

ANNUAL REPORT

2000

California Pear Advisory Board

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2000: THE PERFECT STORM OR A TREND?

Chris Zanobini

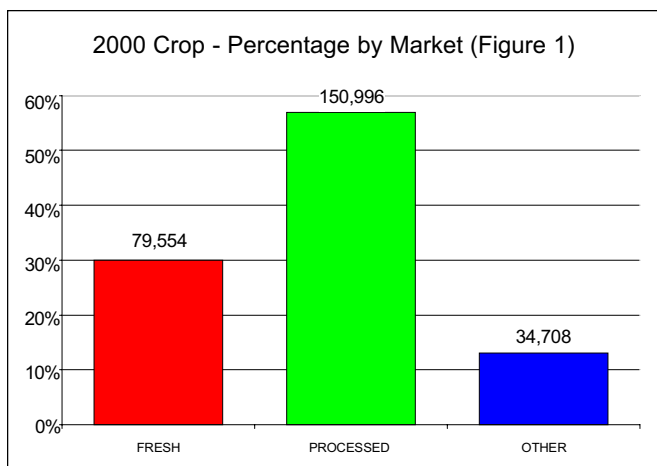


Over the past decade, growers have been faced with an increased number of challenges that affect the growing, marketing and sales of California Bartlett pears. These challenges converged in 2000, resulting in one of the most disastrous seasons on record. As a result, the California pear industry was forced to evaluate the economic viability of continuing to farm Bartlett pears.

Overall, the pear industry is faced with worldwide over-production, stagnant and declining pear consumption and global economic hardship. Domestically, pear production and farming costs have increased, regulations have become stringent and competition (both domestic and import) has saturated the US retail market place. Statistics show that in the year 2000 approximately 31 million boxes of pears (includes all domestic producers and imports) were sold in the United States, compared to 28 million boxes in 1996, an increase of 10.7 percent. This increase has placed great strain on the California pear industry to

maintain its market share from the increasing supply of imports and Northwest product.

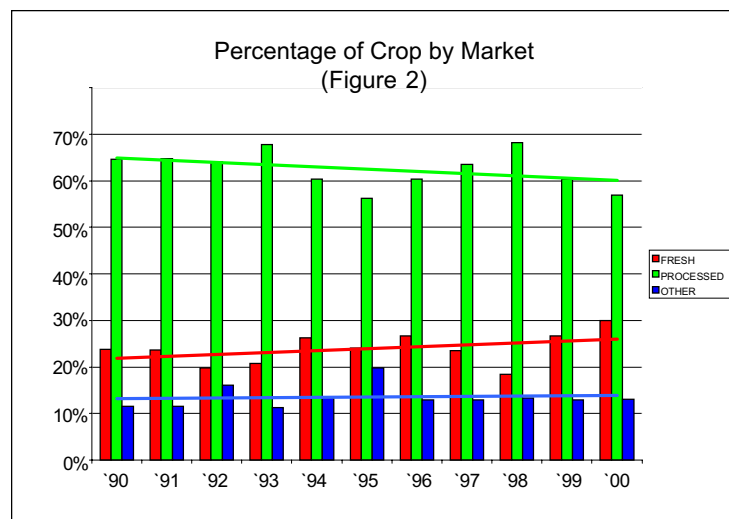
In 2000, the California pear industry was faced with processing cut backs from two of the three California processors. As a result, a record volume and percentage of California Bartletts entered into the fresh market. In addition, in the

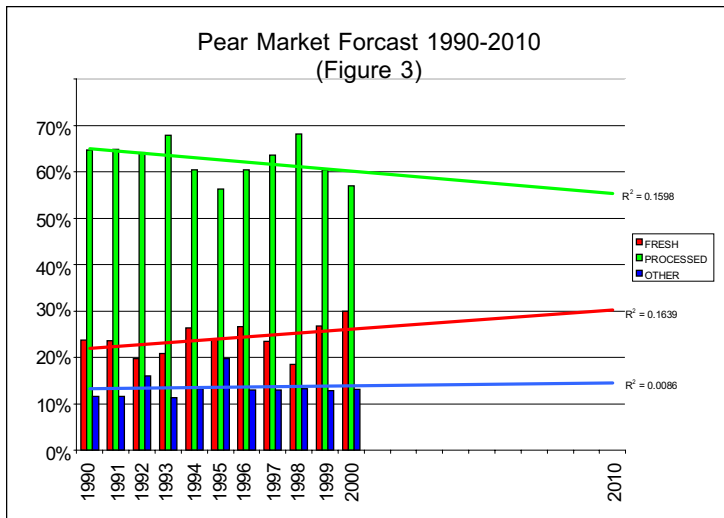


beginning of the season, there were more imported pears in the market place at cheaper prices than found in 1999, along with a significant carryover of Northwest pears. The market situation was also compounded by the availability of large quantities of competing crops at the start and during the season. This scenario caused a sense of grower uncertainty, which inadvertently impacted fresh market sales and price.

Further, the 2000 season began when the financially troubled, Tri Valley Growers—the largest processor of canned pears in California—filed for bankruptcy. This situation caused many growers to have no home, or an uncertain home, for their fruit. This situation, combined with the convergence of all the other factors affecting the industry, created a depressed market situation unlike any before. Because of these factors, the market caused a record amount of fresh product to be packed and sold at record low prices.

In the 2000 season, 30 percent of the crop was sent to the fresh market, 57 percent to the processed market with the remaining 13 percent sent to other pear products (see Figure 1). Further, if we look at the trend in the utilization of the California Bartlett pear crop, the data shows that over the last ten years the percentage of fresh has increased and the percentage of processed has decreased, with other products essentially flat (see Figure 2). When forecasting 10 years out to 2010, projections indicate that margins will continue in the same pattern headed toward a convergence in the distribution of the fresh and processed markets (see Figure 3).





