



C A L I F O R N I A W A L N U T S

# WORKING FOR THE FUTURE

**California Walnut Board & Commission**

JANUARY 30, 2018





# ECONOMIC IMPACT

U.S. and International promotion resulted in:

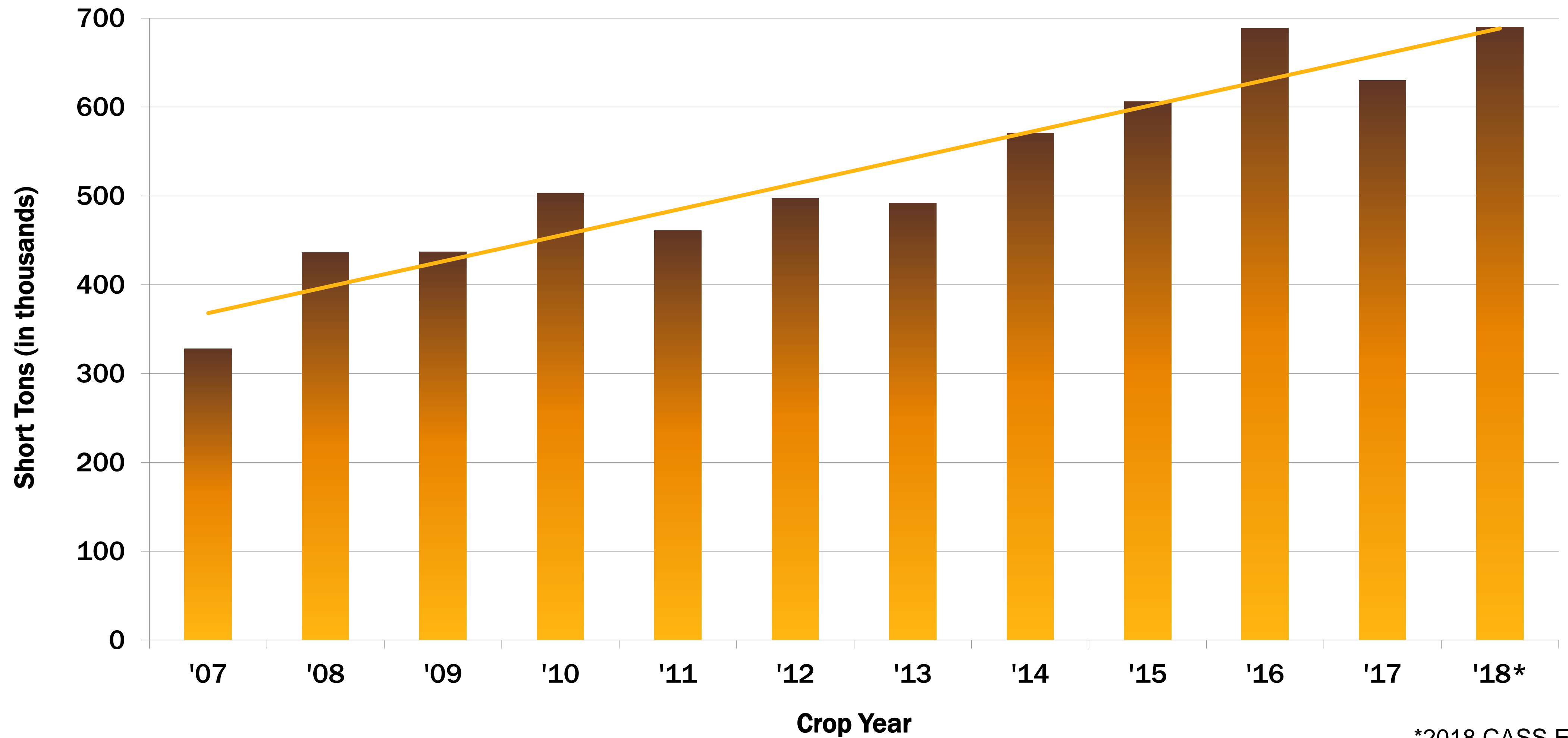
- Every dollar invested in domestic and export promotion returned \$22.41 to the industry
- A total of \$395 million return per year



# WHERE ARE WE TODAY?

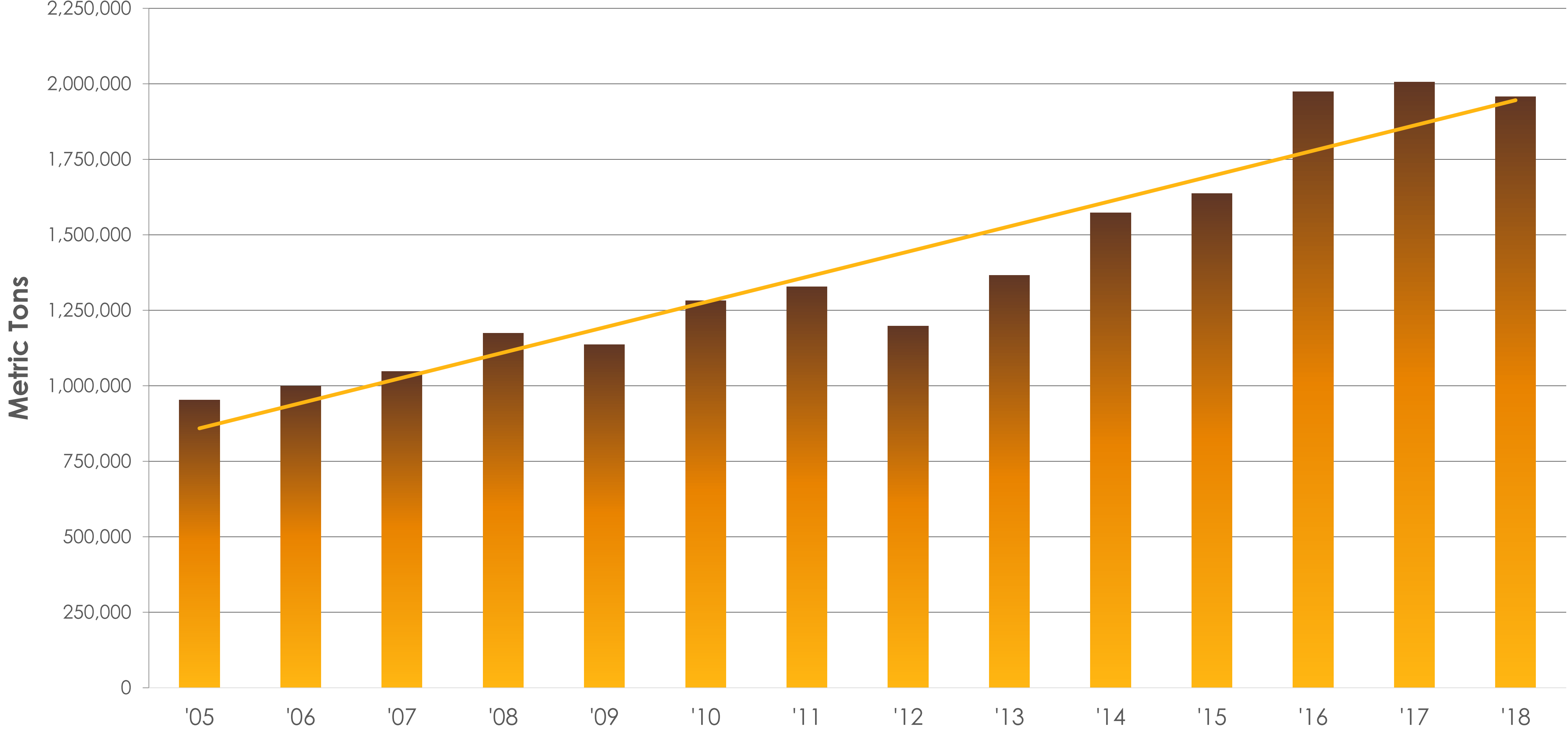
- Tariffs
- California Crop size
- Increased world supply and competition
- The Chilean effect
- Actively engaged with all levels of Government
- Government mitigation programs

