

# California Walnuts Industry Update

Spring 2022



# CWCB/CWC Roles



# California Walnut Board & Commission

## One Industry – Two Entities

### California Walnut Board

- **U.S. Marketing to Build Demand**
- Production & Post-Harvest Research
- Food Safety
- Grades & Standards
- Regulatory Matters

### California Walnut Commission

- **International Market Development to Build Demand**
- Health & Nutrition Research
- Educate Government Officials
- Trade Policy
- Communication within the Industry



*Joe Grant  
Production  
Research Director*



*Heather  
Donoho  
Director of  
Operations*



*Pam Graviat  
Senior  
Marketing  
Director,  
International*



*Pam Arsondi  
Accounting  
Assistant*



*Claire Lee  
Assistant  
Marketing  
Director,  
International*



*Dana Hull  
Executive  
Coordinator*



*Jennifer  
Olmstead  
Senior Director  
of U.S.  
Marketing &  
Communications*



*Kristin Mills  
Marketing  
Administrative  
Assistant*



*Jennifer Williams  
Marketing Director,  
U.S.  
Branding & Food  
Innovation*



*Joshua Rahm  
Director  
Regulatory &  
Technical  
Affairs*



*Carol Berg Sloan, RD  
Health Research  
Director*

California Walnuts

# Current Market Update

# Industry Challenges



# Suspension of Outbound Inspections

## Modernizing the Marketing Order

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- Update the Marketing Order's mandated outgoing inspection process
- Remove redundancies and duplicative costs
- CWB is undergoing formal rulemaking changes through the USDA
- CWB Assessments are tied to inspections
- CWB will continue essential operations by tapping budget reserves



# Effects of Modernizing the Order

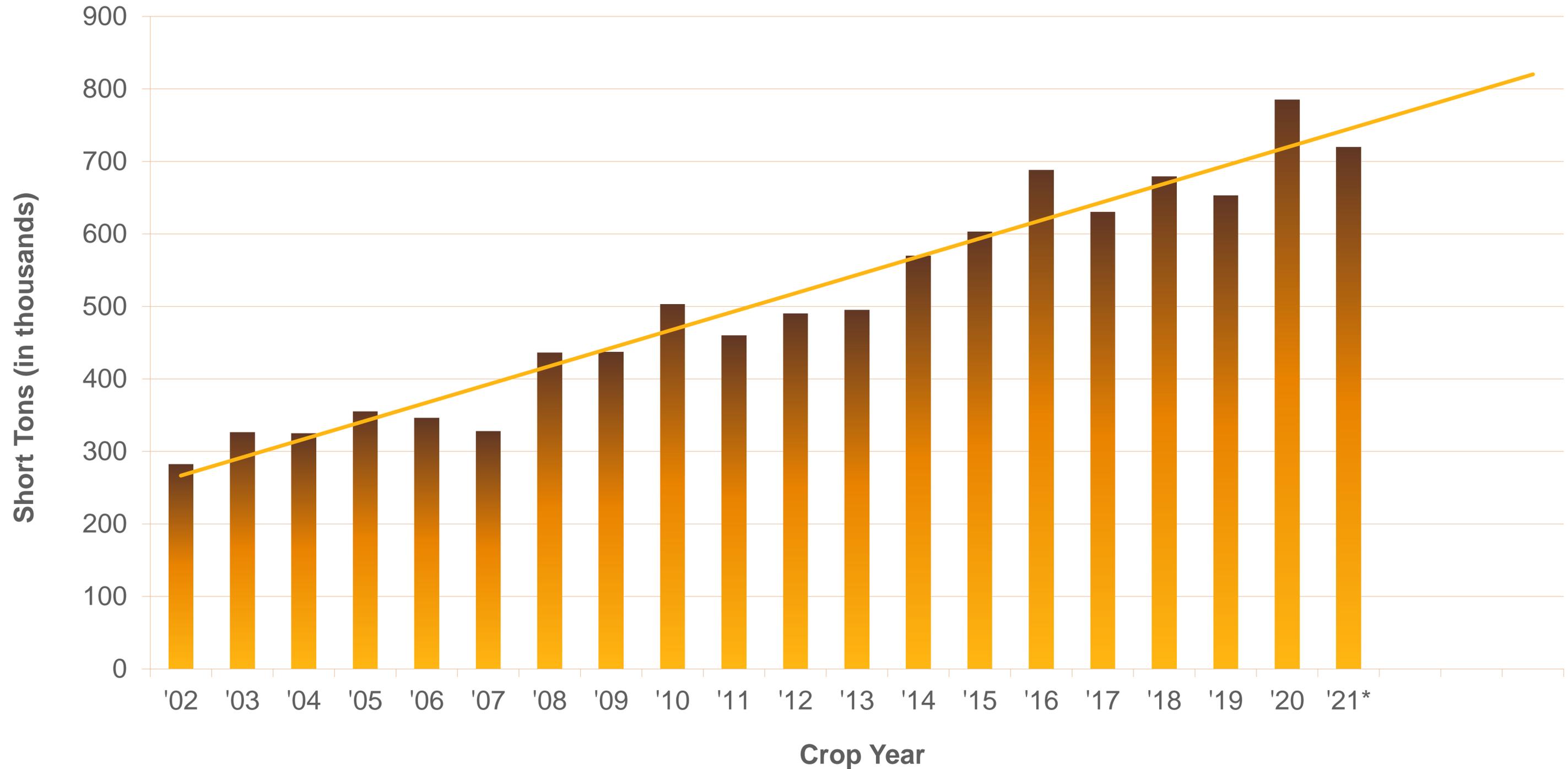
## Implications and budget cuts

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- The California Walnut Board (CWB) is currently NOT collecting assessments
- Credit back program is suspended
- Domestic Marketing budgets have been reduced by 69%
  - Elimination of foodservice program
  - Food manufacturing program cut in half
  - Consumer advertising reduced by 78%
  - Public relations cut by 28%
  - Retail program cut by 83%, leading to the elimination of new shopper marketing agency and national instore programs
- Export Marketing budgets remain fully funded with assessment collection through the California Walnut Commission (CWC)



