

Profiles in Trade

Taking Global View of Operations Key to Success of Blue Diamond Growers

While some have called it the “billion-dollar baby,” others refer to the growth of the California almond business as one of America’s most extraordinary agricultural phenomenons.

Blue Diamond Growers was founded by 230 enterprising almond growers in 1910. Today, just two years shy of celebrating its centennial anniversary, the cooperative is owned by more than half of California’s almond growers. They help to produce more than 80 percent of the world almond supply and 100 percent of the U.S. production.

Almond Suppliers to World

In the early 1900s, Spain and Italy produced nearly all of the world’s supply of almonds. This gave those nations control over the market and the price paid to the California grower, and spurred the growers to want to control their own destiny.

The California growers formed a cooperative to be managed by a professional team of processors who received the crop from local receiving stations in Northern California and marketers who would eventually promote and sell the almonds under the now-renowned Blue Diamond brand.

After building a consumer and industrial ingredient business in the United States, Blue Diamond traveled to Europe and Asia in the early 1950s to learn about the competition in Spain and Italy.

After formulating a successful strategy for selling California almonds to Europeans, Blue Diamond expanded into Asia. The quality-conscious Japanese learned to include almonds in European-style pastries and were eager to learn more about Western-style snacking on Blue Diamond almonds. By the mid-1960s, Japan consumed nearly one-third of the California crop.

The virtues of trading had finally paid off—Blue Diamond was the first company to team with the newly formed Foreign Agricultural Service to open a sales office in Tokyo, Japan, and distribute almonds through the Coca-Cola bottlers. It is this model of partnership



Photo courtesy of Blue Diamond Growers

This is one example of advertising depicting young, active and health-conscious Thai consumers enjoying a Blue Diamond snack break.

that drives Blue Diamond’s trade relations today.

Trade Agreement Impact

Blue Diamond works with myriad U.S. agencies to advocate for free trade agreements (FTAs) in all regions where trade barriers to California almonds exist. It’s Blue Diamond’s philosophy that if tariffs on almonds worldwide could be reduced to zero, the global consumer would enjoy a healthy food and both the U.S. economy and the country with open access will grow their respective economies.

A win on the pending FTA in South Korea, for example, could turn a \$25 million almond market into a \$50 million market over time.

Most of the Asian markets are health conscious and are reacting well to the nutritional aspects of almonds. In some cases, the industry has conducted health research in markets such as Japan, China and India.

Not only are almonds the largest food export in California, but more than

70 percent of the supply is exported to nearly 100 countries. With the foresight to expand markets worldwide set decades ago, today’s almond industry is thriving despite increased production.

For example, the record 2007 almond crop was 23 percent bigger than the record 2006 crop and the 2008 crop was 9 percent larger than the previous crop. The state will produce 1.5 billion pounds of almonds this year valued at nearly \$3 billion. That’s about one-third larger than the crop five years ago.

Yet, 2007 almond consumption soared to unprecedented levels and drove Blue Diamond sales to a record \$700 million-plus company. U.S. consumption jumped 7 percent, while export consumption increased even more: 50 percent in the Middle East; 32 percent in Eastern Europe; 24 percent in Western Europe; and 20 percent in Asia.

The potential to sell more almonds to the growing middle class populations in India and China is enormous. California almonds are now India’s largest U.S. import, but imagine the boom if high tariffs could be reduced to zero in a successful multilateral Doha Round trade agreement.

Investment in Research

Part of this export success comes from an industry investment of \$15 million since the late 1990s in nutritional research and a recent qualified U.S. health claim. The health attributes of almonds are making this whole food attractive in many ways and creating consumption opportunities worldwide.

For example, studies show that almonds:

- contribute to a healthier heart as an unsaturated fat source;
- help to maintain or lose weight as the monounsaturated fat is only partially absorbed and causes satiation, which reduces hunger;
- lower the risk of diabetes;
- inhibit tumor growth; and
- lower the risk of Alzheimer’s disease.