# CALIFORNIA WALNUT PRODUCTION



\*2018 CASS Estimate

# WORLD WALNUT PRODUCTION



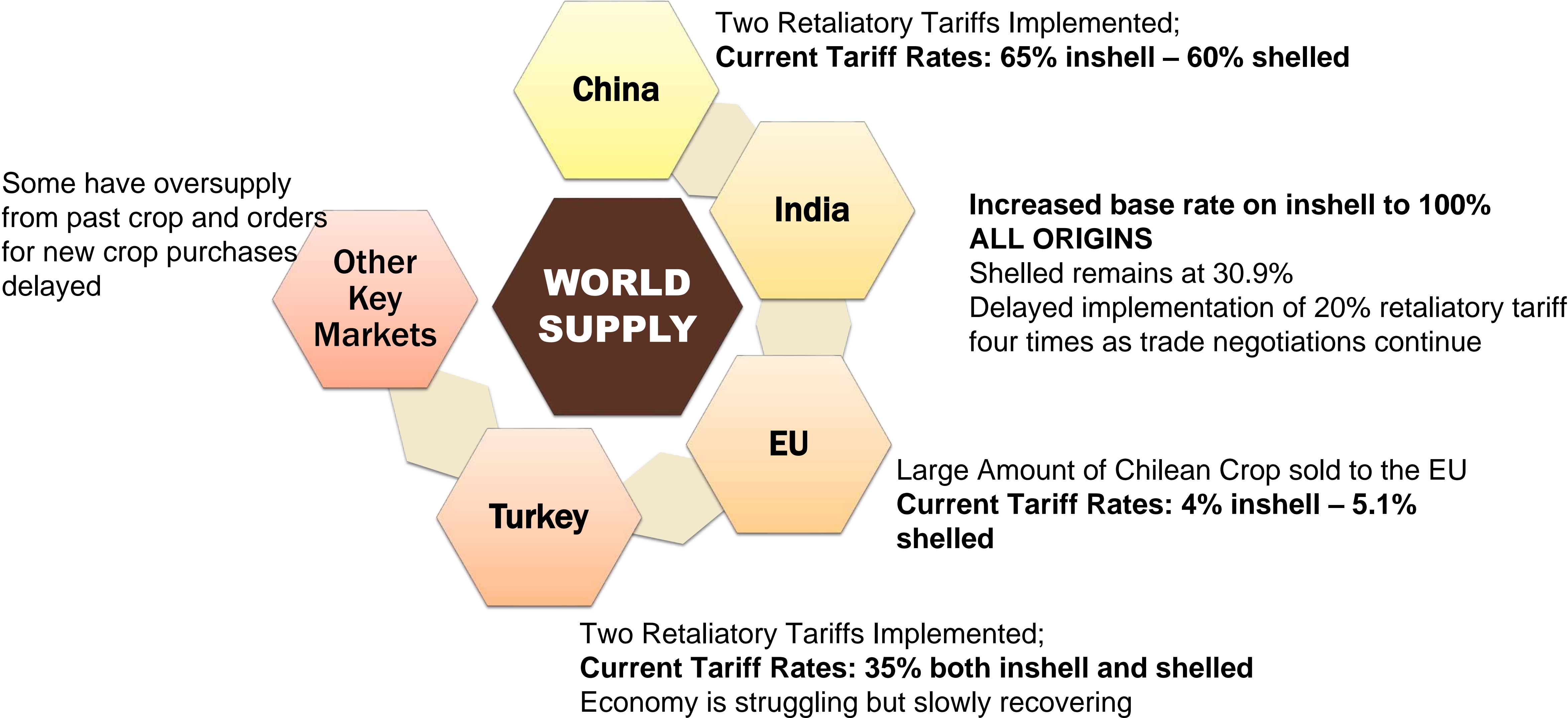




## TRADE POLICY AND TARIFFS



# WORLD SUPPLY AND TARIFFS



# MITIGATION MEASURES

## **Food Purchase & Distribution Program**

- USDA will purchase \$34.6 MM of California walnuts for food bank and nutrition programs
- Benefits entire industry to reduce inventory

## **Agricultural Trade Promotion Program (ATP)**

- Additional funding for our export programs – notification on January 8<sup>th</sup>
- Benefits entire industry to move crop



# FARM BILL

- MAP to remain at current \$200MM level
- Signed by the President and awaiting federal funding
- 2019 MAP funds for export promotion programs delayed due to federal government shutdown



# EXPORT MARKETING





# CURRENT MARKET MIX



## Consumer & Trade

Japan

South Korea

Turkey

India

Germany

Spain

UK

## Trade only

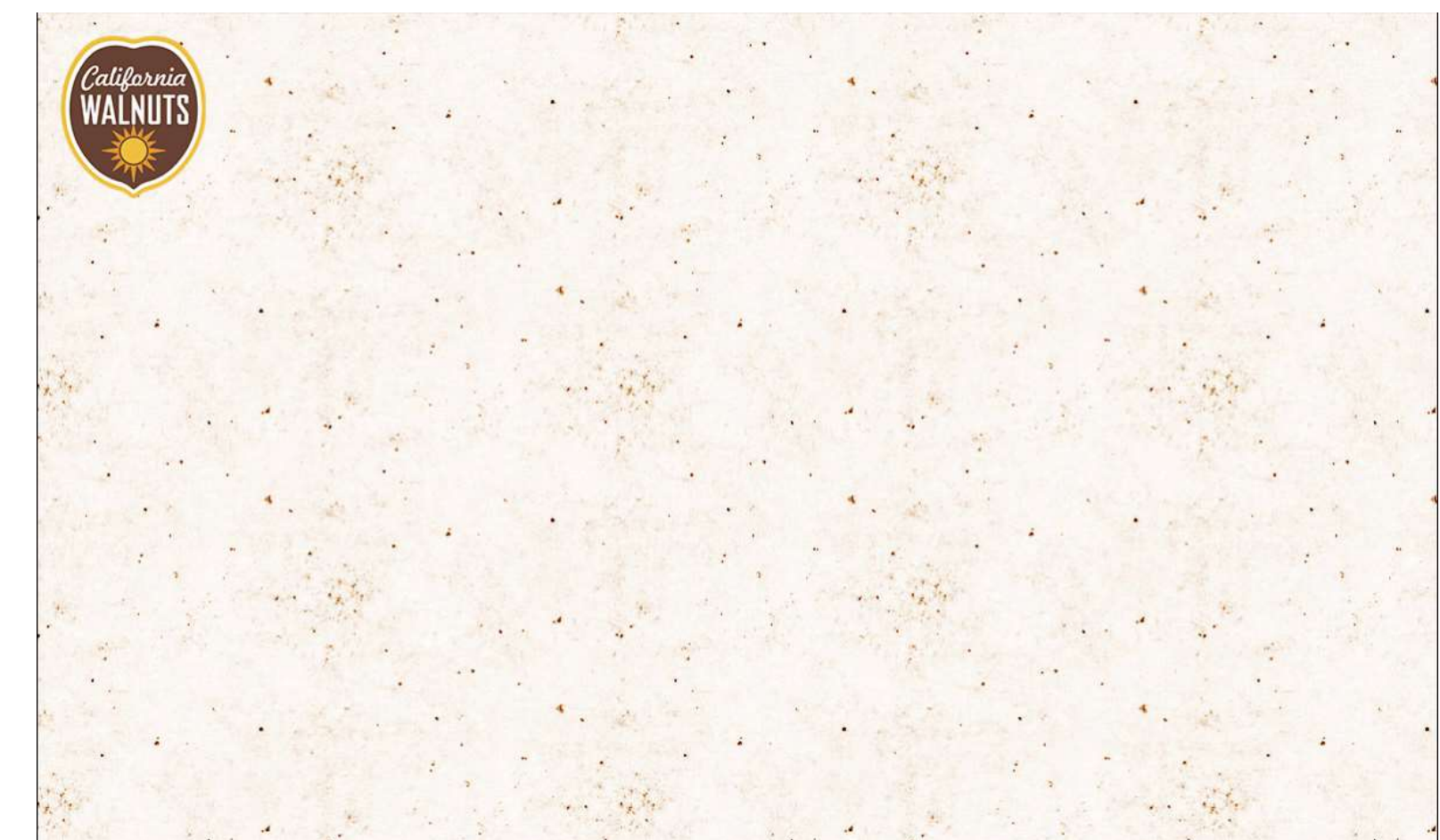
EU Industrial Region

China

UAE (Starts 2019)

