

Proposal 2 – Justification Removing Volume Control – Bill Tos

Greeting

- My name is William (Bill) Tos Jr. (WILLIAM TOS)
- I am a third generation, large Southern California family farmer, co-owner of Tos Farms, Inc., and a partner with the Tos Farming Company in Hanford and Kings County.
- I serve on the California Walnut Board in the capacity of alternate and currently sit on the Production Research, Marketing Order Revision and Executive Committees.

Today I would like to discuss several justification points regarding the proposal to eliminate volume control. I will be addressing sections 984.49, 984.54, 984.56, 984.66, 984.67, 984.456, and 984.464.

The purpose of the proposal is to remove stayed (suspended) provisions of the Order pertaining to § 984.49 Volume regulation and associated provisions: § 984.54 Establishment of obligation, § 984.56 Disposition of reserve walnuts, § 984.66 Assistance of the Board in meeting reserve obligation and conforming changes, § 984.67 Exemptions, and regulations pursuant to Exemptions, § 984.456 Disposition of reserve walnuts and walnuts used for reserve disposition credit (c), § 984.464 Disposition of substandard walnuts. If implemented, the proposal will simplify the Order pertaining to only those authorities currently in effect.

Currently, no volume control is in effect. The volume control provisions were suspended (stayed) in May, 2020 through informal rulemaking because they had not been used in over 30 years. Volume control was not used as a mechanism to limit supply, as it was the industry's intent to increase market demand to balance supply. The stayed provisions of the Order have quality references that, along with the other proposed changes, no longer work with the Order language. In order to provide maximum clarity, streamlining the language to remove volume control makes the language as clean as possible.

One might ask why not keep the authority and/or how do you know you won't need this in another 30 years. It is evident with the industry's size and global business, that controlling the quantity of walnuts in the domestic market would not be a viable solution for market stability.

I support all of the proposed amendments, because they include better aligning the Order to industry practices and eliminating inspection redundancies, while reducing administrative burden and costs for handlers and the CWB. The industry as a whole will benefit from equitable change that makes the Order work harder and more efficiently for all of us.