



Western Pistachio Association

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Statement on the 2012 Farm Bill Before U.S. House of Representatives Committee on Agriculture Fresno, California Monday, May 3, 2010

Introduction:

The Western Pistachio Association is pleased to have the opportunity to submit our views for the 2012 Farm Bill and compliments the House Committee on Agriculture for holding these hearings. The U.S. pistachio industry over the next six years will significantly increase its production, and for this reason, the remaining two years of the existing farm program and the new four or five year program will be of great interest to our pistachio growers, processors and exporters.

Since 1977 the U.S. pistachio industry has moved from producing 1 million pounds to a high of 415 million pounds in 2007. In 2009 approximately 125,000 acres were in production with 83,000 acres non-bearing. The current acreage is projected to produce 800 million pounds in 2017. We are projecting 75 percent of the production will be exported at a current value of \$1.7 billion for a total domestic and export value of \$2.4 billion. Our current production comes from the states of California, Arizona, and New Mexico.

The WPA is the sole grower trade association representing the interests of the U.S. pistachio industry. We are governed by a democratically elected board comprised of 18 members. The mission of our organization includes nutrition and health research, food safety, marketing (domestic and international), and government relations.

We want to present to you our industry's thoughts on various specialty crop programs from the last farm bill that have impacted us greatly.

Market Access Program:

The Market Access Program (MAP) has proven to be a very helpful resource to our industry. Because of our trade competition with Iran, we have found it difficult to break into many markets that Iran already dominates. A good example was the European market where The Market Access Program plus industry dollars assisted the industry to promote and market our pistachios throughout that market, which was long a stronghold for Iran. Currently Europe is one of the industry's strongest markets and continues to grow. In the Asian market, Market Access Program funds assisted the industry to open up markets from Japan to China, ultimately gaining access to the entire Asian market. MAP funding has been particularly helpful in Japan where California pistachios are sold in several major markets. In 2009, a California pistachio grower and his orchards were featured on Japanese television with a viewing audience of 4.3 million. Market Access Program funds made this

possible. In addition, MAP funds allowed the industry to promote our product to the Japanese food industry as well as to consumers through in-store tastings and displays.

The current authorization for the Market Access Program is \$200 million per year through 2012. The Administration's FY 2011 MAP recommended appropriation is \$160 million. Now is not the time to reduce funding, in fact it is time to increase funding.

We understand the budgetary limitations of the U.S. Congress but we see this program as an important tool to achieve President Obama's National Export Initiative (NEI). The President intends to see U.S. exports doubled over the next five years; the agriculture community, specifically the specialty crop industry, can help to make this happen with the Market Access Program and U.S. backing to open key markets for U.S. grown goods.

Emerging Markets:

In the last decade a new group of countries (China, Brazil, and India) has emerged that offer new trade opportunities for specialty crops. In these countries there are strong middle income consumer groups that have the ability to purchase our products. These consumers are health conscious buyers prepared to purchase U.S. quality products. Special attention should be given to the lack of programs that are currently offered to federal program crops and manufactured articles but are not available to specialty crops. Export credit and insurance are a necessity if specialty crops are to participate and benefit from the Administration's National Export Initiative. We greatly appreciate the Administration's renewed efforts for removing foreign sanitary and phytosanitary barriers but if small and medium size exporters are to benefit from the success of the NEI new export programs will be necessary.

Specialty Crop Block Grants:

The U.S. pistachio industry has found the Specialty Crop Block Grant program to be very beneficial to our industry much like the Market Access Program has been. In FY 2009, the pistachio industry was able to garner a California Department of Food and Agriculture (CDFA) grant award to address a very important concern in our industry - food safety. The grant is directed to partner with the University of California, Davis to research post harvest handling to reduce and eliminate instances of Salmonella in pistachios. In addition, the grant is focused on helping the U.S. pistachio industry rebuild consumer confidence and prevent food safety outbreaks.

We are confident that the grants awarded by CDFA through the Specialty Crop Block Grant program will help us to move our industry forward as well as address and research issues within our industry. Research and marketing are such a large component of the industry; we appreciate the support of the House Committee on Agriculture in maintaining superior industry research and marketing programs.

Specialty Crop Research Initiative:

We applaud the House Agriculture Committee on the inclusion of the Specialty Crop Research Initiative in the 2008 Farm Bill. Research on pests, food safety, water and many other topics are tantamount in our industry when the slightest improvement will give us an edge on foreign competition.

Technical Assistance for Specialty Crops:

U.S. pistachios have encountered various trade barriers to our exports. Our pistachio industry was able to use Technical Assistance for Specialty Crops (TASC) for problems encountered in the new European Commission's countries with regard to food safety. We have worked diligently throughout the years to eliminate these barriers and TASC has proved to be helpful in defraying many of the costs that mount when dealing with projects that take much time and resources. We encourage the continued support by the House Committee on Agriculture of this very important program for the specialty crop industry.

Food Safety:

The new food safety law will be a burden on small pistachio processors and we need to find a way of financially assisting these processors while they participate in our pistachio industry's food safety programs. We know over the next two years, while your committee holds hearings and drafts the new farm bill programs, grower and processor proposals to provide financial assistance will be developed and offered for your consideration.

As we discussed earlier, food safety is one of our top priorities in our industry. The Agricultural Marketing Service, USDA (AMS), has assisted the Administrative Committee on Pistachios, a federal marketing order, to implement pistachio quality programs and we look forward to our continued relationship with AMS. We appreciate Congress making it possible in the 2008 Farm Bill for growers to determine their food safety priorities through AMS's marketing orders.

Conclusion:

In conclusion, we strongly encourage the continuation of these programs through the 2012 Farm Bill. The U.S. specialty crop industry is roughly half of the U.S. crop value in agriculture, and our challenges are vastly different than those of program crop agriculture. Fruit, vegetable and tree nut producers work on such a slim margin without the same safety net of program crop agriculture and yet our competition continues to increase annually with more imports reaching U.S. ports. Any edge in research or market access aids our farms and therefore our livelihoods.

We thank you for this opportunity to present our thoughts on Farm Bill programs and look forward to working with you further as this process moves toward completion.