



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

Pam Graviet, Jennifer Williams, Abhi Kulkarni

FEBRUARY 5, 2019



ECONOMIC IMPACT

U.S. and International promotion resulted in:

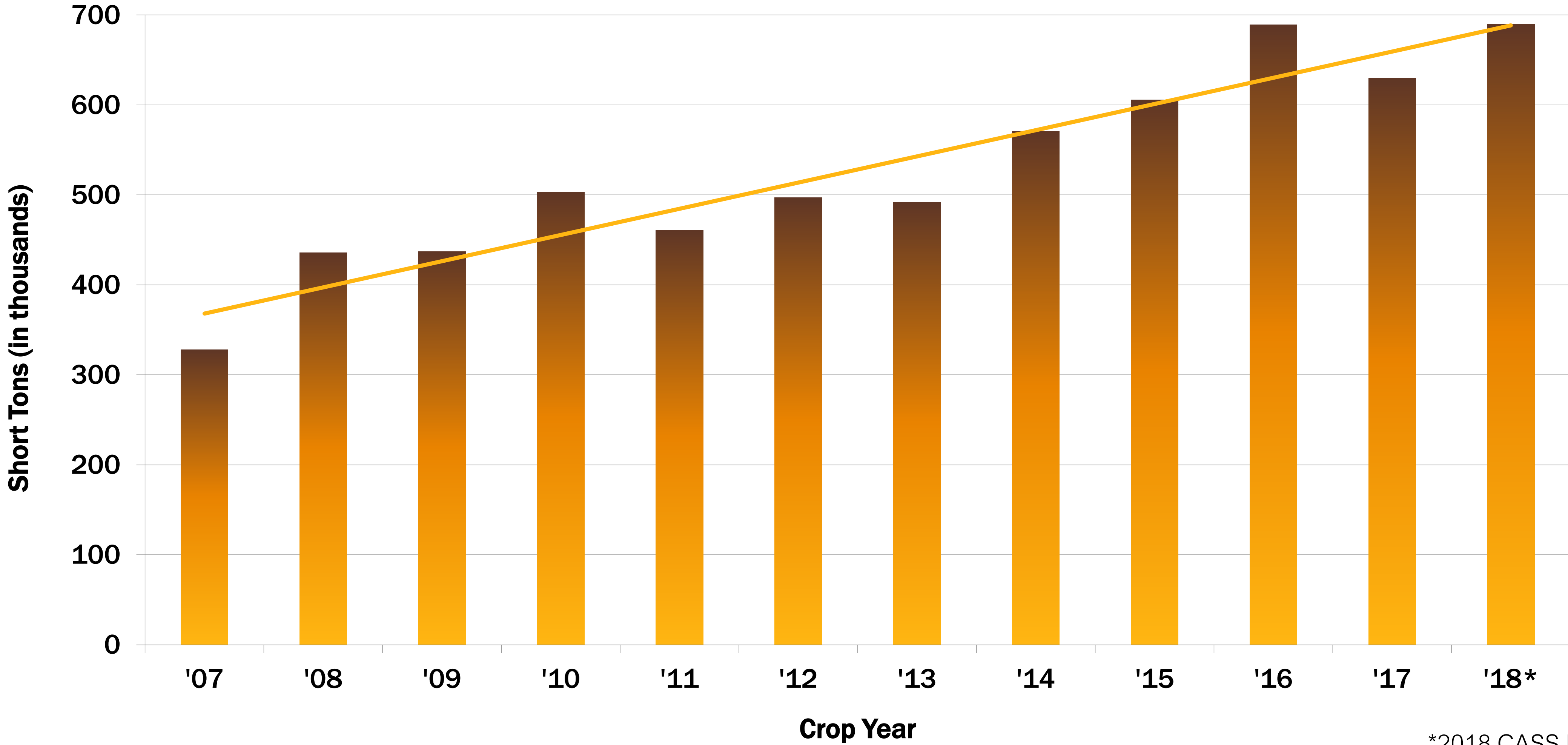
- Every dollar invested in domestic and export promotion returned \$22.41 to the industry
- A total of \$395 million return per year



WHERE ARE WE TODAY?

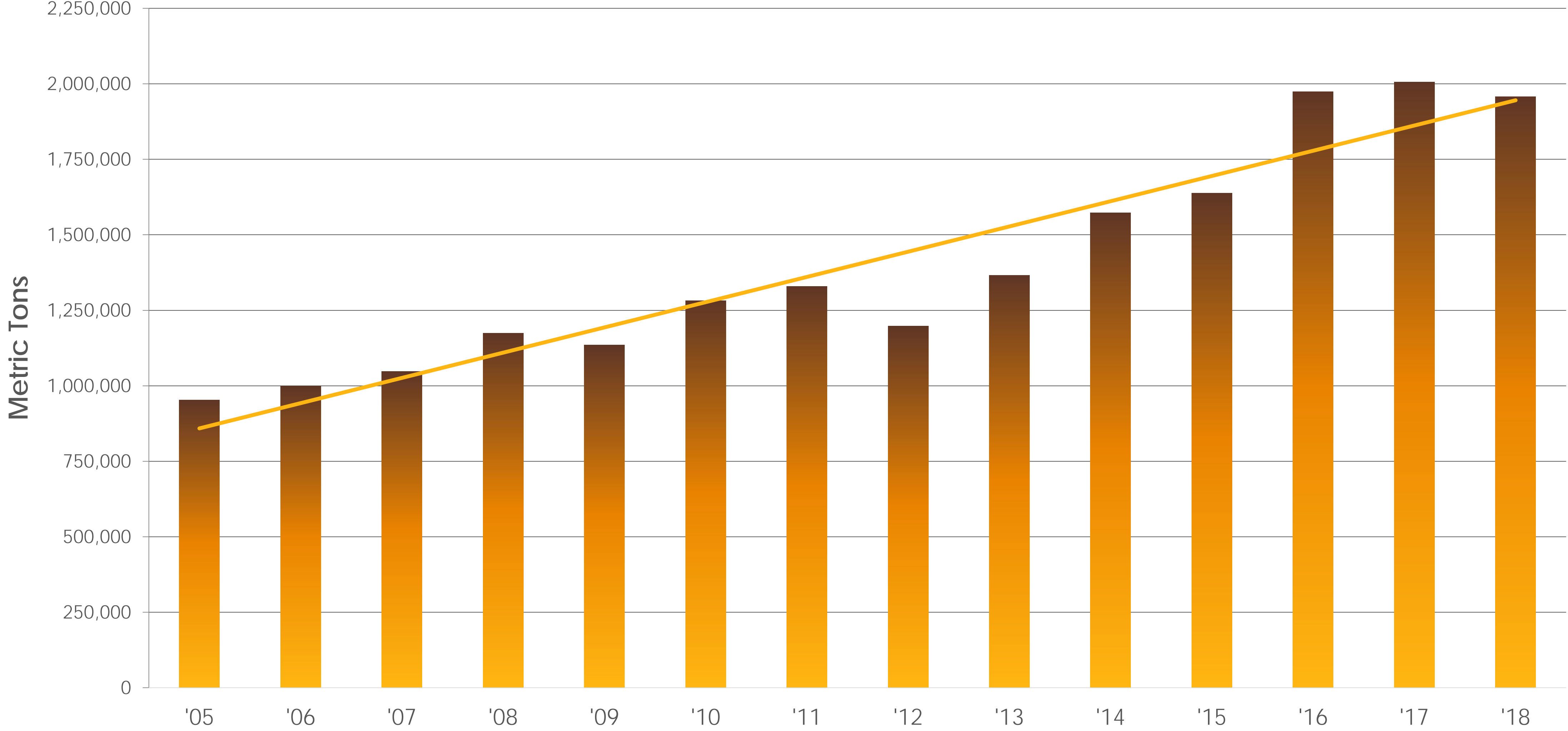
- Tariffs
- California Crop size
- Increased world supply and competition
- The Chilean effect
- Actively engaged with all levels of Government
- Government mitigation programs

