

California Walnut Industry Update



Greetings,

While the 2023 harvest delivered the premium quality walnuts California is known for, current pricing is not delivering acceptable returns to growers. There is no sugarcoating it. We are in a difficult time when global production exceeds current global demand. Despite a reduction of 40,000 acres of California walnuts orchards over the last two years, we had a record harvest +/- 800,000 tons and a record carry in of 140,000 tons. Due to international issues, such as regional wars, slow economies, high dollar exchange rate, tariffs, importers waited to see the new crop before placing orders. Brokers, importers, and traders are buying “hand to mouth” and had been reluctant to buy ahead as they waited for the supply pipeline to clear and for our pricing structure to stabilize. With low consumer confidence due to the economy and the cost of funds high, trading partners are very risk-adverse and not speculating.

We are making strides to increase domestic demand by engaging consumers and customers in the retail, foodservice, food manufacturing and ingredient channels. In the long run, turning around the industry is do-able. While I’m optimistic about the long-term outlook, I’m also realistic. We see many things that are possible and are urgently implementing the new strategic plan to get the industry on track.

In this edition of the California Walnut Industry Update, we highlight programs and share proactive steps the industry has initiated over the last few months with growers, handlers, customers, trade publications, and regulators. Included in this update:

- **Updates from the recent Board and Commission Boards of Directors meetings**
- **Section 32 (2024) Update**
- **International Tariffs Updates**
- **Emergency Relief Program (ERP)**
- **Climate Smart Programs**
- **New Neonicotinoid Pesticide Regulations**
- **Holiday Season Integrated Marketing Campaign**
- **Regional Walnut Days**
- **Promote the Walnut Industry**
- **Sign Up for the OnSolve Communications Tool**

As always, if you have any questions or would like to discuss these topics, please don't hesitate to reach out to me.

Best,
Robert Verloop

Executive Director/CEO

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California Walnut Board and Commission

BOARD AND COMMISSION NEWS

The Board of Directors (BOD) for both the California Walnut Board (CWB) and Commission (CWC) held the Fall Board Meeting on November 30. Here are some of the highlights:

NEW BENCHMARK RESEARCH

The initial findings of CWC/CWB-initiated consumer and trade research provided a glimpse into the opportunities to create more demand and sales among consumers, and customers in the retail, foodservice, food manufacturing and product innovation channels and segments. This research will set a baseline to help the industry identify strategies and tactics to increase demand and improve sales for California walnuts. The success of these initiatives will be measured against benchmarks that monitor the industry's progress, key learnings, modifications, and sales growth.

- Chef-in-Residence Robert Dahni reported on his research which garnered insights to understand motivations and barriers to increasing walnut usage in the foodservice industry. He conducted one-on-one interviews with foodservice decision makers (executive chefs, culinarians, menu R&D, brand marketers) in quick serve and full-service restaurants, mass feeding (cafeteria), retail and distribution categories. His research provides recommendations on how the industry can get on more menus and expand the ways walnuts are used. A few key takeaways highlight the need for:
 - More products and packaging specific for restaurant operations
 - More consultative selling (educating executive chefs about the value walnuts can bring to their menus)
 - Expanding on the versatility of walnuts for all segments of the day and restaurant types
- Ian Cesa of Horizon Research shared an interim research report that explored the consumer experience with walnuts and the barriers to increasing consumption. The research will be completed in January in the U.S. and our key export markets. Preliminary takeaways: consumers have a good understanding of walnuts, but need consistent quality / eating experiences, more pack sizes and flavor options away from raw walnuts, more readily available (on-the-go) options at retail or convenience stores. There is also a need for improved retail merchandising, co-marketing with other plant-based products and increased top-of-mind positioning.
- Brightly Creative's Keith Seiz shared two new databases we will use to track walnut growth in food manufacturing/ingredient and foodservice (restaurants).
 - The first provides new product development data on the new products (containing walnuts) introduced in the U.S. and global markets. This information will help us track the growth areas, identify manufacturers who are using walnuts (and could be potential partners) and share best practices in new products from around the globe.
 - The second is the U.S. restaurant menu tracking database which captures how many times walnuts are mentioned on restaurant menus, and what type of menu items include walnuts. When combined with the

other foodservice research results, we are beginning to see where the opportunities for growth exist and what needs to be done to overcome these barriers.

