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AMENDMENTS TO THE AGRICULTURAL MARKETING AGREEMENT ACT OF 1937

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON DOMESTIC MARKETING
AND CONSUMER RELATIONS

OF THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

NINETY-FIRST CONGRESS

SECOND SESSION

ON

H.R. 9736, H.R. 9737, H.R. 10545 and S. 1456;
H.R. 13978 and H.R. 14744; H.R. 682 and S.
2642; H.R. 2387 and H.R. 11531; H.R. 11089,
H.R. 11200 and S. 2484; H.R. 15842 and S.
1862; H.R. 18272 and H.R. 18560

JUNE 15, 24, 29, JULY 27, AND AUGUST 3, 1970

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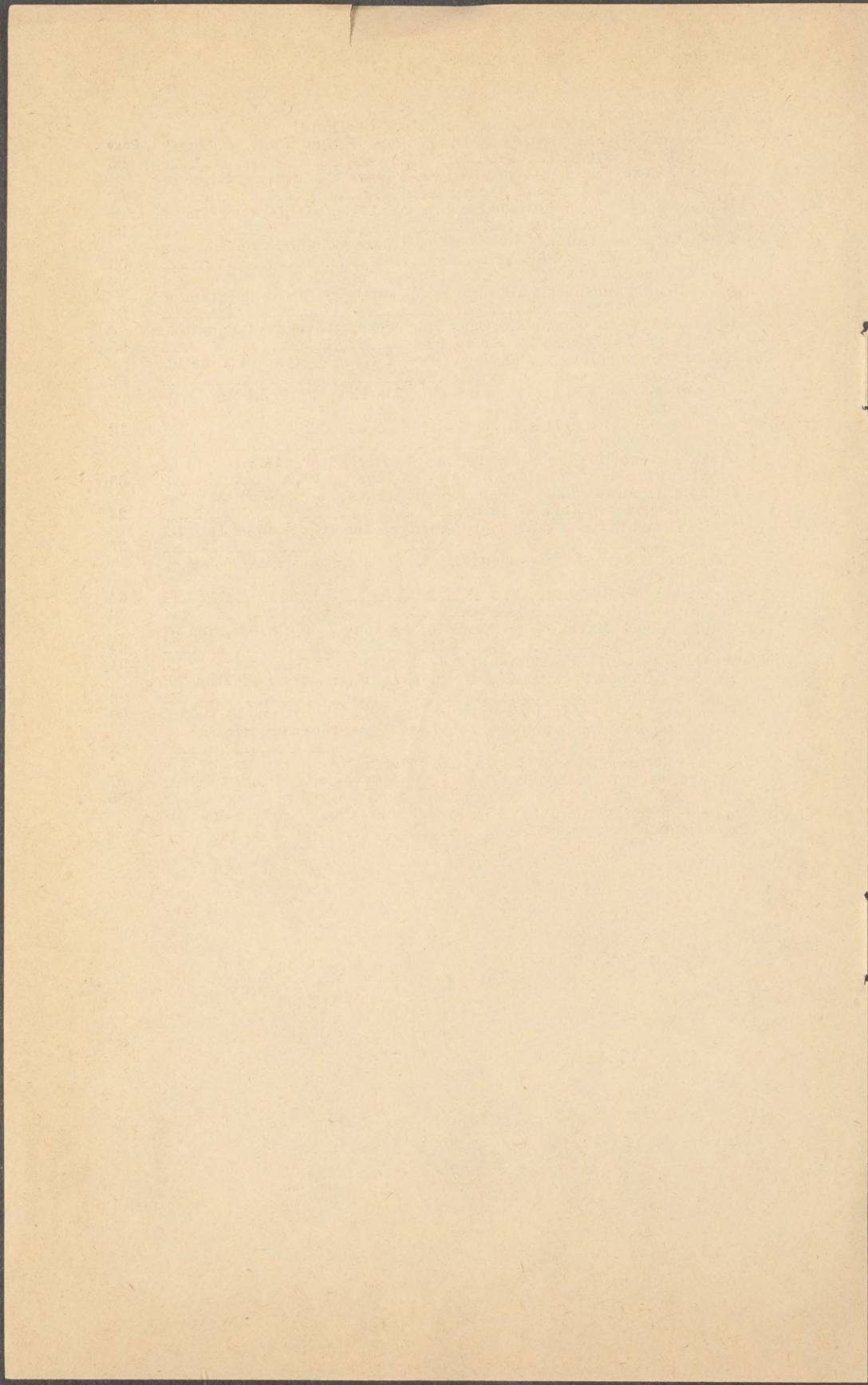
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AMENDMENTS TO THE AGRICULTURAL MARKETING AGREEMENT ACT OF 1937

MONDAY, JUNE 15, 1970

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DOMESTIC MARKETING
AND CONSUMER RELATIONS OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to call, at 10 a.m., in room 1302, Longworth House Office Building, Hon. Thomas S. Foley (chairman of the subcommittee) presiding.

Present: Representatives Foley, de la Garza, Alexander, Teague, Goodling, and Mayne.

Also present: Mrs. Christine S. Gallagher, chief clerk; Hyde H. Murray, associate counsel.

Mr. FOLEY. The Subcommittee on Domestic Marketing and Consumer Relations will come to order.

The committee meets this morning to consider H.R. 9736 sponsored by Mr. Goodling of Pennsylvania, and 10545, sponsored by Mr. Findley of Illinois.

Also under consideration is S. 1456, sponsored by Senator Allott of Colorado. These bills are identical in purpose, to amend the Agricultural Marketing Agreement Act to permit marketing orders applicable to apples to provide for paid advertising.

We will also consider H.R. 9737 sponsored by Mr. Goodling of Pennsylvania. The purpose is to include Colorado, Utah, New Mexico, Illinois, and Ohio among States eligible to participate in marketing agreement and order programs with respect to apples.

Later this morning we will consider H.R. 13978 sponsored by Mr. Sisk of California and H.R. 14744 sponsored by Mr. Mathias of California. Their purpose is to provide authorization on marketing research and promotion projects, including paid advertising, for almonds.

The subcommittee will hear witnesses from the witness list. They will address themselves first to the bill concerning apples and then the bill concerning almonds. The witnesses may address themselves to any of these bills under consideration by the subcommittee today.

(H.R. 9736, introduced by Mr. Goodling for himself, Mr. Miller of Ohio, Mr. Conte, and Mr. Burton of Utah; H.R. 10545, introduced by Mr. Findley; and S. 1456 are similar bills, the text of which, and the Department's report, follow:)

[H. R. 9736, 91st Cong. 1st sess.]

A BILL to amend sections 2(3) and 8c(6)(I) of the Agricultural Marketing Agreement Act of 1937, as amended, so as to permit marketing orders applicable to apples to provide for paid advertising

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 2(3) of the Agricultural Marketing Agreement Act of 1937, as amended, is amended by inserting “, such marketing research and development projects provided in section 8c(6)(I), and” immediately after “section 8c(6)(H)”.

(b) The proviso at the end of section 8c(6)(I) of such Act, as amended, is amended by striking out “or avocados” and inserting in lieu thereof “, avocados or apples”.

MARCH 2, 1970.

Hon. W. R. POAGE,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR MR. CHAIRMAN: This is in reply to your request of April 21, 1969, for a report on H. R. 9736, a bill to amend section 608c(6)(I) of the Agricultural Marketing Agreement Act of 1937, as amended, to permit paid advertising for apples. In addition, the amendment would clarify the authority contained in section 602(3), to regulate in above parity situations, to assure that it applies to the initiation or continuation of marketing research and development projects as authorized in section 608c(6)(I).

The Department favors enactment of H. R. 9736.

The act currently contains authority to permit paid advertising under marketing orders for several commodities. This authority has been incorporated into some of the fruit marketing orders. Advertising projects have been carried out under it for such fruit commodities as Texas oranges and grapefruit, California nectarines, and Tokay grapes grown in San Joaquin County, California. The trend is toward more and more commodity advertising and promotion in agriculture. We anticipate increased effort by fruit and vegetable industries to obtain the means of financing the advertising and promotion of these commodities so as to maintain or advance their position in the market place. The Agricultural Marketing Agreement Act could provide the facility for this purpose. We believe any fruit or vegetable commodity group which actively supports the development of a promotion program by this means should be given the opportunity to do so.

Section 602 of the Act sets forth the policy of Congress to establish and maintain orderly marketing conditions and to achieve parity prices to farmers. The statute now authorizes certain types of regulation when prices are above parity. We favor clarification, as provided in H. R. 9736, to insure that this authority applies to the initiation or continuation of marketing research and development projects, including any form of marketing promotion and paid advertising. Marketing research and development activities must continue on an uninterrupted basis if they are to achieve desired objectives. These projects are aimed at making improvements in marketing and distribution which we believe are worthwhile at any price level. We know of no compelling reason for discontinuing such projects when prices are above parity.

It is estimated that the annual costs to the Department for administering each new marketing order that is issued approximate \$25,000.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

J. PHIL CAMPBELL,
Under Secretary.

H. R. 9737, introduced by Mr. GOODLING for himself, Mr. MILLER of Ohio, Mr. FINDLEY, and Mr. BURTON of Utah, and S. 1455, are similar bills, the text of which follows:

A BILL To amend section 8c(2)(A) of the Agricultural Marketing Agreement Act of 1937, as amended, so as to include Colorado, Utah, New Mexico, Illinois, and Ohio among the specified States which are eligible to participate in marketing agreement and order programs with respect to apples.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 8c(2)(A) of the Agricultural Marketing Agreement Act of 1937, as amended, is amended by striking out “and Connecticut” and inserting in lieu thereof “Connecticut, Colorado, Utah, New Mexico, Illinois, and Ohio.”

Mr. FOLEY. The first witness will be Mr. Floyd E. Hedlund, Director of the Fruit and Vegetable Division of the Consumer and Marketing Service of the U.S. Department of Agriculture, together with any assistants he may wish to have accompany him to the witness table.

We are very glad to welcome you, Mr. Hedlund.

STATEMENT OF FLOYD F. HEDLUND, DIRECTOR, FRUIT AND VEGETABLE DIVISION, CONSUMER AND MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. HEDLUND. H.R. 9737 and S. 1455 are identical bills. These bills would amend section 608c(2) of the Agricultural Marketing Agreement Act to authorize marketing orders for apples grown in Colorado, Utah, New Mexico, Illinois, and Ohio, disposed of both for fresh market and for processing uses including canning or freezing.

H.R. 9736 and H.R. 10545 are identical bills. These bills as well as S. 1456 would authorize any form of marketing promotion including paid advertising for apples under marketing orders. In addition, H.R. 9736 and H.R. 10545 would also specifically authorize the operation of marketing research and development projects and any form of marketing promotion including paid advertising under marketing orders in above parity situations.

The Department recommends that H.R. 9736, H.R. 9737, H.R. 10545, and S. 1455 be passed.

The Agricultural Marketing Agreement Act of 1937 authorizes marketing orders for the commodities specified in section 608c(2) of that act. The purpose of a marketing order is to assist agricultural producers in the orderly marketing of their crops. The act authorizes varying types of regulations in order to improve returns to the producers.

Before a marketing order may be issued, a public hearing is required. No order may be issued unless at least two-thirds of the producers by number or volume of production voting in a referendum indicate approval. The act currently authorizes marketing orders for apples, both for fresh market and processing uses including canning and freezing, produced in the States of New York, Michigan, Maryland, New Jersey, Indiana, California, Maine, Vermont, New Hampshire, Rhode Island, Massachusetts, and Connecticut. Also marketing orders for apples for fresh market and processing other than canning and freezing now are authorized for apples grown in Washington, Oregon, and Idaho.

H.R. 9737 and S. 1455, if enacted, would make apples produced in Colorado, Utah, New Mexico, Illinois, and Ohio eligible for marketing orders under the act.

The bills H.R. 9736, H.R. 10545, and S. 1456 would amend section 608c(6)(I) to authorize any form of marketing promotion including paid advertising for apples under marketing orders. The Agricultural Marketing Agreement Act currently authorizes paid advertising under marketing orders for several commodities. This authority has been incorporated into some existing marketing orders. Advertising projects have been carried out for such commodities as Texas oranges and

grapefruit, and California olives and nectarines. The trend is toward more and more commodity advertising and promotion in the fruit and vegetable industry. Producers and others are searching for a means of financing advertising and promotion programs so as to maintain or advance their position in the marketplace. The Agricultural Marketing Agreement Act could provide the facility for this purpose. We believe any fruit or vegetable commodity group which actively supports the development of such a program should be given the opportunity to do so.

Section 602 of the act sets forth the policy of Congress to establish and maintain orderly marketing conditions and to achieve parity to farmers. The statute now authorizes certain types of regulation when prices are above parity. We favor clarification, as provided in H.R. 9736 and H.R. 10545, to insure that this authority applies to the initiation or continuation of marketing research and development projects, including any form of marketing promotion and paid advertising. Marketing research and development activities are ongoing programs and should continue on an uninterrupted basis if they are to achieve desired objectives. These projects are aimed at making improvements in marketing and distribution which we believe are worthwhile even though prices may be above parity.

It is estimated that the annual costs to the Department for administering a marketing order average \$25,000.

Mr. FOLEY. Are there any questions?

Mr. VIGORITO. No questions.

Mr. SISK. No questions.

Mr. JONES. No questions.

Mr. GOODLING. No questions.

Mr. MYERS. No questions.

Mr. FOLEY. Thank you very much, Mr. Hedlund. If you will hold yourself available in the committee room we may recall you. The only thing I was concerned about is that, perhaps after hearing some of the other witnesses on the almond bill, we might want to recall you for technical questions. If you could hold yourself available for a little time this morning, we would appreciate it.

Mr. HEDLUND. I will remain.

Mr. FOLEY. The next witness will be Mr. Ben R. Lacy III, of Front Royal, Va., president of the National Apple Institute, accompanied by Mr. Fred P. Corey.

STATEMENT OF BEN R. LACY, PRESIDENT, NATIONAL APPLE INSTITUTE, ACCOMPANIED BY FRED P. COREY

Mr. LACY. I am Ben Lacy. Good morning, Mr. Chairman, and members of the committee.

Mr. Corey is sitting at my left and he has presented a statement which all of you have. I am not going to presume to read through it and will only just make a brief statement of my own.

I am president of the National Apple Institute. Thank goodness we will be getting off the end of this month. I am also chairman of the Virginia State Apple Commission and I will be getting out of that at the end of this month.

I am speaking really in behalf of both the State of Virginia and the National Apple Institute.

The National Apple Institute would like very much to see the passage of these two bills. As a national organization, it's almost imperative that we have some way of getting some of the smaller States and allowing them to work together. Perhaps some of the larger apple growing States, such as Washington, Pennsylvania, and Virginia, and some of the other larger apple growing States don't need these types of bills, but they are certainly in favor of them.

One of the undercurrents that we run into very strongly in Virginia is the demands or the desires of the growers that we have a strong national program. For this reason, we are merging two of our national apple organizations, the National Apple Institute and the International Apple Association, into one in June. We are moving toward a national program. It's going to be slow, but these are some of the steps that we need in order to move toward that.

That is about all that I have, unless you would like to question me on anything concerning that, and unless Fred would like to add anything to it.

Mr. FOLEY. Mr. Corey, your statement will be presented in the record in full.

Mr. COREY. Thank you. I think not, unless there are questions in the course of the continuation of the hearing.

Mr. FOLEY. We thank you both for your appearances this morning. Are there any questions of either of these witnesses?

Mr. VIGORITO. No questions.

Mr. SISK. No questions.

Mr. JONES. No questions.

Mr. GOODLING. No questions.

Mr. MYERS. No questions.

Mr. FOLEY. Thank you very much. We hope to see you back in front of the committee in some capacity, Mr. Lacy.

Mr. COREY. We will have him there in one way or another. (The prepared statement follows:)

STATEMENT OF FRED P. COREY, EXECUTIVE VICE PRESIDENT,
NATIONAL APPLE INSTITUTE

I'm Fred P. Corey, Executive Vice President of the National Apple Institute, a federation of twenty-seven state and regional apple producer associations throughout the United States.

We strongly endorse and respectfully urge enactment of both of these bills, H.R. 9736 and H.R. 9737, amending the Marketing Agreement Act of 1937, as amended, to facilitate its greater applicability to enable apple producers to improve their marketing programs.

H.R. 9737 simply adds the states of Colorado, Utah, New Mexico, Illinois and Ohio to the list of those apple producing states already authorized to utilize the Marketing Agreement Act to enable marketing programs under this Act. Section 608c (2) excludes apples from among the eligible commodities under the Act except for specifically named states. H.R. 9737 adds the aforesaid states to a list of fifteen states in which apple producers may utilize the Act for apple marketing programs.

H.R. 9736 Amends the Act by Amending Section 608c(6)(I) to add apples to a list of some fifteen other fruits and vegetables for which authority is granted to permit market development programs including paid advertising under the Act. H.R. 9736 also amends Section 602 of the Act to clarify and assure that marketing research and development programs, including marketing promotion and paid advertising, may be initiated and continued not withstanding commodity price fluctuations above or below parity. Authority already exists for the continuation of certain types of programs under the Act in above parity situations. This amendment simply provides for assurance of similar eligibility for research and

market development programs, inclusive of those with advertising and promotion projects.

This latter provision is essential in order to obtain greatest good from such programs for the affected producers. Market research and development programs, inclusive of promotion and paid advertising, need to continue on an uninterrupted basis to accomplish their objectives. The value of such programs to producers is fully as important in helping to maintain prices at or above parity level as in helping to achieve parity. Most education and promotion and advertising programs in conjunction with market development are most effective as continuing programs. And market research programs may span a period of time and involve continuity of investment and study which certainly would be weakened or negated if they are subjected to "stop and go" requirements tied to parity.

A number of the larger apple producing states and a few of the smaller volume states have state enabling legislation to provide for equitable producer financed market research and development programs including promotion and paid advertising.

Larger producing states, with state programs already under state enabling authority, never-the-less support this proposed legislation because of their mutual interest in having strong and effective market development programs throughout the industry, not only in each state, but also to better enable all producing states to more effectively cooperate in joint program efforts throughout the industry.

For some of the smaller producing states a single state marketing program under state enabling authority is felt to be impractical because of the limited production volume and the disproportionate administrative cost involved with such limited volume. However, under the federal enabling Act producers in two or more of these smaller volume states can develop cooperative programs with greater volume thus achieved to make such programs more effective and more efficiently operated.

The six New England states are a good case in point. Similarly other smaller volume states, where otherwise eligible, are desirous of having such authority under the 1937 federal Act as amended.

Also, while apple producers have not availed themselves of the federal Act for any of such other programs as are authorized under the Act, having authority to combine such programs with market research and development programs, including promotion and paid advertising, there is a far greater opportunity to utilize the federal act to greater advantage to them than has heretofore been deemed practical and worthwhile.

With such programs of promotion and paid advertising, and other projects of market research and development, producers, when such programs are qualified via hearings and approved by majority referendums, assess themselves equitably for their financing. Thus public expense, via government, is only the nominal and reasonable government administrative cost essential to directing the programs in the public interest.

Since amendment of the Marketing Agreement Act in 1965 authorizing the inclusion of promotion and advertising programs for a number of fruit and vegetable commodities, several commodity groups have developed and adopted such programs and have found them most beneficial.

It is in the tradition of the American free enterprise system that when agricultural commodity groups are desirous of actively developing and supporting such programs under the Agricultural Marketing Agreement Act of 1937 as amended, every reasonable and responsible means to enabling them to do so should be provided.

Marketing agreements and orders, both state and federal, have proven to be one of the most valuable industry self-help organizational "tools" yet developed to assist agricultural producers in cooperative collective marketing programs.

H.R. 9736 and H.R. 9737 only extend the applicability and value of this organizational "tool" to be of far greater value to apple producers.

We strongly and respectfully urge approval of both bills by the Sub-Committee on Domestic Marketing and urge adoption of the legislation by the 91st Congress.

Mr. FOLEY. The next witness is Mr. R. N. Berry, executive vice president of New York & New England Apple Institute, Westfield, Mass., accompanied by Mr. Arthur Bishop of Shelburne Falls, Mass.

STATEMENT OF R. N. BERRY, EXECUTIVE VICE PRESIDENT, NEW YORK & NEW ENGLAND APPLE INSTITUTE, ACCOMPANIED BY ARTHUR BISHOP

Mr. BERRY. Mr. Chairman, I am Rockwood Berry, executive vice president of the New York & New England Apple Institute.

This morning I will have to speak in behalf of Mr. John Lyman, who was not able to come because of a family emergency over the weekend. He regrets that he is not able to come here this morning.

However, Mr. Arthur Bishop, one of our growers and a past president of the New York & New England Apple Institute appears here for questions if you have any.

Mr. Chairman, I have Mr. Lyman's statement here which is written. If you desire, I will be glad to read it and go through it with you. If you don't mind I will read it.

Mr. FOLEY. It will be printed in the record as written, and you can summarize from it if you care to.

Mr. BERRY. I will highlight some of the action.

As Mr. Lyman said, we had been anxious to come before this committee now for perhaps 2 or 3 years to state our views in regard to the legislation in this bill, amending the Agricultural Marketing Amendment Act of 1937. The purpose of the bill is quite clear and it is so stated here in this statement.

The bottom paragraph, if enacted into law, the proposed bill would enable, or authorize groups of apple growers in those States named in section 608c (2) to establish marketing research, or development project including paid advertising within the scope of regulations and procedures of the act. Historically, the apple industry has not used the mechanism of Federal marketing orders. The larger producing apple States appear to have answered many of their problems through State orders, agreements and regulations. They may continue to do so, even though the Federal marketing orders may be used by other States.

The changing patterns of production and marketing on the other hand, are causing apple growers in these other States with much smaller production to consider ways and means to affect a more orderly marketing structure.

We have cited here the instance of two large States, Washington State and New York State, producing approximately 46 percent of the national crop and through their paid market development project they are carrying about 75 percent of the advertising and market development bill.

Let me say that for our six New England States under this proposed bill, it would now be conceivable that with one administrative head could develop a marketing order program with minimum administrative costs in which the growers would share equitably. In turn, the support by these growers would complement the development projects of the larger individual States, specifically New York in this instance.

I do not need to review the apple industry nationally. It is stated there in a few paragraphs. I would like to go directly to the New England situation. For about 30 years the New England apple growers have participated in a voluntary organization for the purpose of promoting apples and carrying on limited research projects. The programs

have been beneficial to all apple growers, yet only 60 percent contribute financial support. The inequities of voluntary cooperation cannot long endure, even though strongly supported by a majority. It would appear to be more in keeping with the democratic process, if and when two-thirds of the members of the industry agree on programs which are beneficial to the total industry, that everyone in the industry should support the project. The framework of the Agricultural Marketing Agreement Act, with the amendment offered, would provide the mechanism to make the democratic process workable.

I think we must be aware, too, that in the inclusion of marketing development with paid advertising it is a new and little used tool. It does not negate the merit of the enabling legislation. Rather the complexity of organization required for market development and maintenance for each commodity requires time and much patience.

Although apples have been around for a long time, there is real evidence that consumers do not know how to use them, when the various varieties are in season, nor why this fruit is one of the more nutritious ready-to-eat foods universally displayed in retail stores. This is a challenge to the apple industry. Production we have; sufficient markets we do not have. Part of the reason for market deficiency is the inability of the industry to join forces to the extent necessary to own its share of market. The concept of the Agricultural Marketing Order and Agreement Act provides the tool which may enable the industry to improve its techniques in mass marketing and to better inform the consumer.

Nearly a score of other commodities are already authorized to use the marketing order mechanism. If for no other reason, apples should be included, too. To summarize, here are the other reasons:

(1) The larger producing States do have marketing order programs for apples.

(2) Groups of small States, such as the six New England States, with significant production can administrate one order more economically and equitably than each by itself.

(3) The total apple industry will benefit from the added effort contributed by those States electing to improve markets with promotion and paid advertising.

(4) Consumers will benefit from the efforts of the apple industry to improve its markets and to provide information about apples and apple products.

Mr. Chairman, on behalf of Mr. Lyman and his committee and Mr. Bishop, we trust you will support this legislation.

Thank you.

Mr. FOLEY. Thank you very much, Mr. Berry. Are there any questions of Mr. Berry or of Mr. Bishop?

Mr. VIGORITO. No questions.

Mr. GOODLING. I might say, Mr. Chairman, there may be some people wondering why Pennsylvania is not included in any of these bills. We do have an apple promotion program that is supported through assessments and authorized by State law. Three years ago we had a referendum that was approved by the applegrowers of Pennsylvania. About 3 weeks ago we had another referendum that is required by our law. The response was far greater than 3 years ago. That would indicate that at least the growers in my State support this type of program. This is a self-help program, and that is what I am interested in.

Mr. FOLEY. Any questions, Mr. Sisk?

Mr. SISK. No questions.

Mr. JONES. No questions.

Mr. MYERS. No questions.

Mr. FOLEY. Thank you very much, gentlemen. The absence of questions is usually a good sign. I hope the witnesses will not be troubled by the fact that they are not being barraged by questions from the subcommittee. The absence of questions usually goes well for future legislation.

Thank you both for your appearances here. Please convey our thanks to Mr. Lyman for his statement.

Mr. BERRY. We will.

Mr. GOODLING. Pennsylvania apples would have made even a greater improvement in both instances.

(The prepared statement of Mr. Lyman follows:)

STATEMENT OF JOHN LYMAN, JR., CHAIRMAN, OUTLOOK COMMITTEE, NEW YORK & NEW ENGLAND APPLE INSTITUTE

I am John Lyman, Jr. of Middlefield, Connecticut, an apple grower and Chairman of the Outlook Committee of the New York & New England Apple Institute. For the past three years we have looked forward to the opportunity to present our views in regard to the proposed enabling legislation incorporated in H.R. 9736. Therefore, we are pleased to have the opportunity to appear before this Committee today in support of the bill introduced by Congressman Silvio Conte of Massachusetts. Attached to this statement are Resolutions adopted by some New England States and the State of New York in support of this legislation.

PURPOSE OF THE BILL

This bill amending the Agricultural Marketing Agreement Act of 1937 as amended, will include apples among a large number of fruits and vegetables which are now listed by a 1965 amendment. The authority thus established enables growers and handlers of these various commodities through the provision of marketing orders to regulate the supply and quality of product, and/or to conduct research and development projects including paid advertising.

If enacted into law, the proposed bill would enable, or authorize groups of apple growers in those states named in section 608c(2) to establish marketing research, or development projects including paid advertising within the scope of regulations and procedures of the Act. Historically, the apple industry has not used the mechanism of federal marketing orders. The larger producing apple states appear to have answered many of their problems through state orders, agreements and regulations. They may continue to do so, even though the federal marketing orders may be used by other states.

The changing patterns of production and marketing on the other and, are causing apple growers in these other states with much smaller production to consider ways and means to affect a more orderly marketing structure.

For instance, Washington State and New York State now have apple promotion programs which are supported through grower assessments established by state enabling legislation. These are the two largest apple producing states which together, account for about 60 million boxes of apples, or approximately 46% of the 1966 crop. On the other hand, these two states account for about 75% of the market development projects including paid advertising in the industry.

Other states with a much smaller production total find it difficult to justify a state marketing order for economic reasons. The administrative cost to operate such an order on a state by state basis would in many cases consume a major portion of the possible collections. It is conceivable that a group of states, such as the six (6) New England States could, under one administrative head develop a marketing order program with minimum administrative cost, and growers would share more equitably. In turn, the support by these growers would complement the development projects of the larger individual states, specifically, New York State in this instance.

Under the authority granted in the Agricultural Marketing Agreement Act, as amended, and providing this bill is enacted, such a group of states could participate in those programs to be agreed upon.

A BRIEF OF THE APPLE INDUSTRY

Apples are produced commercially in thirty five (35) states stretching from Maine to Washington, and from Michigan to Georgia. The larger producing states are Washington, (30 million bu.), New York, (23 million bu.), California, (10.6 million bu.), Michigan, (14.7 million bu.), Virginia, (8.7 million bu.), and Pennsylvania, (9.5 million bu.), and represent on the average about 70-75% of the total United States production. The six (6) New England States have an average production of 8.5 million bu., with approximately five hundred (500) commercial growers. Total national production of apples for the next ten (10) years will increase steadily and may reach an average of 160 million bu. per year compared to about 130 million in recent years.

To maintain a healthy industry for the future, there will be a need for better management of supply, the expansion of markets and the development of new products. Research and development projects financed by producers and guided by the industry are a means to better supply management and creation of markets.

THE NEW ENGLAND SITUATION

For about thirty years (30) the New England apple growers have participated in a voluntary organization for the purpose of promoting apples and carrying on limited research projects. The programs have been beneficial to all apple growers, yet only 60% contribute financial support. The inequities of voluntary cooperation cannot long endure, even though strongly supported by a majority. It would appear to be more in keeping with the democratic process, if and when two-thirds of the members of the industry agree on programs which are beneficial to the total industry, that everyone in the industry should support the project. The framework of the Agricultural Marketing Agreement Act, with the amendment offered, would provide the mechanism to make the democratic process workable.

A marketing Order drawn up by representatives of the industry and counseled by the Secretary of Agriculture, would be voted upon by all growers, or handlers of apples. The geographical area would be defined, and all growers within that area would be informed before voting. If approved by two-thirds of the grower, the Secretary would then establish the order.

A TOOL FOR NEW MARKETS, AND TO BETTER INFORM CONSUMERS

The inclusion of market development with paid advertising in the Agricultural Marketing Order legislation is a new and little used tool. That it has not been extensively used by the commodity groups does not negate the merit of the enabling legislation. Rather the complexity of organization required for market development and maintenance—for each commodity requires time and much patience.

Although apples have been around for a long time, there is real evidence that consumers do not know how to use them, when the various varieties are in season, nor why this fruit is one of the more nutritious ready-to-eat foods universally displayed in retail stores. This is a challenge to the apple industry. Production, we have; sufficient markets, we do not have. Part of the reason for market deficiency is the inability of the industry to join forces to the extent necessary to own its share of market. The concept of the Agricultural Marketing Order and Agreement Act provides the tool which may enable the industry to improve its techniques in mass marketing, and to better inform the consumer.

Nearly a score of other commodities are already authorized to use the Marketing Order mechanism. If for no other reason, apples should be included, too. To summarize, here are the other reasons:

- (1) The larger producing states do have marketing order programs for apples.
- (2) Groups of small states, such as the six New England States, with significant production can administrate one order more economically and equitably than each by itself.
- (3) The total apple industry will benefit from the added effort contributed by those states electing to improve markets with promotion and paid advertising.
- (4) Consumers will benefit from the efforts of the apple industry to improve its markets and to provide information about apples and apple products.

Mr. Chairman, on behalf of the apple growers in the six New England States, I urge you and your committee to approve this bill and to expedite its passage in this present session of Congress. Thank you for your attention and interest.

STANDING RESOLUTIONS REGARDING LEGISLATION AMENDING THE FEDERAL
MARKETING AGREEMENT ACT OF 1937

NEW YORK & NEW ENGLAND APPLE INSTITUTE BOARD OF DIRECTORS MEETING,
JULY 19, 1967

"It was moved, seconded and unanimously voted that the Board of Directors and those present support the introduction of a bill to amend the Agricultural Marketing Agreement Act, as presented."

Resolution of the Maine Pomological Society, January 17, 1968

That the Maine State Pomological Society go on record to support the Enabling Legislation for a Federal Marketing Order for New England apples and that letters be sent to our Congressional Delegation in Washington to this fact.

Resolution of the Vermont Fruit Growers, February 29, 1968

"Whereas the Vermont Fruit growers in view of the changing Market developments in the apple industry, and to assure the opportunity for a choice of future decision in marketing (to match competition) do hereby support the proposed legislation as embodied in H.R. 12314 which amends the Federal Marketing Order and Agreement Act to include "Apples". Middlebury, Vermont, February 29, 1968.

Resolution of the New York State Horticultural Society, January 1969

Whereas a large state like New York can use a state marketing order to good advantage to collect money from all growers for apple promotion.

Whereas the six New England states together produce about $\frac{1}{3}$ of the apples of N. Y., and the operation of state marketing orders would be inefficient: Now, therefore, be it

Resolved, That we support legislation that would make possible federal marketing orders for promotion in regions where conditions are similar.

