

CIAB News

Information from the Cherry Industry Administrative Board

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CIAB Meets to Discuss a Release from the Inventory Reserves

The CIAB Recommends a Release of the Reserves

The CIAB met in Grand Rapids, MI on February 24 to discuss the need for a release of product from the inventory reserves. The board recommended a release from the reserves of 22 million pounds based upon the need to cover projected sales and to have free carry-in for next season.

Reasons for the Release - Projected Sales

The CIAB had asked that a survey of handlers be done to learn what handlers felt the total demand for tart cherries would be this year. Handlers predicted that their sales would be 201.5 million pounds.

Projected Sales Activity
(Millions of Pounds)

Type	Product	Predicted Sales	% of Estimate
Frozen	5+1	77.0	38.2%
	Drying Stock	23.0	11.4%
	IQF 40	<u>25.5</u>	<u>12.7%</u>
<i>St:</i>		125.5	62.3%
Piefill	12 / 2	32.0	15.9%
	6 / 10	<u>6.0</u>	<u>3.0%</u>
<i>St:</i>		38.0	18.9%
Waterpack	6 / 10	7.8	3.9%
Juice (68)		8.7	4.3%
Other		<u>21.5</u>	<u>10.7%</u>
Total:		201.5	100.0%

The sales activity projected by handlers was a combination of their delivered sales to date, their "booked" business for the balance of the year and their "anticipated" sales in the event that business was not "booked".

Interestingly, the projected sales at 201.5 million pounds was fairly close to last year's sales activity of 206 million pounds of total sales.

The CIAB has also calculated the volume of "free" inventory that has been available to the handlers this year. This totals 198.1 million pounds as shown in the following chart.

Free Inventory
(Millions of Pounds)

Source	Amount
Free carry-in	25.0
Non-restricted production	7.0
Free portion of restricted	145.0
Market Growth Factor	18.0
Releases from reserves	<u>3.1</u>
Total:	198.1

The difference between the "free" inventory and the projected sales is <3.4> million pounds. In other words, the industry will be short of supply by this amount at the end of the year if all goes as projected.

Reported Reserves at Year's end

The Survey of Booked Business asked handlers to report what their inventory would be at the conclusion of the year. They reported the inventory as follows:

Projected Inventory Reserves
(Millions of Pounds)

Type	Product	Inventory	% of Reserves	% of Pack
Frozen	5+1	8.2	26.1%	
	Dry	<u>4.5</u>	<u>14.3%</u>	
<i>St:</i>		12.7	40.4%	53.7%
	IQF 40	1.8	5.7%	13.0%
Piefill	12 / 2	4.3	13.7%	13.0%
	6 / 10	<u>1.1</u>	<u>3.5%</u>	<u>2.4%</u>
<i>St:</i>		5.4	17.2%	15.4%
Waterpack	6 / 10	1.3	4.1%	2.4%
Juice (68)		7.1	22.6%	5.8%
Other		<u>3.1</u>	<u>9.9%</u>	
Total:		31.4	100.0%	

The CIAB's calculated reserves are 34.1 million pounds. This discrepancy is insignificant and can be attributed to methods by which handlers account for sales and the calculations associated with conversions.

Reasons for the Release - Carry-out

Carry-out from one season is what is used to cover sales in the early part of the following season.

The survey done by the CIAB did not include projections for sales in the first part of next year. The

CIAB discussed the need for the industry to maintain "free" carry-out in order to be able to cover such sales.

Some of the board members and others in attendance at the meeting felt that all of the reserves should be released in order to maximize sales in the current year and to provide greater carry-out for next season.

Other board members and participants at the meeting felt that it was not proper to release all of the inventory reserves. Some felt that a release was not appropriate at all; some argued that only the demand shortfall needed to be covered; some felt that a release could account both for the demand shortfall and provide for an adequate carry-out without a complete release of the inventory reserves.

Inventory Release Volume

The CIAB unanimously recommended to the Secretary of Agriculture a release from the reserves in the amount of 22 million pounds. This is made up of a release to cover the projected shortfall of 3.4 million pounds and a release of 18.6 million pounds to provide free carry-over into next season.

Procedures to Accomplish the Release

The CIAB's recommendation has been forwarded to the Secretary for action. All indications suggest that the Secretary will accept and act promptly on the board's recommendation.

Once the Secretary endorses the action of the CIAB, credits will be issued to the handlers to reflect the release. At that point handlers can freely market this fruit without restraint.

Balance of Inventory Reserves

There remains approximately 12 million pounds of restricted inventory reserves using the CIAB's calculated reserves of 34.1 million pounds as the starting point. By retaining some inventory reserves, handlers can still utilize diversion credit activities for which they may have planned at the onset of the year. Thus, additional export sales or new market development activities can come from this balance.

Other CIAB Actions at the February Meeting

Mr. Doug Greenhalgh, the Grower Alternate for Utah, passed away recently. Our condolences go out to his family.

Mr. Greenhalgh was serving as the acting grower member until the constituency clause in Utah could be resolved. With Mr. Greenhalgh's passing, Utah has

nobody left to serve as a grower representative on the CIAB.

In accordance with the procedures outlined in the marketing order, the CIAB recommended that Mr. Stanford Young, a grower of tart cherries and a professor at Utah State University, succeed Mr. Greenhalgh and serve the balance of the term as the Grower Alternate for Utah.

From preliminary discussions with the USDA it appears that the USDA is reluctant to seat a replacement for Mr. Greenhalgh. This outcome would leave Utah with only one representative on the CIAB, but the CIAB would still be considered to have two active seats from Utah. Thus, on all future board actions the CIAB must register one "no" vote from Utah until resolution of the problem is found.

CIAB ELECTIONS

CIAB Members Who Were Nominated

In accordance with the CIAB's election procedures, the following members were nominated:

- District 1 - Tom Rochford, Handler Member
- District 2 - Rich DeRuitter, Grower Member
- District 3 - Rodney Winkel, Grower Member
- District 5 - Lee Schrepel, At-large Member
- District 6 - John Lott, At-large Member
- District 8 - Bart Hawkins, Grower Member
- District 9 - Jim Seaquist, At-large Member

Alternate Nomination Process

The alternate nomination process is underway and will be completed in due course.

Calendar of Events

March - June

- Mar 10 Form #3 Sales and Inventory Report
(December through February 28)
- Apr 15 Grower Diversion Application and Maps
- Jun 23 Quarterly Meeting, at the Crown Plaza in Grand Rapids, MI