



California PPN Industry Overview

National Low Chill Stonefruit Conference,
April 28, 2010 Ballina, NSW

Overview

- History of the California Tree Fruit Agreement (CTFA)
- Industry dynamics
- Export markets

History of CTFA

Background

- **What is CTFA?**

- Marketing and research arm of the fresh California PPN industry (growers and packers)
- Our organization represents over 900 growers who produce approximately 600 varieties of peaches, plums, and nectarines
 - What about pluots?
- Season runs from end of April through end of October

Background

- **What is CTFA not?**
 - Not a sales agent
 - Not a cooperative
 - Not a breeder
 - Not a lobby
 - Not an entomologist

The Early Years

- **1933**

- First Marketing Order ever established
- Peaches, plums, pears, cherries, apricots and persimmons
- Prorating supply - volume control, only control authorized

- **1934**

- Due to padding “available estimates,” the allocation plan was abandoned
- Minimum sizes and grades were established
- 12,000 Growers

The Early Years

- **1935**

- Quality Control established
- Limited shipments of Elberta Peaches to 85% U.S. No. 1 Grade and prohibited sizes smaller than an 84

- **1938**

- Referendum
 - Plums and Pears were not renewed
 - Peaches were approved, but could not stand alone
 - Office Closed

The Early Years

- **1939**

- Due to price disaster in 1938, CTFA was re-established based on the Marketing Agreement Act of 1937

The Early Years

- **1949**

- Changes to maturity regulations opposed by growers
- The largest buyer of Elberta peaches attended meeting and stated, if standards are relaxed he will “guarantee there will never again be a Fresno peach deal”
- Grade, Maturity, Color and Size regulations were established
- Sales and promotion order was added under a state program

The Early Years

- **1958**

- Nectarines were added to the Agreement for a total of 6 programs
 - 4 Federal - Plums, Pears, Elberta Peaches, and Nectarines
 - 2 State - Intrastate Controls and the promotion of Bartlett Pears

The Early Years

- **1987**

- Many year's of litigation began

- **1991-94**

- Plum order voted out, then voted back in

- **1996**

- Bartlett pears opted to start their own program in Sacramento, and the current office in Reedley was established for PPN

Changes continue 75 Year's later...

- **2007**

- Discontinued grower-funded mandatory inspection for size and quality

- **2008**

- Discontinued retail promotion campaigns

- **2009**

- Discontinued traditional advertising and consumer PR programs

The Future

- **2010 and beyond...**
 - Production research
 - Category management tools
 - Crisis Management
 - Export Market Development

