TUNG NUT PRICE SUPPORT PROGRAM

HEARINGS

BEFORE THE

SUBCOMMITTEE ON OILSEEDS AND RICE

OF THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

NINETY-THIRD CONGRESS

FIRST SESSION

ON

H.R. 2303

MARCH 21 AND APRIL 17, 1973

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PHASEOUT OF THE TUNG NUT PROGRAM

WEDNESDAY, MARCH 21, 1973

House of Representatives,
Subcommittee on Oilseeds and Rice
of the Committee on Agriculture,
Washington, D.C.

The subcommittee met, pursuant to recess, at 2 p.m., in room 1301, Longworth House Office Building, the Honorable Walter Jones (chairman) presiding.

Present: Representatives Jones of North Carolina, Rarick, Mathis, Rose, and Wampler.

Also present: Representative Findley; Hyde H. Murray, associate counsel; John Rainbolt, assistant counsel; and Betty Prezioso, staff assistant.

Mr. Jones. The committee will come to order. We have before us this afternoon H.R. 2303, which is a bill to continue the mandatory price support for tung nuts only through the 1976 crop.

[H.R. 2303 and the departmental report follows:]

[H.R. 2303, 93d Cong., 1st sess.]

A BILL To continue mandatory price support for tung nuts only through the 1976 crop

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201(b) of the Agricultural Act of 1949, as amended, is amended to read as follows:

"(b) The price of honey shall be supported through loans, purchases, or other operations at a level not in excess of 90 per centum nor less than 60 per centum of the parity price therefor; and the price of tung nuts for each crop of tung nuts through the 1976 crop shall be supported through loans, purchases, or other operations at a level not in excess of 90 per centum nor less than 60 per centum of the parity price therefor: *Provided,* That in any crop year through the 1976 crop year in which the Secretary determines that the domestic production of tung oil will be less than the anticipated domestic demand for such oil, the price of tung nuts shall be supported at not less than 65 per centum of the parity price therefor."

Department of Agriculture,
Office of the Secretary,
Washington D.C., March 20, 1973.

Hon. W. R. Poage,
Chairman, Committee on Agriculture,
House of Representatives.

Dear Mr. Chairman: This is in response to your request for the Department's recommendation and report concerning H.R. 2303, to continue mandatory price support for tung nuts only through the 1976 crop.

The Department strongly recommends the enactment of H.R. 2303.

Tung production has proved to be uneconomic in the United States. Most tung farmers and the Government through its support program have lost heavily. Frequent freeze damage at blossom time and destructive hurricanes have led to the abandonment or destruction of most of the groves. Production of oil has

fallen from 45 million pounds in 1958 to only 4 million currently. Meanwhile, U.S. consumption has fallen from over 100 million pounds to less than 30 million pounds per year.

The Government has for several years been acquiring all of the U.S. production under the support program. At the current minimum legal support of 27.6 cents a pound, compared with recent CCC sales prices of between 12 and 13 cents a pound, the Government is losing well over 50 percent of the investment in the program. With China, the world's major producer, now able to enter the U.S. market, future prospects are poor indeed. CCC holds approximately 20 million pounds of tung oil in inventory acquired under earlier year support programs.

Enactment of the proposed legislation would not require additional funds and will reduce future losses to the Federal Government. The reduction in losses to the Federal Government is estimated to be an average decrease in budget authority and outlays of between $500,000 and $750,000 annually beginning in fiscal year 1978. The Commodity Credit Corporation should have disposed of all stocks of tung oil by fiscal year 1978.

Enclosed is a Tung Summary furnishing background information.

The Office of Management and Budget advises that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

CARROLL G. BRUNTHAVER,
Assistant Secretary.

Enclosure.

TUNG SUMMARY

The tung tree is native to Southern China. Significant commercial production elsewhere has developed only in the United States and South America and only when Chinese exports were cut off during World War II. Climate and soil preconditions severely limit the areas where tung can be successfully grown. Tung production in the U.S. developed in a belt 50 to 150 miles north of the Gulf of Mexico stretching from North Florida across Alabama, Mississippi and Louisiana and touching Texas. U.S. production increased up to the middle 1950's and has since declined. Production in South America developed in Missiones province in Argentina and the adjacent portion of Paraguay. Production, while leveling off in Argentina by 1960, continues to increase in Paraguay.

The tung tree produces a crop of tung nuts 5 years after planting. Yields increase up to age 15 and then decline becoming uneconomic at between 25 and 30 years of age.

Tung oil (China wood oil) is crushed from the tung nuts at an outturn of 15 and 16 percent. The valueless hull is 45 percent of the nut and the cake is useful only as fertilizer. Tung oil is a very high quality drying oil used in the manufacture of protective coatings, varnish, paint and insulation.

U.S. imports in the decade before World War II were almost entirely from China and averaged over 100 million pounds a year. In World War II tung oil was classed as a critical and strategic oil and all available supplies were retained for defense use. The chemical industry began a search for substitutes. Quite different from castor for which production goals were set and financing provided, the planting of tung was not aided as a war measure because of the 5 year oil production time lag. However, the planting of tung was considered patriotic as well as considered to have economic potential. Shortly after the war with the development of substitutes, the critical and strategic classification for tung oil was withdrawn.

After World War II the increasing U.S. production again faced the competition of over 100 million pounds a year of imports from China while imports from the increasing production in South America began to enter the market. In addition, alkyds, resins and other chemically produced substitutes were developed. Likewise, a steadily increasing quantity of tall oil was produced as a by-product of the pulp and paper industry and processed into products for drying oil use.

The growing U.S. tung industry appealed to Congress for help and secured legislation in 1949 making support of tung nuts mandatory at between 60 and 90 percent of parity. Since tung nuts do not store well and since tung nut producers toll crush and own the tung oil CCC has operated the support program through tung loans on tung oil, In 1956 the mandatory tung support requirement was amended to provide a minimum support of 65 percent of parity as long as domestic consumption of tung oil exceeds domestic production.

The communist victory in Mainland China and the Korean War embargo on all Communist China exports to the U.S. in 1950 stopped the heavy flow of tung oil from China. However, production in the U.S. and South America, combined with a decline in consumption, could by then create a surplus at the U.S. support level in good production years.

Tung production has been notoriously variable. As with most tree crops there is a regular biennial fluctuation, i.e., an off and on year. Additionally, there is frequent freeze damage at budding time. Particularly has this occurred in the U.S. though also occasionally in South America. The result has been alternate periods of surpluses with CCC acquisition and shortages with high prices.

Twice in the 1950's in periods of surplus, low world prices and CCC acquisitions, President Eisenhower limited imports under Section 22 of the Agricultural Adjustment Act of 1933. The limitations established were 26.0 and later 22.4 million pounds which permitted a little more than half of the U.S. consumption to be supplied from abroad. CCC thereupon sold its acquisitions for export at world prices while imports moved into consumption in the U.S. at just below the support level. In the three crop years beginning November 1, 1958. CCC sold 65 million pounds for export while imports this same period totalled 77 million pounds.

