May 10, 2005

Fax Transmission
(202) 720-8871
FPB.DocketClerk@usda.gov

Mr. David L. Priester
David.Priester@usda.gov
Standardization Section
Fresh Products Branch
Fruit & Vegetable Programs
Agricultural Marketing Service
U.S. Department of Agriculture
1400 Independence Ave., S.W.
Room 1661 South Building, Stop 0240
Washington, DC 20250-0240

Dear Mr. Priester:

Re: United States Standards for Grades of **Sweet Peppers**
Docket #FV-04-308

The North American Perishable Agricultural Receivers (NAPAR) is a national trade association located in Washington, DC, representing independent produce wholesale receivers. NAPAR members are predominantly small businesses with combined annual sales in excess of $4 billion. NAPAR formed an operating alliance with the Food Marketing Institute in 1999, enabling it to function independently while expanding the services to its members.

On behalf of our members, I appreciate the opportunity to submit comments to USDA and hope our perspective is helpful in determining the need to proceed with a revision to the U.S. Standards for Grades of Sweet Peppers.

NAPAR has surveyed its members, soliciting their input on the probable impact these changes would have on their business operations. Their comments regarding decay, sizing and color clearly indicate that these three issues are extremely important.

Decay:

Our members continue to feel strongly that all decay, even decay affecting only the stems, has a seriously negative impact on the appearance and marketability of sweet peppers, particularly when selling them to retailers. Many of our members sell to retailers. The retailers' customer is the consumer and, given the opportunity to purchase peppers that are free of any decay - versus

peppers that have decay on the stem only, consumers will invariably select those with no decay. Retailers know this and insist on being supplied with peppers that are free of decay, regardless of whether it's on the stem, walls or calyxes. The idea of diluting the scoring tolerance for decay affecting stems only from the restrictive tolerance of two percent (2%) to the serious damage tolerance of five percent (5%) for all grades increases the likelihood that wholesale receivers will be forced to accept product with which their own customers will not be happy. This kind of proposal does not serve those at the lower end of the distribution chain, particularly small-business receivers, retailers and the consumers they serve. It placates those at the upper end who, for one reason or another, are unable to supply a fresh, quality product.

At a time when the industry and many government agencies are encouraging consumers to increase their consumption of fresh fruits and vegetables, it's hard to fathom how a dilution of the very grades that ensure quality is going to help increase consumer demand. Decay affecting only the stems should continue to be scored as decay, under the same standard as decay affecting walls and calyxes. Therefore, the restrictive tolerance of two percent (2%) for decay should continue to be applied to decay affecting stems, walls and calyxes.

Sizing:

Background
NAPAR has been investigating the situation involving size variability within cases of green peppers. Members have been voicing concern that it has been difficult to deal with pepper shipments arriving from certain growing regions because of the variety of sizes found within the same case. Regardless of what size was marked on the outside of the case, the contents were sometimes a mosaic of varying sizes. For example, when cracking open cases of U. S. No. 1 Large Peppers, members found in addition to Large, alarming numbers of what we're generally considered Extra Large, Medium, and even Small.

This often required the receiver to manually rework each case before shipping to the intended customer. In addition, they spent time trying to sell case remnants in sizes they didn't customarily handle, often at distressed prices. USDA Grade Standards didn't apply here and, as a result, inspections were not helpful to receivers when attempting to refuse loads. Receivers have been complaining that these shipments we're expensive to handle and troublesome to sell.

U.S. Grade Standards for Sweet Peppers
Sweet peppers are divided into U.S. Fancy, U.S. No. 1, and U.S. No. 2 under the US Grade Standards. U.S. Fancy requires peppers to be not less than 3 inches in diameter and not less than 3-1/2 inches in length. U.S. No. 1, unless otherwise specified, requires peppers to be not less than 2-1/2 inches in diameter and not less than 2-1/2 inches in length (size small). U.S. No. 2 has no size requirements. Not more than 10 percent of the peppers in any lot may fail to meet the size specifications. USDA inspectors generally inspect peppers to U.S. No. 1 standards, unless requested to do otherwise.

Industry Size Classifications
With little guidance provided by the Grade Standards, the industry informally created a size-classification system that defined the size of a pepper by the number of similarly–sized pieces comfortably fitting in a case. These sizes are Jumbo, Extra Large, Large, Medium and Small. Although the sizes of cases vary, the generally accepted case size presently is 1-1/9 bushel. The sizes and their respective counts per case are listed below.

