

Defining the “Commercial” Grower

To state the obvious, the California avocado industry has changed dramatically in the last two decades. In 1994, when the U.S. Department of Agriculture was just beginning, in earnest, to consider allowing importation of Hass avocados from Michoacán, Mexico, the industry was 6,500 growers strong, producing on 68,000 acres. Today, the number of growers has nearly halved, there are 52,000 bearing acres, and everyone is feeling the pinch of rising costs. Profitability — which always seems fleeting to a farmer regardless of location or the crop grown — is cast into sharp relief when the market falters, which it has done this season, buckling from the weight of an overabundance of imports. An increasing number of growers are saying that they will not be growing avocados much longer.

The duress that results from steadily rising water prices, labor costs and other inputs engenders a question that has been asked multiple times in the industry’s history: *Should the California Avocado Commission (CAC) consider defining the “commercial” grower, and treat “non-commercial” growers differently?* The rationale used by those who would advocate for such a distinction has varied over the years, but the underlying reason today seems purely economic. A look at the numbers is surprisingly telling.

Of the roughly 3,400 California avocados growers in business today, nearly 1,600 (or 47 percent) produce less than 10,000 pounds per year. Collectively, these 1,600 growers accounted for just 2 percent of the total crop volume in 2015. Although one must be cautious when making

generalizations, quite likely many of these small-scale operations are having economic difficulties and questioning what the future holds in store for them. The Commission board is pondering that too, and there is considerable empathy for the grower who is marginally producing. This leads some to say that certain growers should be exempt from payment of the state-mandated Commission assessment, or at least given the option to decide for themselves.

If the Commission were to decide that growers producing less than 10,000 pounds annually should be exempt from the payment of the CAC assessment (currently 2.30 percent of the first wholesale value of the fruit), revenue implications are nominal. On the farm, exempted growers would have one less cost — probably not enough to make a big difference in the bottom line, but relief nonetheless. Exemption-eligible growers could be given the choice of voluntarily paying the CAC assessment, or opting-out and becoming “free riders.” The work of the Commission would continue, and demand-building activities and research would still inure to the benefit of all. The Commission would have done the one thing fully within its power and authority to alleviate the burden on the small grower.

The Commission board voted in May to pursue exploration of such relief, reserving the right to declare it unfeasible if the implementation hurdles are found to be too lofty or expensive. Consider, as a thought-exercise, the myriad details associated with an exemption plan. Many growers sell to multiple packers. Some smaller operations produce



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less than 10,000 pounds one year and more than 10,000 pounds the next. Some growers might welcome being exempt, others not. While there is no simple solution, neither is it rocket science. The Commission’s database of growers is vastly improved and nearly every packinghouse, too, has a fairly sophisticated accounting system, made necessary by the realities of global food sourcing in an era when food safety compliance is paramount. Further, exemption mechanisms are already in place, at least with regard to the federal Hass Avocado Board assessment, for California Hass avocados sold into export markets or as organic. Still, the benefit of proceeding should outweigh the anticipated costs, and this will have to be examined closely.

As with most things in life, the analysis of whether it is prudent and worthwhile to offer an exemption to certain growers will take some time. Redefining what it means to be a California avocado grower under the law will also require legislative change, the timetable for which is dictated by Sacramento and the slow-moving wheels of government. This leaves growers with ample time to participate in the discourse and speak to their CAC commissioners, which is as it should be for a matter of this importance. For or against, let your opinion be known. 🥑