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PAPAYAS, GRAPEFRUIT, AND APPLES

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON DOMESTIC MARKETING
AND CONSUMER RELATIONS

OF THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

NINETY-SECOND CONGRESS

SECOND SESSION

ON

H.R. 7661, H.R. 7735, and H.R. 15352

APRIL 18, 20, AND JUNE 27, 1972

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CONTENTS

	Page
H.R. 7661, a bill to include papayas within the list of imported commodities to which certain restrictions apply if the Secretary of Agriculture issues marketing orders with respect to like commodities domestically produced -----	1
H.R. 7735, a bill to amend the Agriculture Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, so as to authorize certain grapefruit marketing orders which provide for an assessment against handlers for the purpose of financing a marketing promotion program to also provide for a credit against such assessment in the case of handlers who expend directly for marketing promotion-----	17
H.R. 15352, a bill to amend the Agriculture Adjustment Act of 1933, as amended and reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, to authorize marketing orders for apples -----	29
Statement of:	
Browne, Arthur E., Deputy Director, Fruit and Vegetable Division, Agricultural Marketing Service, U.S. Department of Agriculture-----	30
Buckalew, M. R., executive director, Indian River Citrus League-----	18
Chiles, Hon. Lawton, a U.S. Senator from the State of Florida-----	27
Datt, John C., assistant director, Washington Office, American Farm Bureau Federation-----	31
Dunkelberger, H. Edward, counsel, National Canners Association-----	34
Hauanio, Peter, chairman, Papaya Administrative Committee-----	7
Johnson, Robert, on behalf of Hon. Paul G. Rogers, a Representative in Congress from the State of Florida-----	18
Mink, Hon. Patsy T., a Representative in Congress from the State of Hawaii -----	2
Nicholson, Paul A., Deputy Director, Fruit and Vegetable Division, Agricultural Marketing Service, U.S. Department of Agriculture-----	21
Souza, Robert A., division chief, Marketing and Consumer Services, Hawaii Department of Agriculture-----	5
Correspondence submitted to the subcommittee:	
Campbell, J. Phil, Under Secretary of Agriculture, letter of April 18, 1972, report on H.R. 7661-----	1
Lyng, Richard, Acting Secretary of Agriculture, letter of: April 6, 1972, report on H.R. 7735-----	17
June 26, 1972, report on H.R. 15352-----	29
Stein, Ivan, president, International Apple Institute, letter of June 21, 1972 -----	33
Additional information submitted to the subcommittee:	
Resolution of the Council of Hawaii County supporting H.R. 7661-----	13
State of Hawaii House Concurrent Resolution requesting Congress to include papayas on list of commodities to which certain import restrictions apply-----	14

AMENDING MARKETING ORDER PROGRAM FOR PAPAYAS

TUESDAY, APRIL 18, 1972

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 10:05 a.m. in room 1301, Longworth House Office Building, Hon. Thomas S. Foley (chairman) presiding.

Present: Representatives Foley, Sisk, Denholm, Link, Matsunaga, Goodling, and Zwach.

Also present: Martha S. Hannah, subcommittee clerk; and Lacey C. Sharp, general counsel.

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

The subcommittee meets today for consideration of H.R. 7661, a bill to include papayas within the list of imported commodities to which certain restrictions apply under section 8(e) of the Agricultural Adjustment Act of 1933, as amended.

(The bill referred to and the Department report follow:)

[H.R. 7661, 92d Cong., first sess.]

A BILL To include papayas within the list of imported commodities to which certain restrictions apply if the Secretary of Agriculture issues marketing orders with respect to like commodities domestically produced

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 8(e) 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 (7 U.S.C. 608(e-1)) is amended by inserting "papayas," immediately before "or eggplants".

DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 18, 1972.

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

DEAR MR. CHAIRMAN: This is in reply to your request of November 8, 1971, for a report on H.R. 7661, a bill to amend section 8e of the Agricultural Marketing Agreement Act of 1937, as amended, to make its provisions applicable to imports of papayas.

Section 8e of the Agricultural Marketing Agreement Act of 1937, as amended, provides that whenever grade, size, quality, or maturity regulations are in effect under a marketing order for specified domestically produced commodities, the same, or comparable, requirements shall apply to imports of such commodities.

Since papayas produced in Hawaii are regulated under a marketing order enactment of H.R. 7661 would require imposition of the same, or comparable, limitations with respect to grade, size, quality, and maturity to imported papayas as are applied to the Hawaiian produced papayas.

We believe that the principle of equivalent or comparable restrictions with respect to grade, size, quality, and maturity for domestic and imported commodities is basically sound. However, inclusion under section 8(e) of the Agricultural Marketing Agreement Act of 1937 should be limited to commodities for which low quality imports pose a threat to regulated domestic commodities. We do not now have evidence that this is the case with respect to papayas. If a hearing is held on the bill, we would expect that its sponsors should present such evidence at that time.

Virtually all of the papayas produced in the United States are grown in Hawaii. Production of papayas in Hawaii has trended upward sharply during the past decade. In 1960 production totaled 12 million pounds and by 1965 reached nearly 20 million pounds. A record large crop of 25 million pounds was produced in 1970. There has been a fairly steady increase in utilization of papayas for processing. However, the fresh market is the primary outlet. During the 5-year period 1965-69 fresh use amounted to 17 million pounds or 84 percent of total sales. In 1970 fresh sales of 24 million pounds accounted for 96 percent of the crop.

The Hawaiian papaya industry has worked diligently to expand markets for the commodity. Fresh shipments to the mainland have shown a substantial growth rate as indicated by the following 5-year averages: 1955-59, 2 million pounds; 1960-64, 3 million pounds; and 1965-69, 6 million pounds. In 1970 a record large 11 million pounds of fresh papayas were shipped to mainland markets. Faced with an expanding level of production and the need to ensure orderly marketing, the Hawaiian papaya industry adopted a marketing order program in May of 1971. The order provides for grade, size, quality, maturity, and pack regulations. It also authorizes promotional activity.

Fresh papayas have been imported into the United States in relatively small quantities from a number of Latin American and Caribbean countries. During 1971, imports of fresh papayas totaled 924 thousand pounds compared to 313 thousand pounds during calendar 1970 and an average of 278 thousand pounds during the preceding 5 calendar years. The Dominican Republic was the leading supplier in 1971 with a total of 887 thousand pounds. Most of the balance originated in Mexico. U.S. imports of fresh papayas are subject to requirements of the Plant Quarantine Act.

Enactment of H.R. 7661 would have no significant impact on the environment.

It is estimated that enactment of this amendment would result in an additional administrative cost of \$3,000 per year.

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. We have with us the distinguished author of the bill, the Honorable Patsy Mink of Hawaii, who will be the subcommittee's first witness.

We are happy to welcome you, Mrs. Mink.

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

Mrs. MINK. Thank you very much, Mr. Chairman. I appreciate this opportunity of having a hearing on my bill and affording me the opportunity to testify in support of it.

The purpose of the bill, H.R. 7661, is to include papayas on the imported commodities restriction list so that imported papayas meet the same high standards required under marketing order No. 928, issued May 1971, which now covers Hawaiian-grown papaya.

Presently included on the list of restricted imported commodities are tomatoes, raisins, olives, prunes, avocados, mangoes, limes, grape-

fruits, green peppers, Irish potatoes, cucumbers, oranges, onions, walnuts, dates, and eggplants. My bill would add Hawaiian papaya to this list so that it could also enjoy the protection extended to these other commodities.

The Hawaiian papaya industry has grown rapidly in the past several years and has become an increasingly important agricultural product and economic factor for the State. From a production of 12 million pounds in 1960, it increased 75 percent for a production of 21 million pounds in 1971.

Ten to 12 million pounds are consumed in Hawaii, and approximately 10 million pounds are shipped to the mainland.

Possible future expansion of the industry comes from potential increased sales to the mainland United States. The industry hopes to increase its exports to the mainland to approximately 55 million pounds by 1985. The consumption in Hawaii is expected to remain at its present level for some time.

Since 1960, the Hawaiian papaya industry itself has gone to great expense and effort to develop a larger market for its product on the mainland. On a matching basis with the State, over \$425,000 was spent on advertising and promotional programs in the 11 years from 1960 to 1971 to expand this market. Now that this expenditure is beginning to show a sustained demand for the fruit, the industry and the State are very concerned that the fruit that fills this demand that they created be of high quality and that the Hawaiian producers who have created this market, at least have an equal opportunity to compete with foreign imports. We believe this is a very equitable request on the part of our industry.

While Hawaiian production has been increasing, foreign importation of the fruit has increased at an even faster rate. In 1955-56, 54,200 pounds were imported; in 1960-61, 224,700 pounds were imported; in 1965-66, 296,400 pounds; and in 1970-71, that figure jumped to 623,400 pounds. The major importers are Mexico with 401,400 pounds for 1970-71, and the Dominican Republic with 192,400 pounds. While the total amount of imports does not yet constitute a significant portion of the market, continued unchecked importation of low-grade foreign papaya would soon command a much larger share of the market, to the detriment of our higher quality domestic papaya.

The Papaya Administrative Committee which implements and administers marketing order No. 928 has taken great pains to establish high standards for the fruit which is exported to the mainland from Hawaii. These high standards protect the consuming public by assuring them that the fruit they buy is wholesome, mature, free of scars and diseases, and is of good size and quality as the one which was brought to the committee to show. It is important that this purpose of the marketing order be maintained, for the public has a right to expect that the commodities they procure are of good quality. This insistence on high standards also benefits the industry, for when the consumer purchases a product and is pleased with her purchase, she is much more likely to make further purchases of the same product. Conversely, of course, if a consumer is disappointed with a poor quality product, she very likely will not come back for more.

So, I think it is clear that there is a need to insure that all papaya that is allowed on the market is of high quality—high quality creates

a greater demand and low quality diminishes that demand. Unfortunately, the consumer cannot make these distinctions when she has purchased a product of poor quality. When she buys a foreign import of low quality, she will merely surmise that papayas generally are not worth purchasing. She will not make the distinction that the low-grade purchase was an imported product.

If a significant portion of low-grade papaya is allowed to continue on the market, and as I have pointed out, foreign import is growing at a rapid rate, then the developing mainland market for papaya, which has been so assiduously developed by the Hawaiian papaya industry, will be definitely and adversely affected.

The growth and development of the domestic papaya industry will in great part depend upon expansion of the U.S. mainland market. As I have pointed out, large sums of money have already been expended in developing this market, and the industry, through the Papaya Administrative Committee, is continuing its commitment to developing new markets for this fruit by appropriating sufficient sums of money for advertising and promotional programs throughout the country. The budget for the Papaya Administrative Committee for 1972 is \$162,500. Of this amount, \$60,000 is earmarked for continuing the advertising and promotion programs. This amount is matched by the State of Hawaii for a total of \$120,000 for advertising for 1972.

This commitment on the part of the industry itself should certainly not be allowed to suffer adversely from unregulated foreign importation.

Mr. Chairman and members of the committee, the purpose of adding papaya to the list of restricted imported commodities is merely to insure that it is given equal opportunity in fair competition with the foreign import. It also is in keeping with earlier legislation by this subcommittee which passed the legislation in the last Congress, which established the marketing order now in effect for papaya. The marketing order seeks to provide wholesome, high quality produce for the consumer, and at the same time provide a measure of stability for the industry itself. Passage of H.R. 7661 would further these aims, and I urge its favorable consideration. Thank you, Mr. Chairman.

Mr. FOLEY. Thank you very much, Mrs. Mink, for giving the subcommittee such a very useful and informative statement.

Any questions?

Mr. SISK. Mr. Chairman, if I could ask the gentlelady from Hawaii, what has been the general experience in connection with imports from Mexico and the Dominican Republic? Are they, generally, running of a poor quality? Have you actually checked, generally, what conditions are in the industry?

Mrs. MINK. Yes, in our view, there is just no comparison between the two products. Since it is largely allowed to come in without any quality controls, there is no way in which you can really protect the consumer.

We have one here by way of illustration.

