

Hazelnut Marketing Board  
Proposed Amendment to Federal Marketing Order No. 982

**Doug Olsen**

My name is Doug Olsen, D-o-u-g, last name O-l-s-e-n . I'm here to go over question 5: How would the proposal tend to improve returns to producers? Also question 6: What are to expected impacts on small business? I reside at 20125 SW Hillsboro Hwy. Newberg, Oregon. I'm the president of Ziegler-Olsen Farms Z-i-e-g-l-e-r-O-l-s-e-n farms which is a small family farm. I'm also the president of the Hazelnut Bargaining Association, which represents about 300 hazelnut producers in Oregon. The HGBA sets the minimum field price for the hazelnut industry. In addition I have been a member of the Oregon Hazelnut Commission and the Hazelnut Marketing Board.

Point 5. How would the proposal tend to improve returns to producers?

1st. This gives the authority to the Marketing Board to address pathogen control on merchantable product. Adding the authority to establish regulations for food quality, up to and including mandatory treatment of hazelnuts destined for certain markets, could also facilitate buyer confidence in the quality domestically produced hazelnuts among food manufacturers and retailers. This increased confidence in the hazelnuts produced in the area would make the nuts more desirable to the buyers. This would result in an increased market share and higher prices to handlers and producers.

2nd. I believe that the proposed action would increase the use of hazelnuts and provide greater opportunities for the handlers. Similar proposed regulations were implemented by the almond industry and were very successful. The mandatory treatment for pathogens in almonds has resulted in improved market demand and increased producers' returns. I believe same results could be seen in hazelnuts.

3rd. The distribution and sales of domestically produced hazelnuts has been limited by supply. However there has been a tremendous increase in production in the past seven years in the U.S. The Marketing Board has estimates that over 15,000 acres of new hazelnut orchards have planted. This represents more than a 50 percent increase as of 2014. Some industry associations estimated that potentially a total of 60,000 acres have been established as early as 2016 which would be 100 percent increase over 2008 and there are no signs of the planting slowing down. Along with this increase of production comes an increase in concerns of increased risk for foodborne illness in hazelnuts and therefore they need to be treated to reduce pathogens before they are shipped.

Point 6. What are the expected impacts on small businesses?

First, there would be virtually no impact to hazelnut growers in the production area. Of the approximately 800 growers over 98 percent receive annual receipts less than the \$750,000 level that defines a small business by the Small Business Administration.

Second, the handlers, the majority of whom are considered small businesses, are already treating hazelnuts on a voluntary basis as a result of the food safety issues and recommendations of the Food Safety Steering Committee. Although the processes may change as better more efficient processes are identified, they will not likely cost more than the treatments being used currently. Most handlers are contracting their food safety processes out, largely because the cost of equipment is very high and new processes are on the horizon. A large percentage of treated nuts are sent to California to be processed in the facilities where almonds are currently processed. Small handlers may work together to send

product together to save time and money.

The negative impact on small businesses of having a food safety incident far outweighs the relatively small cost of treating product to ensure its safety.

The changes proposed for Federal Market order No.982 have the full support of hazelnut producers and handlers to keep our hazelnuts safe for our consumers. And this concludes my testimony , Your Honor.