

2009/10 Grower Communication

The State of the
Walnut Industry



A photograph of a walnut orchard floor. The ground is covered with green walnut leaves and numerous walnuts in various stages of ripeness. Some are green and smooth, while others are brown and have their characteristic cracked shells. The background shows more of the orchard floor with scattered leaves and nuts.

Food Safety

The Main Focus

- Pathogens
- Monitor from Farm to Family
- New Federal Oversight
- The Law
 - July 2009
 - February 2010 (?)
- GAP and GMP

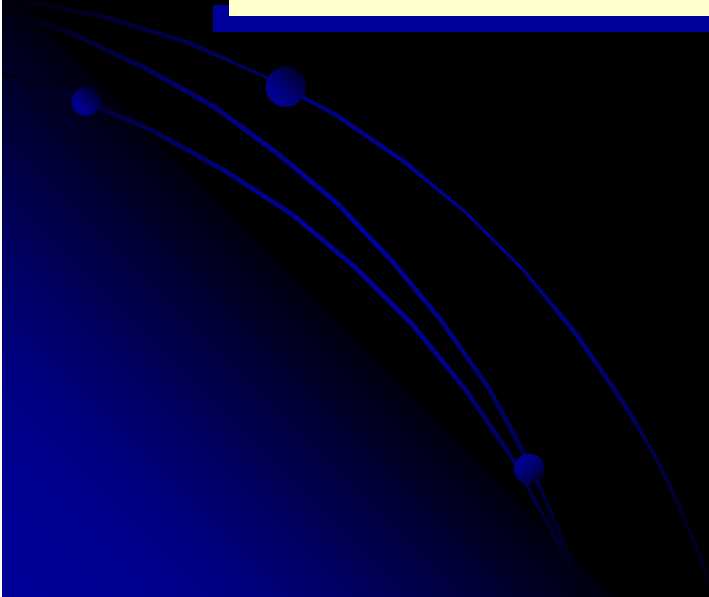
The Unanswered Questions



- Where does it begin
- Are walnuts susceptible
- What can reduce risk
 - Drying
 - Natural Compounds
 - But . . .

... The Answer Begins

With You ...



... And the
Handlers!



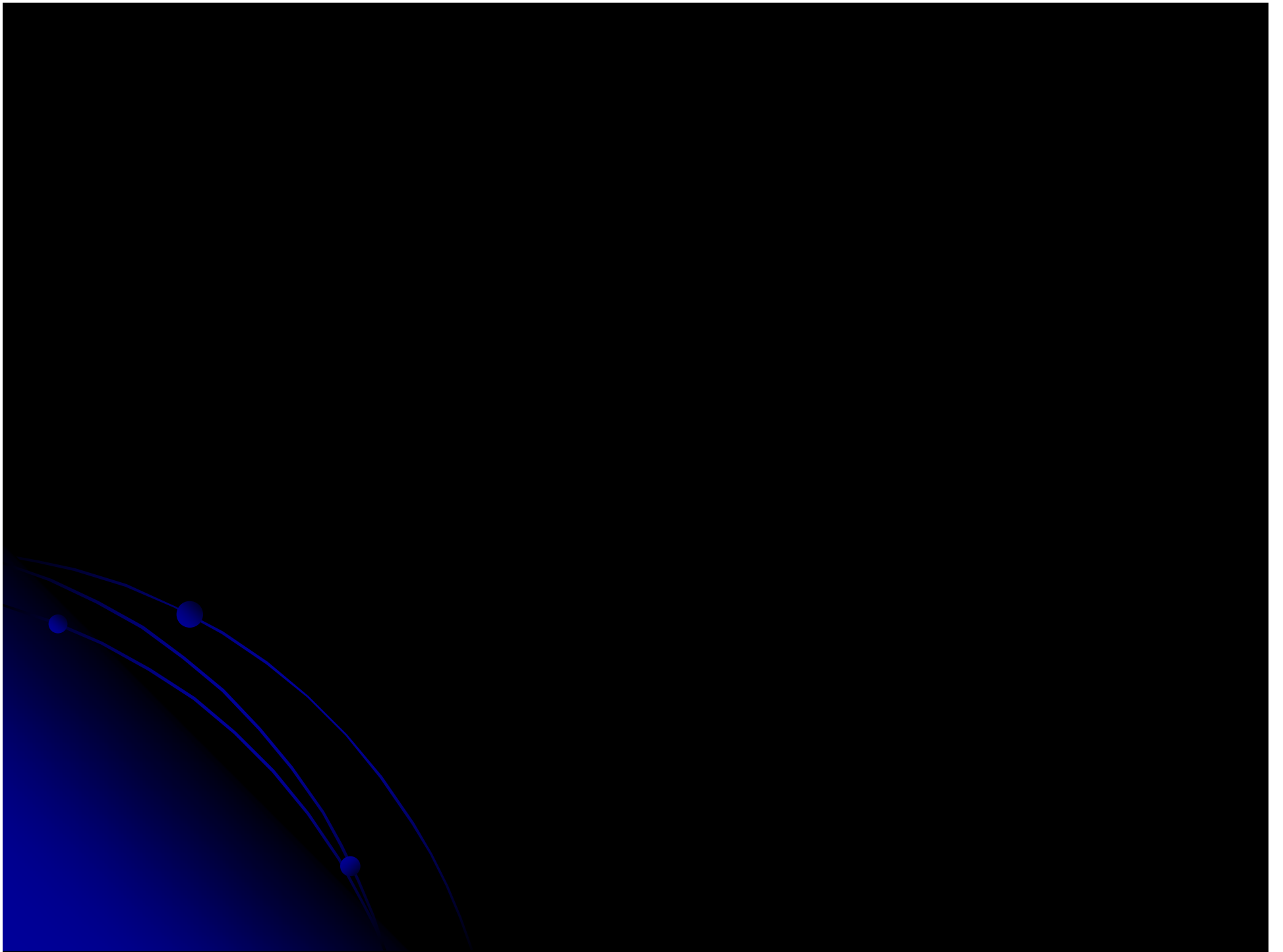
Current Activities

- Adopt GMA Handbook
- Food Safety Workshop
- Field Research
- FS Working Group
- Grades & Standards
- **FDA Inspections**
- **Intense Scrutiny**




Will it be worth the effort?

