



California Walnuts Industry Update

FEBRUARY 2020



Today's Agenda

- Market Situation
- Industry Strategic Plan
- Tariffs/Trade Policy
- Mitigation Measures
- Export Marketing
- Domestic Marketing
- News for Growers
- Concluding Thoughts



Market Situation

- Chile
- U.S. Supply/Crop/Inventory
- Foreign Market Demand
- Tariffs/Trade Policy
- Trade Mitigation
- USDA Section 32 Purchase

= Positive Market Momentum



Tariffs and Trade Policy



Tariff Overview

MARKET	TARIFF INSHELL	TARIFF SHELLED
Canada	0%	0%
China	75%	70%
European Union	4%	5.1%
India	120% 100% Base Rate + 20% Retaliatory	100% Effective 2/1/2020
Japan	10%	0% Effective 1/1/2020
Korea	24%	0%
Turkey	25%	25%
U.A.E.	5%	5%



as of February 3, 2020

Trade Policy/Trade Agreements

- United States-Mexico-Canada Agreement (USMCA)
- Japan Trade Agreement
- China Phase 1 Agreement
- Potential Bilateral Trade Agreements:
 - UK – ongoing dialog
 - EU – ongoing dialog
- Other Trade Discussions
 - India
 - China Phase 2



Mitigation Measures

Market Facilitation Program (MFP)

- **USDA Issues Third and Final Tranche of 2019 MFP Payments**
 - Announced on February 3, 2020
 - Final Payments will begin to show up in farmers' bank accounts by February 7th
 - If you have any questions, please contact your local USDA Farm Service Agency

Agricultural Trade Promotion Program (ATP)

- **CWC awarded \$3.6 MM in additional funding for our export programs**
 - Benefits entire industry to move crop



Agricultural Trade Promotion Program (ATP)

