

### CIAB SUMMER/FALL CALENDAR:

#### July

July 11- Sales/Inventory Report due (Form 3)

July 12, 19, 26- Weekly raw product reports due (Form 1)

#### August

August 2, 9, 16, 23- Weekly raw product reports due (Form 1)

#### September

September 1- Cherries acquired from producers due (Form 2)

September 8- CIAB meeting, Hybrid DoubleTree, Grand Rapids/Zoom

#### October

October 3- Handler Reserve Plan & Final Pack Report due (Form 4)

#### CONTACT US-

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### Crop Estimates

At the Cherry Industry Administrative Board hybrid meeting on June 21, 2022, members discussed the crop size and market conditions for the upcoming year. The board voted to use the CIAB members' crop estimates as compared to the USDA estimate.

**Table 1. Crop Estimates (millions of lbs)**

District	USDA	CIAB
NW Michigan		118
WC Michigan		56
SW Michigan		24
<b>SUBTOTAL MI</b>	<b>159.5</b>	<b>198</b>
New York	(D)	7.5
Pennsylvania		1.3
Oregon		1
Utah	27.3	18
Washington	(D)	25
Wisconsin	13.3	11.5
Other States	29.1	
<b>TOTAL</b>	<b>229.2</b>	<b>262.3</b>

(D) Withheld to avoid disclosing data for individual operations.

### 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 restriction in CY 2021, 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, 2021)	93.3	0.0	0.0
+ Pack (Crop Year 2020/21)	172.3	0.0	0.0
<b>TOTAL INVENTORY</b>	<b>265.7</b>	<b>0.0</b>	<b>0.0</b>
<b>Total of compliance activities</b>			<b>0.0</b>
<b>ENDING INVENTORY (MAY 31, 2022)</b>	<b>79.8</b>	<b>0.0</b>	<b>0.0</b>

## 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 225.8 mm lbs. Gross RPE (Raw Product Equivalent) and 207.3 mm lbs. Net RPE.

**Table 3. Gross and Net Sales of Tart Cherries**

Year	Gross Sales	Exports	USDA	Net Sales
2019	256.1	14.9	16.2	225
2020	235.3	0.0	24.2	211.1
2021	185.9	0.0	0.0	185.9
<b>3 Yr Avg</b>	<b>225.8</b>			<b>207.3</b>

## 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 21, 2022. The Board unanimously voted for the Target

Carry-Out at 100 million pounds the maximum allowed and an Economic Adjustment of 15 million pounds due to low years in our sales numbers. 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.

**Table 4. Preliminary OSF Calculation**

U.S. Crop	262.3
+ Carry-In at 6/1	80.0
<b>+TOTAL SUPPLY</b>	<b>342.3</b>
3-year sales average	207.3
+Target Carry-Out	100.0
<b>+OPTIMUM SUPPLY</b>	<b>307.3</b>
<b>SURPLUS (Total – Optimum)</b>	<b>35.0</b>
-Market Growth Factor	-20.7
-Economic Adjustment	-15.0
= Adjusted Surplus	- .77 million
<b>Adjusted Surplus (-.77 m)</b>	
<b>/Regulated Tonnage (260 m)</b>	
<b>=Regulation</b>	<b>-0.3%</b>

## Final Restriction to be set in September

At the September 2022 meeting, the final restriction will be set. The board will review the actual crop size and any other factors relevant to the OSF discussion. The September meeting will be in-person/Zoom on Thursday, September 8, 2022, at the DoubleTree by Hilton Hotel Grand Rapids, MI. If you will be attending the Board meeting in-person, please send an email to [info@cherryboard.org](mailto:info@cherryboard.org). If you prefer to join the Board meeting via Zoom, please register at <https://us02web.zoom.us/join/zoom/register/tZlscOigpzMqEtbO79DhVd28EY5WYx4jklb>.

