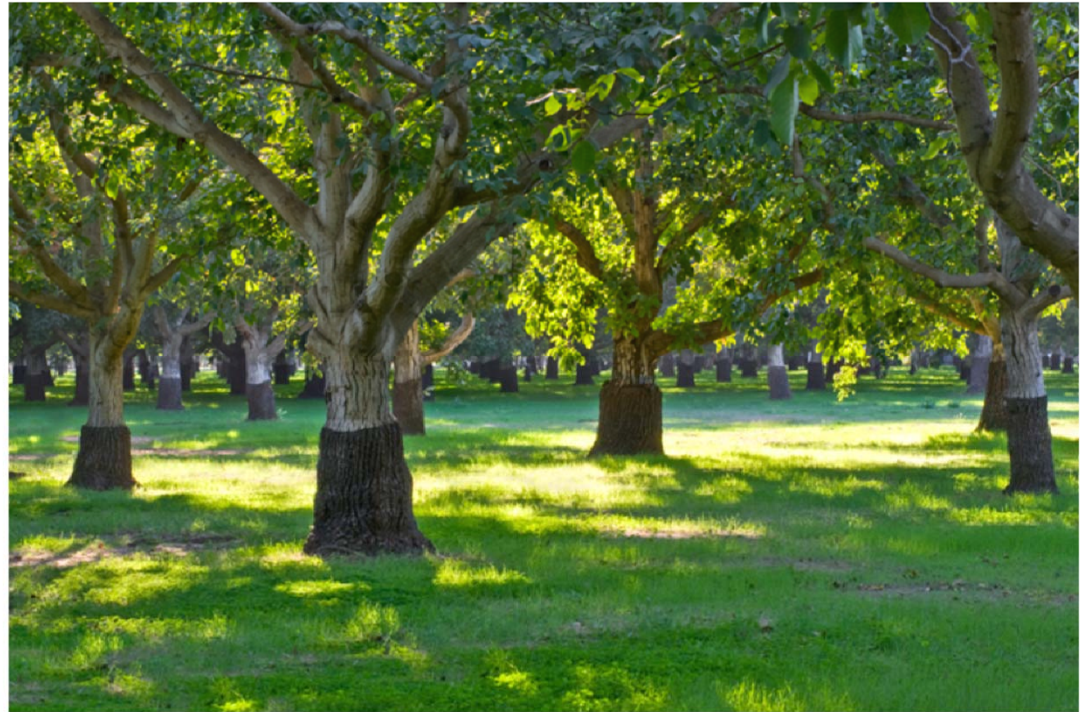


THE STATE OF THE CALIFORNIA WALNUT INDUSTRY

2012 Extension Service Meetings



What does the CWB/CWC do?

Board

- ◎ Production Research (5)
- ◎ Food Safety
- ◎ Grades & Standards
- ◎ Domestic Market Development
- ◎ **Volume Control**
- ◎ School Lunch Program Buys

Commission

- ◎ Health Research (74)
- ◎ Domestic & Export Market Development
- ◎ **Educate government officials**
- ◎ Trade Policy (KFTA)
- ◎ Regulatory Issues
- ◎ Intra Industry Communication
- ◎ **Enter into multi-year contracts**



FOOD SAFETY

Food Safety Modernization Act (FSMA)

- ⦿ FDA will issue Fresh Produce Rule in early 2012.
- ⦿ FDA must have Public Comment Period
- ⦿ Will Tree Nuts be Treated like Produce?
- ⦿ What will be FDA's Expectations?
- ⦿ Quote: "will not require a business to hire a consultant or 3rd party to implement programs to comply with new law".

Know Your GAP's & GMP's

- ◎ Pre-harvest: water, manure, animals
 - Salmonella and E. coli sources from Livestock/Wildlife feces
 - Keep Orchard clean and know your neighbors
- ◎ Harvest: train your employees
 - Hand washing and sanitation practices
 - Equipment cleaning steps

[Watch for news about new regulations](#)

Current Activities

- ◎ Salmonella Survey #2
 - Added E. coli O157:H7
 - Increased sample size
 - Will help with FDA's Risk Based Science demands
- ◎ PPO Validation to FDA
- ◎ Antimicrobial wash tests
- ◎ Handlers Food Safety and Preventive Control Training in February



Antimicrobial Wash Study

Direct Sales by Growers

- ◎ By pass the network
 - Against Federal Marketing Order
 - Must have Walnuts inspected before leaving CA
 - Fines of \$1,100 per day/incident
 - A Risk for Food Safety
 - No Inspection
 - No traceability
 - In-transit risk

If You Sell to Anyone Except a Handler . . . You Are Now a Handler!

☉ You have new reporting requirements!

- Receipts (including your own production)
- Assessments
- DFA Inspection/grading
- Risk as Seller



PRODUCTION RESEARCH

Production Research

20

Projects Funded

\$1,036,515

Spent on Projects in 2011/12



Production Research Studies

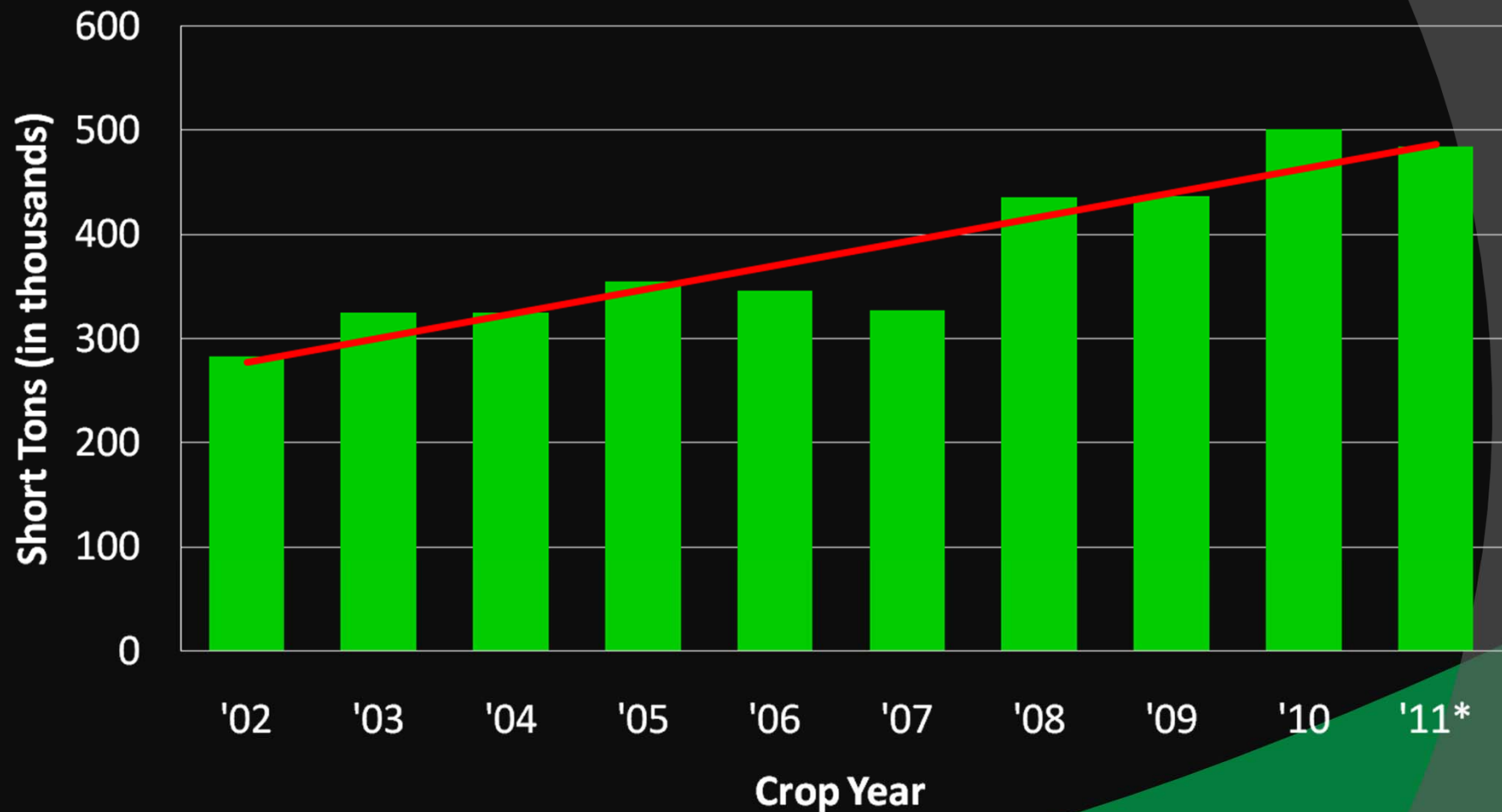
- Genetic Improvement
- **Rootstocks**
- Water Management
- Orchard Management
- Flower & Fruit Development
- Tree Growth & Development
- Harvesting & Drying
- Walnut Husk Fly
- Codling Moth
- Walnut Aphid
- Post Harvest Pests
- Walnut Blight
- Phytophthora
- Crown Gall
- Nematodes
- Chemical Efficacy Tests
- **Varietal Development**

