

California Walnut Board

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Export Committee Meeting Minutes September 11, 2008

A meeting of the California Walnut Board's Export Committee was held on September 11, 2008 at the Marriott Rancho Cordova. Chairperson Jack Gilbert called the meeting to order at 4:30 p.m. Mr. Dennis Balint called the roll. The following members were present: Jack Gilbert, Steve Giovannoni and Phil Short. Mr. Balint indicated that a quorum was present. Staff members in attendance included Dennis Balint, Michelle McNeil, Jennifer Getz, Heather Donoho, Anne McConico and Dana Steindorf. Also in attendance were 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 13, 2007. Mr. Short made a motion to approve the minutes. Mr. Giovannoni 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 indicated that the field work for the objective survey was conducted on 689 orchard blocks, two trees per sample, during the period of August 1 through August 25. 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 2008. The total samples collected always equals about 650. He also 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 per nut as the model for calculating the forecast. The regression analysis shows the final crop number versus the receipts from handlers.

Mr. Tolomeo stated that the walnut crop estimate for 2008/2009, released on September 4th, is 375,000 tons, projected to be a record crop. He showed a chart that graphs the objective measurement forecast against the final production.

The 2008 growing season had an adequate number of chilling hours, favorable weather during bloom, and moderate summer temperatures. Quality and sizes are looking good and damage from the April freeze is spotty. Nut sizes are up, including inshell weight, shell width, cross width and inshell length. A discussion ensued about sunburn damage and that the 12-foot ladders used in the sample collecting limit the reach to the tops of the trees where most sunburn occurs.

Chairperson Gilbert thanked Mr. Tolomeo for his presentation and introduced Mr. Balint to present the next agenda item, Review of Statistics. Mr. Balint stated that this year we saw some strength in growth in Germany, Spain and Israel. There was some softening of the markets in Japan and Korea. The exchange rate in Korea is not favorable and walnuts are going to cost more because of the exchange.

Mr. Balint stated that ending inventory in July 2007 was just over 40,000 tons and for July 2008 we were at 32,000 tons, the lowest it has ever been. Shipments in 2006/07 utilized about 370,000 tons and for 2008 the shipment utilization was at just over 331,000 tons. Mr. Balint showed a schedule of competing tree nuts which indicates that hazelnuts are estimated to produce about the same as the previous year, pecans are down substantially as are pistachios, and the almond crop is estimated to be a record this year. In foreign walnut production, we do not have official numbers for China yet but estimates indicate it is about a 5 percent larger crop than last year. Estimates also indicate that France has a large crop this year, but small sizes. Mr. Balint then showed charts of U.S. imports of foreign walnuts, foreign exchange rates and the walnut supply and utilization. The total availability is projected to be up from just over 727,000,000 pounds in 2007/08 to 814,000,000 in 2008/09. Utilization is projected to increase from over 662,000,000 pounds in 2007/08 to over 715,000,000 in 2008/09. This would leave a projected inshell equivalent ending inventory of about 49,000 tons.

An audience member asked Mr. Balint if the ending inventory figures are for August 1 or September 1. Mr. Balint explained that the figures used for the fall meeting presentations are based on a 12-month period beginning August 1, 2007 through July 31, 2008. We are still waiting for the final decision from USDA about the start of the California Walnut Board marketing year changing from August 1 to September 1.

The next items on the agenda were the Consideration of Free, Export and Reserve Percentage and the Consideration of Minimum Export Prices. Mr. Short made a motion to recommend to the Board 100% free tonnage with no reserves and no minimum export price for the 2008/2009 crop. Mr. Giovannoni 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 5:10 p.m.