

**ADMINISTRATIVE COMMITTEE FOR PISTACHIOS  
ANNUAL REPORT  
2015-2016**

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.

The 2015 US pistachio crop, at 274.8 million pounds, was an extremely off-year crop. The 2014-2015 winter chill was inadequate in virtually all the growing areas in California, leading to poor bloom with marginal overlap between male and female trees. The nut set at first appeared to be nearly normal but most of the nuts were blank, i.e., no kernel developed. The average per acre yield was 1141 pounds, the lowest since 1988. Harvest appeared to begin early but many growers delayed harvest, hoping for better nut fill. While final numbers are not available for the average return per pound, it is widely expected that the return per pound will exceed previous years while return per acre will be much lower.

Total shipments in the 2014/2015 crop year were down sharply and totaled only 82.7% of the previous year and 78.3% of 2012/2013. Domestic shipments were down by about 6.5% while exports were down by 23%. Consequently, exports slid from 65.2% of total shipments in 2013/2014 to 60.6% in 2014/2015. Much of the decrease in exports was due to declining shipments to China/Hong Kong – shipments in 2013/2014 were nearly 115 million pounds but only 65.4 million pounds in 2014/2015.

Because of declining shipments, the carryout from 2014/2015 was 164.9 million pounds, over double of the previous carryout of 77 million pounds in 2013/14. Combined with the poor 2015 crop, the total gross inventory for 2015/16 is 439.7 million pounds compared to 596.3 million in 2014/15. However, total shipments have slowed during the 2015/16 crop year and, as of March 2016, are 68.5% of March 2014/15 and 53.7% of March 2012/13.

Pistachio lots that fail inspection for maximum aflatoxin must be reported to the ACP. Failed lots are initially eligible for reworking. A limited number of lots failed inspection following rework and these lots were exported to countries with higher aflatoxin tolerances or sold for oil extraction. The 2014 crop appeared to have slightly less insect damage than the 2013 crop and 2015 was slightly less as well. Registration for an aflatoxin biocontrol agent, AF36, was received in time for the 2013 crop but supplies were limited and applications were made at reduced rates. Applications of AF36 were continued at the reduced rate in 2014 and 2015. Regardless, research has shown that it requires 2-4 years of repeated applications to significantly displace the toxigenic *Aspergillus flavus* population and consequently little to no measurable effect could be expected until 2014 (2 applications) at the earliest. Both the 2014 and 2015 crops appear to be lower in aflatoxin than expected by insect damage alone but the last few drought and low chill years preclude data-based predictions on the efficacy of the biocontrol agent.

Due to low levels of insect damage and aflatoxin contamination in the 2010-2012 crops, there were few if any rejections in the EU in 2011 and 2012. There were five rejections in 2013. However, in 2014, aflatoxin rejections in the EU increased to 14 and consequently, the EU has placed US pistachios on an enhanced testing regime beginning April 2015. Instead of occasional testing at 3-5% of incoming lots, 20% of incoming lots are tested for aflatoxin. This higher rate of testing will remain in place until rejections are less than 5% for 2 quarters. As of June 2016, the enhanced testing will continue until at least December 2016. From current analyses, we appear to be at or under 5% rejections but the supporting data required by EU regulators has not been compiled by the EU. The US pistachio processors have responded to the increased testing frequency by ceasing any shipments of 2013 crop (higher insect damage) and not shipping any lot that exceeds 1 ppb total aflatoxin. In addition, three analytical samples are being used instead of two. The ACP continues to evaluate a pre-export aflatoxin program for the EU.

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. One processor will need to comply with the Preventive Controls Rule in 2016 while other handlers and growers have another year or more before compliance is mandatory. As part of the FDA's tree nut risk assessment, sellers of raw pistachios have been under increased scrutiny. This has resulted in several recalls of pistachios for potential Salmonella contamination.