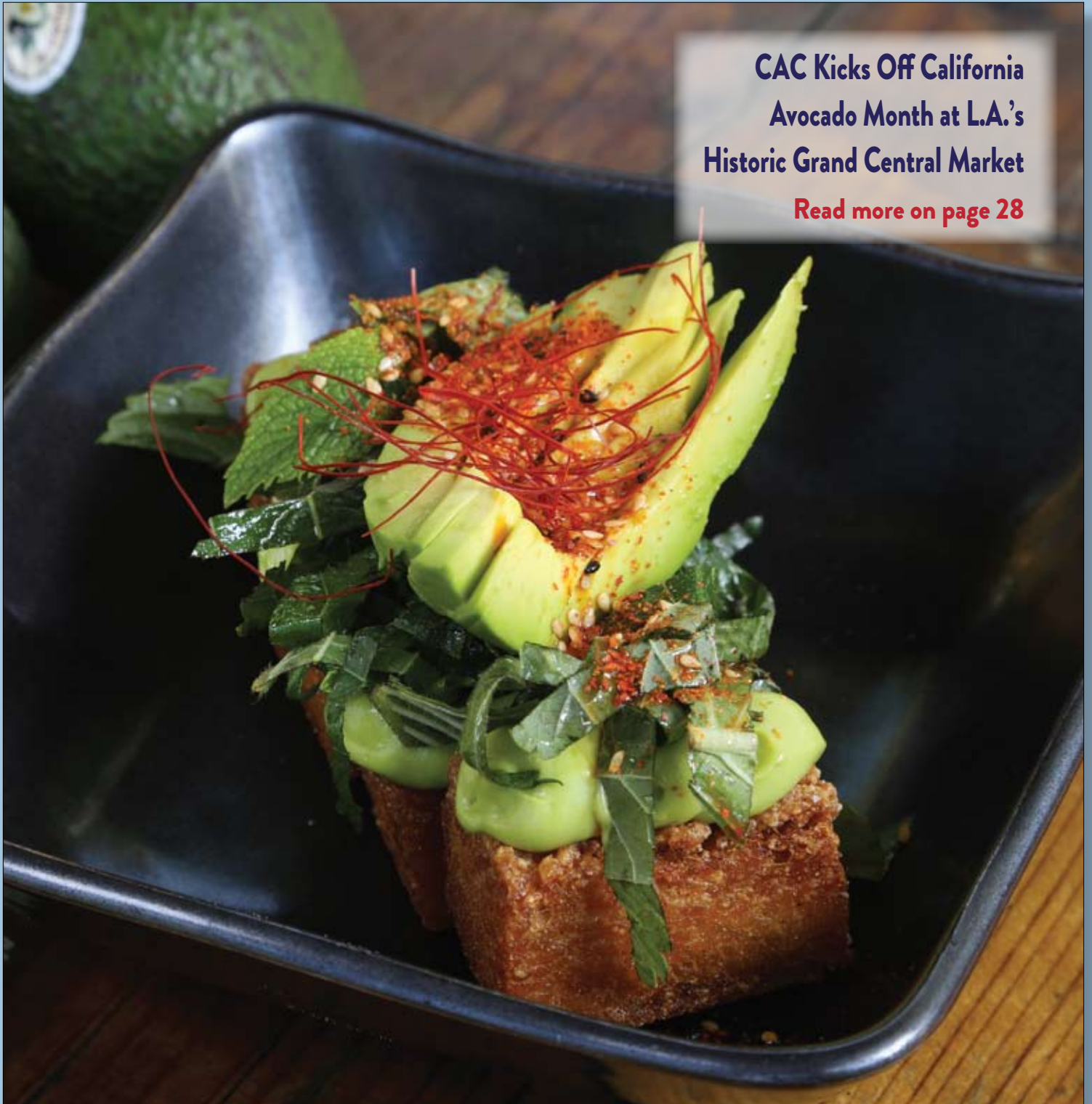


From the **Grove**

Summer 2017

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Grower Profile

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Andrew Bailard
Carpinteria, CA

From the Grove

Volume 7, Number 2

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FROM THE GROVE is published quarterly by California Avocado Commission; 12 Mauchly, Suite L; Irvine, CA 92618. POSTMASTER: Send address changes to California Avocado Commission; 12 Mauchly, Suite L; Irvine, CA 92618.

The articles, opinions and advertisements presented in this magazine are designed to offer information and provoke thought. Inclusion in this publication does not presume an endorsement or recommendation by the California Avocado Commission for any particular product or cultural practice.

GEM Avocados & the Future of the California Variety Breeding Program



Tom Bellamore

In March 2002, the University of California (UC) filed a plant patent application seeking protection of its intellectual property rights in a new avocado tree designated '3-29-5' with the varietal denomination, GEM. The patent filing describes the characteristics of the GEM variety as: 1) exhibiting a vigorous moderately-spreading upright growth habit; 2) less alternate bearing than the 'Hass' variety; 3) forming fruit that is well-distributed around the tree, somewhat larger than 'Hass' and maturing at approximately the same time; and 4) forming leaves in greater quantity than 'Hass' trees, among other traits.

The patent was granted by the U.S. Patent and Trademark Office on October 14, 2003, and a license agreement was subsequently executed between Brokaw Nursery and the university to propagate trees for domestic plantings. Now, 14 years later, the GEM variety is just starting to gain momentum in California.

Generally speaking, universities have been slower than private corporations to realize the full potential of revenue streams generated by plant patents. Over a 25-year period beginning in 1977, the top 15 universities engaged in plant genetic research obtained 246 plant patents compared to 4,183 plant patents received by U.S. corporations (2003 B.Y.U. Educ. & L.J. 771). Driven

by a need to recapture investment and make a profit, corporations are often adept at navigating intellectual property law and geared toward commercialization. By contrast, universities often receive federal funding for their plant research programs and place greater focus on long-term research.

As costs rise and public funding becomes more fleeting, universities are increasingly seeking mutually-beneficial relationships through licensing and research partnerships. The licensing agreement struck between UC and Westfalia in 2011 for commercialization of the GEM variety abroad is evidence of this trend.

When the GEM variety was released, UC recognized the substantial and continuing investment California avocado growers made in the avocado breeding program through the California Avocado Commission. No royalties were to be collected when the trees were sold to California avocado growers by Brokaw Nursery. Undoubtedly, the University viewed things differently when reaching its license agreement with Westfalia. Although the terms of that agreement are confidential, it is safe to assume that commercialization of the GEM variety outside of the U.S. translates into licensing revenue and royalties as trees are propagated and come into production in Chile, New Zealand

and elsewhere around the globe.

At the same time, and in the face of challenges posed by the shot hole borer and the need for salinity-tolerant rootstocks, the Commission has greatly reduced its investment in the variety breeding program, focusing solely on germplasm preservation and maintenance. The Commission's waning investment and the UC's intent to capitalize on its intellectual property put the California avocado industry at a crossroad.

During a recent tour at the South Coast Research and Extension Center in Irvine, Dr. Mary Lu Arpaia and Eric Focht spent some time showing several promising varieties to CAC management. There are five varieties that are nearing release, each with different and intriguing characteristics. For example, there is BL516 or Marvel, which exhibits a narrow, upright growth habit suitable for high-density planting and produces fruit which rates highly during postharvest and sensory evaluations. Two other varieties have fared well thus far at the Lindcove field station in the Central Valley, perhaps raising optimism about the expansion of acreage into colder climes.

This time around, however, when these latest selections are patented, there are no firm guarantees. Having brought



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this new material to the brink of release with many years of investment, it seems logical to think that California avocado growers should have royalty-free access to these varieties. The Commission intends to make that case successfully to the university. Once that investment stops, negotiating favorable terms for release of new varieties becomes more difficult. A repeat of the GEM release, where UC gave only a modest degree of thought to commercialization of a variety worldwide, is unlikely to happen again.

At a recent meeting of the Commission board, Dr. Tim Spann expertly framed this issue for discussion. He reported on a straw poll of the Production Research Committee (PRC) taken to gauge the interest in CAC's future involvement in the variety breeding program. A majority of the PRC believe that the Commission should attempt to build a partnership with other industry

entities to share costs and keep the program going. At stake are the terms of release for any newly-patented material by the university. After thoughtful deliberation, the Board directed management to explore possible partnerships, and to advise the University that California avocado growers have a continuing interest in the new material.

The devil, of course, is in the details. The partnership concept has considerable merit, but such an arrangement is sure to be complex because potential partners will be thinking not only about U.S. production but propagation and distribution of fruit worldwide. Nonetheless, it likely represents the Commission's best chance for preserving favorable treatment of California avocado growers when new varieties are released, while continuing our investment in the program at a level that is sustainable and affordable. 🥑

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Rick Shade

A Year Like No Other

Spring has sprung, fall has fell, summer is here and we're picking and spraying like hell. While no two years are ever the same in farming, there are usually similarities among the years. But this year? I don't believe I have ever seen the like. With the lead times for writing articles, the California avocado season may very well be winding down by the time you read this column.

If the season winds down early, what ever are we going to do? A lot of things come to mind for me. If your orchards look anything like the orchards I see regularly, there sure seems to be a big crop coming in 2018. Let's make sure that we give our trees and the upcoming crop the best possible care that we can. Since we will be done harvesting early, let's take care of some of those tasks on the ranch that we never seem to be able to get to. If you need extra labor, bring in the crews that harvest your avocados. If we keep those hard-working folks busy in the off-season, they are far more likely to be available when we need them to pick in the on-season. Also, if we put them to work making improvements on the ranch, they are likely to start taking pride in the properties where they pick. If people take pride in a property where they work, it is a winning situation for everybody.

But what about the California Avocado Commission? The work of the Commission continues year round. The marketing staff works tirelessly to keep our avocados front and center in the minds of the buyers. Our staff continues to run the programs marketing our fruit for this year, working on budgets, creating new programs and ad campaigns for next year, and continuing to come up with great new ways to use our California avocados. The Industry Affairs staff continues working with us growers, dealing with our concerns and getting updated information out to us in the field. They continue to work with legislators and their legislative staffs to protect and advance the interests of the California avocado grower. Our Production Research staff continues to oversee the projects that will help us become more productive in the future, and get that information out to growers so we can use it.

