



2024 MARKET REPORT

We are extremely optimistic because of how quickly we are seeing the Oregon hazelnut market rebounding. Not only are world markets improving, but this year is also the start of the rebuilding of the “Oregon Premium” that our crop deserves. Hazelnut prices started very weak in August and September, which was disappointing so close to harvest. However, through intense efforts, George Packing Company (GPC) and Northwest Hazelnut Company (NWH) were able to convince buyers that the Oregon crop is not just a commodity, but rather a high-quality, alternative source that buyers need to invest in. Prices began to increase in late September and have continued to climb since then. Prices are expected to remain strong throughout the spring and summer, which should provide a great launching point for the 2024 crop.

For nearly 15 years, Oregon hazelnut growers benefited from higher prices because Oregon processors could demand a premium price for the high Oregon quality. However, as a result of recent market disruptions, our Oregon product has lost both that good reputation and the resulting market leverage. Fortunately, as the selling season progressed into October-December, an opportunity opened to recapture much of this “Oregon Premium.” This premium is likely to hold for the remainder of the 2023-2024 crop years, sending a strong message to the world market.

The shorter crops in Turkey and Italy (the world’s primary suppliers) gave us the momentum we needed to change the narrative. Buyers recognized the importance of having a long-term, secure relationship with a quality Oregon supplier. This gives GPC/NWH a huge advantage in both the short and long terms. Going forward, GPC/NWH will continue to build strong, stable markets for the long term. No magic bullet—simply hard work and the highest quality hazelnuts in the world supplied by our group of growers and our industry-best receiving station network.

GPC/NWH will continue to reward our growers who have helped us build strong markets. Therefore, your 2023 deliveries will be the basis for your position in our long-term legacy pool. For 2024, GPC will still require a contract for all growers using our chemical program. For all other growers, a contract will not be required; however, we will require a mutually agreed upon **“Agreement of Intent to Deliver,”** which will allow us to plan and develop the markets we need to build, while also allowing us to assign growers to the appropriate pool going forward. Thank you for supporting our efforts to reestablish Oregon’s place as the world’s source for premium hazelnuts.

GROWERS CONTINUE TO INVEST IN OSU RESEARCH

Now the Largest Buyer in the World Has Invested Too!



Many decades ago, a group of Oregon hazelnut farmers with a long-term vision began supporting hazelnut research at Oregon State University (OSU). The OSU hazelnut breeding program is a well-known success, having created numerous new varieties that are more suitable for Oregon's unique conditions.

One of the successful strategies implemented by the growers was to create an "endowment" for the breeding program. The endowment puts aside a reserve of cash to create a perpetual flow of income. This income now funds a major portion of the breeding program—and will for generations to come.

Since the funding of the original endowment, two new endowments have been created:

1. **The Oregon Hazelnut Research and Extension Fund** was created in 2017 with the goal of establishing an endowment of \$1 million. The objective was for this endowment to have the capability to spin off \$40,000 a year (4%) in perpetuity for the general operations of OSU's hazelnut research programs. The Oregon industry hit that goal in early 2022—giving OSU a reliable and dedicated source of revenue even if the Oregon Legislature were to cut funds in the future.
2. **The Hazelnut Chair at the North Willamette Research & Extension Center** (NWREC) Fund was created in 2022 with the goal of permanently funding the position currently held by Dr. Nik Wiman. The objective is to raise \$2 million (in coordination with the Hazelnut Marketing Board and the Hazelnut Commission) to support a permanent position at the NWREC dedicated to working with hazelnuts and specifically focused on hazelnut agronomy. This gives the Oregon industry a fantastic opportunity to retain a great researcher like Dr. Wiman at OSU, working with consistency and dependability on the long-term agronomy issues facing Oregon hazelnut farmers. To hit this goal, the industry needs to put roughly \$300,000 per year into this fund!



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With the long-term investments Oregon farmers have made, Oregon State University was able to attract the attention of Ferrero, the maker of Nutella and the largest buyer of hazelnuts in the world.

Ferrero has recently made more than \$500,000 in gifts to the OSU Foundation in support of hazelnut research at Oregon State University. OSU recently announced that the company has joined other longstanding industry supporters who have made substantial contributions to OSU research focused on hazelnut health and production.