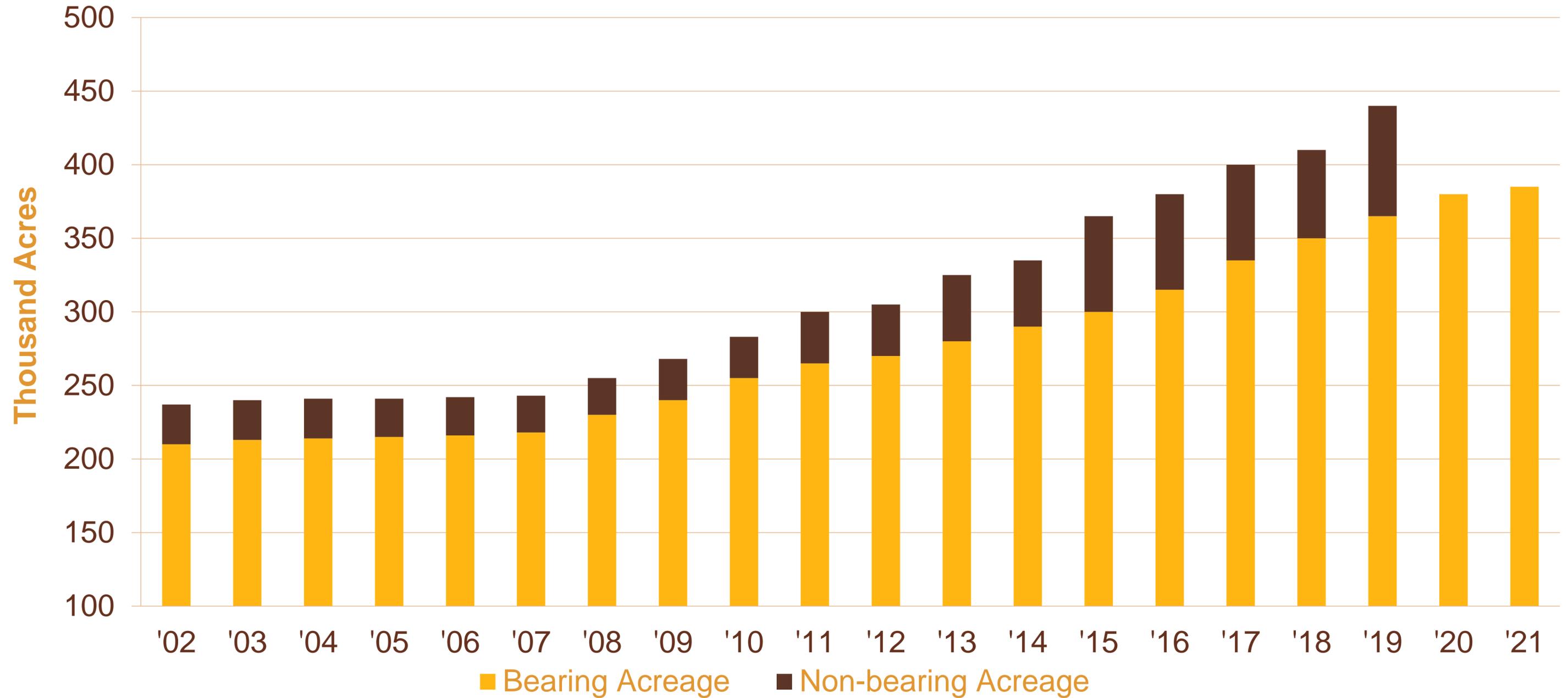
# California Walnut Crop



\*Estimate

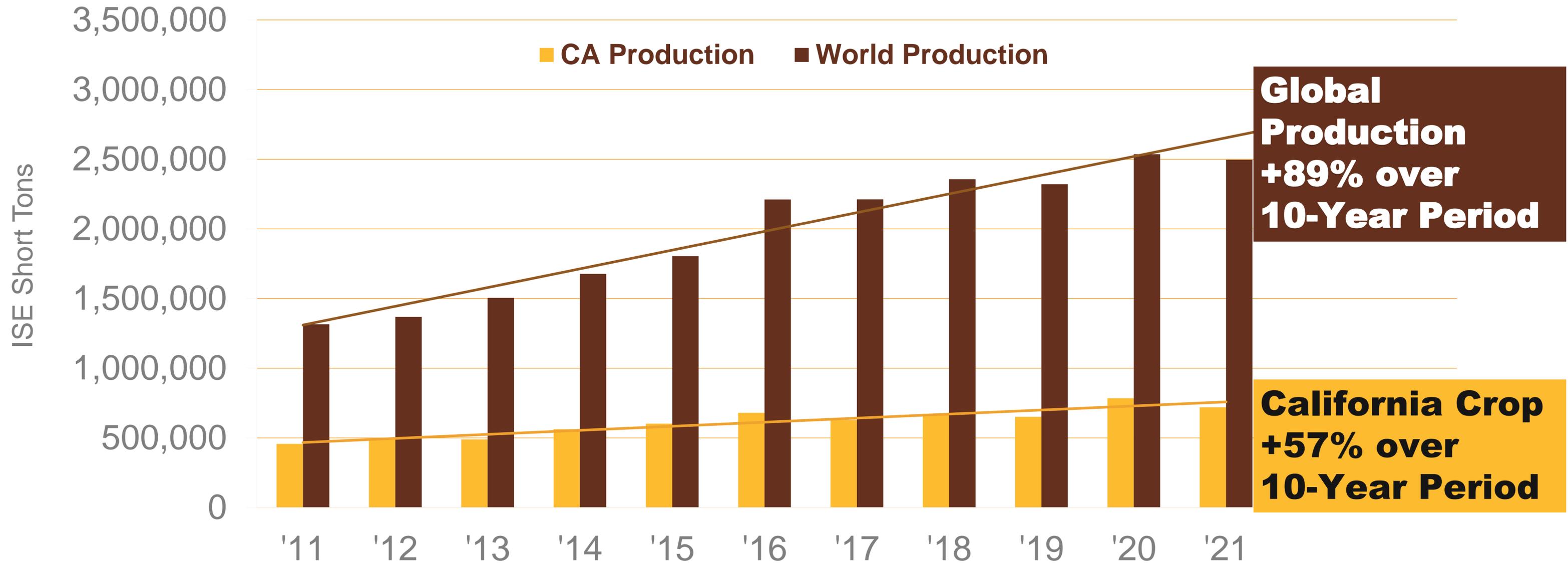
California Walnuts

# California Acreage



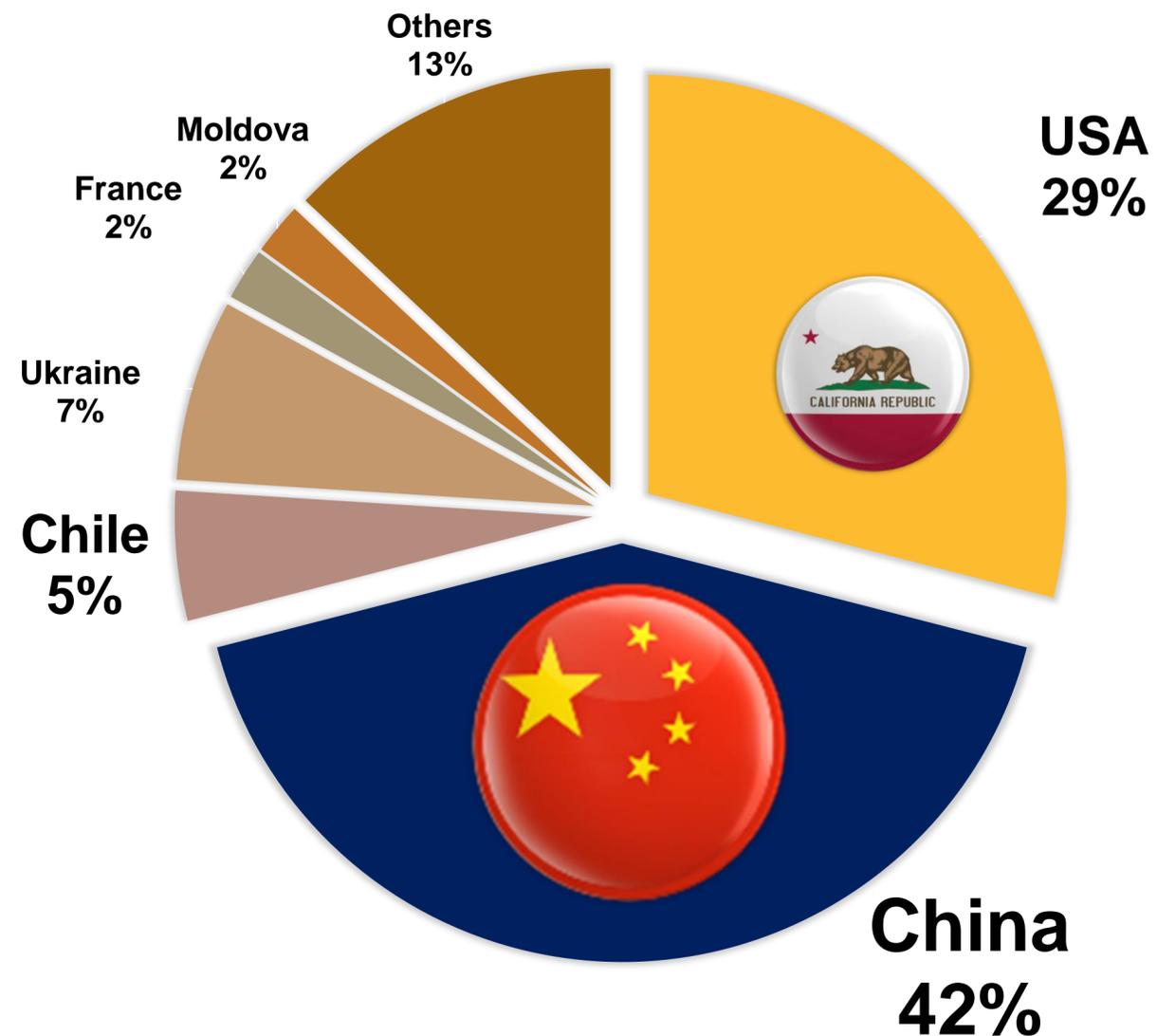
# Production - Past 10-Year Supply Growth