Industry Dynamics

California



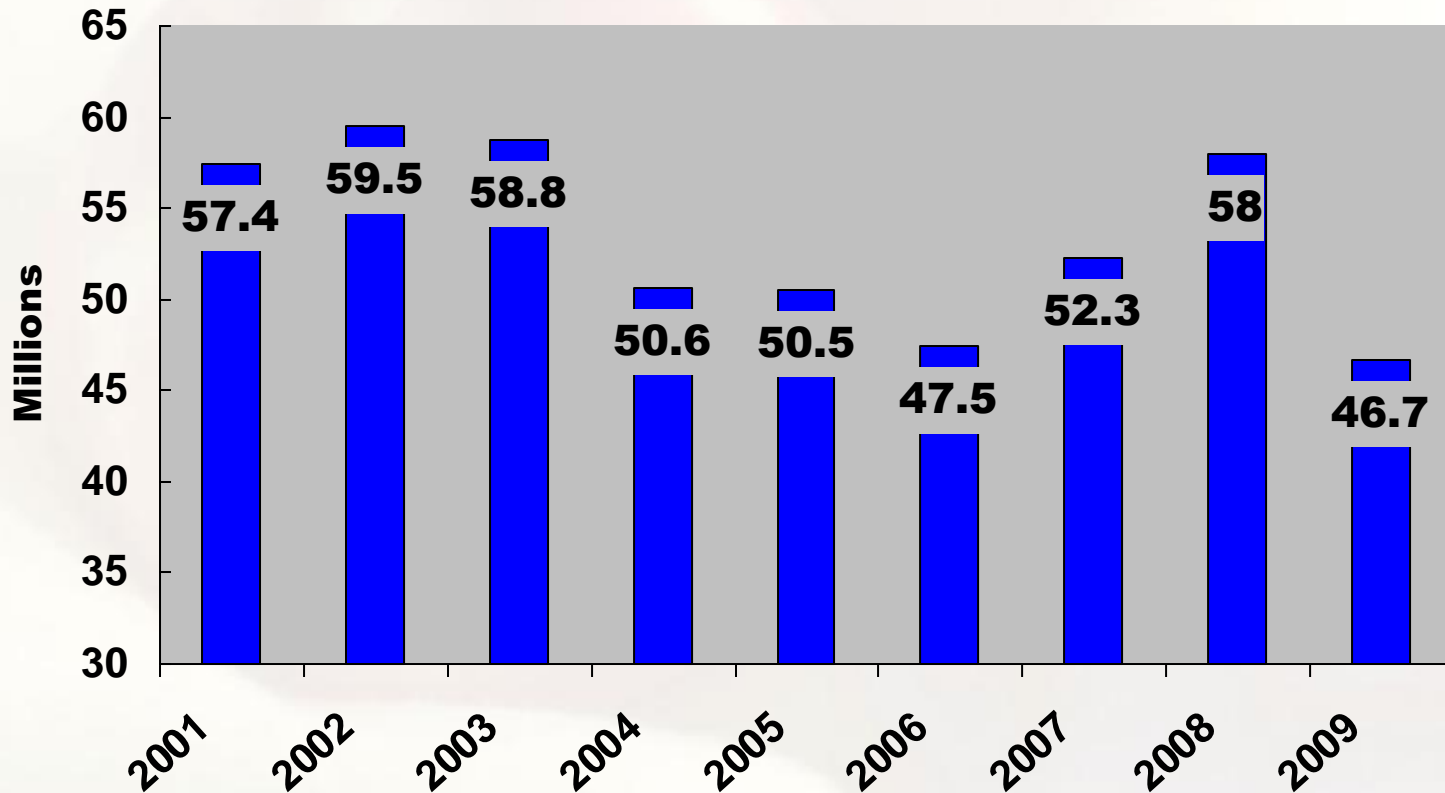
Production

- **California**

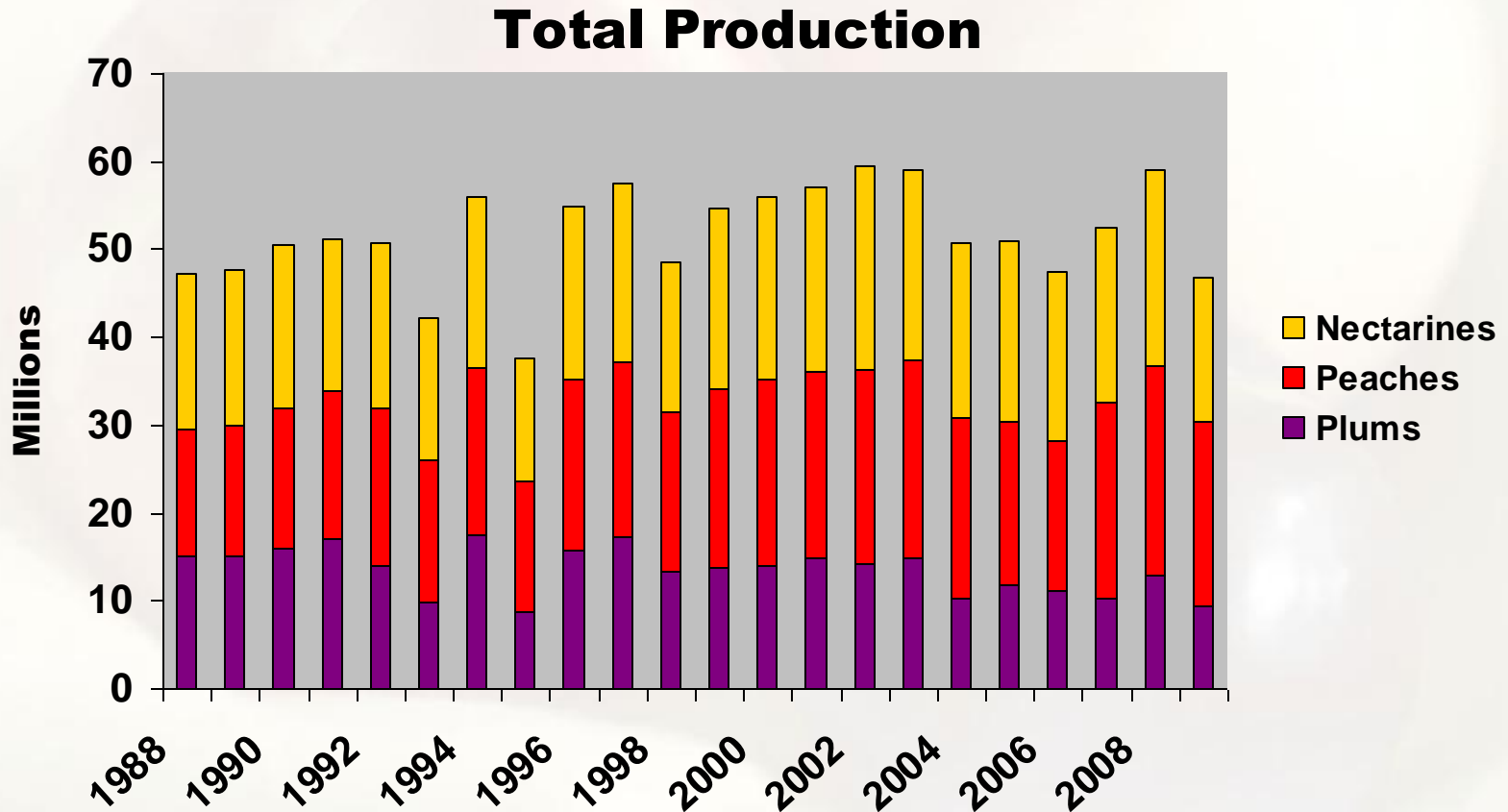
- Produces 55% of U.S. fresh market peaches and 93% of nectarines and plums
- 90% of California PPNs are grown in Fresno, Tulare, and Kern counties in San Joaquin Valley

