

Statement by Congressman Les AuCoin
Before the U.S. House of Representatives
January 24, 1977

CONGRESSMAN AuCOIN ASKS HELP FOR
PACIFIC NORTHWEST FILBERT GROWERS

Mr. Speaker, on December 16, 1974, the House of Representatives voted without opposition in favor of legislation to eliminate the double standard facing American filbert growers by requiring that imported filberts be graded just as domestic filberts are. The Senate concurred in this action, only to have the measure pocket vetoed 16 days later.

The uncertain future of Pacific Northwest filbert growers has become even more bleak in the following two years. Therefore, I am today reintroducing legislation to include filberts among those commodities which enjoy benefits under Section 8(e) of the Agricultural Marketing Agreement Act of 1937.

In the House Report which accompanied the 1974 bill requiring the grading of filbert imports, the Committee on Agriculture found that "the age of the nut and other quality factors are such that the domestic graded varieties being required to be graded are more costly than the imports, which are not graded at all." The Committee further found that if remedial legislation was not enacted "and competition is continued on an unequal basis, the domestic growers will soon be out of business."

In earlier hearings before the Committee, Mr. Don Jossy of Oregon, a filbert grower representing some 2,000 filbert growers in the states of Oregon and Washington, concluded that "we have survived economic crisis during the past few years by adopting new cultural practices that have increased production and have kept costs down ... but we have now virtually reached the end of these cost-cutting methods. All we are asking in this legislation ... is a regulation to give us equal treatment with imports and the assurance that as we improve our quality, our markets in the United States will not be diluted by poor quality (foreign commodities) at a cheaper price."

A representative of a well-established Midwest merchandizing firm who is in a position to judge the market testified that he was "convinced if we don't adopt standards, it will be impossible to compete with foreign filberts ... ". He went on to point out that growers in Washington and Oregon suffer losses from six to ten cents per pound in an effort to compete with imported nuts. This stands in stark contrast, he said, to California walnuts which, because of adequate standards and an adequate tariff, have become a multi-million dollar industry in that state. The witness concluded, "If this favoritism or whatever it's called continues to exist, it is only a matter of time until these growers in the Northwestern United States will be forced to discontinue growing filberts."

Mr. Speaker, I think you would agree with me that there is no reason for filbert growers to remain "second class citizens" as a result of this policy.

The Department of Agriculture argued that import standards for filberts were not needed because 1) imports compete only for the shelled or kernel market not for the "in-the-shell" market, and 2) mandatory domestic grading standards are not in force for filbert kernels where there is competition, but only for the "in-the-shell" nuts where the domestic growers have the market largely to themselves.

First, let me point out that the Department of State itself submitted views to the Committee which indicated that only one-third of the total domestic supply of filberts is marketed "in-the-shell" and therefore relatively free of competition. The majority -- almost two-thirds -- of the nuts are competing as kernels with the lower priced imported kernels, with the imports ringing up nearly 80 percent of the sales. While it may be true, as the Department contends, that the "in-the-shell" market is the "most remunerative outlet", it remains a fact that the major market for filberts is the kernel market and domestic kernels are being undercut by lower priced imports.

Second, while it's true that prior to October 6, 1976, domestic kernels were not bound by mandatory grading standards, the fact is that American kernels now are subject to mandatory standards and -- if not assisted by legislation imposing similar standards on imports -- will be placed at an even

greater disadvantage than they were when the standards were voluntarily adhered to.

I also might point out that the objections of the State Department due to this country's unique relationship with Turkey -- a country directly affected by this bill -- are no longer valid. Turkey, had cooperated at one time with our government by banning the production of opium -- a fact that was apparently behind the State Department's opposition to the bill and, consequently, the Presidential veto. This circumstance is no longer the case. In 1974, Turkey re-instituted the production of opium on a limited basis, thereby relieving us of any conceivable obligation to treat their filbert farmers better than our own.

Finally, Mr. Speaker, I don't believe this country's open invitation to low quality filberts is in the long-term best interest of anyone concerned -- domestic growers, foreign growers, or most of all, the American consumer. By imposing no grading standards on imports, the United States literally invites low quality nuts which have been refused by eleven nations of the world which wisely maintain grading standards. Mr. Speaker, when low quality filberts start filling the shelves of local grocery stores, consumers lose interest. A classic case of demand and supply -- this has the effect of depressing the market to the detriment of everyone.

Mr. Speaker, the 2,000 filbert growers in Oregon and Washington are not asking for preferential treatment under the law, only for equal treatment under the law. They are asking

only for that minimal protection which has already been accorded the growers of 16 other American commodities. For my colleagues' information, those commodities are: tomatoes, raisins, olives (other than Spanish-style green olives), prunes, avocados, mangoes, limes, grapefruit, green peppers, Irish potatoes, cucumbers, oranges, onions, walnuts, dates and eggplant.

I hope the House will again recognize the legitimate and reasonable request of American filbert growers. On behalf of these growers, I ask my colleagues' assistance to enact this bill into law -- finally and belatedly -- in the 95th Congress.

I ask unanimous consent that the text of my bill be printed in the RECORD at this point.