## California compared to Global

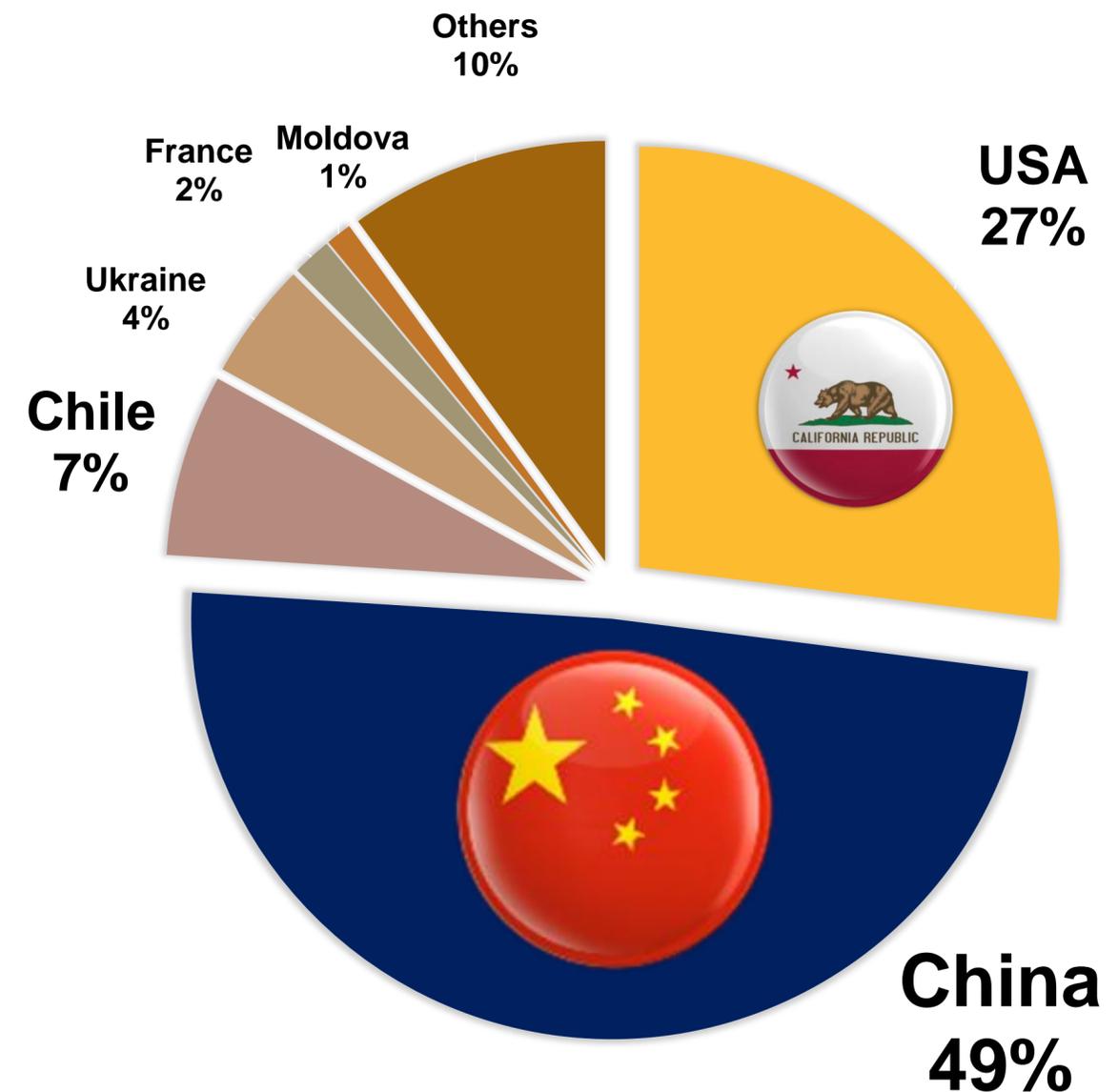


# World Production - ↑ 253,000MT in 5 years

**2017/18 Crop Year**  
**2,011,795 MT**

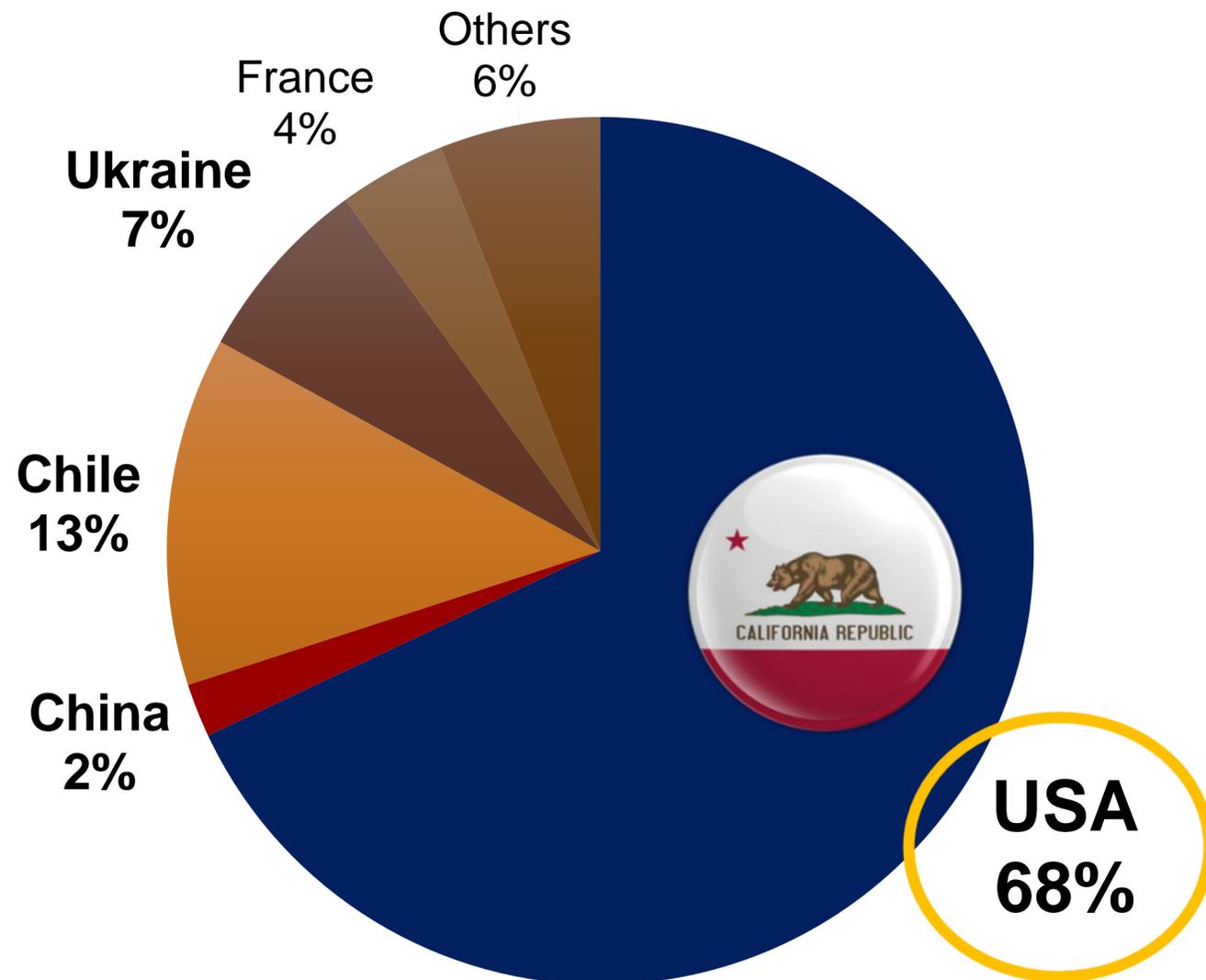


