



September 9, 2019

NOTICE OF PUBLIC HEARING
To Consider the Continuation of the California Garlic and Onion Research Program

TO ALL INTERESTED PARTIES:

The California Department of Food and Agriculture (CDFA) is calling a public hearing to receive testimony and evidence from the garlic and onion industry and the general public on whether the California Garlic and Onion Research Program (Program) should be continued for another five years. The Program requires such a hearing every five years to determine whether it is fulfilling the purposes of the California Marketing Act, under which the Program was created.

The California Garlic and Onion Research Program is a State marketing order that was originally implemented in 2004, following an industry referendum, for the purpose of conducting research relating to the production, processing and distribution of garlic and onions. The program is funded by mandatory assessments upon producers and handlers of garlic as defined (*garlic grown in California without regard to whether it is marketed fresh, dehydrated or processed in some other fashion*) and upon producers and handlers of onions as defined (*only those onions grown in California for dehydration*).

The public hearing is scheduled as follows:

Date / Time	Location
Tuesday October 15, 2019 Beginning at 10:00 a.m.	University of California West Side Research and Education Center 17353 W Oakland Ave, Five Points, California

HEARING PROCEDURE

All affected producers and handlers of California garlic and onions and other interested persons are invited to attend and participate in this hearing. Additionally, written comments will be accepted if sent to this office, to the attention of Justin Ellerby, prior to the hearing.

At the hearing, CDFA representatives will receive testimony and evidence, both oral and documentary, with respect to the following matters:

1. The production, economic, and marketing conditions affecting the garlic and onion industry of this State; and
2. Whether the California Garlic and Onion Research Program tends to effectuate the declared purposes and attain the declared objectives of the California Marketing Act.



The hearing transcript and written comments will be considered by CDFA in determining if the California Garlic and Onion Research Program will be authorized to continue. If the hearing record generally supports the continuation of this program, CDFA may authorize the program to operate for another five years without the need for an industry referendum. However, if CDFA finds from the hearing record that a substantial question exists as to whether the Program is fulfilling its declared purposes, CDFA will conduct a vote of affected garlic and onion producers and handlers to determine if the Program should be continued.

HEARING PREPARATION

At the hearing, those who support the continuance of the California Garlic and Onion Research Program should provide testimony that communicates why they believe the Program should be continued. Conversely, those who may have concerns about the Program's continuation should provide testimony that substantiates their concerns. Following are some examples of questions that hearing witnesses may wish to consider in preparing their testimony.

- Has the California garlic and onion industry benefited from the research projects funded by the California Garlic and Onion Research Program? If yes, please explain how. If no, please explain why not.
- How do producers benefit from this Program? How do handlers benefit from this Program?
- What problems, if any, would the industry face in the absence of a mandatory industry-funded research program?
- Does the general public benefit from the activities of the California Garlic and Onion Research Program? If yes, please explain how. If no, please explain why not.
- Have assessment monies been spent wisely and according to the authority granted to the Program?
- Are there ways that the Program could be improved?

Witnesses need not address all of the questions above. Also, witnesses are not limited to addressing these questions so long as the testimony is pertinent to the call of the hearing. If you have questions regarding this hearing or the Program, please call Bob Ehn, CEO of the California Garlic and Onion Research Board, at (559) 297-9322 or Justin Ellerby with the Marketing Branch at (916) 900-5018.

Sincerely,



Kathy Diaz-Cretu, Acting Chief
Marketing Branch

**FINDINGS OF THE CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE
REGARDING THE PUBLIC HEARING HELD ON OCTOBER 15, 2019 TO CONSIDER
CONTINUATION OF THE CALIFORNIA GARLIC AND ONION RESEARCH PROGRAM**

The California Department of Food and Agriculture (Department) conducted a hearing on October 15, 2019 at the University of California West Side Research and Education Center, in Five Points, California for the purpose of considering continuation of the California Garlic and Onion Research Program (Program). Due notice of the hearing was provided to the garlic and onion industries via a Notice of Public Hearing issued on September 9, 2019. The notice included sample questions to assist interested parties in preparing testimony relevant to the purpose of the hearing. Additionally, the notice encouraged interested parties to submit written testimony if they could not personally attend the hearing. Mike Francesconi, an Agricultural Program Supervisor II with the Department's Fairs and Expositions Branch, presided over the hearing. Ben Kardokus and Mirek Wilczek, Senior Agricultural Economists with the Department's Marketing Branch, served as members of the hearing panel.

