

### Testimony by Jonathan Thompson

Your honor and guests, my name is Jonathan Thompson, J-o-n-a-t-h-a-n T-h-o-m-p-s-o-n. I reside at 1327 Trent Ave. N. in Keizer. I am the CEO of Northwest Hazelnut Company in Hubbard. We are the nation's third largest processor of hazelnuts. We would be considered a large processor by the Small Business Administration.

I am here to discuss the proposed amendment to Federal Marking Order number 982. Today, I would like to address point number 3 and point number 2 of the amendment justification.

First, point number 3. I will discuss the current requirements and industry practices regarding the proposal. At present, hazelnut processors are not subject to any mandatory quality control requirements. While we are subject to size and grade requirements based on our current marketing order, we think we as an industry must go further. All tree nuts have come under greater scrutiny in light of recent food safety events. Hazelnuts are not and should not be immune from such scrutiny.

What we are asking for today is simply the ability to put these requirements in place. Nothing in the current amendment request will specify any particular requirements. We are asking for the ability to do so in the future.

I serve on our industry's Food Safety Steering Committee which has issued recommendations on how to treat hazelnuts in order to reduce food borne pathogens. These recommendations include testing for E. coli, Salmonella & Listeria. We continue to look into new food safety steps however, many processors, including Northwest Hazelnut Company, voluntarily treat their products by roasting or with PPO gas or steam prior to shipment. We are able to provide documentation of this treatment to our customers such as validation certificates and certificates of treatment.

The Food Safety Steering Committee continues to look into pathogen reduction. We are currently conducting a prevalence study to look at the pathogen loads in field run product before it reaches processing plants. These initial load levels will help as we seek to identify specific processes to achieve a 5-log reduction in pathogen populations. The 5-log reduction will reduce microorganisms on hazelnuts by 100,000 times. A 5-log reduction is often referred to as a "kill-step" and can include treatment with propylene oxide gas (as done with raw almonds in California), steam pasteurization, heat treatment or roasting.

While treatment seems prudent in order to keep our products safe, it is not required by our marketing order. As an industry, we do need to ability to make sure all handlers are mitigating food safety risks in accordance with the best available science.

Moving on to point number 2. What is this proposal designed to address?

Hazelnuts in Oregon are harvested off the orchard floor after they have naturally fallen from the trees. Salmonella, listeria and E. coli are naturally present in the soil and come into contact with the nuts. Northwest Hazelnut Company, along with many local hazelnut processors, have implemented procedures to reduce these pathogens as we process. To date, no industry-wide regulation exists so these quality control steps are currently done on a voluntary basis.

Under the Food Safety Modernization Act (FSMA), the FDA is conducting a risk assessment for all tree nuts, including hazelnuts. While not yet completed, we expect we will be required to manage food safety risks as an industry. This proposal gives us the ability to manage that risk when the right treatment processes are identified. We do expect the only method or methods validated by the FDA will be post-harvest prior to shipment to customers.

Food safety incidents, in addition to being a public health threat, often result in long-term negative economic impacts on both the processor involved and the industry as a whole. The direct costs of recalling affected product and rehabilitating it are an issue. As is the lost production time while facilities are shut down. Indirectly, the industry as a whole suffers from the bad press. While the direct costs could be limited to one processor, the indirect costs are felt by the whole industry making industry-wide solutions, such as before us today, necessary.

Hazelnuts produced in Oregon and Washington are shipped to many markets all over the world. The proposed amendment is intended to regulate shipments to North America as almost all of the inshell shipped domestically is destined for retail sale in raw form. Again, many handlers, including Northwest Hazelnut Company, are voluntarily reducing pathogen loads on these shipments but there is no requirement in the marketing order they do so.

There are additional costs associated with these treatments but more and more customers are requiring these steps. In addition to protecting customers, these steps protect the reputation of our company and of Oregon Hazelnuts as an industry.

Since most, if not all processors, are taking these steps so I don't think future regulation will add additional cost, it will simply codify what is already being done and make sure that all processors are doing something that has been proven to work.

Buyers of product that is exported off the continent may further process the product with a kill-step such as baking or roasting. This would mean mandatory treatment by processors may not be necessary. However, should an export buyer request such treatment, it is available.

The ability to differentiate between markets allows the industry to serve its customers' specific needs without creating additional or unnecessary burdens on handlers. For example, some markets don't allow hazelnuts which have been treated with PPO gas. If the industry put out a blanket order saying that all hazelnuts must be treated in this way, we would close off some markets to ourselves.

Additionally, markets use hazelnuts in different ways. In Asia for example, many of the nuts are roasted in the shell and sold that way. In the United States, most of our sales are for hazelnuts which have been shelled and are sold to industrial bakeries among other customers.

In closing, I believe this amendment will give us the necessary tools in our toolbox to deal with the ever changing requirements of not only FSMA but also the broader food safety universe. This amendment is not the end of the discussion as it does not set any specific requirements for handlers. It is simply a strong start.

The proposed amendment has been discussed by many different industry groups and to the best of my knowledge received wide support.

I urge the Secretary of Agriculture and the USDA to approve this amendment so it can be voted on by the growers.

Thank you for your time today and I look forward to any questions I can answer.