Last Year's Published Research Available on CD



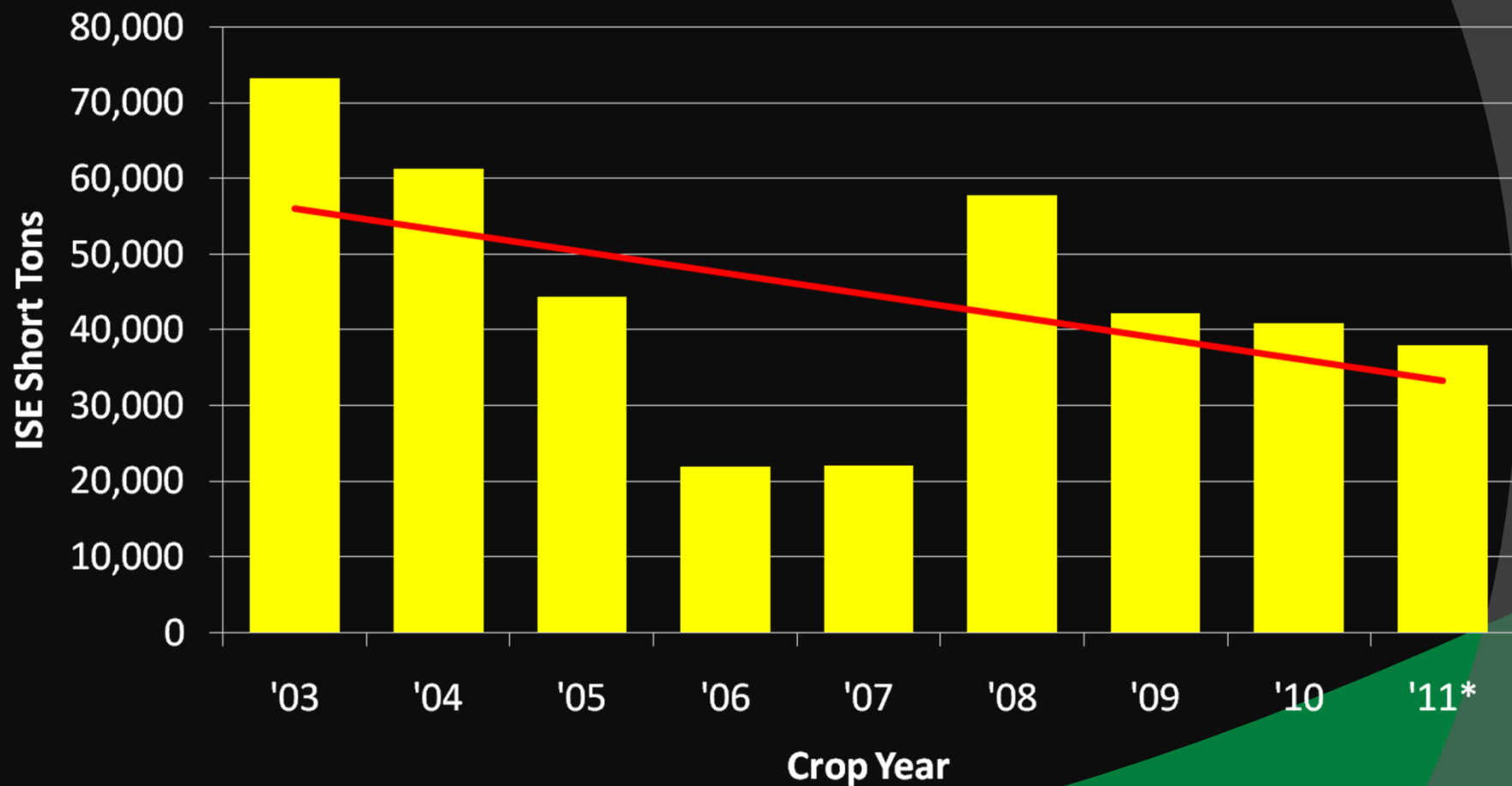
TRENDS

CA Walnut Production History



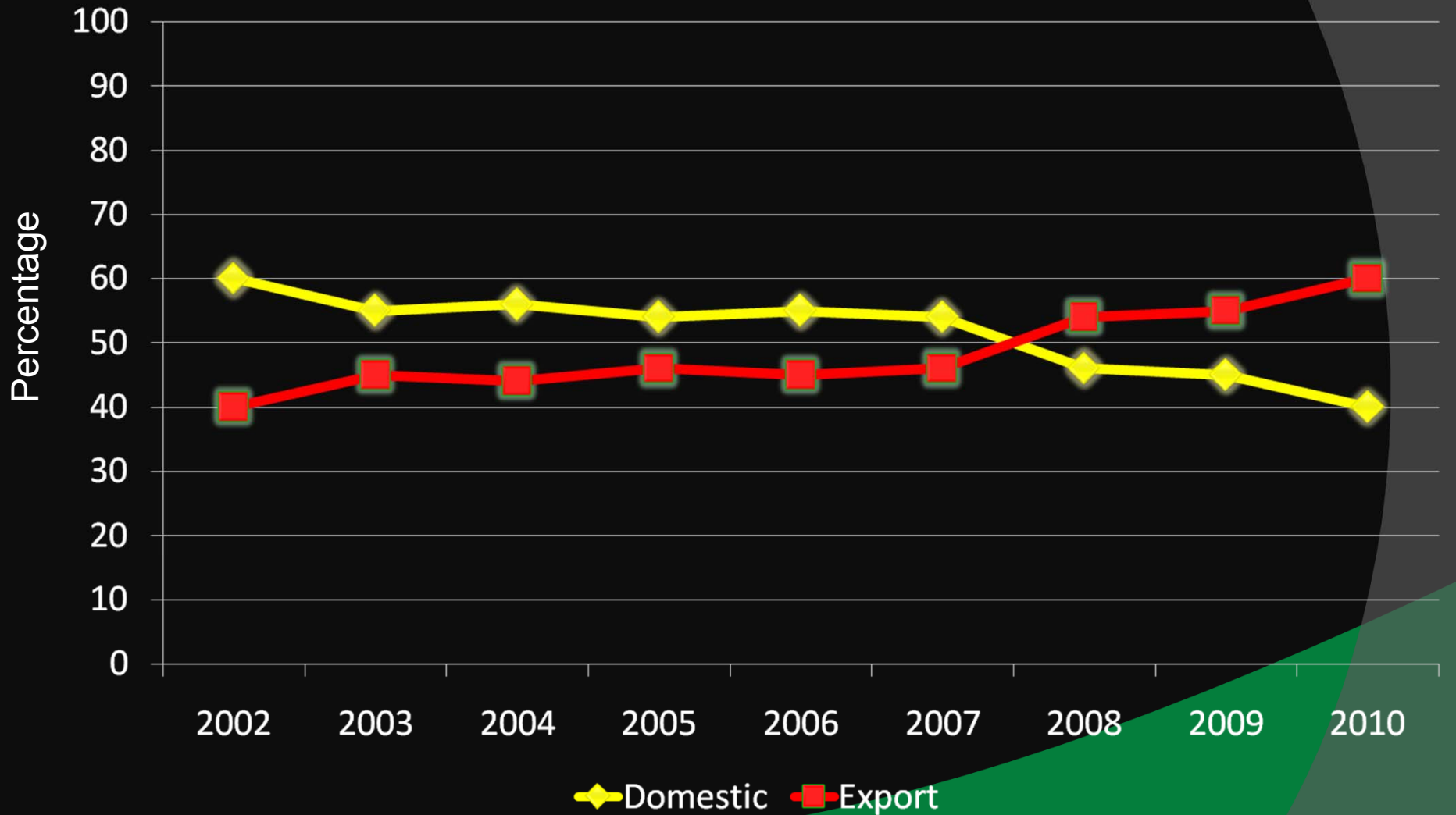
**Estimate*

Ending Inventory



























**Estimate*

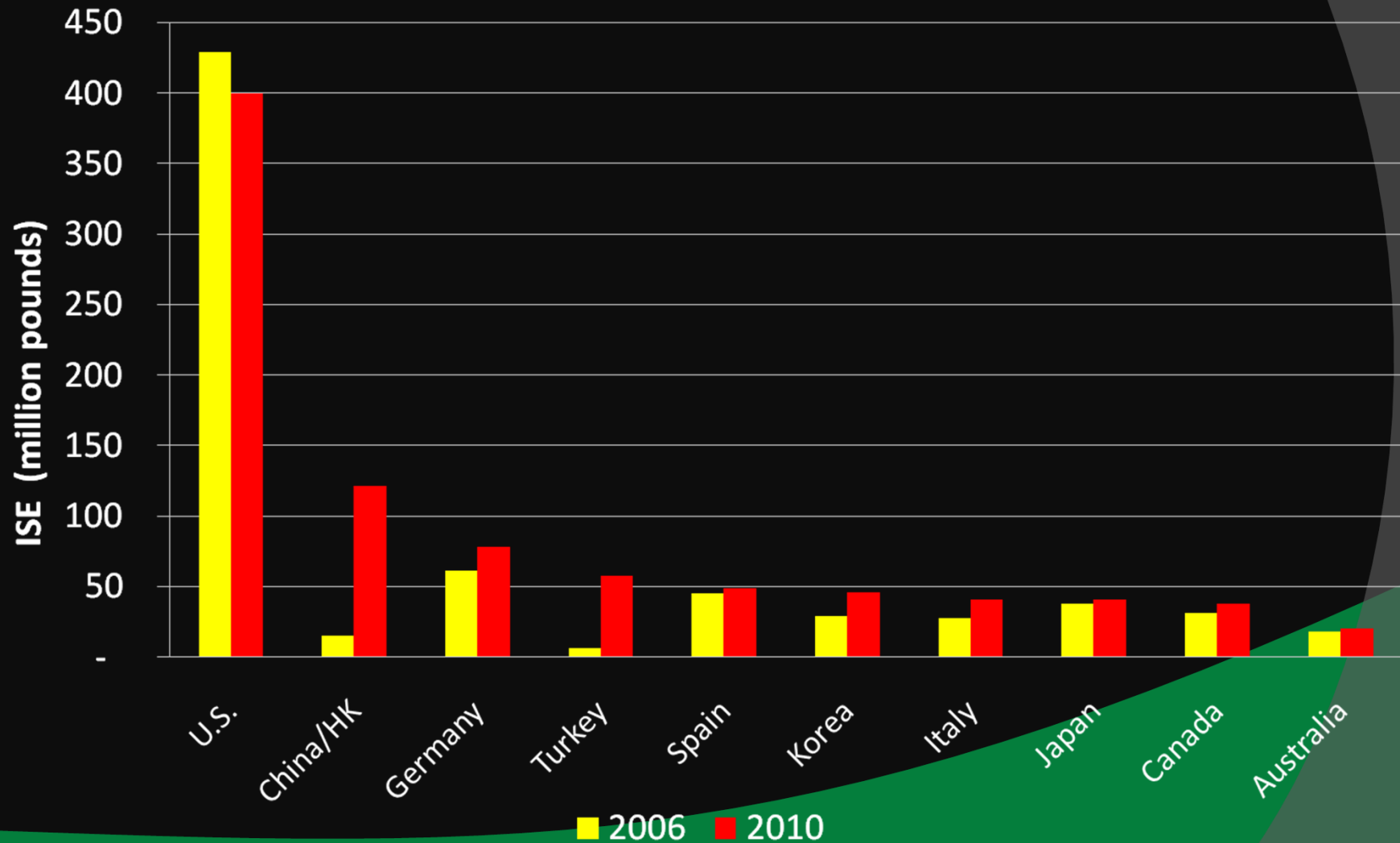
Domestic vs. Export Shipments



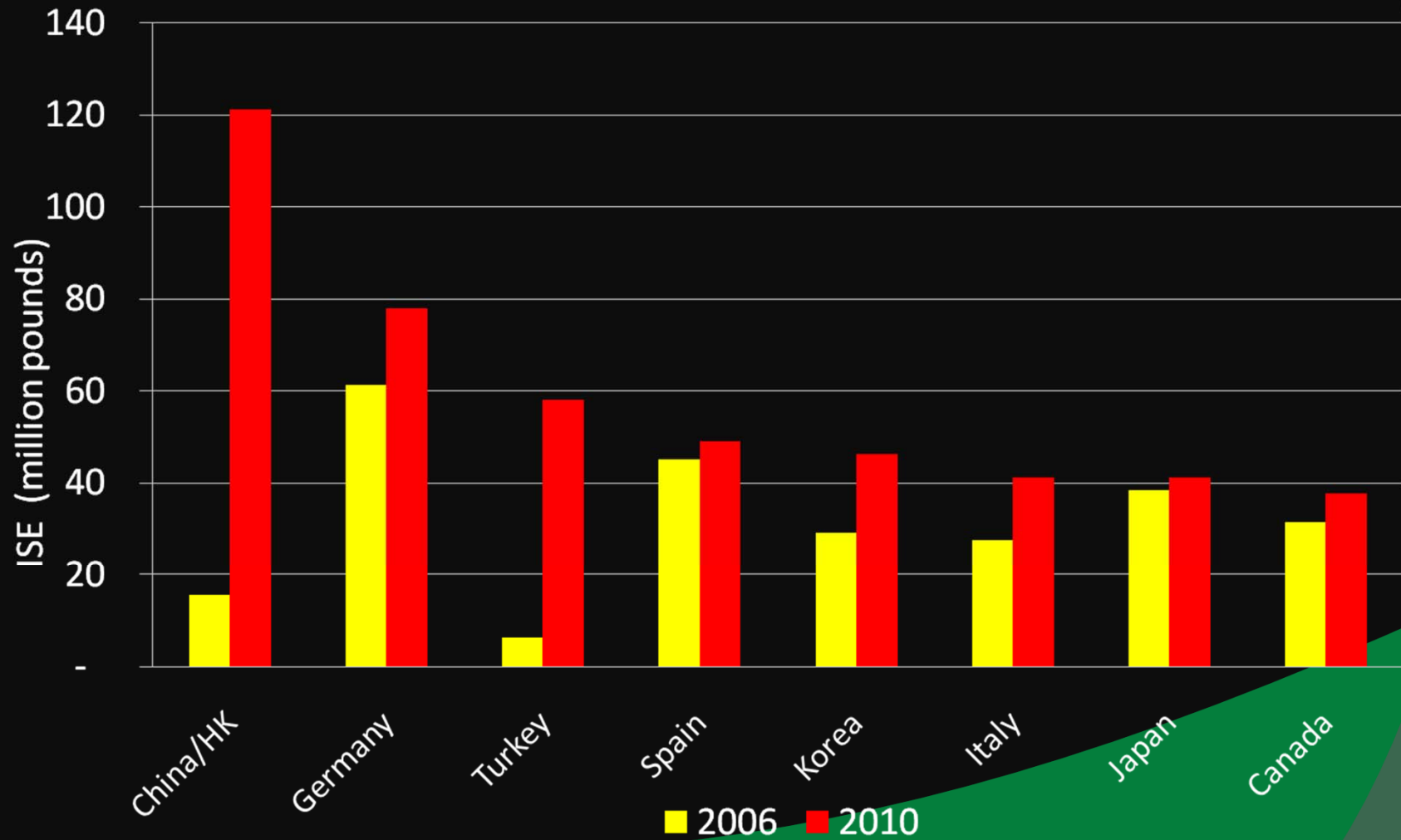
Market Risk Assessment

| | USA | Germany | China | Turkey |
|--------------------------------------|---|---|---|---|
| High Disposable Income |  |  | | |
| Already Produce/Consume Walnuts |  |  |  |  |
| High Population Density |  |  |  | |
| High Nut Usage |  |  |  |  |
| Few Political Hurdles |  |  | | |
| Government Climate |  |  | | |
| Potential to Utilize Shelled Product |  |  |  |  |
| Large Food Processing Industry |  |  |  | |