Mr. SISK. I was going to ask you, you have a papaya there, I noticed, and what is the other thing?

Mrs. MINK. This is also a papaya, Mexican, I believe.

Mr. SISK. It is imported from Mexico?

Mrs. MINK. Yes.

Mr. SISK. Oh, I see.

Mrs. MINK. I should slice it up and pass it around so you could see the difference in texture, quality, taste, and everything else. It is completely different.

Mr. SISK. I am sympathetic with what you say. You list many items which are on the imported list. I recognize once we spend money and make an effort to establish a friendly reception on the part of the consuming public for a commodity, then to have some inferior commodities imported and literally destroy the market because the housewife buys it and finds it is not good and therefore assumes that, well, all papayas per se are bad or all mangoes or whatever the commodity is.

Mrs. MINK. Or a consumer who is well disposed to the product would know what to look for. But one who is simply making a first purchase has no idea. They have heard of the fruit. So this is what we are very much concerned about.

Mr. SISK. What is the price competition in connection with it, Mrs. Mink?

Mrs. MINK. I am afraid I cannot respond to that. There are two witnesses from Hawaii from the industry who can answer that.

Mr. FOLEY. Perhaps at this time, Mrs. Mink, before we proceed with some additional questions, you would like to introduce the two industry witnesses and they can come forward, if they would like and sit with you.

Mrs. MINK. Yes, Mr. Robert Souza, who is the division chief of the marketing and consumer services of the Hawaii Department of Agriculture will speak to the marketing aspects of our product; and Mr. Hauanio, who is chairman of the papaya administrative committee from the Big Island will speak for the growers.

So if I might pass the microphone first to Mr. Souza, he can speak to the marketing questions that the committee will be interested in.

STATEMENT OF ROBERT A. SOUZA, DIVISION CHIEF, MARKETING AND CONSUMER SERVICES, HAWAII DEPARTMENT OF AGRICULTURE

Mr. SOUZA. Mr. Chairman, my name is Robert A. Souza, head of the marketing and consumer services division of the Hawaii Department of Agriculture. I also serve in the temporary capacity as acting manager of the papaya administrative committee in administering Federal Marketing Order No. 928, for papayas grown in the State of Hawaii.

Papaya production in Hawaii has increased rapidly over the past decade. Production increased from 12 million pounds in 1960 to 21 million pounds last year, and, is expected to reach 100 million pounds by 1985.

The principal markets for Hawaiian papayas are, (1) Honolulu, (2) exports to the mainland, and (3) processing. Sales in the Honolulu market range from 10 to 12 million pounds each year. This market is expected to remain relatively stable in the future. The mainland United States is and is expected to be the principal market for Hawaiian papayas, and is also expected to increase from the current level of 10 million pounds to about 55 million pounds in 1985.

Since 1960, the State of Hawaii has provided matching funds on a 50-50 basis to the papaya industry for advertising and promotion pro-

grams on the mainland. Between 1960 and 1971, the combined State and industry promotions have amounted to \$426,760.

On May 15, 1971, Marketing Order No. 928, for papayas grown in the State was implemented. On August 20, 1971, the papaya administrative committee (PAC) adopted regulations limiting the quality of papayas exported, to Hawaii No. 1 or better, and, for local sales to Hawaii No. 2 or better.

During 1971, the PAC operated on a budget of \$81,250, of which \$35,628 was used for matching State funds for advertising and promotion. The 1972 PAC budget is for \$162,500 with a matching fund allotment of \$60,000 for advertising and promotion.

Imports of foreign-grown papayas into the United States have been increasing rapidly from 54,200 pounds in 1955-56 to 623,400 pounds during 1970-71. Of this amount, Mexico shipped about 400,000 pounds, followed by the Dominican Republic with 192,400 pounds. Guatemala and Colombia shipped only small volumes into the United States last year.

The growth and development of Hawaii's papaya industry is dependent on the expansion of mainland markets. Large sums of money have been spent and will continue to be spent for advertising and promotion programs throughout the country. As previously noted, the papaya administrative committee has adopted quality regulations to insure the consuming public that only top quality Hawaiian papayas will be marketed. The continued rapid importation of unregulated foreign papayas will result in unfair competition to the Hawaiian-grown papayas and endanger the entire marketing program of the PAC.

H.R. 7661, proposes to amend section 608(e)1 of the Agricultural Marketing Act of 1937, by including papayas within the list of commodities to which certain restrictions apply if the Secretary of Agriculture issues marketing orders with respect to like commodities domestically produced. The net effect of including papayas on this list is that it subjects imported papayas to the same requirements as to grade, size, quality, and maturity as the Hawaiian papayas. As Mrs. Mink pointed out, section 608(e)1 already is applicable to tomatoes, avocados, mangoes, limes, grapefruit, green peppers, Irish potatoes, cucumbers, oranges, onions, walnuts, dates, eggplants, raisins, olives, and prunes.

Section 608(e)1 is manifestly fair and is sometimes referred to as the "golden rule" amendment. It will impose no requirements on imported papayas that will not also be imposed on Hawaiian papayas. It does not seek to exclude imports of papayas, but rather to make possible market regulation of equal benefit to domestic and foreign producers.

The purpose of marketing agreement and order programs is to establish more orderly marketing conditions and thereby improve returns to domestic producers. Quality, as well as other regulations will be used to limit marketing of foreign papayas to those most acceptable to consumers. The presence of lower quality or ungraded papayas, regardless of where they are produced, can impair the reputation of papayas as a whole and result in adverse effects on total consumption as well as to seriously jeopardize grower returns.

Imported papayas should be at least reasonably equivalent in quality to domestic supplies in order to obtain the desired results of the marketing order program.

The existing quality standards for papaya reflect consumer acceptability. All papayas shipped to mainland and foreign markets must meet the requirements of Hawaii No. 1 grade or better. This means that these papayas must be mature, not overripe, clean, well trimmed, well formed, smooth, and free from scars and damages from disease, insects, and mechanical means.

The solo variety, which we have here, is the predominant papaya variety grown in Hawaii. The solo papaya is relatively small (about 1 pound) and is pear-shaped. That is this one [indicating].

Most of the foreign-grown papayas are large-fruit forms, as you see here, one we obtained from Mexico, and lack the palatability of the solo variety.

The Hawaiian papaya industry is aware that the current volume of imported papayas is relatively small. They are concerned, however, that unless foreign papayas are subjected to the same quality restrictions as Hawaiian papayas, instability in the market will result and possibly endanger the marketing program for the Hawaiian papaya.

The Hawaii Department of Agriculture urges the adoption of H.R. 7661.

Thank you, Mr. Chairman.

Mr. FOLEY. Thank you, Mr. Souza. I think we would like to have you remain at the witness table. We would now like to hear from Mr. Hauanio.

STATEMENT OF PETER HAUANIO, CHAIRMAN, PAPAYA ADMINISTRATIVE COMMITTEE

Mr. HAUANIO. Mr. Chairman, members of the committee, my name is Peter Hauanio. I am a papaya grower in Puna on the Island of Hawaii. I am the immediate past president of the Hawaii Papaya Industry Association and currently serve on the association's board of directors. I am also chairman of the papaya administrative committee for administering Federal Papaya Marketing Order No. 928 for papayas grown in Hawaii.

H.R. 7661, is important to the papaya industry in Hawaii. There are 180 papaya growers like myself throughout the State that depend on papaya farming for our livelihood. It is important to all of us that papaya marketing be orderly to assure reasonable returns on our investments.

Papaya production is extremely vulnerable to diseases and changes in weather. As a result, papaya farmers are constantly faced with the problem of fluctuating incomes. To offset this situation, we rely heavily on market stability. That is to say we contribute money for advertising and promotion programs that will insure the orderly sales of our product and accordingly minimize losses due to fluctuating papaya production. We also contribute 6.5 mills toward research and development programs, for promotion and advertising, and also for administration costs.

Consumers in Hawaii, on the mainland, in Japan, and Canada have shown a strong and consistent preference for the solo variety papaya.

This is still the principal variety planted in Puna. All of the research conducted by the University of Hawaii is geared toward improving the culture of the solo variety. We look forward to the increased production of papaya and we are confident that within a few years, the delicious solo papayas will be available to consumers throughout the mainland.

Papayas must be treated to destroy any fruit flies that may be present in the fruits before being shipped out of the State of Hawaii. This is a quarantine regulation imposed by the U.S. Department of Agriculture to prevent the fruit fly insects from infesting and damaging mainland crops. Two approved disinfestation methods are now used for export fruits. Vapor heat and fumigation. More papayas are fumigated than vapor heat-treated.

Before fumigation, papayas are immersed in hot water at 120 degrees Fahrenheit for 20 minutes. This hot water treatment helps control storage diseases. It is a postharvest operation not required by the USDA, but practiced by the industry as just one more safety factor to insure high-quality papayas to consumers.

Papayas are packed and shipped to the mainland in corrugated cartons. Each papaya is carefully wrapped in shredded newspaper to prevent damage due to handling and shipment.

I have here a typical 10-pound carton of papayas to demonstrate how the papayas are packed. You will note that extreme care is taken to insure only the best papayas for the consumer. Let me show you how it is packed. This is a standard carton used for all exports to the mainland, Canada, and Japan. It is packed individually, all in foam cushions, packed into the box as carefully as possible without doing any damage, bruising, and is covered by shredded newspapers. So you can see the quality of the fruit is well cared for to assure that the customers have a good quality product.

The cost of growing papayas varies considerably among growers due to many factors. Climatic and physical factors determine, to a large extent, the expenses required to clear the land, the amount of weed control required, and the optimum amount and kinds of fertilizer to be applied. A recent study conducted by the University of Hawaii indicates production costs of about 8 cents per pound. Pest control, weed control, and fertilizer account for nearly 60 percent of operational costs. Harvesting labor accounts for most of the other expenses.

The Hawaii papaya grower invests heavily in producing a high-quality papaya. As a grower, it is my firm belief and conviction that in order to insure the growth and success of our industry, we must continually provide the consumer with top-quality papayas.

In this regard, we are concerned, lest poor quality foreign papayas upset the market we have so painstakingly developed.

We urge the adoption of H.R. 7661, and in behalf of all the papaya growers in Hawaii wish to thank you for allowing us this opportunity to present our views on this bill.

Thank you, Mr. Chairman.

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

At this time, the Chair will invite any questions that members of the subcommittee may care to direct to any of the witnesses.

Mr. SISK. Mr. Chairman, if I may pursue one question I started to ask I have only one more question, really.

I would like to relate a personal experience of myself and my wife. We had some excellent papayas in the islands. We enjoyed them very much. This was many years ago. Then not too long ago, I was in a store where a bunch of fruit or whatever you want to call it was in a bin and marked "papayas." I said, they don't look like papayas and my wife didn't recognize them.

I am sympathetic to the problems that you have, coming from an area where we have vast amounts of fruits and vegetables. Once we have established a market, we hate to see somebody come in and undersell with inferior fruit, possibly ruining the market.

Is there any question that this particular commodity from Mexico could be called a papaya? I imagine there must be considerable difference between papayas, because as I said, having observed some of these in a market not too long ago, I did not even recognize them as papayas, even though the name was the same.

You call these solo papayas, the ones from Hawaii?

Mr. HAUANIO. Yes.

Mr. SISK. What do you call these from Mexico?

Mr. HAUANIO. I don't know the type of this. They call it papaya. In Hawaii, we feed it to the pigs.

Mr. SOUZA. Mr. Chairman, this is an original species of papaya. The solos have been hybridized over many years by the University of Hawaii. Through careful seed selection and breeding, they have developed the solo variety. We have come a long way in developing the plant so we can produce the acceptable solo variety.

Mr. SISK. That is the reason I brought up the question. There might possibly be another way of getting at it through product classification; should that particular product be classed as a papaya in view of, say, my recognition of what a papaya is?

This is a product that only in recent years has been introduced in the mainland market, and I suppose some people are not too familiar with it. I was just curious to know if truly this Mexican import should be classed as papayas.

Mr. SOUZA. They can be. Botanically, they are papayas.

Mr. SISK. That is all I have, Mr. Chairman.

