

**UNITED STATES DEPARTMENT OF AGRICULTURE**

**BEFORE THE SECRETARY OF AGRICULTURE**

Docket No. 22-J-0011  
AMS-SC-22-0010; SC-22-981-1

In re:

Walnuts Grown in California; Hearing on Proposed Amendment of Marketing  
Order No. 984

**NOTICE REGARDING EX PARTE COMMUNICATIONS**

Pursuant to 5 U.S.C. 557(d)(1)(D), counsel for USDA, AMS is filing with the Hearing Clerk notice regarding an ex parte communication by interested parties. In addition to this filing, pursuant to 7 CFR 900.16, this ex parte communication will be discussed briefly on the record at the upcoming amendatory hearing. This communication is described below and the email exchange and accompanying attachments are attached:

- Email exchange and accompanying attachments on April 10, 2022 from Heather Donoho, Director of Operations at the California Walnut Board and Commission to Geronimo Quinones, Marketing Specialist, Specialty Crops Program, Market Development Division of the Agricultural Marketing Service regarding proposed testimony and exhibits. Note that portions of the email exchange that pre-date the

beginning of ex parte (April 1, 2022) have been redacted or omitted.

Respectfully submitted,

/s/

RUPA CHILUKURI  
Attorney for Agricultural Marketing  
Service (AMS), USDA  
Office of the General Counsel  
U.S. Department of Agriculture  
Room 2343, South Building  
1400 Independence Avenue, SW  
Washington, D.C. 20250-1400  
Telephone Number: (202) 720-4982  
Email: [rupa.chilukuri@usda.gov](mailto:rupa.chilukuri@usda.gov)

**From:** [Quinones, Geronimo - AMS](#)  
**To:** [Heather Donoho](#)  
**Cc:** [Dana Hull](#)  
**Subject:** RE: [External Email]misc questions  
**Date:** Tuesday, April 12, 2022 9:11:00 AM  
**Attachments:** [image001.jpg](#)  
[image002.png](#)  
[image003.png](#)  
[image004.png](#)  
[image005.png](#)

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Dear Ms. Donoho:

Thank you for your email. Under ex parte regulation 7 CFR §900.16, USDA employees involved in this rulemaking proceeding may not discuss the merits of proposed amendments, including receiving statements or references to testimony and content.

As a representative of the California Walnut Board (CWB) and sponsor of the proposed amendments, USDA encourages you to direct all testimony and/or supporting documentation to LaShawn Williams at [LaShawn.Williams@usda.gov](mailto:LaShawn.Williams@usda.gov), so that they can be made public at the time of the hearing.

Please note that under ex parte regulation, your email and this response will be made a part of the rulemaking record for the purpose of curing an ex parte breach.

Thank you for your interest in this proceeding and your involvement in the California walnut industry.

Respectfully,

*Geronimo Quinones*

Marketing Specialist  
AMS, Specialty Crops Program  
Market Development Division  
Rulemaking Branch

*iPhone:* 202.308.2339

*Email:* [geronimo.quinones@usda.gov](mailto:geronimo.quinones@usda.gov)

---

**From:** Heather Donoho <HDonoho@Walnuts.org>  
**Sent:** Sunday, April 10, 2022 5:50 PM  
**To:** Quinones, Geronimo - AMS <Geronimo.Quinones@usda.gov>  
**Cc:** Hatch, Andrew - AMS <Andrew.Hatch@usda.gov>; Pankey, Christy - AMS <christy.pankey@usda.gov>; Kathir, Pushpa - AMS <pushpa.kathir@usda.gov>; Pavone, Matthew - AMS <matthew.pavone@usda.gov>; Dana Hull <DHull@Walnuts.org>; Wilde, Joshua - AMS <Joshua.R.Wilde@usda.gov>  
**Subject:** RE: [External Email]misc questions

Hi Geronimo,

I've updated Mr. Poindexter's slide 4 to eliminate any confusion. The updated document is attached in both PDF and PowerPoint format.

Best regards,  
Heather



**Heather Donoho**

Director of Operations at [California Walnut Board & Commission](#)

**A** 101 Parkshore Drive, Suite 250, Folsom, CA 95630

**D** [916-932-7070](tel:916-932-7070) **P** [916-932-7070](tel:916-932-7070) **F** [916-932-7071](tel:916-932-7071) **E** [hdonoho@walnuts.org](mailto:hdonoho@walnuts.org) **W** <http://www.walnuts.org/>



IMPORTANT: The contents of this email and any attachments are confidential. They are intended for the named recipient(s) only. If you have received this email by mistake, please notify the sender immediately and do not disclose the contents to anyone or make copies thereof.

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**From:** Quinones, Geronimo - AMS [<mailto:Geronimo.Quinones@usda.gov>]

**Sent:** Monday, March 28, 2022 3:40 PM

**To:** Heather Donoho <[HDonoho@Walnuts.org](mailto:HDonoho@Walnuts.org)>

**Cc:** Hatch, Andrew - AMS <[Andrew.Hatch@usda.gov](mailto:Andrew.Hatch@usda.gov)>; Pankey, Christy - AMS <[christy.pankey@usda.gov](mailto:christy.pankey@usda.gov)>; Kathir, Pushpa - AMS <[pushpa.kathir@usda.gov](mailto:pushpa.kathir@usda.gov)>; Pavone, Matthew - AMS <[matthew.pavone@usda.gov](mailto:matthew.pavone@usda.gov)>; Dana Hull <[DHull@Walnuts.org](mailto:DHull@Walnuts.org)>; Wilde, Joshua - AMS <[Joshua.R.Wilde@usda.gov](mailto:Joshua.R.Wilde@usda.gov)>

**Subject:** RE: [External Email]misc questions

Hello Heather. After review of the final testimonies, we had a question pertaining to Mr. Poindexter's slide presentation. Specifically, on slide #4 the first bullet point reads:

- *Handler enacted Federal Marketing Order established in 1948 to represent growers and handlers (processors)*

Is that accurate? Or should that say "grower" or "producer" enacted...

If that was an error please make the appropriate edits.

I will keep you informed of any other developments as soon as I find out more.

We're looking forward to the prep session on March 30, 2022 @9am PST.

Have a good evening.

*Geronimo Quinones*

Marketing Specialist

AMS, Specialty Crops Program

Market Development Division  
Rulemaking Branch

Phone: 202.308.2339

Email: [geronimo.quinones@usda.gov](mailto:geronimo.quinones@usda.gov)

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[REDACTED]

[REDACTED]

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[REDACTED]

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# Mike Poindexter



# California Walnut Industry

USDA Public Hearing, April XX, 2022



# About the California Walnut Board



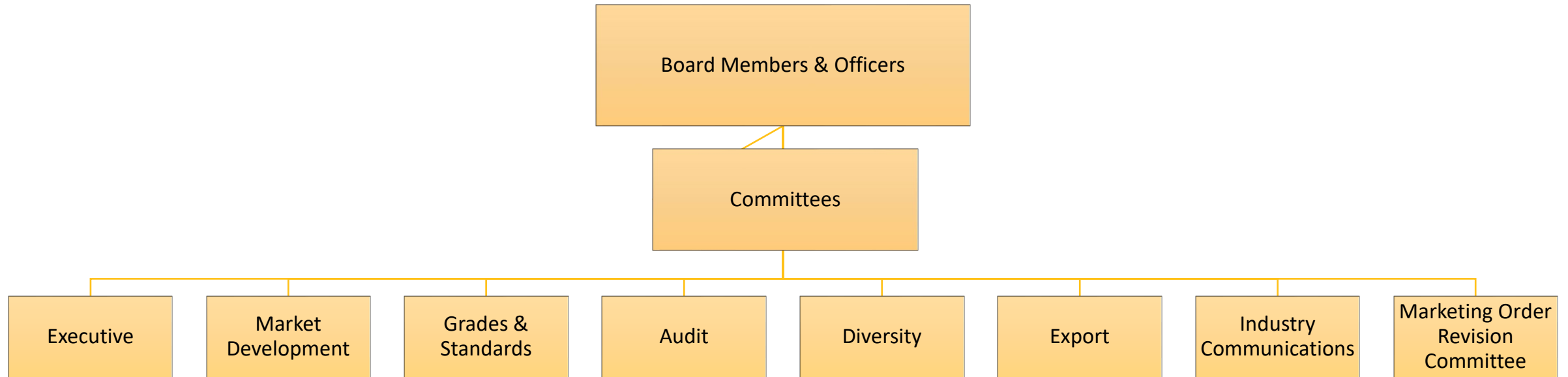


# The California Walnut Board

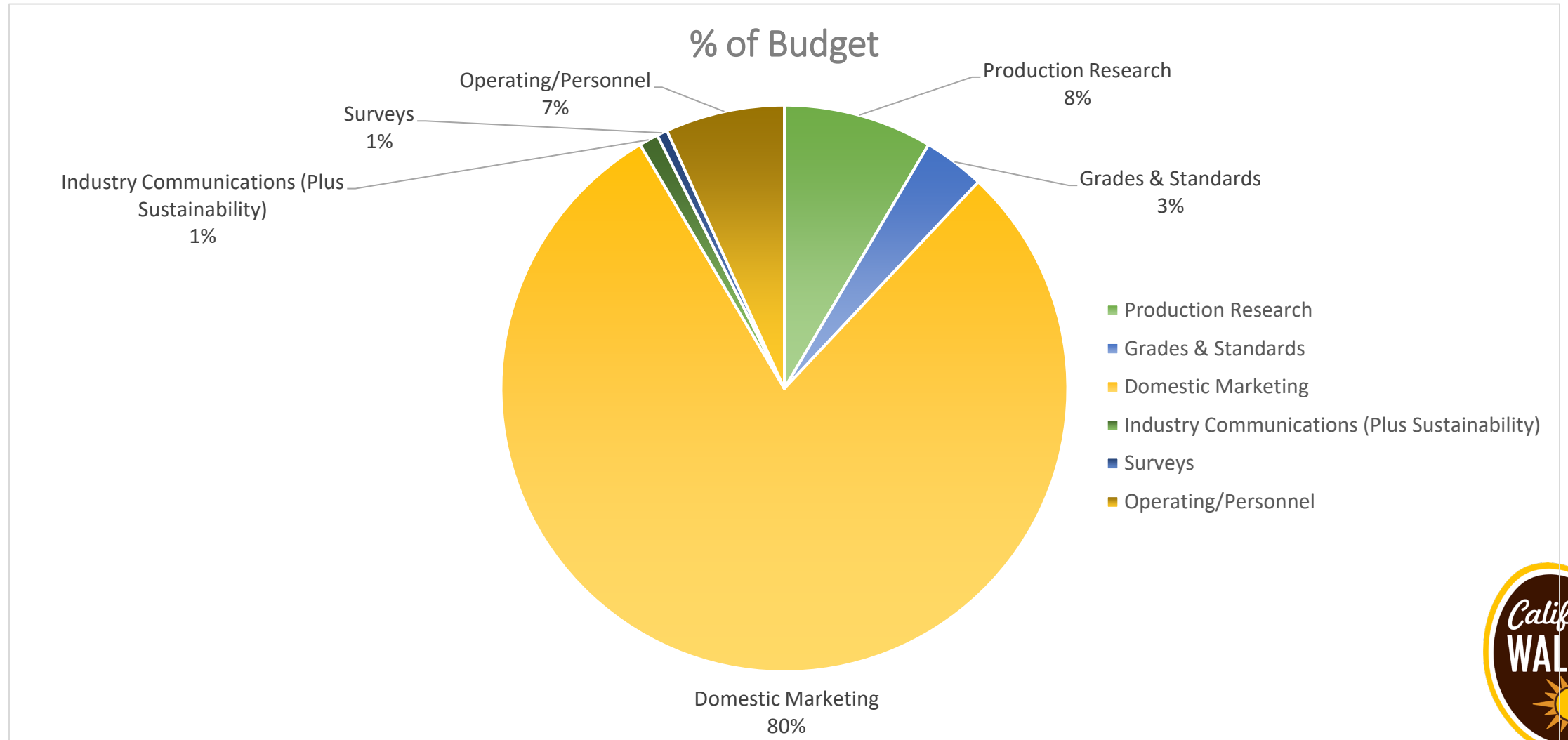
- Federal Marketing Order established in 1948 to represent growers and handlers (processors)
- Funded by assessment which provides:
  - U.S. Marketing
  - Production & Post harvest Research
  - Grades & Standards, Regulatory Monitoring & Support
  - Industry Education
- USDA Oversight



