

Fruit & Vegetable Programs News

Fall/Winter 2011 Issue

Responding to a Changing Produce Marketplace

By Robert C. Keeney

A wise person once said,

“You can’t expect to meet the challenges of today with yesterday’s tools and expect to be in business tomorrow.”

That’s certainly true here at the Agricultural Marketing Service (AMS). Over the years, we’ve reorganized and redesigned our services to ensure that you always get the highest quality of service at nominal cost. We’re constantly looking for ways to increase efficiencies and maximize limited resources.

This year, we also took a hard look at our business processes. We conducted a study to determine how best to increase efficiencies within the inspection services for our Fresh and Processed Products Divisions. A major finding was the recommendation that we merge the two inspections divisions. The study noted that

taking this action would translate into additional cost savings and efficiencies. That’s important because our organization is supported by you. Your fees allow us to deliver services that enhance your ability to meet business objectives. While most of our services are optional and provided only at your request, it’s vital that you always get the best service and at a nominal cost.

In May, I announced that we would move forward with our plan to merge the two inspection divisions. We’re committed to doing this conscientiously, so it will take some time - possibly up to a year - to complete. We will be looking at the financial, accounting, training and standardization operations of each division to streamline processes. While there are no plans to increase fees this year, we may need to consider that possibility down the road.

The merger won’t impact your existing service. The changes will be transparent to you, our valued client. The inspection staff you rely on to provide independent, quality services and those of our State partners will not be affected. We’ll keep you updated on our progress as we move ahead with this reorganization.

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Updates

Sign up for our next webinar!

On Dec.15, from 2-3 p.m. EST, we will host a webinar highlighting USDA's Specialty Crop Block Grant Program. Register online at <http://bit.ly/v21Rfi>.

Our webinars cover everything from Market News and the Perishable Agricultural Commodities Act, to our inspection and audits services, and more. If there is a subject that you would like to learn more about, contact Christopher Purdy at (202) 720-3209 or e-mail Christopher.purdy@ams.usda.gov. View our previous webinars at: www.ams.usda.gov/NewsArticlePage3.

Reduced PACA Backlog. We are very pleased to announce that the current backlog of Perishable Agricultural Commodities Act formal documentary disputes is significantly reduced. For the past year, the PACA Division of the Agricultural Marketing Service (AMS), Fruit and Vegetable Programs in partnership with USDA's Office of the General Counsel (OGC) has reduced the backlog of its approximately 90 cases to 10.

The backlog was running 12-18 months behind, and now there are only 9 cases older than 3 months. This positive step forward will place millions of dollars in unresolved PACA disputes back into the pockets of the fruit and vegetable industry members.

Market News – Serving the Informational Needs of U.S. Agriculture and Government

By Terry Long

USDA's AMS Market News provides highly detailed daily information on prices, supplies, stocks, movement, and market conditions for hundreds of commodities. The market data provided by Market News facilitates the efficient, fair marketing of U.S. agricultural products, including food, fiber, and specialty crops.

Market News information helps in building a full picture of the agricultural marketplace, helps businesses and government compete smarter, and helps in settling business disputes and insurance claims. Many government agencies, both within and outside USDA, would not be able to function properly without the timely, accurate, and unbiased market information supplied by Market News.

Market News data is critical information for the staff that enforces the Perishable Agricultural Commodities Act for the AMS Fruit and Vegetable Programs. PACA staff use Market News data in every dispute between a grower and its agent as

well as in consignment audits. In addition, PACA uses Market News data to:

- Assist callers to the "Good Delivery" line in making educated sales and dispute decisions (In fiscal year 2010, the PACA Branch received 1,899 calls with claims valued at \$27.8 million.);
- Establish fair market value of commodities;
- Establish a basis in settlement negotiations
- Calculate damages to be paid out to a harmed produce dealer

Market News data is incredibly valuable to PACA. Based on the value of formal case orders of \$11.4 million and informal cases claimed value of approximately \$41.4 million, it is estimated that Market News contributed to the judicial finding in the amount of \$4.9 million in formal reparation cases and \$7.9 million in informal reparation cases for a total of \$12.8 million in fiscal year 2010.

Visit www.marketnews.usda.gov/portal/fv for the latest reports and to see what's new.

Terry Long is the Director of the Market News Division. He can be reached at (202) 720-2745 or terry.long@ams.usda.gov



PACA Offers New Online Educational Tools

By Jeffrey Davis

The Perishable Agricultural Commodities Act division constantly searches for new and creative ways to reach out to the public we serve. Our latest effort includes an online narrated presentation entitled "How to Complete a PACA License Application." Hosted by Kelly Littell of PACA's National License Center, this easy-to-follow instructional tool helps you understand the act, explains how it applies to your business, and provides directions for completing the PACA application.

