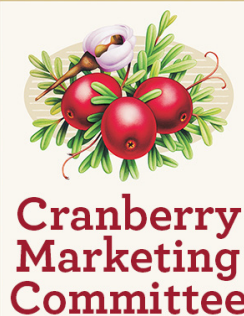




March 2023 Cranberry News



CMC WELCOMES INDUSTRY MEMBERS AND USDA SPEAKERS AT ANNUAL WINTER MEETING

More than 30 industry members and nine USDA staff gathered at the Ritz-Carlton, Pentagon City in Arlington, VA for the CMC's annual winter meeting, February 16 and 17, 2023.

Bill Frantz, the Cranberry Institute's executive director, presented an update on health research, to which CMC has contributed \$300,000 each of the last two years. He also outlined the process of creating a strategic cranberry health research roadmap.

The Committee estimated the CY23 U.S. crop at 8,217,000 barrels, and produced its CY23 marketing policy (pg. 2).

Karen Cahill, CMC's marketing director, presented an update on domestic marketing activities, which included a successful partnership with Kroger (pg. 8).

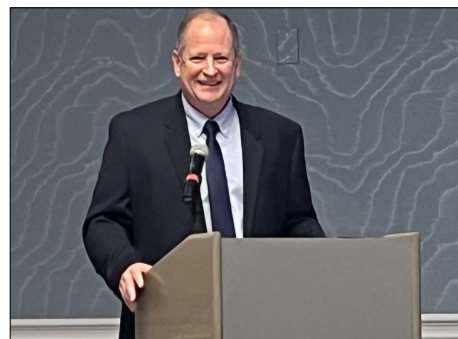
Matt Lantz and Adam Hollowell of Bryant Christie Inc. (BCI) addressed several key trade policy (pg. 7) and MRL updates (pg. 3).

Shelby Sackett of BCI updated the

Committee on international activities including the fact that exports have reached an all-time high of 3.55 million barrels (pg. 5).

Attendees heard from several guest speakers including:

- Bruce Summers, USDA Agricultural Marketing Service Administrator, who underscored the great importance and responsibility that marketing boards have to work to increase consumer demand and grower returns;
- Mark Slupek, USDA Foreign Agricultural Service Deputy Administrator, Global Programs, who explained the details of FAS programs and funding, particularly the Farm Bill;
- Dr. Amy Howell, Associate Research Scientist at the Marucci Center for Blueberry and Cranberry Research at Rutgers University, who spoke about nutrition research opportunities in India and beyond.



Administrator Bruce Summers (top) and Deputy Administrator Mark Slupek speak at the CMC's 2023 winter meeting.

To download 2023 February Meeting materials visit uscranberries.com and scroll down to Web Resources > Annual Meeting Materials



CMC PUBLIC MEMBERS APPOINTED BY SECRETARY

CMC received notice from the USDA Secretary of the appointment of its public member and alternate February 10, 2023.

In December, the Committee approved the recommendation of its nominating subcommittee to have Kimberly Keller of Sheboygan, Wis., and D. Steven White of New Bedford, Mass., serve as its public member and alternate.

In addition to extensive experience in the food industry, Keller has earned masters' degrees in integrated marketing communications, and nutrition science and public policy.

White has earned a doctorate in business administration, teaches marketing and international business at UMass-Dartmouth and has previously served on the Committee for several terms.

CRANBERRY MARKETING COMMITTEE 2023 CROP YEAR ESTIMATE

2023 Domestic Cranberry Production Estimate Updated 2/16/2023

	1,000 barrels
Massachusetts	1,964
New Jersey	578
Wisconsin	4,983
Oregon	520
Washington	173
2023 Domestic Production Estimate	8,217

2023 Crop Year Marketing Policy (9/01/2023 - 8/31/2024) Updated 2/16/2023

		1,000 Barrels	
1	Estimated Carry-In	2,977	→ From 'Total Available Supply and Sales', may be adjusted based on Committee input
	<i>Production & Acquired</i>		
2	Estimated Domestic Production	8,217	→ From Committee estimates
3	Estimated Foreign Acquired	1,919	→ From Committee estimates
4	Total Production & Acquisitions (2+3)	10,136	→ Sum of Estimated Domestic Production and Estimated Foreign Acquired
5	Available Supply (1+4)	13,113	→ Sum of Total Production & Acquisitions and Estimated Carry-in
	<i>Estimated Shrinkage</i>		
6	2% of Carry-in (1)	60	→ 2% of Estimated Carry-In
7	4% Estimated Production/Acquisitions (4)	405	→ 4% of Total Production & Acquisitions
8	Estimated Shrinkage (6+7)	465	→ Sum of Estimated Carry-in Shrinkage and Estimated Total Production & Acquisitions
9	Adjusted Supply (5-8)	12,648	→ Estimated Shrinkage deducted from Available Supply
	<i>Sales & Usage</i>		
10	Fresh Fruit Sales	289	→ From Committee estimates
11	Processing Fruit Usage	9,591	→ From Committee estimates
12	Total Sales/Usage (10+11)	9,880	→ Sum of Fresh Fruit Sales and Processing Fruit Usage
13	Estimated Adjusted Carry-Over	2,767	→ Total Sales/Usage deducted from Adjusted Supply
14	Inventory as a % of sales	27%	

