

Testimony of Sean Gilbert
Gilbert Orchards and Sundquist Fruit
“The Next Farm Bill: Specialty Crops”
House Agriculture Committee
Subcommittee on Biotechnology, Horticulture, and Research
March 9, 2017

Thank you Chairman Davis and Ranking Member Lujan Grisham for the opportunity to testify before the Subcommittee today on the ways that the next Farm Bill can serve the needs of specialty crop growers like myself. I am Sean Gilbert, General Manager of Gilbert Orchards, Inc. I am a fifth generation farmer and packer. Our family’s growing and packing operations consist of organic and conventional apples, cherries, pears, stone fruit, and wine grapes.

The Pacific Northwest is home to family-owned orchards that provide approximately 66 percent of the apples, 74 percent of the pears, and 78 percent of the sweet cherries grown in the United States. Together, these crops are valued at an average of \$3 billion annually, and create tens of thousands of jobs in rural communities throughout our region.

Exports are vital to our industry, with approximately one-third of the apples, pears, and cherries grown in the region going to other countries. We compete in a global environment, not only against fruit imported into the United States, but also against these same competitors in the more than 50 countries we export to around the world. Mexico is our top market for apples and pears, and Canada is our largest market for cherries and our second largest market for apples and pears. Many of the other most commercially-important markets for our products are in the Asian region.

Like other types of farming, tree-fruit production is an inherently risky business, where the invasion of a pest or disease, or just one day of the wrong weather, can decimate an entire year’s crop. I and my fellow growers rely on programs funded by the Farm Bill to help address some of these risks and continue to produce and market fruit of the highest quality.

For example, research conducted at the USDA Agricultural Research Service (ARS) laboratory in Wapato has yielded critical new tools to combat harmful pests like codling moth and apple maggot that can not only destroy fruit in one orchard, but also jeopardize export markets for the entire industry. The ARS laboratory in Wenatchee has done important work on issues ranging from developing new harvest and storage techniques that improve post-harvest storage of specific apple varieties like Honeycrisp, to providing new tools for managing apple replant disease.

ARS laboratories outside our region have also made significant contributions. For example, the ARS laboratory in Geneva, New York, runs an apple rootstock breeding program that has been very beneficial to growers like me by developing plant material with built-in resistance to pests and diseases. Work coming out of the Kearnsville, West Virginia, laboratory on the brown marmorated stink bug and out of the Beltsville, Maryland, laboratory on postharvest fungicide resistance have also been of great value.

These and other ARS laboratories throughout the United States have been level-funded for years, while expenses continue to rise. This has led to the inability of these laboratories to fill open positions and a reduction in overall research capacity. I would ask the subcommittee to consider increasing the authorization levels for the Agricultural Research Service to allow some of this research capacity to be built back up.

Under the research umbrella, I would also like to highlight the value of the Specialty Crop Research Initiative (SCRI). In spite of its relatively short existence in comparison to other Farm Bill research programs, the SCRI has yielded important results in a variety of areas for myself and other tree-fruit growers. For example, as the Subcommittee is likely aware, access to an adequate labor supply to grow and harvest our crops has become an increasingly significant problem. During the first year of the SCRI program, a grant was provided to a group led by Carnegie-Mellon that developed a machine vision system that is a critical component of an automated robotic harvester that is now being developed and tested by a California company with support from the industry-funded Washington Tree Fruit Research Commission.

Another example of an SCRI success is the RosBREED program, which is delivering breeding tools to accelerate the commercialization of tree-fruit varieties with enhanced disease resistance and superior consumer attributes – reducing production costs and increasing returns.

I would ask the subcommittee to, at a minimum, extend the SCRI at its current funding level of \$80 million per year, and to consider building upon this number.

The Specialty Crop Block Grant (SCBG) program has also been a useful program for the tree-fruit industry. One especially beneficial component of this program is that it allows for funding to be pooled by multiple states for projects that have a more regional or national benefit. This has allowed for collaboration with groups like the Center for Produce Safety to combine private and public resources from different states to fund top-priority projects to enhance food safety for produce. I would ask the subcommittee to again, at a minimum, extend funding for this program at its current level.

While not specific to specialty crop growers, I would also like to recognize the value of the Agriculture and Food Research Initiative (AFRI). This program, and its predecessor, has helped support projects of value to the tree-fruit industry for decades, and I would hope that the subcommittee would consider extending or enhancing its funding level in the next Farm Bill.

Before I move on to other issues, I do want to highlight that tree-fruit growers do not expect taxpayers to fund all of our research needs. Since 1969, when the Washington state industry voted to create the Washington Tree Fruit Research Commission, growers have paid an assessment on every box of fruit sold commercially to fund research that we believe to be of value to the industry. The WTFRC has a board and several committees composed of industry members that determine how these funds are distributed to individual research projects. More than \$3.8 million industry dollars were allocated directly to research projects by the WTFRC last year.

