
CIAB News

Information from the Cherry Industry Administrative Board

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March 2007

Cherry Symposium

On February 7, 2007 CherrCo, Inc. sponsored the North American Tart Cherry Industry Conference - II in Grand Rapids, MI.

Growers, processors and industry representatives from around the country attended the symposium to listen to and participate in numerous presentations on and about the cherry industry. It was a very interesting and informative event touching on issues such as health claims, market segments, the marketing order, promotion activities, research issues and growers' views of the industry.

Thanks to everyone at CherrCo, Inc., the CherrCo board and the entire CherrCo staff for putting this symposium together and making it available to those who wished to attend whether a CherrCo affiliate or not. It was a great event.

Promotional Activities Under the New Promotion Plan

Kick-off Event

February 6, 2007 was the kick-off for the new cherry promotion program. The initial event was a luncheon for food editors and nutritionists in New York City, New York hosted by the tart cherry industry.

Featured presenters at the luncheon were Dr. Russ Reiter and Ms. Ellie Krieger, a nutritionist and food writer. Many of the members of the Cherry Task Force attended the luncheon, as well.

Everyone who was at the launch described it as an excellent and informative event. The food writers and editors were duly impressed with the lunch itself, the presentations at the lunch and the information they were given.

Follow-up activities

The most visible outgrowth of the kick-off event was Ms. Krieger's national appearance on the Today show on February 16, 2007. While Ms. Krieger was not invited necessarily to speak about cherries, she very smoothly and effectively brought cherries into the discussion of healthy eating. In addition, during the entire four plus minutes of the discussion there were dried cherries and cherry juice displayed on the table in

front of Ms. Krieger and Al Roker, the host of the segment.

This opportunity to have cherries on the Today show was a tremendous and unexpected boon. It was exactly the type of opportunity an effective PR program is designed to secure.

There are a number other opportunities that flowed from this promotion kick-off event. There were national and local broadcast placements, there were placements in newspapers around the country, there were online placements and a number of radio interviews.

The Task Force, Jeff Manning and Weber-Shandwick are doing a great job in getting the PR program launched.

Additional activities

There are many other programs and projects of the promotion program being developed and implemented. You will be hearing and seeing a great deal more from this program.

Website

You can stay abreast of the promotion program by visiting the website www.choosecherries.com.

Logo

Later in this newsletter there is a picture of the logo developed for the industry. It is fun and attractive and will gain considerable "brand" equity through increased use.

Status on USDA Purchases

USDA Invitations to date

The USDA has issued a number of invitations to purchase cherry products this year. They have invited offers on 7.2 million pounds of finished goods. This is just a little bit shy of 60% of the 12.2 million pounds of finished goods that Secretary Johanns, USDA, indicated the USDA would consider buying.

The 7.2 million pounds of finished goods equals 13.2 million pounds RPE of cherries. The CIAB has issued releases to handlers for the 13.2 million pounds of cherries.

Industry’s requests

The industry requested that the USDA purchase considerably more cherries than has been taken. Here is a comparison of the requests and the “invitations” issued through March 15, 2007.

USDA Purchases, Year-to-date

Item	Requested	Invited	% of Requested
Frozen			
5 + 1, 30 # cases	500,000	119,040	23.8%
IQF, 40# cases	100,000	63,360	63.4%
Dried			
16 # cases	<u>375,000</u>	<u>64,680</u>	<u>17.2%</u>
Subtotal, Frozen & Dried			
	975,000	247,080	25.3%
Juice			
Cherry/apple , cases	250,000		0.0%

Looking to this chart, the USDA has invited offers on only 25.3% of the unit volumes that were suggested to the USDA for purchase. Of note is the fact that the invitations for dried cherries is only 17.2% of the volume requested.

Additional Purchases

On March 13, 2007 Mr. Phil Korson, CMI, and Mr. Perry Hedin, CIAB, met with Mr. Dave Tuckwiller, Chief, Commodity Procurement, AMS, F & V, USDA, Ms. Janice Fitzgerald, FNS, USDA and other staff members. They discussed the industry’s request for purchases, especially purchases of dried cherries, the need for additional purchases by the USDA and the importance to the industry of proper timing of such purchases.

The meeting was very positive and very constructive. The USDA is sensitive to the concerns of the industry and is doing what it can to address these concerns. It is apparent that the USDA is working on additional purchase invitations for the current year. Additional invitations should be announced in coming weeks or months.

Inventory Reserves, Current Status

Handlers have been engaging in various compliance activities throughout the year. If the inventory reserve positions were set now, the primary pool would be full and the secondary reserves would have about 36 million pounds.

This is summarized in the following table.

