

California Walnut Board

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Export Committee Meeting Minutes September 9, 2010

A meeting of the California Walnut Board's Export Committee was held on September 9, 2010 at the Marriott Rancho Cordova. Chairperson Jack Gilbert called the meeting to order at 4:45 p.m. Ms. Dana Steindorf called the roll. All Committee members were present: Jack Gilbert, Steve Giovannoni, Earl Lindauer and Pete Turner. 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 December 8, 2009. Mr. Turner 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 indicated that the field work for the 2010 objective measurement survey was conducted on 716 orchard blocks, two trees per sample, during the period of August 1 through August 26. 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 2010. He also showed a slide on bearing acres versus bearing trees per acre from 1996 through 2010. The bearing acres for 2010 are 227,000 with 67 trees per acre.

Mr. Tolomeo stated that the walnut crop estimate for 2010/2011, released on September 3rd, is 510,000 tons. He showed a chart that graphs the objective measurement forecast against the final production from 1996 through 2009.

The 2010 walnut growing season had good chilling hours, above average rainfall that replenished groundwater supplies and helped the trees build a more vigorous root system, and a mild summer with few days over 100 degrees. Nut set is up throughout the state and is at its highest since 2001. Mr. Tolomeo then presented a slide on the percent distribution of walnut shell suture sizes. Jumbos are down from last year to 58%, with Large and Mediums up slightly to 18% and 14% respectively.

Mr. Tolomeo stated that the CASS office has added a staff member to focus on objective measurement surveys and test new procedures or modifications in procedures.

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 2010 crop as presented by Mr. Tolomeo. Mr. Lindauer 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 this year the U.S. market was very strong, as were Korea and Germany in the shelled market. Mr. Balint showed slides on competing tree nuts, foreign walnut production and U.S. imports of foreign walnuts.

Mr. Balint then presented supply and utilization charts which include eleven months of actual shipments (September 2009 to July 2010) and one month of estimated shipments (August 2010). Beginning inventory for the 2009/10 crop year was just over 115 million pounds of inshell equivalent product; production was 872 million pounds; and the total availability for 2009/2010 was just over 987 million pounds. The 2009/10 utilization is estimated at almost 920 million inshell equivalent pounds. The estimates for 2010/2011 are 67 million pounds of inshell equivalent for the beginning inventory with an estimate just over one billion pounds of production, bringing the estimated availability to almost 1.1 billion pounds. Utilization for 2010/2011 is projected at 970 million inshell equivalent pounds.

Mr. Balint also presented charts on conversion rates, on exports as a total of shipments which shows exports at about 55% of the total, on exchange rates, and U.S. imports of foreign walnuts.

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 2010/2011 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. No executive session was necessary. There being no further business to come before the Committee, Chairperson Gilbert adjourned the meeting at 5:15 p.m.

2010 Walnut Production

Presented by Vic Tolomeo
USDA, National Agricultural Statistics Service
California Field Office