# CWB Structure



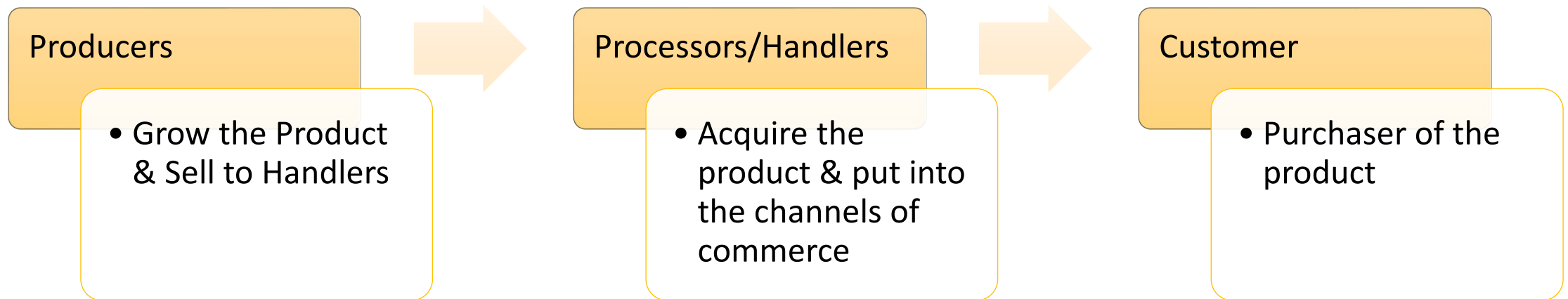
# CWB Historical Spend



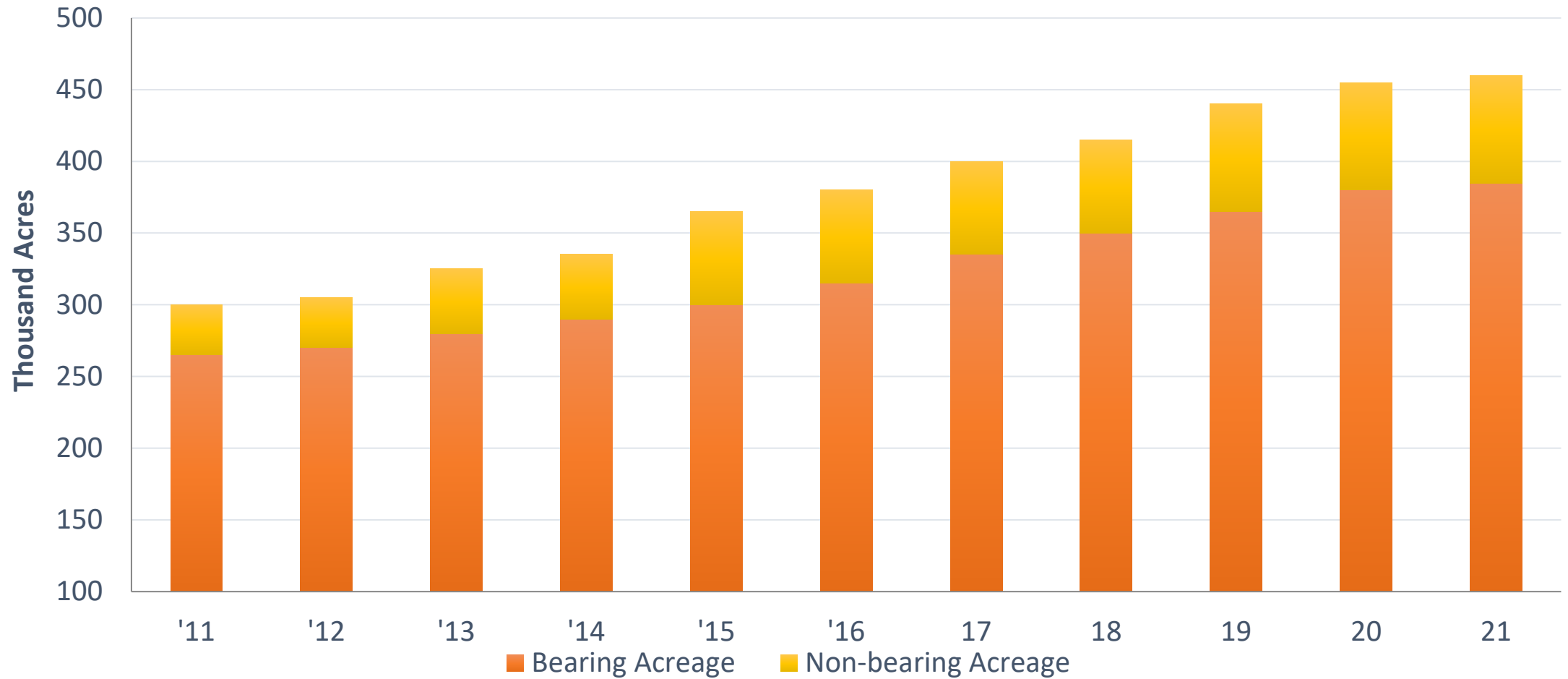


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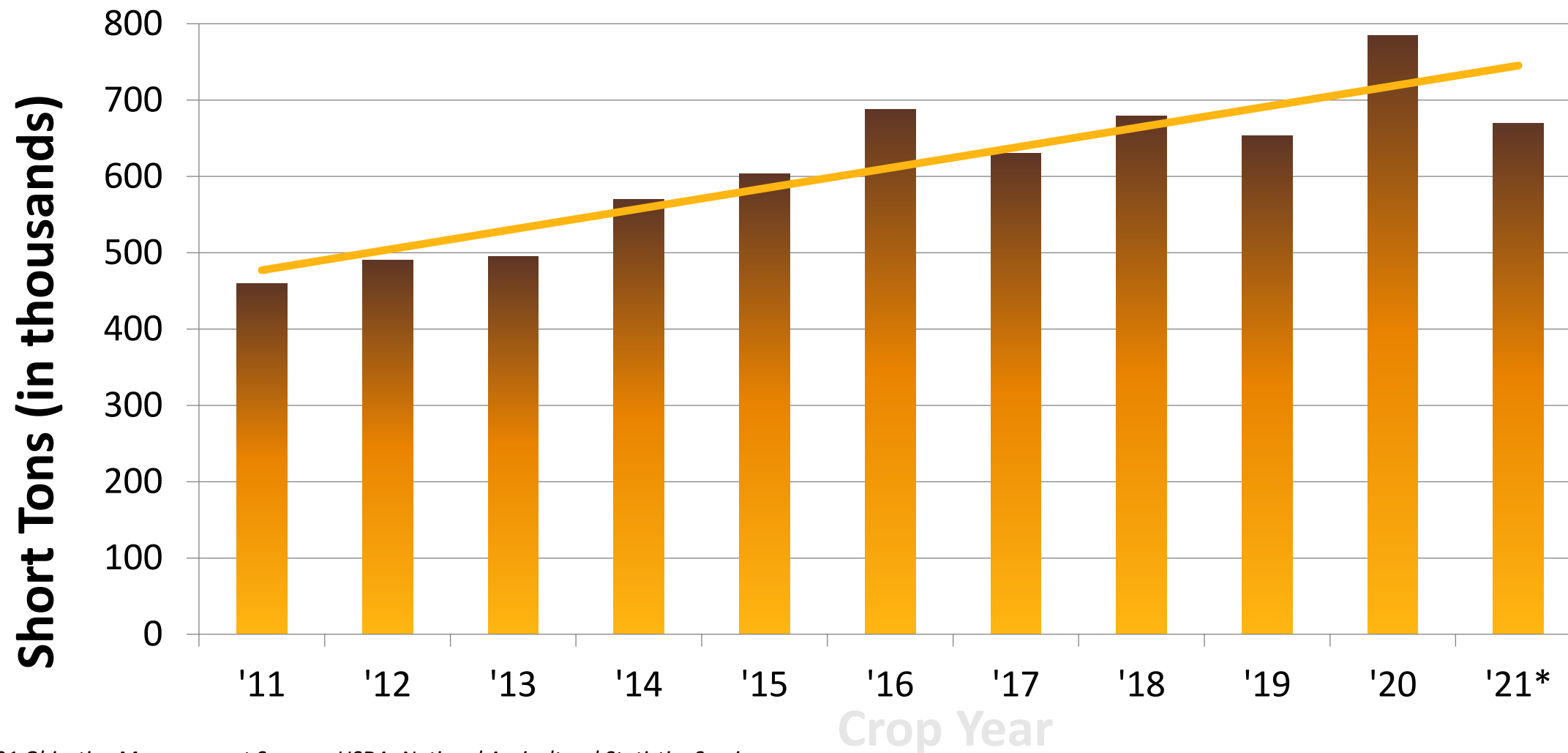
# Industry Structure