Mr. FOLEY. Any other questions?

Mr. GOODLING. Mr. Chairman, I would like to ask Mr. Hauanio a question.

You speak of fumigating to control the fruit fly?

Mr. HAUANIO. Yes.

Mr. GOODLING. What do you use to fumigate?

Mr. HAUANIO. Ethylene dibromide.

Mr. GOODLING. What is it?

Mr. HAUANIO. Ethylene dibromide.

Mr. GOODLING. And further on in your statement, you speak about pest control and weed control. What do you use to control your pests?

Mr. HAUANIO. We use ethylene dibromide, in wettable solvent or insecticide. For pest control, parathion.

Mr. GOODLING. Parathion?

Mr. HAUANIO. Parathion.

Mr. GOODLING. That is a dirty word in the United States to some people. It is not to me, but to some people it is.

How do you control your weeds? Hand weeding or chemically?

Mr. HAUANIO. Chemically.

Mr. GOODLING. What do you use there, do you recall?

Mr. HAUANIO. Paraquat.

Mr. GOODLING. That is all I have.

Mr. FOLEY. Mr. Denholm?

Mr. DENHOLM. Mr. Chairman, I commend our colleague, Mrs. Mink, for her excellent testimony this morning. I thank Mr. Hauanio and Mr. Souza for coming the great distance from Hawaii and bringing us essential facts on papaya.

If we amend the law, do we have any assurance that it will then relate only to the solo papaya? How do we control it?

Is there a possibility that if the law is amended, it will then extend to all papaya?

Now, I have been in the Islands and I have observed some of your farm operations. I was impressed by the industrious attitude of your people and the work that they do on the land. I have much respect for the great Americans of the Islands. I never have known your Representatives in Congress to ask for anything unreasonable. You have excellent representation in the U.S. Congress. I have no objection to granting what you are asking unless we are creating an unfair competition for your market. Maybe you can explain that to my satisfaction.

What assurance do we have that it is really going to be advantageous to your people and producers?

Mr. SOUZA. Mr. Denholm, if I may answer the question.

The mechanics of implementing 608(e), the Papaya Administrative Committee would prescribe, recommend to the Secretary of Agriculture, the regulations that we wish to impose on the imported papaya. For example, the current grade standards for the solo variety, for the Hawaii No. 1 or the fancy grades, would limit the size to 32 ounces, the maximum size allowed for the Hawaiian papaya.

Then the Secretary of Agriculture, I suppose, in consultation with the State Department and other concerned departments, would then determine if they would want to limit the size of the imported papayas to be equal to that of the Hawaiian papaya.

For example, they would say imported papayas must not be larger than 32 ounces. Then for all intents and purposes, it would exclude this sizable papaya, which weights about 5 pounds. So at that particular time, when the Secretary of Agriculture approves the regulation, they would make a determination as to whether they would allow any of these to come in at all.

Mr. DENHOLM. Do you think that the Department of Agriculture can regulate that administratively?

Mr. SOUZA. I would presume so; yes, sir. This is my understanding of how the mechanics of implementing 608(e) operate.

Mr. DENHOLM. Well, I am from an agricultural area, and I have been disappointed with the way the laws of the Congress have been administered from time to time by the U.S. Department of Agriculture as far as our people are concerned. What reason may we depend upon having this administered to the advantage of the producer from time to time if USDA decided to import from other countries?

Mr. SOUZA. From a selfish viewpoint as far as the industry is concerned, we would love to see it say, nothing more than Hawaii No. 1 in size.

Mr. DENHOLM. I am thinking more about what we do for the growers in Hawaii—as opposed to what we are to do for foreign importers. I have that reservation in approving the amendment. Other than that reservation—I have no objection to the amendment.

Thank you very much.

Mr. FOLEY. Mr. Zwach?

Mr. ZWACH. Thank you, Mr. Chairman.

You are trying to amend marketing order 928, which already has a number of commodities that you restrict. Do you do that by certain qualification recommendations? For instance, are there no tomatoes, raisins, olives, prunes, avocados, limes, grapefruits, and so on coming into your State now? Does this marketing order restrict them in toto?

Mrs. MINK. No.

Mr. SOUZA. Sir, we are attempting to amend 608(e)01, which is a provision in the Agricultural Marketing Act. Marketing order No. 928 applies only to papayas. Do you follow me?

Mr. ZWACH. 928 applies only to —

Mr. SOUZA. Papayas.

Mr. ZWACH. Yes.

Mr. SOUZA. 608(e) applies to —

Mr. ZWACH. You say you are trying to apply this to the same standards required to cover these other products.

Mrs. MINK. No, the present Federal law now covers all of these listed commodities and imposes restrictions with respect to each one of them in terms of imports into the country. So that for the tomato market in the whole United States, there are certain requirements which imported tomatoes must meet in order for it to be marketable in the United States. The same is true for raisins, olives, prunes—that is a Federal law already. We are attempting to amend the Federal law to just add the word “papayas” so that the same rules and restrictions which are now imposed with respect to all of these other commodities may also be imposed with respect to the importation of papayas.

Mr. ZWACH. You are adding this product to the list which already exists?

Mrs. MINK. Just the one word, “papayas,” right.

Mr. ZWACH. Is it your objective to totally keep out papaya from your State? Or do you just expect to set up a standard that they must meet?

Mrs. MINK. This is not a restriction to our State. This is a restriction for the whole United States with respect to papayas.

Mr. ZWACH. And this would apply the same to all the United States, then, as it applies to Hawaii?

Mrs. MINK. Yes.

Mr. ZWACH. So Mexico importation or outshipment of this product would apply the same to Minnesota as it does to Hawaii?

Mrs. MINK. That is correct.

Mr. ZWACH. Then this is not really a local marketing order?

Mrs. MINK. No.

Mr. ZWACH. You are relating to Federal law?

Mrs. MINK. That is correct.

Mr. ZWACH. Yes.

Mrs. MINK. That is correct. We already have the marketing order. What we are trying to say is to the extent that that imposes restrictions with respect to the marketing of papayas in terms of quality and all the rest, we would like to see the same restrictions.

Mr. ZWACH. I am happy to note that—you know, there are people in the Congress who are trying to open the doors to complete importation of meat products. Our areas have great interest in that. I am happy to note that you folks are not authors of that legislation, because I am inclined to agree to some extent with the position that you are taking. But we have also other broad interests for our meat producers that are involved in proposed legislation to take off all quotas with regard to meat products, often inferior meat, I might add.

That is all, Mr. Chairman.

Mr. FOLEY. Off the record for a moment.

(Off-the-record discussion.)

Mr. FOLEY. Mr. Link, do you have any questions?

Mr. LINK. I am a bit curious as to what has happened in an industry that can designate two fruits such as are on the witness table this morning and still be called the same name. Now, what is the origin? Originally, were all papayas of that large type?

Mrs. MINK. Yes.

Mr. SOUZA. Yes, sir, the papaya fruit, the botanical papaya, originated in Central America. As I said before, I do not know the specific variety, but evidently, this is the original specie of the papaya plant, this large one. This is why they are of such large sizes. The same type papaya also come in from the Dominican Republic and the Central American area. You see the larger papayas. Over a period of years, the University of Hawaii has hybridized this plant to develop through breeding the so-called solo variety. But it is still a breed, a papaya.

Mr. LINK. What is the common use of this fruit? Is it as a food or as a delicacy or as a dessert, mainly? Where does it fit in the diet of people who are looking for a wholesome diet?

Mr. SOUZA. The predominant use of papaya is as a breakfast fruit, as you would eat a grapefruit. It is low in calories, about 60 calories per half papaya. It is also extremely high in vitamin C; in fact, one of the highest fruits in vitamin C content. It can be used for salad mixes. You have here a copy of our recipe booklet and it suggests in here various means of using papayas.

Mr. LINK. On the basis of those ingredients and nutritive values that you have just referred to, is there any difference between those qualities in the two fruits from the standpoint of vitamins and so on?

Mr. SOUZA. As far as I know, that determination has not been made—as far as I know.

Mr. LINK. I certainly want to commend our colleague, Congresswoman Mink, for presenting a very good case for the industry and the growers that she represents and for bringing this problem to the attention of the committee.

Thank you, Mr. Chairman.

Mr. FOLEY. Our two greatest congressional experts on papayas are clearly Mrs. Mink and Mr. Matsunaga, who is a distinguished member of this subcommittee. I regret I did not ask the members earlier to yield to Mr. Matsunaga. He is a distinguished member of the Committee on Rules and the Committee on Rules is meeting at this moment and I am sure he is going to have to excuse himself to attend the Rules Committee. But I can assure you that in private councils of this

subcommittee, in addition to Mrs. Mink's support, we are going to hear a lot about this case from Mr. Matsunaga.

Mr. HAUANIO. May I make a few comments?

Mr. FOLEY. Surely.

Mr. HAUANIO. I have been asked by the Shunichi Kimura, and the mayor of the county of Hawaii, to ask this committee to support this bill.

Mr. FOLEY. Fine. That will appear in the record.

Mrs. MINK. Mr. Chairman, I would like in conjunction with that to ask that the resolution adopted by the Big Island Council be inserted.

Mr. FOLEY. Without objection, it will be included in the record.

(The resolution referred to follows:)

COUNTY OF HAWAII—STATE OF HAWAII RESOLUTION No. 486

RESOLUTION OF THE COUNCIL OF HAWAII COUNTY, SUPPORTING H.R. 7661, A BILL TO INCLUDE PAPAYAS WITHIN A LIST OF IMPORTED COMMODITIES TO WHICH CERTAIN RESTRICTIONS APPLY IF THE SECRETARY OF AGRICULTURE ISSUES MARKETING ORDERS WITH RESPECT TO COMMODITIES DOMESTICALLY PRODUCED

Whereas, the County of Hawaii has a vested interest in the papaya industry in the State of Hawaii where approximately eighty-eight percent of the total production originates, and therefore represents an important source of income and employment to our residents; and

Whereas, it is recognized that the orderly development of this industry calls for the coordination of promotional programs to educate more consumers on the continental United States and regulatory measures to insure fair and just competition; and

Whereas, in light of the need for quality control and overall wellbeing of the papaya industry in the State of Hawaii, Marketing Order No. 928 was implemented on May 15, 1971; and

Whereas, this marketing order, in addition to providing regulatory to the State of Hawaii's Department of Agriculture for locally produced fruit, provides assurance to the consumer that the product purchased will not be lesser in quality than specified by the marketing order; and

Whereas, in conjunction with the imposition of the marketing order, the papaya industry in the State of Hawaii has embarked on a promotional program to further expand the demand for their product, and

Whereas, we are aware that papayas grown and imported from other areas have shown increases in recent years and are not regulated like the Hawaii grown papayas; and

Whereas, unless these products are subjected to the same restrictions and regulations as Hawaiian papayas, instability in the market will result, which in turn will have a detrimental effect on the entire market for papayas; and

Whereas, H.R. 7661, a bill introduced by Representative Patsy J. Mink, will greatly alleviate the problem of unregulated products entering the continental United States market.

Now, therefore, be it resolved by the Council of the County of Hawaii as follows:

I. That the Council of the County of Hawaii strongly endorses and urges the support of H.R. 7661.

II. That copies of this resolution be transmitted to the members of the Congressional delegation from the State of Hawaii and the Secretary of Agriculture. Earl L. Butz, urging their support in the enactment process of H.R. 7661.

(Signed by Chairman Matayoshi and eight councilmen, County Council, County of Hawaii.)

Mrs. MINK. And also a resolution from the State legislature.

Mr. FOLEY. Without objection, it will be included in the record as well.