- There is no choice!
 - FDA
 - Media
 - Customers
 - The very integrity of our industry!
 - Quality
 - Freshness
 - Service
 - Health

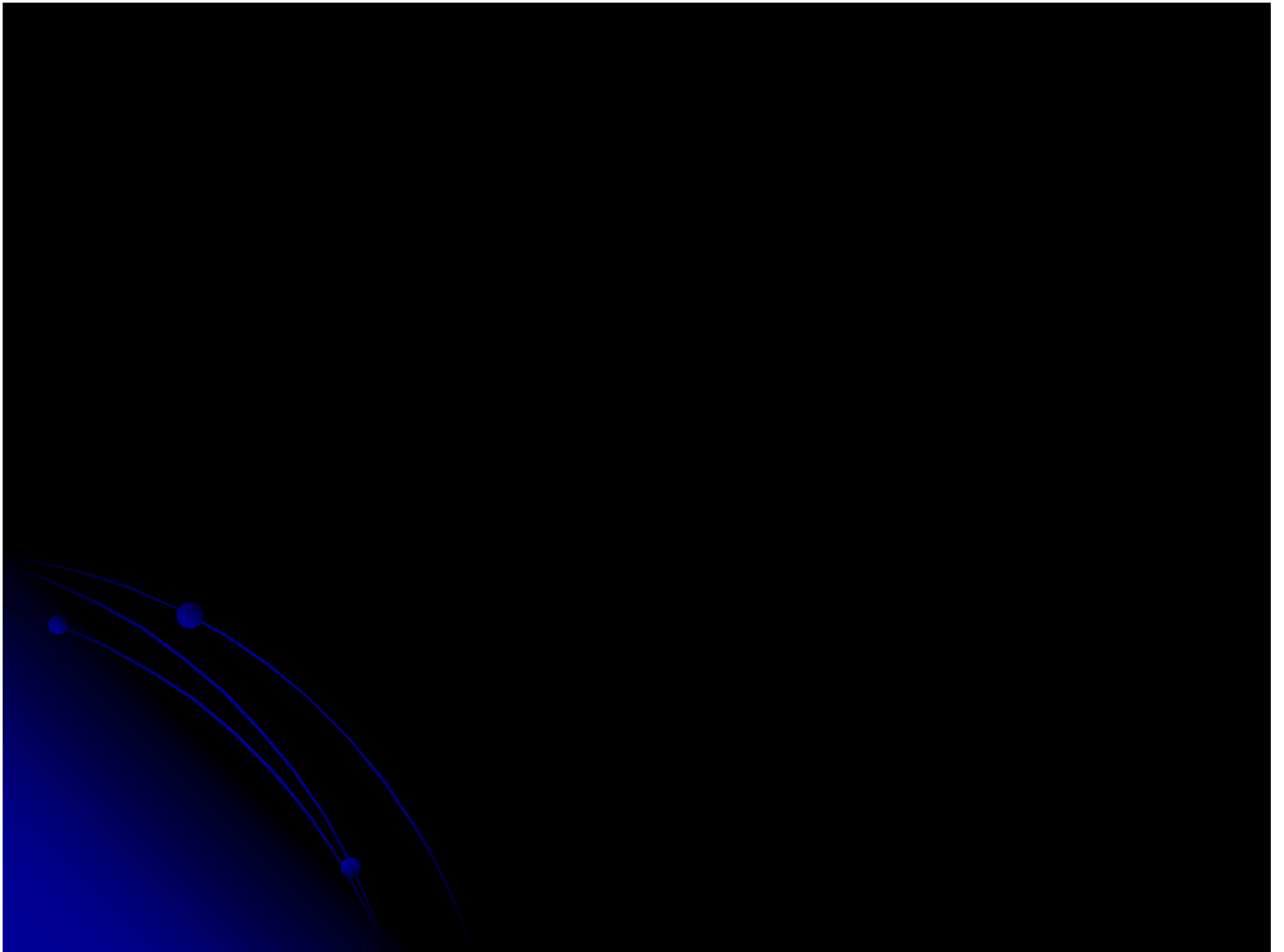


Direct Sales by Growers

- 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**
 - **In-transit risk**
 - **And . . .**
- 

... 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!**



Impact of World Economy



2008/09

- Record Crop – 435,000 tons
 - Low Ending Inventory
 - Dollar Strong & Moving
 - Aggressive Opening of the Markets
 - Buyers Were Wait & See
 - Experience with declining market
- 

The Current Situation

- Crop Slightly Higher Than 2008/09
- at 436,000 tons
- Opening Inventory higher at 58,000 tons
- Dollar Weak and stable
- Rain/Quality/delay in harvest
- Less Aggressive at Opening
- Non-Traditional Markets Buying

Currency

- Germany as an Example

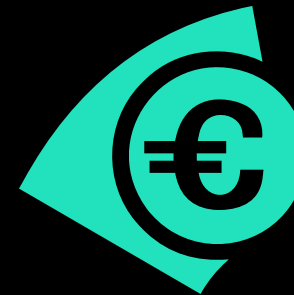
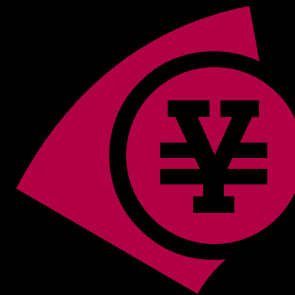
- August 1, 2008 - \$1.56
- October 27, 2008 - \$1.24
- December 1, 2009 - \$1.68

- Spain, Japan, Korea follow pattern.



