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Export Committee Meeting
Minutes
September 10, 2009

A meeting of the California Walnut Board's Export Committee was held on September 10, 2009 at the Marriott Rancho Cordova. Chairperson Jack Gilbert called the meeting to order at 4:37 p.m. Ms. Dana Steindorf called the roll. The following members were present: Jack Gilbert, Steve Giovannoni and Earl Lindauer. Committee member Phil Short was absent. Ms. Steindorf stated that a quorum was present. Staff members in attendance included Dennis Balint, Heather Donoho and Dana Steindorf. Also in attendance were Debbie Wray of USDA, and Vic Tolomeo and Jennifer Van Court of CASS.

The first order of business was the approval of the minutes from the last meeting held on September 11, 2008. Mr. Giovanonni made a motion to approve the minutes. Mr. Lindauer seconded the motion and it carried unanimously.

Chairperson Gilbert introduced Mr. Vic Tolomeo of the California Agricultural Statistics Services (CASS) to present the next agenda item, CASS Crop Report. Mr. Tolomeo stated that CASS had an intern working with them through the summer to analyze the objective forecast model. He introduced the intern, Robert Clements from UCLA and also the new hire at the CASS office, Adam Wosoba.

Mr. Tolomeo indicated that the field work for the 2009 objective measurement survey was conducted on 736 orchard blocks, two trees per sample, during the period of August 1 through August 22. Every 5th walnut on the selected branch was picked for size measurements. Mr. Tolomeo showed a slide of how the bearing acreage and samples by variety have changed from 1999 through 2009 and a map of the sample locations.

Mr. Tolomeo then showed a slide of the linear regression which is a way of taking measurements and converting them into the forecasted number. They use the percent sound, the number of acres, trees per acre, nuts per tree and weight, width, thickness and length per nut as the model for calculating the forecast.

Mr. Tolomeo stated that the walnut crop estimate for 2009/2010, released on September 4th, is 415,000 tons. He showed a chart that graphs the objective measurement forecast against the final production from 1996 through 2008.

The 2009 walnut growing season had an adequate number of chilling hours, favorable weather during bloom, and a mild summer with the exception of some heat spells that may have resulted in sunburn at modest levels. Nut set is down slightly in the San Joaquin Valley and up about 10% in the Sacramento Valley. Nut sizes are about the same as 2008.

Mr. Tolomeo showed a chart of the confidence intervals of forecast versus final production. With an 80% confidence interval, Mr. Tolomeo explained that statistically we can expect an off year every five years or so. Some sources of variability in the confidence interval

can be attributed to the bearing acreage, trees per acre and the estimated nut set per tree. Nut set per tree has been associated with high variability. Declining nut set per tree can be attributed to production moving to the top of the trees, changes in pruning practices, smaller tree spacing and a shift in popular varieties.

Mr. Tolomeo proposed a CASS research project that would reduce set variability by sampling more trees from targeted varieties and develop an estimated nut set per tree by periodically comparing the estimated to actual nut counts and analyzing the relationship between observed count, location, age, spacing, variety and actual count. They will also review the sampling plan and make necessary adjustments and study additional models and growers' surveys and examine the relationship between variety, year planted and peak production. CASS is also asking for industry support in comparing estimated to actual nuts per tree and actual sizing data.

Mr. Balint asked what the cost to the Board would be for CASS to expand their research as Mr. Tolomeo described. Mr. Tolomeo stated that the cost would be minimal which he will estimate and present at the Board meeting tomorrow.

Chairperson Gilbert thanked Mr. Tolomeo for his presentation and asked for a motion to accept the CASS report. Mr. Giovannoni made a motion to accept the CASS objective measurement for the 2009 crop as presented by Mr. Tolomeo. Mr. Lindauer seconded the motion and it carried unanimously.

Mr. Lindauer made a motion to recommend to the Board their support of the CASS expansion of the industry survey. Mr. Giovannoni seconded the motion and it carried unanimously.

Chairperson Gilbert introduced Mr. Balint to present the next agenda item, Review of Statistics. Mr. Balint stated that Korea is again the star export market this past year. Hong Kong, China and Turkey were also stellar performers, as was Israel. We had marginal performance in Spain and Germany. Price is probably a factor and we are unsure if product is coming in from elsewhere. He does believe that market opportunities found in 2008/2009 are going to repeat themselves in 2009/2010.