ELECTION OF OFFICERS, EXECUTIVE COMMITTEE AND CORE COMMITTEE CHAIRPERSONS

The 2023-2025 CWB and CWC Board of Directors were officially seated, including **nine new grower and four new handler** members and alternates.

The traditional committee structure has been modified to improve the leadership for both organizations and better align with the strategic plan; the officers will now serve as the executive committee and will head up the core committees; one additional BOD member/alternate will also serve on the executive committee. Additional improvements to the committee structure, functions, and responsibilities will be implemented over time. We continue to ask for interested parties to reach out to Robert Verloop, rverloop@walnuts.org.

- **California Walnut Board**

- **Officers & Executive Committee:** Jack Mariani, Chairperson; Eric Heidman, Vice-Chairperson; Donald Norene, Secretary; Frank Guerra, Treasurer; Mike Machado.
 - **Domestic Marketing, Promotions & Business Development Committee:** Jack Mariani (Chairperson)
 - **Grades & Standards Committee:** Eric Heidman (Chairperson)
 - **Production & Post Harvest Research Committee:** Donald Norene/Paul Stanfield (Co-Chairpersons)
 - **Audit Committee:** Frank Guerra (Chairperson)
- **Additional Committee:**
 - **CWB/CWC Diversity Committee:** Rachael Goodhue (Chairperson)

- **California Walnut Commission**

- **Officers & Executive Committee:** Davin Norene, Chairperson; Bill Carriere, Vice-Chairperson; Gordon Heinrich, Secretary; Jack Vickery, Treasurer; Chuck Crain.
 - **Industry & Government Affairs Committee (IGA):** Bill Carriere (Chairperson)
 - **Marketing, Promotions & Business Development Committee:** Gordon Heinrich (Chairperson)
 - **Audit Committee:** Jack Vickery (Chairperson)
- **Additional Committees/Sub Committees/ Working Groups:**
 - **Health and Nutrition Committee:** Ashley DeValentine McKenzie (Chairperson)
 - **CWB/CWC Diversity Committee:** Rachael Goodhue (Chairperson)
 - **Data Systems /Business Intelligence (IGA) Sub Committee**
 - **Sustainability Working Group**

On behalf of the entire industry, we want to thank the following Board of Directors who completed their terms on the Board and Commission:

- CWB: Dave Keyawa, Jeff Fredericks, Scott Chase, Bruce Beard and Jerry Siebert
- CWC: Dave Keyawa, Sandra Mitchell, Carl Cilker, Brian Medeiros, Gary Hester, Pete Turner, Martin Mariani and Jerry Siebert

We appreciate their efforts to promote California's walnut industry.

It's also important for us to remember and honor Bill Tos, who passed away in June, for his service on both the Board and Commission.

TREE PULL PROPOSAL UPDATE

In August, the CWC BOD tasked a working group and staff to review of current overproduction and present an overview of a possible tree pull program. Several high-level scenarios, which were developed in conjunction with Dr. Goodhue, were discussed by the CWC BOD at the November 30 meeting. The members of the CWC and others commented that there are significant implications for a voluntary tree pull program using government funding and that the industry should carefully consider the full implications of both the intended and unintended consequences. Significant USDA and CDFA analysis and a 6-to-12-month review process would be required before a tree pull program could be initiated.

The Commission staff was asked to have exploratory discussions with USDA and CDFA to learn about the requirements of a program in order to assess the full scope, limitation and implications of a program. By the end of January, staff will provide the CWC BOD with a recap of its meetings with USDA and CDFA, so that the BOD can then make a fully informed decision.

