

**TESTIMONY OF****BRUCE CARIS****Pecan Federal Marketing Order Hearing****Docket No. AMS-FV-15-0023; FV15-986-1****Western Region – Las Cruces, New Mexico - July 20 and 21, 2015**

My name is Bruce Caris. It's spelled B-R-U-C-E C-A-R-I-S. I live in (Tucson) Sahuarita, Arizona. I am the Chief Operating Officer for the Green Valley Pecan Company. A copy of my resume is attached.

The Green Valley Pecan Company has roots that go back to 1948 when R. Keith Walden bought his farm. In 1965, 7,000 acres was transitioned from cotton to the production of pecans and became the largest irrigated pecan farm in the world. Green Valley Pecan Company has two pecan farms in Sahuarita and San Simon, Arizona, and one pecan farm in Albany, Georgia. We have over 6,800 acres of pecans currently in production. Last year we produced ten and a half million pounds of pecans. We have also planted 2,000 acres of new pecan trees that will not be in production for another five years. On our farms we grow improved variety pecans and we are the largest producer of organic pecans. In 1975, we established our processing facilities to shell pecans.

We would be considered a large grower and large sheller under the Small Business Administration guidelines.

I think the proposed federal marketing order is critical for the pecan industry and is the best hope in this generation of growers and handlers to unify the industry. I so believe this that I joined the Board of the American Pecan Board and have participated in numerous meetings with the workers of the American Pecan Board, with growers, with shellers and in industry meetings. I have spoken on panels to grower and sheller groups and have talked to well over [a hundred] industrial shellers and growers about different aspects of the proposed federal marketing order.

I have read and studied the language of the proposed federal marketing order and have especially focused on sheller issues and council structure. I think the concepts of regional representation and a board composed of growers and shellers from each region and one accumulator and non-pecan person are very important. There are approximately 2,500 growers and 250 shellers that would participate in the voting of Council Members and Alternates.

I think that even though the growers have more representatives on the Council, the supermajority voting (2/3 or 12 Members of the Council) on major issues (§ 986.55(c)(1) "Procedures" and § 986.65 "Marketing Policy") provides an adequate and important protection and balance for the shellers. Stated plainly, no vote of the Council on bylaws; the Council's Manager or CEO; Budget; Assessments; compliance and audits; redistricting of regions; modifying certain

definitions; research and promotion; handling authorities; and marketing policy, especially crop and price projections can be made without grower and handler approvals.

We need consensus between the regions and the grower/handler committees to move the pecan industry forward. I think we have achieved this balance in the proposed Federal Marketing Order for Pecans.

I have reviewed the economic analysis summary prepared by Dr. Marco Palma, specifically, the projected average price increase from promotion of 6.3¢ per in shell pound versus the average 2.5¢ per in shell pound cost. Overall, I am aware of the costs that a federal marketing order may impose on our growing operation and I do not believe those costs are unduly burdensome. Further, I believe that the benefits of the federal marketing order to our growing operation will greatly outweigh any costs associated with it.

A portion of our pecans are certified as organic. We are aware that the law differentiates the amount of the assessments paid by handlers on organic crops and non-organic pecans. We understand that the portion of the assessment related to promotion is not collected on the organic crop. Specifically, as an organic pecan grower, we think the benefits of the proposed federal marketing order outweigh the burdens.

In recent years, we have seen wide variation in the prices we have received from our pecan crop. Such wide variation in pricing makes it extremely difficult to plan for the future operation of our farm. While prices for pecans go up and down dramatically from year to year, our cost of production have steadily increased. Cost of fertilizer, labor, equipment, and other input costs have all increased in recent years regardless of the price we receive for our crop.

The lack of accurate market information on the anticipated size of the pecan crop in any given year also makes it difficult for us to negotiate prices for pecans we buy and to make reasonable business decisions about inventory levels for our shelling operation. Increased price stability and more accurate market information would greatly benefit our business.

