

One exception was received from Mr. David R. Darrington of Agri-Pack, Inc., Pasco, Washington. Mr. Darrington's exception concerned: (1) His belief that the proponent group's intent was to limit the production of Walla Walla Sweet Onions and competition among Walla Walla producers and handlers; (2) his belief that low producer returns in recent years were due to low quality onions; (3) the extent of sweet onion production in the State of Washington; (4) the sweetness of Walla Walla onions on a season to season basis; and (5) the soil type required to grow Walla Walla Sweet Onion varieties that can be marketed as Walla Walla Sweet Onions, and the size of the proposed production area. These points are discussed in the *Findings and Conclusions* below.

### Small Business Consideration

In accordance with the Regulatory Flexibility Act (RFA) (5 U.S.C. 601 *et seq.*), the Administrator of the Agricultural Marketing Service considered the economic impact of this action on small entities. The record indicates that there are approximately nine handlers of Walla Walla Sweet Onions in the proposed production area and 50 producers. Small agricultural service firms have been defined by the Small Business Administration (SBA) (13 CFR 121.601) as those whose annual receipts are less than \$5,000,000, and small agricultural producers as those having annual receipts of less than \$500,000. The majority of the handlers and producers may be classified as small entities.

During the 1992 season, commercial shipments of Walla Walla Sweet Onions totaled about 390,000 hundredweight at an average f.o.b. price of \$16.60 per hundredweight for a total value of \$6,474,000. An indeterminate volume, probably about 10 percent, was sold at roadside stands. While there is a great variance in the size of individual handlers' operations, the record indicates that nearly all of the handlers that would be regulated under this order would qualify as small firms under the SBA's definition. Witnesses testified that because most of the producers and handlers of Walla Walla Sweet Onions are small, they are unable to individually finance the types of research and promotion efforts needed by the industry. A marketing order program would provide a means for these small entities to pool their resources and work together to solve their common problems. Witnesses testified that such action is necessary for this relatively small industry to remain profitable in the face of intense

competition from larger production areas.

Acreage and supplies of Walla Walla Sweet Onions have declined in recent years, and proponents believe that the order would provide a much needed means of halting a drop in grower returns experienced in past seasons. This would be achieved by strengthening demand, developing new markets for existing supplies and encouraging increased production. Also, costs could be reduced through production research. Thus, the order would be expected to have a positive impact on producer returns.

The order would authorize the collection of assessments from handlers of Walla Walla Sweet Onions grown in designated parts of Walla Walla County, Washington, and Umatilla County, Oregon. Assessment funds would be used to finance production research projects that could reduce costs by reducing the occurrence of onion diseases, controlling plant pests, and developing varieties with more desirable flavor, quality, and size. Assessment funds could also be used to strengthen demand and expand markets for Walla Walla Sweet Onions through marketing research and development and product promotion programs, including paid advertising. Projects to develop better methods of handling, shipping or storing onions, to explore additional or alternative uses of onions, to check nutritive values, and similar research are some examples of marketing research. Examples of marketing development projects include exploring marketing possibilities, contacting buyers, distributing educational material relating to the handling and marketing of onions, and the dissemination of the results of current or past marketing research projects.

The order would be administered by a committee composed of Walla Walla Sweet Onion producers, handlers, and a public member nominated by growers and handlers and selected by the Secretary of Agriculture (Secretary). Daily administration of the order would be carried out by a staff hired by the committee. The order would not regulate the production of Walla Walla Sweet Onions and would place no restriction on the quality or quantities of Walla Walla Sweet Onions that could be handled.

The principal requirements of the order that would affect handlers would be the requirements that they pay assessments on fresh market shipments of Walla Walla Sweet Onions to fund research and promotion programs and that container markings could be

regulated. The amount of the assessment rate is not specified in the proposed order, but witnesses at the hearing indicated that an appropriate rate might be five cents per 50-pound bag for administrative costs; research and promotion costs could require an additional five to seven cents per bag or more. Any assessment rate to cover committee expenses that may be established would be recommended by the committee to the Secretary for approval.

The order would also impose some reporting and recordkeeping requirements on handlers. Handler testimony indicated that the expected burden that would be imposed with respect to these requirements would be negligible. Most of the information that would be reported to the committee is already compiled by handlers for other uses and is readily available. In compliance with Office of Management and Budget (OMB) regulations (5 CFR part 1320) which implement the Paperwork Reduction Act of 1980 (44 U.S.C. Chapter 35) and section 3504(h) of that Act, the information collection and recordkeeping requirements that may be imposed by this order have been submitted to OMB for approval. Those requirements would not become effective prior to OMB approval. Any requirements imposed would be evaluated against the potential benefits to be derived and it is expected that any added burden resulting from increased recordkeeping would not be significant when compared to those anticipated benefits.

Reporting and recordkeeping requirements issued under comparable marketing order programs impose an average annual burden on each regulated handler of about one hour and a two year record retention requirement. It is reasonable to expect that a comparable burden may be imposed under this order on the estimated nine handlers of Walla Walla Sweet Onions.

The Act requires that prior to the issuance of an order, a referendum be conducted of affected producers to determine if they favor issuance of the order. The ballot material that will be used in conducting the referendum will be submitted to and approved by OMB prior to use. It is estimated that it would take an average of 10 minutes for each of the approximately 50 Walla Walla Sweet Onion growers to participate in the voluntary referendum balloting. Additionally, it has been estimated that it would take approximately ten minutes for each of the nine handlers to complete the marketing agreement. In determining that the order would not have a significant economic impact on