\$3,628,000 TOTAL ATP FUNDS AWARDED

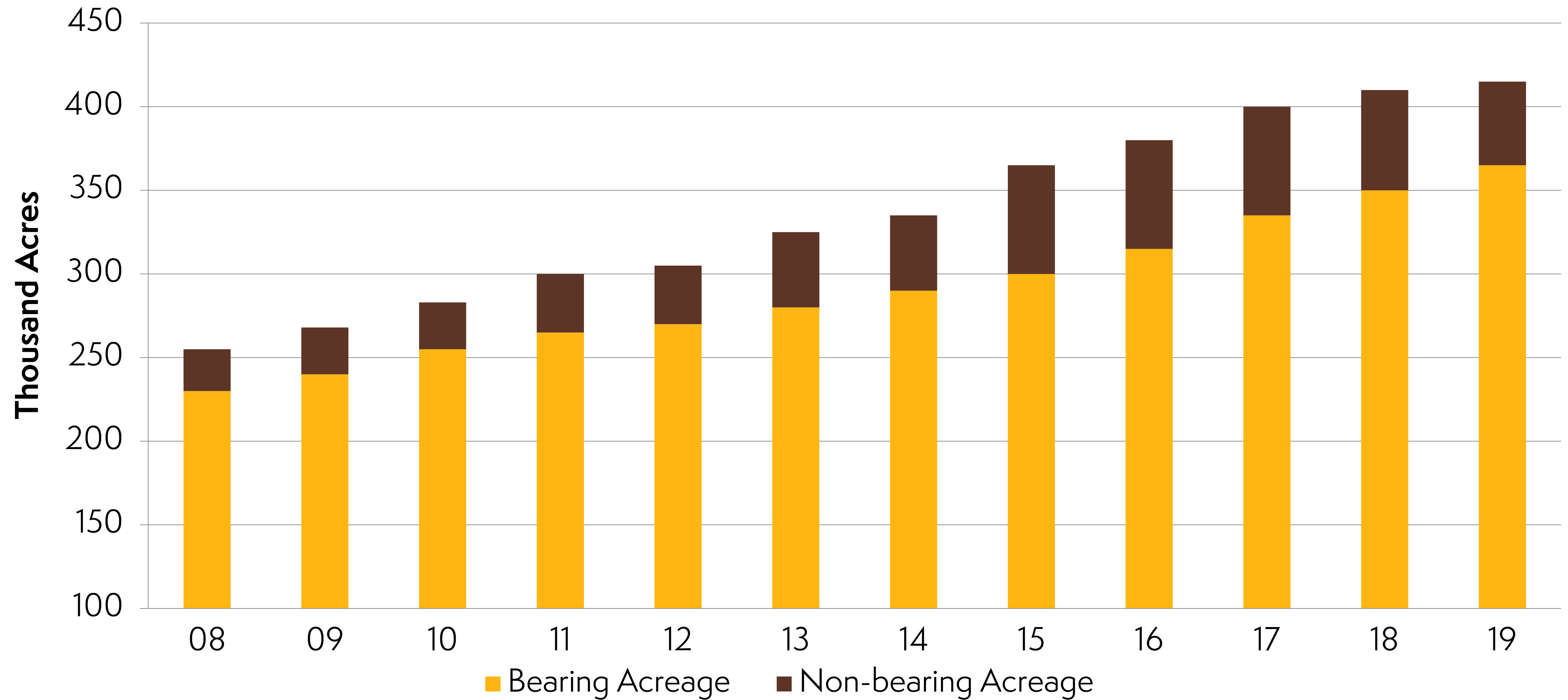




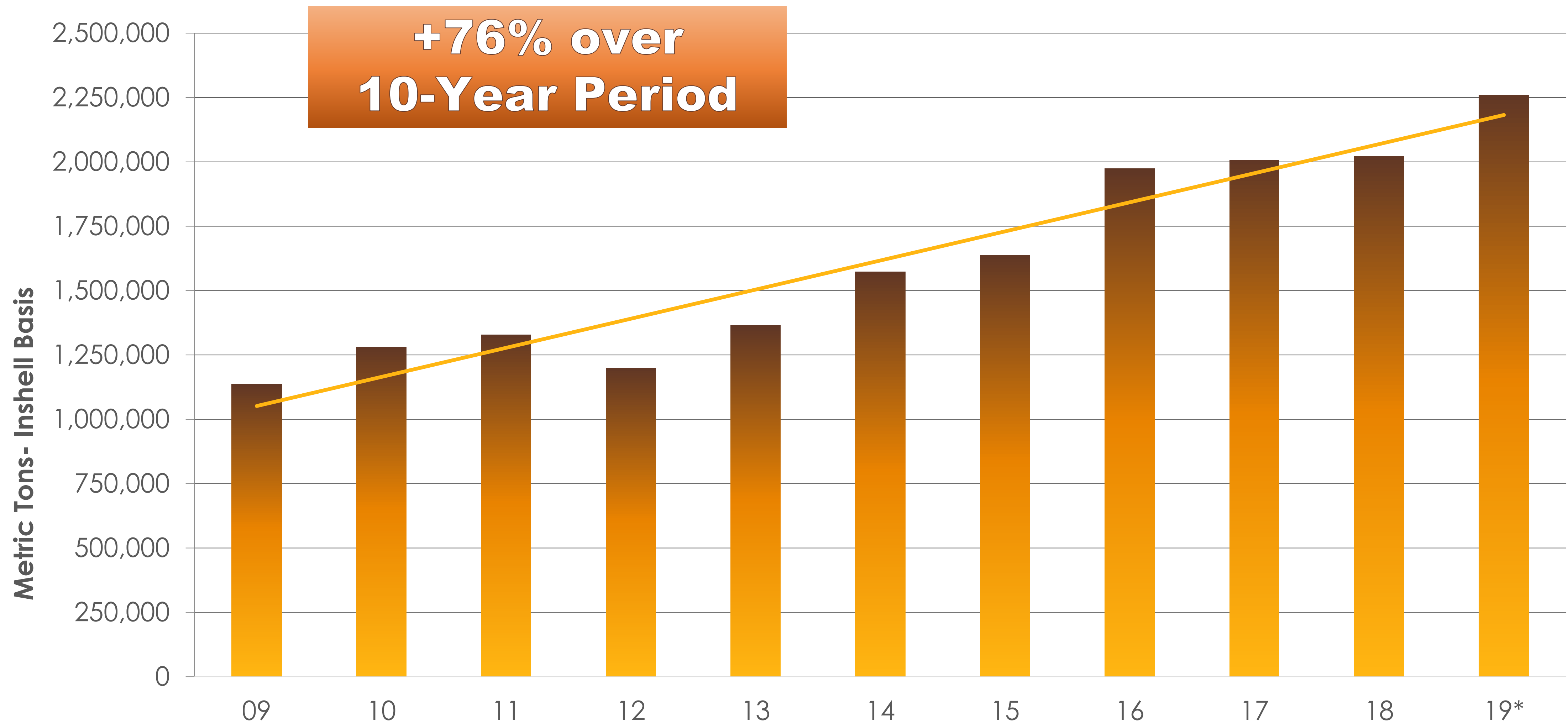
Industry Strategic Planning



California Acreage



World Walnut Production



* Projection from INC Nutfruit July 2019



Future Crop/Utilization

- Over the next 5 years (2022/2023) we are working toward moving an additional 196,000 tons
- Move 64,000 tons of incremental volume domestically and
- 132,000 tons of incremental volume internationally



Strategic Priorities: *Areas of focus to achieve the vision*

1. Grow domestic and international demand
2. Conduct research programs that fuel the vision
3. Continue to build support via industry engagement/communication plans
4. Strengthen regulatory support for walnut production/trade through advocacy
5. Demonstrate industry commitment to sustainable production practices