We must ask ourselves if the year 2000 was merely the perfect storm – a convergence of many forces at once? Or, is it a market trend we need to be prepared for? The California Pear Advisory Board is working to uncover all information to provide the necessary direction for the successful future of this industry. While we cannot control the market, we can

continue to monitor and effectively handle the issues, as well as implement programs, which will work to keep California pear growers on the forefront of the produce industry.

In December of 2000, the industry, along with CPAB office and field staff and the appropriate agencies (advertising/export/public relations), gathered for the first annual “Pear Think Tank Meeting.” Together, everyone had the opportunity to discuss all of the factors affecting the California pear industry and agriculture as a whole. Collectively, we were able to identify what factors were working in the industry’s favor and what factors were working against us. This process helped the industry and CPAB to better understand its market position, as well as to determine and implement both short- and long-term remedies that will keep the future of the California pear industry viable and competitive.

Over the last year, CPAB continued to aggressively advance the interests of California’s pear growers through all our programs. We have highlighted our research, promotion, crisis and issue management programs in the following report. The Board of

Directors and staff of the California Pear Advisory Board are working for you and the successful future of the industry. However, it is imperative that all growers take an active role in working together with CPAB to secure the legacy of a 150-year-old industry.

Respectfully,



Chris Zanobini
Executive Director



CPAB Values

- *We take an industry-wide, district-free approach to maximizing profits for the entire California pear crop.*
- *We are "fair minded" to the industry as a whole.*
- *We believe in providing the quality and service our customers demand.*
- *We believe in taking a long-term approach.*
- *We strive to create realistic, innovative solutions to issues affecting the pear industry.*
- *We believe in accountability and measuring success.*



CPAB Vision

- *CPAB is the focal point in addressing industry issues and developing new markets.*
- *We know our customers, improve margins and represent the pear of choice.*
- *The California pear industry is growing and feels satisfied with its progress.*

FRESH DOMESTIC PROMOTION



2000 Target Markets

- **Atlanta**
- **Boston**
- **Chicago**
- **Dallas**
- **Denver**
- **Detroit**
- **Houston**
- **Los Angeles**
- **Miami**
- **Minneapolis**
- **New York**
- **Philadelphia**
- **Phoenix**
- **San Antonio**
- **San Francisco**
- **St. Louis**
- **Tampa/Orlando**
- **Washington, D.C.**

The California Pear Advisory Board (CPAB) launched its fresh domestic promotion program in April 2000, based on the successful merchandising strategy formulated over the past few years. As a result, program components evolved and were strengthened in an evolutionary fashion to address the changing market conditions. In 2000, CPAB utilized an additional \$200,000 from the promotion contingency fund to increase the fresh domestic budget to \$1.1 million. This increase was utilized to heighten domestic promotion activities to secure product distribution from July through November as a result of increased imports and competitive product at the beginning and end of the season, increased California product into the fresh market as a result of processing cutbacks, compounded by the availability of large competing crops and worldwide over production. As a result, these challenges placed great strain on the California pear industry to maintain its domestic market share. CPAB was able to receive successful results through its customized retail partnership program in 18 target markets nationwide, through additional targeted efforts in California, the northeast and southeast markets, through its expanded ripening and handling education program and on-going merchandising representation.

CUSTOM RETAIL PARTNERSHIPS & TARGETED PROGRAMS

In 2000, the promotion program continued to capitalize on its retail partnership program to create customized merchandising and promotion activities that drive sales

and influence season-long purchasing loyalty. CPAB was able to selectively target a more finite group of retailers in the target markets by evaluating the Destination Report and the results from the Annual Trade Survey and the new industry Retail Chain Survey, which directly asked California Bartlett pear shippers and sales agents to identify the industries best retail supporters. To help stimulate significant movement, additional promotional emphasis was targeted in the California, Boston, Philadelphia, Florida and Atlanta markets.

In developing the custom retail partnership program, CPAB adapted the successful promotion activities that have been developed over the past five years and strengthened the media incentive strategy. CPAB provided individual merchandiser training to increase the understanding and opportunities that can be customized with each targeted retail chain. As in the past, the success of this year's program was attributed to two primary factors: the ability to customize value-added incentives that address individual retailer needs, and the ability to provide promotion activity that has a far greater reach and relevancy to the consumer. This year, custom programs included run-of-press advertising, radio (mainstream, in-store, traffic and live remotes), sponsored television programs, consumer sweepstakes, backroom promotions (box certificates) and consumer in-store activities such as the "Health Eating & Healthy Reading" back-to-school promotion conducted in all Kroger Texas stores, which provided \$5.00 gift certificates to Borders Books with proof of California pear and apple purchases.

The extra \$200,000 funding was designated to supplement existing promotions and was utilized for specific movement activity at the beginning and end of the season. Similar to 1998 and 1999, the Board was able to support California Bartlett pear sales with



**"Healthy Eating & Healthy Reading"
Custom Promotion
for Kroger, TX**

**California Pears,
California Apples &
Borders Books**

additional funding allocated for varietal support from the volunteer Fall Pear Shippers Organization.

A new media portfolio was developed for the regional merchandising managers to assist them in creating effective, custom media or retail promotion programs to generate the sales of California Bartlett pears. It was designed to stimulate ideas and create unique promotion programs that will meet each retailers needs. The portfolio provides case studies of past print, radio, transit, sweepstakes, and alternative in-store promotions, and includes project descriptions, coordinators, constraints, execution and cost details. As a result, three new ideas were generated and will be added the existing examples for the 2001 season.



