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Cherry Marketing Institute

Testimony

Senate Agriculture Committee Hearing

April 24, 2007

Introduction

Good Morning Chairman Harkin, Ranking Member Chambliss and other members of the Senate Agriculture Committee. Thank you for the opportunity to be here today to present testimony on behalf of tart cherry growers in Michigan and across the country and to provide input on the next Farm Bill.

I would like to extend a special thanks to our Michigan Senator, Debbie Stabenow, an important member of this Committee who has worked very hard for our state's specialty crops for many, many years. Senator Stabenow, we appreciate everything that you do. I commend you and Senator Craig on the introduction of the Specialty Crops Competition Act of 2007. You have set a high standard for the specialty crop provisions that should be included in the next Farm Bill.

Cherry Marketing Institute

Members of the Committee, I am Phil Korson, President of the Cherry Marketing Institute, a national cherry organization that was created in 1988 to help promote tart cherries and foster research on our crop. Our members, who provide our funding, include both growers and processors across the country. We offer the public, food manufacturers and the government expertise on cherries and their applications and we provide information on nutrition and health benefits research. Our efforts to promote our crop were recently featured in the Wall Street Journal when we announced bringing Jeff Manning on board as our Chief Marketing Officer. Mr. Manning is best known for developing the "Got Milk?" campaign for the California Milk Processor Board. His instrumental role in developing our new "Not Just Another Berry" campaign will help increase awareness about the incredible health benefits of tart cherries and build new demand for our crop.

The industry I represent in Michigan and across the country is an excellent example of the unique needs of not just cherries but many other specialty crops. My testimony today will outline concerns specific to cherries, but many of these issues are shared by other specialty crops. First and foremost, the specialty crop community is excited about the opportunity to include, for the first time ever, a Specialty Crop Title in this Farm Bill. We have come a long way in the last decade to make our concerns known to Congress and we appreciate the opportunity to address long-standing issues unique to our crops in this Farm Bill. While there

are many causes we all share, today I will focus on the importance of nutrition, research and disaster programs.

U.S. Tart Cherries / Processed Fruit

Cherries are an important specialty crop for Michigan's agricultural economy and the nation. In fact, Michigan's tart cherry growers produce 75% of the U.S. annual crop. Michigan is also a unique state in that many of our fruits and vegetables are not grown for fresh consumption; rather they are processed into a multitude of healthy, value added products like dried cherries or 100% cherry juice. The economics of processed fruits and vegetables versus the economics of fresh fruits and vegetables are very different. Rather than responding to rapid changes in supply and demand in the fresh market, the long term implications of surplus inventories, especially in the cherry industry, have some of the strongest impacts on our market and the ultimate price paid to the growers. In fact, tart cherries have a Federal Marketing Order in place that regulates how much product we put on the market in order to help our growers achieve the maximum price. It is important to note that the demand for our product has a strong effect on the processing economy in our state and has a direct impact on the thousands of fruit and vegetable processing and handling jobs in Michigan and across the country. That is why it is critical that when developing legislative language regarding specialty crops that you consider all forms of fruits and vegetables - not just fresh. Processed fruits and vegetables are all important components of a healthy diet and come in many forms including dried, cut and peeled, and flash frozen.

Nutrition

We support all efforts to increase additional fruit and vegetable purchases for distribution to all USDA nutrition programs including the National School Lunch Program, TEFAP and the CSFP. We believe that funding for this should be mandatory and that the new purchases should be in addition to the annual purchases made by USDA. We support the highest possible level of mandatory funding for this program.

Federal purchases of fruits and vegetables are critical to maintain good prices for growers. In the case of U.S. tart cherries, we use a Federal Marketing Order to limit the product we can introduce to the market and without an outlet such as a USDA purchase; our product sits in surplus unused. We had a wonderful crop year in 2006, but we now face an incredible surplus that needs an outlet to help maintain grower price in 2007. We are awaiting an announcement from USDA for a much needed purchase of 26 million pounds of tart cherries.