LAND IQ – CA WALNUT INDUSTRY ACREAGE – FINAL REPORT 2023

Land IQ, a Sacramento-based company with expertise in remote sensing, geospatial, agricultural systems and additional agriculture services, was hired by the CWC in 2023 to provide updated acreage for California walnuts, including acres that have been removed and appear to be abandoned or stressed. The following chart provides a summary of the acreage as of September 1. The next acreage survey will be conducted in the spring of 2024, with a report delivered to the CWC by May 2024.



Final 2023 Acreage (as of Sept 1, 2023)

2023 Final	Final Estimate	Description
Removals (Oct 2022 through August 2023)	28,910	Confirmed acres removed from production
New Bearing acres coming into production	13,230	Previous non-bearing acreage newly coming onto production.
2023 Total Standing Acreage	417,374	Total standing acreage; includes current 2023 mapping
2023 Non-bearing Estimate	35,206	Includes mapped non-bearing orchards from 1 to 4 years old, plus an estimate of very young orchards that have not been detected due to immature status.
2023 Bearing Age Acreage	382,168	Total acreage standing with a bearing age, inclusive of stressed and abandoned acreage outlined below.
High Stress, Likely Abandoned	-6,590	High levels of stress over current or multiple water years. Less likely to be in production.
2023 Producing Bearing Acreage Estimate	375,578	Estimate of bearing acreage likely in production,
Addition acres that appear to be abandoned	6,168	Evidence of current or multi-season stress at a low to moderate level. Could still be in production. Not removed from Producing Bearing Acreage Estimate.

Notes on Declining Trend in Bearing Acreage

The estimates above represent a snapshot in time. Data suggest a declining trend in bearing and non-bearing walnut acreage due to decreased new plantings and continued abandonment and/or removals. The following are additional factors that may play a role in the actual producing or harvested bearing acreage.

- Non-harvested young bearing (new bearing age orchards may not be harvested depending on economics)
- Mature bearing not abandoned, but not harvested (orchards that are being maintained, but may not be harvested due to economics)
- Continued removals (removals after August 2023 that are not already detected in abandoned analysis)

Source: California Walnut Board – LandIQ acreage study 2023

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REGIONAL WALNUT DAYS

The California Walnut Conference, traditionally held in Yuba City and co-sponsored with JCS Marketing and the CWC/CWB, will become a bi-annual event starting in 2025. Regional grower meetings will be the focus for 2024, with CWC/CWB working closely with the Farm Advisors to provide additional support, a Walnut Industry update by Robert Verloop and Walnut Industry Challenges and Opportunities panel discussions.

Following are the scheduled dates for 2024:

- January 31** **North Valley Nut Conference**
Encompassing: Butte & Glenn Counties
Silver Dollar Fairgrounds, 2357 Fair St., Chico
Register at <https://myaglife.com/north-valley-nut-conference/>
- February 1** **Tri County Walnut Day**
Encompassing: Tulare, Kings, Fresno Counties
Tulare County Agricultural Bldg., 4437 S Laspina St., Tulare
Register at <https://surveys.ucanr.edu/survey.cfm?surveynumber=41702>
- February 2** **Quad County Walnut Institute**
Encompassing: San Joaquin, Stanislaus, Contra Costa, and Merced Counties
UC Cooperative Extension Office, 2101 E. Earnhart Ave., Stockton
Register at <https://ucanr.edu/sites/cccoopext/files/392320.pdf>
- February 28** **Sutter/ Yuba Walnut Day**
Encompassing: Sutter, Yuba Counties
Sutter County Veterans Hall, 1425 Veterans Memorial Circle, Yuba City
Register at <https://surveys.ucanr.edu/survey.cfm?surveynumber=42115>
- February 29** **Tehama Walnut Day**
Encompassing: Tehama and Glenn Counties
Bluff Elks Lodge, 365 Gilmore Road, Red Bluff
Register at <https://surveys.ucanr.edu/survey.cfm?surveynumber=42004>
- March 12** **Southern Sac Valley Walnut Day**
Encompassing: Sacramento-Solano-Yolo Counties
Yolo County UC Cooperative Extension Office, 70 Court St., Woodland
There is no advanced registration
- TBD** **Lake County Walnut Day**

MONTHLY SHIPPING REPORT

Following is a snapshot of current crop statistics. For the full shipment report showing shipments to individual markets, please click [here](#).

