

SUPPLY & DEMAND

Critical News for Growers & Packers

Vol. 1 No. 9 Saturday, June 2, 2001

Crop Estimate 155; Total Supply 256

California Ag Statistics Service reports that the 2001 California prune crop is forecast to be 155,000 tons, down 29% from the 219,000 tons (includes field drop tons) in 2000, and 15% below average production for the past five years. The production forecast is based on a survey of a random sample of prune growers conducted from May 1-25, 2001. The survey is designed to give a State estimate of all growers. Responses were received from 169 growers representing 39% of the total bearing acreage.

The Prune Marketing Committee estimates total supply at 255,800 natural condition tons based on an expected carry-out of 107,000 tons and 4% trash and undersize in this year's crop. Based on these numbers, the reserve percentage would be 27% if a pool / green diversion is implemented. This figure could be reduced by additional government purchases, or adjustments to inventory or shipment figures.

French Predict Balanced Supply

The prune crop estimate for France has just been published. The French crop is expected to be in the range of 54,000-61,000 metric tons. This first estimate is considered the best one, except in case of highly destructive weather events during summer such as continuous rains and storms, which are uncommon.

The size mix of fruit is expected to be better balanced than in the previous 4 crops, which had a high proportion of very big prunes. The carry-over stock is expected to amount to 13,000 to 15,000 mt, but the average size of that stock is very big. The total supply of 55,000+ 15,000 is considered a well balanced supply for the next marketing year,

although many growers consider that the BIP crop estimate is high, and the actual crop might be in the 50-55,000 mt range.

The current estimate for France, while up from last year, is not a record crop. A record crop would be in the 65-70,000 mt range. Since the last heavy crop in 1996, the French have adopted a new undersize rule: 96 count and smaller are not marketable. Had the new rule been in place in 1996, the record crop that year would have been reduced by 14%, or 9,000 mt, to 58,000 mt.

Sunsweet Announces Plan

Sunsweet Growers has announced a plan to limit member deliveries to a specific tonnage figure. The tonnage figures are based on a calculation of maximum production potential based on the historical relationship between tons per acre and average size count for each block.

For the 2001 crop, each member has been given 37.5% of this projected maximum crop. Sunsweet's goal is to receive no more than 60,000 tons for 2001. In many cases this works out to about 60% of a normal crop, but some growers are finding that their allotment amounts to only 25% of what they produced last year.

Tree Pull Application Deadline Approaching

The application deadline for the PBA tree pull program is June 15th. Applications for the tree pull were mailed to PBA members on April 14th. Other interested growers should contact the PBA office for an application form and membership agreement. Since funding is limited, applications will be accepted on a first come, first serve basis. Growers are encouraged to sign up as soon as possible so that supply relief from the tree pull can be gauged.

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.

Government Funding, 20,000 Acres Sought

Last month an effort was made to see if a stand-alone tree-pull program could address the oversupply situation and provide the necessary reduction in supply to stabilize the market. While there is the widest support for a tree pull program, funding the program is difficult without price stability, although an industry effort is being made to see if funding would be available through government sources.

An adhoc sub-committee of the PMC studied the issue. They concluded that since many unknowns remained regarding whether a tree pull could be counted on as a sole means to balance supply for this year, they suggested that the recommendation to the USDA regarding a pool / diversion should stay in place.

Nonetheless, the subcommittee agreed that a tree pull is the best long term solution and suggested that the tree pull be vigorously pursued. The subcommittee recommended that the PMC ask for \$17 million from the USDA and that \$3 million come from the industry to fund a \$20 million program to remove 20,000 acres prior to harvest.

Campaign to Expedite Green Diversion

Because of the short time frame remaining before harvest, and a small, but vocal opposition, growers are asked to write letters to the USDA in support of the PMC green diversion. Growers are also asked to gather letters of support from bankers, community leaders, suppliers, or others who will be

impacted by the economic fallout if the prune market is not stabilized.

The supply management sub-committee will meet on June 19, and the full PMC meets on Thursday, June 28. The committees will review crop, inventory and shipment figures, make adjustments to the free and reserve percentages, and decide whether to proceed with pooling/diversion. A final decision on the reserve/diversion is needed from the USDA prior to harvest and preferably by July 26 to allow for implementation.

Your letter should be written in your own words. Explain who you are, such as family prune growing operation, number of employees, family members, etc, and the unprecedented combination of negative factors this year. Point out the need to expedite rule making so that the diversion can be put in place prior to harvest. State the impact on your business if the reserve/diversion is not implemented and a reasonable field price can not be established. Point out farming losses the past several years, the loss of contracts, slow, or no payment for last year's crop, and inability to market this year's crop.

In your letter, point out the high cost of energy and potential for sharply lower prune prices if nothing is done to balance supply. This could result in growers owing more for harvesting, dehydration, and assessments than the value of the prunes delivered this year if this year's crop is not curtailed. Point out how your ability to conduct business with packers will be severely undermined and the potential for bankruptcies, lawsuits, and resulting loss of jobs and economic security for surrounding communities.

Send your letter to:

Marketing Order Administration
Branch
F & V Programs, AMS, USDA
Room 2525, South Building
PO Box 96456
Washington DC 20090-6456

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 Hulsey, 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

Editorially Speaking

Greg Thompson, General Manager

Sometimes an analogy is the best way to explain what is going on when many competing points of view cloud an issue. Here are two stories that illustrate the essence of our current situation:

A man struggles to keep his head above water. The lifeguard attempts to put the life vest over the man's head. In a panic, the drowning man desperately claws at the lifeguard and tries to climb on his back forcing the lifeguard down under the water. A struggle ensues, and at times it looks as though both men may drown. In the end, the great strength of the lifeguard prevails and he gets the vest around the man and begins to pull him to safety.

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A ship is sinking. 'There is not enough room in the lifeboats,' some say. Some start to identify groups of undesirables. 'How can we get rid of them?' they ask themselves. Some resort to name calling and finger pointing. 'We didn't cause this problem,' they say. 'Why should we be punished

for the sin of others?' they ask. Others try to work for the common good and begin to organize by getting the women and children into the boats. Fighting breaks out between those who believe that there is a solution and those who believe that the strong must prevail. The ship sinks and many lifeboats are only half full. Hundreds of lives are lost.

Our prune industry is drowning. Some say there is not enough room in the lifeboats for all the growers. Some have identified undesirables that should be eliminated. 'Let the strong and those like me survive,' they say. Others say they didn't cause the hole in the side of the ship. 'Let those who made the hole repair the damage,' they say. Never mind that the damage is beyond their ability to repair. Others attack those who offer a solution and they find many reasons why the solution won't work, isn't fair, or simply is too burdensome.

In this age of the 'me first' generation, good is often called evil and evil, good. So how do you tell the difference? Ask yourself this simple question, 'Is this what is good for me, or is it good for all concerned?'

Which example will our industry follow? Will the strength of our unity overcome the thrashing of the drowning man? Or will fighting break out and hundreds are lost while the lifeboat pulls away empty?

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**This issue available on line at:
www.prunebargaining.com**

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