

Testimony Before The U.S. House of Representatives  
Committee on Agriculture  
Subcommittee on Rural Development, Research, Biotechnology, and Foreign Agriculture  
Room 1300 Longworth House Office Building

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(Reedley, California)

April 7, 2011

Chairman Johnson and members of the Committee, thank you for the opportunity to provide testimony in this hearing to review market promotion programs and their effectiveness on expanding exports of U.S. agricultural products.

Technical trade barriers represent an important, increasing, and in many cases, complex challenge faced by U.S. exporters of agricultural products. USDA's Technical Assistance for Specialty Crops (TASC) program is relied upon by U.S. organizations and businesses to provide funding for projects that address sanitary, phytosanitary, and technical barriers that prohibit or threaten the export of U.S. specialty crops.

The following are examples of the positive impact TASC funding has had in supporting growers', shippers' and commodity representatives' efforts to address continuing and new non-tariff barriers to trade:

- Foreign regulations change with speed and frequency. Additionally, information from one source sometimes contradicts information from other sources. TASC funding has assisted companies such as Gerawan Farming, Inc. and other stone fruit producers with the ability to obtain the market intelligence necessary for meeting import requirements. The stone fruit industry developed an export database with the support of TASC funds that identifies export requirements for growers, such as labeling documentation, phytosanitary requirements, tariffs and taxes, and sanitary requirements, such as chemical residue levels, for all major stone fruit export markets. Quick access to accurate export requirements through this database helps to facilitate uninterrupted trade. Beyond stone fruit, TASC funding has also been used to support the development and maintenance of the USDA/U.S. EPA MRL database that tracks and compares U.S. and international chemical residue standards on hundreds of specialty crops.
- A primary concern for U.S. growers and shippers when implementing integrated pest management programs is ensuring that any residues resulting from applications of crop protection materials meet both U.S. and international standards. This can be challenging as standards often differ by country and more international governments are insisting upon their own unique set of standards. As this trend continues to grow, fresh market commodities such as stone fruit face challenges in managing insect and disease control to meet export phytosanitary requirements while also observing the differing regulatory

requirements for residues within foreign market destinations. U.S. growers consider maximum residue level (MRL) harmonization as one of the most important and growing issues within international agricultural trade. TASC funds have been utilized to allow industry representatives to participate in discussions between U.S. and foreign regulatory agencies from key export markets such as Taiwan, Japan and Canada. These discussions help the industry to develop a better understanding of food standards within foreign markets with the goal of ensuring that science-based MRLs continue to be established so that growers may freely export produce.

- California growers have been exporting stone fruit to Mexico under the U.S.-Mexico bilateral work plan agreements since 1994. During this period, over 26 million boxes of California stone fruit have been exported to Mexico under either a fumigation or “systems approach” (non-fumigation) protocol. Since the inception of this program, the Mexican government has required that their plant quarantine officials “supervise” the activities of the program’s participants, USDA’s Animal Plant Health Inspection Service (APHIS), and California Department of Food and Agriculture (CDFA) or county regulatory officials in California. The annual cost to industry for the required Mexican monitoring program has grown to over \$470,000 in recent years. These costs are charged back to the packing companies, such as Gerawan Farming, participating in each year’s program. TASC funds have helped to defray some of the costs of Mexican oversight while the industry continues to work with USDA/APHIS, USDA’s Foreign Agricultural Service (FAS), and other government offices as necessary to negotiate an end to Mexico’s excessive oversight and regulatory requirements. This funding will help ensure the long-term viability of the export program for all California shippers which is extremely important not only because the Mexican market is of great value in and of itself, but also because it represents significant demand that helps stabilize all other markets, including domestic. Without federal funding, it is likely that the costs of Mexican oversight in California would prohibit many California shippers, particularly the smaller companies, from participating in this program.
- Support through TASC funding has allowed our producers to work towards developing alternative chemical and non-chemical treatments to replace methyl bromide fumigation as a quarantine measure. This research has helped meet quarantine needs within export markets and reduce the post-harvest losses caused by pathogens, insects and some post-harvest treatments themselves. Funds have provided stone fruit growers with the ability to satisfy the quarantine concerns within a number of markets, such as Australia, Mexico, Canada and Colombia.
- Without the assistance of federal funding provided under the TASC program, participating organizations such as Gerawan Farming, Inc. would be unable to undertake these types of activities and could not develop the necessary data to assist USDA in negotiating reduced mitigation protocols to maintain or expand U.S. agricultural product exports. Without TASC, our industry could not have shipped the over 10 million packages representing 20% of our volume to our export partners last year.

Because of its variety and clear superiority, the U.S. specialty crop sector is one of the most vibrant components of U.S. agricultural trade. The TASC program and other programs discussed today are vital to maintaining the sector's access to export markets and its global competitiveness.

Again, thank you for the opportunity to provide the Committee with testimony on the benefits of market promotion programs and their effectiveness on expanding exports of U.S. agricultural products.

## George Nikolich

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George Nikolich has been with Gerawan Farming for 25 years and is currently Vice President, Technical Operations with responsibilities that include providing technical guidance for production and post harvest operations. George started his career in agriculture as an agronomist and integrated pest management specialist, and is intimately familiar with the production and post harvest handling of stone fruit and table grapes shipped to both domestic and export markets.

George was born and raised in Fresno, in the heart of California's San Joaquin Valley, and graduated from California State University, Fresno in 1982 with a bachelor's degree in Agricultural Science and from the University of California, Davis in 1984 with a master's degree in Agronomy. He is a member of the California Tree Fruit Agreement's executive committee and is chairman of that organization's Harvest and Health subcommittee. George is also on the board of the California Grape and Tree Fruit League.

Family owned and operated since 1938, Gerawan Farming is the nation's largest grower of peaches, plums, and nectarines, and one of the largest table grape growers.

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**Committee on Agriculture  
U.S. House of Representatives  
Required Witness Disclosure Form**

**House Rules\* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2008.**

**Name:** George Nikolich

**Organization you represent (if any):** California Grape and Tree Fruit League

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- 1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2008, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:**

**Source:** N/A

**Amount:** N/A

**Source:** N/A

**Amount:** N/A

- 2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2008, as well as the source and the amount of each grant or contract:**

**Source:** N/A

**Amount:** N/A

**Source:** N/A

**Amount:** N/A

**Please check here if this form is NOT applicable to you:** \_\_\_\_\_

**Signature:** \_\_\_\_\_  


*\* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

**PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.**