# 3) Witness - Bill Carriere

* My name is William (Bill) Carriere. (WILLIAMCARRIERE)
* I am the president of Borges of California and CEO of Carriere Family Farms, both handling operations.  Carriere Family Farms is a partnership between Bill and four cousins, all of whom are fourth generation California farmers. Borges of California is a partnership between the Carriere family and Corporation Borges.  Corporation Borges, headquartered near Barcelona.
* I am testifying today as a small handler
* I serve on the California Walnut Board in the capacity of Member and sit on the Executive, Market Development and Grades & Standards Committees.

Today I would like to discuss points: justification points 1, (Proposal Purpose) 2 (Problem to be addressed) and 3 What are the current industry practices relative to the proposal & 8 (Proposal implementation)

The amendatory language of the proposed change was as published in the Notice of the Hearing, Section 946.46, items a-c.

The proposed language would amend the walnut marketing order #984 by adding authority to provide credit-back for market promotion expenses paid by handlers against their annual assessments due under the program. If implemented, this program would encourage handlers to undertake market promotion activities in addition to the CWB’s generic marketing efforts. Currently this authority is not granted in the order language.

The proposed amendment would include: Adding authority under §984.46, Research and promotion, for “credit back” of market promotion activities against handler assessments; adding a new §984.546, Credit for market promotion activities, including paid advertising, under a new Subpart D, Research and Development Requirements, outlining the functional requirements of the credit back program.

The industry is continuing to increase, with annual gains in production, our foreign competition is producing more with larger crops coming from leading competitors like Chile, China and Europe, and the current trade challenges before us with tariffs, have caused the industry to assess itself and assess where we want to be in 5 years and beyond. In looking at our markets, our programs and opportunities to further develop, the credit-back program was identified as a potential solution to help the industry, specifically handlers grow their business and supporting activities.

The proposal to add credit-back authority for promotional activities would encourage handers to build upon the work the Board is doing by conducting their own activities. The credit-back program would allow for the handlers to promote their brands through the various activities (i.e. adverting, promotion, etc.) in addition to the generic work the Board does. Overall activities are similar however; the brand have the ability to market their products/brands, that which the CWB does not. Similar programs are used successfully by the Almond Board and the Prune Board.

The Agricultural Marketing Act of 1980 provides credit-back authority to walnuts, and other specified commodities. With this authority, we have pursued the development of the proposal through the Marketing Order Revision Committee (MORC), who conducted several meetings where members discussed/debated the merits of the proposed language, possible alternatives, potential benefits, potential costs to staff, and possible compliance issues. There was robust discussion regarding the kinds of activities that would be considered “credible expenditures” and the level of reimbursement. The group discussed the potential for including varying rates and determined that could be future language to apply but for now the language reflects a straight-line credit-back for all eligible activities.

In regard to implementation - following approval from the Secretary, the CWB would implement the program to become effective the following crop/fiscal year. Annually, the CWB will establish a budget with annual assessment to be collected including a budget for the credit back program. The CWB would then communicate to handlers that the credit-back option is available, their pro rata portion of available credit-back funds, and procedures on the program and its use, including activities that are eligible for credit-back.