



Testimony of

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## **Introduction**

Good morning Chairman Cardoza, Ranking Member Schmidt, and distinguished members of the committee. I would also like to specifically recognize New York Congressmen Bill Owens and Scott Murphy and express our appreciation for your participation on this committee. We are thrilled to have two New Yorkers on this important subcommittee and look forward to working with both of you as we look toward the next Farm Bill.

Thank you for the opportunity to speak with you today regarding the impact of the 2008 Farm Bill. My name is Mark Nicholson and I serve on the Board of the U.S. Apple Association (USApple). I am a member of the third generation that operates Red Jacket Orchards located in Geneva, New York. Our integrated farm business includes a 600 acre fruit farm, fruit packing facility, fresh juice processing plant, and metro New York farm market and wholesale distribution operation, which my brother, father, and I own and operate. We primarily grow fresh market apples but over the past 15 years have diversified into other specialty fruit crops, including apricots and plums that are currently being harvested and sold in this region's Whole Foods or Wegmans supermarkets. In addition to our fresh fruit crops, we also press apple cider and other 100 percent fruit juices in our newly completed, sustainably built and powered, 22,000 square foot juice processing facility. The majority of our fruit and value added products are marketed and sold in the Northeast, with a special emphasis in metro New York, but we have recently found enthusiastic customers as far away as Georgia, Alabama, and Texas.

As I address this committee today, I can't help but feel a genuine sense of accomplishment as I had the pleasure of testifying during your farm bill hearing in Canandaigua, N.Y. during the summer of 2006. I am proud that many of our industry's top priorities were incorporated into the 2008 Farm Bill, a truly notable milestone for our industry and a testament to the well organized effort put forward by both the Specialty Crop Farm Bill Alliance and the Congressional offices that supported us. As I stated then, and I feel is worth repeating here, apple growers and the produce industry have never relied upon direct payment programs to support grower income or market prices. I don't believe, and here I am in the majority of my peers, that would be in the best interest of my business or our industry. Instead, we strongly advocate programs that help grow demand for and consumption of our products, and build long-term competitiveness and sustainability for our industry. I believe the 2008 Farm Bill met these goals and would like to

thank Chairman Cardoza for his leadership on behalf of the specialty crop industry during the last farm bill's lively debate.

As a founding member of the Specialty Crop Farm Bill Alliance, apple growers and packers worked through USApple in support of programs included in the bill which are now enhancing the competitiveness and efficiency of our industry. I am pleased to report today on how many of those programs are helping the specialty crop industry, specifically the apple industry, as well as the direct impact on my family's third generation farm, Red Jacket Orchards.

I believe these programs are a good investment in our industry, especially in these tough economic times. Today, specialty crop producers face an interesting dichotomy. On one hand we are under pressure like never before from increased input costs – from electricity to labor and crop protection tools – and competition from low cost producers like China. On the other hand, consumers are more aware than ever of the health benefits inherent in our products and the need to fight obesity and to make healthier choices. I'd much prefer that the healthy apple or other produce snack they increasingly reach for on the supermarket shelf has a "grown in the USA" sticker on it, rather than a sticker from another country like China which produces over half the world's apples.

### **Specialty Crop Block Grants**

The **Specialty Crop Block Grant Program** focuses on regional and local priorities for specialty crop producers. These are being used by growers at the state level and are tailored to meet specific local needs. This approach is critical as a one-size-fits-all approach would not work within the apple industry – as the needs of a New York apple grower might be different from a grower in Washington State or in Ohio – let alone across the entire specialty crop industry of over 300 crops.

For the apple industry, these block grants are funding important projects ranging from research, to marketing, nutrition and food safety programs. In fact, in New York where the financial situation is dire at the moment and program funding is being cut drastically across all state agencies, the only reliable source of funding for industry projects is money from federal funds. For Red Jacket Orchards, Specialty Crop Block Grants that fund New York's Pride of NY program have provided critical resources for demand building marketing projects that we could otherwise not afford. I credit the Pride of NY program with helping us greatly expand our

business in the key metro New York marketplace. We are currently undertaking a grant that will allow us to build our brand awareness in this expensive media market.

### **Value Added Grant Program**

Prior to the Specialty Crop Block Grant program Red Jacket Orchards participated in the Farm Bill's Value Added Grant Program, which was our first major award. Funds from this program helped us make the critical leap from producing generic apple cider, which is more or less a commodity, to producing a line of value added, freshly pressed 100% fruit juices with a distinctive flavor and appearance. The success we experienced in expanding sales of this value added line, which is derived primarily from fruit we grow, culminated in our investment in a new 22,000 square foot juice production facility that came on line this past June and is anticipated to create 15 new jobs over the next 3 years.