In periods of shortages and relatively high prices markets were lost to the chemically produced substitutes and have never been recovered. U.S. consumption has accordingly fallen from a level of 100 million pounds a year in the immediate post World War II period to the present level of less than 30 million pounds a year. Apparently low prices do not stimulate consumption because of consumers' apprehension of future uncertainties of supply.

Since U.S. consumption has since 1956, with the exception of 1 year, exceeded U.S. production this places support at not less than 65 percent of parity. Even when held at this legal minimum in recent years the support price has risen because of the increase in parity. As a result of the increasing availabilities from South America and a reduction in consumption, world prices since 1964 have been substantially below the U.S. support.

Beginning with 1964, in spite of the rapid decline in U.S. production, CCC has again found itself holding the free world surplus. After it was determined that import controls under Section 22 would not be reintroduced, CCC decided to sell limited quantities of tung oil at periodic intervals for unrestricted delivery. This in effect meant selling domestically at the world price. This has involved acquiring all of the diminishing U.S. production under the support program. CCC tung oil holdings increased to 63 million pounds in 1967 and have since been reduced to about 22.5 million as of February 12, 1973.

The tung groves in the U.S. have not only faced increasingly frequent freeze damage in the last 15 years but have also been struck by hurricanes. Camille, the last one in August 1969, destroyed two-thirds of the then remaining U.S. producing trees. Because of the freeze damage and hurricane losses there has been very little replacement of tung trees in the last decade and no new groves. Consequently, almost all of the still existing producing groves are well past their prime producing period and will probably be uneconomic within a few years. Production has dropped from a potential of 45 million pounds in the mid 1950's to a present potential of only 5 million in a good non-freeze year. The 1972 crop appeared to be a good crop until harvest time in November. Since then continued rain has hindered harvesting and injured the crop reducing the estimated production to 3 or 4 million pounds of tung oil.

U.S. producers faced with frequent freeze damage and high labor costs have complained that at the current support level they have been unable to meet costs and consequently more and more orchards have dropped out of production. The 1971 crop was almost completely wiped out by a freeze in March. Proper maintenance of a producing orchard involves fertilization, pruning, replacing of dead trees, etc. all at considerable cost. Undoubtedly many of the remaining orchards are not being well maintained. Potential production can be expected to continue to decline in the years ahead until a very low level is reached.

It might be thought that tung production in the U.S. would completely phase itself out in a few years and that, therefore, no Congressional action to terminate this uneconomic program is needed. This might indeed occur. However, new tung tree varieties have been developed that increase the yield substantially and another new variety has been developed that blooms late enough in the spring to escape freeze damage. This latter variety is low yielding. The tung horticulturists believe they should be able to crossbreed and eventually develop a high yielding late blooming variety. The success of such crossbreeding would,

however, take several years to prove out. If the development of a high yielding late blooming variety occurs and if the mandatory support at 65 percent of parity is continued then tung growing in the U.S. would become profitable to growers but at the expense of the Government and the taxpayer. It is reported that tung oil can be produced in South America and exported to the U.S. at a delivered price of 15¢ a pound. This compares with the current U.S. legal minimum support price at 27.6¢ a pound. At present levels of consumption South America can now supply all the European and U.S. requirements. World consumption is not increasing but Paraguay's production is increasing.

China, the world's major producer, must now also be considered. Chinese tung oil has not been supplied in volume into Europe since the closing of the Suez Canal. However, China has been supplying Japan a portion of her requirements. With trade developing between the U.S. and China, China could again become an important supplier to this country. China's production cost must surely be well below that of the U.S. There were efforts to market Chinese tung oil in the United States last year that never materialized but nevertheless, did have a depressing effect on price. There are again reports of negotiations to bring Chinese tung oil into the United States in 1973.

To summarize:

1. Tung production in the U.S. cannot come close to competing with production elsewhere;
2. There are only a few growers left with producing orchards;
3. Most of the remaining trees are old and the orchards will soon have to be either replanted or converted to other land uses;
4. Orchards destroyed by Hurricane Camille should not be encouraged to be replanted to tung and
5. Continuing the program might result in serious and increasing costs to the Government in the future.

TUNG OIL: PRODUCTION AND TOTAL DISAPPEARANCE, CROP YEARS 1949–72

[In million pounds]

	Production	Total disappearance	Exports	Domestic disappearance		Production	Total disappearance	Exports	Domestic disappearance
1949	26.8	120.6	8.2	112.4	1961	33.3	46.1	11.3	34.8
1950	12.3	74.9	6.4	68.5	1962	7.6	33.6	2.5	31.1
1951	14.7	52.5	1.3	51.2	1963	20.6	36.2	2.2	34.0
1952	43.4	50.0	.4	49.6	1964	36.8	31.3	.8	30.5
1953	39.6	49.5	.3	49.2	1965	10.0	36.7	.8	35.9
1954	15.2	54.8	3.6	51.2	1966	25.0	32.9	1.3	31.6
1955	2.2	53.0	1.4	51.6	1967	13.3	33.6	2.0	31.6
1956	32.0	51.7	1.3	50.4	1968	5.5	35.8	1.9	33.9
1957	25.5	38.1	.4	37.7	1969	5.6	31.8	2.0	29.8
1958	44.8	68.1	20.7	47.4	1970	3.7	28.4	2.0	26.4
1959	34.0	61.2	19.2	42.0	1971	.1	29.7	1.2	28.5
1960	13.0	67.9	26.3	41.6	1972	4.0	30.0	2.0	28.0

TUNG OIL: CCC LOSSES BY FISCAL YEARS

[In thousands of dollars]

Fiscal year	Losses	Gains	Fiscal year	Losses	Gains
1950			1964		
1951		234	1965	98	
1952	1		1966	68	
1953			1967	371	
1954	3		1968	1,916	
1955	295		1969	2,916	
1956	480		1970	1,010	
1957	206		1971	552	
1958	1		1972	[1] 1,721	
1959	1,596		Total	13,557	484
1960	998		Net losses	13,073	
1961	1,325				
1962		250			
1963					

[1] CCC still had 27,800,000 pounds in inventory.

