American
PECANS

M E M O R A N D U M

TO: AMERICAN PECAN MEMBERS, ALTERNATES, & PECAN CONGRESS

FROM: ALEXANDER OTT, EXECUTIVE DIRECTOR

RE: FEDERAL AGRICULTURE IMPROVEMENT & REFORM ACT STUDY

DATE: MARCH 8, 2021

Every five years, the US Department of Agriculture (USDA) requires Federal Marketing Orders (FMOs) to conduct a Federal Agriculture Improvement and Reform (FAIR) Act study to ensure that the industry's resources are being utilized in an efficient and effective manner. Additionally, this study has to be conducted by a third independent party to ensure that there is no bias in the study. The study was conducted by Texas A&M and concluded last month. According to the Executive Summary:

The primary conclusion from the promotion analysis is that, despite its relatively recent launch, the American Pecan Council has effectively enhanced domestic and export demand for U.S. pecans over 2016/17 through 2019/20 through its generic promotion activities and generated a relatively high rate of return to pecan producers who have paid for the promotion over that period. The principal accomplishment of the APC domestic and export promotion program has been to support the annual average producer price of pecans about 24¢/lb (11%) above the level to which it might have fallen over the period of 2016/17 through 2019/20 if the promotion had not been done. Given APC promotion expenditures (including MAP funds but excluding administrative costs), the benefit-cost ratio for the APC promotion program for 2016/17 through 2019/20 is calculated at 9.9, meaning that the promotion returned $9.9 in profit to pecan producers for every dollar spent on promotion.

This is great news as the study shows that the federal marketing order is working, in just 4 short years. A copy of the complete report is attached.

Should you have any questions, please do not hesitate to contact the Council office at (817) 916-0200.