# Acreage



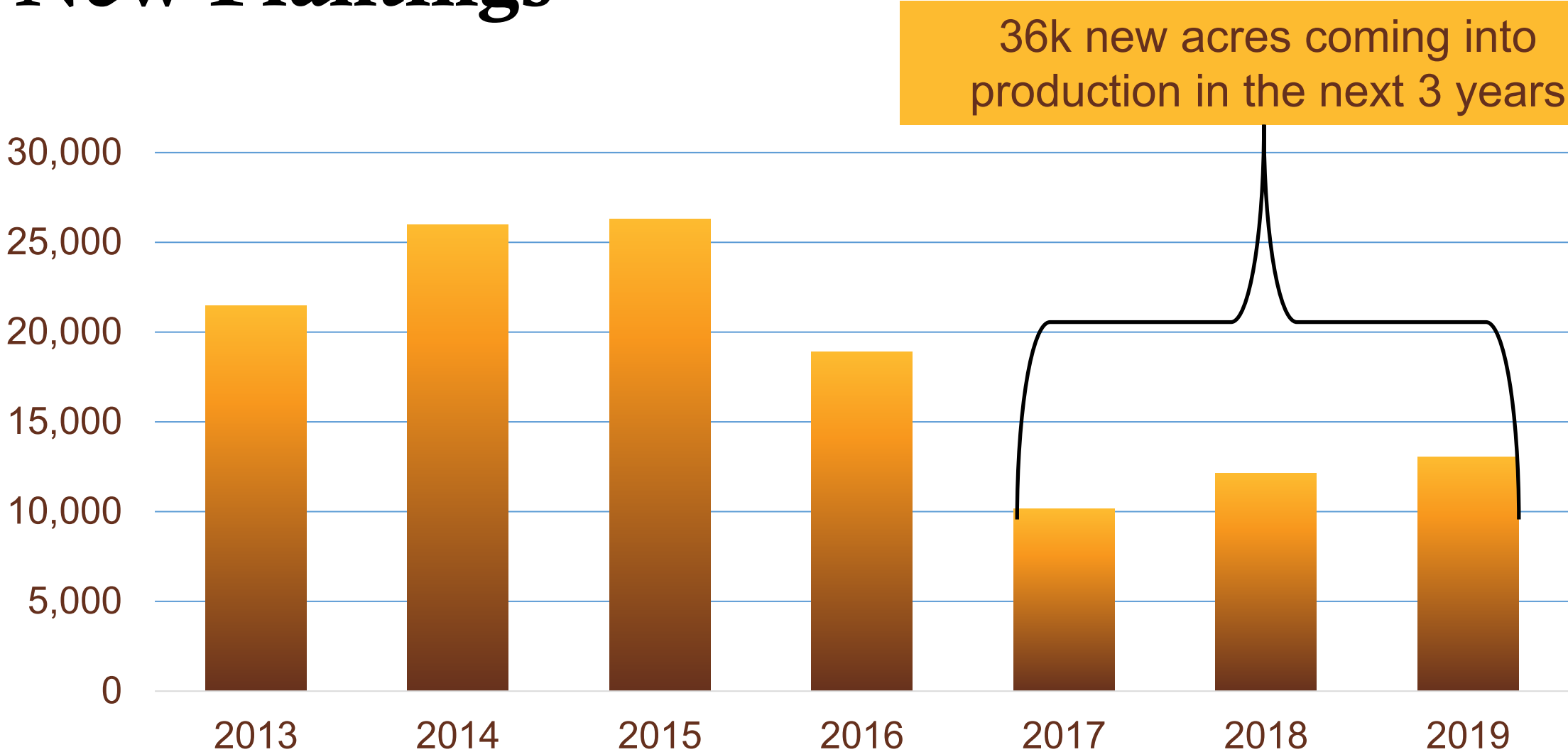
# California Walnut Production



2021 Objective Measurement Survey - USDA, National Agricultural Statistics Service

\*estimate

# New Plantings

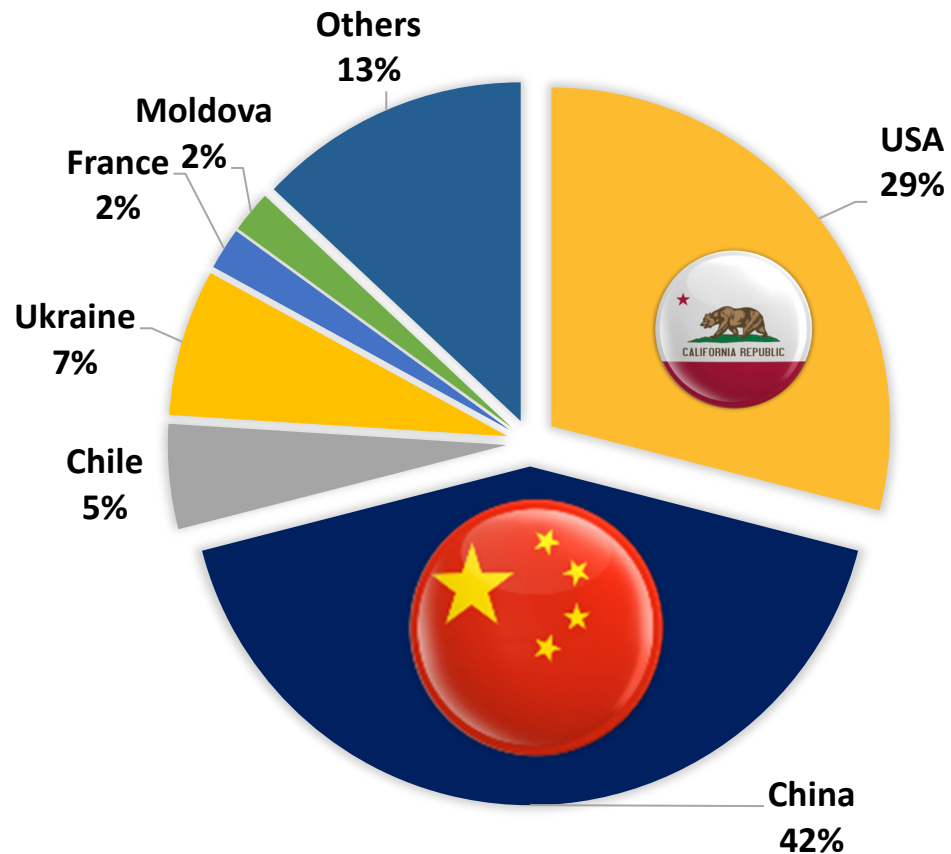


2019 Nursery Sales Report - CDFA in cooperation with USDA, National Agricultural Statistics Service

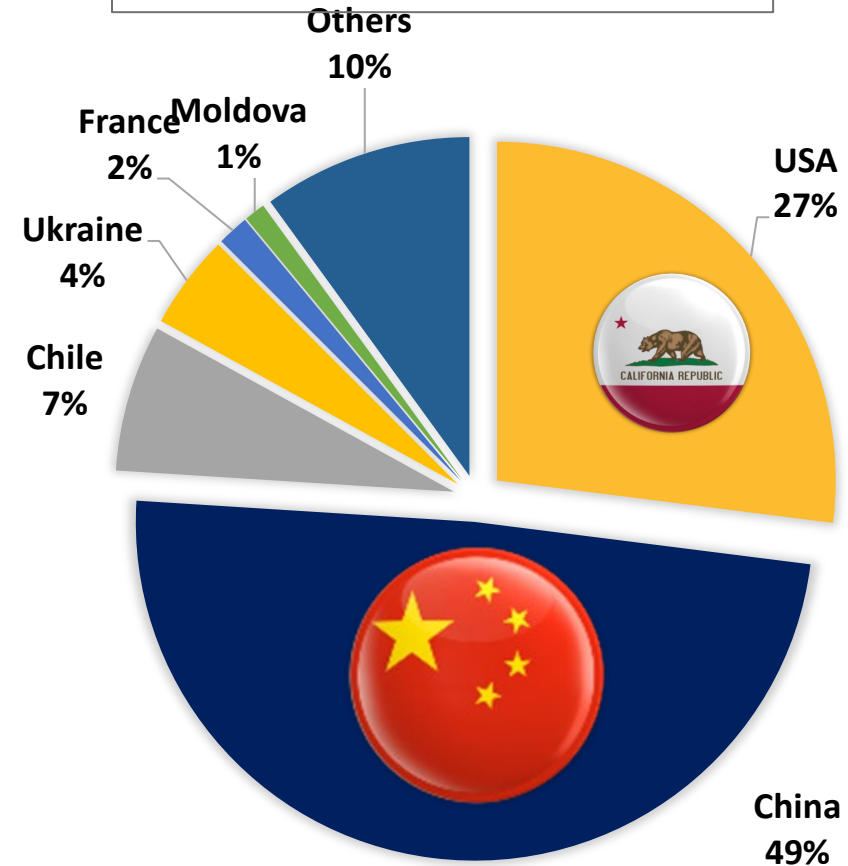


# World Production - ↑ 235,618MT in 5 years

2017/18 Crop Year  
2,011,795 MT

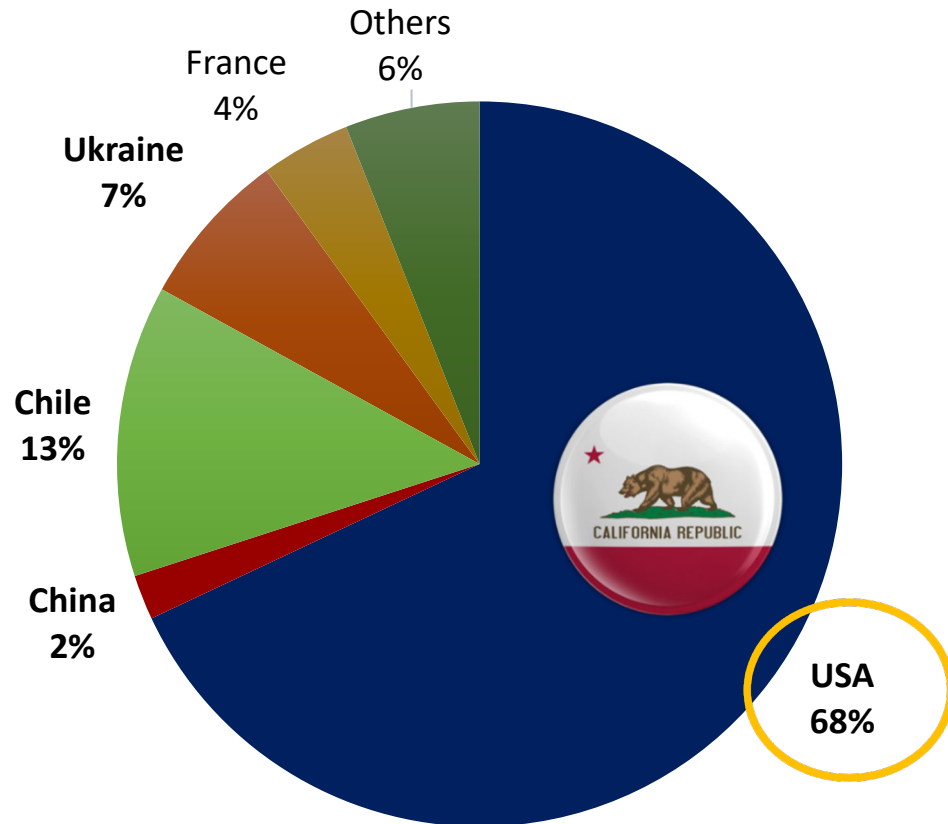