Mr. FOLEY. The final witness this morning is Mr. John Surgeon of Grafton, Ill. Mr. Paul Findley, our colleague from Illinois expressed his regrets to the committee that he was not able to be here. He has advised me that Mr. Surgeon is one of the outstanding orchardists of his State.

Mr. GOODLING. Mr. Findley also asked me to tell the committee that he supports the bill under consideration.

STATEMENT OF JOHN SURGEON, CHAIRMAN, ILLINOIS LEGISLATIVE COMMITTEE OF THE ILLINOIS FRUIT COUNCIL AND ILLINOIS HORTICULTURAL SOCIETY

Mr. SURGEON. Mr. Chairman and committee members, I am John Surgeon from Grafton, Ill., a fruitgrower and chairman of the Illinois Legislative Committee of the Illinois Fruit Council and Illinois Horticultural Society.

Most of the things have already been said concerning this bill. The reason Illinois is interested, as Mr. Lacy stated and Mr. Berry stated, is that we need a national effort in selling apples, in promoting apples and in quality control and maturity and that sort of thing. The only way we can get a strong national organization is to have strong State organization with everyone putting some money into the pot, so to speak.

We have tried to get our own enabling legislation. Three times Illinois has had varying degrees of success. We got it to the Governor twice and it stopped in the Senate the last time—for several reasons—since our early interest in these bills, so that we can write our order and have a referendum and get going in this area.

We have visions in the Midwest of getting our smaller States together, even along with Michigan, and working as an area movement, as well as supporting our national effort.

Three years ago we started an effort to get Ohio, Indiana and Illinois into the organization to have one Administrative Secretary and one office and more members to the growers. But we were unable to do this because Indiana was the only one that had the ability to assess their growers, and the effort was dropped, although Indiana and Illinois stayed together for a year.

Those are the basic reasons that Illinois is especially interested in getting these bills to amend the act approved.

Mr. FOLEY. Thank you very much, Mr. Surgeon. We appreciate your statement.

At this point the Chair would like to note that in addition to Mr. Goodling, the sponsors of H.R. 9736 are Mr. Miller of Ohio, Mr. Conte of Massachusetts and Mr. Burton of Utah. The identical bill is sponsored by Mr. Findley of Illinois, H.R. 10545. In addition to Mr. Goodling, the sponsors of H.R. 9737 are Mr. Miller of Ohio, Mr. Findley and Mr. Burton of Utah.

Are there any questions?

Mr. VIGORITO. No questions.

Mr. SISK. No questions.

Mr. JONES. No questions.

Mr. GOODLING. No questions.

Mr. MYERS. No questions.

Mr. FOLEY. Thank you very much, Mr. Surgeon.

Mr. SURGEON. Thank you.

Mr. FOLEY. The Chair would also like to note that both the chairman and the ranking minority member, Mrs. May, come from the State of Washington, which is an apple producing State. Between our districts we divide the apple production in the State of Washington, so we can by nature, be favorable to legislation which encourages the effective and efficient marketing of apples.

Mr. GOODLING. Mr. Chairman, may I make an observation?

Mr. FOLEY. If it's a polite observation; yes.

Mr. GOODLING. It will be that. I note in Mr. Surgeon's remarks, when he was telling something of the value of apples, he said they improve your disposition. I was wondering if it might not be in order to have apples on the floor of the House at all times.

Mr. FOLEY. Washington will match Pennsylvania apple for apple.

Mrs. MAY. We had some Washington apples in the cloakroom the other day produced by our Washington applegrowers. I detected an improvement in the general atmosphere of the personalities of our colleagues.

Mr. FOLEY. An improvement in both disposition and their health.

(The prepared statement of Mr. Surgeon and two letters from the American Farm Bureau Federation follow:)

STATEMENT OF JOHN SURGEON, FRUIT GROWER, CHAIRMAN OF THE LEGISLATIVE COMMITTEE OF THE ILLINOIS HORTICULTURAL SOCIETY AND ILLINOIS FRUIT COUNCIL

I am John Surgeon, an apple and peach grower from Illinois, and on the Legislative Committee of the Illinois Horticultural Society and the Illinois Fruit Council. In behalf of my state of Illinois, I strongly recommend the passage of H.R. 9736 and H.R. 9737. These bills would amend the Agricultural Marketing Agreement Act of 1937 to include our state, and to include paid advertising under the Act. They would enable marketing research and development programs to continue on an uninterrupted basis.

Our industry has apples to sell—one of the best products known to man—and we aren't telling the public about our product. Apples can be eaten, cooked, frozen, dried, and made into juice and concentrate. Apples will clean your teeth, help keep you regular, and improve your disposition. We have the facts to prove this; but we aren't telling the housewife about apples.

For several years Illinois fruit growers have tried to get enabling legislation in their state without success. We in the Midwest have had the vision of several states—Illinois, Indiana, Missouri, Arkansas, Iowa, Wisconsin, Minnesota, Nebraska, and Michigan—as one operating unit. Our theme, "Johnny Applesseed Country"—something like "McIntosh Country" in New England—would be efficient and coordinated as a start. In 1967 Illinois, Indiana and Ohio tried to enter a joint effort for the Midwest area with the "Johnny Applesseed" theme. There was much interest in all states. However, since Illinois and Ohio had no enabling legislation, the people involved felt that they could not go through with the project.

In an enabling act, all aspects of the industry can be involved, such as maturity, dates for harvest, quality control, orderly marketing, and stable prices. Everyone benefits—including the consumer—with a mature product, marketed with quality controls involved.

This month the merger of the National Apple Institute and the International Apple Association will be finalized. There will be one national organization for apple growers. These amendments would be another step towards an efficient national organization not only involving all states but also in selling their apples. Where there is unity, there is strength. The apple industry needs union. Passage of H.R. 9736 and H.R. 9737 would enable our industry to join together and do the marketing job we are capable of doing.

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., June 15, 1970.

HON. THOMAS S. FOLEY,
Chairman, Domestic Marketing and Consumer Relations Subcommittee, House Committee on Agriculture, U.S. House of Representatives, Washington, D.C.

Dear CONGRESSMAN FOLEY: The American Farm Bureau Federation is interested in H.R. 9736, H.R. 10545 and S. 1456, legislation to amend the Agricultural Marketing Agreement Act of 1937 to permit marketing orders applicable to apples to provide for paid advertising.

At our most recent annual meeting, in December, 1969, the official voting delegates of the member State Farm Bureaus adopted the following policy concerning the promotion of agricultural commodities:

"It is important that farmers promote the increased sale and consumption of farm products without duplication of effort. We support—and will continue to seek improvement of—sound, well coordinated promotion programs, including those on an industry-wide basis having adequate producer representation.

"We oppose nationwide check-off programs for the promotion of agricultural commodities when the federal government administers, or has veto power over, the program.

"In the area of promotion for commodities under federal orders we support an amendment to the Agricultural Marketing Agreement Act of 1937, as amended, authorizing the collection of funds under individual federal marketing orders (not nationwide) provided the following criteria are included:

"(1) The program must be initiated and developed only by producers.

"(2) Funds collected must be used only for research and promotion, not for legislative and political activities or production research.

"(3) The program must be approved or amended by two-thirds or more of the eligible producers voting individually in a referendum and these must represent two-thirds or more of the production.

"(4) Continuation of the program after each three-year period shall require approval by two-thirds or more of the eligible producers voting in a referendum and these must represent two-thirds or more of the production.

"(5) Funds collected should be administered by a producer board named by the Secretary of Agriculture from nominees elected by producers.

"(6) Provision should be made for an annual certified audit. This will provide producers and the general public with an adequate accounting of expenditures.

"(7) Disapproval or termination of such a program shall not be considered disapproval of the order or of other terms of the order.

"(8) Collection of the check-off shall be voluntary with provision for return of funds on request.

"Producers should recognize that funds "checked off" for promotion programs are deductions from their incomes. Therefore, they should periodically review these programs to determine their effectiveness. Participating producers and their organizations should be encouraged to seek an evaluation of these programs and to recommend improvements."

You will note that the latter part of this policy deals with the question of promotion for commodities under federal marketing orders. We support legislation to amend the Agricultural Marketing Agreement Act of 1937 authorizing the collection of funds under individual federal marketing orders (not nationwide) provided the criteria listed in the policy statement are included.

We would appreciate this letter being made a part of the hearing record on the various bills dealing with this particular matter.

Sincerely yours,

MARVIN L. McLAIN,
Legislative Director.

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., June 15, 1970.

HON. THOMAS S. FOLEY,
Chairman, Domestic Marketing and Consumer Relations Subcommittee, House Committee on Agriculture, U.S. House of Representatives, Washington, D.C.

DEAR CONGRESSMAN FOLEY: Regarding H.R. 9737 and S. 1455, legislation to amend the Agricultural Marketing Agreement Act of 1937 to include Colorado, Utah, New Mexico, Illinois and Ohio among states eligible to participate in marketing agreement and order programs with respect to apples, the American Farm Bureau Federation supports this legislation.

The official voting delegates of the member State Farm Bureaus at our last annual meeting adopted a policy on federal marketing orders which included the following statement:

"We support an amendment to the Act to permit the development of orders for any agricultural commodity."

Therefore, we urge the adoption of H.R. 9737 and S. 1455.

We would appreciate this letter being made a part of the hearing record.

Sincerely yours,

MARVIN L. McLAIN,
Legislative Director.

Mr. FOLEY. The subcommittee will now consider H.R. 13978 and H.R. 14744.

(H.R. 13978 introduced by Mr. Sisk for himself, Mr. Johnson of California, Mr. Leggett, Mr. McFall, Mr. Moss, Mr. Teague of California, and Mr. Waldie; and H.R. 14744, introduced by Mr. Mathias are similar bills, the text of which and the Department's report, follows:)

[H.R. 13978, 91st Cong., first sess.]

A BILL To amend the Agricultural Adjustment Act of 1933, as amended, and reenacted and amended by the Agricultural Marketing Act of 1937, as amended, to authorize marketing research and promotion projects including paid advertising for almonds

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section (8)(c)(6)(I) of the Agricultural Adjustment Act of 1933, as amended, and reenacted and amended by the Agricultural Marketing Act of 1937, is further amended as follows by—

- (1) inserting "almonds" before the word "cherries"; and
- (2) striking the period at the end of the proviso and inserting in lieu thereof: "and with respect to almonds may provide for crediting the pro rata expense assessment obligations of a handler with all or any portion of his direct expenditures for such marketing promotion including paid advertising as may be authorized by the order."

MARCH 2, 1970.

Hon. W. R. POAGE,
*Chairman, Committee on Agriculture,
House of Representatives*

DEAR MR. CHAIRMAN: This is in reply to your request of October 14, 1969, for a report on H.R. 13978, a bill to amend the Agricultural Marketing Agreement Act of 1937, as amended, to permit the marketing order for almonds to provide for paid advertising and for crediting the assessment obligation of each handler with all or any portion of his direct expenditures for marketing promotion, including paid advertising, as may be authorized by the marketing order.

The Department recommends that this bill be passed.

Authority for advertising, under Federal marketing order programs, has been authorized for 14 fruit and vegetable commodities and the citrus fruits. In addition, many States have authorized the establishment of commissions or State marketing orders to promote commodities. Agricultural producers generally favor promotion programs, including advertising, as a means of maintaining or advancing their position in the market place. Under marketing orders, the promotion efforts are financed by assessments levied on handlers. Where a promotion program can improve the consumption of a commodity and is much favored by the commodity group, we believe the group should have an opportunity to develop a program appropriate for the commodity and its marketing structure.

In the case of almonds, it is evident that the increasing production can be sold only by developing additional outlets and new consumers. This means educating more people about almonds and almond products and securing their consumption. The proposed amendment would encourage handlers to maintain or develop their own promotions by crediting a handler's assessment obligation with such of his direct promotion expenditures as are authorized in the marketing order. Direct expenditures under an advertising program are understood to mean the cost of the media used. Also, it would permit a restriction on such crediting so that all handlers, including those promoting their brand of almonds, would participate in financing other types of almond promotion—for instance, the preparation and distribution of recipe material to home economists and food page editors of newspapers. Thus, a handler with sufficient volume for his own promotion would receive some credit against his total assessment obligation but would still make a substantial dollar contribution to the industry-wide effort. The means of accomplishing this would be based on evidence presented at a public hearing and resolved by rule making (the normal marketing order procedure). Any projects carried out under the marketing order would be subject to the continuing review of the Secretary to insure compliance with the statute and to protect the public interest.

Almonds are produced only in the State of California. Production is increasing as cultural practices and harvesting can be largely mechanized and, so far, returns to producers have been favorable. However, new, non-bearing acreage is presently estimated as exceeding 80,000 acres as compared with about 132,000 bearing acres. Although only 86.4 million pounds, kernel basis, are the record sales of any one year, the 1969 crop is indicated to be at least 119.0 million pounds and still larger crops in the offing.

The additional activity caused this Department by enactment of the proposed legislation would be absorbed within existing expenditures for marketing order programs except that the order amendment cost, if separate from other amendments, could approximate \$7,500.

The Bureau of the Budget advises that there is no objection, from the standpoint of the administration's program, to the presentation of this report.

Sincerely,

J. PHIL CAMPBELL,
Under Secretary.

Mr. FOLEY. At this point we will recall Mr. Hedlund to present his statement on these two bills.

STATEMENT OF FLOYD F. HEDLUND, DIRECTOR, FRUIT AND VEGETABLE DIVISION, CONSUMER AND MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. HEDLUND. H.R. 13978 would amend Section 608c(6)(I) of the Agricultural Marketing Agreement Act to permit a marketing order for almonds to include any form of marketing promotion, including paid advertising, and to credit the assessment obligation of each handler with all or any portion of his direct expenditures for marketing promotion, including paid advertising, as may be authorized under an almond marketing order.

The Department recommends that H.R. 13978 be passed.

The Agricultural Marketing Agreement Act of 1937 currently authorizes paid advertising under marketing orders for several commodities. This authority has been incorporated into some existing marketing orders. Advertising projects have been carried out for such commodities as Texas oranges and grapefruit, California olives and nectarines. The trend is toward more and more commodity advertising and promotion in the fruit and vegetable industry. Producers and others are searching for a means of financing advertising and promotion programs so as to maintain or advance their position in the marketplace. The Agricultural Marketing Agreement Act could provide the facility for this purpose. We believe any fruit or vegetable commodity group which actively supports the development of such a program should be given the opportunity to do so.

Under this bill a marketing order might authorize almond handlers to develop and maintain their own promotion programs by crediting a handler's assessment obligation with such of his direct promotion expenditures as may be authorized in the marketing order. Any such program would be based upon evidence presented at a public hearing.

There is a Federal marketing order currently in effect for almonds produced in California which production accounts for the total U.S. production of almonds. The production of almonds is expanding at a rapid rate.

The additional costs to this Department by enactment of this bill would be absorbed within existing expenditures for marketing order programs except the costs of amending the order to incorporate the new authority would approximate \$7,500.

Mr. FOLEY. Thank you, Mr. Hedlund.

Are there any questions of Mr. Hedlund?

Mr. SISK. Just one, Mr. Chairman. I think Mr. Hedlund has checked with the Department on the exemption clause. We have the usual request that comes from California because of the fact that we have many State orders operating within the State and we have been requested to move an amendment in connection with preemption. Are you familiar with that? It's very brief. I might just read it. I want to be sure that I did understand that the Department would offer no objections to this. This is the same amendment we were requested to use, I believe, in connection with olives and some of the others. It says: "The inclusion in the Federal marketing order program for marketing research and development projects for almonds, including paid advertising, shall not be deemed to preclude or preempt research and development provisions in any State program covering almonds".

This is the normal preemption language for exemptions.

Mr. HEDLUND. What is your question now of me?

Mr. FOLEY. Does the Department have any objection to the inclusion of that amendment?

Mr. HEDLUND. I think on other occasions we have not objected to this kind of a proposal, in which such a program would not preempt the field and permit State programs to operate.

Mr. SISK. Thank you, Mr. Chairman.

Mr. FOLEY. Your position would be the same on this.

Mr. HEDLUND. As far as I can speak, Mr. Chairman, I think our position would be the same.

Mr. FOLEY. Putting it another way, you know as of this time, of no objection by the Department to the inclusion of this.

Mr. HEDLUND. I know of no objection.

Mr. SISK. I understood that this had been checked. I just wanted to be sure that you understood it.

Thank you, Mr. Chairman.

Mr. JONES. No questions.

Mr. FOLEY. Mrs. May?

Mrs. MAY. No questions.

Mr. FOLEY. Mr. Goodling?

Mr. GOODLING. No questions.

Mr. FOLEY. Mr. Myers?

Mr. MYERS. No questions, Mr. Chairman.

Mr. FOLEY. Thank you very much, Mr. Hedlund.

Mr. HEDLUND. Thank you.

Mr. FOLEY. Could you remain a few minutes longer in case there are any technical questions that may arise?

Mr. HEDLUND. Very well.

Mr. FOLEY. At this time the Chair would like to recognize the sponsor of H.R. 13978, my colleague, Mr. Sisk, from California.

Mr. SISK. Mr. Chairman, I will not impose on the time of the committee. We seem to be moving along very well this morning. I do not wish to delay it. I would express my appreciation to you as chairman of this committee and the full committee for arranging this hearing.

Mr. FOLEY. The next scheduled witness is a cosponsor of legislation, Mr. Leggett of California.

Mr. SISK. Mr. Chairman, if I could just again ask permission for my colleagues—if they desire to do so, and then probably will wish to have made part of the record their statement—to include Mr. Johnson and Mr. McFall, in fact all of the members who are cosponsors of this legislation.

Mr. FOLEY. Without objection it is so ordered.

The final scheduled witness is Mr. John Camou, assistant to the president of the California Almond Growers Exchange, Sacramento, Calif.

Mr. Camou, having weighed your statement physically, if not mentally, I am going to suggest that it will be included without objection in full in the record, and you may summarize any part of it you wish at this time.

Mr. CAMOU. Thank you, Mr. Chairman. I recognize the committee's interest. I had not intended to impose on your time to the extent that it might appear. Many of the pages here are supporting documents

that I wanted to be sure that you had available to you if you should need them.

Mr. FOLEY. At this point, without objection, the record will include your personal statement in its entirety and the documents attached will be made, without objection, a part of the file.

(The statement follows.)

STATEMENT OF JOHN M. CAMOU, ASSISTANT TO THE PRESIDENT, CALIFORNIA
ALMOND GROWERS EXCHANGE

My name is John M. Camou. I am Assistant to the President of the California Almond Growers Exchange, located at 1802 C Street, Sacramento, California.

The Exchange is a cooperative processing and marketing association currently handling approximately 70 percent of the almond crop each year. We have 4,700 producer-members and gross sales this year of about \$65 million.

Our company strongly favors H.R. 13978 and seeks congressional approval of this enabling legislation. The Bill would amend the Agricultural Marketing Agreement Act of 1937 to allow the almond industry to create an advertising fund through handler assessments. Handlers wishing to carry out their own advertising programs would be allowed to do so, and to claim credit against their assessment obligations.

The Agricultural Marketing Agreement Act of 1937, and subsequent amendments, recognized the principle that assessments to finance activities benefitting the whole industry, if favored by a substantial majority of the producers, should be levied pro-rata on all handlers of a given commodity. In addition, Section 608 (c) (6) (I) provided for the establishment of marketing research and development projects, with the costs to be paid from such industrywide assessments.

A subsequent amendment authorized the cherry industry to engage in "any form of marketing promotion including paid advertising."

In 1965 Congress added fourteen additional commodities to this section allowing assessment funds to be used for paid advertising. Under this authorization (and similar authorizations contained in many state marketing orders) advertising has been in the form of industry or generic campaigns.

The almond industry does not presently have such authorization, though it has operated for twenty years under a Federal Marketing Order for other purposes.

The Federal Marketing Order for Almonds went into effect in 1950, at a time when the United States was a net importer of almonds and domestic marketing conditions were chaotic. In essence the Order provided for salable and surplus percentages of each crop to be applied pro-rata on each handler. Since then, sales of the surplus have been used to develop new markets overseas. With the return of prosperity to the major consuming countries of Europe, proceeds from surplus sales have become nearly equal to the rates for the tonnage sold in the domestic market. Thus, the industry has not found it necessary to have a special assessment for marketing research and development.

Today, however, conditions have changed drastically. At the present time there are 130,000 bearing acres in California and close to 90,000 new non-bearing acres. Although we expect to increase our sales through established outlets in the future, it is obvious to everyone in the industry that we have a tremendous marketing problem in successfully selling future crops that may be double those of today.

The problem has been under discussion for several years, but it wasn't until the subject now covered by H.R. 13978 came up that we reached substantial agreement on our course of action.

We believe that all handlers in the industry wish to promote their own product lines as effectively as possible. But this cannot be done on a voluntary basis. The problem is classic: To the extent that one firm invests large sums of money in advertising and its competitor does not, the first firm would be at a substantial disadvantage when it came to paying its producer-members. This is particularly true in the first year of such programs, before the additional promotion work pays off. Because the grower measures his returns against those of his neighbor, and chooses to market through the organization that makes the best return in any given year, it is difficult for any one processor to generate sufficient funds for significant advertising and promotion expenditures.

But advertising, a lot of it, is what the almond industry needs now.

Last December, USDA held a public hearing on a number of amendments to the Federal Marketing Order for Almonds. At that time the Exchange proposed the addition of a marketing research and development section to the existing Order. This section would authorize only such industry projects as are now permitted by Federal Statute, but not paid advertising. In addition, the hearing record shows testimony to the effect that the Exchange and the witness who spoke for the independent growers and handlers both favored the extension of this authority as would be granted by H.R. 13978. (Copies of this testimony are submitted with our statement.)

There has been a great deal of dissatisfaction with the type of programs presently possible as generic or industry advertising. In most cases, the advertising fund comes under the jurisdiction of a special advisory board or committee, where decisions on expenditures are not directly related to the marketing programs of the individual handlers. It is our belief that advertising is only a part of a company's sales and marketing strategy. With us, a decision to advertise a given product (and we have several hundred different ones) must be closely related to its availability and to its current profit structure.

More importantly, many knowledgeable people have long believed that brand advertising is far more effective than industry programs. We agree.

It also appears that the other handlers in the almond industry agree. No one, to date, is on record in protest to this idea.

As noted in the USDA report, the details of our program would be worked out in a public hearing and decided by the usual rule-making procedure. We are confident that the basic industrywide support of this proposal can be translated into a very effective program.

This idea of allowing credits for brand advertising is a new one in agricultural marketing, and the support we have been given by USDA is very significant. During the course of several years' contact with the people who administer our Almond Marketing Order, I have been well aware of the fact that our proposed program is regarded strictly as an experiment. We are going to have to prove our idea and I am sure we will be watched closely by the Department and by many other commodity groups.

Interestingly enough, brand advertising has also been supported by the Foreign Agriculture Service. Four experimental programs are now in effect; three in prunes and one covering the promotion of almonds in Japan.

Previously, when industry campaigns have been made available by FAS, using P.L. 480 funds, in many cases they were subject to the same criticism as are domestic generic activities. Instead, FAS has now proposed three-year contracts with individual handlers who wished to promote their own products. In our case, this gives us support in gaining distribution of our Blue Diamond brand and in working with brokers and salesmen in a fully integrated campaign that extends to the retail level.

For example, we are one of the few industrial firms participating in Expo '70 in Osaka. We had already committed substantial funds of our own to this work because we believed so strongly in the potential of the Japanese market. The additional funds made possible through our FAS contract will help us give broader scope to this program. We have a display and sales area, samples for our visitors, and distribution of our products at several other locations in Osaka. In other words, we have a fully coordinated program that calls attention to our products at the fair, and also achieves distribution of them at the retail level throughout Japan.

In effect then, a number of people involved with both domestic and export agricultural marketing programs, have expressed willingness to test our theories regarding brand advertising in the almond industry.

We urge this Committee and the Congress to give favorable consideration to this enabling legislation.

Mr. CAMOU. Thank you, Mr. Chairman.

Mr. FOLEY. It will all be available to the subcommittee. We will be glad to hear any comments you wish to make.

STATEMENT OF JOHN M. CAMOU, ASSISTANT TO THE PRESIDENT, CALIFORNIA ALMOND GROWERS EXCHANGE

Mr. CAMOU. All right. I would like to summarize a few of the paragraphs in the statement for the benefit of the committee.

My name is John M. Camou. I am assistant to the president of the California Almond Growers Exchange in Sacramento, Calif. The exchange is a cooperative processing and marketing association currently handling approximately 70 percent of the almond crop each year. We have 4,700 producer members and gross sales of about \$65 million.

We are very much in favor of H.R. 13978 and very pleased that the Department of Agriculture has recognized the fairly unique circumstances under which our industry operates.

We hope that this committee and the Congress will give favorable consideration to this proposal.

Mr. FOLEY. Thank you very much, Mr. Camou.

Are there any questions?

Mr. VIGORITO. No questions.

Mr. SISK. No questions.

Mr. JONES. No questions.

Mrs. MAY. No questions, Mr. Chairman.

Mr. GOODLING. No questions.

Mr. MYERS. No questions.

Mr. CAMOU. Mr. Chairman, with regard to the preemption clause, the exchange has no objection.

Mr. FOLEY. You have no objection to the inclusion of the preemption language read by Mr. Sisk?

Mr. CAMOU. That is right.

Mr. FOLEY. Thank you very much.

Are there any other witnesses in the hearing room who wish to make any comment or statement with regard to any of the bills which are before the subcommittee today?

If not, the Chair wishes to thank the witnesses for their attendance and their statements, which will be helpful to the subcommittee and the full committee in reaching a decision with regard to the legislation which is before the subcommittee today.

I am going to ask the members of the subcommittee to remain for a few moments for a brief executive meeting of the committee.

Again we thank you for your appearances and your contribution this morning.

Accordingly, the Subcommittee on Domestic Marketing and Consumer Relations stands adjourned at the call of the chairman.

(The following statements and telegrams were also submitted to the subcommittee:)

STATEMENT OF HON. CHARLES M. TEAGUE, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF CALIFORNIA

Mr. CHAIRMAN. Thank you for this opportunity to present my views in support of H.R. 13978. As a co-sponsor of this important and innovative legislation I urge its early and favorable consideration by the subcommittee.

I say this is important legislation because the California almond industry is presently facing a very serious problem. Our almond bearing acreage is rapidly increasing. There are now some 130,000 bearing acres with the prospect of an additional 90,000 acres to come into production within the near future. Thus it is essential that new and expanded markets be discovered and captured if this additional production is to move at anywhere near reasonable prices. The marketing order program, with its authority for paid advertising, is one method that the California almond industry is looking to as a vehicle to help solve its problem and H.R. 13978 will provide that vehicle to it.

The reason I say this legislation is innovative is that up to this point of time paid advertising programs in the United States have been limited to the generic advertisement of commodities . . . that is, these advertisements have been limited to the commodity itself and not to specific brands of that commodity.

H.R. 13978 could, after the normal hearing process, permit handlers to credit against their paid advertising assessments under an almond marketing order, the funds they expend on advertising their particular brand of almonds. This would add a new dimension to present promotion efforts and hopefully would open new markets to California almonds.

I would point out that brand advertising is not completely new to government-assisted market promotion activities. Under the P.L. 480 programs for years there have been similar sales promotion activities in foreign countries where it was found necessary to identify American brand names in order to capture and hold those markets for American exports.

In summary, Mr. Chairman, I feel this is a sound bill which should help the California almond industry expand its markets by its own self-help action, and I urge its favorable consideration.

STATEMENT OF HON. JOHN E. MOSS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. Chairman and my distinguished colleagues, as you may know, the world's largest almond factory is located in Sacramento, California, a city which it is my privilege to represent, and it is my pleasure at this time to testify in support of legislation I am co-sponsoring, H.R. 13978, a bill to amend the Agricultural Marketing Act of 1937, as amended, to authorize the use of funds collected under the almond marketing order for direct advertising.

For many years, almond producers have been marketing an average of more than \$40 million worth of almonds under a Federal marketing order and in the past few years, this amount has risen quite dramatically. In 1969, for instance, farm value of the almond crop reached a level of approximately \$70 million. Because of the marketing order, it was possible to allocate this record crop between domestic markets and non-competitive outlets—primarily the export trade—in a manner which avoided excessive supplies in domestic market outlets. Almond producers urgently need to expand their domestic markets, however, as production in excess of current market outlets has been a continuing problem in recent years. They need to engage in advertising as a part of their market expansion program.

As you well know, the Agricultural Marketing Act, in Section 8(c)(6)(I) specifically provides "that with respect to orders applicable to cherries, carrots, citrus fruits, onions, Tokay grapes, fresh pears, dates, plums, nectarines, celery, sweet corn, limes, olives, pecans, or avocados, such projects [orders] may provide for any form of marketing promotion including paid advertising." A market promotion program, including paid advertising, is also authorized under other legislation for cotton. H.R. 13978 would permit almond market order administrators to collect funds under the marketing order and use them for advertising, as is now permitted for the other products listed above. The bill would also add a proviso which allows credit for brand advertising by individual handlers.

Mr. Chairman, I am not aware of there being any opposition on record to H.R. 13978 and would hope that you and the members of the Subcommittee will favorably report the legislation and that it will be subsequently passed by the Congress in the very near future.

STATEMENT OF HON. HAROLD T. JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. Chairman, I am pleased to give my wholehearted support to H.R. 13978, the bill to create an almond industry advertising and promotion assessment.

The U.S. crop, with a farm value of more than \$75,000,000, is grown only in California, and nearly 20% of the acreage is in the Second Congressional District which I am privileged to represent.

Of all our specialty crops, the almond industry has been particularly progressive, and has moved in twenty years from a serious surplus situation to a point where the entire crop is now being sold profitably in domestic and foreign trade channels. This has been accomplished in spite of the fact that crops have more than doubled since 1950.

Unfortunately, supply is once again threatening to outstrip demand. New plantings have risen to 90,000 acres, as compared with 145,000 now in production. The industry may not be able to cope with the tonnages to come, at least under its present Federal Marketing Order.

One potential solution to the problem is an advertising assessment, and H.R. 13978 is actually the industry's own idea. It seeks to create an industry fund, as now permitted under existing Federal Marketing Order Act authority. Such a fund, conceivably, could substantially benefit the industry.

But this progressive group has sought and won USDA support for an even better idea. This bill would actually permit the Almond Control Board and USDA to work out a program whereby the individual handlers could, individually, spend a good portion of their assessment dollars on their own promotional programs.

The Secretary of Agriculture, in his report, recognizes that this program is unique, and may not be appropriate for other commodity groups. But the almond industry is unanimous in its support of this bill, and the Secretary believes the experiment should be tried.

I urge this Committee to give H.R. 13978 a favorable report, and I hope the Congress will seek early passage.

Thank you.

STATEMENT OF HON. JOHN J. MCFALL, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF CALIFORNIA

Mr. Chairman, I certainly appreciate the opportunity to come before your subcommittee this morning in support of H.R. 13978, a joint bill, introduced by Congressman B. F. Sisk for Congressmen Harold T. Johnson, Robert Leggett, John Moss, Charles Teague, Jerome Waldie and myself, to amend the Agricultural Marketing Act of 1937 to authorize marketing research and promotion projects including paid advertising for almonds.

Agricultural producers throughout the United States endorse programs to promote sales in the market place. The key to a successful marketing program, I believe, is advertising. As the Subcommittee is well aware, promotion programs under marketing orders are financed by assessments on the handlers of the commodity.

Only in the State of California are almonds produced in marketable quantities. Production is increasing every year and it is becoming evident that new outlets must be obtained and additional consumers attracted. To do this, the inherent value and taste attractiveness of almonds must be advertised.

In my District, the 15th of California, I am privileged to have more than 25 percent of the almond acreage. Non-bearing acreage in California is presently estimated to total 80,000 acres and there are 132,000 bearing acres. The record sale for any one year to date is 89 million pounds (kernel basis) and the 1969 crop was estimated to run approximately 119 million pounds. All indications are that the crops will be even larger in the years ahead.

I believe paid advertising will be a valuable tool in the continuing effort to match consumption with production.

I would also appreciate the opportunity to point out that H.R. 13978 is essentially self-help legislation. The Department of Agriculture, which has endorsed the bill, estimates that the total annual cost to the agency will be less than \$10,000.

