

# AMERICAN PECAN COUNCIL

## INTERNATIONAL COMMITTEE

Thursday  
July 25, 2019  
10:00 a.m. Central Time

<https://zoom.us/j/637530360>

or

CONFERENCE CALL:  
1 (929) 205-6099  
passcode: 206 900 706#

### AGENDA

- I. CALL TO ORDER – J.B. Easterlin, Chairman**
  - A. ROLL CALL
  - B. ESTABLISH QUORUM
  - C. APPROVAL OF PREVIOUS MINUTES (Action Item)
  - D. CHAIRMAN UPDATE
  
- II. USDA UNIFIED EXPORT STRATEGY**
  - A. Management Contract China, South Korea, Southeast Asia (Action Item)
  - B. UES / EMP Development (Action Item)
  - C. International Nut Congress Health Research (Action Item)
  
- III. 2019/20 INTERNATIONAL COMMITTEE BUDGET (Action Item)**
  
- IV. NEW BUSINESS**
  
- V. ADJOURNMENT**

**AMERICAN PECAN COUNCIL  
INTERNATIONAL COMMITTEE**

**WEDNESDAY  
MARCH 20, 2019  
9:30 a.m. Central Time**

**<https://zoom.us/j/667811208>**

**or**

**CONFERENCE CALL  
+1 669 900 6833  
Meeting ID: 667 811 208**

**MINUTES**

**I. CALL TO ORDER**

**A. ROLL CALL**

The conference call/meeting of the International Committee roll call was made at 9:30 a.m.

The following **Committee members** were in attendance:

Molly WILLIS  
Scott LANDGRAF  
Frank SALOPEK  
Lao MEDINA  
J.B. EASTERLIN  
Sonja ROEDER  
Mike ADAMS

**STAFF:**

Alex OTT  
Jeff SMUTNY

**OVERSIGHT:**

Abby CAMPOS

**GUEST:**

Mark HENDRIXON  
Catherine CLARK  
Blair KREBS  
Matthew BAILY

**B. ESTABLISH QUORUM**

Having received a sufficient number of committee members a quorum was established.

**C. APPROVAL OF PREVIOUS MINUTES**

MOVED by Scott LANDGRAF to approve, seconded by Sonja Roeder and motion unanimously carried to approve previous minutes. **(MOTION 3-20-19 #1)**

## II. INTERNATIONAL AFFAIRS

### A. USPGC

There are three items relating to the US Pecan Growers Council (USPGC) that need to be updated to both the Committee and the Council. These items include: 1) Update on the pending USPGC and APC 2019 Contract; 2) Unified Agreement for the pecan industry and international markets; and 3) ATP funding.

#### Pending Contract:

On January 23 & 24, 2019, the American Pecan Council's (APC) Governance Committee and the International Committee approved \$591,575 to the USPGC for its 2019 administrative and international marketing activities. Specifically, these items include:

- Administration Support Expenses: \$214,000
- Administrative Operations: \$31,000
- China Market: \$192,525
- South Korea: \$154,050

These funds may only be used for marketing activities and may not be used for lobbying nor government activities. It should be noted that activities in China may not move forward until an approved Non-Government Organizational (NGO) office is officially established in China. USPGC has indicated that this application is pending and waiting final approval.

In terms of the official contract with USPGC, the Office of General Counsel (OGC) officially approved APC's contract to talk to outside legal counsel. The reason for the delay in approval had to do with the 35-day government shutdown, which delayed government activities and approvals. Since the approval, APC has aggressively been working with outside legal counsel to get a draft contract for USPGC and other contractors ready for approval by USDA. There are several steps in order to get a contract approved:

- 1). You need to get permission from OGC to use counsel.
- 2). You need to get approval on a contract between APC and Attorney by USDA/OGC. 3). Once approved, APC can begin work with the attorney.
- 4). Once contract is drafted for USPGC and APC then it must be submitted to AMS for approval.

- 5). Once approved by AMS, then the contract is submitted to USPGC.
- 6). USPGC signs contract.
- 7). Funds may begin to be released once signed contract is received and APC is invoiced for first quarter.

Currently, APC received the approved contract from AMS and the contract has been submitted to USPGC for signature. APC cannot release funds until the contract is signed by USPGC.

#### Unified Agreement:

On March 4, 2019, leaders of the USPGC and the APC met in New Mexico to discuss and agree on a strategy that will assist in unifying and shaping international marketing activities beginning this summer. Specifically, the agreement reached will strengthen the industry's position in optimizing limited resources for maximum benefit, while drawing on the expertise of APC and USPGC staff.

Beginning this summer, the American Pecan Council shall submit all Unified Export Strategies (UES), Technical Assistance for Specialty Crop (TASC) or any other grant application for international marketing to the appropriate federal agencies for funding. The APC shall coordinate all international markets with all interested pecan organizations or associations in international markets.