**2021/22 Crop Year**  
**Estimated 2,264,823 MT**

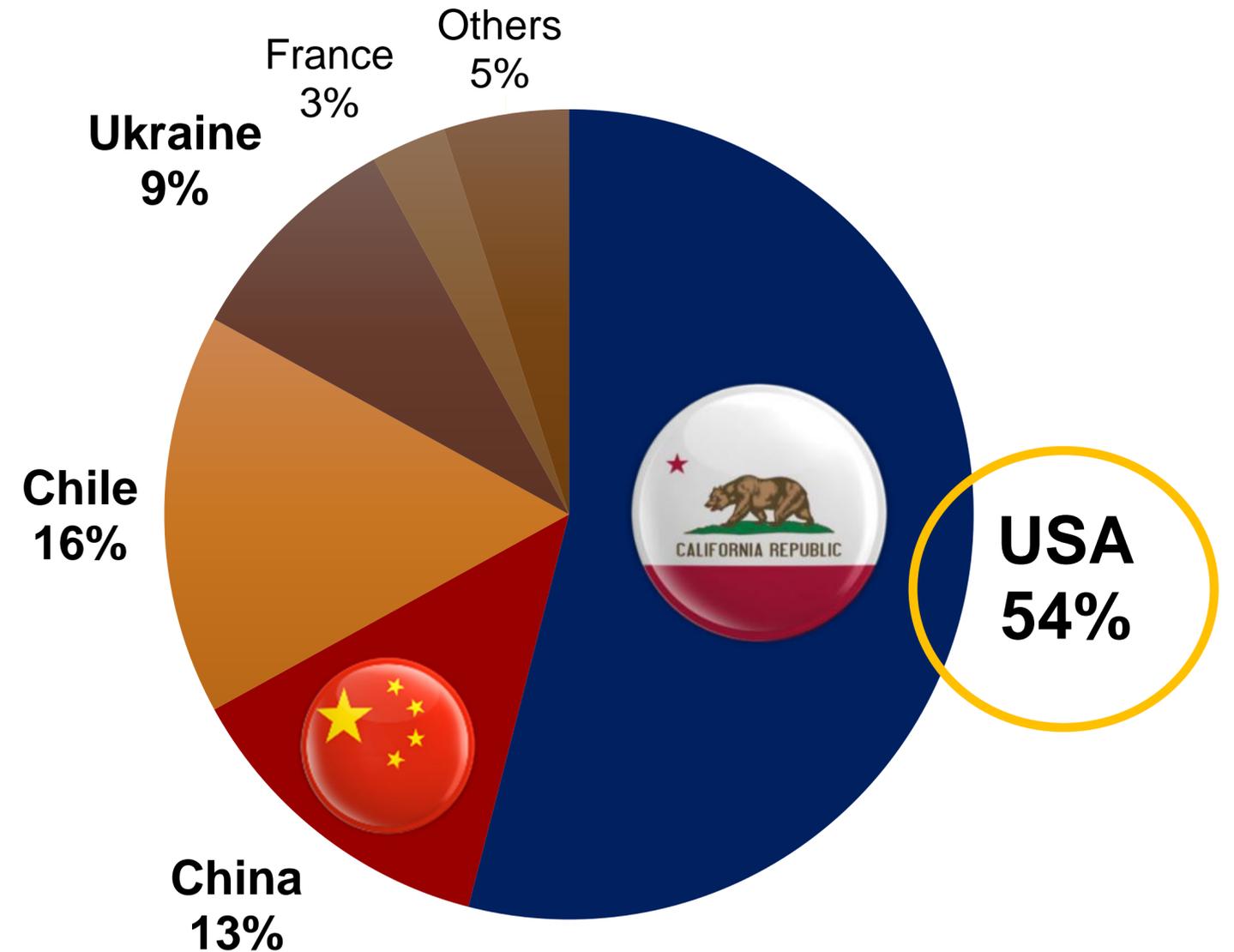


# World Trade – Past 5 Years

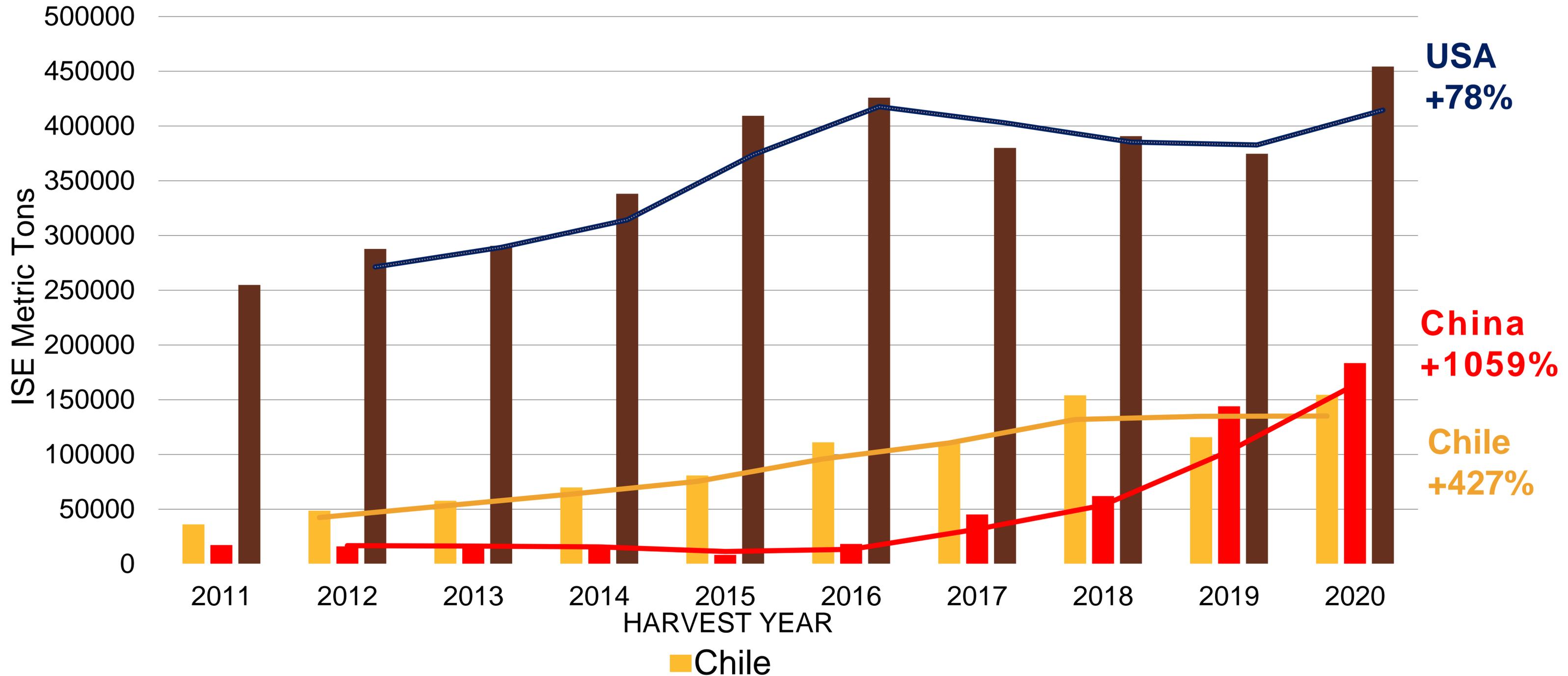
2016/17 Crop Year



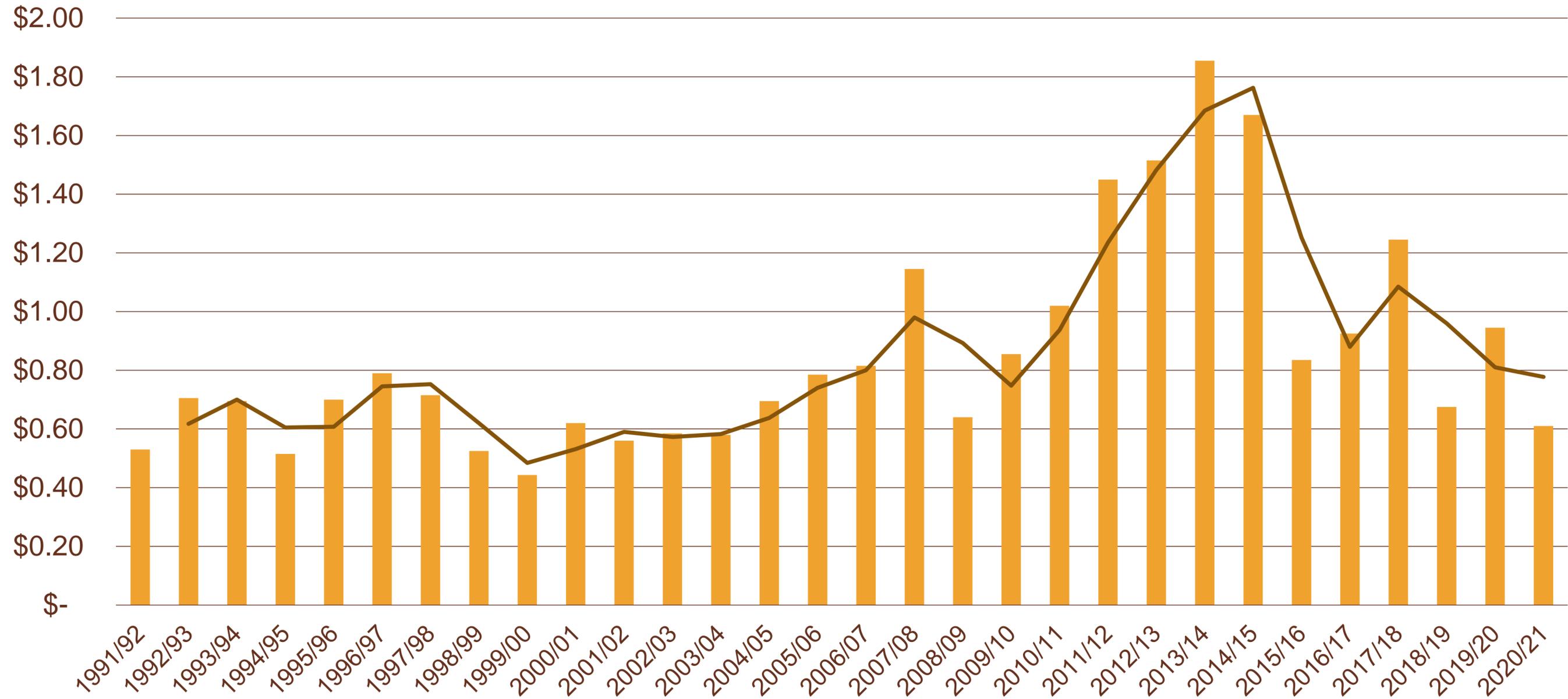
2020/21 Crop Year