(The resolution referred to follows:)

[House of Representatives, Sixth Legislature, 1972, State of Hawaii]

HOUSE CONCURRENT RESOLUTION

REQUESTING THE CONGRESS OF THE UNITED STATES TO INCLUDE PAPAYAS WITHIN THE LIST OF IMPORTED COMMODITIES TO WHICH CERTAIN RESTRICTIONS APPLY IF THE SECRETARY OF AGRICULTURE ISSUES MARKETING ORDERS WITH RESPECT TO LIKE COMMODITIES DOMESTICALLY PRODUCED

Whereas, the more than 180 papaya growers in the State of Hawaii and their employees are totally or largely dependent upon the State's \$2.7 million papaya industry for their livelihood; and

Whereas, over 10 million pounds of papayas are currently being marketed throughout the mainland United States; and

Whereas, the development of the mainland market is vital and necessary to the growth of the Hawaii papaya industry; and

Whereas, the Hawaii papaya industry and the State of Hawaii have spent \$500,000 promoting the sale of Hawaiian papayas throughout the mainland; and

Whereas, imports of papayas grown in foreign countries have increased from 54,000 pounds in 1956 to 623,000 pounds in 1971; and

Whereas, since May 15, 1971, the Hawaii papaya industry has been operating under Federal Marketing Order No. 928 for Papayas Grown in the State of Hawaii; and

Whereas, on August 20, 1971, the Papaya Administrative Committee of Hawaii adopted regulations limiting the shipments of Hawaii-grown papayas to mainland and foreign markets to Hawaii No. 1 grade, or better; and

Whereas, continued increase in foreign imports threatens the competitive position of high-quality, Hawaii-grown papayas in the mainland markets; now, therefore,

Be it resolved, by the House of Representatives of the Sixth Legislature of the State of Hawaii, Regular Session of 1972, the Senate concurring, that the Congress of the United States be, and it hereby is, respectfully requested to adopt H.R. 7661 relating to the inclusion of papayas under Section 608e-1 of the Agricultural Marketing Act of 1937, as amended, within the list of imported commodities to which certain restrictions apply if the Secretary of Agriculture issues marketing orders with respect to like commodities domestically produced; and

Be it further resolved that certified copies of this Concurrent Resolution be transmitted to the Secretary of Agriculture, the Chairmen of the United States Senate and House Agricultural Committees, and to each member of Hawaii's delegation to the United States Congress.

Mr. FOLEY. Mr. Matsunaga?

Mr. MATSUNAGA. Thank you very much, Mr. Chairman. I, too, wish to join my colleagues in commending Mrs. Mink and Mr. Souza, and Mr. Hauanio—not Hanoi—for their wonderful presentation of a worthy case this morning.

Perhaps the thing that I have missed most since coming to Washington is the papaya, even more than the pineapple, because at home, I used to have papaya regularly for breakfast. It is a breakfast fruit, like an orange or grapefruit. And as was stated by Mr. Souza, it has a higher vitamin C content than oranges or grapefruit and other breakfast fruits regularly accepted by most Americans.

We do have a marketing order for papayas. It is now law. What we are trying to do now, Mr. Chairman and Members of the Subcommittee, is to assure a quality product to the consumers of America so that they will not only continue to consume papaya, but consume it in greater quantities. It is a food which is good for America. It is a health food. But to have a thing like the Mexican papaya, placed on the market along with a Hawaiian solo papaya would in time ruin

the market. Not only will the American consumer then be denied high quality papaya, but eventually our papaya industry in Hawaii would be ruined.

As a child, I used to raise papayas in the background and it was something like this sample of Mexican papaya, but much better than that. This is a terrible variety. I do not see why we allow this quality to come into the country. This is terrible.

Mr. DENHOLM. Will the gentleman yield?

Mr. MATSUNAGA. This is a type that just grows wild without any cultivation, without any care, and one which we would not even feed our hogs. We grow the watermelon papaya in Hawaii which we feed our hogs, but which human beings could eat.

I dare say that this Mexican one is unfit for humans.

Mr. FOLEY. You are not convincing us to try.

Mr. MATSUNAGA. I would not even recommend that you try it, really. As you can see, it is a serious problem which we face. The importation of foreign papaya is increasing at a much faster rate than we are able to market our own products here on the mainland. And if we permit the importation at the present rate, they will be flooding the market here because they are able to sell them cheaper, and just ruin the market for Hawaiian papayas.

I earnestly seek the support of this subcommittee. I do not see any reason that anyone can give for not voting for the measure before us now.

Mr. DENHOLM. Will the gentleman yield for a question?

Mr. MATSUNAGA. I will be happy to yield to the gentleman.

Mr. DENHOLM. Is there any particular reason why the word "solo" does not preclude the word "papaya" which would limit it to the papaya grown in the State of Hawaii?

Mr. MATSUNAGA. As with all the other agricultural products listed, including tomatoes, pears, and other fruits, we believe that the Department of Agriculture, by regulation, can go into the details of the mechanics of classifying papayas and qualifying papayas for the market. If we were to write legislation providing for the details, as would be necessary, we might be defeating our own purposes and provide statutory law which might be too difficult to apply. I feel, as I am sure Mrs. Mink and the witnesses feel, it is best left up to the Department of Agriculture, because they are the ones who know agricultural products and they could write regulations which could be readily applied to the existing situation.

I might say parenthetically that none of the papayas are grown in my district, although they are practically all marketed in my district. They are grown in my colleague's district and marketed in my district. The hotels serve nothing but the best, which is the solo papaya. The solo papaya, you can see, is just about the right size—half of it is just right for breakfast for one person.

Mr. ZWACH. Would the gentleman yield?

Mr. MATSUNAGA. Yes, I'd be glad to yield to the gentleman.

Mr. ZWACH. About what fraction of the American market is now being supplied by foreign countries? Is there anyone who might have that?

Mr. SOUZA. It is about 5 percent, sir.

Mr. ZWACH. About one-twentieth, about 5 percent?

Mr. SOUZA. Yes, sir.

Mr. MATSUNAGA. But the foreign rate is increasing at a much faster rate than our domestic marketing.

Mr. ZWACH. Is Mexico improving their product? You do expect to just completely embargo any in-shipments from Mexico?

Mr. MATSUNAGA. I think if we pass this law, the Department of Agriculture will set standards as it has for other products, such as to say no diseased products will be imported, no damaged or ruptured products, et cetera. There are so many standards which can be applied and which can be readily complied with if a producer—be he from Mexico or some other South American country—if he earnestly seeks to improve the product or ship only the better qualities to the United States. We are only asking that the same standards be applied to all papayas, foreign or domestic.

Thank you, Mr. Chairman.

Mr. FOLEY. I think it only remains for the Chair also to express appreciation to Mrs. Mink, Mr. Souza, and Mr. Hauanio for coming today and giving us the benefit of your testimony. The subcommittee is scheduled to meet next week in executive session on some other matters, and I hope with the concurrence of the subcommittee to bring this matter up for executive action, probably on Wednesday of next week.

Again our appreciation to the witnesses and my thanks to the members of the subcommittee. The subcommittee will stand adjourned to meet at the call of the Chair.

(Whereupon, at 10:55 a.m., the subcommittee was adjourned, subject to the call of the Chair.)

AMENDING MARKETING ORDER PROGRAM FOR APPLES

THURSDAY, APRIL 20, 1972

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 9:05 a.m., in room 1302, Longworth House Office Building, Hon. Thomas S. Foley (chairman of the subcommittee) presiding:

Present: Representatives Foley, Denholm, Zwach, and Findley.

Also present: Martha S. Hannah, subcommittee clerk and Hyde H. Murray, associate counsel.

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

The subcommittee meets this morning for consideration of H.R. 7735 and S. 1058, authorizing checkoff for paid advertising for the Florida Indian River Grapefruit.

The first witness scheduled for this morning is Hon. Paul G. Rogers of Florida, the author of H.R. 7735.

(H.R. 7735 and the departmental report follow:)

[H.R. 7735, 92d Cong., first sess.]

A BILL To amend the Agriculture Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, so as to authorize certain grapefruit marketing orders which provide for an assessment against handlers for the purpose of financing a marketing promotion program to also provide for a credit against such assessment in the case of handlers who expend directly for marketing promotion

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, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937 and subsequent legislation, is further amended by inserting in the first proviso "and Florida Indian River grapefruit" immediately after "with respect to almonds".

DEPARTMENT OF AGRICULTURE,
Washington, D.C., April 6, 1972.

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

DEAR MR. CHAIRMAN: This is in reply to your request of March 22, 1972, for a report on H.R. 7735. This bill would amend the Agricultural Marketing Agreement Act of 1937, as amended, to permit the marketing order for Florida Indian River grapefruit to include provisions for crediting the assessment obligation of each handler, assessed under such order to finance a promotion program, with all or any portion of his direct expenditures for marketing promotion, including paid advertising, as may be authorized by the marketing order. Current provisions of the act permit marketing promotion, including paid advertising, for citrus fruits under marketing orders.

The Department recommends that H.R. 7735 be passed.

The proposed amendment would encourage handlers of Florida Indian River grapefruit to maintain or develop their own promotions, including paid advertising, by crediting a handler's assessment obligation with such of his direct promotion expenditures as are authorized in the Indian River grapefruit marketing order. This bill provides essentially the same authorization as that provided for almonds in P.L. 91-522, approved November 25, 1970.

Implementation of this legislation would be accomplished by amending the Indian River grapefruit marketing order. Any promotion projects carried out under the marketing order would be subject to continuing review by the Secretary to insure compliance with the statute and to protect the public interest.

Florida Indian River grapefruit are produced in the "Indian River District," which is defined in the marketing order. For purposes of advertising and promotion it is important to note that the product is easily distinguishable because individual fruits are commonly labeled (stamped) with the words "Indian River" at the packinghouses.

Production of grapefruit in the Indian River District has trended upward during the last decade, from 8.7 million boxes in the 1961-62 season to 12.6 million boxes in 1970-71. In recent years approximately 30 percent of the total Florida grapefruit crop has been produced in the Indian River District. However, the Indian River District accounts for a considerably larger share of the grapefruit shipped to the fresh market—over 50 percent of the State total in the past two years or around 7 million boxes. The latest published tree census, released in 1970, indicated that nearly 30 percent of the Indian River grapefruit acreage was in a non-bearing status. This constituted 65 percent of the State's total non-bearing acreage of grapefruit. It now appears that the potential exists in the Indian River District for substantially larger grapefruit crops and that in the future the district will account for a larger share of the total Florida grapefruit production.

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.

Enactment of H.R. 7735 would have no significant impact on the environment. The Office of Management and Budget advises that there is no objection, from the standpoint of the Administration's program, to the presentation of this report.

Sincerely,

RICHARD LYNG, *Acting Secretary.*

STATEMENT OF ROBERT JOHNSON ON BEHALF OF HON. PAUL G. ROGERS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. JOHNSON. Mr. Chairman, I am Bob Johnson, Mr. Rogers' legislative assistant, and unfortunately Mr. Rogers will not be able to attend due to the last minute change in the time of the committee meeting.

However, I would like at this point to introduce to you Mr. M. R. Buckalew, the executive vice president of the Indian River Citrus League.

Mr. FOLEY. Mr. Buckalew, would you like to come forward, please. We will be very happy to hear your statement.

STATEMENT OF M. R. BUCKALEW, EXECUTIVE DIRECTOR, INDIAN RIVER CITRUS LEAGUE, VERO BEACH, FLA.

Mr. BUCKALEW. Mr. Chairman and Mr. Findley, I have a statement that I would like to read into the record, if that is agreeable.

Mr. FOLEY. Yes.

Mr. BUCKALEW. My name is M. R. Buckalew, and I am executive vice president of the Indian River Citrus League with headquarters at Vero Beach, Fla. I am testifying in support of H.R. 7725.

The Indian River Citrus League was formed over 40 years ago by citrus growers in the Indian River district of Florida, with its primary purpose to protect, uphold, and enhance the prestige of the name "Indian River" as applied to Florida citrus fruit. The league is engaged in other numerous activities to promote and enhance the profitable growing and marketing of Indian River citrus fruit.

The Indian River citrus district comprises a narrow strip of land on the east coast of Florida, including parts of Volusia, Brevard, Indian River, Martin, and Palm Beach Counties, and all of St. Louis County. It is legally defined in the Federal marketing order programs in Florida, and only fruit produced in this district can be identified as "Indian River." Not only the Citrus League protects misuse of the term "Indian River" on citrus fruit, but also the Federal-State inspection service enforces the State regulation requiring that no citrus produced outside of the Indian River district can be labeled as Indian River, either on the fruit or on the container.

