State of The Industry

Richard Waycott, ABC
Bill Harp, ABC Chairman, Fabbri Group
Daniel Sumner, Agricultural Issues Center - UC Davis
Bill Harp, ABC Chairman, Fabbri Group
The State of the Industry

Bill Harp
Chairman, Board of Directors
December 9, 2014 4:30pm in Rooms 308-313
Shipments and Farm Price at an all time high!

Sources: Almond Board of California; USDA, National Agricultural Statistics Service, Pacific Regional Office (NASS/PRO).
2013 California Crop Rankings

TOP CALIFORNIA CROP ACREAGE

- All Hay
- Almonds - Bearing
- All Grapes - Bearing
- All Wheat
- All Corn
- All Rice
- Walnuts - Bearing
- All Cotton
- Processing Tomatoes
- Pistachios - Bearing

2013 Acreage

Production Value in Thousands

- $6,000,000
- $5,000,000
- $4,000,000
- $3,000,000
- $2,000,000
- $1,000,000
- $0
Almonds are Tops!

Top Ten U.S. Specialty Crop Exports by Value, 2013* (in millions)

- Almonds: $4,163
- Wine and Wine Products: $1,507
- Walnuts: $1,380
- Pistachios: $1,244
- Fresh Apples: $1,107
- Frozen Potato Fries: $939
- Fresh Grapes: $912
- Oranges and Tangerines: $542
- Lettuce: $500
- Fresh Strawberries: $412
Drought throughout the years
California Groundwater Basin and Sub-basin
Yields per acre have DOUBLED in the last 20 years

<table>
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<tr>
<th>Year</th>
<th>Yield Per Acre (Lbs.)</th>
<th>Value Per Acre</th>
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<td>1,190</td>
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<tr>
<td>2013-14</td>
<td>2,390</td>
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</table>
Drilling

Getting Involved!!!

Moisture Monitoring

Pumping
Honey Bee Best Management Practices for California Almonds

Research for development of drought resistant varieties

Community Outreach

Irrigation Best Practices

Educating regulators on air, water, pesticide issues

Nutrition Research increasing almond consumption
Alleviating Market Access Issues

Julie Adams steering a cargo of almonds into port???

Off Special Measures and going towards Pre-Export Certification

Hamburg Port Inspection Team
India New Labeling Requirements

Trade advising minimum labeling requirements are being enforced:

- Name and address of manufacturer
- Name and address of Importer
- Product name/Net Weight
- Packing month
- Best before date
- Vegetarian Sign

Meeting with India’s Minister for Food Processing

Staying proactively engaged with FSSAI to better understand their priorities, and to relay almond industry concerns/implications
Incoming Inspection Procedure Training

- 14 Trainings
  - 3 Southern Region
  - 8 Central Region
  - 3 Northern Region
- July 14th – August 8th
- Bilingual Format
- Single trainer statewide
- Nearly 1,000 industry members trained
- 90% of Handlers have submitted signed MOUs.
- 28 Huller/Shellers have submitted signed MOUs.
ABC Supports Growers and Growers Support ABC

The 2014 marketing order continuance referendum for Almond Board of California

91%

voting in favor of continuance
Marshalling Industry Forces Under the Umbrella of ABC
Thank you
The State of the Industry

Richard Waycott
President & CEO, Almond Board of California
December 9, 2014 4:30pm in Rooms 308-313
growing ADVANTAGE
The Almond Conference
Going from Good to GREAT!

Right Employees
Humility of Leadership
Consistant Long term Strategic Plans
Grower Revenue Quadruples in Last 10 Years

- Strong demand + increased supply + rising price = record grower revenue

*Grower Revenue = Shipments X Farm Price*
Investing in the Future

- New wells
- New varieties
- New infrastructure
- New training

California Almond Production Outlook

- 2014/15
- 2015/16
- 2016/17
- 2017/18
- 2018/19
- 2019/20
Aspirational Direction for Almond Board of California

VISION

To bring great taste, health, and vitality to people around the world through the enjoyment of California Almonds.

MISSION

To make California Almonds essential to customers and consumers worldwide through innovative research, market development, and industry support.
A flywheel is a rotating mechanical devise that is used to store rotational energy. It stores the energy that was used to make it spin, and it retains that energy as long as the wheel is free to turn.
Flywheel Freely Turning in Major Markets
A Crop of Choice

Almond farming in California is considered by all to be good for the state and the country, and has a long term comparative, competitive advantage versus other countries of origin.
Solution Solving with New Approaches
Vision + Fly Wheels + Ag Solutions = Successful Future

The World Loves Almonds!
High Demand + Cooperative Mother Nature + Smart Selling = Abundant Grower Return
Confront the brutal facts with complete confidence that we will be successful.
Thank you
The Economic Impacts of the California Almond Industry

Prof. Daniel A. Sumner
Director, University of California Agricultural Issues Center

An intensive study of the economic relationship of the California Almond industry to the economy of California, prepared by the UC Agricultural Issues Center.

Co-authors: Dr. William A. Matthews, Dr. Josué Medellín-Azuara and Adrienne Bradley.
Understanding the Economic Impact of California Almonds

• The California almond industry is a large and dynamic part of California agriculture and makes major contributions to the California economy.

• The volume and value of almond production have been growing rapidly and the industry has become a larger share of California agriculture.

• The economic impact of California Almonds extends well beyond direct industry output into supporting industries.