Mr. Balint showed slides on competing tree nuts, foreign walnut production and U.S. imports of foreign walnuts. The numbers on the supply and utilization charts that Mr. Balint presented represent eleven months of actual and one month (August 2009) of estimated due to the ending inventory figures not being available prior to this meeting. Beginning inventory for the 2008/09 crop year was just over 44 million pounds of inshell equivalent product; production was 868 million pounds; and the total availability for 2008/2009 is estimated at just over 912 million pounds. The 2008/09 utilization is estimated at over 783 million inshell equivalent pounds. The estimates for 2009/2010 are 129 million pounds of inshell equivalent for the beginning inventory with an estimate of 830 million pounds of production, bringing the estimated availability to just over 959 million pounds. Utilization for 2009/2010 is projected at 802 million inshell equivalent pounds. The charts will be updated and re-sent to all members once the ending inventory is released in the next two week or so.

The next items on the agenda were the Consideration of Free, Export and Reserve Percentage and the Consideration of Minimum Export Prices. Mr. Giovannoni made a motion to recommend to the Board 100% free tonnage with no reserves and no minimum export price for the 2009/2010 crop. Mr. Lindauer seconded the motion and it carried unanimously.

The time and place of the next meeting will be left to the discretion of staff. There being no further business, the meeting adjourned at 5:44 p.m.

2009 WALNUT PRODUCTION

Presented by Vic Tolomeo
USDA, National Agricultural Statistics Service
California Field Office
September 10-11, 2009

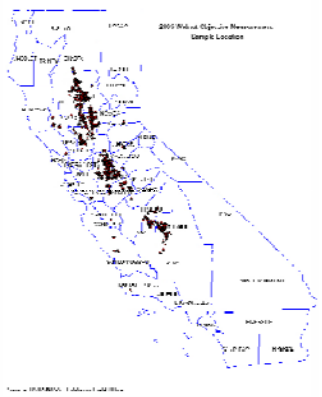
2009 WALNUT OBJECTIVE SURVEY

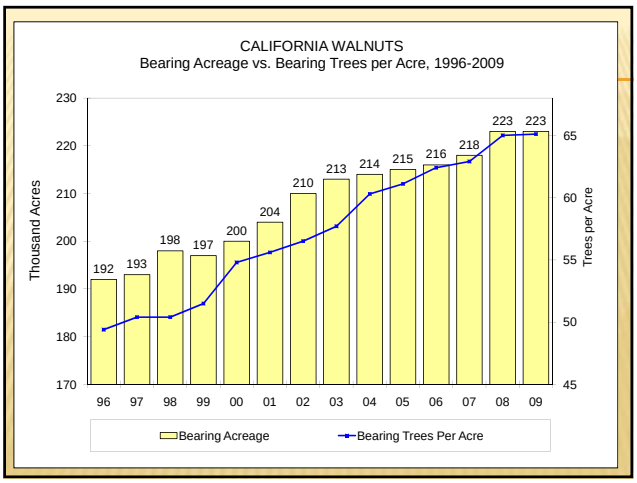
- **Sample:**
  736 Orchard Blocks

  2 Trees per Sample
- **Field Work:**
  Aug 1 - Aug 22, 2009

BEARING ACREAGE AND SAMPLES BY VARIETY

	1999	2001	2003	2005	2007	1999 Samples	2009 Samples
Chandler	36,424	46,081	54,532	57,907	61,653	139	263
Hartley	50,525	47,937	44,237	41,655	40,398	203	154
Howard	931	1,897	4,296	9,053	13,235	1	63
Tulare	944	1,948	6,310	8,660	11,013	3	57





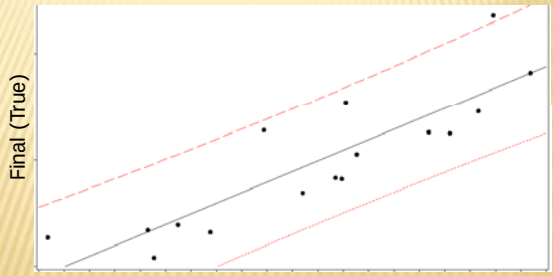
2009 WALNUT OBJECTIVE SURVEY

- Count the walnuts on the selected branch and pick every 5th nut for sizing

OBJECTIVE MEASUREMENT

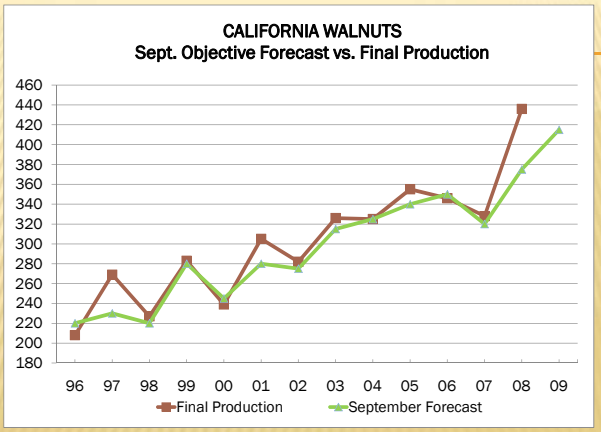
- Models Used
  - Linear regression
  - Acres, trees per acre, nuts per tree, and percent sound
  - Weight, Width, Thickness and Length
- Analysis
  - Standard Errors
  - Absolute Differences
  - Relative Differences (percentage)