September 9-10, 2010

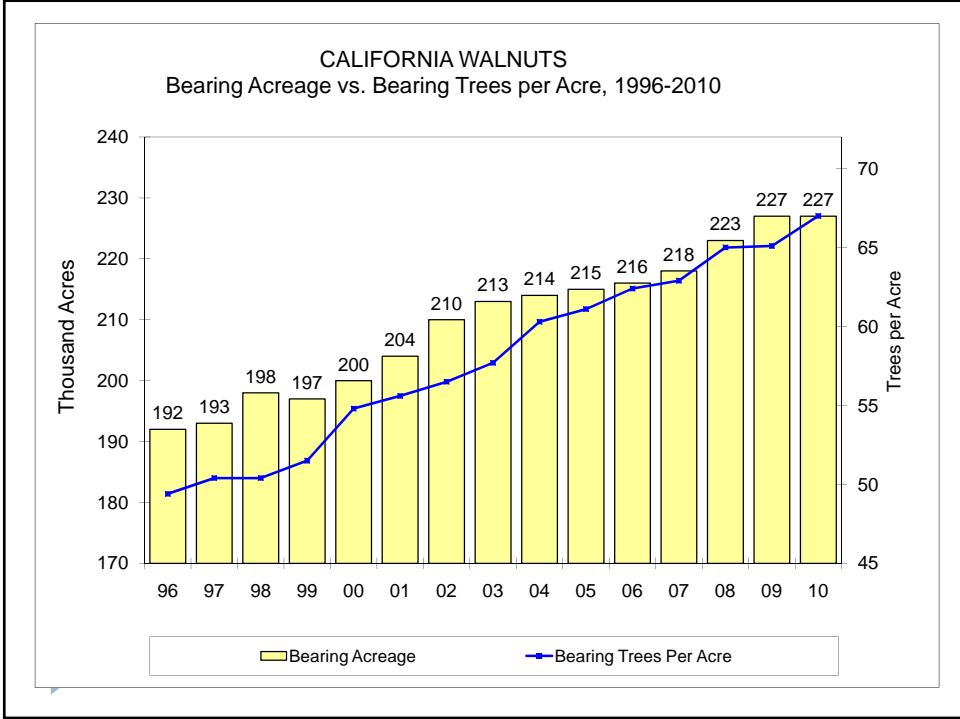
2010 Walnut Objective Survey

- ▶ **Sample:**
716 Orchard Blocks
 - 2 Trees per Sample**
 - ▶ **Field Work:**
Aug 1 - Aug 26, 2010
-



Bearing Acreage and Samples by Variety

	1999	2001	2003	2005	2007	2009	1999 Samples	2010 Samples
Chandler	36,424	46,081	54,532	57,907	61,653	68,836	139	271
Hartley	50,525	47,937	44,237	41,655	40,398	38,626	203	140
Howard	931	1,897	4,296	9,053	13,235	16,239	1	64
Tulare	944	1,948	6,310	8,660	11,013	15,340	3	60