Hearing Background

Purpose of the Hearing

This hearing was called pursuant to Article XII, Section C of the California Garlic and Onion Research Program, which requires the Department to conduct a public hearing at least once every five years to determine whether or not the Program is meeting the declared objectives of the California Marketing Act (Act), as provided in Section 58654 of the California Food and Agricultural Code.

As part of its statutory responsibility, the Department must prepare findings based on the testimony and evidence presented at the hearing. The nature of the Department's findings determines which of the following two statutory outcomes occurs:

1. If the Department finds after the hearing that a substantial question exists among eligible producers and handlers as to whether the operation of the Program should be continued, the matter shall be submitted to a referendum vote of the garlic and onion industries.
2. If the Department finds after the hearing that substantial question does not exist, it shall order continuation of the Program for additional five years.

Overview of the Program

The California Garlic and Onion Research Program is a State marketing order established pursuant to the provisions of the California Marketing Act, being Chapter 1 of Part 2, Division 21 of the California Food and Agricultural Code. The Program's primary purpose is to fund research relating to the production, processing, and distribution of garlic and onions. The majority of the Program's research efforts are focused on disease prevention, pest management, tillage, irrigation, and harvesting.

This Program was established on January 1, 2005. It is funded by mandatory assessments paid by California producers and handlers of all forms of garlic (fresh, dehydrated, processed) and by California producers and handlers of onions for dehydration purposes. Assessments are split equally between producers and handlers. The rates of assessment decreased for the 2019-2020 fiscal year from \$0.03125 per cwt. of garlic

and \$0.0156 per cwt. of dehydrated onions to \$0.025 per cwt. and \$0.0125 per cwt., respectively. The Program’s budgeted expenditures for its 2019-2020 fiscal year total approximately \$201,006.

The Program is directed by a board of twelve industry members, consisting of six producers and six handlers, who are all appointed by the Department. Producer representation on the Board is based on the distribution of garlic and dehydrated onion production across three districts in the state. Specifically, one producer seat is allocated to a Northern California grower, four to Central California growers, and one to a Southern California grower. Handler representation on the Board is divided equally between dehydrators of garlic and onions and non-dehydrators of garlic. However, being that there are only two dehydrators in the state; the board has two of the three dehydrator positions filled at this time.

Background Information on the California Garlic and Onion Industries

California is the largest garlic and onion producing state in U.S., producing all of the national garlic crop and almost a quarter of the nation’s onions in 2017. The majority of California’s garlic is grown for dehydration purposes, while the remainder is produced for the fresh market and the seed market. While garlic and onions are produced throughout the entire state, the bulk of these commodities are grown in the San Joaquin Valley. In 2017, the total farmgate value of garlic and dehydrated onions produced in California was approximately \$465 million.

The tables below show actual values of garlic and dehydrated onion production acreage, volume, and yield in California over the past ten years, and are taken from the most recent CDFA California Agricultural Statistics Review.