Linear Regression



2009 WALNUT OM FORECAST

- 415,000 Tons (In-Shell)



2009 WALNUT SEASON

- Adequate number of chilling hours
- Mostly ideal weather conditions during the spring
- Mild summer, with the exception of some heat spells, resulted in sunburn at modest levels:
  - 2009: .57%
  - 2008: .01%
  - 2007: .01%
  - 2006: .73%
  - 2005: .54%

2009 WALNUT OBJECTIVE MEASUREMENT SURVEY RESULTS

- Nut Set by Area
  - San Joaquin Valley (SJV): down 2%
  - Sacramento Valley (SV): up 10%
  - State Level: up 8%

	SJV	SV	State
2006	1,267	1,660	1,458
2007	1,162	1,548	1,357
2008	1,270	1,592	1,416
2009	1,250	1,758	1,523

2009 WALNUT OBJECTIVE MEASUREMENT SURVEY RESULTS

- Nut sizes
  - In-Shell Weight: down 1%
  - In-Shell Width: down less than 1%
  - In-Shell Cross Width: up less than 1%
  - In-Shell Length: unchanged

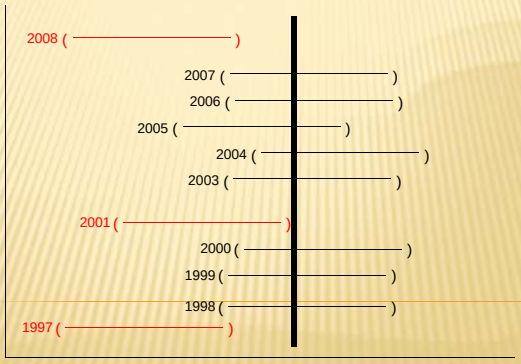
	Weight	Width	X-Width	Length
2006	22.7	31.4	33.6	39.5
2007	20.3	31.9	32.6	37.6
2008	22.2	32.6	32.9	39.3
2009	22.0	32.5	33.0	39.3

2009 Walnut Objective Measurement Survey Results

- Percent Distribution of Walnut Shell Suture Sizes

	2007	2008	2009
Mammoth	1%	1%	1%
Jumbo	55%	67%	66%
Large	16%	16%	14%
Medium	15%	11%	11%
Baby	12%	6%	8%
Other	1%	0%	0%

Confidence Intervals



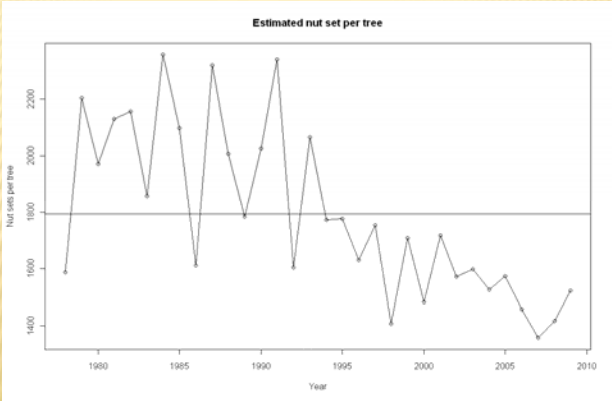
Survey Review

Sources of Variability

- Bearing acreage
- Trees per acre
- Estimated nut set per tree

Nut Set Per Tree

- Associated with high variability
- Previous Studies
  - In 1998 the estimated set were 38% of the true value
  - In 1999 - 31%



Declining Nut Set per Tree

- Production moving to the top of the trees
- Changes in pruning practices
- Smaller tree spacing
- Shift in popular varieties

Proposed Research

- Reduce set variability
  - Sample more trees from targeted varieties (Chandler)
- Develop an adjusted estimated nut set per tree
  - Periodically compare estimated to actual nut counts
  - Relationship between observed count, location, age, spacing, variety, and actual count

Proposed Research

- Adjust Sampling Plan
  - Review variability associated with nut size categories
  - Can we reduce the number of picked walnuts and still provide accurate estimates of size distribution?
  - Divert resources from size measurements to additional tree samples

Forecast Models & Methods

- Additional Models Studied
  - Models using weather
  - Models using new combination of variables
  - Models using the expected direction of production
  - Tracking new models to see how well they perform
- August Growers' Survey
- Relationship between variety, year planted, & peak production

Request for Industry Support

- Comparison of estimated to actual nuts per tree
- Actual Sizing Data

2009 WALNUT OBJECTIVE MEASUREMENT SURVEY RESULTS

Presented by Vic Tolomeo
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