

# SUPPLY & DEMAND

Critical News for Growers & Packers

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## New Tree Pull Program

PBA members may now apply to a new PBA tree pull program designed to compliment the USDA program that is currently underway. This new program will provide up to \$5 per qualifying tree to growers who remove orchards by June 30<sup>th</sup> and agree not to plant prunes back until after June 30, 2004.

This program is open to acreage that is not in the USDA Tree Removal Program, and to acreage that has been rejected by the USDA program, but would qualify for the criteria of the PBA program. In the PBA program, orchards must be capable of producing at least 1.5 dry tons *per acre of qualifying trees*, rather than *per net-planted acre* in the USDA program. In addition, orchards must have been farmed adequately in the last year to qualify.

## First pulled, First Paid

Another unique feature is that this new program will operate on a first pulled, first paid basis, subject to funds available. Growers should apply as soon as possible and start to remove trees, once they have received authorization, as quickly as possible in order to ensure their participation before funds are exhausted.

Successful applicants will be paid at the rate of \$5.00 per eligible tree removed for orchards originally planted prior to June 30, 1997. A program for orchards planted after June 30, 1997 may be considered at a rate of \$1 to \$4 per qualifying tree depending on the age of the orchard if there is sufficient grower interest. Implementation of these programs and acceptance of applications is subject to the approval of the Prune Bargaining Association's Board of Directors.

Independent growers who are not members of PBA should contact the PBA office at 530-674-5636 for information on how to join PBA and apply for the tree pull program. Sunsweet Growers will also offer a similar program for members of Sunsweet. Sunsweet growers may contact Mark Dalrymple at Sunsweet at 530-674-5010.

## 2,400 Acres Pushed

Bulldozers and backhoes are now moving into orchard blocks as tree removal gets underway. Despite wet conditions that slowed progress early on, so far, 2,400 acres have been removed under the USDA Tree Removal Program. At this point, a total of 12,600 acres (including the 2,400 already pushed) have been approved for removal and growers have been notified. Additional acreage may be approved as well, subject to growers providing required data and orchard enumeration.

## Full Participation Critical

Growers must follow through on their tree pull commitments in order to bring supply in line with demand and begin the process of strengthening the market. Because of the loss of packers and financial difficulties of others, a short crop by itself this year would not be enough to return the industry to a healthy situation for growers. Some growers may be tempted to change their mind, not follow through on their tree pull commitment, and hope things get better.

As stated before, the strong dollar and weak domestic market is putting a damper on both export and domestic sales. Carry-over from last year is projected at over 70,000 tons. A crop of only 140,000 tons would provide a desirable total supply. If the tree pull is not successful, large government purchases will not bail us out.

As was recently stated by PBA Manager Greg Thompson, at Prune

Day, don't be like the monkey who wouldn't let go of the banana in the hollow log to free himself when the hunters came. So, pull those trees and avoid the zoo (or the museum for extinct species).

## Sunsweet Incentive for Independent Growers

Sunsweet Growers has announced a program that would provide additional incentive for independent growers to follow through with their tree pull commitments. Through an innovative plan to give incentive to their own growers to reduce acreage in order to avoid their MP Pool that pays only \$350 per ton, Sunsweet has established criteria for MP exemption credits. Sunsweet growers who are unable to push out their own acreage may earn these credits by finding another grower who has pushed out all the acreage applied for under the USDA program.

So far the suggested value of these credits is \$50 to \$100 per acre. Independent growers who have pushed out or are planning to push out acreage under the USDA program should contact the PBA office if they would like their name included on a list of interested growers willing to sell exemption credits.

Independent growers who have pulled trees under the USDA program may sell one (and only one) exemption credit to a Sunsweet member. An independent grower who sells such credit is simply certifying that he fully complied with the USDA program and pushed out all of the acreage he applied for and was qualified to remove. An independent grower selling the exemption credit does not incur any restrictions beyond those of the USDA program. Independent growers are encouraged to take advantage of this opportunity by contacting the PBA office at 530-674-5636.