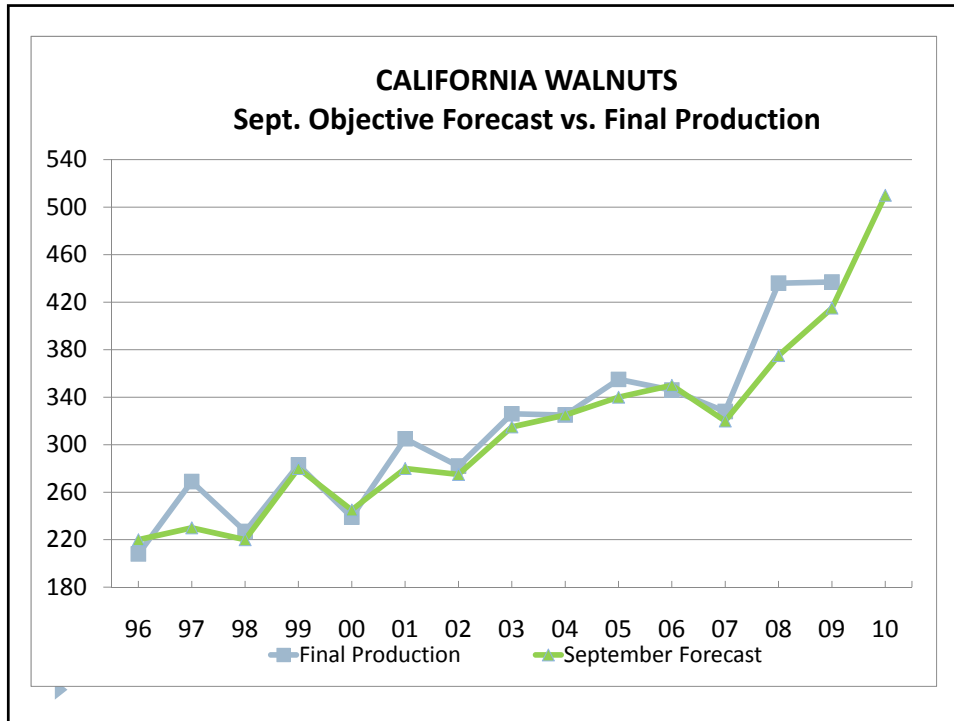
2010 Walnut OM Forecast

▶ **510,000 Tons (In-Shell)**

▶

2010 Walnut Season

- × Good chilling hours
 - × Above average rainfall
 - ▶ Replenished groundwater supplies
 - ▶ Helped the trees build a more vigorous root system
 - × Mild summer
-
- ▶



2010 Walnut Objective Measurement Survey Results

- ▶ Nut Set by Area
 - ▶ San Joaquin Valley (SJV): up 5%
 - ▶ Sacramento Valley (SV): up 16%
 - ▶ State Level: up 11%

	<u>SJV</u>	<u>SV</u>	<u>State</u>
2007	1,162	1,548	1,357
2008	1,270	1,592	1,416
2009	1,250	1,758	1,523
2010	1,313	2,047	1,690*

- ▶ *Highest set since 2001

2010 Walnut Objective Measurement Survey Results

▶ Percent Distribution of Walnut Shell Suture Sizes

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Mammoth	1%	1%	1%	1%
Jumbo	55%	67%	66%	58%
Large	16%	16%	14%	18%
Medium	15%	11%	11%	14%
Baby	12%	6%	8%	9%
Other	1%	0%	0%	0%

Additional Staffing

- ▶ Focus on Objective Measurement Procedures
 - ▶ Research link to University experts
 - ▶ Testing new or modifications in procedures
-



CALIFORNIA WALNUT BOARD

September 10, 2010

FORECAST OF PRODUCTION 2006 - 2010 Crop (Tons)

CROP YEAR	FORECAST	USDA FINAL	Forecast % of Final
2006	350,000	346,000	101.2%
2007	320,000	328,000	97.6%
2008	375,000	436,000	86.0%
2009	415,000	437,000	95.0%
2010	510,000		

SCHEDULE OF COMPETING TREE NUTS
2008 to 2010 Production
Tons - Inshell Basis (Almonds 1,000 Lbs Shelled)

TREE NUT	2008	2009	2010
Walnuts	436,000	437,000	510,000
Hazelnuts	32,000	47,000	27,000
Pecans	97,000	160,000	146,000
Pistachios	139,000	178,000	175,000
Almonds	1,630,000	1,410,000	1,650,000

FOREIGN WALNUT PRODUCTION
2008 to 2009 (short tons)

COUNTRY	2009	FORECAST 2010
Chile	28,000	33,000
China	541,000	661,000 / 518,000
France	36,000	33,000
India	24,000	28,000
Italy	14,000	18,000
Turkey	68,000	66,000
TOTAL	711,000	839,000 / 696,000

WALNUT SUPPLY AND UTILIZATION
September 10, 2010

AVAILABILITY	2009/10 (000's lbs)	2010/11 (000's lbs)
Beginning Inventory		
Inshell	1,803	2,143*
Shelled	<u>51,733</u>	<u>27,484*</u>
Inshell Equivalent	115,502	67,580*
Production	<u>872,026</u>	<u>1,020,000*</u>
Total Available	987,528	1,087,580*

WALNUT SUPPLY AND UTILIZATION
September 10, 2010

UTILIZATION	2009/10 (000's lbs)	2010/11 (000's lbs)
Inshell Domestic	<u>19,333*</u>	<u>19,000*</u>
Inshell Export	<u>187,000*</u>	<u>190,000*</u>
Shelled Domestic	<u>170,000*</u>	<u>183,000*</u>
Shelled Export	<u>134,000*</u>	<u>146,000*</u>
Inshell Equivalent	919,948*	970,574*

