

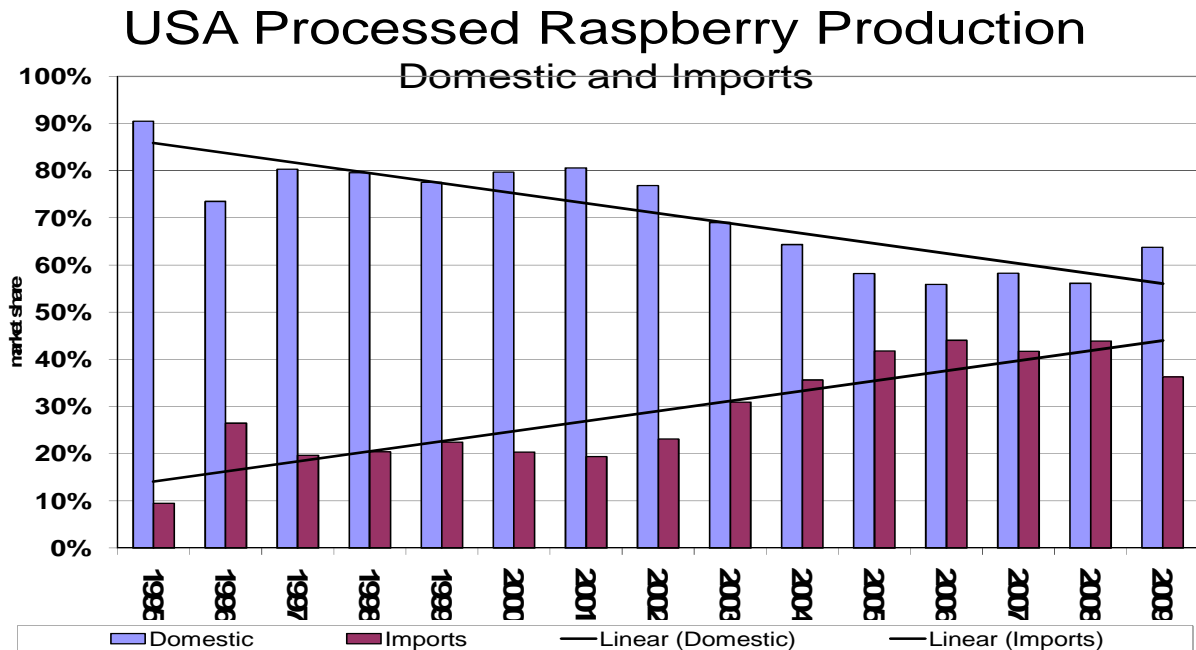
Update -- Formation of a USDA Research & Promotion Program to establish a National Council for Processed Red Raspberries

Raspberry growers delivered an application to form a US Processed Red Raspberry Council to the United States Department of Agriculture in Washington, DC in April, 2007. USDA presented a draft proposal to the industry in May, 2009. Numerous comments were submitted on the proposal with the overwhelming majority of respondents quite positive about the potential benefits. USDA reviewed the comments and in February, 2010 published a final rule to be submitted to grower referendum on the establishment of the Council in March, 2010.

The WA Red Raspberry Commission (WRRRC) realized that the final rule had a serious flaw and requested that the formation of the Council be placed on "hold" until we could ensure that imported juice concentrate would be assessed at the same level as domestic juice concentrate. After months of establishing new HTS Codes and conversion ratios the process is back on schedule and a referendum will be held in June, 2011.

Background

Raspberry marketing has been a part of the WRRRC work plan since the Commission was organized in 1976. But changes in the worldwide market have presented challenges to our marketing strategy. It has been difficult for us to invest large sums in promotion when an increasingly large percentage of US berry consumption is coming from imports. Over the last 5 years (2004-2009) we are consistently seeing over 40% of the frozen raspberries consumed in the US coming from offshore.