I consider this bill of extreme need and importance and I am hopeful that it will be acted upon favorably by your Subcommittee.

STATEMENT OF HON. SILVIO O. CONTE, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF MASSACHUSETTS

Mr. Chairman, I appreciate this opportunity to present this statement, on H.R. 9736, an amendment to the Agriculture Marketing Act of 1937, of which I am a co-sponsor.

H. R. 9736 provides for the amendment to Section 608c (6) (I) of the Agriculture Marketing Act of 1937, as amended to permit paid advertising for apples. In addition, the amendment would clarify the authority contained in Section 602 (3) to regulate in above-parity situations, to insure that it applies to the initiation or continuation of marketing research and development programs, as authorized in Section 608c (6) (I).

In the 90th Session of Congress, I introduced essentially the same bill, but it was never enacted. I am hopeful that this time, however, H.R. 9736 will receive favorable action.

In its present form, the Agriculture Marketing Act contains the authority to permit paid advertising under marketing orders for several commodities, and has been incorporated into some of the fruit marketing orders. Advertising projects have been carried out under it for such fruit commodities as Texas grapefruits and oranges, and California nectarines. In fact, some 15 fruit and vegetable commodities fall into this category.

The trend now is toward more and more commodity advertising and promotion in agriculture, and the Agriculture Department anticipates increased efforts by fruit and vegetable industries to obtain the means of financing the advertising and promotion of these commodities so as to maintain, or in some cases, advance their position in the marketplace. The apple industry, of course, faces these same pressures of other industries, and the Agriculture Department believes that the Agriculture Marketing Act could assist the industry for this purpose, including apples, if amended by H.R. 9736.

J. Phil Campbell, Under Secretary, has stated that the Department favors enactment of H.R. 9736, and said: ". . . we believe any fruit or vegetable commodity group which actively supports the development of a promotion by this means should be given the opportunity to do so."

Section 602 of the Act sets forth the policy of Congress to establish and maintain orderly marketing conditions, and to achieve parity price levels to farmers. Presently, the statute authorizes certain types of regulation when the prices are above-parity, and the amendment to the Act which I have co-sponsored would insure that this authority is applicable to the initiation or continuation of marketing research and development projects, including any form of marketing promotion and paid advertising. The Agriculture Department has indicated marketing research and development activities must continue on an uninterrupted basis if they are to achieve the desired objectives. These projects are aimed at making improvements in marketing and distribution, which the Agriculture Department called "worthwhile at any price level." There is no reason for discontinuation of such projects when prices are above-parity.

The apple industry has not previously used federal marketing orders to establish marketing research or development projects, including paid advertising. The larger apple-producing states, and a sprinkling of smaller ones, have apparently solved their problems partially through state orders, agreements, and regulations. The two largest apple-producing states, New York and Washington, have apple promotion programs which are supported by grower assessments established by state-enabling legislation. These two states alone account for about half of the apple crop in a given year, but they represent about three-quarters of the marketing development projects, including paid advertising in the industry.

Other smaller apple-producing states, my home state of Massachusetts included, find it difficult to justify a state marketing order, for economic reasons. The administrative costs to operate such an order on a State-by-state basis would, in many cases, be too great, as it would consume such a large proportion of the possible collections. The legislation I have introduced would enable the six New England states to band together, under one central administration, and develop a marketing program with a minimum of administrative costs, in which the growers could all share more equitably, for example. In turn the support of these growers would complement the projects of the larger apple-producing states, in this instance, our neighbor, New York State. This concept can only be envisioned under the authority of the Act, as amended, provided this bill is enacted.

For about 30 years, New England apple producers have participated in a voluntary organization for the purpose of promoting apples, and have carried on limited research projects. These programs have been somewhat beneficial to the growers, but only six of every ten growers contribute financial support, and the inequities of voluntary support probably cannot endure. Under the amended Act, if the industry programs were supported by a two-thirds majority of the growers in an established geographical area, the promotion could be supported by everyone.

The inclusion of market development and paid advertising in the Act for other commodities should be extended to cover apples. Industry spokesmen tell me that sufficient production capabilities exist, but sufficient markets are lacking, since the apple industry is unable to join forces to the extent necessary. Not only will the apple industry benefit from the amended Act, but the consumer also stands to gain. The industry will be bettered by the added

effort contributed by those states electing to improve its own markets with promotion and paid advertising. The consumer benefits from the industry efforts to improve its own markets, by providing consumers with a barrage of helpful information about apples and about apple products.

For the approximately 500 New England apple growers (who together produce about 8.5 million bushels of apples each year), as well as the growers from the 29 other apple-producing states in this nation, and for the consumer who stands to reap additional benefits from the domestic apple industry, I respectfully urge that H.R. 9736 receive favorable action.

Thank you.

FARMINGTON, N. MEX., June 11, 1970.

Congressman W. R. POAGE,
Chairman, House Agriculture Committee, House of Representatives, Washington, D.C.:

Unable to have representative at hearing on H.R. 9736 and 9737 but strongly urge approval of this legislation for our apple industry.

ROBERT G. WHITE,
Chairman, New Mexico Apple Council.

YAKIMA, WASH., June 11, 1970.

THOMAS S. FOLEY,
Chairman, Subcommittee on Domestic Marketing and Consumer Relations Committee on Agriculture, House of Representatives, Washington, D.C.:

Washington and Oregon apple growers endorse efforts of National Apple Institute and support H.R. 9736 and H.R. 9737 amending Marketing Agreement Act. We urge earliest possible favorable action and enactment into law.

ERNEST FALK,
Northwest Horticultural Council.

SALT LAKE CITY, UTAH, June 12, 1970.

Congressman THOMAS FOLEY,
Chairman, Subcommittee on Marketing and Consumer Relations, Washington, D.C.:

Unable to attend hearing of H.R. 9736 and H.R. 9737 but strongly endorse and urge approval to assist apple industry in more effective marketing programs.

M. S. BURNINGHAM,
Secretary, Utah State Horticultural Society.

ROCHESTER, N. Y., June 11, 1970.

HON. THOMAS FOLEY,
Chairman, Subcommittee on Domestic Marketing and Consumers Relations of the Committee on Agriculture, House of Representatives, Washington, D.C.:

New York growers strongly support H.R. 9736 and H.R. 9737 while New York has State legislation some reason need the Federal legislation to more efficiently accomplish the same end, e.g., six New England States. We are unable to attend the June 15th hearing but do want to register our support.

L. A. PUTNAM,
President, Western New York Apple Growers Association.

FARMINGTON, N. MEX., June 11, 1970.

Congressman THOMAS FOLEY,
Chairman, Subcommittee on Domestic Marketing and Consumer Relations, House Agriculture Committee, House of Representatives, Washington, D.C.:

Unable to have representative at hearing on H.R. 9736 and H.R. 9737 but strongly urge approval of this legislation for our apple industry.

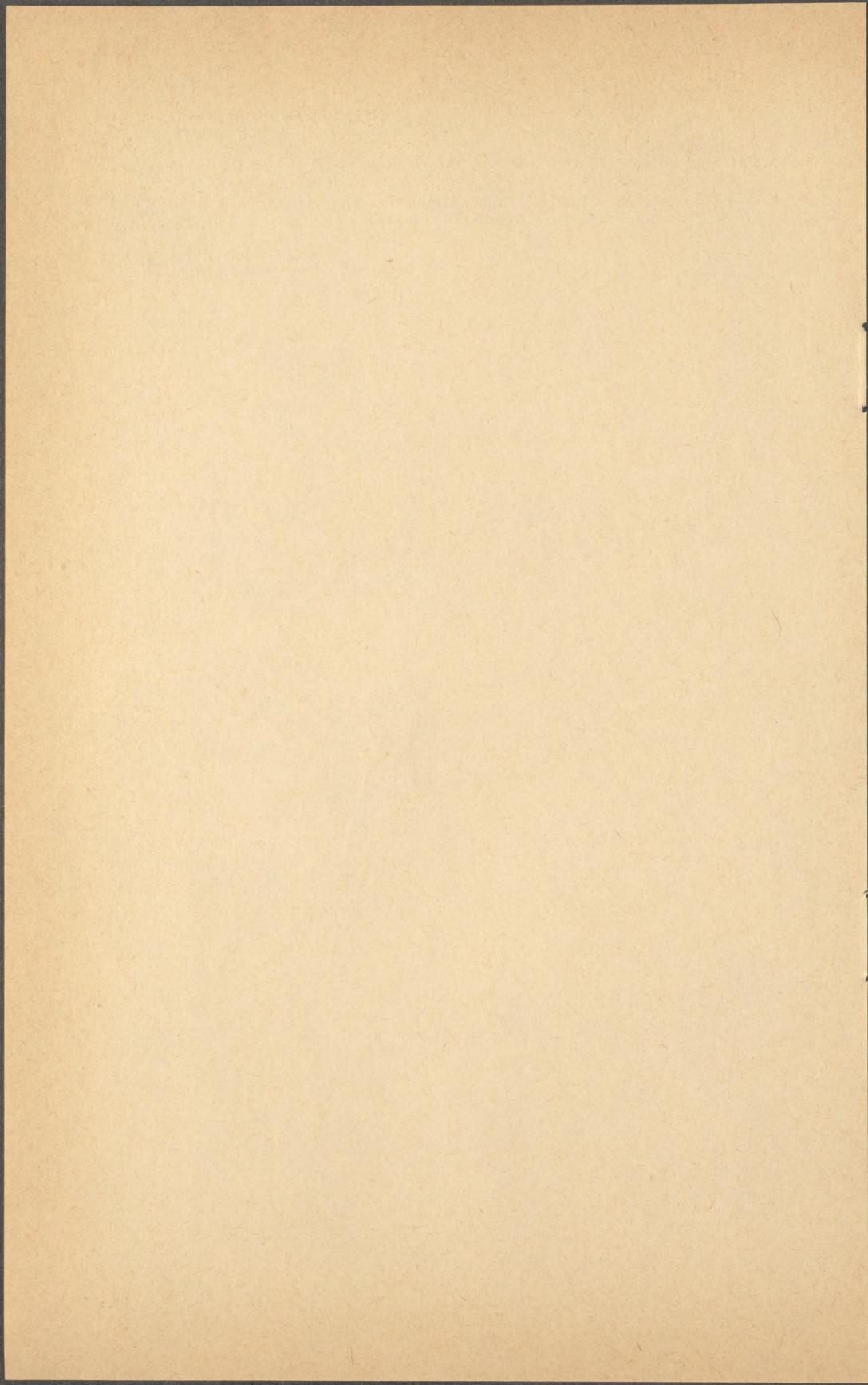
ROBERT G. WHITE,
Chairman, New Mexico Apple Council.

NEW PHILADELPHIA, OHIO,
June 11, 1970.

Congressman THOMAS FOLEY,
*Chairman, Subcommittee on Domestic Marketing and Consumer Relations, Com-
mittee on Agriculture, House of Representatives, Washington, D.C.:*

We are unable to attend hearings on House of Representatives bills 9736 and 9737 on Monday, June 15, but Ohio growers strongly endorse and urge approval of both bills.

NORMAN WITHERSPOON,
Manager, Ohio Apple Institute, Inc.



AMENDMENTS TO THE AGRICULTURAL MARKETING AGREEMENT ACT OF 1937

WEDNESDAY, JUNE 24, 1970

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DOMESTIC MARKETING
AND CONSUMER RELATIONS OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 1302, Longworth House Office Building, Hon. Thomas S. Foley (chairman of the subcommittee) presiding.

Present: Representatives Foley, Vigorito, Sisk, Jones of Tennessee, and Myers.

Also present: Martha Hannah, subcommittee clerk; Hyde H. Murray, associate counsel; and John Knebel, assistant counsel.

Mr. FOLEY. The Subcommittee on Domestic Marketing and Consumer Relations will come to order.

The subcommittee meets this morning for the consideration of H.R. 682, introduced by Mr. Teague of California, which provides for the extension of restrictions on imported commodities, in this case, olives. Also under consideration this morning is H.R. 2387, introduced by Mr. Sisk of California, which provides for the extension of restrictions on imported raisins. The last bill to be considered will be H.R. 11531, introduced by Mr. Gubser of California, which provides for the extension of the restrictions on imported raisins and prunes.

(H.R. 682, introduced by Teague of California for himself, Mr. Sisk, Mr. Johnson of California, and Mr. Mathias; H.R. 2387 introduced by Mr. Sisk for himself and Mr. Johnson of California; and H.R. 11531 introduced by Mr. Gubser, follow:)

[H.R. 682, 91st Cong., first sess.]

A BILL To amend section 8e of the Agricultural Adjustment Act of 1933, as amended, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, and as amended by the Agricultural Act of 1961, so as to provide for the extension of the restrictions on imported commodities imposed by such section to imported olives

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8e of the Agricultural Adjustment Act of 1933, as amended, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, and as amended by the Agricultural Act of 1961, is amended by inserting in the first sentence thereof between "tomatoes" and "avocados," the following: "olives".

[H.R. 2387, 91st Cong., first sess.]

A BILL To amend section 8e of the Agricultural Adjustment Act of 1933, as amended, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, and as amended by the Agricultural Act of 1961, so as to provide for the extension of the restrictions on imported commodities imposed by such section to imported raisins

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8e of the Agricultural Adjustment

Act of 1933, as amended, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, and as amended by the Agricultural Act of 1961, is amended by inserting in the first sentence thereof between "tomatoes" and "avocados," the following: "raisins".

[H.R. 11531, 91st Cong., first sess.]

A BILL To amend section 8e of the Agricultural Adjustment Act of 1933, as amended, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, and as amended by the Agricultural Act of 1961, so as to provide for the extension of the restrictions on imported commodities imposed by such section to imported raisins and prunes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8e of the Agricultural Adjustment Act of 1933, as amended, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, and as amended by the Agricultural Act of 1961, is amended by inserting in the first sentence thereof between "tomatoes" and "avocados," the following: "raisins, prunes,"

MR. FOLEY. The subcommittee will hear witnesses from the witness list who may address themselves to any of these bills under consideration by the subcommittee.

The first witness is the Honorable Charles Gubser of California, sponsor of H.R. 11531. Mr. Gubser, it is a pleasure to welcome you before the subcommittee.

STATEMENT OF HON. CHARLES S. GUBSER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

MR. GUBSER. Thank you very much, Mr. Chairman.

As you know, I am the author of H.R. 11531 which is identical to the Sisk bill with the exception that the word "prunes" has been added. I introduced this bill at the request of the Dried Fruit Association of California and since introducing it, I have received word from Mr. Al Thorpe, the executive vice president of the Dried Fruit Association, requesting that instead of inserting the word "prunes," that we use instead the words "dried prunes and prune products."

The reason for this as explained by Mr. Thorpe is, and I quote him:

Currently there are no U.S. standards for certain prune products such as pitted prunes, prune paste, and so forth. There may be at some future time and such an addition to the language may take care of such future contingencies.

So, Mr. Chairman, if the committee should be inclined to consider my bill, either as an addition to other bills introduced or on its own, I would respectfully request consideration of the insertion of those words in lieu of the word "prunes."

Mr. Chairman, I do not intend to impose upon the committee's time. Very briefly, all my bill would do would be to require that imported prunes meet the same quality and health standards as those required of the domestic industry. It will assure the American consumer of getting almost the same quality and health protection on imported prunes as he gets on dried prunes produced within the State of California or elsewhere in the United States.

I might point out, Mr. Chairman, that the specialty crops of the west coast are in very serious economic straits at the present time. Prices received by farmers have actually gone down in the past decade and, of course, you all know what has happened to prices

paid by farmers. And the only reason that they have been able to compete in the world market has been their fantastic yields and their advanced productive techniques which include modernization and mechanization, and I think they have done very well to survive as long as they have. But this is reaching a point of diminishing returns in the specialty crop industry, particularly the fruit industry, so we have a very serious situation.

I think the west coast pays the highest agricultural wages in the Nation. It absorbs sometimes what I think are discriminatory freight rates in getting its products to the principal market centers. We don't want to do away with foreign competition, we accept it, but we do feel that the standards imposed upon us by domestic law should also be the standards that are met by offshore foreign producers.

Mr. Chairman, the Dried Fruit Association has sent me a statement of position by the association, on my bill, H.R. 11531, and I would ask, Mr. Chairman, that that statement be placed in the record at this point and I would like to associate myself in complete and absolute sense with the statement as submitted by the Dried Fruit Association.

Mr. FOLEY. Without objection, so ordered.

(The statement referred to follows:)

STATEMENT OF DFA OF CALIFORNIA, AN ASSOCIATION OF DRIED FRUIT AND TREE NUT PROCESSORS

INTRODUCTION

The DFA of California, formerly known as the "Dried Fruit Association of California," is a non-profit trade association representing dried fruit and tree nut processors. Membership is voluntary and is composed of grower cooperatives, growers engaged in the processing of their own crops, and commercial packers. Members of DFA of California handle more than 95% of all dried fruits and tree nuts produced in California which has a total annual production of 633,800 tons and a farm value of \$256,360,000. Services of DFA of California to its membership, the industry, and the public are primarily of a technical nature.

PRODUCT STANDARDIZATION

DFA of California, in cooperation with producers, developed uniform practices in establishing dried fruit and tree nut standards—including moisture content, quality, and grades. The organization works regularly with industry and government in maintaining up-to-date product standardization. DFA of California assists industry in developing improved storage and handling methods, and in dealing with special seasonal hazards.

RESEARCH

In cooperation with other industry organizations, the DFA of California has sponsored and directed both basic and applied research programs. Such research being carried on at the Western Utilization Research Laboratory (U.S.D.A.) in Albany, California, the University of California at Davis, California, and the Stored-Product Insects Laboratory (U.S.D.A.) in Fresno. The DFA of California maintains laboratories in San Jose and in Fresno, California. All research is directed towards improved quality of our products. Industry funds are used to promote research in both government and private laboratories.

The DFA of California has recently expanded its laboratory facilities to include equipment to detect pesticide residues on crops received from primary sources. Programs are being developed to assure that all dried fruits and tree nuts shipped to the consumer are in full compliance with the Food, Drug and Cosmetic Act, as Amended.

INSPECTION AND CERTIFICATION

In order to assure the consumer of a sound, clean and edible product of high quality, the industry maintains a mandatory inspection system for all of its

products, on both deliveries from grower to processor, and after processing for shipment to the trade. California figs have a quality control program under the California Marketing Act. California raisins, dates, prunes, walnuts and almonds maintain quality standards under Federal Marketing Orders. Evaporated apples, apricots, peaches and pears maintain an inspection and quality control program under a voluntary contractual arrangement with the DFA of California.

As a good example of the meticulous care and high standards used in the production and processing of the product, we respectfully refer the Committee to "Dried Prune Order No. 993, as Amended."¹ Even a cursory perusal of this document will indicate the rigid and painstaking requirements imposed by industry upon its own operations to control the quality of the product.

PLANT SANITATION

Under the organization's Consumer protection responsibilities, the DFA maintains a thorough program of plant sanitation. All plants are inspected regularly for sanitary deficiencies to assure that all dried fruits and tree nuts are processed under the highest possible sanitary conditions. Few food industries have such an elaborate program of self-policing, not simply to comply with the provisions of the Food, Drug and Cosmetic Act, but to assure the consumer of a high quality product, produced under the most optimum conditions of cleanliness.

FOREIGN COMPETITION

Members of the DFA of California have consistently supported reciprocal trade and over the years has taken an active part in the formation of U.S. policy under the General Agreements of Tariffs and Trade.

We are therefore as an organization, not opposed to foreign competition, provided such competition is on a fair and equitable basis, and provided dried fruit and tree nut products imported from foreign countries of origin meet the same high standards of quality and sanitation that the domestic industry imposes upon its own products.

A MATTER OF EQUITY

H.R. 11531, introduced by Representative Gubser of California does no more than require that imported prunes meet the same quality standards as those set by the domestic industry. It will assure the American consumer of getting almost the same quality protection as dried prunes produced in California.

We purposely inserted the word "almost" for we would remind the Committee that even with the adoption of this legislation, dried fruits and tree nuts imported from abroad will still retain a decided competitive advantage because of immunity from certain sections of the Food, Drug and Cosmetic Act. Specifically, we refer to Section 402(a)(3) of said act which requires that the product be clean, but even more specifically to Section 402(a)(4) which requires that the plant in which the product is processed be maintained in a sanitary condition. While foreign food products must comply with 402(a)(3), there is just no practical way so far developed whereby the product must comply with Section 402(a)(4) of the Act.

The DFA of California strongly supports the Gubser Bill H.R. 11531.

SUMMATION

1. The DFA of California is a non-profit trade association representing processors of 95% of California's dried fruit and tree nut production. Annual production of these products totals 633,800 tons with a farm value of \$256,360,000.

2. California's dried fruit and tree nut industries have set high standards of quality and sanitation for their own products through State, Federal and voluntary programs.

3. Continuous inspection of the product delivered by the grower to the processor, and after processing before shipment to the consumer, is part of the industry's consumer protection policy.

4. California's dried fruit and tree nut plants are regularly inspected by DFA of California registered sanitarians.

5. Foreign competition per se is not objectionable or opposed, but foreign produced products should meet American standards of quality and cleanliness.

¹ Federal Register Aug. 6, 1965, (30 F.R. 9797);

6. DFA of California strongly endorses and supports H.R. 11531 introduced by Representative Charles S. Gubser of California.

Mr. GUBSER. I would be happy to answer any questions.

Mr. FOLEY. Thank you. Mr. Vigorito?

Mr. VIGORITO. No questions.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. Mr. Chairman, no questions, except to commend my colleague and, of course, join with him. I recognize the problems in connection with prunes as we are having the same problems in raisins and olives and other commodities and I appreciate very much the support of my colleague from California.

Mr. FOLEY. Mr. Jones?

Mr. JONES. No questions.

Mr. FOLEY. Thank you very much, Mr. Gubser. We appreciate your appearance before us.

Mr. GUBSER. Thank you, Mr. Chairman.

Mr. FOLEY. The Chair will call the next witness out of sequence and call Mr. Dick Markarian, the chairman of the California Raisin Advisory Board of Fresno, Calif. Mr. Markarian.

Mr. SISK. Mr. Chairman, before Mr. Markarian is recognized, if I may make a brief comment. Mr. Markarian is from my district. He is a very valued constituent of mine, a very able producer, farmer, in our area, and I want to say, Mr. Chairman, that he is among the most knowledgeable people in connection with some of the problems that we have in specialty crops, fruits, and vegetables and some of the problems we have in connection with marketing in Fresno. I am happy to welcome him to the committee.

Mr. FOLEY. It is a pleasure to welcome you.

STATEMENT OF DICK MARKARIAN, CHAIRMAN OF THE CALIFORNIA RAISIN ADVISORY BOARD OF FRESNO, CALIF.

Mr. MARKARIAN. I thank you, Congressman Sisk, for those kind remarks. I hope I can live up to the reputation you just created.

Mr. Chairman, honorable members of the Domestic Marketing and Consumer Subcommittee of the House Agriculture Committee, my oral statement here will be supplementary to a written statement that I will have on file with your committee. It covers the same area but there will be some departures.

I want to say at the outset I concur with the remarks made by Congressman Gubser as to the economic conditions of the specialty crops on the west coast and I applaud the statement that he just made.

My name is Dick Markarian. I am a raisin grower in Fresno, California, and I have been a raisin producer all of my adult life. Annually we produce about 250,000 tons of raisins in the San Joaquin Valley. This is all of the raisins produced in the United States, and about 50 percent of the total world production. Eighty-five percent of this tonnage comes from Congressman B.F. Sisk's District and the balance comes from the District of Congressman Harold T. Johnson and Congressman Bob Mathias.

The raisin industry consists of about 6,000 growers and 22 processors. The average raisin farm is a relatively small farm, approximately 30 acres. The raisin industry contributes about \$100 million to the agricultural economy of the United States.

I am here today, as Congressman Sisk told you, as Chairman of the California Raisin Advisory Board. I have held that position for six years and I have been a member of that Board for 14 years. I am also Chairman of the Dried Fruit Industry Research Committee. This committee has been in existence for 13 years and I have been Chairman of that committee for ten years. So, I am very familiar with the remarks made by Congressman Gubser because some of these things have been discussed before our committee.

I am also a member of the Federal Raisin Advisory Board and the Raisin Administrative Committee. The Chairman of that committee is here and I am sure that he will speak on behalf of that particular committee.

All of these positions have a couple of things in common. First of all, they are elected by all of the members of the industry, and secondly, unfortunately, none of them carry a salary. All of these organizations have as their purpose the solving of problems of production and marketing in order to enhance the consumer acceptability of our product. Each of these organizations supports H.R. 2387, coauthored by Congressman B. F. Sisk and Congressman Harold Johnson. The objective of this bill simply stated is to require foreign-produced raisins imported into the United States, to meet the same quality standards as those produced domestically. This objective is defensible in my opinion, both on the basis of equity to the producer and protection of the consumer.

Even with the enactment of this legislation the foreign producer will still have an advantage over the domestic producer. The foreign producers can clean up a contaminated product by control processing to meet the incoming standards of the Food and Drug Administration, whereas the domestic producer not only has to meet these Food and Drug Administration sanitation standards on a finished product but also is subject to the same scrutiny and requirements on plant and environment under which the crop is produced. In other words, the domestic crop is under constant surveillance whereas the crop that has been or the product that is imported is under intermittent surveillance.

All raisins produced in the United States are under continuous U.S. Department of Agriculture inspection. First, the raw product is inspected when it is delivered to the processor and if it does not meet the minimum standards of wholesomeness, cleanliness, and maturity, the lot is rejected at that particular point. This same criteria with higher standard is applied to every lot of a processing and before it can be shipped to the consumer.

All of the cost of this inspection is borne by the industry through assessments. The annual cost of the industry for this inspection is approximately \$1 million. This is a voluntary program on the part of the industry and is not imposed by law. It goes beyond the standards of the Food and Drug Administration and they were instituted in order to give the consumer a better product.

The result of all of this inspection is that the product produced in the United States is without a question of doubt the most wholesome, the cleanest, and the highest quality produced anywhere in the world.

The question arises if the domestic-produced raisins are more wholesome and they are cleaner, why should anyone then want to purchase the imported product? The answer to this is relatively simple—price.

Imported raisins are cheaper. All imported raisins go into industrial use. They are converted into mincemeat, raisin paste, and other products. None of it goes into consumer packs. So the consumer never has an opportunity to see the raw product. He only sees it as an ingredient in the finished product and thus is not able to recognize the deficiency in that product at the time of importation.

H.R. 2387 in effect would be supplementary to H.R. 15560 by Congressman Poage, which was passed by the House Agriculture Committee last week. As you know, this bill, H.R. 15560 would prohibit the importation of food products treated with pesticides not allowed on the domestically produced product. We think that this is a good bill since it would make the foreign producer meet the same standards as those imposed on the domestic producer for products that are shipped into the United States.

There are some who would oppose H.R. 2387 on the ground that it may be a restraint of trade. We say that it has always been the prerogative and the duty of Government to keep poor quality food off of the market. This is done to protect the health and welfare of the consumer. This police power of Government has never been considered as a restraint of trade.

Basically, the California farmers are free traders. One out of every 4 acres of agricultural production from California is exported. We believe we will benefit from more and freer trade. Twenty-five percent of the U.S. raisin crop or 65,000 tons is exported annually. This contributes about \$25 million, I want to emphasize all in hard currency, toward a favorable balance of trade for the United States. The only contribution that Government makes in this whole business is a limited amount of funds made available to the California Raisin Advisory Board through the Foreign Agricultural Service for foreign market development and advertising.

Any industry that voluntarily seeks higher quality standards for products supplied to the American consumer, in my opinion, should be encouraged. The imposition of higher quality standards which would apply equally, and I want to emphasize this, equally to both the domestic and imported products cannot be called a restraint of trade. In fact, if the higher quality product is imported, this will encourage consumer acceptance of all raisins, rather than to hinder the use of the product.

I want to make it clear at this point that the California raisin industry does not object to the importation of raisins that meet the same standards that the domestic producer has to meet.

Now, speaking as chairman of the California Raisin Advisory Board, I respectfully request that the committee approve H.R. 2387 and seek passage of this bill as soon as possible.

Mr. Chairman, I want to thank you and the members of the committee for the privilege of appearing before your body.

Mr. FOLEY. Thank you very much, Mr. Markarian. You have given us an informative and well-developed statement and I think you have been of assistance to the subcommittee in that regard.

Mr. Vigorito?

Mr. VIGORITO. No questions.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. Mr. Chairman, again, I want to commend my good friend, Dick Markarian, on making such a good statement. It seems

to me very clear what we actually seek to do in connection with this legislation. Thank you very much, Dick.

Mr. MARKARIAN. Thank you for the privilege of appearing.

Mr. FOLEY. Mr. Jones?

Mr. JONES. No questions.

Mr. FOLEY. We will take another witness out of sequence, Mr. Kalem Barserian, general manager of the Raisin Bargaining Association, Fresno, Calif.

**STATEMENT OF KALEM H. BARSERIAN, GENERAL MANAGER,
RAISIN BARGAINING ASSOCIATION, FRESNO, CALIF.**

Mr. BARSERIAN. Thank you, Mr. Chairman.

Mr. SISK. Mr. Chairman, again a good constituent of mine. I am certainly very happy to welcome him before the committee this morning. I would say he has done a great job as general manager of the Raisin Bargaining Association.

Mr. BARSERIAN. In addition to my prepared statement, I have other statements that were given at the International Sultana Raisin Agreement Advisory Committee meeting and a statement made at the Raisin Administrative Committee on this same subject which I will enter into the record.

Mr. Chairman, honorable members—

Mr. FOLEY. Your additional statements, Mr. Barserian, will be received. They may be placed in the file rather than in the record, but we will make a judgment on that later.

Mr. BARSERIAN. OK.

Mr. Chairman and honorable members of the Domestic Marketing and Consumer Relations Subcommittee of the House Agriculture Committee, my name is Kalem H. Barserian, general manager of the Raisin Bargaining Association, representing 1,757 growers producing 108,558 tons of Natural Thompson Seedless Raisins in the State of California.

Today, the raisingrowers of California have many economic problems. His cost of producing a ton of raisins this year alone has increased 8 percent. His cost of producing a ton of raisins last year was \$239.95, while his gross return for all his labors was only \$255 per ton, or only 6 percent return on his investment. The average age of the RBA raisingrower farming an average of 30 acres which produces approximately 60 tons is 57 years old. In order for the farmer to keep his farm, many are subsidizing their incomes by work at other jobs. The raisingrower has imposed upon himself the most stringent grades and standards which are administered by the U.S. Department of Agriculture. He is continually upgrading his product to assure the American consumer of getting a sanitary, wholesome product. He is very much aware of the great demands that are being made by the American consumer to purchase a quality product.

The Raisin Bargaining Association growers are not afraid or opposed to foreign competition, as long as such competition is on a fair and equitable basis. The grower is hard pressed to understand why foreign raisins coming into the United States have different rules than the ones that he has imposed on himself. The grower does not look to this type of legislation as a restraint of trade, but one that should apply the

golden rule principle that our foreign friends are asked to do only what we require of ourselves. This legislation imposes no tariffs, no monetary cost to the Government. It assures the American consumer of getting the same high-grade product whether it is produced in California or in a foreign country.

I respectfully ask on behalf of the 1,757 growers of the Raisin Bargaining Association that Sisk's bill, H.R. 2387, be adopted.

Thank you, gentlemen.

Mr. FOLEY. Thank you very much, Mr. Barsarian.

Mr. Vigorito?

Mr. VIGORITO. No questions.

Mr. FOLEY. Mr. Myers?

Mr. MYERS. No questions.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. No questions. Thank you very much for your statement.

Mr. FOLEY. Mr. Jones?

Mr. JONES. No questions.

Mr. FOLEY. Thank you very much.

(Following are the additional statements referred to by Mr. Barsarian:)

REPORT ON STEPS TAKEN TO PROHIBIT IMPORTS OF SUBSTANDARD RAISINS BY FRANK LANSE, CHAIRMAN, SUBCOMMITTEE ON GRADE STANDARDS, SANITARY PRACTICES, AND INSPECTION OF THE RAISIN ADMINISTRATIVE COMMITTEE, JANUARY 31, 1968

The importation of raisins into this country has created more than the usual interest this season as a result of our somewhat higher domestic price levels. A number of brokers and handlers have called attention to such imports and advised that sales were being made to east coast manufacturers of fruitcake and others at prices below those at which California raisins could be sold.