Mainstream, In-store, Traffic & Live Remote Radio Promotions

- **ACME**
- **Albertson's
(No. California)**
- **Hen House**
- **Kroger
(Atlanta)**
- **Market Basket**
- **Price Chopper**
- **Rainbow Foods**
- **Raley's
(No. California)**
- **Roundy's**
- **Shaw's**
- **Stop and Shop**

In 2000, the West and major chains in the Central, Great Lakes and Southeast regions remained loyal supports of California Bartletts through the end of the season.

Typically the Great Lakes region is the first to switch to Northwest pears, and support from major chains in this area significantly helped move product volume through November. Even though the Northeast was a strong supporter through October, the foothold was lost to move the remaining crop volume.

RIPENING PROGRAM

Maintaining ripening education services was an important component of CPAB's promotion program in 2000. CPAB continued to provide custom ripening and handling seminars and provided technical assistance to warehouse personnel in both the domestic and Canadian markets. CPAB continued to utilize the "ripening package" concept developed in 1999 to supplement the ripening education services conducted by the national ripening advisor. Each package was customized to include any one or more of the following items to meet each retailer's needs:

- Ripening Video
(Translated in English, French and Spanish)
- Ripening & Handling Manual
(Translated in English and French)
- Backroom Poster
- Point-of Sale Materials
- Ripening equipment such as thermometers and penetrometers.

In 2000, CPAB's national ripening advisor was able to provide custom warehouse and retail ripening education services in 28 chains (17 domestic and 11 Canadian). This accomplishment surpassed CPAB's original goal of 15 chains.

To strengthen the ripening services offered, CPAB developed a Store Audit Program. Its goal is to audit (evaluate) a chain's success with ripening and handling of California Bartlett pears at store-level by completing a postage-paid "rapid response" card from a sampling of stores within each chain. Each card would be mailed back to CPAB for immediate tabulation. Each chain's progress would be evaluated and presented immediately back to the retailer. Even though materials were developed, problematic timing prohibited program execution. The Store Audit Program's merit and retailer interest warrants execution in 2001.

TRADE COMMUNICATION

Trade communications were an important component of the 2000 program. Through four distinct mediums – individual merchandiser contact, direct mail, trade advertising and fax communication – Bartlett pear information such as crop conditions and availability, fruit quality, the importance of proper ripening and handling education, merchandising recommendations, and promotion opportunities were continuously communicated to over 825 retailers nationwide



Direct Mail Campaign



throughout the California Bartlett pear season.

Continuing with the “Get Ready To Eat” theme that was developed in 1999, the trade advertising, direct mail and fax campaign communicated the extreme consumer demand for ready-to-eat fruit. Utilizing the humorous characterizations of various consumer types, in a sequel fashion to the 1999 campaign, the message conveyed consumer satisfaction in receiving ready-to-eat California Bartletts from their retail source. The strategy was created to illustrate that buying decisions were being made at home and that retailer’s need to continue to properly handle, display and promote ready-to-eat California Bartletts to meet consumer demand. In 2000, five direct mail pieces and 13 faxes were distributed to the trade. Additionally, two full-page ads were strategically placed in both *The Packer* and *Produce Merchandising* to coincide with the California pear sections and the timing of the season.

INDUSTRY COMMUNICATION

CPAB continued to keep shippers and sales agents abreast of merchandising and promotion activities; by distributing 19 weekly detailed merchandising reports and 19 mid-week fax updates. To provide more timely and accurate information, CPAB conducted an industry technology survey to initiate a new email, fax and mail distribution system. Additionally, industry members could access pertinent market condition information on the California Pears web site in the private “industry” section. (Please contact CPAB for user name and password to access industry section.)

TOOLS FOR THE TRADE

A new media and ripening sales sheet was developed to supplement the existing core communication materials. CPAB redesigned its point-of-sale card with a fresh new

look and updated the CD-ROM interactive ad kit with new advertising material and translated it in both English and French. In 2000, CPAB resourcefully utilized and updated the same core communication materials that were created last year and extended its utility by translating the materials for the export markets. Materials included a retail buyer's guide, ripening and handling brochure, backroom ripening poster, presentation folder and a Fall pear variety sheet to educate retailers on the availability of Bosc, Comice, Seckel and Red pears produced in California.

A SUCCESSFUL TRADITION

Due to its success and popularity, CPAB continued to host a fun and educational three-day Harvest Tour that familiarizes retailers with the pear growers and the extra care that is taken to produce sweet California Bartletts. This year, 13 domestic retailers, one Costa Rican importer and two regional CPAB merchandising managers toured the Sacramento, Lake and Mendocino growing regions from August 15-19, which highlighted peak productivity in the Late District. Retailers learned first hand about growing, harvesting, packing, IPM techniques, Quality Conditioning and new usage ideas for fresh California Bartlett pears.

REACHING CONSUMERS

On August 2, Marjorie Frank, CPAB's Director of Promotion, appeared on the noon cooking show of Sacramento's NBC affiliate, KCRA Channel 3 to kick-off the California Bartlett pear season. She demonstrated an easy-to-prepare crunchy pear cheesecake recipe and touted the availability and nutritional benefits of sweet, juicy California Bartlett pears. KCRA's audience reaches 1.4 million television viewing households (or 3 million population) throughout Sacramento and the Northern California area.



