



PRUNE BARGAINING ASSOCIATION

335 Teegarden Avenue, Suite B • Yuba City, California 95991
530/674-5636 • Fax: 530/674-3804 • www.prunebargaining.com

June 16, 2020

Docket No. FSA-2020-0004

RE: USDA Request for Comments: Notice of Funding Availability, Corona Virus Food Assistance Program, Docket FSA- 2020- 0004, Volume 85, No 100, May 22, 2020, pp. 31062 – 31065

Dear USDA,

The Prune Bargaining Association represents California prune growers and works to improve economic conditions and practices on behalf of our membership. We respectfully submit these comments to provide an understanding of how growers harvest, dehydrate, and market their prune crops in order to help them qualify for the Coronavirus Food Assistance Program (CFAP).

The harvest season for California prunes generally begins in August and ends in September. The fresh prune plums are mechanically harvested with catching frames and picking bins for transportation to dehydrators. The fresh fruit is washed and placed on wooden trays, stacked on cars, and rolled into dryer tunnels for approximately 18 hours. Afterwards, the dried fruit is scrapped from the trays and placed in the dry bins. The bins are turned several times to equalize the remaining moisture and to complete the curing process, which takes about 6 weeks. After this, the dried fruit can be safely stored, although bins are usually turned bin to bin periodically to prevent moisture pockets from forming. Prunes are often stored at the drying facility until needed by the processor without further input.

Most often, the field run (not graded to size) dried prunes are transported to the processor for grading to size, although a few dryers have their own grading equipment. Typically, a sample of the fruit is taken as the prunes are turned from bins onto the grader. This sample will determine the quality of the fruit and will be used to determine the price to be paid to the grower. The prunes flow across large shaker tables with different size openings to segregate the prunes into 5 point size categories for efficient pitting and to meet quality standards. The prunes may also be sorted for defects at this time. After grading and sorting, the dried prunes are placed backed in bins and stored until the processor has an order. Processing may include steam to tenderize the fruit, pitting, and packaging.

A few growers have their own dehydrator facility, but most pay for cooperative or commercial services. Growers pay the cost of harvesting, trucking to the dryer from the orchard, the drying, and bin rental. The cost of storage at the dryer is usually included in the cost of drying. The new crop of dried prunes is generally not ready for delivery to processors until October or November. Often times prunes are stored at dehydrators until well into the new calendar year.

Independent growers (growers who are not members of a marketing cooperative) normally have a contract with a processor or even just a long standing relationship with a processor. In the simplest form, most contracts or agreements commit the grower to sell and the processor to buy the crop in question and most often in recent years, the price to be paid is left up to the processor to determine.

Under these 'open price' contracts or agreements, growers typically receive several progress payments and a final payment prior to the harvest of the next year's crop. Most often growers just receive a check in the mail for the progress payments without reference to how the amount was calculated and without any reference to a price or price schedule until the final payment. One of our larger processors uses 75% of what they estimate will be their final price in June for their first progress payment made in December following harvest. In March, they reassess their estimate of the final price and pay 85% of that new

estimate as the next progress payment, which is paid in March. In June, another evaluation of their market performance is made and a final grower price is determined and paid.

Growers report lower returns in the mid-January to mid-April time frame this year, and processors report disruption to trade, increased costs, and uncertainty resulting from the COVID-19 pandemic which have had a direct negative impact on grower payments in excess of 5%.

Since progress payments do not indicate pricing, we asked one of our members, who delivers to the larger processor mentioned above, to share the total payment he received through March of this year and the previous year. Since fruit size can vary widely from year to year, we used his P-1 gradesheets (a quality report of the dried fruit based on the sample taken at the grader) to adjust for the size difference between the two crop years. The results are presented in the following table:

| Crop Year | Avg Size* | Per Ton | Size Price | Adjusted Price | % Change |
|------------------------------------|------------------|--------------------|--|-----------------------|-----------------|
| | | Rcv'd March | Differential** | | |
| 2018 | 42 | \$1,579 | | | |
| 2019 | 58 | \$944 | 92.7% | \$1,019 | -35.5% |
| <i>*Number of prunes per pound</i> | | | <i>**Calculated from the 2018 processor's price schedule</i> | | |

The grower received an average of \$1,579 per ton in March of 2019 and an average of only \$944 per ton in March of 2020. Some of the difference is due to the difference in the average size of the fruit. In 2018, the price of deliveries with 58 count average was 92.7% of the price of deliveries with a 42 count average. Assuming a similar ratio will hold on the 2019 crop, the ratio predicts that the grower would have received \$1,019 per ton had his 2019 crop prunes been of the same size. So the grower experienced a 35.5% decline in the average value of his prunes during the January – April period compared to the previous year based on his March payments.

I hope this information is helpful in requesting that prunes qualify for the CFAP program. Please feel free to contact me for additional information if needed.

Best Regards,

Greg Thompson
General Manager