Speaking of production research, that tireless, devoted group of our fellow growers, led by Leo McGuire, continues to work with the research professionals who study our crop. The recent crisis caused by the shot hole borer appears to have calmed down. The Production Research Committee is now ready to take on some new issues important to avocado growers. The Committee is planning



on tightening the focus of the program to really hone in on current issues that are important to growers in the field. If you have problems in your orchard that you do not seem to be able to solve, contact Leo or Dr. Tim Spann at the Commission. It is possible your issue could become a new topic for a research project done by the Commission.

The devoted, hard work of all of us together: the farmer, the harvester, the handler, the marketer, the researcher and our Commission staff, all lead me to the following quote by E.H. Derby: "A fertile soil alone does not carry agriculture to perfection."

Have a great summer and start planning now for 2018! 🥑

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CAC growers meet with federal and state regulatory officials.

Commission Partners with CCQC, Hosts Regulatory Tour

By Ken Melban

Vice President of Industry Affairs

In May, the California Avocado Commission (CAC) joined with the California Citrus Quality Council (CCQC) in conducting a four-day tour of California citrus production areas along with an avocado grove. Representatives included staff from the Environmental Protection Agency (EPA), United States Department of Agriculture's (USDA) Animal Plant and Health Inspection Service (APHIS) and Foreign Agriculture Service (FAS) along with the California Department of Food & Agriculture (CDFA). The goal of such a tour is to establish and/or improve relations with those officials who are tasked with creating and enforcing regulations that impact farming.

The first day was capped off with a tour of an avocado grove and dinner. In addition to the 30 agency personnel, a dozen avocado farmers participated in the grove tour and dinner, including many Commission Board members and alternates. This allowed for extensive interaction between the growers and the participants, the majority of whom had never set foot in an avocado grove.

"This tour provided a great opportunity for us to interact with the regulatory side of agriculture and show them our problems and burdens," said Rick Shade, Commission chairman. "It also helps us understand what they have to deal with on their [regulatory] side as well," he said.



Dan Pinkerton explains the challenges of farming with increasing regulations.

By getting them out of their Washington, D.C., and Sacramento offices and into the fields, it provides a valuable understanding of production agriculture and the challenges farmers face. It allows them to interact with real life farmers and see

what tremendous care they take as environmental stewards. As a bonus, the farmers who participated realized these folks are people too and are generally just trying to do their job.

Discussions covered issues like the Commission's efforts to gain trade access to China and the burden of reporting the same information to multiple agencies. Although such exchanges don't necessarily guarantee a better outcome for farming, and the night didn't end with everyone singing kumbaya, it's always a positive when farmers and regulatory personnel can spend some friendly time together. If an issue comes down the pike these people will now hopefully pause and ask themselves, "How is this going to impact those great California avocado farmers, and is it necessary?" 🥑



CAC Chairman Rick Shade talks with EPA official.

California Avocado Growers Participate in Media and Retailer Outreach



West Pak Avocado Senior Vice President of Sales and Marketing Doug Meyer showed CDFA a beautiful California avocado grove.



China Global Television Network (CGTN) America interviewed California avocado grower Tom Pecht on his grove in Oxnard.

Avocados, especially California avocados, have become a media darling. Print, television, radio and online media are publishing more content about avocados than ever before. The California Avocado Commission (CAC) works closely with the media to ensure good relations, provide accurate information and promote the competitive advantages of California avocados. Growers are contributing to these efforts by host-

ing the media in their groves and in some cases taking part in interviews and events.

Last autumn, a new show on the INSP channel, *State Plate*, showcased California avocados. The show explores the quintessential foods of each state, such as Georgia peaches and Maine lobster. Each episode is dedicated to a state in the U.S. and is hosted by American Idol Season 5 winner and restaurateur, Taylor Hicks. Hicks journeys through each state and fills



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Nicole Sturzenberger toured West Pak Avocado to capture photos for CDFA's "Farm to Fork" program.

In April, West Pak Avocado hosted Nicole Sturzenberger of the California Department of Food and Agriculture (CDFA) to assist with the organization's "Farm to Fork" program. West Pak Avocado's Randy Shoup, Doug Meyer and George Henderson gave the CDFA representative a tour of the handling, packing and shipping operations in Temecula. The West Pak team also provided her with an overview of California avocado growing and harvesting during a grove tour. Sturzenberger captured images of California avocado harvesting and packing to be used as part of a campaign to communicate the journey food takes from field to table for California school children.

Media inquiries come from all over the world to the Commission. In May, China Global Television Network (CGTN) America, the English-language TV news network of CCTV China, which boasts two billion viewers worldwide, arranged with CAC to interview California avocado grower Tom Pecht and Tommy Padilla from Mission Produce. The interviews focused on the increasing demand for avocados worldwide – including China – supply challenges and the resulting increase in prices. The broadcast noted that California avocados do not currently have access to China and included beneficial information about the attributes that differentiate California avocados.

California avocado growers' and handlers' participation in media and customer opportunities brings an authentic voice to the stories and contributes to California avocado premium brand positioning. 🥑

his "plate" with a dish made of the featured ingredients.

The producers of *State Plate* reached out to the Commission to explore opportunities to feature California avocados. On the "California" episode, Hicks toured the Golden State to explore its wide variety of foods. The episode featured California avocados, with Hicks swinging by Bailard Citrus Co. in Carpinteria to learn more about the state fruit from Commission Chairman Rick Shade and Rogelio Viveros of Brokaw Nursery. Topics included California being the perfect place to grow avocados, variety information, California as the birthplace of the Hass avocado, the life cycle of an avocado and its culinary versatility. Hicks also learned how to pick an avocado and how to graft an avocado tree. The avocado segment of the episode ended with Hicks filling his "state plate" with California avocado guacamole.

In early 2017, Simpatica growers were the topic of Northern California retailer Mollie Stone's blog and social media outreach. The retailer shared the history of Simpatica, highlighted the founders' values and belief in the future of California avocados and – most importantly – advised its fans that California avocados are in season and available in their stores.



Mollie Stone's online and social media coverage featured Simpatica growers.

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'Relevance' Emphasized at CAC Annual Meeting

By Tim Linden

Talking to several hundred growers over three days in three different locations, California Avocado Commission (CAC) President Tom Bellamore preached a doctrine of relevance. He made it clear he was speaking of both the "California Avocado" brand and the Commission itself.

California, he noted, is experiencing a shrinking U.S. market share as the state's production volume is steady, yet U.S. consumption continues to increase. "In 2011, just looking at normal growth, we projected that by 2025 the U.S. would be consuming 4.8 billion pounds of avocados and California alone would be consuming 700 million pounds. It doesn't look like we are going to be too far off. How can we remain relevant with static production," he asked...and then answered.

CAC's management, following the direction of the CAC Board, noted that the concept of premium positioning is the key to relevance. To illustrate the possibility, Bellamore shared the story of Copper River fishermen in Alaska. Copper River represents about 1 percent of Alaska's salmon output and a like number of its fishermen. For years, it sold its salmon as a commodity, often utilizing the canned and frozen sector to buy its fish. But several years ago, the group embarked on a branded program, upped the quality of its output, focused on the fresh market and strived for premium positioning. Today Copper River Salmon is the top shelf salmon brand and those fishermen reap twice the average for their catch. Today their goal is to maximize returns for the family fishermen who ply the waters of the Copper River.

"Substitute our brand for their brand – avocados for salmon – and we are quite similar," said Bellamore.

He said there is an opportunity in the avocado industry to rise above commodity status and deliver a premium product. Economic statistics show that California growers have received a premium price during their season for each of the last three years. Bellamore said there is room to grow the premium, but he challenged the growers to up their game and only put top quality fruit in the box. He said CAC has already embarked on this effort by targeting customers that note the difference and are willing to pay for it.

Vice President of Marketing Jan DeLyser continued with



Jan DeLyser talks to growers emphasizing the importance of the "California" label.

that same theme and discussed this year's marketing opportunities and challenges. Because the crop has only been estimated at about 200 million pounds – half the size of the 2016 crop – DeLyser said it will be marketed closer to home and largely in California. CAC has scaled back its promotional program, relying heavily on social media, in-store promotions including "geo-fencing", which targets consumers of specific retailers when they are within three miles of a store promoting California avocados. This high-tech approach will put the California crop in the hands of those searching for California avocados and those retailers willing to merchandise the premium fruit.

DeLyser, though, said CAC couldn't afford to abandon some key accounts across the country that also have an affinity for avocados from the Golden State. With the lighter crop and this year's significant rainfall, many are predicting that the 2018 crop will be toward the top end of the volume spectrum. "Next year we could need those guys," she quipped.

She also discussed the label initiative, which identifies fruit as California grown, and noted that it is the best way to ensure consumers know they are buying California avocados.

