

Blackberry competitors consider joining forces

Farmers, importers examine creating national promotions checkoff

By MATEUSZ PERKOWSKI
Capital Press

Competing factions within the blackberry industry may set their differences aside to form a national program aimed at promoting the crop's health benefits.

The movement to create a new research and promotion checkoff overseen by USDA appears to be gaining momentum among growers of fresh market blackberries, processed blackberries and imported blackberries.

Blackberry imports are often blamed for depressing crop prices for U.S. producers, who face higher labor costs than farmers in Mexico or Chile.

However, imposing a checkoff fee on imported blackberries would greatly increase the amount of money available to boost the crop's prominence among consumers, potentially helping domestic and foreign growers alike.

"This is not going to resolve competition, but it is going to grow the market and demand for everybody," said Debby Wechsler, executive secretary of the North American Raspberry & Blackberry Association.

It's unclear whether distrust among the various segments of the blackberry industry will hinder the checkoff effort, but other industries — such as blueberries and avocados — have overcome their suspicions to form viable programs, she said.



Don Jenkins/Capital Press File

Workers harvest blackberries July 6 near Ridgefield, Wash. The blackberry industry is considering the formation of a national checkoff to raise funds for research and promotion.

"These conflicts are going to be around, but if there's more of a market for everybody, it will lessen the difficulty of the competition," Wechsler said.

Under the proposal currently being mulled by the blackberry industry, fresh blackberries would be assessed at 1 cent per pound while processed blackberries would be assessed at half a percent of their dollar value.

Fresh blackberry prices tend to fluctuate frequently but don't change as much year-to-year on average, which is why the constant 1 cent rate is appropriate.

Processed blackberry prices, on the other hand, can vary widely from year to year, so assessing them based on value avoids penalizing growers during high-volume, low-margin years.

These assessments would generate roughly \$2 million a year for research and promotion, with about three-quarters of that amount coming from importers.

The Oregon Raspberry & Blackberry Commission unanimously voted to support the creation of the national checkoff during its most recent meeting.

If the checkoff becomes a reality, half the money generated by the ORBC's 1 percent assessment fee would go to the new research and promotion program.

"We would not be assessing our growers any additional money," said Julie Schedeen, a farmer near Boring, Ore., and a commission member.

Conducting a single human trial as part of a health benefit study can cost \$100,000, which is too expensive for the ORBC to bear alone, Schedeen said.

Combining money on a national scale would be a more realistic way to pay for such studies, which have been strongly correlated with growing demand for blueberries, she said.

"That is the genesis of the effort," Schedeen said of the health benefit research.

There would likely be restrictions on the type of research conducted with national checkoff dollars.

For example, large private berry companies don't want to fund breeding programs to create public cultivars, since they fund their own breeding efforts, Schedeen said.

For that reason, ORBC

would continue funding public breeding, since license fees for private varieties can be too steep for some growers, she said.

Cultivars must also be adapted to specific growing conditions, Schedeen said. "Breeding is very regional."

If blackberry growers and importers arrive at a consensus to move forward with the checkoff concept, they would need to form a steering committee that would submit an application to USDA, said Darcy Kochis, ORBC's marketing director.

Provided everything goes smoothly, an application submitted next March or April would allow for a farmer referendum by August or September, Kochis said.

The referendum could provide each grower with an equal vote or their votes could be weighted based on volume, she said. A third option would require a majority of growers and a majority of blackberry volume to support the proposal.

If the proposal passed, the checkoff program could be in place for 2019, applying to growers who produce at least 30,000 pounds per year.

At this point, there's no proposed increase to existing Oregon assessment rates, Kochis said.

Darren Sinn, a farmer near Silverton, Ore., said he favors the concept because growers of processed blackberries would be able to influence the program.

"We get a seat at the table," Sinn said.

While domestic farmers may have legitimate concerns about working closely with competitors, it makes sense to cooperate on boosting overall demand, he said. "We have to view it as a separate issue, because we're going to be competing with them no matter what."



Ag groups want Goodlatte bill to address illegal immigrants

By DAN WHEAT
Capital Press

Several agricultural trade associations are heartened that a bill addressing agricultural guestworker issues is moving in the U.S. House of Representatives, but they don't think it does enough to retain the current workforce, much of which is in the U.S. illegally.