TUNG—ESTIMATED ACREAGE, OIL PRODUCTION AND VALUE AND CCC ACQUISITIONS AND LOSSES BY CROPS WITH MANDATORY SUPPORT CONTINUED AND NOT CONTINUED BEYOND 1976

	Estimated acreage in production (thousand acres)	Tung oil production (million pounds)	Tung oil acquired by CCC (million pounds)	Crop value, Tung oil production (millions)	CCC loss for (millions)
1962	88.2	7.6	----------	$2.9	----------
1963	83.0	20.6	14.8	5.5	$2.0
1964	77.8	36.8	22.9	9.5	3.4
1965	73.4	10.0	9.2	2.4	.7
1966	68.9	25.0	24.6	6.0	2.4
1967	64.4	13.3	13.3	3.2	1.4
1968	60.0	5.5	5.5	1.3	.6
1969 [1]	25.7	5.6	5.6	1.4	.6
1970	24.2	3.7	3.7	1.0	.6
1971	22.8	.1	.1	(2)	.2
1972	21.5	4.0	4.0	1.1	.7

	If mandatory support beyond 1976 is—									
	Continued	Not continued	Continued	Not continued	Continued	Not continued	Continued	Not continued	Continued	Not continued
1972	21.5	21.5	4.0	4.0	4.0	4.0	$1.1	$1.1	$0.6	$0.6
1973	21.0	19.0	3.0	2.0	3.0	2.0	.8	.5	.4	.3
1974	21.2	16.0	5.0	2.0	5.0	2.0	1.3	.5	.7	.3
1975	22.2	13.0	3.0	1.0	3.0	1.0	.8	.3	.3	.1
1976	23.8	8.0	5.0	1.0	5.0	1.0	1.4	.3	.5	.1
1977	26.6	(3)	4.0	0	4.0	0	1.2	0	.5	0
1978	30.5	(3)	6.0	0	6.0	0	1.8	0	.8	0
1979	34.4	(3)	5.0	0	5.0	0	1.6	0	.7	0
1980	38.4	(3)	7.0	0	7.0	0	2.3	0	1.1	0
1981	42.0	(3)	6.0	0	6.0	0	2.1	0	1.0	0
1982	----------	(3)	10.0	0	10.0	0	3.6	0	1.9	0

[1] Hurricane Camille.
[2] Less than $100,000.
[3] Any remaining not harvested.

TABLE 2.—TUNG OIL—U.S. SUPPLY AND DISPOSITION BY CROP YEARS 1962–71 ACTUAL, 1972 ESTIMATED AND 1973–81 PROJECTED

	Beginning stocks, Nov. 1		Production	Millions of pounds		Domestic disappearance	CCC activity		Prices (cents per pound)	
	Total	CCC		Imports	Exports		Acquisitions	Sales	Support	Market
1962	12.5	0	7.6	20.3	2.5	31.1	0	0	24.0	38.0
1963	6.8	0	20.6	29.5	2.2	34.0	0	0	24.0	26.7
1964	20.7	14.8	36.8	25.0	1.0	30.3	14.8	0	24.0	25.9
1965	51.2	37.8	10.0	28.5	.8	35.9	22.9	.6	24.0	24.0
1966	53.0	46.6	25.0	21.2	1.3	31.6	9.2	8.2	24.0	13.5
1967	66.3	62.9	13.3	19.4	2.0	31.6	24.6	18.3	24.0	10.3
1968	65.4	57.8	5.5	18.7	1.9	33.9	13.3	19.3	24.3	14.4
1969	53.8	44.1	5.6	19.0	2.0	29.8	5.5	7.8	25.6	22.9
1970	46.6	41.9	3.7	24.6	2.0	26.4	5.6	8.4	26.4	15.0
1971	46.4	39.1	.1	19.2	1.2	28.5	3.7	15.0	27.2	10.6
1972	36.0	27.8	4.0	15.0	2.0	28.0	.1	15.9	27.6	12.0
IF MANDATORY SUPPORT IS CONTINUED BEYOND 1976										
1973	25.0	12.0	3.0	15.0	2.0	28.0	4.0	16.0	26.1	12.5
1974	13.0	0	5.0	22.0	2.0	28.0	3.0	3.0	26.3	12.5
1975	10.0	0	3.0	27.0	2.0	28.0	5.0	5.0	26.6	12.5
1976	10.0	0	5.0	25.0	2.0	28.0	3.0	3.0	26.9	13.0
1977	10.0	0	4.0	26.0	2.0	28.0	5.0	5.0	27.6	15.0
1978	10.0	0	6.0	24.0	2.0	28.0	4.0	4.0	28.0	15.0
1979	10.0	0	5.0	25.0	2.0	28.0	6.0	6.0	29.2	15.0
1980	10.0	0	7.0	23.0	2.0	28.0	5.0	5.0	30.7	15.0
1981	10.0	0	6.0	24.0	2.0	28.0	7.0	7.0	32.4	15.0
1982	10.0	0	10.0	20.0	2.0	28.0	6.0	6.0	34.3	15.0

TABLE 2.—TUNG OIL—U.S. SUPPLY AND DISPOSITION BY CROP YEARS 1962–71 ACTUAL, 1972 ESTIMATED AND 1973–81 PROJECTED—Continued

	Beginning stocks, Nov. 1		Production	Millions of pounds		Domestic disappearance	CCC activity		Prices (cents per pound)	
	Total	CCC		Imports	Exports		Acquisitions	Sales	Support	Market
IF MANDATORY SUPPORT IS DISCONTINUED BEYOND 1976										
1973	25.1	12.0	2.0	16.0	2.0	28.0	4.0	16.0	26.1	12.5
1974	13.1	0	2.0	24.9	2.0	28.0	2.0	2.0	26.3	12.5
1975	10.0	0	1.0	28.0	2.0	28.0	2.0	2.0	26.6	12.5
1976	9.0	0	1.0	27.5	2.0	27.5	1.0	1.0	26.9	13.0
1977	8.0	0	0	27.0	2.0	27.0	1.0	1.0	----------	15.0
1978	6.0	0	0	27.0	2.0	26.0	0	0	----------	----------
1979	5.0	0	0	27.0	2.0	25.0	0	0	----------	----------
1980	5.0	0	0	26.0	2.0	24.0	0	0	----------	----------
1981	5.0	0	0	25.0	2.0	23.0	0	0	----------	----------
1982	5.0	0	0	25.5	2.0	23.5	0	0	----------	----------

TABLE 3.—TUNG OIL—CCC ACTIVITY, FISCAL YEARS [1]