CAC Chairman Rick Shade also spoke at the annual meet-

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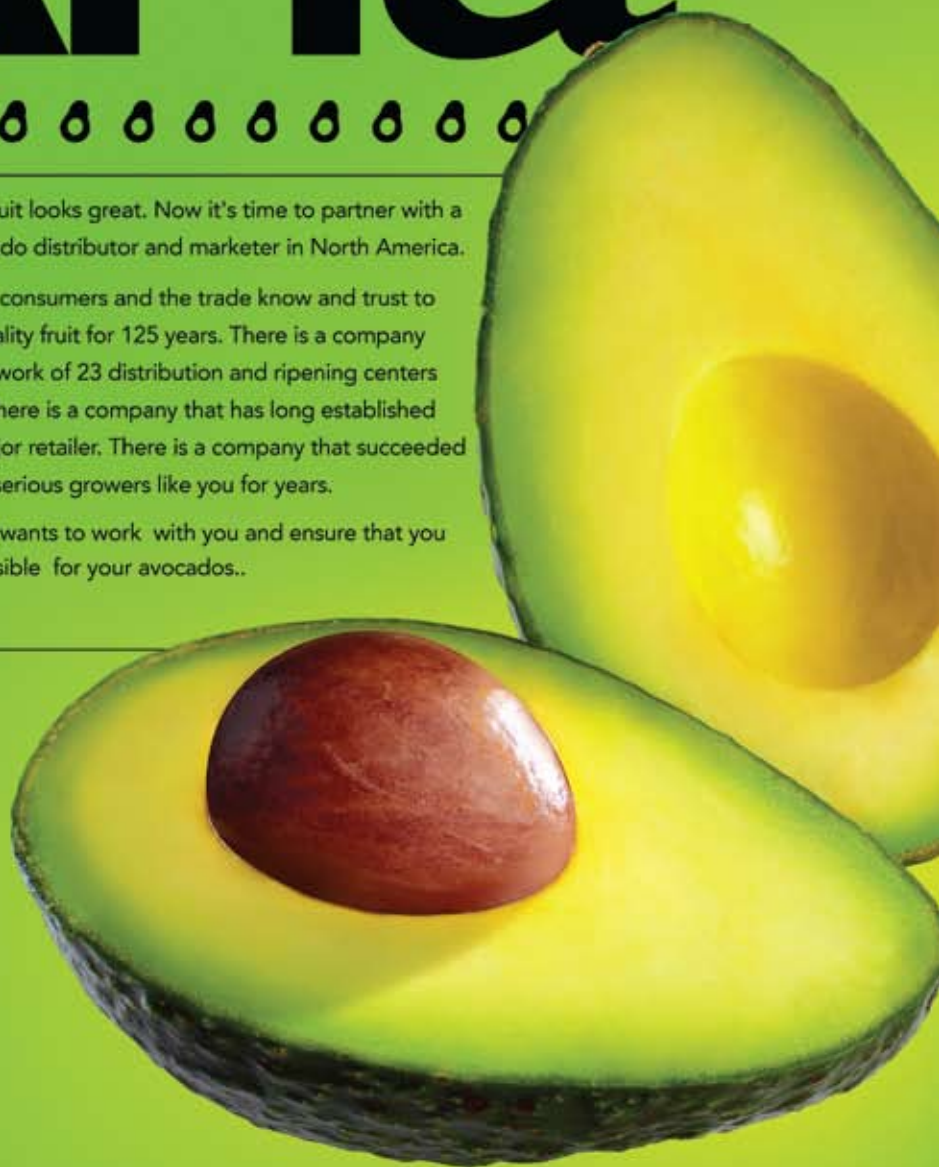
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CAC Chairman Rick Shade presents his views of the California avocado industry.

ings, emphasizing what a difference a year makes in the volume of the California crop. He reminded growers that in April of last year, as CAC held its annual meetings, the market price was in free-fall, growers were only getting dimes per pound for their fruit and a fourth year of drought was upon us. In comparison, Shade noted, this year the small crop is promising very nice per-pound pricing in the field and growers have rarely had to turn on their irrigation systems during the past four months.

Also on the dais was Dr. Tim Spann talking about production research and Ken Melban discussing industry issues.

Dr. Spann, CAC's production research director, highlighted past research programs including increasing yields, plant breeding, avocado tree monitoring, pesticide resistance management and shot hole borer and Fusarium dieback disease.

Dr. Spann echoed Bellamore's theme and noted that to ensure production research remained relevant, CAC would follow four strategic imperatives: increase average per acre production, achieve and sustain critical industry mass, maintain a premium quality product and engage in effective grower education. Having outlined the challenges of meeting these imperatives, the Production Research Committee (PRC) is working to determine what specific questions need to be asked and clearly defined for future proposals, including grant proposals.

Spann noted that the weakest link in avocado research efforts over the years has been communicating research results to growers. He said much of that grower education effort was left in the hands of the University of California Cooperative Research Extension program, which has faced budget cuts and staff erosion. The Commission is looking at a paradigm

shift with CAC going directly to the grower community to share research results and learn what needs growers have. Spann is anticipating being much more involved in this effort with more one-on-one grower interactions.

Melban, who is CAC's vice president of industry affairs, focused on four issues of key concern to the avocado industry: immigration reform, food safety, trade and water rates. He said immigration issues must be fixed, and expressed optimism that the current administration might get something done, largely because it does not seem to accept the status quo. Melban said both parties have had control of the legislative and executive branches over the last half dozen years and neither has solved the problem.

With regard to food safety, he advised all growers to become GAP-certified, noting that the designation is clearly called for in light of

CAC's premium positioning and pricing effort. He indicated that it is difficult to command a premium if you are not at the top of the food chain with regard to food safety measures.

Because of uncertainty with the new administration, CAC is holding off a bit on export trade work. The 3 percent tariff associated with shipping avocados to Japan was expected to be eliminated with the Trans Pacific Partnership trade agreement. But that effort is on hiatus at this point. Melban said CAC has received grant funding from the federal government to work toward exporting to China. He is setting up a potential promotion program for 2018 when more significant California volume is expected.

He said CAC continues to work to secure affordable water rates when opportunities arise, such as a recent effort in Ventura County. However, he did note that the days of inexpensive rates are all but over.

Another subject discussed during the grower meetings involved a change in structure that CAC has adopted. Bellamore explained that come November, any grower producing 10,000 pounds of fruit or less, on a three-year rolling average, will be exempt from paying assessments to CAC. He said these growers are welcome at CAC meetings and can take advantage of CAC materials and workshops, but they will no longer be called upon to fund the organization. Bellamore called it "budget relief for smaller growers."

The same restructuring will see Board membership drop from 29 to 19 people with fewer alternates and fewer handlers. Bellamore said board makeup has remained the same since the Commission was founded in 1978, despite the fact that the industry itself has undergone structural changes and was no longer consistent with the board makeup. 🍷

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By Tim Spann
Research Program Director

Avocado Breeding Program Continues to Evolve

In 2014, faced with budget constraints, the Production Research Committee (PRC) reviewed all of the California Avocado Commission's (CAC) research funding. At the time, the industry was facing a still largely-unknown threat from the invasive shot hole borers (SHB), and growers were struggling with salinity issues magnified by two years of drought. After carefully considering all the projects that were being funded, difficult decisions were made, including reducing the funding for the scion breeding program to maintenance levels (about \$50,000 annually) so that a greater level of funding could be allocated to rootstock breeding.

Now, the drought has ended and we know that SHBs are not posing the threat we initially feared (although, we are still watching the situation carefully). Additionally, there has been increasing interest from all sectors of the industry in the GEM avocado variety. Brokaw Nursery tells us that by the end of 2017, they will have propagated about 180,000 GEM trees. Because GEMs are being planted at varying spacings (anywhere from the traditional 20x20 to as high as 6x10) it is difficult to estimate how many acres this equates to, but it is probably around 500 acres.

This seemingly significant interest in a new variety did not escape the attention of the PRC or the CAC Board and both have had discussions recently about whether CAC should look to increase its investment in the scion breed-

Tree characteristics for promising avocado varieties selected by Dr. Mary Lu Apraia, Eric Focht and David Stottlemeyer at UC Riverside, and currently under consideration for release.

Variety Code	Tree Growth	Tree Architecture	Flower Type	Heat Tolerance	Cold Tolerance	Alternate Bearing	High Density Potential*	Fruit Bearing
DS1	Large	Weeping, mounding sprawling	A	Unknown	Unknown	Consistent	Moderate	Inside
DS2	Small	Vase Shaped, open canopy	B	Unknown	Unknown	Similar to Hass?	High	Outside
DS3	Large	Upright	A	Unknown	Unknown	Consistent	High	Inside
DS4	Large	Rangy somewhat upright sprawling	A	Unknown	Unknown	Moderately consistent	Moderate	Outside
DS5	Small	Compact	A	Unknown	Unknown	Consistent	High	Somewhat Inside

*High density potential includes adaptability to heavy pruning.
Adapted from Platt, R. 1975. California Avocado Society 1974-75 Yearbook. 58:49-53.

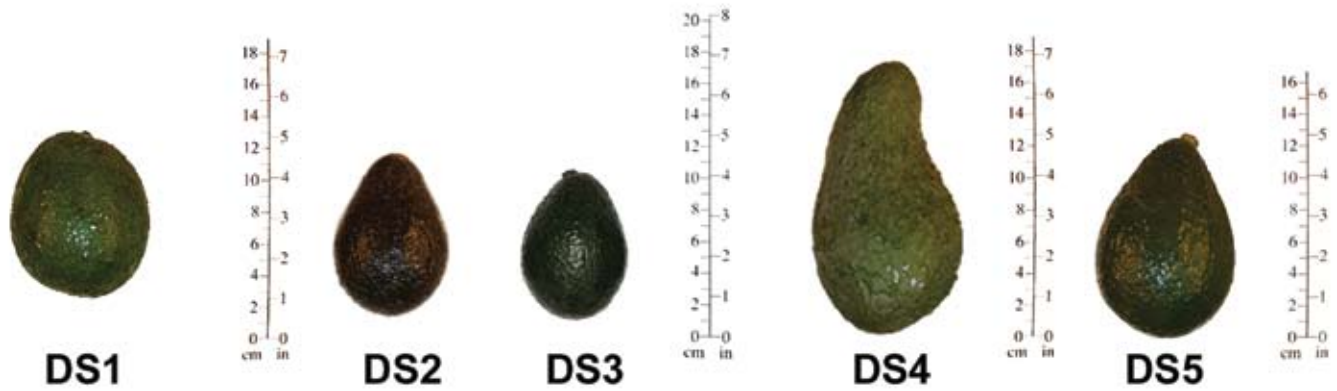
ing program. In addition, word has gotten back to CAC that the University of California, Riverside may be entertaining offers from interested parties in other countries to fund the scion breeding program, which could hinder California growers' access to future material released from the program.

California avocado growers, through CAC, have invested more than \$8.3 million in the avocado breeding program just since 1991 — although the program and growers' investment have been ongoing for many decades. Despite California — and the world — being a 'Hass'-dominated industry today, the thought of the California industry's long-term investment in the breeding program and our access to new varieties being usurped for the promise of future funding does not sit well with anyone. At its meeting on May 9, the PRC discussed how to ensure this doesn't happen.