- **Four Seasons Produce (Fleming Foods)**
- **Fruta International (Costa Rica)**
- **Giant Food**
- **H. Brooks & Company**
- **Hannaford Bros.**
- **Henry's Marketplace**
- **Liberty Fruit Co.**
- **Market Place Foods**
- **Publix Supermarkets**
- **Rouses Supermarkets**
- **SuperValu (Fresno)**
- **SuperValu (Northern Region)**

The fresh domestic promotion program continues to provide consumer outreach through food page publicity. This year, CPAB developed a new recipe release packet and distributed it to the Associated Press and food editors of daily newspapers across the United States. The packet featured summer grilling and back-to-school recipes. CPAB also partnered with Treasure Cave Blue Cheese and Beringer Vineyards to develop a beautiful full-page, color run-of-press (ROP) recipe and consumer usage information advertisement. Together, hundreds of recipes appeared in newspapers nationwide, reaching circulation numbers of over 14.2 million with an advertising equivalency value of \$262,000.00.

Additionally, a California Bartlett pear article and recipes appeared in *Bon Appetit Magazine* as a result of 1999 New York Food Editor trip. For this placement, circulation totaled over 1.1 million readers with ad equivalency value of \$246,000.00.

Once again, the pear industry sponsored the half-hour *Full Bloom Show* featuring California Bartlett pears. The sponsorship was leveraged as a promotion incentive with Save Mart Supermarkets. The show format provides a complete overview of the Bartlett pear industry in California from the orchard to the consumer. It was filmed at Podesta Farms in Linden, CA, and incorporated an orchard interview, a cooking demonstration by executive chef Jim Garibaldi Gannon from Scoma's Restaurant in San Francisco, and a retail perspective provided by Steve Junquero of Save Mart Supermarkets. Chef Gannon prepared delicious and enticing recipes consisting of a prawn & pear salad, grilled salmon with pear & blackberry chutney, and poached pears in Cinsault. The show aired Sunday, August 20, reaching a potential of 4.3 million viewers on ABC affiliate television stations in Sacramento, Fresno and Bakersfield and an independant station in San Jose.

CRUNCHY PEAR CHEESECAKE

Prep time: 15 minutes

Cook time: 35 to 40 minutes

- 1 cup flour*
- ¾ cup quick oats*
- ½ cup packed brown sugar*
- 1 teaspoon cinnamon*
- ½ cup butter*
- 8 oz. cream cheese, softened*
- ½ cup sugar*
- 1 egg*
- 1 teaspoon vanilla extract*
- 2 ripe Bartlett pears, peeled, cored and sliced*
- ¼ cup chopped pecans*

Preheat oven to 350 degrees. In a small bowl, stir to combine flour, oats, brown sugar and cinnamon. Stir in butter with a fork until mixture resembles coarse crumbs. Press 2/3 of the mixture into the bottom of a greased 9-inch pie pan. Bake for 15 minutes. In a medium bowl, beat cream cheese with sugar, egg and vanilla; spread over baked crust. Top with pear slices, remaining oat mixture and nuts. Return to oven and bake an additional 30 minutes. Refrigerate for at least 2 hours before cutting.

Serves 10 – 12.

Nutrients per serving: Calories 297, Fat 16.9 g, Protein 4.1 g, Carbohydrates 33.9 g, Sodium 66.3 mg, Fiber 1.7g.



Associated Press Exclusive

GROCERY PRODUCE TRADE SURVEY RESULTS

The Grocery Produce Trade Survey is key to maximizing sales of fresh California Bartlett pears. In 2000, the Davis-based Food Marketing & Economics Group conducted the sixth annual survey of the US and Canadian produce trade for the California Pear Advisory Board (CPAB). The specific objectives were to compare the trade's perceptions of California and Northwest Bartlett pears, to examine the trade's buying patterns and understanding of proper handling and storage practices for Bartletts, and to measure the trade's perceptions of CPAB's promotion program.

Produce managers were asked to rate the quality of California and Northwest Bartletts on a scale of 1 (unacceptable) to 5 (excellent). California Bartletts earned an overall quality rating of 4.1, compared to the Northwest's rating of only 3.9. Once again, California's highest rating category was "price/value;" its 4.5 average was higher than the Northwest's average of 4.0.

Bartlett Pear Crop Quality 2000 Ratings		
	CA	NW
Current Year's Crop Overall	4.1	3.9
Fruit Finish	4.2	3.9
Packed Quality/ Lack of Bruising	4.0	4.1
Price/Value	4.5	4.0
Past 5 Years, Overall	3.9	4.0

Grocery vice presidents and merchandisers rated the Board's promotion programs. The overall program rating in 2000 was 3.7, slightly down from the 3.8 average in 1999. This minor shift can be attributed in part to low ratings for performance with the Northeast representative as well as the low ratings for ad incentives overall. However, the 4.6 average for the "merchandiser's professionalism" was the highest rating earned in the promotion program category.

The CPAB just finished its sixth year of operation as an independent promotion program, with representatives

maintaining year-round contact with the chains. Of the produce vice presidents, directors and merchandisers interviewed in 2000, 92% were satisfied with the frequency of contact. Although the CPAB ad incentive program continues to be rated relatively low (3.3), other aspects of the promotion program are now rated on par with the Northwest's. It should be noted that the CPAB staff and merchandising team, through its customized approach, appear to have done an admirable job raising the program's image without access to substantial funding.

The continuing efforts of the Board's merchandising and technical ripening assistance are clearly paying off. It was a goal to maintain a ripening education services for the Board's promotion program in 2000. Of those who received training in 2000, two-thirds felt that it was "very helpful" and 85% wanted refresher material sent to them next spring. Among those who had received training, two-thirds were interested in having a ripening/handling seminar. One of the major factors behind the desire to obtain education services involves an understanding of the issues and concerns associated with receiving riper fruit.

Chains appear to be steering away from riper fruit. Over three-fourths of the buyers want Bartletts to be "more green, less yellow" when delivered to their warehouse. This number is up from 55% in 1999 and 47% in 1998.