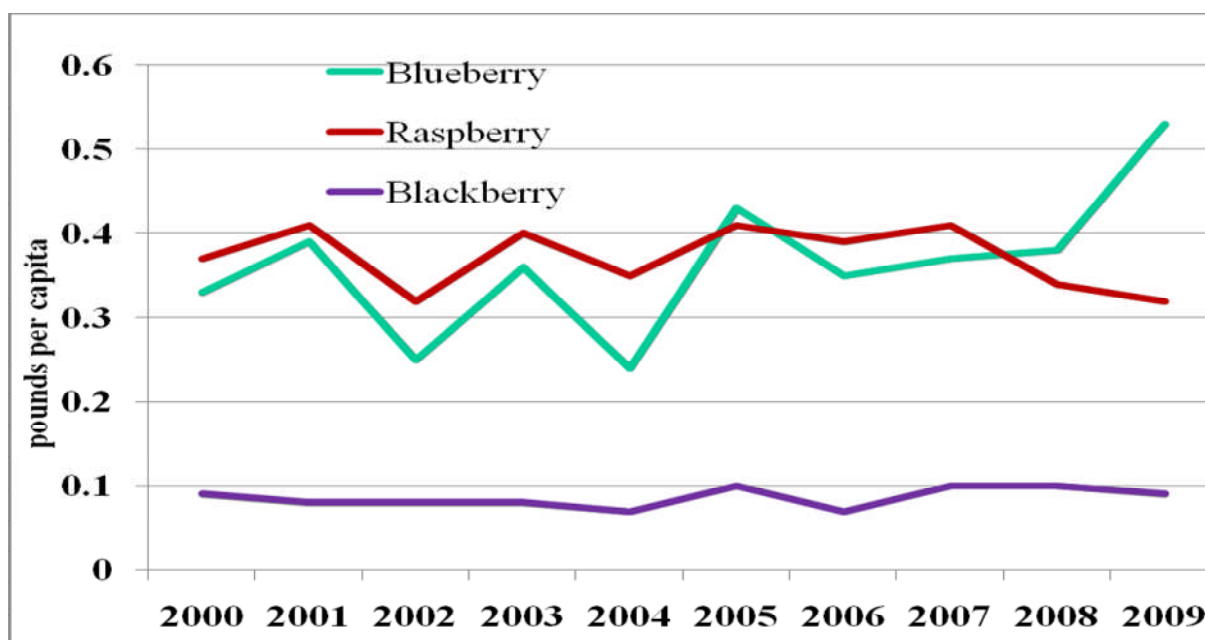


We believe strengthening the market demand is a wise way to invest our funds. But it seems only fair that our foreign competitors should make equal investments in promotion as they will also benefit from our efforts. We need only to look towards the blueberry farmers for the answer to this dilemma. Washington's raspberry growers have nowhere near the marketing budgets of our strawberry and blueberry neighbors. In 2001, blueberry farmers around the nation set up the US Highbush Blueberry

Council (USHBC). The investment they were able to make in promotion and research has contributed to record blueberry prices in recent years. The USHBC is an example of a USDA Research and Promotion Program (R & P).

The WRRC is convinced that forming the US Processed Red Raspberry Council will provide us the means to allow all raspberry growers to benefit from stronger demand. It will also assess imported berries for funds to support our marketing and research efforts. Establishing an R & P program will require a positive grower vote on the referendum that will be mailed to all eligible growers on June 1st. We urge you to research this issue, ask us questions, and vote positively in June.

US Frozen Berry Consumption



Frequently Asked Questions Regarding the Proposal

Why do we need another organization to organize raspberry growers? Don't we have enough already?

The Washington Red Raspberry Commission has provided a means for growers to cooperate on production research projects, plant breeding, promotional activities, health based research, and public policy support for over 30 years. The Oregon Raspberry Blackberry Commission has provided similar services for Oregon growers. These Commissions have worked relatively well together but both are aware of numerous missed opportunities to build the long term health of the raspberry industry and that a significant percentage of the berries sold in the US are not making these same investments. The creation of a National Council under the USDA Research and Promotion program provides us an opportunity to:

1. Address new and changing opportunities to collectively build a strong future for raspberry markets
2. Formalize informal working relationships under a grower directed national Raspberry Council
3. Require companies importing raspberries into the US to pay their fair share of the cost of building raspberry markets through mandatory assessments collected by U.S. Customs.

What do we expect the Raspberry Council to do?

The primary expectation of the National Raspberry Council will be to invest in research projects that help build a strong health message for raspberries. This has been the strategy many other ag crops, including blueberries and pomegranates, have used to make dramatic increases in consumption levels which in turn have provided a powerful uplift in returns realized by growers.

What will this cost me?

Nothing worthwhile comes without a cost. The proposed program anticipates a cap of 1 cent per pound assessment. The Council's Board of Directors will set the annual rate but it is anticipated that it will start at the maximum to make the needed research investments. This assessment will apply equally to domestic processed raspberries and to imported processed raspberries. It is fully expected that the 1 cent investment must return at least a 5 cent price strengthening. The performance of other Research and Promotion programs indicate this is a safe expectation.

The WRRRC Board recognizes that tripling the current assessment rate (1 cent federal, ½ cent state) will require a large leap of faith that these promotion efforts will pull up raspberry prices to the growers. The WRRRC Board is prepared to consider an assessment reduction or perhaps even a "2012 assessment holiday" for the state portion of the assessments in order to reduce the burden on the growers.

There will be no effect on the assessment rate on the 2011 domestic raspberry crop. Grower assessments in WA and OR will remain the same this year. The Council will not be officially established until this fall. It is anticipated that the assessment will begin to apply then and will begin with the Chilean harvest this winter.

Who will be on the Board of Directors?

The National Raspberry Council will be composed of thirteen members and 13 alternate members, appointed by the US Secretary of Agriculture from nominations and composed of the following:

- Six processed raspberry producer members and alternate members from States producing a minimum of three million pounds (WA & OR);
- One processed raspberry producer member and alternate member representing the other States producing less than a three million pounds of raspberries (all other states);
- Three processed raspberry importers and alternate members;
- Two foreign producers and their alternate members from countries exporting a minimum of three million pounds of raspberries for processing to the U.S. (currently Chile and Canada);
- One at-large member and an alternate recommended by the Council

Who votes; How is it decided?

Each eligible producer of raspberries for processing and eligible importer of processed raspberries is entitled to cast one ballot in the referendum which we expect to be mailed in early June. The Council will not be established unless the referendum is approved by a majority of producers and importers. Final determination of the establishment of the Council will be made by the US Secretary of Agriculture. We should have some idea of the status of the vote in September.

I am interested in serving on the Council if it is approved. What is the nomination process? How long is the term of office? How often will the Council meet? Where will meetings be held?

It is expected that Washington raspberry growers will hold five of the six seats allocated to states producing a minimum of 3 million pounds of processed raspberries. The WRRRC will collect the names of interested growers which will be placed on a ballot for voting by all processed raspberry growers in the State. The five receiving the highest number of votes will be submitted to the USDA for appointment as

members. The next five will be submitted as alternate members. Members or alternates can serve a maximum of 2 consecutive three-year terms of office. The Council will determine how often it meets. All meetings must be held in the United States.

For More Information

A full copy of the Federal Register notice on the proposal will be available on line or by contacting the WRRRC office. A good place to start learning about R & P programs is the USDA website located at: <http://www.ams.usda.gov/fv/rpb.html> . More information about the formation is also available at the WRRRC website (www.red-raspberry.org).

Contact Tom Krugman, WRRRC Marketing Director, or Henry Bierlink, WRRRC Executive Director, for more information.