A study conducted by the industry demonstrated that for every five million pounds of tart cherries purchased by the government equates to a one cent increase in the price per pound a grower receives. For a grower getting an average of ten cents per pound, that is a 10% increase in price and an undeniable benefit. The more we can increase the federal fruit and vegetable purchase programs, the more we can help specialty crop growers in those times when they are in a surplus position.

Again, it is important to reiterate that these purchases should not be limited to just fresh fruits and vegetables as that would be a barrier to many Michigan grown products, and other

healthful U.S. fruit and vegetable products, from being used by these programs. Technology for processing and consumer demand is rapidly changing this market. Many of the products we consume on a daily basis such as peeled baby carrots and apple slices available at fast food restaurants were not available even 10 years ago. As we move forward in developing new programs to help specialty crops, let us be careful to include all of these new fruit and vegetable products and ensure that the language helps all specialty crop growers.

Research

Research is the key to the future of our industry. It keeps us on the cutting edge and competitive in the world market. We support the administration's proposal for \$1 billion for a Specialty Crop Research Initiative and are excited about all of the research provisions included in Senator Stabenow's Specialty Crop Competition Act. One important area where we need more help is in finding alternatives to pesticides used to combat pests and disease in our crops.

Because demand is relatively small, compared to the demand for products produced for major crops, specialty crops have a limited array of tools to combat pests and diseases. As our nation continues to implement the Food Quality Protection Act and other efforts to reduce pesticide and insecticide use, agriculture research is critical to discover alternatives. This is especially true for specialty crops that may have only one approved product currently available for use.

An excellent example of one of the problems cherry growers face is the use of the insecticide, Azinphos Methyl. Azinphos Methyl is used to combat Plum Curculio and other insect infestations in apple and cherry crops. It is currently the only effective insecticide available for this purpose and unfortunately is in the process of being phased out. Due to the Food Quality Protection Act, our growers will no longer be able to use Azinphos Methyl by the year 2012. However growers will continue to face the Food and Drug Administration's (FDA) zero tolerance policy for insect and larvae in fruit. It is critical that we find alternatives for Azinphos Methyl by 2012 to allow cherries and apples the ability to continue to be produced in the U.S. According to research by Dr. Mark Whalon at Michigan State University, without effective replacement for Azinphos Methyl it is estimated that 50% of the industry will be gone in two years.

While we have put in an appropriation request to Senators Stabenow and Levin to address this issue, a more reliable and permanent source of research funding, such as the provisions in the Specialty Crop Competition Act of 2007, should be in place to provide research support for the high priority research needs.

Disaster

As we all know, acts of God cannot be planned and disasters happen. For specialty crops, these disasters are especially devastating because often crop insurance is not available. Margins for growers are simply too thin for a farmer to absorb these cost on their own and low interest loans can sometimes be helpful but are often difficult to pay back when an operation has been hit hard. We support efforts to create permanent disaster assistance for all growers, especially specialty crops such as the program in Senator Stabenow's Specialty Crop Competition Act of 2007.

We experienced a serious disaster in Michigan last year. A storm blew off Lake Michigan and devastated the cherry production in its path. With 90 mph winds and hail the fruit literally fell off the tree and what remained was severely bruised. Many trees simply broke off at the ground because of the weight of the fruit. With an orchard crop, not only did the growers lose their production for the year, but the loss of a tree is a devastating capital loss. It takes seven years for a replacement tree to reach maturity before it will bear fruit and can be harvested. This disaster was compounded by the loss of electricity at the farm and processing facility which meant the processing and harvesting operations had to stop until power could be restored. In hot temperatures fruit that has been bruised will not last long, adding to the quality loss during a peak harvest time.

The current emergency supplemental funding bill contains measures that would help these growers, but their fate rests on the political winds and other controversies in that bill. Our nation needs a permanent system in place to help growers who are impacted by natural disasters.

Conclusion

The specialty crop community and especially the U.S. tart cherry growers that I represent appreciate the attention paid to our unique interest in this Farm Bill. On behalf of my growers, I offer my strongest endorsement of the Specialty Crop Competition Act of 2007 and hope that it provides the foundation for the Specialty Crop Title in this Farm Bill. Thank you again to Senator Stabenow for your leadership and thank you to the committee for this opportunity to present my views.