

SUPPLY & DEMAND

Critical News for Growers & Packers

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Green Diversion Out

The Prune Marketing Committee has adopted a crop estimate of 150,000 tons and 100% free tonnage with no reserve and no green diversion. Prune packers reported to the PMC that they expect to receive approximately 143,000 tons from growers. Total supply is now projected at 253,782 natural condition tons compared to 268,091 tons last year. There is still a question whether growers will deliver all of the crop because of the loss of contracts, poor payments, high drying costs, and light and sporadic crops. Some industry members expect that less than 120,000 tons will actually be delivered.

The PMC declared the crop 100% salable because the USDA said they would be unable to put a green diversion in place prior to harvest. The PMC will consider revising the marketing order in future meetings to allow for a more timely implementation process.

Tree Pull Supported

Packers representing over 90% of the industry tonnage have agreed to fund an industry tree pull program through the payment of a \$20 per ton ton assessment. At a meeting on Wednesday, packer and grower representatives discussed the formation of a joint tree pull committee to oversee collection and disbursement of funds. A draft contract was reviewed and those present indicated their consent to proceed on the basis of the terms discussed.

It is anticipated that a finalized version of the contract will need to be ratified by packers within the next 10 days so that field work can begin to qualify and count trees.

Once field work is completed, growers who have applied to the program will be presented with an offer based on the number of qualifying trees in the block. Once the offer is accepted by the grower, the orchard will need to be removed prior to harvest in order to receive payment.

CPB Offsets Assessment

The California Prune Board has set its marketing assessment at a total of \$30, a reduction of \$20 per ton from last year's \$50 assessment. The CPB has reduced budget categories and will use carry-over funds from the large 2000 crop to continue promotion efforts.

The one-year reduction is part of an industry compromise to fund a tree pull program. During discussion at Thursday's CPB meeting, some members pointed out that the industry needs to be returned to profitability and that the tree pull is needed to balance supply. Other members said that promotion efforts are also essential.

After the meeting, one CPB member commented that given all the competition from fresh and other dried fruits that the industry may need to increase its promotional spending just to maintain market share, but growers can't afford to give more under present conditions.

Tree Pull Applications Net 2000 acres

A total of 46 independent growers have applied to pull over 2,000 acres of prunes prior to harvest. Of that total, 510 acres were first planted in the 1960's, 739 acres in the 1970's, 392 acres in the 1980's, and 424 acres in the 1990's. With matching acreage from Sunsweet,

total tree pull acreage could amount to over 4,000 acres.

A few applications were received after the cutoff deadline of June 15th, and these will be considered if funds are available. Sunsweet growers should contact Sunsweet if they would like to be considered for the tree pull program.

Packer support and funding must be secured in order for the program to proceed. No grower who wishes to participate in this program should remove any trees until he has received written notification from the Association that his application has been accepted and that funds are available.

No USDA Answer

The USDA continues to consider the industry request for \$17 million to fund tree pull programs. As of Friday, the USDA was still unable to provide any indication of whether any funds would be forthcoming. Industry members are now considering that unless a positive indication is forthcoming shortly, government funding will not be available for a pre-harvest tree pull.

Since the USDA was unable to expedite the industry's request for a green diversion, it was hoped that government funds could boost the industry's own tree-pull efforts to a greater level. While the greatest benefit to the current market would come from a pre-harvest tree pull, a post harvest program could also have significant long-term benefits.

Inventory Balance?

The May 31 Inventory Report from the PMC shows that total inventory is up 50% from last year and all size categories are up from last

year with the exception of the extra large category. Surprisingly, the 80 to 100 count range was up by nearly 4,000 tons or 44% from last year. Several packers have indicated that supplies of prunes in the 80 to 100 count range have been hard to come by.

The inventory report showed that prunes larger than 60 count comprised about 60% of the graded inventory. Earlier in the year it was feared that this figure might approach 75%.

Chippers Seek Business

Several tree removal and chipping companies have expressed interest in working with prune growers who want to remove orchards. It would be a good idea to start making arrangements now if you are thinking of participating in the tree pull. The following companies do both tree removal and chipping:

Howe Operations, Bill Hulse, 530-673-5296 home, 916-541-6310 business.

Old Durham Wood, Randy McLaughlin, 530-570-9009 mobile, 530-342-7381 office

Sierra Nevada Wood Recycling, Jim Ettl, 530-701-5483 mobile, 530-742-8072 office.

We also have names of other cat operators available at the PBA office.

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