Industry Statistics

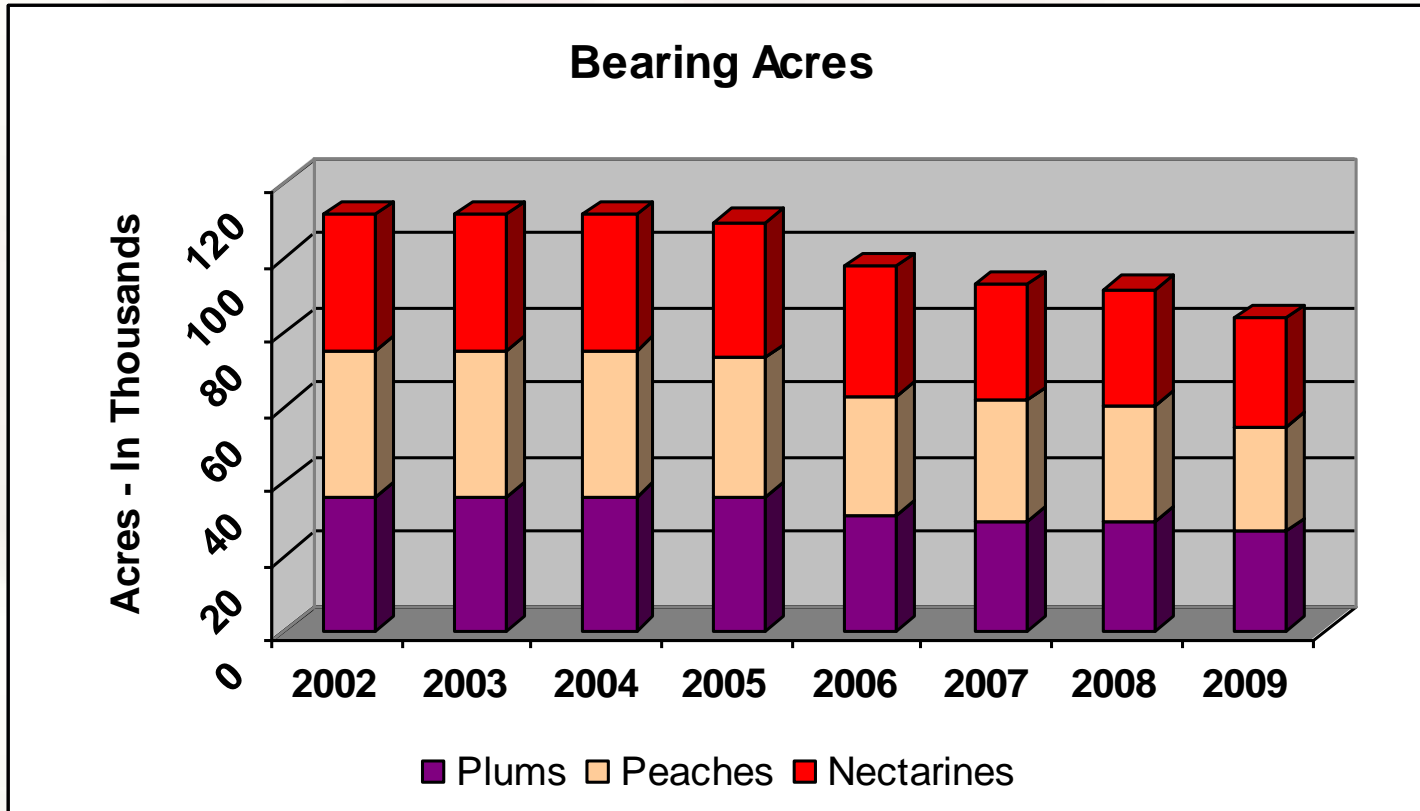
Total Production



Industry Statistics



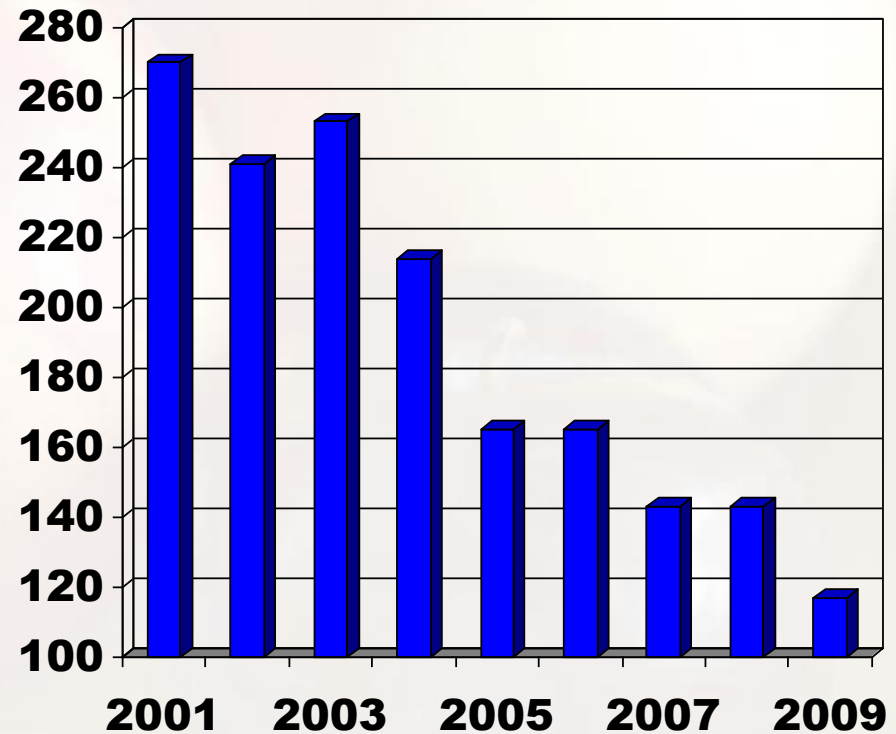
Industry Statistics



Industry Statistics

- Number of handlers is declining

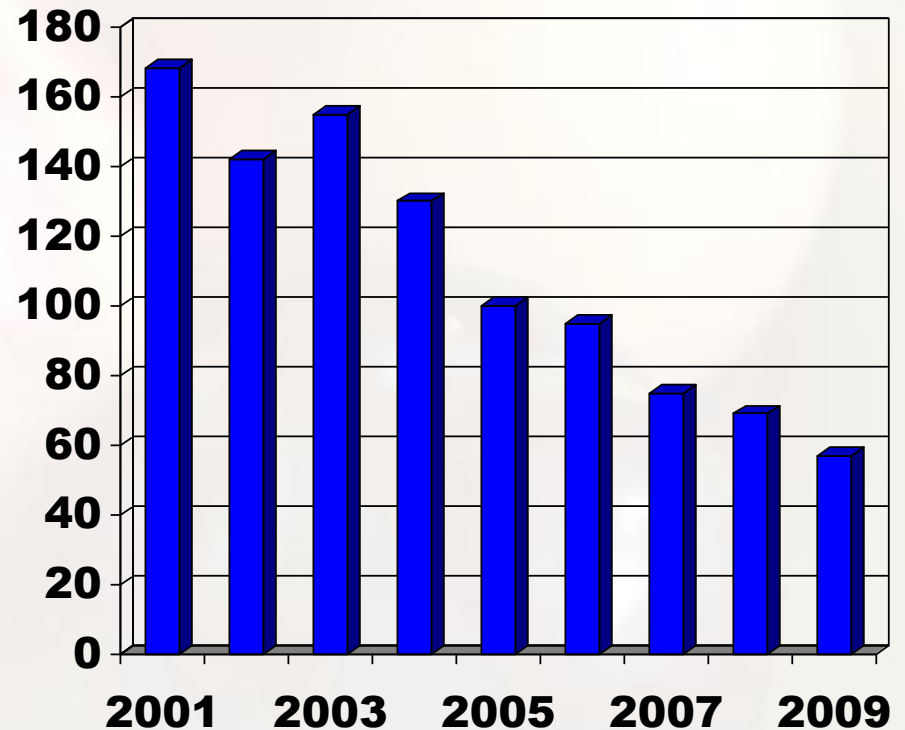
- 2001: 270
- 2005: 165
- 2009: 117



Industry Statistics

• Number of small size (under 50k) handlers is declining

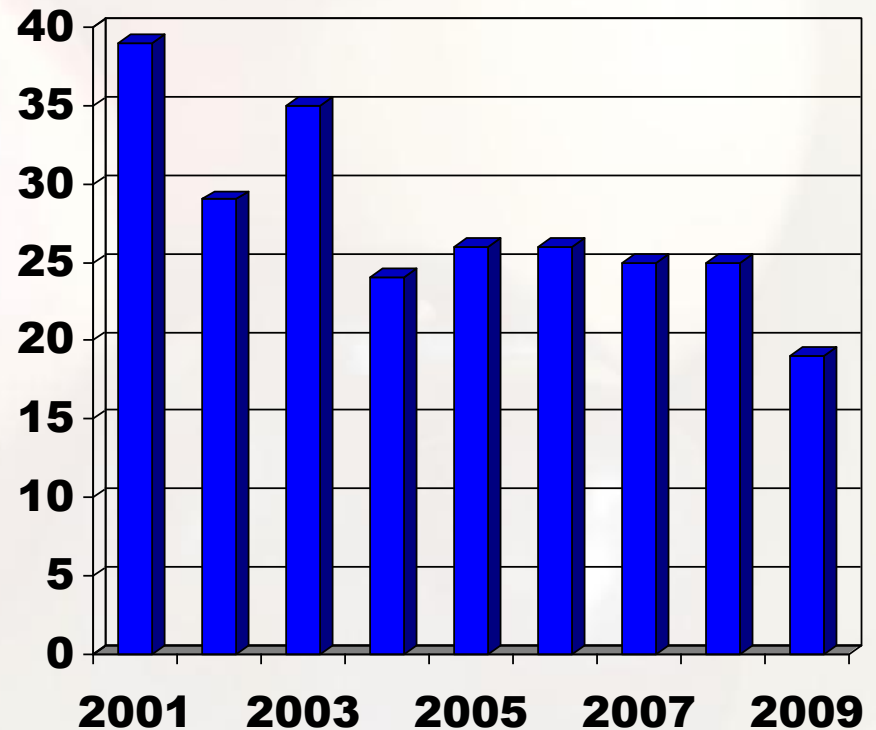
- 2001: 168
- 2005: 100
- 2009: **57**



Industry Statistics

- Number of medium size (150k-500k) handlers declined

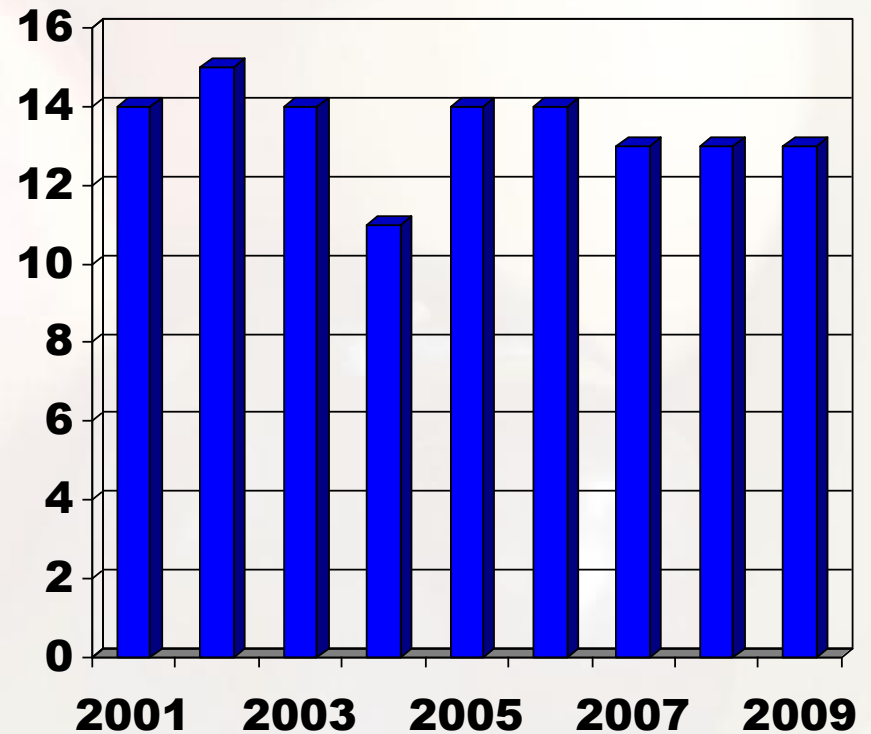
- 2001: 39
- 2005: 27
- 2009: 19



Industry Statistics

- Number of mid/large size (500k-1MM) handlers has stabilized

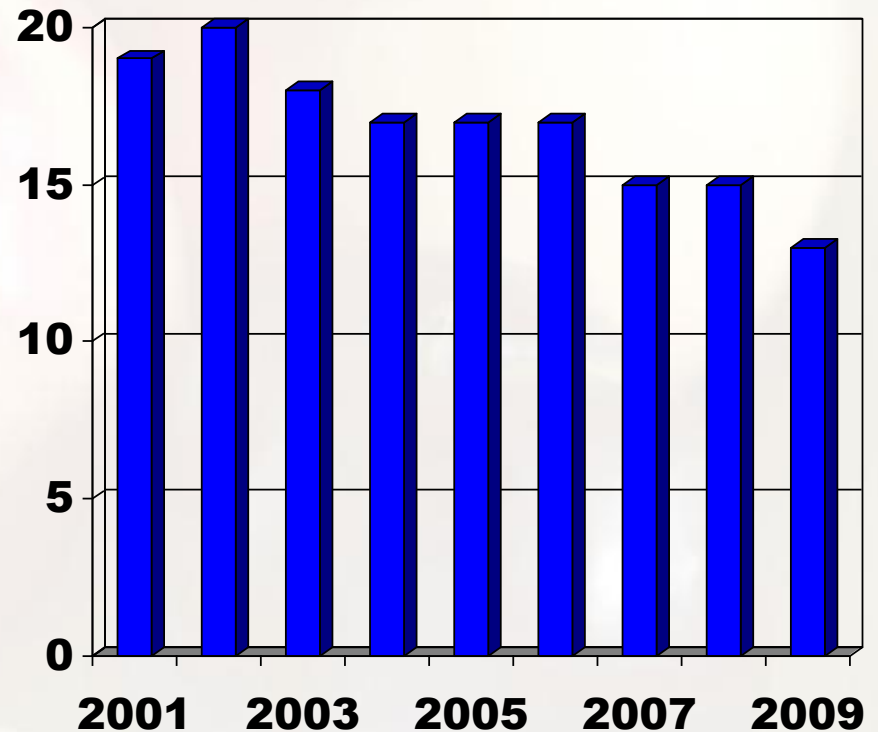
- 2001: 14
- 2005: 14
- 2009: **13**



Industry Statistics

- Number of large (1MM box) handlers is fallen slightly

- 2001: 19
- 2005: 17
- 2009: **13**



Industry Statistics

