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I, along with my sons Brian, David, and Jason operate a family farm in Mason County. I have been a grower since 1970 and a processor since 1973. We support the amendment for in-orchard diversion that is currently being proposed. We need to look at this as not only a grower issue, but also a processor issue.

With the old cherry marketing order the grower diversions were a bottom line credit. When the new order was drafted I believe we thought the diversion credits would be the same.

The problem exists in large crops years where the rules don't encourage in-orchard diversion. If there is a small restriction up to 20% it doesn't affect the value to the grower. Now that we are faced with higher restrictions, 20% to 55% or more, the value is decreased to a point where it is better to harvest and deliver. This has a negative impact by creating a larger surplus in the industry. The value is less compared to other credits because the processor has to add that tonnage to what they are handling.

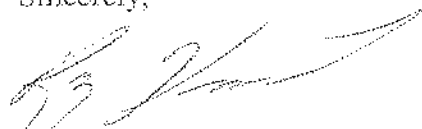
In large crop years with bottom line credit the grower will be encouraged by their processor to divert fruit on the ground because they will get full credit and have the same value as other credits.

The grower that diverts cherries on the ground should get the same credit value as export or market expansion. The revenue on those cherries is zero and the processor involved may not have access to export or market expansion. His only choice may be to have his growers do in-orchard diversion and collect the certificates. With bottom line credits in place the grower diversion will reduce carryover and increase grower price.

The grower cost is the cheapest with in-orchard diversion. The grower does not incur handling cost, freight, and association fees.

The supply formula will change but we believe that is okay. I have spent a lot of time on the committees to work toward creating a better marketing order. We think it is time for another change to the order so that it operates better for the future.

Sincerely,



Roy Hackert