



Ontario Tender Fruit Producers' Marketing Board

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CLING PEACHES FOR PROCESSING

For the most part, the Ontario processor has advised us that they will not purchase clingstone peaches from their growers this year. This decision has jeopardized the sale of about 800 tons of peaches. These peaches were purchased in 2008 and growers had reason to believe that they would be purchased for the long term. Unfortunately, the world market conditions, with very large crops in Greece, Spain and China, results in uncertainty of both pricing of the end product and a high risk that the 2009 pack could be sold; therefore the decision not to buy. What is very disturbing is the fact that the decision was made at or just ahead of harvest.

The Board is/was very concerned that growers would attempt to market these peaches on the fresh market and disrupt sales. To some extent that has happened but for the most part, the appointed dealers have not accepted these peaches. Now, with a slow down in the fresh market and limited storage capacity, there is very little chance that other than a few sales of clings specifically identified as clings will find a market.

Similarly, pricing in the U.S. is extremely depressed. Growers received about \$500 Canadian in 2008 (depending on exchange rates). The Michigan processor has offered on average 11¢ per lb. with a vague promise of an additional payment in April (if possible). Considering it costs on average 4.5¢ per lb. for freight, this leaves very little left for growers. The processors also cite world market/pricing conditions.

The Board has actively sought the support of the federal and provincial governments to provide assistance for an in-orchard diversion of these peaches so that they growers do not attempt to sell them on the fresh market. As well, these growers kept the trees in the ground based on an anticipated long term market. Similar support was provided to the grape industry in 2008. In addition, the Board has requested consideration for similar support for exports. I advise the affected growers to contact their elected representatives and solicit their support.

CROP UPDATE

1. **Sweet Cherries** – As a result of a very large sweet cherry crop in the U.S. (340,000 tons), the pricing of Ontario sweet cherries declined sharply to about \$28.00 FOB and in some cases less. Weather conditions also played a role in what could be considered a dismal year. Very few cherries were purchased for the chilled pitted market and no cherries were sold for brining.
2. **Tart Cherries** – The Ontario crop totaled approximately 6,900 tons (6,140 in 2008). The U.S. crop is estimated at 340 million pounds with about 300 million processed. The balance was diverted either at the plant or in-orchard. The Ontario price was settled at 23¢ per lb. for 92 score (28¢ - 2008). The Board has agreed to continue to participate in the N.A. Tart Cherry Promotion Initiative through to December 31, 2010 after which the results obtained will be analyzed and a decision made regarding 2011 activities.
3. **Yellow Plums** – The 2009 crop ended up at about 158,000 masters, about the same as the 2008 volume. Although retail support started slower than expected, the crop, for the most part, moved to market in an orderly fashion although at somewhat lower prices. Some growers lost a percentage of their crop due to lack or adequate storage capacity.
4. **Fresh Peaches** – The 2009 harvest started about 4 days later than last year and at this point, we are 4 days ahead of 2008. A very compressed season. As of August , the appointed dealers had received approximately 1 million masters of peaches out of an estimated 1.4 million masters. After several weeks of active trading, the market has slowed considerably and growers have been asked to hold their fruit in raw form and pack closer to eventual sales. This reinforces the need for additional storage capacity for the future. This will only become more acute as new production (as a result of the CanGro closing) comes on stream.
5. **Pears** – Clapp pears are all but finished, as are French Bartlett. Standard Bartlett harvest is now in progress. The Bartlett crop estimate has been downsized due to spring frost damage (frost ring) and in some cases pesticide damage. The Bosc crop still looks good (although not a bumper crop).

SOUR CHERRY CROP INSURANCE

Agricorp has advised growers that refunds will be sent to sour cherry growers as a result of the fact that the guaranteed price was higher than the final price as negotiated by the Board. Further explanation will be provided to the affected growers.

ORCHARD & VINEYARD TRANSITION PROGRAM

Our latest information is that growers have applied for \$18.6 million in compensation for removals. The original allocation for Ontario was \$18.4 million. I really have no idea as to how they will deal with this. My suggestion is that as long as they accept applications, continue to apply. Remember you can apply to remove trees now and have 12 months to do so. Do not wait.

NECTARINE UPDATE

It is likely that the Farm Products Marketing Commission will deal with the industry request to have nectarines included under the Tender Fruit Plan at their October meeting. As a backgrounder, there are about 100 nectarine producers in Ontario. 50 of these growers have collectively less than 45 acres. Many of those growers sell directly to consumers at farmers markets or their own fruit stands. 60 growers deliver nectarines to dealers.

To assist nectarine growers and shippers during the 2009 season, the Board has included pricing recommendations on their weekly information sheets which are emailed to the major retailers each Monday. To date, the dealers and retailers have honored these recommendations. A strong show of support and a win-win for growers!

FOOD SAFETY & TRACEABILITY INITIATIVE

The entire producer industry continues to lobby for the continuation of the FSTI program. To date, other than comments that the program is being reevaluated, there has been little or no response.

AGRIINVEST UPDATE

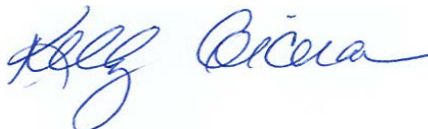
On February , Agriculture and Agri-Food Canada issued a press release regarding the transition to AgriInvest. The measures include:

- The deposit requirement for 2007 AgriInvest will be waived.
- The deadline to apply for 2007 AgriInvest was December 31, 2008.
- For the 2008 program year, producers who make a deposit to their AgriInvest account will receive matching government contribution cost shared 60/40 federal-provincial – maximum of \$22,500 based on a cap of \$1.5 million in Allowable Net Sales (ANS).
- The deadline to apply for 2008 AgriInvest without penalty is SEPTEMBER 30, 2009 and with penalty is DECEMBER 31, 2009.
- In March, individual producers should have received information by direct mail on the 2007 government contribution to their AgriInvest account and the options open to them – make a withdrawal or leave the funds on deposit.
- AAFC will process 2007 AgriInvest deposits for Ontario corporate farms shortly.
- There are no triggers for AgriInvest for 2007 or 2008 – producers may request the funds for margin declines or investments to mitigate risk.

Yours truly,



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