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Celebrating our 40th Anniversary

40 years of Reducing Risks for Growers

Good news! We had inspiring things to talk about at our 40th Annual Membership Meeting on May 2nd. The meeting was well attended and full of stimulating conversation.

To highlight the powerful potential of growers choosing to join together to solve common problems, our guest speaker was Albert Wada. Mr. Wada, the largest potato grower in Idaho, believed that growers *would* work together if provided with the right information. Potato farms were experiencing factors of losing money steadily, equity in their businesses was going down the drain, and then the advent of NAFTA – these issues combined could soon put growers out of business. Most folks thought he was crazy when he proposed a cooperative of growers working

together to reduce risk by moderating production to better reflect market demand. No one thought that independent-minded growers from different areas of the country could actually trust one another to form such a powerful union, but it has been done and is successful.

We were also fortunate to have Dave Westerholm as a speaker. Mr. Westerholm is a bargaining expert and business consultant who has been working with the PBA and also participated in the State-ordered conciliation. Dave provided an outsider’s perspective of the prune industry and the risk that sharp increases of input costs pose to business practices, as well as a discussion of methods to bring growers and packers together.

Conciliation Outcome

The PBA requested state conciliation in order to reach a written agreement with as many of the packers who purchase prunes from PBA members as possible. The request for conciliation was helpful in gaining agreement with 10 of the 14 packers that PBA members delivered prunes to in 2007, although all 14 have indicated that they used the established price to pay their growers.

The signed agreements with 10 packers represent nearly 80% of the commercially purchased tonnage. The price schedule provides an average price of \$1,400 to

\$1,500 per ton depending on size and quality and is posted on the PBA web site: www.prunebargaining.com.

Signatory packers include: Hill View Packing, K B Packing, Mariani Packing, National Raisin, Sacramento Packing, Shoei Foods (USA), Sun-Maid Growers, Taylor Brothers Packing, and Valley View Packing, Zoria Farms.

We have not reached an agreement with: Cal Fruit International, CAPEX, Stapleton-Spence Packing, and Wilbur Packing.

Crop Report



Excessive Crop Set?

Despite the heavy shed and frost, some orchards are turning up with excessive crop sets. NOW is the time to take action to determine actual crop set. There are several methods to determine fruit count. Contact the office if you need our help on how to do this. Avoid the risk of too many small prunes that are not marketable!



Funding for this newsletter is provided by RMA in order to help prune growers find effective solutions to the risk they face

A strong bloom in the main growing region of the South Sacramento Valley where the crop was very light last year was a cause for early optimism for the 2008 crop. However, multiple weather-related threats to the crop are giving growers cause for caution. Temperatures during bloom were mostly favorable but dry weather and low bee activity in some orchards may have caused a heavier than normal shed. Late April frost with temperatures as low as 24 degrees in cold pockets on April 20th severely damaged crops in lower lying orchards in the Sacramento Valley, and caused varying levels of damage elsewhere.

Prior to the frost, the lack of rain and a heavy shed of developing prunes resulted in a diminished crop set that a number of growers characterized as only 'fair'. While many industry members expected at least an average crop this year, recent developments have sharply reduced that expectation. An average crop of 2.25 tons

per acre on 61,000 bearing acres would amount to 137,250 tons. While it is too early to predict the final outcome, many growers are feeling less optimistic about the 2008 crop at this point, and the frost damage has only added to that concern. *Updated crop & frost damage info will be posted in the "MEMBERS ONLY" section of our website – call or email the office for the password.*

Overall, the weather has been cooler than last year for the 30 days following full bloom. Heat degree-day accumulation following bloom amounted to 7,248 units last year in Sutter County. This year's accumulation amounted to 6,051 units, the third lowest figure in 6 years. Lower accumulation means later harvest and better fruit sizing. According to this information, harvest should occur approximately Aug 28 to Sept 1 in Sutter County. The heat unit model predicted last year's ideal harvest timing would be around August 18.

Addressing Market Risks

The PBA Board of Directors has spent considerable time analyzing the problems that some members are experiencing in receiving a price and getting paid for their crops. Since the suspension of the federal marketing order, packers have been taking matters into their own hands to protect themselves from market risk by modifying grower contracts and adding language to reduce their risk by asking growers to assume more risk. If this trend is left unchecked, independent growers could end up in open price, open term contracts and no field price. Without a cash price the industry will likely slide toward greater fracturing and less effectiveness in the global market.

The Board continues to work to ensure that PBA members receive a reasonable price and timely payments for their prunes.