	Quantity (thousand pounds)			Value (thousands of dollars)			
	Acquisition	Disposition	Ending inventory	Sales proceeds	Cost of sales	Charges	Net loss
1963	----------	----------	----------	----------	----------	----------	----------
1964	----------	----------	----------	----------	----------	----------	----------
1965	14,847	131	14,716	31	35	94	98
1966	1,097	18	15,795	----------	3	65	68
1967	----------	3,088	12,707	419	739	51	371
1968	21,844	14,837	19,714	1,754	3,596	74	1,916
1969	9,246	59,946	9,014	2,193	5,029	80	2,916
1970	43,357	12,732	39,639	2,353	3,200	163	1,010
1971	5,656	5,747	39,548	1,070	1,425	130	485
1972	3,664	15,837	31,375	1,393	2,977	137	1,721
If mandatory support is continued beyond 1976:							
1973	100	14,925	56,550	1,721	3,582	72	1,933
1974	4,000	15,225	5,325	1,878	3,820	33	1,975
1975	3,000	8,325	----------	1,041	2,238	8	1,205
1976	5,000	----------	----------	----------	----------	----------	----------
1976	5,000	5,000	----------	625	1,315	5	695
1977	3,000	3,000	----------	385	798	3	416
1978	5,000	5,000	----------	717	1,345	5	633
1979	4,000	4,000	----------	600	1,104	4	508
1980	6,000	6,000	----------	900	1,680	6	786
1981	5,000	5,000	----------	750	1,460	5	715
1982	7,000	7,000	----------	1,050	2,149	7	1,106
IF MANDATORY SUPPORT IS NOT CONTINUED BEYOND 1976							
1973	100	14,925	16,550	1,721	3,582	72	1,933
1974	4,000	15,225	5,325	1,878	3,820	33	1,975
1975	2,000	7,325	----------	916	1,977	8	1,069
1976	2,000	2,000	----------	250	522	2	274
1977	1,000	1,000	----------	128	266	1	139
1978	1,000	1,000	----------	143	276	1	134
1979	----------	----------	----------	----------	----------	----------	----------
1980 [2]	----------	----------	----------	----------	----------	----------	----------

[1] 1963–72 from Fiscal Division data. 1973 estimated and projections thereafter.
[2] No activity in subsequent years.

Mr. JONES. For the benefit of those on the committee who may not know about this, we had similar legislation last year, with rather exhaustive hearings, both pro and con, as I recall. That bill placed a 5-year limitation on the phasing out of supports. The bill before us carries a 4-year time expiration for these supports. I think this afternoon, the only witness I have listed is Mr. Weir, the Associate Administrator of the ASCS of the U.S. Department of Agriculture.

Mr. Weir, I will recognize you at this time.

STATEMENT OF GLENN WEIR, ASSOCIATE ADMINISTRATOR, ASCS, ACCOMPANIED BY CLAUDE COFFMAN, DEPUTY GENERAL COUNSEL; HARLAN H. HOLLEMAN, DIRECTOR; DON HOTT; AND MALCOLM W. MACLAY, OILSEEDS AND SPECIAL CROPS DIVISION, ASCS, U.S. DEPARTMENT OF AGRICULTURE

Mr. WEIR. Mr. Chairman and members of the committee, I am delighted to appear this afternoon and to present the Department's views on H.R. 2303, a bill pertaining to the support program for tung nuts.

My name is Glenn Weir, Associate Administrator, Agricultural Stabilization and Conservation Service, U.S. Department of Agriculture. I have with me on my far left Mr. Claude Coffman, Deputy General Counsel, and Mr. Harlan H. Holleman, Director and two gentlemen from the Division, Mr. Don Mott and Mr. Malcolm Maclay.

H.R. 2303 would continue the mandatory provisions of current legislation with respect to a price support program for tung nuts through the 1976 crop. This would have the effect of making support for tung nuts beginning with the 1977 crop permissive with the Secretary at a level not in excess of 90 percent of the parity price for tung nuts.

The Department favors enactment of this proposed legislation.

Present legislation provides that the price of tung nuts shall be supported at a level between 60 percent and 90 percent of the parity price except that for any year in which the anticipated domestic production of tung oil is less than the anticipated domestic demand for such oil, the minimum level of support is 65 percent of the parity price. Over the last 25 years domestic production has exceeded domestic utilization in only 1 year. Thus, in recent years the minimum level of support has been 65 percent of the parity price and prospects are that this will continue into the foreseeable future.

Tung growers—plagued by recurring freeze damage, hurricanes and rising costs—have reduced their operations. Domestic production of tung oil which was 27 million pounds in 1949 reached a peak of 45 million pounds in 1958, and has since declined to an average of only 3 million pounds for the four crops since Hurricane Camille swept into the gulf coast. Hurricane Camille destroyed about two-thirds of the 1969 producing acreage. Most of the remaining tung acreage is in Florida and has passed its prime. Available information indicates that fewer than 100 producers remain with an economic size orchard of 50 or more producing acres.

The 1971 crop year was a disastrous one for most of the remaining tung producers because of severe freeze damage at blossom time. Only one crushing plant was in operation to handle the crop. About 364 tons of nuts were delivered to the mill by six producers; three of them from the Mississippi area and three from Florida. Less than 100,000 pounds of oil were derived from the crushing of these nuts.

Prospects for the 1972 crop were originally more favorable. Frost damage was quite small. However, drought during the summer has apparently reduced the oil content and continuing wet weather in the fall and winter has delayed harvest and possibly reduced the crop from the estimate of 4 million pounds of oil.

Domestic utilization of tung oil has steadily declined, falling from 112 million pounds in the 1949–50 marketing year to the current annual level of below 30 million pounds. The domestic market has been supplied in large measure by imported tung oil, mainly from Paraguay and Argentina. Last month a shipment of about 1,900 metric tons, 4.2 million pounds, were imported from The Peoples Republic of China. All tung oil is entered duty free and without quota restrictions.

Looking forward to the 1973 crop this is the critical period for possible frost damage, namely mid-March through mid-April. There are reports that the orchards are not being fertilized and well maintained.

Prices have been such that CCC has for many years acquired virtually all of the domestic crop. Today, March 21, 1973, CCC has an uncommitted inventory of 18.7 million pounds of tung oil. With support on 1972-crop tung oil at 27.6 cents per pound and the current market price of about 13 cents losses are running over 50 percent of the Government's investment. With no revision in the legislation future losses on the program can be expected to remain relatively high.

This is a critical time of decision for tung growers. The tung acreage destroyed by Hurricane Camille has been cleared and is available to replanting to tung or conversion to other use. Most of the remaining orchards must be renewed to remain productive.

The Department favors enactment of H.R. 2303 at this time in order that growers will not be encouraged to make new plantings, rehabilitate old orchards or replace orchards destroyed by Hurricane Camille.

The opportunity to present the Department's views on this bill is appreciated. We will be pleased to answer any questions you might have.

Mr. JONES. Mr. Rarick, any questions?

Mr. RARICK. Not at this time.

Mr. JONES. Mr. Wampler?

Mr. WAMPLER. I have no questions, Mr. Chairman.

Mr. JONES. Mr. Mathis?

Mr. MATHIS. No, sir; I have no questions.

Mr. JONES. I do not think the Chair has any questions.

Thank you, sir.

The Chair will recognize Mr. Findley?

Mr. Findley, do you have any questions?

Mr. FINDLEY. Thank you very much, Mr. Chairman.

Mr. Weir, in your opinion, will the 4-year extension proposed in this bill amount to an incentive or an invitation to any of the tung nut producers to improve or enlarge or extend their plantings?

Mr. WEIR. Congressman Findley, it is our opinion that this does not offer the incentive to plant new tung acreage. There is, to our knowledge, only a total of approximately 700 acres of tung trees that are what we would call new production; that is, production in the earliest form. Most of the acreage is in an area of rapidly declining production and will at the end of this period of time, 1976 probably be about finished as far as production is concerned.