Vegetable and Melon Acreage, Production and Value, 2008 2017								
Crop	Crop Year	Planted Acres	Harvested Acres	Yield Per Acre Cwt.	Production Cwt.	Utilized Production Cwt.	Value Per Unit ¹ \$/Cwt.	Total Value \$1,000
Garlic	2008	23,200	23,000	170	3,910,000	NA	45.20	176,715
	2009	21,100	20,900	175	3,677,000	NA	51.20	188,127
	2010	22,100	21,900	165	3,614,000	NA	71.80	259,616
	2011	24,500	24,000	170	4,080,000	NA	68.60	279,927
	2012	25,300	25,000	170	4,250,000	NA	52.10	221,289
	2013	23,200	23,000	165	3,795,000	NA	60.30	228,864
	2014	23,200	23,000	165	3,795,000	NA	69.30	263,172
	2015	24,300	24,100	165	3,977,000	NA	76.70	305,166
	2016	30,100	30,100	150	4,515,000	4,515,000	74.00	333,905
	2017	33,000	33,000	155	5,115,000	5,115,000	76.30	390,021
Onions, Processing ⁷	2008	NA	NA	NA	9,872,000	NA	9.14	90,230
	2009	NA	NA	NA	10,875,000	NA	10.00	108,750
	2010	NA	NA	NA	9,389,000	NA	8.30	77,929
	2011	NA	NA	NA	9,724,000	NA	7.50	72,930
	2012	NA	NA	NA	9,266,000	NA	9.66	89,510
	2013	NA	NA	NA	8,800,000	NA	8.32	73,216
	2014	NA	NA	NA	10,076,000	NA	13.33	134,313
	2015	NA	NA	NA	9,900,000	NA	11.09	109,791
	2016	NA	NA	NA	NA	10,222,500	9.05	92,514
	2017	NA	NA	NA	NA	6,200,240	12.10	75,023

Despite California being the nation’s largest garlic and onion producing state, it is a tiny player on the global market, accounting for less than 1 percent of the world’s total garlic production in 2016; by contrast, China alone accounted for over three-quarters of that year’s garlic production volume.

Overview of Hearing Testimony and Evidence

A total of 10 witnesses, representing all sectors of the garlic and onion industries in California, provided oral or written testimony and evidence for this continuation hearing. These individuals are presented in the table below:

Name	Affiliation	Industry Sector	Testimony
<i>Robert Ehn</i>	California Onion & Garlic Research Advisory Board	Program Manager	Oral - Neutral
<i>John Duffus</i>	The Garlic Company	Non-Dehydrator Handler	Oral and Written in Support
<i>Tom Turini</i>	University of California, Cooperative Extension	UC Liaison	Oral in Support
<i>Nick Groenenberg</i>	PCA Agricultural Consulting	Ag Services	Oral and Written in Support
<i>Mary Allison Campbell</i>	Olam Spices	Dehydrator Handler	Oral and Written in Support
<i>Kevin Collins</i>	Borba Agribusiness Services	Producer	Oral and Written in Support
<i>Sal Parra, Jr.</i>	Burford Ranch	Producer	Oral in Support
<i>Dr. Dan Brotslaw</i>	Sensient Natural Ingredients	Dehydrator Handler	Written in Support
<i>David Anderson</i>	Valley Garlic LLC	Non-Dehydrator Handler	Written in Support
<i>Joey Mendonca</i>	J.G. Boswell Company	Producer	Written in Support

As the table above indicates, there was no testimony in opposition submitted. All testimony received was in support of the continuation of the California Garlic and Onion Research Program. The following themes and summarized comments convey the key points presented in the hearing record:

The California garlic and onion industry is inherently vulnerable to disruption.

California allium production is geographically concentrated, which makes it more susceptible to pest and disease outbreaks. Furthermore, the U.S. garlic supply in particular is necessarily slow to respond to changes in demand (and in foreign supply) because, unlike for other crops, the production cycle (including growing the seed stock) takes three years. Thus, for example, a sudden surge in garlic imports from China will typically take several seasons to recede, even when global supply is uneconomically high *for the Chinese producers themselves*, let alone uneconomically high for the much-smaller U.S. garlic industry.

GORAB achieves returns to scale through inter-organizational cooperation in research.

GORAB not only conducts research using its own funds, but also encourages other entities to engage garlic and onion research that would not do so without GORAB's activity. Even generally, researcher's interest and awareness of garlic and onion pests and diseases may be piqued by the availability of Board funding,

even if those researchers eventually obtain research funding from governmental or private actors. GORAB's participation in the Specialty Crops Council similarly elevates the industry's concerns. And most concretely, the last two years have seen GORAB secure two USDA Specialty Crop Research Initiative grants totaling about \$7.5 million to address industry threats from white rot, Iris Yellow Spot Virus, and onion bacterial diseases. Testimony indicated that the review panel for these grants was impressed by GORAB's demonstrated financial commitment to research.