Citrus fruit produced in the Indian River district is of exceptional quality due to a combination of soil type, weather factors, rootstock, and cultural practices. The fruit has high juice content, a thin and very smooth rind, and is noted for its excellent flavor. Premium prices are generally always obtained over grapefruit produced in the rest of Florida, with Indian River premiums averaging \$1.71 per 1 $\frac{3}{4}$ bushel box over the past eight seasons.

The Indian River citrus producing district has approximately 164,000 acres of all citrus varieties, of which 34 percent are grapefruit. The 56,000 acres of grapefruit in the Indian River district comprise one-half of all the grapefruit acreage in the State of Florida. Plantings of grapefruit in the Indian River district doubled between the years of 1962 and 1969, and, therefore, production of grapefruit will continue to increase for many years to come. Dr. Gerald W. Jenkins, agricultural economist at the Indian River Community College, Fort Pierce, Fla., estimates in a 1970 study that seedless grapefruit production in the Indian River district could increase to 25 million boxes by 1984-85 season, compared to an estimated 15.4 million box crop this season.

There are about 50 commercial fresh citrus packing houses in the Indian River district, and more than one-half of the fresh grapefruit that is shipped from Florida originates in the Indian River district. This season the f.o.b. value of the Indian River grapefruit crop both for fresh and processed products, is about \$60 million, indicating the importance to the economy of the Indian River district.

The primary reason for desiring this amendment to the Agricultural Marketing Act of 1937 is to have the ability to evolve a market development program for our fresh Indian River grapefruit in order to sell increasing amounts of our expanding grapefruit crop in fresh fruit form. While the Florida Department of Citrus, formerly known as the Florida Citrus Commission, was created by State law in 1935 and spends generally between \$6 to \$7 million annually in advertising the entire Florida citrus crop, only about \$300,000 is spent annually

in direct consumer advertising for fresh Florida grapefruit. Also, advertising and promotion by the Florida Department of Citrus uses the generic approach because there is no general master brand, and they are prohibited from advertising citrus from one specific area such as the Indian River.

As the Agricultural Marketing Agreement Act of 1937 stands now, the Indian River grapefruit industry could propose a market development program, including paid advertising, to promote the name "Indian River." However, one cooperative organization of 13 Indian River shippers is already spending considerable sums to promote its own brand, and all of their brand advertisements and point-of-sale material prominently feature the words "Indian River." This season the 13 "Florigold" shippers will spend approximately \$325,000 for market and promotion and consumer advertising.

Therefore, this amendment to the act as proposed in H.R. 7735 will permit a marketing order program to be developed that would allow a credit against a portion or all of any assessment obligations under the program for shippers who expend directly for marketing promotion of Indian River district grapefruit. There is a precedence for this action since California almond growers secured a similar amendment to the act in the 91st Congress.

In addition to the fact that Florida grapefruit production is estimated to increase by about 33 percent by 1980, Texas grapefruit production is also rapidly increasing. Texas has a grapefruit crop of 10.2 million boxes this season, and forecasts are for a 50-percent increase by 1980. Economic research studies show that Texas ruby red grapefruit is especially competitive with Indian River district grapefruit. Texas grapefruit growers and shippers have a strong advertising and market development program under their Federal marketing order No. 906. This season their budget is \$725,000, with 96 percent of this sum earmarked for advertising and promotion of their "TexasSweet" master brand.

One last important reason why the Indian River district needs to promote its grapefruit is because our production costs are much higher than the rest of the State, primarily because we produce fewer boxes of grapefruit per tree and per acre due to limited soil depth. It is absolutely essential that we not only advertise to increase sales of fresh Indian River grapefruit, but this advertising is necessary if we are to maintain a premium price in the face of higher production costs compared with the rest of Florida.

I want to emphasize that H.R. 7785 is simply enabling legislation, and any specific proposal to develop a marketing promotion program for Indian River district grapefruit under a Federal marketing agreement will have to be approved in a referendum by growers and handlers affected by the program. To the best of my knowledge, there is no opposition to this enabling legislation.

On behalf of the Indian River Citrus League, representing practically all of the 1,750 citrus growers in the Indian River district, I respectfully recommend favorable action by this subcommittee and by the House Agriculture Committee to the end that H.R. 7735 is enacted into law. Thank you.

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

Would you like to remain at the counsel table, and we will hear now from Mr. Paul A. Nicholson, Deputy Director of the Fruit and Vegetable Division of the Agricultural Marketing Service of the U.S. Department of Agriculture.

Mr. Nicholson?

STATEMENT OF PAUL A. NICHOLSON, DEPUTY DIRECTOR, FRUIT AND VEGETABLE DIVISION, AGRICULTURAL MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. NICHOLSON. Mr. Chairman and committee members, it is a pleasure, as usual, to be here before you today.

I am Paul A. Nicholson, Deputy Director of the Fruit and Vegetable Division, Agricultural Marketing Service, U.S. Department of Agriculture. I have a statement on H.R. 7735.

H.R. 7735 would amend the Agricultural Marketing Agreement Act of 1937, to permit a marketing order for Florida Indian River grapefruit to include provisions for crediting the assessment obligation of each handler, assessed under such order to finance a promotion program, 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 H.R. 7735 be passed.

There is a Federal marketing order currently in effect for Indian River grapefruit. The act now permits such an order to contain provision for paid advertising, but such provision has not as yet been included in the order. The bill would provide additional authority for the Indian River grapefruit program in connection with advertising which is essentially the same as they provided for almonds by Public Law 91-522 approved November 25, 1970.

The proposed amendment would encourage handlers of Florida Indian River grapefruit to maintain or develop their own promotional programs, including paid advertising, by crediting their assessment obligations with all or a portion of their direct promotion expenditures as authorized in the order.

Implementation of this legislation probably would be accomplished by amending the Indian River grapefruit marketing order. The fruit regulated under that order is produced in the Indian River district which is defined in the order. For purposes of advertising and promotion, the grapefruit would be easily distinguishable in the markets because the individual fruits are commonly stamped with the words "Indian River" at the packinghouses prior to shipment.

The production of grapefruit in the Indian River district is expanding at a rapid rate. I think Mr. Buckalew covered that expansion very well in his statement.

The additional costs to this Department by enactment of this bill would be absorbed within existing marketing order expenditures, except that the costs of amending the order to add the promotional authority would be about \$7,500. Thank you.

Mr. FOLEY. Thank you, Mr. Nicholson.

Mr. Findley, do you have any questions?

Mr. FINDLEY. Yes.

Mr. Nicholson, the bill permits a credit against such assessments as may have been made in the case of handlers. I was not on the committee when this very unique provision was included for almonds, and I would like to understand it better.

Let's say under the marketing order authority, approved by referendum, paid advertising is instituted. If an individual handler goes ahead with his own promotion of grapefruits, he can credit the full dollar amount of that promotion against whatever assessment may be made under the marketing order; am I correct?

Mr. NICHOLSON. Yes; you are generally correct. This would depend somewhat on the terms of the order.

I don't think that he would get credit for anything that he spent in excess of what he owed under the order, and there would probably be some limit under the order. He might not get credit up to the full amount he owed under the order, but you are substantially correct.

Mr. FINDLEY. How about under almonds? Does this provision actually exempt some handlers from the assessment?

Mr. NICHOLSON. It may.

Now, the reason I say that is, we haven't had the experience under almonds as yet, in that the program has already been amended and it is effective as of the start of this coming marketing season, but some of these things have been left up under the order, to a development of a program for the season and it has been left up to rules and regulations.

Mr. FINDLEY. Well, Mr. Nicholson, it seems to me that in theory, at least, this provision could be very much to the disadvantage of some of the small handlers.

For example, there are apparently about 50 handlers of Indian River grapefruit. Let's say three or four of those are big and handle the bulk of the business. They would be in a position, having a public relations staff and good advertising to go ahead with their own brand name advertising. They would get, let's say, full credit for this which would relieve them of the assessment. They would also, under the marketing order, very likely control the referendum under which the marketing order is imposed. This theoretically could mean that the little guy who lacks the capacity for his own specialized brand advertising would be carrying the full load. He would have to pay the assessment, of course, under the order, but he would not have the advantage of the brand name advertising.

Is this really a good public policy?

Mr. NICHOLSON. Well, that is a difficult question.

It is true that the little man, as you call him, if he weren't advertising, would be paying for this advertising largely but he would be gaining benefits from it in increased demand. I would say.

Mr. FINDLEY. But the demand would not necessarily be directed toward his particular firm?

Mr. NICHOLSON. Not directed so much toward his particular firm.

Mr. FINDLEY. The others would not only have all of the benefits of the general nonbrand names advertising and the general advertising of Indian River, but also would have the benefit of having their own name tags on the promotion.

Mr. NICHOLSON. We looked at the almond program at the time, as I recall, Chairman Foley, and you may recall this, too, as sort of an

experiment, and we haven't had too much experience under it yet because it is just going into effect this coming season, but it is very difficult to say to another group that wants the same thing, that, well, you can't give them a crack at experimenting too.

Mr. FOLEY. Mr. Nicholson, would you describe the circumstances of the almond order. More particularly, where are almonds produced in the United States?

Mr. NICHOLSON. Almonds are produced almost entirely in California.

Mr. FOLEY. And the group of growers and handlers that were involved in the almond marketing order were pretty much unanimous about that?

Mr. NICHOLSON. Yes, they were, and the small ones supported it too.

There was quite an unusual agreement in the almond industry on this provision and big support for it.

Mr. FOLEY. I think the one difference that I see between the almond industry and the grapefruit industry is the grapefruit industry is more competitive within the United States, whereas the almond industry is basically located in a particular section of California and they pretty much dominate the entire production and marketing of that; isn't that correct?

Mr. NICHOLSON. Yes, I would say that is correct, although I need to add that the Indian River grapefruit is well identified and distinguished in the market from other grapefruit and it is a little different, perhaps, than grapefruit in general. It is easily distinguished and also of a very good quality.

Mr. FINDLEY. You only had 50 handlers of Indian River. Mr. Buckalew, have you had difficulty getting the 50 to cooperate on advertising?

Mr. BUCKALEW. These 13 growers that I speak of in the statement are under one brand, individual brand, Florigold brand. The rest of the shippers in the Indian River area, some of them are large and some are small, but it is particularly the smaller handlers of grapefruit that are anxious for a program of this sort so that they can get some Indian River advertising other than just the name on the cartons that go out that are packed in the packinghouse and on the fruit itself. They feel like they need some general Indian River advertising.

Mr. FINDLEY. You state there are 50 commercial fresh citrus packinghouses in the Indian River district. Are those the ones who would be affected by this legislation?

Mr. BUCKALEW. Yes.

Mr. FINDLEY. Is that correct?

Mr. BUCKALEW. Yes.

Mr. FINDLEY. Have you had any difficulty getting those 50 to cooperate on their own promotion?

Mr. BUCKALEW. The Florigold growers have 13 houses and they control about 40 percent of the volume, 40 to 45 percent of the volume of fresh grapefruit that goes out now.

There is another group known as Deerfield growers that control maybe about 10 or 12 percent of the volume of grapefruit. Then we have another group of Nevins Fruit Co., that control about 6 or 7 percent on the fruit. Those advertise their own brand as well as the Indian River Master Brand which they all carry—the Indian River Master Brand.

Mr. FINDLEY. Of the 50, how many of them don't advertise?

Mr. BUCKALEW. About somewhere in the neighborhood of 25.

Mr. FINDLEY. Have you made an effort to get them to cooperate on advertising?

For example, the livestock industry has quite a promotional program. It is a voluntary assessment and seems to work fairly well.

Mr. BUCKALEW. As you know, the problem we have found of getting cooperative ventures, it works all right with about maybe 60 percent of the people but the rest of them sometimes it is hard to get cooperation out of them and these smaller handlers don't have the facility at their disposal because they are small; they don't have the money available to do the type advertising that they feel is necessary, merchandising and advertising.