# TACTICS – CONSUMER AND TRADE

- Advertising
- Public Relations/Media
- Events/Seminars/Sponsorship/Sampling
- Social/Digital Media
- Trade Promotions/Education/Newsletters
- Opinion Leader Outreach/Health Professional Programs/Health Research
- Retail & Food Segment Promotions





# CONSUMER ACTIVITIES – AWARENESS

## KOREA – TV ADVERTISING





# CONSUMER ACTIVITIES – VOLUME DRIVING

## JAPAN - TV PUBLICITY – 3 MINUTE SHOWS

1. Introduction of California walnuts
2. A reporter introduces the theme and health benefit of the week
3. A doctor is interviewed to discuss the health issue and how eating walnuts will be of benefit
4. The reporter wraps up the story





# CONSUMER/TRADE ACTIVITIES – VOLUME DRIVING RETAIL PROMOTIONS



UK – Tesco

Germany – Kaufland / Netherlands - Albert Heijn





# TRADE ACTIVITIES – AWARENESS

## UK – ADVERTISING (PRINT AND DIGITAL)

**ONE OF THESE MUFFINS USES CALIFORNIA WALNUTS**



California Walnuts are grown and nurtured in the California sun, which gives them a consistently unique creamy texture and flavor.

They are perfect in muffins and as incredibly versatile that they can enhance the texture and flavor of almost any baked good.

Their lighter color will brightly lighten up your products making them stand out with your customers in their own light. And let's not forget the range of nutritional benefits that California Walnuts can add.

To come today and add some California walnuts to your products.

*Brighten up your day with California Walnuts.*

VISIT OUR WEBSITE FOR IDEAS, RECIPES AND LOADS MORE NUTRITIONAL BENEFITS AND INFORMATION.

FOR MORE INFORMATION: [walnuts@californiawalnuts.co.uk](mailto:walnuts@californiawalnuts.co.uk)  
01428 533 755 [www.californiawalnuts.co.uk/Trade](http://www.californiawalnuts.co.uk/Trade)

**ONE OF THESE WHIPS USES CALIFORNIA WALNUTS**



California Walnuts are grown and nurtured in the California sun, which gives them a consistently unique creamy texture and flavor.

Let's not forget, they're also great on their own, right out of the pack, and with a range of nutritional benefits such as omega-3 fatty acids. California Walnuts have so much more to offer.

They are so incredibly versatile and enhance texture and flavor. Not just perfect in sweets, confectionery, California Walnuts will enhance a vast range of products.

To come today and add some California walnuts to your products.

*Brighten up your day with California Walnuts.*

VISIT OUR WEBSITE FOR TRADE INFORMATION, RECIPES AND LOADS MORE NUTRITIONAL INFORMATION ON CALIFORNIA WALNUTS.

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01428 533 755 [www.californiawalnuts.co.uk/Trade](http://www.californiawalnuts.co.uk/Trade)

**ONE OF THESE ICE CREAMS USES CALIFORNIA WALNUTS**



California Walnuts are grown and nurtured in the California sun, which gives them a consistently unique creamy texture and flavor.

Let's not forget, they're also great on their own, right out of the pack, and with a range of nutritional benefits such as omega-3 fatty acids. California Walnuts have so much more to offer.

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**ONE OF THESE CAKES USES CALIFORNIA WALNUTS**



California Walnuts are grown and nurtured in the California sun, which gives them a consistently unique creamy texture and flavor.

Let's not forget, they're also great on their own, right out of the pack, and with a range of nutritional benefits such as omega-3 fatty acids. California Walnuts have so much more to offer.

They are so incredibly versatile and enhance texture and flavor. Not just perfect in sweets, confectionery, California Walnuts will enhance a vast range of products.

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# TRADE ACTIVITIES – VOLUME DRIVING

## TRADE SHOWS



Seoul International Café Show  
Korea

Gulfood-UAE



INC  
Spain



# HEALTH CARE PROFESSIONALS/ HEALTH RESEARCH – AWARENESS

## United Kingdom

- Partnership with Heart UK
- Brochures in Doctor's Offices



## Spain

- Nutrimad Congress



WELCOME TO THE  
CALIFORNIA WALNUT COMMISSION  
SCIENTIFIC AND HEALTH  
RESEARCH MEETING

[californiawalnuts.uk/  
healthcareprofessionals](http://californiawalnuts.uk/healthcareprofessionals)

@walnuts\_uk @walnuts\_uk @walnuts\_uk



# TARIFF AFFECTED MARKETS

## INDIA and TURKEY

- Continued participation at key trade meetings, tradeshows and events
- Basic PR/Press Activities
- Social Media Influencer Outreach



## CHINA

- Continued participation at key trade meetings, tradeshows and events





# NEW INTERNATIONAL PRODUCTS



Yogurt



Walnut Milk



Coffee Drink



Juice Drink



Cereal Bar



Cream Cheese



Potato Salad



Granola



Tapenade



# NEW PRODUCT ANNOUNCEMENT

**Bloomberg**

Checkout

## **Nestle Plans Vegan Push With No-Meat Burger, Purple Walnut Milk**

Seeking millennial cred with alternative proteins, the Swiss giant sees its vegan business reaching \$1 billion within 10 years

By [Corinne Gretler](#)