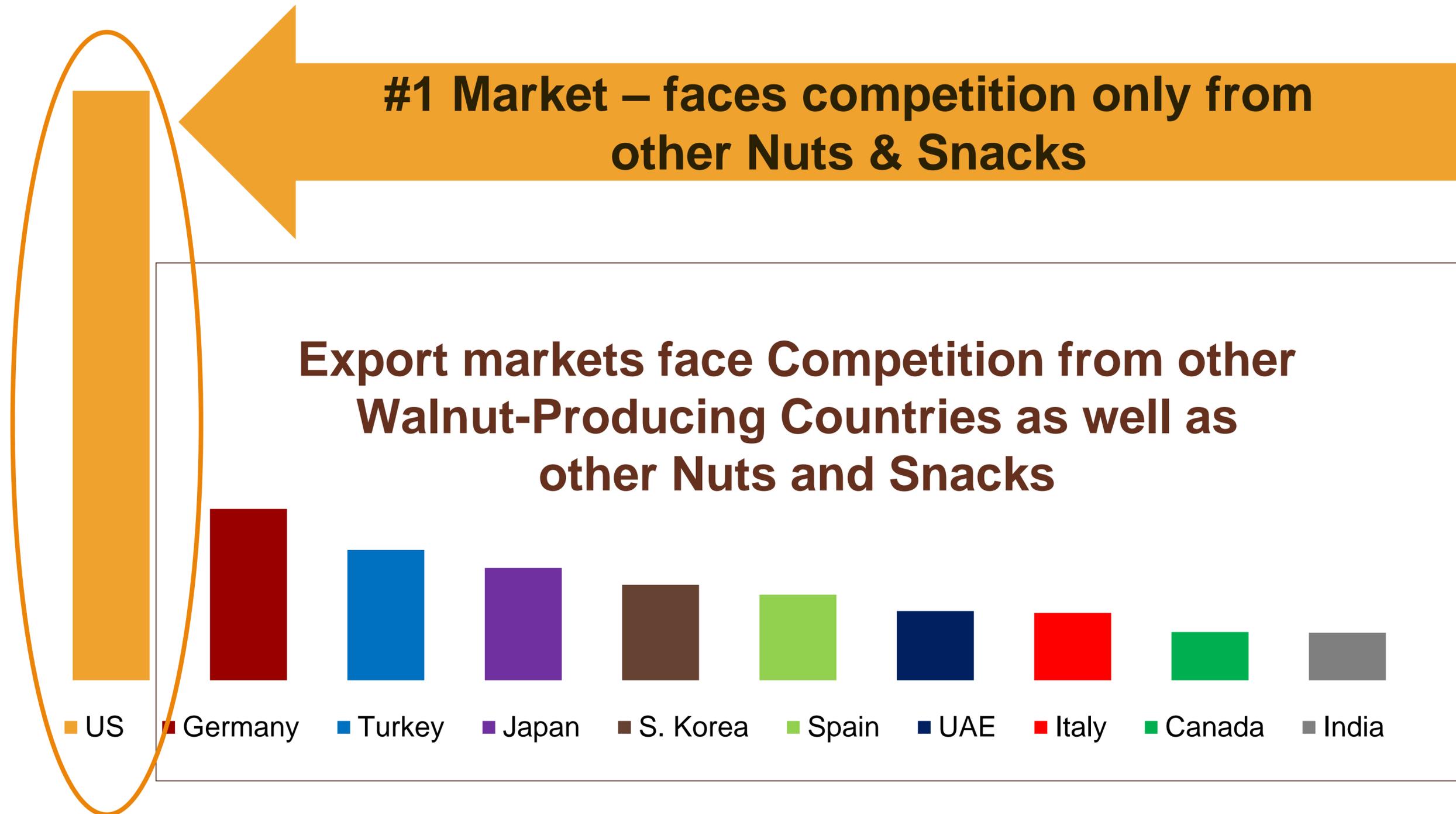
# Export Competitive Shipment Growth



# NASS Price per Pound



# 2020/21 Top 10 Markets by Destination



# Marketing

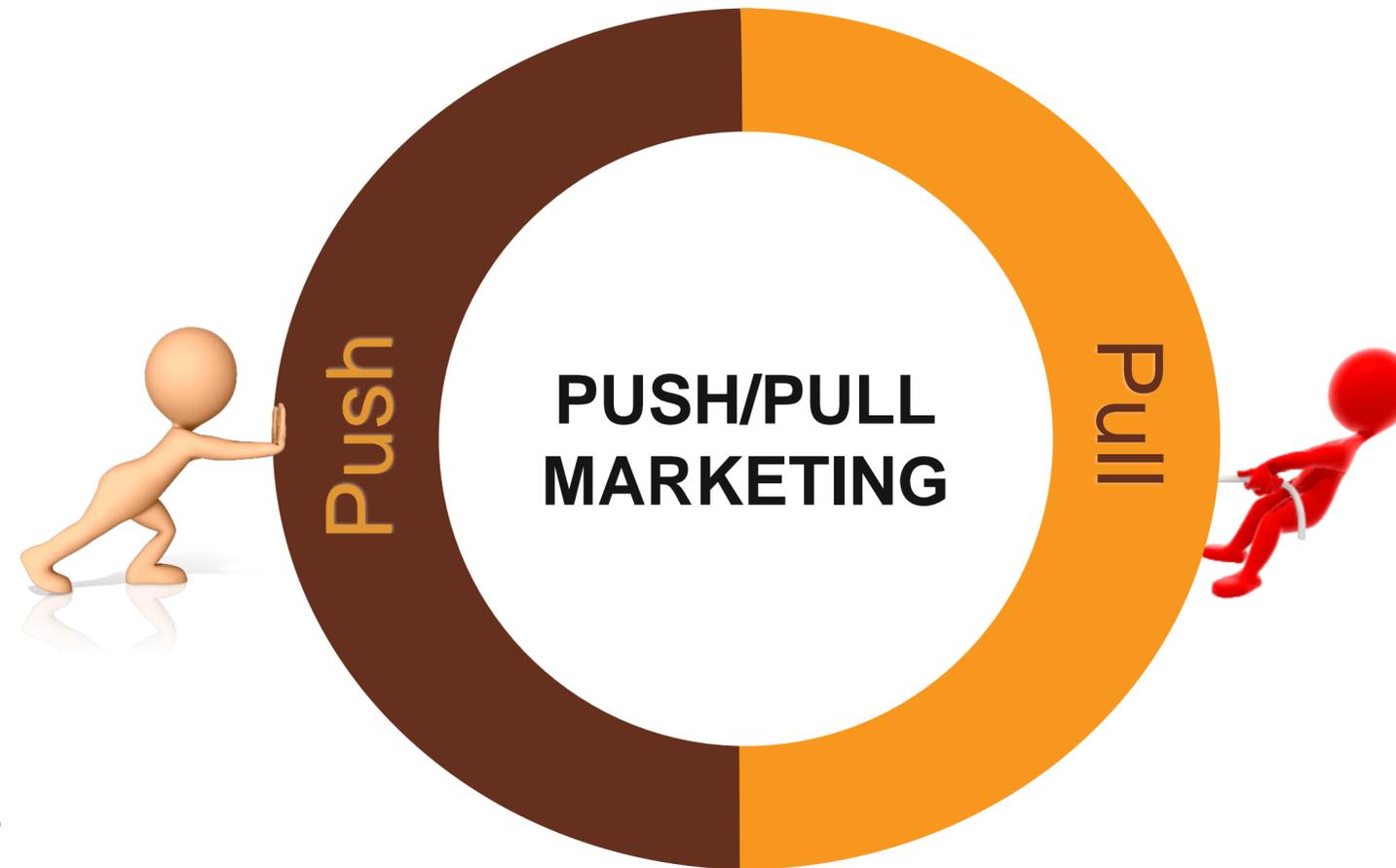
# Balancing Consumer and Trade Marketing