Result of Currency

- Good climate for Selling California Walnuts
- Marketing Programs downsized with less bang for the buck

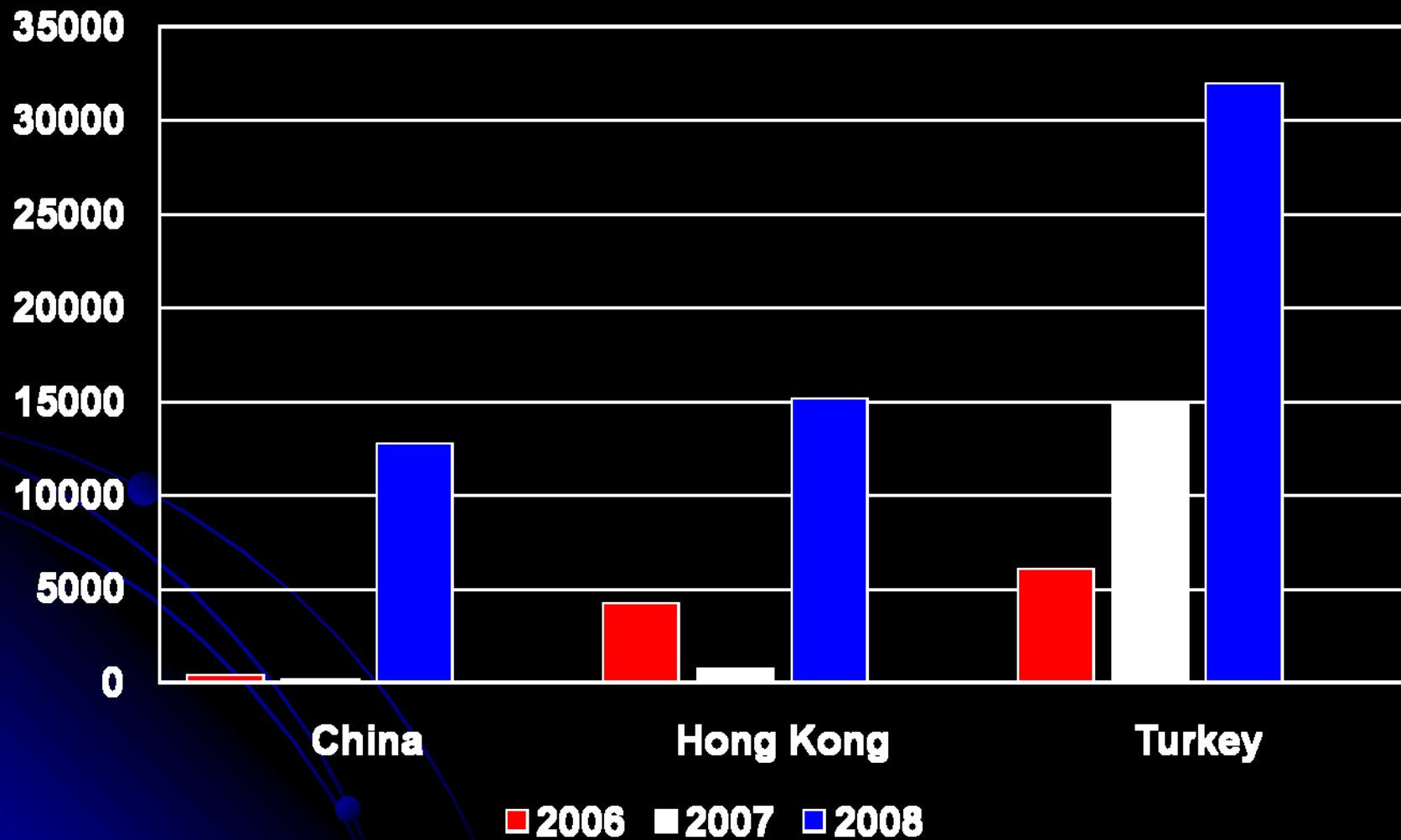


The Non-Traditional Markets

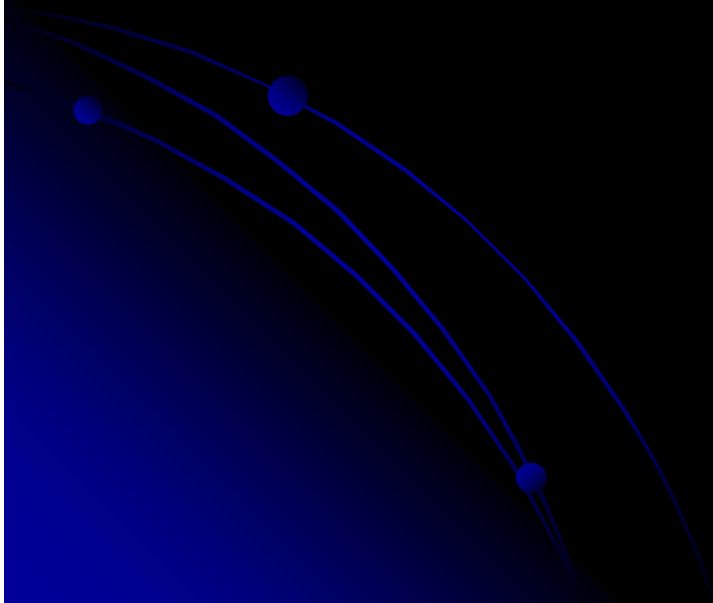
- Who are they – China, Hong Kong & Turkey
- What do they buy – In-shell walnuts mostly for shelling
- To Whom do they sell
 - China /Hong Kong– Their own consumption
 - Turkey – Middle-Eastern markets such as Iran, Iraq, etc.