GORAB is highly effective in disseminating the research it funds.

GORAB research is disseminated through its newsletters, an annual report, and the University of California Integrated Pest Management website. The Board also puts on a well-attended annual Garlic and Onion Research Symposium, attended by growers, handlers, pest control Advisors, and crop consultants.

GORAB has enjoyed substantial successes in production research.

GORAB's research has effectively addressed industry issues in fertilizer application, environmental impacts, and the management of pests and diseases including seed corn maggot, onion maggot, downy mildew, and white rot. In the latter instance, acreage that had previously been deemed out of production due to white rot has since been put back into production using white rot management techniques developed through GORAB activity.

Analysis of Hearing Testimony and Evidence

In order for the California Garlic and Onion Research Program to be reapproved without submitting the question of continuation to an industry-wide referendum, the Department *may not* find that the hearing record raises a substantial question as to whether the Program is effectuating the declared purposes of the California Marketing Act. The declared purposes of the Act are presented in Section 58654 of the Food and Agricultural Code. These purposes are to:

- a) enable producers to correlate more effectively the marketing of commodities with the market demands for those commodities,
- b) establish orderly marketing of commodities,
- c) provide for uniform grading and proper preparation of commodities for market,
- d) provide methods for the maintenance of present markets, or for the development of new markets, or methods for prevention, modification or elimination of trade barriers,
- e) eliminate or reduce economic waste in the marketing commodities,
- f) restore and maintain adequate purchasing power for producers,
- g) inform the public of the processes of producing agricultural commodities, and
- h) foster cooperation and understanding between urban and rural sectors of society.

It is understood that these purposes are broad and diverse in scope so as to encompass the multitude of challenges that an agricultural commodity sector may face. Consequently, it is also understood that each marketing program will not necessarily effectuate each stated purpose, but rather effectuate the purposes relevant to the specific conditions and needs of the respective industry. This particular Program only conducts general research related to the production, processing, and distribution of garlic and onions. It does not engage in any supply control, promotion, or inspection activities. Despite this narrow scope,

testimony indicated that this Program effectuates several declared purposes of the Act. These findings are presented below:

Testimony and evidence indicated that the California Garlic and Onion Research Program tends to effectuate purpose 58654(d) - *maintaining present markets*, by taking a proactive approach to address research needs in the garlic and onion industry.

Through its research efforts, garlic and onion producers and handlers in California have been able to address emerging issues facing the industry before they result in major economic losses or decreases in market share to neighboring states and countries abroad. Specifically, testimony indicated that the Board has been able to fund projects and obtain supplementary outside funding through federal government grants to address pest and disease management issues and obtain registration labels for important pesticides needed in production. Together, these projects have allowed these industries to evolve over time and maintain annual aggregate production volumes.

Testimony and evidence indicated that the California Garlic and Onion Research Program tends to effectuate purpose 58654(e) - *reducing economic waste*, by helping the garlic and onion industries reduce costs caused by diseases and pests.

Testimony and evidence indicated that various pests and diseases, such as white rot and corn seed maggot, have the potential to cause substantial economic losses to the garlic and onion industries. As a result, the Board has continually devoted a significant portion of its budget to identify both short-term management solutions to mitigate white rot and develop disease-resistant varieties to potentially eliminate it in the long term. In addition to advances made in white rot research, the Board has funded multiple projects that have led to Section 18 exemptions and registrations of labels for chemical products needed by the industry to treat diseases and pests. All of these activities have led to the reduction of economic waste.

Testimony and evidence indicated that the California Garlic and Onion Research Program tends to effectuate purpose 58654(f) - *improving purchasing power of producers*, by helping to keep production of garlic and onions in California profitable.

A substantial portion of the world's garlic and onions are produced overseas. With significantly lower production costs, foreign garlic and onion producing countries have threatened the profitability of California's garlic and onion industries. In order to combat this international pressure, the Board has funded production research that has led to a reduction in losses caused by pests and diseases and an improvement in yields for both garlic and onions. As a whole, Board-funded research has enabled California garlic and onion growers to remain profitable and competitive on a global level.

