



October 2018 Cranberry News

CRANBERRY
MARKETING
COMMITTEE
UNITED STATES OF AMERICA



2018 PRODUCER ALLOTMENT FINAL RULE PUBLISHED SEPT. 12

The 2018 Producer Allotment final rule was published in the Federal Register September 12, 2018. This rule establishes a grower allotment at 75 percent for the 2018-19 season and exempts handlers that processed less than 125,000 barrels during the 2017-18 fiscal year, or handlers that did not have carryover inventory at the end of the 2017-18 fiscal year. Accordingly, growers delivering their fruit to exempt handlers are not subject to the volume regulation.

This is the USDA's final decision and the 2018 Producer Allotment rule will be implemented as published. Growers are encouraged to contact their handlers to see if they are exempt from regulation. A hard copy of the rule was mailed to all growers and handlers, and it can also be viewed online at www.federalregister.gov.

For further information contact: Doris Jamieson, Marketing Specialist, or Christian D. Nissen, Regional Director, Southeast Marketing Field Office, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA; (863) 324-3375, Fax: (863) 291-8614, or Doris.Jamieson@ams.usda.gov or Christian.Nissen@ams.usda.gov.

Small businesses may request information on complying with this regulation by contacting Richard Lower, Marketing Order and Agreement Division, Specialty Crops Program, AMS, USDA, 1400 Independence Avenue SW, STOP 0237, Washington, DC 20250-0237; (202) 720-2491, Fax: (202) 720-8938, or Richard.Lower@ams.usda.gov.



VOLUNTARY CONTRIBUTIONS REFERENDUM ORDER

A proposed rule and referendum published in the Federal Register September 14, 2018, recommends adding authority for the CMC to accept contributions from domestic sources. These contributions would be used for research and development activities authorized under the marketing order and would be free from any encumbrances as to their use by the donor.

The referendum for this proposed rule will be conducted from October 29, 2018 through November 19, 2018. USDA will send out ballots to all CY2016 growers and handlers of record. We encourage you to be on the lookout for that mailing and submit your response by the due date. *Your participation in this referendum is vital for the CMC to be able to accept voluntary financial contributions.* Currently, program operations are solely financed through assessments. With additional funding, more research and development projects could be undertaken, which would be of great value to the entire industry.



CMC WINTER MEETING
FEBRUARY 12 & 13, 2019
ARLINGTON, VIRGINIA

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Term of office: August 1, 2018 - July 31, 2020

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LATEST INTERNATIONAL TRADE POLICY UPDATES

U.S.-Mexico-Canada Free Trade Agreement (USMCA)

September 30, negotiators from the U.S. and Canada reached agreement on language for a revamped NAFTA. This development means Canada will join the trade deal that the U.S. and Mexico reached in August in a new trilateral pact: the United States-Mexico-Canada Agreement (USMCA).

The new trilateral deal retains much of the existing NAFTA text, including duty-free access for U.S. agricultural exports, and incorporates the components of the bilateral agreement that the U.S. reached with Mexico. These include measures to strengthen sanitary and phytosanitary provisions, rules of origin for automobiles (meaning a certain percentage of parts have to be manufactured in each country to avoid tariffs) as well as new digital trade rules, intellectual property protections, and strengthened labor rules.

There has been no change regarding the current U.S. Section 232 tariffs on imports of steel and aluminum from Canada and Mexico. As a result, the Mexican retaliation tariffs, including the 20% Mexican tariff on dried cranberries and the 10% Canadian tariff on juice drinks, remain in place. Senior administration officials indicated there would be further negotiations to resolve these issues, but no timeframe has been provided for these talks.

The agreement provides the U.S. with greater access to the Canadian dairy and poultry market. In return, Canada and Mexico secured accommodations from the U.S. on any future 232 tariffs imposed on automobiles. The U.S. also agreed to Canadian demands to retain the Chapter-19 dispute resolution mechanism for resolving disputes over anti-dumping and anti-subsidy duties.

Neither the U.S. proposed sunset clause, nor a seasonality provision have been included in the new agreement. Instead of the sunset clause, which would have allowed for an automatic termination of NAFTA unless all parties agreed to an extension, there will be a review of the agreement after 6 years, but allowing for the agreement to continue while that review is underway.

The new treaty is expected to be signed by Trump and his Canadian and Mexican counterparts within 60 days. Congress and the legislatures in Canada and Mexico will then have to approve the text, a process that is expected to take several months.

U.S.-Japan Bilateral Trade Agreement Talks

In late September, the U.S. and Japan agreed to initiate negotiations on a bilateral trade agreement. This is an important development and one that marks a shift in the stance of the Japanese government, which had previously been pushing for the U.S. to rejoin the Trans-Pacific Partnership (TPP).

Agriculture will be among the issues discussed. The U.S. cranberry industry will weigh in when appropriate to address a number of priority market access issues, including the elimination of all cranberry tariffs.

Currently, Japan has finalized a trade agreement with two major cranberry producing countries (Canada and Chile) through the Comprehensive and Progressive Trans-Pacific Partnership agreement (CPTPP, otherwise known as TPP-11). As a result, Japan's 11% tariff applied to dried cranberries will be immediately eliminated for Canadian and Chilean product once TPP-11 is in place. This is expected to occur in 2019. The Japanese 19.1% tariff applied to cranberry concentrate will also be eliminated over six years. Securing a U.S.-Japan FTA should allow U.S. cranberry products to enter Japan with similar tariffs.

