

## USHBC ASSESSMENT EXEMPTION GRANTED TO ORGANIC OPERATIONS

Based on action taken by the USDA, all commodities conducting market promotion activities under marketing order programs or research and promotion programs, such as the U.S. Highbush Blueberry Council (USHBC), are required to offer assessment exemptions to qualified organic producers. Domestic blueberry producers and foreign importers who produce and market blueberries eligible to be labeled "100% organic", and who do not produce any conventional or non-organic products, may request exemption from assessment by contacting the USHBC office at (916) 983-0111 and completing an exemption request application.

As stated in the Federal Register (Volume 70, No 10, January 14, 2005, Pages 2744 to 2763), *"The FAIR Act amendment specifies that to be exempt from a commodity promotion assessment, a person—meaning an individual, group of individuals, corporation, association, cooperative or other business entity—must produce and market solely 100 percent organic products and must not produce any non-organic or conventional products. For purposes of this rule, produce and market means the function the person performs requiring the payment of an assessment."... "Exemption eligibility is based on a three-prong test: (1) The person must be a certified organic producer or operator; (2) the person must be eligible to label all products as 100 percent organic as described in 7 CFR Part 205; and (3) the 100 percent organic labeling eligibility applies to every commodity the person produces and markets."*

The Register also notes that *"An importer who imports only products that are eligible to be labeled as 100 percent organic under the NOP (7 CFR Part 205) and who is not a split operation shall be exempt from the payment of assessments."*

To be considered for exemption from USHBC assessment, the blueberry producer or importer must submit an application titled the "Organic Operation Exemption Request Form" to the USHBC office. The application is a signed certification that the applicant meets all of the requirements specified for an assessment exemption. This application must be filed annually, on or before January 1, as long as the applicant remains eligible for exemption.

The USHBC reviews all request forms. In order to be exempt the producer or importer must meet all of the following requirements:

- Operates under an approved organic system plan authorized by the National Organic Program (NOP) (7CFR Part 205)
- Produces or imports only blueberries eligible for a 100% organic label under the NOP (Note- This applies to all the commodities produced and marketed by the grower, not only blueberries.)
- Is not a split operation (both organic and conventional) as defined by the Organic Foods Production Act of 1990
- Along with the completed assessment exemption form the applicant must also provide a copy of their organic farm or organic handling operation certificate provided by a USDA

accredited certifying agent under the Organic Foods Production Act of 1990 (7 U.S.C. 6502)

- Importers must provide a copy of the organic farm or organic handling certificate from each person from whom they receive product

The USHBC has 30 days to review and approve an exemption request. If a request is not approved the USHBC will notify the applicant of the reason(s) for disapproval within this same timeframe. An applicant can appeal if exemption is not granted. First appeal will be to the USHBC. If the applicant is not satisfied with the results of this appeal a second appeal can then be made to the USDA, which will make a final decision.

Though this assessment option is being made available to organic operations and importers, it is the hope of the USHBC that the value of market promotion and health research activities supported with USHBC funds are recognized when considering exemption. How effective have these programs been? This is a question that all federal check off programs must answer through independent program evaluations. These evaluations are conducted every five years and the USHBC has recently completed its first evaluation. The evaluation was conducted by Dr. Harry Kaiser from Cornell University and consisted of an econometric evaluation of USHBC activities from 2001 to 2004.

The evaluation was designed to determine the market impact of USHBC promotional programs and to provide a benefit cost ratio, or rate of return, for promotional activities. According to the evaluation, generic blueberry promotion by the USHBC had a positive and statistically significant effect on domestic demand, per capita consumption and grower price. The average impact of USHBC activities on grower price totals 1.4 cents per pound. The benefit cost ratio for USHBC activities came in at 7.86 meaning that the benefits of the USHBC program exceeded costs by nearly eight fold. The evaluator notes that the analysis shows a positive market impact from USHBC activities and that the benefits of the USHBC promotion program are considerably greater than their cost.

With the growing international interest in blueberries and health, our industry is “riding the health wave” with very favorable blueberry demand. The USHBC will continue to support and encourage additional health related blueberry research to learn more about the healthful properties of our fruit. Given recent acreage increases and future production potential, the industry also needs to continue to aggressively develop new markets both at home and abroad, work with food manufacturers to increase their blueberry use, increase consumer consumption, and encourage new users such as the Hispanic market segment here at home. With effective market promotion and management, a continued willingness to explore market opportunities, and a vision of future market potential, the blueberry industry, both conventional and organic operations, will continue to ride this “wave” and enjoy a healthy and profitable industry

Blueberry market promotion efforts conducted by the USHBC to date have proven beneficial to all highbush blueberry producers, both conventional and organic. Funds from both conventional and organic operations are needed to continue efforts to maintain positive demand for blueberries and to continue to keep demand ahead of future supply. It is hoped the benefits of the USHBC program enjoyed by both organic grower operations and conventional blueberry growers are

considered and the program continues to be voluntarily supported by those with organic operations through their continued assessment funding.

*Organic Blueberry Exemption*