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## Trade Marketing

Increases Walnut Availability  
Increases Product Uses  
Increases Menu Uses

- Retailers
- Chefs and New Product Developers
- Health Professionals
- Importers and Distributors



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## Consumer Marketing

Increases Awareness  
Increases Knowledge  
Increases Desire

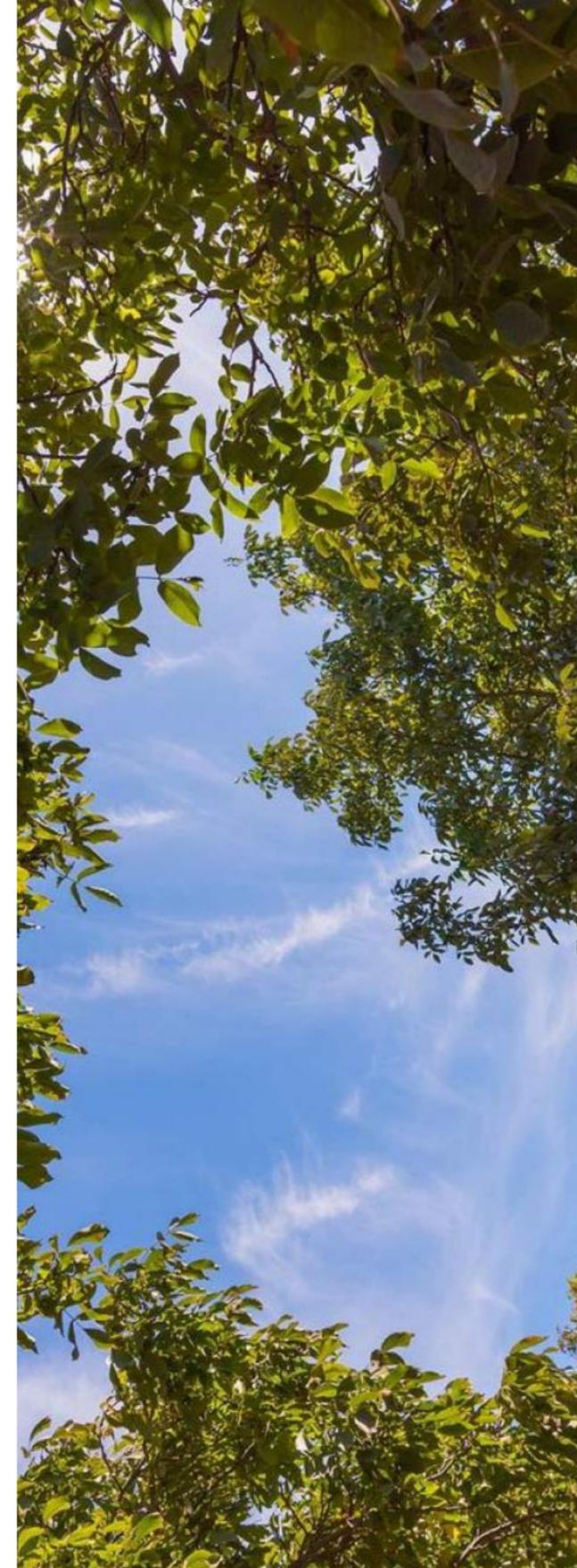
- Advertising
- Social Media
- Public Relations
- Recipe Development
- Influencers
- Website

# Trade Goals - Push

## Increase Use and Availability of California Walnuts

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- **Trade Communications and Education**
  - Encourage importers, distributors, brokers, retailers to buy in order to be available to consumers, food & beverage manufacturers, bakeries and foodservice.
- **Retail**
  - Create opportunities for more visibility and consumer purchase
  - Expand locations where California Walnuts are sold online and in-store
- **Food Manufacturing**
  - Demonstrate value of incorporating walnuts into existing and new products
- **Foodservice**
  - Demonstrate value of adding walnuts to menus and take-out meals



# Consumer Goals - Pull

## AWARENESS

### Keeping walnuts top-of-mind

- **Advertising**
  - Keeping walnuts top-of-mind
- **Social Media**
  - Providing recipe inspiration and relevant content for consumers.
- **Influencers**
  - Consumers trust influencer recommendations over brands

## EDUCATION

### Keeping walnuts top-of-mind

- **Public Relations**
  - 28 billion views of walnut messages; equal to every U.S. adult seeing a walnut message 108x
- **Health Messaging**
  - Key driver of walnut purchase
  - 64 studies mentioned in the U.S. media during the year
- **Health Professional Communications**
  - Important to reach those giving dietary advice

# Consumer Goals - Pull

## CONSIDERATION

**Moving to think about using walnuts**

- **Recipe Videos**
  - Offers inspiration for recipes with walnuts – seen during normal internet usage
- **Websites**
  - Blog posts, recipe ideas, and inspiration with the ability to add ingredients to online shopping cart

## PURCHASE

**Giving reasons to add walnuts to cart**

- **Retail Instore Promotions**
  - Instore sampling, point-of-sale, partner promotions
- **Retail Advertising**
  - U.S. e-commerce advertising (i.e. Instacart, Amazon, Kroger, Walmart)