I think our business and the industry would also benefit in the future from grade, size, quality, packaging, shipping protocols, and other handling requirements as we compete with other tree nuts for shelf space and consumer attention. And the entire industry, through the Council as proposed needs to carefully think through these issues.

I understand that under the proposed order, only growers with more than thirty acres of pecans or more than 50,000 pounds of average production per year over the last four years will be allowed to vote on the proposed order. In my opinion, this threshold is reasonable because a grower that does not meet this

threshold is not a commercial grower. Any grower that is smaller than the proposed threshold could not justify the cost inherent in such a small production and is most probably merely a seller of pecans from older trees that happen to be on his or her property, a hobby farmer or one that does not plan to put all commercial inputs (fertilizer, water, etc.) on his farm.

I also understand that only shellers that handle more than one million pounds of in shell pecans per year will be eligible to nominate and be elected to the sheller seats to the Council. It may seem arbitrary, but we needed to draw a line somewhere, there are really lots of small shellers that put pecans in bags for sale at a convenience store during the Christmas Holidays that are not going to move this industry forward. Taking all of this into consideration, I believe this is a fair threshold. First, I am not aware of any sheller in my area which handles less than one million in shell pounds per year that is in the commercial shelling business. Further, if there is such a sheller, I do not believe it would be commercially viable because such a small operation could not invest in the required equipment and turn a profit on such a small production.

I also want to discuss the two (2) Sheller Seats. Sheller Seat 1 and Sheller Seat 2 for each region. Why did we pick 12.5 million pounds of in-shell nuts as the threshold? First off, why have this at all. Well the American Pecan Board and especially our sheller representative on the Board felt like it was very important to

have a large and a small sheller from each region. Without a specific guideline we could have only huge shellers on the Council. We did not want this, we wanted all voices. Next, we needed to make sure that we had enough large and small shellers in each region to make the elections for nominees meaningful. Specifically, we needed to make the Sheller Seat 1 seat small enough to make sure we got enough shellers in a region to be part of the nomination process. Finally, at some point we had to make a decision and after hours of discussions and phone calls we settled on 12.5 million in-shell pounds as the right number to divide large and small sheller representation from each region. If this proves in the future that there should be a better number to define who is nominated for Seat 1 and Seat 2, we can vote as a Council to change the number under § 986.55(c)(vi). The proposed federal marketing order has the flexibility to let informed pecan industry representatives on the Council and to make adjustments so that the industry is properly represented. But for now, I think the Sheller seat proposals are exactly what they should be.

In conclusion, my company and I fully support the proposed federal marketing order for pecans and encourage the Secretary to implement the order as proposed by the American Pecan Board.

I would be glad to answer any questions anyone may have.

Bruce Caris
Chief Operating Officer
The Green Valley Pecan Company

Employment History

2000 – Present - Employed at Green Valley Pecan

- Chief Operating Officer – 2013 -present
- VP of Sales and Marketing – 2000-2013

1996 – 1999 Employed at Eiger Sportswear

- Director of Sales and Marketing

1986 – 1994 – Worked in California and Washington Wine industry

- 1986-1988 – Glunz Fine Wines – Chicago Illinois – Area Sales Manager
- 1988-1990 - The Wine Trust – Los Angeles, CA – Regional Sales Manager – So Cal
- 1990 – 1994 – Vintage Northwest – Pullman, WA – Regional Sales Manager – Five state area

Industry Leadership Roles

American Pecan Board - Board Member - 2013 - Present

National Pecan Shellers Association (NPSA) - Board Member - 2011 – Present

- Vice Chairman of NPSA – assumes Chairman role in September 2015
- Chairman of Statistical Committee – 2011 –Current

International Tree Nut and Dried Fruit Council - Worldwide Statistical Chairman – 2015 - present

Education

BS Accounting – Case Western Reserve University – 1982

MBA – Eller College, University of Arizona – 1998