2021/22 Crop Year  
Estimated 2,247,413 MT

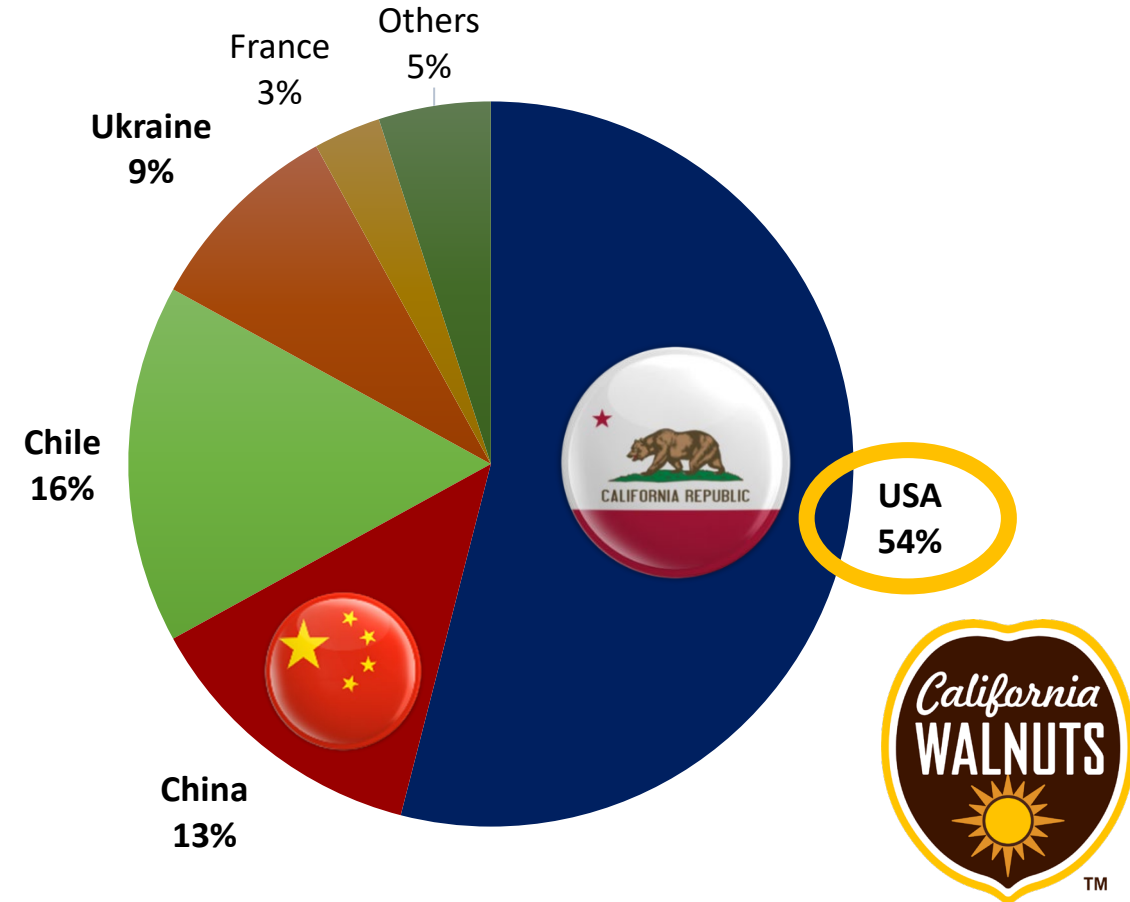


# World Trade – Past 5 Years

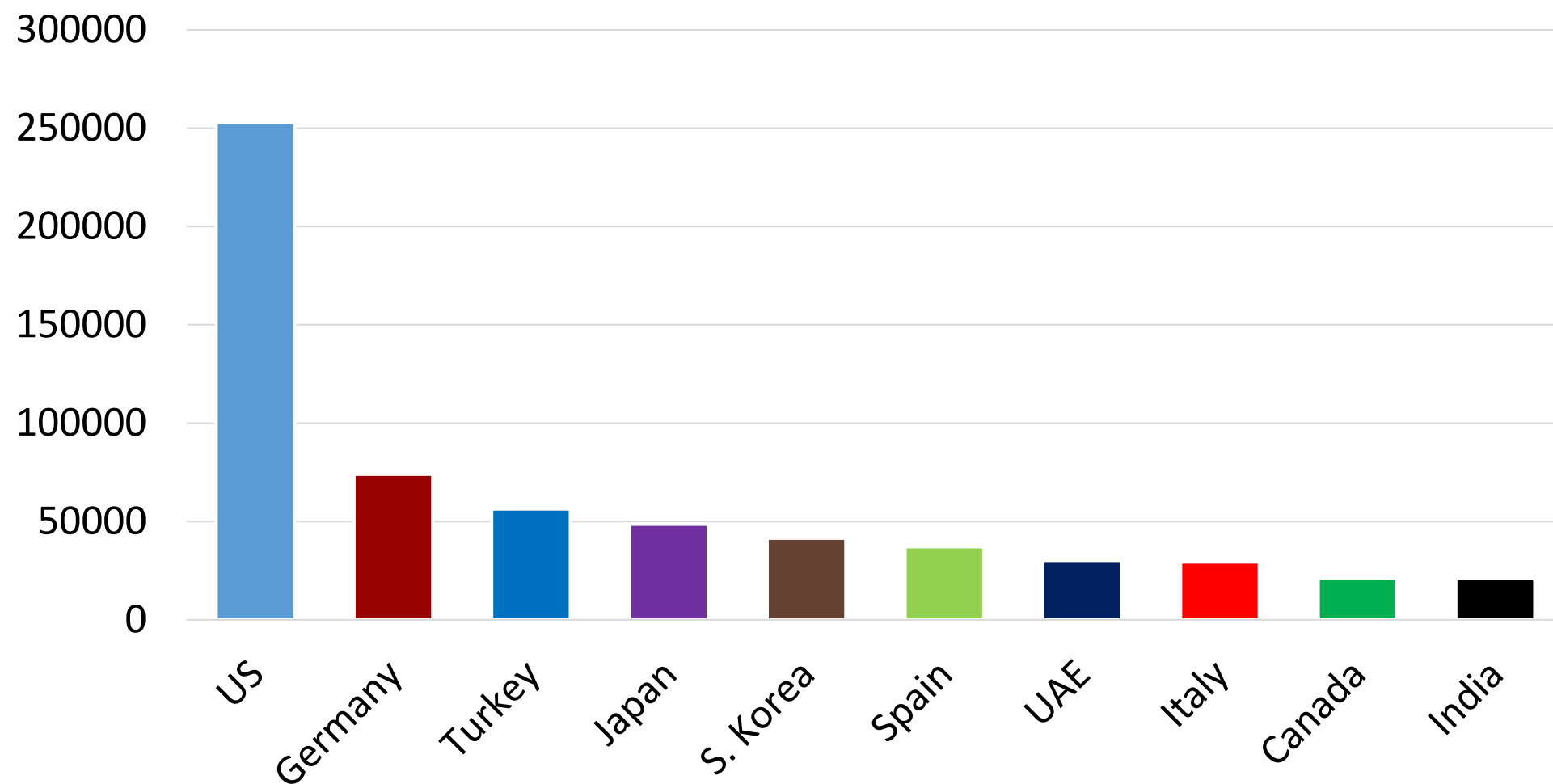
2016/17 Crop Year



2020/21 Crop Year



# 2020/21 Top 10 Markets by Destination



# Growing Region

## TOP COUNTIES

- SAN JOAQUIN
- BUTTE
- STANISLAUS
- TULARE
- SUTTER
- TEHAMA
- GLENN
- YUBA
- KINGS
- COLUSA



4,500+ Growers



86 Handlers (Processors)



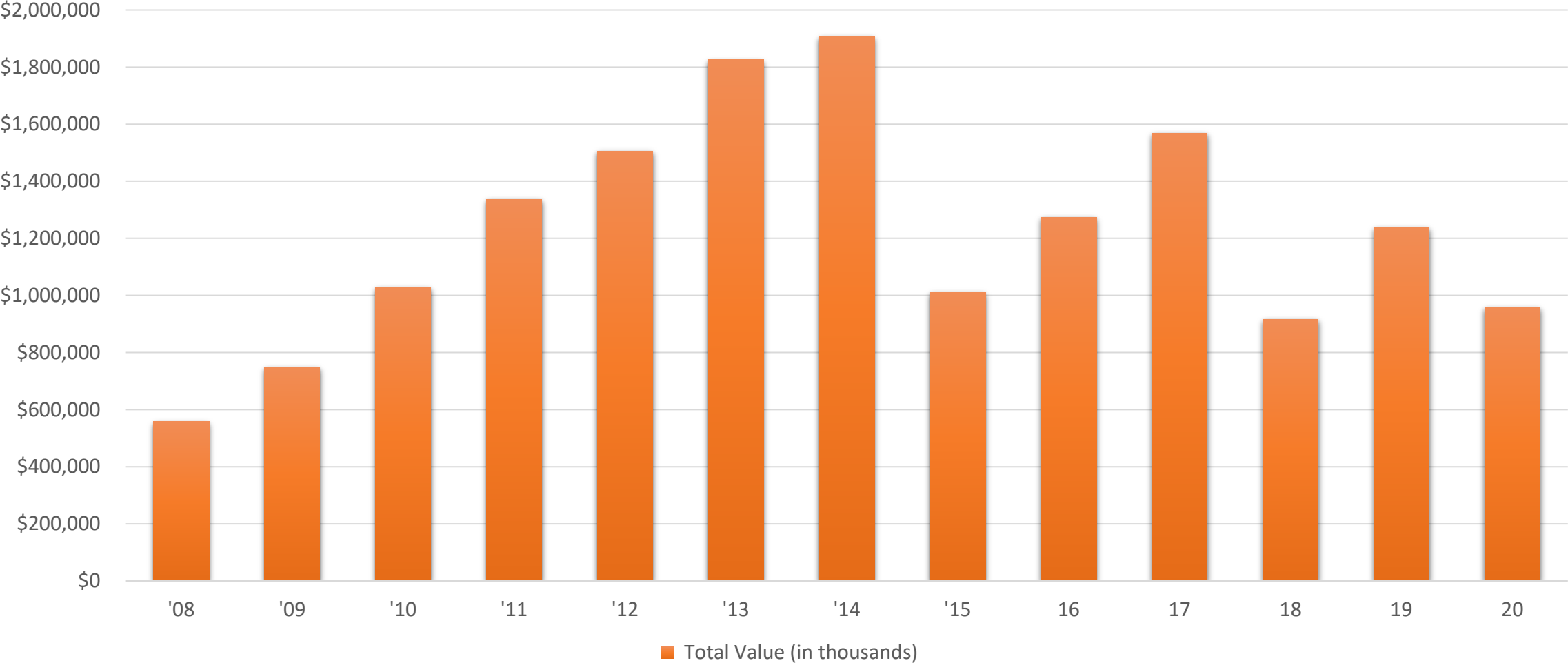
# Farm/Handler Size (SBA Definitions)

