

GENERAL INTRODUCTION

By Monte Schutz

My name is Monte Schutz. I am a third-generation raisin farmer and I am the current Chairman of the Raisin Administrative Committee (RAC). I farm 350 acres of raisin grapes.

- I've been a Board Member of the RAC since 2002.
- I was Vice Chair for six years (2006-2012)
- I've been the Chairman for the past 12 years.
- I'm a former Raisin Bargaining Association Member and served as their Chairman for 10 years.

The production area of California Raisins consists of Fresno, Madera, Tulare, Kern, and Kings Counties with the biggest production in Fresno & Madera Counties.

There is currently approximately 98,000 acres in production (*Exhibit A*).

The industry has about 1,500 producers.

During the dormant season during the months of December and January, farmers prune and tie their vines on various types of trellis systems in preparation for the next growing season. Early March vines start their annual growth cycle when the buds open and the formation of tiny bunches on the new shoots can be found. By mid-May bunches begin to bloom forming the clusters of grapes. Normally in early July the vines begin the veraison process. This is when sugar starts to develop in the berries. Grapes are harvested in late August and September once they reach an optimum level of 18° to 24° brix* depending on the growing year.

Raisin grapes are harvest using three different methods, traditional (hand harvest), mechanical harvest (continuous tray), mechanical harvest (dried on the vine (DOV) method), each method is about one-third (1/3) of the industry.

For an overview of the California Raisin Industry, I'd like to enter into the record the RAC Industry brochure (*Exhibit A*).

The Raisin Administrative Committee was established in 1949 and was last amended under formal rulemaking in April 2016.

The Raisin Administrative Committee is comprised of:

- 35 members representing producers;
- 10 members representing handlers of varying sizes;
- 1 member representing the Raisin Bargaining Association (RBA);
- 1 public member.

Members serve 2-year terms of office that begin on May 1.

We currently have 17 handlers and 13 dehydrators

Marketing by the RAC is focused on providing promotional support for the 32% or so of our annual production that is shipped into Export, approximately 66,000 standard tons each year. Marketing activities are conducted through two government programs, the Market Access Program (MAP) and the Merchandise Incentive Program (MIP) as well as the Raisin Administrative Committee (RAC) that contributes to marketing activities through handler assessments.

Under the MAP program, the RAC is able to support marketing activities in 19 countries across the globe which are managed by 10 in-country International Representatives, and supervised by RAC headquarters staff in Fresno. The annual MAP budget is typically \$2.8 to \$3.0 million, and the RAC contribution to the overall program is about another \$2.0 million for a total of about \$5.0 million. Those countries supported by active marketing campaigns include Canada, Denmark, Norway, Sweden, Finland, United Kingdom, Germany, Mexico, China, Hong Kong, Vietnam, Indonesia, Japan, South Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand. Supported programs include trade show exhibits, trade webinars & advertising, product development contests, retail promotions, consumer advertising and social media, influencer campaigns, consumer recipe contests and sampling events.

Additionally, the RAC manages another program called the Merchandise Incentive Program (MIP) which was created to encourage loyalty to California Raisins by providing funds based on purchases and market share achievements to importers in countries in Asia. This program is funded by the RAC at about \$1.3 million per year. Results of this program have been consistently good as California raisins enjoy import market shares in many Asian countries between 50% to 80% depending on the country. Importers use MIP funds to manage their internally created programs to benefit their industrial and retail customers.

Over the past 5 years, approximately 86% of raisins sold in the US are California Raisins. The remaining percent of product is imported from Turkey, South Africa, Chili, Argentina and others (Exhibit 10). Approximately 31% of California raisins is exported. In the 2022/23 crop year, the top 10 destinations for exported California raisins were:

- 1 Japan
- 2 Canada
- 3 Philippines
- 4 South Korea
- 5 Taiwan
- 6 Sweden
- 7 Mexico
- 8 Thailand
- 9 China*
- 10 Germany

**Historically a large volume of China exports is transshipped directly to Japan.*

California Raisins can be stored by handlers up to two years from date of harvest in a controlled environment, either in stacks or cold storage.

The producer is the grower of California Raisins. Once the product is grown and harvested the producers sell their raisins to the 17 active handlers who in turn process the product for industrial users, consumers and for institutional users such as schools. We also have one large Marketing cooperative, (Sun-Maid) which is a voluntary association of producer/growers who join together to process and market their own fruit as well as that fruit purchased from independent growers.

The nature of the relationship between producers and handlers is essentially that between a seller and buyer. These relationships vary in structure and duration. The marketing cooperative typically has a formal, long-term relationship with their producers as they operate for the mutual benefit of all parties. Other producers may also have long term relationships with handlers based on experience and trust. Some producers prefer to shop their fruit on a year-by-year basis to the handler who provides the best purchasing terms at the time.

The past twenty years, the industry has gone from 255,000 acres of raisin grape vines to 98,000 acres (Exhibit 11 - 2000-2021 California Agricultural Statistics Service and 2022 and Land IQ Final Report to the RAC 2023). The major reason for this decline is economic viability. Grower returns have been very volatile the past 10 years with returns not covering overall costs for growing raisins. Multiple years of drought, labor shortage and increased labor costs have added to the economic burden. Because of these issues, growers have continued to pull out raisin grapes for more profitable crops such as almonds, citrus and pistachio.