Top 10 Markets By Shipments



Top Export Market Shipments



Walnuts Around The World



U.S. Market

2011 Attitude & Usage Data

- ✓ **86%** of consumers believe walnuts are healthy
- ✓ **51%** know walnuts contain omega-3s (**a 20% increase from 2009**)
- ✓ **85%** of consumers would buy walnuts if they were shopping and walnuts were offered at a reasonable price
- ✓ **61%** said they were buying walnuts more often than five years ago
 - ✓ Why? Nutrition and taste.
- ✓ Primary Use – **Baking (77%)** and **Snacking (74%)**

We've got heart!

- ◎ **73%** of primary grocery shoppers say the Heart-Check mark improves the likelihood that they'll buy the product
- ◎ **68%** of walnut consumers said it was important to them that walnuts carry the mark
- ◎ CWB/CWC advertising and promotions
- ◎ Available for handler use



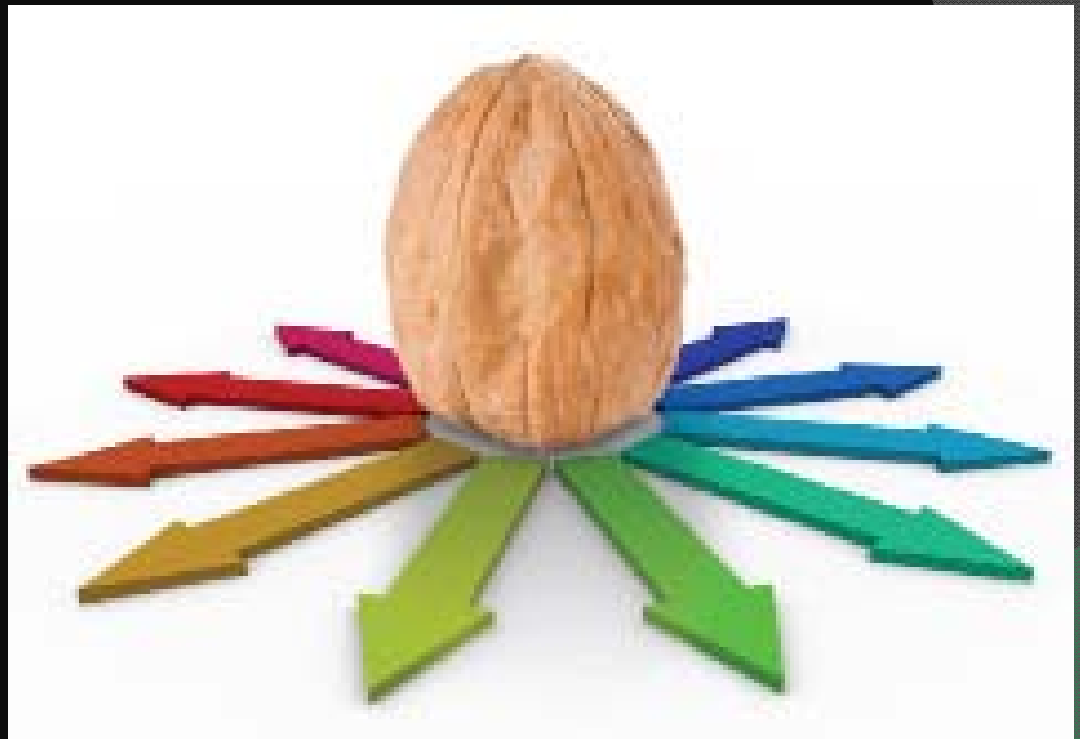
New Print Advertising Campaign

- Break-through creative
- Strong health message
- 57+ million circulation
- January - August
- Key women's publications
 - Better Homes & Gardens
 - Martha Stewart Living
 - Real Simple
 - Cooking Light
 - Health
 - Sunset
 - Food & Wine
 - Eating Well
 - Saveur



What MAP has done for Exports

- Established export markets
- Export growth
52M tons 1985 to
306M tons in 2010
- Catalyst
- Product
Development



Germany

- Health Drives Media
- Walnuts were the only nut granted a specific claim in the European Union:
“Walnuts contribute to the improvement of endothelium-dependent vasodilation” (artery health), based on daily consumption of 30g of walnuts.
- Additional three generic claims



Spain

- Super Twiggy



South Korea

● Consumer Health Perceptions:

- Good for Brain/Cognitive Function – 73%
- Omega-3's – 71%
- Good for your Heart – 69%
- Reduce Cholesterol – 66%

● Scientific Advisory Council Meeting





HEALTH RESEARCH

74 Published Studies

☉ Recently Published

- UC Davis (Davis) – Prostate Cancer
- Scranton (Vinson) - Antioxidants
- Harvard (Mantzoros) – Metabolic Syndrome

☉ In Progress (26)

- Cardiovascular
- Cancer
- Cognitive Function
- Diabetes
- Male Reproductive Health
- Weight Management



A Message from Dr. Michael Roizen



March 2012

GROWER REFERENDUM

The Economy's Impact

- ◎ Budget Concerns
 - Federal Cut Backs
 - States Lose
- ◎ Extension Service
- ◎ Production Research
- ◎ **What else is at Risk for the Walnut Industry?**



