

Testimony for proposed Federal Marketing Order for Hops 10/17/2003

Thank you for giving me the opportunity to voice my displeasure with the idea of implementing a Federal Marketing Order. It is my opinion that the proposed marketing order, as it is written, can not be implemented in a way that is fair and equitable to the different states or the differing farming operations.

Oregon has seen a disproportionate reduction in market share over the years, in part due to the development of higher producing "super-alpha" varieties that are not suited to Oregon's growing region. This has left us at a disadvantage in the alpha marketplace. At this time there are a few new varieties in development suited to our growing region. A market based on pounds alpha and not acreage would give a definite advantage to one region over another. This would make it difficult to convert these acres to more competitive "super high alpha" varieties, which would level the playing field, without facing the hardship of acquiring more base allotment. This would put Oregon at competitive disadvantage.

Every grower has responded to the market oversupply and reduced pricing in differing ways. Some have reduced acreage and diversified into other crops in hopes of returning that acreage to production when the market warrants. Others have grown larger to help spread their fixed costs over larger acreage. No one strategy is better than the other. Reduction in acreage does not mean that that grower is less efficient than one who expanded. A grower who decided to expand is not callous to the market signals. Both growers have responded in the way best suited to their operations. The problem is that a marketing order would reward one strategy and penalize another.

In response to an over-supplied, shrinking market, our farm has chosen to reduce our acreage over the years and diversify in to other crops. This decrease was done with the idea that we would return to full production once the market had corrected its self and a competitive "super high alpha" variety was developed for our region. Our hop enterprise is at the point that further reductions would make it less than a viable unit. This marketing order would force us to either reduce our acreage further, or face the financial hardship of acquiring more base allotment. Neither of these options would be fair when combined with our already reduced acreage.

Time will correct the over-production and over-supply we are facing at this time. When this happens we hope to be able to grow this enterprise. This can only happen without the restrictions a marketing order would bring. With this in mind, I hope the USDA will see fit not to implement this proposed order.

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