RESTRICTIONS TO EUROPEAN UNION PESTICIDE USE POLICIES COULD IMPACT EXPORTERS

New policy proposals as a result of the European Union's (EU) *Farm to Fork Strategy* seek to further restrict pesticide use, with increased cancellations of pesticide approvals and their corresponding EU MRLs likely. Such actions adversely impact many exporters to the EU.

Further MRL restrictions are expected to take place in the coming years as the EU has begun to withdraw MRLs for substances that they have identified environmental concerns. Until now, the EU was restricting only MRLs for which its hazard methodology identified health concerns. The first MRL restrictions based on environmental concerns, for clothianidin and thiamethoxam, were notified to the World Trade Organization in July. The restrictions are presented based on the EU's objective to focus on "substances of global environmental concern."

In June 2022, the European Commission also proposed a new Sustainable Use of Pesticides Regulation (SUR). This regulation seeks to implement the goals established by the *Farm to Fork Strategy* and will be directly binding in all EU Member States without the need to enact it through national laws. Two reduction targets to be achieved by 2030 are:

- Target 1: 50% Union-wide reduction of both the use and risk of chemical plant protection products
- Target 2: 50% Union-wide reduction of the use of more hazardous plant protection products

While the changes proposed are not directly applicable to exporters to the EU, the further restriction of pesticide use in the EU will likely eventually result in additional pesticide MRL reductions. The policy may also be considered in future EU regulations on health and environmental standards that may apply to imported products.

On behalf of the cranberry industry, BCI will continue to monitor the EU pesticide and MRL review processes and inform the industry of new developments.

Potential Impact of EU Cut-Off Criteria on Cranberry Priorities

BCI has analyzed the status of all pesticides under review for re-approval in the EU. The following pesticides have cranberry labels and have either not been renewed, renewed based on restrictions, or were proposed for non-renewal in 2018-2022 and as a result may have EU MRLs withdrawn.

Non-renewals:

- *Chlorothalonil (Bravo)*: EU MRL already withdrawn (0.01 ppm default applies).
- *Fenazaquin (Magister)*: EU MRL already at 0.01 ppm default.
- *Imidacloprid (Admire)*: no longer approved due to high risk to bees. (environmental issue). MRL expected to be withdrawn.
- *Indoxacarb (Avaunt)*: non-renewal due to high risk to honeybees and potentially bioaccumulative and toxic (environmental issue).
- *Mancozeb (Manzate)*: non-renewal due to health concerns, including the classification as toxic for reproduction category 1B (See below) (health issue).
- *Methoxyfenozide (Intrepid)*: renewal limited to greenhouse use (environmental issue).
- *Propiconazole (Tilt)*: EU MRL already withdrawn (0.01 ppm default applies).
- *Phosmet (Imidan)*: EU MRL proposed to be withdrawn (0.01 ppm default will apply).
- *Thiamethoxam (Actara)*: EU MRL proposed to be withdrawn (0.01 ppm default will apply).
- *Sulfoxaflor (Closer)*: EU MRL already at 0.01 ppm default.

For the substances that are no longer approved for use in the EU, due to either health or environmental concerns, it is likely that MRLs will be restricted. BCI is closely monitoring the EU's pesticide review process and will inform the industry of any updates.