With regard to imports of Turkish Sultanans, Mr. Hasan Guvan, Chairman of the Sultana Exporters Association of Turkey, advised in a letter dated October 9, 1967,¹ that "the raisins exported to the United States were not a standard type quality, but substandard berries dropped under the sieves during process of normal fruit; so it is a by-product and has been taken out in order to improve the normal raisins. It neither meets the standards nor is it important for price comparison. Also, I can assure you that we have not any record indicating that our No. 10's ever exported to USA this season—which price can of course be not less than \$335 per ton f.o.b."

The RAC office with the cooperation of Messrs. Fuqua and Russell of the USDA obtained samples of Turkish raisins being unloaded at New York for analysis by the Fresno office of Processed Products Standardization and Inspection Service. We have samples here for your inspection.

At the Board Meeting of December 15, 1967, I reported on the conference held December 13, 1967, with Fred Dunn, Chief, Processed Products Standardization and Inspection Branch, on his visit to Fresno and my question why Turkish raisins of inferior quality were allowed to come into the United States when our packers must have clean plants and meet certain grades and growers were subject to inspection.

We saw the plants where these raisins are packed when we were in Turkey and they leave much to be desired. Mr. Dunn said he would take it upon himself to investigate this matter on his return to Washington.

On January 11 the RAC Manager, Clyde Nef, and I arranged to meet Congressman B. F. Sisk. We discussed the raisin import situation and gave him a letter outlining the problem and the provision of the Agricultural Marketing Act of 1937, as amended, under which agricultural commodities specified in the Act would be prohibited from entering this country by the Secretary of Agriculture unless they are in compliance with the grade, size, quality, and maturity provisions established under the raisin marketing order. A copy of the letter was sent to Congressman Bob Mathias and Harold T. Johnson.

On January 22 we received word from Congressman Sisk that legislation had been introduced that day which would include raisins in the list of agricultural commodities on which the Secretary of Agriculture shall prohibit imports of raisins unless they comply with standards set under the Federal Raisin Marketing Order.

STATEMENTS MADE AT THE INTERNATIONAL SULTANA (RAISIN) AGREEMENT
ADVISORY COMMITTEE MEETING, TEHRAN, IRAN, NOVEMBER 17-19, 1969

Other business: Chairman of the American Delegation.

America: (Mr. Lanse). Thank you Mr. Chairman. I have a little problem to bring before this body that relates to I'm sorry to say again, to prices that are not under the Agreement by a little further than that. I was not present when the Agreement was formed, but my understanding then was that less than 3% of the sultana crop was sold out from under the Agreement. At the present time, in some cases it is as much as 35 to 40% of the crop is sold out from under the Agreement. I just wanted you all to be aware of that. And then again, the average imports of sultanas in the United States during our crop year September 1 to August 31 for the past ten years was 390 short tons. During the past two years the imports of sultanas in the U.S. is 950 and 1189 tons. As you recall, we have approximately 1500 metric tons of 1968 unsold stock and yet approximately 1,000 metric tons of sultanas were imported into the United States at prices far below the prices set for own domestic sales. It seems to me that as countries, sultana and raisin producing countries, which met a least twice each year to improve the world's sultana and raisin industry, we should all take whatever steps that are necessary to put immediate stops to the export of sultana or raisins to another producing country. The imports in the U.S. range from 10½ cents landed to 16½ cents per pound landed. With the average price of 12½ cents per pound. Our domestic price in the United States is approximately 20 cents a pound. We have gone great steps to form an association to improve our grower's economy, and if we are to continue to allow imports far below our prices I'm sure we will have to face this problem realistically sooner or later. Thank you, Mr. Chairman.

Turkey: (Mr. Guven). Mr. Chairman, we have listened with great interest to the statement made by Mr. Lanse of the U.S. Delegation. However, I feel that the question or the issue being put forward that this conference should take measures, if I understood correctly, to stop such exports from one producing country to another, in our opinion is beyond the powers of this Conference. Wouldn't the same be possible for the producing countries to take measures themselves in their own structure such as to stop imports, to prevent such exports from other producing countries. Certain conditions may force such exports from producing countries or such imports to the U.S.A. To cite one example, Turkey and all rice producing countries, at certain times feel the necessity of importing rice over shortage of crops. As I have said, I fail to understand how this Conference can take steps to stop such exports. Thank you.

Mr. FOLEY. The next witness will be Mr. Robert Loquaci, president, Raisin Bargaining Association, Fresno, Calif.

Mr. SISK. Again, Mr. Chairman, if I may make a brief comment, I appreciate very much having Bob Loquaci with us this morning. He again is a very fine constituent. Actually, I would have to admit I think this morning Bob really lives in Congressman Bizz Johnson's district, Madera, but he was for 14 years my constituent so I still claim him. Very happy to have you, a great leader in our raisin association.

STATEMENT OF ROBERT LOQUACI, PRESIDENT, RAISIN
BARGAINING ASSOCIATION, FRESNO, CALIF.

Mr. LOQUACI. We are happy to have Congressman Sisk up here, too, believe me, Mr. Chairman.

Mr. Chairman, I am Robert Loquaci. I am a raisingrower primarily and I am president of the Raisin Bargaining Association. I am happy to be able to express my thoughts here to you folks today.

Mr. Chairman, honorable members of the Domestic Marketing and Consumer Relations Subcommittee of the House Agriculture Committee, I also have statements here which I will hand this lovely lady, and rather than cover the same ground again, I thought that I would depart here and give you what I have observed about raisins grown in Greece.

We visited their vineyards and their packinghouse there and they do things quite differently than what we do in California. We were especially amazed at the way they handle raisins in the packinghouse. If you can believe that in Crete they actually bring the raisins in in burlap sacks. Their condition can be just about any type. They slit the sacks open with knives and dump the raisins on cement floors on which people walk continuously, and they segregate their raisins according to color and grade in quite large bins across the cement floors. If they happen to be smoking a cigarette, it is dropped on the floor and stepped on and business continues.

They move the raisins around with large wooden shovels and then they push them down actually through holes in the floor to where actually the processing then starts.

So in essence, Mr. Chairman, what we are saying is that we want those raisins when they reach our shores to have exactly the same inspection as our own for the protection of the consumer and without a question the protection of the U.S. grower.

We do have problems in the raisin industry. I would like to say that we do a lot of this on our own. As you know, Mr. Chairman, we do not have any Government subsidies on our product and we are very proud of this fact. And we would like to keep it that way.

That is about all, Mr. Chairman. If you have any questions I would be happy to answer them.

Mr. FOLEY. Thank you very much, Mr. Loquaci. Your prepared statement will be included in the record in its entirety.

Mr. Vigorito?

Mr. VIGORITO. No questions.

Mr. FOLEY. Mr. Myers?

Mr. MYERS. No questions.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. No. Thank you very much, Bob, for a good statement.

Mr. LOQUACI. Thank you very much, gentlemen.

Mr. FOLEY. Mr. Jones?

Mr. JONES. No questions.

Mr. FOLEY. Thank you very much.

(Mr. Loquaci's statement follows:)

STATEMENT OF ROBERT U. LOQUACI, PRESIDENT, RAISIN BARGAINING ASSOCIATION

Mr. Chairman and honorable members of the Domestic Marketing and Consumer Relations Subcommittee of the House Agriculture Committee, I, Robert U. Loquaci, President of the Raisin Bargaining Association and a raisin grower, am here to request your support of Bill, H.R. 2387, by B. F. Sisk which will afford necessary protection to the consumers of America.

My primary contention relates to what is to be considered fair and equitable. Is it fair or equitable to the raisin growers of California that raisins imported from foreign countries are not required to meet the same inspection as California raisins must meet? Is it also to be considered fair or equitable that we ask our consumers to purchase and consume raisins that come in without our high standards of product? These are the question we are asking. Is this fair and equitable?

We have notified by letter, by proof, by obtaining samples of raisins that have come into this country, we have talked to every person whose ear we thought we could gain to listen to this. This is our last area and we know that somewhere along the line something has got to be done in our society to assure that everything comes out equal for all of our people. If these things are not done by the government, then I will be forced to believe that this credibility gap of which I read in the papers does truly exist. Today, we are assaulted from every angle—pesticides, labor; we are told to believe this—we are told to believe that. Is it a fact that there is a credibility gap here compelling us to live under a double standard—one to suit the purpose of one particular segment of the government as opposed to the purpose of another segment of government? We hear such things as cyclamates are harmful; we hear one segment of the government stating that tobacco is injurious to one's health while we have another segment of the government aiding the tobacco growers. Something definite has to be done in the area of imports. We have got to quit being so lax on this kind of subject.

How many people that are concerned with imported raisins and California grown raisins have actually availed themselves of the opportunity to observe the products that come from these foreign countries or the products that come from California? At least part of the staff should make this comparison or at least ask the California growers and their associated agencies to show us what problem exists.

We are not asking for restraint of trade nor the termination of the importation of foreign raisins. We only want the same standards to apply to all. When we advised a representative of the Sultana (Raisin) Industry of Turkey of the fact that raisins of an inferior quality were coming into the United States from their country, he said to us, "that is not our problem but it is your problem". This is the "bone of contention" as far as the California raisin producer is concerned that everyone be required to meet the same standards. It is not a question of competition. If foreign countries wish to put a product of the same quality and standard as we have on the market, then this is well and good. We are not adverse to this. We, as farmers, all believe in competition as we are perhaps the last bastion of the free enterprise system. No, we do not want to restrain any country from selling their product in this country but again, I emphasize that we want to be fair and equitable. It is our desire that the people who represent us and make and interpret our laws enforce these rules exactly the same for the imported product.

I am here especially to request a favorable "yes" consideration for H.R. 2387. I want to prove or disprove to the raisin growers back home that people will listen and the right steps will be taken by the people in Washington for a just and equitable legislation. I want to prove or disprove that this credibility gap of which I speak does not truly exist with the people who make the rules and regulations concerning agricultural products—mainly raisins.

Mr. FOLEY. The next witness is Mr. A. Setrakian, the chairman of the Federal Raisin Advisory Board and chairman of the Federal Raisin Administrative Committee.

I will again recognize Mr. Sisk.

Mr. SISK. Mr. Chairman, I would like very much, of course, to introduce a very distinguished Californian to the committee, Mr. A. Setrakian, who has been one of our leaders in the raisin industry for more than I—than maybe he wants to admit and certainly for the last 40 years a very prominent leader, and as chairman of the Federal Raisin Advisory Board as well as the Federal Raisin Administrative Committee. This morning I think probably Mr. Setrakian would like to make a brief statement just as a grower of the raisins because in addition to heading up these groups he is also a grower in California and a great leader in our area.

Very glad to welcome you this morning before this committee.

STATEMENT OF A. SETRAKIAN, CHAIRMAN OF THE FEDERAL RAISIN ADVISORY BOARD AND CHAIRMAN, FEDERAL RAISIN ADMINISTRATIVE COMMITTEE

Mr. SETRAKIAN. May I ask what the decision is?

Mr. SISK. He just asked me what the decision was.

Mr. FOLEY. We have not reached that stage yet, sir. Are you appearing today as chairman of the Federal Raisin Advisory Board?

Mr. SETRAKIAN. No.

Mr. FOLEY. Or in a private capacity as—

Mr. SETRAKIAN. Mr. Chairman, honorable board, I am not appearing as chairman of the Federal Raisin Advisory Board or the administrative committee. In that capacity I cannot say a word. However, I would like to say just one or two words. It does not seem to be fair that the producers of raisins—and I will repeat what my friend, Congressman Sisk, has said, I hate to reveal the years that I have produced raisins—it does not seem to be fair to have the American grower suffer any economic pains or difficulties because some foreign country is permitted to export raisins, which they call Sultanas, which do not meet the great requirements of our own growers. I personally feel very much relieved and sure that this honorable board will do whatever is fair.

Mr. FOLEY. Thank you very much, Mr. Setrakian. If you will just remain a moment, some of the members may have some questions.

Mr. SETRAKIAN. I will be glad to answer any questions.

Mr. FOLEY. Mr. Vigorito?

Mr. VIGORITO. No.

Mr. FOLEY. Mr. Myers?

Mr. MYERS. I couldn't take exception to what you said.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. No questions. Just again as I said, very happy to welcome you this morning.

Mr. FOLEY. Mr. Jones?

Mr. JONES. No questions.

Mr. FOLEY. Thank you very much, Mr. Setrakian.

Mr. SETRAKIAN. Thank you.

Mr. FOLEY. The final witness today of the scheduled witnesses, will be Mr. George V. Egge, Jr., attorney at law with the firm of Cleary, Gottlieb, Steen & Hamilton, Washington, D.C., on behalf of the Spanish Olive Importers Association.

Off the record.

(Discussion off the record.)

Mr. FOLEY. Back on the record.

STATEMENT OF GEORGE V. EGGE, JR., ATTORNEY AT LAW WITH THE FIRM OF CLEARY, GOTTLIEB, STEEN & HAMILTON, WASHINGTON, D.C., ON BEHALF OF ACEMESA, THE SPANISH OLIVE EXPORTERS ASSOCIATION

Mr. EGGE. First of all, I would like to correct for the record, Mr. Chairman, I am not appearing on behalf of the Spanish Olive Importers Association but rather on behalf of the Spanish Olive Exporters Association.

MR. FOLEY. Thank you. I think that is an essential correction. I am glad you made it.

MR. EGGE. My name is George V. Egge, Jr., I am counsel for Acemesa, a Spanish association representing the entire olive exporting sector comprised of over 100 exporters. I am a registered foreign agent on behalf of Acemesa and as required by law have submitted a copy of my registration statement to the committee staff before appearing here this morning.

I am appearing here this morning to testify in opposition to H.R. 682, which would bring olives under section 8e of the Agricultural Marketing Act and thereby subject imports of Spanish-style olives to the U.S. marketing orders and to provisions of section 22 of the Agricultural Adjustment Act pursuant to which the importation of olives can be made the subject of quotas or even a complete embargo.

Until the last 2 years, Spanish-style green table olives have been Spain's largest export to the United States, accounting for between 15 and 25 percent of all of Spain's exports to this country. Olives are currently Spain's second largest export to the United States. The value of these exports is currently in the range of \$30 to \$40 million annually and they currently account for approximately 15 percent of Spain's exports to the United States. Over 80 percent of Spain's olive exports are sent to the United States.

The olives exported by Spain are so-called Spanish-style or green olives as distinguished from the California-style black ripe olives. I am sure the committee from its own experience, you have seen the green ones and then the black ones. The black ones are all manufactured in the United States from a crop in California. With respect to the green ones, over 90 percent of them come in from Spain. They are usually either pitted or stuffed with pimientos, the little red dot in the middle of them.

Because of the Spanish olives different taste, color, and texture, they do not compete directly with California-style ripe olives and the two have been sold side by side in supermarkets for many years.

Spain is an important ally of the United States and joint United States-Spanish military facilities important to the defense of the free world and particularly the Mediterranean area are located there.

In addition, Spain is an important customer for U.S. exports, including significant quantities of U.S. agricultural exports. The value of U.S. exports to Spain is almost triple the value of Spanish exports to the United States and Spain's trade deficit with the United States is currently in the order of \$400 million a year. In 1969, U.S. exports to Spain exceeded \$700 million, while Spanish exports to the United States were only approximately \$285 million. U.S. agricultural exports accounted for approximately a third of the U.S. exports to Spain and totaled over \$200 million. U.S. agricultural exports to Spain were almost as great as Spain's total exports to the United States.

Last year U.S. exports to Spain of soybeans exceeded \$80 million. U.S. corn exports to Spain exceeded \$36 million. Tobacco exports exceeded \$12 million and cattle hides exceeded \$3 million.

Spain has a serious balance-of-trade and balance-of-payments problem. The implementation of the legislation presently before this committee would seriously inhibit Spain's ability to purchase U.S. exports. It would have a serious adverse economic effect upon the

Spanish olive industry and particularly upon Western Andalusia where both that industry and the joint American-Spanish military facilities at Moron and Rota are located.

In the Kennedy Round negotiations the United States agreed to a binding on TSUS items 148.44 and 148.50, which apply to U.S. exports of Spanish-style olives. The implementation of the legislation presently before this committee would constitute a violation of that binding and would be subject to countermeasures by Spain or indemnification by the United States pursuant to the terms of the General Agreement on Tariffs and Trade.

It is a little bit difficult to see how any country, and especially a country with as adverse a trade balance as Spain has with the United States, could afford to fail to take appropriate countermeasures in the event restrictions were placed upon its second largest export.

The implementation of the legislation before this committee would cast a serious cloud over the efforts which both governments are attempting to make to improve Spanish-American commercial and political relations. It would be subjecting the principal export of a friend and ally to restrictions and conditions which are presently unnecessary to protect the agricultural interests of the United States.

I would like now to give you the reasons why I maintain that the bill currently in is unnecessary to protect U.S. agricultural interests. Basically, there are two reasons. The first relates to the fact that no California-style olives are coming into the United States nor have they except in possible sample shipments, and secondly as regards green olives that are produced in California the Spanish olives do not compete with them. They sell for a half to a third of what the Spanish-style olive sells for. They have pits in them and the majority of the Spanish coming in are pitted or stuffed with pimienta.

There is not any direct competition or any clear and present danger of the importation of California-style olives into the United States from Spain. Moreover the Spanish officials have taken cognizance of the problems that the California olive industry feels it is facing, of a potential threat some time in the future. After over a year of discussions of amicable ways of resolving the problem of the California industry, just last month the president of the California Olive Association wrote to the Spanish commercial counselor in Washington and proposed compromise legislation which could meet the problems being faced by both industries in an effort possibly to resolve the differences without causing harm on either side. This correspondence is contained in the exchange of letters which I presented to the committee.

I would like to just briefly review the letters with you. I would hope that the letters could be included in the record at this point.

Mr. FOLEY. Without objection, the letters will be included in the record at this point.

(The letters referred to follow:)

CALIFORNIA OLIVE ASSOCIATION,
San Francisco, Calif., May 1, 1970.

Mr. RAIMUNDO BASSOLS,
*Commercial Counselor, Embassy of Spain,
Washington, D.C.*

DEAR MR. BASSOLS: For several years the California Olive Association and its members have been deeply concerned about the serious adverse economic effect upon the California olive industry which would result from the large-scale importation of California-style olives from Spain. Although Spain has not yet begun to

export any significant quantities of such olives to the United States, it is clear that Spain is the principal potential foreign supplier to the United States market.

In California there are over 2500 olive growers with over 32,000 acres devoted to the production of olives. The California olive canners operate packing plants representing a capital investment of millions of dollars. Over 2,000 persons are permanently employed in the cultivation and harvesting of the crop and employment at the harvest peak exceeds 10,000. Additional thousands are employed in the processing and sale of California olives.

Because of the abundance of olives in Spain and the significant difference in costs of production in Spain and in California, we cannot help but view Spain's potential for exporting California-style olives to the United States as a threat to the future welfare of the California olive industry. In addition, this threat inhibits investment in additional orchards to meet the growing consumption of olives to fill the normal future needs of our industry.

In order to protect the future of our industry, in recent years we have joined with the importer-packers of Spanish-style green olives in seeking to obtain legislation raising the import duty on all olives imported in containers of less than 9 pounds as well as legislation subjecting imported olives to U.S. marketing orders and to Section 22 of the Agricultural Adjustment Act. We hoped that such legislation would serve to safeguard our industry from the disastrous effect which would result from the importation of California-style olives from Spain. Also, some of our members import and repack Spanish-style olives. These members have shared the concern of other importer-packers that the increasing importation of bottled green olives from Spain would have an adverse effect upon their importing, repacking and distributing operations. We wish to make it clear, however, that we joined in these legislative efforts in order to protect our industry and not with the purpose of harming Spain or its olive industry.

During the past few years, imports of bottled green olives from Spain have increased rapidly. Hardly any bottled green olives were imported from Spain three years ago, but this year bottled Spanish olives are expected to account for over 25 percent of the olives imported from Spain by quantity and over 45 percent of the value of the imports of Spanish olives. Some of our importer-packer members were required to make some initial adjustments, but the increased importation of bottled Spanish olives has not had a significant adverse effect upon their operations. Like most other importer-packers of Spanish olives, these members are importing and distributing increasing quantities of bottled Spanish olives.

These members have found it to be more economical to buy Spanish olives bottled in Spain and we believe it has come to be recognized both in Spain and in the United States that traditional importer-packers of Spanish olives can play an important role in the importation and distribution of Spanish olives bottled in Spain. Moreover, because of their different taste and texture and the lower price of California-style ripe olives, Spanish olives do not compete directly with California-style olives and there can be an advantage to marketing and distributing these two products together.

Nevertheless, the abundance of olives in Spain and the capability of the Spanish olive industry to produce and export California-style ripe olives to the United States, continue to pose a threat to our industry.

In the last year, we have pointed out this problem to you. You have recognized the serious problem which this situation causes our industry. We have recognized the natural desire of the Spanish industry to bottle its unique product in Spain.

Because of the above circumstances, we have given considerable thought and consideration to developing a means by which these diverse interests of our respective olive industries may be reconciled. We have developed what we believe to be a reasonable solution to this problem. Enclosed herewith is a draft of proposed compromise legislation which we believe can serve to safeguard the interests of both the Spanish and the California olive industries. We intend this proposed bill to take the place of the Tariff and Marketing Order bills currently pending before the Congress. The introduction of this bill would avoid the necessity of our industry supporting those bills, which would so adversely affect the Spanish industry.

Before proceeding to attempt to obtain the introduction of the compromise measure, we would be interested in obtaining the benefit of any views or comments of your Government with respect to the enclosed draft legislation. We would appreciate hearing from you with respect to this matter.

Sincerely,

BRUNO A. FILICE, *President.*

PROPOSED LEGISLATION

[H. R.—, 91st Cong., first sess.]

A BILL To amend the Tariff Schedules of the United States with respect to the rate of duty on olives

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subpart B of part 9 of schedule 1 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by deleting TSUS Items Nos. 148.40 through 148.56 inclusive and by inserting in lieu thereof immediately after, and subordinate to, the superior heading, "Olives, fresh or prepared or preserved:" the following new provisions:

148.40	Fresh, or imported for further processing into California-style olives	15¢ per lb.	15¢ per lb.
	Prepared or preserved:		
148.45	Dried	2.5¢ per lb.	5¢ per lb.
148.50	California-style	15¢ per lb.	15¢ per lb.
148.55	Otherwise prepared or preserved, including Spanish-style olives	15¢ per gal.	25¢ per gal.

Section 2. California style olives, as referred to in the first section of this Act, are olives known as black ripe olives or green ripe olives which: (1) are processed from olives that are not fully matured from which the bitterness has been removed by a caustic solution and which, in the case of those known as black ripe olives have been darkened by oxidization to a color ranging from reddish-brown to black; (2) are packed in brine in containers and then preserved by heat sterilization; and (3) have a pH of 6.0 or greater. "California-style" does not include "Spanish-style" olives, which are classified in 148.55.

Section 3. The amendment made by the first section of this Act shall apply to articles entered, or withdrawn from warehouse, for consumption on or after sixty days after the date of enactment of this Act.

SPANISH EMBASSY,
Washington, D.C., June 1, 1970.

Mr. BRUNO A. FILICE,
President, California Olive Association,
San Francisco, Calif.

DEAR MR. FELICE: Thank you for your letter of May 1, 1970 with regard to the position of the Spanish authorities concerning proposed U.S. legislation affecting olive tariffs. We have forwarded your letter to the Spanish Commerce Ministry and have received from the Ministry the following statement of policy with respect to this issue:

"The position of the Spanish authorities with respect to the proposed legislation affecting Spanish olive exports to the United States is clear and has been formally stated to the United States Government on several occasions. There are currently two types of bills pending before the Congress of the United States which could gravely affect Spanish olive exports. The first type of bill would raise the duty on olives imported in containers of 9 pounds or less to 50% ad valorem, a duty which is more than four times the current duty on such imports. The second type of bill would subject Spanish olive exports to the United States to United States agricultural marketing orders, a particularly odious form of non-tariff barrier, pursuant to which the size, quality and quantity of olives which Spain could export to the United States would be controlled by United States producers and would also authorize the imposition upon Spanish olives of fees (other than duties), quotas and even complete prohibition of their importation.

The Spanish authorities are completely and unalterably opposed to the adoption of such legislation by the Government of the United States. The adoption of either type of such legislation by the United States would constitute a serious violation of the solemn international obligations undertaken by the United States Government pursuant to the General Agreement on Tariff and Trade. In the Kennedy Round negotiations, the United States, in negotiations with Spain, agreed to bind the duties applicable to olives classified in Tariff Schedules of the United States Items Nos. 148.44 and 148.50 at 20 cents per gallon and 30 cents per gallon respectively. Moreover, it was understood by both countries that any change in the United States tariff on these olives which discriminated or differentiated between bulk and bottled olives would be subject to indemnization by the United States or retaliation by Spain pursuant to Article XXVIII of the General Agreement on Tariffs and Trade.

Since the Kennedy Round, the Spanish authorities have on several occasions expressed to the Government of the United States their concern over the serious threat which these two types of bills affecting Spanish olive exports poses to Spanish-American relations. The value of United States exports to Spain is almost triple the value of Spanish exports to the United States and Spain's trade deficit with the United States is in the order of \$400 million a year. Moreover, olives constitute Spain's second largest export to the United States and account for about 15% of the value of Spain's exports to that country. The adoption by the United States of either of these types of legislation affecting Spanish olive exports would have a serious adverse economic effect upon the Spanish olive industry and particularly upon Western Andalusia where both that industry and the joint Spanish-American military facilities at Moron and Rota are located.

Given Spain's balance of payments situation, such action would also seriously inhibit Spain's ability to purchase United States exports. The foregoing facts clearly demonstrate the seriousness of the threat which such legislation poses for the future of relations between Spain and the United States.

With respect to the draft of legislation proposed by the California Olive Association in their letter of May 1, 1970 to the Spanish Commercial Counselor in Washington, we believe it represents a new approach to the olive problem which exists between the United States and Spain and appears to offer a means of amicably resolving this serious problem which threatens Spanish-American relations. The draft legislation suggested by the California Olive Association proposes that the United States duty on California-style olives be increased to 15¢ per pound and that in return for its loss of a potential market for the export of California-style olives, Spain would in turn be compensated by a reduction in the duty on Spanish olives to 15¢ per gallon. In addition, the draft bill would simplify considerably the United States tariff provisions relating to olives, which in their present form are confusing and subject to considerable dispute.

Because of the deterioration in the olive oil market in recent years, the Spanish olive producers have had to consider the large United States market for California-style olives as a potential market for its olive production. While there may be some doubt as to whether the tariff reduction on Spanish-style olives proposed by the California industry is adequate to compensate for the loss of this potential market, the proposed reduction is not unreasonable. Moreover, the draft bill offers the advantage of removing the threat which the other bills pose to the increasing cooperation and friendship which the Spanish and United States Governments have been developing between their respective countries.

In view of the situation set forth in the facts outlined above, the Spanish authorities would not object to the draft bill suggested by the California Olive Association as long as it remains completely clear that "Spanish-style olives" will not be reclassified into TSUS No. 148.50 of the bill which applies to "California-style" olives since the section applicable to Spanish-style olives in the bill is TSUS No. 148.55 which includes TSUS Nos. 148.44 and 148.50 of the tariff currently in effect, which are bound in GATT. On the other hand, it would not be appropriate for these authorities to support such legislation or otherwise attempt to intervene in the internal affairs of another country. If the United States Administration wishes to propose such a compromise measure as a means of resolving this problem, we would be pleased to discuss this matter further with them."

We appreciate the interest and initiative which the California industry has taken with respect to attempting to develop an amicable means of reconciling the interests of the California and Spanish olive industries in a manner worthy of the friendship and respect which exists between the United States and Spain.

Very truly yours,

RAMUNDO BASSOLS,
Commercial Counselor.

Mr. EGGE. The first letter is dated May 1, 1970, from the California Olive Association and it begins by expressing the deep concern of that association and its members as regards the possible serious adverse economic effect upon the California olive industry which could result from a large-scale importation of California-style olives from Spain.

It goes on to say that—to express a reason for concern, that although Spain has not yet begun to export any significant quantity of these olives—some one has got my marked up copy. I gave it away. One of you has the benefit of my marked up copy.

Mr. FOLEY. Off the record.

(Discussion off the record.)

Mr. EGGE. It goes on to state that although Spain has not yet begun to export any significant quantities of such olives to the United States, it is clear that Spain is the principal potential foreign suppliers for the U.S. market.

It then states the great stake that California has in the production of olives, thousands of workers that are employed in the production of olives, and goes forth to state the California problem, that because of the abundance of olives in Spain and the significant difference in costs of production in Spain and California we cannot help but view Spain's potential for exporting California-style olives to the United States as a threat to the future welfare of the California olive industry.

They point out how in recent years, in order to protect the future of their industry, they joined in efforts both with regard to raising tariffs on all olives imported in containers of less than 9 pounds as well as legislation subjecting imported olives to U.S. marketing orders and to section 22 of the Agricultural Adjustment Act.

They further state that:

We wish to make it clear, however, that we joined in these legislative efforts in order to protect our industry and not with the purpose of harming Spain or its olive industry.

And then at the bottom of page 2 they note that:

Because of their different taste and texture and the lower price of California-style ripe olives, Spanish olives do not compete directly with California-style olives and there can be an advantage to marketing and distributing these two products together.

And in conclusion, on page 3, the California Olive Association notes that in the last year—in their letter to the Spanish commercial Counselor:

In the last year we have pointed out this problem to you. You have recognized the serious problem which this situation causes our industry. We have recognized the natural desire of the Spanish industry to bottle its unique product in Spain.

Because of the above circumstances, we have given considerable thought and consideration to developing a means by which these diverse interests of our respective olive industries may be reconciled. We have developed what we believe to be a reasonable solution to this problem.

And then they go on to say that they are enclosing a draft of compromise legislation that they believe would serve to safeguard the interests of both the Spanish and the California olive industries:

We intend this proposed bill to take the place of the tariff and marketing order bills presently pending before the Congress. The introduction of this bill would avoid the necessity of our industry supporting those bills, which would so adversely affect the Spanish industry.

And then he concludes by saying that:

Before proceeding to attempt to obtain the introduction of the compromise measure, we would be interested in obtaining the benefit of any views or comments of your government with respect to the enclosed draft legislation.

And attached is a copy of the draft legislation.

The draft legislation, if I may summarize it, would increase the duty on California-style olives from 5 cents a pound to 15 cents a pound and in return for the loss of a potential market it would decrease the duty on Spanish-style olives in the instance of a pitted or stuffed from 30 cents a gallon to 15 cents a gallon and in the case of the whole olives, from 20 cents a gallon to 15 cents a gallon.

I think that this is a unique example of a U.S. industry who has had a potential problem and has gone out of their way to seek to resolve it in as amicable a manner as possible. They have been diplomatic, sensitive to the foreign policy implications of the problem with which they were faced, and have made every effort to attempt to work out a means by which both industries' interests could be safeguarded without the necessity of someone going somebody else's ox, if you will.

Mr. SISK. Mr. Chairman, if I may be recognized briefly for a comment, I do not wish to interfere with the witness. The witness is talking about a statement that should be directed to the Ways and Means Committee. He is talking about a bill basically that is pending before the Ways and Means Committee. Congress will be considering it very shortly, but we, in this committee, do not deal with this at all.

Mr. FOLEY. As I understand it, Mr. Egge's point was that the suggestion was made by the California Olive Growers Association that they would support legislation which is pending in Ways and Means and the witness was suggesting that—

Mr. SISK. No. That is—

Mr. EGGE. No. Not at all. If I may, Mr. Chairman, responding to Mr. Sisk's comment, Mr. Sisk, in the letter it relates—the comment specifically relates to both bills, as being a way to resolve the problem, the thing that they were seeking to accomplish both by the tariff bill and by the marketing order bill. If you will note at the top of page 2—

Mr. SISK. As the gentleman knows, I represent an area that is pretty heavily involved. I have been talking to the olive growers and I think I know what they are concerned with and basically most all of your testimony this morning is of concern to the Ways and Means Committee and I am going to have some questions when you are concluded. I do not wish to cut off your statement but I think the committee should understand, you are talking about a matter that is under active consideration by the Ways and Means Committee today and it does not concern itself primarily with what the Committee on Agriculture is concerned.

