

October 23, 2003

Dear Sir or Madam,

As a fourth generation Oregon hop grower, I would agree that the hop industry is heading for a serious "melt down" if something is not corrected.

The current proposed marketing order is, in my humble opinion, not the solution to the problem. I fail to see how this marketing order will be any better or different than the previous three. In the past, marketing orders were voted in in times of crisis, only to be voted out to enjoy short-term price spikes once the inventories were depleted.

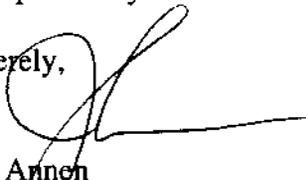
Over half of the hops grown in the U.S. are exported. In the current "global market", with the Germans converting to high alpha varieties, and producing large amounts of alpha, a world marketing order would seem more appropriate, but of course that is not possible.

The "tool" this industry needs is self control, not mandatory regulation. I am personally at a loss to grasp the equity in the idea that those who wish to continue to produce hops will have to do so by providing those that do not with an "Equitable Exit Strategy" a term that has been used by the proponent committee to describe one of the benefits of the proposed marketing order. My opinion is that this whole alpha over-supply problem did not happen over night. Industry leaders as well as the statistics have been clearly pointing to compounding overproduction problems for the last five years, yet uncontracted, unneeded, hops were produced by the millions of pounds, adding to the steadily increasing alpha inventories which are the cause of the melt down I mentioned earlier.

Unfortunately I can offer no quick solution to this industries problems. I very much doubt that there is one. History clearly shows us that marketing orders are not the answer. What happened to the last three? The voluntary acreage reduction program we tried earlier this year failed as well, even though growers cut the acreage they were told was necessary to bring the inventory situation back in line. Perhaps the acreage needs to be cut further. The Oregon hop industry has made drastic cuts, from 8641 acres down to 5577 last year, a 35% cut since 1995. These cuts came as Oregon growers typically only grow sold ahead hops. We have done our share to correct this market; I don't think that we can afford to cut any more. Also Oregon is, for the most part, aroma growers, and the aroma hops are in balance.

I love growing hops and I have made investments in my farm during the past five years that will allow me to be a survivor. I didn't look in a crystal ball to figure out what I needed to do. I just paid attention and read all the signs that were out there and there are plenty of others who did the same thing. Because I was responsible and did the right thing I am in a good position today. I hope the free market concept, one of the corner stones of this great nation, will survive this challenge by the hop industry.

Sincerely,



John Annen
President, Annen Bros., Inc.
President, Oregon Hop Growers Assn.
Vice President, Hop Growers of America
Commissioner, Oregon Hop Commission