

CIAB News

Information from the Cherry Industry Administrative Board

Volume 17, Issue 3

March 2013

CIAB Meets and Recommends Final Percentages

BOARD ELECTIONS COMPLETED

The elections for participation on the CIAB are not yet completed. There was a delay in the Handler nomination process in NW MI so the outcome will be determined a bit later than usual. So far we do know that the following individuals will be recommended to the Secretary for appointment to the board:

<u>Dist</u>	<u>Name</u>	<u>Position</u>	<u>Affiliation</u>
1	Cheryl Kroupa	Grower, Mem	ProFac Cooperative, Inc
1	[TBD]	Grower, Alt	
1	Jon Veliquette	Handler, Mem	Shoreline Fruit
1	[TBD]	Handler, Alt	
2	Doug Fuehring	Grower, Mem	ProFac Cooperative, Inc
2	Todd Fox	Grower, Alt	ProFac Cooperative, Inc
4	Dan Sievert	At-large, Mem	Cherry Central, Inc.
4	Tom Facer	At-large, Alt	CherryPharm, Inc.
8	Bryce Dorsing	Handler, Mem	Royal Ridge Farms
8	Kevin Dorsing	Handler, Alt	Royal Ridge Farms

The candidates for Dist. 1 are Jeff Send, Grower Alt. and Tim Brian, Handler Alt. The ballots have been sent out for this election process.

Other Board Membership matters

Mr. Rodney Winkel, Grower Alternate SW MI, tendered his resignation from the CIAB. At its March meeting the CIAB recommended that Mr. Jay Jollay be appointed to serve out Mr. Winkel's term of office.

MARCH MEETING

The CIAB held its Spring meeting on March 21. In addition to undertaking some routine matters, the board made some recommendations that will have important impacts to both growers and handlers.

Grower Diversion Certificates

There was a recent amendment to the order about grower diversion activities and the certificates that come from these diversions. This was the amendment for "bottom line certificates".

With this recent amendment the treatment of grower certificates changed. Handlers no longer have to treat orchard diversions as part of their handle, but they still get

to use Grower Diversion Certificates (GDCs) as credits against their restriction obligations. (Handlers report these GDCs on the bottom of their Form 4 thus giving rise to the idea of "bottom line certificates".)

This new method of accounting for orchard diversions makes GDCs the equivalent of any other post harvest diversion certificate that handlers might earn and use.

Previously GDCs were valid only until November 1 when the handlers' Forms 4 were due. Since orchard diversions were no longer part of the processors handle and since all post harvest diversion certificates are valid until the end of the crop year, the CIAB determined that it was appropriate for GDC's also be valid for the entire crop year.

This decision means that growers will have until June 30 to transfer their certificates to a handler. Of course, growers may still transfer them earlier than June 30 if they want to do so.

Other Actions

The CIAB recommended other changes to the way the order operates to streamline it and to make more cherries available for market earlier in the year.

The CIAB also recommended that:

- the Market Growth Factor (MGF) be made available to handlers at the earliest possible time,
- that the MGF be automatically released to handlers unless they elect not to take it,
- the Form 2 filing date be advanced to September 1 instead of September 15
- the Form 4 and 5 be submitted on October 1 rather than November 1,
- the various forms used by the CIAB be changed to reflect all of the changes.

With respect to the referendum in March 2014 the USDA recommended and the CIAB supported the use of crop year 2011 as the "representative year" for determining the outcome of the vote. This avoids the use of 2012/13 which would otherwise be the "representative year" for the vote.

US GOVERNMENT RELATED MATTERS

Food Safety Modernization Act

The FDA published two proposed rules that will impact farmers and handlers quite significantly. The one

that applies to growers will impose various requirements on growers of all produce, including tart cherries, regarding, amongst other things, the use of water for irrigation and harvest, the application of manure type fertilizers, the control of animals in the fields and sanitation.

The stated concern of the FDA is safeguarding consumers from the dangers of food borne illnesses that consumers might get from eating “raw agriculture products” (RAC’s). The proposed rule seeks to ensure that consumers are protected from these types of illnesses, and the FDA’s proposed way to accomplish this is to require that the farmer/producer not introduce pathogens onto the RAC’s and into the food chain.