## Legislative Effort to Protect Growers

State Assemblyman Dick Dickerson has introduced a bill to improve the producer's lien law in California. The bill was prompted in part by the difficulty that growers have in collecting money that is rightfully theirs from the sale of their products by unscrupulous processors. The legislation would attach the producer's lien to proceeds of sales of products. The current lien law only applies to any remaining inventory in the possession of a processor.

A letter writing campaign and rally at the state capitol are in the planning stages to gather support for the legislation. It is anticipated that a number of farm groups will be interested in supporting this effort.

## 24 Screen Undersize

The PMC unanimously approved a 24 screen undersize regulation for the 2002 crop. The PMC recommendation was published in the Federal register and the comment period expires April 15, 2002. The Supply Management Committee recently recommended that the PMC continue to support the 24 screen undersize rule for the 2002 crop. At issue was whether there is adequate supply of manufacturing prunes versus the need to continue the 24 screen to help reduce total supply. Handlers who would like to see more manufacturing size prunes indicated that they would go along with the rule for the overall good of the industry.

## Proposed Rule-Changes to Diversion Provisions

The Prune Marketing Committee unanimously approved a proposal to update handler storage fees and dry-away ratios for reserve pool and green diversion programs. In the 1970's, handlers were paid up to \$25 per ton for storage of reserve pool prunes. This rate is considered inadequate to cover handler storage costs today.

The requested rule change would give the PMC the flexibility to compute and announce rates and ratios based on actual data, thus saving the time

involved in getting approval by the Secretary of Agriculture. When a pool or diversion is anticipated, packers and dehydrators would be surveyed so that PMC staff could recommend a payment rate and dry-away ratios to the Supply Management Committee by mid-June.

The proposed rule change is currently going through the USDA approval process. Last year a proposal for a green diversion was axed because there was not enough time for USDA to act on all of the elements required. The proposal will streamline reserve pool and green diversion implementation.

## Marketing Order Rewrite

A PMC drafting committee is being formed to review a draft revision of the Federal Marketing Order for prunes. Key revisions include: 1) expand the definition of research and development to include marketing and promotion, including paid advertising, 2) allow reserve pool percentages and diversion tonnage to be determined by formula, 3) allow changes to undersize regulations without formal rule making, 4) allow voluntary contributions for a tree pull or other activities, 5) allow the carry-over of PMC funds from one year to the next, and 6) provide for the collection of interest and penalties on delinquent assessments.

In computing the reserve percentage, the draft revision provides for initial salable tonnage to be 85% of the estimated demand on the new crop if a field price has been established, or 65% if a field price has not been established. Growers interested in this issue should contact the PBA office or call Rich Peterson at the PMC at 916-565-6232.

## No Further Newsletters for Non-Members

### Are you actually a PBA Member?

As a courtesy, the PBA has been mailing newsletters to all prune growers, including non-members, in order to implement the tree pull programs. If you are not a member of PBA, this will be the last newsletter you will receive. Some growers mistakenly believe that they are PBA members because they pay their assessment to

the California Dried Plum Board. However, we are separate entities. For PBA membership information, contact the office at 530-674-5636 or visit our website at [www.PruneBargaining.com](http://www.PruneBargaining.com)

## Calendar

May-June, 2002 – PBA Membership Drive

May 20, 2002 - Annual golf tournament and annual packer at the Peach Tree Country Club, Marysville.

May 11-15, 2003 – International Prune Association Conference, Visalia, CA

## Editorially Speaking

*By Greg Thompson, General Manager*

### All Dressed Up for the Dance

Someone said to me recently that the prune industry is like the guy who got all dressed up for the dance in a fancy tuxedo. He then drives to the ball in an old, dilapidated pickup truck that barely runs. Smoke is pouring out the back, the brakes don't work, the taillights burned out long ago and there is only one dim headlight that still works.

The observer implied that some industry members are like this driver. They seem to be oblivious to the poor state of the industry, and the need for personal action to help address the problems. All they seem to be thinking about is the dance. They seem to overlook the fact that what they don't really have a legitimate way to get to the dance. The guy in the tux will be lucky if he doesn't get killed on the way to the dance, but all he thinks about is how nice the music will be when he gets there. When he finds himself in a ditch miles from the dance hall he cusses everyone else for his misfortune.

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