

Growing and Harvesting Under the Safest Conditions

As California growers, we are already challenged enough with labor shortages, immigration reform and water quality issues (<http://waterquality.ucanr.org>). However, increasing numbers of food-borne illness incidents in the United States are spawning political and public concerns for food safety and initiatives are at our doorstep. This past September, when spinach with E. coli contamination was blamed for the death of three people and sickened more than 200 others in 26 states, food safety took front and center. Although the outbreak was centered around Salinas, Calif., the damage to the entire industry was swift. Times are changing and California growers are challenged to know what the potential grower liability entails and this recent E. coli situation should serve as our wake-up call. We need to make sure our house is in order and we need to make certain we retain our position as the premier avocado producers in the United States. Produce buyers are becoming increasingly aware of the importance of good agricultural practices and demand that we take appropriate precautions. European's demand and enforce that food imported into Europe have production safeguards and avocados are not an exception to this requirement. Importers such as Chile and Mexico already have food safety programs in place at the grove and labor level and because of this could find their fruit preferred in the future if we don't take action. It can be difficult when you have to ask yourself "Do I have total control over potential hazards in my grove," such as picking fruit up off the ground, composting, animal feces, bulk fertilizers, sanitation and hygiene, just to name a few. If we as growers don't think that we are not at risk of a food safety crisis in the foreseeable future, simply look at what happened after the report on E. coli being found in spinach, where they found additional issues with milk, carrot juice and lettuce. Although avocados were not an issue, we did see sales taper off as a result of the crisis. This recent predicament provides the avocado industry with a clear wake-up call on just how costly a food safety crisis can be. The time has come for the industry to take heed and become proactive and not reactive and set our own guidelines before it's done for us by legislators that have no concept of our industry and we end up with regulations that are impossible to comply with or too expensive to initiate. The retail and food service industry have already expressed concerns and are starting to demand enforcement on grove certifications, accountability for field harvesters and handler certifications—the goal being to insure the safety of the product to the consumer from the beginning to end of the supply chain. We would like our growers to know that West Pak is approaching this issue head-on in order to help protect our California growers, but we will need your help. As growers, you need to help us with this grassroots effort to be in compliance with proper documentation and certification from the grove through harvesting. West Pak has already taken the initiative to insure to the retail and the foodservice industry that we have proper certification and documentation in a proactive approach when it comes to food safety. We are audited yearly by Primuslabs and each year we have maintained a superior rating (95% score or higher) in our food safety efforts. We urge you to give us a call and we will be glad to help you learn more about food safety and how you can become more involved. If we are not proactive on this now it may be extremely difficult to recover later. If you would like to review what has already been done regarding food safety and food-borne illness issues on your behalf, you can find information at avocado.org under "grower's current affairs" or contact the Avocado Commission (1-800-344-4333) and ask for the booklet or the DVD regarding "Growing for Quality". It is a good agricultural practice manual for California avocado growers that CAC published over a year ago.