There are exceptions to the application of the rules. Produce that is “rarely consumed raw” is exempt from the proposed rules. Farmers that deliver to processors that have a “kill-step” can be exempted from the most onerous parts of the rule, but they will still be subject to some of the rules. Other exemptions also exist.

It is the position of the tart cherry industry that tart cherries are categorically different from RAC’s like fresh sweet cherries. Both tart cherries and processed sweet cherries are “rarely consumed raw”. Therefore, like other, specific commodities listed in the proposed rule, tart cherries should be exempted from the application of the rule.

It is acknowledged by the FDA that cooking foods provides adequate protection to consumers against food borne pathogens. Tart cherries are generally subject to some type of a thermal “kill-step” (cooking) prior to being eaten by the consumer. Piefill and hot-packed cherries are cooked when packed; dried cherries are adequately heated when they are dried; juice and concentrate products are pasteurized when manufactured. Food manufacturers who purchase frozen cherries and produce other products like jams, jellies, pies, other desserts or other food items generally cook their products. Even on the rare occasions when consumers purchase an IQF product, they are likely to cook a pie with those cherries. Thus, tart cherries should be exempted and tart cherry producers should not be burdened by this proposed rule and the costs it will impose on farmers.

It is advisable that all producers of tart cherries take the time to become familiar with the proposed rule. It can be found by going to www.regulations.gov and searching for document id # FDA-2011-N-0921.

Comments on the FDA’s proposed rules are due by May 16, 2013.

Food and Nutrition Services (FNS)

FNS has also issued a proposed rule about what can be sold at schools as snacks which will effect the tart cherry industry. In this proposed rule there are specific limitations on what can and cannot be sold at schools.

One of the limits is that foods with sugar contents in excess of 35% by weight or by calories may not be sold in schools. However, dried fruits that have no added nutritive sweeteners (sugar) are exempted from this provision of the

proposed rules. Dried fruits with added nutritive sweeteners, like dried cherries, would be subject to the sugar limitations. To its credit, the FNS has requested comment upon added nutritive sweeteners and dried fruit when the sweeteners are added “for processing and palatability”.

It is the position of the industry and the CIAB that dried red tart cherries should be treated just the same as any other dried fruit, and dried tart cherries should be exempted from the sugar limitations of the rule like these other dried fruits.

A review of the product labels for dates, figs, dried plums and raisins shows that each of these products would run afoul of the sugar limitations if they were not specifically exempted. Interestingly, dried tart cherries which may, in fact, have added nutritive sweeteners to improve “palatability”, have a nutrition profile as good as, if not better than, these other products with respect to their sugar compositions.

Where the FNS’ stated goal is to encourage the consumption of fruits and vegetables and the nutritional profiles of dried tart cherries is comparable to the exempted items, there is no sound rationale for providing an exception to some dried fruits but not to red tart cherries.

The proposed can be found by going to www.regulations.gov and searching for document with id # FNS-2011-0019. Comments on this proposed rule are due by April 9, 2013.

Comments on the Proposed Rules by the Industry

The CIAB will be submitting comments to these two rules. It would be good for growers and handlers to comment, as well.

You may contact the CIAB if you would like information about how to comment.

COMPARISON OF CROP YEARS 2002 AND 2012

Ms. Mollie Woods, Product Center Food-Ag-Bio, MSU, has reviewed and analyzed the industry’s situation regarding Supply, Price and Demand for 2012 as compared to 2002. The intent of the review was to anticipate what the industry might face in the years following the crop failure of 2012 by looking at the industry following the crop failure of 2002.

Ms. Woods observed that the markets have changed quite a bit since 2002.

- 5+1 sales have trended upwards since 2002.
- The use of 5+1 has become increasingly devoted to dried cherries with this use now comprising 48% of the use of 5+1. “Traditional” outlets for 5+1 have diminished correspondingly.
- IQF has also trended upwards with much of it also being devoted to dried cherries.
- Juice concentrate sales have grown quite

dramatically since 2002 with the 4 year average of sales rising to 359,000 gallons from the 247,000 gallons seen in 2002.