Non-Traditional Market Trends

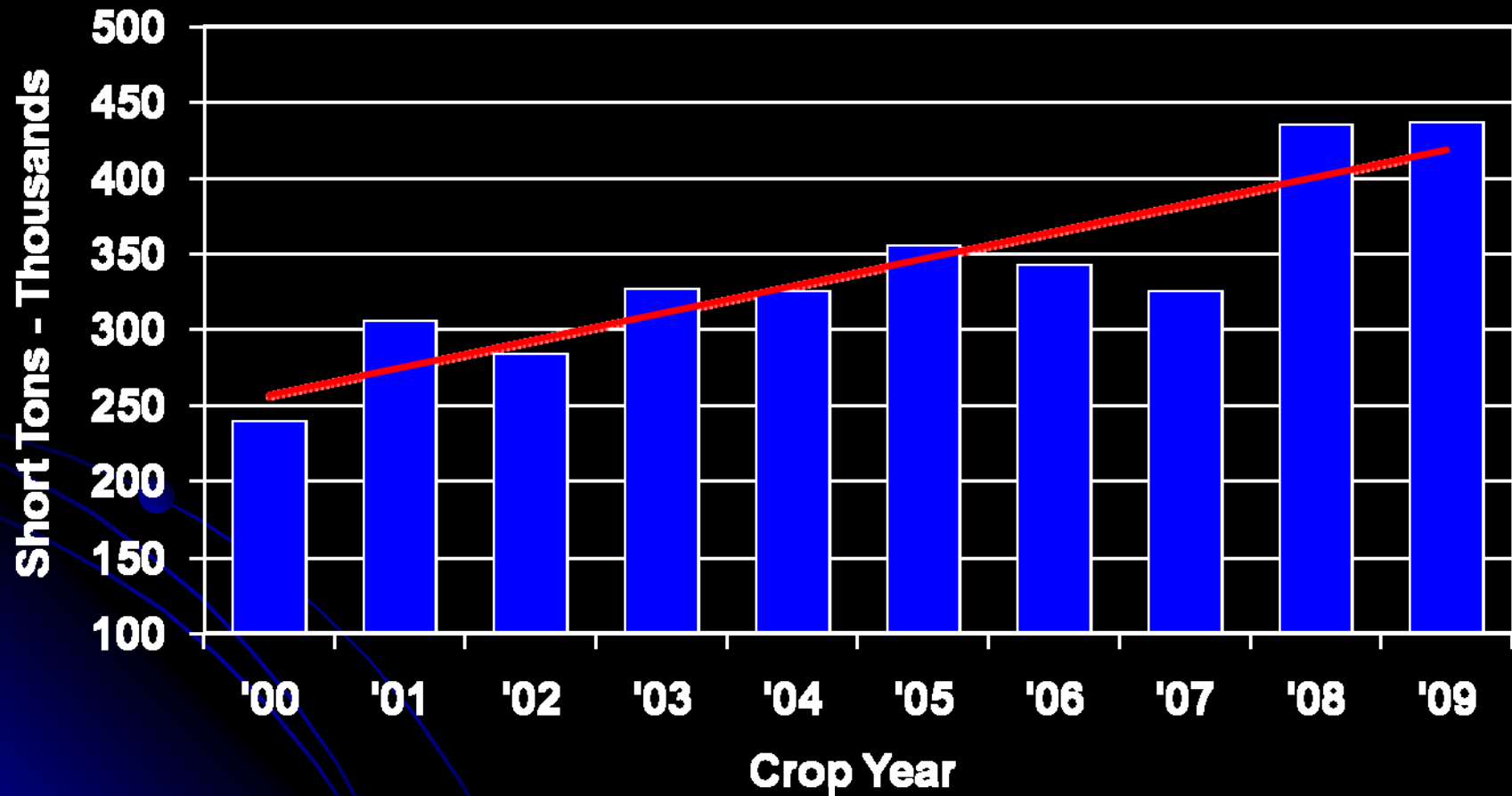
Pounds, In-shell, (000) Omitted



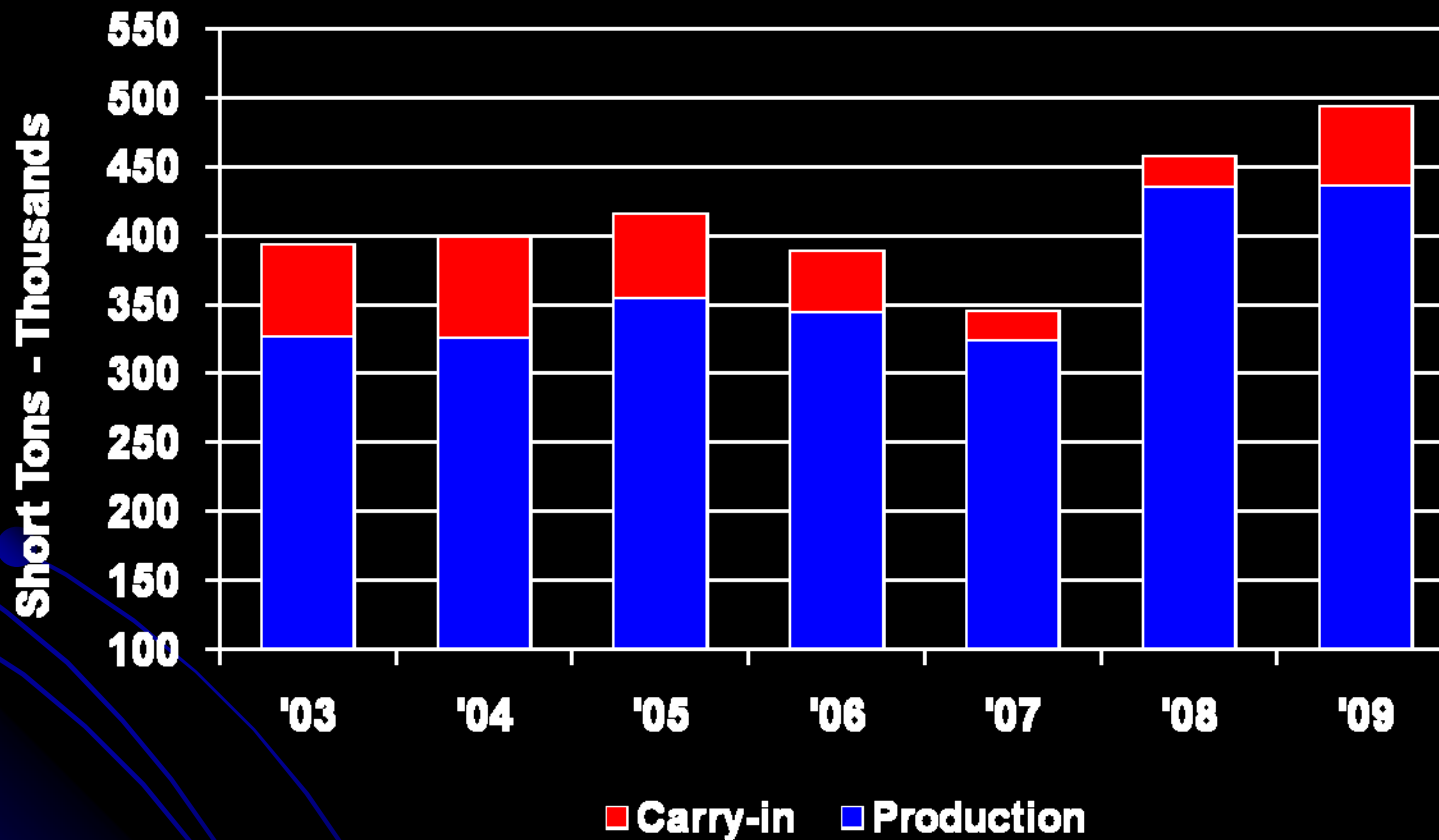
Trends



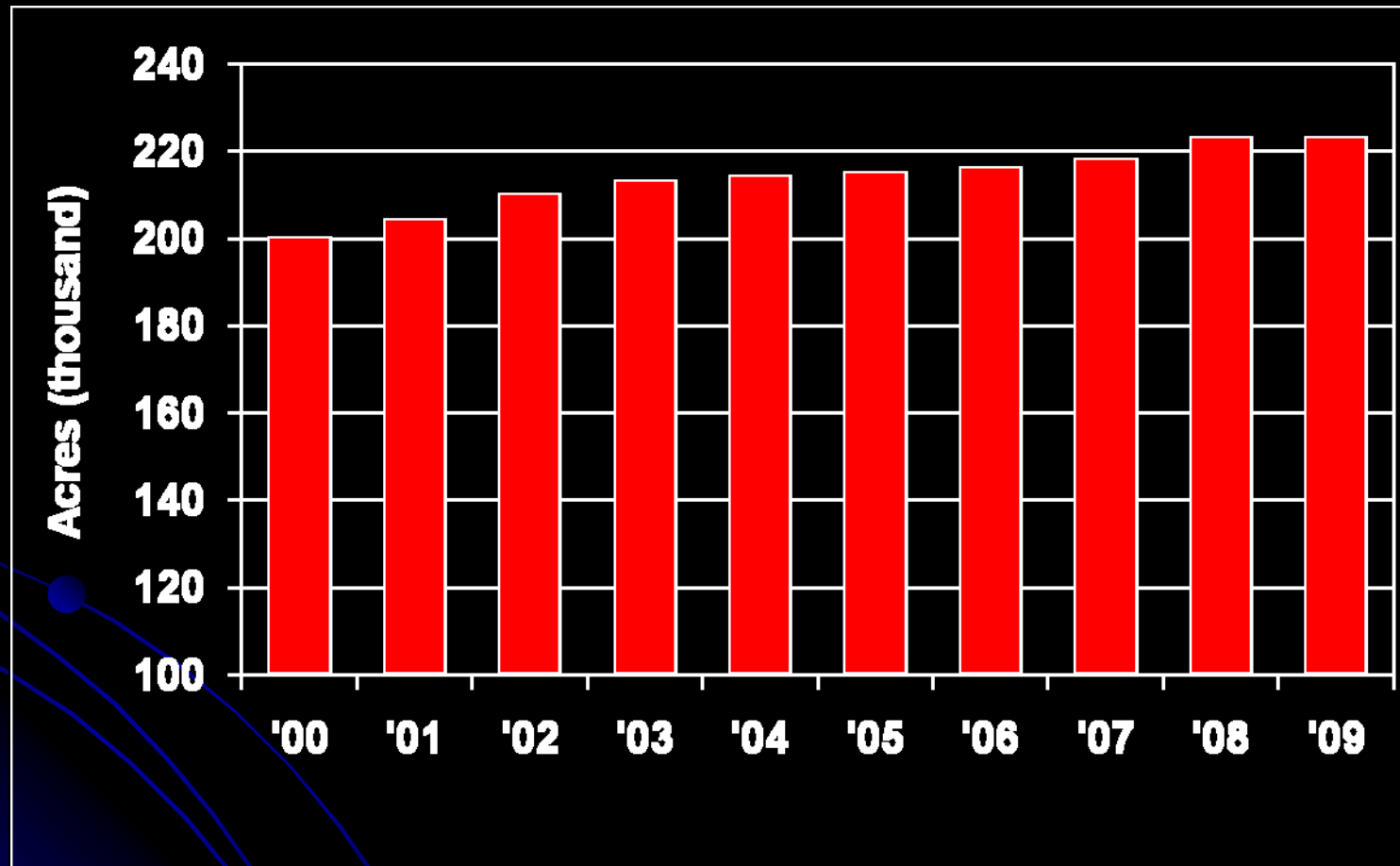
U.S. Walnut Production History



Total CA Walnut Availability



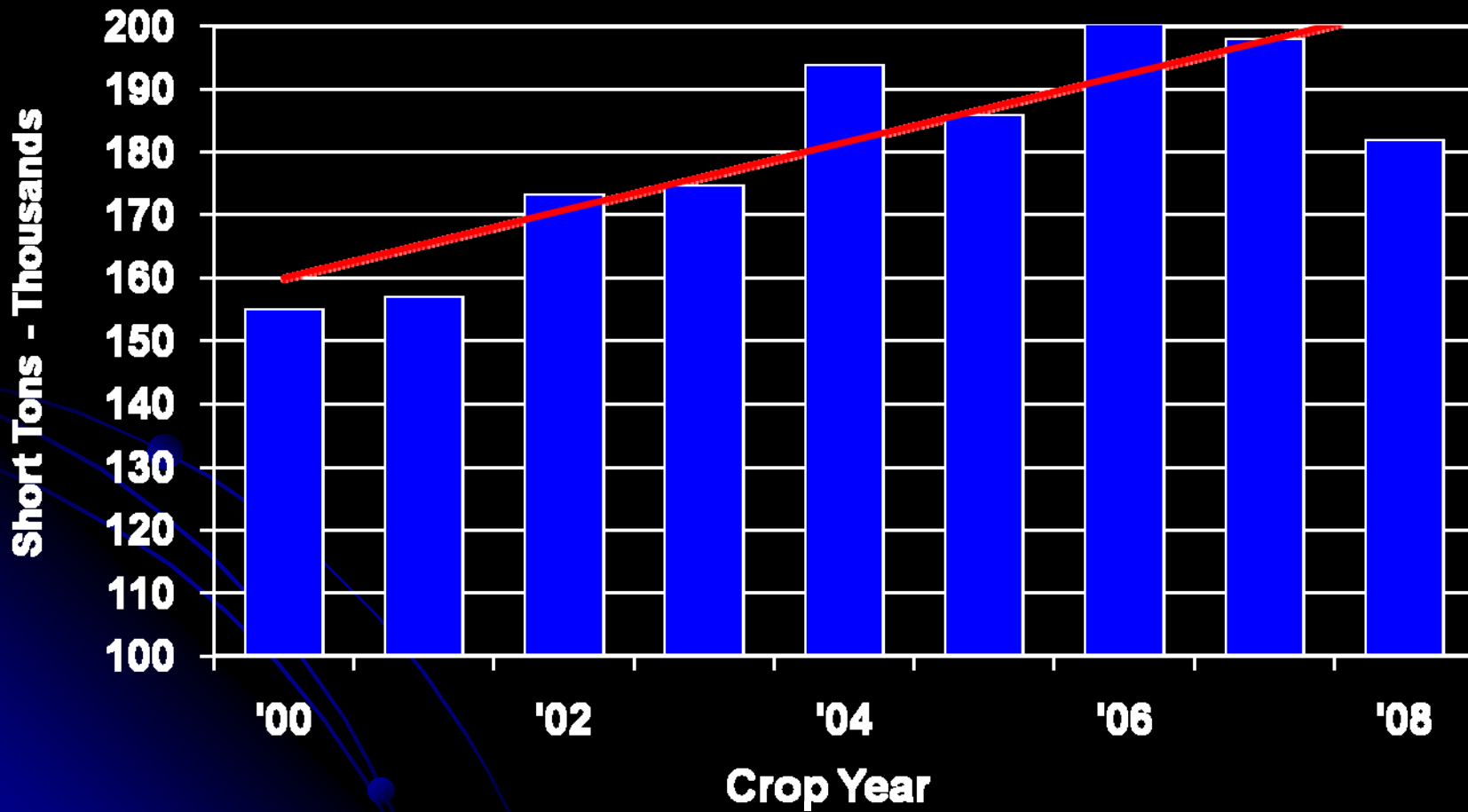
Bearing Acreage

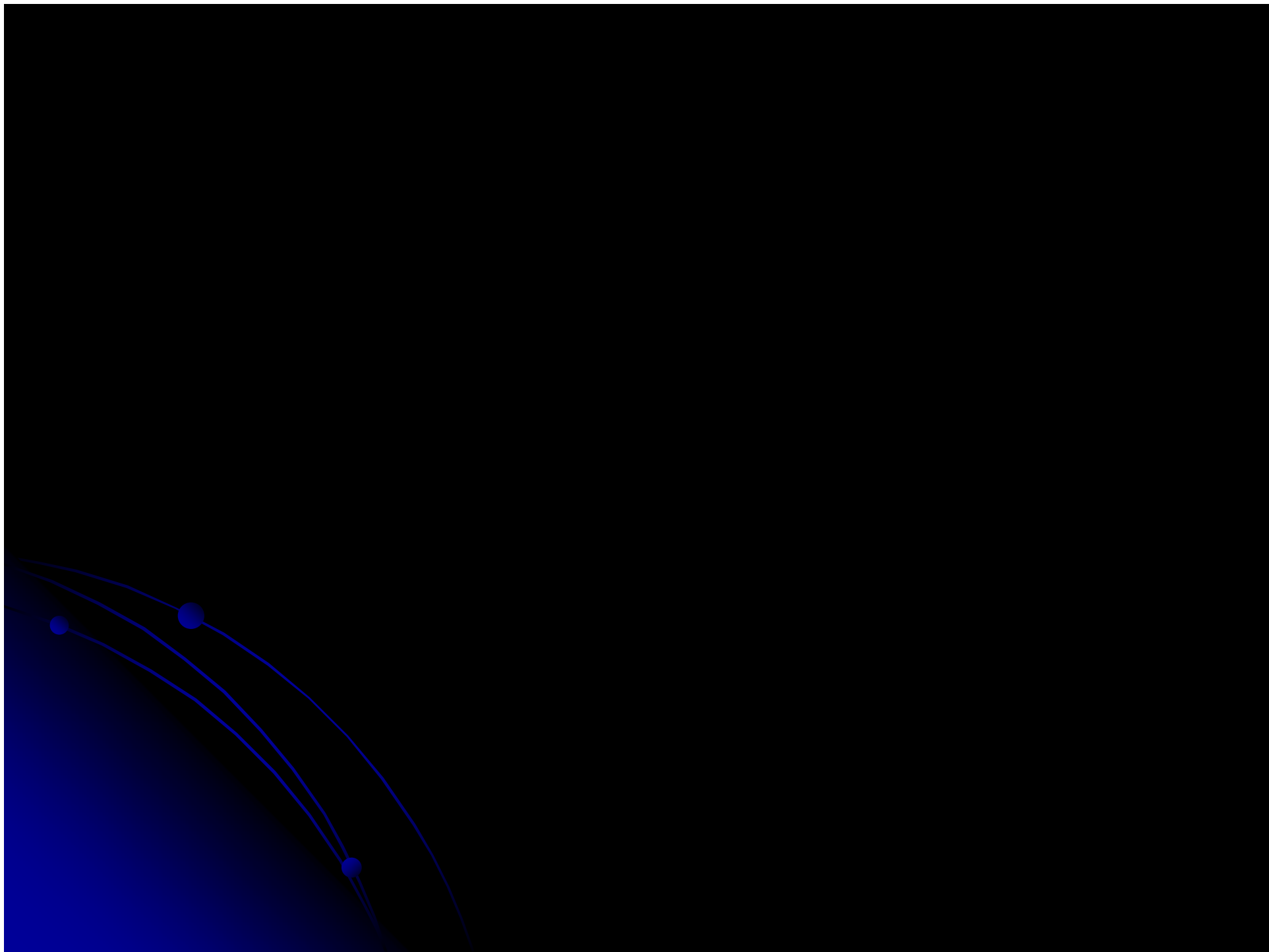


Average 5,000 acres every 5 years