CALIFORNIA WALNUT PRODUCTION



*2018 CASS Estimate

WORLD WALNUT PRODUCTION

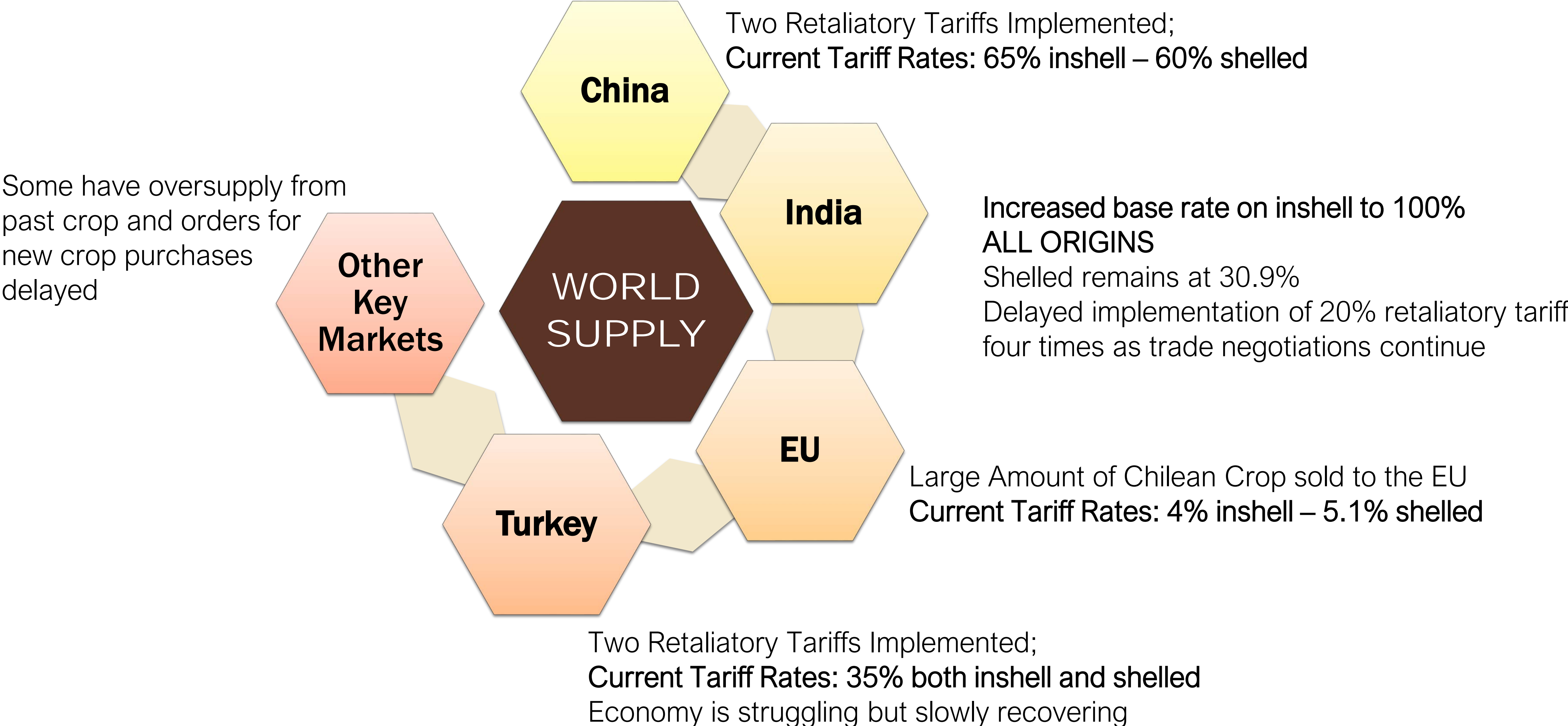


C A L I F O R N I A
WALLENUTS



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 8th
- Benefits entire industry to move crop

FARM BILL

- MAP to remain at current \$200MM level
- Signed by the President and awaiting federal funding
- MAP funds for export promotion programs delayed for January and possibly longer

EXPORT MARKETING



CURRENT MARKET MIX



Consumer & Trade

Japan

South Korea

Turkey

India

Germany

Spain

UK

Trade only

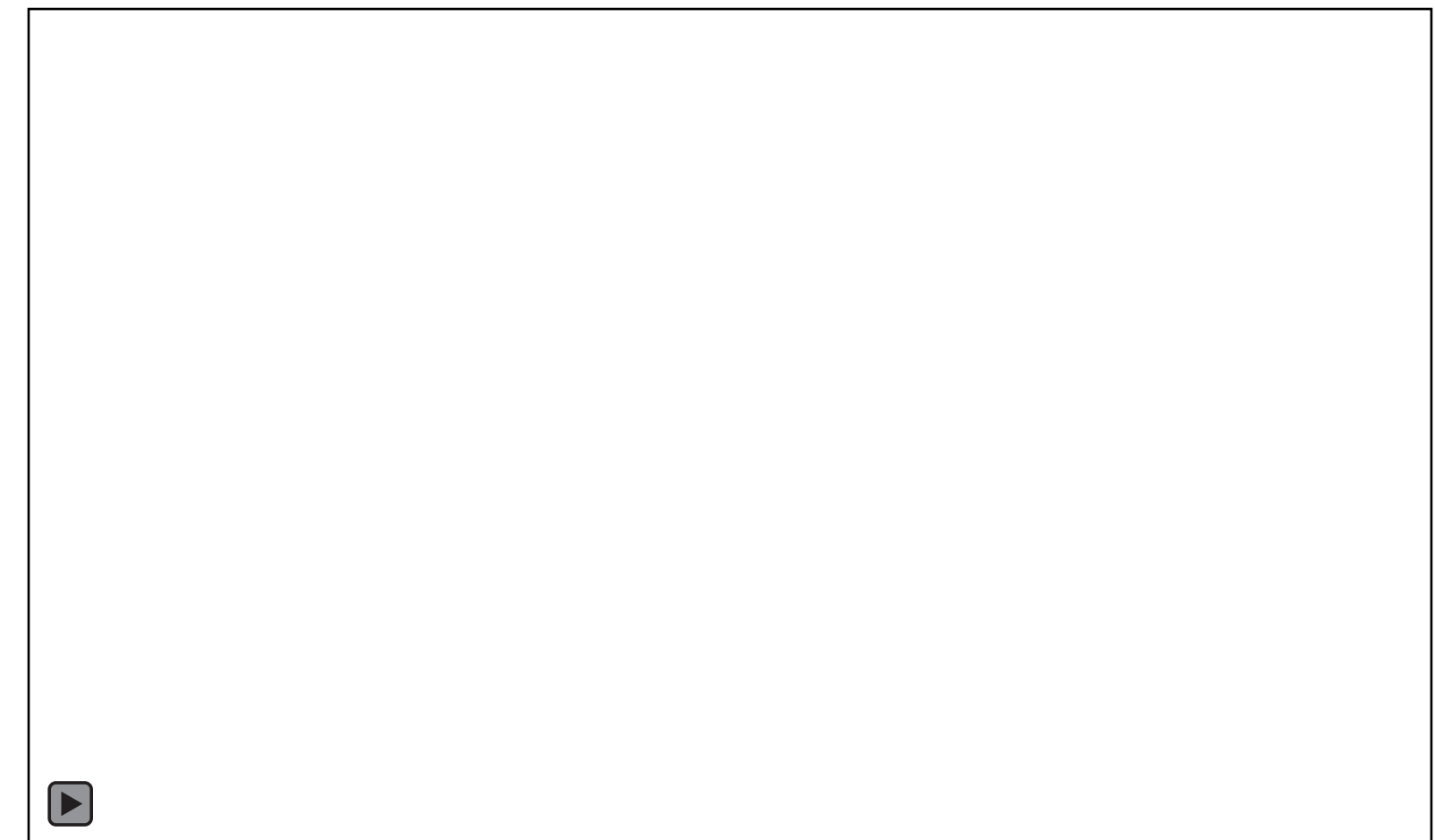
EU Industrial Region

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 flavour.

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

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

Try some today and bring some California sunshine to your products.

California Walnuts – brighten up your day

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

FOR MORE INFORMATION: walnuts@cornwallthegarden.co.uk
01628 535 755 www.californiawalnuts.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 flavour.

