

USAPPLE ASSOCIATION

2020 Annual Review



usapple.org

Table of Contents

About Us3

What We Do5

Message from the President7

Government Affairs8

COVID Relief9

Labor11

Looking Ahead12

Outreach16

Board of Directors25

Staff26

About Us

The U.S. Apple Association (USApple) is the national trade association representing America's favorite fruit and the entire vertically integrated apple industry.

The farm gate value of the U.S. apple industry is about

**\$5 Billion
per year,**

with a downstream value after packing, shipping, marketing,
exporting and processing of about

**\$15 Billion
per year.**

What We Do

We represent the nation's 5,000 apple growers, nearly 40 state and regional apple associations, and hundreds of apple-related companies. Our mission is to advocate for American apple growers and their industry partners to promote the profitable production and marketing of apples and apple products. We serve the entire industry by representing apple businesses on national issues, increasing the demand for apples and apple products, and providing information on matters pertaining to the apple industry.

**26.3
pounds**

Consumed
per person³

**11
Billion**

Pounds of apples
grown²

**\$1
Billion**

Apple orchard
wages⁴

26,000

Apple farms¹

**\$15
Billion**

Annual downstream
value⁵

**\$5
Billion**

Annual farmgate
crop value⁴

Industry at a Glance

¹ Source: USDA: NASS: Census of Agriculture, 2017

² Source: USDA: NASS, 2019

³ Source: USDA: ERS, 2018

⁴ Source: DOL: BLS: QCEW, 2019

⁵ Source: USApple

Message from the President

Dear Friends,

Ordinarily in this letter I run through a laundry list of the past year's challenges met and their outcomes. Typically, our issues don't touch every human on the planet. Yet, this year COVID did just that.

From March to today, it has been a touch-and-go situation for many growers and apple businesses dealing with the pandemic. We had never witnessed a situation of this scale and magnitude. But with quick thinking, our industry added critical safety measures to keep employees safe and maintain the apple pipeline. What could have been catastrophic instead showed us what we're made of. The industry has become nimbler and more adaptable for what the future holds.

When USDA announced its decision to not include apple growers in its direct payment relief funding, USApple sprang into action. We aggregated and submitted sales data on more than 43 million boxes of apples and

proved beyond a doubt that apple growers were deserving of relief. USDA relented, allowed apple growers into the program, and at this writing, our growers have received more than \$72 million.

We can't overlook other hard-fought successes achieved on USApple's top policy priorities, including passage and ratification of the U.S.-Mexico-Canada Agreement, the U.S-China trade deal and labor reform in the House of Representatives. Further, after more than a year of trade tensions, apple exports appear to be on the rebound.

The apple industry faced many challenges this past year, but together we rose to meet every one of them. We weathered the confluence of a perfect storm and continued to provide a wholesome and healthy food with storability that fit the demands of a quarantine.

I am proud to be part of such a resilient and innovative industry and am excited to see where the future takes us.

A stylized, handwritten signature in black ink, appearing to read 'Jim Bair', is positioned over a large yellow circular graphic at the bottom right of the page.

Jim Bair
President & CEO

Government Affairs

From agricultural labor to farm bill programs to regulations and trade agreements, the policies and decisions made in Washington, D.C. impact your business every day. The top priorities for USApple's staff and volunteer leadership are responding to these critical issues and ensuring the apple industry's voice is heard by members of Congress and the administration.

In January, the Government Affairs Committee met in Washington, D.C. to set the 2020 legislative policies and discuss strategy. Those policies and priorities were then taken to Capitol Hill by apple leaders from across the county on March 11. After a successful day of trade and labor advocacy, news broke of the first positive COVID-19 test on Capitol Hill, beginning USApple's and the industry's "new normal."



COVID Relief

Congress passed legislation to provide relief to agriculture, including \$9.5 billion directed to growers through the Agriculture Department. Initially, USDA announced its analysis and conclusion that apple growers had not been negatively impacted sufficiently to be eligible for direct payments under its Coronavirus Food Assistance Program (CFAP). USApple immediately took up the cause, working with state apple organizations to make the case for inclusion.

USApple compiled three months of sales data on more than 43 million boxes of apples to prove beyond doubt that USDA's analysis was fatally flawed. As a result, apples were added to the list of eligible commodities and growers received more than \$72 million in direct payments.

Growers received
more than

\$72 Million

in direct payments





The creation of CFAP 2 was announced in mid-September, and with much broader qualification requirements than the first program, payments to apple growers should exceed CFAP 1.