"OSU is already doing what needs to be done in terms of consistently investing in research, and we want to allow that research to continue," said Tommaso De Gregorio, head of Ferrero's Agri Competence Centre. *"Hazelnuts of the highest quality are essential for our products, and Ferrero is committed to the sustainability of hazelnut production, both in terms of environmental stewardship and economic growth for farmers. We hope our support will lead to more stability in sourcing quality hazelnuts from different regions of the world."*

We thank all the growers (both past and current) who have contributed toward the hazelnut research programs at OSU. There is so much momentum in the research to make Oregon hazelnuts more profitable with even higher quality and bigger yields. In the coming weeks, we will be asking current growers to join us in meeting the fundraising goals for 2024—and we look forward to you joining us in these vital investments for the future!

2023 HARVEST WAS WET AND MUDDY

Crop Quality Was Saved by the Impressive Efforts of Receiving Stations

In October 2023, Oregon returned to a historical weather pattern familiar to long-time hazelnut farmers: lots of rain. With hazelnuts, quality is king, so how we deal with the moisture, dirt, and debris is one of the most crucial factors in getting a premium price for our Oregon hazelnuts.

A primary advantage of Oregon hazelnuts over many other growing regions is this quality of care right after the crop is harvested. Oregon nuts typically have very little mold, decay, and rancidity. Consequently, Oregon has (historically) been able to demand a higher kernel price than the rest of the world market.

What defines this quality care? The Oregon industry has a goods-to-processor chain that efficiently moves the product from the field quickly into commercial dryers. This stabilizes and protects our product, so we are able to provide the highest quality hazelnuts in the world.

Operating a hazelnut cleaner/dryer always looks much easier than it really is. However, if you spend even one season in the wet, muddy environment, coaxing machinery to handle totes of hazelnuts liberally mixed with mud, rocks, and sticks, you will realize that it is one of the most demanding and frustrating jobs in our industry.

Adding to the struggles with cleaning the often-muddy product is the necessity to monitor dryers 24 hours a day to ensure the nuts do not become overly dry or not dry enough, which can cause nuts to decay and go rancid very quickly.

This year, the mud and wet was added on top of a record volume crop, much of which was harvested in a compact 6-day window in early October. In a typical year, receiving 3 million pounds a day between all the NWH/GPC receiving stations (RS) is considered a big day. Two years ago, our growers set a record of 7.4 million pounds delivered in a single day to NWH/GPC!

However, 2023 was off the charts. This past season, there were multiple consecutive days of over 9 million pounds—and one day, our RS network absorbed a shocking 10.8 million pounds!!! This new record is 3.6 times the volume of a previously typical “big” day.

With all these issues, our farm-to-RS network performed with composure and professionalism—making sure that our 2023 hazelnut crop was cleaned, dried, and stored properly and timely. We all are thankful for the hard work of these families and their employees.

In addition, we want to say thank you to our growers, receiving stations, and all those who helped move this year’s hazelnut crop to safe storage facilities. The quality of the 2023 Oregon crop has remained excellent, and the credit should go to those who worked so hard. So, thank you!



TAKING YOUR PREMIUM NORTHWEST HAZELNUTS NATIONAL

MORE NUTS, MORE DELICIOUS



Five years ago, we desired to greatly expand our value-added manufacturing to compete with the finest nut spreads and industrial fillers in the world. When we purchased most of the equipment, however, it was only a dream as we didn't have enough Oregon hazelnuts to financially justify the completion of a new plant until 2022. We are pleased to announce the fruition of this significant investment! We are now in full production and finding success with the launch of Nutlicious. The exceptional Nutlicious advantage is that we use **three-and-a-half times the hazelnuts of most hazelnut spreads**, thus spotlighting the exquisite taste, quality, and superior characteristics of hazelnuts from your Northwest orchards!

In addition, our R&D department is constantly working with food manufacturers to initiate or expand the use of Oregon hazelnuts in their offerings, and we have seen exceptional success so far.

Finally, we have built a national brand of hazelnut butters and spreads that showcase Oregon hazelnuts and Oregon farmers.

We never stop building markets for Oregon hazelnut growers. Nutlicious is yet another delicious step in building the future of Oregon hazelnuts. If you are a current GPC and NWH grower, thank you for your support which has expanded our hazelnut supply, allowing us to increase our rapidly growing markets and justify this new processing plant.

Taste these delicious products and you will understand why Oregon hazelnuts make great products for US consumers. Grower support is the key to increasing our volume and building a stable and robust hazelnut manufacturing industry for future generations of Oregon hazelnut farmers

Your support is absolutely necessary for our industry's success!

Thank you for helping to build new markets together for Oregon hazelnuts!

Visit nutlicious.com to purchase these amazing products, and be on the lookout for new flavors.