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

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.


Try some today and add some California sunshine 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.

FOR MORE INFORMATION: walnuts@cornwallthegarden.co.uk
01628 535 755 www.californiawalnuts.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 flavour.

California Walnuts are incredibly versatile. They enhance texture and flavour and make a delicious addition to so many recipes, including ice cream.

Used as powder or ground to a fine paste, or sprinkled as a topping for ice cream, smoothies, California Walnuts always deliver a taste that customers will appreciate and appreciate.

California Walnuts can enrich so many things. If you're looking for a healthy heart, an immune system boost or a little extra sunshine, California Walnuts are the perfect addition to your products.

Try some today and add some California sunshine to your products.

Brighten up your day with California Walnuts.

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01628 535 755 www.californiawalnuts.uk/trade

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 flavour.

They are perfect in traditional British fare such as cakes and scones, and so incredibly versatile that they can enhance the texture and flavour of almost any baked good.

California Walnuts' lighter colour will literally brighten up your products, making them stand out with your customers in their own right. And let's not forget the range of nutritional benefits that California Walnuts can add, such as omega-3 fatty acids.

Try some today and add some California sunshine to your baked products.

California Walnuts – brighten up your day

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

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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



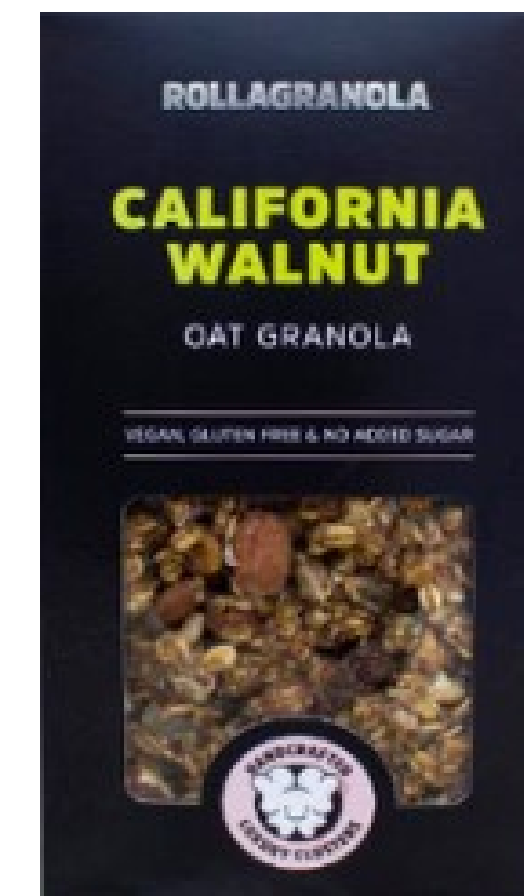
Cereal Bar



Cream Cheese



Potato Salad



Granola



Tapenade

NEW PRODUCT ANNOUNCEMENT

Bloomberg

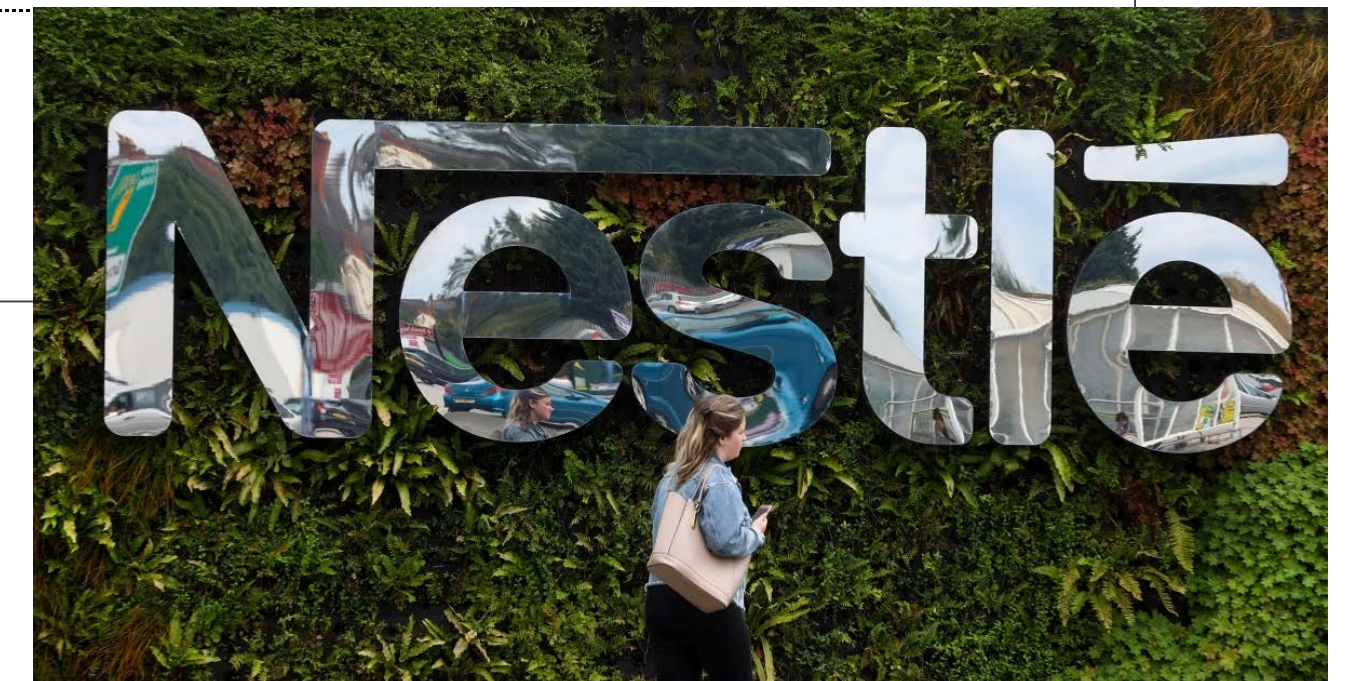
Checkout

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

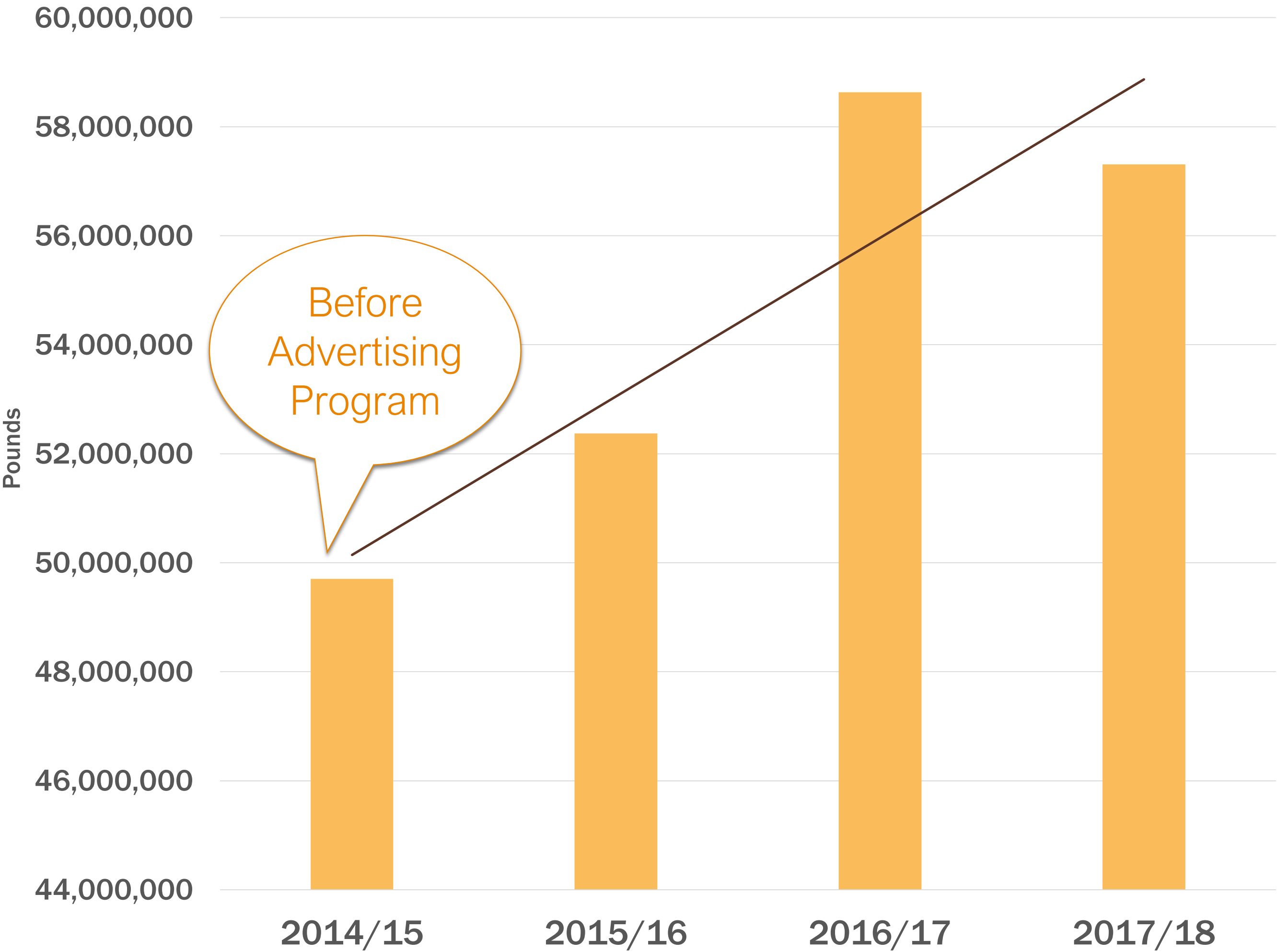


DOMESTIC MARKETING



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   



Per one ounce serving.

*Heart-Check food certification does not apply to recipes unless expressly stated. See 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 2.5g 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.



GOLDEN WALNUT SWEEPSTAKES
\$15,000 IN PRIZES • 100+ WINNERS



ENTER NOW

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

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

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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



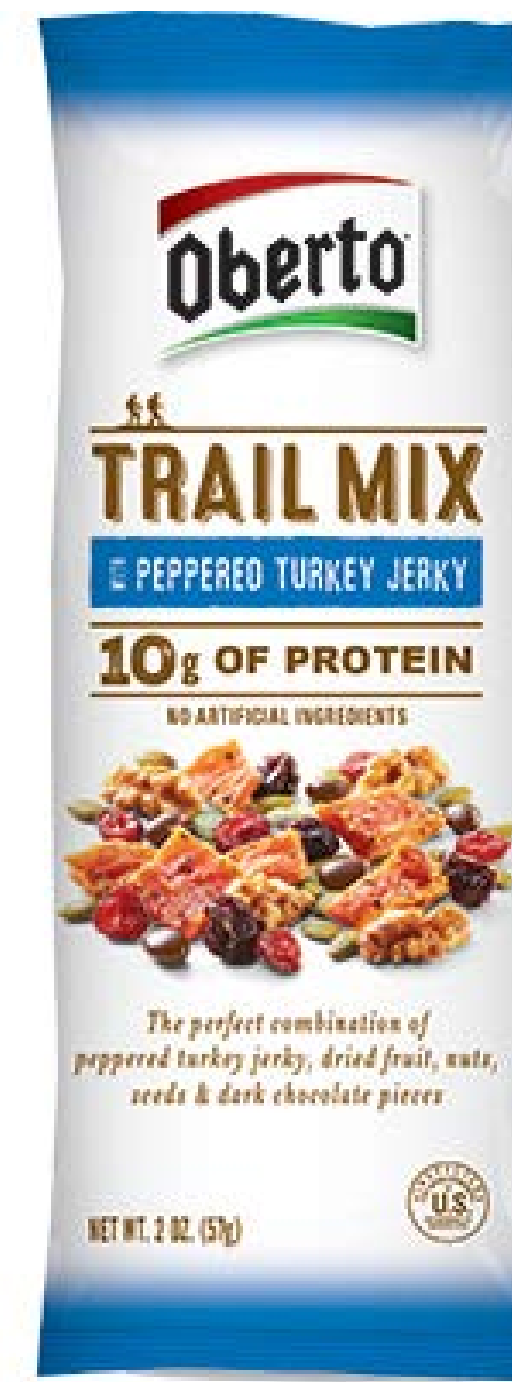
INDUSTRIAL PROGRAM

- 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 chocolate 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 began January 1, 2019
 - Ban aerial applications
 - Discontinue use on most crops, only 'critical use' exemptions as needed
 - 1/4 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 3rd 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)
- Anila (SFA): 916-246-2867

IN SUMMARY...

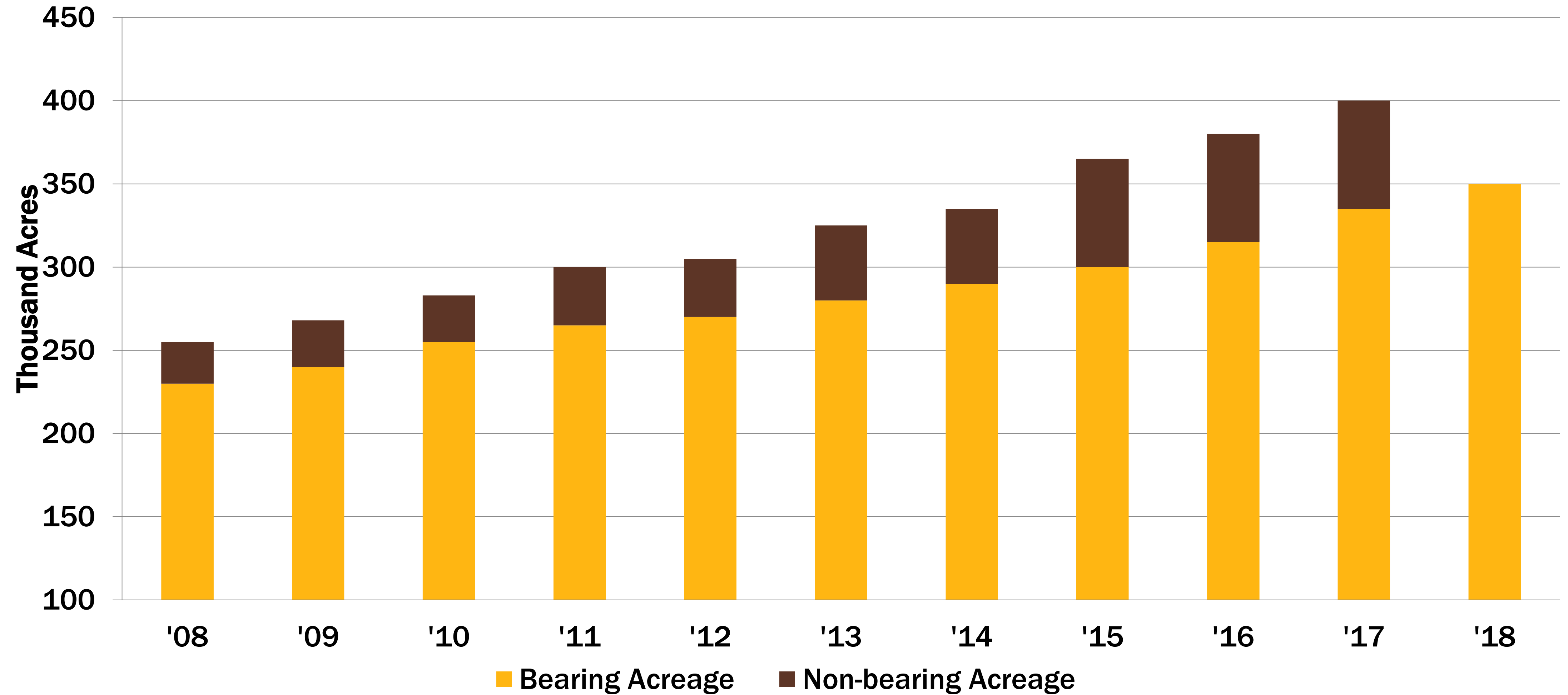
- This crop year will be a challenging one
- There are activities in place globally designed to DRIVE VOLUME
- The CWC is making sure your voices are heard regarding tariffs and other issues
- The CWC is participating in programs that make sense to mitigate tariff effects
- Research is being undertaken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