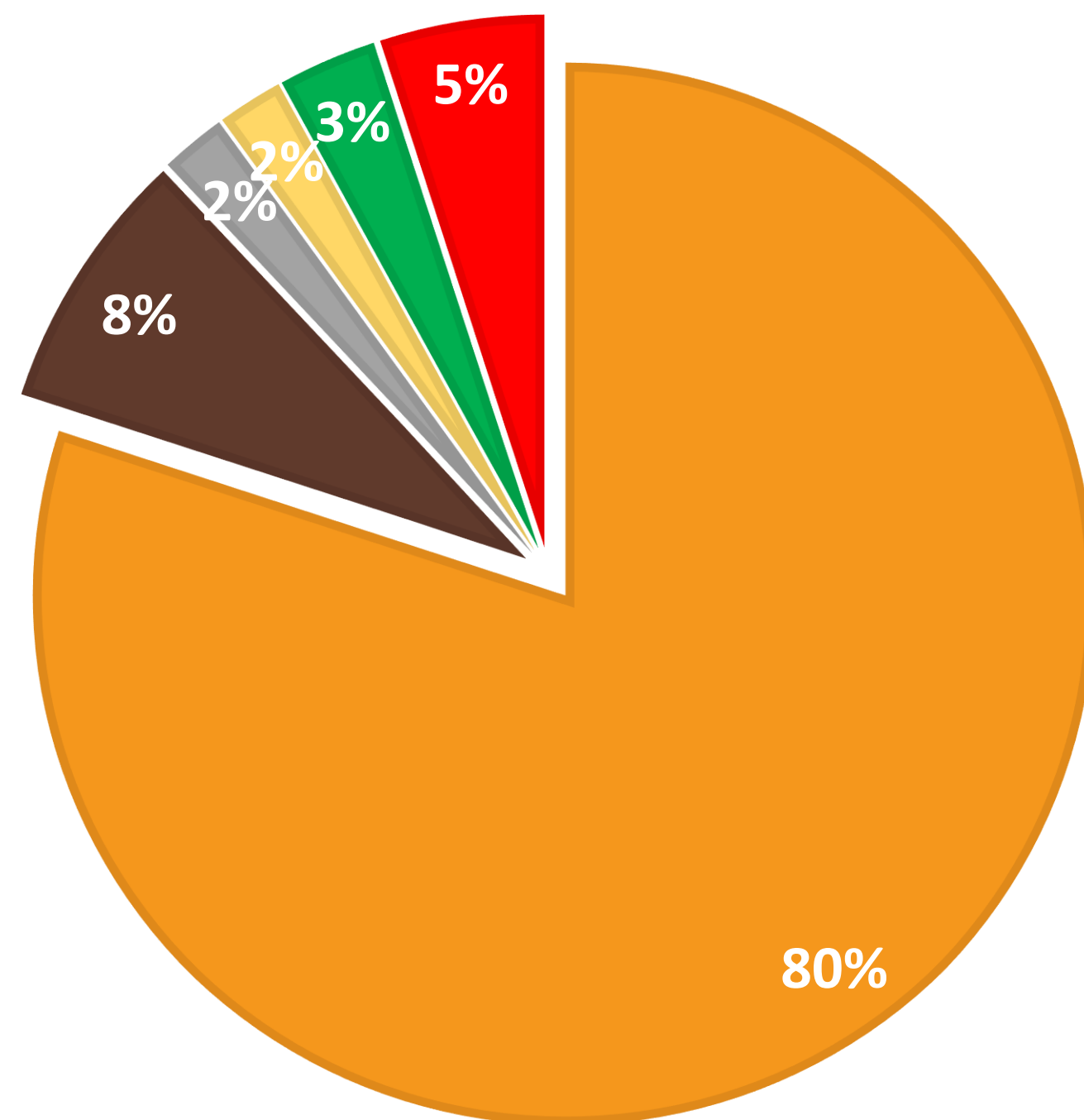


CWB/CWC Expenditures

CWB

% OF BUDGET

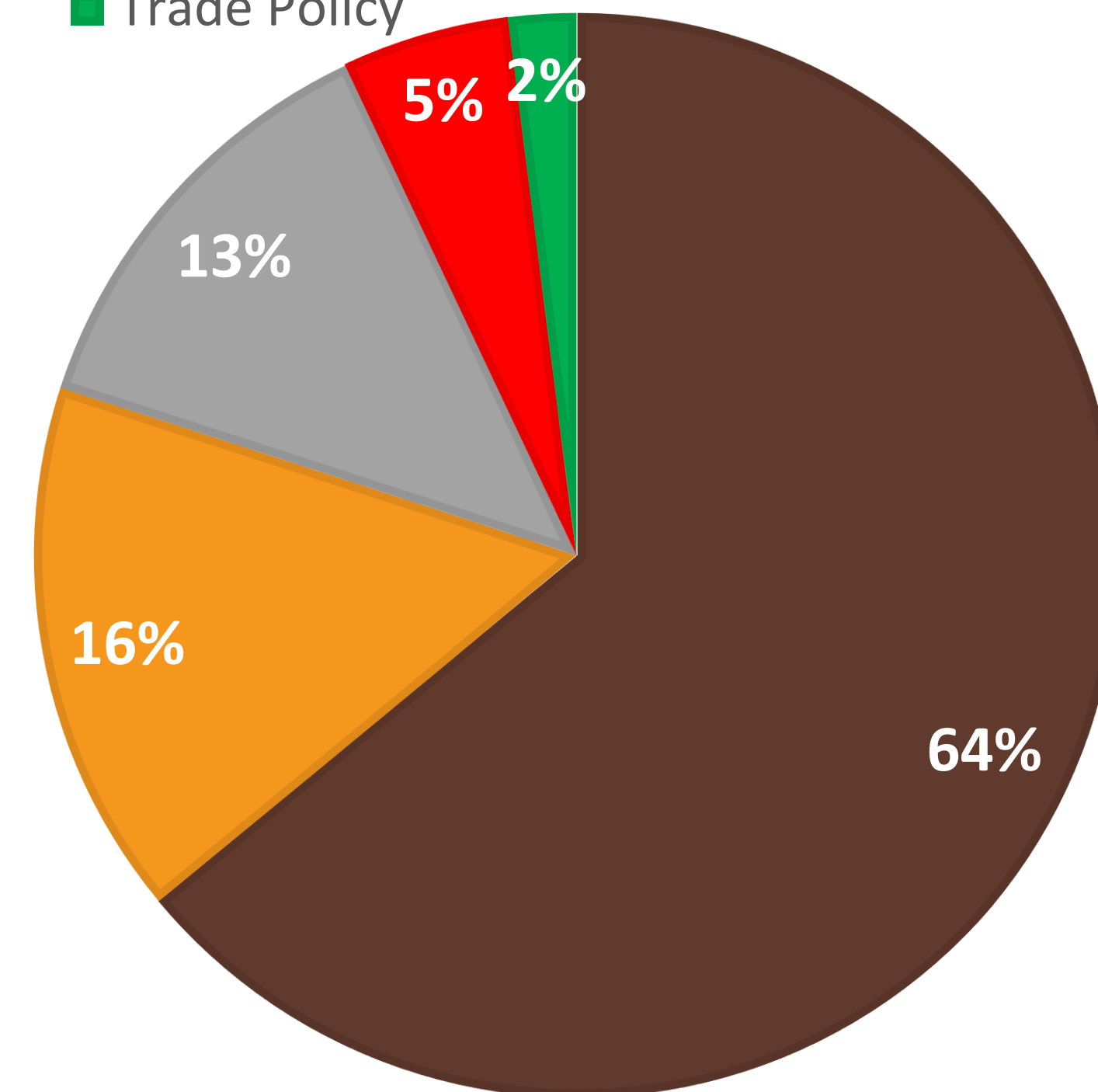
- U.S. Marketing
- Production Research
- Industry Communications
- Crop Surveys
- Post-Harvest Research
- Operating



CWC

% OF BUDGET

- Export Marketing
- U.S. Marketing
- Health Research
- Operating
- Trade Policy





Export Marketing



Strategic Planning – Target Distribution Channels

- **Retail** – Increase consumer purchase at retail.
- **Food and Beverage Manufacturing** – Grow awareness of California walnuts as a desirable ingredient for product development.
- **Menu Development** – Educate institutional decision-makers about the benefits of including walnuts at restaurants and hotels on their menus.



2020 Export Marketing Mix

Canada
Germany
India
Japan
Korea
Spain
So. Korea
Turkey
U.K.
UAE/Middle East



Retail Activities

Drives consumer trial and increases sales volume year-over-year

Country	Retailer	Promotion	Year-over-year increase in sales
India	Walmart	End-cap Branding	24%
	Vishal Mega Mart	End-cap Branding	135%
Korea	Emart	Sampling and POS displays	275%
	AK Plaza	Sampling and POS displays	226%
Turkey	Migros	Sampling and POS displays	200%
UAE	LuLu	Sampling and POS displays	220%
UK	Home Bargains	POS Display	52%



**Japan – Yamazaki Bakery
55% Increase**



ATP-Funded UK Retail Activities

Retailer	Promotion	Promotion Period Uplift
Home Bargains	2-week National promotion in almost 50% of their stores	59%
Costco UK	1-day sampling in all 29 depots Nationally	28%

Additional Retailers:

- Birds of Derby Bakery
- Tesco Online
- Sainsbury
- Asda
- Ocado



Costco UK



Home Bargains



Birds of Derby



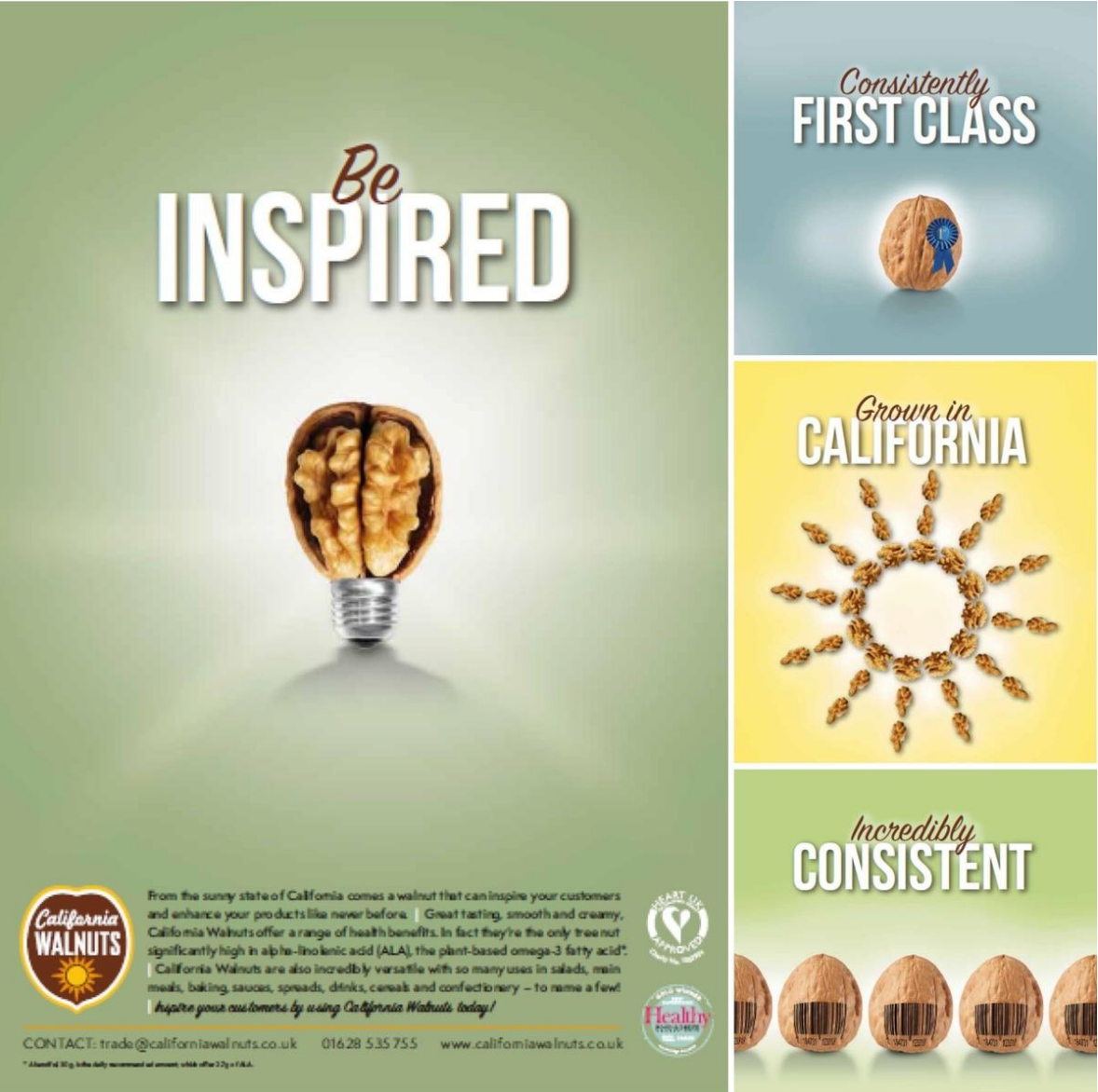
Trade Outreach

Keeps all levels of the trade informed about:

- CWC consumer activities
- Health Benefits and health research
- Product development tips
- Media activities
- Major Campaigns
- Food & Beverage Trends



Product Information Sheets



Trade Advertising



Trade Newsletters



Trade Shows



International New Products



Health Research/ HCP Outreach

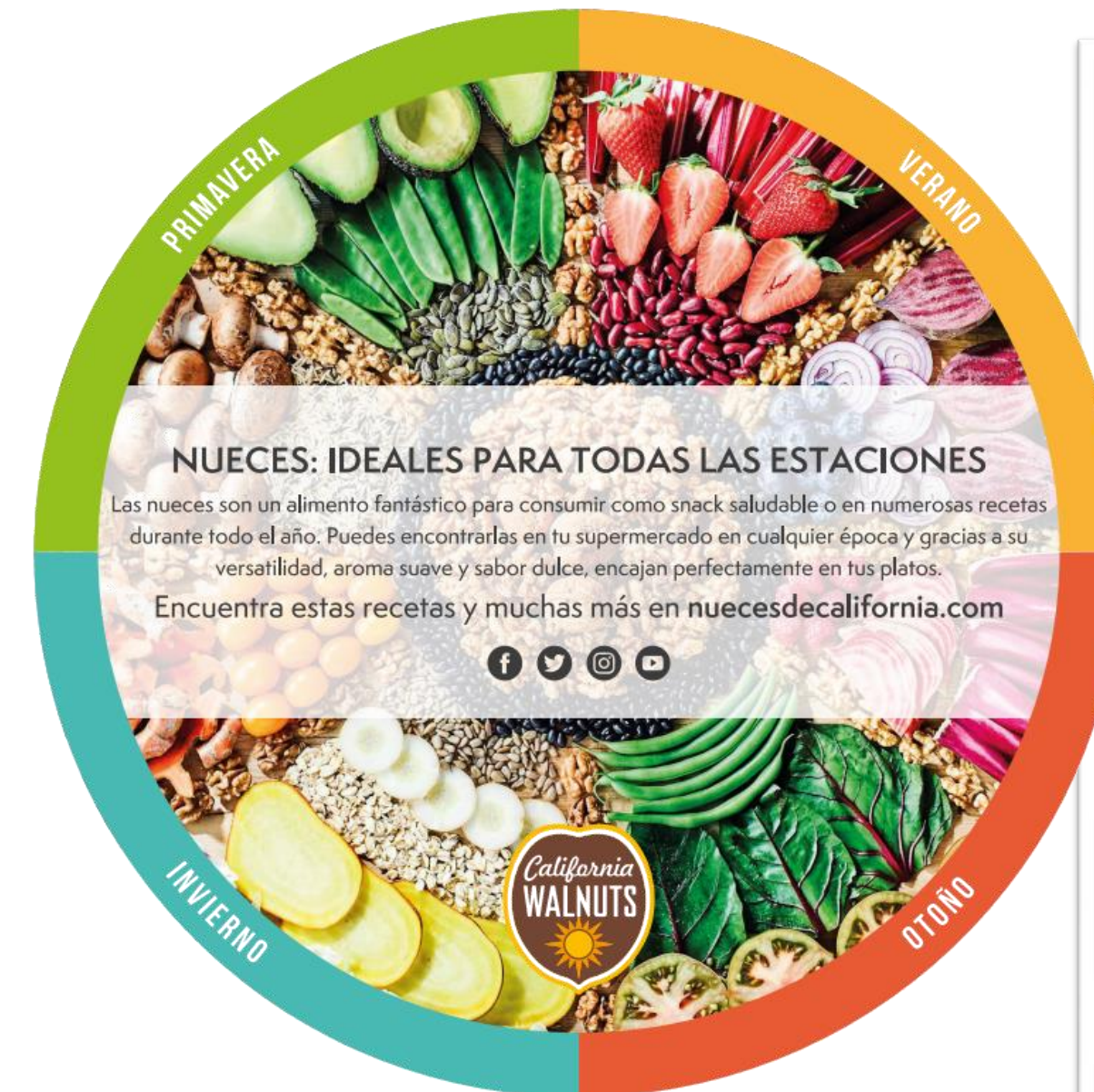
Allows us to spread the word about walnuts as part of a healthy lifestyle exponentially through trusted health professionals



HCP Newsletter



VDD Dietitians Conference, Germany



HCP Materials



Media Outreach

Health Research provides close to 50% of media coverage in many markets

The editor of Marie Claire magazine attended the harvest tour and in December published 4 pages on California walnuts reaching 400,000 readers.



“HASADA BİRE BİR SAHİT OLMAK VE CEVİZ TOPLAMAK SON DERECE ESSİZ BİR DENEYİM.”

gün sağlıklı beslenme hakkında da birçok yeni bilgi edineceğiz.

