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(date)

Mr. Yates,

I have been asked to write to you and present my views on the recent proposal for a hop marketing order. I will begin by stating my opposition to this order and the balance of this text will be an effort to try and explain my opposition.

First of all, I tend to believe that market forces should dictate the price of a commodity. Simply put, supply and demand. While it may prove to create price swings and market volatility, I believe that a free market is a fair market and provides competition in its truest form.

I also believe that Europe and the rest of the hop growing world is not going to curtail their production just because our country wants to set the precedent for a way to stabilize the market. In the past, more often than not when the U.S. reduces acreage, other competing nations increase theirs. Therefore I believe that if we decrease production through a marketing order, the reduction in supply will be offset by an acreage increase from other parts of the world.

Furthermore, I believe that I have already done my part to help stabilize the market. During the late 1990's, when the market was down, I reduced acreage while other states and growers increased their acreage, especially in the Zeus variety. One of the premises of the Zeus variety contracts was that since they yielded so high, the price offered would be lower than other high-alpha varieties. Growers in all 3 producing states bought into this philosophy. The end result was an oversupply of alpha.

I have since this time been able to increase my acreage by forward contracting and planting 3 different varieties of hops. At present, I have constructed a new hop yard that will be ready for planting in the spring of 2003 for hops contracted on next years harvest. I also have been presented with the option of future expansion of my acreage and am currently negotiating the purchase of an ex-growers picker and dryer to accommodate this expansion.

I believe that in order to stay in business, I will have to increase my production efficiency and my acreage to keep a tight control on per acre costs. By restricting acreage, small growers will find it difficult to compete. The marketing order proposal complicates my plans. I do not know what my base allotment will be nor do I know if the field I plant this spring will be included in the base calculation. I am also uncertain about any other future hop contracts above my current acreage. I am concerned about sticking my neck out and buying a hop dryer and picker, renting the additional ground, constructing the hop yard, and then being presented with an obligation to buy or lease alpha base at additional cost.

It has been proposed that the years used for calculating the base allotment will be 1996, through 1999. It should be noted that for the most part, Idaho had no real history of the Zeus hop prior to 1997 and that acreage history was quite small. Consequently, our base allotment will reflect this lack of acreage, compromising our competitive advantage.

I hope that these ideas will help in any future decisions regarding the proposed hop marketing order.

Sincerely,

A handwritten signature in black ink, appearing to read "Reed Batt", with a horizontal line extending to the right from the end of the signature.

Reed Batt
Wilder Farms Inc.