California Grape & Tree Fruit League

“To fulfill the needs of its membership while serving as the primary public policy organization advocating on behalf of fresh fruit growers and shippers in California.”

Outlook 2014 Agribusiness Conference
California Chapter, ASFMRA

Presentation by Barry Bedwell, CGTFL President
- Origins dating back to 1921; Growers & Shippers Protective League and Table Grape Growers & Shippers Association

- Voluntary, non-profit representing about 85%, by volume, fresh table grapes, tree fruit and berries
• Membership ranges from Coachella Valley to Lake County

• Primary public policy advocate in Sacramento & DC

• Different from mandatory commissions
California PPN Production

Box units (in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>48</td>
<td>55</td>
<td>60</td>
<td>47</td>
<td>52</td>
<td>51</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Est.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>60</td>
<td>65</td>
</tr>
</tbody>
</table>
PPN Crop Value

Value (in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$500.0</td>
</tr>
<tr>
<td>2007</td>
<td>$510.0</td>
</tr>
<tr>
<td>2008</td>
<td>$520.0</td>
</tr>
<tr>
<td>2009</td>
<td>$530.0</td>
</tr>
<tr>
<td>2010</td>
<td>$540.0</td>
</tr>
<tr>
<td>2011</td>
<td>$550.0</td>
</tr>
<tr>
<td>2012</td>
<td>$560.0</td>
</tr>
<tr>
<td>2013</td>
<td>$570.0</td>
</tr>
<tr>
<td>Est. 2012</td>
<td>$580.0</td>
</tr>
<tr>
<td>Est. 2013</td>
<td>$590.0</td>
</tr>
</tbody>
</table>
PPN Top 11 Export Markets

25-pound box equivalents in Millions

- Canada
- Mexico
- Taiwan
- Hong Kong
- China (Plums Only)
- Central America
- Malaysia
- Singapore
- Australia
- South America
- Other

• California’s fresh peach, plum and nectarine acreage continues to decrease, although at a slightly slower rate, as growers move primarily to nut and citrus crops.

• The number of independent PPN growers continues to decrease with current estimates between 200 to 250 as compared to over 700 ten years ago.

• The number of PPN shippers and marketers also continues to decrease with approximately 12 shippers accounting for more than 80% of the market.

• Last year’s (2013) production was higher than originally expected but was comparable to 2012 where smaller sizes and lower grades were shipped.

• Preliminary expectations are for PPN production to be in the mid to high forties. This level is seen as an amount that will be effectively marketed.

• Outlook in the near term is one of improved stability.
CA Table Grape Acreage

Bearing Acreage

Thompson Seedless Acreage*

Acres

0
20,000
40,000
60,000
80,000
100,000
120,000

2006
2007
2008
2009
2010
2011
2012
CA Table Grape Production

Box units (in millions)

2006: 80
2007: 90
2008: 100
2009: 90
2010: 90
2011: 90
2012: 100
Est 2013: 120
CA Table Grape Exports

Excludes Canada
CA Table Grape Top 10 Export Markets

In Millions

19-pound box equivalents

Mexico China Indonesia CAR Philippines Thailand Australia Taiwan Malaysia Japan

2009 2010 2011 2012
US Consumption of Imported Table Grapes By Origin

- Chile: 65%
- Mexico: 26%
- Peru: 7%
- Brazil: 1%
- Other: 1%
<table>
<thead>
<tr>
<th>Variety</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Crimson Seedless</td>
<td>17,865,835</td>
</tr>
<tr>
<td>2 Flame Seedless</td>
<td>14,202,971</td>
</tr>
<tr>
<td>3 Red Globe</td>
<td>11,126,289</td>
</tr>
<tr>
<td>4 Scarlet Royal</td>
<td>8,672,565</td>
</tr>
<tr>
<td>5 Thompson Seedless</td>
<td>7,363,707</td>
</tr>
<tr>
<td>6 Autumn King</td>
<td>6,959,913</td>
</tr>
<tr>
<td>7 Sugraone</td>
<td>5,887,121</td>
</tr>
<tr>
<td>8 Autumn Royal</td>
<td>5,229,995</td>
</tr>
<tr>
<td>9 Princess</td>
<td>4,845,529</td>
</tr>
<tr>
<td>10 Blanc Seedless</td>
<td>3,339,711</td>
</tr>
<tr>
<td>11 90-3618</td>
<td>1,843,146</td>
</tr>
<tr>
<td>12 C51-63</td>
<td>1,760,476</td>
</tr>
<tr>
<td>13 Summer Royal</td>
<td>1,324,911</td>
</tr>
<tr>
<td>14 Sugrathirteen</td>
<td>1,278,836</td>
</tr>
<tr>
<td>15 Sheegene-4</td>
<td>967,607</td>
</tr>
</tbody>
</table>
California’s table grape crop value, in spite of a box price decline in 2013, fell only slightly in 2013 due to record crop levels.

We continue to have a limited number of growers (approximately 464) and marketers.

Acreage of table grapes in California has remained relatively stable in recent years but reported acreage statistics are somewhat suspect.

The industry is continuing to develop new varieties in response to changing consumer preferences and production challenges.

The industry has now successfully marketed two crops in a row over 100 million boxes.