- According to USDA's National Agricultural Statistics Service's (NASS) 2017 Census of Agriculture, approximately 65 percent of California's walnut farms were smaller than 100 acres. Further, NASS reports that the average yield for 2018 was 1.93 tons per acre, and the average price received for 2018 was \$1,300 per ton. A 100-acre farm with an average yield of 1.93 tons per acre would, therefore, have been expected to produce about 193 tons of walnuts. At \$1,300 per ton, that farm's production would have had an approximate value of \$250,900. This is well below the SBA threshold of \$1 MM; thus, it can be concluded that **the majority of California's walnut growers are considered small growers according to SBA's definition.**
- According to information supplied by the industry, approximately **82% of California's walnut handlers shipped merchantable walnuts valued under \$30 MM during the 2018-19 marketing year and would, therefore, be considered small handlers according to the SBA definition.**

*Adapted from USDA Assessment Rule 11/17 with current data/SBA levels*



# Farm Gate Value



# Cost of Production/Returns

Year	Average producer price, \$/ton 1/	Average Yield: Tons per acre 1/	Gross Return	Cost of production per acre 2/	Net return per acre
	(1)	(2)	(3)	(4)	(5)
			(1)*(2)		(3) - (4)
2006	\$1,630	1.50	\$2,445		
2007	\$2,290	1.50	\$3,435	\$3,078	\$357
2008	\$1,280	1.90	\$2,432		
2009	\$1,710	1.82	\$3,112		
2010	\$2,040	1.98	\$4,039		
2011	\$2,900	1.74	\$5,046		
2012	\$3,030	1.84	\$5,575	\$3,318	\$2,257
2013	\$3,710	1.76	\$6,530	\$4,015	\$2,515
2014	\$3,340	1.97	\$6,580		
2015	\$1,670	2.02	\$3,373	\$4,509	-\$1,136
2016	\$1,850	2.19	\$4,052		
2017	\$2,490	1.88	\$4,681	\$5,574	-\$893
2018	\$1,300	1.93	\$2,509	\$5,283	-\$2,774

1/ Source: 2018 Walnut Objective Measurement -National Agricultural Statistics Service (NASS), USDA.

2/ Source: UC Davis Cooperative Extension -ARES - 201 Sample Costs to establish and produce English walnuts

<https://coststudies.ucdavis.edu/en/>



# U. of California - Costs to Produce Walnuts

Year	Average Yield: Tons per acre 1/	Average Yield: Pounds per acre	Sample yield that is closest to NASS yield (Table 5, column 2) 2/	Sample costs per acre associated with Yield per Acre Levels shown in (Table 5, column 2) 2/
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2006	1.50	3,000		
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1/ Source: 2018 Walnut Objective Measurement -National Agricultural Statistics Service (NASS), USDA.

2/ Source: Table 5. Ranging Analysis -Walnuts - Costs per Acre and Per Pound at Varying Yields to Produce Walnuts

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Walnuts Cost and Returns Study, Sacramento Valley, UC Coop. Extension - 2007, 2012, 2015, 2018

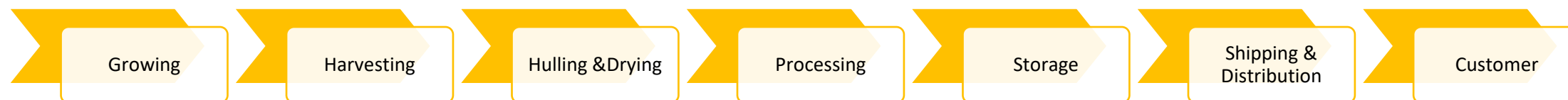
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# Timeline –

- Growing Season – Spring – Fall (harvest)
- Harvest Season – September to November
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# Industry Operation/Flow of Goods



# Walnut Shelf life

- Walnuts have a 12 month shelf life from the time they are shelled
- Cold storage enables the industry to control inventories and market on a year round basis
- Advancements in processing and package technologies continue to improve product quality, consistency and shelf life



# Facts & Figures

- 5<sup>th</sup> leading export from CA
- 66% crop Exported
- U.S. is our largest market
- Industry provides 85,000 jobs directly/indirectly \*

\* Source: The Economic Impact of Walnut Growers and Handlers on the State of California, Tootelian & Associates, May 2015



# Mike Poindexter



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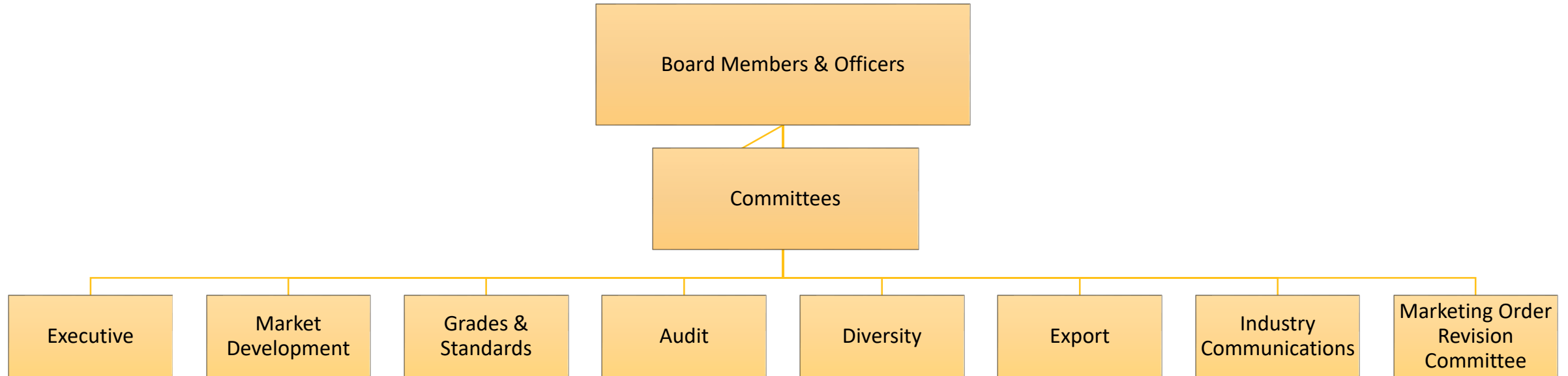