The easy answer is for California's avocado industry to continue fully

funding the scion breeding program to ensure our continued access to new varieties. But that is easier said than done. First, as already mentioned, the California industry grows 'Hass' avocados and it's unlikely that 'Hass' will stop being the dominant variety anytime soon. Thus, how much should our industry invest in developing new varieties that will likely remain niche products for the foreseeable future? Second, CAC has long strived to live within its means and maintain a balanced budget, while funding all necessary programs and maintaining a steady assessment rate. Therefore, for CAC to fully fund the scion breeding program, one of two things — neither of which is appealing — would need to happen: 1) funding to other research projects would need to be reduced; or 2) the production research budget would need to increase, which would mean shifting funds from somewhere else in the CAC budget or increasing the overall CAC budget.

A third option, which is appeal-



Promising avocado varieties currently under consideration for release by UC Riverside.

ing, would be for CAC to find partners who believe in our goal of maintaining the California industry’s access to new varieties and could share the cost of the program. Although a new idea to our industry, there are examples of such partnerships in other industries. In 2005, faced with similar issues, Florida’s citrus packers got together and formed the New Varieties Development and Management Corporation (NVDMC: <http://nvdmc.org/>). NVDMC was set up as a non-profit corporation to help ensure Florida growers’ access to new patented citrus varieties, manage new

varieties and direct resources to citrus breeding research.

A poll of the PRC members at their May 9 meeting showed overwhelming support for exploring the development of some form of partnership to fund the scion breeding program going forward. The CAC Board, at its May 18 meeting, also supported this idea. CAC staff will be working to flesh out some details for the PRC and Board to review at future meetings.

Who may be interested in such a partnership? That remains to be determined, but a starting point would be

the California avocado handlers. All our handlers are heavily invested in the California industry and want to ensure our growers remain profitable and sustainable. New varieties can be viewed as somewhat of an insurance policy that — come what may with ‘Hass’ or the world industry — can allow our growers and our industry to remain relevant. And, depending on the details of what can be negotiated with the University of California, the partnership could be a source of future revenues through royalties, especially if we could control the world’s access to those new varieties. 🥑

Fruit characteristics for promising avocado varieties selected and evaluated by Dr. Mary Lu Apraia, Eric Focht and David Stottlemeyer at UC Riverside, and currently under consideration for release.

Variety Code	Harvest Season*	Average Size (ounces)	Fruit Shape	Peel Color	Peel Texture	Peel Thickness	Peelability	Relative Seed Size	Flavor	Eating Quality
DS1	Late winter/Spring	4.1	Round	Green to Dark Green	Somewhat pebbly	Medium	Very good to excellent	Medium	Rich, smooth	Very good to excellent
DS2	Later Spring/Summer	6.3	oval	Black	Somewhat pebbly	Medium thick	Very good to excellent	Medium	Rich, smooth	Very good to excellent
DS3	Late Spring/Summer	6.3	Pear	Black	Somewhat pebbly	Medium	Very good to excellent	Medium	Rich, smooth, yielding flesh	Very good to excellent
DS4	Winter/spring	6.2	Pear	Reddish Black to Black	Rough	Medium	Excellent	Small	Clean smooth taste, firm flesh for slicing	Very good to excellent
DS5	Summer/early Fall	9.3	Pear	Green	Somewhat pebbly	Medium	Excellent	Medium	Rich, smooth	Very good to excellent

*Harvest Season depends on where in California the variety is grown. What is provided is an estimate of the statewide harvesting window.

By April Aymami
Industry Affairs Director

2016 California Avocado Acreage Inventory Update

Each year the California Avocado Commission (CAC) conducts an inventory of California avocado acreage in order to better understand industry trends and gauge the impact of ever-increasing production pressures on California avocado growers.

The acreage survey uses remote sensing techniques, applied against aerial and satellite imagery collected in the spring, to delineate avocado acreage into producing versus non-producing acreage. Furthermore, avocado acreage is classified by categories including: producing, topped/stumped and new/young. The annual acreage inventory is conducted for California's five main growing regions: San Diego, Riverside, Ventura, Santa Barbara and San Luis Obispo counties. Other minor counties' acreage is estimated based on ancillary data from county agricultural commissioners and our grower community. CAC uses the results from the acreage survey to complete a number of industry-related projects including — but not limited to — mid-season crop estimating, grove ID database and annual crop statistic reporting.

The results of the 2016 California avocado acreage inventory have been compiled and indicate a decline from 2015 in bearing (producing + topped/stumped classification) California avocado acreage of about 1,000 acres. This decrease is not surprising when factoring in the pressures placed on growers by the prolonged drought conditions and water availability. Of the more than 50,000 bearing acres, about 44,000 are classified as producing with the remain-

ing 6,500 representing topped/stumped acreage. What is unknown at this point, is how many of those acres classified as topped/stumped have been abandoned and how many will come back into production over time.

While the year-over-year analysis shows a decline of 4,500 producing acres from 2015, overall planted California acreage (producing + topped/stumped + new/young) has increased almost 600 acres from last year, for a total of 54,400

planted acres. A deeper dive into those “lost” producing acres points to a shift in classification to topped/stumped acreage. As CAC begins the planning process for next year, projects that will help quantify the number of topped/stumped acres that may remain in the industry and the number that could be abandoned are now being considered.

One bright spot in the results is an increase from 2015 of more than 1,600 acres classified as new or young trees.

2016 California Avocado Acreage Inventory Summary by County						
County	Producing Acres	Top/Stump Acres	New/Young Acres	Planted Acres	Bearing Acres	
San Diego	15,000	2,741	561	18,302	17,741	
Riverside	4,142	916	630	5,688	5,058	
Ventura	15,724	1,380	1,382	18,486	17,104	
Santa Barbara	4,267	712	484	5,464	4,980	
San Luis Obispo	3,269	745	491	4,505	4,014	
Five County Total	42,403	6,494	3,548	52,445	48,898	
Minor Counties Total*	1,958			1,958	1,958	
Grand Total	44,361			54,403	50,856	

California Avocado Acreage Classification Comparison (2015 vs 2016)						
County	Year	Producing Acres	Top/Stump Acres	New/Young Acres	Planted Acres	Bearing Acres
San Diego	2016	15,000	2,741	561	18,302	17,741
	2015	16,870	1,474	430	18,774	18,344
	Change (+/-)	-1,869	1,266	131	-472	-603
Riverside	2016	4,142	916	630	5,688	5,058
	2015	5,056	479	354	5,890	5,536
	Change (+/-)	-914	437	276	-202	-477
Ventura	2016	15,724	1,380	1,382	18,486	17,104
	2015	16,732	598	670	18,000	17,331
	Change (+/-)	-1,008	782	713	486	-226
Santa Barbara	2016	4,267	712	484	5,464	4,980
	2015	4,819	194	327	5,340	5,013
	Change (+/-)	-551	518	157	123	-33
San Luis Obispo	2016	3,269	745	491	4,505	4,014
	2015	3,500	220	124	3,844	3,720
	Change (+/-)	-231	526	367	662	294
Five County Total	2016	42,403	6,494	3,548	52,445	48,898
	2015	46,978	2,966	1,905	51,848	49,944
	Change (+/-)	-4,574	3,529	1,643	597	-1,046

This new/young acreage — totaling 3,500 industry-wide — is comprised of trees identified as four years or younger and is indicative of growers' continued support of the California avocado

industry through investment in new plantings and grove rejuvenation.

Details of the 2016 acreage update are included with this article, while archived acreage inventory updates can

be found on the grower website at CaliforniaAvocadoGrowers.com/industry/acreage-inventory-summaries. 🍷

2016-17 Mid-Season California Avocado Crop Update

The California Avocado Commission (CAC) thanks all of the growers who participated in the recently-concluded Crop Estimate Survey. Survey forms were mailed out in April with a return date of early May. Responses represented a wide range of grove sizes and locations for more than 25,000 acres, exceeding CAC's goal of 50 percent of acreage representation and capturing a fairly accurate snapshot of the industry and the crop currently being harvested.

The mid-season crop update is compiled by applying survey responses to predefined avocado acreage by area to project an estimated total industry volume. Avocado acreage is updated through an acreage inventory survey conducted annually in the spring (see 2016 Acreage Inventory Update article on page 20). In recent years, CAC has used bearing acreage (producing + topped/stumped classification) to calculate the mid-season crop update and, on average, actual volume has been within 6 percent of the mid-season estimate.

In calculating the 2016-17 mid-season crop update, using bearing acres, the survey results yielded a crop volume nearly 30 million pounds higher than the pre-season estimate of 215 million pounds. In reviewing what had already been harvested, as well as industry stakeholder input, these results did not seem feasible. Therefore, crop survey results — specifically estimated yield per acre, by area — were thoroughly reviewed a second time and were deemed

to be plausible. With these factors in play, the crop team turned to the bearing acreage figures being utilized to form the estimate, and ran the estimate using only producing avocado acreage. The results from this analysis produced an estimated crop size of 212.3 million pounds, which supports crop and industry indicators to-date.

These survey results were presented to the CAC Board in May and there was support to move forward using producing acres and a mid-season estimate update of 212.3 million pounds. While

crop estimating can be difficult to perfect, CAC staff will continue to review, monitor and evaluate the data available to estimate the California crop to continually provide the industry with the most accurate statistics possible.