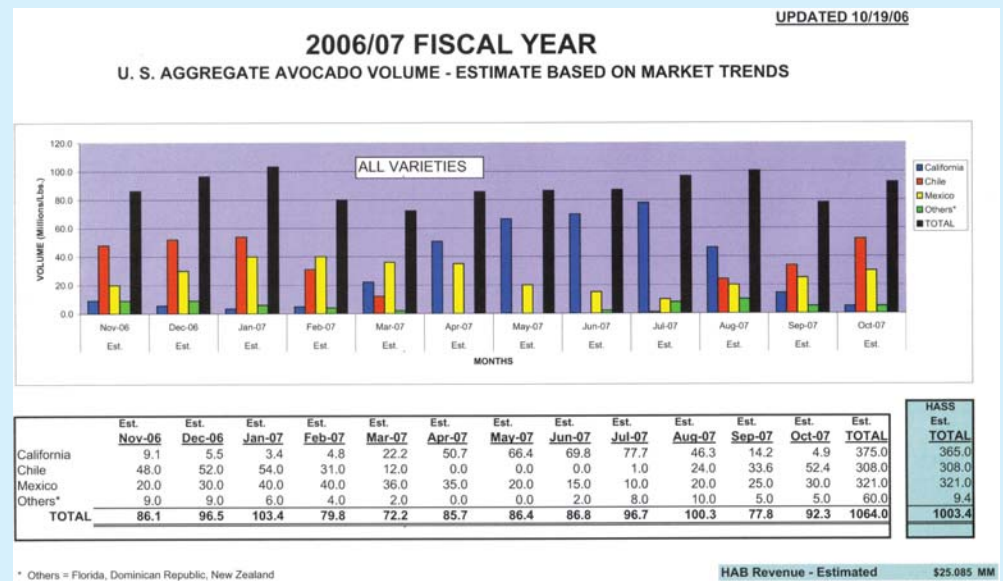
Avocado Quality Task Force

You may be well aware that this past year, members of the CAC board volunteered to look at establishing U.S. grades and standards for Hass avocados. The task force looked at the current grades and maturity standards with the ultimate goal being consumer acceptance and premium quality. Up to this point, maturity standards only applied to California growers and importers that were marketing fruit in California. For example, if an importer were to ship fruit into California and did not meet the current Hass maturity standard of 20.8%, that fruit could only be marketed outside of California. The task force first came up with the recommendation that would raise the maturity standard to 23% for all Hass avocados sold in the U.S., with importers fruit being tested stateside. The proposal was rejected by a majority of the industry's packers and grower reactions were significantly split, with most feeling it left the California grower at a disadvantage. Since the first recommendations were proposed, there has been confusion on just what the resolution was. The following is an update and clarification of what the task force / CAC is now asking legislation to approve: The revised proposed legislation does not establish new U.S. grades for Hass avocados. The revised proposal by design does not state a specific minimum maturity standard; instead it requires all imported Hass avocados to comply with the California maturity standard set by California law. All imported Hass avocados into the U.S. must be certified as meeting the minimum maturity standard (currently at 20.8%) in the country of origin prior to shipment into the U.S. It would also give authority for USDA inspectors at the borders to ensure foreign inspectors had properly certified the imports. The revised legislation has no cost or any new regulatory requirements for the California grower and if approved by legislation the goal is to have the regulation implemented by June 2007.



Crop Estimates for 2006 - 2007

2006/07 total crop forecast is 1.064 billion pounds. This is a slightly higher volume than what is projected to be the total for 2005/06 (1.028 billion pounds). Although the California crop is projected to be off by 37%, Chile is up by 137%, Mexico is up 27% and "others" are up by 25% in comparison to the 05/06 volumes. Even with slightly higher crop projections, CAC has set the 2006/07 budget based on an overall industry average of \$0.71 cents per pound. The 2005/06 projected final average is \$0.57 per pound. The original 2005/06 budget was forecasted at an average of \$0.65 per pound on a crop of 541.7 million pounds (versus the 598 million pounds actually marketed for the 05/06 year).



Although the outlook is for slightly better prices, harvest management will still be a necessity to help in maximizing grower returns. The fruit looks to be better in size and the overall quality looks good for the upcoming season. Much needed rain is being forecasted and will help with sizing. With this said and if we look at the chart above, we can see that Chile will be a major player in the market well into February and should be considered when determining whether to harvest early this coming season. Mexico will be allowed into California in February 2007 and we will have to see how this will play out in regards to demand. This season, along with any other season, grower's market strategy should always focus on overall quality and fruit size in relation to their overall growing costs. Please feel free to give us a call at West Pak if you would like help with crop estimating, review the upcoming season, determine early harvest strategies, or to discuss any other issues that you feel are important to you. We would be glad to help you in any way we can.



42322 A Avenida Alvarado
Temecula, CA 92590