Domestic announcements and clearances must be made prior to formally starting any talks, and it is likely that U.S.-Japan discussions will take many months to conclude. The U.S. cranberry industry will engage with the U.S. government as it prepares for these discussions.

FIVE-YEAR COMPARISON REPORT: FOURTH QUARTER NUMBERS INCLUDING CY2017

CY2017 fourth quarter summary reports, as well as several comparison reports, can be found by clicking “Data and Reports” under the “Industry” menu on www.uscranberries.com. The chart below represents data from September 1 to August 31 of each year. A few general observations comparing the 2016 vs. 2017 Crop Years are as follows:

- The increase in sales is not as large as it appears due to a change in reporting by several handlers.
- Government purchases are -81%, but we are being considered for a fall/winter Bonus Buy.
- Foreign fruit acquired has decreased by 33%.
- Shrinkage is +531%, which reflects usual shrinkage plus volume regulation disposals.
- Carry-over inventory has decreased by 29%.

	2013	2014	2015	2016	2017
Beginning Inventory					
Barrels Unfrozen:	0	0	0	0	0
Barrels in Freezers:	2,365,693	2,564,083	2,654,030	2,773,027	4,175,273
Barrels in Process Form:	1,632,929	1,903,560	1,834,928	2,024,414	1,842,736
Barrels in Concentrate Form:	1,795,073	3,041,141	3,182,138	3,508,002	3,727,372
Inventory Before Adjustments:	5,793,695	7,508,784	7,671,096	8,305,443	9,745,381
Adjustments:	46,697	-29,629	251,594	-14,375	-121,300
Adjusted Beginning Inventory:	5,840,392	7,479,155	7,922,690	8,291,068	9,624,081
Sources					
Massachusetts, Rhode Island, Connecticut:	1,866,242	1,894,483	2,190,416	2,102,566	1,758,592
New Jersey:	508,805	570,842	438,289	575,192	422,830
Oregon:	425,491	492,649	546,949	379,458	474,359
Washington:	147,891	149,883	196,085	159,475	130,684
Wisconsin, Michigan, Minnesota:	5,861,014	4,923,580	4,687,177	6,040,837	5,335,325
Other states:	9,169	27,308	131	217	196
Total Domestic Acquired:	8,818,612	8,058,745	8,059,047	9,257,745	8,121,986
Foreign Acquired - Fresh:	111,920	70,446	70,420	86,119	86,617
Foreign Acquired - Processed:	1,403,545	1,776,010	1,742,388	1,972,466	1,255,110
Foreign Acquired - Concentrate:	32,022	1,067	9,728	61,609	75,605
Total Barrels Acquired:	10,366,099	9,906,268	9,881,583	11,377,939	9,539,318
Barrels in Transit:	92,883	48,006	-38,392	-113,707	54,880
Sales					
Fresh:	270,383	258,767	270,229	288,697	284,672
Processed & Sold:	4,584,764	4,835,007	5,019,799	4,946,025	5,551,583
Sold to Processors in District:	273,032	498,375	301,008	273,301	635,790
Sold to Processors outside of District:	440,386	398,582	450,867	612,298	784,361
Sold to Government:	257,528	432,967	431,573	428,481	81,341
Total Domestic Sales:	5,826,093	6,423,698	6,473,476	6,548,802	7,337,747
Foreign Sales Fresh:	53,581	55,952	47,906	43,821	45,273
Foreign Sales Processed:	2,069,341	2,073,404	2,319,994	2,310,063	2,592,902
Foreign Sales Concentrate:	591,427	597,483	649,211	651,237	741,762
Total Sales:	8,540,442	9,150,537	9,490,587	9,553,923	10,717,684
Shrinkage:	250,150	611,795	-30,148	255,995	1,615,702
Total Sales & Shrinkage:	8,790,592	9,762,332	9,460,439	9,809,918	12,333,386
Ending Inventory					
Barrels Unfrozen:	0	0	0	0	0
Barrels in Freezers:	2,564,083	2,654,030	2,773,027	4,175,273	2,281,453
Barrels in Process Form:	1,903,560	1,834,928	2,024,414	1,842,736	2,016,816
Barrels in Concentrate Form:	3,041,141	3,182,138	3,508,002	3,727,372	2,586,624
Total Barrels in Inventory:	7,508,784	7,671,096	8,305,443	9,745,381	6,884,893



CRANBERRY
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AGRICULTURE PROMOTION GROUPS' EDUCATIONAL SHOWCASE

On September 26, 16 ag promotion groups gathered in Washington, D.C., for the inaugural Agriculture Promotion Groups' Educational Showcase. This event was an opportunity for commodity checkoffs and marketing orders - including the Cranberry Marketing Committee - to tell their unique stories, including activities, achievements, and industry and consumer benefits resulting from their research, promotion and education.

USDA Under Secretary for Marketing and Regulatory Programs Greg Ibach kicked off the educational event with remarks, "We hope this showcase raises awareness of how research and promotion programs and marketing orders help American farmers, ranchers, importers and industry work together to build demand and be more competitive through promotion, research and education, while providing value to consumers and the economy."



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