USDA also launched its Farmers to Families Food Box Program to purchase a wide range of commodities, including apples. More than 110 million boxes were distributed by November.

Finally, USApple advocated to ensure the apple industry would be eligible for the Payroll Protection Program and the Economic Injury Disaster Loan Program.

Labor

In December of 2019, the House of Representatives passed the Farm Workforce Modernization Act. This bipartisan legislation, negotiated and supported by USApple and allied organizations, provided earned legal status for agricultural workers and significant reforms and improvements to the H-2A program. However, progress on the legislation stopped in March when COVID hit and the country shut down.

USApple's commitment to this most important issue did not stop. We then worked with key members of Congress to ensure H-2A applications would continue to be processed.

Throughout COVID-19, USApple has championed efforts to ensure that agricultural workers (including H-2A) would be classified as essential.



Looking Ahead...

Though the majority of “apple members” will be returning to Congress, USApple will conduct outreach to newly elected members and their staff while building on the relationships we have with those returning.

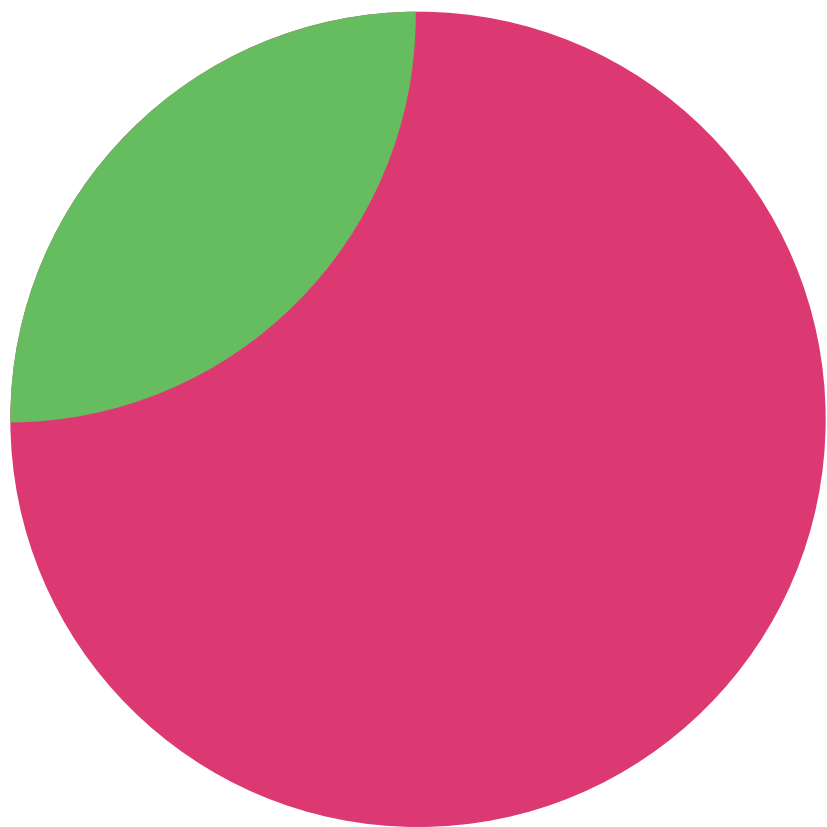
As is always the case, elections bring opportunities and challenges. USApple will continue to advocate for legislation addressing agriculture labor and H-2A reforms. We will work to educate the incoming Biden Administration and officials at key departments to urge their support and to discourage harmful regulations or executive orders.

Crop Insurance – Upcoming Changes to Apple Grower Policies

Over the last several years, USDA's Risk Management Agency (RMA) has been looking into revising its apple-related insurance policies. Last year, RMA agreed to a change that would allow apple growers in six states to have the option to insure not just their fruit, but also the trees. This policy is set to take effect for the 2021 crop year and would not have been possible without the support of USApple.

RMA is also looking into revisions designed to address apple crop program vulnerabilities stemming from high loss ratios and increasing premium costs. One significant change would allow policy holders to elect coverage levels by type (e.g. fresh versus processing). Another would account for the value of salvaged apples and reduce the

indemnity accordingly. USApple's Risk Management Task Force is continuing to work with RMA prior to the release of an official rule to ensure a mutually beneficial result. RMA is currently targeting a rule for the 2022 crop year but may push implementation to 2023 depending on feedback.