Also, growers voted in 2013 to impose an additional assessment on each box of fruit sold to fund a \$32 million Tree Fruit Endowment at Washington State University to support new research and extension positions focusing on enhancing orchard and postharvest operations. This is the largest contribution to WSU in the University's history. I am a member of the Tree Fruit Endowment Advisory Committee that helps oversee the allocation of these funds.

The research conducted at the ARS laboratories and supported through the SCRI, SCBG, and AFRI programs help leverage these grower dollars and keep our industry competitive in the global marketplace – which in turn supports tens of thousands of jobs throughout our region.

Another area of importance that I would like to highlight is the invaluable work done by U.S. Animal and Plant Health Inspection Service (APHIS) in both protecting our domestic industry from the invasion of foreign pests and diseases, and in negotiating new market access with other countries for our products.

While many of these activities by APHIS are funded outside the Farm Bill, one important program that does fall within this area is the Clean Plant Network. This program provides funding to the Clean Plant Center Northwest (CPCNW) in Prosser, Washington, which in turn has played a vital role in developing rapid and accurate techniques for virus testing, virus elimination, and maintenance and distribution of domestic virus-free tree-fruit material. Planting a new orchard is a considerable expense that does not yield income for several years, and the CPCNW provides growers with the ability to ensure that they are not introducing viruses into these new plantings. The Center also serves as a quarantine site for the importation of foreign fruit tree cultivars.

The funding provided through the Clean Plant Network is critical to the CPCNW's success, and I would like to thank Congress for including funding for this program in the baseline for the current Farm Bill. That being said, there is more need both in the current centers and by industries that are not yet a part of the program for the services that the CPN provides, so I would ask the Subcommittee to increase funding for this program in the next Farm Bill.

Another area where USDA plays a valuable role is in supporting the registration of crop protection compounds. In some cases, specialty crop producers have a hard time maintaining access to these crop protection tools because registrants don't want to go to the expense of providing the data necessary to EPA to ensure that the product continues to be registered for these "minor" crops. This is because the registrants prioritize the uses of larger commodities where the returns are higher.

The Minor Crop Pest Management, or IR-4, program which is currently funded by the National Institute of Food and Agriculture (NIFA), provides assistance to the growers of "minor" crops in funding the research needed to support the registration of these products. Otherwise, growers would have to shoulder this burden and in some cases would lose access to these products due to the expense of re-registration. I would ask that the Subcommittee ensure that NIFA is still able to support such important work in the next Farm Bill.

While this is not referenced in the current Farm Bill, the National Agricultural Statistics Service (NASS) currently conducts a “Chemical Use Survey” that provides information on the percentage of a crop that has been treated with a specific pesticide. When used in conjunction with the Pesticide Data Program, the information from these surveys is critical to developing more highly-refined risks assessments to support re-registration of these products.

In recent years, NASS has considered either reducing the frequency of these biannual surveys or stopping them completely. The data included in these surveys is critical to maintaining access to important crop protection tools, and I would request that the Subcommittee consider adding language to the Farm Bill to ensure the continuation of these surveys on a biannual basis.

Another area I would like to address is organics, which is becoming an increasingly important part of my operation. Gilbert Orchards, Inc. has been growing and packing organic apples for over twenty five years and have expanded organics to all commodities we grow, making up twenty percent of our acreage.

Regionally, the Pacific Northwest is the national leader in the production of organic apples, pears, and cherries. Over eleven million boxes of organic apples are now harvested from more than 14,000 acres in Washington state, amounting to over 70 percent of the entire organic apple crop in the United States. There is also a significant amount of organic pears and cherries, with more than 1,800 acres planted of each across the Pacific Northwest. Organic tree-fruit production in the Pacific Northwest is increasing, with additional acreage being transitioned to organic each year.

The Organic Agriculture Research and Extension Initiative (OAREI), funded at \$100 million in the current Farm Bill, has provided valuable research dollars to find new crop protection approaches that fit into the organic arena. With organic production increasing so substantially year-after-year, I would ask that the Subcommittee consider increasing funding for OAREI in the next Farm Bill.

I would also like to take this opportunity to raise a second issue that I think the Subcommittee should consider as you work on the next Farm Bill. The membership requirements and process for the formation of the National Organic Standards Board (NOSB), which advises USDA on every product and process that is allowed in organic production, has not been reviewed since the NOSB was first created in 1990. Alternatively, organic production and the makeup of the organic industry has changed substantially in the nearly 27 years since the NOSB was first authorized. I ask that the Subcommittee work with the variety of stakeholders that currently operate in, or have an interest in, the organic marketplace, to modernize the makeup of the NOSB to better represent the current state of the organic industry.

Another area that has become of increasing concern to myself and other tree-fruit growers is implementation of the Food Safety Modernization Act (FSMA). The U.S. Food and Drug Administration (FDA), which has zero experience regulating on-farm practices, has now finalized seven regulations to implement this law.