Buyer's preferences have clearly shifted from large to medium or smaller sized fruit. The preference for 90s was at 52% and those who preferred even a smaller size fruit (100s) was at 56%.

CPAB Promotion Program 2000 Ratings		
	CA	NW
Overall	3.7	4.2
Ad Incentives	3.3	4.0
Merchandising Materials	3.7	3.9
Knowledge & Technical Assistance	4.1	4.0
Rep's Followthrough & Professionalism	4.6	4.6

FRESH EXPORT PROMOTION

In 2000, the California pear industry exported 943,598 36-lb. box equivalents of fresh pears to international markets, representing approximately 20% of California's fresh crop. These values represent a slight increase over 1999, when exports totaled 931,250 36-lb. box equivalents, 19% of the fresh crop. Though export volumes remained comparable in 2000, there was a shift between markets, as exports to Mexico and Central America increased, while exports to Canada decreased.

The California Pear Advisory Board (CPAB) conducted promotional activities in Mexico, Canada, and Central America (Costa Rica, Guatemala, El Salvador and Honduras) in 2000. Funding for these activities totaled \$322,400, with \$136,500 from USDA's Market Access Program (MAP) and \$185,900 from CPAB.

CPAB's primary objective in its target markets was to educate the trade and consumers about California Bartletts' unique benefits and ripening and handling requirements. To that end, activities conducted in these markets included in-country representation, trade communications, technical training, trade show participation, trade visits, merchandising, distribution of promotional materials, and retail cooperative promotions.

MEXICO

Mexico remained CPAB's most important international market in 2000. Exports increased by 18% to reach 572,480 36-lb. box equivalents, or 12% of the total fresh crop. CPAB's promotional activities in Mexico included in-country

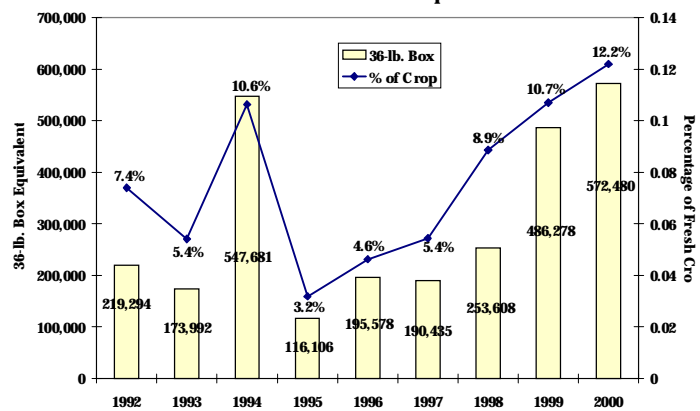


Ripening message adapted to create new point-of-sale for Mexico

representation, trade relations, technical training, participation in the CONACCA trade show, retail cooperative promotions, distribution of training and point-of-sale materials, and a consumer public relations campaign.

Importantly, technical seminars for the trade continue to have a positive impact on improving ripening, handling, and display of Bartletts in Mexico, a market with high turnover within the supermarket sector. CPAB conducted 30 seminars in 2000, with a total of 456 attendees in various locations throughout the country. As a result of these seminars, 90% of supermarket personnel properly handled California Bartletts, providing a better product at retail for consumers.

**CPAB Exports Mexico
Actual and % of Crop**



At the consumer level, awareness of California Bartletts' availability, ripening characteristics, and benefits also rose in 2000 as a result of CPAB promotions. Specifically, 62% of Mexican consumers surveyed by CPAB knew that Bartletts turn from green to yellow when ripe, a 23% increase from 1999. Further, 15% of consumers considered the Bartlett to be the sweetest and juiciest pear. Sampling and demonstration activities were influential in this progress and generated average sales increases during promotion of approximately 300%.

CANADA

California pear exports to Canada reached 346,101 36-lb. box equivalents in 2000, approximately 7% of the total fresh crop. The marketing environment was marked by heavy competition from local and other imported pears and most notably, by the strong US dollar. Promotional activities in Canada included in-country representation and

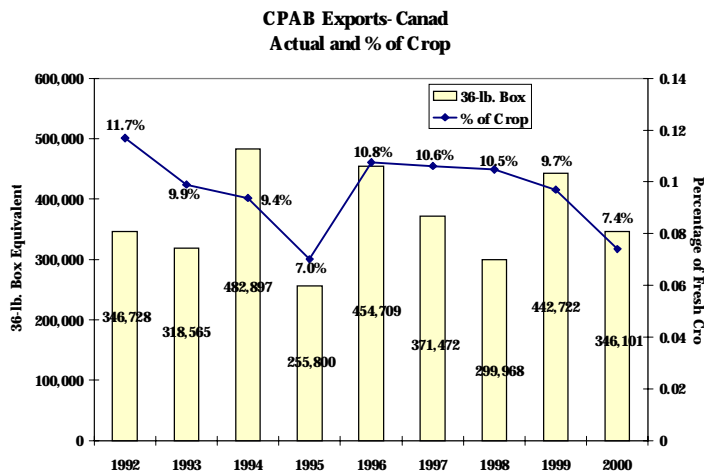
communication, ripening seminars, merchandising, participation in the CPMA trade show, retail cooperative promotions, and public relations.

In the trade sector, technical seminars and supporting activities led to increased display of breaking fruit at retail (29% in 2000 versus 16% in 1999), a primary goal for CPAB. In addition, display size and store placement of California Bartletts improved as a result of trade relations activities and retail incentives. Specifically, 23% of Canadian retailers displayed California Bartletts in an end-cap and 66% displayed them in the front one-third of the produce department.