Included are details of the 2016-17 mid-season California crop update, which contain variety breakdowns and production by county. Additional details can be found on CAC's website at CaliforniaAvocadoGrowers.com/industry/crop-projections-and-estimates/2016-17-mid-season-crop-estimate. 🍷

Variety	Producing Acres	Estimated Yield		Response %
		Lbs/Acre	Lbs (MM)	
Hass	42,240	4,801	202.8	59%
Lamb-Hass	1,392	5,058	7.0	45%
Other	729	3,363	2.5	46%
Total	44,361	4,789	212.3	58%

County	Hass Only			All Varieties		
	Producing Acres	Estimated Yield		Producing Acres	Estimated Yield	
		Lbs Per Acre	Lbs (MM)		Lbs Per Acre	Lbs (MM)
San Diego	14,171	5,560	78.8	15,003	5,531	82.9
Riverside	4,074	2,711	11.0	4,142	2,718	11.2
Orange	1,198	3,847	4.7	1,250	3,748	4.7
Ventura	14,778	5,761	85.1	15,725	5,698	89.6
Santa Barbara	4,190	3,926	16.4	4,266	3,908	16.7
San Luis Obispo	3,218	2,727	8.8	3,267	2,727	8.9
Minor Counties	611	2,990	1.8	708	2,932	2.1

Grower Profile



A Long History in California Avocados

By Tim Linden

It was in 1868 – almost 150 years ago – that Andrew Bailard settled in the Carpinteria area of California and started to grow beans to feed his growing family. Bailard eventually had 10 children, which created many branches of the Bailard family in the area.

One such branch was headed by Ed Bailard, one of Andrew's kids. His grandson is also named Andrew, though the current California avocado industry knows him as Andy, a former member of the California Avocado Commission (CAC) Board and an active avocado grower and advocate, even as he hits the age of 80. "I'm still very capable of doing everything I have to do to run my ranches, along with my ranch manager, Rick Shade, (the current chairman of CAC). Eventually my three children will take over ownership, but we're not ready for that yet," he said, speaking of himself and his wife Carol.

Bailard continues to operate Bailard Citrus Company, though the name is an ode to the past rather than represen-

tative of the company's current product line. "My grandfather (Ed Bailard) and my Uncle Donald, who everyone called 'Dude,' are the ones that started the company," Andy says. "From the 1930s to the 1950s, they grew mostly lemons."

It was in the 1950s that the company started to transition its acreage from lemons to avocados. Ed Bailard died in the 1950s, leaving Dude Bailard to run the operation until his passing in 1990. At that point, Andy inherited the company and has been running it ever since.

"I was born and raised in Carpinteria and went to high school here. I started college in Illinois and then transferred to Cal Poly (San Luis Obispo) where I got a degree in agricultural business management."

But with his uncle running the operation, Andy pursued other activities, mostly in the banking and financial world. In fact, he was living in Orange County when he took over the operation of Bailard Citrus Company in 1990. A couple of

years later he hired Shade as the manager and continued to run the company from his home in Orange County.

He retired in 2000, but continued to work on a part-time basis in trust and estate planning. In 2002, Andy and Carol moved up to Carpinteria to take more of a hands-on, active role in the operation. His ranch actually consists of three parcels that combine for a total of 47 acres. In addition, his three adult children — Karen, Jeff and Brian — own a 16-acre avocado ranch that came from another branch of the Bailard family. That operation is called Bailard Avocado Company. Andy expects his son Jeff, who is currently in the financial business world just as he was, to eventually take over management of the operation. “Our ranches aren’t going anywhere. We are keeping them until we are done and I’m sure my kids will do the same.”

Bailard said his ranches are in the agricultural preserve program so they can’t be transitioned back into other uses without a 10-year waiting period. He said the avocado industry has been very good financially for his family so he sees no reason to change that dynamic. “I’ve replaced all the trees over the years on a systematic basis. We are operating very well. Last year we averaged about 17,000 pounds per acre.”

But it has not always been a bed of roses. “My worst year was my first year,” he said. “In December of 1990, we had the worst freeze ever. I lost the entire crop for both 1991 and 1992 and I also lost 115 new trees.”

But in 1993, his groves bounced back to produce what he called a “humongous crop” and it has been a good ride ever since, though there obviously have been some years much better than others. “We have level land, good soil and our own wells,” he said, ticking off his inherent advantages.

“I replace some trees on an ongoing basis about every five years. It takes about five years once you replant to get a good crop again. I just replanted five-and-a-third acres this year.”

Though others have touted high density planting, Bailard admits that he is “not into high density.” With the outstanding yields that he currently gets, he’s just not interested in tempting fate and changing his grove configuration. After two very strong years, he said production in 2017 will be about half of what it was last year, which puts his ranches in the same category as most of the others in California. Total California avocado production in 2017 is only expected to reach about half of that of 2016. “We are just starting to pick this week,” he said in mid-May.

Bailard was very excited by the high prices currently being quoted by his packer, Index Fresh. “Today they are quoting \$1.28 to \$1.34 on 70s ranging to \$1.90 to \$1.96 on 48s.”

While those field prices won’t make up all the revenue lost because of the smaller crop, he does expect that they will make 2017 a profitable year.

Looking forward, Bailard sees the water situation as the big-



gest challenge to being a profitable California avocado producer. This year, his ranches received 22 inches of rain, which was a shot in the arm after four to five years of drought. He said the rain did an exceptionally good job of washing the salts out of the soil and creating a high-quality piece of fruit. But he can’t count on that every year. “Right now we are drilling a new well so we can go deeper when we need to.”

He said other major future challenges include the always-lurking threat from wind and frost, and the ever-increasing costs associated with producing a good crop. Bailard said increased costs of harvesting and fertilizing the crop, as well as the higher prices on trees themselves, present additional challenges. “And competition is always an issue.”

But he praised the area he is in and says it has several natural advantages over other production areas in the state. The weather is typically mild, with nice ocean breezes and the water situation is better than in most areas. Bailard is particularly bullish about the 2018 crop. “I see a lot of bloom out there. We should have a very good crop next year,” he said as he optimistically surveyed the future. 🍷

Targeted Online Retail Programs Drive Awareness of California Avocado Availability

One of the most common questions the California Avocado Commission (CAC) receives from its online fans is, “Where can I find California avocados?” To answer that question, the Commission has developed an online marketing strategy that increases awareness of the California avocado season and notifies targeted consumers of the availability of California avocados at CAC’s partner retail chains.

Online marketing allows CAC to reach its target consumer with contextually relevant messaging about local availability, and offers several advantages for CAC’s retail partners that encourage increased sales while building account loyalty. The programs can be targeted by specific demographics, interests, locations or other criteria based on the key account’s objectives and strategies. Working with customers where CAC’s target consumer shops is a powerful method of advertising not previously available with other forms of media, and is the sweet spot CAC seeks when developing customized promotions for its retail partners.

In addition, the campaigns are easily monitored and results can be catalogued to measure social media channel lift. Zac Benedict, CAC’s online marketing director, commented on the increasing popularity of online channels that is driving online retailer marketing: “CAC’s retail partners are seeing the value of focusing on online promotions and are eager to get started with customized activations. CAC has received enthusiastic responses from our partners for assisting with advertising to their customers as this communication not only drives sales, but also helps build the retailer’s online audiences.”

To help consumers find fresh California avocados, the Commission has added a new feature to CaliforniaAvocado.com — a store locator that lists partner retail chains carrying California avocados, with links to find their nearest locations. The locator is available now at: CaliforniaAvocado.com/store-locator.

To ensure the Commission’s online retail promotions provide the most value and are reaching consumers in markets where California avocados are available, CAC seeks the input



Digital banners remind shoppers to purchase California avocados during peak season and encourage them to learn why California avocados are the premium choice.

of the retail marketing directors, the CAC Marketing Committee and meets with handlers prior to, during and after the California avocado season. Promotional launch dates are then confirmed by produce merchandising and procurement decision makers. Once the marketing programs are initiated, the Commission communicates with its retail partners throughout the season to tweak the communications and their timing as needed.

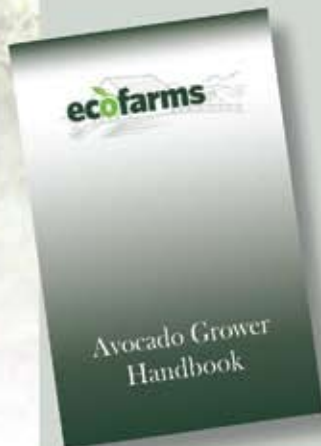
Online retail programs have a broad reach — allowing CAC and its retail partners to engage with consumers wherever they are — but the beauty of online marketing is the ability to fine-tune that broad reach and target specific audiences on an ongoing basis. To do so, the Commission reviews a blend of behavioral and location data to reach consumers at the right time. Social media promotions are targeted to a zip code and a three-mile radius around retail locations. The messaging of specific digital promotions appears on the mobile devices of

Handling California Avocados

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Costco encouraged its Facebook fans to “Take your avocado toast to the next level with three recipes from California Avocados.”

consumers who have opted for location-based communications targeted to where the consumer is — near the retail location, within the retail location or having left the retail location.

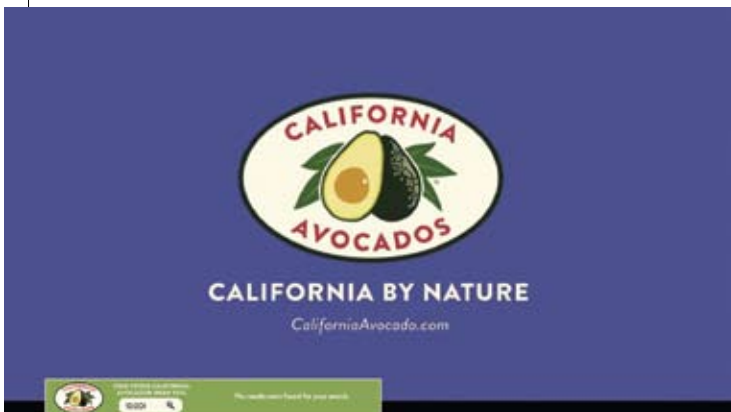
As early as January, and throughout the California avocado season, CAC’s retail partners shared recipes, digital videos with store locator overlays, banners and California avocado nutrition information on their social media platforms to generate excitement about the availability of California avocados. For example, Mollie Stone’s Facebook page provided fans with a variety of California avocado recipes; showcased a video demonstrating how to prepare an *Ahi Poke Bowl with California Avocados* (while reminding fans the fruit is “now in season”); and shared The Scoop’s blog post announcing the new Cali-

fornia avocado serving size.