- Percent of crop controlled by all but largest handlers is decreasing

	<u>1999</u>	<u>2005</u>	<u>2009</u>
– Small:	3%	~2%	~1%
– Small/Mid:	7%	~4%	~2%
– Medium:	26%	~14%	~12%
– Mid/Large:	23%	~17%	~17%
– Large:	41%	~63%	~68%

Export Markets

2009 Export Results

Total PPN Shipments			
Boxes	2008	2009	% Change
Mexico	2,961,302	1,994,220	-33%
Taiwan	2,628,879	1,591,407	-39%
Hong Kong	387,461	205,008	-47%
New Zealand	278,285	199,920	-28%
China	124,896	174,763	40%
Central America	208,420	145,796	-30%
Singapore	149,859	136,943	-9%
Colombia	203,876	113,696	-44%
Malaysia	100,286	61,944	-38%
Ecuador	55,323	39,947	-28%
United Kingdom	133,526	31,591	-76%
Panama	24,082	16,854	-30%
India	13,137	9,617	-27%
Venezuela	99,378	2,240	-98%
Grand Total	7,368,710	4,723,946	-36%



Critical Markets

Total PPN Shipments			
Boxes	2008	2009	% Change
Mexico	2,961,302	1,994,220	-32.7%
Taiwan	2,628,879	1,591,407	-39.5%
New Zealand	278,285	199,920	-28.2%

Peach Shipments			