In the consumer sector, CPAB began an exciting new public relations campaign during the 2000 season. The campaign sought to gain publicity in Quebec, one of CPAB's largest and most loyal markets in Canada. CPAB contracted with Philippe Molle, a local chef, to develop pear recipes for the market and act as a spokesperson for California pears, which added credibility and exposure for the industry. The campaign generated a total of 57 radio mentions, 5 radio interviews, 6 newspaper articles, 10 magazine articles, 3 internet articles, and 3 television show spots, representing a total ad value of US\$54,000.

CENTRAL AMERICA

CPAB exports reached 16,021 36-lb. box equivalents in 2000, a significant increase over the 1999 level. Promotional activities included in-country representation, an industry trade mission to the market, trade communications, technical training, merchandising,



and in-store sampling promotions with selected retail chains.

Technical seminars proved especially helpful to the program. Specifically, 16 technical seminars were conducted for the trade in the region, leading to improved product handling, with 58% of the targeted retailers properly handling California Bartletts after the training. Further, merchandising and sampling activities were also conducted at retail locations to support the trade. These activities ensured proper display of California Bartletts with point-of-sale materials, and introduced the product to consumers in the region.

Central America remains a new and developing market to California pear exporters. Based on industry's early success and the market's potential, CPAB plans to continue its marketing efforts in Central America in 2001.



**Food Page Publicity
targeted at consumers
in Quebec, Canada**

TRADE POLICY

Trade policy activities remained an integral part of the California Pear Advisory Board's (CPAB) 2000 international market development programs. Through its relationship with Bryant Christie Inc. (BCI), CPAB monitored and took action in 2000 on trade policy issues relevant to California pears. CPAB's objectives in this arena are to ensure that pear exporters have access to current international regulatory and marketing information, to ensure that existing markets remain open, and to foster a favorable overall trading environment for California pears.

As part of these efforts, CPAB continued to monitor and report on competitive pear imports throughout the year. Reports include arrival information on South African, Chilean, Argentine, and Australian pear imports. As an off-shoot of this, in the midst of increasing competition from imports, CPAB worked in cooperation with the Northwest pear industry in commissioning a study on trade and production practices within the Southern Hemisphere pear producing regions. Results of this study will be made available in early 2001.

CPAB also revised and distributed its annual Export Manual. The Export Manual provides pear exporters with trade, regulatory, and marketing information on key target markets around the world. This document was published prior to the 2000 season. Future plans call for this publication to be added to CPAB's website for more efficient handling and distribution of the information.

CPAB continued to monitor and respond when appropriate to Federal Register notices that might impact California pear

trade issues. In 2000, issues of interest included agricultural trade negotiating agenda for the World Trade Organization, the proposed US-Chilean Free Trade Agreement, and the Free Trade Agreement of the Americas. Other issues monitored by CPAB in 2000 included Taiwan's implementation of its chemical residue regulations on fresh produce imports and the effects of the Mexico-European Union Free Trade Agreement. On a more direct level, CPAB continued its work with US government officials to address border problems associated with California pear exports to Mexico. This included a mid-season visit by James Christie to the Nogalez border crossing.

Finally, while not directly trade related, CPAB and BCI worked with US government officials during the summer of 2000 to obtain financial relief for the industry as a result of Tri-Valley Growers difficulties. This was part of a broader industry effort that resulted in over \$25 million in pear purchases and possible direct payments to growers.

CPAB plans to continue its trade policy and government relations activities during the coming year. The Board, through the work of CPAB staff and Bryant Christie Inc., is well-positioned to address the needs of California pear industry in the international trade arena.

PROCESSED DOMESTIC PROMOTION

In 2000, the California Pear Advisory Board (CPAB) has continued its efforts in the marketing of processed pears, focusing its activities on “pears as ingredients” and canned pears.

This year, CPAB targeted its promotion efforts for processed pears to the ingredients market. Major program components include trade show participation, distribution of product samples and information materials to ingredients industry contacts and to work as the liaison between interested food manufacturers and California processed pear suppliers.

CPAB exhibited for a third year at the Institute of Technology (IFT) Food Expo held in Dallas, TX promoting California pears to food manufacturers as a versatile, cost-efficient food ingredient choice. On display at the show were samples of processed pear products, product literature and supplier information. Post show activities included distribution of samples and product information, as well as directing leads to contact California suppliers for more information and products.

To further expand the ingredients market program, CPAB has developed and issued a survey to California processed pear suppliers for their input on new market areas and evaluation of past CPAB processed promotion activities. In addition, CPAB is considering to conduct a survey ingredients industry product development and procurement managers to determine new uses and inroads for California pears as ingredients.

CPAB promotion activities for canned pears and fruit cocktail included the canner promotional allowance, a recipe release

featuring canned California pears, attendance at school foodservice shows and participation as a featured commodity exhibit at the California State Fair.

This year, CPAB made available \$120,000.00 in promotional support to California canners, to help generate movement and increased sales of canned California pears. Promotion programs were accomplished with over 20 US retail chains with the additional funding, and included volume incentives, case allowances, feature advertisements, Instant redemption coupons (IRC), and new product development. These promotions helped increase product movement by 125% in the months of October through May.

CPAB developed a full-page, color Run-of-Press recipe release in conjunction with the American Lamb Council and Wine Market Council, highlighting canned pears in three easy to prepare recipes. The release was distributed through print and Internet media, and reached a circulation of over 9.2 million copies with an ad equivalency of \$886,000. Copies of the release and recipes were also provided to California canners to use in coordination with their promotional programs.

Opportunities for combined fresh and processed pear promotions included CPAB participation at the California and National school food service shows. Food Service Directors and Nutritionists from across the US were provided with samples of fresh Bartlett pears along with educational materials, recipes and buying information.