View the full MRL issues review from the 2023 February Meeting at uscranberries.com > Web Resources > Annual Meeting Materials



COMMITTEE MEMBERS

August 1, 2022 - July 31, 2024

DISTRICT 1 (MA, RI, CT)

Major Cooperative

Adrienne Mollor (Member)

Brad Morse (Member)

Jill Ward (Alternate)

Other Than Major Cooperative

James Rezendes (Member)

Patrick Rhodes (Member)

Dawn Gates-Allen (Alternate)

DISTRICT 2 (NJ)

Major Cooperative

John “Mike” Haines (Member)

Jeff Whalen (Alternate)

Other Than Major Cooperative

William Poinsett (Member)

Thomas Gerber (Alternate)

DISTRICT 3 (WI, MI, MN)

Major Cooperative

Jill Amundson (Member)

David Bartling (Member)

Mike Gnewikow (Alternate)

Other Than Major Cooperative

Suzanne Arendt (Member)

Trevor Gardner (Member)

Wayne “Butch” Gardner (Alternate)

DISTRICT 4 (OR, WA)

Major Cooperative

Jack Stein (Member)

Kevin Hatton (Alternate)

Other Than Major Cooperative

Nicholas Puhl (Member)

AT-LARGE

Celina Li (Member)

PUBLIC

Kimberly Keller (Member)

Steven White, DBA (Alternate)

CMC OFFICE STAFF

Danny Raulerson, *Executive Director*

Karen Cahill, *Marketing Director*

Dotty Pipher, *Senior Executive Assistant*

CONTINUANCE REFERENDUM TO TAKE PLACE IN MAY

Per the CMC’s Marketing Order, a Continuance Referendum is conducted every four years in May to ascertain whether continuance is favored by growers. The order states: “The Secretary shall terminate the provisions of this part whenever he finds by referendum or otherwise that such termination is favored by a majority of the growers: Provided, that such majority has, during the current fiscal year, produced more than 50 percent of the volume of the cranberries which were produced within the production area. Such termination shall become effective on the last day of July subsequent to the announcement thereof by the Secretary.”

It is important to note that, “USDA considers the results of the referendum **and** all other relevant information concerning the operation of the order and the relative benefits and disadvantages to the growers, processors and consumers in order to determine whether continued operation of the order would tend to effectuate the declared policy of the Act.” Ultimately, it is the USDA Secretary who has the final say on the continuance or termination of the Cranberry Marketing Committee.

Cranberry Marketing Order Continuance?		
Eligible Growers Voting IN FAVOR	Volume Represented by Growers Voting	Order Continues
50% or more	50% or more	✓
50% or more	Less than 50%	✓
Less than 50%	50% or more	✓
Less than 50%	Less than 50%	✗

The previous referendum in 2019 passed with 79 percent of all the producers voting – representing 82 percent of the volume of production by those voting – favoring continuance.

In preparation for the upcoming referendum, please make sure that the CMC has your accurate mailing address as USDA will be mailing ballots to all growers in May. Additionally, in March CMC will send all growers an Impact Report Brief followed by the full Impact Report in April, both of which summarize CMC activities and success stories from the past five years.



CMC'S INTERNATIONAL EXPORTS REACH 3.5 MILLION, HIGHEST LEVELS EVER REPORTED

During the 2021/22 program year, exports of U.S. cranberries increased 5% by volume over the year prior to reach more than 3.5 million barrels.

In 2022, CMC continued promotions in its existing target markets of China and India, and launched new programs in South America (Brazil and Colombia) and Southeast Asia (Singapore and Malaysia).

In 2022, CMC's programming in China was hampered by the country's "Zero-COVID" policy, which resulted in the postponement of trade shows and other in-person activities. Despite these challenges, CMC implemented a strong schedule of digital campaigns, which reached more than 386 million consumers.

From 2020/21 to 2021/22 exports to China increased by 9% to reach 199,274 barrels. Even with this progress, the industry continues to face challenges such as tariffs, trade tensions, and increasing competition from other cranberry origins, including Chinese-grown varieties. For these reasons, CMC is scaling back funding for its China program from \$2 million to \$1.08 million in 2023. With this concentrated funding, CMC aims to conduct high-impact activities that highlight the availability,

CMC Five Year Export Data Overview							
	2017/18	2018/19	2019/20	2020/21	2021/22	% Change (Past Year)	% Change (5-year)
Target Markets							
China	470,094	358,313	277,459	182,728	199,274	9%	-58%
India	12,132	23,486	17,681	10,116	18,794	86%	55%
Brazil	6,424	1,461	6,800	7,511	16,185	115%	152%
Colombia	23,020	45,236	25,349	28,223	41,451	47%	80%
Malaysia	6,208	60,371	62,013	7,663	6,596	-14%	6%
Singapore	6,000	14,977	9,232	6,436	9,558	49%	59%

versatility, and health benefits of U.S. cranberries, to continue growing exports and sales.

2022 marked a strong return to form for the U.S. cranberry industry in India, as COVID-19 cases and restrictions subsided. CMC launched a robust slate of promotional activities including exhibiting at trade shows, conducting in-store and e-commerce campaigns, executing a series of health seminars, partnering with ethnic food manufacturers, launching digital advertising, and more. Thanks in part to these efforts, awareness and consumption of cranberries increased year-over-year to reach 62% and 47% of surveyed consumers, respectively.