Mr. EGGE. On the second part of that, apart from the top of page 2, Mr. Sisk, on page 3 at the bottom of the second to the last paragraph, the California olive industry states:

We intend this proposed bill to take the place of the tariff and marketing order bills currently pending before the Congress. The introduction of this bill would avoid the necessity of our industry supporting those bills, which so adversely affect the Spanish industry.

I grant you, I think certainly it is so, Mr. Sisk, that it does relate to the bill before Ways and Means, but here in this they refer specifically also to the bill pending before this committee.

In response to that letter I think the California Olive Association certainly went more than halfway and proposed a compromise approach and I think the good faith of that industry was met by the good faith of a response that was received from the Spanish commercial counselor. The Spanish commercial counselor indicates that he had communicated this view to the Commerce Ministry in Spain and had received the following statement of policy with regard to the issue.

I will not go into it in detail. First, it expresses the opposition that their government has expressed to our Government with respect to

either of the two bills currently pending. It recites the Kennedy Round negotiations and the binding, and that the Spanish Government authorities on several occasions have expressed to the Government of the United States their concern over the serious threat which these two types of bills propose affecting Spanish olive exporters—the threat posed to Spanish-American relations.

After citing the trade side of things it goes on to say that given Spain's balance of payments situation, such action would also seriously inhibit Spain's ability to purchase U.S. exports. The foregoing facts clearly demonstrate the seriousness of the threat which such legislation poses for the future relations between Spain and the United States. And then it turns to the proposal of the California Olive Association and specifically comments on that and it states among other things that:

We believe it represents a new approach to the olive problem which exists between the United States and Spain and appears to offer a means of amicably resolving this serious problem which threatens Spanish-American relations.

Going on on the final page, it points out that because of the deterioration in the olive oil market in recent years, Spanish producers have to at least consider the large U.S. market for California-style olives as a potential market for its olive production, and they state that:

While there may be some doubt as to whether the tariff reduction on Spanish-style olives proposed by the California industry is adequate to compensate for the loss of this potential market, the proposed reduction is not unreasonable. Moreover, the draft bill offers the advantage of removing the threat which the other bills pose to the increasing cooperation and friendship which the Spanish and United States Governments have been developing between their respective countries.

And then specifically with regard to the bill it goes on to state:

In view of the situation set forth and the facts outlined above, the Spanish authorities would not object to the draft bill suggested by the California Olive Association as long as it remains completely clear that Spanish-style olives will not be reclassified into the TSUS No. 148.50 of the bill which applies to California-style olives since the section applicable to Spanish-style olives in that bill includes TSUS Nos. 148.44 and 144.50 of the present tariff currently in effect which are bound in GATT.

It goes on to say that while they would not object, they would not on the other hand, support the legislation or otherwise attempt to intervene as to the internal affairs of another country. At the end the Spanish Commercial Counsellor, adds to the position that he has forwarded from their Commerce Ministry that he appreciated the interest:

We appreciate the interest and initiative which your California industry has taken with respect to attempting to develop an amicable means of reconciling the interests of the California and Spanish olive industries in a manner worthy of the friendship and respect which exists between the United States and Spain.

This was followed by a response from the California olive industry thanking him for his letter and because of, I guess the concern expressed in the second to the last paragraph as to where things would be classified, it goes on to state:

With respect to the position contained in your letter, we wish to assure you that our Association will not attempt to obtain any reclassification or modification of the Tariff Schedule of the United States or any other measure which would restrict the access of Spanish-style olives to the United States market.

I think the proposal of the California Olive Association and the response from the competent Spanish authorities on this issue certainly is relevant to the olive bills that have been pending for 3 years now. It represents on both sides a bona fide attempt to try to resolve this problem in a way that will not do harm to anyone. In the end I think the issue that comes down to this committee for decision is a question of whether, at the present time, the legislation in question is necessary. In that regard there is simply no current threat to the California industry.

With regard to any future threat that appears to exist because of the abundance of olives in Spain, means have been worked out whereby the interests of both industries would be protected via the good will efforts of the California olive industry and the similar response of the competent Spanish officials on this issue.

In that light I think that we have a situation here in which to act when we have other alternative means available for resolution amicably can cause serious problems. We do have a friend and ally involved here and a substantial purchaser of U.S. agricultural exports and a growing purchaser of U.S. agricultural exports.

Thank you.

Mr. FOLEY. Thank you, Mr. Egge.

Mr. Vigorito?

Mr. VIGORITO. No questions.

Mr. FOLEY. Mr. Myers?

Mr. MYERS. Thank you, Mr. Chairman.

Mr. Egge, I have two or three questions. In your statement you state that the so-called Spanish olive is not in competition with the green olive of California.

Mr. EGGE. Yes, sir.

Mr. MYERS. And you did not clarify why they are not in competition. Why is it that they are not in competition?

Mr. EGGE. As I referred to and as referred to in the letter by the California Olive Association, "Because of the different taste and texture and the lower price," and I am quoting the California Olive Association, "of California-style ripe olives, Spanish olives—"

Mr. MYERS. I am talking about the green olives.

Mr. EGGE. Spanish olives, the green, do not compete directly with California-style olives and there can be an advantage to marketing and distributing these two products together.

I guess the only thing that I can offer is experience. If you have ever had the two, the black ones as opposed to the green ones, it is a difference of taste. One is bland and the Spanish is rather salty.

Mr. MYERS. I know the difference between the black and green one and I know the difference in taste but I understood your statement to say that the green olives coming to California from Spain was not competing.

Mr. EGGE. The competitive green from California?

Mr. MYERS. You say the so-called green one from Spain with the pimiento in it is not competing with the green olive from California and I could not understand why.

Mr. EGGE. Yes. Let me, if I may, read part of what I excerpted here in the interests of brevity. There was a Tariff Commission report in 1966 or 1967 on this particular subject and if I may, I would like to quote from the Tariff Commission report at that time. This is

their statement. I think we will have to have our own judgment on it. But the Tariff Commission stated, and I quote:

Notwithstanding that identical names are used in marketing both imported and domestically produced Spanish-style olives, the two are not usually comparable.

And it goes on to note that the imports consist predominantly of pitted or stuffed olives whereas domestic Spanish-style olives are generally marketed whole. It also states in other places that they are not directly comparable with Spanish-style olives and, if I may give you the price differentials just as an example of how I believe they do not compete, Spanish-style—imported Spanish-style olives sell for somewhere in the neighborhood of 80 to 90 cents a pound while domestically grown Spanish-style olives sell in the neighborhood of 30 to 35 cents a pound.

Mr. MYERS. What causes this price differential?

Mr. EGGE. I would say the major reason—well, there are a couple of reasons. One, it is my understanding that—well, first, let me say that the green olives that are produced in California are largely a byproduct of the production of the big California olives, black olives. As the Tariff Commission stated:

As noted, only 8 percent of domestically produced olives are processed Spanish style. They consist primarily of olives considered unusable for processing California style.

That is quoting the Tariff Commission. And they go on to say:

Sales of Spanish-style olives processed from domestically grown fruits have been relatively small to those of imported olives of that style or of California-style olives. Spanish-style olives were not processed commercially in California until 1935 and annual sales have not changed materially since 1940.

I think that there are two reasons, primary reasons, for the price differential. One is that the California green is largely a byproduct or a coproduct of the California black ripe olive, those that are unsuitable for processing, and by unsuitable—

Mr. MYERS. These are all facts that you are stating, but they are not reasons. I think the Spanish type that are imported had pits originally. They did not grow without pits, did they? Could you not pull the pit out of the California?

Mr. EGGE. You certainly can, Mr. Myers, and they do, but that difference between 30 and 90 cents is not because of taking the pit out. One is because in my view, and I do not profess to be an olive expert as regards the California industry—Mr. Sisk may know more about it, undoubtedly does know more about this than I do—but my understanding as an economist is that it is a coproduct and as a consequence of being a coproduct these are not suitable for making into the black and as a consequence, they are just somewhat the leftovers. That does not account for the entire difference.

Second, the other part of the difference is that the majority of the olives brought in from Spain are either pitted which does add some cost differential or they are stuffed with pimentos and this stuffing is a labor intensive activity and insofar as I know, California has never engaged or attempted to engage in it, and even given their price at 30 and the other price at 90, they have not according to the Tariff Commission, attempted to expand their market in any way.

Mr. MYERS. Maybe later—

Mr. EGGE. I am sure my Spanish group would say because their olives are better but I am not going to say that to Mr. Sisk.

Mr. MYERS. Frankly, you have not clarified the question raised. Maybe Mr. Sisk can.

Let me pass. You frequently, in your statement and in this colloquy, discuss the black olive in reference. Would your association support this bill if it provided that only ripe olives should be protected under the provisions of this bill?

Mr. EGGE. This is something, Mr. Myers, that I would have to consult with them on. I am not in a position to say yes to that. What I can say to you, though, that I think can cure the problem is the compromise legislation proposed by the California Olive Association.

Mr. MYERS. Which we have no jurisdiction or control over.

Mr. EGGE. Exactly. But it would cure that problem because it is raising the duty up to adjust for cost of production and nothing is going to come in. Nothing is coming in now but even if you look way down the pike nothing is going to come in with that increased duty.

Mr. MYERS. It would not cure it but it might equalize it.

Mr. FOLEY. Excuse me one moment. We have two letters we are going to have included in the record, one from Mr. F. S. Cluthe, president of Strohmeier & Arpe Co., 260 West Broadway, which is an importing firm and the other from Mr. Lester T. Frey, vice president, Schroeder Bros., Inc., same address, also an importer. They oppose the legislation introduced but suggest an amendment which would strike the word "olives" and substitute the word "California-style ripe olives." So in the importing industry there is support at least for the inclusion of this amendment and I assume from the letters that they would not object to the legislation if it was so amended.

Mr. MYERS. Though you did not clearly state it by your presentation here, you imply that you might be in a position, your association might be, if it excluded the green olives and only included the ripe olives.

One last question.

Mr. EGGE. Excuse me. If I may respond to that, Mr. Myers.

Mr. MYERS. Maybe I should not—

Mr. EGGE. Go ahead.

Mr. MYERS. I should not read into your statement—

Mr. FOLEY. I think the witness' answer is that he is not in a position—

Mr. EGGE. I am not in a position to state but there are alternative means that would completely cure the problem.

Mr. MYERS. One last question. In your prepared statement you commented about the balance of payments and that Spain was a large importer of agricultural products.

Mr. EGGE. Yes, sir.

Mr. MYERS. I think the ratio of maybe three times as many as they export.

Mr. EGGE. Excuse me. No, Mr. Myers. The total is 3 to 1. Agricultural exports are slightly—U.S. agricultural exports to Spain are slightly less than total Spanish exports to the United States.

Mr. MYERS. Of agricultural products.

Mr. EGGE. No. Of all products.

Mr. MYERS. Of all products?

Mr. EGGE. All products. It is about \$285 million and U.S. agricultural exports to Spain are over \$200 million as of last year.

Mr. MYERS. OK. What are those products? Do you know what products the U.S. exports?

Mr. EGGE. Yes, sir.

Mr. MYERS. The principal ones.

Mr. EGGE. The principal ones I alluded to were soybeans, over \$80 million; corn, almost \$40 million; tobacco, \$12 million; hides, \$3 million. I have to admit that this is——

Mr. MYERS. OK. That is close enough.

Mr. EGGE. My intelligence antenna was not any good and you all gave notice of this hearing a long time ago and I did not find out until yesterday but this is the best I could dig up but as of this morning the figures of the Department of Commerce have it over \$200 million in U.S. agricultural exports.

Mr. MYERS. Thank you, Mr. Egge.

Mr. FOLEY. Mr. Sisk?

Mr. SISK. Mr. Chairman, I again reiterate that Mr. Egge's statement should have been made before the Ways and Means Committee. I assume you have been before the Ways and Means Committee in connection with the olive legislation?

Mr. EGGE. No, Mr. Sisk. I have not. But we are planning to submit a statement before the record closes.

Mr. SISK. Well, in other words, the point I am making, Mr. Egge, is that as I tried to follow your statement, and even read the material you have here, and certainly this proposed bill, I am sure you are aware of where this so-called proposed draft would go if it is introduced, are you not?

Mr. EGGE. I certainly am, Mr. Sisk. It would definitely go to the Ways and Means Committee, Mr. Sisk.

Mr. SISK. The point I want to make, Mr. Chairman, is that I do not find anything that you said this morning that really goes to the point of the bill we have under consideration here. Let me tell you what we are concerned with here. I think the statements have been rather frankly made early this morning with reference to the raisin people that they are not objecting to imported raisins. If those raisins meet the same quality standards, same purity from the standpoint of use of insecticides, pesticides, herbicides, and cleanliness, and so on, as our raisins, fine and dandy. Now, this is the only issue we have got here in connection with olives.

Do you have any knowledge at all, Mr. Egge, of what types of insecticides are being used in Spain at the present time?

Mr. EGGE. I do not.

Mr. SISK. Let me hasten to say I have no argument with Spain. You have been involved in our diplomatic relations with Spain. Well, that is of no concern to the Committee on Agriculture. As far as I am concerned it is fine and dandy, and we want to cooperate with the Spanish Government to the extent we can but at the same time, I am concerned about the American consumer as well as the American producer and if you have any comments——

Mr. EGGE. Yes, sir.

Mr. SISK (continuing). With reference to the quality of your commodity, that is all in the world that H.R. 682 by Mr. Teague and California, joined by myself and Mr. Johnson and Mr. Mathias—our

only concern is to require compliance with quality and purity standards.

Now, the whole question of tariffs, the question of quotas, the imports, export quotes, and so on, is under consideration by Ways and Means and I am generally familiar and consulting with olive people in connection with possible change in that legislation, but that has no bearing on what we have under consideration here this morning at all.

Mr. EGGE. Mr Sisk, if I may respond to your quality point, first of all, all of the olives imported into the United States are subject to inspection by the Food and Drug Administration and they are inspected by the Food and Drug Administration at the time of importation for quality.

In the Tariff Commission report—well, I think coming from an agricultural State and taking, for example, the California olive industry, it is very important to your district, for example, and the California people, because it is important to their communities and their area, they work like the devil to maintain their quality.

Mr. SISK. All we ask is that the importers meet exactly the same quality standards.

I have lived with this problem for the last 16 years—this whole business of Food and Drug inspection. I can assure you what we went through in this connection with figs. The only thing that shook the foreign fig industry was when we turned back a thousand tons of figs in New York. After that we got some decent testing from Food and Drug.

Now, unfortunately, we have two different sets of rules. You see, for example, I do not know—do you know what kind of insecticides are being used to control some of the problems in connection with olives in Spain?

Mr. EGGE. Mr. Sisk, I have to admit that I do not but in light of the action of the committee the other day, I am certainly in the process of finding out.

Mr. Sisk. Well, I just—this is the question we have at issue here this morning, is why should the Spanish people be permitted to bring in an olive, for example, with, say, three or four maybe 20 parts per million of parathion when we are only permitted one part under regulations in this country.

Mr. EGGE. And I would certainly think, Mr. Sisk, that this is something that FDA can readily check as the olives come in and test them for that and submit them to that standard.

Mr. SISK. Well, this is exactly—

Mr. EGGE. I do not think that is unreasonable at all. I think it is—

Mr. SISK. All right. Then you should be here supporting this legislation because all this legislation does is require that the importer meet exactly the same standards as are required of American producers.

Mr. EGGE. Mr. Sisk—

Mr. SISK. Exactly.

Mr. EGGE. Right.

Mr. SISK. Now, let me—

Mr. EGGE. Excuse me.

Mr. SISK. This business of FDA and Department of Agriculture, and so on—for example, we have figures on it where, for example,

they are permitting three times the parathion count from Greece right now in connection with certain commodities, olives, for example than are permitted to American producers. This is why we need this legislation and I am rather amazed at the Spanish Government. I would doubt they would want to be in the position of opposing meeting the same quality and purity standards from the standpoint of pure food as our own producers. You are not here proposing otherwise, are you?

Mr. EGGE. If I may, with regard to—I would like to clarify that I am not appearing here on behalf of the Spanish Government and I cannot respond for the Spanish Government, but I would like to address myself to—

Mr. SISK. You spend a good deal of time talking about our relations with the Spanish Government.

Mr. EGGE. No question, but I cannot speak for them.

Mr. SISK. You are appearing on behalf of some Spanish exporters and I am not condemning them. Are you asking for special dispensation or permission to use insecticides above and beyond that permitted to producers in this country?

Mr. EGGE. I do not believe we are. What we are asking with regard to Section 8e, as I may, 8e goes beyond quality standards.

Mr. SISK. Yes, but you know the only thing we are concerned with here has to do with quality standards. This is the issue and I think everyone understands that clearly.

Mr. EGGE. Well, to address myself to that, Mr. Sisk, under 8e it subjects them to the marketing orders. Now, the marketing orders, the whole quality portion of the Agricultural Marketing Act is an attempt to maintain parity prices and in attempting to maintain parity prices, it is saying for the benefit of both the producers and the consumers, that if we are going to throw out any olives, what we are going to do is select them out in order to maintain parity, maintaining the higher quality, and permitting agricultural interests to do that because it is in the interests of consumer, too.

What could happen here is that standards applied because of internal production of something that is less than 10 percent of the market and is not really a directly comparable product to the Spanish product could end upsetting the standard that would have to be applied to over 90 percent of Spanish-style olives which are sold in the U.S. market.

To go a step further, Mr. Sisk, although the marketing order has been authorized with respect to green olives, the marketing order has not been implemented. No marketing order has been implemented in California with respect to green olives. There is currently not the inspection standards in effect with regard to green olives in California. And I cite in that regard the Tariff Commission publication. In addition, the Spanish industry is obviously interested when this thing up until recently was 25 percent of our exports to this country. This is a very big foreign exchange earner for a poor foreign exchange country with big deficits. It was not in their interest to send in bad quality.

Mr. SISK. Let us stay off that industry. I do not think we in the United States particularly like to receive pressure from foreign groups that they are going to cut us off or whatever in connection with the exports.

This is not the issue. The only issue, and you so far have not gotten even within a city block of it yet, has to do with requiring these people to meet the same quality and purity standards on their imports as our people are required to meet. That is it pure and simple, complete. If you have any comments on that, fine. If you do not, then, Mr. Chairman, I do not wish to take further time. This is the only issue here.

Mr. EGGE. The only comment that I can offer on that is to cite the Tariff Commission report that in recognition—

Mr. SISK. The tariff question is in the Ways and Means Committee. We are not discussing that. We have legislation pending in connection with olives. There are questions going on now about compromise legislation just as you admit the bill here belongs to the Ways and Means, but unfortunately, this committee does not have jurisdiction over that particular subject.

Mr. FOLEY. Let the gentleman respond as he wishes on this issue. If you would like to make a short response—

Mr. EGGE. The only reason for citing the quote, Mr. Sisk, is that the quote relates to quality. It states that:

Because of the importance to the national economy the Spanish Government has imposed various controls on the exportation of olives. Only Manzanellas and Queens, the varietal grouping having the highest quality for table use, may be exported to the United States and Canada. Under special conditions exports of additional types are authorized. Generally Seville is the only port authorized to export table olives to the United States and Canada. As a consequence of these controls, substandard fruit seldom reaches these markets, although the U.S. Food and Drug Administration does reject some shipments, particularly in years of heavy insect infestation.

I might add that I was quoting the whole and there is nothing deleted.

Mr. FOLEY. Mr. Jones?

Mr. JONES. No questions.

Mr. FOLEY. At this point the Chair is going to place in the record the relevant provisions of section 8e of the Agricultural Marketing Act of 1937 and the reporter can take it verbatim but I am going to read it for the benefit of the committee.

Section 8e: "Notwithstanding any other provision of the law, whenever a marketing order issued by the Secretary of Agriculture pursuant to section 8c of this act contains any terms or conditions regulating the grade, size, quality or maturity"—I emphasize the word maturity—"of tomatoes, avocados"—and it is between these two fruits that the word "olives" will be inserted by this act—"mangoes," and so on, "produced in the United States, the importation into the United States of any such commodities other than dates for processing during the period of time such order is in effect shall be prohibited unless it complies with the grade, size, quality, maturity"—again emphasized—"provisions of such order or comparable restrictions promulgated hereunder."

The Chair has been advised of this section by counsel and I do not know if the witness is prepared to comment on it, but the word "maturity" here might offer some distinction between California ripe olives and Spanish-style green olives.

Mr. EGGE. No. In fact, Mr. Chairman, it does not offer a distinction for the following reason. I wish it did.

Mr. FOLEY. Yes, I am asking—

Mr. EGGE. It does not offer a distinction because technically both olives are picked at exactly the same time. In other words, I do not want to—

Mr. FOLEY. Technical maturity.

Mr. EGGE. No. While they are called ripe, California-style olives are not technically ripe. In other words, the way they get black is because of an oxidation process but they are picked from the tree at the same moment that the Spanish-style olive is picked from the tree.

Mr. FOLEY. What you are saying is—

Mr. EGGE. Prior to maturity.

Mr. FOLEY. Is there no distinction on a maturity basis between the two?

Mr. EGGE. Unfortunately not, Mr. Chairman, but what you have raised here raises the point that I was referring to with regard to it goes beyond quality. It goes to grade, size, and maturity and if you check back to 608c and what can be done under marketing orders, marketing orders are there primarily to attempt to maintain a parity price and what you do is do it by excluding—certain sizes, maturities, and so forth, are excluded in order to help maintain a parity price, and these are the things that go beyond the mere quality question.

I would also add that if you—in closing, if you are putting in for the record, Mr. Chairman, the second aspect of this, which I missed the first time around, is in section 624 of the code which is section 22 of the Agricultural Adjustment Act of 1933. Section 22 is applicable to any item on which there has been a marketing order in effect and which is subject to marketing orders. So as a consequence, section 22 can permit quotas up to complete embargo of a product in order to help maintain parity. We just do not have a problem calling for that, Mr. Chairman.

Mr. FOLEY. Thank you, Mr. Egge. Any further questions? If not, we thank you very much, Mr. Egge.

Mr. EGGE. Thank you. I am sorry to take so much of the committee's time.

Mr. FOLEY. The Chair will direct without objection that the letters previously referred to from the Strohmeier & Arpe Co. and Schroeder Bros. Co. be included in the record.

(The letters referred to follow:)

STROHMEYER & ARPE CO., INC.,

February 27, 1969.

HOUSE COMMITTEE ON AGRICULTURE,
U.S. House of Representatives,
Washington, D.C.

GENTLEMEN: With reference to the bill, H.R. 682 we would like to take this opportunity to state our opposition in the way it is presently presented. We believe it was primarily drafted because of the California Ripe Olive industry's concern that a California type ripe olive be imported from producing countries. The broad term "olives" covers not only ripe olives, but also green olives which, as you know, are a small factor to the California olive industry and actually a by-product.

We respectfully request that the words, "California Style Ripe Olives" be substituted for the all inclusive generic term "olives."

We respectfully ask that this letter be brought to the attention of the Senate Committee on Agriculture and Forestry and that our request to testify be honored.

Very truly yours,

F. S. CLUTHE, *President.*

SCHROEDER BROS., INC.,
New York, N.Y., February 26, 1969.

HOUSE COMMITTEE ON AGRICULTURE,
U.S. House of Representatives,
Washington, D.C.

DEAR SIR: We understand that H.R. 682 would add the word "olives" to a list of items in section 8(c) of the Agricultural Marketing Agreement Act. H.R. 682 is sponsored by Congress Teague, Sisk, Johnson, and Mathias, all of California.

Our opposition to this bill is specifically with regard to the use of the word "olives". Since the word "olives" could also include green olives, we believe the words "California style ripe olives" should be used instead of the word "olives".

Green Olives represent an infinitesimal percentage of the total California olive crop. Furthermore, most green olives are stuffed with pimento, which work has never in history been done in California or in any other area in the United States.

In addition to the above, there are other reasons meriting consideration. Therefore, we request that this letter be submitted to the House Committee on Agriculture, and that our request to testify be given consideration.

Respectfully yours,

LESTER T. FREY, *Vice President.*

Mr. FOLEY. The Chair will leave the record open for a period of 10 days for additional submissions for the record.

(The following statement, letter, and telegram were subsequently submitted to the subcommittee:)

STATEMENT OF HON. ROBERT MATHIAS, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF CALIFORNIA

Thank you Mr. Chairman for giving me this opportunity to address the Subcommittee on behalf of H.R. 682. As a co-sponsor of this bill, I heartily endorse extending the provisions of Federal Marketing Orders to imported olives. The same rules and restrictions that are applied to olives grown in the United States should also equally apply to imported olives. As you know, similar restrictions already affect imported tomatoes, avocados, mangoes, limes, grapefruit, green peppers, Irish potatoes, and a number of other commodities when such products come under the provisions of Federal Marketing Orders.

The olive industry is centered in California, and our producers have voted to process and pack only fruit of the highest quality.

In recent years more and more foreign olives have been brought into the United States, posing a serious threat to the green olive business.

If foreign growers are allowed to continue to send their olives to this country without meeting the same standards of quality and purity as do American farmers, then they could easily undercut our markets.

I, therefore, urge this Subcommittee to give favorable consideration to H.R. 682.

LINDSAY, CALIF., July 3, 1970.

HON. W. R. POAGE,
*Chairman, Committee on Agriculture,
Longworth House Office Building,
Washington, D.C.*

DEAR MR. POAGE: The Olive Section of the Tulare County Farm Bureau met on July 2, 1970 to consider federal legislation relating to the problems of the olive industry. The group of growers was representative of all producing areas of Tulare County.

The importance of Tulare County in the olive industry is illustrated by the production figures for the years 1966 thru 1969. Of the 214,661 gross tons produced state-wise during this period, Tulare County growers contributed 136,775 tons, or an average annual percentage of 63.7%. The major portion of this production is processed and canned within Tulare County.

Over the past years great concern has been expressed by growers relative to both the volume and quality of imported green olives. The olive industry operates under strict pesticide and contaminate controls under regulation of the Food and Drug Adm., and the U.S. Department of Agriculture. These controls have given considerable protection to the consumers of olive products within the United States, relative to in-pack quality.

Since 1965 the California olive industry has been operating under a federal marketing order in an effort to correct some of its internal problems. The growers have supported this endeavor fully, and it is believed will continue to do so.

The assembled growers have authorized the support of H.R. 682 introduced by Mr. Teague and others, for the insertion of the word "olives" in section 608e of the Agricultural Marketing Act of 1937 as amended.

This bill, if passed, will allow additional protection of the consumer and aid in the marketing of our higher quality California olive products. We strongly endorse the passage of this legislation.

Sincerely yours,

CLYDE IRION,
Chairman, Olive Section, Tulare County Farm Bureau.

NEW YORK, N.Y.,
July 13, 1970.

HON. THOMAS S. FOLEY,
*Chairman, Special subcommittee on domestic marketing and consumer relations,
House of Representatives, Washington, D.C.*

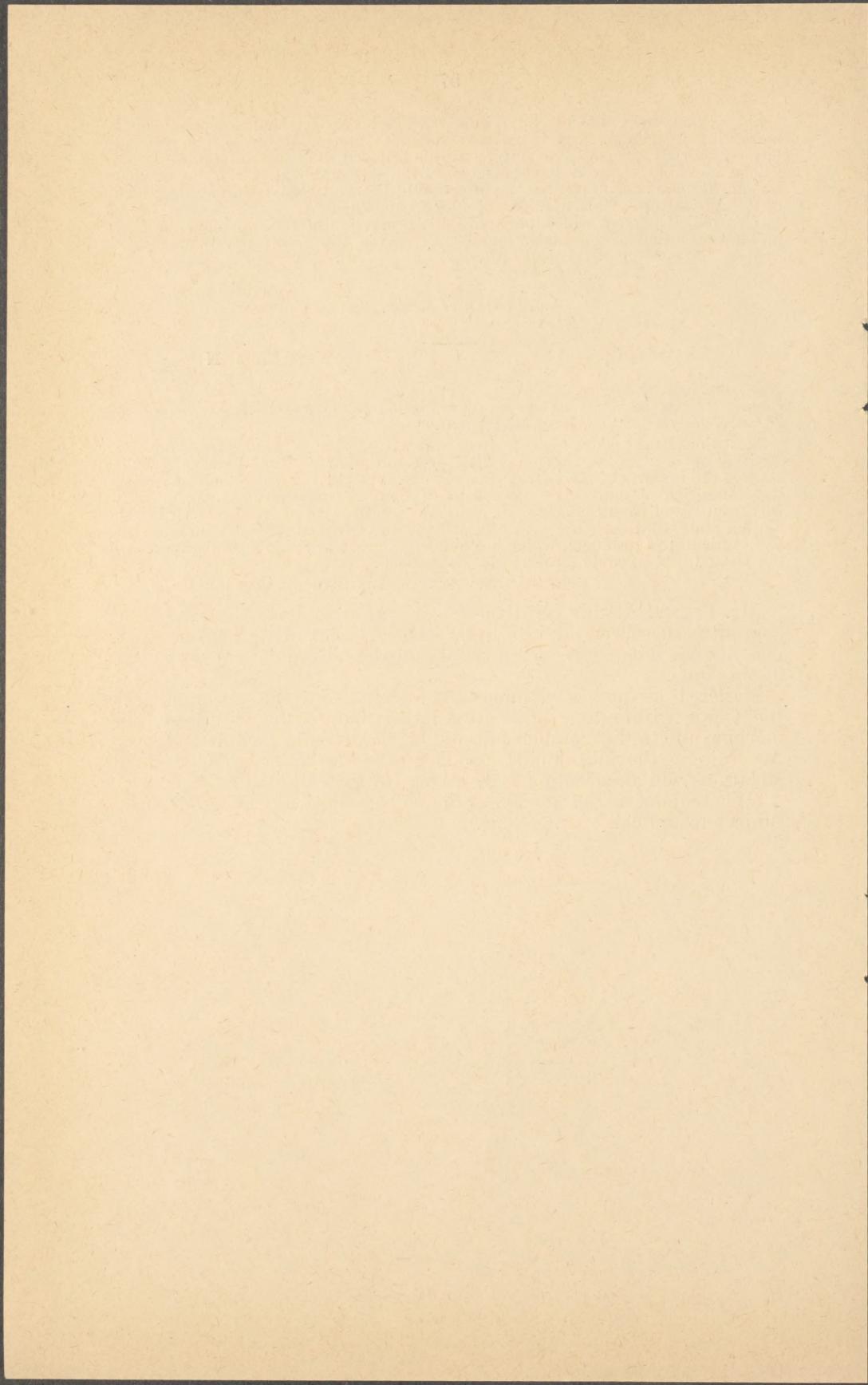
MR. CHAIRMAN: The Spain-United States Chamber of Commerce, Inc., is strongly opposed to the passage of H.R. 682 and other similar bills which would subject the imports of olives from Spain to U.S. marketing orders and authorize the imposition of quotas, fees and even a complete embargo on such imports. Olives imported from Spain do not compete directly with olives produced in the United States and therefore such legislation is unwarranted. Spanish purchases of U.S. agricultural products, which are almost as great as Spain's total exports to the United States, could be seriously jeopardized.

SPAIN-UNITED STATES CHAMBER OF COMMERCE, INC.

Mr. FOLEY. At this point the Chair wishes to state that the subcommittee has been advised by the Department of Agriculture that it is not prepared to report or testify on the bills under consideration at this time.

If there is no further testimony to be presented to the subcommittee, the Chair wishes to express its appreciation to the witnesses this morning and to the members of the subcommittee for their attendance. Accordingly, the Subcommittee on Domestic Marketing and Consumer Relations will stand adjourned, subject to the call of the Chair.

(Whereupon, at 11:30 p.m., the subcommittee was adjourned, subject to the call of the Chair.)



AMENDMENTS TO THE AGRICULTURAL MARKETING AGREEMENT ACT OF 1937

MONDAY, JUNE 29, 1970

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DOMESTIC MARKETING
AND CONSUMER RELATIONS OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:30 a.m. in room 1301, Longworth House Office Building, Hon. Thomas S. Foley (chairman of the subcommittee) presiding.

Present: Representatives Foley, Sisk, and Goodling.

Also present: Christine S. Gallagher, chief clerk; Lacy C. Sharp, general counsel; and John A. Knebel, assistant counsel.