Fresh and processed California pears were also featured in the Agri-Fair exhibit during the 2000 California State Fair. CPAB, with the assistance of the Delta Pear Fair Queen and Princess and numerous volunteers, provided for fair goers cooking demonstrations featuring fresh Bartlett pears, samples of fresh and canned pears, industry information, recipe brochures and "California Pears" tattoos.



**California State Fair
Elizabeth Ercila,
2000 Delta Pear Fair Queen**

PROCESSED EXPORT PROMOTION

Since 1997, the California Pear Advisory Board, together with the California Cling Peach Growers Advisory Board and California canners, has worked to promote canned fruit around the world. With \$540,000 from the federal government's Market Access Program and a total budget of \$650,000, promotion programs were executed in Canada, Mexico, Japan, China, Costa Rica and Panama to promote canned pears, peaches and fruit cocktail.

Canada continues to be California's top export market for canned fruits. In an ongoing effort to increase consumer usage and dispel the belief that canned fruit is not as nutritious as fresh fruit, retail promotions and public relations activities highlighting the nutritional values, convenience and ease of using canned fruits occurred from October to May. A new trade ad featuring canned pears was produced for this market titled "Fresher than you Think" and was used in conjunction with canned fruit ads that reached a total circulation of 120,000. Additionally, to encourage more usage of canned pears, peaches and fruit cocktail in the food service sector, a recipe contest was presented to Chefs and professional cooks to create new simple and delicious recipes using canned California fruits.

Promotion efforts in Mexico focused on building and strengthening relationships with the Mexican trade to help increase exports into the market. Activities within the trade included fax communications and newsletters, trade show participation, contact visits and a study on the effectiveness of current canned fruit promotions. At the retail level, in-store promotions, product sampling and merchandising was conducted to increase consumer awareness of California

canned fruits and its “quality” image. Other market activities included cooking programs with culinary schools, a media breakfast and a new recipe leaflet.

Smaller scale promotion activities were held in Japan and China, and market exploration was conducted in the Central America region. Programs in Japan focused on cooperative promotions with retail groups that handle canned California fruits. A small program was executed in China, targeted at canned fruit usage in their large bakery trade. Trade and consumer research studies were conducted in Costa Rica and Panama to determine the market potential for canned California fruits. Future activities for these markets include retail promotions, public relations and food service activities.



**Canned Bartlett Pear
Trade Advertisement
for Canada**

RESEARCH

In support of the Board's direction to develop more profitable tools to grow pears in California, CPAB and the Pear Pest Management Research Fund supported research funding in 2000 totaling \$285,538. Funding from the Department of Pesticide Regulation's Pest Management Alliance Grant and an additional DPR demonstration grant to Lake County Cooperative Extension augmented industry funding by \$130,000. This additional funding supports the Board's policy of economically shifting to pest management practices using reduced risk technology.



2000 Research Industry Funding

- **Entomology**
\$155,105
- **Plant Pathology**
\$22,740
- **Horticulture**
\$50,724
- **Post-Harvest**
\$56,969

ENTOMOLOGY

Entomology research funding continued to support successful codling moth (CM) suppression through the use of pheromone mating disruption. Projects investigating alternative pheromone dispensing technologies and comparing existing technologies, controlling and monitoring secondary pests, developing new CM monitoring methods and biological control were the focus of entomological research. Additionally, a project determining the key predators of pear psylla using molecular bioassays, a unique method of testing predator DNA, will determine which predators are actually feeding on psylla and at what times of the year. This data will improve grower's ability to predict pear psylla biological control such that they will be able to eliminate the more expensive psylla spray materials.

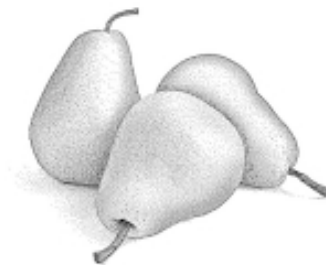
PLANT PATHOLOGY

Two plant pathology projects were funded covering the diseases oak root fungus and fireblight. The long-range oak

root fungus project focuses on mitigation of the existing disease using irrigation management and exposure of the crown of the root system to air. This novel approach would suggest growers have been planting trees too deep and exasperating the fungal condition with too much water. Fireblight, fruit russet and frost controls have been ongoing research objectives of the Board for more than a decade. The Board's predecessor, Pear Zone, was prominent in the development of the first commercially registered biologically based bactericide for fireblight, Blight-ban A506®. Other efficacious uses of this product such as russet and frost control have been discovered and enhanced by the Board's research efforts. Presently, the Board is funding research into combinations of A-506 and silicone adjuvants that have the potential to reduce the number of applications and would facilitate timing more compatible with scab and conventional fireblight treatments.

HORTICULTURE

Research into secondary bloom and shoot growth for control of fireblight yielded valuable information about types of pruning cuts that initiate different types of secondary bloom. Further, investigation into the application of growth regulators have potential to reduce secondary bloom and shoot growth. In turn, the overall incidence of fireblight could be substantially reduced. The Board continued research into water stress as a measurement of why some trees perform better than other trees. Although, it is becoming increasingly apparent that pears are much more difficult to show water stress correlation than other tree fruits. Research into the effects of trunk girdling and pruning method on vegetative growth, fruit size and yield rounded out the horticulture projects.



**California Pear
Research Reports
available on CD-ROM
and CPAB Web Site!**

www.calpear.com

POSTHARVEST

Quality Conditioning research rounded out the Board's production research efforts for 2000. This project has shown that postharvest treatment with ethylene would benefit the earliest harvest in each growing region by improving the quality and sales of California Bartletts. Barriers to full adoption of this treatment by shippers are the lack of enclosed areas to treat for 24 hours and the necessary precooling capacity to cool large batches of packed pears after the ethylene treatment.