December 27, 2018, 9:00 PM PST





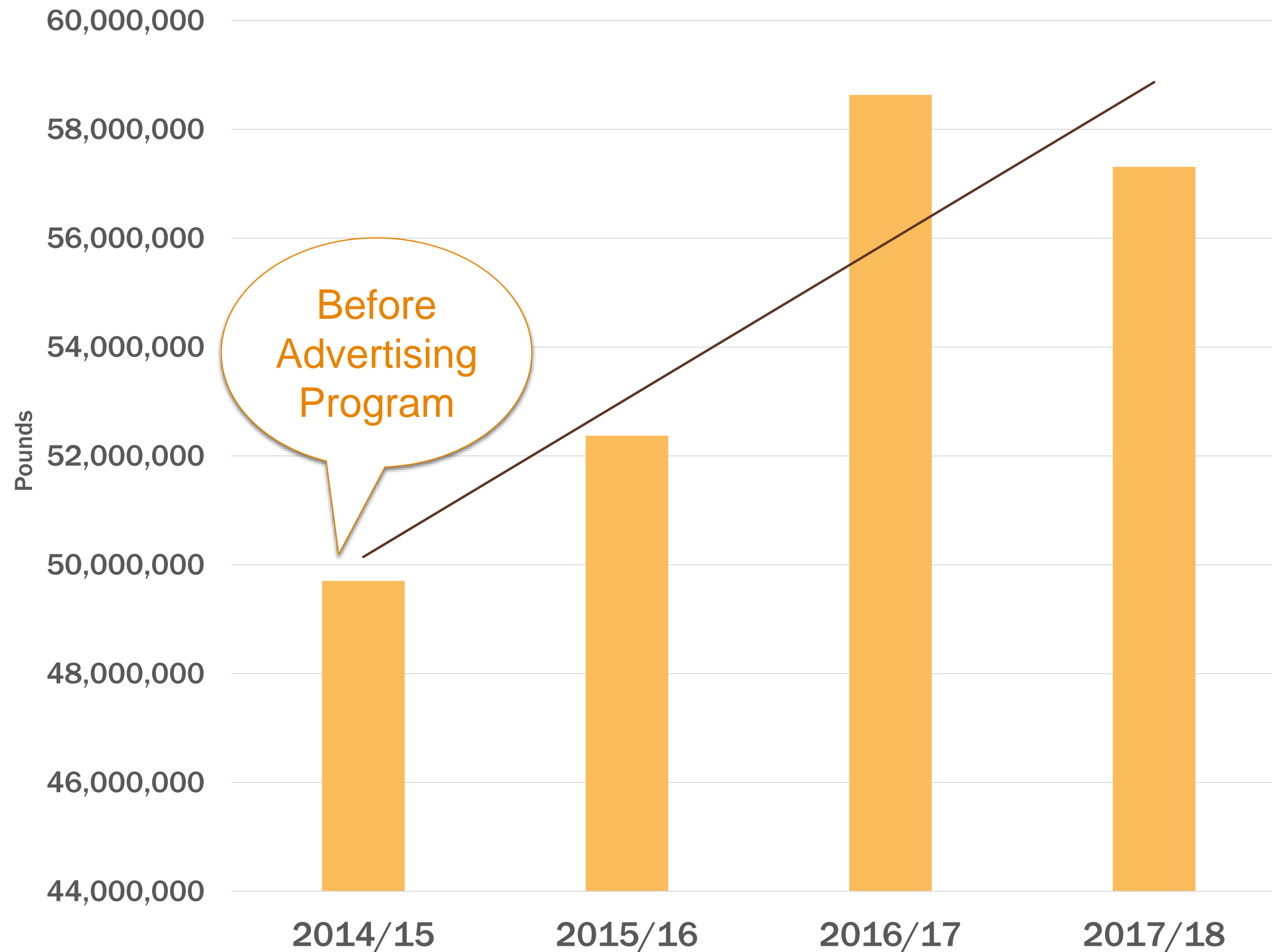
# DOMESTIC MARKETING





# U.S. RETAIL SALES

excluding Costco and bulk



**Roasted Tomato Walnut Chicken**

## California Walnuts

FOR THE BEST SIMPLE MEALS EVER

From starter to entrée, add flavor, texture and heart-healthy\* goodness with great tasting California walnuts. For these recipes and more, visit [Walnuts.org](http://Walnuts.org)   

 Per one ounce serving, \*Heart-Check food verification does not apply to recipes unless expressly stated. See [heartcheckmark.org/guidelines](http://heartcheckmark.org/guidelines). Supportive but not conclusive research shows that eating 1.5 ounces of walnuts per day, as part of a low saturated fat and low cholesterol diet and not resulting in increased caloric intake, may reduce the risk of coronary heart disease. ©DAI One ounce of walnuts provides 18g of total fat, 2.5g of monounsaturated fat, 1.5g of polyunsaturated fat including 2.5g of alpha-linolenic acid - the plant based omega-3.

 So Simple. So Good.™

**Walnut Cheese Crostini**      **Walnut Kale Caesar Salad**      **Broccoli Walnut Au Gratin**



# RETAIL TRENDS

- Growth of Snacking - now 50% of all eating occasions
- Decline in Cooking – 1 in 10 actually enjoys preparing dinner, while 45% hate it
- Buying Power of Millennials – Concerned about food and nutrition, they are driving sales of simpler, healthier choices
- Convenience – Up to 80% don't know what they're having for dinner by 4 pm
  - Meal kits at retail – sales up 21.9% over a year ago
  - Deli/Fresh Prepared is a priority growth area for retailers

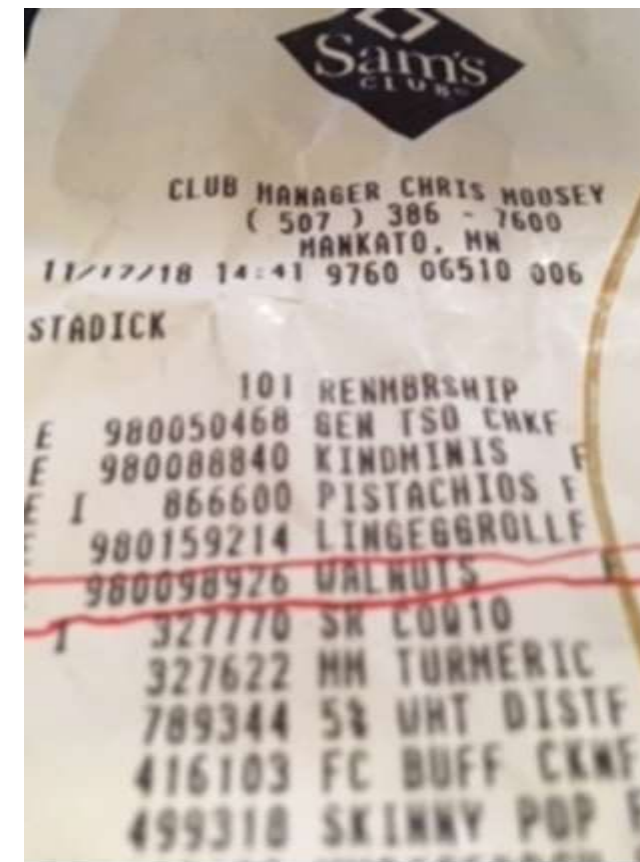




# GOLDEN WALNUT SWEEPSTAKES

Reminiscent of Willy Wonka's golden ticket, we created demand for CA walnuts by turning a select number of bags of walnuts into prize winning treasures.

- From November 15 through December 31, every bag of walnuts purchased could be the lucky bag worth \$5,000, with 100 prizes of \$100 Visa gift cards.
- National promotion across social, search, and programmatic display to priority target audiences to drive scale.
- Sweepstakes received **28,845 entries** and **190,000 visits** to the landing page on walnuts.org.





# 2019 FEBRUARY HEART MONTH RETAIL PROGRAM

Three markets: Denver, Richmond (VA), Sacramento

Support with local advertising (i.e. spot TV, print, radio, etc.)

Engage supermarket RDs through participating retailers



Heart Health  
in a Nutshell

*Celebrate* American Heart Month  
with California Walnuts

California Walnuts are a **good-fat food** that bring flavor, texture and **heart-healthy\*** goodness to all of your favorite meals.

For recipes and more, visit [walnuts.org](http://walnuts.org)

Butternut Squash, Quinoa, Pear and Walnut Bowl  
Per one ounce serving.

\*Heart Check Food certification does not apply to recipes unless expressly stated. See [heartcheckmark.org/guidelines](http://heartcheckmark.org/guidelines). Supportive but not conclusive research shows that eating 1.5 ounces of walnuts per day, as part of a low saturated fat and low cholesterol diet and not resulting in increased caloric intake, may reduce the risk of coronary heart disease. (FDA) One ounce of walnuts provides 18g of total fat, 2.5g of monounsaturated fat, 13g of polyunsaturated fat including 2.5 of alpha linolenic acid - the plant based omega 3.



# FOODSERVICE PROGRAM

- Reaching our target audience of chefs through:
  - Media outreach
  - E-Newsletter and social media
  - Content marketing
  - Advertising
  - Events
- Limited Time Offers
  - Wendy's
  - Sizzler





# INDUSTRIAL PROGRAM

- Reaching our target audience of product developers and brand managers through:
  - Media outreach
  - Content marketing
  - Advertising
  - Events
  - New product development



Walnuts being one of the few  
**“real, natural ingredients”,**  
compared to the plethora of engineered  
ingredients, is a built-in attraction!



# NEW PRODUCTS





# SHELF LIFE & NEW USES

- Focus switching to post harvest shelf life extension projects (edible coating) and consumer oriented products.
- Working with consultant to use walnut pieces (Small, Medium and Combo).
- Using Dark and Light Chocolate bases in bars.





