

Walnut Hearing Testimony by Donald Hinman, Economist
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My name is Donald Hinman (D-O-N-A-L-D H-I-N-M-A-N). From June 2001 to the present I have worked as an economist for the U.S. Department of Agriculture, Agricultural Marketing Service, Specialty Crops Program, Market Development Division. My duties include preparing economic and statistical analyses, which are used by government officials to help administer Federal programs for fruits, vegetables, tree nuts and other specialty crops. A large part of my work relates to Federal marketing orders. Prior to working for the Agricultural Marketing Service, I taught economics at a University of Wisconsin campus in Superior, Wisconsin.

For this hearing, I prepared a data compilation with the title “California Walnut Statistics: Seasons 2000/01 to 2021/22.” One data source is the National Agricultural Statistics Service of the U.S. Department of Agriculture (referred to by its acronym NASS (N-A-S-S). Two other USDA sources are the Foreign Agricultural Service (FAS) and the Economic Research Service (ERS). The purpose of this testimony is to introduce U.S. government data into the hearing record. These tables are intended to be used by all parties involved in the hearing, in discussing and analyzing the merits of the various proposed amendments.

Page 1 shows the Table of Contents. Now I am turning to page 2. Table 1 on page 2 presents walnut acres, yield, production, grower price, crop value and sales. The columns are numbered from 1 to 7 to make it easier to identify them. Column 1 presents bearing acres, and column 3 shows the quantity produced each year. Column 2 shows average yield per acre, which is computed by dividing column 3 by column 1.

The quantity produced, shown in column 3, is sold either shelled or inshell. Column 6 shows shelled sales and column 7 shows inshell sales. Adding shelled sales in column 6 and inshell sales in column 7 equals total utilized production in column 3.

Continuing to discuss Table 1, on page 2, column 1 shows that bearing acres increased every year since the 2000-2001 season. Bearing acres rose from 300,000 acres in 2015/16 to 385,000 acres in 2021/22

Table 1, column 3 shows that utilized production has exceeded 400,000 tons every year since 2008/09 and has been greater than 600,000 tons every year beginning in 2015/16.

Table 1, column 5 presents the crop value, which exceeded one billion dollars from 2010/11 to 2017/18 and again in 2019/20. The high crop value was \$1.9 billion in 2014/15. Walnut crop value was about \$958 million in the 2020/21 season.

NASS estimates the season average price received by growers shown in column 4 by dividing the crop value in in column 5 by the production quantity in column 3. The 2020/21 price of \$1,220 per ton was the lowest since 2003/04 and represented a 35 percent decline from 2019/20.

Now I am turning to page 3. Walnut export and import quantities, based on a September to August marketing year, are presented in Tables 2 and 3 on page 3. This data was obtained from a USDA Foreign Agriculture Service database known as GATS (spelled G-A-T-S) which stands for Global Agricultural Trade System. As with Table 1, the quantities are presented in units of one thousand tons. However, the shelled export and import numbers are not converted to an inshell basis.

Next I turn to page 4. Both Table 4 and Table 5 on page 4 present the number of California walnut farms, which was 5,676 in 2017. This was published by NASS in the 2017 Agricultural Census, which is the most recent Census. Table 4 divides the 5,676 farms into twelve ranges of acreage. The second row of Table 4 shows that there were 1,739 farms with acreage anywhere from 10 to 49.9 acres, representing 31 percent of the farms. The last column in that row shows a cumulative percent of 53%. Cumulative percent includes the percentages

from previous rows. This table shows that 53 percent of the farms in 2017 had less than 50 acres of walnuts. The second to the last row of Table 4 shows that 157 farms had 2,000 or more acres of walnuts, representing 3% of all farms.

Table 5 divides the number of farms into eleven ranges of farm sales. The seventh row in the Cumulative Percent column shows the number 56 percent, in the row with annual sales from 50,000 to 99,999 dollars. This means that over half of the farms in 2017 earned less than \$100,000 per year from walnut sales. The 14 percent figure at the bottom of the Percent of Total column shows that 14 percent of the farms earned one million or more from walnut sales.

Next I turn to page 5. Table 6 on page 5 presents supply and utilization data prepared by the USDA's Economic Research Service. All numbers are on a shelled basis, in 1000-pound units, which is different from the quantity units in Tables 1 through 3.

Total supply is presented in column 6. Total supply in column 6 is the sum of the numbers in columns 3, 4 and 5, which are marketable production, imports and beginning stocks. Ending stocks and exports are shown in columns 7 and 8. Taking total supply in column 6, and subtracting ending stocks and exports, equals domestic utilization, presented in column 9. Domestic utilization is an estimate of the quantity of walnuts consumed within the U.S. market.

Dividing domestic utilization in column 9 by the U.S. population (which is not shown in the table) yields the per capita utilization numbers in column 10. U.S. per capita utilization of walnuts (also known as per capita consumption) has been close to one half pound per person for many years.

This concludes my testimony.