2010/11 Grower Communication

The State of the California Walnut Industry
Trends
U.S. Walnut Production History

Crop Year

Short Tons - Thousands

'00  '01  '02  '03  '04  '05  '06  '07  '08  '09  '10
Bearing Acreage

Average 5,000 acres every 5 years

* Note Acreage Survey conducted every other year since 2003
Total CA Walnut Availability

Short Tons - Thousands

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

Carry-in Production
Shelled Walnut Utilization

[Bar chart showing the utilization of shelled walnuts from 2002 to 2009. The chart compares domestic and export values for each year, with a significant increase in 2009.]
Inshell Walnut Utilization
Non-Traditional Market Trends
Pounds, In-shell, (000) Omitted
Walnuts Around the World
UNITED STATES
2009 Data

- 87% believe walnuts are healthy (up from 67%)
- 55% believe walnuts provide more health benefits than other nuts
- 55% buying more walnuts than 5 years ago
- **Average purchase frequency increased from 3.47x to 3.91x**
  - Increase to 4.79x for those aware that walnuts contain omega-3s
- 63% believe that walnuts are “a good value for the money”
UNITED STATES
Key Media Events

- Annual Harvest Tour - October
  - Prevention Magazine
  - Every Day with Rachael Ray
  - Food Technology Magazine
- Quest for the Original Health Nut
- Food for Your Whole Life Success

5.8 Billion impressions last year
Grower Resources on Walnuts.org

- **Reports**
  - Monthly Shipment
  - Crop Estimate
  - Inventory
  - Acreage

- **Documents**
  - Federal Marketing Order
  - USDA Grades & Standards
  - Product Developers Guide
  - Walnut Industry Overview
  - Scientific Summary
Grower Resources on Walnuts.org

- **Important Links**
  - Federal – USDA and FAS
  - State – CASS, CDFA, Cal EPA, DPR, CA Farm Bureau
  - DFA of California
  - International Nut and Dried Fruit Federation (INC)
  - UC Davis – Drought & Pest Management, Walnut Research
  - UC Cooperative Extension

- **Other**
  - Meeting Dates, Industry Newsletters, Handler Lists
  - New! Industry Logo Wear
GERMANY
Public Relations Program
KOREA

Brain Food & SAT Campaign

- Extensive advertising
- TV program features
- Retail Promotions
- Online promotions
SPAIN

Public Relations Program
JAPAN

Snacking/Beverage Pairing
Creating a New Eating Occasion of Walnuts

- Cooking and drinking at home trend
- Media event kick-off
- Media tie-ins – print and online
- Retail promotions
CANADA

Trade Development

Retail Promotions / Tie-Ins:

- Sobey’s Atlantic / Quebec
- T&T
- Metro
- Super C

Freshii – Food Service Tie-In
- 14 locations over 6 week period
CHINA

- **Trade Development**
  - Retail promotion with over 80 supermarkets
  - California walnut gift box
  - 30 tons sold

- **New Products**
  - Moon cakes
  - Tianfu Group
  - sold 129,800 boxes
Production Research

18
Projects Funded Last Year

$721,712
Spent on Projects in 09/10

$1,042,000 to be spent in 10/11
Production Research Studies

Ongoing Areas of Research

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

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

Last Year’s Published Research Available on CD
Food Safety
Food Safety Modernization Act (FSMA)

- FDA told to be more Proactive
- Consumer Anger Driving Changes
- First Major Revision in Decades
- FDA Must Have Plan within 18 Months
- Handlers must have Food Safety Plan
Food Safety Act (continued)

- Traceability: Accurate and Fast
- FDA can order Mandatory Recalls
- Expect more FDA inspections at Handlers
- **New Rules** could include Growers and Huller/dehydration operations
- Risk of Over-regulation
Know Your GAP’s & GMP’s

- **Pre-harvest:** water, manure, animals
  - Salmonella and E. coli sources from feces
  - Keep Orchard and nearby areas clean
- **Harvest:** train your employees
  - Hand washing and sanitation practices
  - Equipment cleaning steps
- **Provide a safe & wholesome product**
  - The better job you do, the safer the industry
Current Activities

- **Salmonella Survey**
  - 935 samples (inshell)
  - 19 varieties
  - 20 Handlers
- **Food Safety Training**
- **Salmonella Research**
- **FS Working Group**
Direct Sales by Growers

• By pass the network
  • Against Federal Law
    • No Reports = bad crop/inventory numbers
    • Fines of $1,100 per day/incident
  • A Risk for Food Safety
    • No Inspection
    • No traceability
    • In-transit risk
    • For just a few pennies a pound, exposing the industry to huge risk
. . . You Are Now a Handler!

- You have new reporting requirements!
  - Receipts (including your own production)
  - Assessments
  - Inspection/grading
  - When that demand dries up – what do I do?
  - Risk as Seller

- We can send you a Handler Package!
HEALTH RESEARCH
WALNUT HEALTH RESEARCH

Accepted Papers

• Penn State (West) – Stress and endothelial function
• Harvard/AICR (Mantzoros) – Colorectal Cancer
• Marshall University/AICR (Hardman) – Breast Cancer
• Loma Linda University (Sabate) – Bone Health
WALNUT HEALTH RESEARCH

Studies in progress

- Cardiovascular – 6
- Cancer – 6
- Cognitive Function – 4
- Antioxidants - 1
- Diabetes – 1
- Male Reproductive Health – 1
- Weight Management – 1
- Mediterranean Diet - 6

Spent $665,542 in 2009/2010
California Walnut Commission
Continuation Hearing

Tuesday, April 19, 2011
10:00 am

California Farm Bureau
2300 River Plaza Drive
Sacramento, CA 95833
Thank You!