



**TESTIMONY OF
THOMAS CHAVEZ**

Pecan Federal Marketing Order Hearing

Docket No. AMS-FV-15-0023; FV15-986-1

Western Region – Las Cruces, New Mexico - July 20 and 21, 2015

My name is Thomas Chavez. It is spelled T-H-O-M-A-S C-H-A-V-E-Z. I live in Las Cruces, New Mexico. My brother and I own P & R Chavez, Inc., which is a pecan grower business as well as a concrete supplier. Our pecan farm is located in Las Cruces, New Mexico. We have over 175 acres of pecans currently in production. Last year we produced 400,000 pounds of pecans. On our farm we grow improved variety pecans.

I am a second generation pecan farmer. About 50 years ago, my father bought our first 5-6 acres of pecan trees, and in 1972 my brother and I became full-time in our pecan farming business.

Under the Small Business Administration guidelines, we are classified as a small pecan grower business, having has less than \$750,000 in annual gross revenue from pecans.

I have reviewed the economic analysis summary prepared by Dr. Marco Palma, specifically, the projected average price increase from promotion of 6.3¢ per in shell pound versus the average 2.5¢ per in shell pound cost. Overall, I am

aware of the costs that the proposed federal marketing order may impose on my farm and I do not believe those costs are unduly burdensome. Further, I believe that the benefits of the federal marketing order to my farm will greatly outweigh any costs associated with it.

In recent years, we have seen wide variation in the prices we have received from our pecan crop. Such wide variation in pricing makes it extremely difficult to plan for the future operation of our farm. While prices for pecans go up and down dramatically from year to year, our costs of production have steadily increased. Cost of fertilizer, insecticides and equipment have all increased in recent years regardless of the price we receive for my crop.

Further, the lack of accurate market information on the anticipated size of the pecan crop in any given year also makes it difficult for us to negotiate a fair price for our crop. Unfortunately, the common practice has been "negotiations" with brokers by being forced to accept their prices, as a take it or leave it proposition. Increased price stability and more accurate market information would greatly benefit small family operations like ours.

I think our farm and the industry would also benefit in the future from grade, size, quality, packaging, shipping protocols, and other handling requirements as we compete with other tree nuts for shelf space and consumer attention.

I also understand that under the proposed order, only growers with more than thirty acres of pecans or more than 50,000 pounds of average production per year over the last four years will be allowed to vote on the proposed order. In my opinion, this threshold is reasonable because a grower that does not meet this threshold is not a commercial grower. Any grower that is smaller than the proposed threshold could not justify the cost inherent in such a small production and is most probably merely a seller of pecans from older trees that happen to be on his or her property, a hobby farmer or one that does not plan to put all commercial inputs (fertilizer, water, etc.) on his farm.

I have been a member of the New Mexico Pecan Growers Association for over 25 years. The American Pecan Board has kept our organization informed about its efforts to propose a federal marketing order. I believe that I have been informed about the process and have been given an opportunity to participate.

In conclusion, I fully support the proposed federal marketing order for pecans and encourage the Secretary to implement the order as proposed by the American Pecan Board.

I would be glad to answer any questions anyone may have.