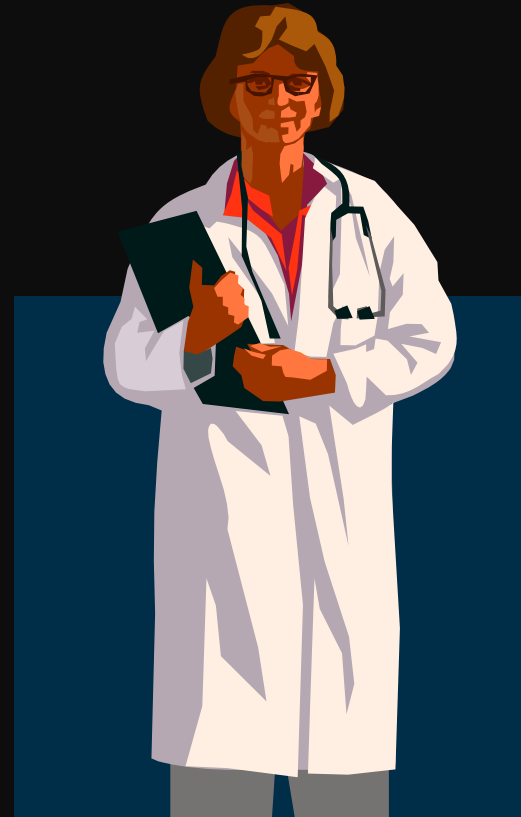
MAP, TASC, QSP & Block Grants



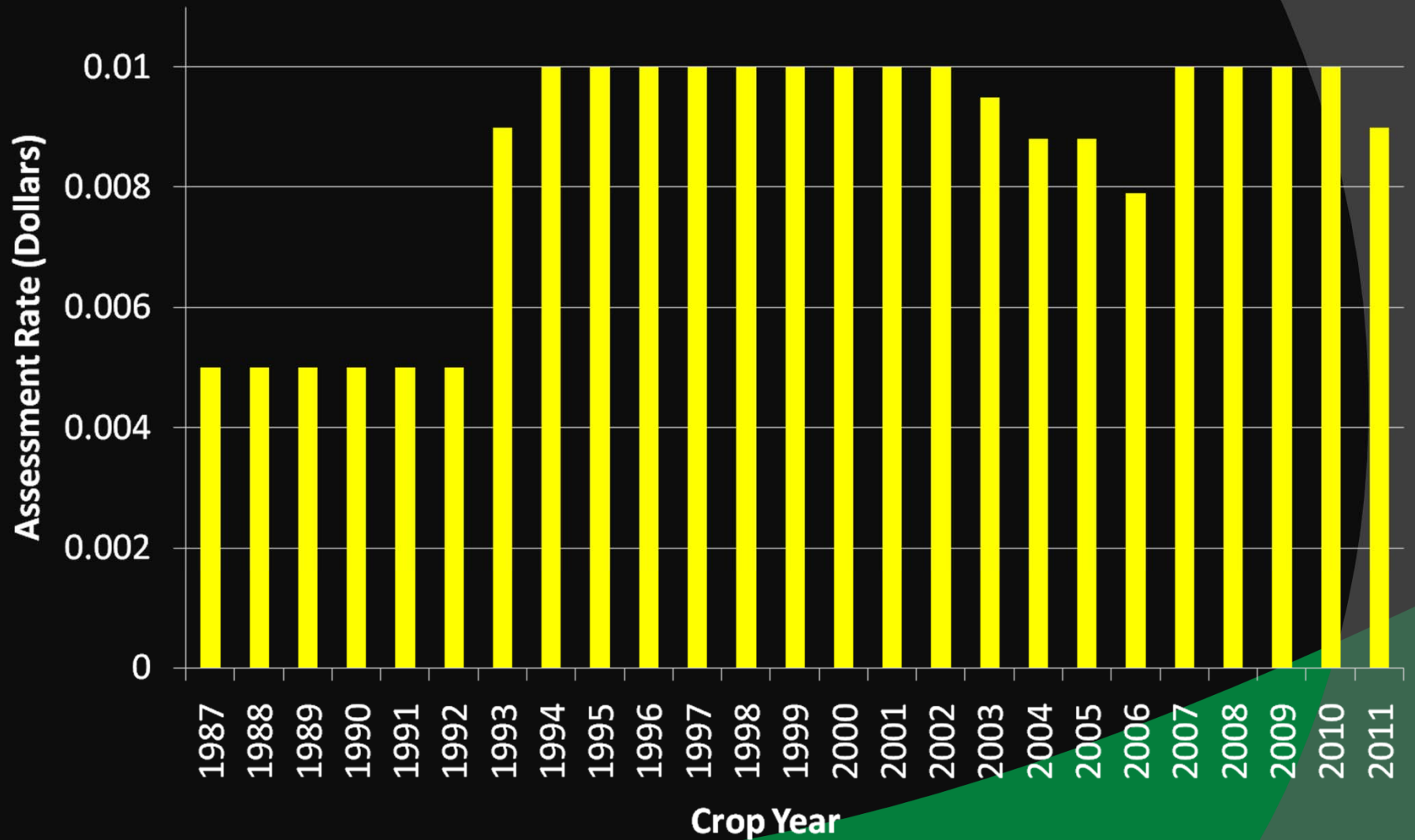
- Exports Have Grown
- 60% of 2010/11 Shipments
- 306,000 Tons
- MAP, etc.
- Right at \$5 million
- Catalyst for Growth
- Opening New Markets

Maintain Health Research

- ⦿ Key Program
- ⦿ Expand Data Base
- ⦿ Chronic Illness
- ⦿ Cutting Edge
- ⦿ Longer
- ⦿ Larger
- ⦿ **Consumer Attitudes**



CWC Assessment History



Referendum Vote

Raise CWC assessment cap from 1¢ to 1.75¢ (per inshell pound)

It is your Program

VOTE!

Ballots will be mailed to all growers at the beginning of March. Contact the CWC if you do not receive yours.



www.walnuts.org

- Reports
- Important Documents
- Industry Materials
- Important Links
- Meeting Information
- Handler List
- Industry Newsletters
- Logo Wear



Thank you!

California Walnut Commission
101 Parkshore Drive, Suite 250
Folsom, CA 95630
(916) 932-7070
www.walnuts.org