# NEWS FOR GROWERS





# STATUS OF CHLORPYRIFOS?

- DPR has started the process to list Chlorpyrifos as 'Toxic Air Contaminant (TAC)'
- New interim restrictions beginning January 1, 2019
  - Ban aerial applications
  - Discontinue use on most crops, only 'critical use' exemptions as needed
  - ¼ mile buffer zone
  - 150 ft setback from homes/schools/businesses.



# WHAT IS STATUS OF COPPER SPRAYS?

- **Summer 2017 EPA** recommended that copper applications for blight control be reduced by 25% (from 32#/acre to 24#/acre).
- **CWC joined newly formed Copper Task Force:** Submitted scientific data showing 24#/acre will not control blight in a wet, high pressure year.
- **EPA Listened!!!** Announced 12/7/18 “the Agency is not changing the current single or annual application rates for walnuts”



# PRODUCE SAFETY RULE: YEAR 3 TRAINING

- **CWB is funding a 3<sup>rd</sup> year** of training for growers and hullers.
- **Required one time; 8 hours.**
- **CDFA** will begin farm audits during 2019 harvest.
- Chico (Feb 25), Stockton (Mar 14)



# IN SUMMARY...

- This crop year will be a challenging one
- There are activities in place globally designed to DRIVE VOLUME
- The CWC is making sure your voices are heard regarding tariffs and other issues
- The CWC is participating in programs that make sense to mitigate tariff effects
- Research is being undertaken to solve issues of using walnuts in new and innovative ways