While new cranberry product launches decreased globally due to inflationary pressures and lingering COVID-19 impacts, new

cranberry product launches in India increased for the first time in several years with 93 new products released. Additionally, in 2021-22, exports to India are estimated to have totaled 18,794 barrels – an increase of 86% from the year prior. Looking ahead to 2023, CMC plans to build on momentum and continue a strong suite of promotional activities, to drive continued export growth.

Meanwhile, in the new target markets of Southeast Asia and South America, CMC's efforts included selecting and onboarding in-market representatives, developing marketing plans, and launching a busy schedule of promotional activities from August through December. The majority of promotions targeted trade, in order to increase awareness of the U.S. cranberry industry and the availability of product

in each region. Activities included introductory webinars, technical seminars, retail and e-commerce promotions, trade shows, and more.

Now, in the first full year of the South America and Southeast Asia programs, CMC will build on the foundation set in 2022, developing new relationships with trade partners in the regions, and further refining program activities to meet the needs of these dynamic markets.

Download the full winter meeting International Marketing reports at uscranberries.com > Web Resources > Annual Meeting Materials

View the 2023 International Activity Calendar at uscranberries.com > Industry > Global Marketing



FIVE-YEAR COMPARISON REPORT: FIRST QUARTER NUMBERS INCLUDING CY2022

CY2022 first 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 December 31 of each year. A few general observations comparing the 2021 vs. 2022 Crop Years are as follows:

- Adjusted Beginning Inventory is down 28%
- Domestic Acquired product is up 17.5%
- Foreign Acquired is down 2.4%
- Domestic Sales decreased 4.2%
- Foreign Sales increased 2.7%

	2018	2019	2020	2021	2022
Beginning Inventory					
Barrels Unfrozen:	0	0	0	0	0
Barrels in Freezers:	2,281,453	2,484,365	1,726,311	1,797,297	1,350,307
Barrels in Process Form:	2,016,816	1,671,832	1,020,448	957,262	688,093
Barrels in Concentrate Form:	2,586,624	1,780,092	2,017,370	1,608,651	1,064,869
Inventory Before Adjustments:	6,884,893	5,936,289	4,764,129	4,363,210	3,103,269
Adjustments:	31	1,018	0	13,369	55,612
Adjusted Beginning Inventory:	6,884,924	5,937,307	4,764,129	4,376,579	3,158,881
Sources					
Massachusetts, Rhode Island, Connecticut:	2,237,243	2,015,713	1,876,891	1,586,555	1,988,841
New Jersey:	447,592	447,723	513,801	570,315	544,048
Oregon:	544,464	515,038	546,251	488,030	386,231
Washington:	180,778	141,863	185,686	157,499	161,196
Wisconsin, Michigan, Minnesota:	5,271,545	4,485,133	4,609,882	3,901,659	4,797,703
Other states:	0	0	0	0	0
Total Domestic Acquired:	8,681,622	7,605,470	7,732,511	6,704,058	7,878,019
Foreign Acquired - Fresh:	76,013	75,156	41,704	29,067	137,621
Foreign Acquired - Processed:	1,639,325	1,026,431	1,422,735	1,338,159	1,162,843
Foreign Acquired - Concentrate:	2,403	23,749	2,827	11,551	45,513
Total Barrels Acquired:	10,399,363	8,730,806	9,199,777	8,082,835	9,223,996
Barrels in Transit:	34,121	-1,623	27,344	51,263	18,628
Sales					
Domestic Sales - Fresh:	281,559	282,003	285,814	220,222	247,871
Domestic Sales - Processed:	2,113,965	2,275,634	2,234,116	2,180,351	2,163,224
Domestic Sales - Concentrate:	357,071	364,215	304,835	391,521	267,173
Sold to Government:	14,552	30,798	11,974	15,291	10,652
Total Domestic Sales:	2,767,147	2,952,650	2,836,739	2,807,385	2,688,920
Foreign Sales Fresh:	46,461	50,134	42,788	28,931	37,545
Foreign Sales Processed:	1,296,038	961,414	600,126	686,862	835,817
Foreign Sales Concentrate:	118,344	225,264	252,474	370,730	242,788
Total Sales:	4,227,990	4,189,462	3,732,127	3,893,908	3,805,070
Shrinkage:	428,769	40,421	-7,354	68,308	-12,130
Total Sales & Shrinkage:	4,656,759	4,229,883	3,724,773	3,962,216	3,792,940
Ending Inventory					
Barrels Unfrozen:	0	0	0	0	0
Barrels in Freezers:	8,318,590	7,009,987	7,362,274	6,579,178	7,075,382
Barrels in Process Form:	1,622,852	858,545	775,374	440,399	238,744
Barrels in Concentrate Form:	2,720,207	2,568,075	2,128,829	1,528,884	1,294,439
Total Barrels in Inventory:	12,661,649	10,436,607	10,266,477	8,548,461	8,608,565