Retailers crafted Facebook posts that packed a powerful punch — engaging customers by providing them with useful information and seeking their input. With just one playful Facebook post, Ralphs provided fans with a *California Avocado Grilled Lime Chicken* recipe, reminded customers of California avocados’ seasonal availability and asked fans to share their favorite way to eat the fruit. Retailers like Stater Bros. also helped drive traffic to the CaliforniaAvocado.com website

by sharing eye-catching images of a California-avocado dish and then directly linking to the recipe on the Commission’s consumer website.

So far this season, through May, retail partners participating in CAC’s social media programs also included Albertsons, Costco, Gelson’s, Lucky, New Seasons Market, Pavilions, Raley’s, Ralphs, Sam’s Club, Save Mart, Schnucks and Vons. As of the end of May, the California avocado retailer social media initiatives garnered approximately 20 million impressions. 🥑



The Commission provides retail partners with digital videos with store locator overlays that make it easy for consumers to find California avocados at a nearby location.



Digital banners serve a dual purpose — building awareness of the California avocado season and providing a store locator for fans.

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CAC Kicks off California Avocado Month at L.A.'s Historic Grand Central Market

By Tim Linden

In partnership with the historic Grand Central Market in revitalized downtown Los Angeles, the California Avocado Commission (CAC) kicked off California Avocado Month in late May with a media tour previewing how 10 restaurants in that foodie haven were going to celebrate the occasion. The Commission partnered with these top restaurants to feature California avocados in newly-developed recipes throughout the month of June. The food hall — and the Commission's

restaurant partners — represents a diverse lineup of cultures and cuisines within a wide-open venue.

Touring the facility in three different groups, the gaggle of reporters and bloggers went from venue to venue tasting and photographing about a dozen avocado-centric creations. At each stop, the chefs displayed their passion for food, cooking and especially California avocados as they discussed their unique recipes and presented their dishes. Each stop was



seemingly better than the one before and each dish offered creative takes on familiar dishes. From salad and tacos to toast and a smoothie, the California avocado was the star of each offering.

The evening was capped off with a dinner at Horse Thief BBQ, one of the flagship restaurants of Grand Central Market. At that venue, Chef Anthony Chin impressed the attendees with his two avocado-laden dishes: *Brisket Sandwich with Smoked California Avocado Relish* and *Smoked Chicken and Baby Kale Salad with Creamy California Avocado Dressing*.

Chin explained that his restaurant features Texas BBQ-style dishes, but as a Los Angeles native he tries to add a California twist to his dishes. “What could be more Californian than an avocado,” he quipped.

While dinner was served, each of the dishes from the venues were on display and professionally lit so the bloggers could immediately post their experiences on social media. CAC created a special hashtag and SnapChat filter so that each social media post was published with California Avocado identification, giving maximum exposure to avocados from the Golden State.

CAC Chairman Rick Shade, who currently grows avocados in the Carpinteria area, addressed the group and told of an earlier connection his family had to the famed Grand Central Market. He called this first-time visit to the food hall “somewhat of a homecoming.” His family farming roots began in the Los Angeles area more than 100 years ago and the market actually introduced his ancestors to what was then called an avocado pear in about 1917. It was years later that the

Shade family farm began growing the crop, but it was that initial Grand Central Market visit that planted the idea — even though the two ancestors who first tasted the avocado weren’t impressed. “They did not know it needed to be ripened and didn’t like it,” Shade said.

CAC Vice President Marketing Jan DeLyser gave the media representatives a quick avocado tutorial, noting that there are about 80 million Hass avocado trees worldwide, with each of them being a descendant of the original Hass avocado tree discovered in Los Angeles County in 1926, not too far from the market.

California Avocado Month Kick-off Event Achieves Wide Reach

- **90K visitors to Grand Central Market expected during California Avocado Month**
- **82 MILLION total impressions***
- **LAist, dineLA, FoodBeast among placement highlights**

*Through 6/8/17

She discussed this year's crop and advised the group of a foolproof way to ensure that the avocado they select at the grocery store is a great one... "Pick the one with a 'California' label on it."

The Grand Central Market food vendors participating in California Avocado Month included: Horse Thief BBQ, Belcampo Meat Co., DTLA Cheese and Kitchen, Golden Road Brewing, Las Morelianas, La Tostaderia, Madcapra, Olio Wood Fired Pizzeria, Prawn, Ramen Hood and Valerie Confections. Both CAC and the Grand Central Market publicized the partnership throughout the month via social media. 🥑



CAC's Jan DeLyser points out that the California Avocado label is the best way to pick a perfect avocado.

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Ramen Hood chef creating a unique avocado toast dish for the Grand Central Market event.



Golden Road Brewing served an avocado-centric chicken sandwich.

Phytophthora Root Rot of Avocado and Management Strategies

By: Akif Eskalen,
*Extension Subtropical Plant Pathologist,
Dept. of Plant Pathology and Microbiology
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San Diego County*

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*UCCE Farm Advisor,
Riverside and San Diego Counties*

Introduction:

Phytophthora cinnamomi, the causal agent of avocado root rot, is a limiting factor in avocado production in most avocado-producing countries. On all varieties of avocado, this pathogen attacks the feeder roots, which can result in death of the tree. Although the disease has been studied for more than 60 years, definitive control measures have not been found. However, many control strategies have been discovered that will reduce the impact of avocado root rot. An integrated management approach to root rot will allow the continued economical production of avocados in the presence of *P. cinnamomi*.

Symptoms:

The first signs of the disease are observed in the tree canopy. The leaves are small, pale green, often wilted with brown tips and drop readily. Shoots die back from the tips, and eventually the tree is reduced to a bare framework of dying branches (Fig 1). Tree death may



Fig 1. *Phytophthora* root rot symptom on a young tree.

take from a few months to several years, depending on soil characteristics, cultural practices and environmental conditions (Fig 2). The small feeder roots on diseased trees may be absent in the advanced stages of decline. When present, they are usually black, brittle and decayed. Healthy trees have an abundance of creamy-white feeder roots (Fig 3).



Fig 2. *Phytophthora* root rot symptom on an older tree.



Fig 3. *Phytophthora* root rot symptom on feeder roots.

Disease Management:

Since no definitive measures have yet been found to control the disease, an integrated approach to managing the disease has been found to be most effective. This approach includes the following preventative measures, cultural practices and chemical treatments:

Cultural Practices:

- Provide favorable soil conditions
- Use certified disease-free nursery stock
- Use *P. cinnamomi*-tolerant root stocks
- Prevent soil or water movement from infested areas
- Irrigate carefully, not too much water
- Apply gypsum and mulch
- Provide appropriate nutrition

Chemical Control:

- Phosphorous acid applications
- Fosetyl-Al (Aliette®) or potassium phosphonate can be applied as soil drench, foliar spray, trunk paint, trunk injection (buffered) or with irrigation water (buffered solution)
- Metalaxyl (Ridomil®) can be applied as granular, a drench or with irrigation water

Phosphorous Acid Applications

Phosphite in roots has been shown to directly inhibit *Phytophthora*, and additionally stimulates defense mechanisms in plants. The stimulation of a defense response is probably far more important, since phosphite itself is diluted out by the time it reaches all the individual feeder roots.

Disease Prevention Program

According to the Phosphite label, 1-3 qts. of Phosphite per 100 gal/water is applied as a foliar spray at 2-4 week intervals after the trees become estab-

lished. If applied through drip or micro-sprinkler irrigation, 2-3 qts. per 100 gal. is applied. In either case, no more than six applications per year can be made. The area should not be irrigated again for at least 24 hours. It is important to have functional check valve, vacuum relief valve and a low-pressure drain in order to avoid contaminating the water source. Agri-Fos is not registered for application through the irrigation system, but is registered as a foliar spray. For foliar application, mix 1/3 fl. Oz of Agri-Fos per gallon of water and apply the diluted mixture to the point of runoff, typically 2-2 ½ gallons per mature tree. Applications should be started in spring, with up to four applications per year.

Disease Control Program

If root rot symptoms are apparent (i.e. leaf drop, and slightly brittle and chocolate-brown colored feeder roots), then trunk injection is the most effective method for getting phosphite into the tree. According to the Fosphite label, 3 teaspoons per linear yard of canopy width at breast height is applied with a proper injection syringe. Applications should be repeated 2-4 times per year until root rot is under control.

According to the Agri-Fos label, ¼ fl. oz. of undiluted product is injected per yard of canopy diameter for skeletal trees. For details on quantity and timing of injection, please refer to the label. It is important to inject phosphite

into trees at the right time. Newly expanding leaves and developing fruit have greater sink strength than roots. Given that phosphite moves towards sinks with the highest strength, injections should be conducted just as leaves harden, when they are no longer sinks, and right before fruit development, so the phosphite will move appropriately to the actively growing roots. The timing for this is usually in late spring (May) and summer (August), but these dates may vary according to local conditions. Rather than phosphite, phosphorous acid fertilizers should be used on healthy trees free from root rot. 🍌



Recommended Phosphorous acid injection using tree-IV system.



Recommended Phosphorous acid injection using Chemjet.



This Del Taco menu poster showcases slices of fresh California avocados atop Wet Burritos.

California Avocado Foodservice Menu Items Showcase Versatility and Exclusivity of the Fruit

Each season, the California Avocado Commission (CAC) partners with a diverse range of foodservice chains to develop chain menu items and promotions that drive demand for California avocados. These programs showcase the versatility of the fruit and build awareness of its origin and limited seasonal availability.

CAC's foodservice team starts by identifying western regional chains and national chains with a strong presence in the western states. Chains are then prioritized and tiered based on previous promotional relationships with the Commission and the number of units available to source California avocados. When meeting with targeted foodservice chain decision makers, CAC emphasizes the unique competitive advantage of fresh California avocados as the only U.S. grown, local avocado. In addition, the foodservice team hosts menu ideation sessions where new menu concepts are presented to the chains' culinary research and development/menu planner personnel. The menu concepts are unique to each chain and developed in accordance with their targeted markets and specialized menu. To ensure a seamless promotional process, CAC also solidifies handler commitments to optimize the timing of promotions.