# Research

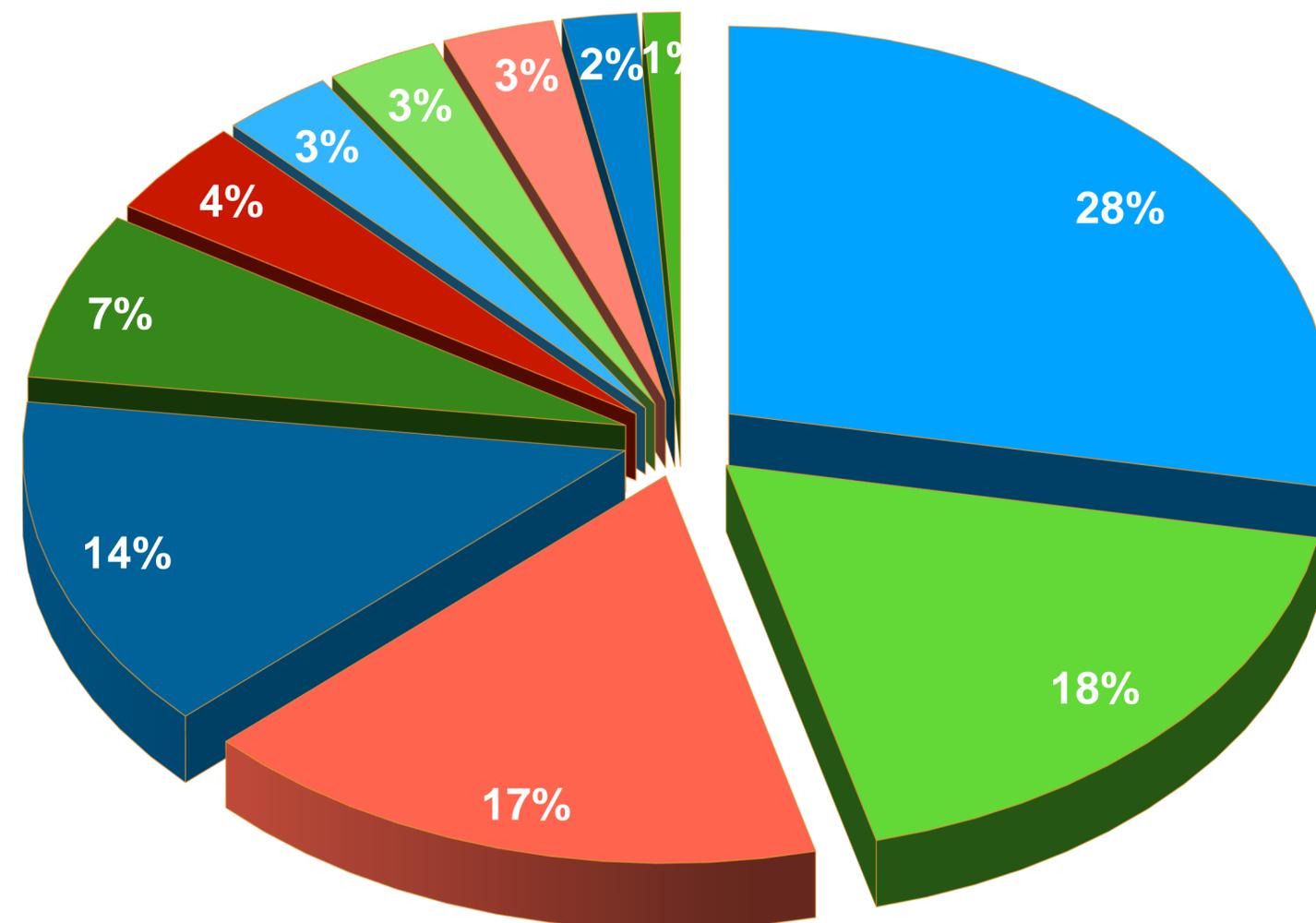
# Health Research

CWC continues to build the foremost body of comprehensive walnut nutrition health research based on new and previous scientific findings

Publications to date: 203

- Heart Health
- Body Weight and Composition
- Cancer
- Cognitive Health
- Diabetes
- Gut Health
- Nutrient & Bioactive Composition
- Research Methodology
- Metabolic Syndrome
- Reproductive Health
- Bone Health

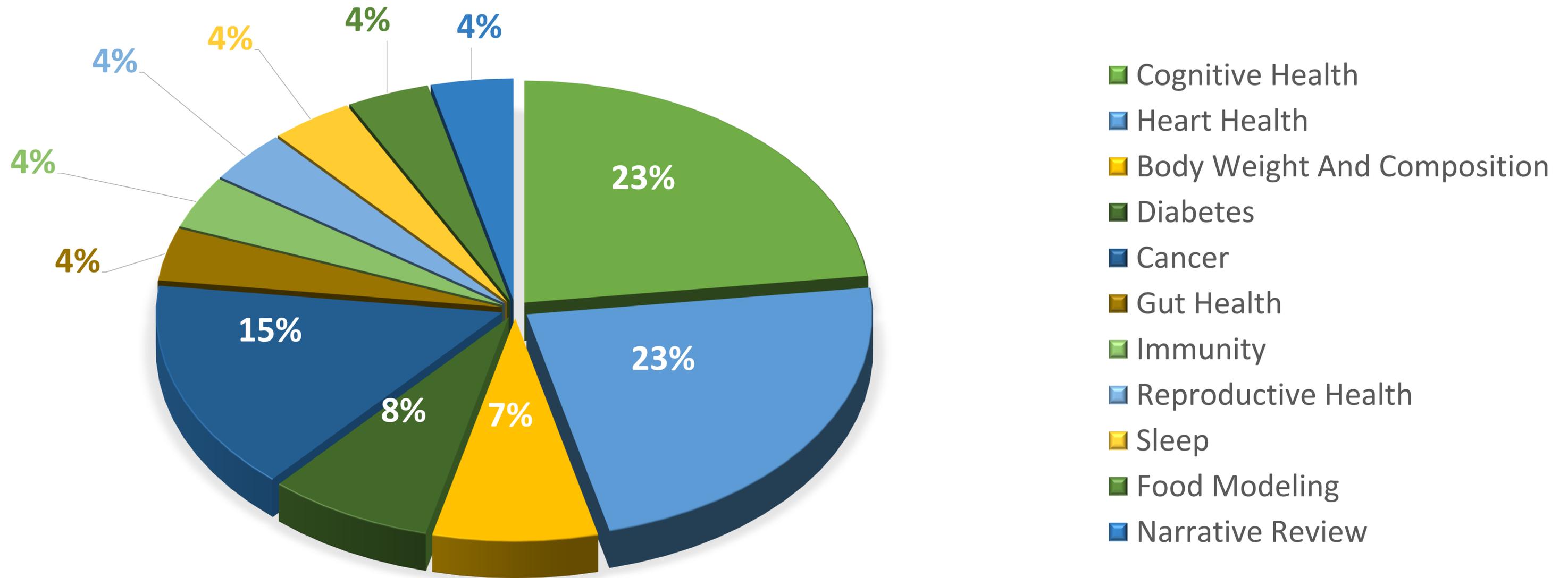
## Areas of Study



# Health Research Pipeline

69% Human Clinical Trials “The Gold Standard”

15% Epidemiological “Study of the frequency, distribution, and determinants of disease in humans, a fundamental science of public health”