WALNUT SUPPLY AND UTILIZATION
September 10, 2010

ENDING INVENTORY	2009/10 (000's lbs)	2010/11 (000's lbs)
Inshell Equivalent (lbs)	67,580*	117,006*
Inshell Equivalent (tons)	33,790*	58,503*

WALNUT SUPPLY AND UTILIZATION PROJECTION
September 10, 2010

- Conversion Rates:
 - Beginning Inventory 2009/10 = 45.5
 - Projected Utilization 2009/10 = 42.6*
 - Projected Ending Inv 2009/10 = 42.0*
 - Projected Utilization 2010/11 = 43.2*

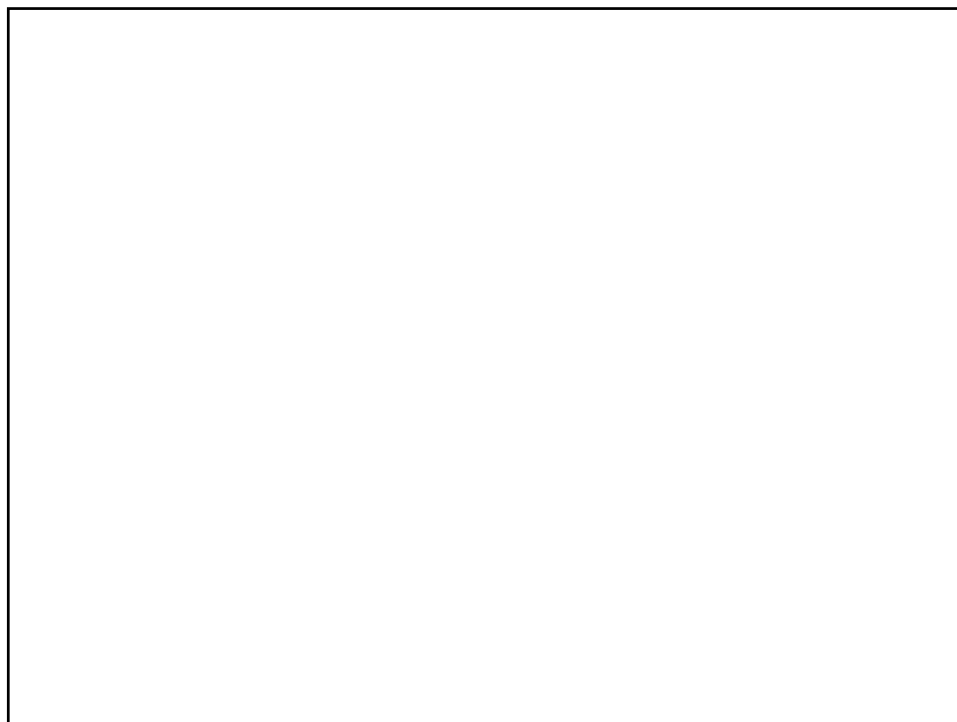
* Estimated / projected figures

EXPORTS AS % OF TOTAL SHIPMENTS
2009/10 ISE (1,000 lbs)
September 10, 2010

	ESTIMATED SHIPMENTS	% OF TOTAL SHIPMENTS
EXPORTS	501,553	55%
EXPORTS LESS CHINA, HK, TURKEY INSHELL	410,079	45%

EXCHANGE RATES
Foreign Currency Per U.S. Dollar

COUNTRY	2009	2010
Canada	1.15	1.06
China	6.83	6.78
Euro	.71	.81
Japan	96.85	89.71
S Korea	1,275.00	1,228.00
Turkey	1.53	1.59



U.S. IMPORTS of FOREIGN WALNUTS
2008 and 2009 (ISE Pounds)

COUNTRY	2008	2009
Austria	2,638,011	134,655
China	1,394,641	132,604
Germany	3,067,440	-
India	5,698,068	520,490
Spain	2,867,756	2,471,556
Others	3,053,069	1,216,769
WORLD	18,718,985	4,476,074