THE STATE OF THE CALIFORNIA WALNUT INDUSTRY

2012 Extension Service Meetings
What does the CWB/CWC do?

**Board**
- Production Research (5)
- Food Safety
- Grades & Standards
- Domestic Market Development
- Volume Control
- School Lunch Program Buys

**Commission**
- Health Research (74)
- Domestic & Export Market Development
- Educate government officials
- Trade Policy (KFTA)
- Regulatory Issues
- Intra Industry Communication
- Enter into multi-year contracts
Food Safety Modernization Act (FSMA)

- FDA will issue Fresh Produce Rule in early 2012.
- FDA must have Public Comment Period
- Will Tree Nuts be Treated like Produce?
- What will be FDA’s Expectations?
- Quote: “will not require a business to hire a consultant or 3rd party to implement programs to comply with new law”.
Know Your GAP’s & GMP’s

- **Pre-harvest:** water, manure, animals
  - Salmonella and E. coli sources from Livestock/Wildlife feces
  - Keep Orchard clean and know your neighbors

- **Harvest:** train your employees
  - Hand washing and sanitation practices
  - Equipment cleaning steps

*Watch for news about new regulations*
Current Activities

- Salmonella Survey #2
  - Added E. coli O157:H7
  - Increased sample size
  - Will help with FDA’s Risk Based Science demands
- PPO Validation to FDA
- Antimicrobial wash tests
- Handlers Food Safety and Preventive Control Training in February
Direct Sales by Growers

- By pass the network
  - Against Federal Marketing Order
  - Must have Walnuts inspected before leaving CA
    - Fines of $1,100 per day/incident
  - A Risk for Food Safety
    - No Inspection
    - No traceability
    - In-transit risk
If You Sell to Anyone Except a Handler . . . You Are Now a Handler!

- You have new reporting requirements!
  - Receipts (including your own production)
  - Assessments
  - DFA Inspection/grading
  - Risk as Seller
PRODUCTION RESEARCH
Production Research

20 Projects Funded

$1,036,515 Spent on Projects in 2011/12
Production Research Studies

- Genetic Improvement
- **Rootstocks**
- Water Management
- Orchard Management
- Flower & Fruit Development
- Tree Growth & Development
- Harvesting & Drying
- Walnut Husk Fly

- Codling Moth
- Walnut Aphid
- Post Harvest Pests
- Walnut Blight
- Phytophthora
- Crown Gall
- Nematodes
- Chemical Efficacy Tests
- **Varietal Development**

Last Year’s Published Research Available on CD
CA Walnut Production History

*Estimate
Ending Inventory

Crop Year

'03  '04  '05  '06  '07  '08  '09  '10  '11*

*Estimate
## Market Risk Assessment

<table>
<thead>
<tr>
<th>Feature</th>
<th>USA</th>
<th>Germany</th>
<th>China</th>
<th>Turkey</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Disposable Income</td>
<td>✔</td>
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<td></td>
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<tr>
<td>Already Produce/Consume Walnuts</td>
<td>✔</td>
<td>✔</td>
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<tr>
<td>High Population Density</td>
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<tr>
<td>High Nut Usage</td>
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<tr>
<td>Few Political Hurdles</td>
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<tr>
<td>Potential to Utilize Shelled Product</td>
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<tr>
<td>Large Food Processing Industry</td>
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</table>
Walnuts Around The World
86% of consumers believe walnuts are healthy
51% know walnuts contain omega-3s (a 20% increase from 2009)
85% of consumers would buy walnuts if they were shopping and walnuts were offered at a reasonable price
61% said they were buying walnuts more often than five years ago
Primary Use – Baking (77%) and Snacking (74%)
We’ve got heart!

- **73%** of primary grocery shoppers say the Heart-Check mark improves the likelihood that they'll buy the product.
- **68%** of walnut consumers said it was important to them that walnuts carry the mark.
- CWB/CWC advertising and promotions
- Available for handler use
New Print Advertising Campaign

• Break-through creative
• Strong health message
• 57+ million circulation
• January - August
• Key women’s publications
  • Better Homes & Gardens
  • Martha Stewart Living
  • Real Simple
  • Cooking Light
  • Health
  • Sunset
  • Food & Wine
  • Eating Well
  • Saveur
EXPORT
What MAP has done for Exports

- Established export markets
- Export growth 52,000 tons in 1985 to 306,000 tons in 2010
- Catalyst
- Product Development
Germany

- Health Drives Media
- Walnuts were the only nut granted a specific claim in the European Union:
  
  “Walnuts contribute to the improvement of endothelium-dependent vasodilation” (artery health), based on daily consumption of 30g of walnuts.
- Additional three generic claims
Spain

- Super Twiggy
South Korea

- Consumer Health Perceptions:
  - Good for Brain/Cognitive Function – 73%
  - Omega-3’s – 71%
  - Good for your Heart – 69%
  - Reduce Cholesterol – 66%

- Scientific Advisory Council Meeting
HEALTH RESEARCH
74 Published Studies

- **Recently Published**
  - UC Davis (Davis) – Prostate Cancer
  - Scranton (Vinson) - Antioxidants
  - Harvard (Mantzoros) – Metabolic Syndrome

- **In Progress (26)**
  - Cardiovascular
  - Cancer
  - Cognitive Function
  - Diabetes
  - Male Reproductive Health
  - Weight Management
A Message from Dr. Michael Roizen
GROWER REFERENDUM

March 2012
The Economy’s Impact

- Budget Concerns
  - Federal Cut Backs
  - States Lose
- Extension Service
- Production Research

What else is at Risk for the Walnut Industry?
MAP, TASC, QSP & Block Grants

- Exports Have Grown
- 60% of 2010/11 Shipments
- 306,000 Tons
- MAP, etc.
- Right at $5 million
- Catalyst for Growth
- Opening New Markets
Maintain Health Research

- Key Program
- Expand Data Base
- Chronic Illness
- Cutting Edge
- Longer
- Larger
- **Consumer Attitudes**
CWC Assessment History

Assessment Rate (Dollars)

Crop Year

- 1987
- 1988
- 1989
- 1990
- 1991
- 1992
- 1993
- 1994
- 1995
- 1996
- 1997
- 1998
- 1999
- 2000
- 2001
- 2002
- 2003
- 2004
- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
Referendum Vote
Raise CWC assessment cap from 1¢ to 1.75¢ (per inshell pound)

It is your Program

VOTE!

Ballots will be mailed to all growers at the beginning of March. Contact the CWC if you do not receive yours.
Thank you!

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101 Parkshore Drive, Suite 250
Folsom, CA 95630
(916) 932-7070
www.walnuts.org
CALIFORNIA WALNUTS

Bearing Acreage vs. Bearing Trees per Acre, 1996-2011

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Total Availability

*Estimate

Tons (in thousands)

- **2006**
  - Inventory: 30
  - Production: 310
- **2007**
  - Inventory: 30
  - Production: 310
- **2008**
  - Inventory: 30
  - Production: 310
- **2009**
  - Inventory: 30
  - Production: 310
- **2010**
  - Inventory: 30
  - Production: 310
- **2011**
  - Inventory: 30
  - Production: 310

*Estimate
Shelled Shipments-Export

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Foreign Crop Production

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Foreign Crop Production

*Estimate