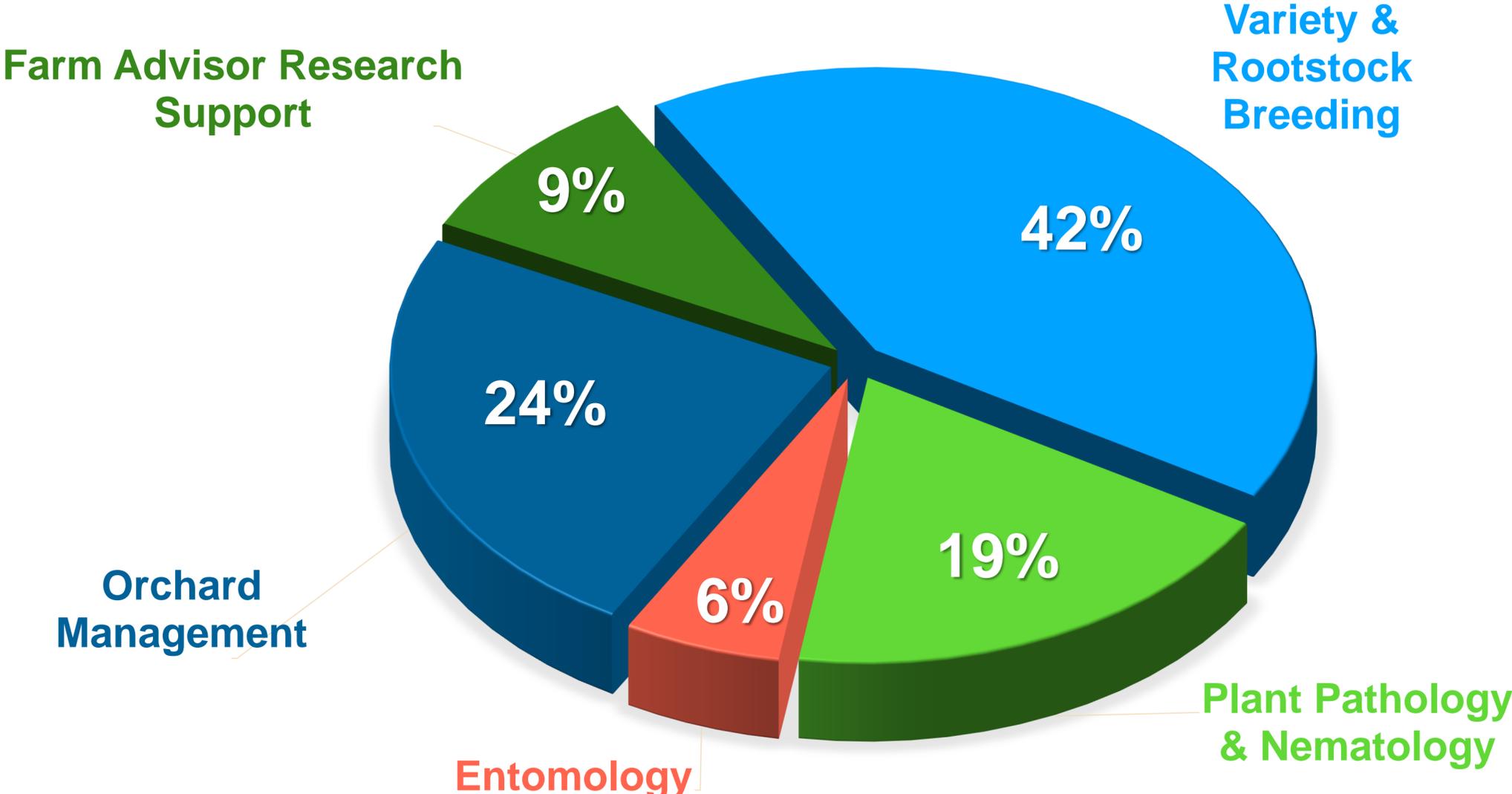


Current 2021-22 Project Topics (N=36)

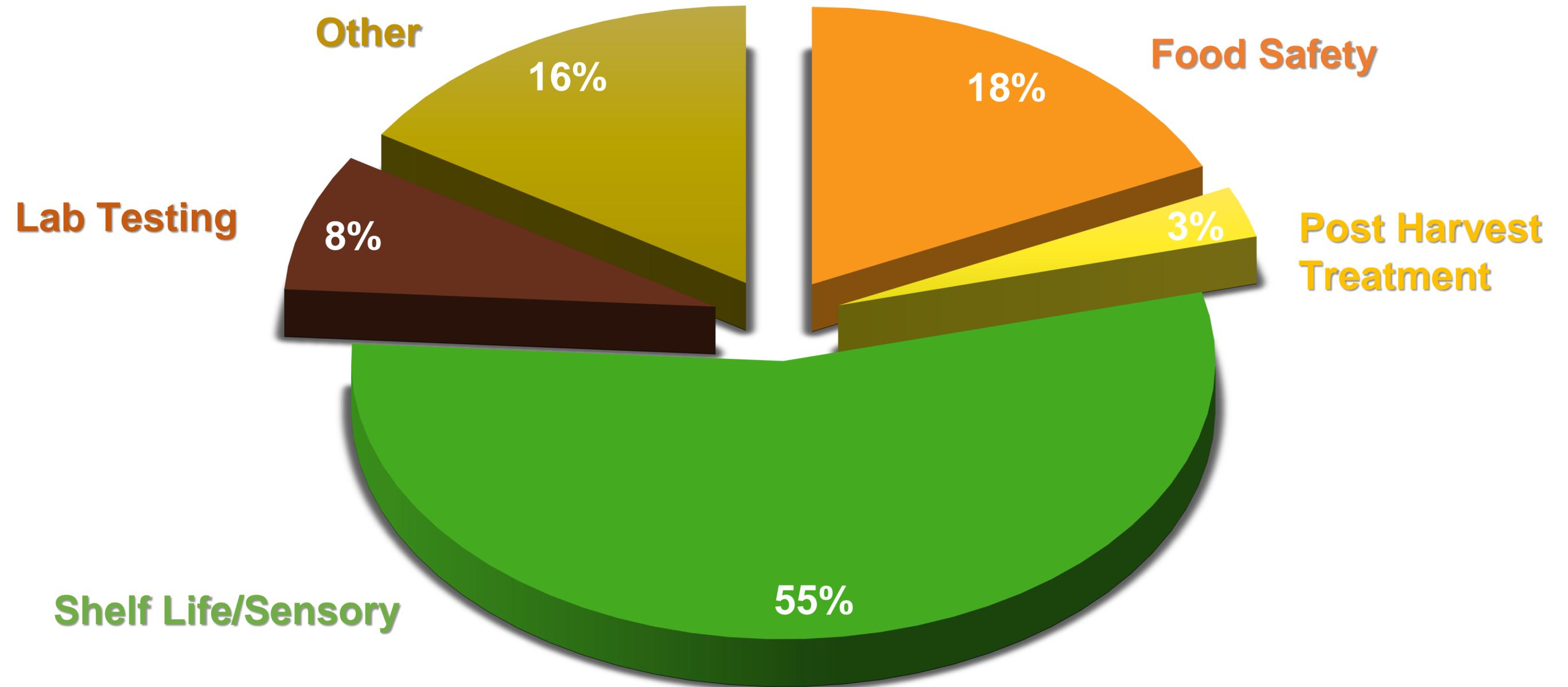
# Production Research

## FY 2021-2022 Production Research Allocations

*Combining short- and long-range solutions to advance orchard profitability and industry competitiveness & staying power*



# Post-Harvest Research Pipeline



# Technical & Regulatory Affairs

# Technical & Regulatory Affairs 2021-2022 Summary/Breakdown (under the CWC):

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- 10+ Federal Policy & Regulatory measures engaged in and closely monitoring
- 16+ State Bills (Assembly and Senate) engaged in with Ag coalition(s) and closely monitoring
- 15+ State Policy & Regulatory measures engaged in and closely monitoring
- Total: 40+ Federal & State Regulatory measure engaged in and closely monitoring
- Topics of engagement (including, but not limited to): House/Senate Appropriations, Market Access, Health/Safety, Grower and Handler/Industry Funding/Incentives and Relief, Immigration, Transportation, Labelling, Insurance, Prop 65, Pesticides, Air Quality, Labor, Water, Energy, Sustainability, Conservation, Climate, etc.

# Regulatory Updates

## Pesticides (International, Federal & State)

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- **Mancozeb** Recent Development(s) – EU & US Status
- **Section 24-C / Special Local Needs (SLN)** registrations for application of fungicides on orchards with standing water.
  - Dithane (Mancozeb) & Champ WG (Copper) formally received SLN label approval and is now available for usage.
- **Glyphosate** – EPA has previously concluded that there are no risks of concern to human health when glyphosate is used according to the label and that it is not a carcinogen.
  - EPA Draft Biological Evaluation
  - Collective thoughts are glyphosate will remain an important tool for years to come and it will remain in use BUT decline as other products gain market share.
- **Neonicotinoids** – EPA biological evaluations & review / next steps
- **EU MRLs (Maximum Residue Limits)**

# Regulatory Updates

## State Updates

- DPR Pesticide Notification System
- DPR Mill Tax Assessment
- 1,3-Dichloroporpene (1,3-D) Risk Management Directive
- Chloropicrin Label Update
- Ag Burning – SJV
- FDA Agricultural Water Used on Produce/FSMA
- Produce Safety Rule/FSMA



# Grower Programs/Incentives

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- Budget Act of 2021 & 2022 Items (\$1.1 Billion for Climate Smart Agriculture)
- SWEEP (State Water Efficiency & Enhancement Program) & HSP (Healthy Soils Program)
- Technical Assistance for On-farm Water Use Efficiency
- Carbon Markets/Programs
- NRCS FY22 Funding
- Seeds for Bees Cover Crop Program
- FARMER Program
- Climate Catalyst Fund
- Climate Smart-Ag Commodities Program



California Walnuts

# In Summary...

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- Increased external pressures
- Increased world competition and overall walnut supply
- Important state, federal and foreign country regulations that affect you
- CWC working harder for the industry to ADVOCATE with the intent of protecting and preserving California walnuts through comprehensive technical & regulatory affairs strategies that enhance trade and consumer acceptance of walnuts
- CWB/CWC working to create DEMAND through comprehensive marketing strategies that increase trade and consumer consumption of walnuts

**To learn more:**

**Come to the California Walnut Conference**

**April 7 & 8 in Yuba City**



**Thank You**