Whether you're opening a new produce business, or expanding an existing firm, understanding which laws apply to your business can be a daunting task. By accessing the PACA

website at www.ams.usda.gov/paca and clicking the link within the "Licensing" section of the homepage, we take the mystery out of applying for a PACA license.

We walk you through the application process section by section and answer frequently asked questions. For example, in section five of the online tool we provide examples of trade names and how they should be listed. In the next section, we describe where to list corporate and limited liability information and what additional documentation (if any) is required. Yes, you are required to include the home address for all officers and owners in section nine.

In the coming months, we'll add a Spanish version of this presentation to the website.

The PACA National License Center is committed to the produce industry having a full understanding of the act, providing everyone the maximum protection under the law. We hope that through educational presentations like this, more businesses will take advantage of the tools available throughout USDA to grow and support their businesses.

Jeffrey Davis is the Director of the PACA National License Center. He can be reached at (703) 331-4575 or Jeffrey.davis4@ams.usda.gov



Misbranding/Misrepresentation Under PACA with Country of Origin Labeling

By Cathy Hance

As the PACA Misbranding Officer, I often get phone calls with questions on misbranding or misrepresentation of fresh and frozen fruits and vegetables, and how the PACA statute is related to the Country of Origin Labeling (COOL) statute.

PACA prohibits any licensee from shipping, selling, or offering for sale a product in interstate or foreign commerce, which is misbranded or misrepresented. The PACA does not require containers to be marked with any descriptive terms. However, any information placed on a container must not give a false or misleading representation of the contents. Simply put, what is in the container must meet the statements on the container.

Inadvertent and unintentional misbranding or misrepresentation can be settled informally with either a written warning or a minor monetary penalty. The penalty is based on the regulations, the circumstances surrounding the violation, and a firm's misbranding/misrepresentation history with PACA. Flagrant violations can result in suspension or revocation of a firm's license.

Congress passed COOL at the demand of a public interested in knowing where various agricultural products were grown. COOL requires retailers and distributors to maintain records or other documentary evidence that verifies origin.

When a COOL review is conducted at a PACA-licensed retailer and the grocery store records are found to be in non-compliance, COOL notifies the PACA program of the possible misbranding violation under the act. The PACA Division will then investigate the matter to determine if a misbranding has occurred and take corrective action to get the retailer or distributor into compliance with the law.

PACA and COOL work hand-in-hand when fresh and frozen products are found to be misrepresented as to the country of origin.

Cathy Hance is PACA's Misbranding Officer and can be reached at (202) 720-5073 or cathy.hance@ams.usda.gov



Visit www.ams.usda.gov/cool to learn more.

Additional Resources for the Produce Industry

Agriculture Freight Forwarders

Directory. Shippers of agricultural products of all sizes can now access over 600 freight forwarders from a single website with USDA's comprehensive, newly organized forwarding agent directory.

Recognizing a need to help agricultural exporters connect with forwarders that could reliably transport their products, the Agricultural Marketing Service (AMS) compiled a list of freight forwarders familiar with moving agricultural exports and licensed with the Federal Maritime Commission. Now, the database is more comprehensive, ensuring the most up-to-date information is available for those who need to ship their

products abroad. The directory can be searched according to commodity, destination markets, overseas offices, and additional services (e.g., customs broker, consolidator, non-vessel operating common carrier).

AMS is pleased to maintain the database as part of its mission to provide the agricultural industry with services that optimize the industry's ability to market its products in a viable marketplace. To connect with a freight forwarder, visit www.ams.usda.gov/ATFFreightForwarder.

Plant Protection and Quarantine (PPQ) Stakeholder Registry.

USDA's Plant Protection and Quarantine (PPQ) launched a new

stakeholder registry to provide timely and tailored plant-health information to interested stakeholders. The registry will allow PPQ to establish regular channels of communication and enhance relationships with its many stakeholders. Subscribing is easy and it takes less than 5 minutes. To join the registry, visit <https://public.govdelivery.com/accounts/USDAAPHIS/subscriber/new>.

As part of the subscription process, you'll have an opportunity to select whether you want to receive messages via e-mail or text and identify topics, such as "Import Requirements-FAVIR database" updates and "PPQ" hot issues and press releases that might interest you.

Fruit & Vegetable Programs

Serving the produce industry since the early 1900s, USDA's AMS Fruit and Vegetable Programs' fee-for-service offerings are delivered via a network of trained and experienced staff. Our customers include growers, shippers, brokers, receivers, distributors, processors, retailers and restaurants, among others. Our services include:

- Audit-based programs
- Commodity purchases
- Markets News reports and information
- Industry training
- International representation
- Establishment of U.S. grade standards
- Perishable Agricultural Commodities Act (PACA)
- Inspection and grading
- Self-help marketing programs
- Specialty Crop Block Grants

Additional information can be found at www.ams.usda.gov/fv or by contacting Christopher Purdy at 202-720-3209 or christopher.purdy@ams.usda.gov.

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