Additionally, the APC shall contract services with appropriate contractors that specialize in specific international markets. APC shall coordinate marketing activities in EU, Canada, India and other countries. USPGC shall be the contractor for China, South Korea, and South East Asia markets. To those efforts, the APC shall coordinate and lead all hard dollars and shall pay for the industry UES and necessary vendors and in-kind contribution coordination. In kind contributions shall be used for all markets not identified as a priority in the APC's strategic plan.

Furthermore, the industry will use a unified APC logo for its international marketing efforts.

Overall, this agreement unifies the industry under one strategic international program, while supporting markets with existing talent from both organizations. It is anticipated that the unified strategy will reduce duplicative costs, increase contributions for federal dollars, target specific markets that will have the most immediate impact for the industry and coordinate and present a single unified international marketing message.

#### ATP Funding:

Last month, USDA announced the Agricultural Trade Promotion

(ATP) funding. A total of \$200 million was allocated for the program, yet over \$700 million was requested by the U.S. agricultural industry. APC did not apply for ATP funding. A total of four pecan applications were received for funding. The pecan industry received \$1,350,000 over the next three years to assist in opening or expanding markets to offset the losses due to the China tariff issue. As a placeholder, the USDA listed the USPGC as the awardee, however, they called for all four organizations and the American Pecan Council to work together and develop one unified strategy in order to receive the funding.

Based on several calls and meetings, the groups have decided to focus ATP funding on South Korea and South East Asia. The coordinated efforts will be run through the USPGC for ATP funding. Other Emerging Market Program applications will be submitted by the different states and organizations as to focus ATP on two specific markets. Texas will focus on EMP for Mexico and S. Africa; Georgia will focus on Vietnam; and the APC will focus on India. Updates will be given to the industry as these applications move forward and other programs begin.

## B. EMERGING MARKETS

USDA has an Emerging Market Program (EMP) that allocates dollars to organizations that are looking at marketing activities in non-developed countries. As part of the APC's strategic plan, India was considered a top four market behind China (once the tariff issue is resolved), Canada, and the European Union. India qualifies for the EMP program.

In order to obtain the dollars, the APC must hire a grant writer that specializes in Unified Export Strategies (UES) and EMP funding. To apply this year, the APC sent out a request for proposals for an EMP program for India. The following proposals have been received and are for consideration and recommendation to the Council for approval

MOVED by Frank SALOPEK, DULY SECONDED BY Molly WILLIS and unanimously carried THAT the Committee approve recommendation to the Council for a contractor for an Emerging Market Program (EMP) proposal for India. **(MOTION 3-20-19 #2)**

## C. UNITED EXPORT STRATEGY

The APC beginning this May shall be the lead organization for the pecan industry on dollars submitted for Market Access Program (MAP), Technical Assistance for Specialty Crop (TASC), and other federal grant programs for international marketing.

In order to obtain the dollars, the APC must hire a grant writer that specializes in Unified Export Strategies (UES). To apply for the 2020 season, an application must be submitted this May. The

following proposals have been received and are for consideration and recommendation to the Council for approval.

MOVED by Lalo MEDINA, duly seconded by Frank SALOPEK and unanimously carried THAT the Committee approve a recommendation to the Council for a contractor for a Unified Export Strategy (UES) for the 2020 Market Access Program application. **(MOTION 3-20-19 #3)**

#### D. MEXICO

The APC continues to receive several questions and concerns over Mexico pecans. One main concern is that Mexican growers are "getting a free ride" through promotion. Specifically, the American industry is paying for promotions and Mexican nuts that are arriving into the states.

Recently, leaders of APC have met with leaders from the Mexican pecan growers' association and there is interest of working together to do research studies and other joint efforts to promote pecans. Concepts range from voluntary donations to establishing a Research and Promotion board that would assess all pecan coming into the U.S. for joint promotion and research programs. These discussions are still in its infancy stage, however, there is support of generating more pecan dollars to assist in creating more awareness for consumers.

Other concerns raised include grades and standards for regulating all nuts, regardless of country, should be graded and treated equally. This issue is addressed in the Grades and Standards Committee.

Although these discussions are preliminary, they are proving promising by gathering information on other nuts in other countries and how collaborative efforts may be used to promote pecans. The end game is to generate greater awareness of the pecan and then drive demand to capture increase market share.

Mark Hendrixon discussed the problems with the California Table Olive industry and how foreign imports are impacting their industry. This should be a lesson to our industry as we approach international issues.

### III. NEW BUSINESS

No new business.

### IV. ADJOURNMENT

MOVED by Sonja ROEDER, duly seconded by Scott LANDGRAF and unanimously carried THAT the International Committee be adjourned at 10:26 a.m. **(MOTION 3-20-19 #4)**

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**Deborah Barnett**  
Executive Assistant, Operations Manager

## **SUMMARY OF ACTIONS FOR MARCH 20, 2019**

### **MOTION 1-24-19 #1**

**MOVED** by Scott LANDGRAF, duly seconded by Sonja ROEDER and unanimously carried **THAT** the committee approve previous minutes.

