

Changing an industry

George Packing Co., Northwest Hazelnut Co. process more than half of U.S. hazelnuts

By **BRENNA WIEGAND**
For the Capital Press

HUBBARD — In 1986 Larry George, with the encouragement of his Newberg High School agriculture instructors, started an FFA project that not only helped put him through Oregon State University, it also spawned the business that has changed the face of the hazelnut industry.

“I would take hazelnuts from my parents’ farm in Newberg, dry them and have them shelled by the Herring family nearby,” George said. “Then I’d have them roasted and either chocolate-coated or salted and put them in small retail packages that I sold during college.”

By the time he graduated, George realized that, because hazelnuts were much more expensive than competing products such as almonds, the margins on those small retail packages were not scalable for industry and insufficient to support much more than one or two families.

At that point, George turned to buying nuts from local farmers and selling them wholesale.

He incorporated George Packing Co. in 1994, bringing in brother Shaun George, 10 years his junior, once he turned 18.

They leased space from their parents on the family farm and constructed a processing plant for in-shell and kernel products to go along with the existing drying facility.

“At the time there were 18-20 hazelnut processors in the industry,” George said. “There weren’t enough hazelnuts for so many processors and as a result the processors worked off a high-margin model to support their operations.”

The processor margin left little return for the family farms growing hazelnuts at the time. As farm kids, the George brothers wanted to find a way to fix that and secure a greater financial return for farm families like theirs.

“In the 1990s you had the emergence of companies like Walmart that work off a narrow, fixed margin and focus on moving volume,” George said. “We decided to work closely with our growers

and set up a fixed margin with them every year, so they knew what we made per pound.

“Every year we ended up selling the hazelnuts for more than our target price and growers started receiving secondary bonus checks,” George said. “It completely changed the way the hazelnut industry worked.”

“Previously, the processor and the grower were always fighting with each other over who would get what margin, and we turned around and said, ‘You know our margins; farmers get everything to the upside; we just need the volume, and we can focus on efficiencies and developing unique niche markets for Oregon hazelnuts.’”

By 2002 the Georges had quadrupled in size. Then, in 2013, they purchased Northwest Hazelnut Co. from Jeff Kenagy and the Gingerich family. Northwest Hazelnut Co. already had built strong, high-end niche domestic kernel markets that complemented the large North American industrial customers and specialty export markets that were the backbone of George Packing.

Today, George Pack-

ing Co. and Northwest Hazelnut Co., both based in Hubbard, process a little more than half the U.S. hazelnuts, a crop almost entirely produced in the Willamette Valley.

“Growers love our model,” George said. “We have aligned our interests with our growers’ interests, and they know they’re going to get all this upside as long as the market stays strong. Our job is to maximize efficiency and to be constantly developing new specialized niche markets that bring Oregon farmers the highest returns.”

The George brothers worked closely with the Hazelnut Growers Bargaining Association as the rest of the industry migrated to this new business model.

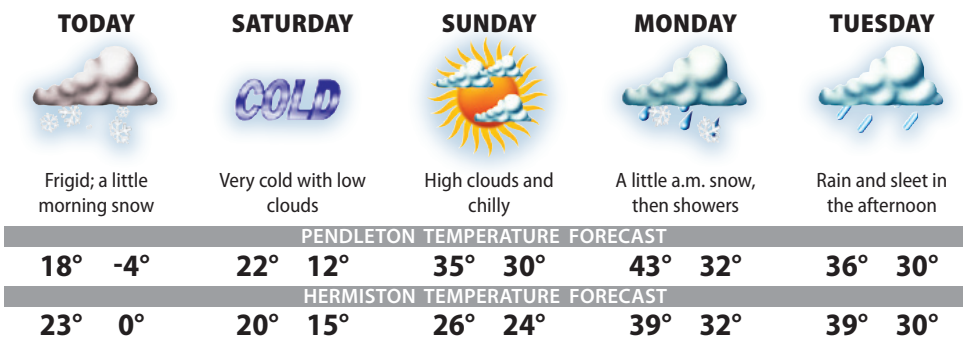
“It adds a ton of transparency to the market,” George said. “A big part of what we do is give the growers as much information as we can; once the farmers understand the market, they understand why we’re making certain expenditures and asking for certain quality improvements.”

“By knowing what happens on the sales side, our growers become very committed to the supply chain and the impact they have on the product getting to the end users,” George said.