Mr. FINDLEY. You estimate that the Government's loss on the tung nut program for the current year as being about 50 percent of the market price. Do I understand that correctly?

Mr. WEIR. That is right, yes.

Mr. FINDLEY. Could you estimate what this loss will amount to for the current production year in dollars?

Mr. WEIR. On one of our tables that we will insert in the record, we are saying that for the 1972 crop year, we project about $1.7 million. The crop year started in November 1972, so the 1972 crop year will be to November 1973.

Now, to a large part, the Government's loss depends upon the price and the amount of our stocks that we are able to dispose of during this period of time. Over the last month or 6 weeks, we have sold substantial amounts of tung oil in the marketplace, and up to this point in this year, we have disposed of about 5.9 million pounds of tung, substantially above what we have done in the past.

Mr. FINDLEY. And at that rate of disappearance, how long will present Government holdings last?

Mr. WEIR. Of course, to a certain extent, that depends upon the market demand and we cannot foresee the amount of competition that might come from the Peoples Republic of China. The price a year ago was in the range of the 10 cent area. It is now at the 13 cent level. We have sold in the last 6 weeks at that level on three occasions.

We would anticipate because of the somewhat less than good crop in South America that the price will stay up, again depending upon the Peoples Republic of China coming into the market, and we would hope to be able to cut considerably into our 18-plus million pounds of stocks during this year.

Mr. FINDLEY. But it would be reasonable to state that we have approximately a 3 to 4 year supply in Government hands at the present time?

Mr. WEIR. Yes, sir. If you go back in history in the normal disposition of oil.

Mr. FINDLEY. Thank you, Mr. Chairman.

Mr. MATHIS. Mr. Chairman.

Mr. JONES. I recognize the gentleman from Georgia.

Mr. MATHIS. I have a question or two I would like to direct to Mr. Weir and possibly to Mr. Holleman, but not necessarily with regard to this bill. I would like to ask a question or two but I would not like to be ruled out of order by the chairman. May I proceed out of order if I am?

Mr. JONES. Certainly.

Mr. MATHIS. Mr. Weir, I have heard some rumors in the last couple of days that there was a possibility of some reorganization within the Department. Is there anything going on there now that would tend to combine oilseeds and special crops with some other division in a process of reorganization?

Mr. WEIR. Mr. Mathis, I think it would be inopportune for me to comment on the specifics of the reorganization that we are in the process of trying to implement. We do have a reorganizational plan in the Agency. It has not been cleared within the Department. In fact, it is in more than the talking stage, of course. This would not combine oilseeds with some other divisions, but would combine some other divisions with oilseeds in order to make more efficient use of a number of people that we have in ASCS to utilize them better and to put those commodities under the supervision of Mr. Holleman, for example, that

he does have expertise in and the people that would come into that division would have a wider ranging expertise in this area.

Mr. MATHIS. What might be an opportune time to discuss it?

Mr. WEIR. As you know, Mr. Mathis, bureaucracy red tape does take time. We would be hopeful that it would be in the very near future.

Mr. MATHIS. I wonder if anybody in the Department has given consideration to discussing this with some members of the various subcommittees of this committee which have jurisdiction?

Mr. WEIR. To my mind, there has been no discussion at this time. We would be happy to once we get it firmed up within the Department as to the direction that we would like to go. We would be most happy to.

Mr. MATHIS. I can only speak for one member of this subcommittee, but I certainly think we would like to have some input into the decision. We have seen a lot of decisions made downtown in recent weeks that we have not been consulted on, even advised about until after they have taken place. I do think this is one thing that is vital to this subcommittee, and I would certainly like to have an opportunity to have some input.

Mr. WEIR. May I comment a little bit further, Congressman, that the reorganization that we are looking at would enhance the efficiency of our Agency to every extent that we could, without having any reduction in force or hiring new people for that matter. And it is not intended in any way to downgrade or upgrade any commodity, or any commodity group, but to more efficiently use the people in their areas of expertise.

Mr. MATHIS. I think you will find sympathy on this subcommittee to try to achieve this goal. In fact, you may find that we might have some ideas that would be useful to you.

Mr. WEIR. Thank you, sir.

Mr. RARICK. Mr. Chairman?

Mr. JONES. Mr. Rarick?

Mr. RARICK. Mr. Weir, the principal States that are involved in that tung program are Louisiana, Mississippi, and Florida, is that right?

Mr. WEIR. Those are the three principal States.

Mr. RARICK. And these tung nut producers were originally encouraged to get into the tung nut program, thinking that they were helping our Government and our people?

Mr. WEIR. That is true.

Mr. RARICK. You are really not surprised that the record over the last couple of years shows a decline in the production of tung nuts, are you?

Mr. WEIR. No, we are not.

Mr. RARICK. Is it not true that our Government has been trying to phaseout or wind down the program?

Mr. WEIR. That is true, what with the natural disasters of hurricanes and freezes and the loss of the price incentive, the increased use of synthetics encroaching upon the tung market as such, it does not give much hope for a viable economic unit in tung.

Mr. RARICK. How many farmers—how many tung nut producers are we talking about?

Mr. WEIR. As near as we know, and we could be off by a few people, there are 100 producers that are involved in this enterprise at the moment.

Mr. RARICK. Are there any of these 100 that are totally dependent upon tung nut production?

Mr. WEIR. We are not aware of any. In most of the evidences that I have seen, Mr. Rarick, livestock enterprises are being interwoven with tung enterprises. This is being done by using the rows between the trees for grazing purposes, thus the producers are not totally dependent upon tung for income.

Mr. RARICK. Is it the Department's thinking that within the coming 4-year period, the entire domestic tung nut program should be phased out with a minimum of financial hardship to the people involved?

Mr. WEIR. Yes, that is our opinion, Mr. Congressman. The bulk of the acreage involved in the orchards will be of the older trees by the end of the 4-year period, so the opportunity is there between now and then to use the income from tung nuts to get into replanting to pine trees, for example, or soybeans if the land that is involved is suitable, or livestock, or other enterprises. It is not our position to cut out all of a sudden or force into 1 year's period a relocation or a redesign of an operation that involves the tung nut producer.

Mr. RARICK. At our hearings last April, Mr. Mead said that all you knew about the Red Chinese imports of tung oil was more or less hearsay. You do confirm now that there has been at least one shipment?

Mr. WEIR. Yes, sir; that is right.

Mr. RARICK. There has been a shipment of 4.2 million pounds of tung oil from Communist China. Is this the first shipment?

Mr. WEIR. As far as we know, this is the first shipment that we have any evidence of coming into this country from the Peoples Republic, yes sir.

Mr. RARICK. Is this price, then, competitive with the oil coming in from Paraguay and Argentina?

Mr. WEIR. Apparently it is. The last sale made by CCC was 13 cents, I believe, at New Orleans, and the Rotterdam price was 13.6 cents, so apparently they are competitive within that price range with South American origins.