### **MOTION 1-24-19 #2**

**MOVED** by Frank SALOPEK, duly seconded by Molly WILLIS and unanimously carried **THAT** the Committee approve recommendation to the Council for a contractor for an Emerging Market Program (EMP) proposal for India.

### **MOTION 1-24-19 #3**

**MOVED** by Lalo MEDINA, duly seconded by Frank SALOPEK and unanimously carried **THAT** the Committee approve a recommendation to the Council for a contractor for a Unified Export Strategy (UES) for the 2020 Market Access Program application.

### **MOTION 1-24-19 #4**

**MOVED** by Sonja ROEDER, duly seconded by Scott LANDGRAF and unanimously carried **THAT** the International Committee be adjourned at 10:26 a.m.

# U.S. Pecan Growers Council

## ESTIMATED ANNUAL EXPENSES

2019/2020

<b>Employee Costs</b>	<b>Amount</b>	<b>Justification</b>
Wages	\$138,000.00	
Estimated Employer Taxes	\$14,200.00	
<b>Subtotal</b>	<b>\$152,200.00</b>	
<b>Office Costs</b>	<b>Amount</b>	<b>Justification</b>
Office lease	\$9,600.00	
Electric	\$1,800.00	
Water/Garage	\$600.00	
Telephone (Mobile & Landline)	\$2,000.00	Mobile & Landline
Internet access	\$1,200.00	
Copier rental expense	\$2,300.00	Includes Support, Supplies and Per Copy Charges
Office supplies	\$3,000.00	
Shipping & postage	\$2,500.00	Fedex, USPS, UPS
D & O Insurance	\$1,064.00	
Janitorial	\$960.00	
Bank & Credit Card fees	\$250.00	Services Fees
Membership	\$2,500.00	USAEDC & Coalition
Computer Support	\$2,000.00	Includes AVG, Dropbox, Adobe, and iCloud Hosting
<b>Subtotal</b>	<b>\$29,274.00</b>	



<b>Marketing Costs</b>	<b>Amount</b>	<b>Justification</b>
Web site hosting	\$7,200.00	Includes est. updates and e-newsletter
Collateral printing	\$500.00	
Miscellaneous expenses	\$500.00	
USPGC Financial Oversight Expense	\$5,000.00	
Samples for Overseas Events	\$9,200.00	
Domestic Travel Expenses	\$15,000.00	(2 People) SEPGA, WPGA, OKPGA, Tri-State, APGA, (2) Pecan Congress, + USPGC Regional Meetings
<b>Subtotal</b>	<b>\$37,400.00</b>	

<b>Accounting Fees</b>	<b>Amount</b>	<b>Justification</b>
Annual Accounting Support	\$7,200.00	Quickbooks, Support & Payroll Support
Annual Auditing and Tax Filing Services	\$2,700.00	Accountant - Tax Filing
<b>Subtotal</b>	<b>\$9,900.00</b>	

<b>TOTAL Expenses</b>	<b>\$229,274.00</b>
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**\*\*\*ACTION REQUIRED\*\*\***

**COMMITTEE:** International Committee

**ISSUE:** Funding for drafting and filing the 2020/21 UES

**RECOMMENDATION:** THAT the Council fund Callanan & Callanan to prepare the Unified Export Strategy for the American Pecan Council (APC) at a cost of \$95,000

**BACKGROUND:** After signing an agreement with APC, the United States Pecan Growers Council agreed to have the APC manage the international efforts for the pecan industry. Part of this agreement was to discontinue working with USPGC's grant/proposal writer and work with a new writer as dictated by the APC. This switch saves the industry approximately \$40,000 annually.

**FISCAL IMPACT:** Monies to fund this contract would be paid from 2019/20 assessment dollars received by industry.

## **\*\*\*ACTION REQUIRED\*\*\***

**COMMITTEE:** International Committee

**ISSUE:** Funding for health and nutrition research with the International Nut Congress (INC)

**RECOMMENDATION:** THAT the Council fund the International Nut Congress to conduct nut health and nutrition research at a cost not to exceed \$100,000

**BACKGROUND:** The APC has two delegate seats on the International Nut Congress. As such, opportunities for research on nut nutrition and health are available to the APC at a considerable savings due to the collaborative nature of the INC. This funding is at the same level as last year.

**FISCAL IMPACT:** Monies to fund this research would be paid from 2019/20 assessment dollars received by industry.

**\*\*\*ACTION REQUIRED\*\*\***

**COMMITTEE:** International Committee

**ISSUE:** Funding for the International Committee for Fiscal Year 2019/2020

**RECOMMENDATION:** THAT the Council fund the International Committee programs with a budget for the 2019/2020 fiscal year at a cost not to exceed \$464,274.

**BACKGROUND:** The International Committee recommends funding USPGC, Callanan & Callanan, International Nut Congress and associated travel for the APC for the 2019/2020 fiscal year. This level is at a considerable saving versus last year funding of approximately \$790,000.

**FISCAL IMPACT:** Monies to fund this research would be paid from 2019/20 assessment dollars received by industry.