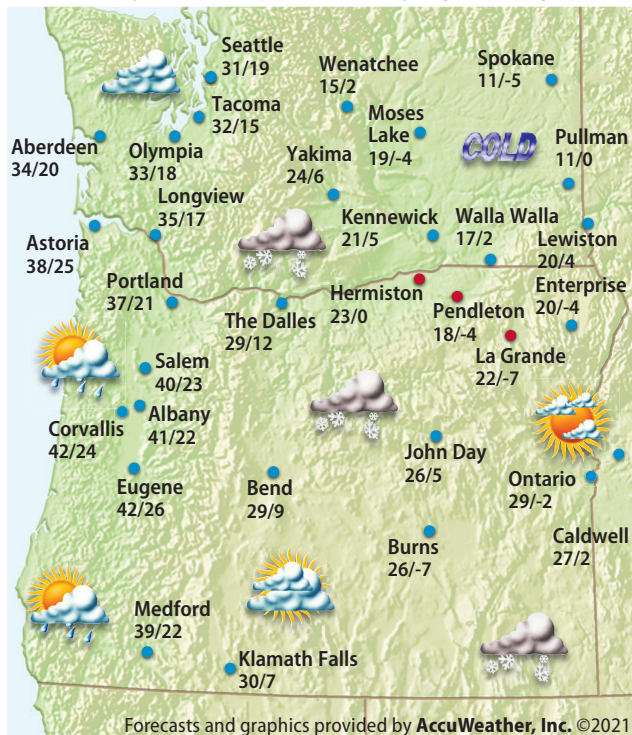
George Packing Co./Contributed Photo
Larry and Shaun George at the George Family Orchard in Newberg. The siblings own George Packing Co. and Northwest Hazelnut Co. and revamped hazelnut processing in the U.S.

Forecast for Pendleton Area



OREGON FORECAST

Shown is today's weather. Temperatures are today's highs and tonight's lows.



ALMANAC

PENDLETON through 3 p.m. yest.

TEMP.	HIGH	LOW
Yesterday	33°	9°
Normals	41°	28°
Records	63° (1920)	-12° (1968)

PRECIPITATION
24 hours ending 3 p.m. 0.23"
Month to date 1.94"
Normal month to date 1.45"
Year to date 9.32"
Last year to date 13.27"
Normal year to date 13.18"

HERMISTON through 3 p.m. yest.

TEMP.	HIGH	LOW
Yesterday	32°	16°
Normals	42°	28°
Records	66° (1949)	-13° (1990)

PRECIPITATION
24 hours ending 3 p.m. 0.09"
Month to date 1.73"
Normal month to date 1.08"
Year to date 6.80"
Last year to date 4.57"
Normal year to date 8.60"

WINDS (in mph)

	Today	Sat.
Boardman	NE 4-8	SSW 3-6
Pendleton	NNW 4-8	SW 6-12

SUN AND MOON

Sunrise today	7:36 a.m.
Sunset tonight	4:21 p.m.
Moonrise today	5:23 a.m.
Moonset today	2:17 p.m.

Boardman Today Sat.
NE 4-8 SSW 3-6
Pendleton NNW 4-8 SW 6-12

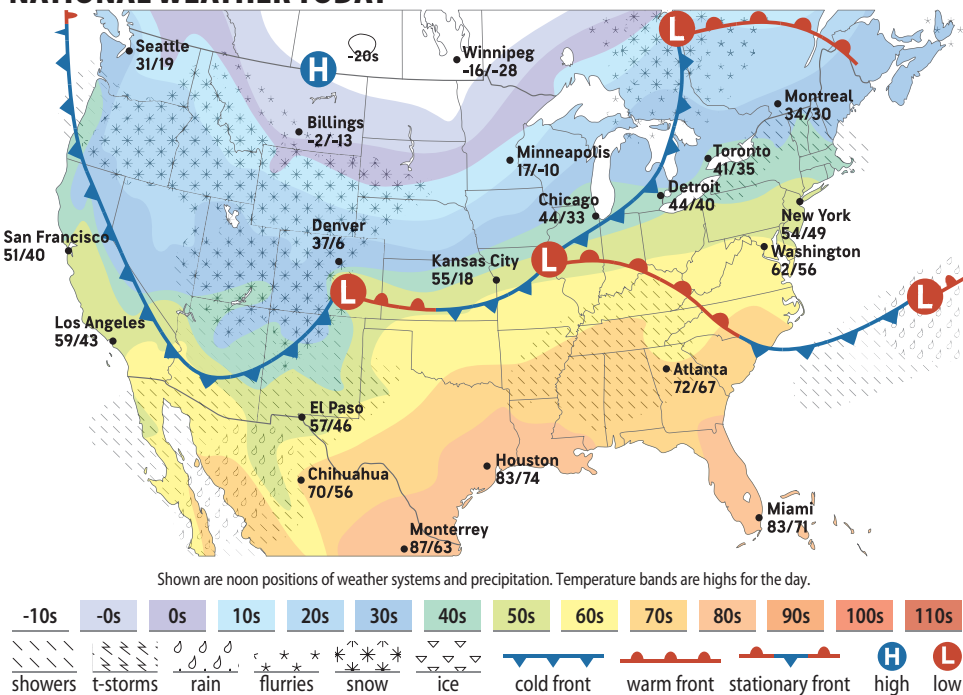
MOON PHASES

New	First	Full	Last
Jan 2	Jan 9	Jan 17	Jan 25

NATIONAL EXTREMES

Yesterday's National Extremes: (for the 48 contiguous states)
High 91° in Cotulla, Texas Low -33° in Rolla, N.D.