See Taking: Page 6

CalChamber Urges Congress to Protect Workers' Right to Private Ballot

From Page 1

the worker's right to choose, freely and anonymously, whether to approve union representation.

Once a majority of workers have signed authorization cards, the union is certified — no election is required. The employees are then union members and the employer must negotiate with the union on behalf of its employees.

The CalChamber believes that the rights of workers and employers are best protected by the current private ballot system overseen by the National Labor Relations Board.

Employees are better protected from interference and intimidation by casting their vote privately. The right to a private ballot is at the very foundation of democracy, and all employees should have that right. Subjecting workers to a public card check procedure takes away their privacy, power and choice.

Court cases, testimony before Congress and National Labor Relations Act precedent have documented that the card check process has been accompanied by harassment, intimidation and coercion, including employees being threatened at home and away from the workplace.

Federal Legislation

Efforts to enact federal card check legislation have been underway. In 2007, the U.S. House of Representatives passed the card check bill, **H.R. 800**, known as the "Employee Free Choice Act." Contrary to the implications of its title, the so-called "Employee Free Choice Act" strips workers of their right to privacy in union organization elections and increases penalties on employers significantly without any corresponding increase in penalties on unions.

The House bill included provisions requiring federally appointed arbitrators to write labor contracts that are binding for two years. If there is no agreement for a first contract after 120 days of negotiations, the matter could be submitted to binding interest arbitration where a federally appointed arbitrator would decide all the terms and conditions of the union contract — from pay and benefits to work rules and outsourcing. As a result, employers would be forced to change their business models radically or eliminate important competitive advantages.

In the U.S. Senate, **S. 1041** fell just nine votes short of passage in 2008. The

failed legislation would have created a system where unions hold all of the cards and imposed fines of up to \$20,000 on businesses offering any type of increase in salary or benefits during the open-ended election period. This would have allowed only the union to compete for votes and seems to penalize employees from reaping the benefits of employers offering them better wages and benefits.

Action Needed

It is anticipated that early in the current congressional session, the "Employee Free Choice Act," or something similar, will be reintroduced for a vote.

The CalChamber urges members to contact U.S. Senators Dianne Feinstein (D-San Francisco) and Barbara Boxer (D-Greenbrae), as well as congressional representatives. Ask them to **oppose** any legislation that would abolish private ballot elections during union organizing drives, and to preserve private ballot elections to protect free enterprise and free speech.

For a sample letter, visit www.calchambervotes.com.

Staff Contact: Marti Fisher

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From Page 5

Growing Sales

Blue Diamond is the only "branded nut company" that has shown consistent sales growth over the last six years, averaging 25 percent annually. By 2010, the global snack market will be valued at \$300 billion. This is inspiring Blue Diamond to adapt its successful snack strategy worldwide by linking with partners that value the brand franchise, while also helping global food manufacturers develop new products using almonds as a healthy ingredient. Using its advertising slogan, "More Than A Snack," Blue Diamond hopes to build on consumers who want to "eat healthy."

The cooperative also is supporting its growing volume of sales and shipping by adapting cutting-edge information technology designed to track business in "real time." This also tightens production schedules to meet timely sales commitments.

Recent market research conducted by the Almond Board of California reveals that almond buyers are ready for innovative sales strategies worldwide. In 2007, for example, 60 percent of those surveyed incorporated almonds in a new product or menu item; 47 percent are using more almonds than they were five years ago; and 57 percent said consumer demand for almonds was an important factor in their decision to use them.

Between 2006 and 2007, new global almond introductions grew 26 percent and gained the highest percentage share of all new food and nut products.

To continue this successful business trend, Blue Diamond urges the approval of all existing FTAs and a future trade policy that is open to market access between countries and implementation of Trade Promotion Authority for the President to successfully conclude them on behalf of U.S. business.

For more information, visit www.bluediamond.com.

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