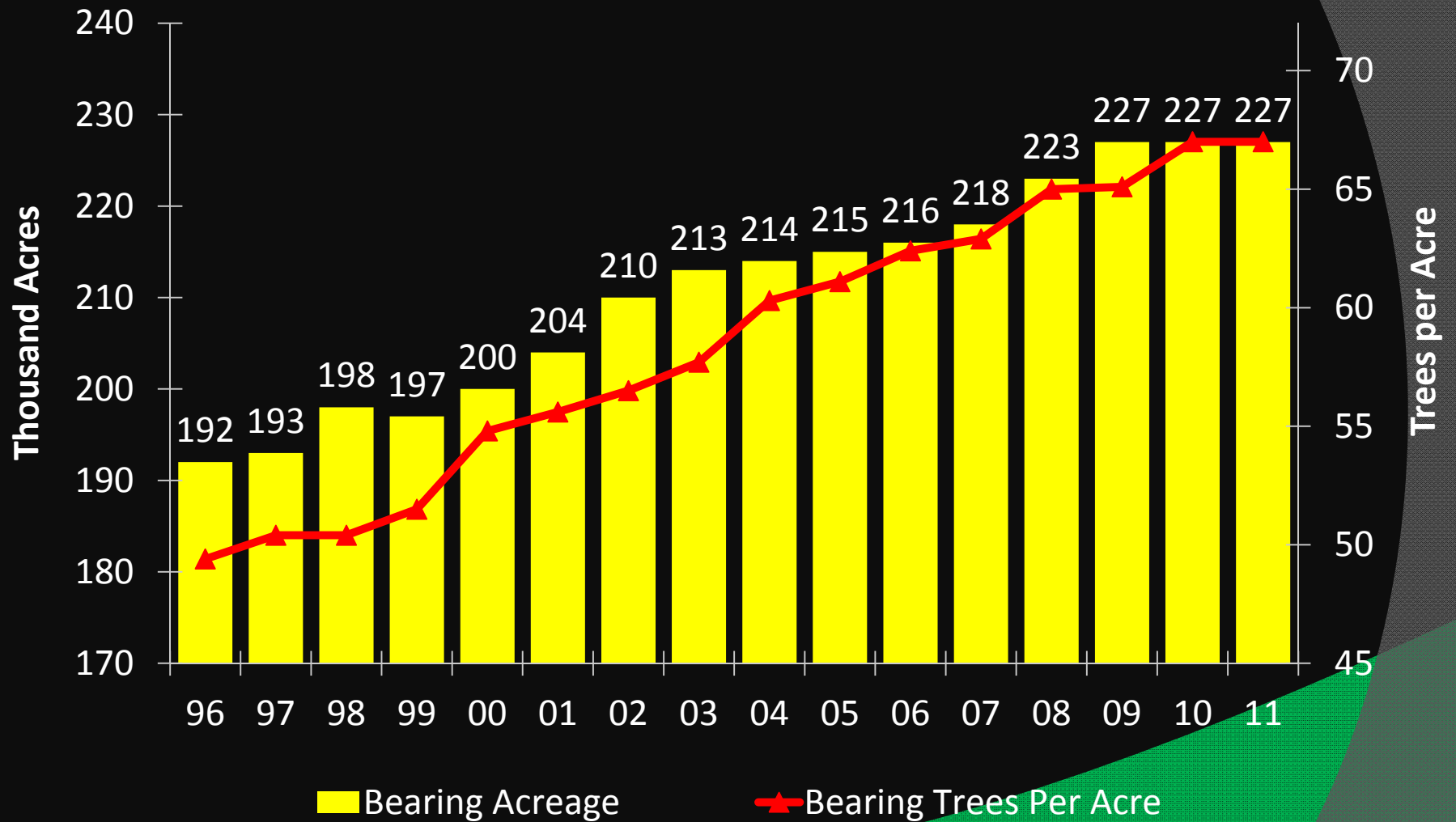


APPENDIX

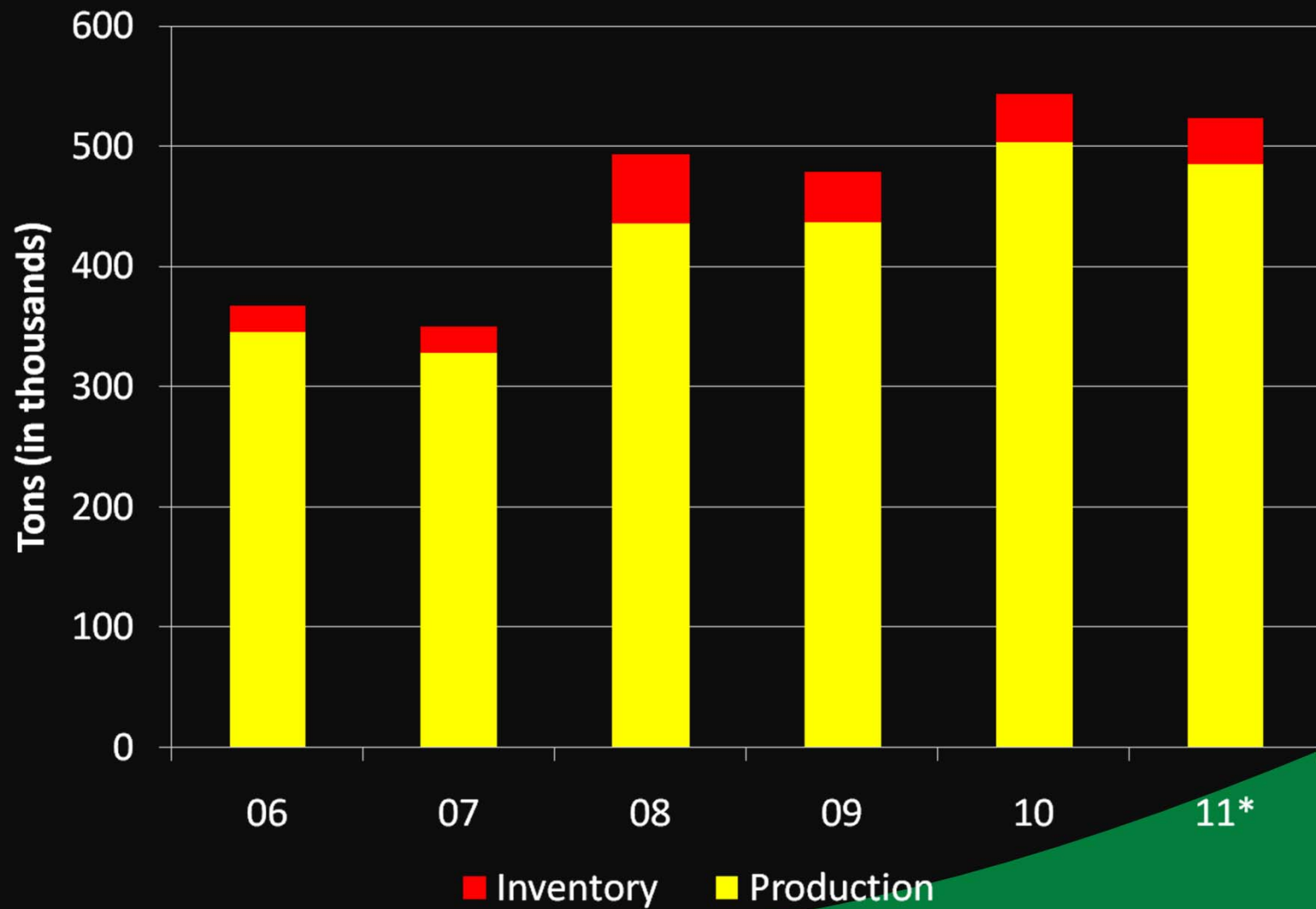
The background of the slide is abstract. It features a large, solid black circle on the left side. To the right of this circle is a grey area with a fine, woven texture. At the bottom of the slide, there is a curved, green shape that also has a woven texture, appearing to rise from the bottom left and curve towards the right.