Boxes	2008	2009	% Change
Mexico	1,815,826	1,168,417	-35.7%
Taiwan	775,478	619,075	-20.2%
New Zealand	43,790	35,287	-19.4%

Critical Markets

Nectarine Shipments

<i>Boxes</i>	2008	2009	% Change
Taiwan	1,246,630	653,543	-47.6%
Mexico	534,555	344,799	-35.5%
New Zealand	162,593	116,618	-28.3%

Plum Shipments

<i>Boxes</i>	2008	2009	% Change
Mexico	610,921	481,004	-21.3%
Taiwan	606,771	318,789	-47.5%
New Zealand	71,902	48,015	-33.2%

Mexico

▶ Strategy

- Focus on retail cooperative promotions, expanded sampling, and increasing nectarine awareness

▶ Recommendation

- Despite challenges in getting fruit to market, this continues to be industry's most important market

Taiwan

▶ Strategy

- Mature market with major implications for white-flesh returns
- Build trade confidence with commitment to timely promotions at point of sale

▶ Recommendation

- Maintain flexibility for mid- to late-season push with sales promotions at retail and wholesale level

New Zealand

▶ Strategy

- Retail support is key to consistent market growth

▶ Recommendation

- Continue to build innovative and custom retail programs to drive counter-seasonal impulse purchases

Australia

▶ Background

- 2000: FTA finalized
- 2006: BA/APHIS began work on US stone fruit
- Autumn 2010: Final IRA Released*
- Winter 2010: Maybe some trial shipments?

Australia

▶ Objective

- Encourage Australian consumers to purchase summer fruit in the middle of winter that has been on a boat for 21 days

Australia

▶ Envisioned success

- To consistently deliver safe, healthy, delicious PPN from California to Australian consumers when there are no local alternatives

▶ How do we get there?

- Build upon the relationships developed over many years between Australian and California stone fruit growers

Thank you

- ▶ **Questions?**

- ▶ **Contact info:**

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