

CALIFORNIA PRUNE INDUSTRY

Industry Overview

The California prune industry consists of about 900 growers and 22 handlers or processors. All growers and processors are represented by the California Prune Board (Board), a state marketing order that operates under the authority of the California Department of Food and Agriculture.

The Prune Marketing Committee (Committee) represents all growers and processors through a federal marketing order that operates under the authority of the U.S. Department of Agriculture. The handling and reporting provisions of this order were suspended as of August 1, 2005.

Statistical Update

California's bearing prune acreage was estimated by the California Agricultural Statistics Service for 2007 at 65,000 acres which was the same as in 2006. Non-bearing acreage is expected to increase slightly to about 8,000 acres in 2007.

Prune tree sales reported by nurseries increased by 60% in 2007 to 432,000 trees and are projected to increase by an additional 3% to 445,000 trees in 2008. The annual replacement level is now considered to be about 200,000 trees.

2007 prune production is expected to reach only about 75,000 short tons, down 60% from the larger 2006 crop of 188,804 tons and 44% below the 5-year average. The projected 1.2 ton per acre 2007 yield would be 57% less than the 2006 yield. This was the third year in the last four that unseasonably warm weather during the March bloom period resulted in a significantly below average crop.

Fortunately, we carried out 86,075 tons of inventory last year compared to only 22,140 tons the year before. This will bring the total supply in 2007 to about 161,000 tons which would still be 24% lower than last year and 12% lower than the previous 5-year average.

The California Agricultural Statistics Service reported that the average grower return per ton decreased by 5% in 2006 to \$1,395. The average price for the 2004 to 2006 crops was 84% higher than the previous 5-year average of \$789 per ton. The average return per bearing acre for 2006 increased by 89% to \$3,906 due to the doubling of the yield per acre.

Total shipments increased by 30% in 2006 to 136,876 tons as they rebounded from the weak, inventory-limited prior year shipments. Exports increased year-to-year by 59% and domestic shipments increased by 10%.

Strategic Planning

A strategic plan was developed for the California prune industry in 2006 using an outside facilitator. From this process the following mission statements were developed.

California Prune Industry: To sell more California prunes to more people worldwide.

California Prune Board: To protect and support the health, growth and integrity of the California prune industry.

It was agreed that the CPB's focus should be:

Generic Promotions: Communicate product benefits and encourage large scale acceptance of California prunes.

Research: Market Research for measurement; production research to improve grower efficiency; nutrition research to identify positioning opportunities and value messages.

Trade Policy: Protect the interests of the California prune industry globally.

Issues Management: Protect the health of the industry.

Future Prospects

Good

- If production can be stabilized to reduce large year-to-year fluctuation
- If a more dependable supply allows for more consistent promotion in export markets
- If the U.S. communication campaign is successful in evolving the product image from a laxative for elderly people to a natural aid to better digestive health for adults of all ages.

