ADMINISTRATIVE COMMITTEE FOR PISTACHIOS
ANNUAL REPORT
2018-2019

The Administrative Committee for Pistachios (ACP) is responsible for administering the federal marketing order for pistachios grown in California, Order No. 983. The order was passed by a grower referendum and became law with its publication in the Federal Register on April 5, 2004. Initially, minimum quality and maximum aflatoxin levels were certified for all domestic shipments of California pistachios. Minimum quality regulations were not found to decrease aflatoxin risk and consequently, minimum quality regulations were suspended effective December 10, 2007. The marketing order was expanded to include Arizona and New Mexico in December 2009 and additional authority for research and broader authority for quality regulations were also added. Aflatoxin regulations remain in effect and there are an adequate number of laboratories accredited by the USDA, Science and Technology Branch for aflatoxin analysis to accommodate the pistachio crop. Although most handlers use traditional USDA inspection services, handlers may also choose alternative inspection programs like the Customer Assisted Inspection Program (CAIP) and the Partners in Quality (PIQ) program. A Section 8E import regulation was initiated in August 2012. A voluntary export program, the Pistachio Export Aflatoxin Reporting (PEAR) program, was started in November 2018 to address European Union expectations/demands for a formal program to test for aflatoxin prior to export.

Pistachio is an alternate bearing tree nut. Following the typical off-year crop of 2017 the 2018 US pistachio crop, at 994.1 million pounds, was a better than expected on year crop. Winter chill was inadequate in all the bearing areas until cold weather arrived in February. Both February and March were abnormally cold but past research suggested this was too late to contribute to necessary chill. Given the apparent lack of chill, predictions of 2018 crop size were uncertain and industry organizations were budgeting for a 700-750 million-pound crop. By mid-season, nut set indicated a larger than expected crop. Pistachio harvest dates were fairly normal with cv. Kerman harvest beginning after Labor Day while the newer varieties began harvest in the third week of August. Harvest extended unusually late, into November, due to exceptionally low levels of navel orangeworm damage. California yield per bearing acre is estimated at 3736 pounds per acre. While the percentage of the crop classified as open inshell was lower than most recent years, this was not atypical for an on-year crop. Average nut size was also smaller than normal and much smaller than expected. Following the 2017 crop with its very high NOW damage and the lack of winter chill to increase NOW mortality, there were expectations for high NOW damage levels. This expectation was not borne out and insect damage levels were historically low. The reasons for this are unknown. There were low levels of pea splits and early splits but little egg laying even on the nuts where NOW normally infests. Summer temperatures were high, with over 60 days above 100F in Fresno. Almonds had a normal to high year for NOW damage, suggesting the NOW populations were present but did not find pistachios “attractive” in 2018. Due to low

insect damage, aflatoxin levels were very low. While final numbers are not available for the average return per pound, grower price per pound appears close to the previous year.

Total shipments in the 2017/2018 crop year were down slightly over the previous year, totaling 621.2 million pounds compared to 632 million pounds the prior year. Domestic shipments were up 7.7% while exports were down 5.9%. Exports constituted 66% of total shipments compared to 69% in 2016/2017. Carryout decreased to 104.6 million pounds with only 31 million pounds of open inshell. Combined with the 2018 crop, gross inventory (carryout + new crop) was 1.1 billion pounds. Total shipments have increased in 2018/2019 and, as of May 2019, total 625 million pounds compared to 510.8 million pounds at the same point in 2018. The total annual shipments are certain to exceed the previous record of 632 million pounds in 2016/2017. Exports have accounted for 72.5% of shipments.

As mentioned earlier, insect damage from navel orangeworm feeding was very low in the 2018 crop and sorting damaged nuts has not been a processing bottleneck. In addition, aflatoxin rejections have been very low, both in domestic and export shipments.

The ACP began a voluntary program, the Pistachio Export Aflatoxin Reporting (PEAR) Program, for aflatoxin testing and reporting for exports intended for the European Union in November 2018. Signatories include all major processors and account for over 95% of the exports of US pistachios to the EU. Since the program began, the number of border rejections reported on the EU's Rapid Alert System for Food and Feed have declined sharply. This is more a result of the 2018 crop quality than the actual program because the program only formalized prior procedures, but this is nonetheless welcome. A potential visit from the Japan Ministry of Health and Welfare to inspect aflatoxin procedures has been postponed but the PEAR Program would also be suitable for pistachio exports to Japan.

The industry has been focused for the last few years on regulations arising from the Food Safety Modernization Act (FSMA). Final rules on Produce Safety and Preventive Controls were released late in 2015. Processors/handlers are subject to the Preventive Controls Rule, but the status of growers/producers is not clear cut. While growers are covered under the Produce Safety Rule, they appear to be exempt from the requirements. The FDA has indicated that if growers label their delivered product in a particular manner and handlers provide written assurances of treatment under Preventive Controls, growers are exempt from the Produce Safety requirements. The exact conditions of the exemption are not yet understood. Regardless, processors have required pistachio growers complete a Good Agricultural Practices questionnaire and are requiring growers to complete the produce safety training class required under the Produce Safety Rule.