Pear Industry Research Funding History			
Year	CPAB	PPMRF	Total
1990	\$ 81,525	\$ -	\$ 81,525
1991	112,700	-	112,700
1992	130,285	180,867	311,152
1993	124,627	128,000	252,627
1994	119,085	90,000	209,085
1995	125,459	96,691	222,150
1996	123,501	112,177	235,678
1997	128,774	126,923	255,697
1998	172,366	128,730	301,096
1999	131,116	122,849	253,965
2000	<u>152,525</u>	<u>133,013</u>	<u>285,538</u>
Subtotal			
	\$1,401,963	\$1,119,250	
		TOTAL	<u>\$2,521,213</u>

PEST MANAGEMENT ADVOCACY

The Board continued its successful partnership with the Department of Pesticide Regulation by participating for the second year in the Pest Management Alliance. Much of the Alliance's funding supported monitoring for growers with orchards transitioning to codling moth pheromone disruption. Participating growers showed as much as 85% reduction in the use of organophosphates.

With the implementation of the Food Quality Protection Act (FQPA) it has become increasingly important to implement reduced risk IPM projects as quickly as possible. To this end, the Board has positioned the pear industry to deal with the goals outlined in FQPA.

The USDA sponsored Areawide Codling Moth Management Project, although completed successfully, has left several issues unanswered. First, USDA recognized the need for further research to firm up the pear IPM Program and included Board staff in discussions that lead to a request for proposals. In late summer of 2000, a consortium of West Coast scientists received two USDA Grants, which now have been combined into one four-year grant. Goals for the California scientists follow:

- Establish large-scale sites to assess replacement of organophosphate and carbamate insecticides with new selective products.
- Development of non-pheromone monitoring systems and feeding stimulants.
- Reduce the overall costs of pheromone based programs.
- Develop alternative methods for managing leafrollers,

true bugs and other secondary pests that invade orchards from riparian habitats.

Other pest management issues taken on in 2000 were pesticide harmonization between NAFTA countries, Experimental Use Permit (EUP) flexibility and participation in the IR-4 prioritization process by California pears.

As Canada and Mexico are California pears' largest export markets, it is imperative these countries harmonize their pesticide tolerances and Maximum Residue Levels (MRLs) with the US standards. CPAB and other commodity groups, registrants and regulators from the NAFTA countries have formed a working group to deal with this problem.

Experimental Use Permits (EUPs) are valuable tools for extension personnel, PCAs and growers to evaluate unregistered pest management tools. Since Congress passed FQPA in 1996, EUPs have been almost impossible to obtain. First, EPA interpreted that FQPA required a full Section 3 tolerance with all the health and human effects data before they would establish a temporary tolerance and issue a non-crop destruct EUP. Then, EPA announced to the registrants that an EUP would count as a priority against the five Section 3 registrations allowed each registrant per year. Staff explained to EPA that at the same time they are restricting use of pesticides under FQPA review, they were restricting the testing of new reduced risk pesticides that had the potential to replace those under review. With this consideration, EPA has brought forth-preliminary EUP policy changes for discussion and plans to implement changes in the near future.

IR-4 generated registrations for minor crops has an important place in pears' pest management strategy. The IR-4 Program generates residue data for pesticides that have potential for use in minor crops in which the registrant has no interest in applying directly to EPA for registration. CPAB has taken an active role in the yearly prioritization of minor crop pesticide uses for pears.

ISSUES MANAGEMENT

Issues Management in 2000 focused on two main areas of communication: 1.) pesticide and 2.) market conditions.

During the spring of 2000, the *Los Angeles Times* ran an article titled "Farmers Using More Chemicals, Analysis Shows," citing an increased use of carcinogenic and other harmful chemicals by farmer and growers in California. The article included a chart showing the number of pounds per acre of pesticide growers were using, listed by crop.

CPAB immediately drafted a statement in the event it received any subsequent calls or inquiries. In addition, CPAB was prepared to contact a list of third-party organizations that could speak objectively on the matter of pesticides and convey the CPAB's position with authority while clarifying the facts with the media. Those groups identified were: the Alliance for Food and Fiber; California Grape and Tree Fruit League; California Farm Bureau Federation; Western Growers Association; and the Produce for Better Health Foundation. The prepared statement emphasized CPAB's long-standing commitment to public health and the environment, and pointed to the fact that the CPAB has been recognized by the Environmental Protection Agency for environmental innovations for several years.

CPAB also tackled the market conditions brought about by the Tri-Valley Growers (TVG) bankruptcy along with other produce industries that also felt the economic impact. This included support of a public relations effort that was focused on obtaining relief for TVG grower members, as well as communicating the impact on the industry and market factors

influenced by the bankruptcy to key decision makers and representatives in the State and Federal government.

Additionally, CPAB took time during the season to completely update the crisis communications manual as previously prepared by its public relations agency. The revisions included an user-friendly listing of potential issues along with new “placeholder” messages and a list of third-party experts who could be called upon for media interviews. The three top issues that are outlined in detail include:

- Pesticide/Environmental
- Food Safety/Processing
- Product Quality

The revised crisis communications plan also included more information on local, state and federal legislators and agricultural organizations that would ultimately affect the grower’s ability to conduct business.



Partner Organizations:

- **Alliance for Food and Fiber**
- **California Grape and Tree Fruit League**
- **California Farm Bureau Federation**
- **Western Growers Association**
- **Produce for Better Health Foundation**

BUDGET PAGE