THANK YOU

C A L I F O R N I A

WALNUTS

BEARING ACREAGE



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

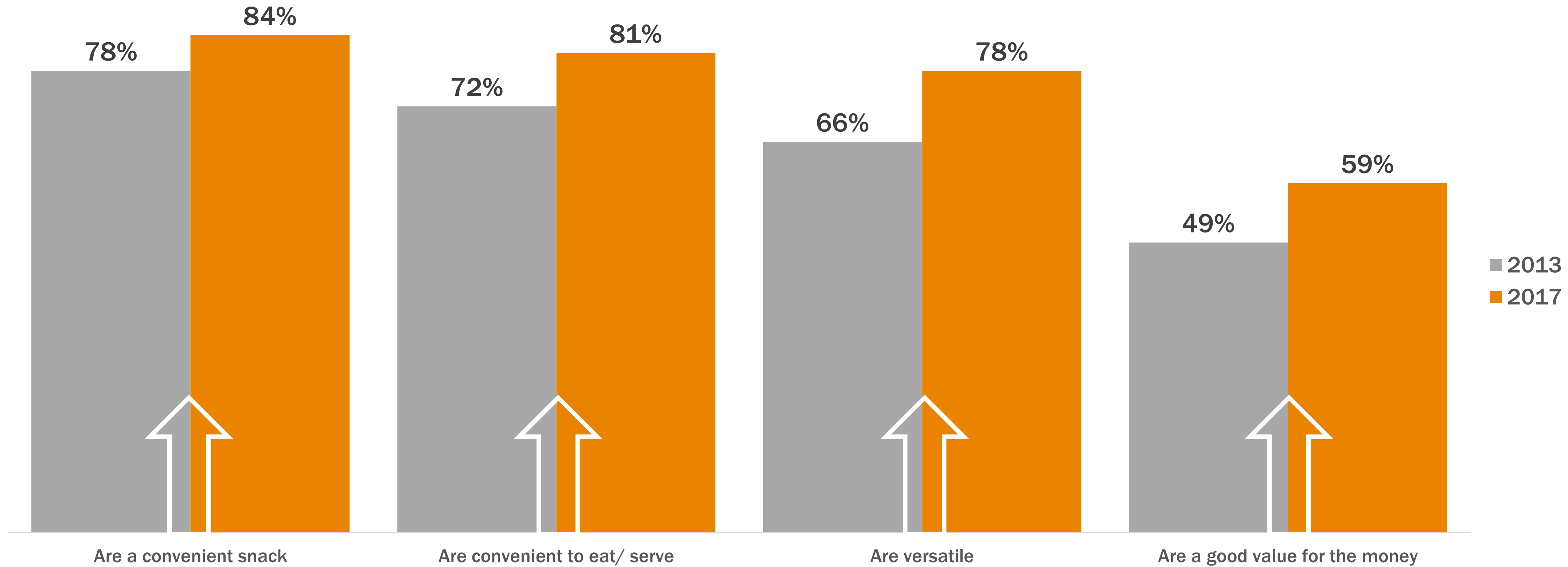
C A L I F O R N I A
WALLENUTS

RETURN ON INVESTMENT



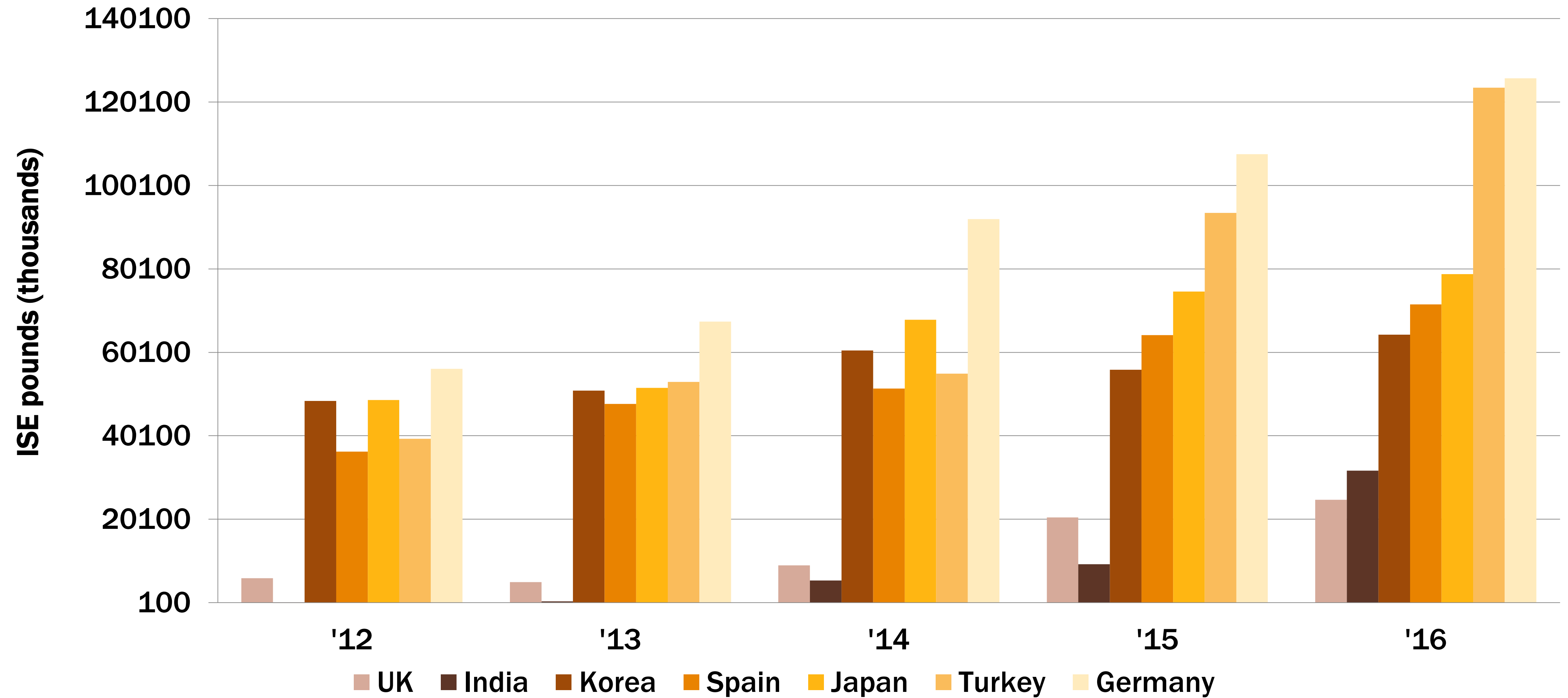
U.S. VALUE PERCEPTIONS OF WALNUTS

Perceptions of Walnuts – Convenience + Value



Source: 2017 California Walnuts Attitude & Usage Study

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   



So Simple. So Good.™






For more on walnuts, visit Walnuts.org. *Heart-Healthy Food certification does not apply to recipes unless otherwise stated. See hearthealthywalnuts.org/guidelines. Supportive but not conclusive research shows that eating 1.5 ounces of walnuts per day, as part of a diet low in saturated fat and cholesterol, may reduce the risk of coronary heart disease. (FDA) One ounce of walnuts provides 18g of total fat, 2.5g of monounsaturated fat, 11g of polyunsaturated fat including 2.5g of alpha-linolenic acid - the plant-based omega-3.



