

Valley pistachios enjoy moment in the sun



CHUCK HARVEY

Workers sort pistachios recently at Horizon Nut Company's processing facility in Tulare.

Chuck Harvey – STAFF WRITER

Fall is taking on a golden hue for local pistachio growers who have plenty to smile about this year.

First, demand for California pistachios is strong this autumn season, especially from buyers in China and other Asian destinations. Wholesale prices are profitable and steady.

Production levels are good, despite predictions of a low output season.

"This is the biggest off year we ever had," said Lee Cohen, general manager of Setton Pistachio of Terra Bella.

He added that the industry has enjoyed three solid crops in a row.

"The crop is very similar to last year," Cohen said. "The nuts are large and there's little insect damage."

Cohen said Setton Pistachio is feeling no ill effects of a 2009 voluntary recall of roasted pistachios conducted after a customer found salmonella in several boxes of roasted, shelled pistachios. The grower-processor responded with stronger food safety protocols to reduce the chance of salmonella contamination.

"We have sophisticated food safety programs and we sell out of crop every year," Cohen said.

He said demand remained strong during the recall and production continues to grow. In fact, Setton Pistachio is in the middle of a major expansion project that will increase the size of processing facilities and the storage silo.

Setton Pistachio will soon have the ability to store 36 million pounds of pistachios.

The pistachio industry is also pleased about a U.S. Department of Agriculture plan to purchase 6 billion pounds of pistachios, and the creation of a new two-year pilot crop insurance program designed to better protect growers in years of low production.

The USDA purchase, which is still in progress, will provide about \$24 million in revenue to the pistachio growers in California, Arizona and New Mexico. The pistachios are earmarked for federal food nutrition assistance programs.

Made in response to the huge 2010 crop, the purchase represents about 4 percent of domestic production.

Fresno-based American Pistachio Growers spearheaded the effort to get USDA to buy a large quantity of pistachios. "Our members are very pleased with the first purchase of pistachios by USDA," said Jim Zion, chairman of American Pistachio Growers.

Each year the Department of Agriculture purchases a variety of American-farmed foods for the USDA Foods Program that includes the National School Lunch Program, the School Breakfast Program, the Summer Food Service Program, the

Food Distribution Program and the Emergency Food Assistance Program.

Besides improved sales opportunities, growers hope to benefit from the Pistachio Pilot Crop Insurance Program approved for Fresno County and other selected counties in California, Arizona and New Mexico.

The federal Crop Insurance Corp. Board of Directors recently approved the program, which begins with the 2012 crop year.

The two-year production-based crop insurance program offers a new approach for addressing alternate bearing commodities like pistachios, in which production can vary sharply with years of low production, usually followed by years of high production.

Most insurance plans are for one year, but with pistachios, two years are needed to help growers get through an off year exasperated by weather problems that cut production even further.

Producers will elect a coverage level and price election percentage that remains in effect for the two-year life of the policy.

"It is brand new and the first USDA-backed insurance program that benefits pistachio growers," said Richard Matoian, executive director of American Pistachio Growers, Fresno.

In terms of this season's crop, shipments are up sharply from this time last year. As of September, the U.S. pistachio industry had shipped 23.2 million pounds of pistachios, compared to about 12 million pounds shipped through September of 2010.

However, last season's crop wound up huge at 530 million pounds nationally. The crop came on late.

China had purchased about 7 billion pounds as of September of this year.

"Exports have been growing for the past six years," said Andrew Howe, director of operations for Horizon Nut Co., Tulare. "China's purchases have shifted more toward California."

He said that China had been purchasing pistachios mainly from Iran, but the country now favors the more steady supplies produced in California. And China's purchases may not be limited to unprocessed raw crop.

"I won't be surprised if they buy more processed pistachios," said J.D. Franklin, senior vice president of operations at Horizon Nut Co.

Chuck Harvey | Reporter can be reached at: 490-3466 or e-mail chuck@thebusinessjournal.com

Copyright

The entire contents of this newspaper are copyright © 2011 by The Business Journal with all rights reserved. Reproduction or use of editorial or graphic content in any manner without permission is prohibited.

The Business Journal (USPS 145-100) is published Monday's Wednesday's and Friday's for \$99 (includes 154 issues + The Book of Lists) or Friday only for \$79 (includes 151 issues + The Book of Lists). Member discounts, group/organization bulk discounts, editions and student subscription rates are available. Contacting the circulation department for more information.