The large crop in 2006 overtaxed independent handlers and trade prices fell about 50 cents a pound due to a number of factors including a heavy crop of small prunes. PBA is pursuing several risk reduction strategies including: establishing a stronger membership base, improved communication with growers, encourage packers to more closely monitor the crop and tell growers their sizing needs, urge growers to talk with their packers, using modern technology to determine actual fruit set and sizing potential, and encouraging growers to use available methods to reduce production of small prunes. With the import of prune juice concentrate into the country, there is a limited market for small prunes – check with your packer.

Market Report

Total shipments of prunes and prune juice were reported up 6% for the first two quarters of the market year from 68,203 to 72,608 processed condition tons. Domestic shipments were reported up 8% for the period of August through January with exports up 4%. Total shipments for the entire 2006/07 market year were 136,876 pc tons.

Total value of exported prunes for the period August – January was reported as \$82.3 million by the U.S. Customs service compared to \$76.2 million

for the same period in the prior year.

Prune juice concentrate imports for the first two quarters of the market year into the U.S. amounted to the equivalent of 5,375 natural condition tons compared to 4,048 tons for the same period in the prior year. The equivalent of over 9,000 nc tons of prune juice concentrate were imported into the United States in the 2006 market year. Of that amount, over 8,000 tons equivalent came from Chile.

More Members = More Influence

Increasing membership in PBA is key to sustainable profitability for all growers and to bring an end to the abuses that are seriously jeopardizing the future of the prune industry in California. We have begun an effort to increase membership from 40% to at least 60% of the independent prune tonnage. This will require many new members to join before harvest. Since January, we have added 15 new members, representing 3,400 acres. In addition, we have another 4,200 acres committed to joining soon.

The board has strengthened the PBA membership agreement so that we can better protect responsible growers from the misbehavior of a few. Chiefly, the changes include a clause to allow the PBA to take

action on behalf of our members in the case of non-payment or late payments; a liquidated damages clause so that all members take their membership in the PBA seriously, and a method for PBA to review pre-existing contracts to see whether they conflict with the membership agreement and jeopardize the establishment of a cash field price.

The ever-increasing economic pressure and better information concerning solutions are causing prune growers to realize that they need help to protect their livelihood. Becoming a member of PBA can help to do this for them, and in turn, PBA becomes stronger and more influential with every new member who joins with us.

It is essential that our signatory packers not be put at a competitive disadvantage. If the current pattern of some packers choosing not to pay continues, the signatory packers must by rights demand equal treatment. Unless prices can be set early & growers are assured payment, more will choose to pull trees and turn to other commodities.

“ Increasing membership in PBA is key to sustainable profitability for all growers ”

Message from the PBA President

As we move forward into another crop year, the PBA Board is poised to capitalize on past accomplishments. The board has focused on the role we can play in the future, but when all the issues are in front of us, it all comes down to membership – the more support we have, the stronger and more influential we become.

Whether our inventories are large or small, history has shown that growers and packers who choose to work together, instead of at opposite ends of the table, make the most significant gains. As we have witnessed with other groups and industries, a strong membership remains the key element of any successful organization. We must always remember that even though we growers are independent in nature, as the saying goes, there is power in numbers.



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Message from the PBA President (cont'd)

The PBA Board is committed to increasing membership this year, and as an incentive to new members, is offering a reduced membership rate of \$4/ton on their 2008 crop. Working together as a group can accomplish so much more than the individual grower can every hope to achieve. Because of PBA's negotiating efforts, we have the facts to show that prune growers have been paid \$94/ton more than the packers have offered over the last 6-year period. This is quite an accomplishment! PBA has also been a champion for grower interests in the California Dried Plum Board. Our list of our achievements is extensive, and we know that with a greater membership base, we can drive an even more profitable industry for the growers and packers. That being said, I encourage you all to continue to work in recruiting more growers to join the PBA.

We look forward to working on your behalf in the coming year,
Keith R. Larrabee, President

Only You Can Help

In order to gain a better understanding of the 2008 crop, we have inserted a survey form. While this is voluntary on your part, we would appreciate and encourage a response from everyone, whether you are a PBA member or not, in order to obtain the most accurate overall statistics. This will help us to address the topics that affect you in future newsletters. With the demise of the marketing order, and funding for various agencies being cut - there is less

industry information available, so PBA is trying to fill that gap by collecting information directly from growers. Please know that your individual report is confidential and will be combined with all others to produce important data. Please take a moment to send in your completed survey. Thank you.