Testimony and evidence indicated that the California Garlic and Onion Research Program tends to effectuate purpose 58654(g) - *informing the public*, by creating indirect economic benefits for the general society.

From the testimony presented, it is also reasonable to conclude that the public likely indirectly benefits from the production research funded by the Board. Specifically, the garlic and onion industries are able to supply consumers with safer and higher quality products at a lower cost by applying results from Board-funded research projects. Additional economic benefits, such as employment opportunities, are created for society when the state's garlic and onion industries are strong and viable.

Conclusion and Recommendation

In the absence of a substantial question as to whether the California Garlic and Onion Research Program is tending to effectuate the declared purposes of the California Marketing Act of 1937, I hereby recommend that the Program be continued without submitting the question of continuance to an industry-wide referendum vote of garlic and onion producers and handlers. If this recommendation is approved, the California Garlic and Onion Research Program will be authorized to operate for a period not to extend beyond February 28, 2025.



Date 1/29/2020

Justin Ellerby, Senior Agricultural Economist
California Department of Food and Agriculture
Marketing Branch

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BEFORE THE STATE OF CALIFORNIA

DEPARTMENT OF FOOD AND AGRICULTURE

In the matter of approving the continued operation of the)	Order of the California Department of
California Garlic and Onion Research Program)	Food and Agriculture Approving the
subsequent to conducting a required public hearing)	Continuation of the California Garlic and
)	Onion Research Program

WHEREAS, the Department of Food and Agriculture of the State of California (Department), acting pursuant to and by virtue of the authority vested in it by the provisions of the California Marketing Act, being Chapter 1 of Part 2, Division 21 of the Food and Agricultural Code, issued the “California Garlic and Onion Research Program” (Program) which became effective January 1, 2005, and which includes amendments made effective through November 3, 2010, and

WHEREAS, Section C of Article XII of the Program requires the Department to conduct a hearing at least once every five years to consider the Program’s continuation, and

WHEREAS, the Department conducted such a hearing regarding the continuation of the Program on October 15, 2019 and

WHEREAS, based upon the testimony and evidence submitted for the hearing, the Department does not find that a substantial question exists as to whether the Program is contrary to or does not tend to effectuate the declared purposes or provisions of the Act within the standards and subject to the limitations and restrictions which are imposed in the Act;

NOW, THEREFORE, the Department, acting pursuant to and by virtue of the authority vested in it by said Act, does hereby order that the California Garlic and Onion Research Program be continued in full force and effect in accordance with the Act for a period not to extend beyond February 28, 2025.

DATED: February 14, 2020

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JOE MONSON, Branch Chief
Marketing Branch
Department of Food and Agriculture



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE

Karen Ross, Secretary

February 4, 2020

**CONTINUATION OF THE MARKETING ORDER FOR THE CALIFORNIA
GARLIC AND ONION RESEARCH PROGRAM**

TO ALL INTERESTED PARTIES:

On October 15, 2019, the California Department of Food and Agriculture (Department) held a public hearing in Five Points, California to consider the continuation of the Marketing Order for the California Garlic and Onion Research Program (Program). Such a hearing is required every five years to provide garlic and onion producers and handlers with the opportunity to comment on the usefulness and effectiveness of the Program's activities.

The Department has evaluated the testimony and evidence received at the hearing and determined that no substantial question exists among garlic and onion producers about whether the Program should continue. Therefore, the Program shall continue for five more years through the end of the 2024-2025 fiscal year.

The California Garlic and Onion Research Program is a State marketing order that conducts research projects relating to the production, processing and distribution of garlic and onions. Funding for this Program is derived from mandatory assessments upon producers and handlers of garlic and dehydrated onions.

If you have questions regarding this notice or the activities of the Program, please call Bob Ehn, CEO of the California Garlic and Onion Research Advisory Board, at (559) 297-9322 or Justin Ellerby with the Department's Marketing Branch at (916) 900-5018.

Sincerely,

Joe Monson, Branch Chief
Marketing Branch

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