Mr. FINDLEY. Have you tried to form an association of these 50 handlers for the purpose of carrying on advertising?

Mr. BUCKALEW. That would be a little bit hard to do because they are independent and they kind of hesitate to give up what they feel would be their own individuality.

Mr. FINDLEY. Mr. Nicholson, under the Texas Marketing Order, I presume there is no provision for a credit against the assessment?

Mr. NICHOLSON. No; this provision for credit is unique at the moment with almonds and would be added for Indian River grapefruit only under the act if this bill is passed.

Mr. FINDLEY. If we enact this bill, how long do you think it is going to be before Texas comes in wanting modification of authority to permit them to have a credit against assessments?

Mr. NICHOLSON. I don't know. They now have an advertising program, as you know, under a marketing order, and they seem to support it very well and this subject has not come up in their case at all up to now.

Mr. FINDLEY. Mr. Nicholson, it strikes me as noteworthy, at least, that the Congress of the United States is being asked to pass a law which has narrowed down not only the Florida grapefruit, but the Indian River grapefruit.

If this authority under a marketing order is good public policy, why restrict it just to a particular market order? Why not recommend instead that the Congress permit this type of procedure anywhere there is a grapefruit marketing order?

Mr. NICHOLSON. Well, this gets into policy and is probably beyond what I am able to testify to here today. I would say in the case of advertising, we have left it up to individual commodities and we have not said in the Agricultural Marketing Agreement Act, and Congress has not said to date that just anybody can advertise; they have designated instead a list of commodities that can advertise. The list is now about 20 commodities, including citrus fruit, and the rest can't advertise.

Now, we have a list, a second list at the moment, starting with almonds on it, which says you can credit handlers. We have generally taken the position, I think, Mr. Chairman, the Department has, that this is left up to individual choice by industries. We did not propose this bill ourselves, we are in favor of it, but we did not propose it.

Mr. FINDLEY. Well, as you say, the almond legislation is somewhat of a pilot experimental program. Yet you also say that the returns aren't in sufficiently to know exactly what the acceptance of this is.

Mr. Chairman, just as a hunch reaction without having given this any forethought, I question the wisdom of going ahead, at least, with the assessment credit concept and then in more legislation until there is a little more experience or more detailed action, and further, I would suggest at some stage we think about the wisdom of proceeding with these very narrowly drawn pieces of legislation, dealing with marketing orders. Maybe we ought to deal with the broad subject and if something makes sense for one it ought to be examined in its national concept.

Thank you, Mr. Chairman.

Mr. FOLEY. Thank you, Mr. Findley.

We have attempted from time to time to pass general legislation authorizing research and promotion, and that was actually contained in the bill passed by the House but dropped from the conference committee report.

Mr. NICHOLSON. Yes; there are always big arguments on general amendments to the Agricultural Marketing Agreement Act. Although general amendments have been suggested many times over the years, very few of them have even gotten through. The specific ones, I think, are fairly easy to have from the standpoint that an industry can come in and say, I represent this industry, this specific industry and I am in favor of it, but the general amendments, why, they seem to be very difficult to get through Congress.

Mr. FOLEY. Does Counsel have any questions?

Mr. MURRAY. No, Mr. Chairman.

Mr. NICHOLSON. I might say we do have experience on almonds to this extent that it has been through the hearing and the recommended decision and referendum, and it was well supported by the industry. We just have not yet operated a season under the amendment.

Mr. FINDLEY. Under present law, could the Indian River handlers establish an assessment for paid advertising?

Mr. NICHOLSON. Yes.

Mr. FINDLEY. And they have not done this?

Mr. NICHOLSON. They have not done it to date.

Mr. FINDLEY. How long has this authority been available to them?

Mr. NICHOLSON. The act was first amended to include advertising in any form for cherries in 1961. That was the first amendment to permit advertising under Federal marketing orders. Citrus fruit was added since then, and I have forgotten whether it was in 1962 or later. I can check it.

Mr. FOLEY. Will you supply that, please?

Mr. NICHOLSON. I think I have it with me.

Mr. FINDLEY. It does surprise me that the growers of Indian River grapefruit have not availed themselves of the authority to undertake general promotional advertising.

Mr. NICHOLSON. Perhaps Mr. Buckalew could answer that better than I could.

Mr. BUCKALEW. I think the reason for that is that of the few houses on the river that do their own brand advertising have felt that there would be a double assessment against them if they were, if they

assess themselves for their own advertising and then, in addition, are assessed for advertising for the master brand Indian River. They would be doubly assessed. That is the reason they feel that if they put in an advertising program they feel like they should be reimbursed partially for their own advertising of their own brands.

Mr. FINDLEY. Well, would you object to an amendment which would put a limitation, let's say, of 50 percent on the amount of credit that might be applied to the assessment? It is left open in the law. But we would amend the law to put a 50-percent ceiling on the amount of refund. Would you find the law then unacceptable?

Mr. BUCKALEW. Very possibly to some of them, yes. They would feel like they maybe should get more than that back because some of the packinghouses spend quite a bit of money themselves on their own brands, and they would feel that they should get back more than 50 percent of their assessment.

Mr. FINDLEY. Under the authority of the marketing order, how would you approve a recommendation for this paid advertising?

Mr. BUCKALEW. You mean on the vote to put it in?

Mr. FINDLEY. Yes.

Mr. BUCKALEW. It would be a grower and shipper referendum both and it would require, I believe, two-thirds majority of the growers, I believe, and over 50 percent of the shippers, I believe.

Mr. FINDLEY. This would be each grower would have one vote regardless of the volume of production?

Mr. BUCKALEW. Yes.

Mr. FINDLEY. There is no weight given to volume of production?

Mr. BUCKALEW. No, sir.

Mr. NICHOLSON. Perhaps I should clarify that a little bit. That is part of the act, and the act does provide that amendments to marketing orders as well as marketing orders, they are in the same category, carry only if not less than two-thirds of those voting by number or volume, vote in favor of them. It can be either or. This is the growers voting. And for the chairman, this amendment to the Agricultural Marketing Agreement Act adding citrus fruits for advertising was in 1965.

Mr. FOLEY. Thank you.

Mr. MURRAY. To follow up, to help clarify it a little further, as a matter of practice, the Department doesn't inaugurate a marketing order unless there has been a two-thirds vote, does it?

Mr. NICHOLSON. That is right, they do not; as a matter of practice and matter of law both.

Mr. MURRAY. You could have a situation where there was a two-thirds volume but not a two-thirds vote of the individuals. As a matter of practice, you don't inaugurate the order unless you get both of them, do you?

Mr. NICHOLSON. Well, I would say generally not.

Mr. MURRAY. Also in this area, the cooperatives "block vote," do they not?

Mr. NICHOLSON. That is a provision of the law, that a cooperative may vote for its members.

Mr. FINDLEY. How many of the 50 handlers are cooperatives?

Mr. NICHOLSON. I think the one large one that has the 13 houses, Mr. Buckalew could answer that better than I could.

Mr. BUCKALEW. There are the 13 houses that are banded together under one brand that are known as cooperative houses. There are some of the other houses that have three and four growers who have gone together and put up the money and built a packinghouse and ship under that, and they are known as, considered cooperatives, and they are cooperative handlers and growers.

I would say that the cooperative growers and handlers outnumber the independents by quite a good percent. I would hesitate to try to give an estimate on it but I would say they would outnumber them.

Mr. FINDLEY. Could you put information on the cooperative character of the handlers into the record, not today but later on?

Mr. BUCKALEW. Yes.

Mr. FOLEY. Thank you very much.

Mr. Buckalew, thank you for coming from Florida to testify on this legislation, and we appreciate your appearance before this subcommittee.

Mr. Nicholson, it is always a pleasure to have you before the subcommittee. Your appearances are legend and we are always happy to see you.

We also have a statement from Senator Lawton Chiles of Florida which we will insert in the record if there is no objection.

(The statement of Senator Chiles follows:)

STATEMENT OF HON. LAWTON CHILES, A UNITED STATES SENATOR FROM THE STATE OF FLORIDA

Mr. Chairman, members of the committee. I am delighted to have this opportunity to express my interest and support for S. 1058, the bill I introduced to amend the Agricultural Adjustment Act to authorize grapefruit marketing orders.

The bill, which is identical to the bill Congressman Rogers introduced in the House, H.R. 7735, is a relatively simple proposal, enabling grapefruit growers who assess handlers for the purpose of financing a marketing promotion program to also provide for a credit against such assessment in the case of handlers who expend directly for marketing promotion. It would encourage handlers of Florida Indian River grapefruit to maintain or develop their own promotions, including paid advertising, by crediting a handler's assessment obligation with the amount of his direct promotion expenditures as authorized in the Indian River grapefruit marketing order.

This is a non-controversial bill, wholeheartedly supported by the Indian River Citrus League, which represents the vast majority of the Indian River citrus growers. The legislation is enabling only and it will be up to the Indian River grapefruit industry to accept or reject any specific program.

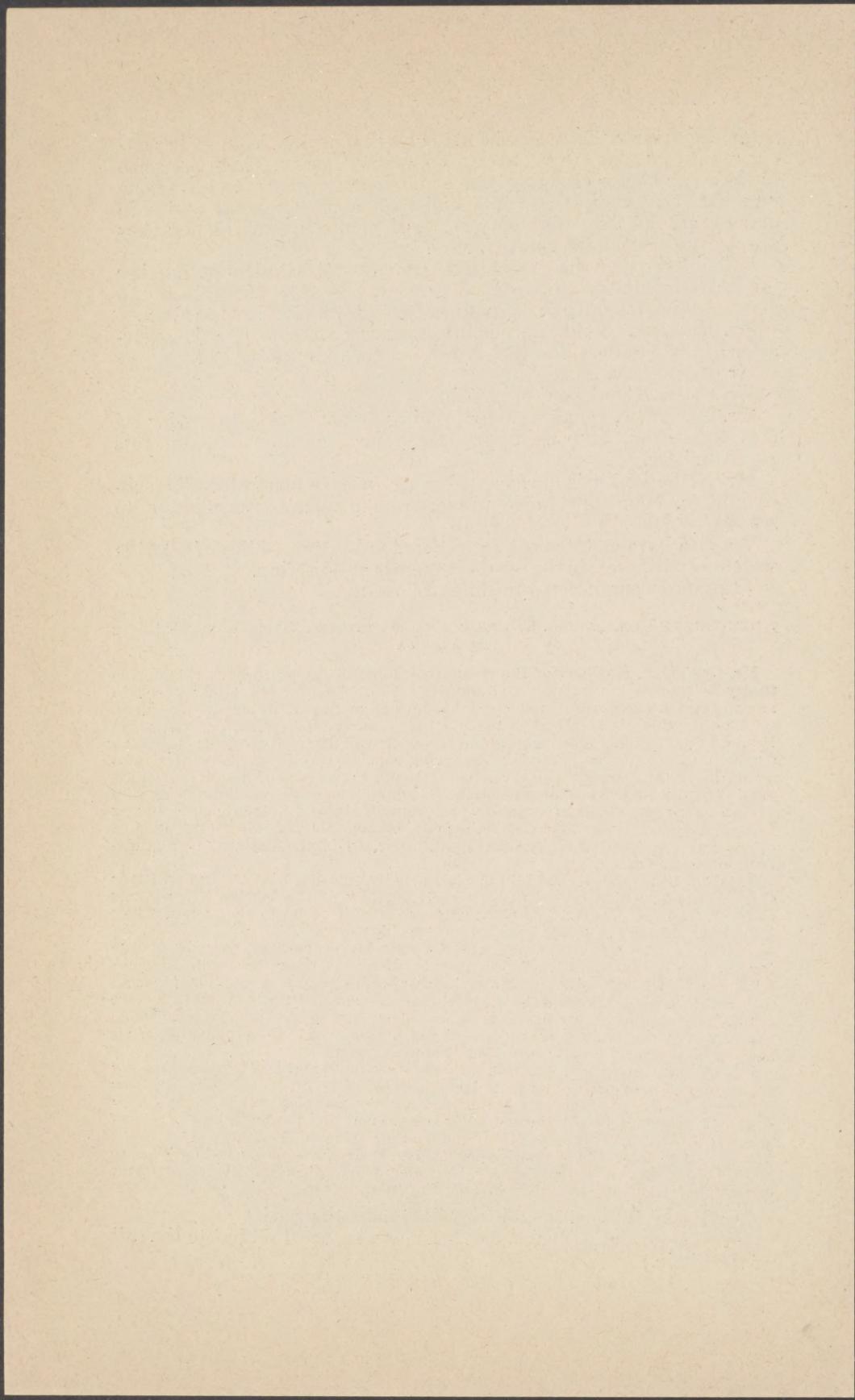
There are growers in this area who have market promotion programs featuring the words "Indian River" prominently, alongside their own brand name—such as "Florigold," and under any industry-wide market promotion program for Indian River grapefruit these individual shippers naturally want to receive some credit against their assessment for their own market promotion. To do this however, the Marketing Agreement Act of 1937 needs to specifically permit such an assessment credit for Indian River grapefruit.

