

My name is Tim Newkirk - T-i-m N-e-w-k-i-r-k and I am CEO of Willamette Hazelnut Company. We are a mid size handler, selling mostly wholesale. We sell inshell, kernels and organic hazelnuts. In addition I am part owner of a hazelnut nursery. I currently serve as Treasurer of the Oregon Hazelnut Commission and as an alternate on the Hazelnut Marketing Board.

**I would like to discuss justification point 1.**

**1. What is the purpose of the proposal/amendment?**

The proposed action would amend the hazelnut marketing order (Marketing Order No. 982) (order) by creating a new § 982.45(c), Quality Control, that would authorize the Board, with the approval of the Secretary, to establish minimum quality requirements for hazelnuts handled under the order. Under such authority, regulations could be established to help ensure the high product quality of hazelnuts handled under the order through the mandatory treatment of hazelnuts by processes that have been proven to reduce the level of foodborne pathogens in tree nuts.

The proposed amendment would also authorize establishing different quality control regulations for different markets. This would give the Board the flexibility to adapt regulations, as needed, to be more responsive to variations in the diverse markets for U.S. hazelnuts. Hazelnuts produced in the production area are marketed both domestically and internationally, and in both inshell and kernel forms to each of those outlets. Also, in addition to the nuts being consumed as a distinct commodity or in a mix with other nuts, hazelnuts may be marketed to manufacturers, who further process the nuts in conjunction with other products before consumption. Allowing the regulations to be adapted to specific market outlets could increase regulatory efficiency and minimize the overall regulatory impact on handlers.

Should quality control authority be established for the order, the hazelnut industry envisions implementing regulations similar to the mandatory treatment provisions specified within the almond marketing order that were implemented for that industry in 2007. Such provisions were established under the almond marketing order's quality control authority. The hazelnut industry believes that the mandatory treatment of almonds has been successful for the almond industry in managing its product quality challenges. In addition, quality control regulation is believed to have contributed to the industry's growth through greater assurance of product quality to consumers. The hazelnut industry further believes that quality control authority, along with the specific regulations that may be established under that authority, would benefit the industry by allowing it to better respond to the food quality and marketing challenges of the day.

One option, under the proposed quality control authority, would be the establishment of a Technical Review Committee (TRC) to coordinate the investigation and recommendation of kill step process certified to reduce pathogen loads in outgoing

hazelnut products. The almond industry has successfully utilized such a committee, calling it a Technical Expert Review Panel. Members of a TRC could bring much needed scientific expertise to the quality control regulatory process, and could be appointed by the Board, with the concurrence of USDA.

**I would also like to address justification point 7.**

**7. Would the proposal increase or decrease costs to producers, handlers, committees and/or the USDA? Explain/quantify.**

If the Board opts to use the new authority to regulate quality, producers should incur minor extra costs. Also, because the handlers are already voluntarily using processes to reduce pathogen load, the additional costs for record keeping and submission of documents to the board would be minimal.

Should handlers identify processes that are effective and not cost prohibitive, they may choose to purchase equipment to have on premises. In this case they would incur significant extra cost, but it would not likely be based on the mandatory quality in the Order, but rather a choice that fits in their long range plan for pathogen reduction better than using a third party for treatment.

As more large handlers make a decision to have a process at their facility, more of the smaller processors will opt to have product processed locally.

Increased cost to the Board for administration of the program should be small, since staff members already provide services for the administration of the mandatory grade and size regulations in the order.