



Mr. Robert Keeney, Deputy Administrator AMS

July 14, 2003

RE: Proposed Hop Marketing Order Modifications

Dear Mr. Keeney,

I am a hop grower in the state of Oregon. I am opposed to the hop marketing order as proposed. I was part of the original committee formed to gather input to design a Marketing Order that would benefit the whole industry. The currently proposed language with its volume limitation abilities does not have majority support from the State of Oregon, or the industry as a whole. I believe everyone, however, agrees on the need for timely and accurate statistics on which to base individual growing and marketing decisions.

Currently, our state commodity commissions are facing serious legal challenges. Also, Oregon is a minority hop producing state. I do believe there is good reason to enact a Federal marketing order, but not the one currently submitted to USDA. A Federal marketing order that would provide protection from 1<sup>st</sup> amendment legal challenges, accurately measure current acreage and inventory levels and have the ability to financially assess growers regionally would solve many of the industries issues without having to resort to volume limitations. Free market production has long been the cornerstone of a democratic society.

In Oregon, our acreage has fluctuated over the years, reacting to the market and brewer demands. For a volume based marketing order to be equitable for Oregon growers, we would need to go back to the early 1990's. Isn't it ironic that some of the farms and families that were opposed to the last marketing order and sued the USDA to regain their independence are some of the same people trying to instigate this Order. What has changed in 20 years? Either they were very wrong then or they are very wrong now. I think the latter is the case. Many of the proponents for this marketing order stand to benefit under the current regulations because their acreage has decreased in recent years. Others simply have no other choice. We have worked hard very over the past years to grow our business and have been some-what successful. We didn't have a crystal ball; we just paid attention to the market and acted responsibly. For some of the growers, this is a way for them to preserve their place in the industry. I am not comfortable with desperate people making serious decisions for the entire industry. Again, I believe in the free market. I am opposed to the Federal government stepping in and trying to artificially correct the natural course of the hop market.

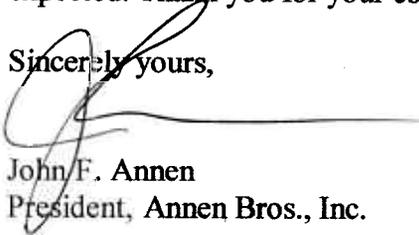
In Oregon we primarily produce aroma type hops. The market for aroma hops currently is in balance. Most Oregon growers are not responsible for the problems in the hop industry. The alpha segment of the hop market is where the problem is, and the other hop producing states grow the majority of these types of hops. Oregon has taken substantial cuts over the last few years. We have done our fair share. Our single biggest variety, Willamette, comprising 40% of our state production is scheduled for a 30% reduction in 2004. If our farms shrink anymore due to volume controls, many of our growers may no longer be viable. If the market goes away and

our farms are no longer viable, that is one thing and we can accept that. If, however, the Federal government steps in and makes our farms no longer viable, that is an outrage.

As an alternative proposal to what has been submitted by the proponent committee, I propose that sections 991.50 through 991.58 be deleted from the current proposal. This will strip the proposal of its volume controls, but leave the statistical gathering parts of the order intact. Doing so would eliminate many of the contentious issues regarding equity, base allocations, and other controversies.

In addition, it would create a serious hardship on our farm to hold the hearings in mid August as we will be harvesting and unable to attend and voice our opinions. An October date would work better for the industry as harvest will be over, and the widest possible participation can be expected. Thank you for your consideration in this matter.

Sincerely yours,

A handwritten signature in black ink, appearing to read "John F. Annen", with a long horizontal flourish extending to the right.

John F. Annen  
President, Annen Bros., Inc.