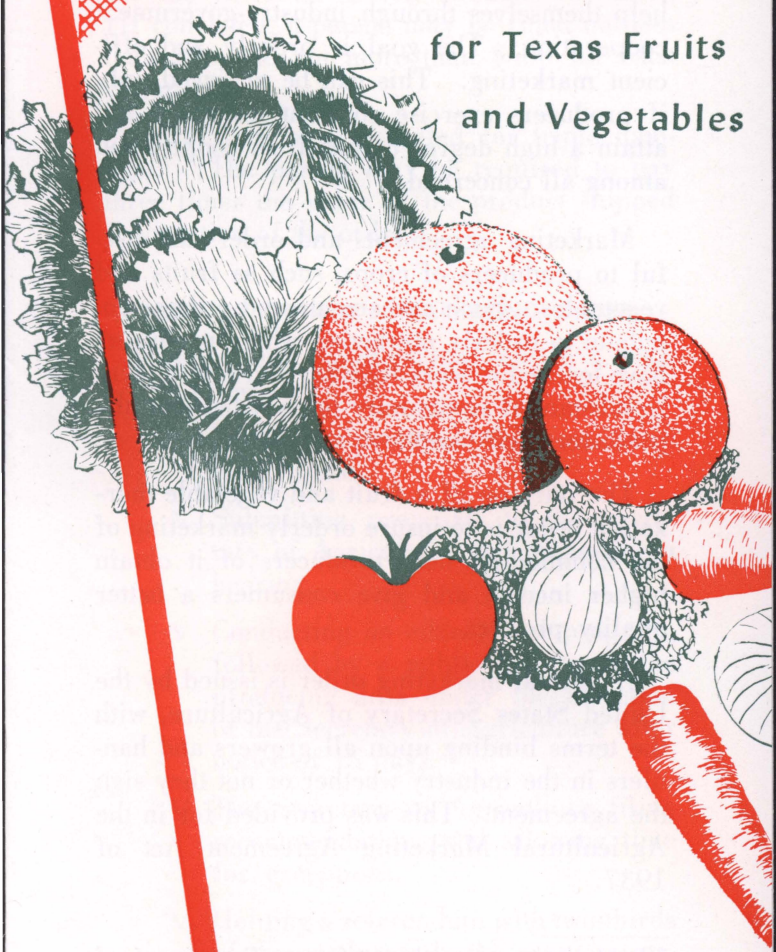


MARKETING

agreements and orders

for Texas Fruits
and Vegetables



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Marketing Agreements and Orders *for* Texas Fruits and Vegetables

MARKETING AGREEMENTS AND ORDERS are designed to enable producers to help themselves through industry-government cooperation. The goal is orderly and efficient marketing. This can be achieved only if producers exercise constant diligence and attain a high degree of unselfish cooperation among all concerned.

Marketing agreements and orders are useful to producers of crops, such as fruits and vegetables. Such agreements and orders contribute to orderly marketing where producers have learned to work together and where there is substantial community interest between the producers and handlers.

The purpose of a fruit and vegetable marketing order is to insure orderly marketing of the commodity, help producers of it obtain higher income and give consumers a better quality product.

A federal marketing order is issued by the United States Secretary of Agriculture, with the terms binding upon all growers and handlers in the industry whether or not they sign the agreement. This was provided for in the Agricultural Marketing Agreement Act of 1937.

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EXTENT IN THE UNITED STATES AND TEXAS

More than 35 federal marketing agreements and order programs covering fruit and vegetable products exist in 20 states. More than 140,000 producers participate in these marketing agreement programs. The products involved have a farm value of about 700 million dollars.

In addition to the federal program, some states have passed legislation permitting orders to be set up. Nine states have special legislation and have established separate commissions for particular products, such as the Florida Citrus Commission. California is perhaps the best known of the 15 states now having general enabling legislation for establishing marketing programs. Some 32 state and 16 federal orders were operating in California in 1959. These orders covered 41 percent of the fruit and vegetables marketed in the state, having an annual value of approximately 400 million dollars. The primary difference between a state and federal order in California is that the state order permits a promotional and advertising program.

Texas had a marketing order for grapefruit in the late 1930's, but it was terminated several years ago. A federal marketing order was established in Texas in 1959 for marketing tomatoes from four Lower Rio Grande Valley counties. At present, there is considerable interest for marketing orders on carrots, onions, citrus and lettuce.

ITEMS THAT MAY BE AUTHORIZED

The Agricultural Marketing Agreement Act provides types of authorities, which upon appropriate proof, may be included in individual marketing orders for a commodity. Several authorities are:

- Regulate quality, maturity of the product to be shipped.
- Regulate quantities to be shipped, handled for specified period.

- Regulate containers and packs.
- Determine the extent of surplus control.
- Prohibit unfair trade practices.
- Promote research.
- Price posting.
- Reserve pools.
- Other provisions.

HOW AN ORDER OPERATES

A marketing order is administered by a local committee composed of growers and handlers. Some of its more important provisions are:

- ✓ A committee of handlers and growers administers the terms of agreements and orders.
- ✓ The committee is required to keep accurate books and records. These are audited yearly.
- ✓ Growers and handlers make decisions as to whether they want the regulations:
 - What changes are to their best interest
 - When should the order be terminated
- ✓ Burden of regulations falls upon handlers of the commodity. They must see that terms of orders are complied with and which ones are subject to penalties.
- ✓ The program is financed by assessments collected from handlers of the product.
- ✓ The program is limited to the smallest regional production area practical.

Growers and the handlers decide if they want a program, what changes are to their best interest and, ordinarily, when it shall be terminated.

Enforcement of a federal marketing agreement or order is primarily the responsibility of the federal government. Violations are investigated and turned over to the Department of Justice for prosecution. This may be done three ways:

- 1) Civil action to obtain an injunction.
- 2) Criminal action brought in court. (If convicted, a person may be fined not less than \$50 and not more than \$500 for each violation.)
- 3) Civil suit instituted for triple damages. (The person may be required to pay three times the value of the product shipped in violation of the order.)

HOW TO OBTAIN A MARKETING ORDER

Growers and handlers may obtain a marketing order by:

- ✓ Drafting a proposal which sets forth their wishes.
- ✓ Submitting proposals to the Secretary of Agriculture and requesting a hearing.
- ✓ Conducting an educational program, followed by a public hearing in the producing area under the direction of the Secretary of Agriculture after notice of 15 days.
- ✓ The Secretary of Agriculture filing recommendations and allowing time for exceptions.
- ✓ Holding a referendum with two-thirds of the producers in the area approving it.
- ✓ Having a committee organize and begin operations.

CONCLUSIONS

Each marketing order is set up and operated differently. Each has its problems for its segment of the industry. To have a successful marketing order, determine the problems that need regulating, the effects on the local industry over a period of years and how it will affect competing areas and their entry into the market.

Marketing orders will not cure all the ills in a local area. To be successful, attention should be given to:

- Close cooperation and understanding among the producers, handlers and community.
- Skill and judgment of managers and participants.
- Industry-wide understanding of the problems.