California Walnut Board MONTHLY SHIPMENT REPORT December 2023 SHIPMENTS



Inshell (1000 pounds)

	2022/23 Marketing Year		2023/24 Marketing Year	
	December 2022	9/1/2022 to 12/31/2022	December 2023	9/1/2023 to 12/31/2023
Domestic	380	5,482	2,927	8,083
Export	<u>38,454</u>	<u>129,137</u>	<u>62,585</u>	<u>158,984</u>
Total	38,834	134,619	65,512	167,067

Shelled (1000 pounds)

	2022/23 Marketing Year		2023/24 Marketing Year	
	December 2022	9/1/2022 to 12/31/2022	December 2023	9/1/2023 to 12/31/2023
Domestic	17,087	82,788	17,711	103,367
Export	<u>28,254</u>	<u>82,988</u>	<u>28,949</u>	<u>89,979</u>
Total	45,341	165,776	46,660	193,347

December 2023 Purchase Commitments

Inshell Conventional: 66,578,404 pounds Shelled Conventional: 177,377,631 pounds
 Inshell Organic: 0 pounds Shelled Organic: 5,247,306 pounds

Walnut Receipts as of December 31st, 2023

Conventional: 782,122 tons
 Organic: 17,185 tons

	Inshell Pounds			Shelled Pounds		% Change vs. Prior Year
	2022/23	2023/24	% Change vs. Prior Year	2022/23	2023/24	
Domestic Total	5,482,117	8,082,888	47.44%	82,787,857	103,367,472	24.86%
Export Total	129,137,367	158,984,062	23.11%	82,987,824	89,979,356	8.42%

HOLIDAY SEASON INTEGRATED MARKETING CAMPAIGN

It just wouldn't be the holidays without California walnuts and the iconic toy soldier nutcrackers. This past holiday season, the California walnut industry launched a national integrated marketing campaign that embraced timeless traditions while highlighting the integral role walnuts play in the holidays.

Through an integrated approach that featured retail promotions, digital ads, influencer partnerships and recipe collections, among other tactics, this direct-to-consumer campaign encouraged purchase consideration by reminding consumers of the many ways they could enjoy the well-known buttery richness and pleasing texture of California walnuts throughout the holidays.

A new [digital video](#) that playfully featured nutcrackers appeared on major streaming services such as Roku and Sling through December 31. Additionally, a custom recipe collection on [Walnuts.org](#) offered consumers new and innovative ways to add a twist to holiday recipe favorites - and get the most value by using their entire bag of walnuts.

On a local level, the California walnut industry again supported the 2023 Sacramento Ballet's beloved Nutcracker, which included the support of school matinees for 5,000 special education students and their families. As part of the sponsorship, festive lobby experiences included a "Guess the Walnuts" contest, free samples of California Walnut snack packs and family photo opportunities.

SECTION 32 PROGRAM (2024) UPDATE

We received informal notification that a new Section 32 excess supply procurement program will be announced in January 2024. The bid process is expected to start in late January, with shipments potentially starting as early as April. This will help the industry address the current oversupply situation. The California Walnut Board & Commission is actively working with USDA to make the Section 32 process more effective and cost-efficient.

INTERNATIONAL TRADE UPDATES

Representatives from the CWC met with Ambassador Doug McKalip in December to discuss the recent increases in tariffs and duties in Turkey. The ambassador provided insights into the ongoing discussions with Turkey and other countries, including the World Health Organization (WHO), in effort to reduce trade barriers. While acknowledging it's a slow and deliberate process, he expressed some optimism that long term some of these issues will be resolved.

He also indicated that the Indo Pacific Economic Framework (IPEF) continues to be a priority for the administration and that programs such as RAPP will be a valuable tool to provide new market development and expansion funded from USDA. To that point, the CWC staff is currently working on a Regional Agricultural Promotion Program (RAPP) application for new market development and promotional programs in new and existing markets. We are focused on expanding our trade presence and promotional efforts in Southeast Asia, India, Turkey, and North Africa. These programs are incremental to the existing Market Access Programs (MAP) and designed to stimulate broader distribution for US agricultural exports.