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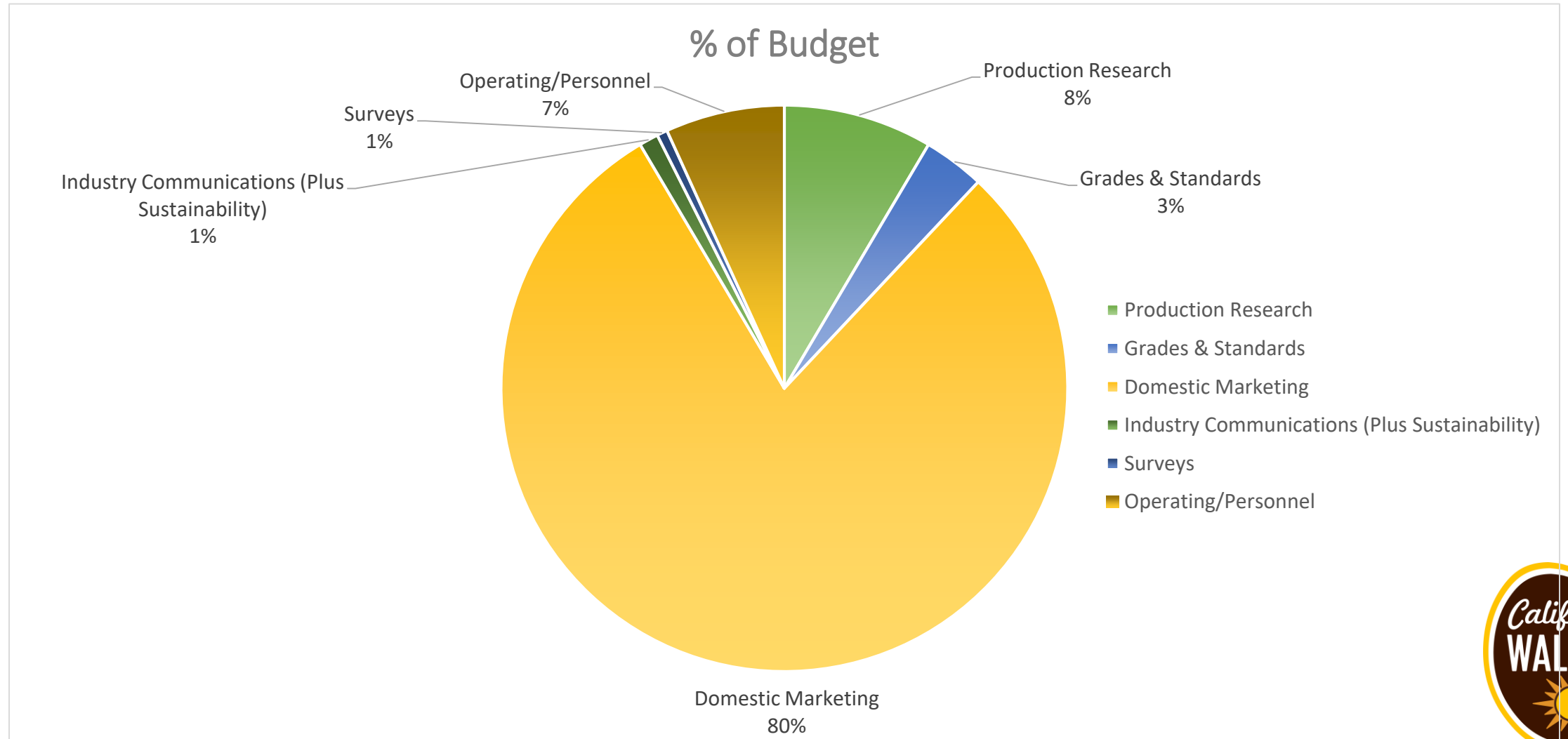
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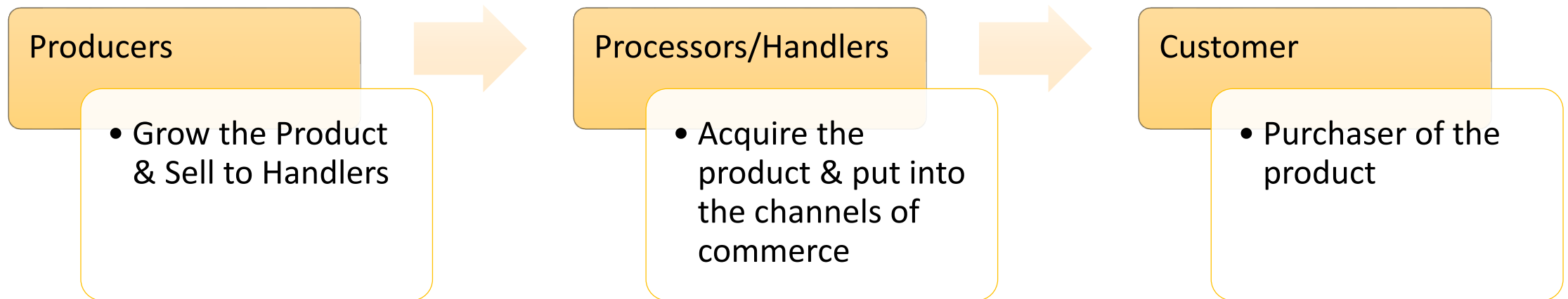
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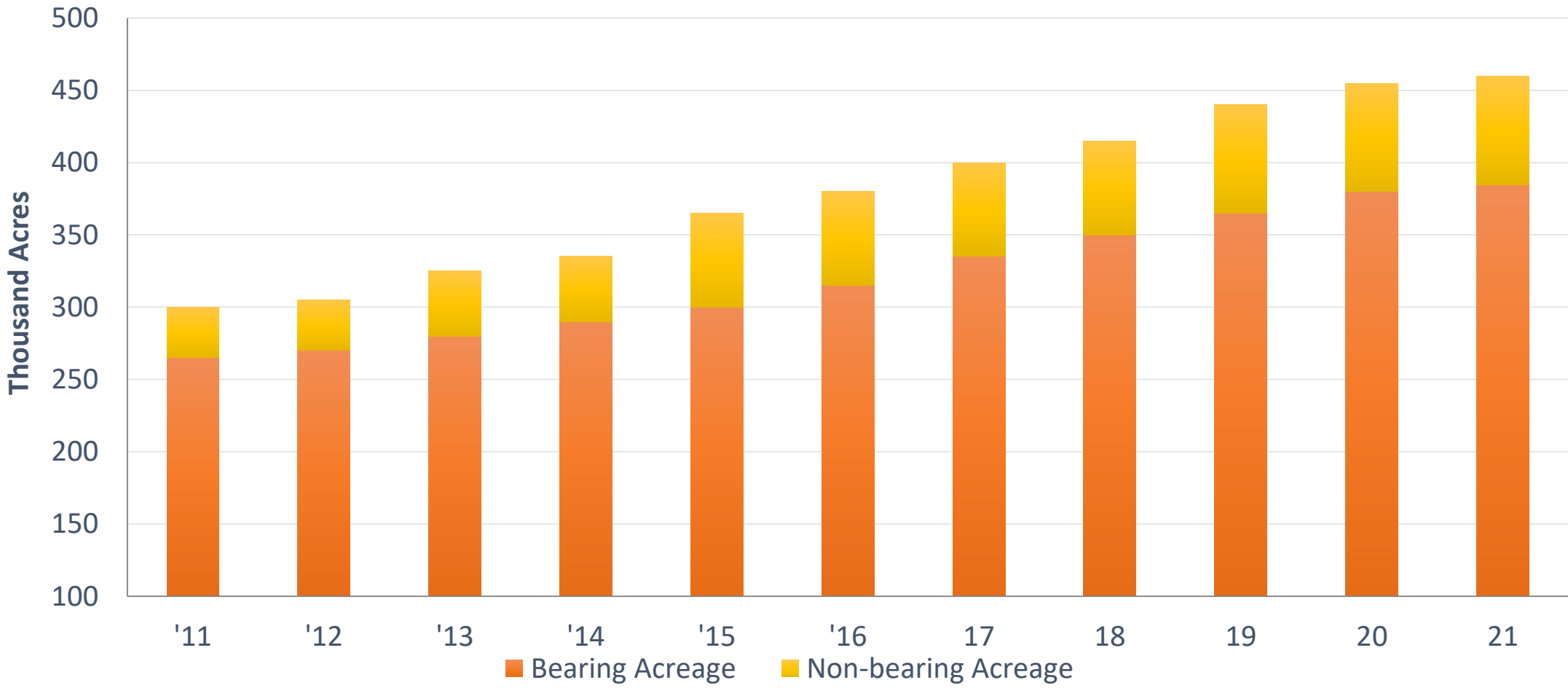


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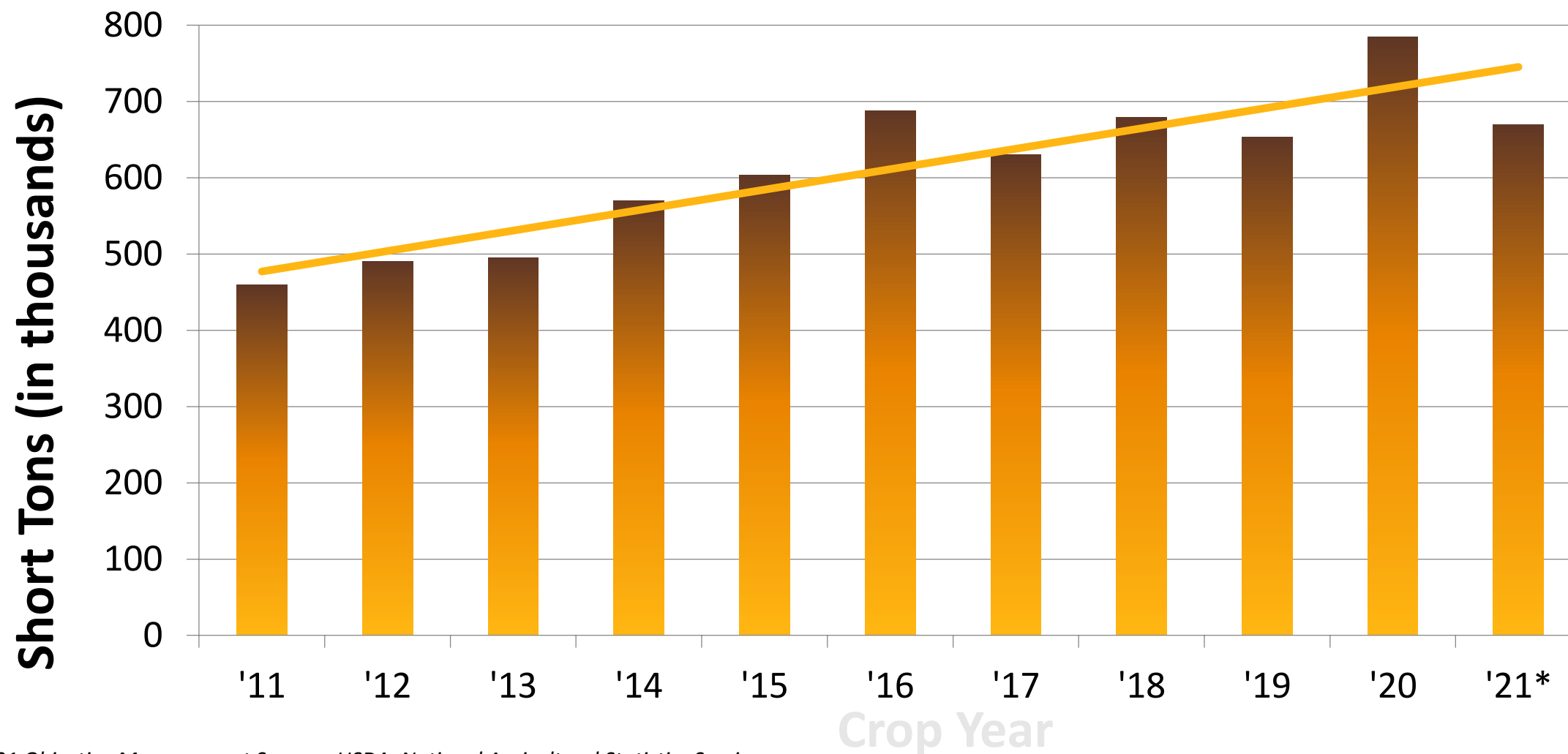


# Acreage



2017 Walnut Acreage Report & 2018 Objective Measurement Survey - USDA, National Agricultural Statistics Service ('09-'19)