Put more directly, for promotion purposes the individual growers are assessed so much per box of fruit to promote Indian River fruit. But if individual growers in the promotion of their own brand also use the words, "Indian River", they ought to get some credit toward their assessment for promoting the fruit of the entire district. This legislation would allow them to do that.

I sincerely hope the committee will give their favorable consideration to S. 1058. I am pleased to note that Mr. Buckalew from the Indian River grapefruit committee is also here to testify in behalf of this measure.

Mr. FOLEY. The subcommittee will stand adjourned.

(Whereupon, at 9:40 a.m., the hearing adjourned subject to the call of the Chair.)



AMENDING MARKETING ORDER PROGRAM FOR APPLES

TUESDAY, JUNE 27, 1972

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

The Committee met, pursuant to notice, at 10:15 a.m., in room 1302 Longworth House Office Building, Hon. Thomas S. Foley, chairman of the subcommittee, presiding.

Present: Representatives Foley, Denholm, Goodling, and Zwach.

Also present: Hyde H. Murray, associate counsel, and Martha Hannah, subcommittee clerk.

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. 15352 by Mr. Goodling, for himself, Mr. Miller of Ohio, and Mr. Findley.

(H.R. 15352 and the departmental report follow:)

[H.R. 15352, 92d Cong., second sess.]

A BILL To amend the Agricultural Adjustment Act of 1933, as amended and reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, to authorize marketing orders for apples

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8c(2) of the Agricultural Adjustment Act of 1933, as amended and reenacted and amended by the Agricultural Marketing Agreement Act of 1937, is further amended by striking in the second parenthetical phrase the following language: "but not including apples other than apples produced in the States of Washington, Oregon, Idaho, New York, Michigan, Maryland, New Jersey, Indiana, California, Maine, Vermont, New Hampshire, Rhode Island, Massachusetts, Connecticut, Colorado, Utah, New Mexico, Illinois, and Ohio." and "produced in the States named above except Washington, Oregon, and Idaho".

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 26, 1972.

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

DEAR MR. CHAIRMAN: This is in reply to your request of June 20, 1972, for a report on H.R. 15352, a bill to amend the Agricultural Adjustment Act of 1933, as amended, and as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, to authorize marketing orders for apples. The effect of this bill is to authorize the establishment under the Agricultural Marketing Agreement Act of 1937 of marketing orders regulating the handling of apples grown in any of the States, both for fresh market and for processing, including canning and freezing.

The Department recommends that H.R. 15352 be passed.

The Agricultural Marketing Agreement Act of 1937 currently authorizes marketing orders for apples for fresh market and for processing, including apples for canning and freezing, produced in the States of New York, Michigan, Maryland, New Jersey, Indiana, California, Maine, Vermont, New Hampshire, Rhode Island, Massachusetts, Connecticut, Colorado, Utah, New Mexico, Illinois, and Ohio. Also, it authorizes the establishment of marketing orders for apples for fresh market and for processing uses other than for canning and freezing for apples grown in Washington, Oregon, and Idaho. The bill would not change the provisions of the act which specifies that a marketing order for apples for canning or freezing shall be approved by the processors who have canned or frozen more than 50 percent of the volume of apples canned or frozen within the specified area during the designated representative period.

The purpose of the act is to improve returns to producers. Marketing orders for a number of fruit and vegetable commodities, other than apples, have been effective under the act for a number of years. The Department believes that producers of any commodity who wish to avail themselves of the authority under the act to improve the marketing of their products should be permitted to do so.

Apples are one of the most important fruit crops grown in the United States. The Department's Crop Reporting Board currently reports commercial production in orchards of 100 or more bearing age trees in 34 States. Production is increasing. During the past three years, 1969-1971, apple production ranged from 152 to 163 million 42 pound boxes, up from an average of 135 million boxes during the 5-year period 1960-1964. In addition, potential exists for substantially larger crops based upon reports of sizeable plantings in a number of States of young trees not yet of bearing age.

Enactment of H.R. 15352 would have no significant impact on the environment.

It is estimated that the annual costs to the Department for administering a marketing order established under this legislation would approximate \$25,000 for each of the next five years.

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,

RICHARD LYNG, *Acting Secretary.*

Mr. FOLEY. The first witness will be Mr. Arthur E. Browne, Deputy Director of the Fruit and Vegetable Division, Agricultural Marketing Service, USDA. Mr. Browne.

STATEMENT OF ARTHUR E. BROWNE, DEPUTY DIRECTOR, FRUIT AND VEGETABLE DIVISION, AGRICULTURAL MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE

Mr. BROWNE. Thank you, Mr. Chairman.

I am Arthur Browne, Deputy Director, Fruit and Vegetable Division, Agricultural Market Service, Department of Agriculture. I am appearing this morning to present testimony in place of Paul A. Nicholson, who was scheduled to appear and who was called out of town very unexpectedly. I appreciate the opportunity to be here this morning to present the views of the Department on this legislation.

H.R. 15352 would authorize the establishment of marketing orders under the Agricultural Marketing Agreement Act regulating the handling of apples grown in any of the States, both for fresh market and for processing, including canning and freezing.

The Department recommends that H.R. 15352 be passed.

The act now permits marketing orders for apples grown in certain States. The States which could have a marketing order for apples both for fresh use and for processing, including canning and freezing, are New York, Michigan, Maryland, New Jersey, Indiana, California, Maine, Vermont, New Hampshire, Rhode Island, Massachusetts, Connecticut, Colorado, Utah, New Mexico, Illinois, and Ohio. In addition,

Washington, Oregon, and Idaho could have a marketing order for apples for fresh use and for processing, except canning and freezing.

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 producers.

Marketing orders for several fruits and vegetables have been in effect under the act for a number of years. However, no Federal orders have been in effect for apples. The Department believes that producers of any commodity who wish to avail themselves of the authority under the act to improve the marketing of their products should be permitted to do so.

Before a marketing order may be issued, or amended, a public hearing is required. No order or amendment 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 also provides that a marketing order for apples for canning or freezing shall be approved by processors who have canned or frozen more than 50 percent of the volume of apples canned or frozen in the specified area during the designated representative period. Canning and freezing are important outlets for apples.

Apples are one of the most important of fruit crops grown in the United States. The Department's Crop Reporting Board reports commercial production in 34 States. Production is increasing. During the most recent 3 years, 1969-71, production ranged from 152 to 163 million 42-pound boxes, up from an average of 135 million boxes during the 5-year period of 1960-64. The potential exists for substantially larger crops based upon reports of sizable plantings of young trees not yet of bearing age in a number of States.

It is estimated that the annual costs to the Department for administering a marketing order established under this legislation would approximate \$25,000 for each of the next 5 years.

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

Are there any questions of Mr. Browne? If not, we thank you very much for your appearance, Mr. Browne.

Mr. Browne, if you would stay in the committee room until the completion of the hearing, in case any questions arise later.

The next witness will be Mr. John Datt, American Farm Bureau Federation, Washington, D.C.

STATEMENT OF JOHN C. DATT, ASSISTANT DIRECTOR, WASHINGTON OFFICE, AMERICAN FARM BUREAU FEDERATION

Mr. DATT. My name is John C. Datt, assistant director, Washington office, for the American Farm Bureau Federation.

I appreciate the opportunity to appear before the subcommittee to present the views of the American Farm Bureau Federation with respect to H.R. 15352, a bill to authorize Federal marketing orders for apples in all apple-producing States.

The purpose of this legislation is very simple. Under the Agricultural Marketing Agreement Act of 1937, apples produced in Washington, Oregon, Idaho, New York, Michigan, Maryland, New Jersey, Indiana, California, Maine, Vermont, New Hampshire, Rhode Island, Massachusetts, Connecticut, Colorado, Washington, New Mexico, Illi-

nois, and Ohio are eligible for a Federal marketing order, except that apples produced in Washington, Oregon, and Idaho for canning or freezing are not eligible for an order. Apples produced in other States are excluded from eligibility under the act. This exclusion involves such important apple-producing States as Pennsylvania, West Virginia, Virginia, and North Carolina. H.R. 15352 would make all apples, both for fresh market and for canning and freezing, eligible for a Federal marketing order.

Under the act, a marketing order involving apples for canning or freezing would have to be approved by processors who canned or froze 50 percent of the total volume to be regulated. This legislation would not change this provision, so apple processors would continue to have a vote in approving any apple marketing order.

The Farm Bureau supports the enactment of H.R. 15352 and urges the subcommittee to give it prompt, favorable consideration.

Our interest in this legislation stems from the fact that since 1961, the American Farm Bureau and its affiliated marketing cooperative, the American Agricultural Marketing Association, have been conducting an apple marketing program. Our primary interest in apple marketing is to assist our participating State Farm Bureau marketing associations to improve pricing procedures and the price structure of apples for processing. Hopefully, by influencing the pricing structure of apples for processing, we would have an impact on the fresh market pricing situation.

The AAMA apple marketing program has included attempts to obtain preharvest marketing contracts, market information and analysis, and recommendations as to price targets. We believe it has been successful in improving the incomes of applegrowers.

One of the subjects that has been discussed in recent years in our apple marketing program has been the possibility of a Federal marketing order program. In June 1971, the American Farm Bureau Federation held a conference in Pittsburgh, Pa., for the purpose of discussing the possible application of a Federal marketing order to the processing apple industry. The conference was attended by about 50 persons who were applegrowers, apple canners and freezers, and staff people from the Farm Bureau, the International Apple Institute, the National Canners Association, and USDA. As a result of the interest expressed at this meeting, the American Farm Bureau Federation appointed an Apple Marketing Order Feasibility Study Committee. On December 16, 1971, this committee of applegrowers met in Pittsburgh and recommended that legislation be enacted to make all apple areas eligible for a Federal marketing order. The committee felt that such legislation is necessary if a Federal marketing order, particularly for processing apples, is to be developed. Farm Bureau policy supports amendment of the Marketing Agreement Act to permit the development of marketing orders for any agricultural commodity when producers request it. This is why the Farm Bureau is very much interested in the enactment of H.R. 15352.

Whether there will be a Federal marketing order for apples, or what type of program will be proposed, is something we cannot answer today. This question will be answered by applegrowers themselves. However, we believe that all applegrowers in all areas should have the opportunity to make that decision.

We urge the immediate passage of H.R. 15352. We appreciate the opportunity to present our views on this subject.

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

Are there any questions of Mr. Datt?

If not, again we appreciate your testimony. If you have time, perhaps you would remain for a few minutes in case any questions arise.

Without objection, the Chair is going to include in the record the statement of the International Apple Institute supporting this legislation.

(The statement follows:)

INTERNATIONAL APPLE INSTITUTE,
Washington, D.C., June 21, 1972.

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

DEAR CONGRESSMAN FOLEY: This letter is written in support of H.R. 15352 which would amend the Agricultural Adjustment Act of 1933, as amended and reenacted and amended by the Agricultural Marketing Agreement Act of 1937, as amended, to authorize marketing orders for apples.