CEVİZİN TARİHİ VE ANTİK TIP DÜNYASINDAKİ YERİ
Öncelikle cevizin tarihini öğrenmemiz gerekiyor. Hakkında birçok farklı bilginin olması beni gerçekten de şaşırtıyor. Adını Farsça'dan alan cevizin kökleri, ağacın vahşi ve yarı evkili halde bulunduğu Orta Asya'ya dayanıyor. Tarih öncesi zamanlarda Batı Çin, Kafkasya, İran ve Avrupa'ya yayılmış. Ceviz, multitemen ilk insanlar tarafından da toplanan önemli bir gıdaydı. Son Buzul Dönem, Batı Avrupa'daki cevizin kapsamını bityük ölçüde sınırlamış. Ancak arkeologlar, 17 bin yıl öncesine dayanan kanıtları Güney Fransa'da bulmayı başarmışlar. Neolitik toplum, yedi bin yıl öncesine kadar cevizi yetiştiriyormuş. Ancak Antik Roma ve Yunan zamanlarına kadar ceviz, Akdeniz'de yaygın bir şekilde yetiştirilmeyormuş. O dönemlerde bir teserret malı olan ceviz kalıntılarıyla dokümanlarımız amforalar, Akdeniz'deki batık Roma gemilerinden kurtarılmış. Antik Akdeniz medeniyetlerinde sağlık açısından ceviz, en önemli yiyeceklerden biri olarak kabul edilmiş. Hatta tıbbi faydaları, birçok Yunan ve Roma yazıtlarında kaleme alınmış.

Birney yilyıkla yaşayan, Roma ordusunda görev yapan Yunan Doktor Dioscorides, yoğun bir şekilde seyahat ediyormuş. Bu seyahatleri sırasında da Akdeniz bitkilerinin birçokunu tanıma fırsatı bulmuş. Dioscorides, cevizin sedefotu ve inçirle birlikte tüketilmesi halinde panzehiri etkisi göstereceğini

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SAĞLIK

CEVİZ DEYİP Geçmeyin

Geçtiğimiz ekim AYINDA farklı bir DENEYİM İÇİN SAN FRANCISCO'DAYDIM. Harika bir hafta geçirdiğimiz ve Kaliforniya'nın bacası bölgelerini keşfettiğimiz bu seyahatte cevizin de tüm hikâyesini öğrenmiş olduk. GÖZDE ETİLEBİLİR

YAKLAŞIK 13 SAAT sürece uçus için İstanbul'dan San Francisco'ya doğru yola çıkıyoruz. Bir hafta boyunca farklı deneyimler yaşayacağımız bu seyahat için oldukça heyecanlıyım. Programımız hem çok yoğun hem de son derece eğlenceli. İlk iki günü San Francisco'ya keşfetmeye ayırıyoruz. Ekim, şehri görmek için en iyi aylardan biri. Gündüzleri sıcak fakat alsanızızi hava hafif de olsa serinlemeye başlıyor. Burada istersiziz hızlı istersiziz de sakin bir hayatı aynı anda yaşamamız mümkün. Benim en çok dikkatimi çeken, şehirde herkesin sağlıklı yaşamı benimsemesi. Sabahın erken saatlerinde koşuya çıkan insanların yanı sıra birçok organik marketin olması da bunun bir göstergesi. Yokuslarıyla inli bu güzel şehirde tramvay ve elektrikli otobüs gibi toplu taşıma sisteminin gelişmiş olması da oldukça dikkat çekti. Yani San Francisco'da ulaşım oldukça rahat. Tabii ki, şehre yakın sahil kasabalarına gitmek için mutlaka bir araç kiralamanız gerekiyor. Biz de gezimizin ikinci gününde güdeceğimiz Tiburon için böyle yaptık.

Kaliforniya Ceviz Komisyonu'nun davetlisi olarak gerçekleştirdiğimiz seyahatimize, dünyanın birçok yerinden katılan basın mensuplarıyla Tiburon'da devam ediyoruz. Burada, şehre karayoluyla yaklaşık bir saat uzaklıkta. Feribotla da rahatlıkla ulaşılabilen San Francisco'nun bu huzurlu ve güzel bölgesine ulaştığımızda ceviz serüvenimiz de başlamış oluyor. Cevizle ilgili tüm detayları öğreneceğimiz önümüzdeki birkaç

inlanıyormuş. Bal ve sedefotu ile birlikte cevizin tüketilmesiyle; gıdışı iltihabı, apse ve cükürlerin iyileştirilmesine yardımcı olacağına da inanılmıyormuş. Ayrıca cevizin çiğnenerek ve bir sarğı bezi üzerine koyularak uygulandığında; kangrene, gözdeki arpacığa ve saç dökülmesine iyi geldiğini söylüyormuş. Dioscorides, bu faydalı yemisi sarmısakla karıştırıp bir yara merhemi olarak morlukları için de kullanmış. Bu önerilerin çoğu, neredeyse iki bin yıl sonra yapılan tıbbi çalışmalarla ortaya çıkmış.

Bir Yunan doktor olan Galen, Dioscorides'den bir yitizil sonra cevizi ilgili farklı uygulamalar denemiş. Cevizin hem çok yağlı hem de acı olmasına rağmen sindirilebilir olduğunu ve mideye iyi geldiğini keşfetmiş. Yüzyıllar önce yaşamış bu doktor da vücudun çeşitli bölgelerine benzeyen bitkilerin, bu kasımlar için etkili çözümler sağladığını söylemiş.

Yunanlar cevizi, karayon veya kafa olarak adlandırmış. Bilgimizin gibi cevizin kabuğu insan kafatasına, iç ise beyine benzetiliyor. Romalılar ise cevizin görüntüsünü nedeniyle afroditze olarak kullanıldığını övmüş. On birinci yüzyılda yaşamış, İranlı bir doktor olan İbn Sina, Tıbbın Kaynu adlı ansiklopedisinde, cevizi yer vermiş. Dioscorides'in yaptığı açıklamaların çoğunu tekrarlamış.