For the 2017 season, the Commission secured peak-season spring and summer promotions with a wide range of foodservice chains. The California Avocados brand logo was prominently featured in point-of-sale material including table tents, counter cards, menu extenders, menu inserts, menu posters, as well as marketing vehicles such as coupons, free standing inserts in newspapers, eblasts and digital promotions on the



Morrison's counter cards showcased a new way to enjoy an old favorite – topping toast with fresh California avocados.

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SANTA FE BOWL Cilantro farro and spinach topped with lime chicken, tomatoes, sweet white corn, black beans, red cabbage, toasted pepitas, fresh avocado, poblanos and scallions. Served with housemade poblano ranch. **14.99 [cal.690]**



LEMONGRASS CHICKEN Pan-roasted chicken in a lemongrass ginger glaze, over a stir-fry of baby bok choy, roasted farro, Shiitake mushrooms and red chili. **19.99 [cal.940]** Pairs well with *Josh Chardonnay*



MI_SeasAV_0417

California avocados included in California Pizza Kitchen's Globally Inspired Flavors promotion.

chains' social media channels. The California avocado-centric menu items featured by the foodservice chains during the peak season encouraged restaurant consumption, demonstrated the versatility of the fruit and provided California avocado fans with inspirational menu ideas they can prepare at home.

The Commission partnered with three national chains that committed to showcasing California avocado menu items in all units system-wide. Marie Callender's offered a *Fresh Avocado and Shrimp Stack Appetizer* as part of its early season "Seafood Celebration Pie Combos" promotion. The 62 units that participated in the promotion also included fresh California avocados in several items — including *Veggie Tacos*, a *Bacon, Cheese and Avocado Smasher* and a *BLTA* sandwich — from its "Crave & Save" portion of the menu. Del Taco's spring and summer promotion featured slices of fresh California avocados atop *Wet Burritos* at more than 400 units. And throughout the month of June, customers at 185 Habit Burger locations in the West enjoyed slices of fresh California avocados on their favorite burger or sandwich.

Five national chains partnered with the Commission to promote California avocado menu items in their western locations. California Pizza Kitchen (CPK) introduced two new Power Bowls featuring California avocados at 194 units located in western states. CPK's produce-rich *Santa Fe Bowl* and the *Bahn Mi Bowl* included slices of California avocados

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Denny's table tents encouraged customers to enjoy a taste of California by ordering fresh California avocados with any dish.

throughout summer. Morrison's invited customers to enjoy an old favorite — toast — in a new way: topped with fresh California avocados. The spring and summer avocado toast promotion ran in 192 West Coast locations. Throughout the month of June, summer-themed California avocado promotions ran in 568 Chipotle units. Denny's "A Taste of California" promotion encouraged customers at 500 locations in California and Arizona to add "fresh, creamy" California avocados to their summertime meals.

Select regional chains also celebrated the California avocado season with limited time offer menu items. Baja Fresh promoted the *Grilled Shrimp and Chile Lime Salad* and a *Seafood Taco Combo* topped with fresh California avocados in 155

locations. Twenty-one La Salsa locations launched a new signature menu item — the *Torta with Grilled Carnitas* and slices of California avocados. Ninety-two Farmer Boys units, located primarily in California, featured chunks of fresh California avocados on two of its popular summer salads — the *Harvest Salad* and the *Southwest Chicken Salad*. 🥑

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The California Avocados logo shown on free-standing-inserts that included coupons and special offers for Club Baja members at Baja Fresh.

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CALIFORNIA AVOCADOS

The Farmer Boy's menu extender showcased the California Avocados logo and fresh slices of the fruit on two of its popular summer salads.

By Tim Linden

Tanzania Avocado Growers Exploring Potential with Help from UC Researchers

In the late 19th Century, German missionaries introduced avocados to Tanzania. Many of those trees have flourished and today non-commercial avocado trees are very much evident in this African nation. The evidence that avocados can grow in the country has no doubt led to a fledgling commercial Hass avocado industry.

Two University of California (UC) Cooperative Extension specialists, post harvest and horticulture expert Mary Lu Arpaia and entomologist Mark Hoddle, have collectively spent several weeks in Tanzania this spring helping avocado growers reach their potential. In fact, Dr. Arpaia was on her third trip to Tanzania since 2015 when she was interviewed by *From the Grove* in late May. She was visiting Tanzania again as part of the UC Global Food Initiative, a program designed to bring UC expertise to under-developed countries and help them become more self-sufficient and prosperous. In Tanzania, 69 percent of the population lives below the poverty line and 16 percent of children under five are malnourished. “One of the aims of the Global Food Initiative is to deploy UC’s best research and extension practices to address the key challenge of improving food production,” she said. “That’s why we went to Tanzania.”

Dr. Arpaia said there are two commercial companies currently growing Hass avocados in Tanzania and exporting them to Europe. The two UC researchers went to Tanzania, on a pro-



Dr. Mary Lu Arpaia visited Tanzania twice this spring helping avocado growers become commercially viable.

bono basis, to assist one of the projects in the southern part of the country. She said Rungwe Avocado Company planted 300 Hectares (ha) — (approximately 750 acres —) of the Hass variety in the southern highlands around Tukuyu near Lake Malawi, which is part of the border between Southwestern Tanzania, Zambia and Malawi.

The company parceled out 200 ha worth of the trees to almost 4,000 individual landowners, with the ranch sizes ranging from 10 - 15 trees to 1,200 trees. These farmers are known as “outgrowers” and they face some inherent challenges in becoming commercially viable. The acreage is at elevations rang-

ing from about 600 meters to 1,900 meters. There are 119 village communities involved and they have a tremendous amount of rainfall (3000 mm per year, or 118 inches per year) that can lead to fruit diseases.

The two specialists visited with growers, extension technicians, packing house managers and logistics experts. They identified production, pest management and fruit handling challenges faced by the fledgling avocado industry.

Dr. Hoddle examined the Tanzanian avocado trees and fruit and collected insect specimens. He said the insect damage was minimal at the time



Avocados are grown at high elevations in Tanzania.

of the first week long visit in March. In a report from that trip, he said: “That surprised me because of the insect biodiversity in Africa. There was little evidence of heavy leaf feeding. There was some evidence of fruit damage caused by insect feeding on the skin, but they don’t seem to have fruit boring weevils or caterpillars that we commonly see in parts of Mexico, Central and South America.”

Dr. Arpaia said in May that Dr. Hoddle was working with growers on issues pertaining to the False Codling Moth, and was also imparting information about beneficial insects. Because of the inordinate amount of rain, she said growers have to spray often to control fruit diseases and they have to learn how to manage that aspect of the farming operation. A main production challenge over and beyond the False Codling Moth is Pepper Spot, which is caused by the same organism that results in anthracnose. Anthracnose is the main cause of body rots in ripe fruit. “Fortunately in California, we have minimal problems with this disease,” she said.

During the trip in May, Dr. Arpaia was specifically working on canopy management and reviewing post-har-

vest protocols to identify ways to improve picking, handling, storage and shipping practices that would result in top quality fruit arrival in Europe. She said the fruit, after harvest, has to be shipped by land to Dar es Salam before traveling through the Suez Canal and arriving in Europe, via ship, four to five weeks later. The strategy is to educate the different village communities about the need for proper care of the trees and

fruit to maximize packout and exportable fruit.

Dr. Arpaia believes that Tanzania does have the ability to be part of the global supply avocado network. The Tanzania operation she is working at has a small packing shed, with a packing line and a forced air cooler.

She said, in fact, the viability has already been proven because the two avocado operations — Rungwe Avocado Company and the other avocado company, Africado, which was established in 2007 — are successfully exporting fruit to Europe. She added that anecdotally, Tanzanians are familiar with the avocado as it has been a “backyard” crop for more than a century. With increased production of the Hass avocado on a commercial basis, she believes avocados will be consumed domestically in greater numbers. In an earlier report, she offered: “We want to help them be better avocado farmers so the crop can be a greater contributor to the country’s economy. Boosting this industry will also give people all over Tanzania the opportunity to add nutritious avocados to their diets.” 🥑



Dr. Mark Hoddle poses with some Tanzania avocado growers.

By Tim Linden

California Season Progresses Without Surprises

Production agriculture rarely produces a season that doesn't have at least a few surprises because the nature of the business just isn't compatible with 100 percent accurate predictions. But by all accounts the 2017 California avocado season has progressed as expected.

Of course both the field and market price are on the high side of expectations, but growers and marketers alike predicted a very strong market would ensue well before the first avocado was picked.

"It has been a very good season in terms of price," said Dana Thomas, president of Index Fresh. "Of course, the price has been up because the volume is down."

At the end of May, he said more than 50 percent of the crop had been harvested as "the market is pulling the fruit off the trees." With such high prices – close to \$2 per pound in the field – there was no reason for growers to hold back and fruit was being harvested at a fast pace.

Thomas said growers had an additional incentive to unload their trees – decreasing the stress on the trees now and allowing an opportunity for the 2018 crop to come to fruition. "It looks to be very good, but I don't want to jinx it," Thomas said of the 2018 crop.

"It has the potential to be a really nice crop. There was a good bloom and a good set."

Echoing those comments was Rankin McDaniel Sr. of McDaniel Avocado Company. "We had a very good, early rainy season. And we've had excellent weather this spring. That led to a good bloom and a good set. At the moment (late May) we have a very good crop of pea-sized avocados on the tree. But it's going to take a couple more months to know what we have. There is going to be some natural shedding and we have to get through some heat, but it looks good."

He said the 2017 crop, which was estimated at half of 2016, appears to be in sync with that prediction.

Discussing the very strong pricing that has accompanied that short California crop, McDaniel said he has seen prices go to the same heights in the past but not for such an extended period of time. By the end of May, the demand-exceeds-supply situation had been in force for about six weeks and he expected it to remain for at least several more months. "I think we are going to see several more months of this. I see a strong market through October."

In fact, McDaniel said there might not be promotable supplies again until California enters the market with

a big crop in 2018. But even then, he remains "very bullish" on the prospects for California growers and all avocado growers. McDaniel said demand appears to be growing faster than supply can keep up.