Robert Verloop and Pam Gravier, V.P. of Integrated Marketing, traveled to India December 6-20 for a variety of trade, media and U.S. embassy meetings. They met with the new U.S. Ambassador Eric Garcetti and the Ag Attaché Clay Hamilton to discuss the ongoing tariff and duty issues walnuts face in India. Ambassador Garcetti, the former mayor of Los Angeles, attended a California Walnut trade reception where he touted California walnuts and his commitment to work with the appropriate ministries in India and USTR (trade representative) to resolve the ongoing challenges our industry faces in India relative to tariffs, the way duties are administered, and fumigation protocols. He also agreed to personally participate in trade missions and promotional activities in India (as his schedule allows).

Robert and Pam also participated in numerous public relations and media events in New Delhi and Mumbai to promote the excellent new crop and the promotional support we are providing the trade in India to expand sales and distribution. The trip concluded with a three-day food industry tradeshow show in Kolkata, India.

EMERGENCY RELIEF PROGRAM (ERP) 2022

The USDA announced that through the [Emergency Relief Program \(ERP\) 2022](#) eligible commodity and specialty crop producers can apply for financial assistance to help offset the financial impacts of crop yield and value losses from qualifying natural disasters in 2022. The ERP 2022 will provide more than \$3 billion to impacted producers nationwide.

California walnut growers are eligible to apply for relief after excessive heat in September 2022 resulted in a significant amount of walnuts becoming unmarketable for consumption.

Since October 31, growers have been able to work with local Farm Service Agency (FSA) offices to apply for the ERP 2022 program. For more information on the ERP 2022 program, please refer to this [fact sheet](#).

CLIMATE SMART PROGRAMS

The USDA is accepting applications for its Climate-Smart Pilot Programs, which will help growers facilitate the implementation of the following practices:

- Short-season Cover Crops
- Nutrient Management
- Residue and Tillage Management
- Alley Cropping
- Water Management
- Soil Amendments and Mulches

Participants, who are expected to be in the program for four years, will receive some of the following benefits:

- Modest cash incentive for participation
- Partial offset of the direct costs
- Assistance with the development of personalized plans
- Access to certified crop adviser and sustainability consultants

To learn more about the Climate-Smart Programs, you can go [here](#).

NEONICOTINOID PESTICIDE REGULATIONS

The California Department of Pesticide Regulation has adopted regulations to limit neonicotinoid pesticide product use in the production of certain agricultural commodities, including walnuts, in order to protect pollinators, such as honeybees. These regulations went into effect on January 1, 2024. The new regulations apply to soil and foliar applications of products containing clothianidin, dinotefuran, imidacloprid and thiamethoxam. To learn more, you can go [here](#).

HOW YOU CAN HELP PROMOTE CALIFORNIA WALNUTS

As we continue to build demand for the exceptional products that you produce, it's important to help consumers, health professionals, chefs, food manufacturers and foodservice operators understand that walnuts are the "go-to" nut for cooking, baking and snacking. You can help us spread the word by following the California Walnut social media channels. By liking and sharing content such as recipes, videos and product innovation, you are helping increase the visibility of the benefits of walnuts.

Please follow these California Walnut channels:

- [Instagram](#)
- [Facebook](#)
- [TikTok](#)
- [LinkedIn](#)

If you need help accessing California Walnuts content on any of these channels, please contact Jennifer Olmstead (JOlmstead@walnuts.org).

BE THE FIRST TO RECEIVE INDUSTRY NEWS AND TOPICS, SIGN UP FOR THE ONSOLVE COMMUNICATIONS TOOL

To receive timely and frequent California walnut industry updates in the ways you'd like to receive them (email, text or a call), sign up for our "opt-in" communications platform called OnSolve.

If you have not already done so, please sign up by going to <https://walnuts.org/onsolve-signup/>

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