**THANK YOU**

C A L I F O R N I A

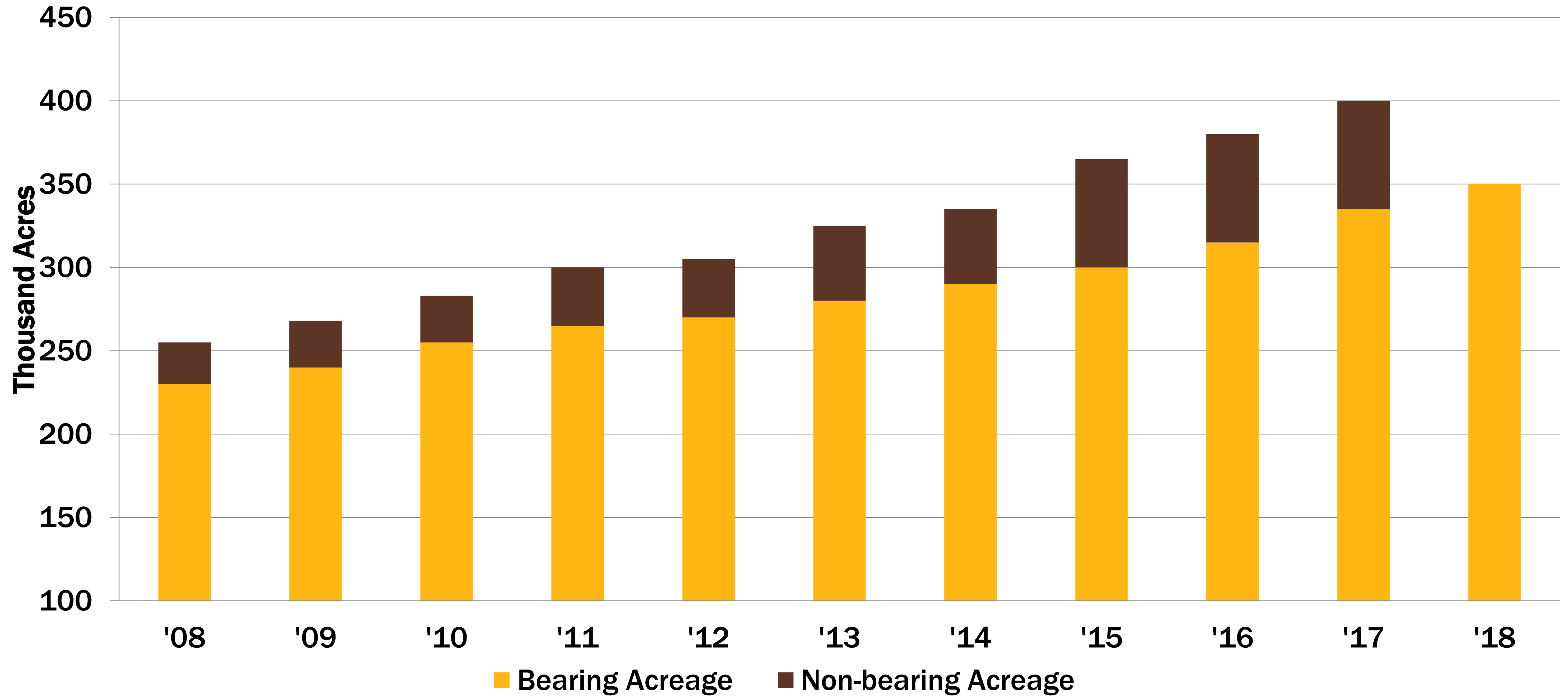
**WALNUTS**



# Appendix



# BEARING ACREAGE





C A L I F O R N I A  
W A L L N U T S

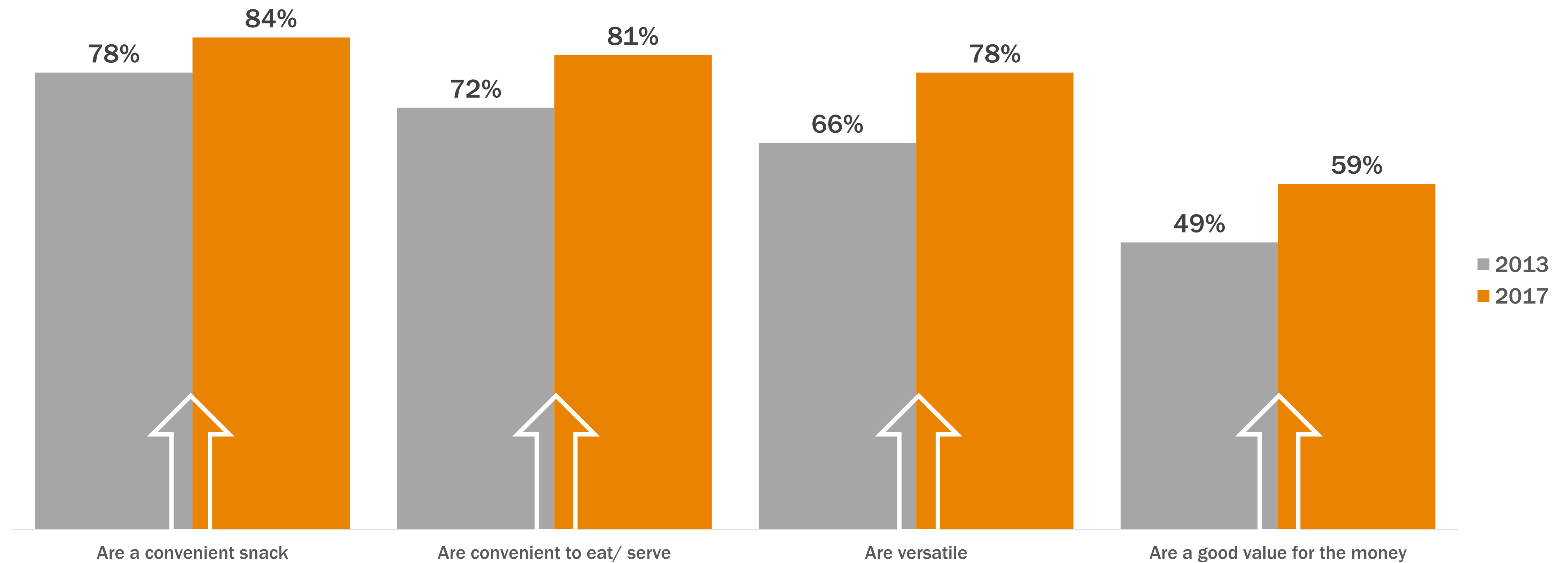
**RETURN ON INVESTMENT**





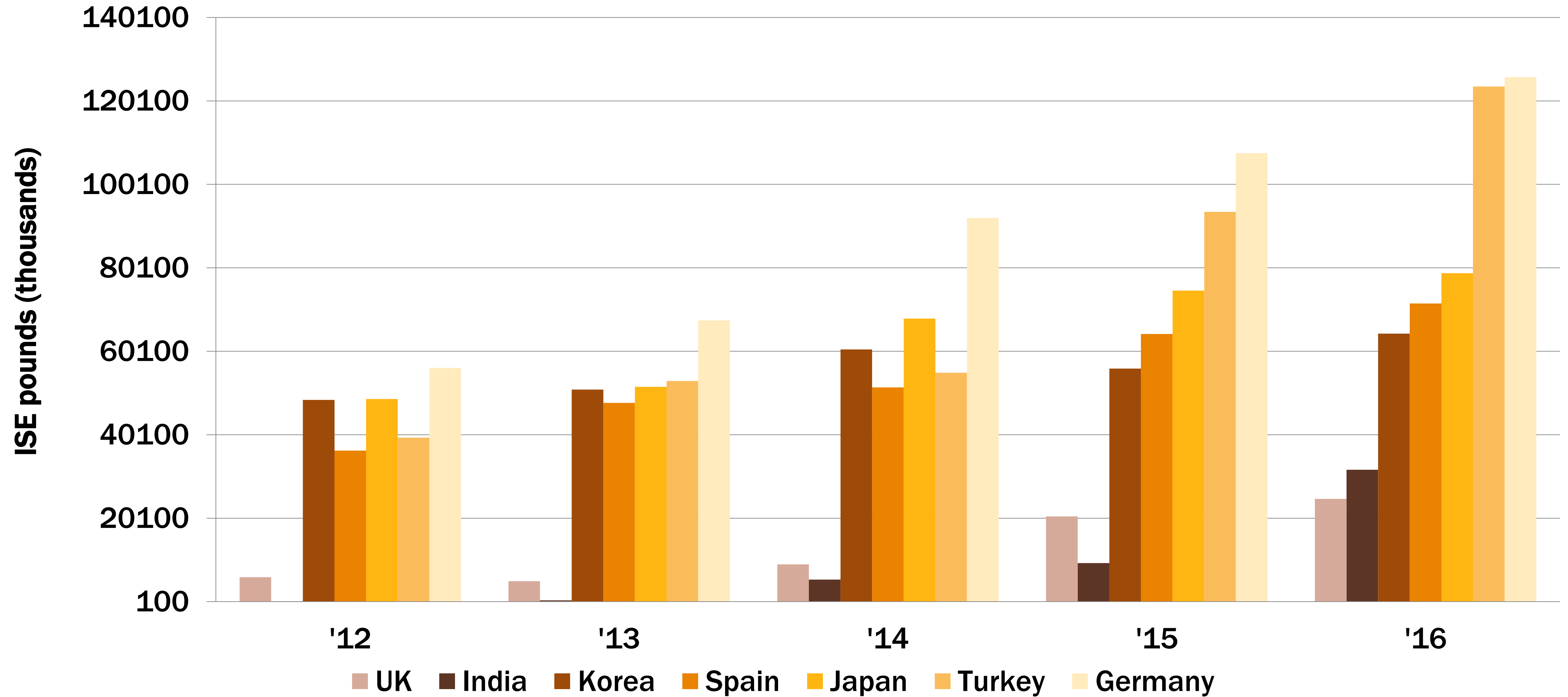
# U.S. VALUE PERCEPTIONS OF WALNUTS

## Perceptions of Walnuts – Convenience + Value





# EXPORT RESULTS





# CONSUMER ADVERTISING



**California Walnuts**  
FOR THE BEST SIMPLE MEALS EVER

From starter to entrée, add flavor, texture and heart-healthy\* goodness with great tasting California walnuts. For these recipes and more, visit [Walnuts.org](http://Walnuts.org)   

 **Heart-healthy\*** Heart-healthy walnuts are rich in heart-healthy monounsaturated fats, fiber, antioxidants and omega-3 fatty acids. Walnuts are also a good source of protein, iron, calcium, potassium, magnesium, zinc, and phosphorus. \*See walnuts.org for more information.

 So Simple. So Good.™

**California Walnuts**  
FOR THE BEST KID FRIENDLY MEALS EVER

For flavor, crunch and heart-healthy\* goodness, remember the California walnuts. For these and other recipes your kids will love, visit [Walnuts.org](http://Walnuts.org)   

