

USDA rule change justification

Hello, I am **Tom Rogers** (spell name). My employer for the last 39 years has been Columbia Empire Farms. I manage 340 acres of hazelnuts for them. CEF also process all of its own hazelnuts into kernel product. I have served on the Oregon Hazelnut Commission for 6 years. I am serving a 5 year term on the Nut grower Society Board. I have also helped with the Sustainability Committee.

I would like to address justification # 5. **How would the proposal tend to improve returns to producers?**

By adding the authority to establish regulations for food quality, up to and including mandatory treatment of hazelnuts destined to certain markets, food manufacturers and retailers would become more confident that the quality of domestically produced hazelnuts would be both consistent and at a level that would assure product without a potential food safety issue. Food safety issues have been very burdensome to both wholesalers and retailers. It is likely they would be very willing to pay more or at least prefer Oregon hazelnuts. Recalls are very expensive and this would help to prevent recalls from needing to be issued.

I would like to address justification # 6. **What are the expected impacts on small businesses?**

The Small Business Administration (SBA) defines small agricultural producers as those having annual receipts of less than \$750,000, and defines small agricultural service firms as those whose annual receipts are less than \$7,500,000. There are approximately 800 producers in the production area. Most of those hazelnut producers would be classified as small businesses under the SBA definition. There would be little or no impact on producers as a result of the proposed change. In addition, there are 17 registered handlers of hazelnuts in the production area. Most of those handlers could be classified as small businesses under the SBA definition. CEF would be considered a small business.

The impact of this proposed change on handlers classified as small businesses would be moderate, since almost all handlers are already treating hazelnuts as a result of the recent food safety incidents and based on FSSC recommendations. Most of the hazelnut industry relies on contracted treatment services from large hazelnut handlers and other nut processing facilities outside of the production area. The cost of equipment to treat nuts is considerable, ranging from hundreds of thousands of dollars for steam and heat treatment to several million dollars for chemical fumigation, depending on the type and volume capacity of the equipment. While it is not financially feasible for most handlers to purchase, lease, or install treatment equipment within their own facilities, there are many such operations in California, and one in Oregon, that treat, or are capable of treating hazelnuts, as a fee-based service. Small handlers are already working together to pool loads to ship to treatment facilities and would be encouraged to continue doing so should quality control authority be added to the order and mandatory treatment regulations be implemented.