**CALIFORNIA
PRUNE
INDUSTRY**



**CALIFORNIA
PRUNE
BOARD**





3

PRUNE MARKETING COMMITTEE



4



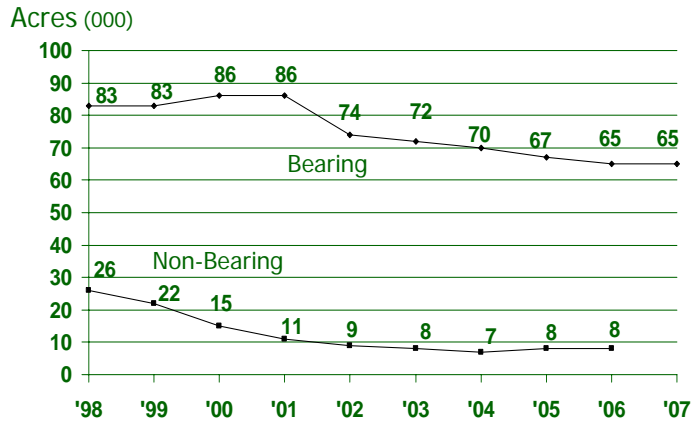
5

STATISTICAL UPDATE

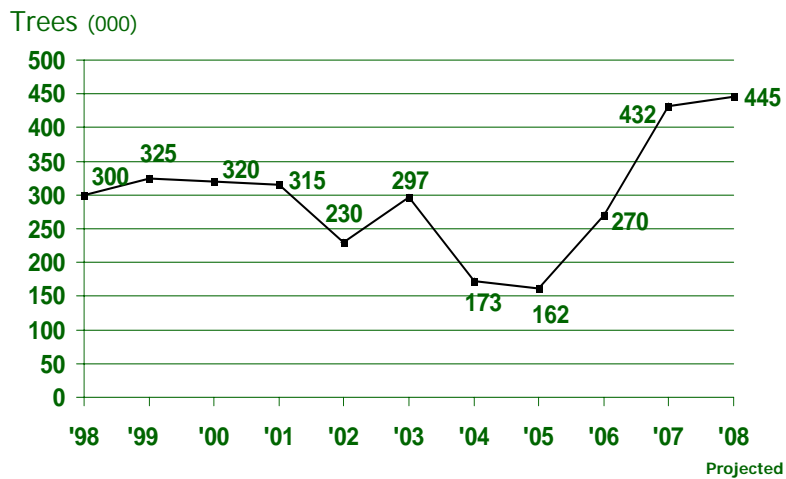


6

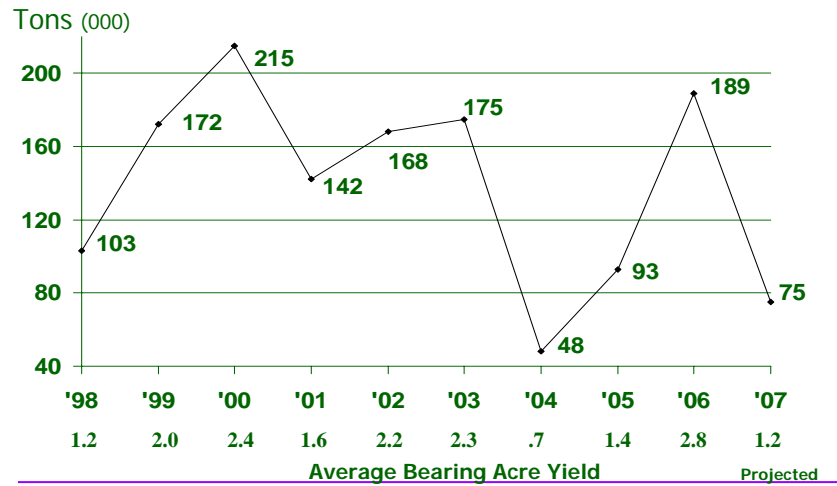
Prune Acreage



Prune Tree Sales



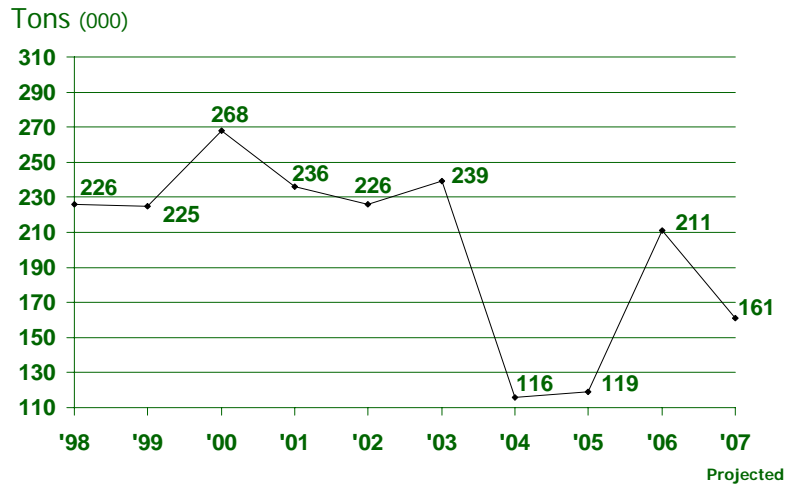
Total Production & Yield



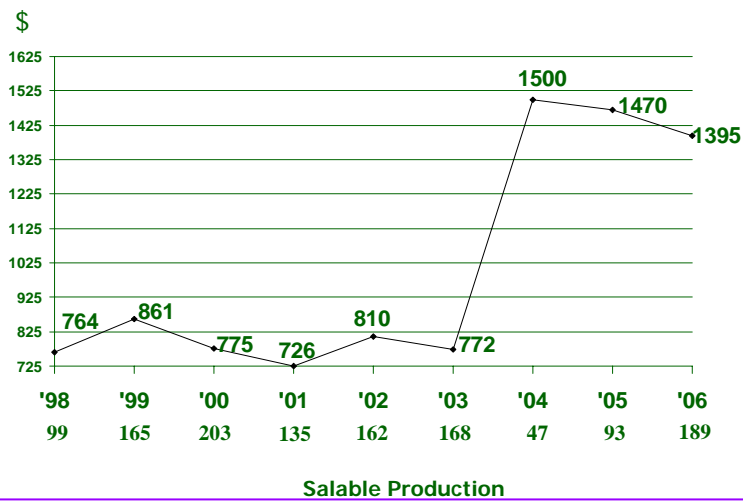
Carry-In Inventory



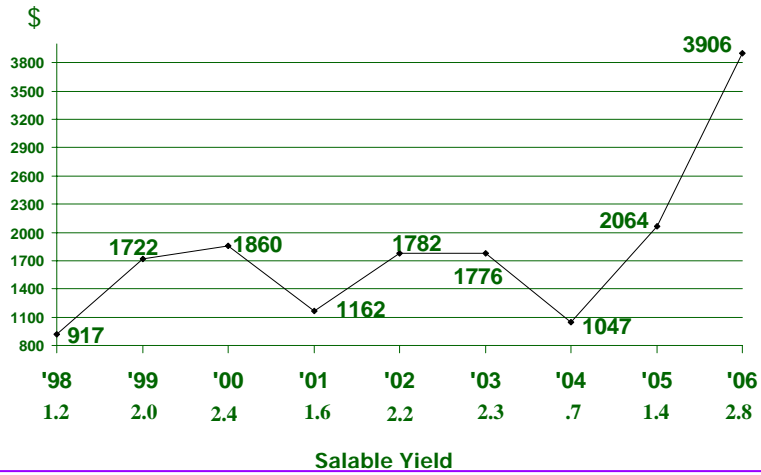
Natural Condition Supply



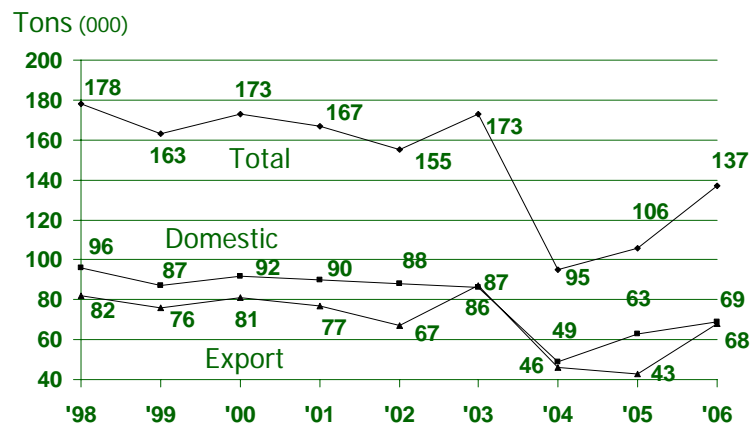
Average Grower Returns/Ton



Average Returns/Bearing Acre



Total Shipments



STRATEGIC PLANNING



15

INDUSTRY MISSION STATEMENT:

To sell more California
prunes to more people
worldwide



16

CPB MISSION STATEMENT:

To protect and support the health,
growth, and integrity of the
California prune industry



17

CPB's FOCUS:

- ❑ Generic Promotions
- ❑ Research
- ❑ Trade Policy
- ❑ Issues Management



18

FUTURE PROSPECTS: GOOD

- ❑ Production stabilization
- ❑ Consistent export promotion
- ❑ U.S. product image change