* Note Acreage Survey conducted every other year since 2003

Total US Shipment History





Walnuts Around the World



UNITED STATES

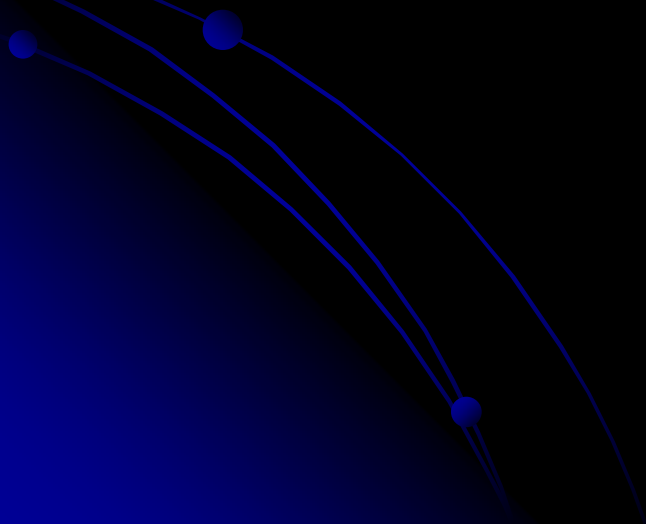
- 87% believe walnuts are healthy (up from 67%)
- 55% believe walnuts provide more health benefits than other nuts
- 55% buying more walnuts than 5 years ago
- Average purchase frequency increased from 3.47x to 3.91x
 - Increase to 4.79x for those aware that walnuts contain omega-3s
- 63% believe that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

Marketing

Advertising

Websites

Public Relations



UNITED STATES

Key Media Events



- Annual Harvest Tour - October
 - Better Homes & Gardens
 - Cooking Light
 - Sunset Magazine
- Spring Media Tour – April
- Health Symposium – June
 - Public and Health Professionals