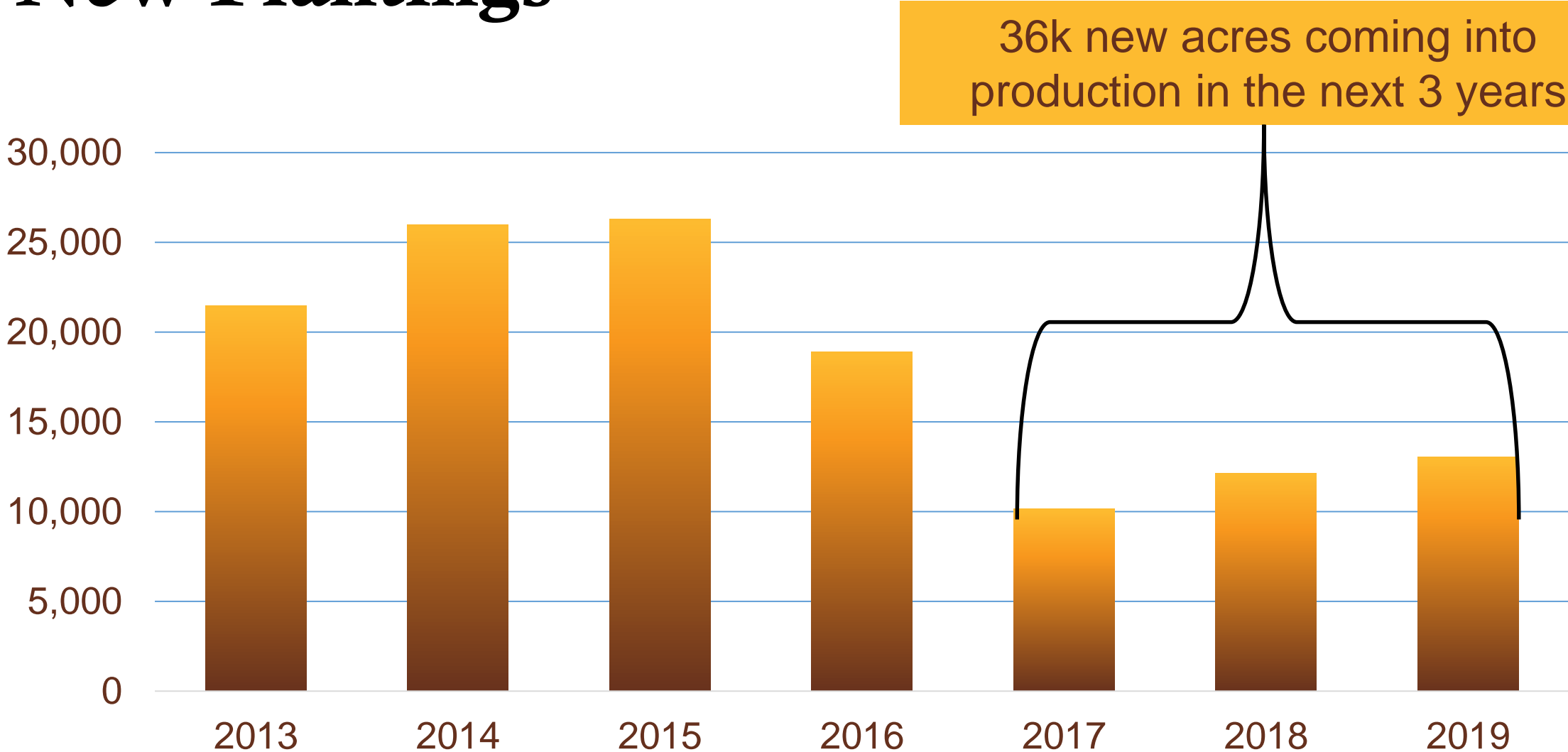
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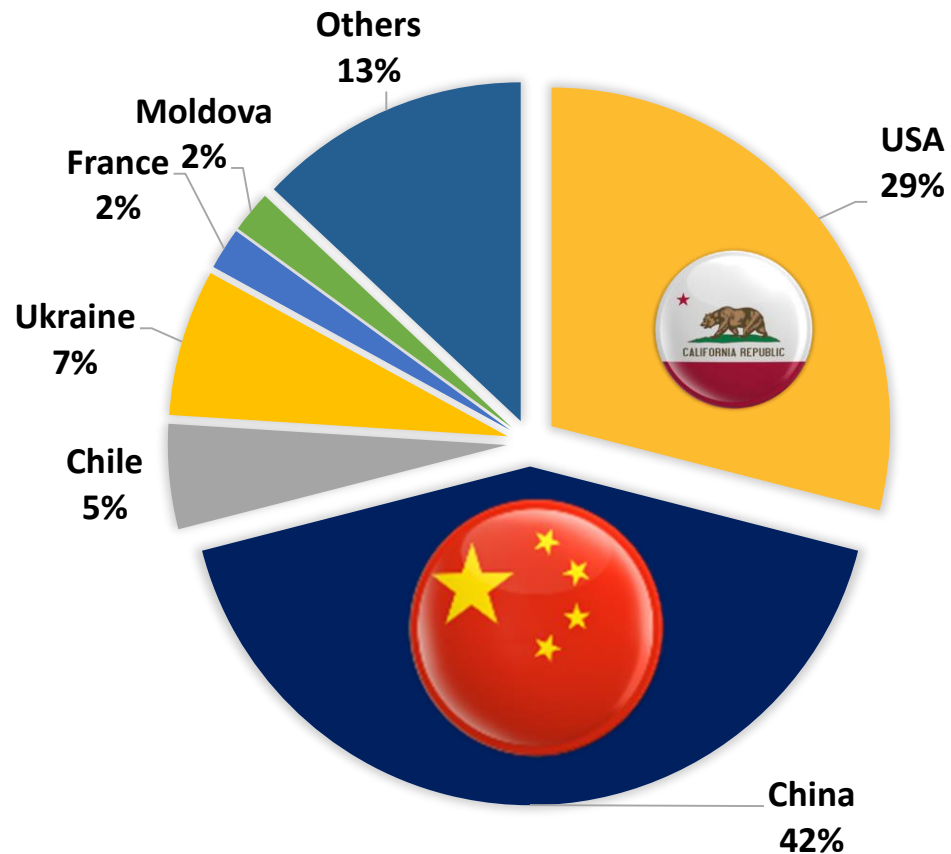


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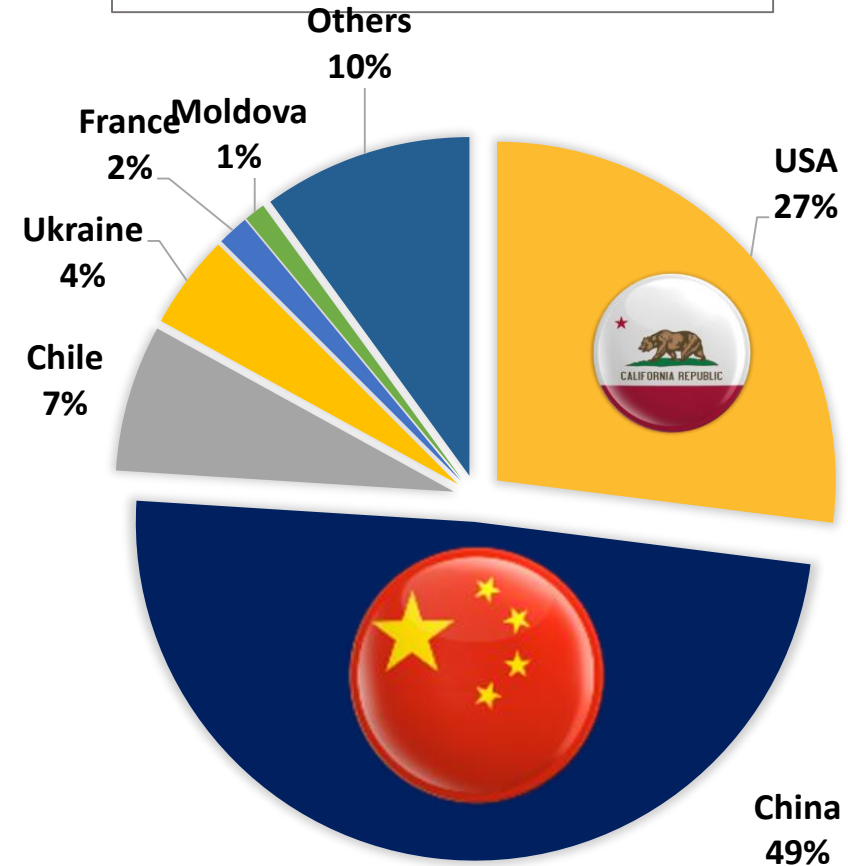


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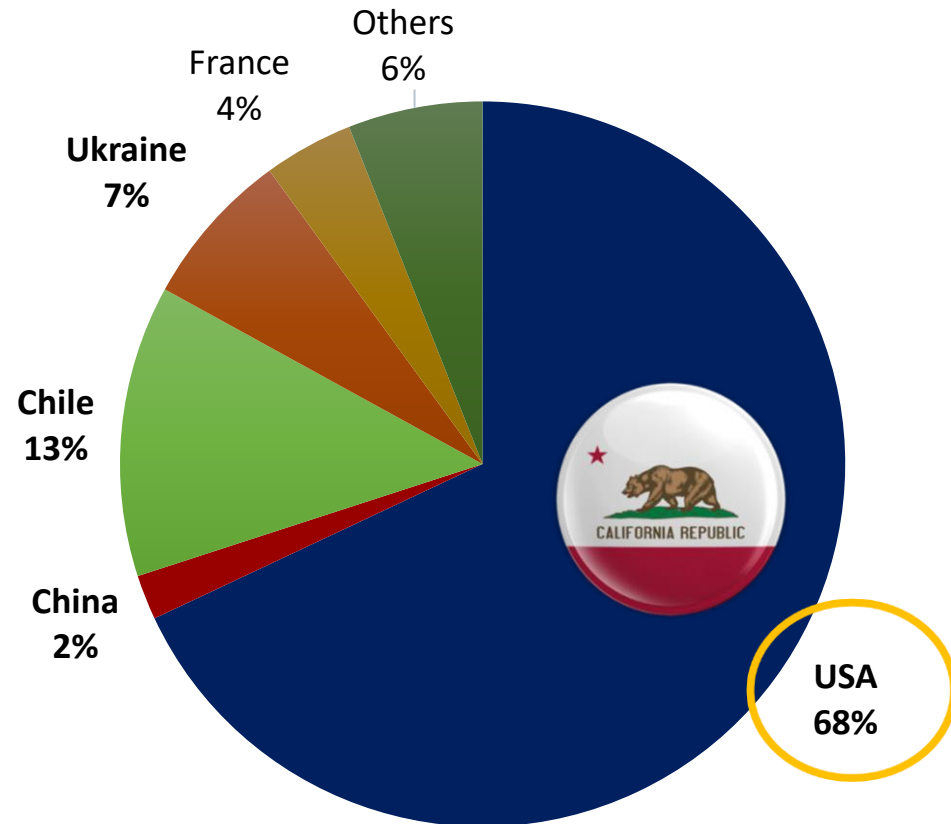