Mr. FOLEY. The Subcommittee on Domestic Marketing and Consumer Relations will come to order.

The subcommittee meets this morning for consideration of H.R. 11089 by Mr. Matsunaga, and H.R. 11200 by Mrs. Mink.

Also under consideration is S. 2484 which passed the Senate with a favorable report and is identical to H.R. 11089 and H.R. 11200 except for technical amendments.

The purpose of these bills is to amend the Agricultural Marketing Agreement Act of 1937 to authorize marketing agreements providing for the advertising of Hawaiian papayas.

This bill would extend to papayas those provisions of the law which now authorize paid advertising under marketing orders for cherries, carrots, citrus fruits, onions, Tokay grapes, fresh pears, dates, plums, nectarines, celery, olives, pecans, avocados, sweet corn, and limes.

Without objection, the bills will be made a part of the record at this point.

(H.R. 11089, introduced by Mr. Matsunaga; H.R. 11200, introduced by Mrs. Mink; and S. 2484 are similar bills, the text of which and the report of the Department follow:)

[H.R. 11089, 91st Cong., first sess.]

A BILL To amend the Agricultural Agreement Act of 1937 to authorize marketing agreements providing for the advertising of Hawaiian papayas

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. The proviso at the end of section 8c(6)(I) of the Agricultural Adjustment Act (as reenacted by the Agricultural Marketing Agreement Act of 1937, and as subsequently amended (7 U.S.C. 608c(6)(I))), is amended by inserting "papayas," immediately after "applicable to cherries,".

(59)

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., May 4, 1970.

Hon. W. R. POAGE,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR MR. CHAIRMAN: This is in reply to your request of April 21, 1970, for a report on H.R. 11089, a bill to amend the Agricultural Marketing Agreement Act of 1937 to authorize marketing agreements providing for the advertising of Hawaiian papayas.

The Department favors enactment of H.R. 11089.

The act currently contains authority to permit paid advertising under marketing orders for several commodities. This authority has been made available in some of the fruit marketing orders. Advertising projects have been carried out under it for such fruit commodities as Texas oranges and grapefruit, California nectarines, and Tokay grapes grown in San Joaquin County, California. The trend is toward expanded commodity advertising and promotion in agriculture. We anticipate increased effort by the fruit and vegetable industries to obtain the means of financing the advertising and promotion of these commodities in the market place. The Agricultural Marketing Agreement Act could provide the facility for this purpose. We believe any fruit or vegetable commodity group which actively supports the development of a promotion program by this means should be given an opportunity to do so.

It is estimated that the annual costs to the Department for administering each new marketing order that is issued approximate \$25,000.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

J. PHIL CAMPBELL,
Under Secretary.

Mr. FOLEY. The Chair is happy to greet this morning the two distinguished Representatives from the State of Hawaii, Mr. Spark Matsunaga and Mrs. Patsy Mink.

Perhaps we will begin with Mr. Matsunaga. I understand this is your old subcommittee and we are happy to have you here.

**STATEMENT OF HON. SPARK M. MATSUNAGA A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF HAWAII**

Mr. MATSUNAGA. Thank you, Mr. Chairman.

I am glad to see the distinguished and able gentleman from Washington sitting in the chair I used to sit in at one time as chairman of this subcommittee.

Mr. Chairman and members of the subcommittee, I thank you for this opportunity to testify in support of H.R. 11089, which I introduced, and a companion bill introduced by my colleague from Hawaii, Mrs. Mink.

The bill which I introduced to amend the Agricultural Marketing Agreement Act of 1937 would authorize marketing agreements providing for paid advertising of Hawaiian papayas.

The bill would extend to papayas those provisions of the law which now authorize paid advertising under marketing orders for a number of agricultural commodities, including cherries, carrots, citrus fruits, onions, Tokay grapes, fresh pears, dates, plums, nectarines, celery, olives, pecans, avocados, sweet corn, and limes.

The Senate passed a similar bill, S. 2484, earlier this year, on April 7.

As indicated in its report to this committee, the Department of Agriculture favors enactment of the pending bill. As members of this committee well know, the act of 1937 currently contains authority to

permit paid advertising under marketing orders for several commodities.

This authority has been made available in some of the fruit marketing orders. Advertising projects have been carried out under it for such fruits as Texas oranges and grapefruit, California nectarines, and Tokay grapes grown in San Joaquin County, Calif. The policy of the Department of Agriculture has tended toward expanded commodity advertising and promotion in agriculture.

It is becoming more and more important to fruit and vegetable growers to find means of financing the advertising and promotion of their commodities in the marketplace. The Agricultural Marketing Agreement Act could provide the facility for this purpose, and any fruit or vegetable commodity group which actively supports the development of a promotion program by this means should be given an opportunity to do so.

As noted in the Senate report on S. 2484, the policy of Congress has been to extend this authority to any commodity for which action is generally supported.

Mr. Chairman and members of the subcommittee, the Agricultural Marketing Agreement Act of 1937 now includes papayas among those commodities to which marketing orders may be applied. However, currently there is no order in effect for papayas. The only change that would be effected by H.R. 11089 would be to include papayas among those commodities for which paid advertising would be permitted.

Mr. Chairman, the papaya is an important staple fruit in most tropical countries. It is particularly important to the economy of Hawaii. It is a delicious, nutritious, and healthful dessert and breakfast fruit.

As a matter of fact, while in Hawaii, I have half a papaya every morning, and this is the one fruit which I miss the most.

The goal of the papaya industry is to achieve consumer acceptance of the papaya as a staple commodity such as grapefruit, oranges, and apples.

To achieve widespread consumer acceptance means that the papaya must be marketed in sufficient volume to attain nationwide, or even worldwide distribution. Supply must be sufficient to meet market demand. High and consistent product quality must be obtained. It must be priced competitively and sales must be supported by adequate advertising and promotion programs. The provisions of H.R. 11089 would help make that possible.

Papaya production is an important industry in Hawaii. Papaya farm income increased from \$650,000 in 1956 to \$2.47 million in 1969. Since 1960, total production of the fruit has nearly doubled to a record high of approximately 24 million pounds in 1969. Expenditures for items of production and marketing of papayas contribute an additional \$1 million annually to the economy of Hawaii.

Per capita consumption of fresh papaya in Hawaii is about 15 pounds, while on the mainland the per capita figure is only about 0.04 pounds.

Assuming mainland per capita consumption could be increased to only 1 pound, papaya sales could total about 200 million pounds annually. This portends a great future for the industry.

Analyses of processed fruit marketing in the United States reveal that sales of fresh frozen fruit products offer the greatest potential for increased growth.

The expansion of the existing papaya pack of canned nectar, frozen and canned puree, juice and nectar base, and canned balls, chunks and slices will depend largely on the amount of advertising and promotion devoted to the sales of these products.

Mr. Chairman and members of the subcommittee, the provision of H.R. 11089, with respect to paid advertising for papayas, would provide the means through which the papaya industry can grow and prosper in the future.

For the reasons stated, I urge this subcommittee to give H.R. 11089 early favorable consideration.

Thank you very much.

Mr. FOLEY. Thank you very much, Mr. Matsunaga.

Mr. Sisk.

Mr. SISK. Mr. Chairman, I wish to commend my good friend and distinguished gentleman from Hawaii. I join with him in the fact that papayas are indeed a delicious breakfast food which I enjoy.

I also welcome my compatriot on the Rules Committee.

I have no questions of the gentleman. I recognize the importance of having this commodity included. As the gentleman indicated, we have commodities in California which are very important to us.

Mr. MATSUNAGA. I thank the gentleman for his comments.

Mr. FOLEY. Mr. Goodling?

Mr. GOODLING. No questions.

Mr. FOLEY. The Chair appreciates the testimony of the gentleman from Hawaii, and I think his supporting evidence and that of Mrs. Mink will do much to encourage favorable consideration by the subcommittee.

We note, too, that we will hear later from Mr. Nicholson from the Consumer Marketing Service and the legislation has the support of the Department of Agriculture as has been pointed out.

Mr. MATSUNAGA. Mr. Chairman, as you know, I have submitted a letter to the committee written by the mayor of the county of Hawaii, Mr. Shunichi Kimura, and I ask unanimous consent that the letter be inserted in the record.

Mr. FOLEY. Without objection, the letter of the Honorable Shunichi Kimura, the mayor of the county of Hawaii, Hilo, Hawaii, will be included in the record.

Thank you very much, Mr. Matsunaga.

Mr. MATSUNAGA. Thank you, Mr. Chairman.

(The letter follows:)

OFFICE OF THE MAYOR,
Hilo, Hawaii, June 10, 1970.

HON. THOMAS S. FOLEY,
Chairman, Subcommittee on Domestic Marketing and Consumer Relations, House
Committee on Agriculture, Washington, D.C.

DEAR SIR: Please allow me through this means to state my strong endorsement and support of H.R. 11089 and H.R. 11200, which call for the amendment of the Agricultural Marketing Agreement Act of 1937 to authorize marketing agreement providing for the advertising of papayas.

As you will be apprised through other testimony, the Hawaii Papaya Industry Association is applying for a marketing order, which covers research and marketing policies. The Agricultural Marketing Agreement Act of 1937, however, does not allow a marketing agreement for papayas to cover advertising and promotion, which we feel are essential for maximum growth of this industry.

The State of Hawaii and especially the County of Hawaii has benefited from the Papaya Industry's growth from a crop value of \$1,120,000 in 1965 to \$2,470,000 last year. The future growth potential through an expanded mainland U.S. market is many times greater than current levels.

The amendment and marketing order will enhance growth greatly and your committee's favorable action will be greatly appreciated.

Sincerely,

SHUNICHI KIMURA.

Mr. FOLEY. Mrs. Mink, welcome to the subcommittee this morning.

**STATEMENT OF HON. PATSY T. MINK, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF HAWAII**

Mrs. MINK. Thank you very much, Mr. Chairman and distinguished members of the subcommittee.

My distinguished colleague, Mr. Matsunaga, has stated very clearly and succinctly the reasons for the legislation, and I wish to join him in his statement.

In the interest of time, I ask unanimous consent that my statement be included in the record in toto at this point.

Mr. FOLEY. Without objection, it is so ordered.

(The statement follows:)

**STATEMENT OF HON. PATSY T. MINK, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF HAWAII**

Chairman Foley and distinguished members of the Subcommittee, I am delighted to be able to appear before you today in support of legislation to benefit the Hawaii papaya industry.

H.R. 11200, which I am sponsoring, would amend the Agricultural Marketing Agreement Act of 1937 to authorize marketing agreements providing for the advertising of Hawaiian papayas.

The effect of my bill, or H.R. 11089 sponsored by my esteemed colleague from Hawaii, Congressman Matsunaga, or S. 2484, which was passed by the Senate without opposition, would simply be to add papayas to the list of fruit commodities which already enjoy the privilege of industry advertising and promotion.

This is necessary because, while the 1937 Act requires no statutory change for such an industry to agree to function under a Federal marketing order, the Act does specifically list those fruit commodities which may provide for any form of marketing promotion including paid advertising.

Thus it is necessary for each new fruit commodity industry which wishes to be able to jointly promote its products, to obtain an amendment to the Act. That is the purpose of the legislation you are considering today.

This authority has been made available in some of the fruit marketing orders previously put into effect. Advertising projects have been carried out under it for Texas oranges and grapefruit, California nectarines, and Tokay grapes grown in San Joaquin County, California. The trend is toward expanded commodity advertising and promotion in Agriculture, and there is anticipation of increased effort by the fruit and vegetable industries to obtain the means of financing the advertising and promotion of their commodities in the market place.

The result should be a direct benefit to the American consumers, as well as to the commodity industries involved. In Hawaii, for example, we expect to be able to stimulate new markets for our papayas and thus bring a delicious and nutritive new fruit commodity to widespread use in all areas of our Nation.

The United States Department of Agriculture believes that any fruit or vegetable commodity group which actively supports the development of a promotion program by this means should be given an opportunity to do so. Evidence that our papaya industry does desire such a provision is provided in their prepared statement to your subcommittee.

I introduced my legislation after receiving a petition signed by members of the Hawaii Papaya Industry Association representing 80 percent of the annual production of Hawaiian papayas. Subsequently, the producers have been working with the Department of Agriculture toward agreement on a marketing order applicable to the industry.

The anticipated annual cost of this legislation is \$25,000, but the potential value of the market for our papayas is inestimably higher. By 1973, the industry anticipates a 50-percent increase in annual crop value of \$2.3 million.

A report, "Projection for Big Island Agriculture, 1968-1973", was prepared by the Hawaii County Extension Advisory Council and the Hawaii Cooperative Extension Service, showing this projected increase. Such a gain depends, however, on improvements in cultivation and marketing practices. The legislation presently being considered is one important factor in the marketing area.

Mr. Minoru Takehiro, Jr., president of the Hawaii Papaya Industry Association of Hilo on the Big Island of Hawaii, has presented in his statement detailed facts and figures on the size and potential of our papaya industry.

I would like to add one more thing. In the Senate, S. 2484 was amended by the Committee on Agriculture and Forestry by striking the word "Hawaiian" from the title of the bill so that the title will conform to the text of the bill. I would recommend changing the legislation before you to conform with this technical amendment, so that the final bill may more speedily receive congressional approval.

This legislation is not controversial, and I urge its approval by the subcommittee so that the producers of papayas may enjoy the benefits currently enjoyed by producers of other fruit commodities.

Mrs. MINK. In addition, Mr. Chairman, as I noted in my statement, the initiation for the bill in the Congress was a petition which was sent to me and my colleagues in the House and the Senate from the papaya industry.

Mr. Chairman, I would ask unanimous consent that this petition together with the names of all the signatories on the petition be inserted in the record immediately following my statement.

Mr. FOLEY. Without objection, it is so ordered.

May I ask how many signatories there are approximately?

Mrs. MINK. There are 25, Mr. Chairman.

(The letter referred to above follows:)

HILO, HAWAII,
March 19, 1969.

PATSY T. MINK,
House of Representatives, House Office Building,
Washington, D.C.

DEAR MRS. MINK: The growers of Hawaiian papaya are pursuing a Federal Marketing Order for their industry as provided by the Agricultural Marketing Agreement Act of 1937. Should such a petition be made by the Hawaiian papaya growers, they would wish to be eligible to advertise and promote their fruit under the Order. Currently, there is no blanket coverage for all commodities in the Agricultural Marketing Agreement Act permitting "advertising and promotion."

Therefore, the undersigned members of the Hawaii Papaya Industry Association request that you introduce as soon as possible such legislation as may be required to amend the Agricultural Marketing Agreement Act of 1937 to provide eligibility for the advertising and promotion of Hawaiian papaya. The undersigned producers represent 80% of the annual production of Hawaiian papayas.

It is our understanding that hearings are being held currently on several bills relating to similar amendments to the Agricultural Marketing Agreement Act. One of these is Congressman Goodling's, Representative from Pennsylvania, legislation to enable apple growers of the Northeast and Western states to advertise and promote their product.

Respectfully yours,

MINORU TAKEHIRO, JR.,
President, Hawaii Papaya Industry Association.

(This letter was also signed by 24 members of the association. Original copy of the letter may be found in the committee files.)

Mrs. MINK. In addition, Mr. Chairman, I wish to submit for the record a letter dated June 16, 1970, sent to me by Dr. Kenneth K. Otagaki, chairman of the Board of Agriculture for the State of Hawaii.

Mr. FOLEY. Without objection, it will be included.

(The letter referred to above follows:)

STATE OF HAWAII,
DEPARTMENT OF AGRICULTURE,
Honolulu, Hawaii, June 16, 1970.

Hon. PATSY T. MINK,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSWOMAN MINK: This letter is to indicate our support for passage of H.R. 11200 regarding an amendment to the Agricultural Marketing Agreement Act of 1937 to authorize marketing agreements providing for the advertising of Hawaiian papayas.

Hawaii's papaya industry has achieved rapid and sustained growth during the past ten years reaching an annual output of nearly 25 million pounds valued at \$2.5 million.

The Hawaii Papaya Industry Association has recently petitioned the Secretary of Agriculture to conduct Public Hearings in Hawaii for the purpose of establishing a marketing order for Hawaiian papayas. The inclusion of the authority to assess papaya growers for advertising and promotion programs under the terms of the Agricultural Marketing Agreement Act of 1937 will enable the industry to more fully achieve its goals and objectives.

Last year the market for Hawaiian papayas was extended to Japan. This market provides a dynamic new potential to the papaya industry. Aggressive advertising and promotion programs are vital and necessary to insure the development of the Japanese market to its fullest potential. Papaya exports to Japan also help, in a small way, to achieve the Administration's objective of reducing balance of payments' deficits.

Mainland markets currently account for about one-third of annual production. Development of this market also requires aggressive advertising and promotion outlays.

The papaya marketing order combined with advertising and promotion is a vital link to the industry's continued and orderly growth.

The Department of Agriculture is in support of H.R. 11200 and recommends its adoption.

Your cooperation in this matter is greatly appreciated.

With warmest personal regards.

Sincerely,

KENNETH K. OTAGAKI, Ph. D.,
Chairman, Board of Agriculture.

Mrs. MINK. In addition, Mr. Chairman, I have three other letters also endorsing the bill. One is signed by C. Peairs Wilson, dean of the College of Tropical Agriculture, University of Hawaii. I ask unanimous consent his letter be inserted in the record.

Mr. FOLEY. Without objection, it is so ordered.

Mrs. MINK. I also have a letter addressed to me by Andy M. Hayashi, representative of Mr. Papaya Cooperative, dated June 17, 1970, in which he also endorses the passage of the bill, and I ask unanimous consent his letter be inserted.

Mr. FOLEY. Without objection, it is so ordered.

Mrs. MINK. Finally, I have a letter from the Hawaii Papaya Industry Association, signed by Minoru Takehiro, Jr., president, in which he also extends support to the legislation by the association, representing 125 producers and handlers of papaya products in Hawaii, and ask unanimous consent that his letter together with the attached excerpt from "Opportunities for Hawaiian Agriculture," a report by the State of Hawaii Department of Planning and Economic Development, be inserted in the record.

Mr. FOLEY. Without objection, it is so ordered.

(The letters referred to above follow:)

UNIVERSITY OF HAWAII,
COLLEGE OF TROPICAL AGRICULTURE,
June 16, 1970.

HON. PATSY T. MINK,
*Representative from Hawaii,
Congress of the United States,
Washington, D.C.*

DEAR REPRESENTATIVE MINK: It has been brought to my attention that hearings on H.R. 11200, the legislation to authorize marketing agreements providing for the advertising and promotion of papayas, will be conducted in the very near future.

Papaya is one of the major fruit crops produced by small independent farmers in the State of Hawaii and is the main source of livelihood for over 125 farm families in the State. In spite of improved coordination of production and marketing of papayas, periods of surplus occur.

The passage of H.R. 11200 will assist in orderly marketing of papayas thereby stabilizing the income of papaya growers in the State. Passage of this Bill will encourage the orderly growth of the papaya industry in the State.

I, therefore, urge your strong support of the passage of H.R. 11200.

Sincerely yours,

C. PEAIRS WILSON, *Dean.*

MR. PAPAYA COOPERATIVE,
Hilo, Hawaii, June 17, 1970.

HON. PATSY T. MINK,
*Representative from the State of Hawaii,
Congress of the United States,
Washington, D.C.*

DEAR REPRESENTATIVE MINK: I have been informed that hearings on H.R. 11200, legislation to authorize marketing agreements providing for the advertising of papayas, will be conducted soon.

Papaya is the major crop produced in the Puna, Hawaii area and 37 members of the Cooperative depend on papaya for their livelihood. In the past as a result of surpluses, we have had years of low prices.

Over 20 million pounds of papaya are produced in the State of Hawaii and our farmers have the potential of increasing papaya production if there is some assurance of disposing the additional supply through advertising and sales promotion which will be made possible by the passage of H.R. 11200.

Members of the Mr. Papaya Cooperative request your full support in the passage of H.R. 11200.

Sincerely yours,

ANDY M. HAYASHI, *Representative.*

HAWAII PAPAYA INDUSTRY ASSOCIATION,
Hilo, Hawaii, June 16, 1970.

HON. PATSY T. MINK,
*Representative from the State of Hawaii,
Congress of the United States,
Washington, D.C.*

DEAR REPRESENTATIVE MINK: The Hawaii Papaya Industry has grown substantially during the past years. Production has increased steadily and exports to the U.S. Mainland and Japan show great potentials. However, in spite of better coordination of production and marketing, there will continue to be periods of surpluses because of conditions over which the farmers have very little control.

You have before you H.R. 11200, legislation to authorize marketing agreements providing for the advertising of papaya, which will be heard in the very near future. There are over 125 producers and handlers in the Hawaii Papaya Industry Association whose welfare is dependent on the successful marketing of papayas.

Papaya is one of the major fruit crops exported to the mainland and Japan, and has contributed to the economic growth of the State. The passage of this Bill will, no doubt, assure the continued growth of the papaya industry.

On behalf of the members of the Hawaii Papaya Industry Association, I sincerely urge the support of members of Congress for the passage of H.R. 11200.

Sincerely yours,

MINORU TAKEHIRO, JR., *President.*

(Excerpt from "Opportunities for Hawaiian Agriculture," a report by the State of Hawaii Department of Planning and Economic Development)

PAPAYA

THE PRESENT SITUATION

Although papaya is cultivated on all the major islands of Hawaii, the principal commercial producing area is in the Puna District, along the eastern coast of the Island of Hawaii.

Prior to 1956, Oahu was the principal production area in the State. The shift in production to the Island of Hawaii was attributed to (1) the urbanization and high cost of tillable land on Oahu, (2) the severe virus disease problem on Oahu, (3) the availability of low-cost land on Hawaii Island with fairly favorable growing conditions, and (4) the direct jet flights from Hilo to the U.S. mainland.

Total papaya production has nearly doubled from 12.0 million pounds in 1960 to a record high of 23.6 million pounds in 1968. The increase was almost entirely accounted for by the Island of Hawaii, where production increased from 6.5 million to 20.0 million pounds, an increase of more than 200 percent during the same seven-year period. Maui and Oahu witnessed a decline in production.

About one-half of the papaya is sold in the local fresh markets, one third is sold on the Mainland, and the remaining 15 percent is sold to processors. The export market has grown nearly 700 percent from 1.0 million pounds in 1970 to 7.9 million pounds in 1968, while the quantity of papaya sold for processing has remained relatively constant.

Income from sales of papaya has risen from about \$0.7 million in 1960 to \$2.3 million in 1968, fresh weight value at the farm.

The steady increase in production and marketing of papaya during the past few years can be attributed to (1) the establishment of direct air flights out of Hilo at a favorable commodity rate, (2) the use of the hot-water treatment to increase the shelf life of papaya, (3) the reorganization of the State Papaya Industry Association and its effectively coordinated product promotion programs and, to a limited extent, (4) the Papaya Industry and State Department of Planning and Economic Development product promotion programs on the Mainland. These products promotion programs have been important in equalizing the increase in the supply and demand situation.

The papaya industry as of 1968 involved some 120 farms, a 32 percent decrease from 1960 when there were 176 farms. These 120 farms in 1968 harvested papaya from 830 acres of land, 50 percent more than 1960.

GOAL

The industry's goal is to achieve consumer acceptance of the papaya as a staple commodity, such as grapefruit, oranges and apples. This goal, with all of its ramifications and implications, sets a stage for the future programs and plans of the industry.

OBJECTIVES

To achieve widespread consumer acceptance means that the papaya must be marketed in sufficient volumes to attain nationwide, or even worldwide distribution; supply must be sufficient to meet market demand; high and consistent product quality must be obtained; it must be priced competitively; and sales must be supported by adequate advertising and promotion programs.

Local fresh sales are expected to increase at the same rate as population. Processed sales, at first, will remain at the 1968 level of 3.5 million pounds. However, Dole Pineapple Company no longer processing papaya, this demand may decline as much as 60 percent.

Per capita consumption of fresh papaya in Hawaii is about 15 pounds, while on the Mainland, the per capita figure is only .04 pounds.

A major objective is to increase Mainland per capita consumption to one pound by 1990. To reach one pound per person in the next 20 years, current consumption rate of .04 pounds per capita must be increased by 0.048 pounds annually; this is equivalent to expanding total U.S. demand by 9.6 million pounds almost overnight. If this objective is achieved, local producers will have a market capable of absorbing 250,000,000 pounds of papaya annually.

While the above objective may be suitable as an attempt to reach the industry goal, the figures may be ambitious for the local industry, when considering the industry's current growth potential and its resources for market development. A conservative objective to be considered is about one-tenth of the above figure.

This means increasing exports by about one million pounds annually for the next five years and 1.5 million pounds the following 10 to 15 years. By 1990, exports should reach 35 million pounds annually, or an average increase of eight percent annually for the next 20 years.

Based on the eight percent annual increase of exports, no change in demand for processed papaya, and a stable per capita consumption rate in Hawaii, sub-objectives can be identified which will provide for orderly production expansion to coincide with expected market growth.

Total production to satisfy export, local demand and processing demand should be increased from the 24 million pounds in 1968 to 60 million pounds in 1990 or an annual increase in production of about 1.6 million pounds.

Yields should be increased from the current 30,000 pounds per acre to about 40,000 to 45,000 pounds per acre in 1990.

PROBLEMS AND NEEDS

The so-called "papaya replant problem," which is characterized by the failure of papaya plants to grow and produce well when planted consecutively, presents a major obstacle to the future of the industry. None of the current corrective measures to control the replant problem has been economically successful, with the exception of planting new orchards and abandoning the affected fields.

Closely related, and primarily as a result of the replant problem, is the need for additional lands suitable for papaya.

In the Puna District alone, it is estimated that some 4,000 acres of papaya fields have been abandoned due to the replant problem. Currently, industry sources estimate that there are only about 1,000 acres available for planting in the Puna District which have productivity and quality rating equal to present plantings. Based on previous planting schedules, these 1,000 acres will be used up within the next three years. Anticipated future land needs to enable industry expansion will approximate 1 to 2 thousand acres per year.

Labor has been identified as the third most serious problem facing the industry. Growing papaya is a year-round operation which means a year-round labor requirement. At present, there is a critical shortage of labor available to the industry, especially for harvesting.

Government programs for quality standards, marketing orders, marketing research, packing methods, market development, disinfestation, and advertising and promotion have all been effective and useful to the industry. Papaya growers are receptive to a continuation of these government programs of advice and assistance in marketing.

The market for papaya for processing has not represented a growth factor to the papaya industry.

Analyses of processed fruit marketing in the United States reveal that sales of fresh frozen fruit products offer the greatest potential for growth.

The expansion of the existing papaya pack of canned nectar, frozen and canned puree, juice and nectar base, and canned balls, chunks and slices is essential for the orderly growth of the industry. This secondary outlet needs to be developed to assist in disposing of seasonal surplus which may occur and to utilize fruits that are usable but do not meet the requirements for the fresh market.

The lack of available credit to finance industry expansion is a problem. Market development programs and farm expansion require credit which is sometimes difficult to obtain.

SUMMARY OF RECOMMENDATIONS

A continuation and increase in research activities of the College of Tropical Agriculture need to be brought to bear to solve the critical "replant problem," inasmuch as it is the industry's most serious obstacle to continued growth. Once this problem is solved, previously abandoned fields can be reclaimed and the land problem will be minimal. In the meantime, additional research needs to be done to determine what other crops could be planted in the abandoned fields.

Alternate approaches to the replant problem, such as the development of disease resistant strains and grafting, are being investigated. Since no economic solution is currently in sight for the replant problem, the University Land Study Bureau should conduct a study to identify those lands throughout the State that would be suitable for papaya production. Their report should include supplementary information such as availability of water and roads.

A strengthening of the research program to increase the productivity of the existing labor force appears needed. Mechanization of harvesting and picking

operations is viewed as a vital area of research to alleviate the current labor shortage and to increase productivity.

Research should be continued and expanded to develop new processed papaya products and new, more efficient processing methods.

Mrs. MINK. Thank you very much, Mr. Chairman.

Mr. FOLEY. Thank you, Mrs. Mink.

May I ask, am I correct in assuming that the papaya-growing area of the island of Hawaii is represented in Congress by you?

Mrs. MINK. This will be true following the elections this fall. As you know, the Congress 2 years ago required the districting of Hawaii. Up until now we have both run at large.

So, to the extent it is pertinent to this bill, Congressman Matsunaga and myself still represent the area, but following the election and beginning with the 92d Congress, this area, which now is the dominant area which the papaya industry is related to, will be in the Second Congressional District, the district which I hope to be representing.

Mr. FOLEY. Without commenting on the future of Hawaiian politics, I think the chances are very good that will be the case. At the present time, however, both you and Mr. Matsunaga are Representatives at Large and together represent this area?

Mrs. MINK. That is correct, Mr. Chairman.

Mr. FOLEY. I understand there was a shift of production from the island of Oahu to the island of Hawaii.

Mrs. MINK. Yes. As in many other areas, we have been subjected to urbanization and that urbanization has made the pressures for land on the island of Oahu so great that much of our agriculture industry has been moved to the neighboring islands.

The dominant production of papayas now is on the island of Hawaii, where the Papaya Association has representatives.

Mr. FOLEY. Would both you and Mr. Matsunaga comment on this question?

If the subcommittee should give favorable consideration to these bills, in order to expedite its passage there may be a suggestion to report the Senate bill as amended by the House bill. If that happens in the House, it would go directly to the President for signature.

Would either of you have any objection to the committee reporting the Senate bill?

Mr. MATSUNAGA. I would have no objection.

Mrs. MINK. I would have no objection, either, Mr. Chairman.

Mr. FOLEY. Of course, with appropriate reference to the authors in the House, both Mrs. Mink and Mr. Matsunaga.

Mrs. MINK. Yes.

Mr. FOLEY. Mr. Sisk.

Mr. SISK. Mr. Chairman, I have no questions.

I would say again that I appreciate very much our distinguished colleague's comments in connection with this. I surely support the need for the legislation which our two distinguished colleagues are appearing on this morning.

Some 12 or 14 years ago I had my first opportunity to taste a papaya, and I also had to be taught how to pronounce it. I found it to be very delicious. I would certainly think advertising would be helpful although they raise a good many more on the mainland than they did at that time.

I might say at the same time I had the distinguished honor and pleasure of meeting the distinguished gentlewoman from Hawaii for the first time.

Mr. FOLEY. Mr. Goodling.

Mr. GOODLING. Thank you, Mr. Chairman.

I think it would be in order for me to thank Mrs. Mink for the samples sent to my office last week. Frankly, I haven't had a chance to try them. I have them in the refrigerator and I hope to do that today or tomorrow.

I have to admit my ignorance when it comes to the papaya plant. Is it a tree or a bush?

Mrs. MINK. It is a tree, sir.

Mr. GOODLING. A tree?

Mrs. MINK. Yes.

Mr. GOODLING. One of the papers here says there is a replanting problem. What is the life of the tree?

Mrs. MINK. Apparently they are able to get only two or three replants in the same locale and they must necessarily move to another area.

Our Department of Agriculture is studying and doing research on this problem. The tree life itself, I think, extends about 2 or 3 years, unless my colleague has better information.

It is yielding fruit all year round and requires picking the full 12 months of the year. As the fruits ripen on the tree, the fruits develop higher and higher and become less and less economical to retrieve, and this is one of the reasons that a replant program becomes necessary as the tree extends taller and taller.

Mr. GOODLING. And the life of the tree is only 2 or 3 years?

Mrs. MINK. Yes, sir, that is my recollection.

Mr. FOLEY. Thank you very much, Mrs. Mink and Mr. Matsunaga. We appreciate your testimony this morning. You have been very helpful to the subcommittee in setting forth not only your pronounced and articulate support of this legislation, but by inclusion in the record of the apparently unanimous feeling in the papaya-producing industry in Hawaii that this legislation should be passed.

Mrs. MINK. Thank you very much, Mr. Chairman.

Mr. MATSUNAGA. Thank you, Mr. Chairman.

Mr. FOLEY. The next witness will be Mr. Paul A. Nicholson, the Deputy Director of the Fruit and Vegetable Division of the Consumer and Marketing Service of the Department of Agriculture.

Mr. Nicholson, it's always a great pleasure to welcome you.