Current Compliance Activities and Inventory Reserve Obligations Through March 15, 2007
(Millions of Pounds)

Restricted Inventory	
Crop Year 2005 - 06	113.5
Market Growth Factor	<u>(18.0)</u>
	95.5
Compliance activities, year to date	
Exports	(4.9)
New markets/other	(11.5)
Diversion (actual)	
In-orchard	(16.3)
At-plant	<u>(6.5)</u>
Subtotal:	<u>(39.2)</u>
Excess over “compliance activities”	56.3
Primary Reserve Capacity	
2005 reserves	43.0
USDA releases	<u>(13.2)</u>
Balance 2005 reserves	<u>29.8</u>
2006 available primary reserves	<u>20.2</u>
Projected secondary reserves:	36.1

These numbers will change during the rest of the year. Handlers will earn diversion credits through exports and market expansion activities. There may also be additional USDA purchases. These activities will cause the reserve inventory figures to change.

The Amendment of the Marketing Order

The hearings on the amendment of the order were held on February 21 and 22 in Grand Rapids, MI and March 1 & 2 in Provo, UT.

Growers, handlers, and others testified during these four days of hearings. There was considerable support expressed for the proposed changes. There was some opposition brought up, as well.

The amendment process continues from here. The hearing judge set May 31 as the deadline for people to file briefs in support of or in opposition to the proposed changes. Briefs set out the arguments of each side on the amendment issues and are filed with the Hearing Clerk of the USDA in Washington, D. C. For more information about this process or to submit a brief, please contact the CIAB .

After the briefs are submitted and read, the USDA drafts the Proposed Rule on the amendments. This is followed by a comment period, the preparation of the Secretary’s Final Rule and the voting on the amendments. More information on these steps in the

process will be sent out when it is available.

It is impossible to predict how long it will take to complete the entire process. Given the industry's experience with prior amendment processes, it will take considerably more than a year to complete the process.

Referenda

Michigan Cherry Committee

Congratulations to the Michigan Cherry Committee and everyone affiliated with it! The referendum for the (MCC) was held in February 2007. As reported by the state of Michigan, the referendum passed with 84% percent of the votes representing 86% of the voting tonnage. What a great endorsement of the program.

Cherry Industry Administrative Board

The referendum for the CIAB is scheduled for March 2008. You will be hearing more about this during the upcoming season and year.

CIAB Actions at February Meeting

At the February meeting the CIAB took a couple of actions that will effect growers and handlers. These are:

- **In-orchard Diversions** - when doing in-orchard diversions growers will not be permitted to collect cherries from the ground and place them into the tanks. Broken limbs will be allowed to be shaken into tanks, however.
- **Diversions information** - information on handler diversion activity will be posted on the website weekly until mid-June and daily after mid-June until July 31, the last date for transfer and/or use of diversion certificates.
- **Handler inventory checks at year end** - it will be the goal of the CIAB to check 100% of the year-end inventories within a few days of the close of the crop year (June 30) to ensure that all required inventory is present.

Newly Elected Members and Alternates

Through the nomination and voting process you have chosen the following people to represent you on the CIAB.

Dist.	Person	
NW MI	David White	Grower Member
	Bern Kroupa	Grower Alternate
	Tim Brian	Handler Member
	Keith Brian	Handler Alternate
WC MI	Doug Fuehring	Grower Member
	Fred Tubbs	Grower Alternate
NY	Tom Facer	At-large Member
	Dan Sievert	At-large Alternate
WA	Kevin Dorsing	Handler Member
	Terry Dorsing	Handler Alternate

Their names will be forwarded to the Secretary for appointment to the CIAB. Their terms begin July 1, 2007.

Calendar of Events

April - June

- Apr 16 Grower Diversion Application and Maps
- May 31 Export documentation for January through March
- June 1 Amended Form 4 Reports filed to reflect changes in export numbers
Handler At-Plant Diversion Plans due for Crop Year 2007
Progress Reports due for New Products, New Markets and Experimental previously granted
- June 8 Form #3 Sales and Inventory Report (March through May 31)
- June 21 CIAB Meeting at 8 a.m. - Amway Grand Plaza, Grand Rapids, MI
- June 22 SW MI Grower Meeting - Time and location to be announced
- June 25 WC MI Grower Meeting - Time and location to be announced
- June 26 NW MI Grower Meeting - Time and location to be announced

Fall 2007

- Sept. CIAB Board meeting, Washington, D. C.

The New Cherry Logo

The new cherry logo has been created under the promotion initiative. You probably have seen it a number of times already, but it is worth seeing again. It is attractive, fun and modern. If you want to see how this is being used in the promotion program, please visit the website www.choosecherries.com. You will see the logo prominently displayed throughout.

This is the logo that you will see on all of the promotion activities being done by Weber-Shandwick for the industry. The CMI owns the logo, and the promotion task force is currently working on the requirements for licensing the use of the logo by industry members and others. You will here more about this in the near future.