3.5 billion impressions last year

GERMANY

Year Round Advertising Campaign

- 88 Print Ads
- 4 Online Ads
- 250,000 brochures at point of purchase



SPAIN

Spring/Fall Advertising Campaigns

- In Store
- Print Campaign
- Online



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DE SALUD.
MUY
SOBRADOS.**



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nueces
Mejora tu
vida



JAPAN

Walnut Harvest Festival Retail Bakery Campaign

August – December, 2009

18 Participating Companies
Up 20%

1,004 outlets
Up 177%

32,310 applications
postcards
Up 227%

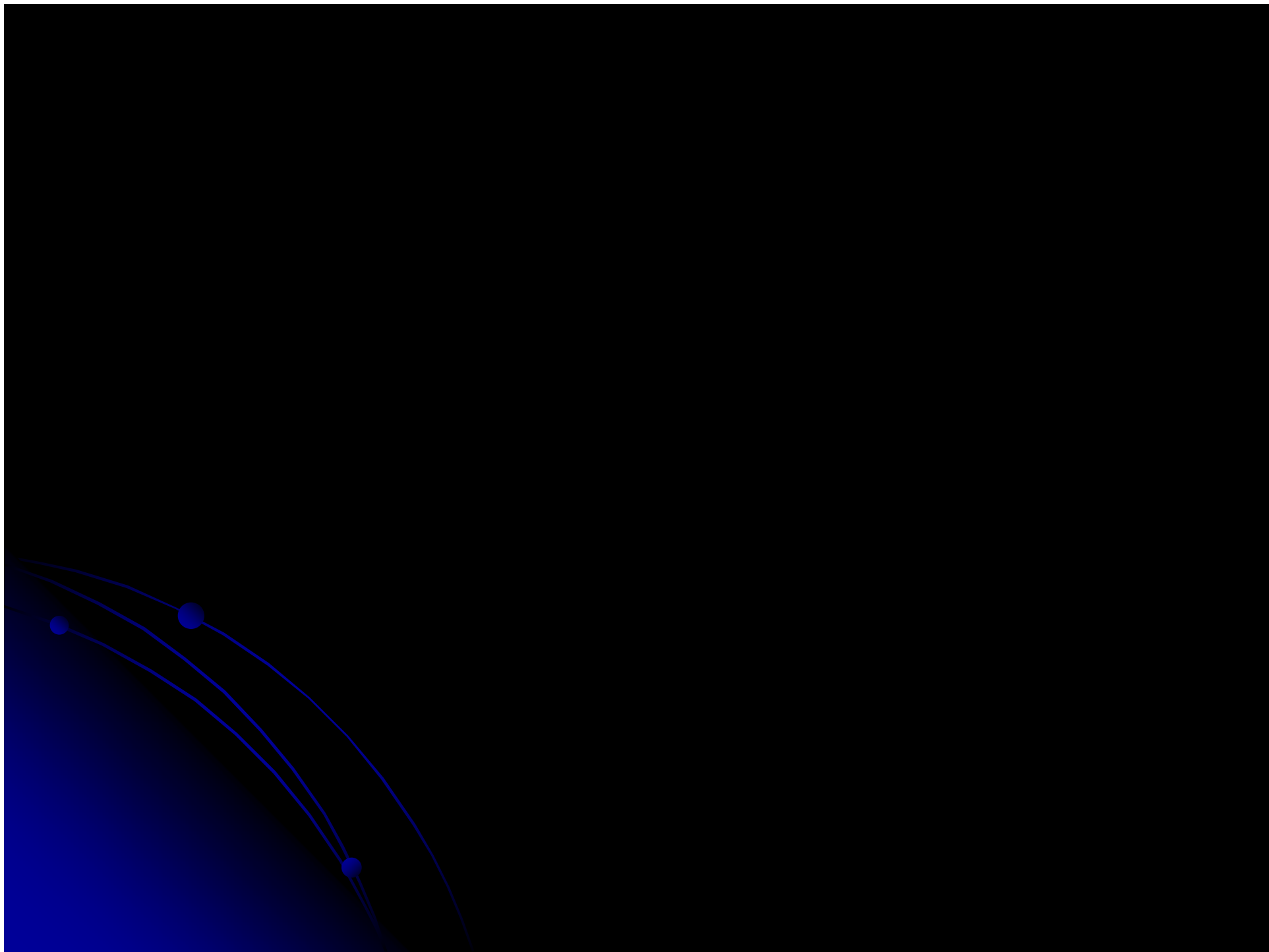


KOREA

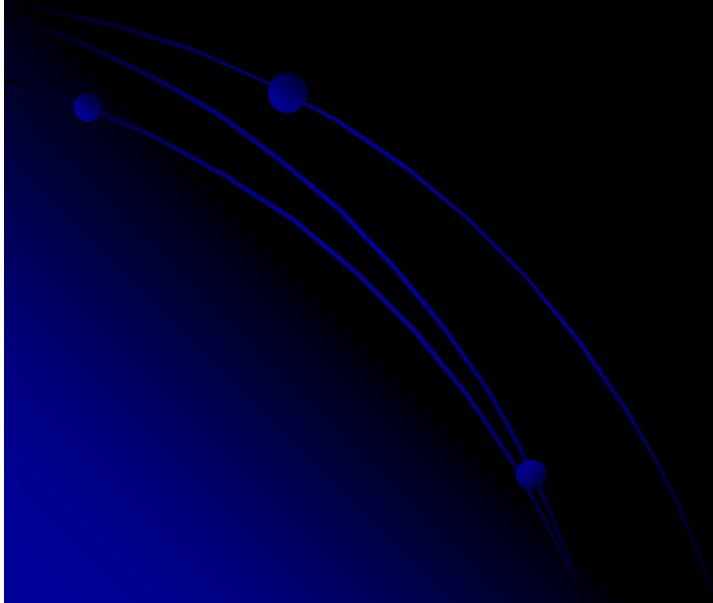
TV Program “It’s OK” on SBS, December 9

- ✓ Viewership 5,000,000
- ✓ Ad Value \$500,000
- ✓ 3 of 5 Home Shopping Channels aired walnut programs following the show
 - ✓ 70% sales increase vs. prior week





HEALTH RESEARCH



WALNUT HEALTH RESEARCH

Recent Publications

- Harvard (Hu) – Meta Analysis on Cardiovascular Health