**STATEMENT BY PAUL A. NICHOLSON, DEPUTY DIRECTOR OF THE
FRUIT AND VEGETABLE DIVISION, CONSUMER AND MARKETING
SERVICE, U.S. DEPARTMENT OF AGRICULTURE**

Mr. NICHOLSON. Mr. Chairman and committee members, it is a pleasure to be here.

H.R. 11089, H.R. 11200, and S. 2484 are identical bills that would amend section 608c(6)(I) of the Agricultural Marketing Agreement Act to permit a marketing order on papayas to include any form of marketing promotion including paid advertising.

The Department recommends that H.R. 11089, H.R. 11200, and S. 2484 be passed.

The Agricultural Marketing Agreement Act of 1937 currently authorizes paid advertising under marketing orders for several commodities. This authority has been incorporated into some existing marketing orders. Advertising projects have been carried out for such commodities as Texas oranges and grapefruit, California olives and California nectarines. The trend is toward more and more commodity advertising and promotion in the fruit and vegetable industry. Producers and others are searching for a means of financing advertising and promotion programs so as to maintain or advance their position in the marketplace.

The Agricultural Marketing Agreement Act could provide the facility for this purpose. We believe any fruit or vegetable commodity group which actively supports the development of such a program should be given the opportunity to do so.

There is no Federal marketing order currently in effect for papayas. Papayas are produced in Hawaii. The production of papayas is expanding in Hawaii. There is some production in Florida.

It is estimated that the annual costs to the Department for administering each new marketing order that is issued average approximately \$25,000.

The Bureau of the Budget advises that there is no objection to the presentation of this statement from the standpoint of the administration's program.

Mr. SISK. Thank you, Mr. Nicholson, for your statement in support of the Department for the bills pending before the subcommittee. The gentleman from Pennsylvania.

Mr. GOODLING. Thank you, Mr. Chairman.

Mr. Nicholson, you say the annual costs to the Department for administering each new marketing order that is issued is approximately \$25,000. Will you briefly tell us how this \$25,000 is spent?

Mr. NICHOLSON. This is the part that goes to the Department for the administration of marketing orders. We have about 46 marketing orders on fruits and vegetables. This is the cost of those marketing orders on the average. Some cost more and some cost less, Mr. Goodling. It is spent on salaries and travel and paperwork, and that kind of thing.

Mr. GOODLING. The actual advertising and that sort of thing will be left in the hands of the producers, is that correct?

Mr. NICHOLSON. That is correct. There would be an assessment on the handlers handling papayas. This would defray the cost of local administration of the program, including advertising.

Mr. GOODLING. Did you say there are some papayas grown in Florida?

Mr. NICHOLSON. Yes, there are.

Mr. GOODLING. Would the Florida growers be included in this order?

Mr. NICHOLSON. They would not be included in the order that the Hawaiian people are thinking about. It would just be the Hawaiian industry.

Mr. GOODLING. Is there any sizable quantity produced in Florida?

Mr. NICHOLSON. It's not sizable. Our information is that there are about 120 acres commercially in Dade County, which is the southernmost county of Florida. Most of these are marketed within the State, but a few do go as far as New York.

Mr. GOODLING. Do you happen to know if Florida has the same replant problem that they do in Hawaii?

Mr. NICHOLSON. I am not sure, Mr. Goodling. They certainly have this replant problem in Hawaii. I have not read about this problem in Florida. It is true that in Florida the trees don't last long, but it's mostly because they get too tall and they don't produce as much after they get older. They are grown from a seed. Their peak of production starts about 10 months after they are planted. Then they have a year where their peak of production continues and then another year with some production. Commercially, trees are replanted about every 3 years.

Mr. GOODLING. That is all, Mr. Chairman.

Mr. FOLEY. Thank you very much, Mr. Nicholson. We appreciate your testimony and appearance before the subcommittee.

Mr. NICHOLSON. Thank you.

Mr. FOLEY. That concludes the scheduled testimony this morning on pending legislation, H.R. 11089, sponsored by Mr. Matsunaga, and H.R. 11200, sponsored by Mrs. Mink, and consideration by the subcommittee of S. 2484 as passed by the Senate.

Accordingly, the subcommittee will stand adjourned to meet at the call of the chairman.

The Chair wishes to thank the witnesses who have appeared here this morning.

(Whereupon, at 11:10 a.m., the subcommittee was adjourned, subject to the call of the Chair.)

AMENDMENTS TO THE AGRICULTURAL MARKETING AGREEMENT ACT OF 1937

MONDAY, JULY 27, 1970

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DOMESTIC MARKETING
AND CONSUMER RELATIONS OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met at 10 a.m., in room 1302, Longworth House Office Building, Hon. Thomas S. Foley (chairman of the subcommittee) presiding.

Members present: Representatives Foley, Vigorito, Sisk, and Jones of Tennessee.

Also present: Lacey C. Sharp, general counsel; Hyde H. Murray, associate counsel; and Mrs. Christine S. Gallagher, chief clerk.

Mr. FOLEY. The committee will come to order.

The subcommittee meets this morning for the consideration of H.R. 15842 by Mr. Rogers of Florida.

This bill is identical to S. 1862 as originally introduced.

This bill amends section 8c(6)(I) of the Agricultural Adjustment Act of 1937 to add tomatoes to the list of commodities for which paid advertising can be provided in promotional programs under marketing orders. Promotional programs under marketing orders are already authorized, but paid advertising can be included in them only if specifically authorized. At present, paid advertising is authorized for cherries, carrots, citrus fruits, onions, Tokay grapes, fresh pears, dates, plums, nectarines, celery, sweet corn, limes, olives, pecans, and avocados. This bill would add tomatoes to the list.

(H.R. 15842, introduced by Mr. Rogers of Florida and the Department's report follow:.)

[H.R. 15842, 91st Cong., second sess.]

A BILL To amend section 8c(6)(I) of the Agricultural Marketing Agreement Act of 1937 to permit projects for paid advertising under marketing orders applicable to tomatoes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8c(6)(I) of the Agricultural Adjustment Act of 1933, as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, is amended by striking out "or avocados" in the proviso, and inserting in lieu thereof "avocados, or tomatoes".

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., July 24, 1970.

Hon. W. R. POAGE,
*Chairman, Committee on Agriculture,
House of Representatives.*

DEAR MR. CHAIRMAN: This is in response to the request of your Committee for a report on H.R. 15842, a bill to amend Section 8c(6)(I) of the Agricultural Marketing Agreement Act of 1937. This proposal would authorize marketing

promotion including paid advertising under marketing orders applicable to tomatoes.

The Department recommends that this bill be passed.

Many fruit and vegetable industry groups believe that market promotion including advertising will increase the demand for their commodity, and that promotion and advertising are essential to maintain or improve their position in the marketplace. The Agricultural Marketing Agreement Act currently authorizes marketing promotion as well as advertising projects for a number of commodities. The Department supports the extension of the promotion and advertising authority to tomatoes as contemplated by H.R. 15842.

There are two Federal marketing agreement and order programs now in effect for tomatoes, one for tomatoes grown in Florida and the other for tomatoes grown in the Lower Rio Grande Valley in Texas. If this bill were enacted into law, these groups would be able to take advantage of advertising programs for tomatoes.

The expense of any advertising program would be paid from funds collected pursuant to the marketing order. It is expected that there would be few, if any, additional costs to the Department except those for marketing order amendment proceedings which amount to about \$7,500 for each proceeding. Any such additional administrative costs would be absorbed within existing appropriations with respect to these programs.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

J. PHIL CAMPBELL,
Acting Secretary.

Mr. FOLEY. We are very pleased this morning to welcome before the subcommittee the distinguished gentleman from Florida, the author of the legislation, Mr. Rogers, to hear your testimony. We will be happy to hear from you at this time because I know you have another commitment in one of your committees.

**STATEMENT OF HON. PAUL G. ROGERS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF FLORIDA**

Mr. ROGERS. Thank you, Mr. Chairman. I shall take just a moment.

I am grateful to you for scheduling these hearings because it is important to the producers of tomatoes.

There is unanimous agreement really for this provision in our area and, as I understand it, Mr. Chairman, in Texas, too.

It does have to have a two-thirds vote, as this committee knows, to be activated, and the Secretary must approve. He can include tomatoes with other products and this committee already is authorized to do this.

With the permission of the Chair I would like to file a statement. I believe the committee already has received a statement from the Florida Fruit & Vegetable Association in support of the legislation.

Mr. FOLEY. Yes, we have the statement of Mr. Joffre C. David, secretary-treasurer of the Florida Fruit & Vegetable Association. It will be included in the record and your statement will also be received for the record.

(The statements referred to follow:)

**STATEMENT OF HON. PAUL G. ROGERS, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF FLORIDA**

Mr. Chairman, I appreciate very much having the opportunity to appear before the Committee to present my views in support of H.R. 15842, a bill to amend the Agricultural Marketing Agreement Act of 1937 to permit projects for paid advertising under marketing orders applicable to tomatoes.

This bill is identical to S. 1862, introduced in the Senate by the Honorable Spessard Holland and which passed that body on January 30, 1970. The Senate had passed this legislation as Title II of S. 1811 in October, 1969, but although there was no objection to the tomato provisions of that legislation, there was objection to the potato provisions of that bill and it was rejected by the House on November 12, 1969.

This bill, H.R. 15842, would add tomatoes to the list of commodities for which paid advertising can be provided in promotional programs under marketing orders. Promotional programs under marketing orders are already authorized, but paid advertising can be included in them only if specifically authorized. At the present time, paid advertising is authorized for cherries, carrots, citrus fruits, onions, Tokay grapes, fresh pears, dates, plums, nectarines, celery, sweet corn, limes, olives, pecans and avocados.

Before an order can be issued, hearings are held, and all its terms must be approved by the Secretary of Agriculture and by two-thirds in volume or number of the producers.

The Department of Agriculture, in its departmental report to the Senate Committee, recommended that this legislation be enacted, and I understand that the Department's position has not changed.

There are currently two Federal marketing agreement and order programs in effect for tomatoes, one for tomatoes grown in Florida and the other for tomatoes grown in the Lower Rio Grande Valley in Texas. If this legislation is enacted into law, these groups would be able to take advantage of advertising programs.

Thank you again, Mr. Chairman and members of the Committee, for providing this opportunity to appear before the Committee.

STATEMENT OF JOFFRE C. DAVID, SECRETARY-TREASURER, THE FLORIDA FRUIT & VEGETABLE ASSOCIATION

My name is Joffre C. David, Secretary-Treasurer and General Manager of this Association of Florida agricultural producers which comprises over 4,000 growers and shippers of fruits, vegetables and sugar cane who produce a majority of the volume of these crops of which tomatoes is one of the larger among the vegetables. My qualifications concerning the subject of this legislation date to the initial efforts of this Association which were made in obtaining this provision in the Marketing Agreements Act of 1937 (as amended) for many other commodities. In my present capacity with the Association, I have been vested with the responsibility of representing the interests of our membership in the Florida Tomato Industry in this matter.

BASIS FOR SUPPORT OF H.R. 15842

At their meeting on March 18, 1969, it was the unanimous request of the Florida Tomato Committee that the Florida Fruit & Vegetable Association be requested to work with the tomato industry in securing an amendment to Section 8(c)(6)(I) of the Agricultural Marketing Agreement Act of 1937 (as amended) to include tomatoes among the already existing list of commodities which permits projects for paid advertising under marketing orders.

On April 1, 1969, I conveyed this request to Senator Spessard L. Holland who introduced S. 1862 on April 18, 1969. On October 16, 1969, this amendatory provision passed the Senate as a rider on a bill which failed to pass the House.

On January 20, 1970, I asked Congressman Paul G. Rogers to introduce H.R. 15842 which is identical to S. 1862 and supported my request with references to the enactment of similar legislation in the 89th Congress and the legislative history of these amendments which showed that this type of legislation had never been controversial and as such was not at the present time since we also had to support from tomato producers of Texas who endorsed our request and of which there are letters of record in the files of the House Committee on Agriculture.

On January 30, 1970, Senator Holland brought forth S. 1862 before the Senate where it passed without being a part of any other bill.

In view of the foregoing, we urge your Committee to favorably report the subject bill so that it may be adopted by the House and, therefore, be enacted as soon as possible since our tomato industry under their existing marketing agreement and order program may wish to consider the use of this provision during the coming Florida tomato season.

Mr. FOLEY. Are you satisfied, Mr. Rogers, that the tomato-producing industry of your State is behind this legislation and there is no substantial opposition to it?

Mr. ROGERS. Yes, I am very much assured of that. In fact, the statement of the fruit and vegetable people was unanimous, so they are very much in accord. They will be given the opportunity to express themselves if this bill passes.

This bill has passed the Senate in January of this year.

Mr. FOLEY. The legislation was introduced by Senator Holland.

Mr. ROGERS. That is correct; yes, sir.

Mr. FOLEY. Questions?

Mr. VIGORITO. No questions.

Mr. SISK. In order to get straight what the other body has done in connection with this, I would like to ask my colleague from Florida one question. S.1862, which was Senator Holland's bill—did that pass the Senate in February of this year?

Mr. ROGERS. January of this year, Mr. Sisk.

Mr. SISK. Previous to that—

Mr. ROGERS. They had included a potato and tomato bill. That was rejected because of the potato provisions. There was some objection to potatoes at that time.

Mr. SISK. This is why I was inquiring. We passed out of the committee a bill identical to that for potatoes. It went to the floor and it was defeated in the Rules Committee, and the bill was not taken up.

Mr. MURRAY. It was rejected on the floor. It was considered under the regular order and it was defeated.

Mr. SISK. I was under the impression it was on a procedural question rather than direct vote.

Anyway, the question is this: At some point they did pass both tomatoes and potatoes together in a bill in the Senate. Is that right?

Mr. ROGERS. S. 1181?

Mr. SISK. Yes.

Mr. ROGERS. This is possible. I am not sure of that. I know an identical bill to this one passed the Senate in January. They may also have passed another. I don't know.

Mr. MURRAY. I think we can help clarify it, Mr. Chairman, with the fact that S. 1181, which sets up this potato marketing order system exclusively for research and promotion, is separate and apart from the 1937 act. It also contains a provision which is an amendment to the 1937 act dealing with tomatoes, adding them to the list of commodities which can have checkoffs for advertising and promotion activities in conjunction with regular marketing orders.

Although both potatoes and tomatoes are included in the area of marketing order checkoff programs, they are under different statutes and bills. The tomato provision was passed as an amendment to the 1937 act and that is the same way that Mr. Rogers' bill is drafted, as an amendment to the 1937 act.

Mr. ROGERS. Yes.

Mr. SISK. I have no objection to the tomato bill. I am for it because, as you know, we have a number of these and they are excellent. I believe we should have the same thing for potatoes. My question went only to the fact that I felt these two probably should be combined. I

do not want to endanger the gentleman's bill. I wanted clear exactly what the Senate had done because we have two Senate bills.

Counsel has explained what actually happened in connection with this S. 1181.

That is all, Mr. Chairman.

Mr. JONES. I have no questions.

Mr. FOLEY. I might mention that the committee has been advised that a bill to include lettuce was introduced last week by Mr. Talcott, of California. I believe there is another one pending for peaches.

Mr. MURRAY. That is right.

Mr. FOLEY. I will say to the gentleman from Florida that the subcommittee will have to consider what action to take with respect to these other commodities at the time it brings up the tomato legislation.

I do not want to delay the gentleman's pending engagement before his other committee. We deeply appreciate his appearance and statement today.

Mr. ROGERS. I am grateful to the subcommittee for considering this legislation.

Thank you.

Mr. FOLEY. The next witness will be Floyd F. Hedlund, Director, Fruit and Vegetable Division, Consumer and Marketing Service, U.S. Department of Agriculture.

STATEMENT OF FLOYD F. HEDLUND, DIRECTOR, FRUIT AND VEGETABLE DIVISION, CONSUMER AND MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. HEDLUND. Thank you, Mr. Chairman.

H.R. 15842 would amend section 608c(6)(I) of the Agricultural Marketing Agreement Act of 1937 to permit a marketing order on tomatoes to include any form of marketing promotion including paid advertising.

The Department supports H.R. 15842 and recommends enactment.

Agricultural producers have shown an increasing interest in the use of trade promotion and advertising in the marketing of their crops. They believe such activities are essential if they are to maintain or improve their position in the marketplace. Commodity groups are searching for ways of financing these promotional efforts. The Agricultural Marketing Agreement Act could provide the facilities for this purpose. We believe that any fruit or vegetable group that actively supports the development of a promotion program by this means should be given the opportunity to do so.

The act currently authorizes paid advertising under marketing orders for several commodities. This authority has been incorporated into several existing marketing orders. Advertising projects have been undertaken for a number of commodities.

A marketing order program is currently in effect for tomatoes grown in Florida, and another for tomatoes produced in the Lower Rio Grande Valley of Texas. If H.R. 15842 is enacted into law, either or both of these marketing orders could be amended to take advantage of the authority to advertise tomatoes. The cost of the advertising program would be assessed on handlers under the order.

It is estimated that the cost to the Department for amending an existing marketing order is approximately \$7,500. Any other costs

to the Department would be absorbed within existing appropriations with respect to such programs.

The Office of Management and Budget advises that there is no objection to the presentation of this statement from the standpoint of the administration's program.

Mr. FOLEY. Thank you, Mr. Hedlund.

Mr. VIGORITO. I have no questions.

Mr. SISK. I would like to explore with Mr. Hedlund the idea which has been raised by our chairman this morning in regard to the fact there are several bills.

As the gentleman knows, we have had a number of bills passed and authority for this granted.

What do you see is the problem in connection with general legislation in this area? Are there basically problems if, for example, Congress saw fit to pass general legislation which would permit promotion and advertising in connection with any commodity operating under a marketing order?

Mr. HEDLUND. This question of advertising of agricultural commodities has been discussed and considered for many years. May I say that there is not unanimous agreement that advertising is necessarily the answer to some of our marketing problems. I think that is the reason these are taken commodity by commodity, in order to get through a program to advertise a particular commodity without opening up the thing to all commodities. I do not think I am prepared to say what the answer of the Department would be as to whether we would favor this for all commodities.

The Department's position has been to favor it for those commodities which have come along item by item.

Mr. SISK. In fairness to the witness let me say that I did not mean to put you on the spot in connection with the position of the Department. I recognize there has been no other request or pending legislation in this direction. Some of us have discussed it and felt that in view of the fact it is only permissive and has to be adopted by two-thirds of a given commodity group; is that right?

Mr. HEDLUND. Absolutely.

Mr. SISK. Therefore, even general legislation which would be permissive would not be imposing it upon any commodity or any group or any other marketing group which did not desire to have this.

Again I am not attempting to argue with the witness. I thought there might be some problems in connection with general legislation which had not occurred to me and perhaps you might be aware of those as to the reasons why we should not even consider that as a proposal. That is the reason I raised the question.

Mr. HEDLUND. I don't know of any specific problem that would bar consideration of the whole thing on a permissive basis.

Mr. SISK. We are faced with that situation in one of the basics today, and I refer to cotton which is involved in a bill which we are hoping to work on shortly. To me this is the only answer unless the cotton people themselves in some way can bring about a manner to raise substantial promotion research funds, to get out and prove that economically they can beat competition in the world market as well as in the domestic market, in competition with other kinds of fibers. I think we are seeing the end of cotton as a basic American commodity.

Again that is not exactly on this subject but I wanted to raise it.
Mr. FOLEY. Mr. Jones?

Mr. JONES. I have no questions.

Mr. FOLEY. Mr. Hedlund, to amplify the question of Mr. Sisk more directly, is it not true that we have had two somewhat different types of legislation presented in the advertising field—the first are the amendments to the 1937 act which authorized paid advertising for existing marketing orders and somewhat separate proposals, as the one enacted for cotton and the other proposed for potatoes, which do not rely on marketing orders as a base but would provide a mechanism for advertising through national referendum of producers?

Mr. HEDLUND. Yes, Mr. Chairman; that is true. What we are discussing here today is an amendment to the Agricultural Marketing Agreement Act to authorize advertising. That is quite a different piece of legislation from the potato bill. The potato bill proposes a separate statute to set up a marketing order for the specific purpose of promotion of potatoes. It does nothing else and it has some different terms in it from the Agricultural Marketing Agreement Act of 1937.

Mr. FOLEY. I wanted the record to show I am strongly in favor of potato legislation. I was when it was before the House and I still am.

There is one other major difference which I recall in the two specific approaches, and that is that under the potato legislation proposed and under the existing public law affecting cotton, the producers have an option to obtain the refund of their contribution, which is not true under the marketing order legislation such as we have today. Is that correct?

Mr. HEDLUND. That is correct, Mr. Chairman. Under the potato proposal the assessment is on the producer, and the producer has an opportunity to get his money back. However, under the Agricultural Marketing Agreement Act of 1937 the assessment is on the handler, and the handler does not have an opportunity to get his money back.

Mr. FOLEY. Nor has the producer any way of getting contributions back or have it adjusted into the price.

Mr. HEDLUND. He does not have an opportunity to get his money back.

Mr. FOLEY. If there are no further questions we always appreciate your appearance and helpful testimony, Mr. Hedlund. If you would remain for just a few minutes the committee might have some additional questions.

Mr. HEDLUND. Thank you.

Mr. FOLEY. The last scheduled witness this morning is Mr. A. E. Mercker, the executive secretary, Vegetable Growers Association of America, Washington, D.C.

STATEMENT OF A. E. MERCKER, EXECUTIVE SECRETARY, VEGETABLE GROWERS ASSOCIATION OF AMERICA

Mr. MERCKER. Thank you, Mr. Chairman. H.R. 15842 would amend section 608c(6)(I) of the Agricultural Marketing Agreement Act to permit a Federal marketing order on tomatoes to include any form of marketing promotion including paid advertising.

Many retail grocery stores now stock 7,000 to 8,000 items. Trade reports indicate that before long the number of items may increase to 10,000. Competition for the food dollar is increasingly intensive,

and more and more commodity advertising can be expected. The fresh-tomato industry will have to work diligently just to maintain its current position in the food market.

I believe that the objectives of H.R. 15842 would benefit the tomato industry. At the very least, this resolution would help to maintain if not advance the position of fresh tomatoes in food markets. Although directed at tomato-producing areas covered by a Federal marketing order, H.R. 15842 likely would benefit all of the Nation's tomato growers. Currently about a third of the U.S. fresh-tomato crop is produced in Florida and south Texas, which are the only producing areas with a Federal marketing order.

In the 1959 census of agriculture, tomato production was reported on 67,262 farms. In the 1964 census there were 37,073 farms. I expect a sharp drop compared with 1964 in the number of tomato farms reporting in the 1969 census. Nevertheless, 28 States produce tomatoes for fresh marketing, according to reports of the Statistical Reporting Service, U.S. Department of Agriculture.

In 1969 these States harvested 149,300 acres of fresh tomatoes. Average yield was 132 hundredweight, and the aggregate production was 19.6 million hundredweight. The average shipping-point price was \$11.40 per hundredweight, and total crop value at shipping point was \$223,719,000. The value of the fresh tomato crop exceeds that for all other fresh vegetables except lettuce.

The average annual retail price for fresh tomatoes in 1969 was 42.1 cents per pound, according to records maintained by the Bureau of Labor Statistics (BLS). The BLS price per pound applied to the national fresh output indicates that retail sales of fresh tomatoes in 1969 amounted to approximately \$825 million.

Florida and south Texas fresh-tomato crops, as mentioned heretofore, are now covered by a Federal marketing order. In 1969 fresh-tomato production in Florida was 6.2 million hundredweight, almost 32 percent of the U.S. total crop. The entire Texas production in 1969, including some production not covered under the marketing order, was 473,000 hundredweight, or 2.4 percent of the U.S. total crop. California and Florida, in that order, lead in fresh-tomato output. California produced about 35 percent of the 1969 U.S. total crop.

Although H.R. 15842 would not affect tomatoes for processing, the committee may be interested in the magnitude of the tomato crop for processing. In 1969 tomato acreage harvested for processing amounted to 271,190 acres, total production was 98.6 million hundredweight, and raw-tomato value at the processing plant delivery door was \$171 million.

Currently there are 1,500 acres of land in the United States covered with greenhouses for the production of tomatoes, bib and leaf lettuce, cucumbers, watercress, and radishes, producing 240 million pounds, which generate \$60 million annually to our economy. Tomatoes are the leading crop and are generally grown to perfection. They are available almost the entire year. Any advertising would help these products.

The preservation of a viable fresh-tomato industry is of weighty consequence to our Nation's 205.4 million consumers. USDA estimates that per capita use of fresh tomatoes originating on commercial

farms is about 12 pounds. In addition, per capita consumption of home-produced or garden tomatoes runs about 16 pounds. Tomatoes, in processed forms, including tomatoes as tomato catsup, paste, sauce, and juices, amounts to another 20.3 pounds per capita.

We are all aware that the national interest is becoming increasingly focused on alleged nutritional deficiencies in the American diet. A wider use of fresh tomatoes in our diets would be highly beneficial.

A report of the Agricultural Research Service shows that one pound of fresh tomatoes contains about 100 calories; preparation loss is minimal. Also, fresh tomatoes contain measurable amounts of protein, fat, carbohydrates, calcium, phosphorus, iron, sodium, potassium, vitamin A, thiamine, riboflavin, niacin, and ascorbic acid. In the scheme of human nutrition, tomatoes truly are a blessing.

H.R. 15842 provides a means by which tomato growers can help themselves. To permit the tomato marketing order to include any form of marketing promotion including paid advertising likely would enhance sales of tomatoes which contribute so importantly to the American diet.

On behalf of the Vegetable Growers Association of America, which was formed in 1908, we strongly endorse that the committee consider favorably this bill. I want to thank the committee for the opportunity to present this testimony and trust that our views will be given due consideration.

Mr. FOLEY. Thank you very much, Mr. Mercker. We appreciate your testimony.

Mr. Vigorito?

Mr. VIGORITO. I have no questions.

Mr. SISK. I have no questions.

Mr. JONES. I have no questions.

Mr. FOLEY. Thank you very much.

Mr. MERCKER. I thank you very much.

Mr. FOLEY. That concludes the scheduled witnesses for this morning's hearings.

The Chair, without objection, has included for the record a statement received from Joffre C. David, secretary-treasurer of the Florida Fruit & Vegetable Association, Orlando, Fla., in support of the legislation.

The Chair wishes to express its appreciation to the witnesses and others in attendance this-morning. The Chair wants to recognize the presence of Doyle Burns, the executive secretary of the National Potato Council.

At this point the Chair would like to ask the members to remain briefly for a short executive hearing. Accordingly the Subcommittee on Domestic Marketing and Consumer Relations will stand adjourned to meet at the call of the Chair.

(Whereupon, 10:35 a.m., the hearing adjourned.)

AMENDMENTS TO THE AGRICULTURAL MARKETING AGREEMENT ACT OF 1937

MONDAY, AUGUST 3, 1970

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DOMESTIC MARKETING
AND CONSUMER RELATIONS OF THE
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m. in room 1302 Longworth House Office Building, Hon. Thomas S. Foley (chairman of the subcommittee) presiding.

Present: Representatives Foley, Sisk, Jones of Tennessee, and Goodling.

Also present: Mrs. Christine S. Gallagher, chief clerk; and Lacey C. Sharp, general counsel.

Mr. Foley. The Subcommittee on Domestic Marketing and Consumer Relations will come to order.

The subcommittee meets this morning for the consideration of two bills, H.R. 18272, by Mr. Sisk of California, and H.R. 18560, by Mr. Talcott of California. The purpose of H.R. 18560 by Mr. Talcott is to amend section 8c(6)(I) of the Agricultural Marketing Agreement Act to permit projects for paid advertising under marketing orders applicable to lettuce.

This morning we will first consider H.R. 18272 by Mr. Sisk, of California, to add California-grown peaches as a commodity eligible for any form of promotion, including paid advertising, under a marketing order.

(H.R. 18272, introduced by Mr. Sisk, and the Department's report, follow:)

[H. R. 18272, 91st Cong., 2d sess.]

A BILL To add California-grown peaches as a commodity eligible for any form of promotion, including paid advertising, under a marketing order

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the proviso at the end of section 8c(6)(I) of the Agricultural Adjustment Act (as reenacted by the Agricultural Marketing Agreement Act of 1937, and as subsequently amended (7 U.S.C. 608c(6)(I)), is hereby amended by inserting "California-grown peaches" immediately after "applicable to cherries."

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., August 3, 1970.

Hon. W. R. POAGE,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR MR. CHAIRMAN: This is in response to a request from your committee for a report on H.R. 18272, a bill to amend section 8c(6)(I) of the Agricultural

Marketing Agreement Act of 1937, as amended, to add California-grown peaches as a commodity eligible for any form of promotion, including paid advertising, under a marketing order.

The Department favors enactment of H. R. 18272.

This bill would permit marketing orders for California-grown peaches to include provision for promotional activities, including paid advertising, and to collect assessments from handlers to pay the costs thereof. The act currently contains authority to permit such activities, including paid advertising for several commodities. This authority has been made available in some of the fruit marketing orders. Advertising projects have been carried out under it for such fruit commodities as Texas oranges and grapefruit, and California olives and nectarines. The trend is toward expanded commodity advertising and promotion in agriculture. We anticipate increased effort by the fruit and vegetable industries to obtain the means of financing the advertising and promotion of these commodities in the marketplace. The Agricultural Marketing Agreement Act could provide the facility for this purpose. We believe any fruit or vegetable commodity group which actively supports the development of a promotion program by this means should be given an opportunity to do so.

It is estimated that the cost to the Department of each new marketing order that is issued averages about \$25,000. The cost of promulgation proceedings involving the amendment to an existing order varies with the size and complexity of the program. The promulgation costs contemplated by this proposal are estimated to be about \$7,500 for an amendment proceeding.

The Office of Management and Budget advises there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

J. PHIL CAMPBELL,
Under Secretary.

Mr. FOLEY. The first witness this morning testifying on H. R. 18272 by Mr. Sisk will be Mr. Floyd Hedlund, director of the Fruit and Vegetable Division of the Consumer and Marketing Service, U. S. Department of Agriculture.

STATEMENT OF FLOYD F. HEDLUND, DIRECTOR, FRUIT AND VEGETABLE DIVISION, CONSUMER AND MARKETING SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. HEDLUND. Thank you, Mr. Chairman. My name is Floyd F. Hedlund, director of the Fruit and Vegetable Division, Consumer and Marketing Service, U. S. Department of Agriculture.

H. R. 18272 would amend section 608c(6)(I) of the Agricultural Marketing Agreement Act of 1937 to permit a marketing order on California-grown peaches to include any form of marketing promotion, including paid advertising.

The Department favors H. R. 18272 and recommends enactment.

The Agricultural Marketing Agreement Act of 1937 currently authorizes paid advertising under marketing orders for several commodities. This authority has been incorporated into some existing marketing orders. Advertising projects have been carried out for a number of commodities. The trend is toward more and more commodity advertising and promotion in the fruit and vegetable industry. Producers and others are searching for a means of financing advertising and promotion programs so as to maintain or advance their position in the marketplace. The Agricultural Marketing Agreement Act could provide the facility for this purpose. We believe that any fruit or vegetable commodity group which actively supports the development of such a program should be given the opportunity to do so.

There currently is a Federal marketing order in effect for the Elberta varieties of peaches grown in California. This order provides

for regulation of grade, size, quality, maturity, or pack of any such varieties. Also, it provides for regulating the containers that may be used in the packaging or handling of Elberta peaches, and for the establishment of research and development projects designed to assist, improve, or promote the marketing, distribution, and consumption of peaches. This latter provision does not authorize the expenditure of funds for paid advertising nor does the statute so permit.

This bill would enable the California peach industry to undertake an advertising program for California-grown peaches under a Federal marketing order program. Of course, any such proposal must be considered at a public hearing and approved by two-thirds of the producers involved before it could become effective.

In addition to the Federal marketing order on California Elberta peaches, separate Federal marketing orders cover the handling of fresh peaches grown in Colorado, Georgia, Washington, and Utah. However, promotional activity for peaches grown in these States, with the exception of Utah, is presently carried out under State authority. Promotional activities for California fresh peaches are currently undertaken pursuant to a California State marketing order.

It is estimated that the cost to the Department of each new marketing order that is issued averages about \$25,000 a year. The cost of promulgation proceedings involving the amendment to an existing order is estimated to be about \$7,500 for an amendment proceeding.

