

**TESTIMONY OF**

**J. B. EASTERLIN**

**Pecan Federal Marketing Order Hearing**

**Docket No. AMS-FV-15-0023; FV15-986-1**

**Eastern Region – Tifton, Georgia - July 27, 28 and 29, 2015**

My name is J. B. Easterlin. It is spelled J- B E-A-S-T-E-R-L-I-N. I live in Macon, Georgia. I am an President of Easterlin Pecan Company, and a copy of my resume is attached.

My grandfather started this business in 1942. He was a farmer and a produce broker. The business became more focused on pecan accumulation and brokerage in the early 1970's, and four generations of Easterlins have worked in this business. We are now one of the largest accumulators in the East Region under the proposed Federal Marketing Order for Pecans.

Our business as an "accumulator" is buying pecans directly from growers or smaller accumulators and selling them to shellers, processors, and for export around the world.

There are many small accumulators throughout the pecan production area. In most small towns where pecans are grown someone will put up a sign during the Fall or Winter "we buy pecans." This is often a hardware store, auto repair center or other business that may accumulate pecans from people in their area that bring

them in garbage sacks or in the bed of a truck. It is a part-time, seasonal business for these accumulators and some collect as little as 25,000 pounds of in-shell pecans up to 30 or 40 tractor-trailer truck loads. But very often they will call on us to grade them for size and quality and buy them. We deal with a lot of small accumulators on one end, large accumulators and growers on the other.

I have read the proposed Federal Marketing Order for pecans as published in the Federal Register and especially focused my attention on issues related to "Accumulators," "Handlers," the meaning of "To Handle," and the portions of the proposed order on "Assessments" and "Inter-handler Transfers."

Before I discuss the proposed Federal Marketing Order specifically, I should mention that Georgia has a 1¢ per in-shell pound check off program. The accumulated money, approximately \$500,000 - \$650,000 last year, is spent by the Georgia Commodity Commission on pecan industry promotion and research. This program is similar to the proposed Federal Marketing Order for Pecans. As part of this state program, we track the nuts we buy, enter the purchases into our computer system, set aside the check-off amounts, and pay those amounts once a month. The Georgia Department of Agriculture sends out an auditor annually to review our books and go through each purchase ticket. I think having this audit process is important for all handlers, including growers that are handlers. It preserves the integrity of the process and the audit or threat of audit keeps every handler in

compliance. I think the Georgia program works well and we are glad to participate in it because it benefits the pecan industry of which we are a part.

I think the proposed Federal Marketing Order for Pecans assessment, recordkeeping and payment system will be a very similar compliance program for us, and again, we are glad to participate in it because it benefits the pecan industry.

I have a couple of specific comments on the proposed Federal Marketing Order for Pecans. First, the definitions of "Accumulator" §986.1, "Blowouts" §986.4, "crack or cracks" §986.9, "handler" §986.18, "to handle" §986.19, "handler inventory" §986.20, "handler-cleaned production" §986.21, "inter-handler transfers" §986.25 and "stick-tights" §986.37 are all either defined in the way they are commonly used in the industry or are defined in a way that makes them understandable to an accumulator or other handler. Second, §986.61, "Assessments" makes sense to us as an accumulator given the relative value of improved, native/seedling and substandard pecans. Third, "Inter-handler transfers" in §986.62 properly reflects the industry practice between accumulators and we agree that it will be useful in tracking nuts and collecting assessments. As I mentioned earlier, many of the small accumulators are part-time, seasonal businesses and it will be important to them to pass the recordkeeping and collection responsibilities to larger accumulators who do this all the time. Finally, we are very pleased that the Council has agreed to keep individual handler

information "confidential" in §986.81. We would not be comfortable for our company's information or our customers' information to be shared within the industry or to be made public. We certainly agree that all handler information should be aggregated and presented to the Council, the USDA and the industry, just not in such a way that individual handlers' company records or customer information be open for review within the industry or to the public.

We agree with the structure of the Council with nine (9) grower seats, six (6) sheller seats, one (1) accumulator and one (1) public person, plus Alternators. There are many issues that the Council may face and this seems like a good representation of pecan industry interests on the Council. Let me say specifically, we are very pleased that the proposed Federal Marketing Order for Pecans has an at-large Accumulator Member and Alternator seats as part of the Council composition in §986.45. Accumulators serve growers, but we are handlers that have a slightly different view of the industry than would be different from most shellers or growers on the Council. We agree that, to maintain the integrity of the marketing order, it is important that a 2/3 vote of the Board be required for any major changes to the Federal Marketing Order.

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 of improved varieties and 3.6¢ per in-shell pound of

native/seedlings versus the average 2.5¢ and 1.5¢ per in-shell pound cost. I am also aware of Dr. Palma's evaluation of the financial impact on handlers. Additionally, I am aware of the costs that a federal marketing order may impose on our business and the indirect costs of recordkeeping, remittance and auditing, and I do not believe those costs are unduly burdensome. Further, I believe that the benefits of the federal marketing order to our business will greatly outweigh any costs associated with it.

In recent years, we have seen wide variation in the prices received for pecans. Such wide variation in pricing makes it extremely difficult for growers and handlers to plan for the future and make financial commitments. While prices for pecans go up and down dramatically from year to year, our costs have steadily increased. We could use more stability in pecan prices.

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 to buy and sell pecans and to make reasonable business decisions about future investments in pecans. More accurate market information would greatly benefit our business and the industry.

I also 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.

The American Pecan Board has kept our company informed about its efforts to propose a federal marketing order. Representatives of the American Pecan Board attended the Southeastern Pecan Growers Association and Georgia Pecan Growers Association meetings the last two years and have provided us with information and solicited our input.

In conclusion, we 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.

# J.B. Easterlin

Macon, GA 31210

[jb@easterlinpecan.com](mailto:jb@easterlinpecan.com)

## Education:

Bachelor of Science in Business  
University of Georgia

1975

## Work Experience:

President

Easterlin Pecan Company

1978 – present

Wholesale accumulator of pecans

Distributor of pecans in truck load lots to domestic processors

Exporter of truck load lots of in-shell pecans

Sales

Goldkist, Inc.

1976 - 1978

Sales

Texas Instruments

1975 – 1976

## Professional Experience and Service:

Past President, Georgia Accumulators Association

Member, Marketing Committee for National Pecan Shellers Association

Past Chair, Board of Trustees, Stratford Academy

Past President, Idle Hour Country Club

Member, Wesley Glen Foundation

Trustee, Mulberry Street United Methodist Church