CALIFORNIA WALNUTS

Bearing Acreage vs. Bearing Trees per Acre, 1996-2011

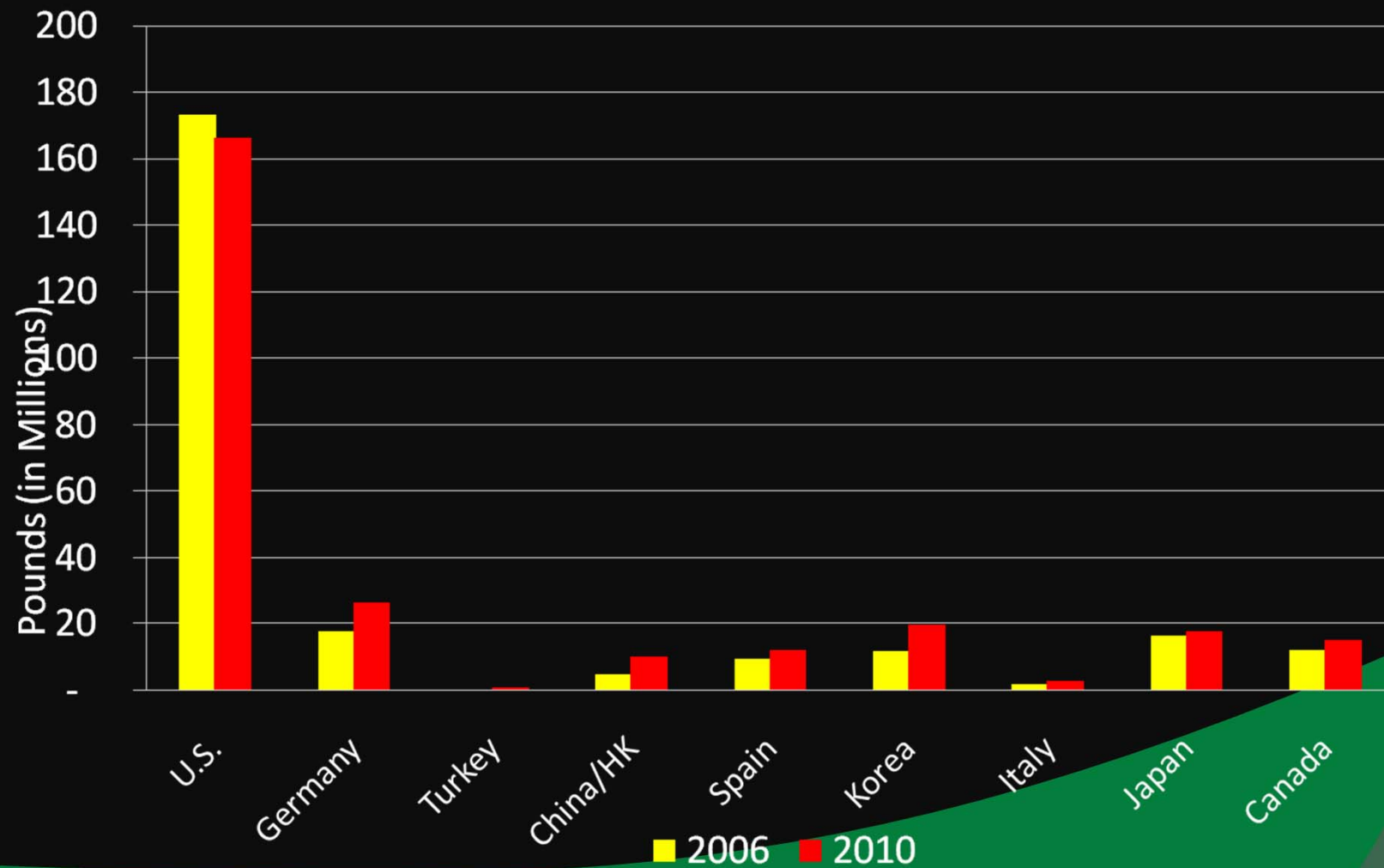


Total Availability

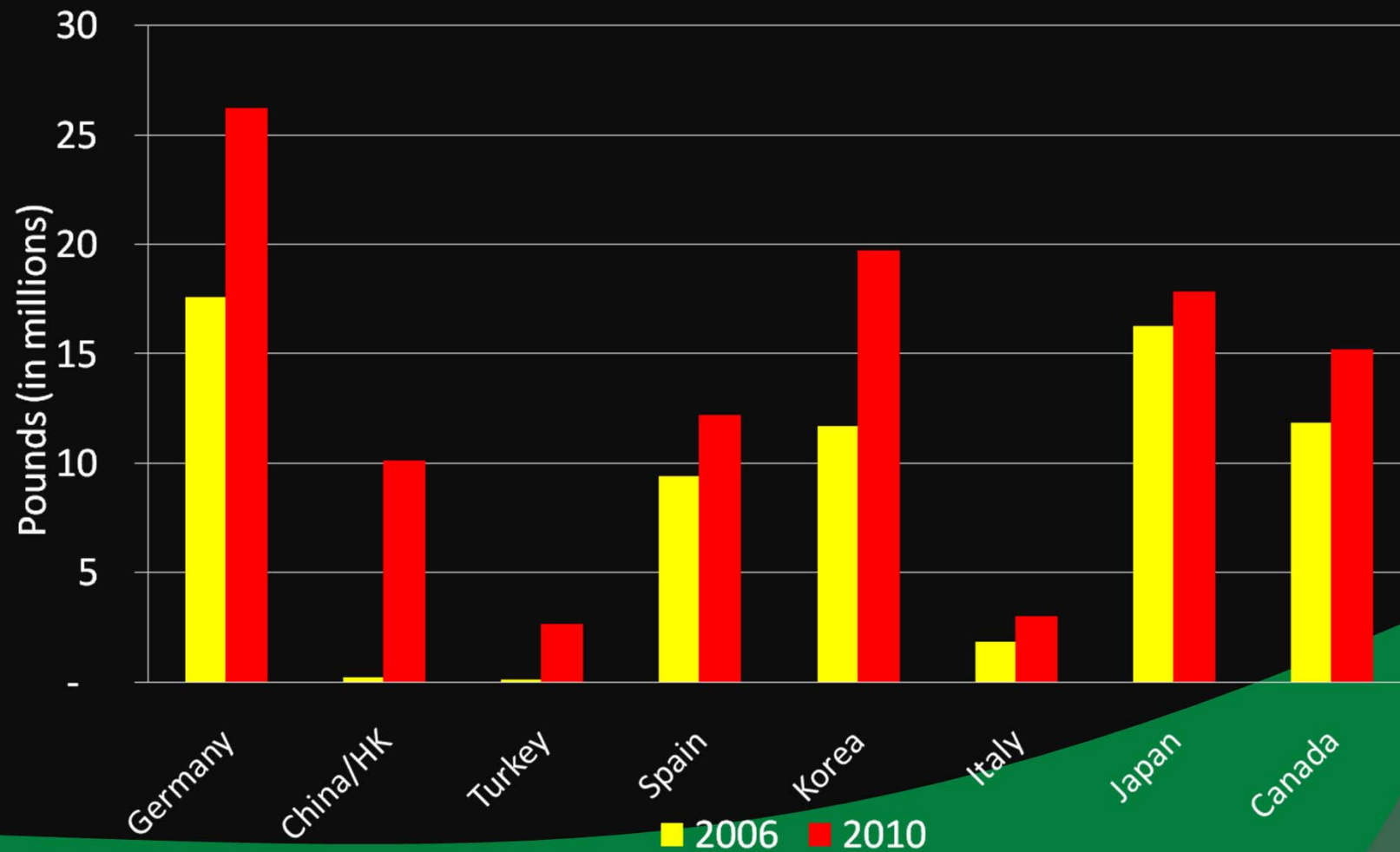


**Estimate*

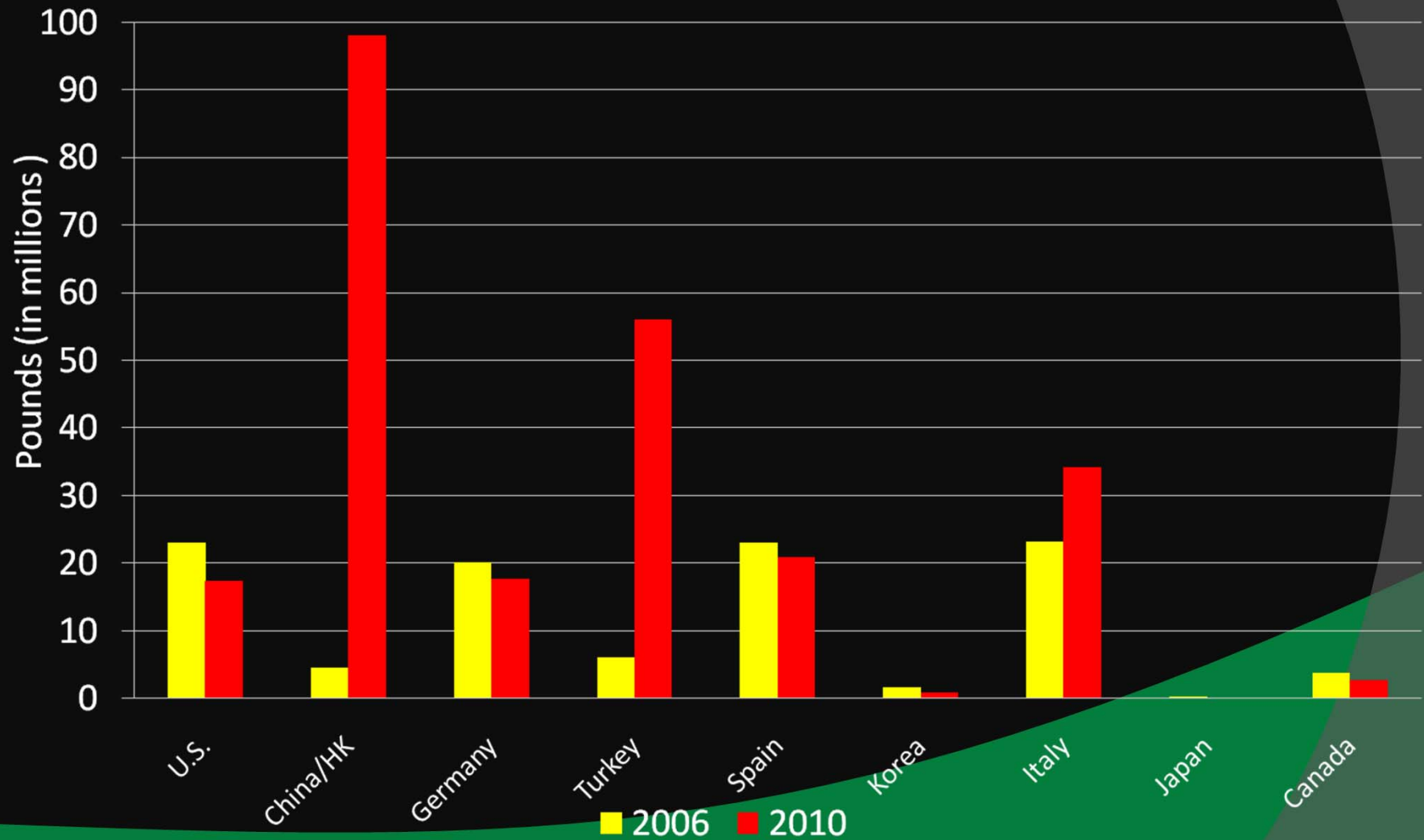