Let me be clear, our industry is committed to delivering a safe food product to consumers and is no stranger to food safety requirements. Over the last decade, food safety requirements from competing retailers have led to our orchards and packinghouses seeing countless food safety auditor visits each year.

However, there are two issues in-particular that I would like to highlight for the Subcommittee's consideration as you develop the next Farm Bill. First, the water testing requirements included in the Produce Safety rule are unnecessarily burdensome, costly, and not based on risk. I am pleased that FDA Acting Commissioner, Dr. Stephen Ostroff, informed industry representatives on February 16 of this year that the agency recognizes that fact and is reconsidering the entire water quality section of the rule.

Initial compliance dates for the Produce Safety rule are in January of 2018, but Dr. Ostroff and his staff indicated that those dates would likely need to be delayed for the water quality requirements. I would ask the Subcommittee to support efforts to ensure that any water testing requirements imposed by FDA are risk-based and reasonable to implement on the farm level.

A second concern with FSMA implementation is the way the regulations treat produce packinghouses. The Preventive Controls for Human Food rule includes a "farm" definition that incorporates some packinghouses while exempting others that conduct identical activities, by basing the definition on the location of the packinghouse or the ownership of the packinghouse and produce handled.

These vague and daunting proposed rules leave many growers and packing facilities confused about implementation and feelings of unfair treatment. Providing a safe, high quality, and healthful product to consumers is the highest priority for our family-owned operation. Not only does our business depend on it, but our growers and their families eat the harvested fruit from their orchards. However, that FDA's vague farm definition is based off of ownership and structure, not risk, presents a much increased risk to the an operation such as ours.

This definition has implications for whether a facility falls under the Produce Safety rule or the Preventive Controls rule; whether certain transportation activities are exempted under the Sanitary Transportation rule; whether a facility must follow the Intentional Adulteration rule; and how the FDA's draft Listeria guidance applies to a facility. I am pleased that Dr. Ostroff told industry representatives at that same February 16 meeting that the agency recognizes the problems with an ownership-based farm definition, and is considering alternatives.

I believe that the farm definition should be based on what activities a packinghouse conducts, and not extraneous details like ownership or location that have nothing to do with the level of risk, and would ask the Subcommittee to support such a definition.

Before closing, I would be remiss if I did not mention my support for several programs that, while not falling under this subcommittee's jurisdiction, still have a significant impact on myself and other tree-fruit growers. As I mentioned earlier in my testimony, approximately one-

third of Pacific Northwest tree-fruit is exported to other countries. The Market Access Program (MAP) has been a pivotal part of our industry's success in expanding overseas markets.

MAP, which is administered by USDA's Foreign Agricultural Service (FAS), forms a highly successful partnership between non-profit U.S. agricultural trade associations, farmer cooperatives, non-profit state-regional trade groups, small businesses and USDA to share the costs of international marketing and promotional activities such as consumer promotions, market research, trade shows, and trade servicing. MAP has been tremendously successful and extremely cost-effective in helping maintain and expand U.S. agricultural exports, protect and create American jobs, strengthen farm income and help to offset the government-supported advantages afforded international competitors. A recent 2016 study by Informa Economics IEG, working with Texas A&M University and Oregon State University economists, showed that between 2002 and 2014 a return on investment by MAP of a remarkable \$24 in export gains for every additional \$1 spent on foreign market development. Given the tremendous cost-benefits and effectiveness of the program, I strongly believe that MAP funding should be increased to \$400 million annually, with the increase phased in as part of the next Farm Bill.

Another program that has been helpful in both maintaining and expanding overseas market access is the Technical Assistance for Specialty Crops (TASC) program. I would request that the Subcommittee continue to provide adequate support for this program.

I would also like to highlight crop insurance, which does not fall under this Subcommittee's jurisdiction but has long been recognized by our industry as a critically important management tool. It is estimated that approximately 72 percent of apple orchards nationwide are covered by federal crop insurance, which provides an important safety net for growers should a catastrophic event occur.

Lastly, while not traditionally a topic addressed by the Farm Bill, I cannot address the impact of federal policies on specialty crop growers without mentioning the need for a stable, legal workforce. It is becoming increasingly difficult to find the skilled workers necessary to grow, harvest, and pack the crop. The H-2A program is burdensome and costly, yet critical to our business. Visa processing delays by the U.S. Department of Labor often cause workers to arrive days or weeks late – which can be a disaster for perishable tree-fruit.

The bottom line is that this program is insufficient for meeting the needs of our growers and packers. We need a guestworker program that is affordable, reliable, and reasonable, and that provides a pathway to legal status for the current workforce so that this expertise is not lost.

As I conclude my testimony, I do want to note that my industry is represented on the Specialty Crop Farm Bill Alliance, which is in the early stages of developing specific requests on behalf of the entire specialty crop industry for many of the programs I have mentioned today.

Once again, I would like to thank the Subcommittee for giving me the opportunity to testify before you today on the priorities of the tree-fruit industry for the next Farm Bill. I am happy to answer any questions the Subcommittee may have.

###