Pepper Size	Industry Count (1 1/9 bu. box, 20 to 30 lbs.)
Jumbo	45 ct. and fewer
Extra Large	46 - 55 ct.
Large	56 - 70 ct.
Medium	71 - 85 ct.
Small	86 - 110 ct.

Even though the number of peppers in a case might fall within the appropriate count parameters, they often vary greatly in size. Sometimes it seems as if they were packed solely by count with no regard for size consistency.

The Need for Additional Size Classifications
While the generally accepted Industry Size Classifications infer that similarly sized peppers are packed within a given case, data collected by Consumers Produce[1] shows a wide variation of pepper sizes in cases indicating a specific size. This results in shrinkage for the wholesaler or retailer, as these out-of-size peppers are either reworked, sold at discounted prices, or discarded altogether.

The problems noted in the Consumers Produce data are cause for concern:

- Three out of five cases of large or extra-large sized peppers had case counts that were higher than industry standards.
- More than half of the cases of the larger peppers (large, extra-large, and jumbo) had counts higher than industry standards.
- Even when the cases meet the standard count number by size, they contain a large portion of peppers of a different size than stated.
- 46% of peppers packed are smaller than the size labeled on the case.
- 6% of the peppers packed are larger than the size labeled on the case.

Improper sizing of peppers can cost retailers and wholesalers thousands of dollars due to shrink, as well as the extra time spent sorting peppers for size and shelf life lost due to this process. The dollars lost by inaccurate pricing can be costly.

[1] The study examined 22 cases of sweet peppers including cases in all five size categories (small, medium, large, extra-large, and jumbo). Cases included 5 different shipping origins and six brands.

Proposed Dimensions
In attempting to establish accurate dimensions for individual peppers within industry's generally accepted size categories, NAPAR staff, working with selected members and USDA inspectors, began breaking cases down and sorting the contents by various sizes. They measured and categorized each pepper, then repackaged by size. Size parameters, established for each generally accepted industry category, are listed in the "Proposed Dimensions" column. In order to maintain fairly uniform sizes, we would encourage a 5 percent undersize tolerance.

Pepper Size	Proposed Minimum Dimensions	Industry Count (1 1/9 bu. box, 20 to 30 lbs.)
Jumbo	3 3/4" diam. X >3 1/2" length	45 ct. and fewer
Extra Large	3 1/2" diam. X 3 1/2" length	46 - 55 ct.
Large	3 1/4" diam. X 3" length	56 - 70 ct.
Medium	3" diam. X 2 1/2" length	71 - 85 ct.
Small	2 1/2" diam. X 2" length	86 - 110 ct.

Our research indicates that these Proposed Dimensions accurately represent their respective size categories. When 1 1/9 bushel-sized cases are filled exclusively with peppers meeting these respective dimensions the case counts fall squarely within the generally accepted industry count parameters. Based on these proposed dimensions, counts could easily be established for 11 and 15 pound containers as well. The Existing USDA Grade Standards for Sweet Peppers require only that U.S. No. 1, unless otherwise specified, be not less than 2-1/2 inches in diameter and not less than 2-1/2 inches in length. Peppers of this size would only qualify for the proposed "Small" size and yet, they would currently pass a USDA inspection as U.S. No. 1 regardless of whatever size they claim to be.

We believe that USDA inspections would be significantly more meaningful in the marketplace if they were to include an efficient and more accurate assessment of the labeled size. The Proposed Dimensions seem to accomplish this and can easily be measured by USDA Inspectors in the field, using their current ring gauges. It is our hope that the industry can come to agreement on size dimensions and that the U.S. Grade Standards for Sweet Peppers can be updated to include size dimensions as proposed.

Color:
In the past, pepper varieties generally changed from green to red. However, with the many colors available of brown, purple, orange, yellow, etc., these hybrid varieties now change from green - to yellow – to red – to orange, etc. We support the idea of similar varietal specialty packs to allow for mixed colors and/or types provided they take into account the changing characteristics of these hybrid varieties.

Thank you very much for the opportunity to present our views. Please feel free to contact me directly if NAPAR can provide further assistance during this process.

Sincerely,

Patrick A. Davis
President