

California Walnut Board

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MARKETING ORDER REVISION COMMITTEE MEETING MINUTES

Wednesday, May 5, 2010

The California Walnut Board Marketing Order Revision Committee (MORC) met on Wednesday, May 5, 2010 at the California Farm Bureau Federation. Committee Chairperson Jerry Siebert called the meeting to order at 10:05 a.m. Ms. Steindorf called the roll and established a quorum. The following Committee members were present:

Jerry Siebert, Chairperson
Jack Gilbert, Vice-Chairperson
Bill Carriere
Bob Lea
Jack Mariani
Donald Norene
Bill Tos

Committee member Chuck Crain was absent. Also in attendance were Debbie Wray, USDA; and CWB staff members Dennis Balint, Heather Donoho and Dana Steindorf.

The first order of business was the approval of the minutes from the last MORC meeting held on July 10, 2006. Mr. Norene made motion to approve the minutes as mailed, Mr. Carriere seconded the motion and it carried unanimously.

Chairperson Siebert asked Mr. Balint to address the next agenda item, Industry Reporting Requirements. Mr. Balint stated that there has been much discussion at recent meetings, including the Audit Committee, regarding industry reporting. On the Monthly Management Report (MMR), for example, there have been questions about the countries included on the detail report. In order to change the form that handlers use to report shipments (CWB Form #6), we have to get USDA/OMB approval which can take several months. Mr. Balint asked the Committee to review both the Inventory Reports and Monthly Management Reports that the CWB distributes and make recommendations for changes if necessary.

Ms. Donoho distributed copies of the three inventory reports that the CWB distributes each year, August 31, December 31 and March 31. She explained that staff would like to make the December 31 and March 31 reports consistent. Currently the March 31 report includes a column for USDA Final Crop Size which is irrelevant because USDA does not release their final crop number until July each year. The USDA final crop size will continue to be reported on the August 31 inventory report. Also, staff would like to add columns to the March 31 report for Certified and Uncertified product, consistent with the December 31 report. Ms. Donoho also asked the Committee if they would like to see the top five or more varieties held in inventory listed on the December 31 report. A discussion ensued about the reporting of

varieties held in inventory and committed versus non-committed inventory. The Committee elected to not include those additions to the report.

Mr. Norene made a motion to revise the March 31 Inventory Report by removing the USDA final crop size from the report and adding Certified and Uncertified columns to make the report consistent with the December 31 Inventory Report. Mr. Mariani seconded the motion and it carried unanimously.

Mr. Balint then asked the Committee for their thoughts on early reporting of the crop number in mid-December. There have been requests from the industry for an earlier crop number based on receipts reported by the Commission (pink forms). Currently, the final number comes out in mid- to late January following the crop season and is based on the Board crop acquisition forms completed by the handlers. Mr. Balint does not see the benefit to having the crop information a month early, but maybe the Committee does. Mr. Mariani suggested that the Board ask for monthly walnut receipts at the same time as the monthly shipment reports. The Committee discussed adding a "walnuts received" request to the shipment form (CWB Form #6), which will need OMB approval before use. Ms. Wray confirmed that the marketing order already includes a rule for allowing the Board to ask for walnut receipts from handlers.

The Committee agreed that they would like to have handlers report their walnut receipts on a monthly basis on the same report they complete for shipments – the CWB Form #6. Mr. Carriere made a motion to add a line to the form for requesting walnut receipts and submit the form to OMB for approval with that change. Mr. Norene seconded the motion and it carried unanimously.

The Committee discussed further changes to the shipment request form including updating the country detail requests. They agreed that India should be added to the report due to the potential for a marketing program there. Also, Ms. Steindorf will analyze the countries listed under "other" and determine if there are countries that would warrant addition or deletion from the MMR. She will report back to the Committee prior to the Board meeting in June with suggestions.

Mr. Balint mentioned that there have been questions from the industry regarding the inshell equivalent used on the MMR and how we come up with that number. Ms. Donoho explained that the inshell equivalent is determined by the five-year average of the shell out rates. The Committee agreed that is an acceptable method. Mr. Balint also stated that some industry members have asked us to make our report look more like the almond report. Staff distributed a copy of the Almond Board's monthly report. The Committee elected to add a country detail page to the walnut shipment report comparing the current month to the same month in the prior year, but to keep the format of the MMR the same. Ms. Steindorf will create a mock-up of that additional monthly comparison and present it to the Committee before the June meeting. Ms. Wray confirmed that changes to the report do not have to go through OMB approval.

Under other business, Mr. Norene asked if any other Committee members had seen an article recently about FDA classifying walnuts as a drug. Mr. Balint commented that we have been tracking this issue and we considered a market research project to determine consumer awareness. Because of the limited amount of press, Mr. Balint stated that we elected to not do anything at this time as there have been no phone calls to the Commission on the issue. There may be more press activity in the future because of legal activity – class action lawsuits due to rights violations. Also, FDA may be considering pulling previously approved health claims due to the new food safety bill.

The Committee also discussed the boundaries for Districts 1 and 2 and whether or not there needs to be a survey to more closely divide the districts in half. Mr. Balint stated that the boundaries currently do not divide the growers by 50%. The Committee agreed that the representation on the Board and Commission for the north and south are fairly equal and it is not necessary to consider changing the District 1 and 2 boundaries.

The Committee then discussed outreach to new potential members. Ms. Wray emphasized that the USDA administrator requires the Board to provide information about its outreach to new members. Mr. Balint stated that staff has surveyed for a Board and Commission Diversity Committee meeting in June to discuss diversity and new member outreach.

Mr. Tos asked about the direct sales issue that came up this past crop year where growers or hullers circumvent the normal channels of commerce. Mr. Balint stated that enforcement would require an extraordinary amount of manpower. He will include the topic in newsletters and grower meetings to clarify the marketing order rules.

The time and place of the next meeting will be determined by the Chairperson and staff. There was no need for Executive Session. Hearing no further business, Chairperson Siebert adjourned the meeting at 11:50 a.m.