- Tufts (Joseph) – Cognitive Function
- University of Wollongong (Tapsell) – Diabetes
- Loma Linda University (Sabate) – Fish vs. Walnuts

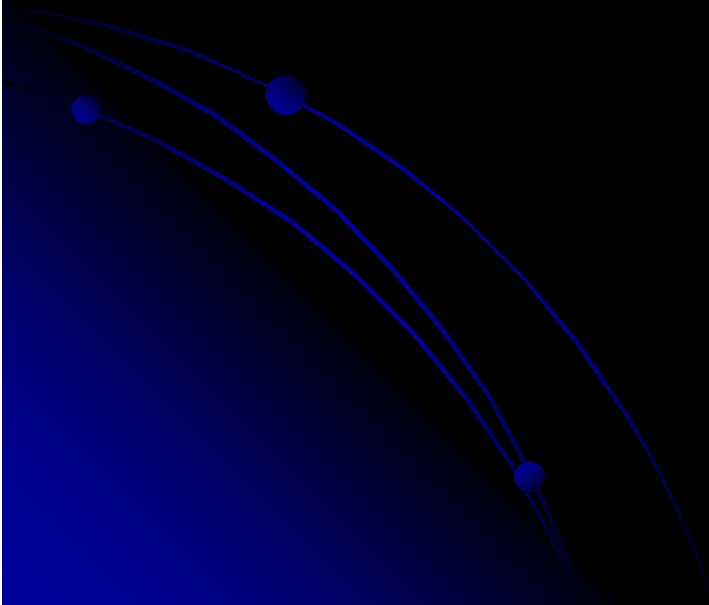
WALNUT HEALTH RESEARCH

Accepted Publications

- Yale University (Katz) – Type 2 Diabetes
- Harvard (Mantzoros) – Satiety
- Loma Linda University – Serum Lipids
- University of Wollongong (Tapsell) - Diabetes
- PREDIMED – Serum Lipids, Insulin Resistance, Inflammatory Markers

PENDING PUBLICATIONS

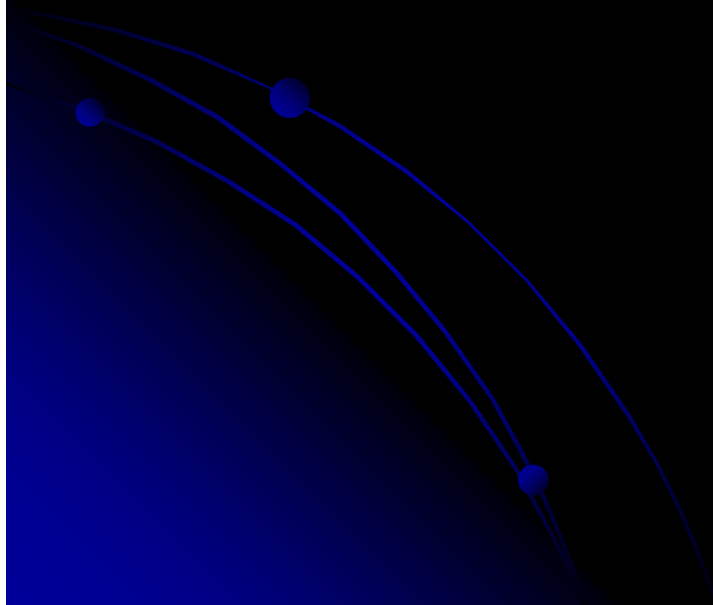
**3 papers under review at
various journals**



WALNUT HEALTH RESEARCH

Studies in progress

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Manex to Mancozeb

- A New Compound for blight
 - Cannot use Manex
 - Not yet Registered by EPA
 - Section 3
 - Section 18
- Filed for an 18 on Mancozeb 9/2009
- Manufacturer wants more label uses
- Moment to Moment

Thank You!



California Walnut Commission

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