

California Walnut Board

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Export Committee Meeting Minutes September 13, 2012

A meeting of the California Walnut Board's Export Committee was held on September 13, 2012, at the Marriott Rancho Cordova. Chairperson Jack Gilbert called the meeting to order at 4:45 p.m. Mr. Dennis Balint called the roll. Committee members Jack Gilbert, Bruce Beard, Pete Turner, Kevin Wagner and Steve Zaffarano were present. Mr. Balint stated that a quorum was present. Staff members in attendance included Dennis Balint, Michelle McNeil, Heather Donoho 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 15, 2011. Mr. Turner made a motion to approve the minutes. Mr. Wagner 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 presented the 2012 Walnut Objective Measurement Survey Results. He stated that the objective measurement forecast for 2012 is 470,000 tons inshell. This is up about 2% from the 2011 production of 461,000 tons. The survey work was conducted in August on 738 orchard blocks, two trees per sample. Mr. Tolomeo presented a graph of the historical September objective forecast versus the final production.

The 2012 walnut growing season was good with only a few areas reporting frost during pollination, some reports of abnormal nut drop in June and July due to blight, and above average heat in August. Mr. Tolomeo showed a graph of the data collection during the August heat; he explained that during the weeks of August 5th, 12th and 19th, the departures from normal were two to eight degrees above the normal temperatures. About 600 of the walnut samples were collected during the weeks of August 5th and August 12th. About 120 of the samples were collected during the week of August 19th.

The nut set is down statewide with the lowest nut set since 2007. All measurements (weight, width, cross-width and length) are down over the previous year's measurements and are lower than the 5-year average. The percent distribution of walnut shell suture sizes shows that size large and above is 79%, medium is 14%, and baby is 7%.

Moving on to acreage, Mr. Tolomeo stated that CASS only completes an acreage survey every other year. He stated that there has been some question why the acreage has been reported as 245,000 two years in a row. CASS looked at the non-bearing acres that were coming into bearing for 2012 and those totaled 4,901. The average pull-out for the past four years has been between 3,000 to 4,000 acres which leaves a difference of about 1,000 acres. Since the difference is relatively small and not based on confirmed data, CASS reported 245,000 acres for 2012 rather than making an adjustment.

Chairperson Gilbert thanked Mr. Tolomeo for his presentation and asked for a motion to accept the CASS report. Mr. Wagner made a motion to accept the CASS objective measurement for the 2012 crop as presented by Mr. Tolomeo. Mr. Turner seconded the motion and it carried unanimously.

Chairperson Gilbert introduced Mr. Balint to present the next agenda item, Review of Statistics. Mr. Balint presented a series of slides: The first compared the forecast production verses the USDA final crop number for the past five years; next was inshell exports in 2011/12 to the top six countries of Hong Kong, Turkey, China, Italy, Spain and the United Arab Emirates ; also, the top six shelled export countries in 2011/12 were Korea, Germany, Japan, Canada, Spain and Australia. The schedule of competing tree nuts shows that almonds, hazelnuts, pecans and pistachios are all projecting production up slightly from 2011. Foreign walnut production forecast shows that Chile, China and Turkey project up slightly in 2012.

Mr. Balint presented a slide on exchange rates which showed that most countries have currency down against the dollar; the only country where we have a favorable exchange right now is in Japan. The supply and utilization table indicates that we have an estimated total availability of 1,043,610,000 pounds of walnuts for 2012/13. We are projecting a slight decrease of inshell exports for 2012/13, with inshell domestic, shelled domestic and shelled exports remaining relatively steady. With a projected utilization in 2012/13 of 919,682,000, that will leave us with a projected ending inventory of just under 62,000 inshell equivalent tons.

The next items on the agenda were the Consideration of Free, Export and Reserve Percentage and the Consideration of Minimum Export Prices. Mr. Turner made a motion to recommend to the Board 100% free tonnage with no reserves and no minimum export price for the 2012/2013 crop. Mr. Beard 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 5:10 p.m.