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Via Fax No. 202-690-1087

January 14, 2002

Ms. Lydia E. Berry
Processed Products Branch
AMS Fruit & Vegetable Programs
USDA Stop 0247
1400 Independence Avenue SW
Washington D.C. 20250-0247

SUBJECT: New Proposed Standards for Grades of Apple Juice from Concentrate

Dear Ms. Berry:

Our company processes fruit, including apples, from the state of Michigan. We produce apple juice and during this past and current year have been awarded USDA bids, for canned juice, in the amount of approximately 500,000 cases. To produce this juice, we purchased apples from over 300 growers here in Michigan. We are very concerned that the new proposed standards will eliminate our company from producing single strength juice for the USDA.

Currently the USDA purchases single strength, fresh squeezed juice for their feeding programs. That is what we, and most other juice processors in the Eastern United States, produce. Fresh single strength juice is far superior to juice reconstituted from concentrate. This proposed standard would, in effect, move the canned USDA juice business from the Eastern United States to the Northwest where concentrate is the primary production.

Secondly, the proposed grade standard **is written for Washington apple concentrate**. On page 3 the Brix-Acid ratio required minimum of 21:1 is written for low acid apples. In the Eastern United States our production is of high acid apples. Currently this year our average ratio for finished canned juice, after the addition of the required Vitamin C (ascorbic acid) is 20:1. Thus, 75% of our production would fail because we produce juice from high acid apples. To meet the proposed Brix-Acid specifications, Eastern canners would be required to go to the state of Washington to purchase their concentrate. The proposed grade standards would have the effect of destroying apple juice production in the Eastern United States.

Thirdly, our Eastern United States apple industry is fighting for its life. We are forced to compete with cheap foreign concentrate every single day. The adoption of the proposed standards would eliminate any possibility we have to pay growers anywhere near a break-even return. This year, in Michigan, our growers are receiving 4½¢ per pound for juice apples. In Washington the current price is 2½¢. By producing single strength juice we can compete. We cannot compete against reconstituted juice where very little value is placed on the raw product.

And, finally, having recently been involved in a trace recall with the USDA, this proposal of allowing apple concentrate into USDA canned juice will involve a definite enforcement issue. The vast majority of United States apple juice comes from cheap foreign concentrate. The USDA is asking for a regulatory nightmare to ensure which barrel of concentrate, in a canner's warehouse, was used to produce the reconstituted juice.

On behalf of the 300 growers we purchase apples from, we ask that the AMS not adopt the current proposed standards. This proposed standard will destroy our apple industry in Michigan, and the entire Eastern United States.

Sincerely,

A handwritten signature in cursive script, appearing to read "Earl L. Peterson".

Earl L. Peterson
President