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   



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California Walnuts

FOR THE BEST SIMPLE MEALS EVER

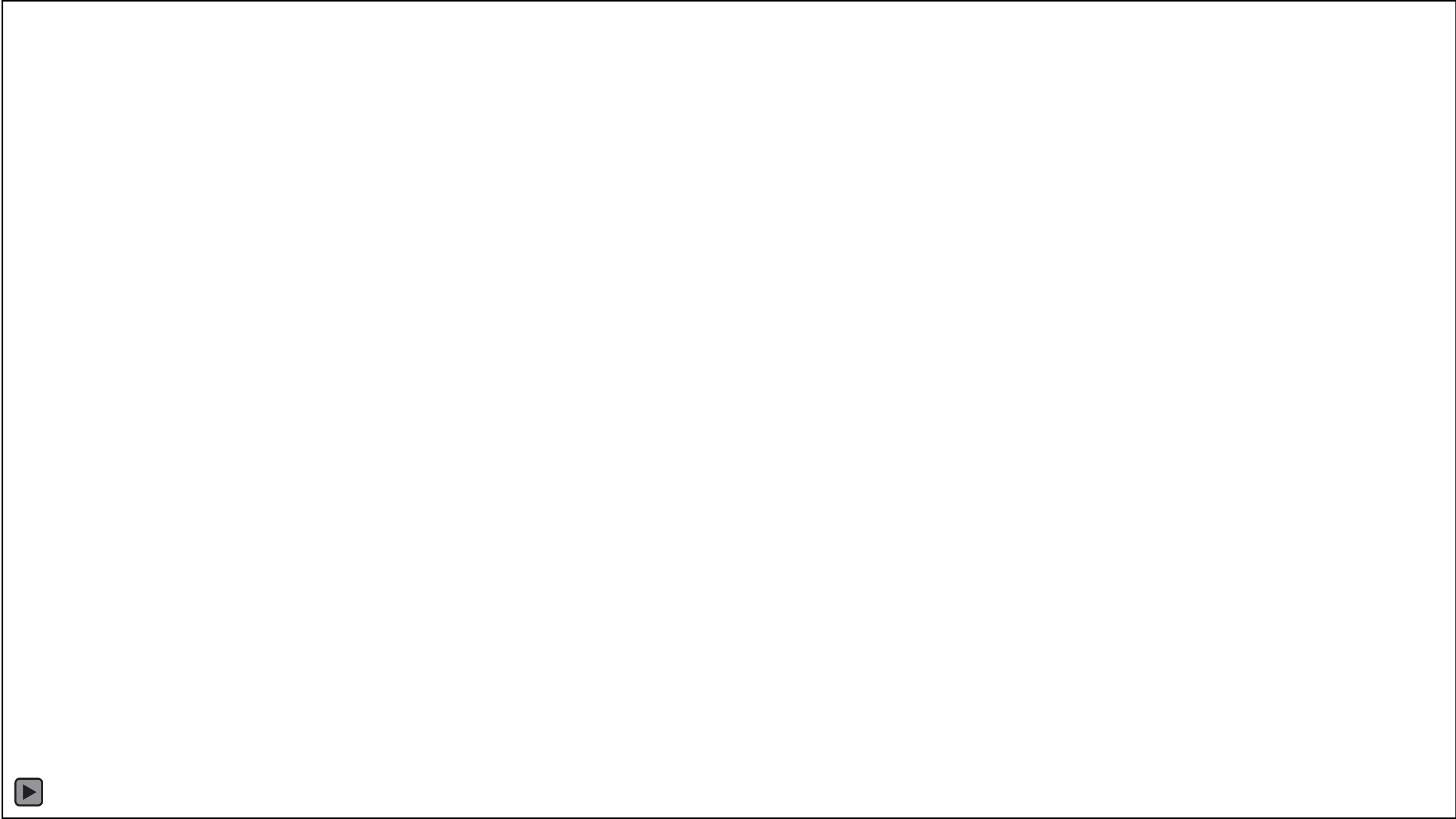
