



COVID-19 Impact on California Strawberries and Blueberries

Issue:

COVID-19 is having a disproportional impact on perishable produce that is in full production during the same time as the COVID-19 peak (April – May).

California strawberry farms are at risk of losing:

- 10,000 jobs, and over \$300 million worth of fruit, during peak production between Easter and mid-June.

California blueberry farms are at risk of losing:

- 7,000 jobs and over \$103.2 million worth of fruit, during peak production between late April-June.

Why Are Berries Disproportionally Impacted?

While all perishable commodities are experiencing a range of disruption, crops are subject to mother nature and must be harvested at certain times. Some of those crops can be stored or have an extended shelf life. Other crops, are perishable. Highly perishable crops are planted at certain times of the year or in certain regions of the country so that the harvest period is timed to meet consumer needs. Each spring, consumers emerge from winter with a surge in demand for fresh, local fruit. California strawberries is the first locally grown fruit to meet that demand, followed by other fruiting crops like California blueberries and then weeks and months latter a wave of summer fruit.

Reports from China and Italy, indicate that as the shelter in place orders conclude, consumer demand resumes and supply chains begin to normalize. In other words, the limited examples available suggest that the biggest disruption period is when countries impose shelter in place orders. Future impacts beyond these examples are unknown.

Market Disruption Resulting from COVID-19 & Shelter in Place Orders

- Loss of Food Service for an Eight Week Period is Estimated at \$420 million
It has been widely reported that shelter in place orders have decimated the food service sector (National Restaurant Association). About 15% of the fresh strawberry and 30% of blueberry markets and even larger percentage of the frozen market for strawberries have been lost. A 15% loss in fresh volume for strawberries would as high as \$315.6 million dollar loss, based on 2019 production levels and average annual price per tray (CSC, 2019). A 30% loss in total volume for blueberries would be roughly \$103.2 million dollars, based on 2019 total production levels and average annual price per pound sales value of \$4.05/lb. of blueberries (CBC, 2019). Combined, the blueberry and strawberry industries of California could suffer nearly \$420 million dollars in losses. Further, this year's production is forecast to be greater than 2019 for both strawberries and blueberries.
- Reduced Consumer Traffic for an eight-week period (late April-June) is Estimated at a loss of 25 million pounds of blueberries and 130 million pounds of strawberries. Retail stores have implemented COVID prevention measures that restrict the entry of consumers to allow for proper social distancing. As a result, there are few purchases per day. Additionally, consumer purchasing habits have changed. Retailers have never experienced anything like the disruptive forces of COVID-19 and are not able to predict normal consumer demand (Sonsev, 2020) (Ratnam, 2020). As a result, retailers are reducing post Easter shipments from what was previously ordered/planted by 10% - 20% (depending geographic region, retailer, supplier, and period of time). For California strawberries, we estimate an additional 15% reduction in purchases between April 15 to June 1.
- A significant reduction in blueberry exports in 2020 is also expected due to a lack of available commercial flight options to transport fresh blueberries to key export markets. On average, California exports approximately 6 million pounds of blueberries per season, most of which will be eliminated or significantly decreased due to the COVID-19 crisis limiting transportation options.

Combined, these factors will likely result in at least 30% strawberry and blueberry crop losses and threaten the viability of the farm and jobs for the remainder of the season.

CARES Action Mitigation

California Strawberry Request – total investment by USDA = \$162 million

The wholesale value of the fruit that is expected to be left in field is \$300 million. USDA could make Section 32 purchases of about \$275 million as one method to avoid market collapse. An alternative approach that would require less funding, would be to provide direct payments to the farms.

California strawberry farm annual production value is \$70,000 per acre (CSC, 2019) (PSAB, 2019). Current costs to date are about \$30,000 per acre for farms just that have recently started harvest. One option USDA might consider is to issue an RFP for individual farms (totaling 20% of the current planted acres) to contract with USDA to receive payment to remove the current year crop and replant it for next year. At \$30,000 per acre, this would require an investment of about \$162 million. Alternatively, USDA could spread that same amount across all California strawberry farms currently in production, in a program similar to PPP. Under this concept, a loan amount could be forgiven if the farm maintains normal operations for the regular season. This would support stable supplies to consumers and stable on-farm jobs.

California Blueberry Request – total investment by USDA = \$103.3 million

Specifically, we request that USDA issue \$103.3 million in direct payments to California blueberry growers at a rate of roughly \$12,000 per acre. This number was determined to be the impact of the 30% overall losses anticipated during the 2020 season, from late April to June, due to COVID-19 based on CBC data from 2019, in addition to projected total volume for 2020. The specific \$103.3 million request was formulated utilizing the industry's 2020 season crop projection data and 2019 average season price per pound of \$4.05 (CBC, 2019).

Further, distribution of funds will be validated by using the California Blueberry Commission's Blueberry Marketing Resource Information Center (B-MRIC). This will ensure growers are only allocated funds based on their total losses experienced during the 2020 season due to COVID-19. In an effort to ease these losses, farmers will use USDA funds to cover their cost of production and harvesting in 2020 for harvest in 2021, thereby ensuring preservation of farms, jobs, and rural economies. California is working in conjunction with the North American Blueberry Council (NABC) to apply for funding on a national level which will provide relief to the national blueberry industry.