage, his crop proceeds would not cover the cost of harvesting and drying.” said Thompson. “Yet his crop insurance payment would be nil because most of the damaged fruit would count as crop production.”

The association asked the RMA to review the situation. “We didn’t think that the adjustment for damaged fruit reflected reality,” said Association president and prune farmer, Keith Larrabee. “The adjustment was being made by comparing the net price of undamaged fruit to the gross price for damaged fruit. That’s like comparing apples to oranges.”

In the end it turned out that the farmers had the solution in their hands all along. The association revised its preliminary price schedule to reflect the price for damaged fruit net of customary sorting charges and made the new price schedule available to crop insurance adjusters. The RMA determined the solution proposed by the Association was not out of bounds of prune loss adjustment procedures. “The regional RMA office brought the issue to the attention of their headquarters,” explained Thompson. “We were pleased with the timely response we received from RMA.”

The change to the crop insurance adjustment for prunes will mean additional dollars to farmers in a year when they need it most. “In normal years damaged fruit is not much of an issue and this change would represent a very minor dollar amount,” said Larrabee. “We are pleased we were able to get the change in place for this season because this is the year when growers really need it.” The Association estimates that a farmer with 100 tons of prunes and 30% damage will receive about \$6,000 more in crop insurance payments because of the change.

Crop insurance is an essential tool for prune farmers to manage the risk of weather related crop damage. Like many specialty crops, the cost to produce prunes is much higher per acre than most field crops, due to the additional inputs required. The Association estimates that a farmer with 100 tons of production and 30% damage will have over \$80,000 in cash costs to produce the crop and another \$65,000 in harvest and drying costs this year. “Growers have a lot of money tied up in the crop by the time harvest rolls around,” explains Larrabee. “Crop insurance helps mitigate the risk of a crop loss that most farmers would not be able to withstand.”

Crop disaster programs have also played a pivotal role for many prune farmers. The extra help that disaster programs provide in conjunction with crop insurance has helped save family farms. “Disaster relief has aided many prune farmers over the past 5 years,” explained Thompson. “Producers have seen really tough times with poor crops and low prices, yet production costs continue to increase. Without disaster relief, many more prune farmers would have been forced out of business and prune production and the attendant economic activity would be lost to California.”

The Prune Bargaining Association was formed in 1968 as a grower-owned cooperative to improve the economy of the California prune industry, encourage the production of a quality product and provide a forum for growers to exchange ideas regarding the industry. The PBA establishes the industry’s raw product price for prunes.