While praising House Judiciary Committee Chairman Robert Goodlatte, R-Va., for moving his Agricultural Guestworker Act out of that committee to the floor, several issues must be resolved to ensure the bill meets the current and future labor needs of growers, said Kate Woods, vice president of the Northwest Horticultural Association in Yakima, Wash.

The Judiciary Committee removed protections for current workers when a new H-2C-visa replaces the existing H-2A visa, and those workers would be required to return to their home country to apply for H-2C visas, Woods said.

That and a cap of 450,000 annual H-2C visas are problematic, she said.

"During the committee process several changes were made that would make this bill unworkable, particularly when coupled with expedited mandatory E-Verify. We must ensure practical and reasonable solutions are achieved for both the current and future workforce that American farmers depend on in order for our industry to remain competitive," Tom Nassif, president and CEO of Western Growers in Irvine, Calif., said in a prepared statement.

The Agricultural Workforce Coalition in Washington, D.C., issued a statement saying workable solutions for current and future workforce needs must accompany mandatory E-Verify, which is the electronic verification of employment eligibility.

Kerry Scott, program manager of masLabor, Lovington, Va., the nation's

leading supplier of H-2A and H-2B foreign guestworkers, said it will be difficult to get the bill through the current Congress, which runs through 2018.

"Right or wrong, there are enemies on both extremes and probably not enough friends in the middle," Scott said.

He said he lives in Goodlatte's district, is an old friend and that Goodlatte is well suited for the task by being a former immigration attorney and former Agriculture Committee chairman.

No requirements to house and transport workers and a lower required wage are improvements, although most employers will likely continue paying more and furnishing housing and transportation, Scott said.

The current Adverse Effect Wage Rate for H-2A workers requires everyone be paid a high wage, but wages should reflect experience and skill, he said.

The new bill requires employers pay the greater of: the state or local minimum wage, 115 percent of the federal minimum wage (150 percent for meat or poultry processing), or the actual wage paid to others for the same job.

Having USDA administer an H-2C program will be better for employers but allowing workers to initially stay for three years is worrisome because they may "lose touch with their families back home and start making new families here," Scott said.

The bill requires workers to leave the U.S. for 45 days or for one-twelfth of their stay.

The cap of 450,000 visas annually shouldn't be a problem because there is a cap escalator, he said.

Jon DeVaney, president of the Washington State Tree Fruit Association in Yakima, questioned the need for a cap when the bill still requires employers to demonstrate a lack of domestic workers.

Auditor: India promoter overcharged apple, pear groups \$720,000

By DAN WHEAT
Capital Press

WENATCHEE, Wash. — The Washington Apple Commission and The Pear Bureau Northwest have severed relations with a promoter in India after audits found they had apparently been overcharged more than \$720,000.

The Apple Commission was overbilled \$573,182 for services — including some that had not been performed, a state audit found, and the Pear Bureau is conducting an audit and has found discrepancies of about \$150,000, spokeswoman Kathy Stephenson said Tuesday.

As a result of the audits, the Apple Commission, in Wenatchee, and The Pear Bureau, in Portland, broke ties with Keith Sunderlal, owner of SCS Group in New Delhi, India. Sunderlal said his team of over 20 professionals has represented the Apple Commission in India, Bangladesh and Sri Lanka since 2004 and helped build India into Washington's third largest apple export market at 4.8 million boxes of apples annually, behind only Mexico and Canada.

"We categorically deny the initial conclusions presented in the state audit report. There are many complexities in operating a business in India in



Dan Wheat/Capital Press File

Red Delicious apples are packed in a 40-pound box at McDougall & Sons packing plant, East Wenatchee, Wash., last April. Red Delicious are a prime export variety to India. Auditors have questioned the bills a contractor in India sent the Washington Apple Commission and The Pear Bureau Northwest.

order to strike a balance between India's complex regulatory and taxation laws and the fiduciary interests of our clients," Sunderlal said in a prepared statement.

He said his accountants are reviewing the matter, that he hopes to demonstrate no loss of taxpayer or industry funds and that he's confident his firm will be absolved.

The "potential overbilling" was made public by a special investigation by Washington State Auditor Pat McCarthy. Her spokeswoman, Kathleen Cooper, declined to call it fraud, saying that implies criminal conduct and that the auditor is not a criminal investigator. She used the term "questionable costs."