Mr. RARICK. Are there any new markets for tung oil opening up domestically?

Mr. WEIR. Not that I am aware of personally. Perhaps the people in the division are more expert in the uses of tung than I am and might add something.

Mr. RARICK. I notice that the Family Circle magazine, apparently put out by Sears and Roebuck, has an article on pages 16 and 174 indicating or recommending the use of tung oil on antique furniture. Is the Department aware of this?

Mr. WEIR. No, the Department has not looked into this. My wife notified me of this use last night.

Mr. RARICK. I might note it is in the April 1973 issue of Family Circle.

Mr. WEIR. Yes, my wife was telling me, but we did not have a copy and I was not able to read it. She tells me that on antique furniture,

you can set a wet glass down on it if it has been treated with tung oil or a stain or varnish or polish with tung oil in it and that glass will not leave a ring. So far the synthetics, to our knowledge, have not reached that point. I am sorry that I have not read the article.

Mr. RARICK. Are you aware of any plans for additional imports of tung oil from Red China?

Mr. WEIR. No, not that I am aware of. We are on the world market; that is the world market price; and we are trying to take advantage of the increased prices in the disposal of Commodity Credit stocks and we would hope that we can dispose of them at this price level, at least.

Mr. RARICK. Of course, if we wind down the tung program in the United States, we will become completely dependent upon tung oil from either South America or from Red China. Are there any other sources, any other countries that produce it?

Mr. WEIR. Not that I am aware of.

Mr. RARICK. Thank you, Mr. Chairman. I have no further questions.

Mr. FINDLEY. Mr. Chairman, may I add one question?

Mr. JONES. The Chair recognizes Mr. Findley.

Mr. FINDLEY. Thank you.

Mr. Weir, based on the experience of the Department with tung nut production in this country, do you expect that tung nut production will disappear completely in the United States when the program is phased out completely?

Mr. WEIR. I think perhaps, Congressman Findley that the crushing mills are one of the main answers that you have to have in that sort of statement, that if there is crushing capacity or if there are mills to utilize the nuts and get the oil, perhaps there will be tung production for quite a long time. The 700 acres that I have talked about is apparently a very young orchard and if there is mill capacity in operation, these trees might be in production for 10 to 15 years.

Mr. FINDLEY. Will the material that you place in the record include cost of production on various operations or do you have access to such data?

Mr. WEIR. Not to my knowledge.

Mr. Holleman, do you know?

Mr. HOLLEMAN. These are our figures given last year by the people in the trade that were here giving us their cost figures. It is an average of those that we were given at that time.

Mr. FINDLEY. If new domestic uses such as furniture polish do blossom and grow, it is at least within the realm of possibility that a flourishing tung nut industry could be established in this country in the total absence of the Government support programs, is it not?

Mr. WEIR. If in fact the price remains at the present level of 13 cents, and it has been down much lower, and it has been much higher. It has been up, I think, at 38 cents at sometime during the program. As we see from the records, producers would say somewhere around 25 cents is the break-even point or the profit motive edge that they have to have. So I think there would have to be some increase in price in order to stimulate that kind of production.

Mr. FINDLEY. Thank you, Mr. Chairman.

Mr. JONES. Mr. Findley, the Chair would state that if indeed it is found that tung oil is good for antiques, the industry will flourish.

Mr. RARICK. Mr. Chairman, may I ask another question, please.

Mr. JONES. Yes, Mr. Rarick.

Mr. RARICK. Mr. Weir, if we phase out the U.S. tung oil program and later find a need to restore a domestic source how many years would it take to plant and have tung trees producing?

Mr. WEIR. As I understand it and I am certainly no expert on the new varieties, Congressman, that perhaps are in the research area, but a 5-year growth is about necessary for a start of good production in the age of a tung tree. Of course, this would be added to 1 year of planting. So in the area of 5 to 7 years, you could expect some production in tung unless there are some radical changes in varieties that may be developed that we do not know about.

Mr. RARICK. I have tung producers in my district and it is embarrassing for them to go around and say that the Federal Government is phasing them out—that they are being replaced by Red Chinamen.

Thank you, Mr. Chairman.

Mr. JONES. The Chair is sympathetic with the gentleman's position.

Are there any other witnesses who desire to be heard?

If not, we thank you and your colleagues for coming here this afternoon.

Without any objection, I would like to insert this letter in the record from Mrs. Hamilton Morrison, Larow Plantation, Picayune, Miss.

[The above referred to letter follows:]

LAROW PLANTATION,
Picayune, Miss., March 21, 1972.

CHAIRMAN,
Oilseeds and Rice Subcommittee,
Committee on Agriculture, Washington, D.C.

DEAR MR. CHAIRMAN: Since no one from the tung belt could appear at the meeting, I am sending a folder of information which I hope will be read.

We need the tung support for the existing trees but we are not planting any more. We feel if we keep status quo for awhile we will get new uses and be able to stand alone. Please be patient.

Sincerely,

MRS. HAMILTON MORRISON.

Mr. JONES. There is some attendant material which I would like to make a part of the file but not of the official record.

[May be found in the file.]

Mr. JONES. The Chair is under the impression that under the organization of the committee rules, this subcommittee could, if the members so desire, take action on this bill this afternoon to avoid a later meeting of the committee.

Mr. WAMPLER. Mr. Chairman, I move that the hearings be closed. I further move that we report the bill favorably to the full committee with the recommendation that it do pass.

Mr. MATHIAS. I second it.

Mr. JONES. It has been moved and seconded that the committee proceedings be closed and that the bill, H.R. 2303, be reported favorably with recommendation that it do pass.

So many as favor the motion, say aye.
[Chorus of ayes.]
Mr. JONES. Opposed?
Mr. RARICK. No.
Mr. JONES. Apparently, the ayes have it.
The committee stands adjourned.
[Whereupon at 2:35 p.m., the subcommittee was adjourned.]

PHASEOUT OF THE TUNG NUT PROGRAM
(Business Meeting)

TUESDAY, APRIL 17, 1973

House of Representatives,
Committee on Agriculture,
Washington, D.C.

The committee met, pursuant to notice, at 10:05 a.m., in room 1301, Longworth House Office Building, the Honorable W. R. Poage [chairman] presiding.

Present: Representatives Poage, Stubblefield, de la Garza, Vigorito, Jones of North Carolina, Sisk, Rarick, Jones of Tennessee, Melcher, Mathis, Denholm, Brown, Bowen, Rose, Litton, Gunter, Teague, Wampler, Goodling, Mayne, Zwach, Sebelius, Mizell, Findley, Baker, Symms, Young, and Johnson.

Also present: Fowler C. West, staff director; John O'Neal, general counsel; John Rainbolt, associate counsel; L. T. Easley, press assistant; Steve Allen, staff consultant; and Martha Hannah, subcommittee clerk.