Shelled Shipments



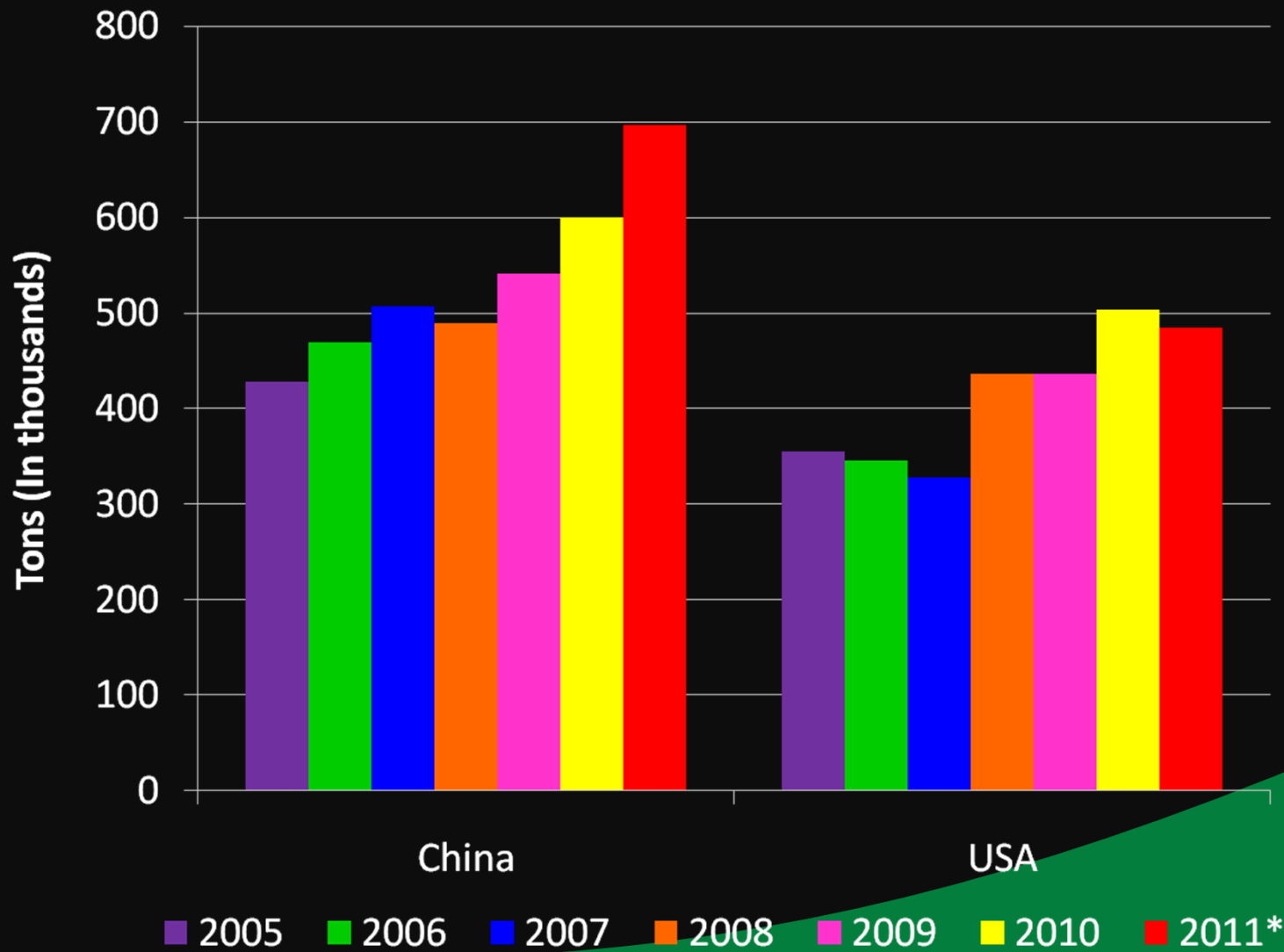
Shelled Shipments-Export



Inshell Shipments

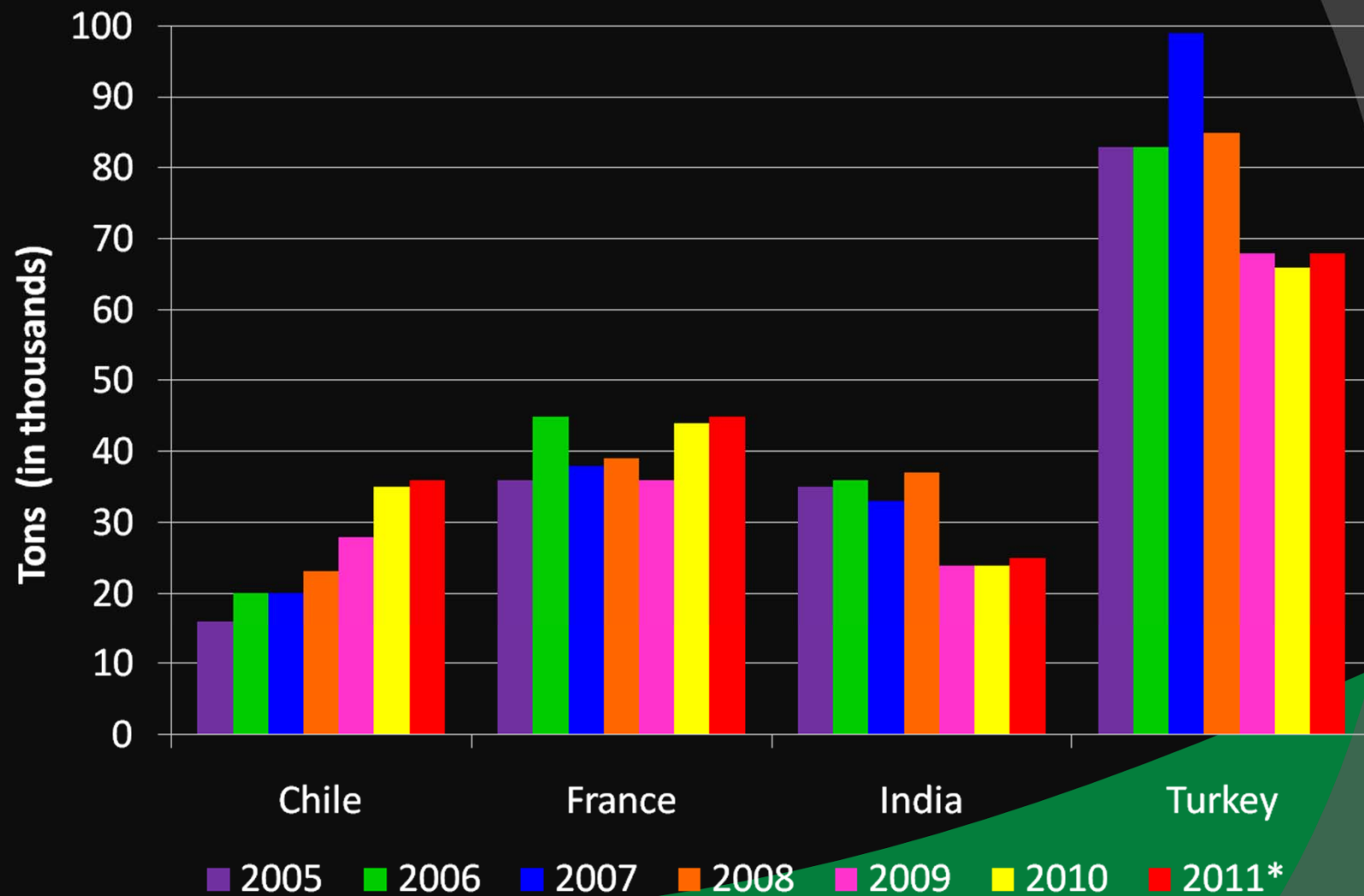


Foreign Crop Production



*Estimate

Foreign Crop Production



*Estimate