• Our study evaluates the full economic impact of the industry on the California economy.
The Bottom Line

- Almonds contribute:
  
  $21.5 \text{ billion of industry output}$ to California economic activity, including purchases from supporting industries

  $11 \text{ billion of value added}$ to the California Gross State Product

  $104,000 \text{ jobs}$ to California employment opportunity
Where do these numbers come from:

- Our task was to dig further than the value of production and other industry-specific data to trace the influence of the almond industry on the rest of the economy.

- In addition to direct employment, value of almond production, and net contribution within the almond industry, we measure:

  1. indirect impacts through demand for inputs to almond production, processing and marketing
  2. induced impacts through how almond income allows consumption of other goods and services produced in the California
We base our calculations on:

• A massive and complex set of data on the employment and purchases of every industry in California
  – This demonstrates how almond production, processing and marketing links to other industries (IMPLAN)

• An informal survey of almond growers, processors and marketers that helped calibrate the data linkages and provided additional information about the industry in 2014

• Our own updates and projections that take into account the current 2014 situation and outlook
Now on to the numbers: Direct Value of Industry Output: $10.5 Billion

- The foundation for analyzing the economic impact of the industry was to measure the value of the direct output of each sector.

**Direct Value of Output for 2014 ($ Billion)**

- **Farming**: $0.48
- **Handling**: $0.44
- **Further Manufacturing**: $2.23
- **Hulling/Shelling**: $7.32

**Direct Jobs** (including part time and part year):
- **Farming**: 20,900
- **Handling**: 2,600
- **Hulling & Shelling**: 1,500
- **Manufacturing**: 500
- **TOTAL**: 25,000

- All segments of the industry are dependent upon each other.
Direct + Indirect + Induced Value of Industry Output: $21.5 Billion

- Including the indirect and induced economic effects in our calculations, we are able to account for the total value of industry output as $21.5 billion.
Value Added vs. Industry Output, for measuring economic contribution

- **Value Added**: The value added calculations measure the economic contribution of the industry above the cost of goods and services purchased from supporting industries.
  - Land
  - Labor
  - Capital
  - Management

- $21.5 billion includes purchases from supporting industries.

- After subtracting out purchases from supporting industries, the Value Added to the California economy is calculated to be approximately $11 billion.
Value added to the California Economy: $11 Billion

- This is the contribution of almonds without any double counting. If the almond industry was smaller what would it mean to the California economy?

Value Added ($ Billion)

- Direct: $3.25
- Indirect: $4.41
- Induced: $3.34

$11 Billion in Value Added

- Farming
- Handling
- Hulling/Shelling
- Further Manufacturing

Indirect & Induced Jobs

- Direct: 25,600
- Indirect: 44,500
- Induced: 33,700
- TOTAL: 103,700

104,000 Jobs

- All segments of the industry go together. There is not processing without farm production and farm production leads nowhere without processing and handlers.
Valued Added Job Creation - A total of 104,000 Jobs

Employment Generation

- Farming
  - Direct Employment: 36,000 jobs
  - Indirect and Induced Employment: 47,000 jobs

- Processing and Manufacturing
  - Direct Employment: 21,000 jobs
  - Indirect and Induced Employment: 31,000 jobs

Of these, over 97,000 Jobs are generated in the Central Valley of California. These jobs are vital in a region that has long had high unemployment.
Multiplier Effect of Job Creation

- More than three quarters of the jobs generated by California Almonds are outside of the almond industry.

Farm Employment Breakout

- 21,000 direct jobs, or 31%
- 47,000 indirect/induced jobs, or 69%

Processing and Manufacturing Employment Breakout

- 4,700 jobs, or 13%
- 31,000 jobs, or 86%

A total of 103,700 Jobs → 75%+ of which are supported outside of the industry.
The multiplier effects:

• Multiplying the almond industry’s economic impact:
  
  – Almond production and processing cause increased demand for materials and services from outside the industry such as packaging, and trucking.

  – Moreover, income generated by this economic expansion is spent on other services from groceries to, new cars, to school teachers.

• The sum of direct, indirect and induced impacts tells the complete story of the almond industry on the whole California economy.
Importance to the Central Valley

• Although its economic linkages are statewide (and global), the almond industry is especially important to the economy of the California Central Valley.

• 97,000 jobs in the Central Valley are created by the direct, indirect, and induced economic activity resulting from the production, processing and marketing of California Almonds.

• We have shown that all segments of the almond industry make major contributions to the California economy and to California’s Central Valley.
Community Involvement of California Almond Industry Members

• Of course, members of the California almond industry contribute to the state and their local communities in many ways that cannot be captured in financial calculations.

• Through charitable activities, community engagement, and leadership, members of the almond industry make California, especially rural California, a more healthy and vibrant place.

• In addition, almonds contribute to consumer nutrition and wellbeing in California and throughout the world.
Conclusions

• The almond industry is an economic juggernaut for the Californian agricultural economy.

• The industry contributes about $11 billion of value added to the California gross state product (the measure of the size of the California economy).

• The industry provides for 104,000 jobs, three quarters of which are outside the almond industry.

• Especially important is the industry’s contribution to the Central Valley: 97,000 jobs in a region that has long suffered from under employment and unemployment.

• Almond industry members contribute philanthropically with their time and wealth to the betterment of their communities.
For more information

• I will be at the reception this evening and look forward to conversations.

• See our research poster. Dr. Bill Matthews, will be present to answer any questions on Thursday, Dec. 11 from 10:30-11:45am.

• The full research study, including an executive summary is available now (or very soon) on the UC Agricultural Issues Website at AIC.UCDAVIS.EDU

• Also, Email questions to me: dasumner@ucdavis.edu
Thank You