The Chairman. The committee will please come to order. We are met this morning to consider any reports which the subcommittees might have. The Subcommittee on Oilseeds and Rice has possibly two or three pieces of legislation to bring before us.

Mr. Jones of North Carolina. We do have one, Mr. Chairman.

Mr. Chairman, I call to your attention H.R. 2303, a bill introduced by Mr. Findley and myself, which would phase out the support price on tung nuts after the 1976 crop.

Briefly, tung nuts are confined to production in about four southern States—Alabama, Florida, Louisiana, and Mississippi. By way of explanation, this tung nut production became very vital during the Second World War to produce tung oil, which had a very high strategic value. But after the Second World War, the demand for tung nuts and tung oil went down almost to zero and many of the farmers who were engaged in the tung nut production prior to and during the Second World War have now turned to other crops. It was during this time that Congress enacted a support price for tung nuts to keep it alive and viable, but it now appears that this is a product or commodity for which there is little or no demand. As I say, many of the farmers have now turned to other crops.

As I undertsand it, the tung nut trees are of a variety or breed which have to be replaced every 5 or 6 years—I think I am correct on that, as I recall the testimony. So in fairness to the few producers who still exist, this bill gives them 4 years to phase out. It is not like some of the actions of the Department at this time, where they stop it in midstream, but this is fair warning and will enable them to move to other crops.

The figures involved, the growers estimate it costs them about 25 cents a pound to produce tung oil. The Commodity Credit is supporting the item at 27.6 cents a pound, but selling it at the world price of only 13 cents. So CCC is taking a loss of nearly 15 cents on each pound. This may not strike a happy chord with many of you, but it is a fact that we can import tung oil from South American countries and others at a figure much less than we can produce it at a figure considerably less than the support price that Commodity Credit is now paying.

So with that, the Subcommittee on Oilseeds and Rice, by a vote of, I believe, 5 to 1, voted up H.R. 2303. That is what is before us this morning. It is estimated that it will save the Department in excess of $1 million a year.

Let me repeat again, at the hearings this year, only one witness offered any evidence of opposition and that was some elderly lady down in Louisiana, I believe, who said she did not know what to turn to. So the Department, of course, obviously would like to see the bill enacted. Our subcommittee recommends it to the full committee.

Mr. Chairman, I will be glad to answer any questions you may have.

The CHAIRMAN. You said this is going to be a phaseout. Actually, what you mean is you are going to reduce the support price immediately, do you not?

Mr. JONES of North Carolina. No sir, it continues for the next 4 years.

The CHAIRMAN. And the next 4 years, it is going to be 65 percent of parity rather than 90, is that right?

Mr. MATHIS. If the gentleman will yield, Mr. Chairman, I believe it has been left to the Secretary's discretion to go between 60 and 90 if passed.

The CHAIRMAN. I know, but to be practical about it, you are talking about 65 percent support this year and for the next 3, are you not?

Mr. MATHIS. Yes sir.

Mr. JONES of North Carolina. In all probability, sir.

The CHAIRMAN. You are not talking about a matter where you cut it down, say, 10 percent each year, but you actually make the cut this year.

I am not trying to find fault with it.

Mr. JONES of North Carolina. Under the arbitrary authority the Secretary has, yes sir, it could be.

The CHAIRMAN. Well, now, you know it will be.

Mr. JONES of North Carolina. In all probability, Mr. Chairman, yes sir.

The CHAIRMAN. I have no objection.

Mr. JONES of North Carolina. We are dealing—this may be of interest to the committee, if I may be recognized. You are dealing with three farms in Alabama. Florida has about 60, most of them small, Louisiana has 10, and Mississippi has about 27. It is dying at this time.

Mr. DENHOLM. Would the gentleman from North Carolina care to comment on how it affects honey and why——

Mr. JONES of North Carolina. Affects honey?

None whatsoever that I know of.

Mr. DE LA GARZA. He is just restating the law.

Mr. DENHOLM. Are you restating the law as it now refers to honey?

Mr. JONES of North Carolina. Right.

Mr. DENHOLM. Is that acceptable to producers of honey?

Mr. JONES of North Carolina. They have no objection.

Mr. GUNTER. Will the gentleman yield for another question?

Mr. JONES of North Carolina. Yes.

Mr. GUNTER. What would happen if the bill were not enacted into law?

Mr. JONES of North Carolina. The Department would be required to continue the support until the law is repealed.

Mr. GUNTER. Would the support terminate at the end of the Agriculture Act of 1973?

Mr. JONES of North Carolina. I am under the impression that it is a separate bill.

Mr. DENHOLM. Will the gentleman yield? What law are you operating under now?

Mr. JONES of North Carolina. Under the parity concept of the Commodity Credit Corporation, a law that was introduced sometime in 1949.

Mr. DENHOLM. I support the bill, but I am concerned about acting on one thing at a time when we have under consideration the omnibus farm bill.

Mr. JONES of North Carolina. Would the gentleman yield?

Mr. DENHOLM. Yes.

Mr. JONES of North Carolina. Off the record.

Mr. Chairman, may I go off the record?

The CHAIRMAN. Yes.

[Off the record discussion.]

Mr. JONES of North Carolina. Any other questions?

Mr. DENHOLM. No.

Mr. JONES of North Carolina. Mr. Chairman, I move the adoption of H.R. 2303 and that it be reported favorably.

Mr. ZWACH. Mr. Chairman?

The CHAIRMAN. Yes.

Mr. ZWACH. I would just like to second the statement that Mr. Denholm made, that I hope we do not start adopting support prices for products piecemeal and hope that we have an overall look at this and that we do not want to come up to feed grains with everything else passed. So I am not going to object to this now, but I want it understood that we are talking about 60 to 90 percent of parity here. I hope we do not forget those figures as we come into some other parts of our farm programs.

Mr. JONES of North Carolina. Will the gentleman yield?

Mr. ZWACH. Yes, I will be glad to yield.

Mr. JONES of North Carolina. On the contrary, Mr. Zwach, I take the position that we might be far wiser to take these individual programs one by one and give them a careful scrutiny rather than come in with a whole bag of terminations and that sort of thing.

Mr. ZWACH. I am not objecting.

The CHAIRMAN. As a matter of fact, it is not a part of the general farm bill.

Mr. ZWACH. No, I realize that.

The CHAIRMAN. The Chair simply wants to make this statement. I am thoroughly in favor of the bill; I do not want you to question that. But I would like all of those who voted for the new rules to think now and then. I have an idea that you will find more people here who voted against those rules than you will find among those who are absent, those who make it impossible for us to proceed. There is not a thing in the world I can do here without a quorum. Because on this bill, when we report it out, we are going to be asked, was there a quorum present when it was reported? I cannot say that there was.

Mr. GUNTER. How about proxy, Mr. Chairman?

The CHAIRMAN. A proxy is no good to get a quorum. A proxy is allowed to vote, but they cannot be used to establish a quorum.