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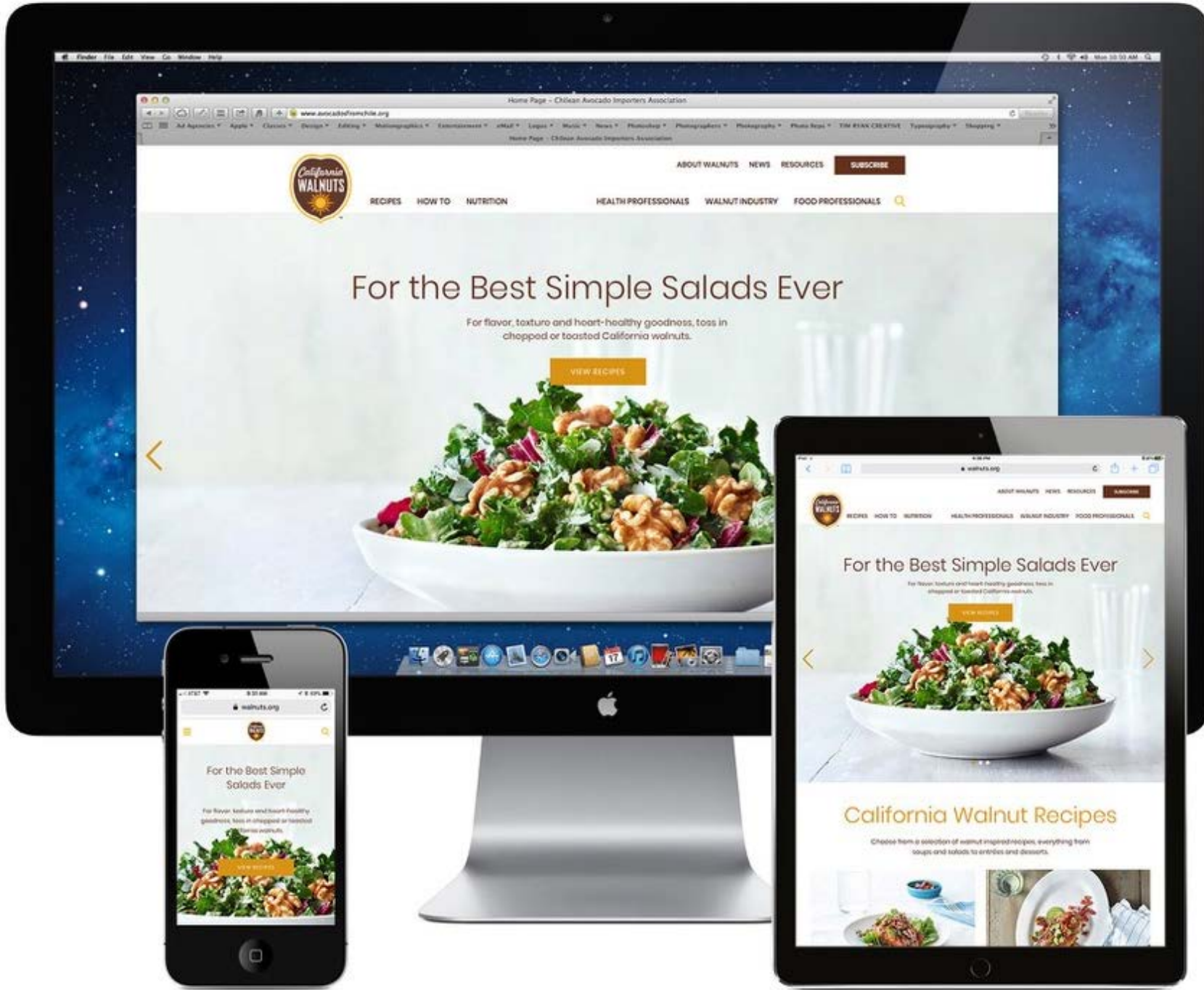
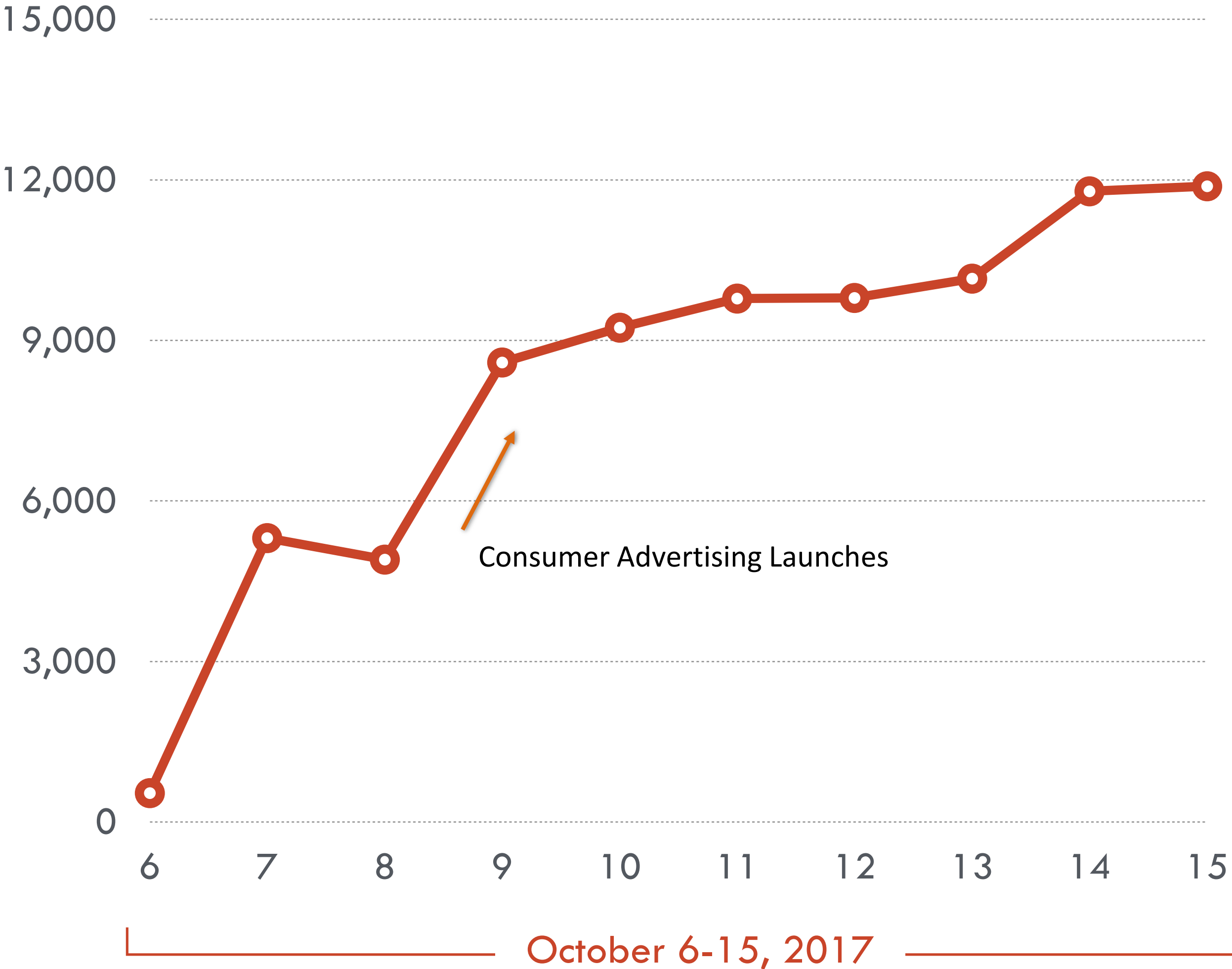
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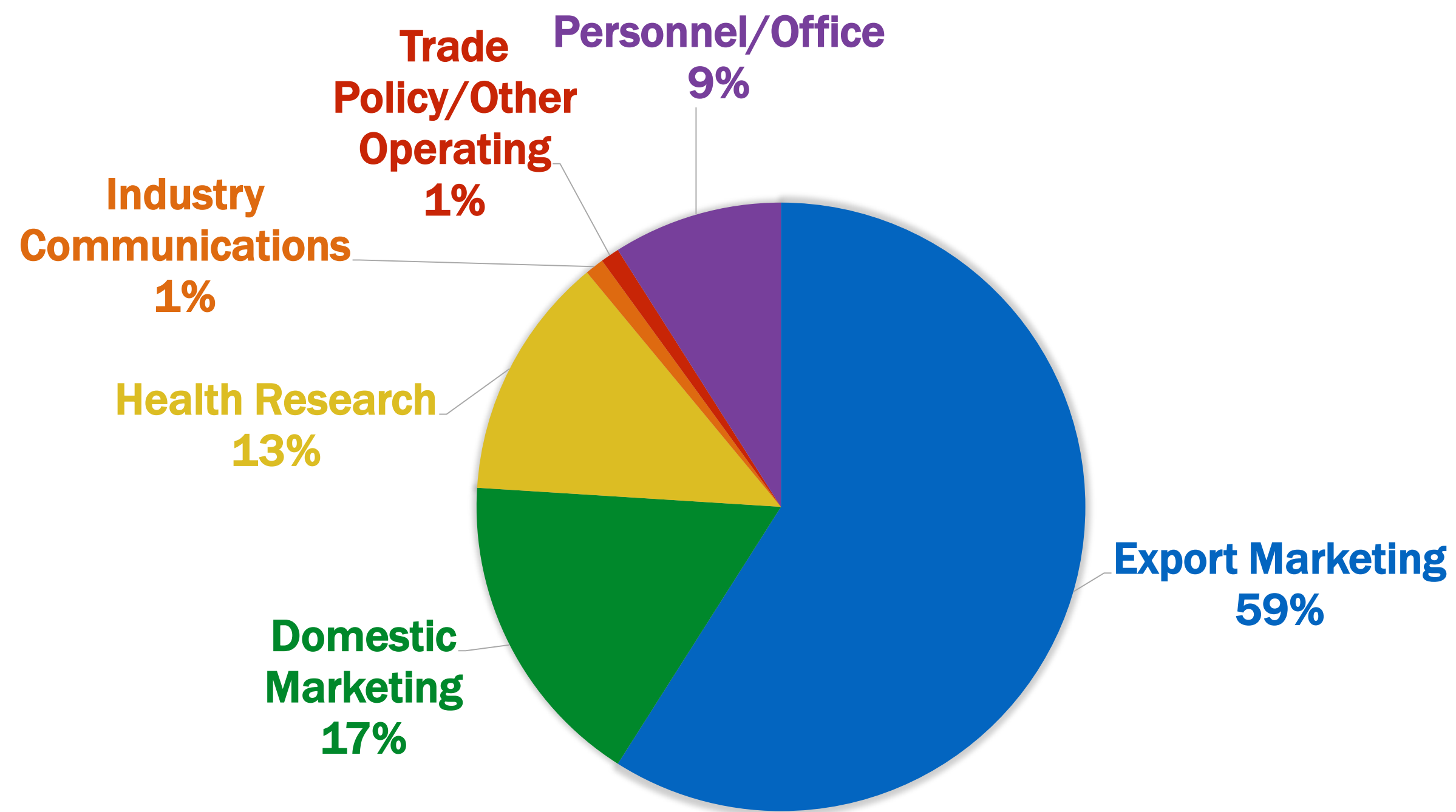


