

Walnut Marketing Board

101 Parkshore Drive, Suite 250

Folsom, CA 95630

Phone: (916) 932-7070

Fax: (916) 932-7071

info@walnuts.org

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Export Committee Meeting *Minutes* *September 13, 2007*

A meeting of the Walnut Marketing Board's Export Committee was held on September 13, 2007 at the Radisson Hotel in Sacramento. 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, Jim Frazier, Frank Morgan, Phil Short and Jack Mariani. Mr. Balint indicated that a quorum was present. Staff members in attendance included Dennis Balint, David Stefani and Dana Steindorf. Also in attendance were Shereen Marino of USDA/AMS 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 7, 2006. Mr. Frazier made a motion to approve the minutes. Mr. Morgan 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 665 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. At the measuring station, the hulls were cut off, the nuts weighed inshell and then measured by width and length with calipers. The measurement along the suture is what determines the size distribution of the nuts (jumbo, baby, etc.).

After measurements were taken, the nuts were cracked open and graded based on percent sound, sunburn, insect damage, blight or anything else that might impact quality. All the measurements and grades were then entered into the CASS model in order to generate the objective survey.

Mr. Tolomeo stated that the walnut crop estimate for 2007/2008, released on September 5th, is 320,000 tons, down from last year's crop of 346,000. Chairperson Gilbert asked what number Mr. Tolomeo used for bearing acres this year. Mr. Tolomeo indicated that the bearing acres were 216,000, however, they did not conduct an acreage survey this past year. Next year an acreage survey will be conducted. Mr. Tolomeo then presented several slides showing a comparison of objective forecasts versus final production, bearing acres and yield per acre. Mr. Balint asked if CASS could prepare a chart on yield per acre for just the Chandler variety. Mr. Tolomeo indicated that they could.

Mr. Keiper asked if CASS compares the objective forecast against the final crop to reassess the model and make adjustments to the model. Mr. Tolomeo stated that every year they plot the computer model number against the final crop number and the computer minimizes the differences between the final number for each year and the forecast number.

Mr. Tolomeo then discussed the conditions during the walnut grower season. He indicated that there was a lack of chilling hours in the winter. Weather during bloom was favorable as was the

weather during June with temperatures at or below normal. Weather in July and August was also ideal with a heat wave at the beginning of July and the end of August. The sunburn damage was down slightly from last year.

Mr. Tolomeo indicated that state average nut set per tree is down by an average of 7 percent with San Joaquin Valley down by 8 percent and the Sacramento Valley down by 7 percent. Nut set by variety indicates that Hartley is down by 8 percent, Serr is up substantially at 46 percent and Chandler is down by 23 percent.

The percent distribution of walnut shell suture sizes for the Hartley variety indicates that jumbos are 63%; large are 14%; medium are 13%; and babies are 9%. One thing CASS would like to do is get rid of the mammoth category. As everyone remembers, the numbers last year looked strange, with jumbo down to 52% and babies up to 20%. This resulted in CASS comparing the inshell width versus the cross-width and releasing a supplemental report following the objective forecast last year. The comparison chart indicated a substantial difference in size between the two widths. This year they appear to be in line with where they should be.

Mr. Keiper asked if CASS has made comparisons between the caliper measurements that CASS uses and the sizing cards which are used as standard practice in the industry. Mr. Tolomeo stated that if CASS had final size data from the crop, they can compare it to the forecast. He encouraged handlers to provide him with final data.

Mr. Mariani suggested that the Grades & Standards Committee review the sizing issue and determine what the industry's needs are. Mr. Tolomeo stated that if he can get the actual data that comes from the use of the sizing cards from the industry members, he can incorporate that into his reports and compare earlier forecasts. The final production numbers that they currently receive from the industry are by variety and by county. Mr. Keiper asked if the industry, for the future, wanted to get data regarding nut set or size on each particular variety, would that be possible and what would the cost be. Mr. Tolomeo stated that gathering that data would require a lot larger sample size and more people in the field. He will have to research the feasibility of doing that type of sampling and get back to the Walnut Marketing Board with an idea of the cost.

Chairperson Gilbert introduced Mr. Balint to present the next agenda item, Statistical Review. Mr. Balint began with a review of the 2006/2007 year-end shipment, inventory and utilization numbers. The year-end inventory of inshell equivalent product was at 40,596 tons, the lowest number in the last decade.

The next slide that Mr. Balint presented was the schedule of competing tree nuts. Hazelnuts are down 10,000 tons from last year and the almond crop is forecast at just over 1.3 million tons. There is no published forecast for pecans or pistachios at this time.

The next table showed that the foreign walnut production is forecast at about the same levels as last year. The numbers for China are not available at this time, however, based on a report from Michelle McNeil, marketing director for the California Walnut Commission, Steve Sibbett, former farm advisor and grower Pete Jelavich, who all traveled to China this past summer, the Chinese crop is probably going to come in at about 410,000 tons.

The next slide Mr. Balint presented was the parity price chart which indicates that price will most likely not exceed parity this year. He also presented the exchange rate chart which indicated that the Euro is strengthening and the exchange rate with Korea is favorable. Overall, exchange rates have not presented any major problems for us.

The next table addressed supply and utilization. The total availability for the 2007/2008 year is

projected to be 721 million pounds. The projected utilization, on an inshell basis, is 640 million pounds. Chairperson Gilbert thanked Mr. Balint for his presentation.

The next items on the agenda were the Consideration of Free, Export and Reserve Percentage and the Consideration of Minimum Export Prices. Mr. Mariani made a motion to recommend to the Board 100% free tonnage with no reserves and no minimum export price for the 2007/2008 crop. Mr. Frazier 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 5:15 p.m.