Now, I have tried to tell the members of the committee—I can tell you folks because you are here—but it is getting to be outrageous here. This committee has not had a quorum for the last week.

Now, there are a few of you who have been here regularly and I appreciate it. I can look around and see you now and you know that you have been attending. But the great majority of the committee has not been attending. We have members here who have ignored us for the last 2 weeks. They have been around here a long time and they were very anxious to get on this committee. I do not know why members want to get on this committee if they do not want to work on it.

I suppose the only thing to do is name one of the members Sergeant at Arms and let him go out and bring them in.

Mr. MIZELL. Some of our members are probably celebrating Passover.

The CHAIRMAN. I do not think any of our members can claim that.

Here comes one. We need three more.

Mr. BAKER. Mr. Chairman?

The CHAIRMAN. Yes, Mr. Baker.

Mr. BAKER. In consideration of the language that applies to tung nuts in the bill, would it be just as digestible to indicate that subsidies would cease—because they do cease if the legislation expires. But supporting tung nuts is disturbing me tremendously because it is purely for the purpose of accommodating the people who participate in this unnecessary crop. I do not want to destroy them; I just want them to understand that this is the end of the road on this program. Would this be doing any violence to the language if we amended it to indicate that the program is going to terminate in 1976, if that is the intention of the committee?

The CHAIRMAN. I think it does say that.

Mr. DE LA GARZA. We are in effect asking for a year's extension from 1975.

Mr. BAKER. It says to 1976, I understand that. But it looks like where we are citing for another 4 years and at that time, we will extend it further and further.

Mr. TEAGUE. Will the gentleman yield?

Mr. BAKER. Certainly.

Mr. TEAGUE. Perhaps we can cover that for the committee's attention in the committee report.

The CHAIRMAN. Oh, I think so. I do not think it will change anything to change the language.

Mr. BAKER. It is not like our other support bills. I assume we do intend to eliminate it.

The CHAIRMAN. That is my understanding.

Mr. BAKER. Wisdom dictates that. I would like for this to be terminated. Of course, it will be in the consideration on the floor and in the reports, I am sure.

Mr. MIZELL. Mr. Chairman, do we have any indications of what the production of tung nuts was last year? Was there any devastation to the crop by Hurricane Camille?

Mr. JONES of North Carolina. Will the gentleman yield?

Mr. MIZELL. Yes.

Mr. JONES of North Carolina. According to the report I have, "In a good year—that is, one in which there is no freeze damage, or hurricane—about one third of these orchards produce about 10,000 pounds of oil, about one third produce up to 50,000 pounds and the rest produce from 50,000 to 100,000 or more pounds of oil and many of these producers are absentee owners."

More specifically, if the gentleman will yield again?

Mr. MIZELL. Yes.

Mr. JONES of North Carolina. In 1949, the production was 26.8 million pounds. I think the highest year was 1958. In 1972, the total production was 4 million. And the last 5 years, it has been approximately 5 million down to 3, 1, and 4.

Does that answer the gentleman's question?

Mr. MIZELL. Yes. As I look at this report, it says, U.S. consumption has fallen from 100 million pounds to 20 million pounds, but we only produced 4 million currently.

Mr. JONES of North Carolina. That is correct, sir.

Mr. MIZELL. With the production running below what the consumption level is in the country, what is the major problem with this program?

Mr. JONES of North Carolina. Well, I do not think you were here. The U.S. growers, it costs them about 25 cents a pound to produce tung oil. The Commodity Credit is supporting the commodity at 26 cents a pound. But we are having to sell it at the world price of about 13 cents.

Does that answer your question?

Mr. MIZELL. Yes.

The CHAIRMAN. Well, to put it in plain language, the trouble is that there is so much palm oil and coconut oil and other oils coming on the world market at a lower price, that are competitive with tung nut oil, that the stuff just does not bring but 13 cents a pound. That means that in order to get the 90 percent parity, the U.S. Government has to subsidize it at a very high amount.

Mr. MIZELL. Mr. Chairman, I remember very well when the Government was the one that encouraged all these people to produce tung nuts and assured them of some support.

The CHAIRMAN. It did.

Mr. MIZELL. I am merely raising these questions do we not feel as if we have some obligation to those people that still have the orchards, even though the production is going down.

The CHAIRMAN. That question is before us.

Mr. JONES of North Carolina. That is exactly the question.

The CHAIRMAN. I think that is exactly the question and as Mr. Jones points out, his subcommittee did not think so.

Mr. MIZELL. I know at the time we discussed this last year, the point was brought up, what would be the possibility of developing language to where there is support for those that are in business now with the understanding that none of those crops that were lost because of Hurricane Camille would be replaced in support. With a freeze at this point, and the only way you can go is you freeze it out as the orchard quits producing rather than in an arbitrary manner like this.

Mr. JONES of North Carolina. Are you asking me a question?

Mr. MIZELL. Yes, I am really just posing the question—

Mr. JONES of North Carolina. Mr. Mizell, as I understand it, according to the testimony—I know nothing about tung nuts, as a way of dismissing the rot—I hesitate to relate some descriptions I have heard in recent days. But I understand from the testimony that these tung nuts are being replaced at regular intervals—Mr. Chairman, is that right? This is to give them a reasonable opportunity not to replace, as you say, Hurricane Camille or Ginger, whoever the hurricane might be, not being cruel but realistic about it, trying to force these people into soybeans or some other crop.

Mr. TEAGUE. Will the gentleman yield?

Did you not say a while ago that you understood the trees have to be replaced every 5 years?

Mr. JONES of North Carolina. As I recall the testimony it is 5 or 6 years, somewhere in there.

Mr. MIZELL. No, Mr. Chairman, that is not correct as far as the production life of a tung orchard. I do not know exactly what it is, but, John, how long will these trees produce?

Mr. RARICK. Barring hurricanes and freezes they will last about 10 or 12 years, but they destruct themselves. They grow and by heavy producing break their own limbs. It takes 5 years after planting a tung orchard before it will produce a crop.

Mr. MIZELL. Then it is my understanding that this period of time to 1976 is that most of the trees that are in production now will have gone through their maturity.

Mr. JONES of North Carolina. I did not mean to imply that, no. Over a period of time, the trees would have to be replaced. They are not like the oak that lives forever.

The CHAIRMAN. Is there any objection to the motion? The motion is that the bill be reported favorably and recommended that it do pass. All those in favor of the motion, say aye.

[Chorus of ayes.]

The CHAIRMAN. Those opposed, say no.

Mr. RARICK. No.

The CHAIRMAN. The ayes have it. The bill is reported with the recommendation that it pass.

Mr. RARICK. Mr. Chairman, I ask unanimous consent of the committee that I may be recorded as voting against the bill.

The CHAIRMAN. Voting against?

Mr. RARICK. Recorded as voting no.

The CHAIRMAN. You will be recorded as voting no, then.

[The committee then proceeded to consider other legislation.]

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