EU DUTY SUSPENSION UPDATE

On January 1, 2023, the European Union renewed its duty suspension on imported SDCs for further processing, meaning that U.S. SDCs for further processing will enjoy tariff-free treatment in the EU for another five years.

This welcome development follows more than a year of monitoring work by BCI and CMC's Brussels-based contractor, Vulcan Consulting. Fortunately, no objections were raised by EU officials or Member States and the renewal was successfully approved. The renewal was aided by the strong volume of SDCs imported into the EU from the U.S. and other countries.

Without the duty suspension, U.S. SDCs would face an EU tariff of 17.6%. In contrast the same product from Canada and Chile would remain at zero tariff, regardless of the duty suspension, due to their free trade agreements with the EU. The successful renewal of the EU duty suspension for SDCs will therefore support U.S. exports to this important market in the coming years.

In 2023, the EU will be undertaking a similar review for its duty suspension covering frozen cranberries, and cranberry concentrate in 2024. With the support of Vulcan Consulting, BCI will deploy similar monitoring efforts to track the renewal of these EU duty suspensions.

JUNE 30 DEADLINE FOR CHINA REGISTRATION REGULATION

On January 1, 2022, China implemented 'Decree 248' – requiring final production facilities and cold storage sites supplying the Chinese market to be registered and for product to be labeled with the assigned registration number on the inner and outer packaging.

In advance of the decree's implementation on January 1, 2022, BCI confirmed with the embassy that cranberry products were not included among the list of products subject to the decree. This changed in February 2022 when China expanded the scope of the regulation to include a wide range of new products, including dried cranberries, cranberry concentrate, frozen cranberries, and cranberry juice drinks.

This change was enacted without advanced notice to overseas stakeholders, including U.S. officials, and resulted in a number of shipments of U.S. cranberry products being held at the port of entry in China. With the assistance of the embassy, BCI was able to secure the release of these shipments.

The regulation has now been in place for about a year and BCI has not received reports of further issues related to Decree 248. However, the potential remains for trade disruption related to this regulation. This is especially the case with respect to the facility registration process. Of particular importance, ***China has set a deadline of June 30, 2023, for companies to submit the required facility registration information to ensure full compliance with Decree 248.***

This deadline is important as many companies that registered via China's online system over the past year and a half may not have submitted all the necessary facility information. Additional information required by Chinese authorities may include floor plans and other detailed, technical information that might take time to source. This information must be submitted to complete the registration process.

Notably, despite attempts to seek clarification from China, it is unclear if this additional information needs to be submitted by June 30 or if Chinese authorities must review and approval the registration by this date.

Where relevant, BCI strongly advises that industry members review the registration status in the online system and ensure all required information is submitted to Chinese authorities well in advance of the June 30 deadline.



2527 Cranberry Highway
Building B
Wareham, MA 02571

Return Service Requested

WHAT'S INSIDE



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6 Q1 SUMMARY REPORT

7 TRADE POLICY UPDATE

March 2023

Cranberry News

2022 CMC & KROGER PARTNERSHIP DRIVES \$1.2 MIL IN SALES

CMC's domestic marketing partnership with Kroger, an American retail company that operates supermarkets and multi-department stores throughout the United States, launched November 15, 2022. The program consisted of a demand-side platform display ad with the goal of driving sales for U.S. cranberry products through December 8. Eighty products from five different handlers were featured on the display ad landing page.

The display ad had strong engagement with a click-through rate (0.16%) exceeding the sub dept median (0.09%) for this channel. *Sales totaled \$1,282,569 for a return on ad spend of 51.3x*, which is above the sub dept median of 19.07x for the channel. Participating products saw a sales lift of \$26,126 (2.08% uplift vs a 0.39% benchmark) as a direct result of the display ad. This was driven by uplift in household penetration (3.28% uplift vs. a 1.59% benchmark) followed by visits (2.95% uplift vs. a 0.77% benchmark). Sixty-eight new households and 134,917 existing household purchased the promoted products at least once during the campaign.

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Super Healthy
Super Versatile

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