



CIAB Hearings

April 26, 2011

My name is Chad Rowley. I am the general manager of Payson Fruit Growers in Payson, Utah. Our company handles between 20 and 30 million pounds of tart cherries annually. The reduced value of In-Orchard Diversion credits has been a frustration for many years. I believe the procedures that we currently operate under were really an over-sight or an unintended consequence of the present Marketing Order. Handlers and growers have come to understand the inequalities of the current system and have worked together with USDA, tart cherry handlers and processors to make this change.

As and handler of tart cherries I support the proposed amendment for the following reasons:

1. Growers will more profitable share the responsibility to manage crop size in large crop size years
 - a. Utah Growers have diverted more in-orchard, on a percentage basis, than any other growing region in the country. This proposed amendment will be more equitable to them for their efforts to comply with the marketing order
2. Handlers will have a stronger incentive to encourage in-orchard diversion when needed
 - a. Smaller handlers who may not be involved with exports and new products will have a viable alternative to be more able to comply with their restrictions
3. PFG will better able to meet its restriction obligations using the pound-for-pound Grower Credits rather than credits that have to be discounted by the restriction percentage
 - a. For Payson Fruit Growers in-orchard diversion is our last choice
 - b. Focus on market expansion, exports and new products is our first choice to deal with the requirements of the marketing order
4. Growers will be treated equally with Handlers as surplus fruit is removed from the supply chain using post-harvest diversion certificates or in-orchard grower diversion certificates
5. A fair market value will be paid to growers for their in-orchard diversion activities
6. As the crop surplus gets larger, there will be more financial incentive for growers to participate with in-orchard diversion activities
 - a. Properly balanced inventories will stabilize price and help the entire tart cherry industry become more stable and sustainable
7. The current system decreases incentives for growers to participate with in-orchard diversion activities as the crop gets larger. This is a serious problem with the current order.
8. I know that Grower returns for diversion credits will increase with this amendment