- There has been a steady influx of imported tart cherry concentrate from other producing regions, particularly Turkey, into the US.
- Piefilling has declined quite dramatically since the onset of the marketing order and continues on this downward trend.
- Hot packed products have reached a baseline volume of sales at less than 10 million pounds.

Ms. Woods noted the positives that the industry has some growing markets for high value products, that consumers are responding to the health benefits messages being put out by the industry and that the industry needs to maintain healthy markets in years of low production. She also noted the challenges that the industry faces via a globalization of the markets which will require that the US industry be able to differentiate itself from the competing suppliers.

PROMOTIONAL ACTIVITIES

The Promotional Task Force recently met with the representatives of Weber-Shandwick (WS) to review and discuss the promotion program. Even though the crop was small and our promotion budget was cut back, WS has continued to get out the word about tart cherries.

WS has been working on a variety of fronts. Most notably, they have been working to advance the book by Dave Grotto, "The Best Things You Can Eat", which features tart cherries extensively. These efforts have gone very well.

The promotion program has already exceeded 149 million impressions which was 54% of the original target for the year. Given these fantastic results, WS increased the goal from 250 million to 275 million impressions.

INDUSTRY MEMBERS RECOGNITION AND ACCOMPLISHMENTS

Earl Peterson was recognized recently by the Michigan Horticultural Society which presented Earl with the Distinguished Service Award for his many accomplishments.

Fruithill, Inc., the company operated by Mr. Lee Schrepel, his brother, Mark, and the rest of his family were named by Oregon State University as the Small Family Business of the Year for 2012.

Jim Bardenhagen from Suttons Bay MI, grower and a former MSU Extension Director, has been appointed to the Federal Crop Insurance Corp. (FCIC) board of directors.

CIAB'S REVISED WEBSITE

During these Fall and Winter months Heather Weber has been working steadily on presenting a new look to the CIAB's website. Website development is new skill for her, and she has done a masterful job in making the site more informative, more friendly and more enjoyable to use. Please take some time to visit the site at www.cherryboard.org.

ORCHARD MAPPING

The opportunity to do orchard diversions requires having current orchard maps on file with the CIAB. The deadline for submitting new or revised orchard maps is April 15. Please make sure that you have your maps on file with the CIAB.

Those of you who are in districts that are subject to restriction should have received a mailing from the CIAB with a summary of the maps that you have on file with the CIAB. Many of you have responded to that mailing with your corrections and adjustments. Thank you for your timely responses. If you responded to the earlier mailing or have all of your orchards mapped already on file with the CIAB, you do not need to do anything more.

Included with this newsletter is a copy of the orchard map application. If you have new orchards to map or need to revise some of your older maps, you can use the attached map. Copy it if you need more than one copy and send it to the CIAB by April 15.

Transfers of grower diversion certificates -

As a reminder, if you do orchard diversions in 2013/14 and if the recommended changes to the treatment of orchard diversion credits is accepted by the Secretary, growers could transfer their GDCs at any time during the upcoming crop year. Thus, it would be advisable to have your maps up on file with the CIAB.

CALENDAR OF EVENTS: APRIL - JUNE

Apr 15	Grower New and Revised Orchard Maps due to the CIAB
June 1	Handler At-Plant Plans due for crop year 2013
June 10	Form #3 Sales and Inventory Report for the period March 1 through May 31 with June sales estimates
June 19	MFFPA Guesstimate, Amway Grand Plaza, Grand Rapids, MI
June 20	Grand Rapids, MI - CIAB Board meeting re the Crop, the OSF and Prelim. Percentages
June 21	SW MI Grower Meeting - 4:30 PM, SWMREC, Benton Harbor, MI
June 24	WC MI Grower Meeting - 7 PM, Westshore Svc. Dist. (Old ISD Bldg.), Hart, MI
June 25	NW MI Grower Meetings - 9:00 AM Penin. Twn., Fire Station #2; 1:30 PM Milton Twn. Hall; 7:00 PM NWMHRS