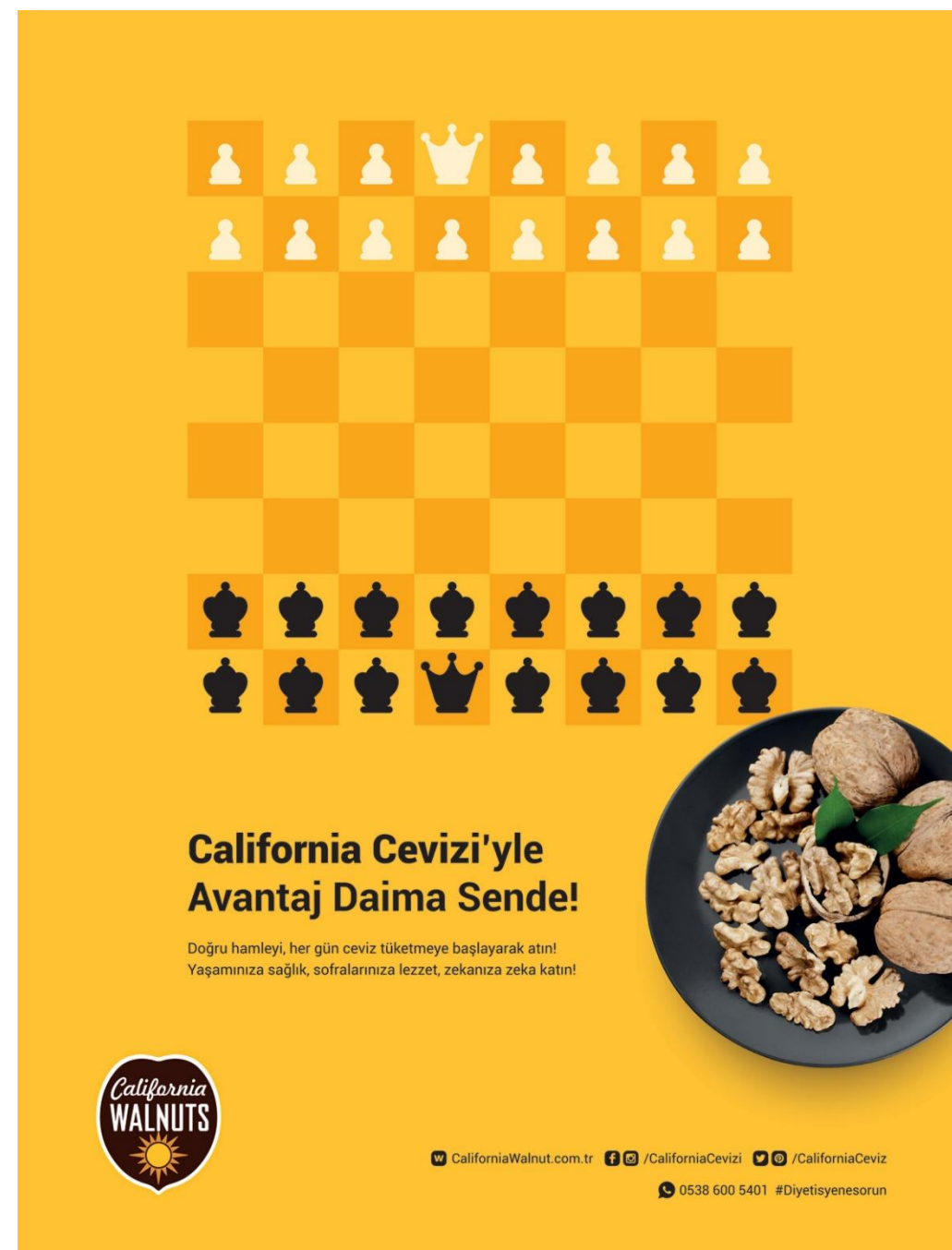
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Consumer Outreach

Keeps walnuts top of mind so that consumers will purchase while shopping in store and online.



UK – Social Media



Turkey – Print Ad



Global Marketing Initiative
#sharethepowerof3



London Taxi Wraps



#sharethepowerof3





Domestic Marketing



Strategic Planning – Target Distribution Channels

- **Retail** – Increase consumer purchase at retail.
- **Industrial** – Grow awareness of California walnuts as a desirable ingredient for product development.
- **Institutional** – Educate institutional decision-makers about the benefits of including walnuts on their menus.
- **Restaurants** – Change the mindset of chefs by educating them about the desirable traits and unique uses of walnuts.



2019/20 Retail Program

- American Heart Month Goes **National!**
 - \$2.1 million diverted from core advertising to support advertising in participating markets
 - Instore tactics such as circulars, signage, demos, social media, RD activities
 - Consumer sweepstakes with digital media initiative
- Produce Promotions
 - Produce Pairings Promotions with Produce for Better Health Foundation
 - Promotions with companies such as Stemilt Apples, Naturipe, Fresh Express, USA Pears





Heart Health
in a Nutshell

Celebrate American Heart Month
with California Walnuts

California Walnuts are a **good-fat food** that bring flavor, texture and **heart-healthy*** goodness to all of your favorite meals.

For recipes and more, visit walnuts.org



 Butternut Squash, Quinoa, Pear and Walnut Bowl
Per one ounce serving.

*Heart-Check food certification does not apply to recipes unless expressly stated. See heartcheckmark.org/guidelines. Supportive but not conclusive research shows that eating 1.5 ounces of walnuts per day, as part of a low saturated fat and low cholesterol diet and not resulting in increased caloric intake, may reduce the risk of coronary heart disease. (FDA) One ounce of walnuts provides 18g of total fat, 2.5g of monounsaturated fat, 13g of polyunsaturated fat including 2.5 of alpha-linolenic acid - the plant-based omega-3.



American Heart Month 2020



Consumer Advertising: The Task Ahead

Build upon the strengths of the previous consumer advertising campaign to **shift** how people **think** and **feel** about walnuts.

Continue to enhance and expand the impressions of walnuts by portraying them in a **fresh, relatable** and **engaging** light.

Go beyond simply communicating the **functional benefits** by appealing to our audience on a deeper and more **emotional level**.



THE NEW CAMPAIGN

Life Isn't Always Simple...

Here's Something That Is...

California Walnuts



The New Campaign



The New Campaign



New Creative

We've got answers to questions like
honey, why are you flossing
that bundt cake?



Discover the secret to the perfect holiday bundt cake, how to slice it expertly using dental floss, plus hundreds of other recipes made with heart healthy* California walnuts at walnuts.org



So Simple. So Good.®



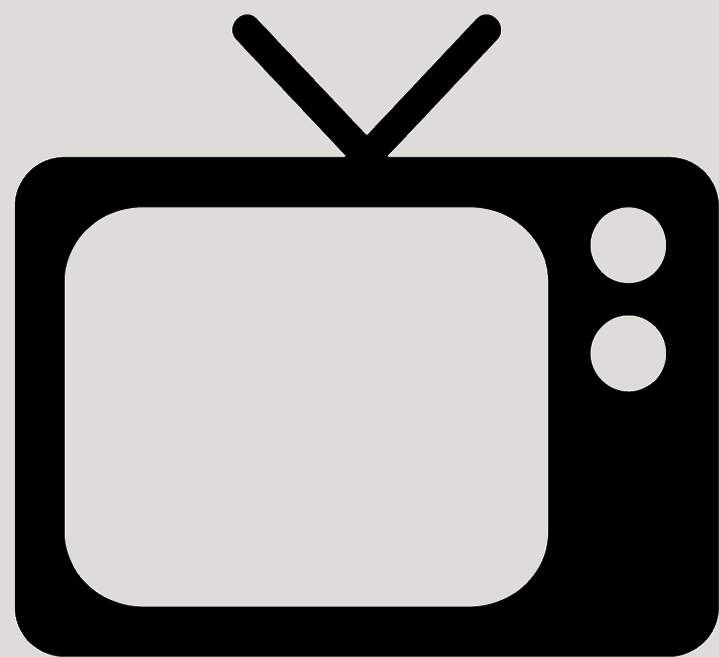
Per one ounce serving.

