

Agriculture forecast: San Joaquin Valley's major crops surviving despite drought

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The San Joaquin Valley's almond crop is facing a challenge from the state's ongoing drought. Almond shipments are on the rise because the nuts are considered healthy.

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A robust export market, strong consumer demand and increased production will benefit several of the San Joaquin Valley's major crops even as California farmers struggle through a historic drought, said several agriculture industry leaders Thursday.

Citrus, dairy, tree fruit, table grapes and nut crops are all in growth mode or at least showing signs of stabilization.

That isn't to say that farmers won't be facing challenges, said the experts who spoke at the Outlook 2014 Agribusiness Conference in Fresno. The conference is sponsored by the California Chapter of the American Society of Farm Managers and Rural Appraisers.

Here's a closer look at the Valley forecasts:

Almonds and pistachios

Among the toughest challenges facing nut crop growers will be the state's ongoing drought. Almonds, Fresno County's second most valuable crop at \$952 million, are especially vulnerable. Many of the county's almond acres are in areas with little to no surface water this year. Instead, farmers are having to rely on water wells that pump lesser quality water that is high in harmful salt.

"With less surface water, the salt is starting to build up and it is only going to get worse," said Jim Zion, managing director of Meridian Nut Growers in Clovis.

Zion said it remains to be seen how the drought will affect the size of the crop. Total almond shipments rose 3% in 2013 over the previous year.

"There are some who project we may be reaching a plateau while demand continues to go up," Zion said.

One of the major drivers of growth for both almonds and pistachios has been a positive health message and exports, especially to China. And that is expected to continue.

Pistachio growers face the same water challenges. Zion said farmers will have to resort to irrigation practices that focus on using limited amounts of water at critical times to keep trees alive and to produce a crop.

Despite the shortage of water, the pistachio industry continues to grow. U.S. supply could top 1 billion pounds in the next decade. Zion said the shortage of processors in the Valley is prompting the construction of a new dryer and huller in the Firebaugh area.

Citrus and table grapes

Also experiencing a surge in growth are mandarins, the easy peeling citrus fruit.

David Krause, president of Paramount Citrus, said mandarin acreage has grown from a meager 5,000 acres in 2000 to more than 60,000 in 2014. The company has also dominated the market, pumping \$20 million a year into its new brand, Halos.

"As a company, we are still investing," Krause said.

Paramount is looking at other citrus varieties, including a seedless lemon. Krause also cautions growers to avoid the trap the tree fruit industry fell into by pushing varieties on the market that looked appealing but didn't taste good.

Barry Bedwell, president of the California Grape and Tree Fruit League in Fresno, said the state's growers of peaches, plums and nectarines are rebounding after several difficult years that saw many farmers and packers exit the industry.

Helping to turn the industry around will be new export opportunities in Australia and better quality fruit. What is still unknown is how many farmers will be short of water this year.

"There will be an overall decrease but we are telling retailers that we do not expect that it will be a major disruption," Bedwell said.

The forecast for the state's table grape industry is positive. It broke the 100 million box mark for the first time in 2012 with 111 million boxes and topped that number last year with 117 million boxes.

"Demand and pricing are very strong," Bedwell said.

Dairy

Also rebounding is the state's dairy industry. Mike Marsh, chief executive officer of Western United Dairyman in Modesto, said that dairy operators are getting some of the best prices for milk in years.

Butter, fluid milk and cheese prices are all up, due in large part to an increase in exports.

"Worldwide demand has been phenomenal," Marsh said. "And China is a big part of that."

For the short term, the higher price for milk is compensating for the high cost of feed that had been eating away farmers' profits.

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