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**2008-2009
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2008 Field Price Announced

The PBA Board of Directors has reviewed price offers and considered input from packers and growers regarding this year's market situation. After deliberation, the Board made the unprecedented decision to announce the PBA field price without reaching a negotiated price agreement with packers. With harvest now complete and production falling short of expectations, the Board took action to provide timely guidance on price to growers, packers, and buyers.

The April frost caused more crop loss than expected and many growers now say that the State crop estimate of 120,000 tons is overly optimistic. A number of packers have also indicated that their contracted tonnage has fallen short of their needs. "The crop shortfall and the ongoing loss of prune acreage has everyone concerned," says PBA Manager, Greg Thompson, "A string of bad crops and poor returns is causing growers to pull out orchards right after harvest this year." On average, the

industry has been losing about 2,000 bearing acres per year since 2004.

The PBA field price schedule for the 2008 prune crop reflects an increase of 10 cents per pound for prunes larger than 82 per pound. While the announced prices on larger fruit are up 12% from last year, the overall impact reflects a minor increase from price levels set in 2005 when the industry last faced a tight supply. The new price schedule results in an average grower price of 81.1 cents per pound for standard prunes; in 2005 the price schedule yielded 80.3 cents per pound.

According to Thompson, packers are vying for a limited supply of prunes and a few growers will sell prunes to the highest bidder. "Word of high prices paid gets around quickly in the grower community," says Thompson. "While a few growers may get a higher price on a spot bid, this provides a reasonable guideline to the industry."

An Industry at Crossroads (continued next page)

Structured Competition is the Answer

Structured competition makes for great sports like football and basketball. Competition brings out the best

performance in sports teams and in businesses. Do we lack the right kind of competition in the prune industry?

An Industry at Crossroads (cont'd)



With harvest now complete and production falling short of expectations, the Board took action to provide timely guidance on price to growers, packers, and buyers

Could that be part of the reason our industry is failing to grow or attract investment?

For example, packers and growers sign long-term contracts to reduce risk. But long-term contracts also tend to stifle competition between packers for the best growers, and growers from competing for the best packers. How would packers behave differently if they had to compete every year to sign the best growers, much like sports teams? Would crop payments improve? And if growers competed for the best packers every year, would overall fruit quality improve?

PBA Board members have heard firsthand how some packers have banded together to stifle competition for prunes. Such

anti-competitive tactics by packers against growers have resulted in a weakened industry that overseas buyers take advantage of. Growers want efficient, market savvy packers. Allowing competition to weed out weak packers will bring about needed change.

In turn, growers can compete among themselves to be a better grower than the next guy—with better quality and better efficiency. Excellence should be the focus of every prune grower. Competing to produce superior quality has wider implications—it will turn our industry around and keep us ahead in the international market. But most importantly, packers will compete to get the best growers, if growers themselves are not afraid of competition.

Supply & Demand

Supply and demand are the key factors that determine price. While production costs impact grower decisions, ultimately supply and demand determines price. Here are the supply and demand figures supporting this year's price announcement:

Supply is Down – Demand is Up

1. California's supply is 20,000 to 30,000 tons short of a desirable level.
2. Total shipments last year were up 6% to 140,000 tons.
3. World supply is down 11% due to shorter crops in South America and a severe freeze in France.
4. Trade prices improved by about 30 cents per pound this past year over the prior year.

California prune acreage is shrinking –The number of packers has increased

1. Growers are pushing out prune orchards and planting back to alternative crops because of the higher risks and higher costs of growing prunes.
2. PBA members deliver to 15 different packers. We have more packers today than we did 10 years ago when we had 20,000 additional bearing acres.



USDA – Risk Management Agency

This newsletter is produced in cooperation with the RMA in order to help prune growers find effective solutions to the risks they face.

2008 Price Schedule

Prune Bargaining Association

Field Price Schedule for Dried Prunes: 2008 Crop*

STANDARD FRENCH PRUNES

Price paid on the average size count on each screen of the Modified Grader (average size count may fall outside of typical range shown; the size count determines the price).

	Size Range Count per lb	Price per Ton
Typical A Screen Range	31/33	\$1,810
	34/40	\$1,810
	41/45	\$1,810
	46/51	\$1,810
	52/56	\$1,800
Typical B Screen Range	57/61	\$1,780
	62/66	\$1,760
	67/71	\$1,710
	72/76	\$1,660
Typical C Screen Range	77/81	\$1,560
	82/86	\$1,300
	87/91	\$1,240
Typical D Screen Range	92/96	\$1,000
	97/101	\$840
	102/111	\$600
	112/sm	\$90

NET PRICE SUBSTANDARD FRENCH PRUNES**

Size Range Count per lb	Net Price per Ton
61/lgr	\$290
62/81	\$220
82/101	\$50
102/111	(\$220)
112/sm	(\$470)

NON-FRENCH PRUNES

Non-French varieties are graded and priced on the "Door Test" as calculated by the DFA of California.

Size Count	Standard Prunes	Net Price Sub- Standard**
24/lgr	\$2,200	\$290
25/29	\$2,100	\$290
30/33	\$1,930	\$290
34/40	\$1,750	\$290

**Net of customary handsorting charges

*As established September 16, 2008 by the PBA Board of Directors

How would packers behave differently if they had to compete every year to sign the best growers, much like sports teams? Would crop payments improve?



Editorials, price schedules and other information is available on the website at PruneBargaining.com PBA members may call the office for the password to the "Members Only" section

Prune Bargaining Association
335 Teegarden Ave Suite B
Yuba City CA 95991



Phone: 530-674-5636
FAX: 530-674-3804
info@PruneBargaining.com

VISIT OUR WEBSITE AT:
PRUNEBARGAINING.COM

Message from the PBA President

By Keith R. Larrabee

The PBA Board has made a decision to end negotiations for the 2008 crop. We feel that our price direction to you is appropriate, and here is a synopsis of the factors that led to our decision.

The PBA is hired, so to speak, by its members to establish a reasonable price. In the current situation, the transparency and reliability of information from the packers and Prune Board is severely lacking. Packers don't want to provide transparency to growers about their side of the business. For the value-added markets and costs, I tend to agree. However, when it comes to the bulk market, which is a price indicator, there needs to be an understanding of several items. Packers are resistant, for example, to provide overall processing costs. On the Prune Board side, information has been suspect for a number of years now, and never adds up from one year to the next, or to the other sources of information that the PBA utilizes.

The PBA needs to have a fair and balanced negotiation process, and packers are resistant to this. Some packers refuse to meet. Some packers refuse to give offers. Other packers openly admit to discussing their price offers to the PBA with other packers. All of this behavior leads to the inability of the PBA to represent our members in a fair and balanced negotiation.

The Board is meeting again to decide what action steps are needed in order to continue to represent our members. Our goal is to achieve a price that is fair based upon the market conditions and relative value of the fruit. We are very concerned about the current situation and direction of the industry and will continue to explore the means by which we may restore order and profitability to the industry.

Other News Available Online at www.PruneBargaining.com