The International Apple Institute is a non-profit trade association representing all segments of the apple industry and numbering among its members some 14,000 apple growers. The IAI came into being in 1970 as a result of the consolidation of the National Apple Institute and the International Apple Association. The Board of Trustees of this organization has approved support of H.R. 15352.

Unfortunately, the hearing dates set for this bill coincide with the Annual Meeting of this organization in upper New York State. We trust that this letter will have the force of personal testimony so that our officers, trustees and staff can carry on their key work at our meeting.

We have been most anxious to have the Agricultural Marketing Agreement Act of 1937 amended to enable apple producers in all apple producing states to be eligible to utilize the act for applicable apple marketing programs. To this end IAI has worked over the years, for most of the eligibility provisions which are currently applicable to apple producers. Most recently and most particularly we have worked for the provisions encompassed in H.R. 15352, introduced by Congressmen George Goodling, Paul Findley and Clarence Miller.

For the past several months Secretary of Agriculture Butz has had a committee of USDA experts studying ways and means of improving apple producer returns. One of the recommendations strongly urged by industry members in meetings with the USDA study committee was amendment of the Agricultural Marketing Agreement Act of 1937 so that it could be used for various possible programs to effect greater market development and more orderly marketing; to provide for industry self-help.

The Agricultural Marketing Agreement Act of 1937 has not been utilized to date by apple producers because producers in only a portion of our commercial apple producing states have been eligible to develop programs under the Act. Also, only within the past couple of years has the Act been amended to include some of those states now eligible, and to enable use of the Act for market development via promotion and paid advertising.

Philosophies and policies of industry and industry organizations, as well as of government, have been responsible for the slow appreciation of the potentials of this enabling tool for better marketing programs by the apple industry.

We anticipate that programs under the Act, even with further amendment through the approval of H.R. 15352, will probably be slow to be developed, agreed upon, and approved by producers. The timetable for serious consideration of the acquisition of such programs by the apple industry, however, will be greatly enhanced and accelerated by this legislation.

The American Farm Bureau Federation will testify in support of H.R. 15352. The APBF has worked with IAI in consultation with the sponsors of the bill to secure its development and introduction. We are in concurrence with the testimony to be presented by the spokesman for the Farm Bureau urging approval of this bill.

It is our understanding that spokesmen for the Agricultural Marketing Service of USDA will also testify in support of the proposed legislation.

To the best of our knowledge, there is only very limited opposition to the proposed legislation. This is due largely to misunderstanding and to confusion regarding the Agricultural Marketing Agreement Act of 1937 with other Department of Agriculture-administered programs involving acreage allotments and quotas for certain crops.

We most earnestly and respectfully ask your Sub-Committee's favorable consideration of H.R. 15352 and urge that it be favorably reported to the House Committee on Agriculture and to the House.

We also ask that this letter be made a part of the hearing record.

Sincerely,

IVAN STEIN, *President.*

Mr. FOLEY. The last scheduled witness today is Mr. H. Edward Dunkelberger, counsel, National Cannery Association, Washington, D.C.

STATEMENT OF H. EDWARD DUNKELBERGER, COUNSEL, NATIONAL CANNERS ASSOCIATION, WASHINGTON, D.C.

Mr. DUNKELBERGER. Thank you very much.

I am Edward Dunkelberger, counsel for the National Cannery Association, appearing today to comment on H.R. 15352.

We have no prepared statement. I would like to take a very few minutes to indicate very briefly the National Cannery Association's position on marketing orders and supply control legislation, and to make, we believe, one relatively minor suggested modification of the bill.

The National Cannery Association has for many years felt supply control programs are not the answer to raw product problems, the problems of the canning crops at any rate. The feeling in our industry is that the contract farming method under which the grower can make his plans and decisions early in the year, the canner can attempt to match the supply with the demand, and the consumer benefits from competitive allocation of resources, is the system that best serves the interests of all three major segments.

We feel that supply controls generally in this area have not worked. When they are instituted in the few cases—for example, in the California marketing order program—they have not kept growers from planting new trees. They have apparently persuaded growers to believe that there was some kind of shelter that they might benefit from. Indeed, they have seemed to encourage further plantings, thereby aggravating the problem further.

In those instances where supply controls for a canning crop might indeed, in the short run, increase the price of the commodity by reducing supply, consumers have been encouraged to go to other commodities, thereby permanently injuring or at least temporarily injuring the demand for that particular commodity.

For these reasons, NCA generally believes supply controls are not the long-term solution to the problems that may exist in the industry.

The association has, however, in response to repeated suggestions from proponents of marketing order legislation, been willing to consider its position and expressed its position in a formal policy statement in which we have stated as clearly as we can that we are not opposed to research and promotion programs financed by growers, federally or State sponsored.

We also believe in some instances there may be some benefits from raw product minimum quality standards to eliminate unsuitable raw materials, and in particular instances in the case of fruits, the association and the canning industry is willing to consider on a case-by-case basis whether a supply control program might have some short-term benefits.

Our feeling is, however, that because either a quality control program or a supply control program under any circumstances could well seriously affect the interests of the processor, we believe the processor should have an equal voice and vote in the formulation, adoption, and administration of any supply control program.

Under a marketing order, this means that canners should be included in the referendum and should be represented on any administration committee appointed by the Secretary of Agriculture.

With respect to H.R. 15352, we note that the sponsors have indeed included a provision for canners to vote in a referendum. Growers would have to have two-thirds approval. Canners would have to have only 52-percent approval. We believe this is a reasonable approach, and we believe it does move in the direction of equal voice in the formulation of marketing orders for processors and growers.

Our sole concern with the bill as now drafted is the failure to assure processor representation on the administration committee. Major decisions and recommendations are made by these committees. They formulate rules and regulations for carrying out a program. They develop recommendations to the Secretary for amending marketing orders. They make recommendations for enforcement and compliance.

We think since the orders will affect, necessarily, both processors and growers, processors should be assured of representation on the committee.

The proposal that we would make to amend H.R. 15352 would be to add the words "apples or" before the word "grapefruit" in the last sentence of section 608(c)(7)(C). The effect of that would be to provide that processor representation would be required on any committee appointed by the Secretary of Agriculture.

With that modification, the canning industry would not oppose enactment of the bill.

Mr. FOLEY. Thank you, Mr. Dunkelberger.

Any questions? Mr. Denholm.

Mr. DENHOLM. Mr. Chairman, I have a question for the gentlemen, and possibly the gentleman representing the American Farm Bureau may first respond.

What is a Federal marketing order?

Mr. DATT. In the discussions that have been held as far as our folks are concerned, basically the conversations have centered around a possible marketing order for processing apples primarily in the eastern and midwest areas. We are thinking of a marketing order basically in a big crop year that might, through the use of quality standards, hold off the market so-called culls or some of the lower grades and smaller sizes. This is what the conversations have been.

What they ultimately might decide to do, I do not know, but that is at least what they have been talking about now in terms of a marketing order program.

Mr. DENHOLM. I think you testified that you favored Federal marketing orders on all commodities.

Mr. DATT. This has been our attitude all along. We are for the producers to have the right to develop a Federal marketing order program if they so choose.

Mr. DENHOLM. What is that?

Mr. DATT. That is what I have tried to describe here, in the case of apples for processing, canning, and freezing.

Mr. DENHOLM. You have a Federal marketing order on milk now; do you not?

Mr. DATT. The milk marketing order program is quite different from what you have in the fresh fruit and vegetable field or in the canning. Basically, under the milk marketing order program, you try to do two things: One, you try to provide for classification and pricing. In other words, you try to provide for the pricing of milk based on its utilization. Second, you provide for the auditing of the handlers' books. These are the two main features of it.

That is entirely different from what you do in the fresh fruit and vegetable area or some of the others, where you try to control the quality of the product that moves to market by saying that certain grades and sizes just cannot be marketed.

Mr. DENHOLM. Are you familiar with what has happened in the milk industry and what has happened to the industry since a Federal marketing order for milk was adopted?

Mr. DATT. Yes, I am.

Mr. DENHOLM. There are now 1,000-cow dairy herds in Texas and California as a result of Federal marketing orders for the marketing of milk. Is that situation of benefit to farm families in the industry?

Mr. DATT. California has no Federal marketing order. California operates under a State pricing system. There are in a number of other areas. About two-thirds of the other areas are covered with milk marketing orders.

Mr. DENHOLM. I am not inquiring about whether it is good or bad for apples, but when you made the statement that you support the theory of a Federal marketing order on all commodities, what do you anticipate would happen as a result thereof?

Mr. DATT. Basically, what we meant by that was that we support the idea there ought to be legislative authority, and then if an individual commodity group wanted to go ahead and develop a program, they would have the opportunity to do that.

Mr. DENHOLM. I am still puzzled about what you believe a Federal marketing order really is, and if you cannot answer, maybe one of the other witnesses can. I do not want to press you if you do not know.

Mr. DATT. As it relates to apples, a marketing order program would involve the control of the supply that moves to market.

Mr. DENHOLM. What is the purpose of it?

Mr. DATT. Say, in a big apple crop year, the purpose is to keep the culls and some of the lower grades from going to market that are not really needed for the market. You have a relatively small supply of so-called culls that have an effect that tends to depress the total market price for the product.

Mr. DENHOLM. What do you do with that part of production that is not marketed?

Mr. DATT. You just leave them in the orchard.

Mr. DENHOLM. What does that do to the income of the apple-grower?

Mr. DATT. It may improve his income, because he may be able to get more total income from what he has marketed by leaving a part at home than if he had marketed the whole thing at the lower price.

Mr. DENHOLM. You are talking about increasing the price?

Mr. DATT. That is one of the things.

Mr. DENHOLM. Is the purpose of a Federal marketing order to improve price for the commodity and improve the income to the producer?

Mr. DATT. That is one of the purposes of it.

Mr. DENHOLM. What other purpose is there?

Mr. DATT. By controlling the quality that goes to market, in that way you try to assure the consumer a better quality product. This is primarily what you do in the potato Federal marketing orders that operate out in your area. They try to set certain grades and size standards of the potato that will move to fresh market. By that system, they try to assure the consumer of a higher quality potato than if all the potatoes, irrespective of grade or size, were able to be marketed.

Mr. DENHOLM. Do you think the producers are really concerned about the consumers; and if so, why?

Mr. DATT. Yes, I do. If the consumer does not keep coming back and buying apples or potatoes or something like that, we have lost the market.

Mr. DENHOLM. I thought the idea of the Federal marketing order was to obtain a better price for what the producer has to market.

Mr. DATT. I said that is one part of it. That is one thing that it is designed to do. The other thing it is designed to do is to improve the quality of the product that goes to market.

Mr. DENHOLM. That is all. Thank you, Mr. Chairman.

Mr. FOLEY. Are there any other questions?
Counsel?

Mr. MURRAY. Thank you, Mr. Chairman. I would like to establish with Mr. Dunkelberger one thing on the record, and that is the way the bill is drafted, it is clear that the processor vote would apply only on the inauguration of a marketing order for apples for processing—for example, canning and freezing—and that there is no processor voting on apple orders for fresh apples. Is that not right?

Mr. DUNKELBERGER. It is our understanding, Mr. Murray, that the provisions of section 608(c)(2) which now operate with respect to apples for canning or freezing, would continue to operate for all apples for canning and freezing, but that there would be no provision for processor participation in a referendum if the only apples to be regulated by the order were fresh market apples.

Mr. MURRAY. The second point I would make in regard to your proposed amendment is that it differs from the language we have in the recently passed pear bill in that in your amendment all you are asking for is representation on the board, not any particular fixed percentage.

Mr. DUNKELBERGER. The canning industry believes it should have equal representation. We feel that a move in this direction would be assurance of representation. Our position would be that in the appoint-

ment of any such committee, processors and growers should be equally represented. We think that would be a preferable amendment to the bill, but we are willing in this instance to accept a provision for assurance of representation.

Mr. MURRAY. Thank you.

Mr. FOLEY. If there are no further questions, we thank all the witnesses for their appearance and contributions.

The subcommittee will stand adjourned to meet at the call of the Chair.

(The subcommittee adjourned at 10:40 a.m., subject to the call of the Chair.)