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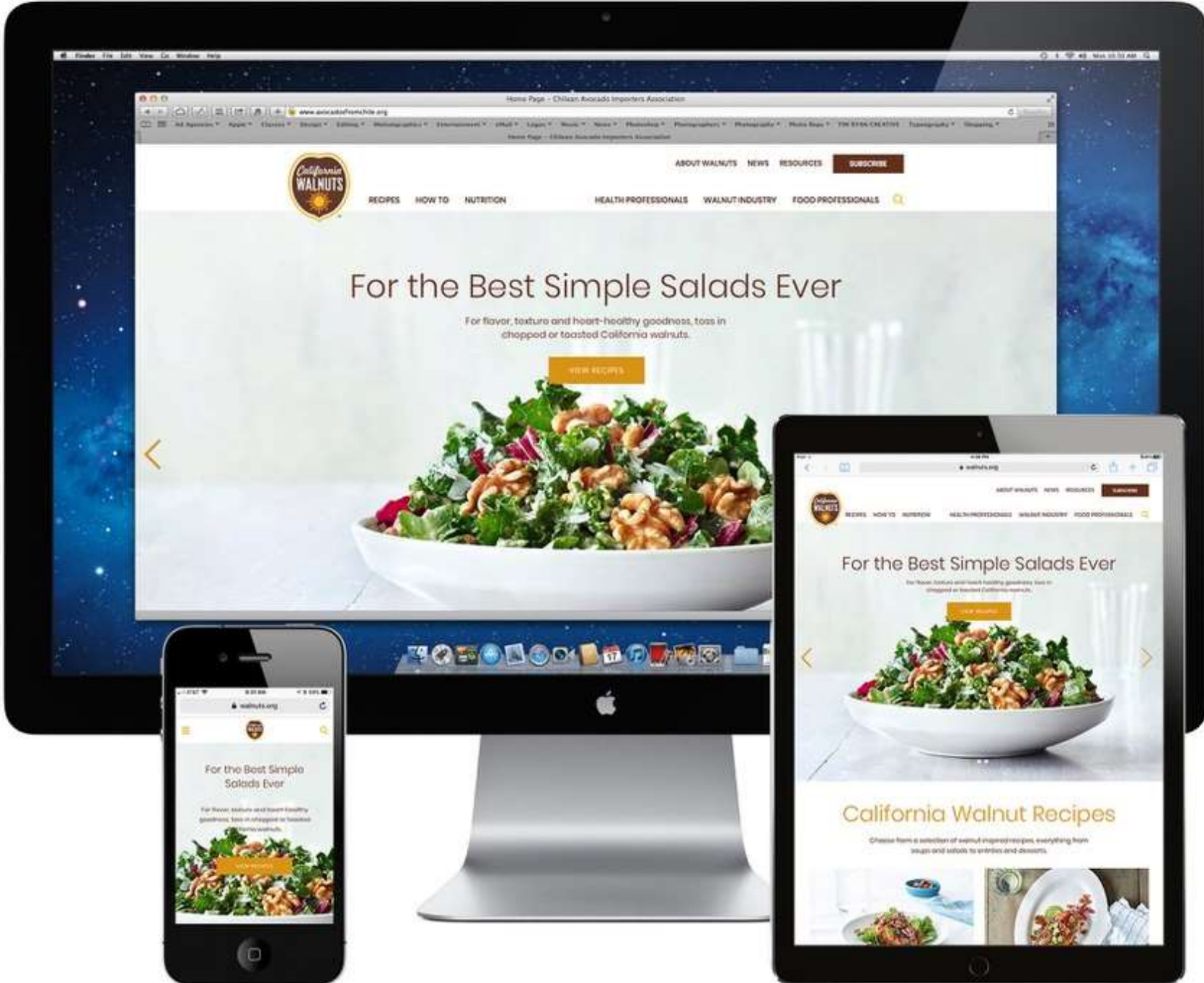
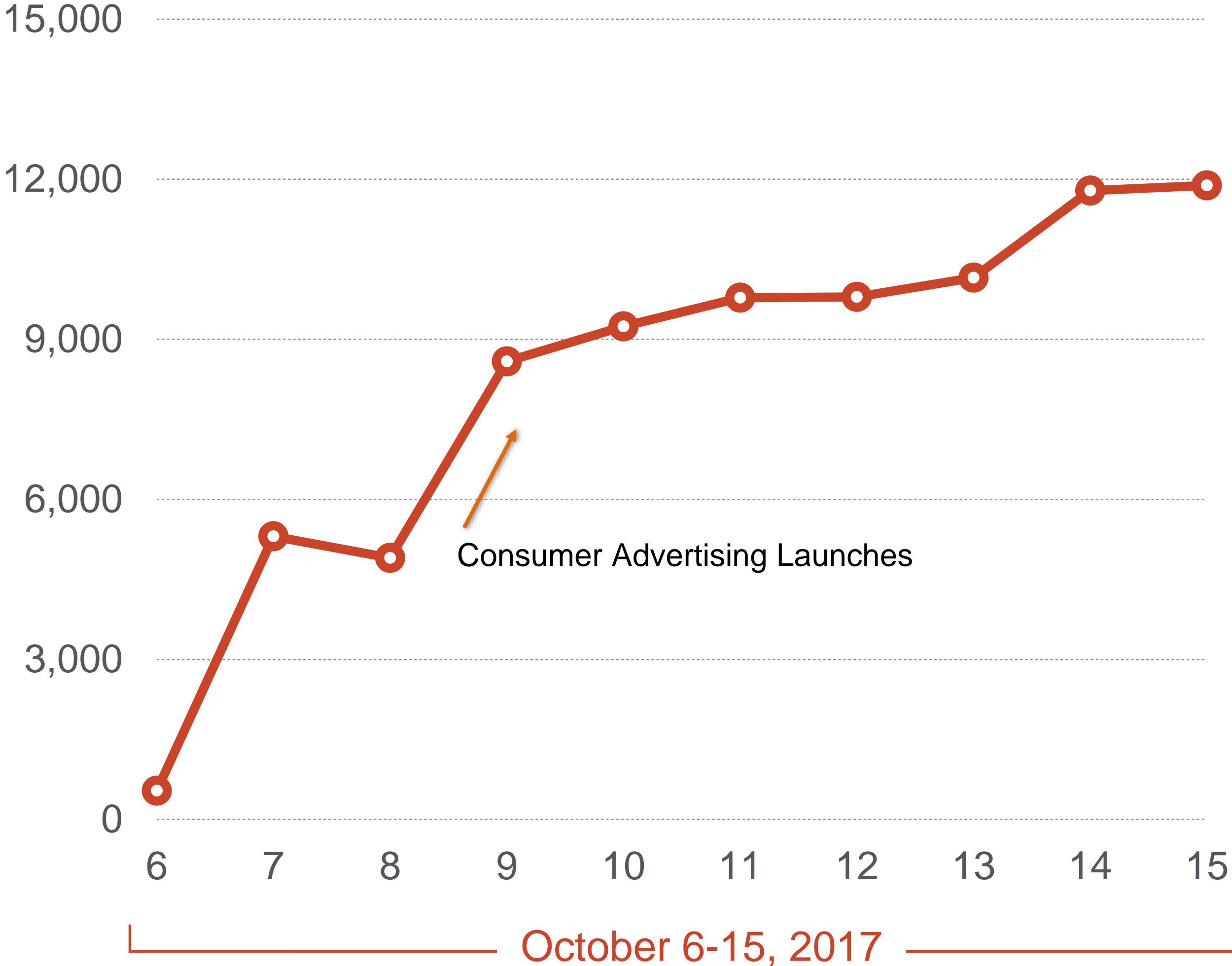
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# ADVERTISING SPIKES WEBSITE TRAFFIC





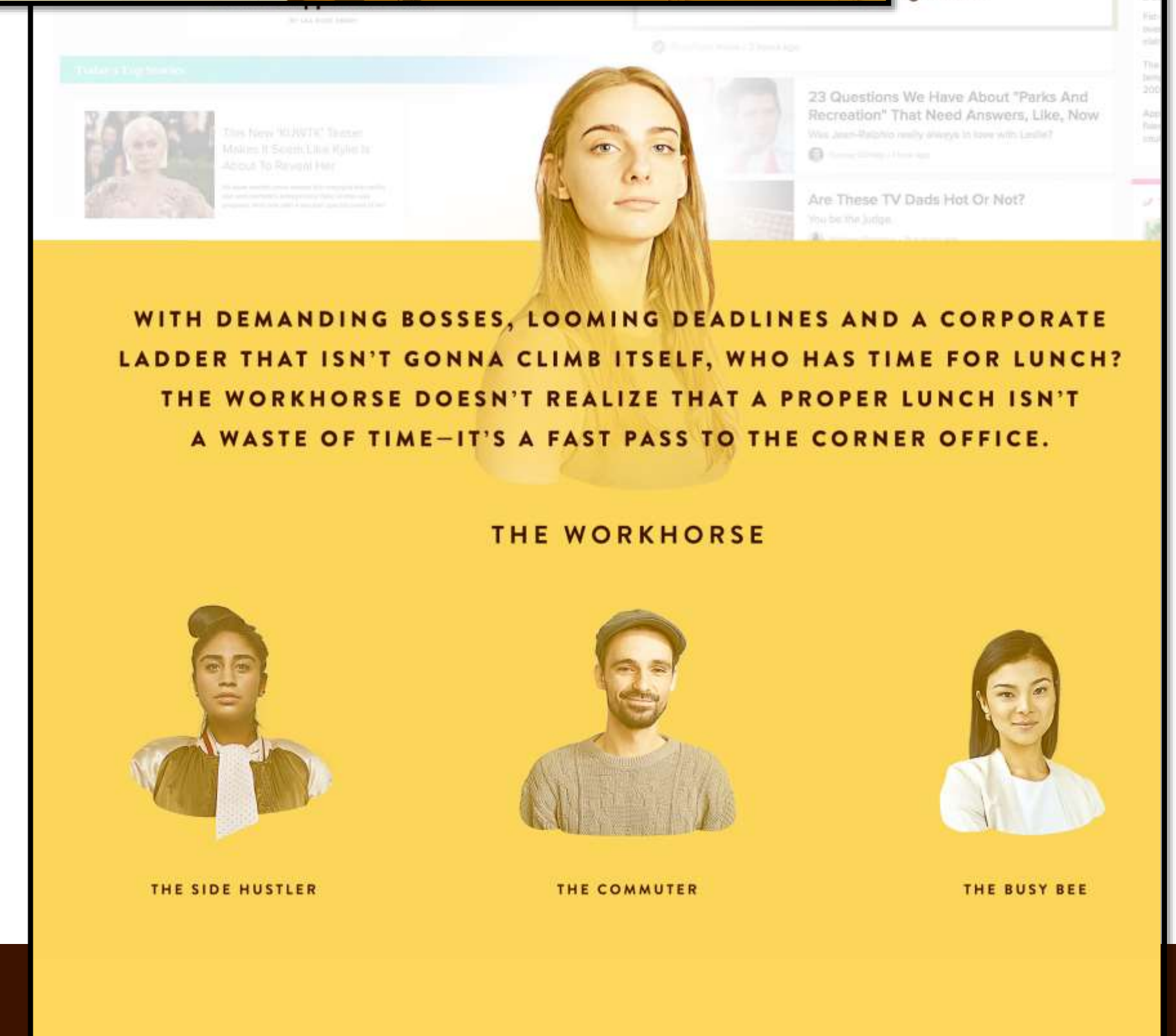
# LUNCHTIME REVIVAL

## Why?

- ~29% of Americans skip lunch daily
- It demonstrates versatility and the benefits of walnuts