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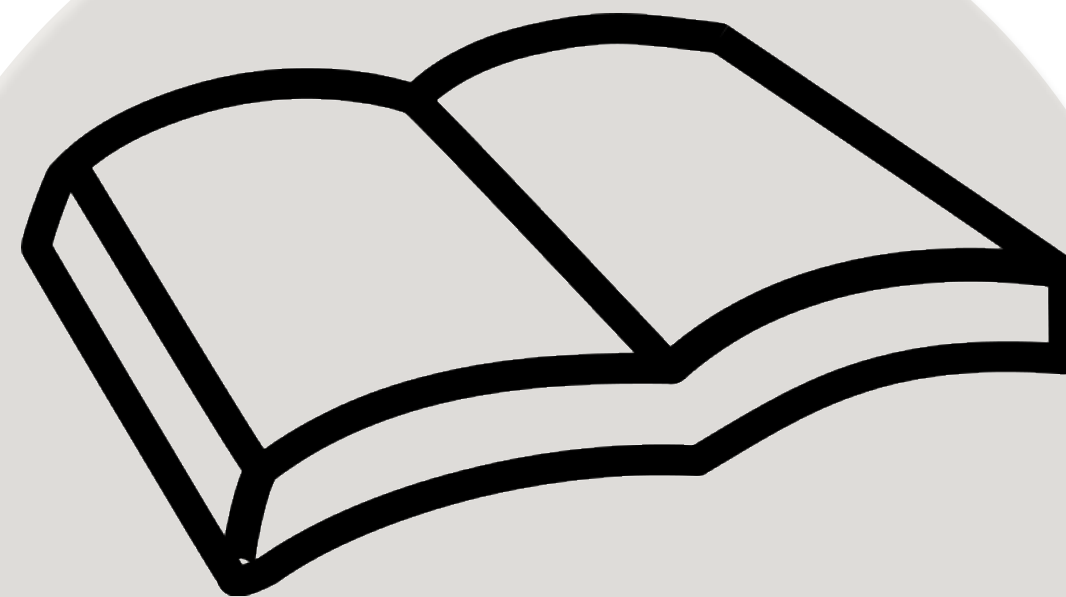


Advertising Reach

- **97%** of Adults 18+ will see California Walnuts advertising an average of **32 times**
 - Delivering over **3.7 billion impressions** to adults 18+



15 Weeks
Oct - June



61 Insertions
Oct - Aug



580 Million views
Oct – Aug



Focus on Snacking

Consumer Trends:

- ✓ 50% of all eating occasions are snacks¹
- ✓ Snack nut category grew 10% to \$6.6 billion between 2013 and 2017²

CWB Market Research Shows:

- ✓ Snacking is the #1 use of walnuts³
- ✓ Top 3 eating occasions for walnuts are all snacking³
- ✓ Snackers popped as a target in our consumer segmentation research



1 - Mintel Report, Snacking Motivation and Attitudes. 2 - Mintel Market Sizes.
3 - 2019 Rose Research Attitude & Usage Study.



Snacking Plans

Objective is to build awareness and credibility for CA Walnuts as a simple, delicious and nutritious snack.

- Public Relations: Media event, influencer partnerships
- Retail Test Promotion: 4 markets, supported by \$400k in local media
- Social Media – Content & sweepstakes
- Industrial – Media outreach, events

Snack
to your
heart's
content!

Heart-healthy* walnuts are
the only nut containing a significant
amount of **omega-3 ALA** (2.5g/oz)
which is 156% of the 16g daily value for ALA.
See nutrition information for fat content.

For great snacking ideas
and Recipes, visit walnuts.org

*Supportive but not conclusive research shows that eating 1.5 ounces of walnuts per day, as part of a low saturated fat and low cholesterol diet and not resulting in increased caloric intake, may reduce the risk of coronary heart disease. ©2016 One ounce of walnuts provides 11g total fat, 2.5g of monounsaturated fat, 1.1g of polyunsaturated fat, including 2.5g of alpha linolenic acid - the plant based omega-3.

Serving Suggestion

Per one ounce serving.

P267982

Public Relations

- **5,226 articles**, with the walnuts message seen by each U.S. adult approximately **33 times**
- Health benefits of walnuts were covered in **6 out of 10** articles
- **78%** of consumers say the health benefits of walnuts impacts their purchase decision



"Even beyond the known heart health benefits, walnuts have been researched for a variety of potential benefits including diabetes, cognitive function, mental health, cancer, weight, and gut and reproductive health. They are just one of the superfoods every healthy woman needs in her diet and are rich in omega-3 fatty acids, protein, and fiber."

.- Stephanie Middleberg, MS, RD, CDN,
Reader's Digest



"...there's plenty of research on the benefits of eating walnuts, including studies in the fields of heart health, cognition, healthy aging, weight maintenance, gut health and more."

- Natalie Rizzo, MS, RD

Health Research Pipeline

Area of Research	Total Projects
Heart Health	7
Cognitive Health	6
Diabetes	5
Body Weight and Composition	2
Cancer	3
Gut Health	2
Reproductive Health	1
Totals	26



New Products





News for Growers



Sustainability

- Conduct lifecycle assessment
- Development of industry surveys (grower/processor):
 - Grower –efficiency improvements (water/equip./pesticide reduction/solar, etc.), planned future investment, etc.
 - Processor – understanding what the customer requires of the supplier, what improvements processors have made
- Monitor regulatory environment to anticipate potential sustainability requirements
- Material development and communication/message strategy
- Industry Working Group



