

EX 21
8 September 2003

The Honorable Ann M. Veneman
Secretary, U.S. Department of Agriculture
c/o Docket Clerk
AMS Fruit and Vegetable Programs
Marketing Order Administration Branch
USDA Mail Stop 0237
1400 Independence Avenue, SW
Washington, DC 20250-0201

Dear Madam Secretary:

We, the undersigned, comprise all of the growers of hops in the State of Idaho (The "Idaho Growers"). We wish to comment upon the proposed Hops Marketing Order in response to the solicitation in AMS Notice 156-03 dated July 1, 2003.

The Idaho Hop Growers are unanimously and categorically opposed to the proposed Hop Marketing Order for a number of specific reasons that are set forth in more detail below. In general, we believe that the market conditions that could possibly justify a marketing order do not exist, that a marketing order would not address the perceived "problems" in the industry and that government interference in our marketplace would only result in artificial distortion creating unfair results.

EX 21

In detail, we oppose the proposed Hop Marketing Order for the following reasons:

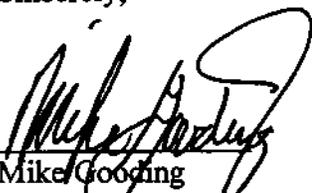
1. The HMO unfairly rewards certain farmers at the expense of the Idaho Growers. The HMO would restrict the Idaho Growers from operating our farms as we choose by restricting the quantity and type of hops we might grow. What the HMO proponents do not state is that the so-called "problems" in the marketplace supposedly necessitating a marketing order are largely self-inflicted. Certain growers in the past decade chose to plant additional acreage or switch to high-alpha hops with a corresponding increase in up-front capital costs. These were choices made by independent businessmen. Whether they were based upon greed or inaccurate forecasts, it is simply wrong to punish the Idaho Growers for the poor business decisions of others. The proponents of the HMO are, in effect, asking us and other hop growers to subsidize their on-going operations or their exits from the business. This would be an unfair result.
2. The HMO would harm the ability of the U.S. Hop industry to compete in international markets. A restriction in the U.S. supply of hops would be an incentive for foreign producers to increase their production in order to compete globally with us. There would likely be a corresponding decrease of U.S. jobs and an increase in foreign jobs. Moreover, one of the principal reasons the proponents employ for justifying the HMO is the absence of German crop failures. Yet, due to the summer heat wave in Europe, the German crop in 2003 is expected to be decreased by 40%. The strong dollar was another ostensible reason for the HMO set forth by the proponents when they filed their argument with USDA in October 2002. Since then, however, the dollar has decreased 12% against the Euro. The point is that the proponents are trying to justify the imposition of a permanent HMO on the basis of temporary and changing conditions – conditions which have, in fact, recently become more favorable for U.S. growers and which are likely to change up and down over time. The marketplace, not the government, is best able to adjust to these changing conditions.
3. Past HMOs have been failures. Since 1938, three separate orders have regulated hops and not one of them has worked. The most recent HMO was terminated at the request of the hop growing community in 1986. USDA ended the last order because the "entry of new producers had been severely restricted," the order was unable to reconcile the "imbalance between supply and demand," and it had "clearly failed to achieve its goals . . ." Those problems would all arise again, in spades, if the new order were adopted. Like the past HMOs, the new order would create a lot of unnecessary litigation and require intense extra supervision and monitoring by USDA staff. There is nothing fundamentally differently about the proposed HMO from the previous HMOs, all of which ended in failure. HMOs in general violate the prevailing policies of free enterprise and free trade by the Bush Administration and this government. The HMO would create a government-mandated cartel creating market inefficiencies and unfair results.

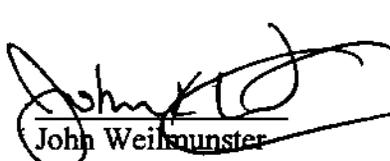
We, the Idaho Growers, believe that a HMO is the worst possible action that could be taken at this time. If the USDA were to mandate otherwise, then the Idaho Growers would respectfully ask that we be exempted from the HMO since we do not believe in the underlying premises that the proponents have set forth as their justification nor do we believe that a HMO will solve any of the supposed structural problems in the marketplace. Further, we do not feel it fair that Idaho growers be required to subsidize proponents of the order in Washington and Oregon growers who may have made poor business decisions.

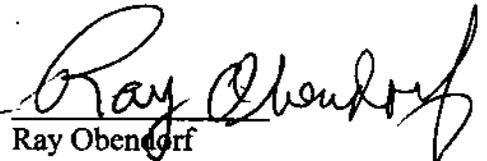
Finally, we ask that USDA not be swayed by the counter-productive interests of a subset of domestic growers given that there is very significant opposition to a new HMO throughout U.S. hops growers. There is simply no need to hand over a larger share of our market to foreign producers who will not be hobbled by an anti-competitive, artificial restraint on their ability to sell hops to U.S. buyers. Marketing orders may have a place in our agricultural policy when there is consensus among the producing community – not when there is rampant controversy and contention.

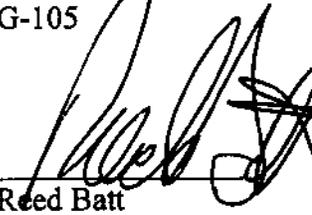
We welcome the opportunity to provide any additional information you might require and to testify at any public hearing in the event it takes place. Thank you for your consideration of our position.

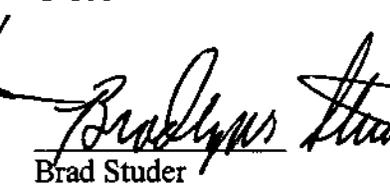
Sincerely,

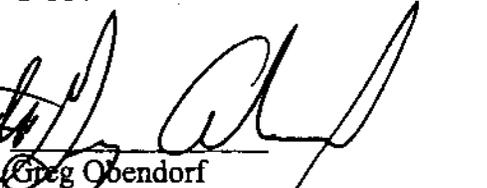

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