### **Specialty Crop Research Initiative**

As growers and small business owners we must overcome challenges in order to remain in business for 50-plus years, as our family has been fortunate enough to do. As a plant science graduate from Cornell University I have a special interest in, and understanding of, the *power of science*. I believe strongly that with adequate funding our research institutions can not only help us to overcome these numerous challenges but also give our next generation of family members the tools they will need to thrive for another 50 years.

That's why the Specialty Crops Research Initiative (SCRI) is both unprecedented and impressively effective. For the first time, the nation's producers, processors and handlers of fruits and vegetables have had access to a competitive funding program of sufficient magnitude to effectively address a range of technical barriers that limit their sustainability, competitiveness, and profitability. Researchers and extension professionals have created multi-disciplinary, multi-institutional, and multistate teams focused on stakeholder priorities.

The U.S. apple industry has been an active participant in the SCRI and is pleased to champion this USDA program. A number of projects selected for funding are already well underway including:

- Biocontrol of key pests in western orchards
- Application of modern genetic technologies to improve fruit quality

- Engineering approaches to stabilizing apple yield
- Comprehensive automation of orchard operations
- Biomarkers to diagnose fruit quality and safety

While these projects have significant apple components, their activities and results also impact other specialty crops such as peach, walnut, pear, cherry, strawberry. Project participants span the country and include such disparate institutions as Carnegie Mellon University, Cornell University, Michigan State University, Oregon State University, Penn State University, Purdue University, USDA-Agricultural Research Service, University of Arkansas, University of California, University of Minnesota, and Washington State University.

The SCRI is a competitive funding program that supports the kind of research and extension activities specialty crop industries have been seeking for decades. Its \$50 million annual allocation is effectively invested and has transformed the research and extension communities and the industries they serve.

### **Fruit & Vegetable Program**

I believe passionately that the Fruit and Vegetable program, which was expanded to all 50 states in the last Farm Bill and provides a fresh fruit or vegetable snack to elementary aged children, provides the best opportunity for a win-win program. As a parent of a 15 month old son and six year old daughter, I see the power daily of teaching healthy eating habits and providing proper food choices at an early age. My daughter continues to surprise me by regularly choosing a piece of fruit over candy or other sweet when given the choice. I guess this should come as no surprise as Lily has been eating fruits and vegetables since starting solid foods and has enjoyed an ample selection, many from our farm. Unfortunately, not all children are this fortunate and the Fruit and Vegetable program can play a critical role in filling this need. The other win, obviously, is the expansion of consumption of fruits and vegetables, something that hasn't changed significantly in decades, and the positive impact this will have on producers.

The fruit and vegetable program has been immensely popular in New York and throughout the country. For example, the elementary school in North Rose, New York, participated in the program and the results were phenomenal. Students there tried fruit like kiwi, which some had never seen before, and even in the middle of apple country many students were not accustomed to eating fresh whole apples. Teachers, students and parents loved this program and with well

over 50% of the students at this school qualifying for free or reduced price lunches the school exceeded the minimum threshold required in the Farm Bill. Unfortunately, however, the State of New York recently made the decision that, due to tight funds and over-subscription to the program, only schools with 98 percent free and reduced meals would be allowed in the program. This shuts out the school in North Rose and many other rural schools as well.

As so much attention is now being given to the growing obesity rates in this country, here's a program that can really make a difference, and it is, at least in the schools that are lucky enough to have it.

### **Export Promotion**

Exports are extremely important for the apple industry, with about 25 percent of our crop sold overseas. While we do not export our fruit at Red Jacket Orchards, a strong export market helps ensure that domestic prices remain stable thus helping growers like us who do not directly sell their fruit overseas. Apple growers use two programs – the **Market Access Program** and the **Technical Assistance for Specialty Crops Program** – to help grow exports. MAP provides critical funding, more than matched by industry contributions, to operate programs which promote American apple consumption around the world. TASC funding is also helping our industry reduce foreign phytosanitary barriers to apple exports.

### **It may all be for naught...**

While I recognize immigration issues do not fall under the jurisdiction of this committee, I would be remiss if I did not take a moment to restate my comments from the 2006 Farm Bill field hearings. Unfortunately and frustratingly not much has changed in the four years since then. If in the process of securing our borders, which our industry favors, we do not develop a workable guest worker program for agriculture, the time spent here will be for naught because our industry will cease to be viable. Without workers to pick, prune, pack and process our fruit, the best Farm Bill programs will do little good. This remains, as I see it, the greatest immediate threat to my family farm's economic viability.

### **Conclusion**

I again thank the Chairman and the committee for the invitation to speak here today. I am very proud of the accomplishments that have been achieved in the 2008 Farm Bill on behalf of the apple industry and other specialty crop producers. I recognize the current economic climate is challenging but I am optimistic the future holds better times not only for our industries but also the nation as well. I believe if we can maintain the critical tools we have built in the 2008 Farm Bill, and when possible expand them, then our industry has a great opportunity to grow and thrive. With that, I can confidently encourage my children to consider joining as the next generation and help Red Jacket Orchards continue for another 50 years.