

AMERICAN PECAN BOARD
Newsletter – Winter, 2014-2015
Update on the Marketing Order

The American Pecan Board (APB) was established in May, 2013 as an organization to represent all segments of the pecan industry, including those whose livelihood involved the growing, handling, processing, and marketing of pecans. After consultation with USDA in Washington, the APB decided, in December of last year, to go before the industry and propose the idea of a federal marketing order (FMO). It was deemed an appropriate solution to raise sufficient funds to support and sustain a comprehensive marketing effort with an anticipated positive impact similar to the successes of almonds, walnuts, and pistachios.

Therefore, since January of this year, members of the American Pecan Board have been before numerous groups in an effort to learn from and inform pecan stakeholders about a federal marketing order. Sessions have been held at conferences, board meetings, and field days with companies, small groups, and individuals for the primary purpose of evaluating whether or not the pecan industry desires to move forward with a marketing order.

In early summer, the buy-in from pecan folks was determined to be sufficiently positive that the APB decided to reach out to the U. S. Department of Agriculture to begin the process required to promulgate an order. The board decided to schedule a series of meetings, one in each of the pecan regions (East, Central, and West) to involve USDA personnel in an information exchange with growers from the various states involved. Therefore, sessions were set up and subsequently held for the:

- Central Region at San Marcos, Texas on July 13-14 (in conjunction with the Texas Pecan Growers Association conference)
- East Region in Tifton, Georgia on September 2-3 (in conjunction with the Georgia Pecan Growers Association Field Day)
- West Region in Las Cruces, New Mexico on October 28-29 (in conjunction with the Western Pecan Growers Association board meeting and the New Mexico Pecan Growers Association Field Day)

At each meeting, a grower panel described to USDA personnel the distinctive nature of growing pecans in their region. This information was intended to better prepare the rules writing staff so that they can adapt a marketing order to the specific nature of the pecan industry. Likewise, the USDA staff, led by Melissa Schmaedick, Senior Marketing Specialist, informed the pecan stakeholders present of the law under which a marketing order is authorized. Ms. Schmaedick's sixteen years experience with writing orders was extremely valuable in detailing not only the usefulness of an order but also the complexity and steps necessary to complete the process.

At the West Region meeting in Las Cruces, in addition to Ms. Schmaedick and her staff, attendees included USDA Under Secretary Edward Avalos from the Washington D. C. office and Michael Durando, Director of the Marketing Order and Agreement Division, AMS Fruit and Vegetable Program of USDA in Washington D. C.

Not only was the presence of these two gentlemen important to the effort, but also their expertise and support is extremely valuable as the undertaking moves forward.

Momentum in favor of the order has built throughout the numerous exchanges. Appropriate questions have been asked, and growers, shellers, and accumulators have offered many valuable suggestions. The time has come to enter the next phase of the process – the deliberative and complex task of writing the rules.

In January, 2015, the APB and the USDA are scheduled to meet for an intensive three-day session to consider the specifics allowed under the Agricultural Marketing Agreement Act of 1937, the law authorizing a marketing order. A FMO is a unique set of rules, specifically adapted to the commodity for which it is written. Although similar in some aspects and often confused with federal and state check-off programs, it is distinctively different in nature and can include provisions that address marketing and advertising, collection and publishing of market data, container and packaging requirements, minimum standards, and market and production research. Dealing with these elements as they relate to pecans is the task to be undertaken by the APB and USDA staff. A critical concept of a FMO is the following statement from USDA that synthesizes a central element of the law: *“The program is voted in by growers and assessments are collected at the handler level (handlers are subject to compliance for payment of assessments and meeting any regulations in effect under the order).”*

With that premise as a guiding principle, the following are some of the provisions that will be addressed in an initial version of the rules:

- The definition of a qualified grower
- The definition of a handler
- The various categories of pecans to be assessed
- The amount of an assessment for each category
- The definition of each board seat on the governing board overseeing and administering the order
- The make-up of the governing board
- Compliance with the order
- Quality standards
- Data collection
- Packaging and containers provisions
- Research parameters
- Timely communication with stakeholders

A question often posed is – “What is next and how long will it take?” Next is the formulation of rules, as mentioned above. Thereafter, when the Secretary of Agriculture approves the final version of the rules, the hearing phase will begin. This phase allows industry members to review and offer comments to the USDA on the first version of proposed rules. When the Secretary is satisfied with the industry support, he will call a referendum. Qualified growers will vote in a referendum, indicating the volume of the commodity that they represent. The referendum can

pass in one of two ways: either 1) two-thirds of those voting cast a ballot in favor of the order or 2) a favorable vote from two-thirds of the volume of pecans represented by those voting. If the referendum passes, then the order becomes effective, and a nomination and selection process will be initiated by the Secretary to select the governing board.

In summation, an important decision made by the APB at the outset of this entire process was communication with all pecan stakeholders. At the board meeting in September, specific steps were taken to assure that information is readily available. Funds were allocated to improve the website (www.pecanboard.com), a regular newsletter is to be published in Pecan South, Georgia Pecan Grower, and other industry publications, and an opt-in email update will be developed. These steps are in-progress and will be announced when fully functional. In fact, you are reading the first update or newsletter resulting from the board's decision.

It is important to understand that the APB remains a volunteer group, and no paid staff currently exists. The generosity of individuals and companies, including growers, shellers, and accumulators from all three regions, have allowed APB to deposit funds in a bank account to cover expenses over the next couple of years. Without this support, it would be difficult to function and cover numerous out-of-pocket expenses associated with the effort.

To YOU, as a pecan stakeholder, it is imperative to remain focused on the reason for a FMO. The overriding objective is to **increase the demand for pecans**, to grow the domestic and worldwide market. Our commodity is equally favored, and in some cases preferred, to our sister tree nuts. We have a great story to tell; the benefits of a marketing order will facilitate our telling that story – AND - the result will be increased meat prices for shellers, more net dollars for handlers, and higher farm prices for growers.