Thank you, Mr. Chairman.

Mr. FOLEY. Thank you very much, Mr. Hedlund. Mr. Sisk?

Mr. SISK. Mr. Chairman, I have no questions. I want to express appreciation to my friend, Mr. Hedlund. I appreciate his being down here at regular intervals in support of these bills. That is all, Mr. Chairman.

Mr. FOLEY. Mr. Jones?

Mr. JONES of Tennessee. Mr. Chairman, I am a little bit late but I would like to also express my appreciation to Mr. Hedlund.

Mr. FOLEY. Thank you. Mr. Hedlund, would you repeat the distinction that you explained between the California marketing orders and the orders for Utah, Colorado, Washington, and so related States?

Mr. HEDLUND. In California you have a Federal marketing order that covers only the Elberta varieties of peaches. It does not include promotion and, of course, can't include advertising. Now, in addition to that, California has a State marketing order under which they currently carry on promotion and advertising activities.

Mr. FOLEY. Is that State marketing order for other types of peaches, the cling type as well as Elberta?

Mr. HEDLUND. I believe it covers all fresh peaches. The cling variety is almost completely processed. In the State of Washington we have a Federal marketing order covering the handling of fresh peaches. It does not, of course, include advertising. Under the Washington State Fruit Commission they carry on promotion programs on peaches under that State authority. The same is true in the State of Georgia.

In Colorado they have a State marketing order that covers promotion activities on peaches alongside a Federal marketing order that regulates the handling of fresh peaches in interstate commerce. Those two orders in Colorado work hand in hand, and the same committee operates both programs.

In the State of Utah the Federal marketing order is currently inoperative and there is no State program on peaches.

Mr. FOLEY. In the States of Colorado, Washington, and Utah, and possibly others, theoretically it would be possible to amend the marketing order authority to permit paid advertising and promotion under existing marketing order authority; is that correct?

Mr. HEDLUND. Yes, that is true if this legislation became effective, this legislation you are considering today.

Mr. FOLEY. Well, this legislation is limited, as I understood it, to California marketing orders.

Mr. HEDLUND. I am sorry; I meant, if it were expanded to include other States, that is true.

Mr. FOLEY. Similar legislation?

Mr. HEDLUND. That is right.

Mr. FOLEY. Thank you very much.

If there are no other questions, Mr. Hedlund, we will excuse you on this bill but hold you in readiness for the next bill.

Mr. HEDLUND. Thank you.

Mr. FOLEY. The next legislation to come before the subcommittee will be H.R. 18560 by Mr. Talcott of California, to permit projects for paid advertising under marketing orders applicable to lettuce.

(H.R. 18560, introduced by Mr. Talcott and the Department's report follow:)

[H. R. 18560 91st Cong., second sess.]

A BILL To amend section 8c(6) (I) of the Agricultural Marketing Agreement Act of 1937 to permit projects for paid advertising under marketing orders applicable to lettuce

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8c(6)(I) of the Agricultural Adjustment Act of 1933, as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, is amended by striking out "or avocados" in the proviso, and inserting in lieu thereof "avocados, tomatoes, or lettuce".

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., August 3, 1970.

HON. W. R. POAGE,
Chairman, Committee on Agriculture, House of Representatives.

DEAR MR. CHAIRMAN: This is in response to the July 23 request of your Committee for a report on H.R. 18560, a bill to amend Section 8c(6)(I) of the Agricultural Marketing Agreement Act of 1937. This proposal would authorize marketing promotion including paid advertising under marketing orders applicable to lettuce.

Many groups within the fruit and vegetable industry believe that marketing promotion including advertising will increase the demand for their commodity, and that promotional activities are necessary to maintain or improve their position in the marketplace. The Agricultural Marketing Agreement Act currently authorizes marketing promotion with advertising for a number of commodities. The Department supports the extension of the promotion and advertising authority to lettuce and therefore recommends passage of H.R. 18560.

There currently is a Federal marketing order in effect for lettuce grown in the Lower Rio Grande Valley in South Texas. If this bill is enacted, the industry in that area would be able to take advantage of an advertising program for lettuce. It is estimated that the cost to the Department of a marketing order amendment proceeding averages about \$7,500. The cost of each new marketing order that is issued averages about \$25,000.

In the preamble, this bill purports to apply to lettuce only. However, we note in examination of the text of the bill that tomatoes are also included. The Department has no objection to the inclusion of tomatoes and stated our position in a letter to your Committee on July 24, 1970 on the bill H.R. 15842.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

J. PHIL CAMPBELL,
Under Secretary.

Mr. FOLEY. The Chair is now very happy to recognize the distinguished author of the legislation, the gentleman from California, Mr. Talcott.

**STATEMENT OF HON. BURT L. TALCOTT, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. TALCOTT. Thank you very much, Mr. Chairman. I came prepared today to urge the adoption of my bill but, unfortunately, I have not been able to bring anybody from the lettuce industry in my district here to testify this morning. I think they would like to have an opportunity but the fact of the matter is that we have just gone through a very serious lettuce strike which has really kept everybody in the business occupied in other ways. At this time of the year my district produces about 70 percent of the Nation's head lettuce but we were involved in a strike that has now been settled, at least temporarily settled. However, unfortunately, I haven't had the opportunity to bring somebody from the industry here to testify which I would have liked to have done and which I anticipated doing.

I appreciate having the bill scheduled for today. I appreciate the testimony from the Department and from the Vegetable Growers Association of America. I would like to have their testimony included in the record at this time, if I may, and take their evidence and then at another time have the opportunity to bring someone in from the area. As a matter of fact, the people in the industry from my district would probably like to have somebody from Colorado and Arizona and New Mexico also appear, or at least submit written statements.

Mr. FOLEY. I yield to the gentleman from California.

Mr. SISK. I would like to ask my colleague this question: Is the Department in support of this bill?

Mr. TALCOTT. Yes.

Mr. SISK. The gentleman may have heard if he came in on time that I have a bill on peaches—

Mr. TALCOTT. Yes, sir.

Mr. SISK (continuing). Which does the same thing, and I believe we have possibly another bill on tomatoes which does the same thing. The point I wanted to make was I would assume my colleague is interested in moving the bill along.

Mr. TALCOTT. I am.

Mr. SISK. And, as he knows there are many other commodities where this same authority is granted. Due to the fact that we are right now in the midst of the peach harvest in California my peach people are simply not able to be here. However, I am submitting a statement on their behalf in the hopes that that will conclude the hearing and we can go ahead and move the legislation. All I am saying to my good friend and colleague from California is that, unless these people particularly desire to be heard, I just thought it might expedite the proceedings to move the legislation along.

Mr. TALCOTT. I can tell you I appreciate very much the suggestion. I am only saying this because I don't want to jeopardize anybody else's commodity, peaches or tomatoes, or anything else, with my bill. I don't want my bill, the lettuce bill, to hang up anybody. I came here also this morning to testify or to at least lend my support on behalf of peaches.

Mr. SISK. Is there any objection that you know of from the industry?

Mr. TALCOTT. I know of no objection anywhere.

Mr. SISK. That was the point I was trying to make here.

Mr. FOLEY. The committee had originally scheduled tomorrow for an executive session. It is going to be postponed but we will meet later this week to make a determination on what action should be taken with respect to these various bills. However, we are certainly happy to have your expressed support for the legislation, Mr. Talcott, and if you have any statement you would like to include in the record we would be glad to accept it.

Mr. TALCOTT. I have nothing to add to the statements to be made by the Department and the association, except to add my strong advocacy for this. It is very important to the lettuce industry to be able to advertise and I think they are wise in developing marketing orders.

Mr. FOLEY. We appreciate having your support of the legislation. Are there any questions from any of the members of the subcommittee of Mr. Talcott?

Mr. SISK. I would just say, Mr. Chairman, that I appreciate my colleague's statement and I certainly support his bill. All I was trying to do, and I hope my good friend understands, was to expedite both yours as well as other legislation that is pending. I thank the gentleman for his statement.

Mr. TALCOTT. I understand, and I appreciate it. The only reason I was asking for any delay was just not to jeopardize any of the other bills that might be associated with it for lack of testimony.

Mr. FOLEY. Mr. Goodling?

Mr. GOODLING. Just one question, Mr. Chairman, to either you or the sponsor of the bill. In the title we say "including paid advertising." Is that written into all similar bills?

Mr. FOLEY. Yes; it is standard. Well, we have a kind of class of legislation, of which this is one, which are almost exact in their phraseology except for the substitution of various commodity names, but the phrase "including paid advertising" is standard in this type of legislation.

Mr. GOODLING. That is all, then.

Mr. TALCOTT. One other thought, Mr. Chairman, if I may just take another 30 seconds. One of the witnesses appearing questioned my bill relating to tomatoes. All I was doing was trying to have my bill piggy-backed to the tomato bill so that they could be considered at the same time. I have no reason to support or not support tomatoes.

Mr. FOLEY. Thank you very much, Mr. Talcott.

Mr. TALCOTT. Thank you.

Mr. FOLEY. We will recall at this time Mr. Floyd Hedlund, the Director of the Fruit and Vegetable Division of the Consumer and Marketing Service of the Department of Agriculture. Having gotten you away from the witness table for 5 minutes, Mr. Hedlund, we are

very happy to see you back again. We would be very happy to hear your testimony now with respect to H.R. 18560.

STATEMENT OF FLOYD F. HEDLUND, DIRECTOR, FRUIT AND VEGETABLE DIVISION, CONSUMER AND MARKETING SERVICE, U. S. DEPARTMENT OF AGRICULTURE

Mr. HEDLUND. Thank you, Mr. Chairman.

H.R. 18560 would amend section 608c(6)(I) of the Agricultural Marketing Agreement Act to permit a marketing order on lettuce to provide for any form of marketing promotion, including paid advertising.

The Department recommends passage of this bill.

American farmers have become increasingly sophisticated in their approach to marketing. Promotion has become accepted among many fruit and vegetable growers as a useful measure to help maintain or strengthen demand for their products.

In recent years the Agricultural Marketing Agreement Act has been amended to authorize paid advertising for many fresh fruits and vegetables. This bill would add lettuce to the list. We believe that for the sake of equity as well as for the overall benefit that may be derived any group that actively seeks to develop a promotional program through this means should be permitted to do so.

There is currently only one Federal marketing order in effect for lettuce—that being in the Lower Rio Grande Valley of Texas. The lettuce industry in the West is now considering a marketing order covering lettuce grown in the Western States. Enactment of H.R. 18560 would enable growers in those areas to take advantage of the advertising authority. Any new or amended marketing order can become effective only after a public hearing and approval by two-thirds of the producers involved.

The preamble to this bill refers to lettuce only. However, we note in examination of the text of the bill that tomatoes are also included. The Department has no objection to the inclusion of tomatoes and stated our position in a letter to your committee on July 24, 1970, on the bill H.R. 15842.

Amendment of the existing marketing order for lettuce to provide promotional authority would cost the Department an estimated \$7,500. The average cost of operating a marketing order amounts to approximately \$25,000 a year.

Thank you, Mr. Chairman.

Mr. FOLEY. Thank you, Mr. Hedlund. Mr. Jones?

Mr. JONES. No questions.

Mr. FOLEY. Mr. Goodling?

Mr. GOODLING. Just one question, Mr. Chairman.

Mr. Hedlund, on page 2 of your testimony you say the lettuce industry in the West is now considering a marketing order.

Would this particular bill apply only to lettuce grown in the West?

Mr. HEDLUND. Oh, no; no, sir. This, as I understand it, would apply to lettuce grown anywhere a marketing order was eligible.

Mr. GOODLING. Well, I would hope it would apply everywhere. You more or less indicate here this would be a western bill.

Mr. HEDLUND. No; I mentioned that, Congressman Goodling, because that area is the only one besides the Lower Rio Grande Valley that is now considering a marketing order for lettuce.

Mr. GOODLING. Mr. Chairman, one other question.

If I may return to H.R. 18272, you speak of Elberta peaches only. This would apply to every variety of peaches, would it not?

Mr. HEDLUND. Yes, sir; the proposed bill, H.R. 18272, would apply to all varieties of California-grown peaches.

Mr. GOODLING. Yes.

Mr. HEDLUND. But I mentioned the Elberta peaches as being those that are covered under the current Federal marketing order for California peaches.

Mr. GOODLING. But the new bill would apply to every variety?

Mr. HEDLUND. It would apply to all varieties grown in California.

Mr. GOODLING. Some of us are hopeful we may get away from the Elberta variety. We think we have a little more quality in better varieties than the Elberta.

Mr. HEDLUND. As you know, Congressman Goodling, the trend has been away from Elberta varieties.

Mr. GOODLING. That is all, Mr. Chairman.

Mr. FOLEY. Mr. Hedlund, in your remarks I noticed you said that you believe, speaking for the Department, that any group that wishes to use advertising this way should be permitted to do so. Does that constitute advance approval of general legislation which might be introduced to permit paid advertising under marketing orders?

Mr. HEDLUND. Well, Mr. Chairman, I suppose so. I think our statement said here "to any commodity eligible for a marketing order under this provision of the statute." We weren't presuming to say anything beyond that.

Mr. FOLEY. Thank you very much. Mr. Sisk?

Mr. SISK. No questions, Mr. Chairman.

Mr. FOLEY. Thank you again, Mr. Hedlund. We appreciate your appearance.

Mr. HEDLUND. Thank you.

Mr. FOLEY. The final witness on the schedule this morning will be Mr. A. E. Mercker, the executive secretary of the Vegetable Growers Association of America, Washington, D.C. It is a pleasure to welcome you again, Mr. Mercker.

STATEMENT OF A. E. MERCKER, EXECUTIVE SECRETARY, VEGETABLE GROWERS ASSOCIATION OF AMERICA

Mr. MERCKER. Thank you. Thank you, Mr. Chairman.

H.R. 18560 would amend section 608c(6)(I) of the Agricultural Marketing Agreement Act to permit a Federal marketing order on lettuce to include any form of marketing promotion, including paid advertising.

I believe that the objectives of H.R. 18560 would result in significant benefits to the lettuce industry. The power of advertising is interwoven in the dynamic development of American capitalism which has resulted in a total gross national product beyond the fondest hopes of our Founding Fathers. This is the story about the man and his mule. When asked why he was berating his mule, both vocally and physically, the man replied, "I was just trying to attract his attention." Assuredly,

modern advertising methods are needed to attract more attention to our important lettuce crop.

In the 1959 Census of Agriculture, lettuce production was reported on 7,188 farms. In the 1964 census, there were 4,670 farms reporting. Paralleling trends throughout agriculture, I expect a smaller number of farms reporting lettuce production in the 1969 census. Nevertheless, 17 States produced a commercial volume of lettuce in 1969, according to reports of the Statistical Reporting Service. In 1969, these States combined harvested almost 228,000 acres of lettuce. Average yield per acre was 195 hundredweight, and total production amounted to 44.5 million hundredweight. The average shipping-point value was \$5.42 per hundredweight, and total crop value at shipping point was \$241 million. The shipping-point value of the lettuce crop exceeds that for any other fresh vegetable.

In addition to the commercial production designated above, there is a significant volume of greenhouse lettuce production.

The 1969 average annual retail price for fresh lettuce was 31.1 cents per head about 18 cents per pound—according to the records of the Bureau of Labor Statistics (BLS). The BLS price, applied to the shipping-point tonnage, indicated a total retail sales value in the neighborhood of \$800 million. Thus, if advertising increased lettuce sales by only 1 percent, for example, a potential \$8 million would be added to the lettuce economy.

Production of lettuce is concentrated in California and Arizona. In 1969, California growers produced 65 percent of the U.S. total tonnage, and Arizona 20 percent. Significant commercial volume was harvested also in Colorado, Connecticut, Florida, Hawaii, Massachusetts, Michigan, New Jersey, New Mexico, New York, North Carolina, Ohio, Oregon, Texas, Washington, and Wisconsin.

Lettuce, especially the heading types, thrives on short days and cool nights. Because high temperatures are adverse for lettuce, production is limited to relatively few locations.

There are five types of lettuce: crisphead, butterhead, cos or romaine, leaf or bunching, and stem. The crisphead is more familiarly known as "iceberg." The butterhead type includes Big Boston. Bibb lettuce—butterhead type—is small and cup-shaped, about twice the size of a tulip. Elongated head lettuce is grouped under the cos or romaine type.

Cultivated lettuce is believed to be native to the Mediterranean and Near Eastern countries, and to have been cultivated for more than 2,000 years. Its popularity continues into the 1970's. Per capita use of lettuce and escarole has been holding at 20 to 22 pounds, accounting for a fifth of the total fresh-vegetable consumption, recently estimated at approximately 100 pounds.

We are well aware that the national interest is becoming increasingly focused on alleged nutritional deficiencies in the American diet. A wider use of lettuce in our diets would be highly beneficial.

A report of the Agricultural Research Service shows that one pound of lettuce contains about 50 calories. Also, lettuce contains measurable amounts of protein, fat, carbohydrates, calcium, phosphorous, iron, sodium potassium, vitamin A, thiamine, riboflavin, niacin, and ascorbic acid. In the scheme of human nutrition, lettuce truly is a blessing.

H.R. 18560 provides a means by which lettuce growers can help themselves. To permit lettuce marketing orders to include any form of marketing promotion including paid advertising likely would improve sales of lettuce which contribute so importantly to the American diet.

The vegetable growers of this country have preferred to act on their own, taking the good with the bad. The Vegetable Growers Association of America, formed in 1908, consists primarily of small growers and about 40 of their affiliated local associations. Many resolutions have been passed by this association strongly recommending the use of marketing agreements. Therefore, we strongly urge that the committee pass this legislation which would permit growers to pay their own way through their own assessments in order to inform the public of the value of this product.

Thank you, gentlemen, for the opportunity to present this testimony, and we trust that our views will be given due consideration.

Mr. FOLEY. Thank you, Mr. Mercker. Any questions? Mr. Sisk?

Mr. SISK. No questions, Mr. Chairman.

Mr. FOLEY. Mr. Goodling?

Mr. GOODLING. I would like to ask one question off the record.

(Discussion of the record.)

Mr. FOLEY. Thank you very much, Mr. Mercker. Mr. Jones, do you have any questions?

Mr. JONES. No questions.

Mr. FOLEY. Thank you. That concludes the schedule of witnesses for this morning. We appreciate the cooperation of the witnesses in concluding the hearing expeditiously.

I would like to ask the members of the subcommittee and the staff to remain for a very brief executive session.

Mr. SISK. Mr. Chairman, before the record closes I would like to ask unanimous consent of the committee to insert a statement on behalf of the California peach growers.

Mr. FOLEY. Without objection, it will be received.

Mr. SISK. Also, Mr. Chairman, I would like to insert in the record a series of telegrams and two brief letters in support of the legislation from various individuals, growers, and packers in California.

Mr. FOLEY. Without objection, they will be received, and I understand these letters and telegrams are in support of H.R. 18272, the bill involving the peach marketing order.

Mr. SISK. That is right.

Mr. FOLEY. Without objection, the various letters and telegrams will be received.

(The statement, letters, and telegrams follow:)

STATEMENT OF JOHN KASABIAN, CHAIRMAN, PEACH COMMODITY COMMITTEE,
CALIFORNIA TREE FRUIT AGREEMENT

We are informed that a hearing is to be held on August 3 on H.R. 18272 which seeks to amend the Federal Agricultural Marketing Agreement Act of 1937 to permit the promotion of California grown peaches under a federal marketing order program. California peach growers are very much in favor of H.R. 18272 and they urge that this Bill be favorably considered.

I am the Chairman of the Peach Commodity Committee of the California Tree Fruit Agreement and I am also the Chairman of the Fresh Peach Advisory Board of the State Marketing Order for California Fresh Peaches. These two elected bodies represent all California freestone peach growers who sell peaches in the fresh market.

Since 1939 *Elberta-type* peaches have been regulated under the Federal Marketing Order known as the California Tree Fruit Agreement. When this control was

instituted these varieties represented practically all of those produced in California for the fresh market. Now they represent a minor portion of the total. Regulations have been applicable only to interstate shipments and have involved only grade, size and maturity controls.

In 1950 growers of freestones for the fresh market primarily interested in California markets approved and adopted a state marketing order permitting advertising and promotion in California markets only. Three years ago this State Order was amended to permit advertising and promotion of California fresh peaches on a national basis. Under this state marketing order, grade, size and maturity regulations may also be established to control those fresh peaches which are sold in California markets only.

To recapitulate, interstate shipments only of Elberta-type peaches are now regulated under a federal marketing order known as the California Tree Fruit Agreement. All varieties of peaches are promoted under a state marketing order and intrastate shipments only of all varieties may be subject to grade, size and maturity regulations under this same state order. California peach growers want to consolidate all controls under a single federal program which would permit the promotion and regulation of all varieties of peaches regardless of destination.

The patchwork approach to the problems of fresh peaches that has been followed in the past has become increasingly unsatisfactory to the industry. The first step in accomplishing the consolidation of our peach programs is an amendment to the Agricultural Marketing Agreement Act to permit advertising since this is the only statute under which all of the desired activities could go forward. H.R. 18272 would provide the desired amendment. The operation of two separate marketing order programs on a single commodity produces enormous confusion and unnecessary expense. Two offices are maintained with a duplication of administrative and clerical personnel. Elberta-type peaches destined for an out of state market must be inspected by the Federal-State Inspection Service. If these same peaches are shipped to California markets, they need not be inspected. If varieties other than Elbertas are shipped to out of state markets, they are not subject to any marketing order grade, size or maturity control. Separate assessment rates are levied under the two programs and collection is handled in two different ways. This leads to endless confusion on the part of growers and tends to reduce the effectiveness of both programs. Two separate committees are established and while these committees have some duplication of personnel, it would be far more sensible to place in the hands of a single elected committee the responsibility for marketing fresh California peaches. Regulatory and promotional decisions are very closely related. Growers should be able to look to one body for these decisions.

California peach growers frequently cite the Nectarine Marketing Order Program as the model on which they would like to base California peach regulatory and promotional activities. The California nectarine program operates under a Federal Marketing Order which permits the regulation and promotion of nectarines under a single instrument by a single administrative body. Nectarine growers some years ago successfully sponsored an amendment which permitted the nectarine growers to do what the peach growers are now seeking to accomplish.

California peach growers face serious economic problems. They are not seeking subsidies because they believe in their ability to solve their own problems if they are given the proper tools. The passage of H.R. 18272 would enable California peach growers to take the first step in putting their house in order which would mean the consolidation of peach marketing order programs into a single federal program under which both promotional and regulatory activities would be carried out. We urge your favorable consideration.

JULY 28, 1970.

Congressman B. F. SISK,
House of Representatives,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN SISK: We are gratified to know of pending legislation H.R. 18272 to authorize national promotion of California peaches under Federal Marketing Order.

We support this legislation and urge its passage.

Sincerely,

JOHN H. ENNS.

CALIFORNIA TREE FRUIT AGREEMENT,
Sacramento, Calif., July 29, 1970.

Congressman B. F. SISK,
House of Representatives,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN SISK: We were glad to learn that H.R. 18272 which would authorize the promotion of California grown peaches under a federal marketing order will be up for hearing on August 3. California peach growers hope to consolidate their control programs this coming fall, and passage of H.R. 18272 at an early date is essential if the growers are to achieve their goal. Unfortunately, however, the hearing date hits the very peak of the peach harvest. Growers and shippers are literally deluged with peaches and problems and they find it impossible to appear at the hearing.

The failure of growers to appear at the hearing should under no circumstances be interpreted as a lack of concern or a lack of support for this important legislation. Indeed, peach growers and shippers here in California consider the passage of H.R. 18272 vital to the future of the California peach industry. I am enclosing a statement by John Kasabian, Chairman of the Peach Commodity Committee of the California Tree Fruit Agreement and Chairman of the Peach Advisory Board of the State Peach Marketing Order, and we are hopeful that you will be able to present this statement to the Subcommittee. If we can provide any information or assistance to you or the Subcommittee short of getting a grower or shipper to Washington Monday to testify, please let us know.

We very much appreciate your fine efforts in our behalf. We are hopeful that Monday's hearing will result in favorable action on H.R. 18272.

Very truly yours,

DUDLEY J. BIDSTRUP,
Assistant Manager.

DINUBA, CALIF., July 28, 1970.

Congressman B. F. SISK,
House of Representatives,
House Office Building,
Washington, D.C.:

DEAR CONGRESSMAN SISK: We are gratified to know of pending legislation H.R. 18272 to authorize national promotion of California peaches under Federal Marketing Order.

We support this legislation and urge its passage.

Sincerely,

PETER A. ENNS.

[TELEGRAMS]

FRESNO, CALIF., July 28, 1970.

Congressman B. F. SISK,
House of Representatives,
Washington, D.C.:

I approve of the H.R. 18272 bill hearing to be held Monday, August 3d.

JOHN KASHIKI,
Member of California Peach Advisory Board.

FRESNO, CALIF., July 28, 1970.

B. F. SISK,
House Office Building,
Washington, D.C.:

Please support H.R. 18272.

WILEMAN BROS. CO., INC.

PARLIER, CALIF., July 29, 1970.

Congressman B. F. SISK,
House of Representatives,
House Office Building,
Washington, D.C.:

We ask that full support be given in obtaining passage of H.R. 18272 authorizing national promotion of California peaches under a Federal marketing order. Thank you.

CHRIS SORENSEN PACKING CO.

FRESNO, CALIF., July 27, 1970.

Congressman B. F. SISK,
Washington, D.C.:

We are 100 percent behind H.R. 18272. The California peach industry needs this Federal marketing order.

FRED Y. HIRASUNA,
Sunnyside Packing Co.

FRESNO, CALIF., July 27, 1970.

Congressman B. F. SISK,
Washington, D.C.:

Federal marketing order needed for California peach industry. We urge passage of H.R. 18272.

ALBERT HARTWIG,
Sunbest Fruit Distributors.

SANGER, CALIF., July 29, 1970.

Congressman B. F. SISK,
House of Representatives,
House Office Building,
Washington, D.C.:

Urge you push to upmost legislation authorizing national promotion of California fresh peaches under a Federal marketing order as written in H.R. 18272. Such promotion badly needed by California peach growers and shippers. California processors demand for freestone peaches very limited even at low prices. Thanks for your efforts.

F. LAKTED BARR, Jr.

REEDLEY, CALIF., July 28, 1970.

Congressman B. F. SISK,
House of Representatives,
House Office Building,
Washington D.C.:

HONORABLE CONGRESSMAN SISK: Growers urgently need passage of bill H.R. 18272 for promotion of California peaches.

Respectfully yours,

JOHN KASSABIAN,
Chairman, California Peach Advisory Committee.

FRESNO, CALIF., July 29, 1970.

Congressman B. F. SISK,
House of Representatives,
House Office Building, Washington, D.C.:

We would appreciate your support of H.R. 18272 authorizing the national promotion of California peaches under a Federal marketing order. This is being permitted at present advantageously for plums and nectarines. The same should apply to peaches.

FEDERAL FRUIT DISTRIBUTORS.

REEDLEY, CALIF., July 29, 1970.

Congressman B. F. SISK,
House of Representatives,
House Office Building,
Washington, D.C.:

As a grower and shipper of California peaches we urge your support of H.R. 18272 which would authorize national promotion of our peaches under Federal marketing order passage will allow for informative rather than persuasive promotion of one of San Joaquin Valley's major sources of revenue.

WILLIAM MINAMI PACKING CO.

FRESNO, CALIF., July 29, 1970.

Congressman B. F. SISK,
House Office Building,
Washington, D.C.:

Understand that H.R. 18272 is coming up for hearing August third. We urgently request that you do all possible for the passage of this bill which will permit national peach promotion program under the Federal marketing order. We, as peach growers' must do something to enlarge the consumption of California peaches.

FLOYD J. HARKNESS,
United Packing Co.

REEDLEY, CALIF., July 29, 1970.

Congressman B. F. SISK,
House of Representatives,
House Office Building,
Washington, D.C.:

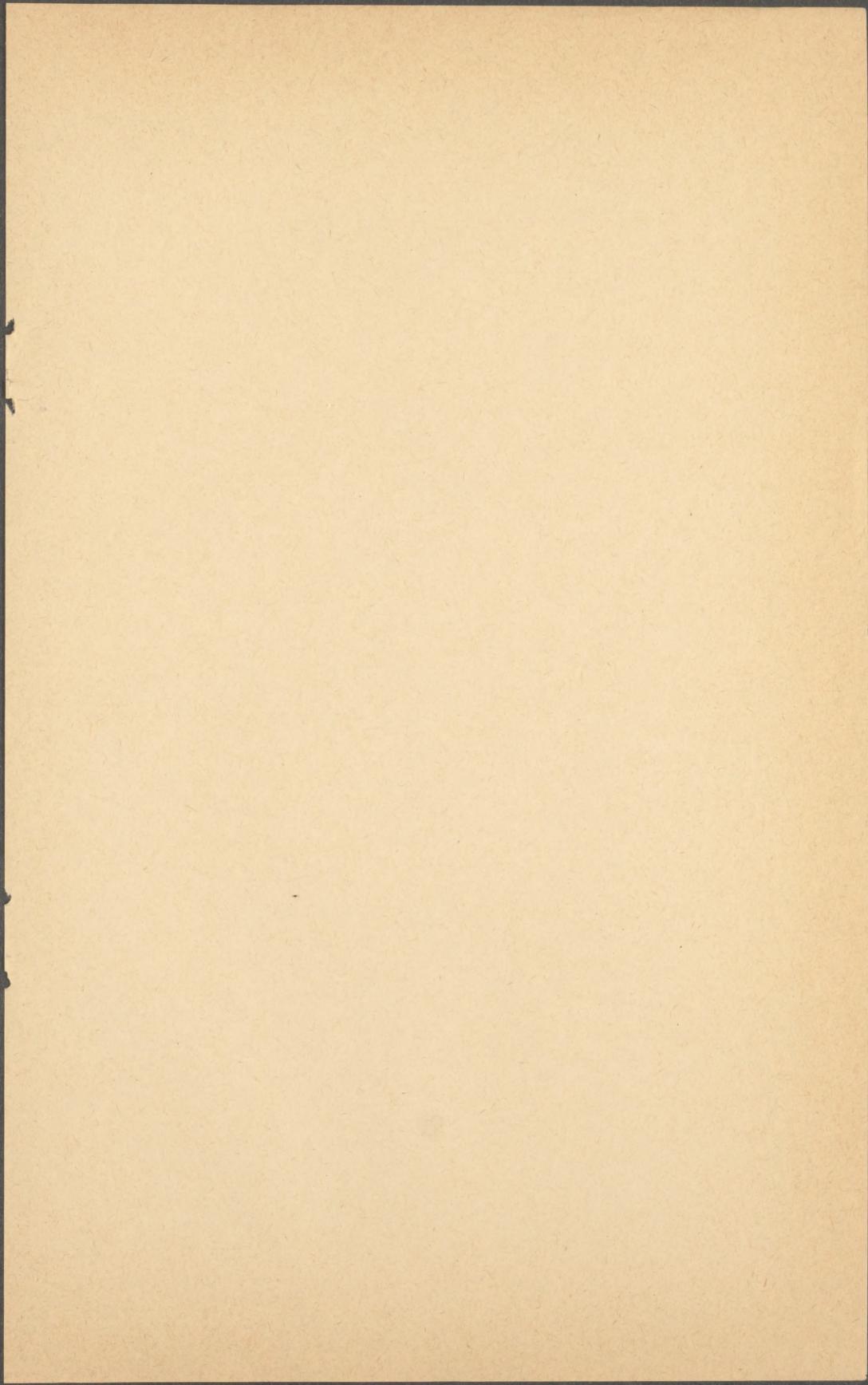
Re H.R. 18272, August 3, 1970. As a grower and shipper of peaches, we are in favor of a national promotion of California peaches under a Federal marketing order. We are hoping that you will cast your vote in favor of bill H.R. 18272 for a hearing on August 3, 1970. Under Federal regulations, we feel that there will be a more uniform standard as to size and grade. The Federal regulations on plums and nectarines have improved the fresh fruit industry, and an order for California peaches is needed.

ITO PACKING CO., INC.

Mr. FOLEY. If there is no further business, to come before the subcommittee, the subcommittee will stand adjourned to meet at the call of the Chair.

(Whereupon, at 10:35 a.m., the subcommittee proceeded in executive session.)

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