Outlook in the near term remains very optimistic with a continued trend toward newer and proprietary varieties.
<table>
<thead>
<tr>
<th>2014</th>
<th>Description</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Immigration Reform/Enforcement/E-Verify</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Labor Laws &amp; Regulations/OSHA/ALRA/SB 126</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Water Supply Issues</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Health Care Mandates/ACA</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Labor Costs/Minimum Wage Increase</td>
<td>3</td>
</tr>
<tr>
<td>6</td>
<td>Invasive Pests Issues/Quarantine Costs &amp; Impacts</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Water Quality Regulations (Nitrogen, Salts)</td>
<td>10</td>
</tr>
<tr>
<td>8</td>
<td>Workers’ Compensation Costs</td>
<td>7</td>
</tr>
<tr>
<td>9</td>
<td>Food Safety Modernization Act (FSMA)</td>
<td>8</td>
</tr>
<tr>
<td>10</td>
<td>Air Quality Regulations/Fees/Costs</td>
<td>9</td>
</tr>
</tbody>
</table>
Main Points: #10 thru #7

- **#10: Air Quality**
  - The continued costs of compliance.
  - Truck rule as an example.

- **#9: Food Safety Modernization Act**
  - The need to be commodity specific and risk based.

- **#8: Worker’s Comp Costs**
  - Increasing costs due to trial attorney’s and the need for tort reform.

- **#7: Water Quality Regulations**
  - Who will fairly pay for the cleanup?
Main Points: #6 thru #3

- **#6: Invasive Species**
  - The need for resources. HLB as an example.

- **#5: Labor Costs**
  - The incremental impact of minimum wage increases on the price of food.

- **#4: Health Care Mandates (ACA)**
  - A great example of unintended consequences.

- **#3: Water Supply Issues**
  - Will the drought cause production and price fluctuations? The potential for groundwater management. Will a bond pass?
California Labor Laws & The Agricultural Labor Relations Act (ALRA)

- **History of the ALRA**
  - The role of Governor Brown.

- **Structure**
  - Board and General Counsel.

- **Where We Are Now**
  - Legislative progress over the last forty years and the catch 22 for unions
  - The need for a genuine voice for agricultural employees.
Other Complicated Legislative Factors
Senate Bill 126

- **Background of SB 126**
  - SB 126 implementation near the top of list of concerns
  - Authored by Senate President Pro Tem Darrell Steinberg (D-Sacramento) but written by Governor Brown
  - First rejected by UFW who preferred Card Check but later embraced

- **Where Are We Now?**
  - Where will the bar be set on employer misconduct?
• **Background**
  
  – Authored by Senator Pro-Tem Steinberg
  – Would create a pathway to perpetual mandatory mediation (where currently only the initial contract is so subject). Could create a scenario whereby current employees would never cast a secret ballot.
  
  – Provides that an action to enforce an order of the ALRB with reference to the mandatory mediation decision of the Board may be filed within 60 days whether or not the other party is seeking judicial review of the order
  
  – Would also increase the evidentiary threshold for the court to grant a stay of the Board's order and would require the court to make written findings supporting any order granting a stay of the order during the pendency of the appeal.
The Need For Immigration Reform

- **Farm Bureau Survey**
  - A 2012 survey by the California Farm Bureau found that 71 percent of tree fruit growers, and nearly 80 percent of raisin and berry growers, were unable to find an adequate number of employees.

- **Ongoing Problem**
  - In 2008, Texas A&M reported that 77 percent of vegetable farmers reported scaling back operations.
  - The problem exists for all facets of agriculture, beyond just fruits, vegetables and nuts. A separate Texas A&M study in 2012 focused on dairy.

- **Causes For Shortage**
  - The shortage of farm workers has several causes, including the reverse migration of workers from the U.S. to Mexico, historic levels of immigration enforcement and mandatory E-Verify.
Groups Involved With Immigration Reform

- Agricultural Coalition For Immigration Reform (ACIR)
- National Council of Agricultural Employers (ACAE)
- Agricultural Workforce Coalition (AWC)
  Partnership For A New American Economy (PNAE)
- United Farm Workers (UFW)
• **Title I: Blue Card Program for Experienced Farm Workers**
  - To be eligible for a green card the workers must have:
    o Performed at least five years of agricultural employment for at least 100 work days per year during the upcoming 8-year period; or
    o Performed at least three years of agricultural employment for at least 150 workdays per year during the upcoming five-year period.

• **Title II: Agricultural Worker Program – Future Guest Workers**
  - Cap, Wages, Housing, Transportation, Recruitment, Attestation, Dispute Resolution, Equal Treatment
- Republican Majority. The Hastert Rule. 142 out of 232 less than 10%.

- The reality of a changing electorate versus the Tea Party.

- **2012 Election**
  - In 2012, Republicans were expected to maintain majority in House, but lost some seats. The Senate was expected to go Republican as of 33 seats up 23 are D and 10 R. In reality 2012 was a disaster for Republicans.
2012 California Congressional Elections

Not North vs. South
but
Coastal vs. Interior

38 Democrats
15 Republicans
Republican Principles for Immigration Reform

- Border security and interior enforcement must come first
- Implement entry/exit visa tracking system
- Employment verification and workplace enforcement
- Reform to the legal immigration system
- Youth (Dreamers)
- Individuals living outside of the rule of law
  - No special path to citizenship
  - Background checks
  - Pay fine and back taxes
  - Learn English and civics
  - No access to public assistance
• The window of opportunity for immigration reform looks to be between May and July. Remember it is an election year.

• Politics are situational. Never let emotions, particularly past events, get in the way of accomplishing current goals.

• In a state like California, the messenger is as important as the message. Your voice and input as a constituent is always more powerful than the paid representatives.

• Ultimately the consumer is the final decision maker. They will decide if California agriculture remains truly sustainable.
Thank you for your time & attention!

Barry Bedwell
(559) 226-6330 – bbedwell@cgtfl.com