ADVERTISING SPIKES WEBSITE TRAFFIC

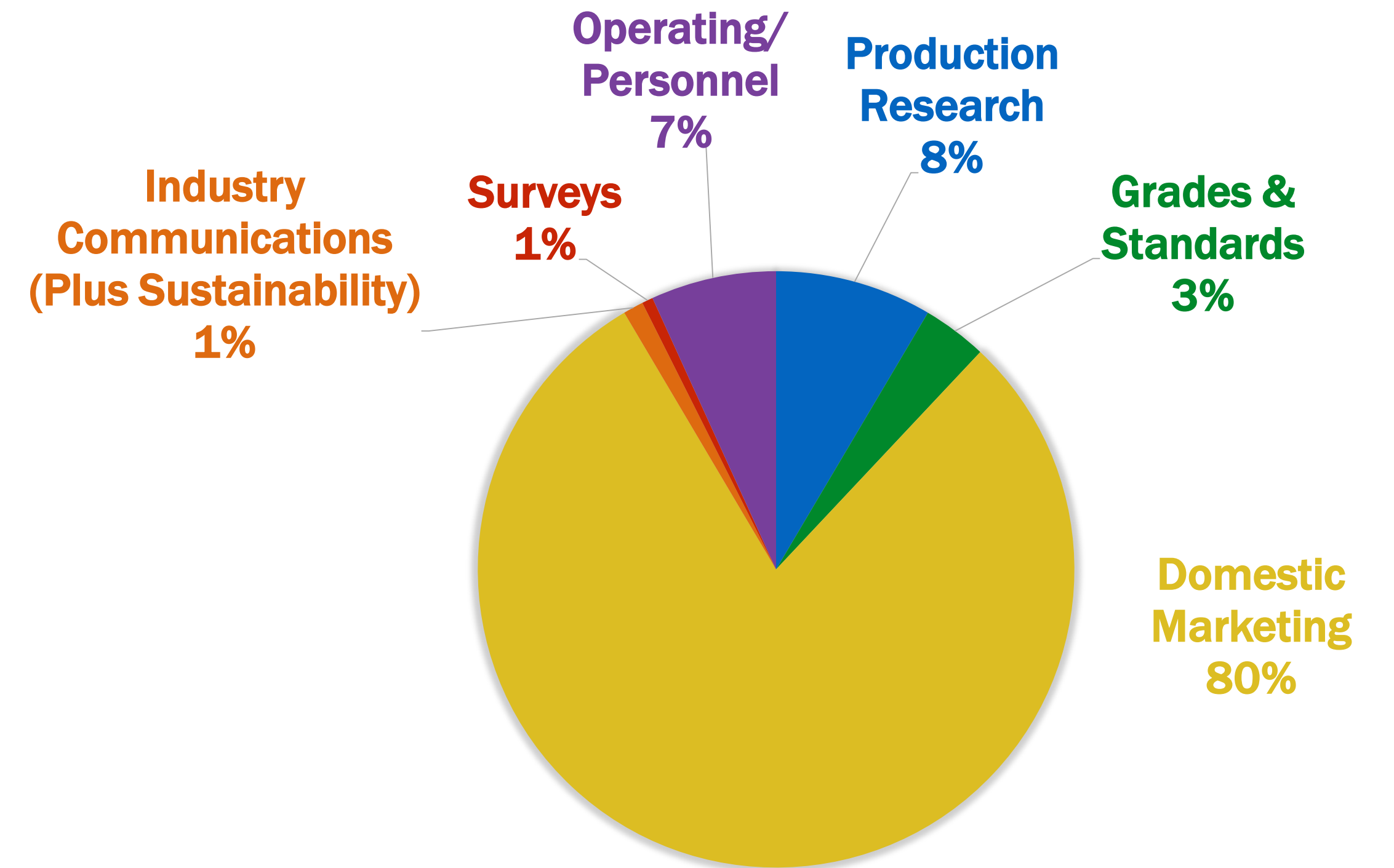


BUDGET ALLOCATIONS

**CALIFORNIA WALNUT COMMISSION
% OF BUDGET**



**CALIFORNIA WALNUT BOARD
% OF BUDGET**



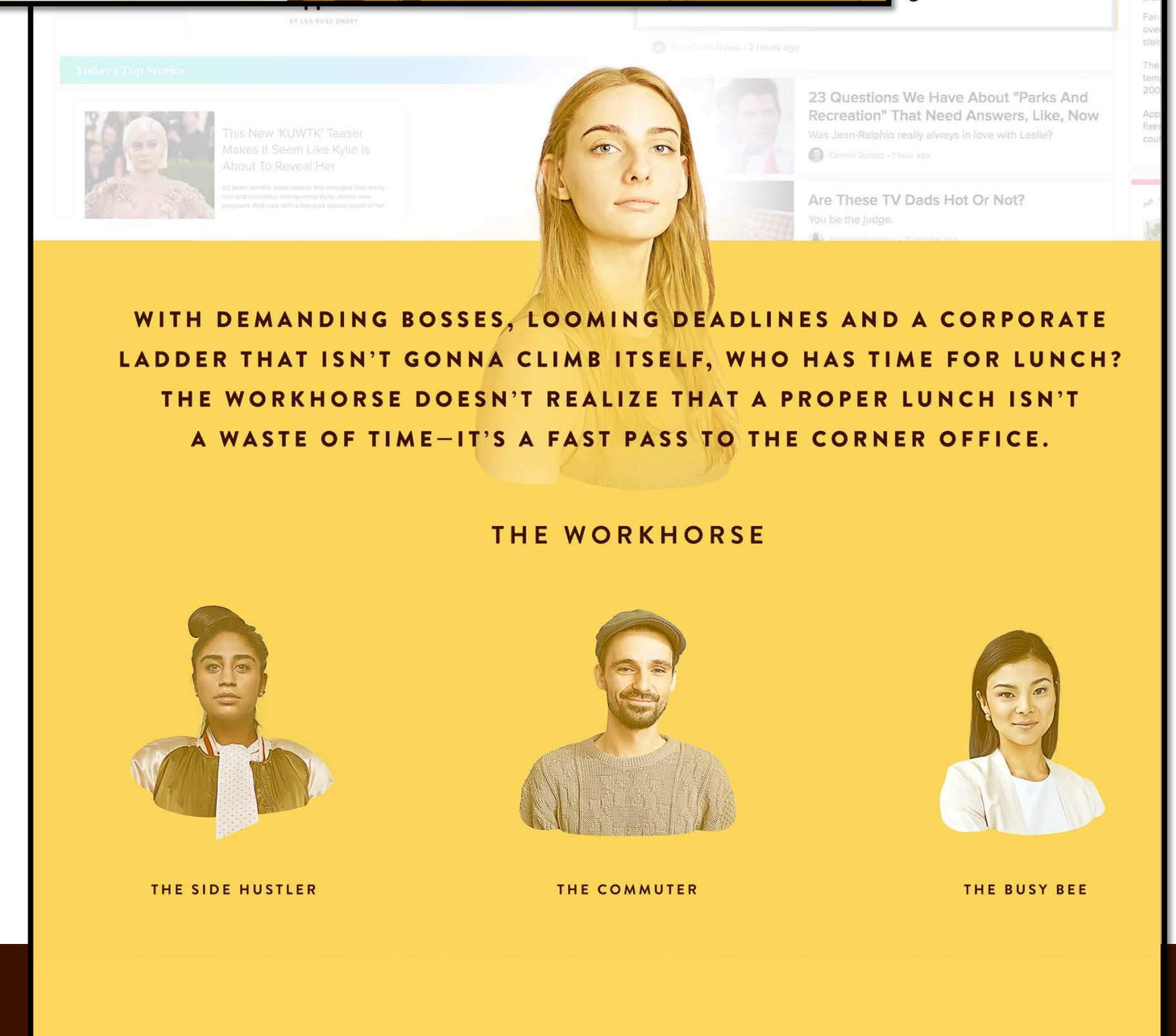
LUNCHTIME REVIVAL

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



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% Now 65%	Base of 20% Now 60%	Retaliatory Tariff of 15% (Apr 2018) and 25% (July 6, 2018) makes effective duties 65% (inshell) and 60% (shelled).
India	Base NOW 100% 120% on 9/18/18 10% Cess	Base of 30.9% 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% Starting 8/15/18 35%	Base of 15% 25% Starting 8/15/18 35%	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	65% inshell 60% shelled
India	20% 232 Tariff (Delayed to 11/2/18)	100% inshell 30.9% shelled
Turkey	10% 232 Tariff 20% 232 Tariff	35% on both inshell and shelled
Canada	10% on nut pastes/purees	10% on only nut pastes and purees
EU	None – base rates unchanged	4% inshell 5.1% shelled
Japan	None – base rates unchanged	10% both inshell and shelled
Korea	None – base rates unchanged	24% inshell (phasing to zero by 2026) 0% shelled

POLICY STATUS

- **USTR Meetings**
 - China – talks have resumed
 - India – still having discussions
- **USTR Actions**
 - U.S. filed disputes at the WTO against China, EU, Canada, Mexico & Turkey
 - Turkey – GSP review for unjustified tariffs; currently open for public comment

TRADE POLICY OVERVIEW & STATUS

- March 8, 2018 - U.S. Secretary of Commerce announces tariffs on Steel (25%) and Aluminum (10%)
 - Retaliatory Action Taken by trading partners in 5 countries and the EU
 - **Walnuts affected in China, India and Turkey**
- September – Canada joined Mexico with new deal replacing NAFTA with USMCA — the United States-Mexico-Canada Agreement
- Trade talks continue with India
- Trump and China's President Xi scheduled to meet in November at G20