The auditor's report called it "significant discrepancies," but Apple Commission President Todd Fryhover alleged that invoices were falsified and that he was very surprised. Discrepancies spanning five years were uncovered but may go back further, Fryhover said.

The commission withheld \$505,138 in payments to SCS and notified the USDA, which plans to refer the case to the U.S. Office of Inspector General for further review, according to the auditor's report.

"The Office of the Inspector General can analyze it from a criminal perspective, which we can't," Cooper said.

There's no evidence the Apple Commission did anything wrong, Cooper said. It had controls in place to ensure accountability of public funds and has strengthened those controls at the auditor's recommendation, she said.

"We will be doing more direct payments to vendors, especially large ones, to prevent this," the Pear Bureau's Stephenson said.

The Apple Commission spends \$7.8 million annually to promote Washington apples in 30 foreign markets. The money includes \$4.8 million from the federal Market Access Program and \$3 million from a 3.5-cent per box grower assessment on the annual crop.

NAWG president resigns to pursue other opportunities

By MATTHEW WEAVER
Capital Press

The president of the National Association of Wheat Growers has resigned to pursue other opportunities.

David Schemm, of Sharon Springs, Kan., resigned to pursue "other professional opportunities in his home state of Kansas," according to NAWG press release.

"It was just a great opportunity that presented itself there at NAWG, but there have been some other opportunities (that) presented themselves to me," David Schemm



David Schemm

told the Capital Press.

He declined to name those opportunities, but said he expects to make an announcement in the next few weeks.

"Truly, my passion is to help wheat farmers and farmers in general," he said. "I really enjoy being engaged and making sure the voice of the American farmer is heard and we can help maintain a strong rural ag economy. The oppor-

tunity that is presenting itself would help me further along that passion."

Schemm plans to continue to farm "some," noting his eldest son is graduating in the next year and plans to return to the family farm. Schemm farms 16,000 acres.

Schemm said he discussed the matter with his family, NAWG CEO Chandler Goule and the other NAWG officers.

"I felt that up to this point I had been able to get NAWG into a position that it's a strong organization, being well-heard, states' voices were being represent-

ed, the wheat industry was working wonderfully together, coming forward with one voice," Schemm said. "We have already had a tremendous impact on the farm bill and trying to make sure we help our wheat growers out there."

Schemm's term was slated to end in July 2018. Presidents typically serve a one-year term.

Past president Gordon Stoner, of Outlook, Mont., will assume duties and the role of the president until the next officer election at the 2018 Commodity Classic.

Washington flower farm ordered to pay \$2.5 million

Federal appeals court rules that foreign judgment is valid

By MATEUSZ PERKOWSKI
Capital Press

A federal appeals court has upheld a ruling that ordered a Washington flower farm to pay about \$2.5 million to a foreign supplier.

For five years, Holland America Bulb Farms of Woodland, Wash., bought flower bulbs from a company in the Netherlands, Midbrook Flowerbulbs, until they terminated the arrangement in 1999.

The owner of Holland America Bulb Farms, Benno Dobbe, suspected that shipping costs were being inflated by Midbrook Flowerbulbs, which was partly owned by his brother, Arie Dobbe.

After the two companies ended their relationship, Holland America didn't pay for the final year's delivery of flower bulbs due to Midbrook's alleged overcharging.

Midbrook filed a lawsuit against its former client in the Netherlands and eventually won a judgment against

Holland America in 2012 after extensive litigation and several appeals.

In 2014, that foreign judgment was recognized as valid by a federal judge in Washington, who ordered Holland America to pay about 2.2 million euros for the value of flower bulbs and multiple years of interest.

At today's currency rates, that amount is worth more than \$2.5 million.

Holland America challenged that ruling before the 9th U.S. Circuit Court of Appeals, arguing the foreign judicial proceedings were incompatible with U.S. due process requirements.

In the Netherlands, Midbrook was not required to turn over financial records that could have supported Holland America's accusations of overcharging, the company claimed.

The 9th Circuit has now rejected that argument, ruling the court proceedings in the Netherlands met the requirement of "fundamental fairness" under a Washington statute governing recognition of foreign judgments.

The law considers foreign judgments to be valid even if the other country has different procedures and rules for evidence, the 9th Circuit said.