NATIONAL WEATHER TODAY



John Day Christmas bird count tallies 66 species

By **BENNETT HALL**
Blue Mountain Eagle

JOHN DAY — One of the joys of bird-watching is you never know what you're going to see when you head out with your binoculars and field guide.

This year's John Day Christmas bird count, which has been conducted each December since 1981 by the John Day Bird Club, included two first-time sightings: a ferruginous hawk and a Swainson's thrush. Other rarities included Harris' sparrow, last spotted during the local Christmas count in 2006, and the first Lincoln's sparrow since 2013.

The local count, part of a data-gathering effort sponsored by the Audubon Society since 1900, attempts to record all the bird species and total number of each seen on a single day in a roughly circular area

centered on the stoplight in John Day.

According to Tom Winters, the bird club's president, a dozen volunteers took part in this year's count on Dec. 18, spending a combined 37 hours in the field, traveling 5 miles on foot and 208 miles by car, and spotting 66 species.

No clear trends were discerned in this year's Christmas bird count other than indications that climate change may be causing some birds to alter their ranges, Winters said.

“We have seen some species moving in that didn't use to be here,” he noted, citing the California scrub jay and lesser goldfinch as examples.

Among his favorite sightings this year was a small group of bushtits.

“They always move in groups,” Winters said. “They're really tiny little

grayish birds, but they're cute.”

He was also excited to have spied an adult golden eagle perched high on the rimrock above the John Day Valley and an American dipper on the riverbank near the John Day sewage ponds.

The most common species sighted this year was the dark-eyed junco, with 630 individuals counted, followed by the California quail (492 individuals), house sparrow (342), Canada goose (338), European starling (333), pine siskin (193), Eurasian collared dove (169) and common raven (149).

At the other end of the spectrum, birders spotted just a single example of these species: Wilson's snipe, ferruginous hawk, barn owl, Pacific wren, Swainson's thrush, Harris' sparrow, Lincoln's sparrow and spotted towhee.

IN BRIEF

Oregon State Parks offer free parking, guided hikes Saturday

SALEM — The Oregon Parks and Recreation Department is set to host guided first-day hikes across the state on Saturday, Jan. 1. The usual \$5 parking that is being waived on the first day of the year for the 25 parks in Oregon that typically require a permit.

“Whatever your choice — a guided hike, exploring a park trail on your own, or enjoying everything a state park offers — starting out the year in the outdoors can begin a new tradition or keep a longstanding family tradition alive,” Oregon State Parks Director Lisa Sumption said in a press release. “Jan. 1 also marks the beginning of the yearlong Oregon State Parks centennial commemoration.”

Wallowa Lake State Park is taking part in

the first-day hike events, hosting a first-day disc golf event at the park's winter course. Rangers will be on site from 1-4 p.m. on Jan. 1 to help first-time players with the basics of the game as well as free equipment to borrow.

Warming stations will be set up at the beginning and midway through the nine-hole course. Participants can meet at the parking lot next to the group camp B in the campground's D loop.

For those looking to travel, the Oregon Parks and Recreation press release noted that late December is an ideal time for whale watching at the state parks on the west side of the state.

The events and free parking offers are a kickoff to the department's 100th year of operation. The state park system includes 254 properties and more than 100,000 acres.

—EO Media Group

CORRECTIONS: The *East Oregonian* works hard to be accurate and sincerely regrets any errors. If you notice a mistake in the paper, please call 541-966-0818.

EAST OREGONIAN
— Founded Oct. 16, 1875 —
211 S.E. Byers Ave., Pendleton 541-276-2211
333 E. Main St., Hermiston 541-567-6211
Office hours: Monday through Friday, 8 a.m. to 5 p.m.
Closed major holidays

EastOregonian.com

In the App Store:

East Oregonian (USPS 164-980) is published Tuesday, Thursday and Saturday, by the EO Media Group, 211 S.E. Byers Ave., Pendleton, OR 97801. Periodicals postage paid at Pendleton, OR. Postmaster: send address changes to East Oregonian, 211 S.E. Byers Ave., Pendleton, OR 97801.
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Circulation Dept.
For mail delivery, online access, vacation stops or delivery concerns call 800-781-3214

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	Local home delivery	Savings (cover price)
EZPay	\$10.75/month	50 percent
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