Specialty Crop Research – USDA Partnerships

As a member of the review panel for USDA's Specialty Crop Research Initiative, USApple supported a \$5.2 million grant to develop a comprehensive fire-blight management strategy for fruit growers. The four-year project will address many facets of the disease, from boosting a tree's natural ability to fight off infection to selective breeding. Ultimately, researchers hope that within the next 10 to 15 years they will have developed commercially available varieties that are both high-quality and fire-blight resistant.

USApple also serves on the stakeholder focus group for the USDA Appalachian Fruit Research Station. Composed of growers, researchers, and industry members, its mission is to provide insight and guidance on research efforts of importance to the tree fruit industry.

USApple supported a

**\$5.2
Million**

grant to develop a comprehensive fire-blight management strategy for fruit growers



State	Variety	Holdings (Million Bushels)
CA	Golden Delicious	1.2
CA	Red Delicious	1.1
CA	Granny Smith	1.0
CA	Fuji	0.9
CA	Honeycrisp	0.8
CA	Pink Lady	0.7
CA	Other	0.6
WA	Golden Delicious	0.5
WA	Red Delicious	0.4
WA	Granny Smith	0.3
WA	Fuji	0.2
WA	Honeycrisp	0.1
WA	Pink Lady	0.1
WA	Other	0.1
NY	Golden Delicious	0.1
NY	Red Delicious	0.1
NY	Granny Smith	0.1
NY	Fuji	0.1
NY	Honeycrisp	0.1
NY	Pink Lady	0.1
NY	Other	0.1



Market News – Monthly Apple Storage Report

USApple's Market News is published monthly from November through June, providing the industry with timely and valuable insight on national apple inventories and movement. The Market News software platform is periodically updated to bring increased efficiency and accuracy to the important task of providing monthly reports of apples in storage.

State	Variety	Holdings (Million Bushels)
CA	Golden Delicious	1.2
CA	Red Delicious	1.1
CA	Granny Smith	1.0
CA	Fuji	0.9
CA	Honeycrisp	0.8
CA	Pink Lady	0.7
CA	Other	0.6
WA	Golden Delicious	0.5
WA	Red Delicious	0.4
WA	Granny Smith	0.3
WA	Fuji	0.2
WA	Honeycrisp	0.1
WA	Pink Lady	0.1
WA	Other	0.1
NY	Golden Delicious	0.1
NY	Red Delicious	0.1
NY	Granny Smith	0.1
NY	Fuji	0.1
NY	Honeycrisp	0.1
NY	Pink Lady	0.1
NY	Other	0.1

Variety	Area	Holdings (Million Bushels)
Golden Delicious	CA	1.2
Golden Delicious	WA	0.5
Golden Delicious	NY	0.1
Red Delicious	CA	1.1
Red Delicious	WA	0.4
Red Delicious	NY	0.1
Granny Smith	CA	1.0
Granny Smith	WA	0.3
Granny Smith	NY	0.1
Fuji	CA	0.9
Fuji	WA	0.2
Fuji	NY	0.1
Honeycrisp	CA	0.8
Honeycrisp	WA	0.1
Honeycrisp	NY	0.1
Pink Lady	CA	0.7
Pink Lady	WA	0.1
Pink Lady	NY	0.1
Other	CA	0.6
Other	WA	0.1
Other	NY	0.1

Outreach

COVID-19 Outreach

When COVID-19 struck, USApple rose to the challenge of keeping our members informed with the latest resources to help keep their essential businesses safe and operational while reassuring consumers of the safety and nutrition of apples.

USApple launched an extensive COVID-19 resource section on our website, which includes up-to-date information on worker safety, the H-2A program, food safety and federal assistance.