## Tactics

- Lunch Skipper Quiz
- Easy hacks for mindful lunches
- Lunch for the media
- Influencer partnerships
- Lunch break calendar invite
- Mind puzzles





# TRADE AGREEMENTS

- NAFTA 2.0 - The United States and Mexico have reached an agreement to change parts of NAFTA – now the “United States-Mexico Trade Agreement”
- Potential for a U.K. bilateral agreement (can't commence talks legally until Brexit transition team begins in March, 2019)
- Possible MOU on Agriculture with Saudi Arabia
- Bi-lateral possibilities with the Philippines and Africa (Kenya, Ghana & Côte d'Ivoire)
- Vietnam also remains on the short list for a possible bi-lateral



# TARIFF OVERVIEW

Market	Tariff Inshell	Tariff Shelled	Tariff Status
Europe	4%	5.10%	Comments to USTR TTIP Negotiations. TTIP has not been terminated but has been shelved with focus on bilateral potential
Japan	10%	10%	Would have dropped to zero under TPP. U.S. is seeking to negotiate bilateral, Japan refuses and wants the TPP route or WTO.
Korea	24%	0%	Inshell phase out continued to 2026.
China	Base of 25% <b>Now 65%</b>	Base of 20% <b>Now 60%</b>	Retaliatory Tariff of 15% (Apr 2018) and 25% (July 6, 2018) makes effective duties 65% (inshell) and 60% (shelled).
India	<b>Base NOW 100%</b> 120% on 9/18/18  10% Cess	<b>Base of 30.9%</b> 50.9% on 9/18/18  10% Cess	Increased base rate on inshell only to 100% from 30.9% (May 23, 2018) all origins. Retaliatory Tariff of 20% (Delayed to Sept. 18, 2018). India is considering assessing tariff by volume, as is practice with almonds. 10% Social Welfare CESS on all imported goods
Turkey	Base of 15% 25%  <b>Starting 8/15/18 35%</b>	Base of 15% 25%  <b>Starting 8/15/18 35%</b>	Tariff was reduced indefinitely from 43.2% to 15% (Jan 1, 2018) Retaliatory Tariff of 10% (June 21, 2018) for all shipments on water before 8/15/18 Revised Retaliatory Tariff of 20% (Aug. 15,2018) for all new shipments



# TARIFFS

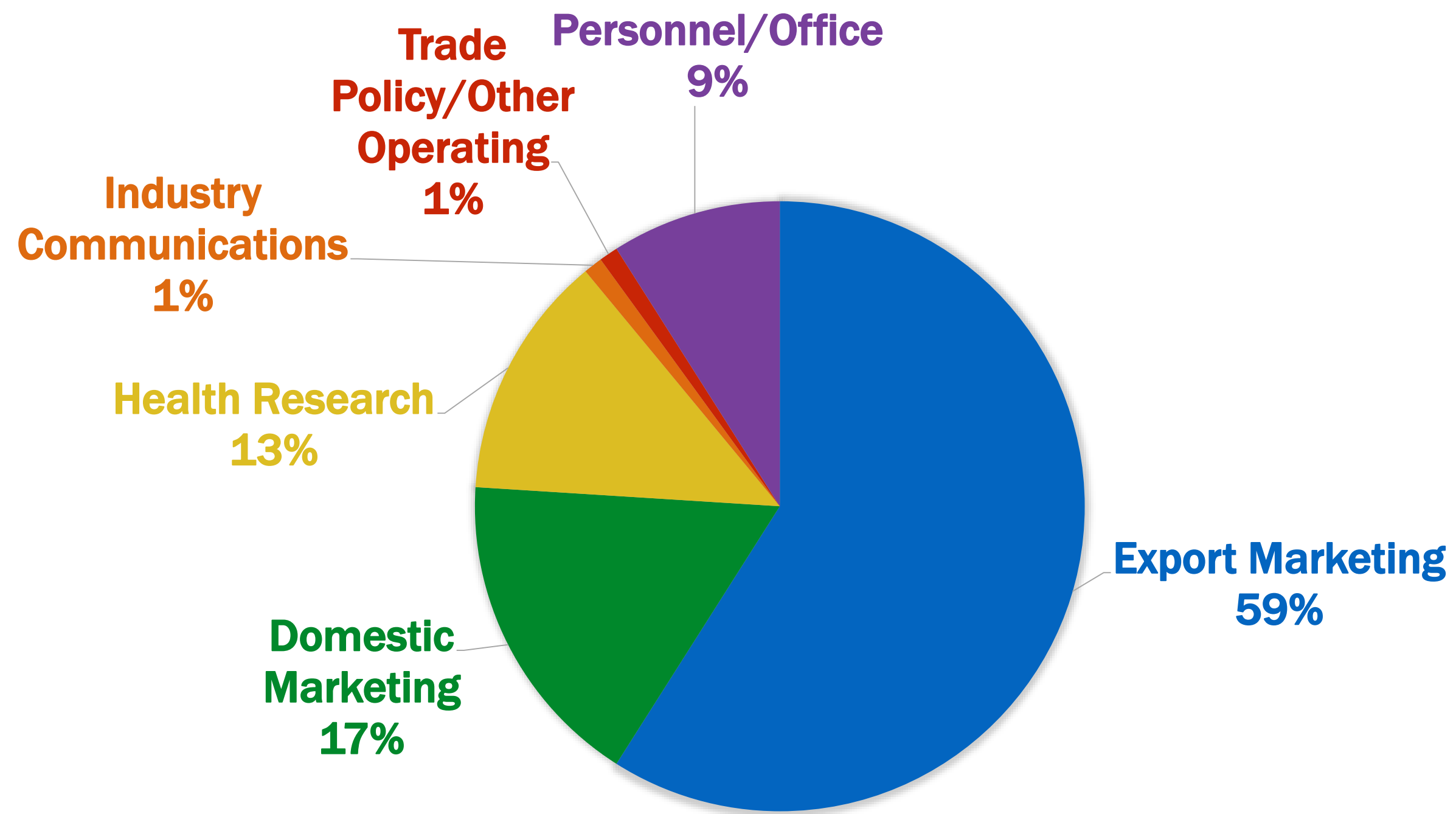
232 Tariff in response to US Steel and Aluminum tariffs;  
301 Tariff in response to increased US tariffs to China only

Market	Tariff Actions	Current Tariff Rate
China	15% 232 Tariff and 25% 301 Tariff	<b>65% inshell</b> <b>60% shelled</b>
India	20% 232 Tariff <i>(Delayed to 11/2/18)</i>	<b>100% inshell</b> <b>30.9% shelled</b>
Turkey	10% 232 Tariff 20% 232 Tariff	<b>35% on both inshell and shelled</b>
Canada	10% on nut pastes/purees	<b>10% on only nut pastes and purees</b>
EU	None – base rates unchanged	<b>4% inshell</b> <b>5.1% shelled</b>
Japan	None – base rates unchanged	<b>10% both inshell and shelled</b>
Korea	None – base rates unchanged	<b>24% inshell</b> <i>(phasing to zero by 2026)</i> <b>0% shelled</b>



# BUDGET ALLOCATIONS

**CALIFORNIA WALNUT COMMISSION  
% OF BUDGET**



**CALIFORNIA WALNUT BOARD  
% OF BUDGET**

