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Update on Formation of a USDA Research & Promotion Program for Processed Red Raspberries

Raspberry growers delivered an application to form a Processed Red Raspberry Council to the United States Department of Agriculture in Washington, DC in April, 2007. After many months of review the USDA published notice of their intent to receive comments on the proposal in May, 2009. Numerous comments were submitted on the proposal with the overwhelming majority of respondents quite positive about the potential benefits of the proposal. USDA reviewed the comments and has indicated a final proposal will be published in early 2010 and USDA plans to administer a grower referendum on the establishment of the Council in March, 2010.

Background

Washington raspberry growers currently cooperate to fund the Washington Red Raspberry Commission (WRRRC) which oversees research projects designed to help growers improve production and realize top quality berries. The WRRRC also funds some health based research on the nutraceutical properties of raspberries and helps to encourage new product development. The WRRRC has also led Fair Trade battles against foreign competitors who violated federal anti-dumping laws.

Oregon raspberry growers cooperate with blackberry growers through the Oregon Raspberry and Blackberry Commission (ORBC) which has also contributed research dollars and has been a leader in raspberry and blackberry promotion efforts.

Raspberry marketing has been a part of the WRRRC work plan since it was organized in 1976. But changes in the worldwide market have presented challenges to our marketing strategy. It has been difficult for us to invest large sums in promotion when an increasingly large percentage of US berry consumption is coming from imports. Over the last 5 years (2005-2009) we are consistently seeing over 40% of the frozen raspberries consumed in the US coming from offshore. We believe growing the market is a wise way to invest our funds. But it seems only fair that our foreign competitors should make equal investments in promotion as they will benefit from our efforts.

We sense that we need only to look towards the blueberry farmers for an answer to this dilemma. Washington's raspberry growers have nowhere near the marketing budgets of our strawberry and blueberry neighbors. Blueberry farmers around the nation set up the US Highbush Blueberry Council (USHBC) in 2001 and the investment they were able to make in research and development has contributed to a large degree to record blueberry prices in recent years. The USHBC is an example of a USDA Research and Promotion Program (R & P).

The WRRRC is convinced that forming the US Red Raspberry Council will provide us the means to allow all raspberry growers to cooperate in marketing and also assess imported berries for funds to support our marketing efforts. Establishing an R & P program will require a grower referendum following extensive public hearings over the next months. Grower involvement and guidance is crucial to the establishment of the program. We urge you to research this issue and make your opinions known.

Frequently Asked Questions Regarding the Proposal

Why do we need another organization to organize raspberry growers? Don't we have enough already?

The Washington Red Raspberry Commission has provided a means for growers to cooperate on production research projects, plant breeding, promotional activities, health based research, and public policy support for over 30 years. The Oregon Raspberry Blackberry Commission has provided similar services for Oregon growers. These Commissions have worked relatively well together but both are aware of numerous missed opportunities to build the long term health of the raspberry industry and that a significant percentage of the berries sold in the US are not making these same investments. The creation of a National Council under the USDA Research and Promotion program provides us an opportunity to:

1. Address new and changing opportunities to collectively build a strong future for raspberry markets
2. Formalize informal working relationships under a grower directed national Raspberry Council
3. Require companies importing raspberries into the US to pay their fair share of the cost of building raspberry markets through mandatory assessments collected by U.S. Customs.

What do we expect the Raspberry Council to do?

The primary expectation of the National Raspberry Council will be to invest in research projects that help build a strong health message for raspberries. This has been the strategy many other ag crops, including blueberries and pomegranents, have used to make dramatic increases in consumption levels which in turn have provided a powerful uplift in returns realized by growers.

What will this cost me?

Nothing worthwhile comes without a cost. The proposed program anticipates a cap of 1 cent per pound assessment. The Council's Board of Directors will set the rate but it is anticipated that it will start at the maximum to make the needed research investments. This assessment will apply equally to domestic processed raspberries and to imported processed raspberries. It is fully expected that the 1 cent investment must return at least a 5 cent price strengthening. The performance of other Research and Promotion programs indicate this is a safe expectation.

The WRRRC Board recognizes that tripling the current assessment rate (1 cent federal, ½ cent state) will require a large leap of faith that these promotion efforts will pull up raspberry prices to the growers. The WRRRC Board is prepared to consider an assessment reduction or perhaps even an "assessment holiday" for the state portion of the assessments in order to reduce the burden on the growers.

Who will be on the Board of Directors?

The National Raspberry Council will be composed of thirteen members and thirteen (13) alternate members, appointed by the US Secretary of Agriculture from nominations proposed by the following:

- Six processed raspberry producer members and alternate members from States producing a minimum of three million pounds (WA & OR);
- One processed raspberry producer member and alternate member representing all other States producing less than a three million pounds of raspberries (all other states);
- Three processed raspberry importer members and alternate members;
- Two foreign producers and their alternate members from countries exporting a minimum of three million pounds of raspberries for processing to the U.S. (currently Chile and Canada);
- One at-large member and an alternate recommended by the Council

Who votes; How is it decided?

Each eligible producer of raspberries for processing and eligible importer of processed raspberries is entitled to cast one ballot in the referendum which we expect to be mailed in early March. The Council will not be established unless the referendum is approved by a majority of producers and importers. Final determination of the establishment of the Council will be made by the US Secretary of Agriculture. We should have some idea of the status of the vote by April.

I am interested in serving on the Council if it is approved. What is the nomination process? How long is the term of office? How often will the Council meet? Where will meetings be held?

It is expected that Washington raspberry growers will hold five of the six seats allocated to states producing a minimum of 3 million pounds of processed raspberries. The WRRRC will collect the names of interested growers which will be placed on a ballot for voting by all processed raspberry growers in the State. The five receiving the highest number of votes will be submitted to the USDA for appointment as members. the next five will be submitted as alternate members. Members or alternates can serve a maximum of 2 three-year terms of office. The Council will determine how often it meets. All meetings must be held in the United States.

Does the proposed program include all raspberries or is it just for red raspberries?"

The proposal was submitted to USDA for red raspberries only. However, existing tariff codes put all raspberries -- red and black -- together in one category. For this reason, the proposal was changed to include all raspberries prior to publication in the Federal Register. The WRRRC worked with US government agencies to create separate import categories for "red" and "black" raspberries. As a result we expect that we will be able to focus exclusively on processed **red** raspberries.

What are the Next Steps in the creation of the Raspberry Council?

The WRRRC hopes to arrange several group discussions with growers and others involved in the US raspberry industry throughout January and February. If you are willing to host a discussion we are hoping to hear from you.

For More Information

A full copy of the Federal Register notice on the proposal will be available on line or by contacting the WRRRC office.

A good place to start learning about R & P programs is the USDA website located at: <http://www.ams.usda.gov/fv/rpb.html> . More information about the formation is also available at the WRRRC website (www.red-raspberry.org). We'd benefit from hearing from everyone involved in berry production. Contact Tom Krugman, WRRRC Marketing Director, or Henry Bierlink, WRRRC Executive Director, for more information.