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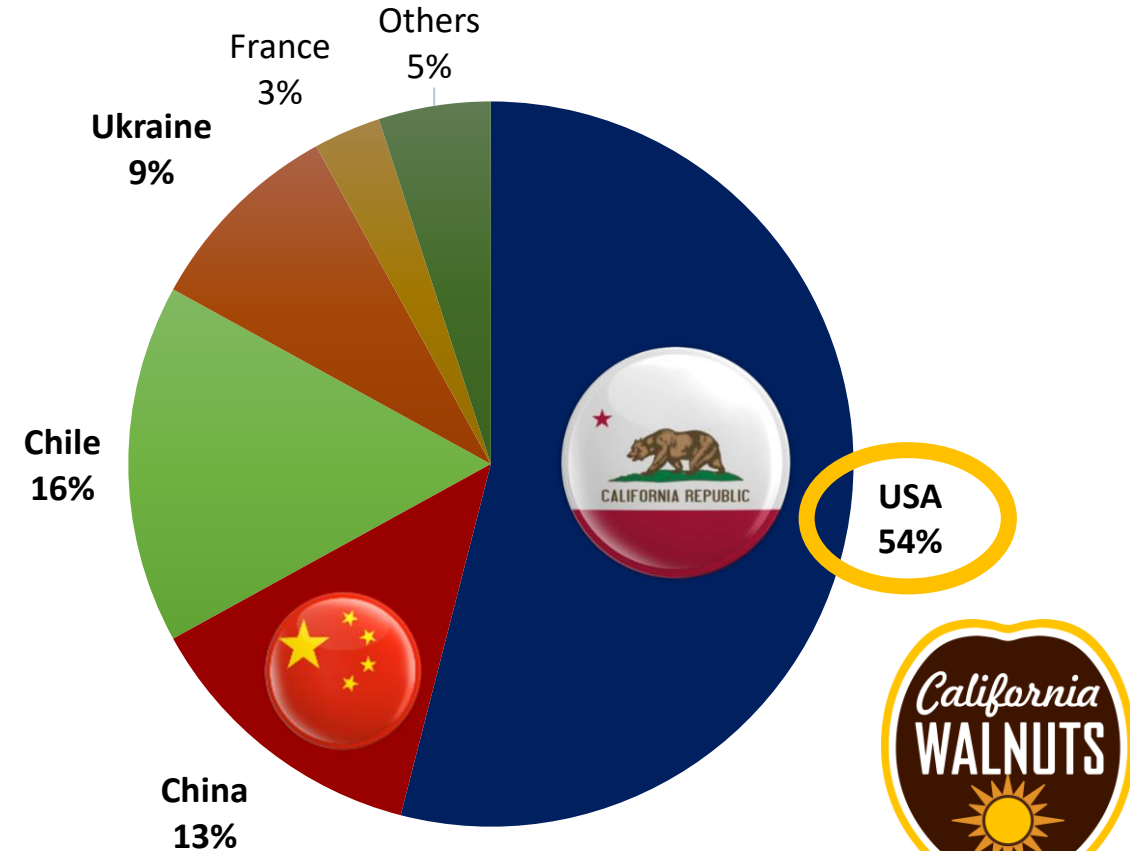


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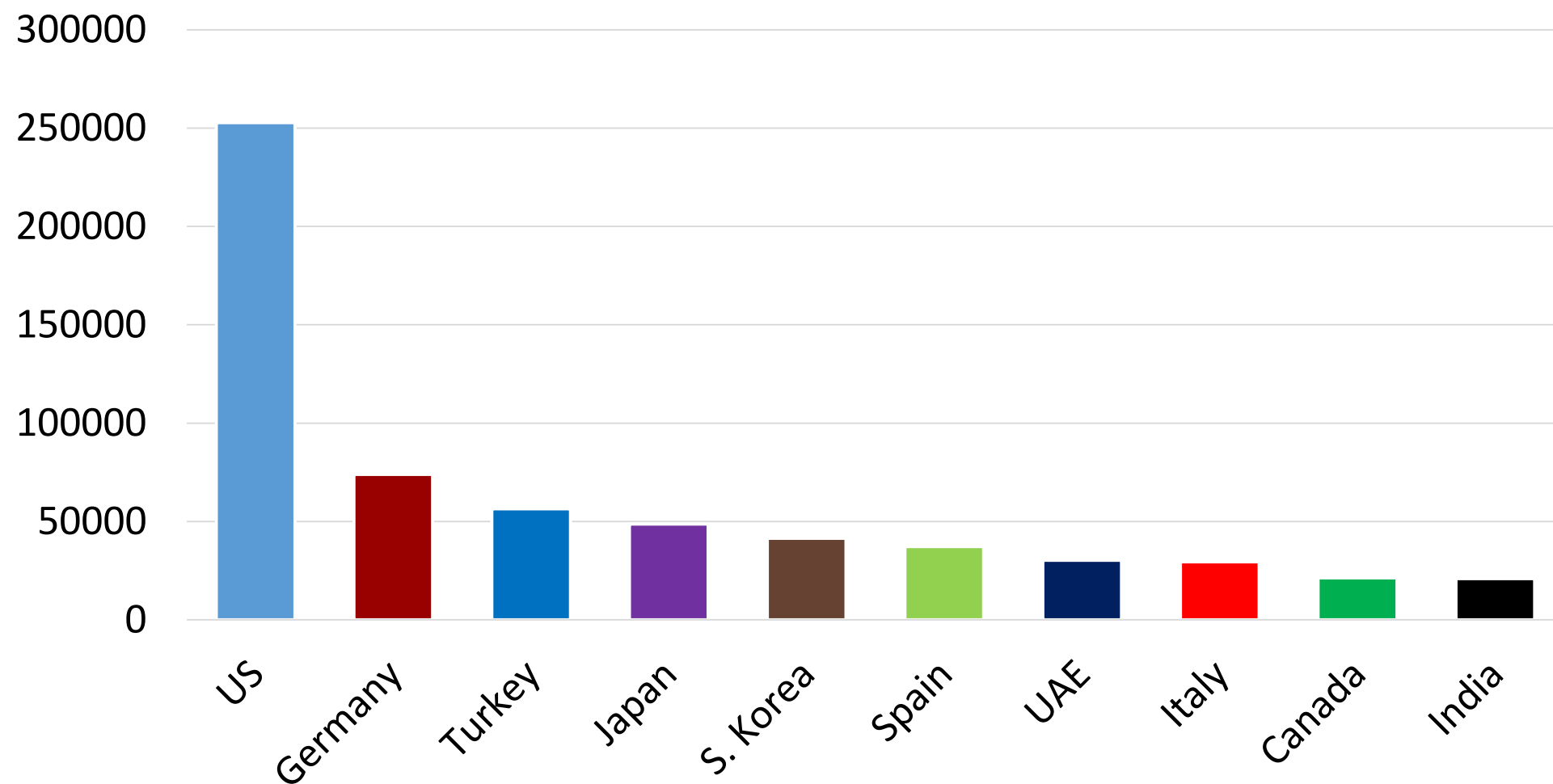
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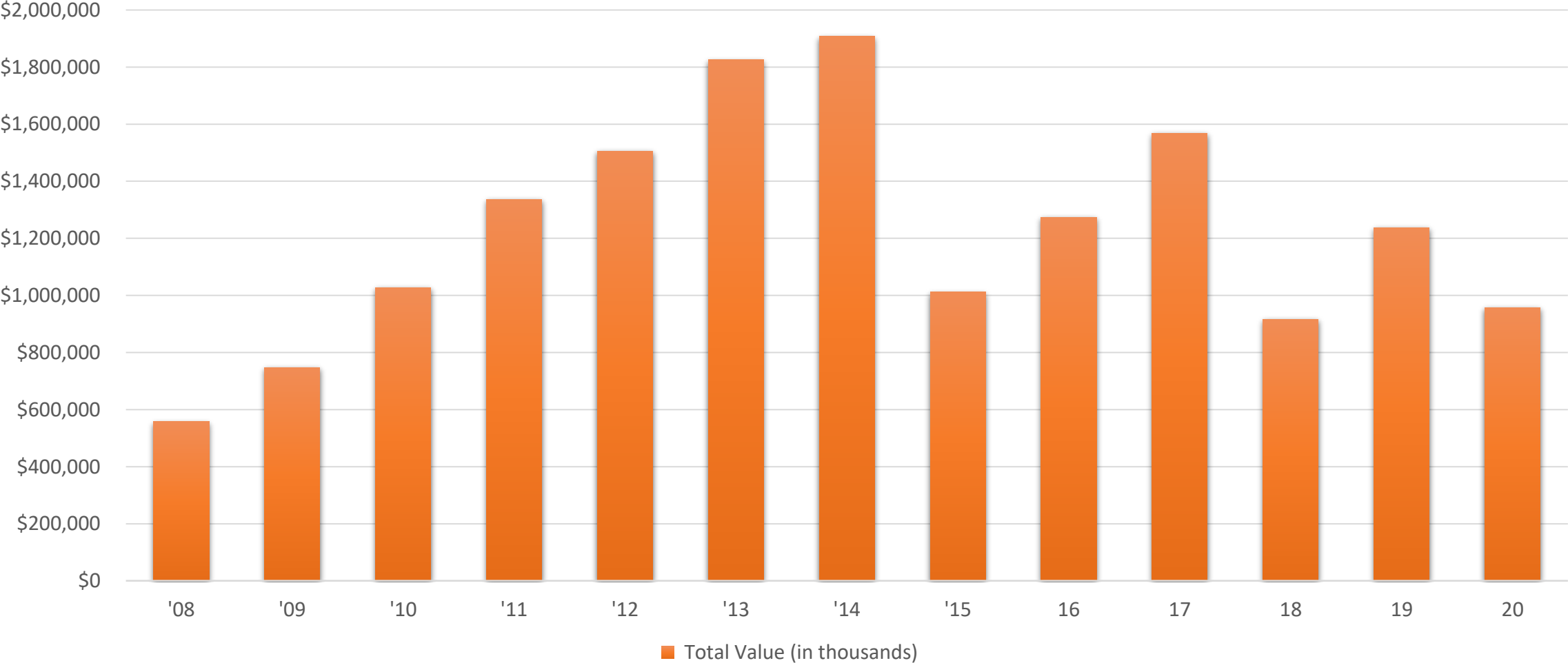
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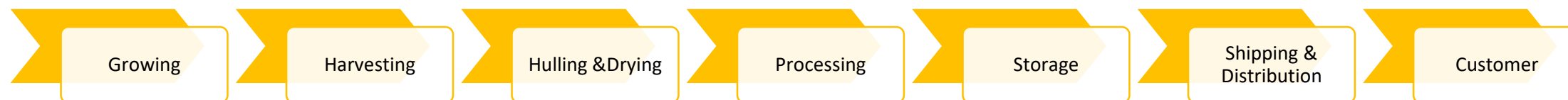
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