People &
Community



Sustainable
Nutrition &
Human Health



Environmental
Stewardship



Food
Safety

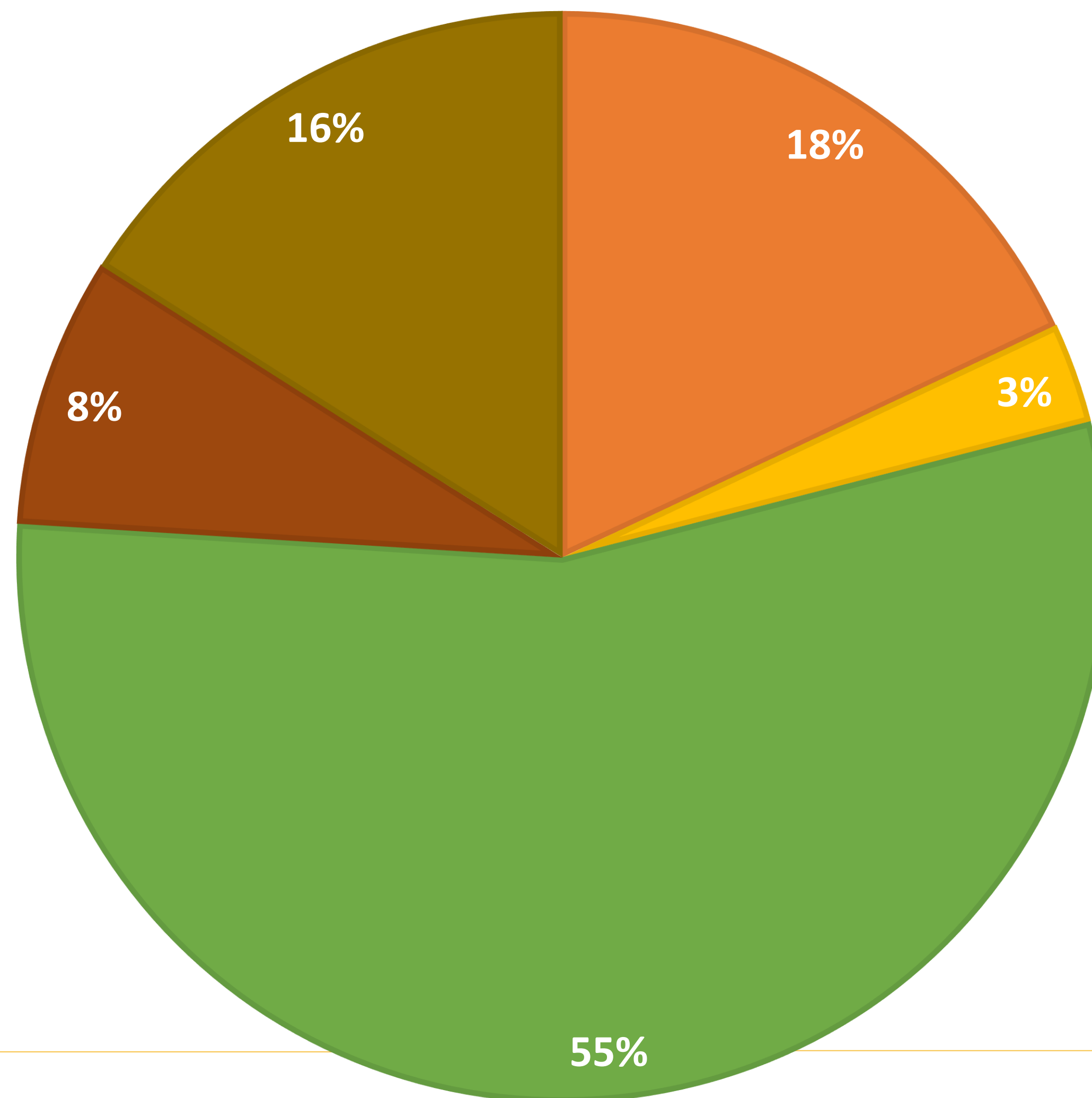


Economic
Health



Post-Harvest Research Pipeline

■ Food Safety ■ Post Harvest Treatment ■ Shelf Life/Sensory ■ Lab Testing ■ Other



FSMA Produce Safety Inspections

- FSMA farm inspections contracted to CDFA.
- Inspections expected to begin in Spring 2020.
- At least one person per farm must have attended an approved PSR training and put together a GAP plan for the farm.



Regulatory Updates-I

- Chlorpyrifos: Growers will not be allowed to possess or use products after December 31, 2020. \$ 5.7 million for researching alternatives; Public Meetings in January 2020. Locations and dates will be in our newsletter.
- Glyphosate: EPA backs re-registration; no Prop 65 label needed; E.U. to review starting in December 2019.

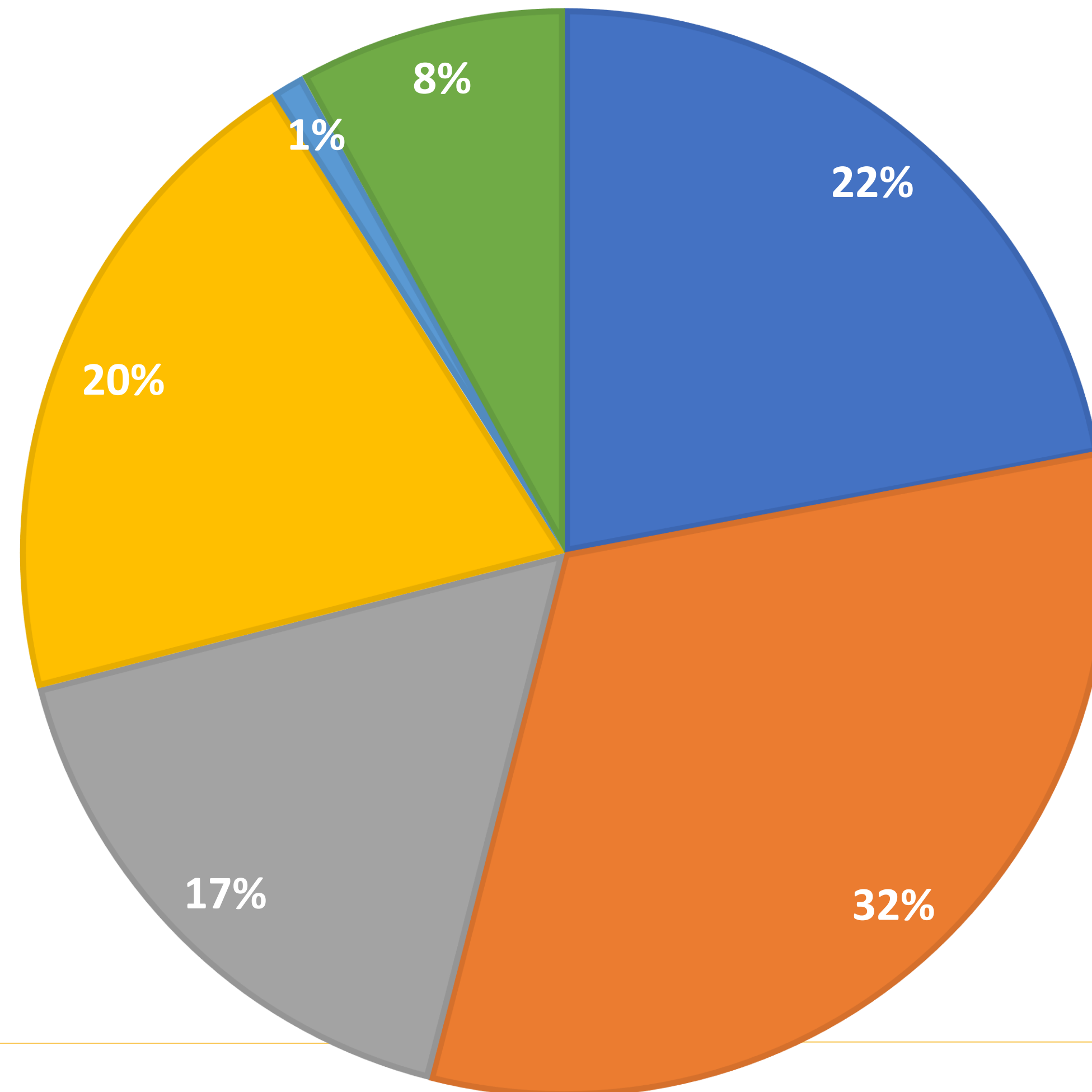
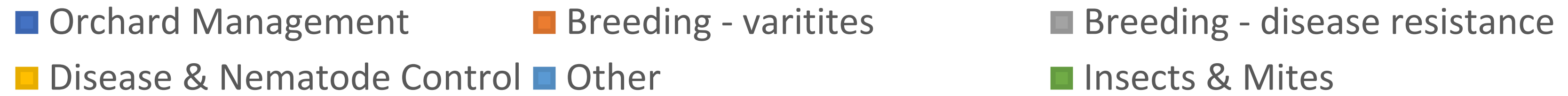


Regulatory Updates-II

- Section 24-C: Requested label changes to allow growers to apply blight sprays with standing water in the field (previously not allowed). Dithane F-45 (copper), Champ WG (Mancozeb) under review. Kasumin rejected by DPR.
- Telone (1, 3-D): DPR considering additional measures for Telone use (buffer limits, application rate limits, tarping).



Production Research Pipeline



In Conclusion

- Positive Momentum as we begin the year
- Tariffs will remain an ongoing challenge – industry will adapt
- New marketing programs – domestic and export
- Additional ATP funds to continue to offset tariff challenges/develop new business segments



Thank You

Stay up to date with the latest information

Sign up at walnuts.org

