

A MESSAGE FROM THE PRESIDENT – TODD FOX

As I write this note, we are harvesting a short crop for the second year in a row. This is historic. Our industry has always been full of challenges, but this is a new one. We, like most farmers, tend to over supply the markets with our fruit and our optimism. This tendency has led to the use of the supply control mechanism of the order (the Optimum Supply Formula) too often. When I took the chairperson’s position on the board, I was mostly worried about the difficult discussions and decisions the board would make regarding this supply control tool. I wanted to make sure that growers felt there was no tinkering with the numbers etc.; I have not had to do this at all. Mother Nature took care of this for two years straight. We don’t have enough cherries.

The CIAB Board of Directors has decided to keep a modest marketing program in place to help promote the tart cherry industry. I am personally hopeful that the “American-grown” message will help curb the import pressure in a post pandemic world where the food supply chain was severely hampered. Also, we are again focusing on the cherry ingredient customers want, with a Business-to-Business marketing model. When Mother Nature decides it is time to hang a crop of cherries on the trees again, we need to have ideas in the manufacturer’s playbook. The CIAB, like all of the industry, will be conserving dollars where possible. We may be running short-staffed for a period of time, and we are working to make the process of collecting the data more efficient going forward.

When this harvest is over, please feel free to reach out and discuss the future of the industry. I enjoy hearing ideas and sharing my optimism for the future; my optimism is always strongest when we talk about next year.

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**CIAB SUMMER/FALL
CALENDAR**

July

- July 19, 26 – Weekly Raw Product Reports due (Form 1)

August

- August 2, 9, 16, 23, 30 – Weekly Raw Product Reports due (Form 1)

September

- September 1 – Cherries Acquired from Producers due (Form 2)
- September 9 – CIAB (Hybrid) Board Meeting in Grand Rapids – w/ Zoom

October

- October 1 – Handler Reserve Plan & Final Pack Report due

CONTACT US

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CROP ESTIMATES

At the Cherry Industry Administrative Board Zoom meeting on June 24, 2021, members discussed the crop size and market conditions for the upcoming year. The board voted unanimously to use the CIAB members' crop estimates compared to the USDA estimate. For reference, the average crop size is approx. 250 million pounds, this year the Board has estimated just over 50% of an average crop due to weather and pollination conditions.

Table 1. Crop Estimates (in million lbs):

District	USDA	CIAB
NW Michigan		33
WC Michigan		20
SW Michigan		15
<i>SUBTOTAL MI</i>	65.6	68
New York	8.3	6
Pennsylvania		1.5
Oregon		2
Utah	36.5	32
Washington	23.1	23
Wisconsin	8.5	6.5
TOTAL	142.0	139.0

TART CHERRY INVENTORIES

Free and restricted inventories are used, along with crop estimate and average sales, in the calculation of the OSF. The ending inventory numbers are presented below in millions of pounds RPE. Due to no restrictions in CY 2020, there were no compliance activities, such as at-plant diversions, in-orchard diversions, exports, market expansion, and destruction/charitable, reported to the CIAB.

Table 2. Beginning and Ending Inventories of Tart Cherries

(MM LBS RPE)	ALL	FREE	RESTRICTED
Beginning year inventory (May 31, 2020)	187.1	0.0	0.0
+ Pack (Crop Year 2020/21)	141.5	0.0	0.0
TOTAL INVENTORY + PACK	328.6	0.0	0.0
Total of compliance activities			0.0
ENDING INVENTORY (MAY 31, 2021)	93.3	0.0	0.0

AVERAGE SALES

To calculate industry sales, exports and sales to USDA for section 32 purchases are subtracted from gross sales. The following table shows gross and net industry sales of tart cherries and is used to calculate demand in the OSF formula. The three-year average is 244.4 mm lbs. Gross RPE (Raw Product Equivalent) and 216.5 mm lbs. Net RPE.

Table 3. Gross and Net Sales of Tart Cherries

Year	Gross Sales	Exports	USDA	Net Sales
2018	241.9	12.5	16	213.4
2019	256.1	14.9	16.2	225
2020	235.3	0	24.2	211.1
3 Yr Avg	244.4			216.5

STAY IN TOUCH: Give Us Your Email

If you have not provided us with your email address and are interested in receiving CIAB's industry information and updates, newsletters, and any other information published by the CIAB, please send an email to info@cherryboard.org or contact our office at 517.669.1070 with your email address. This is a way to release information that will be more efficient, faster, and cost-effective than using the postal service.

If you would prefer not to receive these email updates, production reports will be available on the CIAB website at www.cherryboard.org under the "News & Updates" tab.

OSF (Optimum Supply Formula) Calculation – Preliminary Restriction Set at 0%

The following table lays out the preliminary OSF calculation as approved by the CIAB on June 24, 2021. The preliminary restriction for this year is 0%. The adjusted surplus amount is divided by the amount of regulated tonnage available to calculate the preliminary restricted percentage amount. The CIAB will revisit the preliminary restriction again at its September meeting, where crop size and any other factor relevant to the OSF discussion will be reviewed.

Table 4. Preliminary OSF Calculation

U.S. Crop	139.0
+ Carry-In at 6/1	93.3
+TOTAL SUPPLY	232.3
3-year sales average	217.0
+Target Carry-Out	85
+OPTIMUM SUPPLY	302.0
SURPLUS (Total – Optimum)	-69.2
-Market Growth Factor	-21.7
-Economic Adjustment	0
= Adjusted Surplus	-91 million
Adjusted Surplus (-91 m)	
/ Regulated Tonnage (135 m)	
=Regulation	-67%

Final restriction to be set in September

At the June meeting, the Board sets a 'preliminary' restriction, and at the September meeting, the final restriction is set once all actual production figures can be considered. In consideration of the pandemic and travel-related concerns/restrictions, the September meeting will be in-person/Zoom participation on Thursday, September 9, 2021 at the DoubleTree by Hilton Hotel Grand Rapids Airport in Grand Rapids, Michigan, 4747 28th Street SE, Grand Rapids, MI 49512. Phone | 616.957.0100.



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