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May 23, 2018

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Dear Tomato Growers:

2018 Price Negotiations Continue:

At this time, price negotiations with the processors continue for the 2018 raw product price. It has been over 3 months since a \$75 per ton price was reached with Stanislaus Foods. Since that time, meetings have continued with processors about the current economic factors that both parties are facing.

While inventory levels and the exchange rate have improved over last year, at this time we are still not quite in balance but on the right track. We thoroughly understand the current economic conditions that our processor partners are facing. At the same time, it has always been our objective to reach a fair and reasonable price that would give our members that achieve historically average yields the ability to be profitable. This year is no different in that regard. It is our belief based on current production costs and yield expectations that \$75 per ton is a number that will give growers the **chance** to achieve a very moderate level of profitability for 2018. This would equate to a 6.4% increase from the 2017 price of \$70.50 per ton.

What is changing rapidly are the production costs of growing processed tomatoes. One needs to look no further than labor, fuel, seed and basic inflation of the majority of items that we use on a yearly basis. Last year was a bad year for our members due to weather related yield losses. We must achieve a price in 2018 that is enough to cover the costs of growing this commodity, and have an opportunity for a slight return on investment. This return is the lifeblood of any farm.

With the above in mind, we strongly feel that a price of \$75 per ton is a fair and reasonable price for the 2018 crop.

World Processing Tomato Council World Crop Forecast:

The latest figures from the WPTC estimate the 2018 World Tomato crop at 36.55 million metric tons. A 36.55-million-ton crop would represent the lowest crop since the 2013 total of 32.964 metric tons. The largest change from last year is a 2.1 million ton decrease in China. A crop of 36.55 tons would be slightly below current predicted demand and continue the effort to decrease overall global supply.

Questions or comments?

Please contact

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USDA TO Make \$15.5 Million Bonus Buy Purchase Of Tomato Products:

Based on our current inventory position, CTGA met with USDA officials to ask for a “Bonus Buy” from the department given the current economic and inventory situation in our industry. A Bonus Buy is incremental volume above what is normally purchased by USDA for school feeding programs on an annual basis. This will give some of our processors an opportunity to move some 2017 pack and also 2018 pack to alternative channels with the hope of reducing some of the inventory burden. We want to thank USDA for taking the time and effort to consider our request and for making it happen this year.

CTGA GROWER MEETINGS:

Wednesday, May 30, 2018

1. 8:00 am – Breakfast - **Granzella’s - Banquet Hall** – 457-7th St - Williams
2. 12 noon – Lunch – **Westley Hotel** - conference room - 8615 Hwy 33 - Westley

Thursday, May 31, 2018

3. 8:00 am – Breakfast - **Harris Ranch - Belmont Room** - 24505 W Dorris Ave. – Coalinga
4. 12 noon – Lunch - **Eddie’s Restaurant** - 401 W Pacheco Blvd. - Los Banos

Meeting Agenda

- Negotiations
- 2018 outlook

Please RSVP stating the meeting number 1 2 3 or 4.

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