## Economic Evaluation of the CIAB

Under the Federal Agriculture Improvement and Reform (FAIR) Act, the CIAB is required to have an independent economic evaluation conducted on the effectiveness and economic impacts of our domestic promotion program expenditures covering the most recent five-year period.

This independent evaluation was carried out by Dr. Harry M. Kaiser a professor at Cornell University in the Charles H. Dyson School of Applied Economics and Management. Dr. Kaiser has spent most of his career conducting economic evaluations and economic studies of commodity Research and Promotion Program (Check-offs).

The two objectives of the study were to determine if the CIAB's promotion activities increased demand for tart cherries in the US compared to what would have happened without these activities. It also measured incremental profitability of the CIAB promotion activities on the entire industry and compare these benefits with the cost of the program.

The findings of the study show that the promotion program by the CIAB has increased the demand for tart cherries. CIAB cherry promotion had a positive and statistically significant impact on the grower price, which was the measure of demand used in this study. Specifically, had there not been any CIAB promotion, the grower price would have averaged 5.1% lower than it actually was since 2016/17.

CIAB promotion provided net benefits to cherry growers. The results of the study showed that had there not been CIAB promotion from 2016 through 2020, grower net revenue would have been \$14.6 million lower than it actually was. Over this period of time, the CIAB spent \$7.1 million on promotion of cherries. The benefit-cost-ratio (BCR) from the CIAB domestic marketing over this period was 2.05, i.e., each dollar invested in CIAB promotion returned \$2.05 in net grower revenue to the U.S. cherry industry.

You may review the full report at <https://www.cherryboard.org/data-information>.

### **Federal Research and Promotion Program (R&P)**

At the request of the tart cherry promotion task force, Kelly Robertson, Marketing Specialist, USDA, presented at the CIAB's June board meeting information on a R&P program. R&P programs promote and provide research and information for a specific agriculture commodity without referencing specific producers or brands. The goal of the program is to maintain and expand domestic and foreign markets for agricultural commodities. The USDA has oversight authority of the program. USDA currently oversees 22 research and promotion boards.

A R&P program is formed at the request of the industry and funded by industry assessment. Participants of the program may include; producers, handlers, processors, and importers. To promote a national research and promotion program a detail proposal must be submitted to the USDA with substantial industry support.

You may view the PowerPoint presentation by Kelly Robertson at <https://www.cherryboard.org/data-information>. Also, additional information about R&P programs including the 22 research and promotion boards is available at <https://www.ams.usda.gov/rules-regulations/research-promotion>.

### **CIAB Sets Assessment Rate for 2022/23**

The CIAB unanimously voted on the assessment rate of .0075 for crop year 2022/23, which is an increase from last years' assessment rate of .00575. The rate increase will allow the CIAB to allocate more funds to the promotion program, per the Economic Evaluation of the CIAB the more spent the greater the return. Also, the rate increase will enable the CIAB to fund health benefit research after shelving this for two years due to small crops. Finally, the CIAB's reserves of half a year's expenses will be restocked.

The assessment rate allocation between operations and promotion and the budget for crop year 2022/23 will be discussed and approved by the board at the September board meeting.

### **Amendments**

The six amendment proposals are at the Office of General Counsel, they will decide if the amendments move forward through the formal process or informal process. Both processes follow the same procedures, but the formal process requires a hearing with an administrative law judge. The formal process will take approximately two years and the informal process will take about a year and a half. Both processes will have a proposed rule

published with a comment period. A referendum will follow and must be accepted by two-thirds of the producers and a majority of the handlers. If the industry approves all the amendments, then a final rule will be published. The changes will take effect 30 day after the published rule. The allocation of seats amendment would require additional board seats which, would be completed with the next election cycle.

Details regarding the six-amendment proposals was published in our March 2022 newsletter. The newsletter is available at <https://www.cherryboard.org/newsletters>.

**Address Change**

We no longer have a PO Box. Please send all mail to our street address.

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