Rob Wedin, vice president of fresh sales and marketing for Calavo Growers Inc., Santa Paula, CA, does not expect the current marketing conditions to last quite as long. He said early indications are that Mexico's 2017-18 crop is significantly larger than the crop currently coming to the end of its season. He believes that by September the Mexican crop will begin to impact the market and the f.o.b. price will fall. However, he agrees that the potential for the very strong market to last five months is unprecedented.

The Calavo executive also heard that an estimator of the Mexican crop noted in late May that there was more fruit still on the trees than some people anticipated. While shipments from Mexico declined in May, he observed that if that estimator is accurate, there could be greater supplies from that country in June and July than currently expected. That might lead to a softening of the market in late summer, but that almost certainly will not occur until the California crop is pretty much depleted.

Like everyone interviewed, Wedin does not expect volume shipments from California to last beyond mid-summer. He is forecasting that the last week with more than 10 million pounds from the Golden State will occur in June. He anticipates only 8 percent of the state's volume to be shipped in August and only 1 percent after that.

In late May, Bob Lucy, president of Del Rey Avocado Co. Inc., Fallbrook, CA, noted that the California crop was being picked and marketed a little bit faster than to his liking, but he understood the dynamics at play. "Right now," he said on May 26, "growers are getting \$1.90 per pound for 48s. It probably won't get much higher than that so I

understand the difficulty in leaving that fruit on the trees."

Del Rey typically has California fruit later in the season than most handlers as it is the marketer of a good percentage of the Morro Bay output. Lucy said the company will have fruit in August and September but he laments that California shipments will decline quite rapidly beginning in mid-July. "It's a challenge to get growers to keep the fruit on the trees," he said noting both the attractive field price and the desire to help the 2018 crop size.

Speaking of next year, the Del Rey executive characterized the situation as a "huge, healthy bloom. The rains helped the fruit size this year but the greatest benefit was leaching the soil of all the salts that have been accumulating because of all the irrigation water we have used the last few years."

He said 20-25 inches of rain has created a lot of "happy trees" and he could have added "happy growers" as well.

Del Rey is a major player in the organics arena and Lucy said that even with the very high prices for the conventional California fruit (over \$50 per carton for an extended period of time), organic California avocados were still being bought and sold at a premium. "Normally we might see a 25 percent premium; this season it has been about 10 percent."

Still the field price for organic avocados was in the \$2.20 range for a 48, while the f.o.b. market in late May was in the \$62-64 per carton stratosphere.

Lucy said California growers are watching the trend and producing more organic avocados; he expects a very good crop next year. He did note that foreign suppliers are not increasing their supplies of organics at the same clip. 🥑



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By Ken Melban
Vice President of Industry Affairs

As Labor Supplies Diminish and NAFTA Negotiations Begin, Commission's Congressional Efforts Intensify

Congressional engagement is an ongoing role of the Commission's Industry Affairs department. With a new presidential administration comes change, or at least the talk of change, and as we have seen over the last few months there is plenty of change being suggested from our "friends" in Washington, D.C. From a repeal of the Affordable Care Act to a rewrite of the tax code, efforts are underway to reexamine governmental policy and programs and change the laws.

Two areas critical to the California avocado industry that have risen to the top of the list for possible Washington, D.C., action are immigration and NAFTA. Both have a significant impact on the California avocado industry. The prospect of enacting new legislation, on both issues, has caused considerable consternation for all involved.

Immigration

The new administration has adopted a strict tone on immigration. Reports of Immigration and Customs Enforcement (ICE) raids on undocumented workers have caused understandable fear among those who don't have the appropriate documentation. The administration has stated they are only going after those with felony convictions. While the debate continues as to the validity of that assertion, these



Charley Wolk, former CAC Chairman, and Ken Melban meet with Congressman David Valadao (R) member, House Committee on Appropriations.

actions are without question impacting the labor supply. Workers are unwilling to move about for fear of being picked up by ICE agents. Families are concerned they will face separation. There is a tremendous amount of anxiety in these communities about what the future will hold.

During the last few months, the Commission has met with many congressional members to discuss the immigration situation and voice our

strong concern that something must be done, and soon. There are two components that will have to be addressed to remedy the labor supply emergency agriculture is facing.

First, the current workforce must be allowed to stay. This will likely involve undocumented workers paying some type of a penalty and not committing any criminal acts. Of course, this would only be available to those who have been law abiding residents, apart

from their undocumented status.

Second, a program must be developed that allows for the entry of new workers. This program must be more flexible than the current H2A program and without the onerous housing requirements. The program will have to provide workers the flexibility to relocate as needed to follow employment opportunities.

In May, Senator Dianne Feinstein introduced the Agricultural Worker Program Act, commonly known as the Blue Card legislation. The idea is that any farmworker who has worked in the agricultural industry for at least 100 days each of the past two years would be eligible for a Blue Card. These Blue Card holders would also be put on the fast track for a more permanent status in the U.S. (either a green card or residency); if they worked enough hours in agriculture they could be eligible for permanent U.S. status in three to five years. While this proposal does offer an interim fix, it won't address the long-term labor supply needs.

The bill was introduced with only Democratic support, which make the chances of success very slim in a Republican-controlled Senate. However, it will hopefully serve as an "invitation to dance" if you will, and provide an impetus to restart the conversation. There is similar Blue Card legislation being discussed on the House side but nothing has been introduced.

As with previous efforts on immigration, E-verify remains front and center in the debate. While agriculture will support E-verify, our support will only come if it's introduced concurrently with legislation that adequately addresses allowing the existing workers to stay in the U.S. along with a pathway for future workers. In the past, proponents of E-verify, like the original author Congressman Ken Calvert, have argued there would be a phase-in implementa-



Rep. Ken Calvert touring California avocado groves in Temecula with CAC staff and others on May 11.

tion requirement for agriculture. Recently the Commission met with Representative Calvert and clearly stated we would not support E-verify, even with a phase-in for agriculture, because there are no guarantees our other concerns will be resolved in the future.

Another policy that is problematic is that of a "Touch Back" requirement. The idea is workers would be required to go back to their country of origin within a certain time frame to "check in" and then could return. The concern here is workers would have no guarantee they would be let back in the U.S. In addition, many of these workers may have been here for 10, 20 years. Where would they *Touch Back*? A "Touch Back" requirement is a non-starter.

The Commission's advocacy with congressional members focuses on the dire situation agriculture is facing and the reality that these undocumented workers are not taking jobs from unemployed citizens. The partisan politics that has caused this challenge to be kicked down the road for the last two decades must be overcome. Both parties in the past decade have had full control of the House, Senate and presidency but failed to act on immigration. On the Democratic side folks on the far left

don't want to see any type of enforcement and border security action and on the far right calls for deporting all undocumented workers ring loud. Neither of those fringe elements can be allowed to continue to derail fixing the problem. Our message is simple: we need moderates from both parties to step up and get this done. Now!

NAFTA, Tariffs & BAT

A major part of President Trump's campaign focused on "fair trade" for the U.S., with much of the discussion centered on trade with Mexico. The idea of a tariff on imports from Mexico has been raised by the Trump administration and the House Republicans proposed a Border Adjustment Tax (BAT). Then, in mid-May, U.S. Trade Representative (USTR) Robert Lighthizer notified Congress of the planned renegotiation of the NAFTA. This initiates a 90-day comment period before talks with Canada and Mexico will formally begin. The Commission has been tracking the dialogue very closely and weighing in, through multiple channels, concerning how these potential trade decisions could impact the California avocado industry. In 2015, I was appointed by the U.S. Trade Representative and the U.S.



Ken Melban with Congressman Devin Nunes (R), Chairman, House Committee on Intelligence; member, Ways and Means Committee.

Secretary of Agriculture to serve on the USTR/USDA Agricultural Technical Advisory Committee (ATAC) for fruits and vegetables. The ATAC advises the administration on trade policy issues. This appointment has ensured the concerns of the California avocado industry are being heard and, hopefully, our interests will be addressed.

Without a tangible proposal, it's difficult to determine just how a renegotiated NAFTA agreement or tariff will impact the California avocado industry. As California Avocado Commission President Tom Bellamore has discussed

in previous columns, the idea of placing a tax on imported avocados may – on its surface – sound like a great opportunity to level the playing field for California growers who have much higher production costs. For discussion sake, let's say a carton of Mexican avocados is selling for \$35. If a tariff of 15 percent were imposed, that would add a tax of \$5.25 on the Mexican industry. Following this example, a box would now cost a retailer \$40.25.

While a tariff on Mexico imports may sound appealing, what's unknown is just how that will impact U.S. avocado

sales and California avocado prices. The Commission has already heard of a buyer suggesting that if the import tax were levied, the price for California avocados should go down proportionately. What if Mexico begins to shift their supplies to other markets? With demand for avocados in the U.S. at 2.5 billion pounds and growing steadily, a shortage in supplies will not help market stability, as we saw late last year. We continue to view the potential trade decision as a mixed bag for the California avocado industry. Without a specific proposal, it is impossible for the Commission to take a firm position on NAFTA and/or a tariff.

In terms of a BAT, under current law, if a company produces a product in the U.S. and sells it overseas, they pay U.S. income taxes on those exports. Conversely, if a company sells a product in the U.S. that was produced overseas, it doesn't pay U.S. income tax on the value of the imported product. Under a BAT, U.S. companies would no longer be required to pay income taxes on their export sales because the products aren't sold in the U.S. However, a BAT would require companies to pay income taxes on the value of their imports because they are sold in the U.S. There is tremendous uncertainty on how a BAT would impact U.S. consumer prices. And while taxes would increase on some U.S. companies, economists theorize the U.S. dollar would become stronger and offset the higher taxes.

Fortunately, the Commission is well positioned at all levels of government to ensure the California avocado industry's concerns are part of the debate on these important issues. Ultimately, it's vital that any new legislation, whether it's on NAFTA, immigration or any other matter, protects the interests of the California avocado industry. The Commission will continue to work towards that end regardless of how murky the waters become. 🥑



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