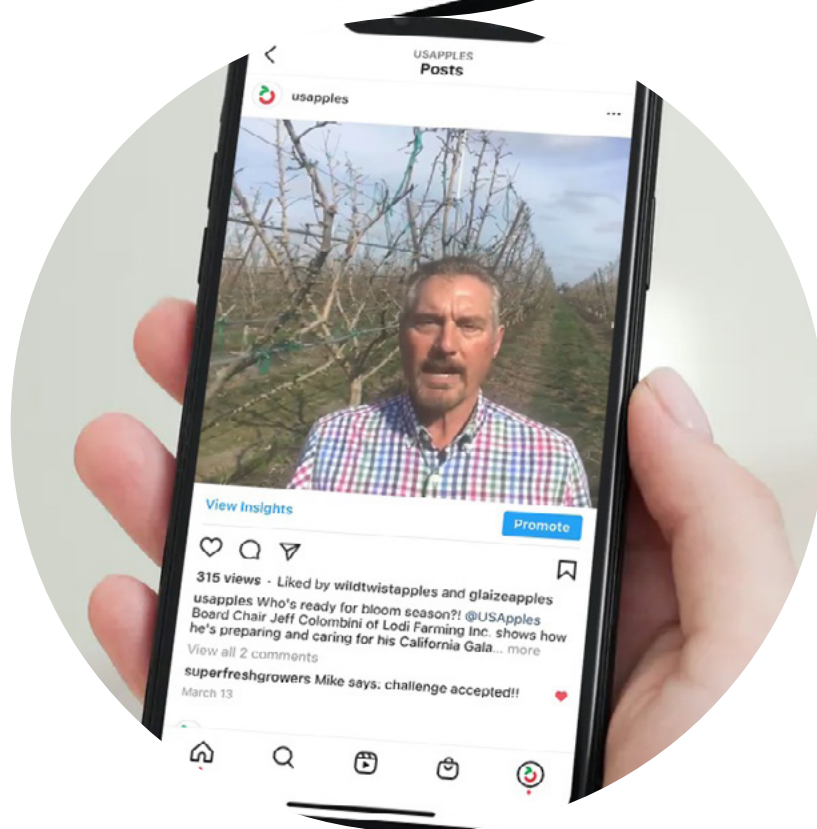
#appleheroes

We created a behind the scenes blog series featuring our member companies and their efforts to respond to COVID-19. And on our social media channels, we showcased #appleheroes—those essential employees working tirelessly to maintain the supply line of apples to grocery stores and food banks.



#Freshpicks Board Challenge

USApple board members met our #Freshpicks challenge throughout the year with insightful selfie-shot videos from their orchards and apple businesses on topics ranging from pollination to tree netting and frost protection to COVID-19 messages of support.



Pollinator Week

In June, we created a buzz during National Pollinator Week with a member photo contest on social media showing bees at work in orchards across the country, along with engaging infographics highlighting the importance of pollinators to the apple industry.



Outlook 2020

In August, USApple successfully pivoted Outlook 2020 to a virtual two-day educational experience. We brought apple industry leaders from across the U.S. and around the world to discuss critical issues – from impacts of COVID-19 to production forecasts and more. A special “Thank you” goes to our sponsors for their continued support as we transitioned from in-person to online.



Thank You Outlook Sponsors

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YOUNG APPLE LEADERS PROGRAM

USApple selects a group of accomplished and aspiring young women and men each year to join and learn from USApple leaders and mentors throughout the year. Fortunately, the YAL Class of 2020 was able to attend Capitol Hill Day in-person to receive hands-on lobbying experience the last day Capitol Hill was open to the public before being shut down. Despite the challenges presented by the pandemic, the YALs remained engaged throughout the year by participating in a series of educational webinars and social media assignments. USApple looks to keep building on the YAL program for 2021 and years to come!

Safety Feature

with Angie Sommers

Michigan Fresh Marketing/BelleHarvest



Our company has been working towards a new 100% recyclable and sustainable three-pound apple carton.



Apples4Ed

USApple donated \$20,000 from our grant program, Apples4Ed, to the School Nutrition Foundation's "Help Feed School Kids Now!" emergency feeding campaign. SNF's frontline work ensures that students who depend on the National School Lunch Program do not go hungry while in-person classrooms remain closed due to COVID-19.





Congratulations Class of 2020

- Ben Boyer, *Boyer Orchards, New Paris, Pa.*
- Carley Brown, *Sage Fruit Company, Wapato, Wash.*
- Alex Buck, *Fruit Growers Marketing Association, Newcomerstown, Ohio*
- Brooke Grobe, *Grobe Fruit Farm, Elyria, Ohio*
- Cailin Kowalewski, *New York Apple Association, Fishers, N.Y.*
- Gilbert Plath, *Washington Fruit and Produce Co., Yakima, Wash.*
- Kylee Rasch, *Newaygo Insurance Agency, Sparta, Mich.*
- Angela Sommers, *BelleHarvest, Belding, Mich.*
- Rob Verbridge, *Pultneyville Fruit Farms, Williamson, N.Y.*
- Sarah Wells, *Crunch Time Apple Growers, Lockport, N.Y.*



A Special Thank You to the 2020 YAL Sponsors

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New York Apple Association
New York Apple Sales
Farm Credit East
Ohio Apple Marketing Program

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