

Where's The Beef?- by Daniel J. Zedan, President, Nature's Finest Foods, Ltd., PO Box 17, Wayne, IL 60184; ph: 630-377-2628, fax: 630-377-3250, email: dzedan@aol.com; website: www.nffonline.com

Back in the mid-1980's, Wendy's developed a now classic commercial depicting three little old ladies entering a hamburger joint to purchase a hamburger. In front of them was placed a very large 'fluffy' bun that when opened revealed a miniscule piece of meat causing one of the little old ladies to exclaim, 'Where's the beef?' The ad was an instant success and put Wendy's on the map. As the years rolled by, the use of that phrase evolved and eventually became synonymous with empty promises or programs that just didn't deliver. In many cases, when the phrase was applied to various social and political issues, the word 'beef' was often dropped from the question and replaced with a noun that would more clearly illustrate the point to be made. Over the past year, I have had the opportunity to speak to several industry groups about some of the many challenges facing our industry. I have watched as some segments of our industry try to address these issues only to be rebuffed by other segments, or ridiculed for doing so. I have watched as new regulations were instituted at the Federal level, at the request of one segment of the industry, without any thought as to the impact such legislation would have on the rest of the industry as a whole. In the Pecan industry, this is nothing new. However, with the many significant challenges now facing our industry, I think that it is about time that all segments of the industry begin to ask, 'Where's the Leadership?'

Unlike the Almond and Walnut industries which have strong marketing boards that provide direction, channel industry resources, address market and product development, provide focus to needed research and, when necessary, tackle major industry problems, the Pecan industry continues to operate in the dark ages where everyone is out for themselves. Precious financial resources are often directed to projects that, in many cases, not only don't accomplish what was originally intended, but often actually create greater problems. One such example is the recent Country of Origin Labeling (COOL) requirements that were hastily added to the latest Farm Bill at the request of the Georgia Pecan Growers Association. Because not enough research was done to evaluate the costs and benefits of COOL, this new legislation will actually increase the cost of our already costly product. Further, other than Macadamias and Peanuts, no other nuts were included in the law. As such, Almonds, Walnuts, Hazelnuts, Pistachios, etc., will now have an even greater price advantage over Pecans. Is that what the growers really wanted? While the intent of this discussion is not to get into the pros and cons of a marketing order, the mere mention of which sends chills up and down the spines of many within our industry, it is difficult to argue with the success of the Almond industry's Marketing Board. Not only has their board brought about market growth, increased profits to the growers, relative market stability and much more, having such a strong centralized board most certainly saved the industry from financial bankruptcy during two Salmonella related recalls within a three year period. One only has to look at what happened to the spinach, lettuce and tomato industries over the past three years to see what can happen when an industry isn't prepared to handle disaster or is unable to speak with one voice.

I mention this because our industry is facing some significant challenges and very few people within the industry are willing to address them. These include, but are not limited to, the following:

1. Research necessary to identify ways to insure that the handling of our product, both in the field and in our industry's shelling plants, is adequate to insure that we are not faced

with an industry-wide recall. It is well known that Pecans in the field could have Salmonella, yet a research project to look at the development of procedures and protocols to insure that this pathogen doesn't get into the food chain has been kicked around our industry for the past year with little or no hope of getting it adequately funded. This is a ticking time bomb. Heaven forbid if our industry was to be involved in a Salmonella recall. Losses to our industry could end up being worse than those of the lettuce, spinach and tomato industries, and the FDA regulations that would most certainly follow would be a nightmare.

2. Because of the unique way our shelling industry operates, a portion of our US Pecan crop is shipped to Mexico for shelling and then returned to the US for further processing and sale. Because of the way the Foreign Agricultural Service (FAS) tabulates imports and exports, these US Pecans are considered as 'exports' when shipped to Mexico, thereby overstating actual exports, and then counted as Mexican 'imports' when they come back across the border. The failure of FAS to account for this 'work in progress' creates two problems; first, it increases the apparent total Pecan supply by counting already tabulated US Pecans as Mexican imports. Second, as a result of the incorrect classification of these Pecans, many of our largest Pecan Shellers are required to label these US grown Pecans as '*Product of Mexico.*' This past year, as many as 37 million pounds of US Pecans (inshell basis) may have been incorrectly tabulated as Mexican product. This certainly doesn't help our industry. Unfortunately, when presented with the opportunity to correct this problem, the National Pecan Sheller's Association decided not press the FAS to correct the problem because some Sheller's were concerned that the FAS might somehow leak which companies were involved in the aforementioned processing of Pecans (Because the FAS must handle such information as strictly confidential, and is therefore barred from releasing it, the concern was unjustified). The industry can no longer afford to allow the FAS to incorrectly tabulate imports and exports. Because our industry does not have a marketing order, or a strong marketing board to provide us with good statistics, we must rely on those provided by the US Government. I hear plenty of complaints about how high our taxes are so why should we be paying for statistics that we know are wrong?

3. The development and nurturing of new overseas markets, the prices of product sold into those markets and the necessary increase in pecan production that will facilitate such market expansion all need to be addressed. The recent explosion in exports to China is a great example. Many growers talk about not only sending product to China, but maybe India and other Asian markets later. Where are those Pecans going to come from? Our industry was fortunate this past year to have had such a large crop. What is going to happen this year? Has anyone stopped to realize that 400% growth per year is in no way sustainable even with a significant increase in production? How much research has been done into developing the Chinese market, the Indian market or other world markets? What has been the impact of the price of inshell going to China been on our domestic and European markets? If these, and many other related questions are not addressed, our industry will certainly kill the goose that laid the golden egg. How many in our industry know that there are laws that allow an industry to set prices for product going overseas? These laws were written to allow industries to increase sales overseas while minimizing the impact on their domestic pricing structure. However, the key word here is *industry!*

In closing, I am not aware of one Pecan industry association that has someone on their board of directors that is not from that association's core constituency. As such, how can

we listen to other points of view when they are not allowed to be heard? Regardless of how long one has been associated with this industry, it is painfully obvious that as currently constituted, there is little chance of getting the various industry associations to work together on a consistent basis. There are just too many deeply rooted animosities, too many personal prejudices and too many personalities who don't want to change. With that in mind, maybe it's time to establish a new industry association; an umbrella organization that is chartered with the specific purpose of working with the current associations for the specific purpose of addressing those issues that impact the industry as a whole. The current associations could continue to address those issues specific to their constituencies, but on matters that could have industry-wide ramifications, would refer those issues to the new entity. In doing so, it might be possible to minimize the chances of getting a piece of legislation that hurts rather than helps our industry; an organization that could speak with one voice when it becomes necessary to get the US Government to work for us; someone to develop meaningful marketing plans, research programs, etc.; or heaven forbid, an entity that can speak with authority and purpose when our industry is faced with the inevitable catastrophe. It may seem naïve, but having served on such organizations, I know that it's been done before *and it didn't take a marketing order to do it.*